



*Department of Planning, Building and Code Enforcement*  
JOSEPH HORWEDEL, DIRECTOR

March 21, 2012

Linn Warren, Director  
California Department of Housing and Community Development  
1800 3<sup>rd</sup> Street  
P.O. Box 952053  
Sacramento, CA 94252-2053

**RE: Transmittal of Annual Progress Report on the Implementation of the Envision San Jose 2040 General Plan Housing Element – January 2011 through December 2011**

Dear Mr. Warren:

Enclosed, please find a copy of the Annual Progress Report on the implementation of the Envision San Jose 2040 General Plan Housing Element. This letter constitutes a formal transmittal of the Annual Progress Report to the Department of Housing and Community Development, as required by Government Code Section 65400. The progress report was accepted by the San Jose City Council on March 13, 2012.

This report covers the 2011 calendar year. It is our understanding that the next annual report is due on April 1, 2013 covering the 2012 calendar year.

Should you have any questions, please contact Laurel Prevetti at (408) 535-7901.

Sincerely,

  
Joseph Horwedel, Director  
Planning, Building, and Code Enforcement

Attachment

cc: Glen Campora, California Department of Housing and Community Development  
Paul McDougal, California Department of Housing and Community Development  
Scott Morgan, California Office of Planning and Research  
Leslye Corsiglia, Director, City of San Jose Housing Department

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**Department of Housing and  
Community Development**

**ANNUAL HOUSING ELEMENT PROGRESS REPORT**

City or County Name: City of San José

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San José, CA 95113

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Reporting Period: January 1, 2011 through December 31, 2011

**Progress Report on the Implementation  
of the San Jose Housing Element Update -  
Calendar Year 2011**

February 21, 2012

**A. BACKGROUND**

California State law provides that each governing body prepare an annual report on the status and progress in the implementation of its Housing Element. In response, the City of San José has submitted annual progress reports on the implementation of the Housing Element to the California Department of Housing and Community Development (HCD) for review and evaluation. By providing this information, the City qualifies for important State housing funds.

State law requires that jurisdictions include a Housing Element as one of the mandatory elements of a General Plan. The City of San Jose's current Housing Element, which was certified by HCD in July 2009, reflects the 2007-2014 planning period. The Housing Element identifies constraints to housing production, as well as establishes policies and programs in order 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. San Jose's allocation for the current RHNA 7.5-year planning period from 2007-2014 is 34,721 total housing units composed of both market-rate and affordable units. This equals 4,630 total units annually across income categories.

While this annual allocation significantly exceeds the annual production of housing that the City has ever achieved on any sort of sustained basis – even during strong economic conditions – 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, San Jose's housing strategy includes careful planning for residential land uses at appropriate locations and densities. The strategy 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 housing strategy also seeks to provide sufficient housing opportunities for new workers in order to encourage and support continued economic development. San Jose is also planning for demographic and market shifts that indicate greater future demand for more urban forms of housing and neighborhoods.

The City's Housing Department partners with the development community and provides gap financing and technical assistance in order 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 in order to end homelessness, to serve the special needs population, to fight foreclosures and help families stay in their homes, and to ensure regional fair housing practices.

San Jose's affordable housing projects are recognized nationally for their quality designs, excellent management, community integration, and innovation. In 2011, the City was the first recipient of the 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, Casa Feliz, a LEED Gold new construction with 60 units serving extremely low-income households, won multiple NAHRO Awards for Excellence and Merit in 2011. On the service side, the City's Foreclosure Help Center was also recognized by NAHRO with a Merit Award.

Envision San José 2040, a comprehensive update of San Jose's General Plan, was approved by the City Council on November 1, 2011. This Envision San Jose General Plan incorporates the City's current Housing Element and establishes a comprehensive policy framework that strongly supports San Jose's residential strategies identified in the Housing Element. A central component of the Plan is the development of new "Urban Villages" at strategic locations throughout the city so that the majority of housing growth in Envision 2040 is planned to occur as compact, pedestrian friendly and transit-oriented development at infill locations. The Plan also reinforces the City's environmental goals, such as preservation of the hillside areas outside of the City's Urban Growth Boundary, so that substantially all new residential development will occur within the City's current Urban Growth Boundary. The Plan includes a comprehensive and coordinated set of goals, policies, and implementation actions that link multiple objectives to promote the development of complete communities including housing for workers to support economic development, greenhouse gas reduction, and the equitable distribution of services and facilities throughout the City.

This report summarizes the City's progress towards meeting its RHNA goals and other housing objectives during the 2011 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.

**B. ANNUAL BUILDING ACTIVITY SUMMARY FOR VERY LOW-, LOW-, AND MODERATE-INCOME UNITS AND MIXED INCOME MULTIFAMILY PROJECTS (TABLE A, A2 AND A3)**

2011 was a year of significant change and uncertainty in the housing market. With continuing depressed economic conditions, a weak homeownership market, budget challenges across all levels of government, and the uncertainty regarding the status of redevelopment in California, residential construction activity in San Jose remained low. In December 2011, the California State Supreme Court upheld the dissolution of redevelopment agencies (RDAs) across the State. Under the Court ruling, RDA ceased to exist as of February 1, 2012. This ruling also eliminated the 20% Low-Income Housing tax increment set-aside in the amount of \$1 billion annually, which had

constituted the primary source of affordable housing dollars in California. Absent new sources of funds or other tools, the loss of this important revenue source will make it more challenging for the Department to fund future affordable housing projects and programs and to achieve its RHNA goals.

In calendar year 2011, the City issued building permits for 1,046 market-rate units, as shown in Table A3. This represents 23% of the City's annual RHNA goal of 4,630 units across all income categories combined, and 51% of its annual above-moderate (ie. market rate) RHNA allocation of 2,060 units.

While market-rate activity was relatively low, affordable housing activity experienced even greater challenges. No building permits were issued for below market-rate units in 2011, in large part due to the State take of redevelopment dollars for the Supplemental Education Revenue Augmentation Fund and the legal freeze on 20% funds during the deliberation on the status of redevelopment agencies in 2011. However, the City added seven Extremely Low-Income units through the acquisition and rehabilitation of a property located within the Roundtable Strong Neighborhood Initiative area in San José. Multiple affordable housing projects are in the Housing Department's pipeline but are currently awaiting identification of funding.

Affordable housing consists of residential units for which construction or rehabilitation was either (a) financed all or in part, with loans or tax-exempt bonds approved by the City Council and Redevelopment Agency Board, or (b) provided by developers in order to meet State-mandated inclusionary housing requirements in Redevelopment Project Areas.

As funding to support affordable housing has been diminished, new creative financing tools will be important to meet the significant need for affordable housing in San Jose that still remains, especially for rental units. Average rental rates in San Jose rose 11% from 2010 to 2011, and rents in the second quarter of 2011 are the highest of any US metropolitan area (Realfacts). As a result, rental units have grown increasingly beyond the reach of lower-income households and even many middle-class households. According to Real Facts, the average rent in the fourth quarter of 2011 for a two-bedroom, two-bath property in San Jose was \$1,940. Using a 30% income standard for housing costs, a San Jose service worker household will need an income of \$77,600 to afford the rent, which is significantly more than a retail salesperson, construction worker, or a pre-school teacher can earn.

Additionally, even though the depressed housing market has made homeownership more affordable, the median priced home is still out of reach for the majority of the population. Assuming a 4.5 percent fixed mortgage rate, 20 percent down, and a 1.25 percent property tax rate, the current median housing value of \$474,500 (as of December 2011) requires an income of \$98,000, which is thirty percent higher than San Jose's median household income of \$77,000 (2010 American Community Survey, US Census).

For the first five years of the current RHNA period, San Jose issued permits for 1,967 new affordable housing units, approximately 22% of all residential permits issued by the Department of Planning, Building, and Code Enforcement. Even during these difficult economic times, it is critical to support affordable housing initiatives as an economic stimulus as well as a means of meeting affordable housing needs to support continued economic growth.

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

During calendar year 2011, a total of 1,046 above moderate-income units were permitted. Most of the developments pulling permits were rental projects, reflecting a strong rental market and rapidly rising rents. Overall conditions in the residential market, particularly for homeownership, remain highly unstable due to continued instability in the labor market and overall economy. Developers have found it difficult to obtain funding for condominiums and mixed-use projects in a housing market that is expected to continue to be weak during 2012 and beyond. Beyond the lack of capital, developers have also been more reluctant to undertake the risk of developing in such an environment. Finally, the construction of new ownership units have been low due to the overhanging supply caused by the high inventory of foreclosed homes and continued weak demand for homeownership.

### **D. REGIONAL HOUSING NEEDS ALLOCATION PROGRESS (TABLE B)**

The Association of Bay Area Governments (ABAG) is responsible for allocating the regional housing needs among each jurisdiction in the nine-county Bay Area. ABAG has determined that San Jose's fair share of the regional need for the planning period between January 1, 2007 through June 30, 2014 is 34,721 units across income categories. San Jose's allocation accounts for 58% of the total housing allocation for Santa Clara County and 16% of the nine county Bay Area region. These units are distributed among income categories as depicted in Table B and equal a total annual production goal of 4,630 total units, which is fifty percent higher than the actual annual average of 3,000 units produced in San Jose in the past thirty years.

Furthermore, while the City of San Jose surpassed its 1999-2006 RHNA goal, its ability to achieve the current RHNA goal is severely impacted by the current sluggish economy and the elimination of Redevelopment Agencies. For the first five calendar years (January 1, 2007 to December 31, 2011) of the current RHNA period, 8,732 residential units have been added. This accounts for 25% of the total RHNA goal. Looking at San Jose's progress by subcategories, the City has met 43% of its above moderate-income housing cumulative RHNA goal but only 10% of its cumulative affordable housing goal. Thus, above-moderate (i.e. market-rate) housing has been the primary driver of San Jose's progress towards meeting its overall RHNA goal, especially during the beginning of the current RHNA period. During calendar year 2011, the number of dwelling units

obtaining permits fell from the prior year's permit activity, indicating continued instability in the housing market.

The City has been proactive in planning for additional housing to meet the needs of existing and future residents. The recently approved Envision San Jose 2040 General Plan includes capacity for 120,000 new housing units. Of this total capacity, approximately 22,000 units have already received entitlements through the zoning or development permit stage, which counts towards the City's capacity for meeting its RHNA goal.

Actual construction of this pipeline will largely depend on market forces, but the City's efforts in facilitating development of housing through the implementation of housing programs and process improvements will provide critical support. Although the City has a pipeline of projects that have received entitlements, it is unclear how many of these projects will actually be built due to the current weakness in the housing market. The Housing Department will continue to work creatively in order to work through this challenging environment, including exploring strategies and financial tools to help facilitate the development of affordable housing and, therefore, its ability to proactively support the City's efforts to meet its regional housing needs.

#### **E. PROGRAM IMPLEMENTATION STATUS (TABLE C)**

Despite the challenges of the economy and of the depressed housing market, the City has nevertheless been active in creating housing opportunities through its other non-development related housing programs. For example, the City assists teachers with purchase of homes. Additionally, the City assists homebuyers through the Second Mortgage, BEGIN, and inclusionary housing program:

Additionally, San Jose continues to adopt Zoning Ordinance changes to streamline housing production and to facilitate the creation of affordable housing. In December 2009, the City adopted a citywide inclusionary housing ordinance in order to provide additional opportunities for affordable housing throughout the city. The ordinance, which will go into effect when the City issues 2,500 annual residential permits in a rolling twelve month period (out of which 1,250 units are issued outside of North San Jose area plan) or on January 1, 2013, whichever comes first, requires that 15% of the units built citywide will be affordable. This brings the City in-line with the policies of surrounding cities, many of whom already have city-wide inclusionary housing ordinances in place. Table C provides a complete list and status report on the City's programs to assist low-income renters and homebuyers.

Attachment: Annual Housing Element Progress Report – Housing Element Implementation Tables A-C.

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

Jurisdiction  
Reporting Period

City of San José  
1/1/2011 - 12/31/11  
Table B

**Regional Housing Needs Allocation Progress  
Permitted Units Issued by Affordability**

| Income Level                                     | RPHA Allocation by Income Level | 2007-2011 |        |        |        |        |        |        | Total Units in Use (60-year) | Total Remaining RPHA by Income Level |
|--|---------------------------------|-----------|--------|--------|--------|--------|--------|--------|------------------------------|--------------------------------------|
|  |                                 | Year 1    | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 |                              |                                      |
| Extremely Low                                    | 3,019                           | 87        | 76     | 109    | 151    | 7      |        |        | 437                          | 2,439                                |
| Very Low   | 3,018                           | 121       | 291    | 197    | 292    |        |        |        | 941                          | 3,034                                |
|  | 5,022                           | 285       | 212    | 0      | 45     |        |        |        | 645                          | 4,777                                |
| Low  | 6,166                           | 100       | 37     | 7      |        |        |        |        | 144                          | 6,054                                |
|  | 18,499                          | 1,323     | 1,700  | 84     | 2,008  | 1,046  |        |        | 6,765                        | 8,695                                |
| Moderate   | 94,721                          | 2,591     | 2,310  | 598    | 2,464  | 1,035  |        |        | 6,732                        | 28,849                               |
| <b>Total RPHA by CCR, RPHA Allocation Number</b> |                                 |           |        |        |        |        |        |        |                              |                                      |
| <b>Remaining Need for RPHA Period</b>            |                                 |           |        |        |        |        |        |        |                              |                                      |

Note: The City of San José is not able to track the affordability of non-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 deemed restricted that are affordable to Moderate or Low-Income households.

