Department of Housing and Community Development

ANNUAL HOUSING ELEMENT PROGRESS REPORT

City or County Name:	City of San José
Mailing Address:	Department of PBCE, Planning Division 200 E. Santa Clara Street Tower 3rd Floor San José, CA 95113
Contact Person:	Rosalynn Hughey, Assistant Director
Phone:	408-535-7911
FAX:	408-292-6055
E-mail:	rosalynn.hughey@sanjoseca.gov
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Progress Report on the Implementation Of the San José Housing Element Update - Calendar Year 2015

February 22, 2016

A. INTRODUCTION

Purpose

This report summarizes the City's progress towards meeting its RHNA goals and other housing objectives during the 2015 calendar year as set forth in its Housing Element. Upon City Council acceptance of the report, it will be forwarded to the California Housing and Community Development (HCD) Department and the Governor's Office of Planning and Research (OPR). It is important to note that certain State funding programs require an adopted and certified Housing Element, while others may also require ongoing Housing Element compliance. Not satisfying these varying requirements may impact the eligibility of the City of San José and/or developers working in San José who apply for such funding. Since 2005, San José has received more than $106 million in State and regional grants, loans and tax credit benefits that would not have been possible without a certified Housing Element and annual update reports.

Background

California State law provides that each governing body prepares an annual report on the status and progress in the implementation of its Housing Element. The City of San José has successfully submitted annual progress reports on the implementation of the Housing Element to the HCD for review and evaluation. By providing this information, the City qualifies for important State housing, community development, transportation, and park funds.

State law also requires that jurisdictions include the Housing Element as one of the mandatory elements of a General Plan. The Housing Element identifies constraints to housing production, as well as establishes policies and programs to mitigate those constraints and to facilitate the production of housing opportunities to meet the needs of all economic segments of the community as determined through the Regional Housing Needs Allocation (RHNA) process. The City Council adopted the 2014 - 2023 Housing Element on January 27, 2015 and submitted it to HCD for approval on January 30, 2015. HCD certified the Housing Element on April 30, 2015.

The Association of Bay Area Governments (ABAG) is responsible for coordinating with and allocating the regional housing needs among each jurisdiction in the nine-county Bay Area. ABAG has determined that San José's fair share of the regional need for the projection period between January 1, 2014 through October 31, 2022 is 35,080 units across income categories. This is slightly higher than the previous RHNA allocation of

34,721 units for 2007-14. San José's current allocation accounts for about 60% of the total housing allocation for Santa Clara County. These units are distributed among income categories as depicted in Table B and equal an annualized production goal of 3,987 total units (assuming an 8.8 year RHNA cycle). This is higher than the actual annual average of approximately 2,900 units permitted in San José in the past 30 years. However, housing permits averaged over 3,600 units annually from 2012 to 2014. The City issued permits for 16,029 units during the 2007-14 RHNA cycle, meeting 46% of its RHNA goal of 34,721 units.

City of San José Envision 2040 General Plan

This City of San José's Envision 2040 General Plan (General Plan) incorporates the City's current Housing Element and establishes a comprehensive policy framework that supports San José's residential strategies identified in the Housing Element. A central component of the General Plan is the development of new "Urban Villages" at strategic locations throughout the city so that a significant percentage of future housing growth is planned to occur as compact, mixed-use, pedestrian-friendly, and transit-oriented development near jobs. The General Plan reinforces the City's environmental goals, such as preservation of the hillside areas outside of the City's Urban Growth Boundary, so that all new residential development can occur within the City's current Urban Growth Boundary. The General Plan also includes a comprehensive and coordinated set of goals, policies, and implementation actions that link multiple objectives to promote the development of complete, inclusive, and equitable communities with proximity to transit and jobs.

Additionally, the General Plan establishes a major review every four years (Four-Year Review), which provides an opportunity to evaluate the City's achievement of key goals and make mid-course adjustments to the General Plan. The Four-Year Review entails the reassembly of a community stakeholder Task Force, who reviews and evaluates changes in the planning context and the City's achievement of planned job growth, implementation of the Urban Village concept, environmental goals, and affordable housing needs. The first Four-Year Review process is currently underway and is scheduled to conclude in Fall 2016.

The City is committed to facilitating the production of housing across income categories and to mitigating both governmental and non-governmental constraints that may unduly limit such production. To achieve these objectives, the General Plan includes careful planning for residential land uses at appropriate locations and densities. It seeks to maximize housing opportunities on infill parcels already served by the City in order to utilize existing infrastructure, and at locations served by transit. The General Plan also seeks to provide sufficient housing opportunities for new workers to encourage and support continued economic development, as well as access to housing for lower-income workers in occupations that support driving industries. San José is also planning for demographic and market shifts that indicate greater future demand for more urban forms of housing and neighborhoods.

City of San José Department of Housing

The City's Department of Housing partners with the development community and provides gap financing and technical assistance to facilitate the production, rehabilitation, and preservation of affordable units for lower- and moderate-income households. The Housing Department also collaborates with public, private, and non-profit partners to end homelessness, to serve special needs populations, to reduce foreclosures and help families stay in their homes, and to ensure regional fair housing practices.

San José's affordable housing developments are recognized nationally for their quality designs, excellent management, community integration, and innovation. The City has been a recipient of a number of awards including the 2011 Urban Land Institute's Robert C. Larson Workforce Housing Public Policy award. The City was recognized as an exemplary local government that provides ongoing and sustainable support for the production, rehabilitation, or preservation of workforce housing. Additionally, many City sponsored housing developments have received awards from the California Redevelopment Agency (CRA) and the National Association of Housing and Redevelopment Officials (NAHRO), which recognize projects and programs that are outstanding examples of the redevelopment process that have resulted in building better communities.

Housing Market Conditions

The San José Metro Area is the second most expensive homeownership market in the Country.[1]. Median single family home prices in San José rose from $760,000 in December 2014 to $825,000 in December 2015. Inventory remains very tight and interest rates continue to remain historically low, though they are experiencing a slight uptick since November 2015. Foreclosure rates have declined significantly from the nadir of the housing market in 2009. Assuming the December 2015 fixed mortgage rate of 3.96%, 20% down, a 1.25% property tax rate, and standard utilities and mortgage insurance, the current median single family housing price of $825,000 (as of December 2015) requires a down payment of $165,000 and an annual income of $157,650, which is 1.8 times San José's median household income of $87,210.[2] Additionally, saving for a 20% down payment on a median priced home, while paying high rents, as detailed in the next paragraph, puts additional burden on the first-time homebuyers.

San José also exhibited continued strength in its rental market in the last quarter of 2015, with average monthly rents for all apartments exceeding $2,400 for the fourth quarter of 2015[3]. This represents an annual increase of 9% (from Q4 2014). Vacancy rates in 2015 (for rental developments with 50 or more units) fluctuated between 3% – 6%[3]. Rents are increasingly beyond the reach of lower-income households and even many middle-class households. The National Low Income Housing Coalition (NLHC) Report, Out of Reach

[1] National Housing Conference, Paycheck to Paycheck Report for 2015; www2.nhs.org/chp/p2p/
[2] Census Bureau, American Community Survey, 2014
[3] Real Answers Data Market Overview, Q4 2015

2015[4], listed San José as the fourth most expensive market in the nation to rent a two bedroom apartment. Using a 30% income standard for housing costs including utilities, a San José worker household would need an income of over $88,360 to afford the rent of a one-bedroom unit, which is more than a retail salesperson, a construction laborer, or an elementary school teacher typically earns. While the rate of rent increases has recently shown signs of stabilizing in Q4 2015[3], the cost to rent in San José is not far from the all-time high recorded in Q3 2015[3]. Almost fifty percent of renter households in San José experience a housing burden defined as spending more than thirty percent of their income on housing costs (2008-12 CHAS data, US Census Bureau[5]). This level of housing burden makes it challenging for renters to save for the high downpayment required to purchase a home while paying for other important expenses like healthcare and education.

San José issued 2,021 residential permits in 2015– mostly for market rate rental developments. Permit activity has slowed significantly from 2014, when the City issued 4,452 permits.

The Bay Area's economy has rebounded along with the housing market. This particular recovery has been characterized by job creation in high-skilled, high-wage occupations as well as in low-skill, low-wage employment, but middle-class jobs have not returned. As low-wage employment increases, income disparity grows and the challenge of housing affordability affects more households and families. Thirty percent of the workforce in Santa Clara County earns above moderate income, ten percent earns moderate income, and fifty-nine percent earns low income.[6]

Yet, financial challenges across all levels of government have severely reduced the ability of the public sector to help house lower-income households. The primary challenge for affordable housing in California is that the loss of redevelopment agencies eliminated the largest and most flexible revenue stream for much needed low- and moderate-income housing, and that funding source of about $40 million a year has not been replaced. The decrease in federal funding for housing and community development has also added to the challenges.

Finally, other tools such as San José's rental inclusionary housing programs are suspended due to the *Palmer*[7] court decision. While the City's inclusionary program for for-sale homes in former redevelopment areas is currently active, city-wide inclusionary housing ordinance has been suspended as the result of a legal challenge. Although the Inclusionary Housing Ordinance was scheduled to take effect on January 1, 2013, its

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[4] http://nlihc.org/sites/default/files/oor/OOR_2015_FULL.pdf

[5] https://www.huduser.gov/portal/datasets/cp/CHAS/data_querytool_chas.html

[6] Based on median wages by occupation from the California Employment Development Department, May 2015.

