

DRAFT

ORDINANCE NO.

AN ORDINANCE OF THE CITY OF SAN JOSE AMENDING SECTION 4.46.039.13 OF CHAPTER 4.46 AND AMENDING SECTION 4.47.098 TO CHAPTER 4.47 OF TITLE 4 OF THE SAN JOSE MUNICIPAL CODE TO PROVIDE: (1) A 50% REDUCTION OF THE COMMERCIAL, RESIDENTIAL, AND MOBILE HOME PARK CONSTRUCTION TAX AND A 50% REDUCTION OF THE BUILDING AND STRUCTURE CONSTRUCTION TAX TO THE FIRST 3,600 UNITS IN PROJECTS ELIGIBLE FOR THE TEMPORARY MULTIFAMILY HOUSING INCENTIVE THAT ALSO OBTAIN A CITY BUILDING PERMIT BY FEBRUARY 28, 2027; AND (2) A 25% REDUCTION OF THE BUILDING AND STRUCTURE CONSTRUCTION TAX FOR ANY ADDITIONAL UNITS BEYOND THE FIRST 3,600 FOR ELIGIBLE MULTIFAMILY HOUSING INCENTIVE PROGRAM PROJECTS

WHEREAS, pursuant to the provisions and requirements of the California Environmental Quality Act of 1970, together with related State CEQA Guidelines and Title 21 of the San José Municipal Code (collectively, "CEQA"), the Director of Planning, Building and Code Enforcement has determined that the provisions of this Ordinance do not constitute a project, under File No. PP17-008 (General Procedure and Policy Making resulting in no changes to the physical environment); and

WHEREAS, the City Council of the City of San José is the decision-making body for this Ordinance; and

WHEREAS, this Council has reviewed and considered the "not a project" determination under CEQA prior to taking any approval actions on this Ordinance;

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SAN JOSE:

SECTION 1. Section 4.46.039.13 of Chapter 4.46 of Title 4 of the San José Municipal Code is amended to read as follows:

4.46.039.13 Suspension – Qualified multifamily housing incentive program project.

- A. The collection of the tax imposed under this Chapter, to the extent not already suspended, shall be suspended as follows:
1. The collection of fifty percent (50%) of the tax imposed under this Chapter, to the extent not already suspended, shall be suspended during the periods set out below, and the tax shall not be collected with respect to construction of the first 3,600~~1,800~~ residential units within a Qualified Multifamily Housing Incentive Program Project as provided in this Section, that also obtain a City building permit by February 28, 2027~~December 31, 2025~~.
 2. Beginning March 1, 2027~~January 1, 2026~~, the collection of twenty-five percent (25%) of the tax imposed under this Chapter, to the extent not already suspended, shall be suspended during the periods set out below, and the tax shall not be collected with respect to construction of up to 8,743~~8,539~~ additional residential units within a Qualified Multifamily Housing Incentive Program Project as provided in this Section.
 3. For a Qualified Multifamily Housing Incentive Program Project that includes both residential uses and non-residential uses the tax suspensions above shall only apply to the residential uses therein.

- B. "Qualified Multifamily Housing Incentive Program Project" means the projects eligible for the temporary Multifamily Housing Incentive Program identified in Resolution No. RES2024-420, adopted by the City Council on December 10, 2024, as amended by Resolution No. 2025-130 and RES2026-[REDACTED].
- C. Qualified Multifamily Housing Incentive Program Projects shall remain eligible until the expiration of the planning permit, including any extensions.
- D. Eligible projects may be modified and remain eligible for the Qualified Multifamily Housing Incentive Program under certain conditions. A project must submit an application for modification of the project to the City by February 28, 2027, s to qualify for a 50% reduction~~December 31, 2025~~. To remain eligible, the modification must result in the project maintaining a density of at least 50 DU/AC. The modified project must obtain a building permit 12 months after planning approval of the modified project and pass a first inspection six months after building permit issuance to remain eligible for the Qualified Multifamily Housing Incentive Program.
- E. If a Qualified Multifamily Housing Incentive Program Project that was eligible for the reduction as provided for in this Section has not met the applicable deadlines as set out in this Section, then the full amount of the tax shall be paid to the Building Official prior to the issuance of a certificate of occupancy, including a temporary certificate of occupancy.
- F. The City Manager is authorized to execute on behalf of the City Project Completion Agreements with developers of Qualified Multifamily Housing Incentive Program Project that are consistent with the requirements of this Section.

