

Chapter 5

Adequate Sites for Housing



Miro Apartments, downtown San José

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5.1 Sites Inventory Requirements

The Housing Element must include an inventory of land suitable and available for residential development to meet the regional housing needs allocation (RHNA) for San José by income level. This inventory is known as the Sites Inventory. In addition, this chapter:

- Identifies alternative methods of satisfying the RHNA;
- Provides an analysis of the inventory's compliance with Affirmatively Furthering Fair Housing (AFFH) requirements; and
- Identifies the need for rezoning to accommodate the RHNA allocation.

The analysis demonstrates that, during the 6th cycle, the City can accommodate its allocation of 62,200 units, of which 23,775 units are Lower Income.

5.2 RHNA Allocation

The RHNA provides housing targets for cities to plan for in their Housing Elements and to facilitate development over the 8-year RHNA period. In addition to analysis of sufficient land zoned to accommodate their RHNA, cities must analyze constraints to meeting its RHNA and propose policies to address them in their Housing Elements. Cities must also report the number of units permitted each year relative to RHNA to the State's Department of Housing and Community Development (HCD).

HCD is responsible for determining the regional housing need for each regional Council of Governments, which is the Association of Bay Area Governments (ABAG) in the Bay Area. The regional housing need is based on a forecast of population, households, and jobs developed by the California Department of Finance with input from regional agencies. New for 2023-2030, the RHNA also addresses existing needs such as housing cost burdens, overcrowding, and vacancy, which has increased the RHNA for the Bay Area and other regions.

The total RHNA for the region for 2023-2030 is 441,190 units divided into income groups based on the region's current household distribution relative to Area Median Income (AMI) in the following categories: Very Lower income (up to 50% of AMI), Lower income (50-80% of AMI), Moderate Income (80-120% of AMI), and Above-Moderate Income (above 120% of AMI).

ABAG created an advisory Housing Methodology Committee (HMC) made up of elected officials, local staff, and advocates to study how to distribute the RHNA to the 108 jurisdictions in the Bay Area. The HMC recommended a methodology that was adopted by the ABAG Executive Board in January of 2021 and the final RHNA plan for allocations to cities were adopted by ABAG Executive Board were adopted in December, 2021.

The RHNA methodology must meet the following statutory objectives:

- Increase the housing supply and mix of housing types, tenure, and affordability.
- Promote infill development and socioeconomic equity, protect environmental and agricultural resources, and encourage efficient development patterns.
- Promote an improved intraregional relationship between jobs and housing.
- Balance disproportionate household income distributions.
- Affirmatively furthering fair housing.

5.2.1 RHNA Targets for San José, 2023-2031

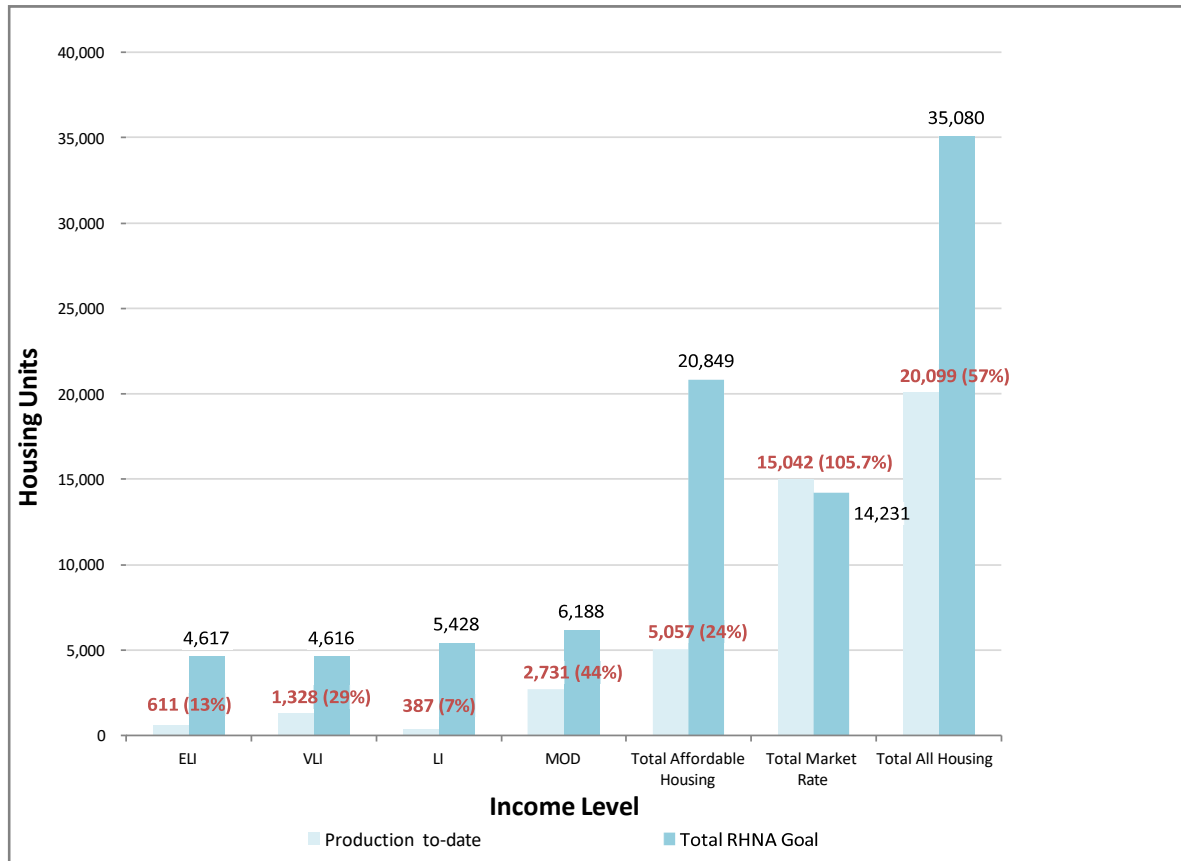
For the planning period 2023 to 2031 (also known as the 6th housing cycle), San José must plan for at least 62,200 new units, a 77% increase from the prior cycle's allocation of 35,080 new units. *Table 5-1* shows the income breakdown of the RHNA.

Table 5-1: San José 's 6th Cycle RHNA Targets

INCOME CATEGORY	NUMBER OF UNITS	PERCENT OF TOTAL
Very-Low Income	15,088	24%
Low Income	8,687	14%
Moderate Income	10,711	14%
Above-Moderate income	27,714	45%
Total	62,200	

SOURCE: City of San José Planning Division, 2022

The uncertainty caused by the COVID-19 pandemic continues to have a lingering effect on building permit activity. In calendar year 2021, San José issued building permits for 1,663 new residential units. Although this is a 20% increase from building permits issued in 2020 for 1,380 units, it is still lower than the average annual building permits issued in this RHNA cycle prior to 2020, which was about 2,520 permits per year. In 2021, building permits were issued for 933 market-rate units (58% of the annualized goal) and 730 affordable units (31% of the annualized goal). Economic factors such as the high cost of construction along with supply-chain issues in 2021 continued effect building permit activity. Investment in affordable housing from local and federal funding sources has helped sustain affordable housing permit activity. Overall, the City continues to be well ahead in its market-rate housing permits, although it remains behind in its affordable housing permits. During the eight years of the 8.8-year RHNA period (90% of the way through the period), the City has reached more than 105% of its total market-rate housing goal but has only reached 24% of its affordable housing goal.

Figure 5- 1 Cumulative 2014-2021 RHNA Residential Building Permit Performance

SOURCE: City of San José Planning Division, 2022

5.3 Sites Inventory & Methodology

The Sites Inventory is made up of four main categories discussed further below:

- 1. Pipeline Approved Units:** These are units in projects that have been approved but have not yet pulled building permits, are under review by the Planning Division, or are under construction.
- 2. Projected ADUs:** Cities may consider the development potential of accessory dwelling units (ADUs) or junior ADUs (JADUs) to help meet the RHNA, using past building permit approval patterns since 2016.
- 3. Opportunity Sites:** These are sites that are either vacant or underutilized and cover the bulk of the site inventory needs.

5.3.1 Pipeline Approved Units

Jurisdictions may take RHNA credit toward meeting their RHNA allocation based on the affordability and unit count of the development for units that have been approved, are under review, or have received a certificate of occupancy since the beginning of the RHNA projection period. The projection period for the Association of Bay Area Governments' 6th Cycle is from June 30, 2022, to December 31, 2030, while the planning period lasts from January 31, 2023 to January 31, 2031.

San José's residential development pipeline includes many projects in various stages of the housing development process, including projects that have received approvals from the City Council, Planning Commission and/or Planning Department, or projects that are awaiting Planning approvals or that have filed for building permits. Projects in the pipeline range from the addition of a single unit to an existing building to new residential towers with hundreds of units. The pipeline includes both market rate and affordable developments.

Based on an analysis conducted in 2019 (See Appendix E) on approved planning entitlements, staff found that approximately 60% of those units were in construction or pre-construction stages.¹ Therefore we conservatively estimate that 40% of the pipeline projects (under Planning review and approved but not yet filed for building permits) will not proceed to construction. These categories have therefore been discounted. The following table illustrates the breakdown of units by project status and income level. Approximately 20,400 RHNA units can be satisfied through the project pipeline. The list of projects can be found in *Appendix G*.

The affordability levels for the units in *Appendix G* under Table 1 (approved not commenced) and Table 2 (under review) are determined by the project description in each planning permit issued and planning permit application submitted. The projects in Table 3 (under construction) that are identified as affordable have recorded deed-restrictions (regulatory agreement) on the property. Any project that is not identified as affordable is assumed to be above moderate income.

As noted above, approximately 60% of entitled projects in the City move forward with construction permits. The total units identified in Tables 1 and 2 include that discounted rate. In addition, the City of San José has recently funded a new position, Affordable Housing Navigator, who will support the Housing Catalyst Team's efforts to facilitate and promote both market rate and affordable housing opportunities by guiding affordable housing developers through the process to obtain the necessary permits to start construction following entitlement. The addition of this position is intended to compliment the dedicated Planner who oversees affordable housing entitlements. The Housing Catalyst Team assists housing developers to navigate the City's permitting and entitlement process and coordinates the implementation of the housing catalyst work plan. Staff is including a program in the workplan, *P-45, Pipeline Projects-Evaluation*, that will require a bi-yearly evaluation of Pipeline projects to determine if the inventory buffer can accommodate projects that do not commence to building permit stage.

Table 5-2: Number of Projects in the Residential Development Pipeline

Project Status	Very Low Income	Low Income	Moderate Income	Above Moderate Income	Total
Building permit filed	778	1,298	348	3,032	5,456
Planning Approval but no building permit yet	481	3,008	247	7,685	11,421
In Planning Review	199	993	23	2,396	3,611
Total	1,458	5,299	618	13,113	20,488

SOURCE: City of San José Building Division, 2023

¹ City Council Agenda, Sept. 24, 2019, Item 4.2, Housing Crisis Workplan Update; <https://sanjose.legistar.com/View.ashx?M=F&ID=7709215&GUID=A16E72E7-4B8A-4F9A-9B57-A7D36262211E>
City of San José Draft Housing Element, rev. Nov. 2023

5.3.2 Projected ADUs

In 2019, the San José City Council voted to update San José’s Zoning Code regarding ADUs to align with new California State laws that went into effect in 2020. The Council further updated the Zoning Code to allow for tiny homes on wheels, a type of mobile and detached ADU. Along with these changes, City staff implemented the following:

- Improved the ADU program website at www.sanjoseca.gov/ADUs to clearly describe the ADU permit process;
- Launched a Preapproved ADU Program that offers fast and easy permitting of ADUs by vendors who have obtained the City’s approval of ADU master plans; and
- Created an ADU Ally staff position, who helps applicants with getting permits.

Since these changes and improvements have gone into effect, ADU applications and production in San José have increased. *Table 5-3* lists the number of ADU permits issued by year. The yearly average from 2018 to 2022 is 361 permits. Using the methodology from the HCD Guidebook, we are projecting issuance of 2,888 ADU permits over the eight-year Housing Element planning period. The City is using ABAG’s survey data to distribute the projected units by income category;² see *Table 5-4*.

Based on this data, the City is able to meet about 35% of its RHNA through ADUs and the pipeline, leaving another 39,734 units on the sites in the Sites Inventory, as shown in *Table 5-5*.

Table 5-3: ADU Permits Issued by Year, 2018-2022

YEAR	BUILDING PERMITS ISSUED
2018	192
2019	416
2020	331
2021	421
2022	447
Total	1,807

SOURCE: City of San José Building Division, 2022

Table 5-4: Affordability levels of Projected ADUs

INCOME CATEGORY	PERCENTAGES	TOTALS
Very Low	30%	866
Low	30%	867
Moderate	30%	866
Above Moderate	10%	289
Total	100%	2,888

² ABAG “Using ADUs to Satisfy RHNA” technical memo, received on March 10, 2022
City of San José Draft Housing Element, rev. Nov. 2023

Table 5-5: Contribution of Projected Pipeline Projects and ADUs to RHNA

	INCOME CATEGORY			TOTAL
	LOW	MODERATE	ABOVE MODERATE	
RHNA	23,775	10,711	27,714	62,200
Pipeline/Approved Units	6,757	618	13,113	20,488
ADUs	1,733	866	289	2,888
Remaining RHNA	15,285	9,227	13,990	38,824

5.3.3 Opportunity Sites

State law requires each jurisdiction to demonstrate that sufficient land is zoned to provide housing capacity that is adequate to meet the RHNA for each income level. To determine housing capacity, City staff and the consultant team at Tolemi, the City's data management and analytics consultant, conducted a comprehensive inventory of all vacant and nonvacant developable land within the City limits that allows for housing and is available to develop within the Housing Element planning period. This section describes the methodology used to calculate the housing capacity on developable housing sites.

The final list of sites can be found in Appendix F and online at www.sanjoseca.gov/housingelementupdate.

As Table 5-6 demonstrates, the Housing Element is able to accommodate the City's share of RHNA at all income levels. The combined buffer is 19%, with income category buffers of 18%, 4%, and 27% for lower, moderate, and above moderate income units, respectively. The Housing Element includes a program, *P-15 Moderate-income Housing Strategy*, to identify additional sites, beyond the existing buffer, for moderate-income housing.

Table 5-6: Summary of Residential Capacity to Accommodate 2023-2031 RHNA

UNIT CATEGORY	LOWER	MODERATE	ABOVE MODERATE	TOTAL
Pipeline/Approved Units	6,757	618	13,113	20,488
ADUs	1,733	866	289	2,888
Opportunity Sites	18,727	9,596	19,627	47,950
Total	27,217	11,080	33,029	71,326
<i>Buffer on Opportunity Sites</i>	18%	4%	27%	19%

Methodology for Identification of Opportunity Sites

Consistent with the goals and policies of the Envision 2040 General Plan, staff focused the identification of most of the sites in the inventory within Growth Areas. Growth Areas are specific areas of San José which are planned to accommodate the majority of the City’s job and housing growth and are generally served by high quality transit. The planned location of job and housing growth capacity supports the City’s long-term goal to emphasize growth within the Downtown, North San José and Specific Plan areas, while focusing new job and housing growth capacity in identified Regional and Local Transit, Commercial Corridor and Center, and Neighborhood Urban Village Growth Areas.

The identification of sites in Growth Areas is consistent with General Plan Major Strategy #3 - Focused Growth: Strategically focus new growth into areas of San José that will enable the achievement of City goals for economic growth, fiscal sustainability, and environmental stewardship and that will support the development of new, attractive urban neighborhoods. Under this Major Strategy almost all of the housing and jobs growth in the Envision San José 2040 General Plan is focused into specifically identified Growth Areas, while the majority of the City is not planned for additional growth or intensification. This Major Strategy reflects the built-out nature of San José, the existence of an Urban Growth Boundary, the limited availability of “infill” sites within established, largely single family neighborhoods, and the emphasis of the plan to reduce environmental impacts, improve quality of life, and create complete communities by creating urban mixed-use neighborhoods that foster transit use and walkability.

Site Selection Process

In general, sites were identified based on a two-step process:

Step 1: Identify sites meeting the following criteria:	Rationale
<p>In a Planned Growth Area defined in the General Plan including the following:</p> <ul style="list-style-type: none"> ▪ Downtown ▪ Specific Plan Areas ▪ Urban Villages with an adopted plan (“Planned UVs”) ▪ Urban Villages without an adopted plan (“Unplanned UVs”) ▪ North San José <p>Outside of growth areas:</p> <ul style="list-style-type: none"> ▪ Sites eligible for residential uses under General Plan Policy H-2.9 (see Ch. 4, page 30) ▪ Sites with General Plan land use designations of MUN, TR, UR, MUC, and RN. 	<p>Planned Growth Areas capture most of the major commercial corridors of the City and have been where most development has occurred. It is consistent with GP Major Strategy #3, Focused Growth. Sites in these areas also have access to public transit, grocery stores, schools and other amenities.</p> <p>The City also included some sites that allow for residential uses outside of Growth Areas, such as commercially designated sites eligible for residential uses through GP Policy H-2.9 and sites with General Plan/zoning that allow for housing.</p>
Site allows residential uses through General Plan	Per Housing Element law, sites must have the

Designation, Zoning, Zoning Overlay, or General Plan policy	appropriate zoning to allow for residential uses.
Site size 0.5 acres and above, and 10 acres or less; <ul style="list-style-type: none"> • <i>Exception:</i> Sites within the Downtown may be under 0.5-acres. • <i>Exception:</i> Sites in North San José may be over 10-acres. 	As per guidance from HCD, these sites are not suitable for lower income sites. Except as noted, past development in San José reflects this guidance from HCD.
In general, sites in the inventory, if not vacant, are currently occupied by the following uses: <ul style="list-style-type: none"> • Commercial retail, neighborhood services • Office • Motels • Restaurants • Places of worship • Surface parking lots • Auto-related uses 	As shown in the Nonvacant Sites section, these historically tend to be the types of uses that redevelop to housing. Additionally, some uses, like places of worship, are seeing new interest and support through legislative efforts to offer a unique opportunity to redevelop to housing.

<u>Step 2: Exclude sites that meet the following conditions:</u>	Rationale
Sites with pending or recently approved entitlements for any type of development in the last four (4) years.	These sites may be included in the Pipeline Approved Units component of the sites inventory. Alternatively, they are planned to be developed with commercial or industrial uses and therefore have no interest in residential uses.
Sites with building permits issued for construction or alteration in the last eight (8) years.	Improvements to the existing property or new construction shows a continued interest in maintaining the current use and property and indicates redevelopment is less likely.
Sites with existing multifamily uses.	To help prevent displacement, sites with more than two (2) units were not included. Also, based on recent experience, these sites are unlikely to redevelop due to anti-displacement policies and relocation requirements put in place by the state and City.
Sites with buildings less than 20 years old.	Buildings less than 20 years generally still have a useful life that extends past current 6 th cycle and are less likely to redevelop. Six sites less than 20 years old were kept on the inventory; these sites either have no current tenants or have a recent history of interest in redevelopment with residential uses.