[7] Palmer/Sixth Street Properties vs City of Los Angeles – In Oct 2009, California Court of Appeal ruled that inclusionary rental housing requirements violated the Costa Hawkins Act, calling into question affordable housing and inclusionary requirements for new rental housing.

implementation was prevented by a challenge by the California Building Industry Association (CBIA). On June 15, 2015, the California Supreme Court upheld the Inclusionary Housing Ordinance. On September 14, 2015, the CBIA filed a petition for a writ of certiorari with the U.S. Supreme Court. The U.S. Supreme Court accepts only a small percentage of cases seeking review. CBIA's filing does not automatically stay the California Supreme Court decision and thus that decision remains valid. At this time, the Housing Department is determining how the legal challenges described will impact the roll out of the Inclusionary Housing Ordinance. The City continues to strongly defend its ability to use these important tools and will remain fully engaged in the resolution of pending litigation.

In November 2014, the City of San José established a housing impact fee of $17.00 per net square foot on new market-rate rental housing developments of three or more units in San José. However, in an effort to minimize negative financial impacts on development projects in the pipeline, the housing impact fee does include a grandfathering exemption for developments if certain conditions are met. Because of this, the Housing Department does not anticipate receiving any revenue from this fee until at least FY 2017-18. Revenue from the housing impact fee will primarily fund development costs for affordable workforce housing.

In December 2014, the City adopted a General Plan text amendment in support of affordable housing. The amendment proposed that at least 15% of new affordable housing stock developed in San José be affordable to extremely low, very low and low income households. The language is not considered a mandate to impose affordable restrictions, but rather it expresses a strong need and support for affordable housing in San José. The City may consider, as part of the Four-Year Review, additional General Plan text amendments to facilitate affordable housing.

Staff continues to implement existing affordable housing programs while exploring new tools, funding mechanisms, and partnerships to help support the City's commitment towards facilitating the provision of affordable housing in order to achieve its RHNA goals. With funding commitments for approximately 270 affordable units, the City continues to work diligently to ensure that the economic recovery benefits those segments of the society that need the most help. Based on the City's priority to address the homeless crisis, the City will also issue a Notice of Funding Availability (NOFA) in 2016 for loans or conditional grants to fund permanent supportive housing projects. The City is also pursuing various interim housing solutions for the homeless.

B. ANNUAL BUILDING ACTIVITY SUMMARY FOR VERY LOW-, LOW-, AND MODERATE-INCOME UNITS AND MIXED INCOME MULTIFAMILY PROJECTS (TABLE A, A2)

Affordable units are those units deemed affordable to Extremely Low, Very Low, Low and Moderate Income households (See Table A) For Calendar Year 2015, the City issued permits for 70 affordable units. While the City exceeded its annualized goal for above-moderate income units, the 70 affordable permits represent just 3% of its annualized

affordable housing goal of 2,370 units. This disparity reflects the renewed strength of market-rate housing market and the challenges in the financing and provision of affordable housing. The City currently has approximately 270 units in the pipeline from projects that have received a funding commitment but have not yet pulled permits.

C. ANNUAL BUILDING ACTIVITY SUMMARY FOR ABOVE MODERATE-INCOME UNITS (TABLE A3)

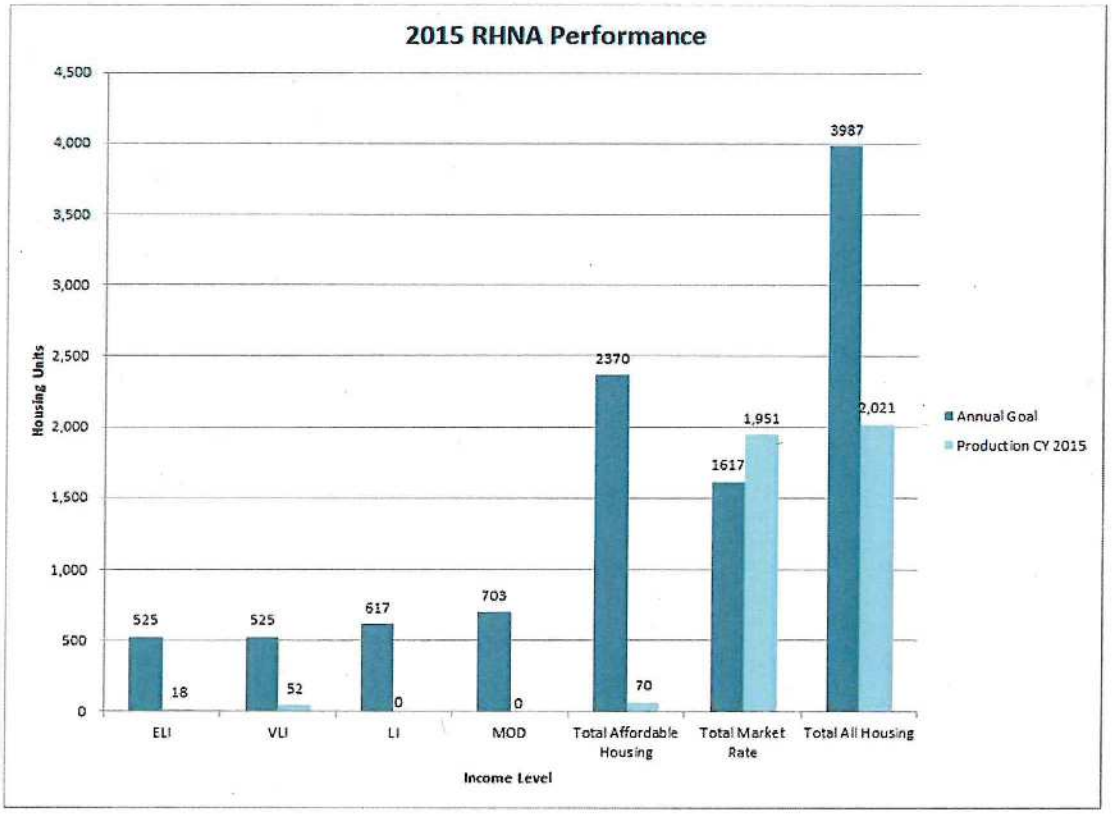
During calendar year 2015, the City permitted a total of 1,950 above moderate-income units. Most of the developments pulling permits were rental projects, reflecting an extremely strong rental market and rapidly rising rents. New multifamily construction being built in North and South San José, and in Downtown indicate an interest in mixed-use, transit-oriented and higher-density urban living.

D. REGIONAL HOUSING NEEDS ALLOCATION PROGRESS (TABLE B)

Permit activity is slowing down, compared to 2014, which was the first year of the current RHNA cycle. Home prices which approached all-time highs in the summer of 2014 seem to be stabilizing. However, the supply of homes (both foreclosed and regular sales) remains tight. Interest rates remain low but are expected to rise. If the economy and the job market continue to strengthen, the demand for housing will remain strong. Many first-time home buyers find that prices are already out of their reach. Affordability continues to remain a challenge for low and moderate income households as rents and housing prices remain high.

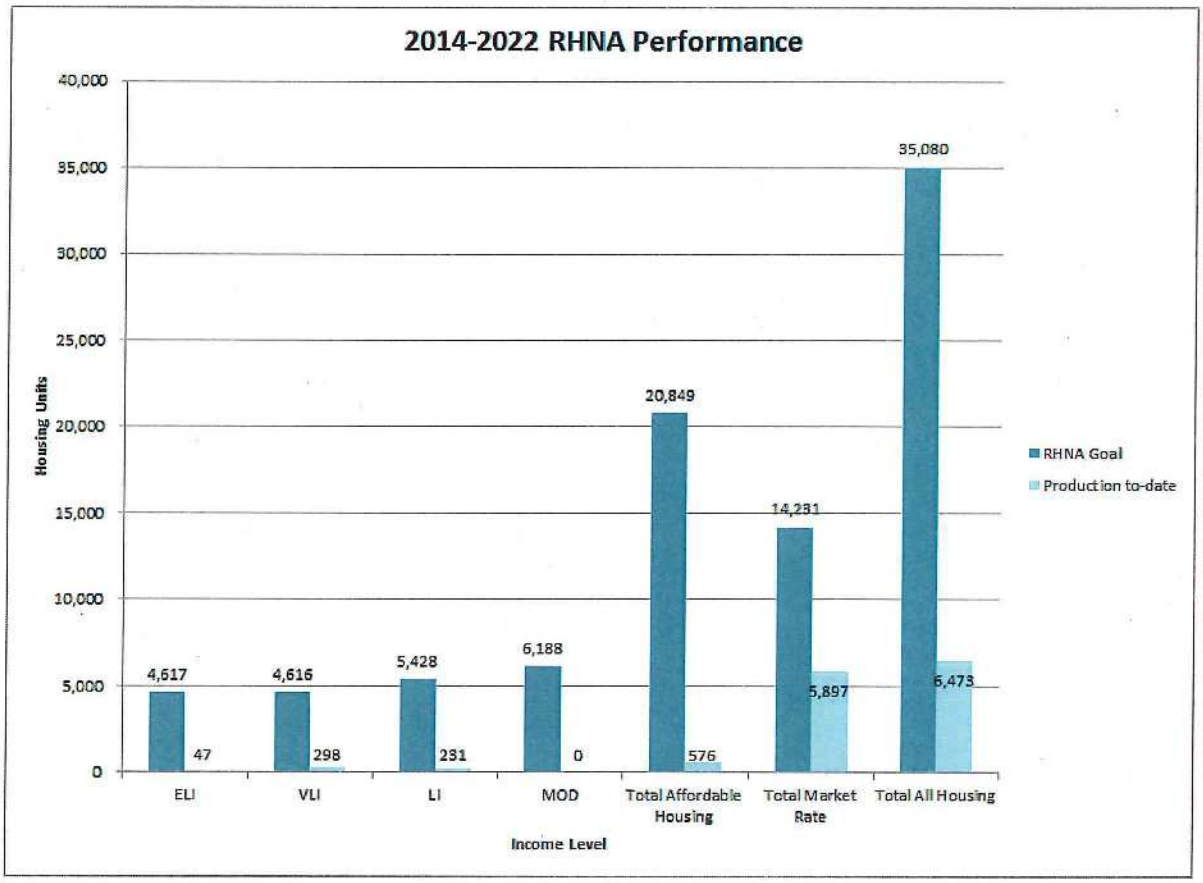
Table B depicts San José's progress in achieving its RHNA goals.