Any person who enters into a Project Completion Agreement for the tax suspension pursuant to this Section is encouraged to make good faith efforts to:

1. Comply with the State of California's apprenticeship program requirement that at least sixteen and seven tenth's percent (16.7%) of the hours worked on the Qualified Multifamily Housing Incentive Program Project must be worked by registered apprentices from approved apprenticeship training programs;
2. Ensure that twenty-five percent (25%) of the registered apprentices working on the Qualified Multifamily Housing Incentive Program Project have a barrier to employment such as being homeless, a veteran or an at-risk youth; and
3. Post or cause the posting of bids for subcontracting work on the Qualified Multifamily Housing Incentive Program Project on websites such as the Bay Area Builders Exchange for subcontractors to be able to access work for workers in the nine (9) Bay Area counties.

SECTION 2. Section 4.47.098 of Chapter 4.47 of Title 4 of the San José Municipal Code is amended to read as follows:

4.47.098 Suspension – Qualified multifamily housing incentive program project.

- A. The collection of fifty percent (50%) of the tax imposed under this Chapter, to the extent not already suspended, shall be suspended during the periods set out below, and the tax shall not be collected with respect to construction of the first 3,600 residential units within a Qualified Multifamily Housing Incentive Program Project as provided in this Section. For a Qualified Multifamily Housing

Incentive Program Project that includes both residential uses and non-residential uses the tax suspension shall only apply to the residential uses therein.

- B. "Qualified Multifamily Housing Incentive Program Project" means the projects eligible for the temporary Multifamily Housing Incentive Program identified in Resolution No. RES2024-420, adopted by the City Council on December 10, 2024, as amended by RES2025-130 and RES2026- [REDACTED].
- C. Qualified Multifamily Housing Incentive Program Projects shall remain eligible until the expiration of the planning permit, including any extensions.
- D. Eligible projects may be modified and remain eligible for the Qualified Multifamily Housing Incentive Program under certain conditions. A project must submit an application for modification of the project to the City by February 28, 2027 ~~December 31, 2025~~. To remain eligible, the modification must result in the project maintaining a density of at least 50 DU/AC. The modified project must obtain a building permit 12 months after planning approval of the modified project and pass a first inspection six months after building permit issuance to remain eligible for the Qualified Multifamily Housing Incentive Program.
- E. If a Qualified Multifamily Housing Incentive Program Project that was eligible for the reduction as provided for in this Section has not met the applicable deadlines as set out in this Section, then the full amount of the tax shall be paid to the Building Official prior to the issuance of a certificate of occupancy, including a temporary certificate of occupancy.
- F. The City Manager is authorized to execute on behalf of the City Project Completion Agreements with developers of Qualified Multifamily Housing Incentive Program Project that are consistent with the requirements of this Section.

Any person who enters into a Project Completion Agreement for the tax suspension pursuant to this Section is encouraged to make good faith efforts to:

1. Comply with the State of California's apprenticeship program requirement that at least sixteen and seven tenth's percent (16.7%) of the hours worked on the Qualified Multifamily Housing Incentive Program Project must be worked by registered apprentices from approved apprenticeship training programs;
2. Ensure that twenty-five percent (25%) of the registered apprentices working on the Qualified Multifamily Housing Incentive Program Project have a barrier to employment such as being homeless, a veteran or an at-risk youth; and
3. Post or cause the posting of bids for subcontracting work on the Qualified Multifamily Housing Incentive Program Project on websites such as the Bay Area Builders Exchange for subcontractors to be able to access work for workers in the nine (9) Bay Area counties.

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PASSED FOR PUBLICATION of title this _____ day of _____, 2026, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

MATT MAHAN
Mayor

ATTEST:

TONI J. TABER, MMC
City Clerk