

Item (d)2: City Council Focus Area Status Report: Building More Housing

Executing Work While Building the Infrastructure for Long-Term Impact

*Community and Economic Development Committee
December 15, 2025*

Rosalynn Hughey, Deputy City Manager, Building More Housing

Chris Burton, Director, Planning, Building and Code Enforcement Department

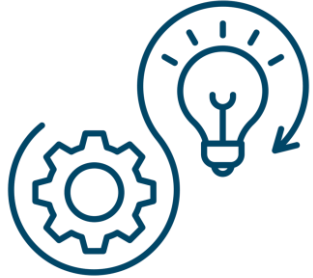
Erik Soliván, Director, Housing Department

Agenda

- 1** Focus Areas 2.0 – City Council Approved Evolution
- 2** Execution as Learning – Focus Area Portfolio Update
- 3** What's Next? Focus Areas and the Fiscal Year 2026-2027 Budget Process

Focus Area 2.0 – City Council Approved Evolution

Philosophy Behind 2.0

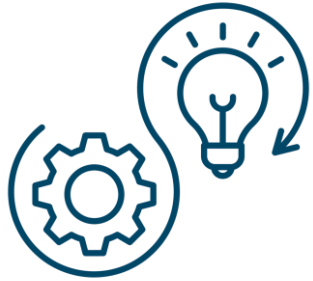


We are cultivating an organizational mindset of learning and continuous improvement that will drive results for our community

- While data support storytelling, numbers alone do not show progress and require context setting
- Learning in public builds trust and accountability
- Retrospection contributes to learning and understanding
- Progress requires humility, iteration, and commitment (and a work environment that ensures our staff feel supported to test new approaches, identify challenges early, and learn openly)

Focus Area 2.0 – City Council Approved Evolution

Philosophy Behind 2.0



We are cultivating an organizational mindset of learning and continuous improvement...**with different types of questions**

- What are we seeing in our metrics to date? How are we making sense of what we're seeing?
- What are we learning?
- What are we observing? What are we missing? What's getting in the way?
- What kind of support would be helpful?
- What will we adjust in the next cycle to have the most impact?

Focus Area 2.0 – City Council Approved Evolution

Building the Infrastructure for Long-Term Impact (June – December 2025)

Activities focused on people, processes, and technology to sustain new learning infrastructure