In calendar year 2015, the City issued building permits for 2,021 units composed of 1,951 market-rate and 70 affordable units. This represents 51% of the City's annualized RHNA goal across all income categories. While the City exceeded its annualized goal for above-moderate income units (112% of RHNA goal), the 70 below-market permits represents just 3% of its affordable housing annualized goal.



In spite of reduced funding for below-market rate units, San José has continued to facilitate the creation of new affordable housing units. There are approximately 270 units with funding commitment in the pipeline. These units provide important housing options to San José's community and workforce. The City continues to advance affordable housing initiatives to provide access to housing opportunities across incomes and to support economic growth in San José.

2015 marks the second year of the current 8.8 year RHNA production period from January 2014 – October 2022. Over the two years, San José has been able to meet 18% of its total RHNA goal. However, the achievement by income category varies significantly. More specifically, San José has been able to meet 41% of its total market rate goal and 3% of its affordable housing goal.



The City has been proactive in planning for additional housing to meet the needs of existing and future residents. In 2011, the City approved its Envision San José 2040 General Plan, which includes long-term capacity for 120,000 new housing units. A portion of this total capacity is currently activated, that includes sufficient residential capacity to meet the requirements of the current RHNA.

Actual construction of the units in this pipeline will depend on market forces and the subsidies that become available. However, the City has an important role in mitigating constraints to housing production across income levels through the implementation of existing and new housing programs and process improvements. The City will continue to work creatively and collaboratively with both internal and external partners to develop strategies and financial tools to help facilitate the development of affordable housing and, therefore, improve its ability to proactively support the City's efforts to meet its housing needs and drive economic growth.

E. PROGRAM IMPLEMENTATION STATUS (TABLE C)

Table C provides a complete list and status report on the City's programs to assist low-income renters and homebuyers. Additionally, San José continues to adopt process

improvements that streamline housing production and facilitate the creation of affordable housing.

F. HOUSING SUCCESSOR ANNUAL REPORT FY 2014-15

This section satisfies the annual reporting requirements of SB 341. The City, as the housing successor to the former Redevelopment Agency, is required to report specific housing and financial activity information to HCD.

Attachments: Annual Housing Element Progress Report Calendar Year 2015 – Housing Element Implementation Tables A-C.
Housing Successor to Redevelopment Agency Annual Report Fiscal Year 2014-15

ANNUAL ELEMENT PROGRESS REPORT
Housing Element Implementation
(CCR Title 25 §6202)

Jurisdiction City of San José
Reporting Period 1/1/15 - 12/31/15

Table A
Annual Building Activity Report Summary - New Construction Very Low-, Low-, and Mixed-Income Multifamily Projects

Housing Development Information										Housing with Financial Assistance and/or Deed Restrictions		Housing without Financial Assistance and/or Deed Restrictions
1	2	3	4					5	5a	6	7	8
			Affordability by Household Incomes									
Project Identifier (may be APN No, project name or address	Unit Category	Tenure R=Renter O=Owner	Extremely Low-Income (11)	Very Low-Income	Low-Income	Moderate-Income	Above Moderate-Income	Total Units per Project	Est # Infill Units	Assistance Program for Each Development	Deed Restricted Units See Instructions	Note below the number of units determined to be affordable without financial or deed restrictions and attach an explanation how the jurisdiction determined the units were affordable
The Metropolitan North Phase		R	18	52			1	71		City Funds, HOME Funds		
								0				
								0				
								0				
								0				
								0				
								0				
(9) Total of Moderate and Above Moderate from Table A3 ► ► ► ► ► ►								0				
(10) Total by income units Table A /A3 ► ► ►			18	52	0	0	1	71	0			

Table A2
Annual Building Activity Report Summary - Units Rehabilitated, Preserved and Acquired pursuant to GC Section 65883.1(c)(1)

Please note: Units may only be credited to the table below when a jurisdiction has included a program it its housing element to rehabilitate, preserve or acquire units to accommodate a portion of its RHNA which meet the specific criteria as outlined in GC Section 65583.(c)(1)

	Affordability by Household Incomes					
Activity Type	Extremely Low-Income (11)	Very Low-Income	Low-Income	Moderate-Income	TOTAL UNITS	(4) Description of Activity Including Housing Element Program Reference
(1) Rehabilitation Activity					0	
(2) Preservation of Units At-Risk					0	
(3) Acquisition of Units						
(5) Total Units by Income	0	0	0	0	0	

Table A3
Annual building Activity Report Summary for Above Moderate-Income Units (not including those units reported on Table A)

	1. Single Family	2. 2 - 4 Units	3. 5+ Units	4. Second Units	5. Mobile Homes	6. Total	7. # of Infill units
No. of Units Permitted for Moderate						0	
No. of Units Permitted for Above Moderate	144		1,789	17		1,950	

Table B
Regional Housing Needs Allocation Progress
Permitted Units Issued by Affordability

Enter Calendar Year starting with the first year of the RHNA allocation period. See Example			2014	2015	2016	2017	2018	2019	2020	2021	2022	Total Units to Date (all years)	Total Remaining RHNA by Income Level
Income-Level		RHNA Allocation by Income Level	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9		
Extremely Low	Deed Restricted	4,617	29	18								47	4,570
	Non-deed Restricted											0	
Very-Low	Deed Restricted	4,616	246	52								298	4,318
	Non-deed Restricted											0	
Low	Deed Restricted	5,428	231									231	5,197
	Non-deed Restricted											0	
Moderate	Deed Restricted	6,188	0									0	6,188
	Non-deed Restricted											0	
Above-Moderate		14,231	3,946	1,951								5,897	8,334
Total RHNA by COG. Enter allocation number:		35,080											
Total Units ► ► ►			4,452	2,021	0	0	0	0	0		0	6,473	
Remaining Need for RHNA Period ► ► ► ► ►													28,607

Note: The City of San Jose is not able to track the affordability of non-deed restricted units. Based on economic conditions and the variety of dwelling units in the City, there are likely to be some dwelling units that are not deed-restricted that are affordable to Moderate or Low-Income households.

Table C
Program Implementation Status

	Goal	Action/Programs	Entity	Time-frame	Program Status
	1. Increase, Preserve, and Improve the Supply of Affordable Housing				
	Programs and Funding				
1	Continue Predevelopment Loan and Project Development Loan Programs.	a. Review City's existing Income Allocation Policy and update as necessary to provide a funding framework for income categories. b. Continue to provide predevelopment loans to assist nonprofit housing developers with funds necessary to explore feasibility of proposed affordable multifamily housing. c. Continue to provide land acquisition, construction, and permanent financing for the development of new affordable homes and the acquisition/rehabilitation of existing rental housing for affordable homes pending availability of funds.	Housing	a. 2015-16 b. Annual, Ongoing c. Annual, Ongoing	a. In 2014 City staff identified a short term opportunity to partner with the County of Santa Clara County, and the Housing Authority to focus funding, services and housing vouchers on deeply affordable supportive housing for the homeless. The Housing Department will prioritize funding for the next 18 months on ELI housing per a council adopted funding plan. A NOFA will be released in early 2016. b. Council approved one new predevelopment loan and increased a second committing $1.3M to support 268 new affordable apartments. c. Staff obtained City Council approval almost $26M for acquisition, construction and permanent loans and grants in 2015 to support the creation of 875 new affordable homes. The City also issued $126M in tax-exempt bonds to support rehabilitation and refinancing of four existing rental
2	Maximize revenues from the City's loan portfolio.	a. Maximize City revenues and residual receipts when senior loans mature or are refinanced/restructured.	Housing	Ongoing	a. Residual receipts have been increasing at the rate of 27% from 2011 - 2015. Organizational capacity to monitor and enhance portfolio revenues has been strengthened and continues to grow.
3	Facilitate affordable housing deals that require no City subsidies.	a. Facilitate mixed income deals. b. Facilitate 9% and 4% tax credit/bond developments.	Housing	Ongoing	a. & b. Staff arranged a meeting for 2016 with a major conduit issuer of multifamily housing revenue bonds, CSCDA, in order to discuss how best to facilitate affordable housing deals that require no City subsidy for which bonds could be issued by CSCDA.