Sites on the City's Historic Resources inventory.	These sites may have historic resources that should be preserved and can constrain redevelopment.
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Once a preliminary list of sites was developed, staff reviewed all sites through available satellite imagery to further assess the current site condition. Sites were manually removed if they did not appear feasible from satellite imagery. For example, sites that were part of current larger shopping center, very narrow lots or odd shape sites, and sites that were otherwise physically constrained (e.g., on a hillside) were removed.

The following is a discussion of the areas where the majority of sites are located.

North San José

North San José is the City's largest employment district, home to many important leading technology companies, and a key Growth Area for the City. It is also an area that can accommodate significant residential growth to help the City meet its RHNA goals. North San José is a suitable area for housing due to its proximity to jobs, transit, and services. It is a prime area for affordable housing as well, as most of it is designated highest, high, or moderate resource area per the State's CTCAC/HCD Opportunity Area Maps.³

Identification of sites in North San José generally followed the steps outlined above, however some deviations were necessary given North San José's unique land use framework and recent policy developments. For example, the majority of North San José has a General Plan designation that only allows for commercial/industrial uses. However, as part of the workplan for the Housing Element, a new General Plan overlay and zoning district overlay will be created to facilitate residential uses on these sites.

Additionally, given the ultimate goal to create an integrated housing and employment area in this part of the City, there was a site-by-site analysis to ensure the sites selected lend themselves to creating new neighborhoods with access to parks, transit, and other amenities.

Until May 2022, commercial, industrial, and residential development in this area was governed by the North San José Area Development Policy (NSJADP). Adopted in 2005, the NSJADP planned for 32,000 homes, more than 25 million square feet of office and industrial space, 3 million square feet of retail and commercial space and 1,000 hotel rooms. Due to litigation with neighboring jurisdictions, a settlement agreement was reached to implement a phased development approach with transportation improvements to accommodate concerns about the impacts of growth. While the plan saw early success, with some 8,000 housing units created as part of the first phase, development soon stopped due to the structure of the settlement agreement. This further exacerbated the region's affordability crisis.

San José has demonstrated its commitment to ensuring affordability of North San José's future development, including adopting a policy requiring that 20% of the new housing constructed be rent-restricted and affordable. In 2020, San José voters approved Measure

³ <https://www.treasurer.ca.gov/ctcac/opportunity.asp>
City of San José Draft Housing Element, rev. Nov. 2023

E, which generated nearly \$110 million in 2022, that the City will allocate towards the development of affordable housing citywide. The opportunity to connect new housing to the multi-billion-dollar transit investments throughout the VTA light rail corridor along North 1st Street and around the Berryessa BART station presents a unique opportunity for transit-oriented development.

Given the continuous affordability crisis and the substantial increase in San José's fair share of housing to plan for in the 6th Cycle, staff accelerated work to amend the NSJADP and incentivize housing in North San José. On May 17, 2022, the San José City Council approved a series of amendments to the NSJADP that effectively retired the 2005 plan with respect to future development, no longer requiring a phased approach, and allowing new housing units to proceed. Staff is also developing strategies and incentives to enable housing development more readily in North San José in alignment with the timeframe of the 6th Cycle Housing Element.

The following policies have been incorporated into the draft Housing Element with respect to North San José:

Program P-3 - North San José Affordable Housing Overlay Zones

- Identify areas for housing to be integrated into North San José and propose changes to the General Plan, zoning code, and Rincon South Urban Village Plan to facilitate the production of all 24,000 planned housing units in North San José.
- Integrate affordability by creating North San José-specific Affordable Housing Overlay Zones that support only Industrial Park uses, 100% affordable housing, or market-rate housing that integrates affordable units into their developments.
- Identify locations and rezone sites in the North San José Affordable Housing Overlay Zones through the Sites Inventory rezoning process.
- Communicate to the development community about the new program.

Program P-4 -Affordable Housing tools for North San José

- Produce an analysis of new programs and tools to help ensure 20% of all North San José homes are restricted affordable for lower-income residents.
- Conduct a feasibility study to examine the affordability levels that would be feasible for developers to construct affordable homes onsite, both standalone and combined with a proposed North San José Density Bonus program.
- Create a North San José Affordable Housing Implementation Plan that identifies strategies and projects for affordable units created through these tools and City subsidies.

Program P-5: Affordable Housing Investments in North San José

- Direct City resources to help ensure 20% of all North San José homes are restricted affordable for lower-income residents.
- Prioritize City land acquisition in North San José for future 100% affordable housing and new construction opportunities, then conduct Requests for Proposals to award land control through ground leases to developers.
- Ensure that affordable development proposals in North San José are prioritized with the City's funds.

Staff is also developing a Mixed-Income Housing Overlay to provide a residential

development alternative that would apply to several contiguous properties within the Core Area and three sites that are currently designated Industrial Park further north. Staff proposes a minimum density of 75 dwelling units per acre be applied to these sites and that a 25% affordable requirement be applied as well, five percent higher than what is required in the Inclusionary Housing Ordinance. This policy work, General Plan amendments, and rezoning will be concluded before January 31, 2024.

Downtown and Diridon Station Area

The Envision San José 2040 General Plan reinforces the importance of San José’s Downtown as the physical and symbolic center of the City. Planned growth capacity and the General Plan policies are intended to further support the growth and maturation of the Downtown as a great place to live, work or visit. As shown on the Planned Growth Areas Diagram, the Downtown Growth Area includes most of the Diridon Station Area Plan area. Ambitious job and housing growth capacity is planned for the Downtown. This growth capacity is important to achieve multiple City goals, including support for regional transit systems and for the development of Downtown as a regional job center. It also helps to advance all elements of the General Plan Vision.

The City of San José first adopted the Diridon Station Area Plan (DSAP) in 2014 after years of community engagement. In 2019, the City initiated amendments to the 2014 Plan to reflect major changes that had occurred since its adoption. Major changes include expanding the 2014 Plan boundary, adding commercial and housing development capacity, increasing building height limits, and updating sections on land use, urban design, open space, and mobility. The DSAP reflects [Google’s Downtown West Mixed Use Plan](#), incorporates and refers to the [Diridon Affordable Housing Implementation Plan](#), integrates equity considerations, and provides a guide for private development and public investments.

The Diridon Station is a major transit hub. With the addition of BART and planned California High Speed Rail (HSR) service, the station area will emerge as one of the premier multimodal stations in California. The DSAP envisions the transformation of the station area — which is currently dominated by parking lots and old industrial buildings — into a dynamic mixed-use urban neighborhood anchored by the SAP Center and a world-class transportation hub.

Specific Plan Areas

Specific Plan areas have played a central role in the City’s ongoing commitment to providing new housing through transit-oriented development projects. The City’s adopted Specific Plans (10 in total) generally have a residential orientation, providing significant capacity for residential and mixed-use development at important infill sites throughout the City and often in proximity to the Downtown.

Urban Villages with adopted plans (“Planned UVs”)

The City of San José’s General Plan, Envision San José 2040, established the Urban Village concept to create a policy framework to direct much of San José’s new job and housing growth to occur within walkable and bike friendly Urban Villages that have good access to transit and other existing infrastructure and facilities. Preparation of an Urban Village Plan allows for community input on a future vision for a given Urban Village and the

development of a policy framework that facilitates jobs and housing growth while addressing community needs and concerns.

Urban Village areas were selected specifically as the best areas of the City for new growth to occur. Concentrating new development in these newly designated areas will help the City meet its environmental, fiscal, economic, and transportation goals, including but not limited to:

- Support and encourage increased transit use.
- Protect open spaces and hillsides.
- Reduce greenhouse gases.
- Promote economic development.
- Build more healthy communities.

The City has 15 adopted Urban Village plans. While all plans have similar land use designations (Urban Village, for example) the permitted density does vary given the existing neighborhood context. Notably, within Urban Villages is where the City is planning for the majority of the residential growth during the life of the General Plan and, outside of downtown, it is where some of the highest residential densities are allowed.

Urban Villages without adopted plans (“Unplanned UVs”)

There are approximately 40 Urban Village areas that do not have adopted plans, also known as “Unplanned Urban Villages.” Most sites in Unplanned Urban Villages have a non-residential land use designation. This means that while it is unplanned, a development project may proceed so long as it is consistent with the designation. In this case, commercial and other non-residential uses can proceed through the development process. Given that residential development is limited in these cases, in 2016 the City Council adopted General Plan Policy IP-5.12. The policy allowed for residential projects that were 100% affordable to proceed under an existing commercial designation so long as the project followed the criteria in the policy.

Several affordable housing developments have received entitlements pursuant to the policy. However, the commercial replacement requirement has been noted by developers as a constraint to housing. In 2021, as part of the General Plan Four-Year Review, the City Council adopted an amendment to the policy removing all criteria and the policy now reads as follows:

Residential projects that are 100 percent affordable deed restricted by a public entity for a period not less than 55 years to low-income residents (earning 80 percent or less of the Area Median Income) can proceed within an Urban Village without an approved Urban Village Plan. Such affordable housing projects are excepted from and shall not be approved in the Capital Caltrain Station Area Urban Village pursuant to this Policy IP-5.12

This amendment effectively ended the requirement for ground floor commercial uses which was considered a constraint to affordable housing developers.

There continues to be interest in use of policy IP-5.12 and several development applications have been approved and are currently under review. All sites identified in the

sites inventory within unplanned urban village areas are consistent with Policy IP-5.12 and therefore allow for residential uses. There is no need to rezone these sites as the zoning, permits affordable housing consistent with this policy.

Other sites

A number of opportunity sites outside of growth areas are included in the Sites Inventory, specifically those sites that are consistent with General Plan Policy H-2.9 (1.5-ac Rule) and those that can accommodate smaller unit projects, consistent with smart growth goals. General Plan Policy H-2.9 reads as follows:

To increase the supply of affordable housing, one hundred percent deed restricted affordable housing developments that are deed restricted by a public agency for a period not less than 55 years to low income residents (earning 80% or less of the Area Median Income) would be allowed on sites outside of the existing Growth Areas on properties with a Mixed Use Commercial or Neighborhood/Community Commercial land use designation if the development meets the following criteria:

1. *The site is 1.5 gross acre or less.*
2. *The site is vacant (no buildings or structures) or underutilized. "Underutilized" means the site is one of the following: a. Standalone surface parking lot; or b. Has a structure with a Floor Area Ratio (FAR) of 0.2 or less; or c. If FAR is greater than 0.2, the structure or structures shall be vacant (no tenants) for five (5) years or more.*
3. *The site shares a property line with a parcel that has a residential General Plan Land Use / Transportation Diagram designation.*
4. *The site shall be at least 1,000-feet from any property with a Heavy Industrial or Light Industrial General Plan land use designation, and at least 500-feet from any property with a Combined Industrial Commercial or Industrial Park general plan land use designation.*
5. *The site is located within a one-half (0.5) mile of an existing transit line with a minimum of 30-minute peak headway.*
6. *The development shall adaptively reuse any existing structures on the site that are on, or are eligible for, inclusion on the City of San José's Historic Resources Inventory.*
7. *If the site has existing occupied rental dwelling units that are proposed to be removed, the project shall provide relocation assistance to those tenants, consistent with State and federal relocation laws and the City's Ellis Act Ordinance, as may be amended from time to time.*

Publicly-Owned Sites

The opportunity sites inventory includes five (5) City-owned sites that are part of the City's Housing Department's 2021 Request for Proposals for development of affordable housing (RFP# CSJ HSG 12-17-21) and one (1) County-owned site. The following is a discussion on each site's potential for redevelopment.

There are no plans to sell the properties listed below during the planning period; the intention is to ground lease the sites to an affordable housing developer. The City will comply with the Surplus Land Act (SLA); the most recent compliance report on the SLA was submitted on April 1, 2023, to HCD with the 2022 Housing Element Annual Progress Report.

City-owned Sites

260/240 N Montgomery St, 255 N. Autumn St., San José, CA, 95110 (APNs: 259-29-012, 259-29-103, 259-29-020). This site is comprised of two adjacent parcels with a combined size of approximately 0.79 acres in size located in Council District 3. The site is zoned Downtown – Primary Commercial and the General Plan land use designation is Downtown which allows up to 800 dwelling units per acre, and a Floor Area Ratio up to 30, and a maximum height of 200 feet. The City expects a 170-unit lower income capacity. The neighboring area is comprised of business complexes, SAP Center, single family homes, a shopping plaza, Diridon Station, and public park. Several bus stops and the Diridon Station are within 1/2 mile of the site.

1488 N 1st St, San José, CA, 95112 (APN: 235-02-031). This site is comprised of a single parcel of approximately 1.44 acres or 62,726 square feet in size located in Council District 3. The site is zoned Urban Village and the General Plan land use designation is Urban Village (The Rincon South Specific Plan) which allows up to 250 dwelling units per acre, and a Floor Area Ratio of up to 10. The City expects a proposal that will consist of the operation of the existing property (hotel) as a rental Single Room Occupancy (SRO) serving formally homeless individuals and couples and to continue to provide for supportive services to households with 30% AMI or below, through September 8, 2026 and a plan to subsequently redevelop the site for affordable housing development with a mix of affordability levels below 60% AMI that will include a minimum of 76 apartments for formally homeless individuals and couples. Presuming unit sizes of 700-1,000 square feet, combined with an inspired alternate transportation plan, it is conceivable that up to 140-155 apartment units could be achieved within the 65' height limitation. The Project site is located within 1/3 of a mile of a VTA light rail station, and within 1/2 of a mile of a medical facility and a pharmacy. The neighboring area is comprised of retail, apartments, businesses, other motels, schools, and single-family homes. The site is 1/2 of a mile away from a major bus line and freeway entrances. Bike paths are present on First Street and on major cross-streets.

3707 Williams Rd, San José, CA, 95117 (APN: 299-32-074). This site is comprised of a single rectangular shaped corner parcel approximately 0.47 acres or 20,370 square feet in lot size located in Council District 1. The site is zoned Public/Quasi-Public and its General Plan land use designation is Public-Quasi Public which allows for development of 100% Permanent Supportive Housing with no restrictions on unit density or Floor Area Ratio. The City expects a proposal that provides affordable rental housing development on this site with a mix of affordability levels, up to 60% AMI. The City believes an apartment building with maximum allowable dwelling units per acre that will serve a mix of income levels below 60% AMI may be a good fit. Multi-bedroom units for families are encouraged. Innovative alternative forms of affordable housing construction including modular housing can be explored for this site. Currently, the site has an active community center that is partially leased to the Silicon Valley Korean American Federation, and a suite reserved for the San José Police Department for occasional use. It is expected that the Developer will engage a relocation consultant and work on a relocation plan for the current tenant(s) which will be subject to City review and approval. The neighboring area is comprised of single-family homes, several

schools, a public park, neighboring apartment complex, laundromat, and convenience store. The site is within one block of several bus stops.

1749 Mt Pleasant Rd, San José, CA, 95148 (APN: 647-24-042). This site is comprised of a single parcel approximately 0.482 acres or 21,000 square feet in size located in Council District 5. The site is zoned R-1-8 Single-Family Residential, and its General Plan land use designation is Residential Neighborhood which allows for typically 8 dwelling units per acre, a Floor Area Ratio up to 0.7. The City's objective for this site is to have a proposal that provides the most affordable for sale housing on the parcel. The City is also interested in homeownership models that protect the long-term affordability of the homes while providing a fair return to the owners. Typically, the City provides site control to the developer via long term ground leases if an affordable for-sale proposal is accepted, it is anticipated the fee interest in the land would be conveyed, subject to any options on the for-sale units. The building, formerly used as a fire station, is situated on the north portion of the site and has no tenants, while the south portion has a large, paved parking area. The primarily residential neighboring area is comprised of single-family homes, several schools, and a public park. One mile from the site are several bus stops.

2078 Evans Ln, San José, CA, 95125 (APNs: 456-09-016 & 456-09-017). This site is comprised of two adjacent, rectangular parcels with a combined size of approximately 5.93 acres or 258,310 square feet located in Council District 6. The site is zoned Planned Development RM(PD), and its General Plan land use designation is Urban Residential which allows maximum of 95 dwelling units per acre with a Floor Area Ratio up to 4 for Residential/Commercial mixed-use projects. The City expects a 463-unit lower income capacity. The site is currently being used to support 49 emergency prefabricated housing units for approximately 188 tenants. The City expects proposals for a mixed income housing development on this site to be developed in phases so as to minimize the disruption to the existing community. Due to funding restrictions, some portion of the development will need to be subdivided and developed for neighborhood public services. Priority will be given to development plans that provide replacement homes for the existing families that live in the emergency shelter, with a minimum of 49 units to be restricted to households at 30% AMI or below. This site may also include affordable for-sale proposals that serve moderate-income households as well as households with 70% AMI or below and/or rental proposals that serve households with 60% AMI or below, preferably a mixture of for-sale and rental for this site. The City has held several community meetings regarding this site and has obtained feedback that their priorities for this site would include a community garden, dog park, and a library. The site is bound on the west by Almaden Expressway and on the east by a mobile home park and Highway 87. Immediately north of the site is an apartment community. Immediately to the south is a wellness and recovery center. To the west across Almaden Boulevard lies a condominium development, church, and mobile home park. The Curtner VTA Light Rail station is less than 1/2 of a mile to the southeast and about a 10-minute walk from the site. The site is also 1/2 of a mile away from several bus stops. The neighboring area is comprised of single-family homes, mobile home park, businesses, and retail.

County-owned site

1390 S Winchester Blvd, San José, CA, 95128 (APN: 279-25-014). The site 0.42 acres is located in Council District 1. It is also within the Winchester Urban Village plan, which envisions commercial and mixed-use development to accommodate the city's growth. This site has a General Plan designation of Urban Residential which allows residential density between 45 and 95 dwelling units per acre, and a conforming Urban Residential zoning district. While this designation requires all new development with frontage along Winchester Boulevard to include active ground floor uses along Winchester Boulevard, one-hundred percent affordable projects are exempt from this requirement per a recently adopted General Plan Policy update, GPT22-003 (<https://sanjose.legistar.com/LegislationDetail.aspx?ID=5949624&GUID=16D15EB6-A362-441E-B5E8-C9C600A45327&Options=&Search=>). The site has a Commercial Pedestrian Zoning, which allows for mixed-use residential developments and those permitted pursuant to the General Plan policy change noted above. The site is currently occupied with an office building; the lease expiration is not yet known at this time. The site is suitable for housing and affordable housing as it is located directly in front of a transit stop and within a quarter of a mile from another transit stop and 1 mile from a light rail stop. There are two public elementary schools, grocery stores, personal service shops, and a large public park within walking distance from this site.