ANNUAL ELEMENT PROGRESS REPORT  
Housing Element Implementation  
(CCR Title 25 §8202 )

Jurisdiction: City of San José  
Reporting Period: 1/1/2011 - 12/31/11

Table A1

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

| 1  | 2 Housing Development Information            |          |                    |               | 3 | 4 | 5 | 6 | 7 | 8 |
|--|--|----------|--------------------|---------------|---|---|---|---|---|---|
|  | 1. Project Name (City to APN in parentheses) | 2. Units | 3. Very Low Income | 4. Low Income |   |   |   |   |   |   |
| (9) Total of Moderate and Above Moderate from Table A3 |  |          |                    |               |   |   |   |   |   |   |
| (10) Total by Income units Table A /A3                 |  |          |                    |               |   |   |   |   |   |   |

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 in its housing element to rehabilitate, preserve or acquire units to accommodate a portion of its RH20A which meet the specific criteria as outlined in GC Section 65883.1(c)(1)

| Activity Type                     | Attributable by household income |              |             |                |                 | TOTAL UNITS | (1) Denominator of Activity Including Housing Element Program Reference |
|-----------------------------------|----------------------------------|--------------|-------------|----------------|-----------------|-------------|---|
|                                   | 1. Single Family                 | 2. 2-4 Units | 3. 5+ Units | 4. Second Unit | 5. Mobile Homes |             |   |
| (1) Rehabilitation/Preserve       |                                  |              |             |                |                 | 0           |   |
| (2) Preservation of Units At-Risk |                                  |              |             |                |                 | 0           |   |
| (3) Acquisition of Units          | 7                                |              |             |                |                 | 7           | Roundtable - Acquisition/Rehab  |
| (4) Total Units by Income         | 7                                | 0            | 0           | 0              | 0               | 7           |   |

Table A3

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

| No. of Units Permitted for Moderate | No. of Units Permitted for Above Moderate | 1. Single Family | 2. 2-4 Units | 3. 5+ Units | 4. Second Unit | 5. Mobile Homes | 6. Total | 7. Number of Infill units* |
|-------------------------------------|---|------------------|--------------|-------------|----------------|-----------------|----------|----------------------------|
|                                     |   |                  | 99           | 3           | 937            | 10              |          | 1,046                      |

\*Note: this field is voluntary

**ANNUAL ELEMENT PROGRESS REPORT**  
**Housing Element Implementation**  
 (CCR Title 25 §5202)

Jurisdiction  
Reporting Period

City of San José  
1/1/2014 - 12/31/14

Table C

Program Implementation Status

| Program Description<br>(by Housing Element Program Name)  | Housing Programs Progress Report - Government Code Section 65583.<br>Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement and development of housing, as identified in Housing Element.   | Objective              | Transferrable<br>in H.E. | Status of Program Implementation   |
|---|---|------------------------|--------------------------|--|
| <p><b>HOMEOWNER PROGRAMS:</b></p> <p><b>Housing Rehabilitation Program - Single-Family Home Loan Program:</b><br/>           Homeowners earning no more than 80% of the County Area Median Income (AMI) may qualify for loans up to \$150,000 to rehabilitate their homes. Eligible properties within the City's Strong Neighborhood Initiative (SNI) Areas qualify for a 0% interest loan up to \$150,000. Properties not within the SNI areas may be eligible for a 3% loan. A maximum \$40,000 zero-percent loan is available to low-income (80% of AMI) owner-occupants on a City-wide basis. Qualifying rehabilitation work includes achieving compliance with the health and safety standards of the City's Housing Code, repairing or replacing structural deficiencies, and energy conservation measures. Payments on most HPP loans may be deferred until transfer or change of title.</p> | <p>As a goal, 50% of HPP are to be spent in Strong Neighborhood Initiative (SNI) areas of the City which are characterized by higher concentrations of lower-income households and older housing stock in the greatest need of rehabilitation. Annual goal is to complete between 30 and 40 single-family loan portfolios per year. Additional emphasis is now being given to energy conservation, water conservation, and the use of recycled and green materials in the HPP loan program. Increase the number of rehabilitation loans - the goal is for the loans to exceed 50% of total rehabilitation dollars approved each year.</p> | <p>Ongoing Program</p> | <p>Ongoing Program</p>   | <p>Continue to implement program.</p>  |
| <p><b>Housing Rehabilitation Program - Single-Family Homeowner Grant Program:</b><br/>           Homeowners earning up to 60% of the County Area Median Income (AMI) may apply for one-time repair grants of up to \$15,000 in SNI areas and \$5,000 in non-SNI areas. The maximum grant amount is graduated based on the income of the applicant household. This program is administered on a "Needs Basis" and primarily serves single-family owner-occupied homes. The grant is offered to owners with eligible repairs that are minor in nature providing all health and safety issues can be addressed with the grant. If more repairs are required to address health and safety needs, the applicant will be referred to the Housing Preservation Program.</p>  | <p>Goal is to spend 50% of rehabilitation funds in SNI neighborhoods and to serve lower-income residents.</p>   | <p>Ongoing Program</p> | <p>Ongoing Program</p>   | <p>Continue to implement program.</p>  |
| <p><b>Minor Grants for Minor Repairs, Disabled Access and Green Incentives:</b></p> <p>The Minor Repair Program employs contractors to assist eligible households with urgent repair needs such as plumbing leaks, hazardous electrical, and furnace replacements in violation. The Disabled Access grant ensures that low-income seniors and special needs clients receive adequate funding to address accessibility needs such as ramps and grab bars up to \$10,000. The Green Incentive grant will augment other rehabilitation loans and grants by offering up to \$3,500 for improvements such as insulating homes and replacing aging, inefficient appliances with new (higher efficiency) units. The proposed grant amount will depend on the level of green improvements - the greater the project, the higher the level of funding.</p>   | <p>To provide emergency contractor services to mitigate health and safety emergencies for San Jose's low-income mobilehome and single-family property owners.</p>   | <p>Ongoing Program</p> | <p>Ongoing Program</p>   | <p>Continue to implement program through contract with a nonprofit organization.</p> |
| <p><b>Mobilehome Repair Loan Program:</b><br/>           Costs of repairs of mobilehomes ranging up to 80% of the County Area Median Income may enjoy up to a 0% rehabilitation loan up to \$20,000. Very low-income and extremely low-income mobilehome owners may apply for a one-time grant of up to \$15,000. Quarterly rehabilitation work is provided to fund measures necessary to achieve compliance with State Health and Safety standards and applicable park regulations.</p>  | <p>Completion of approximately 700 - 140 mobilehome rehabilitations is expected annually. Mobilehome budget is to keep to within 25% of Rehabilitation budget.</p>  | <p>Ongoing Program</p> | <p>Ongoing Program</p>   | <p>Continue to implement program.</p>  |

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

Jurisdiction: City of San José  
 Reporting Period: 7/1/2011 - 12/31/11

| Program Description<br>(By Housing Element Program Name)   | Housing Program Progress Report - Government Code Section 65583<br>Describe progress of all program including those efforts to remove governmental constraints to the maintenance, improvement and development of housing, as identified in Housing Element. | Objective   | Timeline<br>In H.E.    | Status of Program Implementation  |
|--|--|---|------------------------|---|
| <p><b>Mobilehome Seismic Repair Program:</b><br/>           Owner occupants of mobile homes located in previously identified mobile home parks with a high concentration of units that are not structurally braced would qualify for seismic bracing of their mobile homes. 650 individual mobile homes will be retrofitted under this FEMA/CALFHA grant. Existing Rehabilitation Program Staff, systems and standards to ensure that the retrofit work is being properly reviewed, tracked and completed in accordance with all program requirements.</p>   | <p>Completion of 650 mobile-home seismic retrofits prior to October 2013.</p>  | <p>Objective</p>  | <p>Ongoing Program</p> | <p>Continue to implement program.</p>   |
| <p><b>HOMEBUYER PROGRAMS:</b></p>  |  |   |                        |   |
| <p><b>Neighborhood Stabilization Program:</b><br/>           The Housing Trust of Santa Clara County (HTSCC), City of San Jose and Neighborhood Housing Services Silicon Valley (NHSV) have formed the San Jose Consortium (Consortium) to apply for and administer a \$25 million grant for the NSP, made available by the Department of Housing and Urban Development (HUD) under the American Recovery and Reinvestment Act (ARRA) of 2009. The main objectives of this grant are to stabilize neighborhoods in the Target Geography by reducing the number of foreclosed or abandoned homes and residential properties and to create affordable housing opportunities for very-low, low- and moderate-income households. The Consortium will provide secondary financing to income eligible purchasers of foreclosed homes and will purchase and rehabilitate foreclosed or abandoned homes in the Target Geography.</p> | <p>The goal of the Consortium is to assist in the purchase of no less than 205 foreclosed properties or units for the purpose of creating affordable homes.</p>  | <p>Half of funding (\$9.2M) must be spent by Feb. 11, 2012 and all funding by February 11, 2013, which is on target</p> | <p>Active</p>          | <p>Acquisitions for calendar year 2011 include the acquisition of 33 eligible properties and the sale of 9 of these properties; 11 properties are either under contract or are on the market; and the remaining 13 properties are either under construction or awaiting a Notice to Proceed. Additionally, through the funding of the 60-unit Payco-Cable project and the Transit 700 and Discovery Special Needs project, the City has met its 2011 set-aside requirement.</p> |
| <p><b>First-Time Homebuyers Mortgage Credit Certificates (MCC):</b><br/>           First-Time Homebuyers Mortgage Credit Certificates (MCC) to qualified buyers. An MCC subsidizes qualified first-time buyers to reduce the amount of their federal income tax liability by a specified percentage of the interest rate they pay on their first mortgage loan. This amount is currently set at 15%.</p>   | <p>Assist first-time homebuyers</p>  | <p>Ongoing Program</p>  | <p>Active</p>          | <p>The City plans to assume administration of its share of the MCC program next year.</p>   |
| <p><b>Teacher Housing Program:</b><br/>           This program provides a deferred equity-share loan of up to \$50,000 to low- and moderate-income San José public school teachers. The loan is offered at a zero-percent interest rate and is not due until transfer of the title to the home or in 45 years.</p>   | <p>Assist in the recruitment and retention of San José K-12 public school teachers.</p>  | <p>Available through end of CY 2011</p>   | <p>Active</p>          | <p>During the first half of the calendar year 2011, the City approved and closed six homebuyer loans to teachers. The City eliminated the program as of June 30, 2011, although teachers are still served through other homeownership efforts.</p>  |
| <p><b>Project-based Second Mortgages:</b><br/>           The City provides 45-year second mortgages in varied amounts for low and moderate-income homebuyers in ownership housing projects for which the City has previously provided financial assistance for development. Moving forward, the City does not intend to provide predevelopment and construction financing for for-sale projects. Instead, the City may offer second mortgages to qualified homebuyers once the project is complete.</p>  | <p>Assist low- and moderate-income homebuyers</p>  | <p>No longer available</p>  | <p>Completed</p>       | <p>The program was eliminated as of June 30, 2011.</p>  |