Table C
Program Implementation Status

	Goal	Action/Programs	Entity	Time-frame	Program Status
4	Implement the City's Housing Impact Fee Program.	a. Develop and implement the Housing Impact Fee Program by the effective date. b. Utilize the fees generated to finance the development of housing that is affordable to the workforce.	Housing, PBCE	a. 2016 b. 2016, Ongoing	a. Implementation of the Affordable Housing Impact Fee (AHIF) Program is successfully underway. Over the past several months, staff has prepared and educated developers and other stakeholders on the requirements of the AHIF Program. A total of 18 stakeholders meetings were conducted from June to December of 2015, and 8 additional meetings are currently scheduled from January to mid-June 2016. Several developers have already met or scheduled meetings with staff to submit their Pipeline Exemption applications, along with the $3,200 administrative processing fee. b.Due to the exemption period, the Housing Department does not expect revenue from the AHIF until FY 2017-18.

Table C
Program Implementation Status

	Goal	Action/Programs	Entity	Time-frame	Program Status
5	Acquire—land for residential development, especially —near transit for the development of low- and moderate- income housing.	a. Utilize resources to acquire land. b. Partner with transit agencies such as VTA and BART to explore and facilitate transit-oriented development (See workplan item #15) c. Explore the creation of a land bank to ensure the creation of affordable housing within Urban Villages. d. Explore partnerships such as Community Land Trusts to facilitate acquisition of land.	Housing	a. 2015, Ongoing, Assess Annually b. 2015, Ongoing, Assess Annually c. 2016-17 d. 2016-17	a. City committed $12.9 million for the City and for developers to acquire both unimproved land as well as land with existing buildings in order to create over 400 new affordable homes b. Approximately 60 new affordable apartments in the new Cottle Station neighborhood were completed in 2015, which were implemented per a City Development Agreement and for which the City issued tax-exempt bonds. c.N/A d.N/A

Table C
Program Implementation Status

	Goal	Action/Programs	Entity	Time-frame	Program Status
6	Advance Inclusionary Housing Programs.	a. Continue to defend the Citywide inclusionary housing ordinance in court. b. Continue to implement the City's existing inclusionary housing policy on for-sale projects in former redevelopment areas.	Housing	Ongoing	a. Due to pending litigation, the Inclusionary Housing Ordinance for rental projects is not yet initiated. The CA Supreme court affirmed the ordinance, but the case has been submitted to the US Supreme Court and is awaiting a decision on its hearing. b. The Housing Department continues the Inclusionary Housing Policy on for-sale projects. To ensure that the developers are also kept up-to-date on the Inclusionary Housing Ordinance, the Housing Department hosted 18 stakeholder meetings in 2015. The attendees were provided with background information and program requirements. During the Calendar year, the Housing Department processed two projects that are currently subject to the City's Inclusionary Housing Policy. The projects in question will generate $6.8 MM in in-lieu revenue most likely in FY 2017-18.
7	Increase supply of permanent supportive housing for homeless individuals.	a. Explore all opportunities to create homeless apartments with supportive services within the City.	Housing, Santa Clara County, Housing Authorit y	Ongoing, D3 Assess Annually	a. The City has committed funding for 119 units of housing for homeless individuals; the City, County and Housing Authority meet regularly to coordinate investments and progress.

Table C
Program Implementation Status

	Goal	Action/Programs	Entity	Time-frame	Program Status
8	Preserve existing deed-restricted multifamily rental homes.	a. Develop a funding framework to guide the allocation of resources between the production of new affordable homes or the preservation of existing affordable homes. b. Fund the extension of the affordability restrictions for existing multifamily affordable homes pending funding availability. c. Monitor at-risk units and upon notification outreach with landlord, tenants, and qualified entities to assist with funding preservation of existing homes. d. Explore and establish an outreach and tenant education program.	Housing	a. 2015-16 b. Ongoing c. Ongoing d. 2015-16	a. Due to priorities on funding new supportive housing homes, this framework development has been lower priority. b. Staff has extended and strengthened affordability restrictions for approximately 4 developments without funding. c. The City currently monitors its portfolio to identify at-risk projects and evaluates alternatives for extending affordability restrictions through negotiations with the borrower. d. For projects in the portfolio for which an extension of affordability restrictions cannot be negotiated, the City will work with borrowers to ensure that a satisfactory transition plan for existing residents is implemented.
9	Continue parkland fee reduction for new affordable housing development.	a. Continue to charge affordable housing developers a lower rate under the Parkland Dedication Ordinance (PDO) and Park Impact Fee (PIO) for new affordable housing developments.	Housing	Ongoing	a. This fee reduction continues for housing developments that serve residents who earn 80% of AMI and below.

Table C
Program Implementation Status

	Goal	Action/Programs	Entity	Time-frame	Program Status
10	Shape national, state, regional and local programs, policies and regulations to facilitate affordable housing development.	a. Help shape the National Housing Trust Fund, GSE reform, tax reform and other Federal policies that create funding for affordable housing development. b. Shape cap and trade implementation. c. Shape permanent source to replace lost State bond funding that was depleted.	Housing	a. Ongoing b. 2015-2016 c. Ongoing	a. During the 2015 legislative session, the City provided letters of support to protect federal HOME funding, which provides key resources for housing programs, including tenant-based rental assistance through vouchers. b. City staff have attended several AHSC workshops and asked many questions relating to implementation. In particular staff is exploring ways to mitigate risk because the Strategic Growth Council requires "joint and several liability" for government and housing developer partners which could be a major barrier to using this program. c. During the 2015 legislative session, the City took a support position on AB 1335, Building Homes and Jobs, which sought to create a permanent source of funding for affordable housing. The bill did not pass but the City continues to identify a State source of housing funds as a key priority.
		d. Support new tools that replace Redevelopment Agency Low/Moderate Income Housing Funds including Infrastructure Financing Districts.	Housing	d. Ongoing	d. During the 2015 legislative session, the City took support positions on multiple State bills that would increase resources for affordable housing, including AB 35 and SB 377 (provides additional low-income housing tax credits), AB 90 (provisions for the receipt and distribution of federal housing trust funds), AB 702 (increase flexibility of temporary housing assistance to CalWORKS recipients), AB 1056 (reentry program with housing component), and AB 1335 (permanent source of affordable housing). AB 90 and AB 1056 passed and were signed into law.

Table C
Program Implementation Status

	Goal	Action/Programs	Entity	Time-frame	Program Status
11	Advance regional solutions to address housing needs.	a. Work collaboratively with other City departments, local jurisdictions and working groups such as the Santa Clara CDBG Grants Management Group, Regional Housing Working Group, ABAG/MTC's One Bay Area Plan, Regional Prosperity Plan, Santa Clara Association of Planning Officials, and other initiatives.	Housing	Ongoing	a. The City hosted three regional housing working group meetings composed of jurisdictions in Santa Clara County. The purpose of the working group is to share information on legislative items, regional issues, and to explore opportunities for a regional response to housing needs in Silicon Valley. Additionally, staff participated in the regional Sustainable Communities Strategy (SCS) funded by the Department of Housing and Urban Development. Staff participated as a co-chair of the housing working group of the SCS. Key outcomes include funding programs to address increasing housing supply and mitigating displacement, a final report identifying tools, and regional workshops to share findings.
	Potential Actions				

Table C
Program Implementation Status

	Goal	Action/Programs	Entity	Time-frame	Program Status
12	Advance regional solutions to address housing needs.	a. Explore creation of regional body or formal collaboration to make more efficient use of limited resources, maximize the delivery of affordable housing, or respond to homelessness. b. Explore strategies to facilitate a more balanced regional distribution of affordable housing production.	Housing	Ongoing	a. A new, regional mechanism to address housing needs takes significant time and coordination, as well as political feasibility. However, a regional response is a key strategy, as most of the cities in Santa Clara County are jobs-rich and housing-poor, and are not meeting their fair share housing needs. In 2015, staff began to share the concept of regional responses in a variety of settings, including at regional meetings and at conference presentations (ex. Transform "Let's Get Moving" summit, Housing California conference, Bay Area Regional Prosperity Plan Conference , etc). Staff will continue to identify opportunities to advance the strategy of regionalism to address affordable housing needs. b. See item b above.
13	Coordinate and implement housing policies and goals contained in the City's housing plans.	a. Develop a Housing Element, Consolidated Plan and 5-Year Investment Plan with goals and measurable actions that are consistent with each other.	Housing, PBCE	2015	a. The State-mandated Housing Element was certified by HCD in April 2015, and federal Consolidated Plan was submitted in May 2015, and the City's 18-month Housing Investment Plan was provided to the City Council in October 2015.

Table C
Program Implementation Status

	Goal	Action/Programs	Entity	Time-frame	Program Status
14	Coordinate with Valley Transportation Authority (VTA) on transit-oriented development activities.	a. Explore ways to facilitate transit-oriented affordable housing development near BART, Light Rail, and Bus Rapid Transit (BRT) stations, including identification of opportunities to develop parcels owned by either agency with affordable housing.	Housing, PBCE	a. 2015, Ongoing	a. Housing staff continue to monitor VTA's intentions to lease and sell land near light rail stations and near the forthcoming Berryessa BART station. VTA's first BRT line on Alum Rock Avenue will include new station areas and is expected to be completed in late 2016. It remains to be seen if BRT will generate demand for dense, mixed use transit-oriented development.

