

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

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January 29, 2024

Jennifer Maguire, City Manager
City of San José
200 East Santa Clara Street
San José, CA 95113

Dear Jennifer Maguire:

RE: City of San José 6th Cycle (2023-2031) Adopted Housing Element

Thank you for submitting the City of San José's (City) housing element, which was adopted June 20, 2023 and received for review on November 30, 2023 with additional documentation received on January 23, 2024 and January 29, 2024. The revisions to the adopted housing element were authorized by Resolution No. Res #2023-263. Pursuant to Government Code section 65585, subdivision (h), the California Department of Housing and Community Development (HCD) is reporting the results of its review. In addition, HCD considered comments from several individuals and organizations throughout the housing element review process, including but not limited to, the California Apartment Association, Housing Action Coalition, Partnership for the Bay's Future, ¡Sí Se Puede!, SPUR, South Bay Community Land Trust, SV@Home, West Valley Community Services, Erik Schoennauer, Anthony Tordillos, and Robert Wood pursuant to Government Code section 65585, subdivision (c).

HCD is pleased to find the adopted housing element in substantial compliance with State Housing Element Law (Gov. Code, § 65580 et seq) as of (January 29, 2024). The adopted element addresses the statutory requirements described in HCD's August 28, 2023 review. This finding is based, in part, on the successful implementation of Program P-3 (North San José Affordable Housing Overlay Zones), which implements the Housing Element Residential Overlay (HERO). HCD reminds the City that a copy of the updated adopted housing element including modifications should be posted wherever the housing element is available to the public. HCD requests notification upon posting.

Throughout the planning period, HCD will be actively monitoring timely and effective implementation of all programs including, but not limited to the following:

- Program P-4 (Affordable Housing Tools for North San José): This program commits to zoning strategies to catalyze affordable housing development in North San José, including through rezoning, overlays, and local density bonus incentives.

- Program P-7 (City Infill Housing Ministerial Approval Ordinance): This program commits the City to streamlining approval of infill housing developments, ongoing monitoring, and evaluation of its permit processes, and making any further process refinements throughout the planning period, as necessary.
- Program P-9 (Diridon Affordable Housing Production Goal): This program commits the City to a 25 percent target of housing units in the Diridon Station Area as restricted and affordable to lower-income households by 2031.
- Program P-35 (Small Multifamily Housing): This program creates new opportunities for missing middle housing typologies. The City commits to incentivizing smaller housing developments across the City in higher-resourced areas, including near its Urban Villages.
- Program P-40 (Evaluate Urban Village Planning Process) – This program commits the City to ongoing evaluation and streamlining of planning processes for the City’s ambitious planned and unplanned Urban Villages strategy. These actions include commitments to securing annual funding to support planning efforts by becoming Prohousing Designated, securing other funding sources, and by streamlining and consolidating planning review and approvals for UVs that are in close proximity to one another.
- Program P-41 (Review and Revise Planning Permit Conditions): This program commits the City to adopting objective design and development standards by December 2025.
- Through the implementation and reporting of Programs N and R-S, the City has proposed bold and collaborative strategies to affirmatively furthering fair housing in San José’s communities. The City commits to strengthening tenant protections, combating displacement of lower-income communities, promoting more housing choices in areas of high opportunity, prioritizing community revitalization in lower-resourced areas, and ameliorating the longstanding, disproportionate impacts of racist and exclusionary zoning and planning practices, particularly on communities of color in San José.
- HCD will also be actively monitoring to ensure units identified in the pipeline are approved without delay. Should these projects not be approved, the City will need to identify additional sites to accommodate any shortfall in accordance with Government Code section 65863.

The City must monitor and report on the results of this and other programs through the annual progress report, required pursuant to Government Code section 65400. Please be aware, Government Code section 65585(i) grants HCD authority to review any action or failure to act by a local government that it determines is inconsistent with an adopted housing element or housing element law. This includes failure to implement program actions included in the housing element. HCD may revoke housing element compliance if the local government’s actions do not comply with state law.

Several federal, state, and regional funding programs consider housing element compliance as an eligibility or ranking criteria. For example, the CalTrans Senate Bill (SB) 1 Sustainable Communities grant, the Strategic Growth Council and HCD's Affordable Housing and Sustainable Communities program, and HCD's Permanent Local Housing Allocation consider housing element compliance and/or annual reporting requirements pursuant to Government Code section 65400. With a compliant housing element, the City meets housing element requirements for these and other funding sources.

HCD appreciates the outstanding dedication and cooperation of the City's entire housing element team; and most notably the assistance that Michael Brilliot, Kristen Clements, Ruth Cueto, Jerad Ferguson, and Joshua Ishimatsu provided throughout the course of the review. HCD wishes the City success in implementing its housing element and looks forward to following its progress through the General Plan annual progress reports pursuant to Government Code section 65400. If HCD can provide assistance in implementing the housing element, please contact Chelsea Lee, of our staff, at Chelsea.Lee@hcd.ca.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Melinda Coy", with a long horizontal stroke extending to the right.

Melinda Coy
Proactive Housing Accountability Chief