**ANNUAL ELEMENT PROGRESS REPORT**  
**Housing Element Implementation**  
 (CCR Title 26 §6202)

Jurisdiction: City of San José  
 Reporting Period: 1/1/2011 - 12/31/11

| Program Description<br>(By Housing Element Program Name)  | Name of Program | Housing Programs Progress Report - Government Code Section 65583<br>Describe progress of all programs including local efforts to remove governmental constraints to the marketplace, improvement, and development of housing, as identified in Housing Element. | Objective           | Timeline<br>In HE   | Status of Program Implementation |
|---|-----------------|---|---------------------|---|----------------------------------|
| <p>The Home Venture Fund (formerly Mutual Fund):<br/>           Finance lenders, funded the on agreement with SJSU, a nonprofit organization, to provide down-payment assistance loans to both low- and moderate-income homebuyers. Loan amounts range from \$10,000 to \$60,000 per household with an average loan amount of \$40,000. Interest derived from grants is used to make interest payments on behalf of the borrower during the five-year loan deferral period. At year five, the loans are sold to MUSA and the proceeds invested into new second mortgages.</p> |                 | Assist low- and moderate-income homebuyers  | No longer available | The contract expired on June 30, 2011 and was not renewed.  |                                  |
| <p>Building Equity and Growth in Neighborhoods (BEGIN):<br/>           Grant funds made available through Proposition 48 and Proposition 10 are used to provide second mortgage assistance in loan amounts up to \$30,000 or 20% of the sales price (depending on specific grant terms), for low- and moderate-income first-time homebuyers in specific new-for-sale developments that have received regulatory relief from the City.</p>   |                 | Assist low- and moderate-income first-time homebuyers   | Ongoing Program     | In 2011, the City provided 25 first-time homebuyers with BEGIN loans totaling \$1,683,006. Additionally, the Housing Department has applied for BEGIN funding for three other projects - Poppler Lane \$4.0 million, Westmeadow Square \$1.5 million, and City Heights \$700,000.   |                                  |
| <p>American Dream Down-Payment Initiative:<br/>           As part of the Federal Home Investment Partnership (HOME) sub-program, the City of San José has received over \$650,000 since 2002 to be used for down-payment assistance for low-income first-time homebuyers.</p>   |                 | Assist low-income first-time homebuyers   | No longer available | In 2010, the City did not receive a federal allocation of HOME funds. This program is a subset of the federal HOME program, funds for this program were deemed duplicative of the eligible uses of HOME funds so none funding for separate HOME allocations are being undertaken.   |                                  |
| <p>Redevelopment Area Inclusionary Housing Program:<br/>           Through the City's Redevelopment Area Inclusionary Housing Program, housing developers in City redevelopment areas are required to provide a second mortgage to low- and/or moderate-income homebuyers to make units affordable.</p>   |                 | Assist low- and moderate-income homebuyers  | Ongoing Program     | On July 22, 2009, the 2nd District Court of Appeal decided a case called <i>Palmer/Sidda, Street Properties v. City of Los Angeles</i> (2009) 175 Cal App 4th 1398, which calls into question the validity of inclusionary housing mandates upon rental housing projects. To address the Palmer case, the Inclusionary Housing requirements for rental housing have been suspended until such time as the limitation in the Palmer decision is overturned or modified by another court or by the legislature. |                                  |
| <p>The San Jose State University (SJSU) Faculty and Staff Homebuyer Program:<br/>           In 2006, the City entered into an agreement with San Jose State University to help fund and administer a homebuyer program for University faculty. The program was later broadened to include all SJSU full-time permanent employees. The program offers up to \$50,000 in income eligible employees in the form of a deferred repayment loan.</p>  |                 | Assist low- and moderate-income homebuyers  | No longer available | This program was eliminated as of June 30, 2010.  |                                  |
| <p>Waterfront HOME Program:<br/>           In August 2008, the City implemented a program that provides 30-year second mortgages of up to \$25,000 for lower-income homebuyers in the form of a deferred repayment loan. This loan may be layered with other forms of down-payment assistance to help homebuyers purchase a home within San Jose's municipal boundaries.</p>  |                 | Assist lower-income homebuyers  | Ongoing Program     | In 2011 the City assisted 53 lower-income first-time homebuyers purchase a home through this program. The total amount of program funding was \$1,508,502, composed of \$349,200 of CAHOME funding and \$1,159,302 of HOME funding.   |                                  |

**ANNUAL ELEMENT PROGRESS REPORT**  
**Housing Element Implementation**  
 (CCR Title 25 §8202 )

Jurisdiction: City of San José  
 Reporting Period: 1/1/2011 - 12/31/11

| Program Description<br>(By Housing Element Program Name)  | Objective  | Timeframe<br>in H.E.               | Status of Program Implementation   |
|---|--|------------------------------------|--|
| <b>HOMELESS SERVICES PROGRAMS:</b>  |  |                                    |  |
| <p><b>Emergency Shelter Grant Program (ESG):</b><br/>                     ESG is a federally funded program designed to be the "first step" in the prevention of homelessness. The City contracts with multiple homeless service providers to administer the ESG program. The program provides homeless persons with basic shelter and essential supportive services, such as operational costs of a shelter facility and short-term homeless prevention assistance to persons at risk of losing their housing.</p> | <p>Assist homeless and at-risk residents with meeting their immediate emergency needs</p>                                    | <p>Ongoing Program</p>             | <p>Will begin implementation of the Emergency Solutions Grant program.</p>                       |
| <p><b>Housing Opportunities for People with AIDS (HOPWA):</b><br/>                     HOPWA is a federally funded program designed to provide housing assistance and supportive services to low-income individuals and families living with HIV/AIDS. The City contracts with local service agencies to provide tenant-based rental assistance, project-based rental assistance, housing information and case management.</p>  | <p>Assist homeless and at-risk residents with HIV/AIDS to become permanently housed.</p>                                     | <p>Ongoing Program</p>             | <p>Continue to implement program.</p>  |
| <p><b>Housing Trust Fund:</b><br/>                     In June 2002, the Mayor and City Council established a Housing Trust Fund which was previously known as the Housing and Homeless Fund. Housing Trust funds can be used for a variety of activities, including assisting nonprofit homeless service providers with emergency needs, a one-time equipment purchase or emergency facility repair, or for a program that provide financial assistance, employment services, and/or case management.</p>          | <p>Assist homeless and at-risk residents with emergency needs and to become permanently housed.</p>                          | <p>Ongoing Program</p>             | <p>Continue to use funds to assist homeless programs, as specified under program guidelines.</p> |
| <p><b>Project Hope:</b><br/>                     Project Hope is funded by the Department of Labor to provide vocational training, case management, job readiness skills, basic skills classes, and employment assistance to homeless and at-risk youth, ex-offenders and victims of domestic violence.</p>   | <p>Assist homeless and at-risk residents with employment training and assistance to become self-sufficient and employed.</p> | <p>August 2008 - October 2011</p>  | <p>Program ended 10/2011.</p>  |
| <p><b>Housing Services Partnership (HSP):</b><br/>                     The City contracts with a local homeless services provider to administer the HSP program, which is funded by the Housing Trust Fund. This program provides homeless and at-risk residents with financial assistance in the form of first month's rent, security deposit, and one-way greyhound tickets. The program also provides permanent housing placement, homeless prevention and budget counseling, and case management.</p>           | <p>Assist homeless and at-risk residents to obtain and maintain permanent housing.</p>                                       | <p>July 2008 - June 2011</p>       | <p>Program to end 6/2012.</p>  |
| <p><b>Homeless Prevention and Rapid Re-housing Program (HPRP):</b><br/>                     HPRP is a federal funded program through the American Recovery and Reinvestment Act (ARRA) designed to assist homeless residents and prevent homelessness for at-risk residents. The program provides just enough short and medium-term financial assistance and case management to resolve the crises and re-stabilize the household.</p>  | <p>Assist homeless and at-risk residents to be self-sufficient, avoid homelessness and become permanently housed.</p>        | <p>October 2009 - October 2012</p> | <p>Program will end 10/2012.</p>   |

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

Jurisdiction: City of San José  
 Reporting Period: 1/1/2011 - 12/31/11

| Program Description<br>(By Housing Element Program Name)   | Objective   | Timeline   | Status of Program Implementation   |
|--|---|--|--|
| <p><b>Trend-Based Rental Assistance Program (TBRAP):</b><br/>           TBRAP is a federally funded HOME program designed to provide housing and support services to chronically homeless mentally ill residents. The City contracts with a local service provider to administer the TBRAP program. The program provides participants with housing placement, rental assistance for up to two years, and intensive clinical case management.</p>   | <p>Assist chronically homeless mentally ill residents to obtain and maintain housing.</p>   | <p>October 2009 - June 2013</p>                                | <p>Continue to implement and oversee program. Working on a pilot program with an additional 15 clients who are chronically homeless. Have substance abuse issues, and reside in the St. James Park area of San Jose.</p>   |
| <p><b>NEIGHBORHOOD IMPROVEMENT PROJECTS:</b></p>   |   |  |  |
| <p><b>Strong Neighborhood Initiative (SNI):</b><br/>           The City funded its interdepartmental neighborhood improvement efforts through the Strong Neighborhoods Initiative (SNI). An expansion of the successful Neighborhood Revitalization Strategy. SNI involves several City departments, including the Planning and Housing Departments. SNI launched in spring of 2009, combines the efforts of several City Departments and the Redevelopment Agency to identify improvements and services needed to revitalize declining neighborhoods throughout the City. Milestone target areas have been designated as improvement areas. Physical improvements are expected to be funded through existing City programs (including Housing Rehabilitation Programs) and Community Development Block Grants.</p>  | <p>Continue to focus resources within the 18 SNI areas. Show towards goal of spending 50% of single-family rehabilitation funds in SNI areas.</p>   | <p>Ongoing Program</p>   | <p>Due to the current and projected scarcity of resources the City's Strong Neighborhoods team has shifted the City's needed neighborhoods. Through a comprehensive neighborhood study, the SNI Team has identified 13 Neighborhoods in Crisis. Although Housing resources will continue to be made available citywide, the various housing programs will be targeted within the 13 Neighborhoods in Crisis.</p> |
| <p><b>Strong Neighborhoods Initiative (SNI) Project Alliance – (formerly known as Multi-Family Demonstration Projects):</b><br/>           Project Alliance/Special project: Is a subset of the City's Strong Neighborhood Initiative program directed toward the revitalization of specific multi-family neighborhoods. Four neighborhoods have been completed for improvement through Project Alliance. These neighborhoods are Jeanette/Orestes (Five Yards / Brookwood Terrace), Winton/Grove (Alhambra and Gateway East), Roundtable Drive Apartments (Estimote/Elect City), and Underwood Apartments (Blanchard). During this period, eight buildings (32 units) received exterior improvements. In addition, one 58-space multi-tenant park received infrastructure upgrades that included repairing and sealing, electrical, plumbing, fire safety and re-pipe, and the replacement of security lighting with LED lighting. Funds for exterior improvement of one additional building (4 units) in the Underwood neighborhood remain. No additional funding is anticipated at this time.</p> | <p>The goals of Project Alliance include working collaboratively with property owners, tenants various City Departments, and other entities to achieve the effective delivery of City Services, build leadership, and create an attractive, livable and sustainable community while preserving the existing affordable housing stock within that community.</p> | <p>Ongoing Program if additional funding becomes available</p> | <p>Funding for future projects is uncertain.</p>   |
| <p><b>HOUSING DEVELOPERS / INVESTMENT PROPERTY OWNERS</b></p>  |   |  |  |
| <p><b>Redevelopment Loan Program:</b><br/>           The Redevelopment Loan Program is designed to assist housing developers with funds necessary to explore the feasibility of a proposed housing project. Under this program, developers may apply for option fees and preliminary environmental or design studies. Interest rate to be charged will reflect the City's actual cost of funds as well as what rate is necessary to promote project feasibility. Principal and interest repayment is due at the close of escrow on construction loans or within two years.</p>   | <p>As resources allow, invest limited amount to support future feasible development projects.</p>   | <p>Ongoing Program subject to funding availability</p>         | <p>Given the State's elimination of 2009 Redevelopment funds, the City will seek developers of affordable housing to pursue non-party sources of redevelopment financing, if needed.</p>   |

**ANNUAL ELEMENT PROGRESS REPORT**  
**Housing Element Implementation**  
 (CCR Title 25 §8202)

Jurisdiction: City of San José  
 Reporting Period: 1/1/2011 - 12/31/11

| Program Description<br>(By Housing Element Program Name)   | Housing Programs Progress Report - Government Code Section 65982<br>Describe progress of all programs including identified in Housing Element, improvement and development of housing, as identified in Housing Element. | Objective   | In H.E. Framework      | Status of Program Implementation   |
|--|--|---|------------------------|--|
| <p><b>Project Development Loaner for Acquisition, Construction, Permanent, and Acquisition</b></p> <p><b>Rehabilitation:</b><br/>           Below-market rate gap loans and grants for acquisition, construction and permanent financing are made to both for-profit and nonprofit developers. These loans, typically subordinated to the primary lender's loan, provide funding for apartments for single-room occupancy living unit facilities (SROs), families and seniors, transitional housing, and housing for special needs populations including the homeless. Loans are made for land acquisition, construction, and permanent needs. Permanent loans are repaid out of net cash proceeds during the project's operations.</p> <p>Funding for the Acquisition and Rehabilitation of Existing Apartment Projects focuses on blighted properties where rehabilitation would have significant revitalizing impact on the surrounding neighborhood, on those projects with existing Housing and Urban Development (HUD) loans and rent restrictions (Preservation Projects), on those projects involving extraordinarily low subsidy levels, and on those projects incorporating at least 10% ELI units with reasonable access to the City.</p> <p>Funding for Preservation or Conservation of existing projects is considered on a case-by-case basis, seeking to maximize leveraging of non-City sources of funds and to meet the City's policy objectives of supporting ELI units.</p> | <p>Focus 80% of available project funds on new construction of units, 10% on acquisition/rehabilitation projects, and the remaining 10% on workover or Year 15 renovations to preserve existing affordable units.</p>    | <p>Funding commitments will follow the Department's Income Allocation Policy, under which at least 30% of funds will support ELI units, 30% of funds will support VLI units, 25% of funds will support LI units, and 15% of funds will support moderate-income units.</p> | <p>Ongoing Program</p> | <p>Given the State's elimination of 20% Redevelopment funds, the City will explore a variety of creative arrangements and strategies to continue to fund the development of much-needed restricted affordable housing.</p> |
| <p><b>City as "Developer"</b></p> <p>State law requires that affordable housing (along with parks and public education) have priority for surplus property owned by any public agency, created under State auspices. The Housing Department aggressively seeks to purchase such properties owned by the City of San José, the Valley Transportation Authority (VTA), Caltrans, the 19 school districts in San Jose, the Santa Clara Valley Water District and other public agencies for housing development. Properties so acquired are subsequently transferred to nonprofit and for-profit developers for the construction of affordable housing projects.</p>   | <p>Continue to seek opportunity slips for affordable housing with a focus on rental special needs units</p>  |   | <p>Ongoing Program</p> | <p>No new land purchases are anticipated at this time. For those sites that the Department has already acquired, those for which financing is assembled may proceed.</p>   |
| <p align="center"><b>PROCESS IMPROVEMENTS</b></p>  |  |   |                        |  |
| <p><b>Adoption of Secondary Unit Ordinance:</b></p> <p>In 2008 the City Council permanently adopted the Secondary Unit Ordinance. The Secondary Unit Ordinance began as a pilot program on January 2, 2006 and was previously scheduled to end on October 30, 2007. This program represents a major change in the City's policies towards second units, coming after a 20-year prohibition. The pilot program served as a means of collecting data on second unit production and location, and as a way to determine whether second units have adverse impacts on surrounding neighborhoods. The program allows property owners with existing permitted units the ability to legalize their second unit, provided that the unit can meet the second unit ordinance criteria.</p>   |  |   |                        |  |
| <p><b>2007 California Standards Code and Green Building Outreach and Training:</b></p> <p>In response to the introduction of the new 2007 edition of the California Standards Code and the City's anticipated adoption of the new code, City staff provides extensive outreach to the public and the development community about important code updates. These codes establish the new statewide codes for building construction and fire safety, and the City also recognizes the new state codes with local amendments that came into effect on January 1, 2008. The public outreach includes a series of trainings for both City staff and the public. The City staff provided the public with a series of trainings for both City staff and the public. Staff is currently providing the public with a series of trainings to provide the same service to City staff and the public regarding the new California State Green Building Code standards that went into effect on January 1, 2011.</p>   |  |   |                        |  |