Table C
Program Implementation Status

	Goal	Action/Programs	Entity	Time-frame	Program Status
	Housing Planning Tools				
15	Develop and Implement Urban Village Plans.	a. Explore various funding mechanisms and programs to help finance infrastructure and amenities for Urban Villages. b. Complete and/or implement Urban Village plans for The Alameda, West San Carlos, South Bascom, and Diridon Station. c. Develop and implement additional Horizon 1 and other Horizon Urban Village Plans as appropriate. d. Annually and as part of the Four Year Major Review of the General Plan evaluate the Urban Village Strategy and modify the Strategy as appropriate and needed, to facilitate its successful implementation, and to evaluate and address constraints.	PBCE Housing OED PW DOT DOF CMO PRNS	a. Ongoing, Assess Annually b. 2015-2016 c. 2016-23 d. Assess Annually, 2015-16 & 2019-20 (4-year Major Review)	a. The City is currently preparing implementation financing plans for West San Carlos, South Bascom, The Alameda, and Roosevelt Park Urban Village Plans. Also, the City has recently received new grant funds to start working on two, Horizon II Villages, North 1st Street and Berryessa/BART, which will start at the end of 2016 and extend into early 2018. b. The Diridon Station Urban Village Plan was adopted by the City Council in June 2014. Draft Urban Village Plans have been completed for three Urban Villages (West San Carlos, South Bascom, and The Alameda). These Plans are anticipated to be adopted by the City Council by the end of 2016 once the City has completed the Implementation Financing Chapter for each Plan. c. The City is working on draft Urban Village Plans for one, Horizon I Village (East Santa Clara) and three, Horizon III Villages (Santana Row/Valley Fair, Winchester, and Stevens Creek Urban Villages, all supported by grant funding. d. The City is currently evaluating implementation of the Urban Village strategy as part of the first General Plan Four-Year Review. As part of the Four-Year Review process, the City expects to take actions that will aim to facilitate affordable housing through the General Plan.

Table C
Program Implementation Status

	Goal	Action/Programs	Entity	Time-frame	Program Status
16	Maximize the City's competitiveness for external infrastructure funding to create complete, high quality living environments.	a. Continue to explore new funding sources for parks, transportation, and other types of infrastructure that favor cities with a demonstrated commitment to building affordable housing. b. Such programs include OBAG, Cap and Trade and other regional, state, and Federal programs.	Housing PRNS PW DOT OED	a. Ongoing b. Ongoing, Assess Annually	a. & b. Since 2011 the City has been awarded over $106 M in State loans and grants to plan and build parks, transportation infrastructure, affordable housing and more. Ongoing eligibility for these grants would not be possible had the City not had a certified Housing Element and regularly submitted Annual Reports to HCD. Housing staff are also coordinating AHSC Cap and Trade program applications with affordable housing developers and other City departments including Transportation, Parks Recreation and Neighborhood Services, and Public Works.
17	Work with the private sector to help facilitate the development of affordable homes.	a. Adopt City-wide density bonus ordinance in compliance with updated State law offering specific incentives and concessions to encourage the construction of affordable homes while remaining sufficiently flexible to respond to market conditions across the City. b. Continue to negotiate developer agreements in exchange for "extraordinary benefits" including affordable housing.	PBCE, Housing	a. 2015 b. Ongoing	a. City-wide density bonus ordinance incorporating State legislation through effective date of January 2016 is in administrative draft format, and is under review. Targeted for Council hearing by June 2016.

Table C
Program Implementation Status

	Goal	Action/Programs	Entity	Time-frame	Program Status
18	Protect mobile home parks as a source of naturally affordable housing.	a. Explore the efficacy of the existing mobile home conversion requirements and potential updates/responses in order to protect an appropriate supply of mobile homes.	PBCE, Housing	a. 2015-16	a. General Plan amendments, Zoning Code amendments, and a new City Council Policy to enhance protection of existing mobilehome park residents are scheduled for Council hearing in February 2016.
19	Facilitate the increase of the supply of legal secondary units.	a. Consider amending the existing secondary unit ordinance to facilitate a larger supply of compact "naturally affordable" homes. b. Develop and provide informational materials to inform homeowners of the development standards and the process for secondary unit approval and construction.	PBCE, Housing	a. 2015 b. 2015-16	a. In process Targeted for Council hearing in 2016. b. Existing materials will be updated if Council adopts proposed amendments.
20	Continue to ensure that existing redevelopment-assisted housing remains in compliance with long-term restrictions on rents and tenant incomes.	a. Continue to monitor redevelopment assisted homes for compliance with restrictions and other regulations.	Housing	Ongoing	a. The City currently monitors approximately 18,680 units of affordable housing for compliance with affordability restrictions. System capacity to measure non compliance corrections has been developed and will be implemented in CY 2016.

Table C
Program Implementation Status

	Goal	Action/Programs	Entity	Time-frame	Program Status
21	Continue to update the City's Zoning Code to facilitate housing at urban densities.	a. Evaluate and revise as appropriate Zoning Code to reduce parking ratios for Emergency Shelters, such as from 1 space for every 4 residents to 1 space for every 10 residents. b. Evaluate and modify existing or develop new Zoning Code to set appropriate parking ratios for developments in transit-rich or in urban/infill locations.	PBCE	a. 2015-16 b. 2015-17	Targeted for completion by 2017.
22	Assess development application and review process. Consider improvements as needed.	a. Conduct an annual Customer Satisfaction Survey Study to measure satisfaction and to provide insight into how services can be improved.	PBCE	a. Annual Ongoing	a. Based on customer feedback, staff has revised the Department's webpage, simplified applications, and expanded public information hours to make services more user-friendly.

Table C
Program Implementation Status

	Goal	Action/Programs	Entity	Time-frame	Program Status
	Potential Actions				
23	Facilitate the development of Single Room Occupancy (SRO) buildings.	a. Modernize development standards for Single Room Occupancy (SRO) housing.	PBCE, Housing	a. 2015	a. In process Targeted for Council hearing in 2016.
24	Minimize the impacts of condo-conversions on households.	a. Assess the rate of apartment to condominium conversions and impacts on the rental housing stock to determine if displacement is an issue. b. If displacement is identified as an issue, explore and establish policies and programs as appropriate to mitigate the potential impact on renters in the event of a condo-conversion.	Housing	a. 2016-17 b. 2017-18	a. Work on this goal has not yet commenced. b. Work on this goal has not yet commenced.
	2. Invest In Activities To End Homelessness				
25	Design, fund, and evaluate outreach, rapid rehousing, and supportive service programs for homeless individuals and families.	a. Continue to fund various nonprofit agencies that provide services to people who are homeless or at risk of becoming homeless. Funding includes but is not limited to programs geared toward preventing and ending homelessness, programs that permanently house homeless households with case management, one-time purchase of capital needs and equipment.	Housing, Santa Clara County, Housing Authority, Destination: Home	a. 2016-2017, Ongoing, Assess Annually	a. The City provided over $12M in support for outreach, case management, rental subsidies, and other assistance to serve over 1,600 individuals experiencing homelessness.

Table C
Program Implementation Status

	Goal	Action/Programs	Entity	Time-frame	Program Status
26	Implement master-lease program to provide transitional housing for homeless people in existing under-occupied hotels.	a. Revise Zoning Code to allow Hotel Supportive Housing as an incidental use to commercial hotels in non-residential zoning districts. b. Seek funding to begin implementation.	PBCE, Housing	2014	a. Completed in 2014. b. One site has been identified and funding has been approved - the deal will close in 2016. In process of identifying additional sites.

Table C
Program Implementation Status

	Goal	Action/Programs	Entity	Time-frame	Program Status
27	Engage in regional homeless coordination, planning efforts, and other initiatives with external partner agencies.	a. In cooperation with the County Destination: Home, and other community partners prepare and implement the new Community Plan to End Homelessness in Santa Clara County that focuses both on chronic homelessness as well as family and youth homelessness. b. Continue work with the County - as the COC applicant - to develop and implement new community-wide standards to ensure compliance for funding associated with the Federal HEARTH Act.	Housing, PBCE, Santa Clara County, Destination: Home	Ongoing	a. In February 2015, City Council endorsed the Community Plan to End Homelessness. Further, the City provided direct support and funding to the County Office of Supportive Housing as it assumed the role of Collaborative Applicant for the COC and centralized the operations of HMIS. b. All new service contracts from the City included community-wide standards and metrics as adopted by the COC.
28	Provide an encampment response to abate, prevent, or deter significant encampments that impact the health and safety of the community and homeless individuals.	a. Partner with the Water District and other interested parties to implement a plan to consistently clean up encampments, prevent re-encampments, and responsibly address with the housing needs and belongings of homeless residents.	Housing, PRNS, Police, ESD, Santa Clara Valley Water District	Ongoing	a. The City completed 224 clean-up activities removing approximately 1,200 tons of debris and hazardous waste from the waterways.