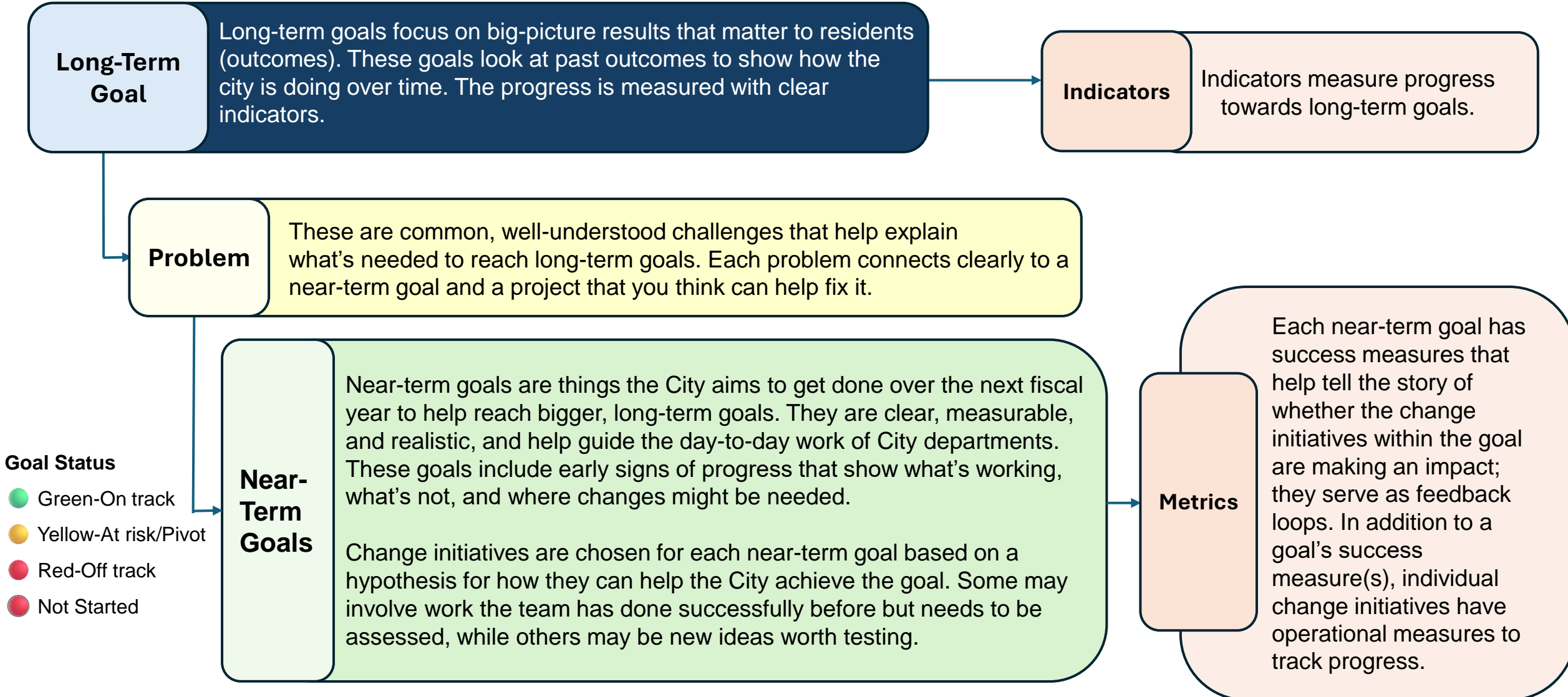
| Month (2025) | Milestone | Purpose |
|----------------------------------|--|--|
| <p>July - September</p> | <p>Completion of FY 2025-2026 logic models and retrospective training series</p> <ul style="list-style-type: none"> • Conducted staff workshops and deep-dive consultations • Articulated Long-Term Goals, Problem Areas, Change Initiatives, and Near-Term Goals • Established indicators and metrics to serve as feedback loops • Initiated implementation of select change initiatives | <p>Established foundations for shared understanding and learning</p> |
| <p>September 30</p> | <p>Council adoption of Model 2.0</p> | <p>Formalized governance and accountability structure</p> |
| <p>October - November</p> | <p>Completion of retrospective trainings and dashboard buildouts</p> <ul style="list-style-type: none"> • Provided retrospective trainings for execution leaders in each Focus Area; training on performance leadership • Held first monthly retrospectives in each Focus Area • Conducted user experience interviews for published dashboards • Finalized data structure and collected data sets for dashboards | <p>Capacity building and operational rollout</p> |
| <p>December</p> | <p>Committee briefings and launch of first iteration of dynamic published dashboards</p> | <p>Community learning</p> |

Logic models are the backbone of Focus Areas 2.0

They help us clarify how our work is intended to create impact by clearly aligning strategies with problems and articulating testable assumptions that we can learn from and adapt to.

Focus Area 2.0 – City Council Approved Evolution

Logic Model Structure





Building More Housing Focus Area

Performance Dashboard

Long-Term Goal. Meet residents' housing needs across income levels by making San José a great place to build housing.

| | | | |
|---------------------------------------|--|---|--|
| Indicators | Entitlements, Building Permits Issued, and Certificates of Occupancy | | |
| Priority Areas | 1. Land Use, Policy, and Regulation | 2. Development Services Process | 3. Linking Land and Capital |
| Near-Term Goals (FY 2025-2026) | <p>1.1 Complete task force process for General Plan 4-Year Review by June 2026.</p> <p>1.2 Develop Downtown Ministerial permit process and include analysis in October CED Citywide Planning Activities Status Report.</p> | <p>2.1 Analyze options to report on development services timeliness across the pipeline and report findings to the CED Committee in December 2025.</p> <p>2.2 Bring standard conditions of approval and CEQA process guidelines to City Council by Q3 FY 2025-2026.</p> <p>2.3 Conduct initial analysis of projects affected by state CEQA streamlining statutes by June 2026.</p> <p>2.4 Complete development fee estimator work by adding multi-family new construction by December 2025.</p> | <p>3.1 Cost of Development City Council Study Session on affordable and market rate development data analysis in December 2025.</p> <p>3.2 Review a portfolio of entitled housing projects with various requirements that present financial feasibility challenges in today's market. Present analysis to CED Committee in February 2026.</p> <p>3.3 Provide data analysis on the effectiveness of the market-rate incentive and affordable financing housing programs and bring resulting program adjustments to City Council in Q3 FY 2025-2026.</p> <p>3.4 Provide alternative financing programs to preserve housing at all income levels.</p> |
| Change Initiatives | <ul style="list-style-type: none"> • General Plan Four-Year review • Downtown Ministerial • Housing Catalyst Work Plan | <ul style="list-style-type: none"> • CEQA permit standards • Development fee estimator • AI Streamlining tool | <ul style="list-style-type: none"> • Multi-family Housing Incentive and Downtown Incentive market rate housing programs • Affordable unit financing • Cost of Development Study Session • Public-Private Partnerships |