**ANNUAL ELEMENT PROGRESS REPORT**  
**Housing Element Implementation**  
 (CCR Title 25 §202)

Jurisdiction: City of San José  
 Reporting Period: 1/1/2011 - 12/31/11

| Program Description<br>(By Housing Element Program Name)  | Housing Programs Progress Report - Government Code Section 65583.2<br>Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement and development of housing, as identified in Housing Element.     | Objective  | In H.E. Timeline | Status of Program Implementation   |
|---|--|--|------------------|--|
| <p><b>Enhanced High-Rise Design Review Process</b></p> <p>In order to support the intensification of the Downtown and Transit corridors, the City began in 2007 to administer the Enhanced High-Rise Design Review Process as part of the development review process for projects involving buildings 100 feet or greater in height. The Enhanced High-Rise Design Review Process is a public process that allows staff and decision makers to (1) apply research sections of the Downtown Design Guidelines developed for downtown high-rise housing to high-rise development throughout the City; (2) be advised by the City's Architectural Review Committee (ARC) regarding consistency with relevant sections of the applicable Design Guidelines; and (3) receive community input on proposed high-rise development during both the preliminary review and final plan review.</p> | <p>The process primarily serves as a forum where developers, design professionals, community members and City staff can work together to ensure that new developments contribute positively to the community and issues identified can be addressed effectively.</p> | <p>Facilitate quality design in residential projects and streamlining of the development review process.</p> | <p>Ongoing</p>   | <p>Continue to implement and revise the design guidelines as necessary.</p>  |
| <p><b>Transitional Development, Middle-Rise and High-Rise Residential Design Guidelines</b></p> <p>To assist in streamlining the development review process, the City adopted design guidelines for transit-oriented development and mid-rise and high-rise residential projects in September 2007. The design guidelines provide specific parameters to promote compact, urban development along major transit corridors and key employment areas. These guidelines seek to provide a common understanding of the minimum design standards in order to ensure that the review process can be conducted in as efficient a manner as possible.</p>   | <p>Provides opportunities for all parties to achieve general consensus and resolve concerns as part of the development process.</p>  | <p>Ongoing</p>   | <p>Ongoing</p>   | <p>Continue to implement the public outreach policy as intended. Due to budgeting constraints, the Neighborhood Roundtable meeting will be replaced by a combined Developers and Neighborhood Roundtable meeting that occurs quarterly.</p>  |
| <p><b>City Council Public Outreach Policy</b></p> <p>In 2005, the City Council adopted a public outreach policy to establish formal procedures in coordinating public outreach on development projects. Generally, developers are required to erect public notification signage on the project site while a development proposal is pending. In addition, for larger development proposals, a community meeting is required to gather public comments early in the development review process. The public outreach policy has been effective in helping developers and City staff engage the community early in the development review process. Additionally, through August 2009, staff held a standing "Neighborhood Roundtable" meeting where community members provide input into planning and building activities.</p>   | <p>Improve user-friendliness of the Zoning Ordinance and streamline the ability to add conditions to zoning permits to accommodate a larger living area.</p>   | <p>Ongoing</p>   | <p>Ongoing</p>   | <p>In November 2008, the City approved several amendments to the Zoning Ordinance that simplified the process for permitting small additions and additional units to existing single-family dwellings and the development of two-family dwellings on lots with an existing building area, whichever is less, to two-family dwellings with the issuance of an over-the-counter Permit Adjustment. Other Zoning Ordinance amendments took effect on January 3, 2009 that reduced the parking requirement for live/work units in Downtown and allowed single-family residences to provide a single-car detached garage meeting specified criteria by-right, rather than requiring a Special Use Permit for the reduction from two covered spaces to one covered parking space. Streamlining ordinances in 2011 included reductions in the parking requirements for multifamily housing development.</p> |
| <p><b>Zoning Ordinance Streamlining Amendments</b></p> <p>The City periodically reviews the Zoning Ordinance to identify outdated measures and to determine which process and other requirements can be streamlined without diminishing the City's ability to achieve its land use goals.</p>   | <p>Provides longer terms for the validity of Planning Permits, thereby giving developers more time between Planning approvals and construction commencement.</p>   | <p>Ongoing</p>   | <p>Ongoing</p>   | <p>The City Council approved this change to the Zoning Ordinance, and the change took effect on July 3, 2009. An additional extension was granted in 2010 specifically for projects in the North San Jose area, affecting approximately 8,000 potential dwelling units.</p>  |
| <p><b>Development Permit Extension Ordinance</b></p> <p>Allows the reevaluation of certain expired development permits and the extension of certain development permits for a discrete period of time.</p>  |  |  |                  |  |

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

Jurisdiction: City of San José  
 Reporting Period: 7/1/2011 - 12/31/11

| Program Description<br>(By Housing Element Program Name)   | Housing Programs Progress Report - Government Code Section 55593.<br>Describe progress of all programs including local actions to remove governmental constraints to the marketplace, improvement and development of housing, as identified in Housing Element. | Objective   | Timeline<br>In H.E.  | Status of Program Implementation   |
|--|---|---|--|--|
| <p><b>Option to Use Discretionary Alternative Use Policies through a Use Permit</b></p> <p>In 2007, the City Council approved a General Plan text amendment that added the ability to apply Discretionary Alternative Use Policies as though a use permit. Prior to approval of this amending measure, the use of DUA policies often required a Planned Development rezoning. On November 1, 2011, the City Council adopted the Emission 2040 General Plan which focuses housing growth in identified key growth areas and includes Land Use designations with broad flexibility to allow urban, mixed use development with no need for Discretionary Alternative Use policies, and maintains flexibility to approve mixed use development with Use Permits.</p>   | <p>Facilitate streamlining of the entitlement process.</p>  | <p>Completed 2007<br/>           Revised with Emission 2040 General Plan approval</p> | <p>The City Council approved the General Plan text amendment in 2007. The City Council approved the Emission San Jose 2040 General Plan Update on November 1, 2011 (effective December 1, 2011) with more flexible Land Use designations allowing discontinuation of the Discretionary Alternative Use policies to achieve needed flexibility to permit urban housing types.</p> | <p>The City Council approved the General Plan text amendment in 2007, and ability to utilize Use Permit in the Emission San Jose 2040 General Plan Update on November 1, 2011.</p> |
| <p><b>Elimination of the Planned Development Zoning process requirement for certain Mixed-Use Development Projects</b></p> <p>In 2008, the City Council approved a General Plan text amendment that streamlines the development review process for some housing and mixed-use proposals by eliminating the requirement of Planned Development with a Designated City Zoning Ordinance activity from the development process. The General Plan text amendment includes the San Jose 2040 General Plan text amendment that includes the San Jose 2040 General Plan to allow development proposals to utilize more of the permit process options available in the Zoning Ordinance, instead of requiring projects to undergo an extensive Planned Development Zoning process. This ability to utilize a permit process option for more housing and mixed-use proposals was preserved in San Jose's General Plan with the approval of the Emission San Jose 2040 General Plan on November 1, 2011.</p>   | <p>Facilitate streamlining of the entitlement process for mixed-use development.</p>  | <p>Completed 2008<br/>           Revised with Emission 2040 General Plan approval</p> | <p>The City Council approved the General Plan text amendment in 2008, and ability to utilize Use Permit in the Emission San Jose 2040 General Plan Update on November 1, 2011.</p>   | <p>The City Council approved the General Plan text amendment in 2008.</p>  |
| <p><b>Height Limit Increases to Facilitate Use of Renewable Energy Resources</b></p> <p>This General Plan text amendment is intended to encourage utilization of renewable energy resources in the physical development of the City by making the incorporation of these resources into development more feasible to developers and property owners. By amending the text of this General Plan to allow for certain height for certain sections of the General Plan, the City is able to encourage more renewable energy resources in the City. The City is also working with the existing members of the Zoning Ordinance (revised June 2009) and streamlines efforts to implement green building measures in proposed development projects.</p>  | <p>Facilitate streamlining of the entitlement process to encourage energy efficiency in residential development.</p>  | <p>Completed 2008</p>   | <p>The City Council approved the General Plan text amendment in 2008.</p>  | <p>The City Council approved the General Plan text amendment in 2008.</p>  |
| <p><b>Transit Corridor Commercial Land Use Designation Created</b></p> <p>The Transit Corridor Commercial land use designation was introduced in 2008 to expand the potential for commercial development and mixed commercial/office/retail development with convenient access to major job centers and to create new consumer markets in appropriate areas of the City. Vertical mixed commercial and residential uses may be allowed on sites that are of adequate size and configuration to accommodate such a mix of uses and is particularly on sites located in the Downtown Core and Prime Areas or located in designated Transit Corridors or BART Station Area Nodes, or located within a reasonable walking distance of major public transit. In other intensively developed areas of the City, with the approval of the Emission San Jose 2040 General Plan, revised Land Use designations were developed including Transit Residential for densities of SS-250 DU/A, and Urban Residential for densities between 50-95 DU/A which encourage a provision of commercial uses in with urban housing types to create complete neighborhoods.</p> | <p>Facilitate streamlining of the entitlement process for residential development above commercial uses, providing opportunities for residential uses to be located above neighborhood services with access to transit.</p>                                     | <p>Completed 2008<br/>           Revised with Emission 2040 General Plan approval</p> | <p>The City Council approved the General Plan text amendment in 2008. The Emission San Jose 2040 General Plan includes the Transit Corridor Commercial goals.</p>  | <p>The City Council approved the General Plan text amendment in 2008. The Emission San Jose 2040 General Plan includes the Transit Corridor Commercial goals.</p>                  |



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

Jurisdiction City of San José  
 Reporting Period 1/1/2011 - 12/31/11

| Program Description<br>(By Housing Element Program Name)  | Housing Programs Progress Report - Government Code Section 65582.<br>Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement, and development of housing, as defined in Housing Element. | Objective                              | Treatment<br>in H.E.  | Status of Program Implementation |
|---|---|--|---|----------------------------------|
| <p><b>Alum Rock Corridor General Plan Changes and Policy Direction</b><br/>           On June 16, 2009, the City Council approved the conversion of over 55 acres of primarily residential land to Transit Corridor Commercial, thereby facilitating mixed commercial/residential development on this land bordering Alum Rock Avenue. At the same time, the City Council also approved a policy document to guide staff in creating a form-based zoning for the area that, once approved, will significantly streamline the entitlement process for development of mixed commercial-residential projects in the area. In 2010, the City Council approved the Main Street Zoning District to be applied along Alum Rock Avenue.</p> | <p>Facilitate mixed commercial-residential projects along select Alum Rock Avenue properties.</p>   | <p>Ongoing</p>                         | <p>General Plan Amendments approved in 2009. In 2010, City Council approved a form-based Zoning District to facilitate implementation objectives with grant funding to rezone properties on Alum Rock Avenue.</p> |                                  |
| <p><b>Traditional and Supportive Housing Zoning Ordinance Amendments</b><br/>           On December 1, 2009, the City Council approved changes to the Zoning Ordinance to include definitions for traditional and supportive housing consistent with those provided in the California Health and Safety Code.</p>   | <p>To comply with California State Legislation, Chapter 633, Statutes of 2007 (SB 2), traditional and supportive housing are explicitly listed as residential uses in the Zoning Ordinance.</p>   | <p>Completed 2009</p>                  | <p>The City Council approved the Zoning Ordinance amendment in 2009.</p>  |                                  |
| <p><b>Main Street District Ordinance</b><br/>           The Main Street District Ordinance establishes JIS-G Zoning District which streamlines the development review process for residential mixed use development (CUP) instead of PD Zoning and permits, provides significant parking reductions for residential, and allows further parking reductions based on shared parking facilities, car share programs or unbundled parking.</p>   | <p>Facilitate mixed commercial-residential projects along Neighborhood Main Street areas identified throughout the City. Build on Alum Rock Corridor policy changes from 2009.</p>  | <p>Completed 2010; Updated in 2011</p> | <p>The City Council approved the Zoning Ordinance amendment in 2010.</p>  |                                  |
| <p><b>Historic Reuse Ordinance</b><br/>           The historic reuse ordinance allows non-residential City landmarks to be converted to residential use with a CUP or SUP (depending on zoning district).</p>   | <p>Facilitate residential use of historic structures</p>  | <p>Completed 2010</p>                  | <p>The City Council approved the Zoning Ordinance amendment in 2010.</p>  |                                  |
| <p><b>Urban Village Zoning Districts</b><br/>           Following City Council approval of the Envision San Jose 2040 General Plan, an ordinance to establish zoning districts to provide development standards tailored to Urban Village and General Plan Urban Village areas was adopted in February 2012. The ordinance also established the General Plan Urban Village Planning Process. The ordinance will be implemented through zoning districts will proceed in parallel with development of several Urban Village Planning for Healthy Communities in several grant funded planning projects underway between Fall 2011 and Summer 2012.</p>   | <p>Facilitate urban, transit-oriented residential and mixed-use development within Urban Village growth areas identified in the Envision San Jose 2040 General Plan</p>   | <p>Under development in 2012</p>       | <p>An Ordinance to establish Urban Village zoning districts is in early stages of development by February 2012, moving towards City Council review and approval in late 2012.</p>                                 |                                  |