Table C
Program Implementation Status

	Goal	Action/Programs	Entity	Time-frame	Program Status
29	Research and explore potential alternative homeless housing and services options.	a. Examine an array of alternative housing options, including:—tiny homes and other best practice or new housing models. b. Implement overnight safe parking program. c. Implement hotel/motel master leasing and conversion - see goal #26 also	Housing	a. Ongoing b. 2015 c. 2015	a. The City developed a new program using manufactured homes to created an interim housing community to be developed in 2016. b. The City issued a RFP for Safe Parking, Overnight Warming Centers, and Mobile Hygiene Services. Awarded contracts for all three agencies to begin operations in 2016. c. The City initiated planning for the conversion of one hotel and one master lease for the purpose of residential homeless housing;
30	Inform and engage the community around the issue of homelessness and how it impacts the City and its residents.	a. Develop ongoing community outreach through social and print media to provide comprehensive and consistent messaging on current services, outcomes, challenges, and long-term goals.	Housing	Ongoing	a. Staff made presentations at community groups, boards, neighborhood associations, and a variety of other public and private entities on the issues of homelessness and deeply affordable housing.

Table C
Program Implementation Status

	Goal	Action/Programs	Entity	Time-frame	Program Status
	3. Promote Equitable Development				
31	Facilitate equal access to housing.	a. Update the Assessment of Impediments to Fair Housing. b. Continue to partner with nonprofit organizations to affirmatively further Fair Housing throughout the City. c. Explore opportunities to increase public awareness of and access to fair housing information and resources.	Housing, PBCE	a. 2015 b. Ongoing c. 2015-16 d. 2015	a. The Analysis of Impediments update began in 2014-15 and is anticipated to be completed in 2016. b.The City provided CDBG funding to support the Fair Housing Consortium, a collaborative of five nonprofit agencies. During 2015, the consortium provided services to 338 individuals and conducted 56 fair housing presentations and 62 fair housing investigations. In addition, partner agencies provided client brief services 182 times and legal representation for clients 92 times. Over 80% of complainants receiving legal services improved the access or availability of housing for their protected category. c. The City-funded Fair Housing consortium provided 56 fair housing presentations to tenants and landlords in 2015. Measured by pre and post-training surveys, over 90% of participants reported an increase in familiarity with laws governing fair housing. The City continues to implement its Citizen Participation Plan, to attend community meetings to provide information on housing resources, and to implement its Language Access Plan d. Work on this goal has not yet commenced.
			Housing, PBCE	d. 2015	d. Work on this goal has not yet commenced.

Table C
Program Implementation Status

	Goal	Action/Programs	Entity	Time-frame	Program Status
		d. Review and revise as appropriate Zoning Code definition of Supportive Housing to clarify that Supportive Housing is a residential use subject only to those restrictions that apply to other residential dwellings of the same type in the same zone.		e. 2015	e. Targeted for completion in 2016.

Table C
Program Implementation Status

	Goal	Action/Programs	Entity	Time-frame	Program Status
32	Update the City's dispersion policy to align with the Envision 2040 General Plan.	a. Update the City's existing dispersion policy: 1) to align the location of future affordable housing with residential growth areas identified in the Envision 2040 General Plan; 2) to maximize the access of transit, retail, services, and amenities to affordable housing developments; and 3) to facilitate the development of diverse and complete communities.	Housing	a. 2016	a. Work on this goal has not yet commenced.

Table C
Program Implementation Status

	Goal	Action/Programs	Entity	Time-frame	Program Status
33	Protect the affordability of rental homes.	a. Assess the efficacy of the existing rent control ordinance as a tool for preserving the affordability of rental homes and the feasibility of strengthening the program. b. Review Rental Rights and Referral Program_to determine opportunities for improvement. c. Secure voluntary agreements for at least 75% of petitions within ordinance-required 30 day period. d. Explore and establish other preservation policies, programs, or tools as appropriate.	Housing	a. 2015-16 b. 2015-16 c. Ongoing d. Ongoing, Assess Annually	a. In 2015, the City Council identified potential modifications to the City's apartment rent ordinance (ARO) as its second highest policy priority. On September 1, 2015, the Council approved staff's workplan to explore potential modifications to the ARO. Staff held 9 Advisory Committee meetings in 2015 to study the item and began case study research and analysis. Staff is scheduled to return to the City Council in 2016 with recommendations for potential modifications to the ARO. b. See item a above c. In 2015, the City was able to secure voluntary mutual agreements for 79% of the petitions filed. d. Staff has initiated a preliminary research into potential preservation policies and programs. Development of implementable policies and programs may require time and internal coordination with other City departments.

Table C
Program Implementation Status

	Goal	Action/Programs	Entity	Time-frame	Program Status
	Potential Actions				
34	Consider proposed policies or ordinances to protect low and moderate income residents in market-rate and deed-restricted affordable housing from displacement.	a. Explore policy requiring tenant relocation benefits so displaced low and moderate income tenants in market-rate housing can find comparable and affordable housing in San Jose. b. Explore other anti-displacement policies or programs, including financing, land use, and acquisition strategies.	Housing	a. 2017-18 b. Ongoing	a. Work on this goal has not yet commenced. b. Staff attended a one day workshop on displacement at the San Francisco Federal Reserve. Staff is currently studying literature on gentrification and displacement including a recent report on displacement monitoring published by the University of California, Berkeley and the California.
	4. Create Healthy, Sustainable, Communities and Neighborhoods				
35	Increase the health and resilience of communities	a. Develop partnerships, policies, and programs to increase access to healthy foods and health care resources, especially for lower-income and at-risk communities. b. Explore and establish as appropriate strategies to increase economic opportunities, self-sufficiency, and asset-building for households and communities. c. Explore a "soft story" rehabilitation program to facilitate seismic retrofits of at-risk buildings.	Housing PBCE	a. 2015-17 b. Ongoing c. 2015-16	a. The Housing Department directs its federal funding to improve social capital, economic resilience, and healthy communities. In 2015, the City funded and completed 1) the building of the Santee Community Garden 2) Create open space within the Santee neighborhood and 3) Rehabilitate an underutilized school facility to promote health programs. b. The City released new Request for Proposal that includes a job training and job creation component for homeless and youth. The Housing Department has also partnered with other City Departments, non-profits and community leaders to provide a variety of programs and events aimed at linking the lower income residents to job opportunities.

Table C
Program Implementation Status

	Goal	Action/Programs	Entity	Time-frame	Program Status
36	Enhance San Jose's place-based neighborhood strategies.	a. Develop a strategic framework for neighborhood strategies that establishes investment criteria, priorities, goals, and metrics. b. Implement the Community Improvement Program to provide enhanced inspection services to multi-family rental properties to arrest the decline and deterioration of aging housing stock and reduce blighted conditions within lower income neighborhoods within CDBG areas.	Housing PBCE	a. 2015-16 b. Ongoing	a. In Process - The Department established guiding principles for neighborhood investment including 1)increase social capital 2)create economic resilience and 3)promote healthy communities. Goals and metrics are forthcoming. b. The Department Continues to fund enhanced code enforcement inspections in all multi-family apartments in the three current Place-based neighborhoods.

Table C
Program Implementation Status

	Goal	Action/Programs	Entity	Time-frame	Program Status
37	Educate rental property owners on ways to better manage tenants and prevent crime.	a. Organize classes for property owners and managers with instruction provided by a professional property manager, crime prevention specialist, attorney, mediator, and other related experts.	PBCE	Ongoing	a. In November 2015, Code Enforcement initiated a Code Connection Newsletter which offers building safety and code compliance tips to owners and managers. Printed newsletters are included in the twice-a-year Residential Occupancy Permit notifications. An electronic version of the newsletter is sent quarterly to subscribers. b. Code Enforcement offers classes to assist multi-family rental property owners and managers in improving housing conditions using best management practices. Starting in 2016, classes will be offered in February, March, April, May, September, October and November.

Table C
Program Implementation Status

	Goal	Action/Programs	Entity	Time-frame	Program Status
38	Continue robust code enforcement.	a. Multiple Housing Inspection Program: this program issues permits of occupancy for all apartments, hotels/motels, guesthouses, residential care facilities, and fraternity/sorority houses. Code Enforcement Inspectors investigate complaints about substandard housing and conduct inspections. b. Vacant Neglected Building Program: this program monitors all identified vacant or neglected buildings so that they remain safe and secure until such time as they are rehabilitated and reoccupied. This proactive program reduces the risk of loitering, illegal occupancy, and fire hazards.	PBCE	Ongoing	a. In January 2015, Code Enforcement implemented a 3-tier service delivery model providing more frequent proactive inspections of buildings with higher risk profiles. Inspections are conducted on a 3-year, 5-year or 6-year inspection cycle. Code Enforcement Inspectors also investigate complaints and ensure that violations are corrected. b. The Vacant Neglected Building Program registers buildings that meet the standards of SJMC 17.38. Staff prepares summary abatements as needed to secure vacant buildings, conducts monthly monitoring site visits and investigates complaints.