Building More Housing Focus Area

Performance Dashboard

Long-Term Goal. Meet residents' housing needs across income levels by making San José a great place to build housing.

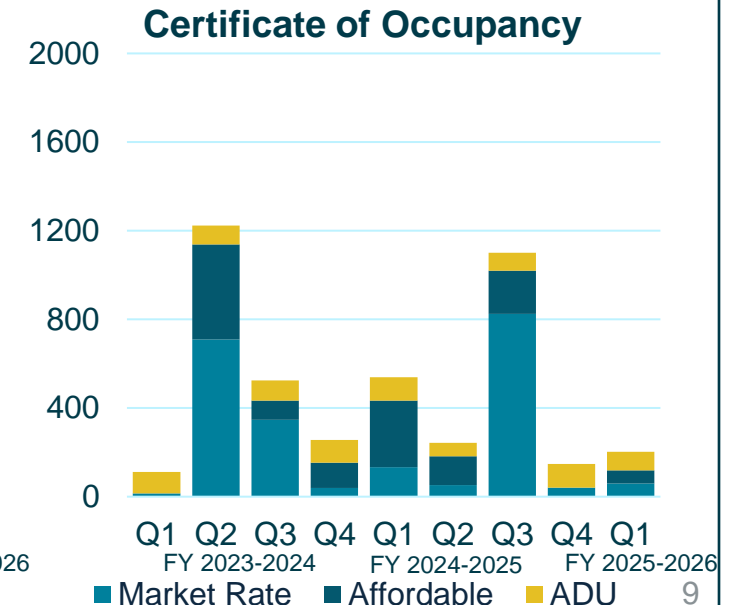
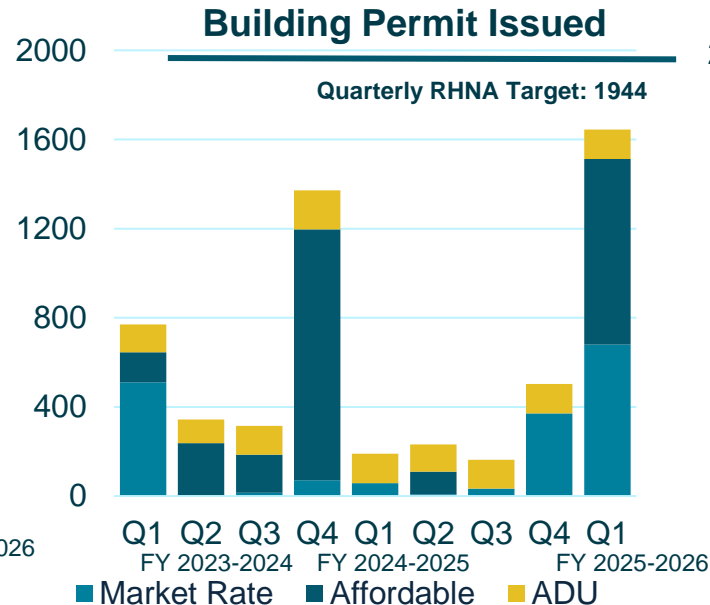
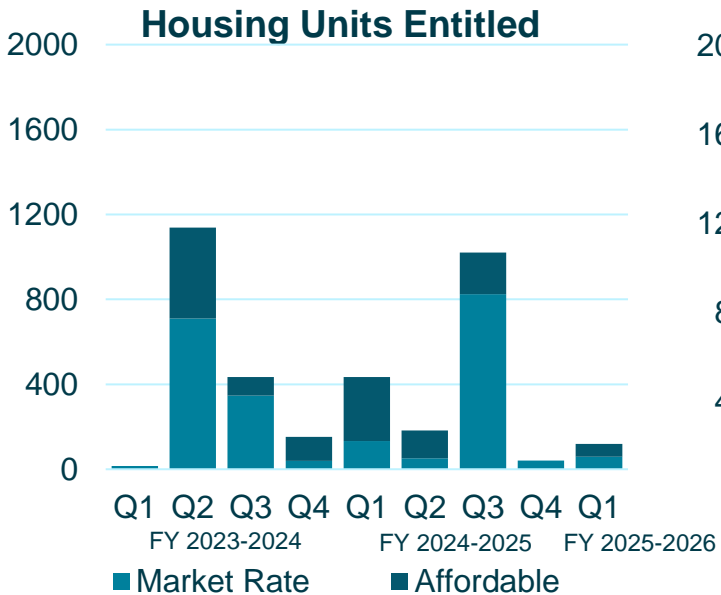
Building enough housing to meet demand in San José is complex.