MAR 23 2012



*Department of Planning, Building and Code Enforcement*

JOSEPH HORWEDEL, DIRECTOR

March 21, 2012

Linn Warren, Director  
California Department of Housing and Community Development  
1800 3<sup>rd</sup> Street  
P.O. Box 952053  
Sacramento, CA 94252-2053

**RE: Transmittal of Annual Progress Report on the Implementation of the Envision San Jose 2040 General Plan Housing Element – January 2011 through December 2011**

Dear Mr. Warren:

Enclosed, please find a copy of the Annual Progress Report on the implementation of the Envision San Jose 2040 General Plan Housing Element. This letter constitutes a formal transmittal of the Annual Progress Report to the Department of Housing and Community Development, as required by Government Code Section 65400. The progress report was accepted by the San Jose City Council on March 13, 2012.

This report covers the 2011 calendar year. It is our understanding that the next annual report is due on April 1, 2013 covering the 2012 calendar year.

Should you have any questions, please contact Laurel Prevetti at (408) 535-7901.

Sincerely,

  
Joseph Horwedel, Director  
Planning, Building, and Code Enforcement

Attachment

cc: Glen Campora, California Department of Housing and Community Development  
Paul McDougal, California Department of Housing and Community Development  
Scott Morgan, California Office of Planning and Research  
Leslye Corsiglia, Director, City of San Jose Housing Department



**Department of Housing and  
Community Development**

**ANNUAL HOUSING ELEMENT PROGRESS REPORT**

City or County Name: City of San José

Mailing Address: 200 E. Santa Clara Street Tower 3<sup>rd</sup> Floor  
San José, CA 95113

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Reporting Period: January 1, 2011 through December 31, 2011

# **Progress Report on the Implementation of the San Jose Housing Element Update - Calendar Year 2011**

February 21, 2012

## **A. BACKGROUND**

California State law provides that each governing body prepare an annual report on the status and progress in the implementation of its Housing Element. In response, the City of San José has submitted annual progress reports on the implementation of the Housing Element to the California Department of Housing and Community Development (HCD) for review and evaluation. By providing this information, the City qualifies for important State housing funds.

State law requires that jurisdictions include a Housing Element as one of the mandatory elements of a General Plan. The City of San Jose's current Housing Element, which was certified by HCD in July 2009, reflects the 2007-2014 planning period. The Housing Element identifies constraints to housing production, as well as establishes policies and programs in order 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. San Jose's allocation for the current RHNA 7.5-year planning period from 2007-2014 is 34,721 total housing units composed of both market-rate and affordable units. This equals 4,630 total units annually across income categories.

While this annual allocation significantly exceeds the annual production of housing that the City has ever achieved on any sort of sustained basis – even during strong economic conditions – 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, San Jose's housing strategy includes careful planning for residential land uses at appropriate locations and densities. The strategy 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 housing strategy also seeks to provide sufficient housing opportunities for new workers in order to encourage and support continued economic development. San Jose is also planning for demographic and market shifts that indicate greater future demand for more urban forms of housing and neighborhoods.

The City's Housing Department partners with the development community and provides gap financing and technical assistance in order 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 in order to end homelessness, to serve the special needs population, to fight foreclosures and help families stay in their homes, and to ensure regional fair housing practices.

San Jose's affordable housing projects are recognized nationally for their quality designs, excellent management, community integration, and innovation. In 2011, the City was the first recipient of the 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, Casa Feliz, a LEED Gold new construction with 60 units serving extremely low-income households, won multiple NAHRO Awards for Excellence and Merit in 2011. On the service side, the City's Foreclosure Help Center was also recognized by NAHRO with a Merit Award.

Envision San José 2040, a comprehensive update of San Jose's General Plan, was approved by the City Council on November 1, 2011. This Envision San Jose General Plan incorporates the City's current Housing Element and establishes a comprehensive policy framework that strongly supports San Jose's residential strategies identified in the Housing Element. A central component of the Plan is the development of new "Urban Villages" at strategic locations throughout the city so that the majority of housing growth in Envision 2040 is planned to occur as compact, pedestrian friendly and transit-oriented development at infill locations. The Plan also reinforces the City's environmental goals, such as preservation of the hillside areas outside of the City's Urban Growth Boundary, so that substantially all new residential development will occur within the City's current Urban Growth Boundary. The Plan includes a comprehensive and coordinated set of goals, policies, and implementation actions that link multiple objectives to promote the development of complete communities including housing for workers to support economic development, greenhouse gas reduction, and the equitable distribution of services and facilities throughout the City.

This report summarizes the City's progress towards meeting its RHNA goals and other housing objectives during the 2011 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.

**B. ANNUAL BUILDING ACTIVITY SUMMARY FOR VERY LOW-, LOW-, AND MODERATE-INCOME UNITS AND MIXED INCOME MULTIFAMILY PROJECTS (TABLE A, A2 AND A3)**

2011 was a year of significant change and uncertainty in the housing market. With continuing depressed economic conditions, a weak homeownership market, budget challenges across all levels of government, and the uncertainty regarding the status of redevelopment in California, residential construction activity in San Jose remained low. In December 2011, the California State Supreme Court upheld the dissolution of redevelopment agencies (RDAs) across the State. Under the Court ruling, RDA ceased to exist as of February 1, 2012. This ruling also eliminated the 20% Low-Income Housing tax increment set-aside in the amount of \$1 billion annually, which had

constituted the primary source of affordable housing dollars in California. Absent new sources of funds or other tools, the loss of this important revenue source will make it more challenging for the Department to fund future affordable housing projects and programs and to achieve its RHNA goals.

In calendar year 2011, the City issued building permits for 1,046 market-rate units, as shown in Table A3. This represents 23% of the City's annual RHNA goal of 4,630 units across all income categories combined, and 51% of its annual above-moderate (ie. market rate) RHNA allocation of 2,060 units.

While market-rate activity was relatively low, affordable housing activity experienced even greater challenges. No building permits were issued for below market-rate units in 2011, in large part due to the State take of redevelopment dollars for the Supplemental Education Revenue Augmentation Fund and the legal freeze on 20% funds during the deliberation on the status of redevelopment agencies in 2011. However, the City added seven Extremely Low-Income units through the acquisition and rehabilitation of a property located within the Roundtable Strong Neighborhood Initiative area in San José. Multiple affordable housing projects are in the Housing Department's pipeline but are currently awaiting identification of funding.

Affordable housing consists of residential units for which construction or rehabilitation was either (a) financed all or in part, with loans or tax-exempt bonds approved by the City Council and Redevelopment Agency Board, or (b) provided by developers in order to meet State-mandated inclusionary housing requirements in Redevelopment Project Areas.

As funding to support affordable housing has been diminished, new creative financing tools will be important to meet the significant need for affordable housing in San Jose that still remains, especially for rental units. Average rental rates in San Jose rose 11% from 2010 to 2011, and rents in the second quarter of 2011 are the highest of any US metropolitan area (Realfacts). As a result, rental units have grown increasingly beyond the reach of lower-income households and even many middle-class households. According to Real Facts, the average rent in the fourth quarter of 2011 for a two-bedroom, two-bath property in San Jose was \$1,940. Using a 30% income standard for housing costs, a San Jose service worker household will need an income of \$77,600 to afford the rent, which is significantly more than a retail salesperson, construction worker, or a pre-school teacher can earn.

Additionally, even though the depressed housing market has made homeownership more affordable, the median priced home is still out of reach for the majority of the population. Assuming a 4.5 percent fixed mortgage rate, 20 percent down, and a 1.25 percent property tax rate, the current median housing value of \$474,500 (as of December 2011) requires an income of \$98,000, which is thirty percent higher than San Jose's median household income of \$77,000 (2010 American Community Survey, US Census).

For the first five years of the current RHNA period, San Jose issued permits for 1,967 new affordable housing units, approximately 22% of all residential permits issued by the Department of Planning, Building, and Code Enforcement. Even during these difficult economic times, it is critical to support affordable housing initiatives as an economic stimulus as well as a means of meeting affordable housing needs to support continued economic growth.

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

During calendar year 2011, a total of 1,046 above moderate-income units were permitted. Most of the developments pulling permits were rental projects, reflecting a strong rental market and rapidly rising rents. Overall conditions in the residential market, particularly for homeownership, remain highly unstable due to continued instability in the labor market and overall economy. Developers have found it difficult to obtain funding for condominiums and mixed-use projects in a housing market that is expected to continue to be weak during 2012 and beyond. Beyond the lack of capital, developers have also been more reluctant to undertake the risk of developing in such an environment. Finally, the construction of new ownership units have been low due to the overhanging supply caused by the high inventory of foreclosed homes and continued weak demand for homeownership.

### **D. REGIONAL HOUSING NEEDS ALLOCATION PROGRESS (TABLE B)**

The Association of Bay Area Governments (ABAG) is responsible for allocating the regional housing needs among each jurisdiction in the nine-county Bay Area. ABAG has determined that San Jose's fair share of the regional need for the planning period between January 1, 2007 through June 30, 2014 is 34,721 units across income categories. San Jose's allocation accounts for 58% of the total housing allocation for Santa Clara County and 16% of the nine county Bay Area region. These units are distributed among income categories as depicted in Table B and equal a total annual production goal of 4,630 total units, which is fifty percent higher than the actual annual average of 3,000 units produced in San Jose in the past thirty years.

Furthermore, while the City of San Jose surpassed its 1999-2006 RHNA goal, its ability to achieve the current RHNA goal is severely impacted by the current sluggish economy and the elimination of Redevelopment Agencies. For the first five calendar years (January 1, 2007 to December 31, 2011) of the current RHNA period, 8,732 residential units have been added. This accounts for 25% of the total RHNA goal. Looking at San Jose's progress by subcategories, the City has met 43% of its above moderate-income housing cumulative RHNA goal but only 10% of its cumulative affordable housing goal. Thus, above-moderate (i.e. market-rate) housing has been the primary driver of San Jose's progress towards meeting its overall RHNA goal, especially during the beginning of the current RHNA period. During calendar year 2011, the number of dwelling units

obtaining permits fell from the prior year's permit activity, indicating continued instability in the housing market.

The City has been proactive in planning for additional housing to meet the needs of existing and future residents. The recently approved Envision San Jose 2040 General Plan includes capacity for 120,000 new housing units. Of this total capacity, approximately 22,000 units have already received entitlements through the zoning or development permit stage, which counts towards the City's capacity for meeting its RHNA goal.

Actual construction of this pipeline will largely depend on market forces, but the City's efforts in facilitating development of housing through the implementation of housing programs and process improvements will provide critical support. Although the City has a pipeline of projects that have received entitlements, it is unclear how many of these projects will actually be built due to the current weakness in the housing market. The Housing Department will continue to work creatively in order to work through this challenging environment, including exploring strategies and financial tools to help facilitate the development of affordable housing and, therefore, its ability to proactively support the City's efforts to meet its regional housing needs.

#### **E. PROGRAM IMPLEMENTATION STATUS (TABLE C)**

Despite the challenges of the economy and of the depressed housing market, the City has nevertheless been active in creating housing opportunities through its other non-development related housing programs. For example, the City assists teachers with purchase of homes. Additionally, the City assists homebuyers through the Second Mortgage, BEGIN, and inclusionary housing program.

Additionally, San Jose continues to adopt Zoning Ordinance changes to streamline housing production and to facilitate the creation of affordable housing. In December 2009, the City adopted a citywide inclusionary housing ordinance in order to provide additional opportunities for affordable housing throughout the city. The ordinance, which will go into effect when the City issues 2,500 annual residential permits in a rolling twelve month period (out of which 1,250 units are issued outside of North San Jose area plan) or on January 1, 2013, whichever comes first, requires that 15% of the units built citywide will be affordable. This brings the City in-line with the policies of surrounding cities, many of whom already have city-wide inclusionary housing ordinances in place. Table C provides a complete list and status report on the City's programs to assist low-income renters and homebuyers.

Attachment: Annual Housing Element Progress Report – Housing Element Implementation Tables A-C.