Evaluation of Site-Specific Characteristics

When identifying sites for the inventory, City staff filtered for parcels that had characteristics more conducive to development during the planning period. While the exact methods varied depending on location, they generally included filtering out properties which:

- have existing multifamily uses—existing residential uses on potential redevelopment sites can be considered an impediment, especially those sites that require compliance with the City's Ellis Act Ordinance and relocation provisions;
- Are identified as a *Major Development Project*—this is a list maintained by the City's Office of Economic Development that monitors construction and entitlements of significant commercial, industrial and residential projects;
- have Planning permits issued within the last 4 years—indicates that redevelopment will occur soon;
- have new construction Building permits issued in the last 8 years—this includes any building permit, such as additions to an existing structure, which signals an investment of the current use and that the likelihood of redevelopment is low;
- Are on the City's Historic Resources Inventory; and
- are smaller than 0.5 acres—this is consistent with HCD's Site Inventory Guidebook. Exceptions to this are sites in Downtown and the Diridon Station Area Plan (which only remove sites if they were smaller than the smallest site developed during the last planning period and added a new filter for historic buildings).

Sites smaller than 0.5-acres and lower-income housing

Only eight properties identified in the draft inventory to accommodate housing for low-income housing,

are below one-half acre in size. All of those sites are adjacent to other properties in the inventory and described further below.

240 & 260 N. Montgomery St – These two sites, which are discussed in the City Owned Sites section above, are adjacent and owned by the City. Combined they are 0.49 acres.

3707 Williams Rd – This is City owned property located in a high resource area with at total size of 0.45 acres. It is also discussed in the City Owned Sites section above.

1999 Camden Ave & adjacent parcel (APN 414-24-037) – The combined site totals 0.32 acres and is owned by the same entity. The City has fielded inquires to develop lower income housing at this location. Given its corner location and previous interest, the City believes this combined property should be included in the sites inventory.

1564 McKee Rd – This is a 0.14 site located adjacent to 1570 McKee Rd that is 0.60 acres. The sites are currently owned by the same entity and used as a place of worship.

APN 484-44-063 – Site is currently a 0.24-acre parking lot adjacent to 325 S. Capitol Ave. that is 1.89 acres and owned by the Valley Transportation Authority.

2112 Canoas Garden Ave – This is a 0.07-acre site adjacent to a 0.50-acre site. The site is own by the same entity and the City has received a preliminary application for an affordable housing development.

Sites larger than ten acres and lower-income housing

There are six sites in the draft inventory that are greater than ten acres. Of these six sites, none are designated exclusively for lower-income housing. Four of these sites are included in the mixed-income category and are in North San José. One of these four is owned by the Valley Transportation Authority, which requires the inclusion of lower income housing in the sites redevelopment based on an adopted policy by the Valley Transportation Authority.⁴ The other three are privately owned.

Per *Program P-3* discussed above, an overlay is proposed on all four of the North San José sites, which will require 25% of the units developed on each site be affordable to low-income households. The affordable units could be integrated within the same buildings as the market rate housing or could be developed in a separate building on a smaller portion of the site. Given that three of the four sites proposed with a mixed-income overlay are between 15 and 22.8 acres, it is anticipated that a standalone affordable project would be on a site less than 10 acres. The fourth mixed-income property is 40.5 acres and could potentially result in an affordable housing project on a site slightly greater than 10 acres. However, once the site is fully planned and acreage for public rights of way and open space is netted out, the remaining developable land would likely be approximately 30 acres or less, resulting in an affordable housing project site that would likely be less than 10 acres. Additionally, Program P-4, outlined in the previous section, is intended to provide additional tools to facilitate affordable housing in these and other sites planned for housing in North San José.

⁴ Valley Transportation Authority policy (see Appendix C): <https://www.vta.org/sites/default/files/2023-09/TOC-Policy-2023.pdf>

The other two sites that over 10 acres are included in the inventory in the above moderate income category.

Capacity Estimate Methodology for Opportunity Sites

Per state law, the capacity or number of units projected for opportunity sites must be adjusted based on the following factors: land use controls and site improvements requirements, the realistic development capacity for the site, typical densities of existing or approved residential developments at a similar affordability level in that jurisdiction, and on the current or planned availability and accessibility of sufficient water, sewer, and dry utilities.

To calculate the capacity of the selected opportunity sites, the City leveraged the BuildingBlocks platform from Tolemi and looked to recent development in the previous cycle. BuildingBlocks is web-based tool that integrates data from various City systems on parcel zoning, General Plan, and Urban Village or Growth area designations; allowable density and floor area ratios; historic permit data; property sales; and other parcel-level factors into a map-based analytical and data modeling tool. The San José specific version of the BuildingBlocks platform is also branded as the SJ Housing Site Explorer. The City and Tolemi compiled a list of properties where residential units were completed, or started construction, between January 2014 and December 2022 (Appendix K).⁵ Tolemi then compiled data from City, County, and state sources and performed additional research to catalog over 50 attributes for each property to create a pool of comparable developments. These attributes included year built, site size, location, land use before and after redevelopment, allowable capacity, units added, level of affordability, number of businesses and employees, permit history, sales/transfers, and ownership for each comparable development (collectively, “Comparables”). BuildingBlocks, also known as SJ Housing Site Explorer, with all San José site inventory data including the Comparables for each site with associated match score can be found here: <http://san-jose-housing-ca.tolemi.com/>.

In June 2023, the City approved a draft housing element that used a capacity estimate methodology which calculated a realistic capacity based on the 19 factors detailed below, including allowable density, available capacity, assessed value, last sale price, and owner type. These factors enabled the City to calculate capacities in accordance with state law. However, in response to feedback from the community and HCD, the City has refined its methodology. Matching nonvacant sites to nonvacant Comparables and Low-Income sites to Comparables developed with affordable housing, for example, provided slightly more equivalent comparable developments.

First, for each site there were specific qualifying criteria used to limit which Comparables could be used to calculate capacity:

- Only Comparables that were nonvacant prior to redevelopment in the last cycle were matched to nonvacant sites.
- Only Comparables that were vacant prior to development were matched to vacant sites.
- Only Comparables that were redeveloped with affordable housing were matched to Low Income sites.

⁵ Six sites were removed from the initial pool of Comparables. Two sites, including 605 2nd St. were removed, because they had not started construction. Four others were removed for being poor potential matches that generally were located on odd or unique sites.

- Only Comparables that were redeveloped with market rate housing were matched to Mixed Income, Moderate Income, and Above Moderate Income sites.
- Comparables must have an allowed DU/AC greater than or equal to the minimum allowable DU/AC of the sites to which they are matched with.

Once these qualifying criteria were applied to the Comparables, then a match score was calculated to select the top five most similar Comparable for every site in the inventory. The match score factors and weighting were as follows:

Factor	Description	Score (range)
Growth Area or UV match	Both the Comparable and the Site are in the same Growth Area or Urban Village	10 points
Allowed Density in General Plan	Identical or near-identical allowed densities will result in a score of 10 points. The more divergent the allowed density of the Comparable and the Site, the lower the factor score	0 – 10 points
Growth Area or UV (yes/no)	Both the Comparable and the Site are in any Growth Area or Urban Village	6 points
General Plan land use designation match	Both the Comparable and the Site have the same General Plan designation	6 points
Lot Size	Identical or near-identical lot sizes will result in a score of 4 points. The more divergent the lot size of the Comparable and the site, the lower the factor score	0 – 4 points
Current Use Category match	Both the Comparable, prior to redevelopment, and the site have the same Santa Clara County Assessor's Land Use code category (e.g. "Residential")	4 points
Current Use Detail match	Both the Comparable, prior to redevelopment, and the site have the same Santa Clara County Assessor's Land Use code detail (e.g. "Two Family")	4 points
Available Unit Capacity	Identical or near-identical available unit capacity ⁶ will result in a score of 2 points. The more divergent the available unit capacity of the Comparable and the Site, the lower the factor score	0 – 2 points
Business Count	Identical or near-identical count of active businesses ⁷ as compared between the Comparable site prior to redevelopment and existing business count on the inventory site, will result in a score 2 points. The more divergent the business count of the Comparable and the Site, the lower the factor score	0 – 2 points
Assessed Land Value per sq. ft,	Identical or near-identical assessed land value per sq. ft. will result in a score of 2 points. The more divergent the assessed land value per sq. ft. of the Comparable and the Site, the lower the factor score	0 – 2 points

⁶ Available unit capacity is calculated by subtracting the count of residential units (at the time of redevelopment for Comparables and the current for sites in inventory) from the maximum allowable unit capacity.

⁷ Active business count is calculated using local business tax data.

Assessed Total Value per sq. ft.	Identical or near-identical assessed total value per sq. ft. will result in a score 2 points. The more divergent the assessed total value per sq. ft. of the Comparable and the site, the lower the factor score	0 – 2 points
Residential Unit Count	Identical or near-identical residential unit count, as compared between the Comparable site prior to redevelopment and existing unit count on the inventory site, will result in a score 2 points. The more divergent the residential unit count of the Comparable and the Site, the lower the factor score.	0 – 2 points
Residential Units per sq.ft.	Identical or near-identical residential unit count per sq. ft., as compared between the Comparable site prior to redevelopment and existing sq. ft., on the inventory site, will result in a score of 2 points. The more divergent the residential unit count per sq. ft. of the Comparable and the Site, the lower the factor score	0 – 2 points
Owner Type	Both the Comparable, prior to redevelopment, and the site have the same owner type (e.g. business entity or individual) ⁸	1 point
Owner Location	Both the Comparable, prior to redevelopment, and the site have the same owner location classification (e.g. in city, in state, out of state) ⁹	1 point
Owner Property Count	Both the Comparable, prior to redevelopment, and the site have the same owner property count classification (1 property, 2-5 properties, 6-10 properties, 11+ properties)	1 point
Sale Price per sq. ft.	Both the Comparable and the site have a last sale price per sq. ft. within 50% of one another	1 point
Last Sale Year	Both the Comparable and the Site have a similar last sale year	1 point

Realistic Capacity

The sites selected to be part of the inventory were chosen from those sites that already factored in land use controls, i.e., the General Plan allows housing on these sites, as well as the current or planned availability and accessibility of sufficient water, sewer, and dry utilities detailed further in previous sections of this chapter. Once those sites were screened through the site selection process, they were analyzed against the list of Comparables to calculate their realistic capacity. Using the above factors and weighting among the qualified Comparable pool for each site, Tolemi formulated a match score for each Comparable and inventory site. Then the average density of the top five matched Comparables was used to calculate an estimated density for each site. Further, the capacity estimate methodology accounts for site improvement requirements since the estimated capacities are based on the densities of completed developments that will have included site improvements, such as sidewalks or easements, within their project.

The City received additional feedback regarding its overall capacity estimates. In particular, constraints on smaller sites were identified as a potential reason why capacities estimated for smaller sites might be overstated. These potential site constraints could include: setback requirements, easements, limited site

⁹ Owner Type and Owner Location are based on the 5th cycle comparable site before it redeveloped – compared to the current information of site in the inventory.

street frontage or site access. While the capacity analysis and the associated methodology of matching sites to past development should account for these variables, as noted above, the City elected to make additional adjustments to the final capacity of certain sites to respond to this feedback. The final calculated capacity of sites 0.5-acres to 1.0-acre were reduced by 10% and sites 1.0-acre to 1.5-acres were reduced by 5%. It is assumed that the constraints listed will mostly constrain the smallest sites and will have less of impact as site size increases. Similarly, the City also made adjustments to the largest sites in the inventory based on feedback received. Sites over ten acres were reduced by 10% to better account for their scale and for potential roads or open space within the site. However, the largest site in the inventory, which is just above 40 acres, was not reduced by 10% as this would reduce the capacity below the minimum allowed net density of 75 DU/AC. The City did not apply the discount to consolidated properties if the consolidation resulted in a size above 1.5 acres.

Additionally, the City received feedback that some sites were shown to exceed 100% of the allowed capacity based on the sites General Plan land use designation. To address this feedback, supplemental adjustments to the capacity calculations were made, as described above. As a result of these adjustments, no site in the inventory now has a capacity calculation that exceeds 100% of its allowed capacity. There are 16 sites that are estimated at 100% of allowed capacity. This represents approximately 3.6% of sites within the overall inventory. The City believes that it is reasonable that some sites will develop at 100% of allowed capacity as suggested by the capacity calculations used in the methodology, and these sites represent only a small number of the overall sites inventory. It should be noted that sites that are designated as Neighborhood/Community Commercial in the sites inventory, or sites eligible to develop under General Plan policy H-2.9, do not have established maximum capacities.

Selected Sites Demonstrating Capacity Analysis

550 W San Carlos St (264-20-129) is a 0.64-acre site in Downtown and included in the Above Moderate Income category. Its General Plan designation is Downtown that allows a maximum of 800 DU/AC. However, a more conservative maximum of density of 350 DU/AC was assumed for sites in the inventory with the Downtown designation to ensure realistic capacities. With the assumed maximum capacity of 350 DU/AC the total assumed maximum capacity is 225 units. Its current use is automotive services and retail. The capacity estimate for this site is 94 units and represents a density of 146 DU/AC, or 42% of the assumed maximum capacity.

The top five Comparables identified through the match score methodology are an average of 1.23 acres and all have a General Plan designation of Downtown. None are affordable developments. None of the Comparables were vacant prior to redevelopment in the last Housing Cycle, and the previous uses included a restaurant, a car wash, and other commercial uses. The units per acre resulting from the redevelopment of these parcels have a range of densities from 110 DU/AC to 228 DU/AC, averaging to 163 DU/AC. An additional 10% discount was applied to 550 W San Carlos St is below an acre in size, resulting in the 146 DU/AC density that was used to calculate the above estimate.

465 Blossom Hill Rd (PID 464-14-007) is a 0.99-acre site in an unplanned Urban Village included in the Lower Income category. Its General Plan designation is Neighborhood/Community Commercial with an assumed maximum capacity of 90 dwelling DU/AC – there is no maximum capacity for sites designated Neighborhood/Community Commercial. The assumed maximum capacity would put its total maximum capacity at 89 units. Its current use according to the Santa Clara Assessor is a retail paint store. The capacity estimate for this site is 70 units and represents a density of 70 DU/AC, or 89% of the assumed maximum capacity.

The top five Comparables identified through the match score methodology are an average of 1.4 acres and all have a General Plan designations of Neighborhood/Community Commercial, Combined Industrial/Commercial, and Urban Residential. All are affordable developments. None of the Comparables were vacant prior to redevelopment in the last Cycle, and the previous uses included retail, light industrial, and office. The units per acre resulting from the redevelopment of these parcels have a range of densities from 33 DU/AC to 122 DU/AC, averaging to 71 DU/AC, which was used to calculate the capacity estimate for 465 Blossom Hill Rd. This site is consolidated with an adjacent site that results in a total size above 1.5-acres and therefore no discount was applied to the site.

211 W St John St (259-31-067) is a 0.56-acre site in the Downtown inventory in the Lower Income category. Its General Plan designation is Downtown that allows a maximum of 800 DU/AC. However, a more conservative maximum of density of 350 DU/AC was assumed for sites in the inventory with the Downtown designation to ensure realistic capacities. Its current use is a parking lot. The estimate for this site is 63 units and represents a density of 112 DU/AC, or 32% of the assumed maximum capacity.

The top five Comparables identified through the match score methodology are an average of 1.1 acres and all have a General Plan designation of Downtown. All are affordable developments. None of the Comparables were vacant prior to redevelopment in the last Housing Cycle, and the previous uses included retail, light industrial, church, and single family. The units per acre resulting from the redevelopment of these parcels have a range of densities from 40 DU/AC to 183 DU/AC, averaging to 124 DU/AC. An additional 10% discount was applied to 211 W St John St is below an acre in size, resulting in the 112 DU/AC density that was used to calculate the capacity estimate.

782 Park Ave (261-39-027) is a 0.79-acre site in a specific plan area within the Moderate Income category. Its General Plan designation is Transit Residential with 250 DU/AC allowed, putting its allowable capacity at 198 units. Its current use according to the Santa Clara Assessor is industrial with automotive repair. The estimate for this site is 106 units and represents a density of 134 DU/AC, or 54% of the allowable capacity.

The top five Comparables identified through the match score methodology are an average of 2.2 acres and all have a General Plan designation of Transit Residential. None are affordable developments. None of the Comparables were vacant prior to redevelopment in the last Housing Cycle, and the previous uses included industrial non-manufacturing and commercial. The units per acre resulting from the redevelopment of these parcels have a range of densities from 67 DU/AC to 204 DU/AC, averaging to 134 DU/AC, which was used to calculate the above estimate for 782 Park Ave. The 10% discount was not applied because the parcel is part of a larger assemblage of sites that exceeds 1 acre.

1710 Berryessa Rd (254-14-108) is a 2.19-acre site in a planned Urban Village that is included in the Moderate Income category. Its General Plan designation is Urban Village within the Berryessa Bart Urban Village. While site maximum density varies in the urban village, the lowest maximum density of 95 DU/AC was used for all sites within the Berryessa Urban Village. The total allowable capacity based on this maximum density is 208 residential units. Its current use is retail and it is a low-density strip mall with surface parking. The capacity estimate for this site is 139 units which represents a density of 63 DU/AC, which is 67% of the allowable maximum capacity.

The top five Comparables identified through the match score methodology are an average of 2.9 acres and all have a General Plan designation of Urban Village. None are affordable developments. None of the

Comparables were vacant prior to redevelopment in the last Cycle, and the previous uses were light industrial, office, industrial, and surface parking. The units per acre resulting from the redevelopment of these parcels have a range of densities from 36 DU/AC to 86 DU/AC, averaging to 63 DU/AC, which was used to calculate the capacity estimate of 139 units for 1710 Berryessa Rd.

5.3.4 Suitability and Availability of Infrastructure

As a primarily urban and developed community, water, sewers, and other utilities are available throughout the city. The Envision San José 2040 General Plan (General Plan) represents the official policy regarding where new development may occur, and it assesses the amount, type, and phasing of development needed to achieve the City's social, economic, and environmental goals. A Major Strategy of the Envision General Plan is to focus new growth capacity in specifically identified "Growth Areas." This approach reflects the built-out nature of San José, the limited availability of additional "infill" sites for development and the emphasis in the General Plan's vision to reduce environmental impacts while fostering transit use and walkability. The specific amounts of residential growth capacity (in dwelling units) for each of the Growth Areas are indicated in Appendix 5 – Growth Areas Planned Capacity of the General Plan.

The suitability and availability of infrastructure was analyzed in the Environmental Impact Report (General Plan EIR) that was prepared for the General Plan.¹⁰ The EIR determined that the planned development under the General Plan would have adequate utilities to serve the anticipated population and construction of new infrastructure would not be required. The General Plan EIR was certified by the City Council on November 1, 2011.