There are numerous state and local regulations related to housing development, and projects are reviewed across several different departments. It's also expensive to build housing here. We are thinking strategically about how to pull all levers possible to get housing built.

This is how we're meeting the moment.

The City will foster a system where policy facilitates housing production, developments are processed efficiently, and building housing is financially feasible.

Introduction and Indicators





Building More Housing Focus Area

Performance Dashboard

Long-Term Goal. Meet residents' housing needs across income levels by making San José a great place to build housing.

Problem Area 1. Land Use, Policy, and Regulation. Land use and housing policies are complex with many stakeholders and quality of life goals.



*Dry Creek Crossing 2388 South Bascom Ave
CRP Affordable Housing and Community Development*



The City has been a regional leader in adopting pro-housing policies and this is reflected in land uses.



There is still not enough housing being built to meet demand across income levels.



We need to get creative in how we facilitate more housing production.



Building More Housing Focus Area

Performance Dashboard

1. Land Use, Policy, and Regulation. Housing policy is complex with many stakeholders and quality of life goals.

Goal 1.1 Complete task force process for General Plan 4-Year Review by June 2026.

Wins

- Completed study session inform the taskforce, Council, and the public on the background and goals of the 4-Year Review.
- Completed 2nd Task Force Meeting – Urban Village implementation
- December 15th community outreach meeting

Learnings/Adjustments

- Use of the Planning Commission as the task force for the four-year review process is effective and enables staff to drive a timely process.
- To facilitate additional community input, staff have developed an online form that residents can access during the task force meeting to provide input.

Goal 1.2 Develop Downtown Ministerial permit process and include analysis in October CED Citywide Planning Activities Status Report.

Wins

- October Community and Economic Development Committee Citywide Planning Activities memo included update on Downtown Ministerial work.
- Staff needed to reevaluate the project given the CEQA streamlining contained in AB 130 that became law in July.

Learnings/Adjustments

- Staff concluded that there remains value in continuing the Downtown Ministerial work.
- Staff is initiating the environmental review process necessary to complete the work and will complete the permit process by the end of the fiscal year.

How will we know if this is working?



- New Opportunity Sites for all types of housing
- # estimated future market rate or affordable housing units enabled by policy changes

*Second Street Studios 1144 South 2nd Street
First Community Housing, photo by Bernard Andre*



Building More Housing Focus Area

Performance Dashboard

Long-Term Goal. Meet residents' housing needs across income levels by making San José a great place to build housing.

2. Development Services Process: There is an opportunity to streamline and improve analysis and communication of our development services process.



1860 Alum Rock Apartments
Charities Housing



We exceeded our timeliness goal for multi-family residential building permit reviews the last two quarters of FY 2024-2025.



Although the City works across teams and departments to coordinate project reviews, building housing in San José is still seen as overly complex. Most projects are delivered successfully, but many developers are unaware of tools to track project status, leading to growing concerns.



We need to better communicate our progress in delivering timely and efficient services to customers.



Building More Housing Focus Area

Performance Dashboard

2. Development Services Process. Improve analysis and communication of development services process.

Goal 2.1 Analyze options to report on development services timeliness across the pipeline and report findings to the CED Committee in December 2025.

How will we drive results this fiscal year?

Development Services Departments report numerous performance measures related to the timeliness of the City's services throughout the development process. While collecting and reporting this information is important at the operational level for departments to track, they don't clearly address concerns from developers that their projects take too long to get through the entire process.

What do we hope to learn?