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

Jurisdiction: City of San José  
 Reporting Period: 1/1/2011 - 12/31/11

**Table C**  
**Program Implementation Status**

| Program Description<br>(By Housing Element Program Name)  | Objective   | Timeframe<br>in H.E.   | Status of Program Implementation   |
|---|---|------------------------|--|
| <b>HOMEOWNER PROGRAMS:</b>  |   |                        |  |
| <p><b>Housing Rehabilitation Program - Single-Family Home Loan Program:</b><br/>                     Households earning no more than 80% of the County Area Median Income (AMI) may qualify for loans up to \$150,000 to rehabilitate their homes. Eligible properties within the City's Strong Neighborhoods Initiative (SNI) Areas qualify for a 0% interest loan up to \$150,000. Properties not within the SNI areas may be eligible for a 3% loan. A maximum \$40,000 zero-percent loan is available to low-income (80% of AMI) owner-occupants on a City-wide basis. Qualifying rehabilitation work includes achieving compliance with the health and safety standards of the City's Housing Code, repairing or replacing structural deficiencies, and energy conservation measures. Payments on most HIPP loans may be deferred until transfer or change of title.</p> | <p>As a goal, 50% of HIPP are to be spent in Strong Neighborhood Initiative (SNI) areas of the City which are characterized by higher concentrations of lower-income households and older housing stock in the greatest need of rehabilitation. Annual goal is to complete between 30 and 40 single-family loan projects per year. Additional emphasis is now being given to energy conservation, water conservation, and the use of recycled and Green materials in the HIPP loan program. Increase the number of rehabilitation loans - the goal is for the loans to exceed 50% of total rehabilitation dollars approved each year.</p> | <p>Ongoing Program</p> | <p>Continue to implement program.</p>  |
| <p><b>Housing Rehabilitation Program - Single-Family Homeowner Grant Program:</b><br/>                     Homeowners earning up to 80% of the County Area Median Income (AMI) may apply for one-time repair grants of up to \$15,000 in SNI areas and \$5,000 in non-SNI areas. The maximum grant amount is graduated based on the income of the applicant household. This program is administered on a "Needs Basis" and primarily serves single-family owner-occupied homes. The grant is offered to owners with eligible repairs that are minor in nature providing all health and safety issues can be addressed with the grant. If more repairs are required to address health and safety needs, the applicant will be referred to the Housing Preservation Program.</p>  | <p>Goal is to spend 50% of rehabilitation funds in SNI neighborhoods and to serve lower-income residents.</p>   | <p>Ongoing Program</p> | <p>Continue to implement program.</p>  |
| <p><b>Minor Repair Program:</b><br/>                     The Minor Repair Program deploys contractors to assist eligible households with urgent repair needs such as plumbing leaks, hazardous electrical, and furnace replacements in Visser. The Disabled Access grant ensures that low-income seniors and special needs clients receive adequate funding to address accessibility needs such as ramps and grab bars up to \$10,000. The Green Incentive grant will augment other rehabilitation loans and grants by offering up to \$3,500 for improvements such as insulating homes and replacing aging, inefficient appliances with new higher efficiency units. The proposed grant amount will depend on the level of green improvements - the greater the project, the higher the level of funding.</p>  | <p>To provide emergency contractor services to mitigate health and safety emergencies for San Jose's low-income mobilehome and single-family property owners.</p>   | <p>Ongoing Program</p> | <p>Continue to implement program through contract with a nonspecific organization.</p> |
| <p><b>Mobilehome Repair Loan Program:</b><br/>                     Owner occupants of mobilehomes earning up to 80% of the County Area Median Income may apply for a 0% rehabilitation loan up to \$20,000. Very low-income and extremely low-income mobilehome owners may apply for a one-time grant of up to \$5,000. Qualifying rehabilitation work is limited to those measures necessary to achieve compliance with State Health and Safety standards and applicable park regulations.</p>   | <p>Completion of approximately 120 - 140 mobilehome rehabilitations is expected annually. Mobilehome budget is to kept to within 25% of Rehabilitation budget.</p>  | <p>Ongoing Program</p> | <p>Continue to implement program.</p>  |

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

Jurisdiction  
 City of San Jose

Reporting Period  
 1/1/2011 - 12/31/11

| Program Description<br>(By Housing Element Program Name)   | Name of Program | Objective   | Timeline<br>In H.E.  | Status of Program Implementation  |
|--|-----------------|---|--|---|
| <b>Multihome Seismic Repair Program:</b><br>Owner occupants of mobile homes located in previously identified mobile home parks with a high concentration of units that are not structurally braced would qualify for seismic bracing of their mobile homes. 250 individual mobile homes will be repaired under title FEMA/CASEBA grant. Existing Rehabilitation Program Staff, systems and standards to ensure that the retrofit work is being properly reviewed, tracked and completed in accordance with all program requirements.   |                 | Completion of 850 mobile-home seismic retrofits prior to October 2013.  | Ongoing Program  | Continue to implement program.  |
| <b>HOMEBUYER PROGRAMS:</b>   |                 |   |  |   |
| <b>Multihouse Stabilization Program:</b><br>The Housing Trust of Santa Clara County (HTSCC), City of San Jose and Neighborhood Housing Services (NHS) have formed the San Jose Consortium (CJCS) to provide a \$25 million grant for the NHR, made available by the Department of Housing and Urban Development (HUD) under the American Recovery and Reinvestment Act (ARRA) of 2009. The main objectives of this grant are to stabilize neighborhoods in the Terman Geopgraphy by reducing the number of foreclosed or abandoned homes and residential properties and to create affordable housing opportunities for very-low, low- and moderate-income households. The Consortium will provide secondary financing to income eligible purchasers of foreclosed homes and will purchase and rehabilitate foreclosed or abandoned homes in the Terman Geopgraphy. |                 | This goal of the Consortium is to assist in the purchase of no less than 205 foreclosed properties or units for the purpose of creating affordable homes. | Half of funding (\$8.5M) must be spent by Feb. 11, 2012 and all funding by February 11, 2013, which is on target | Achievements for calendar year 2011 include the acquisition of 33 eligible properties and the sale of 9 of these properties; 11 properties are either under contract or are on the market and the remaining 13 properties are either under construction or awaiting a Notice to Proceed. Additionally, through the funding of the 60-unit Taylor-Oaks project and the 18-unit Ford and Monterey Special Needs project, the City has met its 20% set-aside requirement |
| <b>First-Time Homebuyers Mortgage Credit Certificate (MCC):</b><br>In cooperation with the County, the City offers Mortgage Credit Certificate (MCC) to qualified buyers. An MCC enables qualified first-time buyers to reduce the amount of their federal income tax liability by a specified percentage of the interest rate they pay on their first mortgage loan. This amount is currently set at 15%.   |                 | Assist first-time homebuyers  | Ongoing Program  | The City plans to assume administration of its share of the MCC program next year.  |
| <b>Teacher Housing Program:</b><br>The City provides 45-year fixed mortgages for low and moderate-income San Jose public school teachers. The loan is offered at a zero-percent interest rate and is not due until transfer of the title to the home or in 45 years.   |                 | Assist in the recruitment and retention of San Jose K-12 public school teachers.  | Available through end of CY 2011   | During the first half of the calendar year 2011, the City approved and closed six homebuyer loans to teachers. The City eliminated the program as of June 30, 2011, although teachers are still served through other homebuyer efforts.   |
| <b>Project-based Second Mortgage:</b><br>The City provides 45-year fixed mortgages in varied amounts for low and moderate-income homebuyers in partnership housing projects for which the City has previously provided financial assistance. The program was eliminated because the City does not intend to provide predevelopment and construction financing for for-sale projects. Instead, the City may offer second mortgages to qualified homebuyers once the project is complete.  |                 | Assist low- and moderate-income homebuyers  | No longer available  | This program was eliminated as of June 30, 2011.  |

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

City of San José

1/1/2011 - 12/31/11

Jurisdiction

| Reporting Period | Program Description<br>(by Housing Element Program Name)  | Name of Program  | Objective  | Timeframe<br>in H.E. | Status of Program Implementation   |
|------------------|---|--|--|----------------------|--|
|                  | <b>Housing Programs Progress Report - Government Code Section 65583.</b><br>Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement, and development of housing, as identified in Housing Element.   |  |  |                      |  |
|                  | <b>The Home Venture Fund (Formerly Vernal Fund):</b><br>Private lenders entered into an agreement with NHSSV, a nonprofit organization, to provide down-payment assistance loans to both low- and moderate-income homebuyers. Loan amounts range from \$10,000 to \$60,000 per household with an average loan amount of \$40,000. Interest derived from grants is used to make interest payments on behalf of the borrower during the five-year loan deferral period. At year five, the loans are sold to NHSA and the proceeds invested into new second mortgages. | Assist low- and moderate-income homebuyers                       | Assist low- and moderate-income first-time homebuyers            | No longer available  | The contract expired on June 30, 2011 and was not renewed.   |
|                  | <b>Building Equity and Growth in Neighborhoods (BEGN):</b><br>Grant funds made available through Proposition 46 and Proposition 10 are used to provide second mortgage assistance in loan amounts up to \$10,000 or 20% of the sales price (depending on specific grant-terms), for low- and moderate-income first-time homebuyers in specific new for-sale developments that have received regulatory relief from the City.  | Assist low- and moderate-income first-time homebuyers            | Assist low- and moderate-income first-time homebuyers            | Ongoing Program      | In 2011, the City provided 25 first-time homebuyers with BEGN loans totaling \$1,685,006. Additionally, the Housing Department has applied for BEGN funding for three other projects - Pepper Lang \$4.0 million, Wisconsin Square \$1.6 million, and City Heights \$700,000.  |
|                  | <b>American Dream Down-Payment Initiative:</b><br>As part of the Federal Home Investment Partnership (HOME) sub-program, the City of San José has received over \$600,000 since 2002 to be used for down-payment assistance for low-income first-time homebuyers.   | Assist low-income first-time homebuyers                          | Assist low-income first-time homebuyers                          | No longer available  | In 2010, the City did not receive a federal allocation of ADDI funds. This program is a subset of the federal HOME program. Funds for this program were deemed duplicative of the eligible uses of HOME funds so future funding for separate ADDI allocations are highly unlikely.   |
|                  | <b>Redevelopment Area Inclusionary Housing Program:</b><br>Through the City's Redevelopment Area Inclusionary Housing Program, housing developers in City redevelopment areas are required to provide a second mortgage to low-and/or moderate-income homebuyers to make units affordable.  | Assist low- and moderate-income homebuyers                       | Assist low- and moderate-income homebuyers                       | Ongoing Program      | On July 22, 2009, the 2nd District Court of Appeal decided a case called <i>Palmer/Skiff Street Properties v. City of Los Angeles</i> (2009) 176 Cal.App.4th 1996, which calls into question the validity of inclusionary housing mandates upon rental housing projects. To address the Palmer case, the inclusionary housing requirements for rental housing have been suspended until such time as the limitation in the Palmer decision is overturned or modified by another court or by the legislature. |
|                  | <b>The San José State University (SJSU) Faculty and Staff Homebuyer Program:</b><br>In 2008, the City entered into an agreement with San José State University to jointly fund and administer a home ownership program for University faculty. The program was later broadened to include all SJSU full-time permanent employees. The program offers up to \$50,000 to income eligible employees in the form of a deferred repayment loan.  | Assist in the recruitment and retention of university employees. | Assist in the recruitment and retention of university employees. | No longer available  | This program was eliminated as of June 30, 2010.   |
|                  | <b>Welcome HOME Program:</b><br>In August 2008, the City implemented a program that provides 30-year second mortgages of up to \$25,000 for lower-income homebuyers in the form of a deferred repayment loan. This loan may be layered with other forms of downpayment assistance to help homebuyers purchase a home within San José's municipal boundaries.  | Assist lower-income homebuyers                                   | Assist lower-income homebuyers                                   | Ongoing Program      | In 2011 the City assisted 53 lower-income first-time homebuyers purchase a home through this program. The total amount of program funding was \$1,608,602, composed of \$348,500 of CalHOME funding and \$1,166,102 of HOME funding.   |

ANNUAL ELEMENT PROGRESS REPORT  
Housing Element Implementation  
(CCR Title 25 §9202.)