To facilitate planned development on the City's Sites Inventory and meet the City's Regional Housing Needs Allocation (RHNA) for the Housing Element, the City studied Growth Areas and determined that while most Growth Areas had sufficient residential capacity to facilitate development some Growth Areas lacked residential growth capacity. Therefore, to maximize the development capacity under the General Plan, this Housing Element reallocated 3,000 residential units from the North San José and Rincon South Urban Village growth areas to other Growth Areas that can accommodate additional units. The total planned housing units for the City at build out of the 2040 General Plan would remain unchanged as additional growth beyond what was analyzed under the 2040 General Plan would not occur. The City prepared a supplemental EIR (SEIR) to analyze the reallocation of residential units under the Housing Element to different Growth Areas¹¹. This SEIR determined that the reallocated residential units would have adequate water and utilities to serve the new population and construction of new infrastructure would not be required. The SEIR was certified by the City Council on June 20, 2023.

The information below is based on the analysis in the SEIR prepared for the Housing Element. The sites in the inventory have adequate capacity and access to water, sewer, and dry utilities.

Water Service

¹⁰ <https://www.sanjoseca.gov/your-government/departments-offices/planning-building-code-enforcement/planning-division/environmental-planning/environmental-review/completed-eirs/envision-san-jos-2040-general-plan>

¹¹ <https://www.sanjoseca.gov/your-government/departments-offices/planning-building-code-enforcement/planning-division/environmental-planning/environmental-review/active-eirs/2023-2031-housing-element-update-er21-032>

Three water retailers serve the City of San José: (1) San José Water Company (SJWC), (2) San José Municipal Water System (Muni Water), and (3) Great Oaks Water Company (Great Oaks). SJWC is the largest water retailer in the City and serves most of the City of San José with the exception of the areas served by Muni Water and Great Oaks as described below. Muni Water provides water to North San José/Alviso, Evergreen, and parts of Edenvale and Coyote Valley. Great Oaks serves areas of southern San José, including Blossom Valley, Santa Teresa, and parts of Edenvale, Coyote Valley, and Almaden Valley. Although not a retailer, the Santa Clara Valley Water District (Valley Water) manages water resources and wholesales treated water to the 13 water retailers in Santa Clara County.

The City's three water retailers rely on four sources of water supply: 1) imported water from the San Francisco Public Utilities Commission and imported water treated by Valley Water, 2) local surface water treated by Valley Water, 3) groundwater, and 4) recycled water. These four sources are anticipated to remain the primary sources of water in the City through 2040.

The SJWC prepared a Water Supply Assessment for the Housing Element dated April 2023¹². SJWC has developed demand projections from 2025 to 2045 based on population and per capita usage projections. Daily per capita water usage for SJWC service area in 2020 was 108 gallons per capita per day (gpcd). Because new developments require high water efficiency fixtures, a lower daily per capita water use of 75 gpcd was applied to new population growth after 2020. For the existing 2020 population, it was assumed that the 108 gpcd from 2020 to 2025 would increase slightly by 1 percent per year, based on the rebounds in demand that have been observed following the past drought. Following the start of compliance with State conservation mandates (SB606 and Assembly Bill 1668) in 2025, per capita water use is expected to decrease. It is assumed that the per capita water use for the existing population would experience a decline of 0.8 percent per year from 2025 to 2045.

Reallocation of residential units under the Housing Element would add approximately 3,000 residential units to the SJWC service area. Total water usage for the Housing Element is estimated at 723,193 gallons per day (gpd) which is equivalent to an annual usage of about 810 AF of water. The opportunity sites within the SJWC service area which would receive the additional residential units have an existing water usage of 98 AF per year. Therefore, the annual net demand increase in water usage associated with this project is 712 AF and represents a 0.59 percent increase over the system wide 2020 water production of 121,504 AF. The projected water demand for the Housing Element is within normal growth projections for water demand in the SJWC's system. SJWC's system has adequate capacity for these sites.

According to the City of San José 2020 UWMP, Muni Water provided 17,546 acre feet (AF) of potable water and 4,097 AF of recycled water to 26,094 metered connections. The Muni Water UWMP states that it is able to meet water demands within its service area in normal years through 2045, however, during a single dry year or multiple dry years, Muni Water would experience a supply shortage and would need to implement conservation measures identified in its Water Shortage Contingency Plan. Under the Housing Element, 3,000 residential units that were proposed under the planned growth of the General Plan to be in the Muni Water service area will be moved to other Growth Areas served by SJWC and Great Oaks. Thus, there will be a decrease in the number of residential units to be served by Muni Water and water resources will remain unchanged for existing customers. There will be no constraint from water service for the Muni Water service area.

According to the Great Oaks Water Company 2020 Urban Water Management Plan (UWMP), Great Oaks provided 3,396 million gallons of water to 21,372 municipal connections. Great Oaks provides an assessment

¹² <https://www.sanjoseca.gov/home/showpublisheddocument/97690/638197392210900000>.

in its UWMP of water supplies under various scenarios including an average water year, a single dry year, and multiple dry years. This assessment concludes that Great Oaks will be able to meet demand for water under each scenario presented.

As part of the reallocation of Growth Areas residential capacity noted above, an additional 42 residential units were reallocated within the Great Oaks service area. Great Oaks confirmed via electronic mail on March 9, 2023, that they have the capacity to provide water service to the additional 42 residential units. The correspondence with Great Oaks is included in the SEIR and available at the link above. The availability and access to water resources for Great Oaks customers will remain unchanged as a result of the City's planned housing growth; the system has adequate capacity for these sites and therefore there will be no constraint from water service for the Great Oaks service area.

Sanitary Sewer and Wastewater Treatment

The San José-Santa Clara Regional Wastewater Facility (RWF) is a regional wastewater treatment facility serving eight tributary sewage collection agencies and is administered and operated by the City's Department of Environmental Services. The RWF provides primary, secondary, and tertiary treatment of wastewater and has the capacity to treat 167 million gallons of wastewater per day (mgd). The plant currently treats an average of 110 mgd, leaving approximately 57 mgd of daily capacity.

The City's sanitary sewer system serves a population of approximately one million people in a 178 square mile service area. The City owns and operates about 2,044 miles of wastewater collection system pipeline. The collected wastewater is conveyed to the RWF by major interceptor pipelines located in the northern part of San José. In addition to the City's collection system, wastewater is conveyed to the RWF from several sewage collection systems operated by and serving the Cities of Santa Clara and Milpitas, County Sanitation District 2-3, West Valley Sanitation District, Cupertino Sanitation District, and Burbank Sanitary District. Each of these agencies is obligated by agreement to operate, maintain, and improve its collection system to ensure no adverse impacts to the RWF.

The City sanitary sewer facilities are managed according to the City's Sewer System Management Plan (SSMP), which was prepared in compliance with the State Water Resources Control Board Order 2006-0003-DWQ: Statewide General Waste Discharge Requirements for Sanitary Sewer Systems, dated May 2, 2006 (SSO GWDR), and amended by Order No. 2013-0058-EXEC, dated July 30, 2013.¹³ The City's National Pollution Discharge Elimination System Permit incorporates the requirements of the SSO GWDR in the operation of the City's sewage collection system.

The Housing Element would not result in an increase in development capacity from that planned for under the General Plan and analyzed in the General Plan EIR. The reallocated units under the Housing Element would be into areas that are served by existing infrastructure for wastewater and sanitary sewer, and as stated above, the RWF has approximately 57 mgd of available daily capacity to serve new populations. The system has adequate capacity for these sites.

Dry Utilities

Pacific Gas & Electric Company (PG&E) transmits and delivers electricity and natural gas to residents and businesses in the City. In 2017, the San José City Council created San José Clean Energy (SJCE), which is a

¹³ City of San José, Sewer System Management Plan, December 2022.
City of San José Draft Housing Element, rev. Nov. 2023

community choice aggregation program that provides energy that is cleaner and slightly cheaper. SJCE, however, is not an electric utility. PG&E still provides distribution services, maintaining local transmission and distribution lines and transformers, as well as customer billing. Residential and business customers in the City have the option to opt out of SJCE and continue to receive electricity from PG&E.

The City's electric power infrastructure includes one petroleum power plant, 17 natural gas power plants, two biomass plants, and three solar farms. Additionally, the City is served by a number of electricity substations.

PG&E has a renewable energy procurement portfolio of 48% for non-residential land uses. SJCE provides renewable energy for residential uses; it provides electricity using an approximately 60% renewable energy mix with an upgrade option to 100% renewable energy called TotalGreen for a nominal fee. Development facilitated by the Housing Element would comply with the 2022 California Building Energy Efficiency Standards for Residential Buildings and CALGreen (CCR Title 24, Parts 6 and 11) or applicable later versions. The standards require the provision of electric vehicle charging equipment, recycling services, solar-ready development, and other energy efficiency measures that would reduce the potential for the inefficient use of energy.

The electricity consumption of development under the Housing Element is assumed to be similar to residential land uses in Santa Clara County. The energy consumption of the approximately 3,000 reallocated residential units is estimated to consume 18,544 MWh of electricity annually.¹⁴ This total accounts for the fact that natural gas is no longer permitted in new residential developments pursuant to Section 17.845.030 of the San José Municipal Code. This estimate of electricity usage includes, but is not limited to, electricity to power indoor appliances, lighting, water conveyance, and air conditioning.

In addition, development under the Housing Element would encourage the development of modern residential buildings, which would consume less energy in the forms of electricity (e.g., major appliances that conform to Energy Star Program standards) than existing, older buildings in the area. Based on the above and because there would be no net increase in development capacity under the Housing Element from that planned for in the General Plan, there would be adequate dry utilities to serve the existing and new population under the Housing Element.

5.3.5 Environmental Constraints

Some areas of San José are potentially subject to impacts from floods and seismic activity. There are also some areas in the City that could contain cultural artifacts, particularly areas near creeks. There are also several sites that could provide habitat for various protected species of flora or fauna. There are other sites that could contain hazards including but not limited to naturally occurring asbestos or soil contamination from previous agricultural practices onsite. These areas are analyzed in the Envision San José 2040 General Plan EIR. The existence of these environmental features would not preclude development of the sites identified in the list of Opportunity Sites (also referred to as the Sites Inventory) at the projected residential densities and capacities stated in the Housing Element Update, which are conservatively calculated at the lower to mid-range of that density allowed under the General Plan land use designations for each parcel listed.

Generally, the Envision San José 2040 General Plan EIR determined potential environmental constraints

¹⁴ Rincon Consultants, "City of San José 2023-2031 Housing Element Update Energy Study", February 2023.
City of San José Draft Housing Element, rev. Nov. 2023

related to flooding, seismic hazards, cultural resources, and protected species of flora and fauna. These constraints as they pertain to the 2023-2031 Housing Element Update are discussed below.

Flooding

The shift of residential units from north San José to the Opportunity Sites would result in development and redevelopment in areas with potential to be impacted by 100-year and 500-year flood events because of the numerous creeks and rivers that run through the City. Implementation of the policies and actions in the Envision San José 2040 General Plan would ensure that any flood related impacts are less than significant, and no mitigation measures are required.

Seismic

Alquist-Priolo Earthquake Fault Zone maps show that portions of the Urban Growth Boundary are within the Hayward Fault Zone. The shift of residential units from north San José to the Opportunity Sites would result in development and redevelopment that is subject to seismic hazards such as ground shaking and liquefaction. However, since North San José has soils that are most prone to lateral spreading, moving those units to the urban villages would result in less significant seismic impacts. Liquefaction could occur in sites that are adjacent to the Guadalupe River and Coyote Creek. Implementation of the policies and actions in the Envision San José 2040 General Plan would ensure that any seismic impacts are less than significant, and no mitigation measures are required.

Cultural Resources

The presence of significant subsurface prehistoric and historic archaeological resources and Native American resources within the City has been demonstrated by finds encountered during the development of housing, commercial, industrial, transportation and flood control projects over the past 80 years. Project related excavations have exposed many significant buried archaeological resources including major Native American villages along major water courses. Although most of the Opportunity Sites in the urban villages are in already developed areas, the potential exists for prehistoric and historic archaeological and Native American resources to occur. Implementation of the policies and actions in the Envision San José 2040 General Plan would ensure that any impacts to cultural resources are less than significant, and no mitigation measures are required.

Protected species of flora or fauna

The shift of residential units from North San José to the Opportunity Sites would not result in direct impacts to natural communities and habitats, impacts to native fish and wildlife movement, or impacts to special status plants and animals because the Opportunity Sites are in developed areas within the Urban Growth Boundary. New development and redevelopment on sites that are adjacent to riparian corridors may have potential to impact protected species. Implementation of the policies and actions in the Envision San José 2040 General Plan would ensure that any impacts to protected species of flora and fauna are less than significant, and no mitigation measures are required.

Numerous residential developments over several decades successfully addressed these types of environmental features, which are not unusual environmental features within the region in which the City of San José is situated.

Resources to Alleviate Constraints

The environmental hazards and limitations discussed above are largely beyond governmental control, but nonetheless do not unduly constrain residential development needed to achieve San José's Regional Housing Need Allocation (RHNA). The City's Urban Growth Area totals approximately 140 square miles, defining the area where services and facilities provided by the City of San José and other public agencies are generally

available and where urban development requiring such services should be located, in large part to avoid unnecessary conflict with hazards situated outside the Urban Growth Area. An exception is Downtown, portions of which fall within the southernmost extent of the Mineta Airport AIA, yet adherence to FAA regulations has clearly not been a constraint to construction of Downtown high-rise residential projects.

5.3.6 AB 725 Compliance

For jurisdictions like San José that are considered Metropolitan, the Housing Element must identify at least 25 percent of the remaining moderate and above moderate RHNA on sites that should allow at least four units of housing (e.g., four plex or greater) (Gov. Code section 65583.2, subd. (c)(4)). The following table demonstrates San José’s compliance with AB 725.

Compliance with AB 725		
UNIT CATEGORY	MODERATE	ABOVE MODERATE
RHNA Target	10,711	27,714
Units on Moderate sites that allow between 4 and 100 units	5,589	-
Units on Above Moderate sites that allow at least 4 units	-	19,444
Percent of RHNA Target	52%	70%

5.4 Nonvacant Sites

In the 1990s, the City strengthened its commitment to environmental leadership and growth management by incorporating its Urban Growth Boundary into the General Plan. Adoption of the Urban Growth Boundary identified the limits of the City’s potential expansion and today permanently limits urbanization in San José to those areas already developed and/or already planned for urban development. Maintaining the Urban Growth Boundary helps preserve the beauty and natural resources of the rural and hillside areas, the fiscal health of the City, and directs private and public investment within identified growth areas, and precludes development in areas subject to natural hazards.

The City of San José is largely built out to its Urban Growth Boundary. Analysis conducted by the Department of Public Works in December 2022, using available data such as identified current use, demolition requests, and manually reviewing satellite imagery, determined that out of 250,849 parcels, there are approximately 681 vacant parcels in the City. This is less than 0.27% of all parcels in the City. Out of these 681 parcels, 373 of these parcels are less than 0.5-acres, 178 were included in the previous

Housing Element cycle, and 37 parcels are included in the draft sites inventory. Additionally, 19 parcels have active entitlements for either residential or other uses. Based on this analysis it is reasonable to assume that nearly all new residential development in the City over the next cycle will occur on nonvacant land. Additionally, as discussed further below, the City has adopted several regulatory incentives to help encourage redevelopment of nonvacant infill properties, and Program P-7 will provide a ministerial approval process for infill residential development that includes nonvacant sites.

Development Trends

Appendix K contains all the Comparables used in the capacity analysis and represents Housing Element 5th Cycle development projects that are complete or currently under construction. *Appendix K* also includes project information, such as the site's previous use at time of entitlement, which is helpful to determine development trends. Sixty four percent of the residential projects in the Housing Element 5th Cycle occurred on previously nonvacant land with existing uses. These existing uses included retail business and commercial shopping centers, churches/religious institutions, office buildings, restaurants, auto uses, surface parking lots and residential uses (multi-family and single-family homes). The residential development projects shown in *Appendix K* demonstrate that these type of uses did not impede residential development on a site.

The nonvacant sites identified in the 6th Cycle Housing Element sites inventory (*Appendix F*) are also occupied by many of the uses listed above. In San José, the value of the land as residential and the opportunity for new housing often exceeds the value of current uses, especially for sites with nonresidential uses. Additionally, redevelopment on nonvacant commercial sites is allowed at intensities or Floor Area Ratios that exceed the built intensity of existing development, providing an additional incentive to redevelop to housing. Given that most residential projects in the 5th Housing Element Cycle occurred through the redevelopment of uses similar to those that exist on sites within the 6th Cycle inventory, it is anticipated that these existing uses will not impede the redevelopment of sites in the inventory into new housing development over the next eight years.

There is one existing use, however, that is anticipated to be an impediment to new housing development. Redevelopment of sites with existing multifamily uses was found not to be as common in the Housing Element 5th Cycle as in the past cycle, as shown in the data in *Appendix K*. Only four sites that redeveloped in this previous cycle had more than three units. Additionally, sites with existing multifamily housing require compliance with newer policies such as the City's Ellis Act Ordinance ([SJMC Chapter 17.23](#)) and other relocation provisions, which were often found to be a disincentive to redevelopment. Therefore, to ensure realistic development capacity, the methodology for the selection of sites in the inventory excludes parcels with more than two existing residential units as those sites would be subject to the Ellis Act Ordinance. As discussed further below, the experience of the City in the past cycle helped inform its site selection criteria to include sites with existing uses most likely to discontinue in the next cycle.

Market Conditions

The trend of nonvacant commercial sites redeveloping to residential is likely to continue and may even increase in the next cycle given the current market environment for commercial real estate. The commercial real estate market is in the midst of a challenging time due to the impact of the global pandemic, as many workers continue to work remotely full-time or part-time. This has lowered the demand for commercial real estate and in particular office space. The continued lower demand for commercial properties has led to lower land costs, which may make some commercial properties that were previously out of reach more

attainable for redevelopment into housing. Given this market condition, commercial sites are most likely to see new residential development in the next cycle. San José has a limited number of sites designated for industrial uses, and industrial real estate has generally performed very strongly in the current market with limited vacancy. Because of this, the site inventory includes few sites with industrial uses.

Nonvacant Sites Inventory Methodology and Existing Uses

The City's experience with development on nonvacant sites during the 5th Cycle informed the City's methodology for site selection. While additional criteria were used in the site selection methodology, as was explained in Section 5.3.3, the following subset of those criteria was also included because it directly relates to the suitability of nonvacant sites. The criteria are an indicator that an existing site may be underutilized and/or has not had recent investment.

- **Building Age:** Sites with buildings under 20 years old were excluded from the sites inventory.
 - Buildings at this age are more likely to still have useful life remaining and less likely to redevelop into multifamily housing.
- **Recent Building Permit:** Sites with an issued building permit for any modification or new construction within the last eight years.
 - Recent building modifications or upgrades are a signal that the existing use is more likely to continue as building permit indicates investment into the property.
- **Current Use is Multifamily:** Sites where the existing use is multifamily.
 - Based on experience described above, multifamily uses are highly unlikely to discontinue in the near term and are an impediment to new development. Therefore, they were not considered for inclusion in the sites inventory.