We hope to provide a comprehensive evaluation of what information we currently provide that can benefit customers and what information we would like to provide moving forward to enhance the customer experience. Our goal is to create performance measures that track and holistically communicate how the City performs across the entire development services pipeline. The right metric will be replicable and manageable for staff to pull quarterly. Most importantly, it will communicate our overall performance clearly to the public.

How will we know if this is working?

Success Measures:

- Recommended performance measure(s)
- Feedback from key customers on the utility of the performance measure(s)



How can we better communicate project timelines and timeliness?

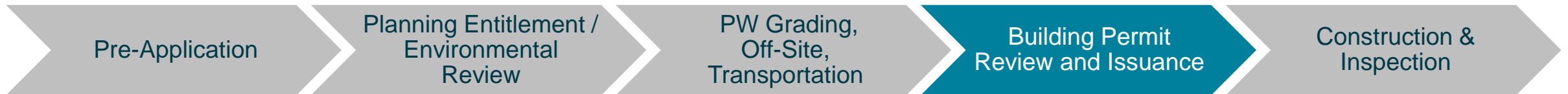


Building More Housing Focus Area

Performance Dashboard

2. Development Services Process. Improve analysis and communication of development services process.

Goal 2.1 Analyze options to report on development services timeliness across the pipeline and report findings to the CED Committee in December 2025.



How did we evaluate our timeliness?

- Staff manually pulled building permit timelines for three affordable and two market-rate housing developments.

What did we learn?

- Affordable housing with 20+ units moves through the building permit process quickly, surpassing time targets. Prioritizing this work, extends timelines for (market rate) other types of housing and non-housing development.
- Pulling this data is very manual and time-consuming. This round was limited to just building permits; expanding out to planning and/more projects would increase staff workload.
- Collaborating on project schedule with affordable developers helps with coordination. Incentives are different for developers for affordable projects; they need to meet deadlines for funding.

Affordable

- City **removes** days from the process
- Developers on funding timelines

Market Rate

- City **adds** days to the process
- Projects don't have fixed timelines



Building More Housing Focus Area

Performance Dashboard

2. Development Services Process. Improve analysis and communication of development services process.

Goal 2.1 Analyze options to report on development services timeliness across the pipeline and report findings to the CED Committee in December 2025.

Time with the City vs. time with the applicant during the Building Permit process.

| | Affordable | | | Market Rate | |
|---|---------------------|-----------------------|--|---------------------------|--------------------------------|
| Address | 525 N. Capitol Ave. | 797 S. Almaden Lupina | 802 S 1 st St. Martha Gardens | 100 Fuyu Dr. Seely Bldg A | 498 West San Carlos St. Aquino |
| Days subtracted/added by the City compared with time targets | -34 | -24 | -48 | +14 | +35 |
| Days added/subtracted by the applicant compared with agreed upon timeline | +37 | +37 | 0 | N/A | N/A |
| Business Days with the City | 75 | 84 | 40 | 152 | 117 |
| Business Days with the Applicant | 135 | 203 | 39 | 120 | 82 |
| Total Business Days | 210 | 287 | 79 | 272 | 199 |



Building More Housing Focus Area

Performance Dashboard

2. Development Services Process. Improve analysis and communication of development services process.

Goal 2.2 Bring standard conditions of approval and CEQA process guidelines to City Council by Q3 FY 2025-2026.

Wins

- Consultants and staff will begin outreach in January at the Developers Roundtable.

Learnings/Adjustments

- Staff identified the opportunity to further standardize permit conditions and CEQA procedures via technical guidelines to create a more predictable experience for developers.
- Moving forward, we hope to learn more about maximizing time and cost savings for both the City and developers.

Goal 2.3 Conduct initial analysis of projects affected by state CEQA streamlining statutes by June 2026.

Wins

- We've gotten noticing out to projects that qualify and began coordinating with applicants.
- The first project utilizing this state law was approved in early December.

Learnings/Adjustments

- Implementation of the CEQA streamlining provisions under Assembly Bill 130 has been nuanced with some applicants choosing not to use the state process because their projects were already well underway.

How will we know if this is working?

- CEQA review timelines
- # rounds of review for environmental document products with new guidelines
- # of projects and units utilizing new state CEQA streamlining



*The Fielden 525 N Capitol
Community Development Partners*



Building More Housing Focus Area

Performance Dashboard

2. Development Services Process. Improve analysis and communication of development services process.

Goal 2.4 Complete development fee estimator work by adding multi-family new construction by December 2025.