Jurisdiction  
Reporting Period  
City of San José  
1/1/2011 - 12/31/11

| Program Description<br>(By Housing Element Program Names)  | Name of Program | Objective   | Timeline<br>In H.E.         | Status of Program Implementation  |
|--|-----------------|---|-----------------------------|---|
| <b>HOMELESS SERVICES PROGRAMS:</b>   |                 |   |                             |   |
| <b>Emergency Shelter Grant Program (ESG):</b><br>ESG is a federally funded program designed to be the "first step" in the prevention of homelessness. The City contracts with multiple homeless service providers to administer the ESG program. The program provides homeless persons with basic shelter and essential supportive services, such as operational costs of a shelter facility and short-term homeless prevention assistance to persons at risk of losing their housing. |                 | Assist homeless and at-risk residents with meeting their immediate emergency needs                                    | Ongoing Program             | Will begin implementation of the Emergency Solutions Grant program.                       |
| <b>Housing Opportunities for People with AIDS or HIV (HOPWA):</b><br>HOPWA is a federally funded program designed to provide housing assistance and supportive services to low-income individuals and families living with HIV/AIDS. The City contracts with local service agencies to provide tenant-based rental assistance, project-based rental assistance, housing information and case management.   |                 | Assist homeless and at-risk residents with HIV/AIDS to become permanently housed.                                     | Ongoing Program             | Continue to implement program.  |
| <b>Housing Trust Fund:</b><br>In June 2003, the Mayor and City Council established a Housing Trust Fund which was previously known as the Housing and Homeless Fund. Housing Trust funds can be used for a variety of activities, including assisting nonprofit homeless service providers with emergency needs, a one-time equipment purchase or emergency facility repair, or for a program that provide financial assistance, employment services, and/or case management.          |                 | Assist homeless and at-risk residents with emergency needs and to become permanently housed.                          | Ongoing Program             | Continue to use funds to assist homeless programs, as specified under program guidelines. |
| <b>Project Hope:</b><br>Project Hope is funded by the Department of Labor to provide vocational training, case management, job readiness skills, basic skills classes, and employment assistance to homeless and at-risk youth, ex-offenders and victims of domestic violence.   |                 | Assist homeless and at-risk residents with employment training and assistance to become self-sufficient and employed. | August 2008 - October 2011  | Program ended 10/2011.  |
| <b>Homeless Services Privatizing (HSP):</b><br>The City contracts with a local homeless services provider to administer the HSP program, which is funded by the Housing Trust Fund. The program provides homeless and at-risk residents with medical assistance, the food of first night, emergency deposit, and one-way departure tickets. The program also provides permanent housing placement, homeless prevention and budget counseling, and case management.                     |                 | Assist homeless and at-risk residents to attain and maintain permanent housing.                                       | July 2008 - June 2011       | Program to end 6/2012.  |
| <b>Homelessness Prevention and Rapid Re-Housing Program (HPRP):</b><br>HPRP is a federally funded program through the American Recovery and Reinvestment Act (ARRA) designed to rapidly re-house homeless residents and prevent homelessness for at-risk residents. The program provides just enough short and medium-term financial assistance and case management to resolve the crises and re-stabilize the households.   |                 | Assist homeless and at-risk residents to be self-sufficient, prevent homelessness and become permanently housed.      | October 2009 - October 2012 | Program will end 10/2012.   |

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

Jurisdiction: City of San José  
 Reporting Period: 1/1/2011 - 12/31/11

| Program Description<br>(By Housing Element Program Name)   | Name of Program | Objective   | Timeline<br>in FYE                                      | Status of Program Implementation  |
|--|-----------------|---|---|---|
| <b>Tenant-Based Rental Assistance Program (TBRA):</b><br>TBRA is a federally funded HOME program designed to provide housing and support services to chronically homeless mentally ill residents. The City contracts with a local service provider to administer the TBRA program. The program provides participants with housing placement, rental assistance for up to two years, and intensive clinical case management.  |                 | Assist chronically homeless mentally ill residents to attain and maintain housing.  | October 2009 -<br>June 2010                             | Continue to implement and oversee program. Working on a pilot program with an additional 15 clients who are chronically homeless, have substance abuse issues, and reside in the St. James Park area of San Jose.   |
| <b>NEIGHBORHOOD IMPROVEMENT PROJECTS:</b>  |                 |   |   |   |
| <b>Strong Neighborhood Initiative (SNI):</b><br>The City funded its interdepartmental neighborhood improvement efforts through the Strong Neighborhood Initiative (SNI). An expansion of the successful Neighborhood Revitalization Strategy, SNI involves several City departments, including the Planning and Housing Departments. SNI, launched in spring of 2000, combines the efforts of several City Departments and the Redevelopment Agency to identify improvements and services needed to revitalize declining neighborhoods throughout the City. Nineteen target areas have been designated as improvement areas. Physical improvements are expected to be funded through existing City programs (including Housing Rehabilitation Programs), and Community Development Block Grants.   |                 | Continue to focus resources within the 19 SNI areas. Strive towards goal of spending 50% of single-family rehabilitation funds in SNI areas.  | Ongoing Program   | Due to the current and projected scarcity of resources, the City's Strong Neighborhoods team has shifted the efforts of the Strong Neighborhood Initiative (SNI) to the City's neediest neighborhoods. Through a comprehensive neighborhood study, the SNI team has identified 13 Neighborhoods in Crisis. Although Housing resources will continue to be made available citywide, the various housing programs will be targeted within the 13 Neighborhoods in Crisis. |
| <b>Strong Neighborhoods Initiative (SNI) Project Alliance - (formerly known as Multi-Family Demonstration Projects):</b><br>Project Alliance/Special projects is a subset of the City's Strong Neighborhood Initiative program directed toward the revitalization of specific multi-family neighborhoods. Four neighborhoods have been completed for improvement through Project Alliance. These neighborhoods are Jeanine/Cresdale (Pine Woods / Brookwood Terrace), Virginia/King (Mayfair and Gateway East), Roundtable Drive Apartments (Escenvale/Great Oaks), and Underwood Apartments (Blackdon). During this period, eight buildings (32 units) received exterior improvements. In addition, one 58-space mobilehome park received infrastructure upgrades that included repaving and sealing, electrical, plumbing, NG safety, and the replacement of security lighting with LED lighting. Funds for exterior improvement of one additional building (4 units) in the Underwood neighborhood remain. No additional funding is anticipated at this time. |                 | The goals of Project Alliance include working collaboratively with property owners, tenants, various City Departments, and other entities to achieve the effective delivery of City Services, build leadership, and create an attractive, livable and sustainable community while preserving the existing affordable housing stock within that community. | Ongoing Program if additional funding becomes available | Funding for future projects is uncertain.   |
| <b>HOUSING DEVELOPERS / INVESTMENT PROPERTY OWNERS</b>   |                 |   |   |   |
| <b>Predevelopment Loan Program:</b><br>The Predevelopment Loan Program is designed to assist housing developers with funds necessary to explore the feasibility of a proposed housing project. Under this program, developers are eligible to receive a limited amount of financing for the predevelopment phase of a project. The City's actual cost of funds as well as the rate is necessary to provide project feasibility. Principal and interest repayment is due at the close of escrow on construction loans or within two years.  |                 | As resources allow, invest limited amount to support future feasible development projects.  | Ongoing Program subject to funding availability         | Given the State's elimination of 2009 Redevelopment funds, the City can assist developers of affordable housing to pursue their-party sources of predevelopment financing, if needed.   |

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|---|--|---|--|
| <p><b>Project Development Loans for Acquisition, Construction, Permanent, and Acquisition/Rehabilitation</b></p> <p>Reconverted rate gap loans and grants for acquisition, construction and permanent financing are made to non-profit and for-profit developers. These loans, typically subordinated to the first mortgage, provide funding for additional housing, for energy efficient unit financing (SEEF), family and senior, additional housing, and housing for special needs populations including the homeless. Loans are made for land acquisition, construction, and operations. Permanent loans are repaid out of net cash proceeds during the project operations.</p> <p>Funding for the Acquisition and Rehabilitation of Existing Apartment Projects focuses on blighted properties where rehabilitation would have significant revitalizing impact on the surrounding neighborhood, on those projects with existing Housing and Urban Development (HUD) loans and rent restrictions ("preservation" projects), on those projects involving extrajudicially low subsidy levels, and on those projects incorporating at least 10% ELI units with reasonable costs to the City.</p> <p>Funding for Preservation or Conservation of existing projects is considered on a case-by-case basis, seeking to maximize leveraging of non-City sources of funds and to meet the City's policy objectives of supporting ELI units.</p> | <p>State law stipulates that affordable housing (along with parks and public education) have priority for surplus property owned by any public agency created under State auspices. The Housing Department aggressively seeks to purchase such properties owned by the City of San Jose, the Valley Transportation Authority (VTA), CalTrans, the 19 school districts in San Jose, the Santa Clara Valley Water District and other public agencies for housing development. Properties so acquired are subsequently transferred to nonprofit and for-profit developers for the construction of affordable housing projects.</p>  | <p>Focus 80% of available project funds on new construction of units, 10% on acquisition/rehabilitation of units, and the remaining 10% on work on Year 15 negotiations to preserve existing affordable units.</p> <p>Funding commitments will follow the Department's Income Allocation Policy, under which at least 30% of funds will support ELI units, 30% of funds will support VI units, 25% of funds will support LI units, and 15% of funds will support moderate-income units.</p> | <p>Given the State's implementation of 20% Redevelopment funds, the City will explore a variety of creative financing and strategies to support the development of much-needed residential affordable housing.</p> |
| <p>State law stipulates that affordable housing (along with parks and public education) have priority for surplus property owned by any public agency created under State auspices. The Housing Department aggressively seeks to purchase such properties owned by the City of San Jose, the Valley Transportation Authority (VTA), CalTrans, the 19 school districts in San Jose, the Santa Clara Valley Water District and other public agencies for housing development. Properties so acquired are subsequently transferred to nonprofit and for-profit developers for the construction of affordable housing projects.</p>   | <p>State law stipulates that affordable housing (along with parks and public education) have priority for surplus property owned by any public agency created under State auspices. The Housing Department aggressively seeks to purchase such properties owned by the City of San Jose, the Valley Transportation Authority (VTA), CalTrans, the 19 school districts in San Jose, the Santa Clara Valley Water District and other public agencies for housing development. Properties so acquired are subsequently transferred to nonprofit and for-profit developers for the construction of affordable housing projects.</p>  | <p>Continue to seek opportunity sites for affordable housing with a focus on rental special needs units</p>   | <p>No new land purchases are anticipated at this time. For those sites that the Department has already acquired, those for which financing is assembled may proceed.</p>   |
| <p><b>PROCESS IMPROVEMENTS</b></p> <p>Adoption of Secondary Unit Ordinance:</p>   | <p>In 2008 the City Council permanently adopted the Secondary Unit Ordinance. The Secondary Unit Ordinance began as a pilot program on January 2, 2006 and was previously scheduled to end on October 30, 2007. This program represents a major change in the City's policies towards second units, coming after a 20-year prohibition. The pilot program served as a means of collecting data on second unit production and location, and as a way to determine whether second units have adverse impacts on surrounding neighborhoods. The program allows property owners with existing unpermitted units the ability to legalize their second unit, provided that the unit can meet the second unit ordinance criteria.</p> | <p>Continue to facilitate second unit production.</p>   | <p>Continue program as designed and implemented</p>  |
| <p><b>2007 California Standards Code and Green Building Outreach and Training</b></p> <p>In response to the introduction of the new 2007 edition of the California Standards Code and the City's anticipated adoption of the new code, City staff provided extensive outreach to the public and the development community about important code updates. These Codes establish the statewide codes for building construction and fire safety, and the City Council adopted the new state codes with local amendments that came into effect on January 1, 2008. The public outreach included a series of trainings for both City staff and the public on various topics in the new code. Similar outreach and trainings occur for City staff and the public to educate the public about the newly adopted Private Sector Green Building Policy and Ordinance. Staff is currently attending trainings to provide the same services to City staff and the public regarding the new California State Green Building Code standards that went into effect on January 1, 2011.</p>   | <p>Such trainings were intended to facilitate a smooth transition to the use of new code standards.</p>  | <p>Outreach and training on the 2007 edition of the California Standards Code was completed in 2008. Separate outreach and training was provided for the Private Sector Green Building Policy and Ordinance in 2009 and 2009. Additional outreach and training will be provided as-needed basis for the California State Green Building Code and for future amendments.</p>   | <p>As needed basis</p>   |