During the nonvacant site selection process, staff also reviewed all sites through available satellite imagery to further assess the current site condition. Sites were manually removed if they did not appear feasible; for example, sites that were part of a larger shopping center, very narrow lots or odd shape parcels, and sites that were otherwise physically constrained (e.g., on a hillside) were not included. As discussed in Capacity Estimate Methodology for Opportunity Sites section, nonvacant sites in the inventory are matched only with nonvacant Comparables to provided slightly more equivalent comparable developments for the capacity calculation of nonvacant sites.

In addition to being selected based on the criteria above, the nonvacant sites in the sites inventory have existing uses that aligned with the uses identified in the Comparables listed in *Appendix K*. Below is a summary of the existing uses of nonvacant sites that redeveloped in the last cycle listed in *Appendix K* compared to a summary of the existing uses of nonvacant sites in the inventory. As shown in Table 5-7 below, the majority of the existing uses on the sites included in the 6th Cycle inventory are proportionally equivalent to the existing uses of those sites that redeveloped during the 5th Cycle. This indicates the City's site selection methodology identified a mix of properties consistent with past development where existing uses are unlikely to hinder future development.

There are two exceptions within the comparison – residential with one to two units and retail. In the previous cycle, there was a large percentage of sites with single family homes, i.e., one unit. These developments tended to involve single family homes on larger- or medium-sized parcels that could accommodate multiple new homes. The City has identified properties within the sites inventory with one to

two units, but overall the potential pool of these properties that exist in the City is greatly diminished due to the redevelopment of these properties in the last cycle. Since the overall pool of potential nonvacant sites with one to two residential units on larger- to medium-sized properties is lower, the number of sites in the inventory for this cycle is proportionally less than the number of these type of sites that redeveloped in the 5th Cycle. The number of sites with existing retail uses increased from what redeveloped in the last cycle. The challenging market for commercial properties, as discussed in the previous section, make it reasonable to assume that more sites with retail may redevelop in the next cycle.

Nonvacant Redeveloped during the 5th Cycle (Appendix K)		Nonvacant Sites in the 6th Cycle Inventory	
Religious Institution	3.3%	Religious/Educational	6.2%
Retail	10.9%	Retail	38.7%
Office	12.0%	Office	13.8%
Auto Uses	7.6%	Auto Uses	5.9%
Parking	10.9%	Parking	10.8%
Single Family Home	34.8%	Residential (Less than 2 Units)	9.6%
Hotel/Motel	1.1%	Hotel/Motel	0.7%
Industrial	13.0%	Industrial	14.0%
Multifamily	6.5%	Agriculture	0.2%

Further Analysis of Nonvacant Sites

The City conducted further analysis of nonvacant sites in the inventory. This analysis looked at the intensity of nonvacant properties, i.e., floor area ratio (FAR), and looked at the age of the existing buildings on the site. As discussed in the site methodology section, older buildings are assumed to be more likely to redevelop and the City elected to only consider buildings older than 20 years old for inclusion in the site inventory. Sites within the North San José area were not included in this analysis as these sites were selected through a site-by-site analysis as explained in the site selection methodology section.

Using the nonvacant sites that redeveloped in the 5th Cycle contained in *Appendix K*, staff determined that the median FAR of preexisting development was approximately 0.35. Therefore, an FAR of 0.35 or greater could indicate that the site is less likely to be underutilized and the existing use less likely to discontinue in the next cycles. Based on this finding, the City did further analysis of all sites in the inventory based on current FAR.

The City looked at all properties in the inventory with a FAR above 0.35. Staff conducted a site-by-site review of these properties utilizing available satellite imagery and other available data. Based on this first review, the City removed three sites. These sites were removed for a variety of different reasons. One site had incorrectly listed the year built and was not previously filtered out. Another site is currently public storage, which do not typically redevelop based on past experience. The third site was a current hotel that appeared to be actively used and well maintained.

The City elected to look more thoroughly at buildings built more recently than 1983; commercial buildings built in 1983 or earlier are assumed to be at the end of their useful life and candidates for redevelopment

since 39 years is the established depreciation rate of nonresidential property.¹⁵ Using this 39-year threshold, the City conducted a second site-by-site analysis of properties with a FAR greater than 0.2 and built more recently than 1983. The 0.2 FAR threshold was used in this round as it is a more conservative threshold than 0.35 and is currently used as a definition for underutilization in the City's General Plan. This second analysis resulted in the removal of four additional properties from the inventory due to a variety of reasons including the type of active business observed, e.g., a motorcycle dealership, and recent tenant improvements not previously captured when sites were initially screened for recent building permits.

Additionally, there were sites where no FAR and/or year built was available. For these sites, the City performed an additional site-by-site analysis. Two sites with no available FAR or year built were removed, one of which was a parking lot with an odd shape that is adjacent to a strip mall located in another city. The second site was found to be owned by the local transit agency and likely part of a future BART station.

The City considered utilizing available data on existing leases or other contracts to analyze whether they perpetuate the existing use or prevent redevelopment of the site for additional residential development. Lease data is available from various third-party real estate databases. However, the City's experience with these databases, even prior to the development of this Housing Element, has shown them to be unreliable and incomplete. For example, lease information may only be available for some units within multitenant building, where all units are currently leased. Additionally, information about the term of leases and/or any buy out options is often unavailable or inaccurate. This inaccuracy makes the information unreliable whereby the database may list active tenants when none exist or may not have lease information when a space is currently occupied. The City's experience in the redevelopment of sites within the 5th Cycle has also suggested that active tenants are not necessarily in and of themselves an impediment to redevelopment. As an example, the redevelopment of 2358 Alum Rock Ave to 85 affordable units occurred on a site that previously was a strip mall with occupancy all tenant spaces prior to redevelopment. For these reasons, the City did not pursue further analysis based on available lease data.

Summary of Nonvacant Analysis

Overall, the City took the approach of screening sites meeting specific criteria that is indicative of the likelihood for redevelopment of nonvacant properties, i.e., building age, recent permit activity, and the exclusion of properties with existing multifamily uses. The City supplemented this analysis by doing a back-end supplemental analysis of the sites inventory to look at all sites that did not meet a conservative estimate of underutilization and/or a depreciated value due to age to verify that sites included are unlikely to have existing uses that are an impediment. Furthermore, a detailed analysis of the existing uses of 5th Cycle sites compared to the site inventory shows existing uses of the sites inventory align with the existing uses of the sites that redeveloped in the last cycle. Based on this evidence and process, the City determined that the sites in inventory do not have impediments due to existing uses and are highly suitable for residential development in the next cycle.

Selected Nonvacant Sites in Inventory Case Studies

Case studies for six nonvacant sites from the inventory are discussed in detail below. They all meet the criteria described above regarding building age, recent building permits, and existing multifamily uses. Sites from the low income, moderate income, and above market income categories are selected.

¹⁵ <https://www.irs.gov/publications/p946>

1362 S Winchester Blvd (279-25-025) A single-story restaurant with a building constructed in 1962 is located on a 0.52-acre parcel with existing FAR of 0.10. This site is identified in the above moderate category in the sites inventory. It is in a planned Urban Village and is designated Urban Residential and allows up to 95 DU/AC. This nonvacant site is underutilized, with a very low FAR and with an allowed intensity of development that is substantial higher than the current use. The existing building is also well over 20 years old with no building permits in the last 8 years, does not have any existing multifamily units, and is located in a growth area.

3580 Stevens Creek Blvd (303-29-001) – A retail bookstore is located on this large 4.63-acre site. The current building was built in 1957 with an existing FAR of 0.2. This site is identified in the moderate category in the sites inventory. It is currently designated as Urban Village which permits residential density of up to 250 DU/AC. This nonvacant site is underutilized, with most of the property occupied by surface parking, and the with an allowed intensity of development is substantial higher than the current use. The existing building is also well over 20 years old with no building permits in the last 8 years, does not have any existing multifamily units, and is located in a growth area with good access to transit.

3543 Kettmann Rd (676-16-020) – This large 1.25-acre lot contains one single-family home and is included in the moderate income category in the sites inventory. The site is designated Residential Neighborhood and allows up to 8 DU/AC. This nonvacant site contains a house built over 20 years ago, there have been no recent building permits for the property, and it does not contain any multifamily units. The site is also surrounded by residential uses and is underutilized give its size with a current FAR of 0.01.

970 S Bascom Ave (282-29-006) – This 0.55-acre site contains a single-story single-tenant retail commercial building and is included in the moderate income category in the sites inventory. The site is within a planned Urban Village and is designated Urban Village in the General Plan that allows a maximum density of 150 DU/AC. The existing building was built in 1961 and is over 60 years old. There has been little in the way of external improvements to the site or structure, with no building permits in the last eight years. The site located along a major roadway in Urban Village with a major residential project currently under construction.

910 Saratoga Ave (299-36-063) – This 0.87-acre site contains a single-story structure occupied by a restaurant. This site has an existing FAR of 0.11 and is include in the lower income category in the sites inventory. The property is located in an unplanned Urban Village and designated as Neighborhood/Community Commercial. Through an existing General Plan policy the site is permitted to develop as lower income housing without a specified maximum density. The site is located in a High Resource Area. The nonvacant site has a current structure built over 20 years ago, there have been no building permits issues within the last eight years, and the site does not contain any residential units. The site is located along a major roadway with access to transit. The site is underutilized and the allowed intensity of development far exceeds the current built intensity or FAR.

1084 Foxworthy Ave (451-07-002) – This 0.80-acre site contains a two-story office building built in 1962 and is included in the lower income category in the sites inventory. The current FAR is 0.21 and the site is in a High Resource area. The property is located within an unplanned Urban Village area and is designated as Neighborhood/Community Commercial. Through an existing General Plan policy the site is permitted to develop as lower income housing without a specified maximum density. The nonvacant site has a current structure that was built over 50 years ago, there have been no recent building permits for the property, and it does not contain any multifamily units. The site is also located near a major commercial corridor with access to amenities, and the current site is underutilized with a low intensity office use with an allowed

intensity of development far exceeding the current use.

Regulatory Incentives for Nonvacant Sites

The City has recently taken several steps to encourage and facilitate more housing on infill properties, including on nonvacant sites. The following actions, were largely taken after sites in the last development cycle were completed or started construction so these changes will help further increase the likelihood that development will occur on nonvacant sites:

- In December 2022, the City Council approved an ordinance to eliminate minimum parking requirements for both commercial and residential (multifamily) uses in the City which will allow for greater flexibility in redevelopment of nonvacant parcels.
- In 2021 and 2022, the City Council revised General Plan Policies (IP-5.12¹⁶ and H-2.9¹⁷) to eliminate commercial requirements for one-hundred percent affordable, deed restricted multifamily housing. These policies apply to sites within unplanned Urban Village areas.
- In December 2022, City Council adopted a new policy to eliminate commercial requirements for affordable developments citywide.
- In 2021, the City Council approved new Urban Village and Mixed-Use zoning districts for dense mixed-use development in growth areas within the City to implement the Urban Village strategy in the General Plan and promote more dense, walkable and integrated neighborhoods.

Additionally, as noted in Chapter 3: Housing Goals and Strategies, the City is proposing Program P-7, “City Ministerial Infill Approval Ordinance” to create a by-right approval process for infill development. This program will shorten the timeline for the approval process for residential development and incentivize the redevelopment of nonvacant sites.

5.5 Rezoning for Inventory Sites

As shown in *Appendix F*, there are 24 properties on the sites inventory in North San José requiring both a general plan and zoning overlay to allow for housing. This work must be completed by January 31, 2024, per the Housing Element Law (Gov Code 65583(c)(1)(A)). This work to create overlay zones is included in the new Housing Element as a program (Chapter 3, Housing Goals and Policies, Program P-3). There are also a number of sites in the inventory that were previously used in the 4th and 5th cycles and thus require a rezoning to allow for by-right uses. The Housing Element includes a program (Chapter 3, P-38) to complete this rezoning pursuant to state law.

Opportunity sites within Unplanned Urban Villages and those that qualify for affordable housing under General Plan Policy H-2.9 generally have a CP Commercial Pedestrian zoning. This zoning district prohibits residential, mixed-uses unless the site is consistent with General Plan Policy IP-5.12 and General Plan Policy H-2.9, respectively. These policies act as a housing overlay to these sites; a rezoning is not necessary to facilitate housing.

¹⁶ See Envision San José General Plan 2040:

<https://www.sanjoseca.gov/home/showpublisheddocument/22359/638030751322370000#page=358>

¹⁷ <https://www.sanjoseca.gov/home/showpublisheddocument/22359/638030751322370000#page=210>

5.6 Sites and Affirmatively Furthering Fair Housing

The Site Inventory, along with other portions of the Housing Element, must include an analysis and determination of consistency with Affirmatively Furthering Fair Housing (AFFH) requirements as set forth in Assembly Bill 686 (2018). Affirmatively furthering fair housing means taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws (Government Code Section 8899.50(a)(1)).

To comply with AFFH requirements, the Site Inventory must identify sites to accommodate housing development throughout the City in a manner that affirmatively furthers fair housing opportunities. HCD has advised that this means that sites identified to accommodate the lower-income portion of the RHNA should not be concentrated in lower-resource areas as defined by the State’s [Opportunity Maps](#). Sites identified to accommodate the lower income RHNA must be distributed throughout the community in a manner that affirmatively furthers fair housing, for example, locating in well-resourced areas and in areas that lessen racial or ethnic concentrations.

The Inventory was developed in a manner consistent with the state mandate to (AFFH), pursuant to State law. Given the City’s inability to meet the 5th cycle RHNA for lower- and moderate-income households, an emphasis was placed on locating sites appropriate for these income groups, particularly in higher resource areas. However, increasing access to existing high resource neighborhoods represents just one strategy to increase access to opportunity for lower-income households. The City is also committed to investing in “lower resource” neighborhoods to increase opportunity for the existing residents of those neighborhoods, as described further in Chapter 3 Goals, Strategies, Policies & Programs (See Program N-1: Equitable neighborhoods-based investment strategies).

An affirmative effort was made to locate affordable housing in higher resource neighborhoods to reduce patterns of exclusion and segregation, and the City remains committed to increasing opportunity in neighborhoods that have experienced historic disinvestment. Providing opportunity for lower-income households must be a multipronged approach – the provision of affordable housing in areas that are already higher resourced must be coupled with continued investments in place-based strategies for historically marginalized neighborhoods. This “both/and” approach maximizes residents’ housing choices throughout San José.

This section analyzes the performance of the Site Inventory on several metrics, both in terms of unit and site distribution. Together, they demonstrate that the Site Inventory fulfills the requirements of state law in countering segregation and creating opportunities for all, especially lower-income households.

5.6.1 Disparities in Access to Opportunity

To measure residents' access to opportunity, the City used the California Tax Credit Allocation Committee (CTCAC) and Department of Housing and Community Development (HCD) Opportunity Maps ("TCAC Maps") as a proxy. Census tracts in San José fall within one of the four categories of the TCAC maps; geographically, most of the city is either a Low or Moderate resource area:

- Highest Resource (36 tracts, 16%)
- High Resource (46 tract; 21%)
- Moderate Resource (66 tracts; 30%)
- Low Resource (67 tracts; 31%)

As shown in the map below, *Figure 5-2*, most low resource areas in San José are concentrated in the Central/Downtown area and the Alviso area (north of Hwy 237). Highest and high resource areas are found along the western and southwestern portions of the city, and in the southeast. Of particular note, a significant amount of the North San José area is a High Resource area, with a few tracts classified as highest resource tracts.

The Sites Inventory proposes 2,799 lower-income units, 3,024 moderate-income units, and 435 above moderate-income units in low resource areas. These units constitute 15% of lower-income units, 32% of moderate-income units, and 2% of above moderate-income units in the Inventory. Therefore, the sites inventory does not concentrate lower-income units in low resource areas. It seeks to balance out the incomes of residents living in these areas, while also providing opportunities for existing rent-burdened lower-income residents to remain in their neighborhoods and in their local support networks if they so choose. This 'both/and' approach to AFFH has been confirmed by the state, particularly to facilitate creation of affordable homes prior to neighborhoods' further development and possible gentrification.

The Sites Inventory proposes 9,903 lower-income units, 402 moderate-income units, and 17,404 above moderate-income units in high and highest resource areas. These units constitute 52% of lower-income units, 4% of moderate-income units, and 87% of above moderate-income units. Therefore, the Sites Inventory is expected to lead to improved conditions by providing access to sites in high and higher resources areas (with greater access to quality jobs, schools, and other resources) for lower-income households. While 37% of San José's census tracts are classified as high and highest resource areas, approximately 79% of RHNA units are planned for these areas. These units would house all income categories.

As with the Site Inventory's location of units, most sites for housing are outside of low resource areas. *Table 5-9* shows that the share of lower-income sites that are located outside of low-resource areas is 85%. This very high proportion is expected to reduce concentrations of poverty going forward. The share of lower-income sites located in Census tracts that are designated high or highest resource is 48%, giving those residents greater access to opportunity, while 77% of market-rate sites are outside of low-resource areas.