Table C
Program Implementation Status

	Goal	Action/Programs	Entity	Time-frame	Program Status
39	Continue to partner with the Responsible Landlord Engagement Initiative (RLEI).	a. Continue to support the collaboration of landlords, tenants, community leaders, elected officials, service providers and social justice advocates to identify solutions for longstanding issues with crime, safety, nuisance, gang activities, graffiti, abandoned cars, trash and more at residential properties. b. Staff from Rental Rights and Referrals Program will continue to attend RLEI meetings.	NHSSV United Neighborhoods PD PBCE Housing	Ongoing	a. In 2015, the non-profit Housing agency NHSSV ceased operations. The City Housing Department provided financial assistance to the organization to facilitate a smooth dissolution and transfer of assets, including a City funded loans, loan pools and the RLEI program. In addition to facilitating the program transfer, the Housing Department provided a $150,000 operating grant to Sacred Heart to administer the RLEI program for one year. The Housing Department is working with Sacred Heart to identify a long term funding source. b.The Rental Rights and Referrals Program staff attends RLEI meetings to provide support to community groups educating residents on tenant/landlord rights provided under the Rent Control Ordinance. At the each meeting Neighborhood leaders provide information on how to take immediate action to work with the property owners regarding property conditions and management. Rental Rights and Referrals Program staff attended seven (7) RLEI steering committee meetings.
40	Facilitate residential development that minimizes environmental impacts and operating costs.	a. Monitor availability of funding sources for energy and water efficiency measures. b. Explore alternate bulk energy procurement mechanisms.	Housing	Ongoing	a. Staff has not yet begun work on this item. b. Staff has not yet begun work on this item.

Table C
Program Implementation Status

	Goal	Action/Programs	Entity	Time-frame	Program Status
41	Maintain the stock of existing owner-occupied homes.	a. Continue to work with nonprofit partners to provide low cost loans for emergency home repairs. b. Continue to provide minor grants and low cost loans for urgent repair needs as funds remain available.	Housing	Ongoing	a. The City continues to close out the pipeline of existing City Administered Housing Rehab Projects. The City anticipates release of a Request for Proposal for an outside agency to implement a Housing Rehab Program. b. The City contracted with Rebuilding Together Silicon Valley to implement a Minor Repair Grant program, assisting over 200 homeowners in 2015.
42	Continue to support financial literacy programs for potential homebuyers as funds remain available.	a. Continue to work with nonprofit organizations to educate homebuyers.	Housing	Ongoing	Financial literacy classes for first time homebuyers are offered through Project Sentinel. In CY 2015, 414 residents attended the classes.
43	Continue to assist low- and moderate-income first-time homebuyers as funds remain available.	a. Originate 5 BEGIN second mortgages per year pending funding availability.	Housing	Ongoing	In CY 2015, the City assisted 7 homebuyers with $635,000 in loans through the BEGIN, Calhome and NSP2 programs.

Table C
Program Implementation Status

	Goal	Action/Programs	Entity	Time-frame	Program Status
	Potential Actions				
44	Explore providing design guidance for convenient site accessibility for residents, workers, and visitors.	a. Explore utilization of existing accessible homes. b. Explore partnership with organizations that provide outreach to disabled persons. c. Explore ways to encourage site accessibility design in residential development.	Housing PBCE	Ongoing, Assess Annually	a. Staff has not yet begun work on this item b. Staff has not yet begun work on this item c. Not started due to priority on funding and creating new housing opportunities for homeless households.

HOUSING SUCCESSOR TO THE REDEVELOPMENT AGENCY ANNUAL REPORT

REGARDING THE

LOW AND MODERATE INCOME HOUSING ASSET FUND

FOR FISCAL YEAR [2014-15]

PURSUANT TO

CALIFORNIA HEALTH AND SAFETY CODE SECTION 34176.1(f)

FOR THE

CITY OF SAN JOSÉ

This Housing Successor Annual Report (Report) regarding the Low and Moderate Income Housing Asset Fund (LMIHAF) has been prepared pursuant to California Health and Safety Code Section 34176.1(f) and is dated as of FEBRUARY 4, 2016. This Report sets forth certain details of the housing activities of the City of San Jose, successor to the former Redevelopment Agency of the City of San Jose during Fiscal Year 2014-15. The purpose of this Report is to provide the governing body of the Housing Successor an annual report on the housing assets and activities of the Housing Successor under Part 1.85, Division 24 of the California Health and Safety Code, in particular sections 34176 and 34176.1 (Dissolution Law).

The following Report is based upon information prepared by Housing Successor staff and information contained within the independent financial audit of the Low and Moderate Income Housing Asset Fund CITY OF SAN JOSÉ COMPREHENSIVE ANNUAL FINANCIAL AUDIT for Fiscal Year 2014-15 as prepared by MACIAS GINI & O'CONNELL LLP, which Audit is separate from this annual summary Report; further, this Report conforms with and is organized into sections I. through XI., inclusive, pursuant to Section 34176.1(f) of the Dissolution Law:

I. **Loan Repayments:** The amount the city, county or city and county received pursuant to subparagraph (A) of paragraph (3) of subdivision (b) of Section 34191.4.

II. **Amount Deposited into LMIHAF:** This section provides the total amount of funds deposited into the LMIHAF during the Fiscal Year. Any amounts deposited for items listed on the Recognized Obligation Payment Schedule (ROPS) must be distinguished from the other amounts deposited.

III. **Ending Balance of LMIHAF:** This section provides a statement of the balance in the LMIHAF as of the close of the Fiscal Year. Any amounts deposited for items listed on the ROPS must be distinguished from the other amounts deposited.

IV. **Description of Expenditures from LMIHAF:** This section provides a description of the expenditures made from the LMIHAF during the Fiscal Year. The expenditures are to be categorized.

V. **Statutory Value of Assets Owned by Housing Successor:** This section provides the statutory value of real property owned by the Housing Successor, the value of loans and grants receivables, and the sum of these two amounts.

VI. **Description of Transfers:** This section describes transfers, if any, to another housing successor agency made in previous Fiscal Year(s), including whether the funds are unencumbered and the status of projects, if any, for which the transferred LMIHAF will be used. The sole purpose of the transfers must be for the development of transit priority projects, permanent supportive housing, housing for agricultural employees or special needs housing.

VII. **Project Descriptions:** This section describes any project for which the Housing Successor receives or holds property tax revenue pursuant to the ROPS and the status of that project.

VIII. **Status of Compliance with Section 33334.16:** This section provides a status update on compliance with Section 33334.16 for interests in real property acquired by the former redevelopment agency prior to February 1, 2012. For interests in real property acquired on or after February 1, 2012, provide a status update on the project.

IX. **Description of Outstanding Obligations under Section 33413:** This section describes the outstanding inclusionary and replacement housing obligations, if any, under Section 33413 that remained outstanding prior to dissolution of the former redevelopment agency as of February 1, 2012 along with the Housing Successor's progress in meeting those prior obligations, if any, of the former redevelopment agency and how the Housing Successor's plans to meet unmet obligations, if any.

X. **Income Test:** This section provides the information required by Section 34176.1(a)(3)(B), or a description of expenditures by income restriction for five year period, with the time period beginning January 1, 2014 and whether the statutory thresholds have been met. However, reporting of the Income Test is not required until 2019.

XI. **Senior Housing Test:** This section provides the percentage of units of deed-restricted rental housing restricted to seniors and assisted individually or jointly by the Housing Successor, its former redevelopment Agency, and its host jurisdiction within the previous 10 years in relation to the aggregate number of units of deed-restricted rental housing assisted individually or jointly by the Housing Successor, its former Redevelopment Agency and its host jurisdiction within the same time period. For this Report the ten-year period reviewed is January 1, 2004 to January 1, 2014.

XII. **Excess Surplus Test:** This section provides the amount of excess surplus in the LMIHAF, if any, and the length of time that the Housing Successor has had excess surplus, and the Housing Successor's plan for eliminating the excess surplus.

XIII. **Homeownership Units:**

An inventory of homeownership units assisted by the former redevelopment agency or the housing successor that are subject to covenants or restrictions or to an adopted program that protects the former redevelopment agency's investment of moneys from the Low and Moderate Income Housing

Fund pursuant to subdivision (f) of Section 33334.3. This inventory shall include all of the following information:

(A) The number of those units.

(B) In the first report pursuant to this subdivision, the number of units lost to the portfolio after February 1, 2012, and the reason or reasons for those losses. For all subsequent reports, the number of the units lost to the portfolio in the last fiscal year and the reason for those losses.

(C) Any funds returned to the housing successor as part of an adopted program that protects the former redevelopment agency's investment of moneys from the Low and Moderate Income Housing Fund.

(D) Whether the housing successor has contracted with any outside entity for the management of the units and, if so, the identity of the entity.

This Report is to be provided to the Housing Successor's governing body by April 1, 2016. In addition, this Report and the former redevelopment agency's pre-dissolution Implementation Plans are to be made available to the public on the City's website http://www.sanjoseca.gov/index.aspx?nid=1302.

I. Loan Repayment

The City did not receive any amount pursuant to subparagraph (A) of paragraph (3) of subdivision (b) of Section 34191.4.

II. AMOUNT DEPOSITED INTO LMIHAF

A total of $34,263,818 of program income from loan repayments was deposited into the LMIHAF during the Fiscal Year. Of the total funds deposited into the LMIHAF, zero dollars were held for items listed on the ROPS.

III. ENDING BALANCE OF LMIHAF

At the close of the Fiscal Year, the ending balance in the LMIHAF was $54,514,011 of which zero dollars are held for items listed on the ROPS.

IV. DESCRIPTION OF EXPENDITURES FROM LMIHAF

The following is a description of expenditures from the LMIHAF by category:

	Fiscal Year
Monitoring & Administration Expenditures	$7,348,002
Homeless Prevention and Rapid Rehousing Services Expenditures	$ 90,132
Housing Development Expenditures Expenditures on Low Income Units	0

⍰ Expenditures on Very-Low Income Units ⍰ Expenditures on Extremely-Low Income Units ⍰ Total Housing Development Expenditures	$2,070,000 $1,210,760 $3,280,760
Total LMIHAF Expenditures in Fiscal Year	$10,718,894

Senate Bill 341 allows for 2% of the total $636,569,299 gross value of Housing Successor assets, or $12,731,386 to be used on monitoring and administrative expenditures. The housing department continues to monitor expenditures from the LMIHAF. A total of $10,975,737 is committed to fund new projects in the coming fiscal year.