Wins

- Draft of fee estimator tool created for testing.
- The multi-family fee estimator shows more detailed permit fee information than ever before. Currently, permit fees for projects are only available through a handful of documents, City webpages, and ordinances. This tool models the opportunity to improve permit fee transparency more widely.

Learnings/Adjustments

- The systems and data are complex, and there are a lot of variables.
- Need more time to refine beta version.
- Requires a lot of staff time and capacity from IT.

How will we know if this is working?

- Accuracy evaluation of residential projects available through the fee estimator
- Feedback from key customers on the utility of the tool
- # of weekly page visits to the fee estimator tool



*The Arcade 1371 Kooser Road
Affirmed Housing*



Building More Housing Focus Area

Performance Dashboard

2. Development Services Process. Improve analysis and communication of development services process.

Goal 2.4 Complete development fee estimator work by adding multi-family new construction by December 2025.

Project Type*
Apartment, Condominium, & ...

Work type*
New Construction

Estimate

| FolderRSN | Total Combined Cost | Permit Application Fee | Permit Issuance Fee | Other Departments Fee | City Taxes | Project SqFt | Garage Number SqFt | Application of Units Type | Mixed Type Flag | |
|--|---------------------|--|---------------------|--|-------------|--------------|--------------------|---------------------------|-----------------|--|
| 1889451 | \$74,123.00 | \$22,033.00 | \$16,139.00 | \$386.00 | \$35,565.00 | 6432 | 1260 | Townhouse | | |
| 2068258 | \$464,307.00 | \$236,679.00 | \$165,735.00 | \$35,493.00 | \$26,400.00 | 128250 | 0 | 160 Apartment | | |
| Project Name : 525 N CAPITOL (TM) NEW CONSTRUCTION | | Non Residential Gross Building Area : 0 SqFt. | | Residential Gross Building Area : 128,250 SqFt. | | | | | | |
| Project Description : Office was initially approved, foundation was built but never got finalized (18-128825) They are planning to demo the foundation structure to build new affordable housing structure. new scope of work: (N) 5 STORY BUILDING 160 UNIT Scope of work for new affordable housing :95950 SQ.FT RESIDENTIAL, 16590 SQ.FT CIRCULATION, 4,770 SQ.FT COMMON SPACE, 3200 SQ.FT ELEVATOR/STAIRS, 4650 SQ.FT SERVICE (UTILITY, TRASH ENCLOSURE) ,12690 SQ.FT GARAGE (G0.02) 2. NEW PV (195 KW.TC 160 KW.AC, and valuation for the PV (\$826,287) old Scope of work for new affordable housing : 93540 SQ.FT RESIDENTIAL, 15420 SQ.FT CIRCULATION, 4310 SQ.FT COMMON SPACE, 3040 SQ.FT ELEVATOR/STAIRS, 5500 SQ.FT SERVICE (UTILITY, TRASH ENCLOSURE) ,18380 SQ.FT GARAGE | | | | | | | | | | |
| 2067624 | \$490,546.00 | \$243,878.00 | \$214,245.00 | \$908.00 | \$31,515.00 | 19087 | 0 | Apartment | | |

Fee Details

| FEEDCODE | FEE DESCRIPTION | FEE AMOUNT |
|----------|--|------------|
| 2004 | PL - Citywide Planning Fee - Building Inspection | \$12819 |
| 4002 | Bldg Prmt - NR | \$58905 |
| 4016 | Elect Prmt - NR | \$24633 |
| 4020 | Mech Prmt - NR | \$11781 |
| 4029 | Plbg Prmt - NR | \$11781 |
| 4030 | Record Ret/Dup | \$2000 |
| 5330 | FE-Fire Arch Life Safety Inspection | \$10713 |
| 7002 | CDD Review | \$230 |
| 20016 | SMIPA - Residential | \$2052 |
| 20017 | BSASRF Fee | \$821 |
| 20020 | CSJ Green Building Deposit | \$30000 |

- **Permit Application Fee:** This is the initial fee paid to submit a permit application for review by various city departments.
- **Permit Issuance Fee:** This fee covers the City's costs to issue the actual permit, conduct inspections, and any additional plan reviews needed.
- **Other Fees:** These are separate fees charged by other city departments for additional permits required beyond the building permit.
- **City Taxes:** These are taxes calculated based on a project's construction value, as required by city ordinance.