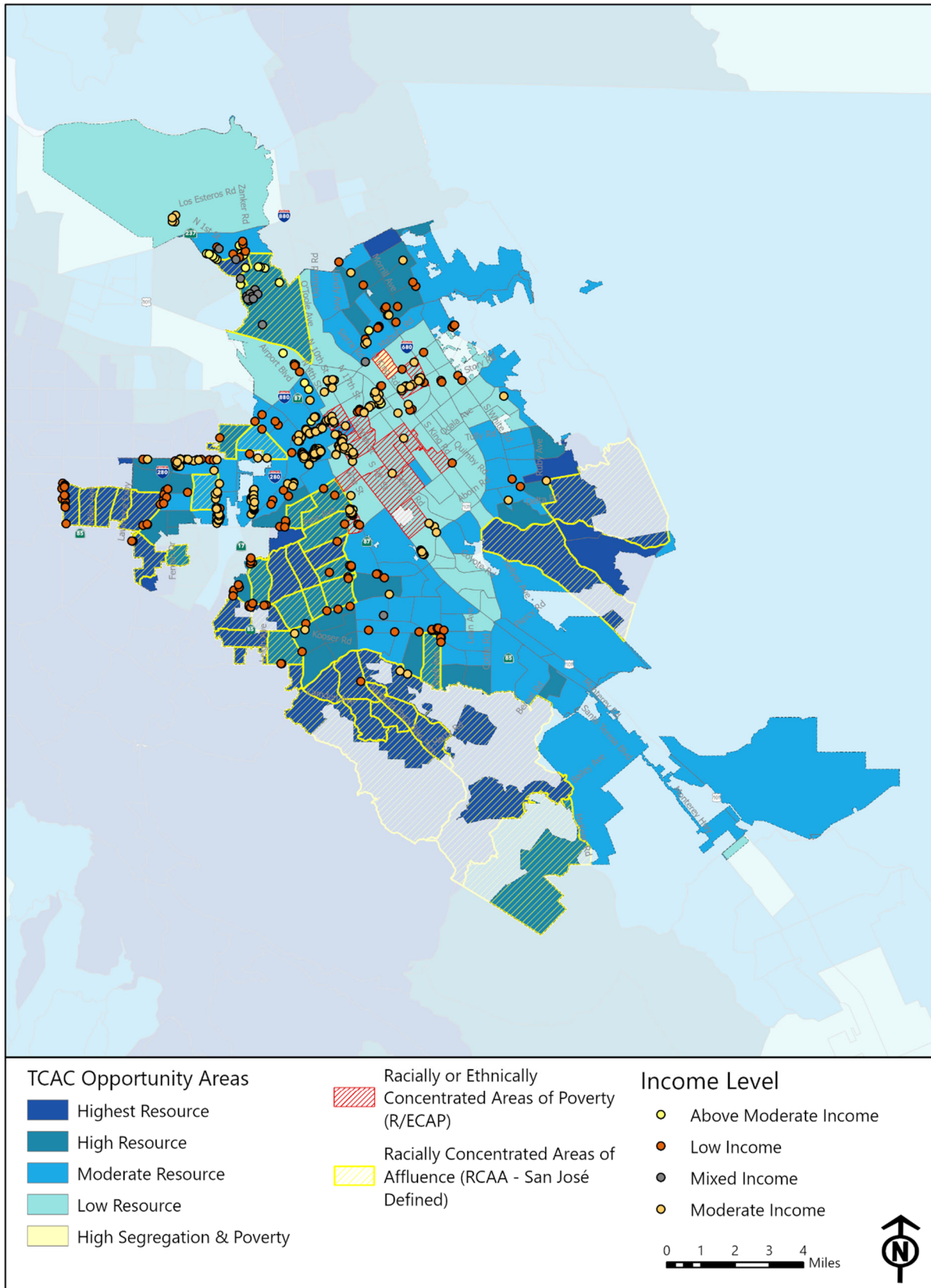
Table 5-8: Site Inventory Units by TCAC Resource Level

	Low Resource	Moderate Resource	High Resource	Highest Resource	Total
Low Income	2,799 (15%)	6,443 (34%)	6,944 (36%)	2,959 (15%)	19,145
Moderate Income	3,024 (32%)	5,928 (63%)	396 (4%)	6 (0%)	9,353
Above Moderate Income	435 (2%)	2,155 (11%)	9,319 (47%)	8,085 (40%)	19,994
Total	6,248	15,552	25,976	12,893	48,492

Table 5-9: Site Inventory Sites by TCAC Resource Level

	Low Resource	Moderate Resource	High Resource	Highest Resource	Total
Low Income	27 (15%)	66 (37%)	59 (33%)	28 (16%)	180
Moderate Income	78 (31%)	163 (64%)	12 (5%)	2 (1%)	255
Above Moderate Income	9 (23%)	8 (21%)	10 (26%)	12 (31%)	39
Mixed Income	0 (0%)	3 (30%)	5 (50%)	2 (20%)	10
Total	114	240	86	44	484

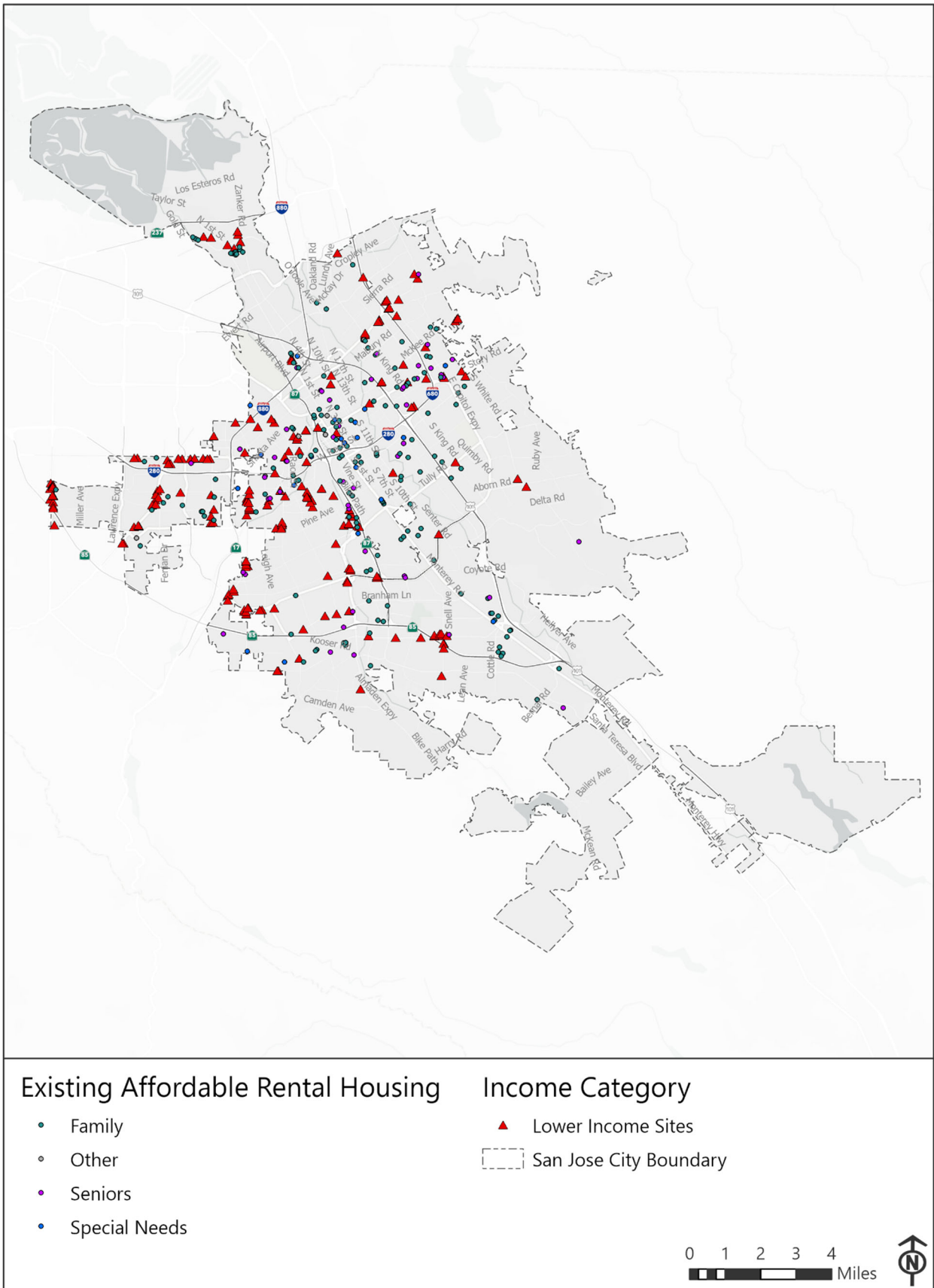
Figure 5- 2 Distribution of Site by Income Category and TCAC Opportunity Area

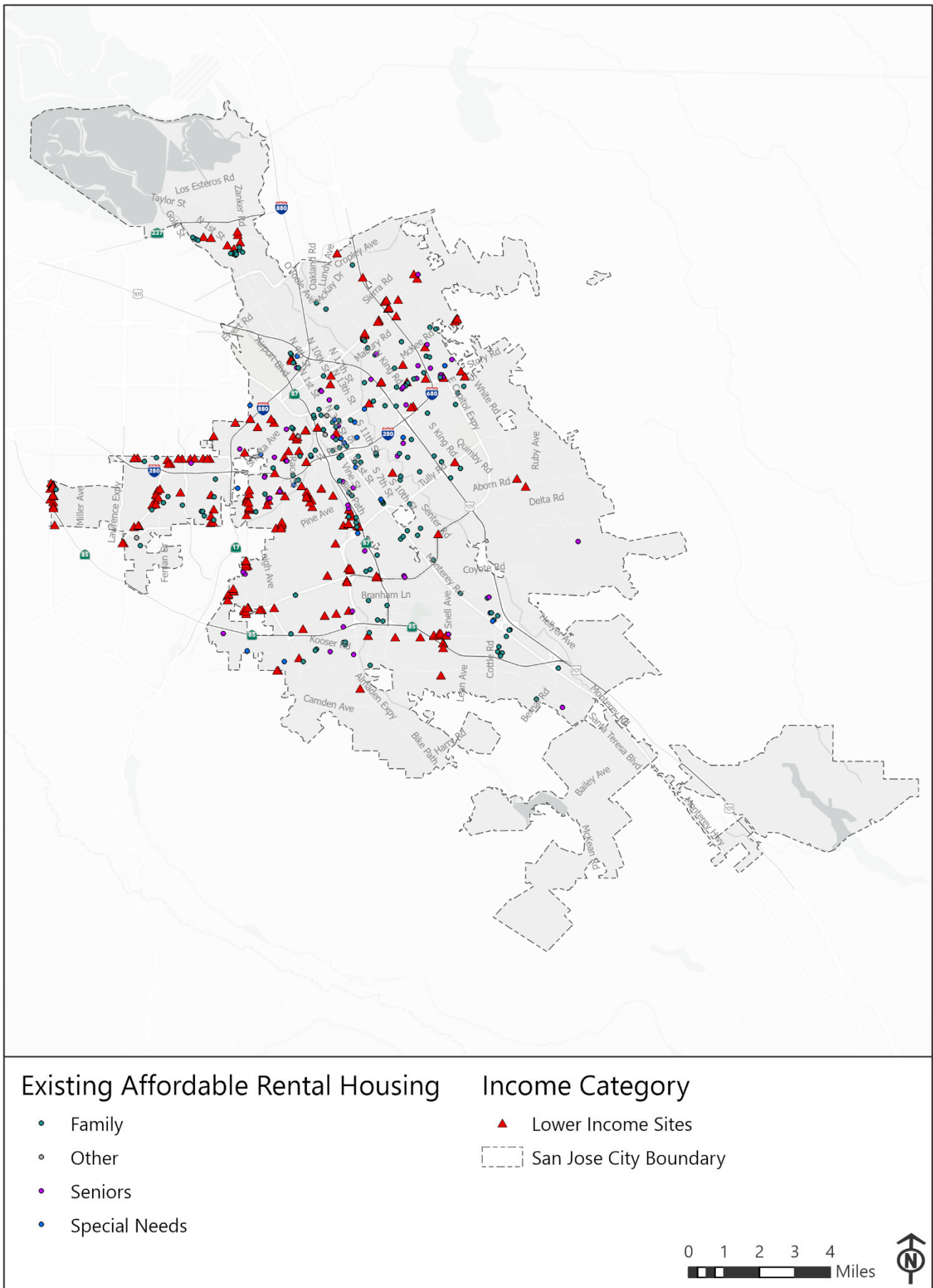


5.6.2 Integration and Segregation Trends

As Figure 5-3 below illustrates, there is no significant clustering of lower income sites in areas where there is already affordable housing. The Site Inventory branches out from the distribution of affordable housing to date and sites more affordable homes in the peripheral areas of San José where incomes are higher.

Figure 5- 3 Existing Affordable Rental Housing & Lower Income RHNA sites





5.6.3 Racial Predominance and Sites Inventory

San José is a diverse city, with no single racial or ethnic group as a majority in the City. However, for the three largest racial/ethnic groups (in order by size of population: 1. Asian Americans, Native Hawaiians, and Pacific Islanders (APIs); 2. Latino/a/x; 3. Non-Hispanic Whites), there are parts of the City where one group or the other is a majority.

As can be seen in Figure 5-4 below, much of the City is roughly evenly split between majority non-Hispanic White, majority Latino/a/x, majority API, and neighborhoods that have no majority (i.e., are more consistent with the larger City's proportion).

The City's current population of low-income residents, who would be eligible to live in affordable homes, has the following racial/ethnic breakdown per the US Census categories: 34% Latino/a/x, 30% White non-Hispanic, 28% Asian, 4% Black non-Hispanic, and under 1% for both American Indian and Pacific Islander.

Most low-income housing sites, 40%, are in census tracts where there is no racial majority. That is followed by 35% of tracts with an API majority, 13% of sites in census tracts identified as white majority and 12% of tracts with a Latino majority. This means that in those majority White census tracts, one would expect to see the Sites Inventory increase racial integration, as residents in affordable housing in San José are more likely to be non-White populations as stated above. One can also assume that in API and Latino majority census tracts, we would be likely to see an increase in representation of both racial groups, continuing to increase integration in those communities. To the extent that census tracts do not precisely match neighborhood outlines, the effect may or may not increase representation at the neighborhood level.

Fifty-nine percent (59%) of moderate-income sites are in census tracts where there is no racial majority. The next largest percentage are in Latino majority census tracts, with 31% of moderate-income sites. Siting moderate-income housing in these census tracts could decrease existing racial segregation, as Latino majority census tracts tend to experience a higher concentration of lower-income households.

Figure 5-4 illustrates that the Site Inventory distributes lower-income sites without excessive concentration in API and Latino/a/x majority census tracts. The Sites Inventory should improve existing conditions of racial segregation.

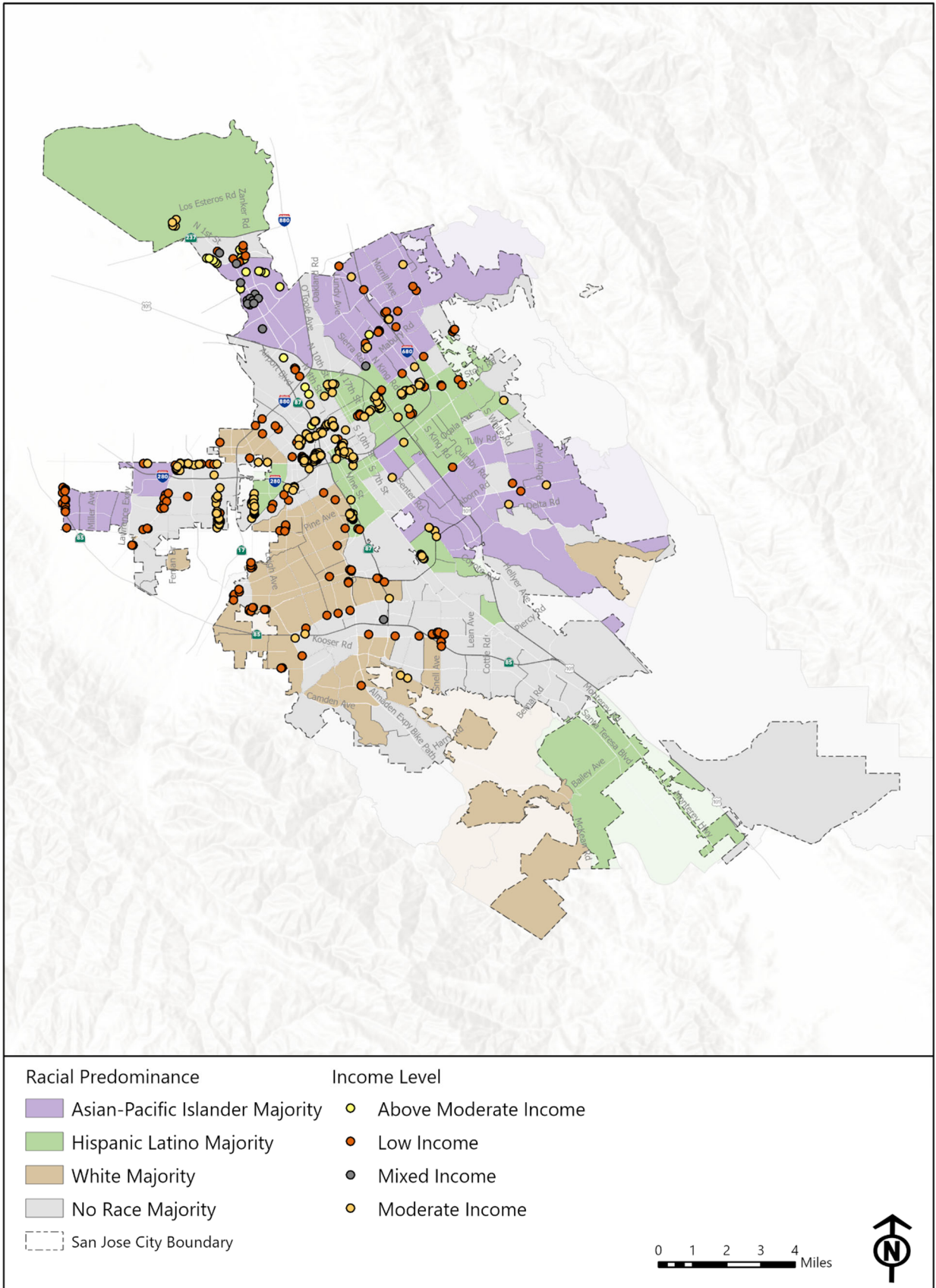
Table 5-10: Units in Census Tracts by Racial Predominance

	Asian-Pacific Islander Majority	Hispanic Latino Majority	White Majority	No Racial Majority	Total
Low Income	6,686 (35%)	2,289 (12%)	2,545 (13%)	7,625 (40%)	19,415
Moderate Income	689 (7%)	2,877 (31%)	235 (3%)	5,552 (59%)	9,353
Above Moderate Income	17,537 (88%)	240 (1%)	0 (0%)	2,214 (11%)	19,994
Total	24,912	5,408	2,780	15,840	48,492

Table 5-11: Sites in Census Tracts by Racial Predominance

	Asian-Pacific Islander Majority	Hispanic Latino Majority	White Majority	No Racial Majority	Total
Low Income	35 (19%)	25 (14%)	37 (21%)	83 (46%)	180
Moderate Income	14 (5%)	68 (27%)	4 (2%)	169 (66%)	255
Above Moderate Income	17 (50%)	8 (24%)	0 (0%)	9 (26%)	34
Mixed Income	13 (87%)	0 (0%)	0 (0%)	2 (13%)	15
Total	79	101	41	263	484

Figure 5- 4 Distribution of Sites by Income Category and Predominant Race



5.6.4 Racially/Ethnically Concentrated Areas of Poverty (RECAPs) and Racially Concentrated Areas of Affluence (RCAAs)

The majority of lower-income and moderate income inventory units are in Census tracts that are neither RECAP or RCAA.

There are 16 total R/ECAP tracts in San José, with a total population of 78,493 (or approximately 8% of the City's total population). These tracts are generally in the center of the City, around Downtown, and slightly to the east and the south of Downtown. There are 46 total RCAA tracts in San José, with a total population of 260,394 (or approximately 25% of the City's total population). These tracts are generally in identifiable clusters: in the Evergreen Hills, in west San José between Cupertino and Saratoga, in the Willow Glen neighborhood, in North San José, and in the Almaden Hills.

Overlaying the R/ECAP and RCAA maps with the TCAC/HCD Opportunity Map shows that:

- All R/ECAPs are in census tracts classified as "Low Resource" or "High Segregation and Poverty;"
- Almost all RCAAs are in census tracts classified as "High Resource" or "Highest Resource."

Only four percent (73 units/5 sites) of lower-income units are planned in R/ECAP areas; therefore, the sites inventory does not result in a concentration of lower income units in R/ECAP areas. A significant amount of lower-income units is planned in RCAAs (35% or 6,669 units across 49 sites). This is expected to improve access to amenities for lower-income residents, as almost all RCAAs are in areas classified as High or Highest resource areas.