V. STATUTORY VALUE OF ASSETS OWNED BY HOUSING SUCCESSOR IN LMIHAF

Under the Dissolution Law and for purposes of this Report, the "statutory value of real property" means the value of properties formerly held by the former redevelopment agency as listed on the housing asset transfer schedule approved by the Department of Finance as listed in such schedule under Section 34176(a)(2), the value of the properties transferred to the Housing Successor pursuant to Section 34181(f), and the purchase price of property(ies) purchased by the Housing Successor. Further, the value of loans and grants receivable is included in these reported assets held in the LMIHAF.

The following provides the statutory value of assets owned by the Housing Successor.

	As of End of Fiscal Year
Statutory Value of Real Property Owned by Housing Successor	$ 35,641,003
Value of Loans and Grants Receivable	$546,414,285
Total Value of Housing Successor Assets	$582,055,288

VI. DESCRIPTION OF TRANSFERS

The Housing Successor did not make any LMIHAF transfers to other Housing Successor(s) under Section 34176.1(c)(2) during the Fiscal Year.

VII. PROJECT DESCRIPTIONS

The Housing Successor does not receive or hold property tax revenue pursuant to the ROPS.

VIII. STATUS OF COMPLIANCE WITH SECTION 33334.16

Section 34176.1 provides that Section 33334.16 does not apply to interests in real property acquired by the Housing Successor on or after February 1, 2012; however, this Report presents a status update on the projects related to such real property.

With respect to interests in real property acquired by the former redevelopment agency prior to February 1, 2012, the time periods described in Section 33334.16 shall be deemed to have commenced on the date that the Department of Finance approved the property as a housing asset in the LMIHAF; thus, as to real property acquired by the former redevelopment agency now held by the Housing Successor in the LMIHAF, the Housing Successor must initiate activities consistent with the development of the real property for the purpose for which it was acquired within five years of the date the DOF approved such property as a housing asset. For San José, the date of DOF's approval was March 14, 2013.

Address of Property	**Date of Acquisition**	**Deadline to Initiate Development Activity**	**Status of Housing Successor Activity**
Playa Almaden (aka Sycamore Terrace)	02/16/96	3/13/2018	Previously-identified developer could not get community support for the proposed development. City reappraised the site in November 2015 with the intention to convey to an affordable housing developer in 2016.
Evans VTA (aka Willow Glen Woods)	12/31/02	3/13/2018	The City will issue an RFP in January 2016 for a developer to create an interim housing community on this site.
E side Evans Lane (aka Willow Glen Woods)	06/30/05	3/13/2018	The City will issue an RFP in January 2016 for a developer to create an interim housing community on this site.
Ford & Monterey	10/25/06	3/13/2018	Two affordable housing developments have completed construction on this site—one 20-unit special needs development and one 75-unit family development. The City owns the site fee simple and has a groundlease to both projects. The projects are in their permanent financing phase and units are being occupied by income-eligible residents.
The Haven	06/30/08	3/13/2018	This is currently being managed by a nonprofit agency (LifeMoves, f.k.a. InnVision) as a shelter for fire victims. The adjacent apartment is occupied by income-eligible residents.
Vermont House	06/30/09	3/13/2018	In November 2015, the City approved a Conditional Grant for rehabilitation and a Lease to Abode, a developer of supportive housing. Abode will rehabilitate the property with the Grant funds and will provide permanent supportive housing for 16 homeless veterans pursuant to its award of VASH vouchers from the Housing Authority of

			the County of Santa Clara. The City expects to close the grant and lease to Abode in early 2016, with rehabilitation expected to complete and units occupied in Fall 2016.
Japantown Seniors	05/03/10	3/13/2018	Construction on this 75-unit seniors' development completed in late 2015, and all apartments are occupied by income-eligible residents. The City holds the site fee simple and has a groundlease to the project. The project is expected to convert to its permanent financing phase in Spring 2016.
Brookwood Terrace	03/01/09	3/13/2018	Construction on this 84-unit family development started in March 2010 and completed in January 2012. The City holds the site fee simple and has a groundlease to the project. The project is in its permanent financing phase and units are being occupied by income-eligible residents.
North Fourth Street	05/21/10	3/13/2018	Construction on this 100-unit development started in July 2010 and completed in June 2012. The project includes 35 apartments for the developmentally disabled. The City owns the site fee simple and has a groundlease to the project. The project is in its permanent financing phase and units are being occupied by income-eligible residents.
Orvieto Family	03/01/09	3/13/2018	Construction on this 92-unit family development started in September 2010 and completed in August 2012. The City owns the site fee simple and has a groundlease to the project. The project is in its permanent financing phase and units are being occupied by income-eligible residents.

IX. DESCRIPTION OF OUTSTANDING OBLIGATIONS PURSUANT TO SECTION 33413

Replacement Housing: According to the 2010-14 REDEVELOPMENT AGENCY CITY OF SAN JOSÉ FIVE YEAR Implementation Plan for the former redevelopment agency, no Section 33413(a) replacement housing obligations were transferred to the Housing Successor. The former redevelopment agency's Implementation Plans are posted on the City's website at http://www.sanjoseca.gov/index.aspx?nid=1302.

Inclusionary/Production Housing. According to the [2010-14 REDEVELOPMENT AGENCY CITY OF SAN JOSÉ FIVE YEAR] Implementation Plan for the former redevelopment agency, no Section 33413(b)

inclusionary/production housing obligations were transferred to the Housing Successor. The former redevelopment agency's Implementation Plans are posted on the City's website at http://www.sanjoseca.gov/index.aspx?nid=1302.

X. EXTREMELY-LOW INCOME TEST

Section 34176.1(a)(3)(B) requires that the Housing Successor must require at least 30% of the LMIHAF to be expended for development of rental housing affordable to and occupied by households earning 30% or less of the AMI. If the Housing Successor fails to comply with the Extremely-Low Income requirement in any five-year report, then the Housing Successor must ensure that at least 50% of the funds remaining in the LMIHAF be expended in each fiscal year following the latest fiscal year following the report on households earning 30% or less of the AMI until the Housing Successor demonstrates compliance with the Extremely-Low Income requirement. This information is not required to be reported until 2019 for the 2014 – 2019 period.

XI. SENIOR HOUSING TEST

The Housing Successor is to calculate the percentage of units of deed-restricted rental housing restricted to seniors and assisted by the Housing Successor, the former redevelopment agency and/or the City within the previous 10 years in relation to the aggregate number of units of deed-restricted rental housing assisted by the Housing Successor, the former redevelopment agency and/or City within the same time period. If this percentage exceeds 50%, then the Housing Successor cannot expend future funds in the LMIHAF to assist additional senior housing units until the Housing Successor or City assists and construction has commenced on a number of restricted rental units that is equal to 50% of the total amount of deed-restricted rental units.

The following provides the Housing Successor's Senior Housing Test for the 10 year period of 2005-06 to 2014-15:

Senior Housing Test	**2005-06 TO 2014-15**
# of Assisted Senior Rental Units	723
# of Total Assisted Rental Units	6,305
Senior Housing Percentage	11%

XII. EXCESS SURPLUS TEST

Excess Surplus is defined in Section 34176.1(d) as an unencumbered amount in the account that exceeds the greater of one million dollars ($1,000,000) or the aggregate amount deposited into the account during the Housing Successor's preceding four Fiscal Years, whichever is greater.

The following provides the Excess Surplus test for the preceding four Fiscal Years:

	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15
Beginning Balance	$10,149,270.00	$35,931,342.00	$21,690,915.00	$31,022,879
Add: Deposits	29,664,058.00	16,670,472.00	15,753,640.00	34, 263,818
(Less) Expenditures	(3,881,986.00)	(30,910,899.00)	(6,421,676.00)	(10,772,686)
(Less) Encumbrances	N/A	N/A	N/A	(1,963,598.00)
Unencumbered Balance	$35,931,342.00	$21,690,915.00	$31,022,879.00	$52,550,413

The LMIHAF does not have an Excess Surplus. The aggregate amount deposited into the account during the four Fiscal Years is $96,351,988. The unencumbered amount of $52,550,413 does not exceed the aggregate amount deposited.

XIII. HOMEOWNERSHIP UNITS

The Housing Successor is to provide an inventory of homeownership units assisted by the former redevelopment agency or the housing successor that are subject to covenants or restrictions or to an adopted program that protects the former redevelopment agency's investment of moneys from the Low and Moderate Income Housing Fund pursuant to subdivision (f) of Section 33334.3.

A. Number of Homeownership Units as of 6/30/15

Number of Homeownership Units	617

B. Homeownership Units lost after February 1, 2012

Units Lost	Reason for Loss
160	Loans paid off
11	Loans written off due to foreclosure or short sale

C. $8,930,508 of funds were returned to the housing successor as part of an adopted program that protects the former redevelopment agency's investment of moneys from the Low and Moderate Income Housing Fund

D. The housing successor has contracted with an outside entity for the management of the single family homeownership loans. The name of the entity is AmeriNational services (ACS).