Building More Housing Focus Area

Performance Dashboard

Long-Term Goal. Meet residents' housing needs across income levels by making San José a great place to build housing.

3. Linking Land and Capital. There is an opportunity to align land use and housing policies with market feasibility.



2620 Seely Ave
KTYG Architecture + Planning



Last fiscal year, the City passed incentive programs to help move projects out of the entitlement phase.



San José remains a very expensive place to build housing, and developers struggle to design projects that pencil.



We need to continue to evaluate strategies to make projects feasible that are sustainable long-term and make building housing here more cost-effective.



Building More Housing Focus Area

Performance Dashboard

3. Linking Land and Capital. Align land use and housing policies with market feasibility.

Goal 3.1 Cost of Development City Council Study Session on affordable and market rate development data analysis in December 2025.

Wins

- December 8, 2025, Study Session

Learnings/Adjustments

- **Market-Rate Housing**
 - Townhomes and stacked flats are feasible under current market conditions.
 - Multi-family (podium, wrap, tower) is infeasible under current market conditions
 - But fee waivers may make some projects feasible.
 - Overall, San José remains cost-competitive relative to neighboring jurisdictions.
- **Affordable Housing**
 - San José's affordable housing costs are consistent with Bay Area norms.
 - Smaller average units drive higher costs per net square foot, not higher underlying construction costs.
 - Per-unit cost reflects scale efficiencies and City fee policies.
 - San José represents a significant share of affordable housing proposed throughout the Bay Area.
- **Office Conversions**
 - Difficult to make a broad conclusion about the feasibility of office-to-residential conversions due to the wide variation in circumstances.
 - Targeted policy interventions can make some building conversions feasible.
 - Identifying and quantifying specific opportunities in San José will require additional analysis.



Building More Housing Focus Area

Performance Dashboard

3. Linking Land and Capital. Align land use and housing policies with market feasibility.

Goal 3.2 Review entitled housing projects with requirements that present financial feasibility challenges in today's market. Present analysis to CED Committee in February 2026.

Goal 3.3 Provide data analysis on the effectiveness of the market-rate incentive and affordable financing housing programs and bring resulting program adjustments to City Council in Q3 FY 2025-2026.

Wins

- Since approval by City Council on December 10, 2024, the Multi-family Housing Incentive Program has incentivized the production of 1,444 total housing units from entitlement to construction. This includes 1,216 market rate units and 228 affordable units.

Learning/Adjustments

- Ongoing evaluation for flexibility and adjustments to program administration and project circumstances to ensure optimization towards unit production.

Goal 3.4 Provide alternative financing programs to preserve housing at all income levels.

Wins

- Crafted innovative tools to preserve market rate and affordable developments and create opportunities to stabilize Extremely Low-Income and Middle-Income households.

Learnings/Adjustments

- Existing City preservation tools are limited.
- Staff is assessing neighborhood impacts and preserving public investment.



What's Next? Focus Areas and the FY 2026-2027 Budget Process

What's Next?

Focus Areas and the FY 2026-2027 Budget Process

Embedding Focus Area discussion into the Budget Process to ensure co-creation of strategies aimed to meet our Long-Term Goals

January

Priority Setting.

Staff will embed Focus Areas into the 2026-2027 Preliminary General Fund Forecast and Budget Priorities Study Session to cultivate a discussion that supports the City Council articulating its priorities (given budget constraints and required reductions) in advance of the Mayor's March Message.

April

City Manager's Proposed Budget.

The Administration may propose change initiatives for FY 2026-2027, stemming from learnings derived from current year's execution.

February

May

Budget Study Session.

The Administration will embed Focus Area learnings into a Budget Study Session; this will include recommended changes to the following year's Focus Area work.

Manager's Budget Addendum (MBA).

The Administration will publish an MBA that summarizes all feedback/ideas contemplated through the budget process and establishes a recommended path for FY 2026-2027.

March

Mayor's March Message.

Direction given through the Message will inform exploration/scoping of future focus area work, that may include problem areas or specific change initiatives for FY 2026-2027. Any contemplated changes for the following fiscal year should be explored in this context.

June

June Budget Message.

Through the adoption of the June Budget Message, the City Council will formally adopt the Focus Area workplans for FY 2026-2027.

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