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| Program Description<br>(By Housing Element Program Name)   | Name of Program  | Objective      | Timeframe<br>in H.E.   | Status of Program Implementation |
|--|--|----------------|--|----------------------------------|
| <p><b>Enhanced High-Rise Design Review Process</b><br/>           In order to support the Intensification of the Downtown and Transit Corridors, the City began in 2007 to administer the Enhanced High-Rise Design Review Process as part of the development review process for projects involving buildings 100 feet or greater in height. The Enhanced High-Rise Design Review Process is a public process that allows staff and decision makers to (1) apply relevant sections of the Downtown Design Guidelines developed for downtown high-rise housing to high-rise development throughout the City, (2) be advised by the City's Architectural Review Committee (ARC) regarding consistency with relevant sections of the applicable Design Guidelines, and (3) receive community input on proposed high-rise development during both the preliminary review and entitlement phases.</p> | <p>The process primarily serves as a forum where developers, design professionals, community members and City staff can work together to ensure that new developments contribute positively to the community and issues identified can be addressed effectively.</p> | <p>Ongoing</p> | <p>Continue to administer the design review process as needed.</p>   |                                  |
| <p><b>Transit-oriented Development/Mid-rise and High-rise Residential Design Guidelines</b><br/>           To assist in streamlining the development review process, the City adopted design guidelines for transit-oriented development and mid-rise and high-rise residential projects in September 2007. The design guidelines provide specific parameters to promote compact, urban development along major transit corridors and key employment areas. These guidelines seek to provide a common understanding of the minimum design standards in order to ensure that the review process can be conducted in as efficient a manner as possible.</p>  | <p>Facilitate quality design in residential projects and streamlining of the development review process.</p>   | <p>Ongoing</p> | <p>Continue to implement and revise the design guidelines as necessary.</p>  |                                  |
| <p><b>City Council Public Outreach Policy</b><br/>           In 2005, the City Council adopted a public outreach policy to establish formal procedures in coordinating public outreach on development projects. Generally, developers are required to erect public notification signs at the project site while a development proposal is pending. In addition, for larger development proposals, a community meeting is required to gather public comments early in the development review process. The public outreach policy has been effective in helping developers and City staff engage the community early in the development review process. Additionally, through August 2008, staff held a standing "help" neighborhood committee meeting where community members provide input into Planning and Building activities.</p>  | <p>Provides opportunities for all parties to achieve general consensus and resolve concerns as part of the development process.</p>  | <p>Ongoing</p> | <p>Continue to implement the public outreach policy as intended. Due to budgeting constraints, the Neighborhood Roundtable meeting will be replaced by a Combined Developers and Neighborhood Roundtable meeting that occurs quarterly.</p>  |                                  |
| <p><b>Zoning Ordinance Streamlining Amendments</b><br/>           The City periodically reviews the Zoning Ordinance to identify outdated measures and to determine where process and other requirements can be streamlined without diminishing the City's ability to achieve its land use goals.</p>  | <p>Improve user-friendliness of the Zoning Ordinance and streamline the ability to add bedrooms to existing homes to accommodate a larger living area.</p>   | <p>Ongoing</p> | <p>In November 2008, the City approved several amendments to the Zoning Ordinance that simplified the process for permitting small additions to existing two-family dwellings. Previously, any sized addition or enlargement of two-family dwellings requires issuance of a Site Development Permit. The new provisions allow minor additions (up to 200 square feet or 10% of the existing building area, whichever is less) to two-family dwellings with the issuance of an over-the-counter Permit Adjustment. Other Zoning Ordinance amendments took effect on January 3, 2009 that reduced the parking requirement for five/work units in Downtown and allowed single-family residences to provide a single-car, detached garage meeting specified criteria by-right, rather than requiring a Special Use Permit for the reduction from two covered spaces to one covered parking space. Streamlining ordinances in 2011 included reductions in the parking requirements for multifamily housing development.</p> |                                  |
| <p><b>Development Permit Extension Ordinance</b><br/>           Allows the expiration of certain expired development permits and the extension of certain development permits for a discrete period of time.</p>   | <p>Provides longer terms for the validity of Planning permits, thereby giving developers more time between Planning approvals and construction commencement.</p>   | <p>Ongoing</p> | <p>The City Council approved this change to the Zoning Ordinance and the change took effect on July 3, 2009. An additional extension was granted in 2010 specifically for projects in the North San Jose area, affecting approximately 8,000 potential dwelling units.</p>   |                                  |

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|--|-----------------|---|--|--|
| <p><b>Options to Use Discretionary Alternative Use Policies through a Use Permit</b><br/>In 2008, the City Council approved a General Plan text amendment that created the ability to apply Discretionary Alternative Use Policies through a use permit. Prior to approval of this amendment in 2011, the City Council adopted the 2008 General Plan which focuses on growth in identified key growth areas and includes Land Use designations with broad flexibility to allow urban, mixed use development with no need for Discretionary Alternative Use policies, and maintains flexibility to approve mixed use development with Use Permits.</p>  |                 | <p>Facilitate streamlining of the entitlement process.</p>  | <p>Completed 2007<br/>Revised on Dec, 2011 with the 2011 General Plan approval</p> | <p>The City Council approved the General Plan text amendment in 2007. The City Council approved the 2011 General Plan Update on November 1, 2011 (effective December 1, 2011) with more flexible Land Use designations allowing discontinuation of the Discretionary Alternative Use policies to achieve needed flexibility to permit urban housing types.</p> |
| <p><b>Elimination of the Planned Development Zoning process requirement for certain Mixed-Use Development Projects</b><br/>In 2008, the City Council approved a General Plan text amendment that streamlines the development review process for some housing and mixed-use proposals by eliminating the requirement for a Planned Development Zoning. In many situations, the City's Zoning Ordinance already allows for mixed-use development with a development permit or use permit in a conventional zoning district. The General Plan text amendment updates the San José 2008 General Plan to allow development proposals to utilize more of the permit process options available in the Zoning Ordinance instead of requiring projects to undergo an extensive Planned Development Zoning process. This ability to utilize a permit process option for most housing and mixed-use proposals was preserved in San José's General Plan with the approval of the Evisión San José 2040 General Plan on November 1, 2011.</p>   |                 | <p>Facilitate streamlining of the entitlement process for mixed-use development.</p>  | <p>Completed 2008<br/>Revised with Evisión 2040 General Plan approval</p>          | <p>The City Council approved the General Plan text amendment in 2008, and ability to utilize the Use Permit process was maintained with the approval of the Evisión San José 2040 General Plan Update on November 1, 2011.</p>   |
| <p><b>Height Limit Increase to Facilitate Use of Renewable Energy Resources</b><br/>This General Plan text amendment is intended to encourage utilization of renewable energy resources in the physical development of the City by making the incorporation of these resources into development more feasible to developers and property owners. By amending the text of the General Plan to allow additional height for certain structures, such as solar panels, other energy-saving devices, and roof landscaping, the text amendment better aligns the General Plan policy for building heights with the existing language of the Zoning Ordinance (revised June 2009) and streamlines efforts to implement green building measures in proposed development projects.</p>  |                 | <p>Facilitate streamlining of the entitlement process to encourage energy efficiency in residential development.</p>  | <p>Completed 2008</p>  | <p>The City Council approved the General Plan text amendment in 2008.</p>  |
| <p><b>Transit Corridor Commercial Land Use Designation Created</b><br/>The Transit Corridor Commercial land use designation was intended in 2008 to expand the potential for commercial development and mixed commercial-residential development with convenient access to major job centers and to create new consumer markets in appropriate areas of the City. Vertical mixed commercial and residential uses may be allowed on sites that are of adequate size and configuration to accommodate such a mix of uses and is particularly on sites located in the Downtown Core and Frame Areas or located in designated Transit Corridors or BART Station Area Nodes, or located within a reasonable walking distance of major public transit in other intensively developed areas of the City. With the approval of the Evisión San José 2040 General Plan, revised Land Use designations were developed including Transit Residential for densities of SO-250 DUAC, and Urban Residential for densities between 90-95 DUAC which encourages provision of commercial uses in with urban housing types to create complete neighborhoods.</p> |                 | <p>Facilitate streamlining of the entitlement process for residential development above commercial uses, providing opportunities for residential uses to be located above neighborhood services with access to transit.</p> | <p>Completed 2008<br/>Revised with Evisión 2040 General Plan approval</p>          | <p>The City Council approved the General Plan text amendment in 2008. The Evisión San José 2040 General Plan maintains Land Use designations in support of the Transit Corridor Commercial goals.</p>  |

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|---|-----------------|--|---------------------------|---|
| <p><b>Private Sector Green Building Policy for New Construction</b><br/>           Council adoption of the Private Sector Green Building Policy for new construction established mandatory green building standards for private sector development that advance the City's Green Vision Goal No. 4 of building or retrofitting 50 million square feet of green buildings within the next 15 years, as well as Green Vision Goal No. 2: reducing per capita energy use by 50%, Goal No. 3: receiving 100% of electrical energy from clean renewable sources, Goal No. 5: diverting 100% of waste from landfills and converting waste to energy and Goal No. 8: Recycling or beneficially reusing 100% of waste water. The policy includes two rating systems: United States Green Building Council's Leadership in Energy and Environmental Design and Build It Green's GreenPoint Rated system. The policy requires a green building checklist for all new construction. In addition, the policy mandates specific certification and point levels in three categories: commercial and industrial (25,000 square feet and more), residential high-rise, and other residential (10 units and more).<br/>           On June 23, 2009, the City Council adopted an Ordinance which implements the Private Sector Green Building Policy.</p> |                 | <p>Facilitate energy efficiency in residential development. Green buildings have proven to enhance economic competitiveness by reducing lifecycle costs, improving worker productivity, increasing property values, attracting higher income, and helping with the attraction and retention of talent.</p> | <p>Completed<br/>2009</p> | <p>The City Council adopted the Private Sector Green Building Policy for New Construction in 2009, and the City Council adopted an Ordinance which implements the Private Sector Green Building Policy in 2009.</p> |
| <p><b>Permit Center Consolidation</b><br/>           All Permit Center services have been consolidated on the first floor to allow one-stop service delivery that includes Building, Planning, Fire, and Public Works services.</p>   |                 | <p>Maintain efficiency of specialized staff. Provide cross-functional support on a single floor center that will provide development customers with certainty on where submissions will occur.</p>   | <p>Completed<br/>2009</p> | <p>Continue program as designed and implemented.</p>  |
| <p><b>Self Help Improvements</b><br/>           Customers can schedule their own inspections, obtain general information and publications, and apply for simple permits online without having to contact the Call Center staff by telephone or without having to travel to City Hall.</p>   |                 | <p>Allow customers to serve their needs at their own convenience.</p>  | <p>Ongoing</p>            | <p>Continue to enhance the services and information available online.</p>   |
| <p><b>Walk-In Submits &amp; Prioritized Service Delivery</b><br/>           Submits of select Planning and Building Permit applications are now accepted and processed without an appointment. Receptionist segregates customers and application submittals are prioritized.</p>  |                 | <p>Customers are provided with additional options for application submittal and are serviced more quickly.</p>   | <p>Ongoing</p>            | <p>Continue to enhance services provided to customers submitting development applications.</p>  |
| <p><b>Envision San Jose 2040 General Plan Update</b><br/>           The City has completed and the City Council has approved a community-based comprehensive update to the City's General Plan. The Envision Task Force, staff and community members spent considerable time discussing future housing needs and strategies for the City to proactively address those needs. The City has completed the Envision San Jose 2040 General Plan, including goals and policies and a Land Use / Transportation Diagram that addresses the City's goals for housing and other topics. The City completed the environmental review process for the Plan which allowed City Council consideration and approval of the Plan on November 1, 2011.</p>   |                 | <p>Draft an updated General Plan that provides adequate job and housing growth capacity to meet the City's future needs, including the establishment of new high-density, mixed-use "Urban Village" areas throughout the City.</p>   | <p>Complete</p>           | <p>Implement the Envision San Jose 2040 General Plan Update approved on November 1, 2011 and effective December 1, 2011.</p>  |

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|---|-----------------|--|---------------------------------|---|
| <b>Housing Programs Progress Report - Government Code Section 65583.</b><br>Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement and development of housing, as identified in Housing Element.  |                 |  |                                 |   |
| <b>Alum Rock Corridor General Plan Changes and Policy Direction</b><br>On June 16, 2009, the City Council approved the conversion of over 65 acres of primarily residential land to Transit Corridor Commercial, thereby facilitating mixed commercial-residential development on this and bordering Alum Rock Avenue. At the same time, the City Council also approved a policy document to guide staff in creating a form-based zoning for the area that, once approved, will significantly streamline the entitlement process for development of mixed commercial-residential projects in the area. In 2010, the City Council approved the Main Street Zoning District to be applied along Alum Rock Avenue. |                 | Facilitate mixed commercial-residential projects along select Alum Rock Avenue properties.   | Ongoing                         | General Plan Amendments approved in 2009. In 2010, City Council approved a form-based Zoning District to facilitate implementation objectives with grant funding to restore properties on Alum Rock Avenue. |
| <b>Transitional and Supportive Housing Ordinance Amendments</b><br>On December 1, 2009, the City Council approved changes to the Zoning Ordinance to include definitions for transitional and supportive housing consistent with those provided in the California Health and Safety Code.   |                 | To comply with California State Legislation, Chapter 633, Statutes of 2007 (SB 2), transitional and supportive housing are explicitly treated as residential uses in the Zoning Ordinance. | Completed 2009                  | The City Council approved the Zoning Ordinance amendment in 2009.   |
| <b>Main Street District Ordinance</b><br>The Main Street District Ordinance establishes MS-G Zoning District which streamlines the development review process for residential mixed use development (CUP instead of PD Zoning and permits), provides significant parking reductions for residential, and allows further parking reductions based on shared parking facilities, car share programs or unbundled parking.   |                 | Facilitate mixed commercial-residential projects along Neighborhood "Main Street" areas identified throughout the City. Builds on Alum Rock Corridor policy changes from 2009.             | Completed 2010; Located in 2011 | The City Council approved the Zoning Ordinance amendment in 2010.   |
| <b>Historic Reuse Ordinance</b><br>The Historic Reuse ordinance allows non-residential City Landmarks to be converted to residential use with a CUP or SUP (depending on zoning district).  |                 | Facilitate residential use of historic structures  | Completed 2010                  | The City Council approved the Zoning Ordinance amendment in 2010.   |
| <b>Urban Villages Zoning Districts</b><br>Following City Council approval of the Envision San José 2040 General Plan, an ordinance to establish zoning districts to provide development standards tailored to future housing and mixed-use development types contemplated for Urban Village growth areas identified in the General Plan Update will be under development in 2012. Development of urban village zoning districts will proceed in parallel with development of several Village Plans for identified urban villages in several grant funded planning projects underway between Fall 2011 and Summer 2013.  |                 | Facilitate urban, transit-oriented residential and mixed-use development within Urban Village growth areas identified in the Envision San José 2040 General Plan                           | Under development in 2012       | An Ordinance to establish Urban Village zoning districts is in early stages of development in February 2012, moving towards City Council review and approval in late 2012.                                  |