At most, 16% of moderate income units are anticipated to be RECAP tracts. As shown in *Table 5-12*, the City's planned development over the eight-year period will not result in concentrated development in vulnerable areas. The Sites Inventory will actually result in a large share of new homes in City-defined areas of affluence.

The distribution of sites by RECAP tract resembles that of units, *Table 5-13*. The income level with the largest share of sites in a RECAP tract, moderate income, has just 24% of sites.

In addition to identifying lower-income sites in RCAAs, the Housing Element includes the following programs to facilitate access to areas of opportunity (as defined by RCAA and TCAC maps):

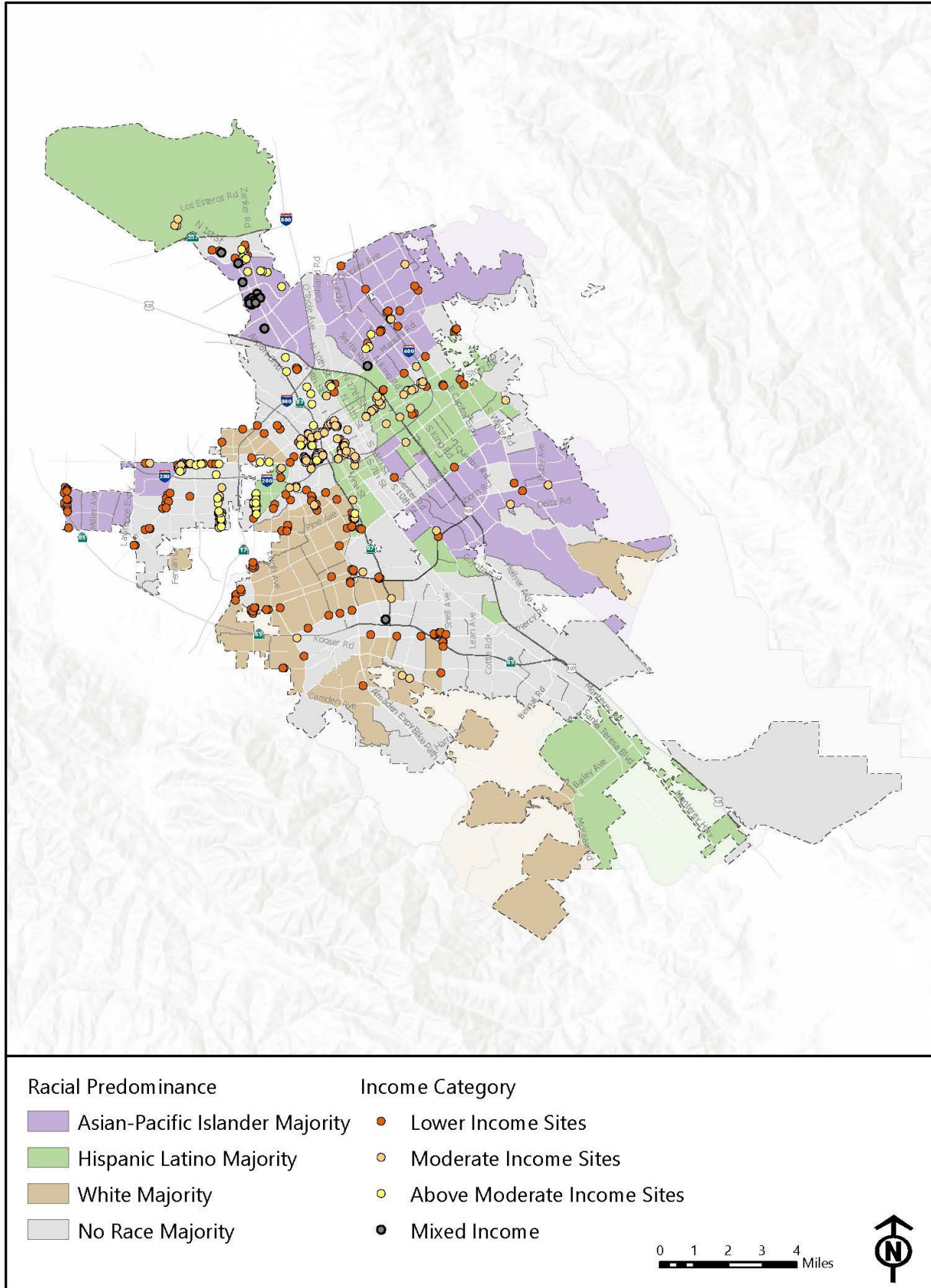
Program	
N-5	<p>Increase Affordable Housing Production in Higher-resource Areas –</p> <ul style="list-style-type: none"> • Fully implement and evaluate effectiveness of the City’s Affordable Housing Siting Policy, passed by City Council in December 2022, which seeks to affirmatively further fair housing by incenting affordable housing creation in “high-opportunity” or “high-resource” areas (called Affordable Housing Expansion Areas in the Policy) through the City’s Affordable Housing NOFA process. The Siting Policy also requires a process for further review for any affordable housing development proposed in a census tract with an existing high concentration of affordable housing or a high poverty rate. • Allocate affordable housing subsidy awards to higher-resource neighborhoods to increase affordable housing production there, providing more lower-income and protected class residents greater choices of where they can live.
P-32	<p>Higher Subsidies per Unit –</p> <p>In areas in which affordable housing development will cost more due to higher land costs, smaller buildings, or mid- or high-rise construction, ensure that City subsidies per unit are sufficiently higher so as to not disincentivize building in those areas.</p>
S-24	<p>Targeted Fair Housing Outreach and Enforcement –</p> <ul style="list-style-type: none"> • Increase fair housing education, monitoring, and enforcement in target neighborhoods, especially on source of income discrimination. • Consult legal assistance partners to identify locations of complaints and analyze City data on higher opportunity areas with racial/ethnic concentrations different than the lower-income renter population to determine target neighborhoods (for e.g., in westside of the City there are several “high/higher resource” neighborhoods with high concentrations of ARO properties, see P-91 of Appendix B). • Create a plan for outreach together with nonprofit and community-based partners. • Identify more ongoing funding for this activity. • Enter into contracts with qualified legal services organizations, to the extent capacity exists to do additional outreach work.
S-25	<p>Tenant-based Vouchers in Higher-resource Areas –</p> <ul style="list-style-type: none"> • Partner with the Santa Clara County Housing Authority to implement a strategy for their administration of San José Section 8 rental vouchers that reduces barriers to vouchers’ use in higher-opportunity areas and maximizes voucher holders’ housing choices. • Work with the Housing Authority to capture performance measures to determine residents’ state of health and educational attainment. • Use the measures to identify possible program improvements.

Table 5-12: Site Inventory Units by RECAP/RCAA Status

	In a RECAP	In a San José-defined RCAA	In neither a RECAP nor RCAA	Total
Low Income	732 (4%)	6,669 (35%)	11,746 (61%)	19,415
Moderate Income	1,453 (16%)	1,220 (13%)	6,680 (71%)	9,353
Above Moderate Income	94 (0%)	17,401 (87%)	2,449 (12%)	19,994
Total	2,279	25,291	20,922	48,492

Table 5-13: Site Inventory Sites by R/ECAP/RCAA Status

	R/ECAP	RCAA	Neither	Total
Low Income	5 (3%)	49 (27%)	126 (70%)	180
Moderate Income	43 (17%)	10 (4%)	202 (79%)	255
Above Moderate Income	1 (3%)	16 (47%)	17 (50%)	34
Mixed Income	0 (0%)	12 (80%)	3 (20%)	15
Total	49	87	348	484



5.6.5 Lower-Income Households and Sites Inventory

Quantitative data regarding the Site Inventory and lower-income households is tabulated in *Table 5-10* and *Table 5-11* below. As noted in the tables, only 21% of lower-income sites are planned in tracts where more than half of households are lower-income households. Therefore, the Sites Inventory does not exacerbate existing conditions as it distributes lower-income sites to areas where the majority of the population is not lower-income. Furthermore, 59% of moderate-income sites are planned in majority lower-income tracts which would economically diversify those areas. While the introduction of this type of housing may add displacement pressures, the following Housing Element programs can help counter that pressure:

In addition to identifying low income sites in RCAAs, the Housing Element includes the following programs to facilitate access to areas of opportunity (as defined by RCAA and TCAC maps):

Program	
R-12	<p>Revised Citywide Residential Anti-Displacement Strategy – Update the current Anti-Displacement Strategy approved by the City Council in 2020 to integrate preservation activities and remove completed priorities. Evaluate effectiveness of existing tools, obtain ongoing best practices information from like-minded cities, obtain feedback on priorities from San José stakeholders, and seek City Council approval for revised anti-displacement and preservation policies or programs to pursue.</p>
S-20	<p>Tenant Preferences that Help Fight Displacement –</p> <ul style="list-style-type: none"> • To help mitigate displacement and serve the most vulnerable local residents, develop fair-housing compliant tenant preferences for this population. • Seek Council approval for two tenant preferences: an Anti-Displacement Tenant preference, and a Neighborhood Tenant preference. • Include, as part of both policies, requirement that property managers accept alternative forms of documentation appropriate for non-citizens to prove eligibility for the preferences. • If approved, implement the preferences on affordable housing units subject to the preferences within 6 months of Council approval, including already operating buildings that have tenant preference language in their City agreements. • Seek the state's approval to use both tenant preferences within 12 months in HCD-funded affordable housing developments. • After Council approval of the Tenant Preferences that Fight Displacement, develop a proposal for a Displaced Persons Tenant Preference and examine design that could address non-geographic displacement patterns. • Seek Council approval for a Displaced Persons Tenant Preference. • Seek adequate funding for staff implementation and continued community education about opportunities to use tenant preferences.
N-1	<p>Equitable Neighborhoods-based Investment Strategies - Focus the City's investments on increasing equity in racially/ethnically concentrated neighborhoods with extremely low incomes by engaging community members and seeking a common data-informed approach across initiatives.</p> <ul style="list-style-type: none"> • Engage residents in formerly redlined neighborhoods with high race/ethnicity concentrations and lower incomes to identify their investment priorities. Also incorporate historically impacted individuals who are at risk of displacement who do not currently live in highly concentrated neighborhoods. Use this information to inform the City's Consolidated Plan for the use of federal funds from HUD for the 2025-2030 cycle.

	<ul style="list-style-type: none"> • Prioritize investing federal Community Development Block Grant funds and other funds, to the extent legally permissible, in capital projects and to deliver services to racially and ethnically concentrated areas with a high proportion of lower-income residents. Data-informed approaches may consist of methods such as surveys or an online participatory budgeting process, where residents of under-resourced neighborhoods decide on the types and nature of capital improvement projects and other place-based improvements. • Align data indicators on income, race/ethnicity, and protected classes where possible by coordination with other departments through the data equity team. • Identify resources and amenities that residents want in their communities, including but not limited to affordable housing, and co-create neighborhood investment priorities that help mitigate displacement consistent with the Citywide Residential Anti-Displacement Strategy “3Ps” approach (production, preservation and protection) and the City’s roadmap priorities. • Research data that may assess San José’s community assets and identify areas that have experienced under-investment. • Identify new, additional funding sources to implement the co-created neighborhood investment and anti-displacement priorities.
N-4	<p>Preservation and Community Development Capacity Building –</p> <ul style="list-style-type: none"> • Establish programs to provide capacity building and technical assistance to community-based nonprofit organizations to engage in grassroots community preservation, empowerment, and development activities partnered with nonprofit developers in order to stabilize neighborhoods. • Pursue preservation activities that include acquisition and rehabilitation of existing low-cost housing, alternative community ownership models, and anti-displacement support for community-serving small businesses. • Pursue empowerment activities that include resident and small business outreach and organizing around tenant association formation, cooperative formation, business district formation, community planning, and know-your-rights education. • Develop activities that include development of affordable housing, community facilities, and community-serving commercial space. • Continue to support formation and maturation of community land trusts and community development corporations, learning from models such as Los Angeles County’s Community Land Trust Partnership Program. • Seek additional funding, partnerships and/or learning curricula to support nonprofit capacity building efforts.
N-7	<p>External Infrastructure Funding to Create Complete, High-quality Living Environments –</p> <ul style="list-style-type: none"> • Continue to seek external funding for parks, transportation, and other types of neighborhood infrastructure that favor cities with a demonstrated commitment to building affordable housing. • Coordinate across departments to apply for funds for the purpose of prioritizing investments in lower-income neighborhoods with fewer amenities and need according to City investment plans or other amenity analysis to the extent that program rules allow. • Improve accessibility for residents with physical disabilities through infrastructure work.
S-1	<p>Tenant / Landlord Resource Centers and Code Violations Reporting –</p> <p>Strengthen the public’s access to a variety of information and assistance related to housing at the City’s fixed or mobile Tenant/Landlord Resource Centers, and strengthen other proactive</p>

	<p>ways to promote rental housing quality:</p> <ul style="list-style-type: none"> • Identify additional funding to operate Tenant Resource Centers at increased staffing levels, and related Code programs, to employ more collaborative problem-solving approaches on Code Enforcement problems. • Locations should include Diridon Station Area, the City's forthcoming transit center, to maximize transit access as well as neighborhoods with high displacement risk according to UC Berkeley Urban Displacement Project analysis. • Use digital tools, pop-ups, and/or mobile sites to deliver services in ways that are convenient and accessible for all users, especially those with disabilities. • Incorporate Code Enforcement and Apartment Rent Ordinance violation reporting procedures as part of expanded Tenant Resource Centers, including supporting tenant associations to report and track such violations on behalf of tenants. • Assist residents to learn how to file Code complaints online, and help owners and residents look up cases' status online in Centers to increase transparency. • Connect renters and property owners to resources at Centers, including mediation programs to encourage voluntary mutual agreements and the City's online affordable rental portal, Doorway. • Make information available at Centers on housing preservation and Know Your Rights materials (S-23) that include both City ordinances and state laws. • Operate programs with a focus on promoting collaborative problem solving among property owners, tenants, tenant associations, community-based organizations, and City staff. • Request funding through the City budget process and, if successful, implement a program in which community-based organizations work with tenants at a grassroots level to partner with Code Enforcement and support tenants through individual cases, drawing lessons learned from San Francisco's Safe and Healthy Rental Homes program. • Explore policies to support tenant outreach efforts and seek funding to strengthen organizational capacity of emerging tenant associations so they can help renters seeking to collectively improve the conditions and stability of their homes. • Increase coordination between Rent Stabilization Program and Code Enforcement staff and meet regularly.
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Table 5-14 NEW: Site Inventory Units by LI Areas			
	Units in Census Tracts with 50% or less Low Income Households	Sites in Census Tracts with more than 50% Low Income Households	Total
Lower Income	15,977 (83%)	3,167 (17%)	19,145
Moderate Income	5,153 (55%)	4,200 (45%)	9,353
Above Moderate Income	19,751 (99%)	243 (1%)	19,994
Total	40,881	7,610	48,492

Table 5-15 NEW: Site Inventory Sites by LI Areas (total and percentage)

	Sites in Census Tracts with 50% or less Low Income Households	Sites in Census Tracts with more than 50% Low Income Households	Total
Lower Income	143 (79%)	37 (21%)	180
Moderate Income	150 (59%)	105 (41%)	255
Above Moderate Income	26 (76%)	8 (24%)	34
Mixed Income	15 (100%)	0 (0%)	15
Total	334	150	484

5.6.6 Displacement Risk Disproportionate Housing Needs/

Displacement Risk

A growing body of research is documenting the negative impacts of displacement, especially on low-income households of color. As shown in *Figure 5-5*, below, the areas of City that are at higher risk of displacement are in the center and center-east. These parts of the City have higher concentrations of vulnerable communities of color. Latino/a/x, Southeast Asian, Black, and Native American residents disproportionately live in neighborhoods with greatest displacement risk.

The Sites Inventory includes 5,518 lower-income units, 5,360 moderate-income units, and 743 above moderate-income units in areas vulnerable to displacement. If market rents increase in these areas, there is a risk of lower-income families being priced out of the neighborhoods and forced to relocate. However, it is important to note that providing more housing opportunities, especially those that help right-size rents for existing lower-income families, can help alleviate the pressures of displacement. In addition, the City is proposing a number of strategies and programs to increase affordable housing production and protection for residents against displacement. As noted in Chapter 3, Housing Goals and Strategies (p. 67), there are 16 programs in the Housing Element that are derived from the City's existing Anti-Displacement Strategy, and 28 programs that seek to fight residential displacement and stabilize existing residents in their communities. The following is a sampling of some of those programs:

Program	
R-12	Revised Citywide Residential Anti-Displacement Strategy – Update the current Anti-Displacement Strategy approved by the City Council in 2020 to integrate preservation activities and remove completed priorities. Evaluate effectiveness of existing tools, obtain ongoing best practices information from like-minded cities, obtain feedback on priorities from San José stakeholders, and seek City Council approval for revised anti-displacement and preservation policies or programs to pursue.
S-20	Tenant Preferences that Help Fight Displacement – To help mitigate displacement and serve the most vulnerable local residents, develop fair-housing compliant tenant preferences for this population. <ul style="list-style-type: none"> • Seek Council approval for two tenant preferences: an Anti-Displacement Tenant preference,

	<p>and a Neighborhood Tenant preference.</p> <ul style="list-style-type: none"> • Include, as part of both policies, requirement that property managers accept alternative forms of documentation appropriate for non-citizens to prove eligibility for the preferences. • If approved, implement the preferences on affordable housing units subject to the preferences within 6 months of Council approval, including already operating buildings that have tenant preference language in their City agreements. • Seek the state's approval to use both tenant preferences within 12 months in HCD-funded affordable housing developments. • After Council approval of the Tenant Preferences that Fight Displacement, develop a proposal for a Displaced Persons Tenant Preference and examine design that could address non-geographic displacement patterns. • Seek Council approval for a Displaced Persons Tenant Preference. • Seek adequate funding for staff implementation and continued community education about opportunities to use tenant preferences.
N-4	<p>Preservation and Community Development Capacity Building –</p> <ul style="list-style-type: none"> • Establish programs to provide capacity building and technical assistance to community-based nonprofit organizations to engage in grassroots community preservation, empowerment, and development activities partnered with nonprofit developers in order to stabilize neighborhoods. • Pursue preservation activities that include acquisition and rehabilitation of existing low-cost housing, alternative community ownership models, and anti-displacement support for community-serving small businesses. • Pursue empowerment activities that include resident and small business outreach and organizing around tenant association formation, cooperative formation, business district formation, community planning, and know-your rights education. • Develop activities that include development of affordable housing, community facilities, and community-serving commercial space. • Continue to support formation and maturation of community land trusts and community development corporations, learning from models such as Los Angeles County's Community Land Trust Partnership Program. • Seek additional funding, partnerships and/or learning curricula to support nonprofit capacity building efforts.
N-7	<p>External Infrastructure Funding to Create Complete, High-quality Living Environments –</p> <ul style="list-style-type: none"> • Continue to seek external funding for parks, transportation, and other types of neighborhood infrastructure that favor cities with a demonstrated commitment to building affordable housing. • Coordinate across departments to apply for funds for the purpose of prioritizing investments in lower-income neighborhoods with fewer amenities and need according to City investment plans or other amenity analysis to the extent that program rules allow. • Improve accessibility for residents with physical disabilities through infrastructure work.

As *Table 5-15* below demonstrates, the sites inventory does not place a majority of units in Census tracts with a high risk of displacement, with just 24% of units being in those tracts. Instead, most units across all income categories are planned for tracts that are not vulnerable to displacement. This was done in part to balance the need for housing in vulnerable areas with the need to reduce displacement pressures as well. In

particular, only 4% of above-moderate income units are in tracts that are vulnerable to displacement. This would alleviate any risk of newer, higher-income households greatly altering the local submarket and economically displacing existing vulnerable residents.

As noted in the *Table 5-16*, , 60% of lower income sites are in tracts that are not vulnerable to displacement. Above-Moderate-income sites are roughly split amongst non-vulnerable tracts vulnerable tracts, and tracts for which no data exists. While 39% of sites are in areas vulnerable to displacement this also provides an opportunity to expand housing opportunity across the income spectrum and alleviate displacement pressures. .

**Table 5-16: Site Inventory Units by Urban Displacement Project Typology
(total and percentage)**

	Vulnerable to Displacement ¹⁸	Not Vulnerable to Displacement ¹⁹	Unavailable or Unreliable Data	Grand Total
Low Income	5,518 (29%)	12,347 (64%)	1,280 (7%)	19,415
Moderate Income	5,360 (57%)	3,993 (43%)	0 (0%)	9,353
Above Moderate Income	743 (4%)	11,166 (56%)	8,085 (40%)	19,994
Total	11,622	27,506	9,365	48,492

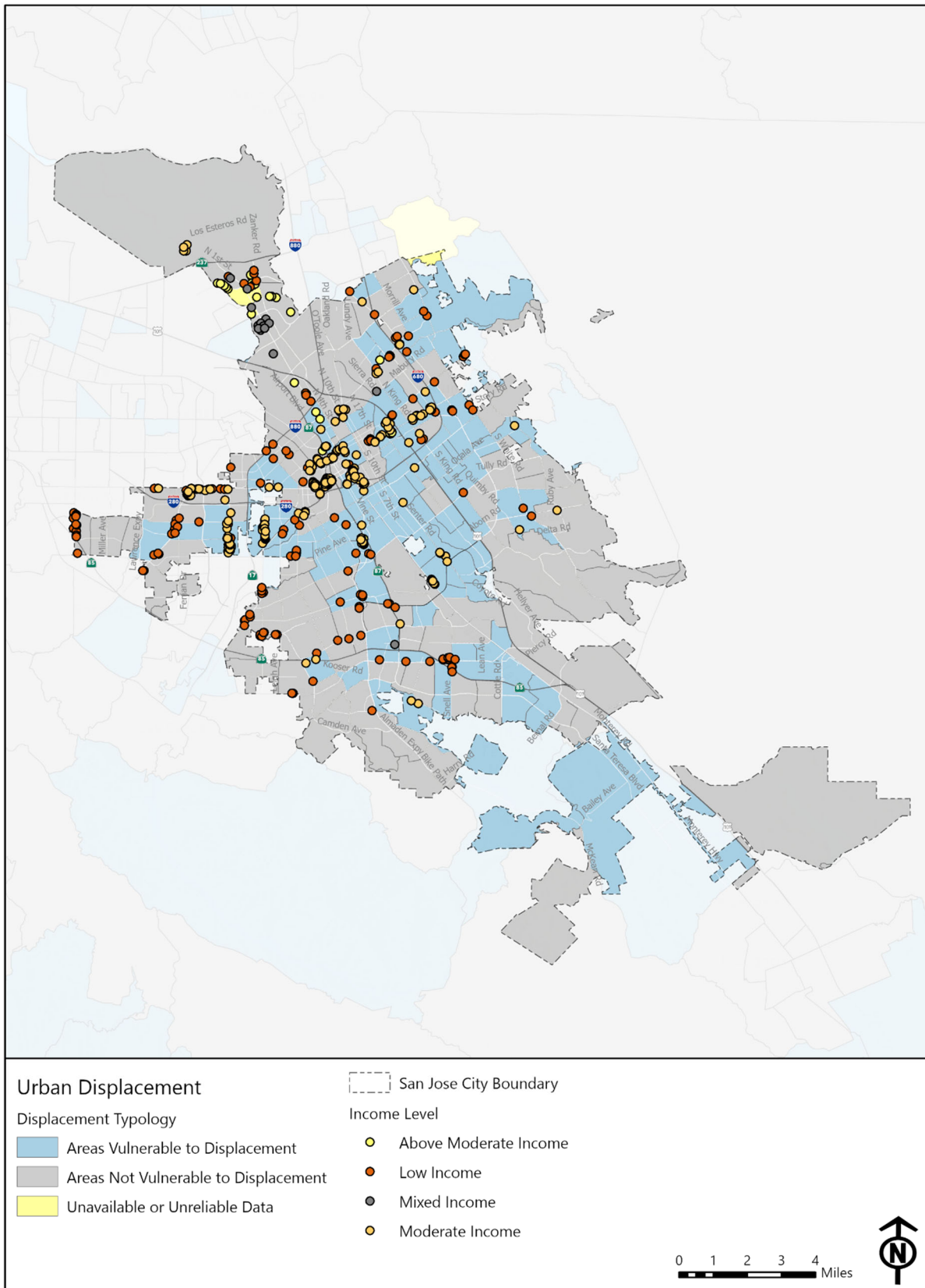
**Table 5-17: Site Inventory Sites by Urban Displacement Project Typology
(total and percentage)**

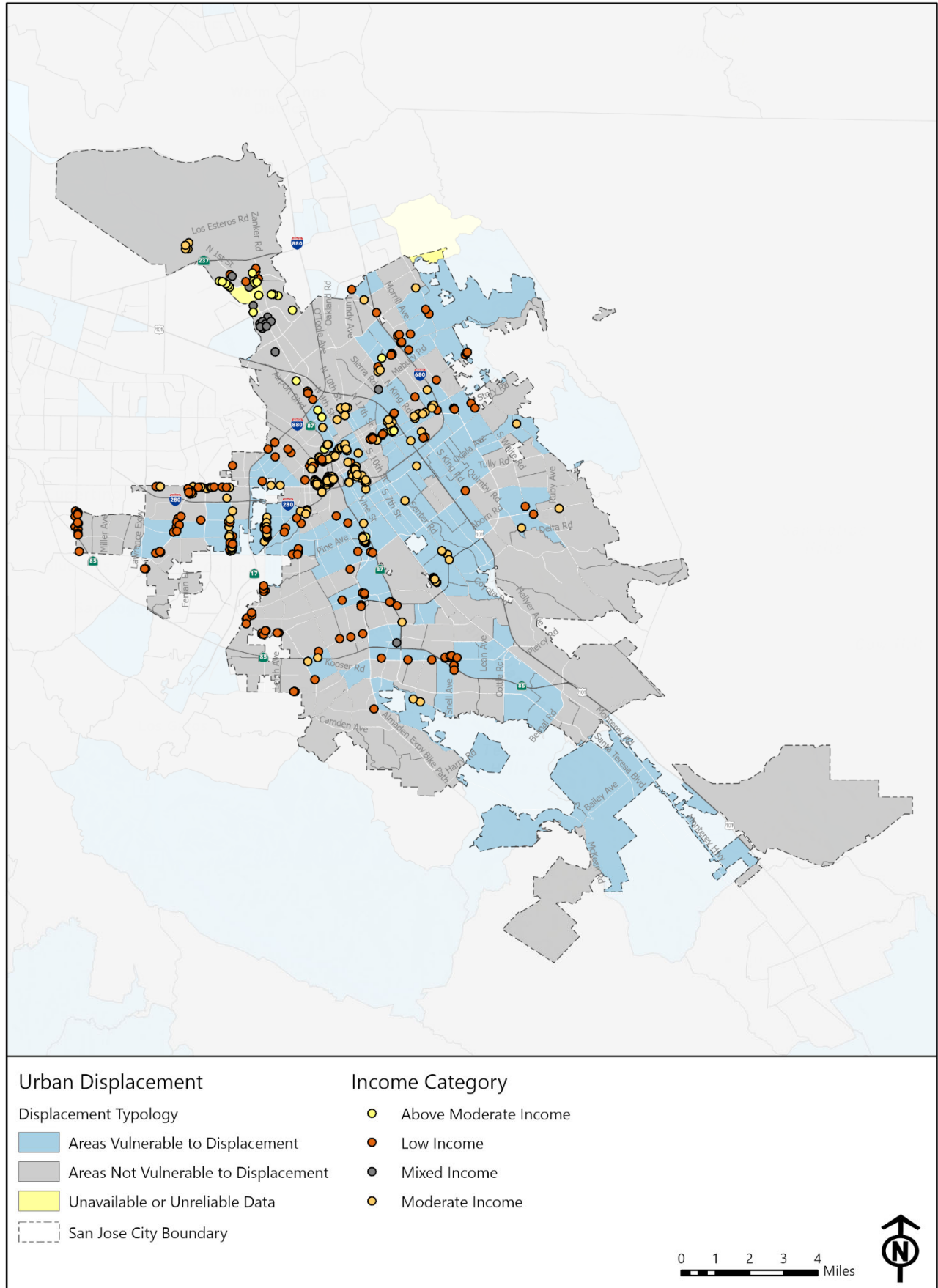
	Vulnerable to Displacement	Not Vulnerable to Displacement	Unavailable or Unreliable Data	Total
Low Income	70 (39%)	108 (60%)	2 (1%)	180
Moderate Income	113 (44%)	142 (56%)	0 (0%)	255
Above Moderate Income	13 (40%)	9 (26%)	12 (35%)	34
Mixed Income	1 (7%)	12 (80%)	2 (13%)	15
Total	197	271	16	484

¹⁸ Typologies that are Vulnerable to Displacement are defined as “Advanced Gentrification,” “At Risk of Becoming Exclusive,” “At Risk of Gentrification,” “Becoming Exclusive,” “Early/Ongoing Gentrification,” “Low Income/Susceptible to Displacement,” and “Ongoing Displacement.”

¹⁹ Typologies that are not vulnerable to displacement are all those that are not Vulnerable to Displacement other than “Unavailable or Unreliable Data.”

Figure 5- 2 Distribution of Sites by Income Category and Simplified Urban Displacement Project Typology





Cost Burden

In San José, 38.6% of households are cost burdened (i.e., pay 30% or more of the household's monthly income for rent or mortgage), with 17.6% of all households are extremely cost burdened (i.e., pay 50% or more of the household's monthly income for rent or mortgage). As described in Table 5-18, 18% of lower income sites are proposed in census tracts where there is a high concentration of cost burden renters;. This is consistent with the identification of a majority of sites for affordable housing in areas identified as highest, high, and moderate resource per the CDLAC/TCAC opportunity maps.

Table 5-18: Sites in Census Tracts that Experience Cost Burden by concentration			
	Sites in tracts with a low concentration of cost burdened renters HH (less than 51.5% of HH)	Sites in tracts with a moderate concentration of cost burdened renters HH (51.6% - 55% of HH)	Sites in tracts with a high concentration of cost burdened renters HH (55.1% of HH or higher)
Lower Income	135 (75%)	11 (7%)	34 (18%)
Moderate Income	183 (72%)	2 (1%)	70 (27%)
Above Moderate Income	33 (97%)	0 (0%)	1 (3%)
Mixed Income	15 (100%)	0 (0%)	0 (0%)
Total	366	13	105

Table 5-19: Sites in Census Tracts that Experience Severe Cost Burden by concentration			
	Sites in tracts with a low concentration of severely cost burdened renters HH (less than 25.1% of HH)	Sites in tracts with a moderate concentration of severely cost burdened renters HH (51.6% - 55% of HH)	Sites in tracts with a high concentration of cost severely cost burdened renters HH (55.1% of HH or higher)
Lower Income	134 (74%)	26 (15%)	20 (11%)
Moderate Income	193 (76%)	23 (9%)	39 (15%)
Above Moderate Income	26 (77%)	7 (20%)	1 (3%)
Mixed Income	15 (100%)	0 (0%)	0 (0%)
Total	368	56	60

While most sites are not located in tracts experiencing cost burden/severe cost burden, the Housing Element includes the following programs that will help address rent burden through financial assistance, displacement prevention, and housing production:

Program	
S-4	<p>Updated Relocation Assistance – Update the City's municipal code to ensure that compensation given to residents for potential displacing events -- noticing, relocation payments, housing search assistance, the replacement of affordable units, and a right of return -- matches or exceeds any state requirements, is sufficient given current housing costs, is transparent, and is consistent across City programs.</p>
S-12	<p>Eviction Prevention - Housing Collaborative Weekly Eviction Prevention Court Clinic, Eviction Diversion Program, and Other Support for Legal Services –</p> <ul style="list-style-type: none"> • Work in ongoing partnership with the County's Superior Court and other community partners to staff an Eviction Diversion Program, holding weekly workshops at the Courthouse that offer a spectrum of resources to all parties. Resources include rental assistance, social services referral, mediation, and legal assistance. • Coordinate eviction diversion referrals from Tenant Resource Centers. • Identify funding to continue to conduct the Eviction Diversion Program during the unlawful detainer court proceedings. • Explore conversion of Superior Court Eviction Diversion into a possible Collaborative Housing Court model within the County's Superior Court Process that builds on the foundation of the weekly clinic and Eviction Diversion Program, as appropriate. • Seek additional funds to increase funding to nonprofit legal organizations to provide eviction counseling and defense. • Include support for residents in the Eviction Diversion Program to register for Doorway [online affordable housing portal] to help them search for affordable homes.
P-2	<p>Subsidize extremely low-income housing including permanent supportive housing for homeless - Continue to prioritize funding to create affordable homes for extremely low-income individuals and families, including permanent supportive housing for people experiencing homelessness, to meet the needs of the community and create more balance in the affordable housing portfolio. To that end, the City will actively pursue local, state, and federal funding sources to support these efforts.</p>
P-7	<p>City Infill Housing Ministerial Approval Ordinance -</p> <ul style="list-style-type: none"> • Adopt and implement a City Infill Housing Ministerial Approval Ordinance to streamline approval of infill housing developments that meet objective development standards without public hearing, qualify for a CEQA infill exemption, and include deed-restricted affordable units on-site, which could allow compliance with the City's current Inclusionary Housing Ordinance through the "Partnership for Clustered Units" option. • Make minor revisions to the municipal code to facilitate use of the CEQA exemption for infill development, in order to reduce project timeframes.
P-9	<p>Diridon Affordable Housing Production Goal – Actively subsidize and effectuate the production of affordable housing in the Diridon Station Area to achieve the City's goal of at least 25% of housing in this area being restricted affordable by the time of full Station Area build-out.</p>

Figure 5- 6 Distribution of Sites by Cost Burden, Renter

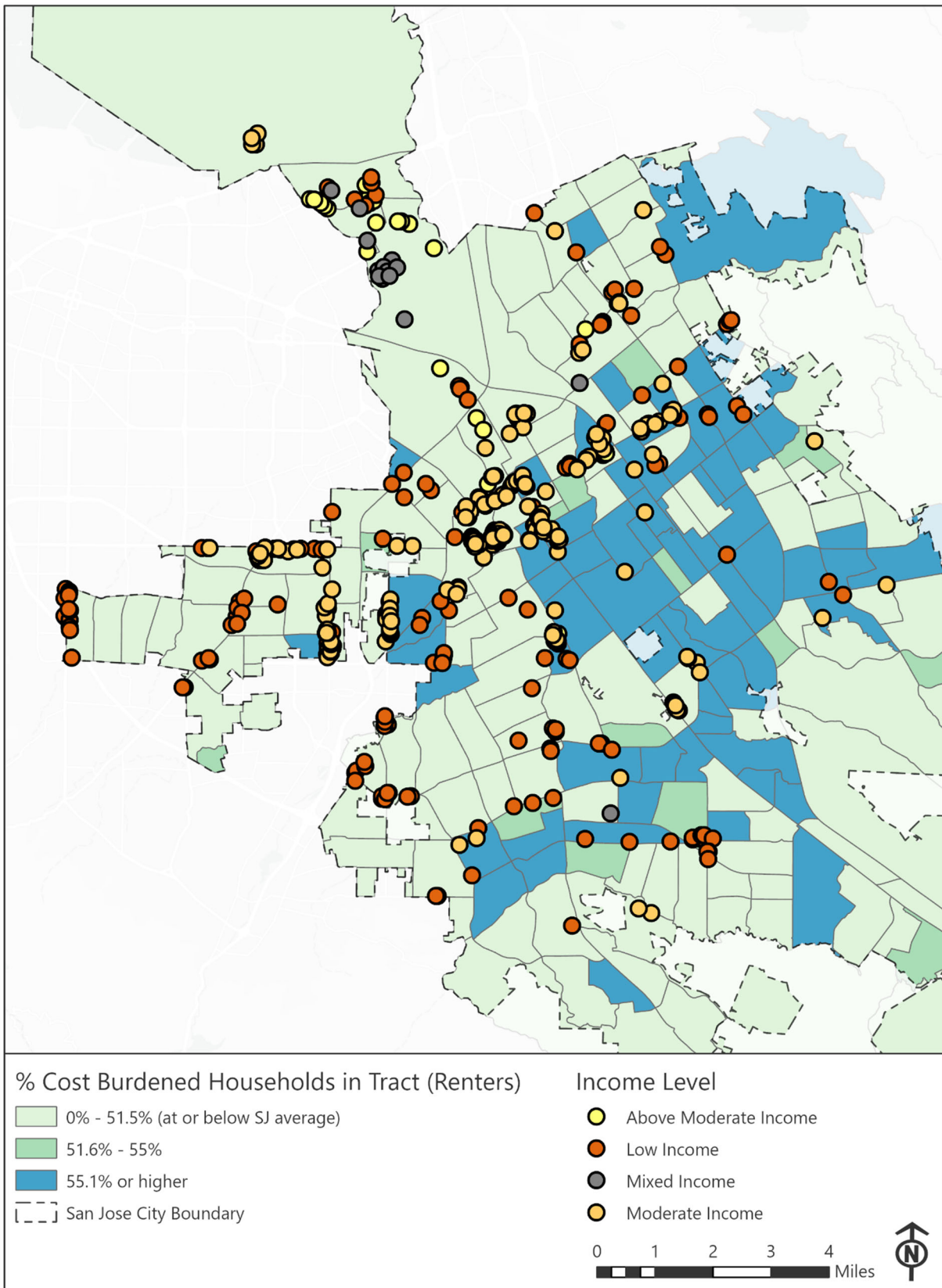
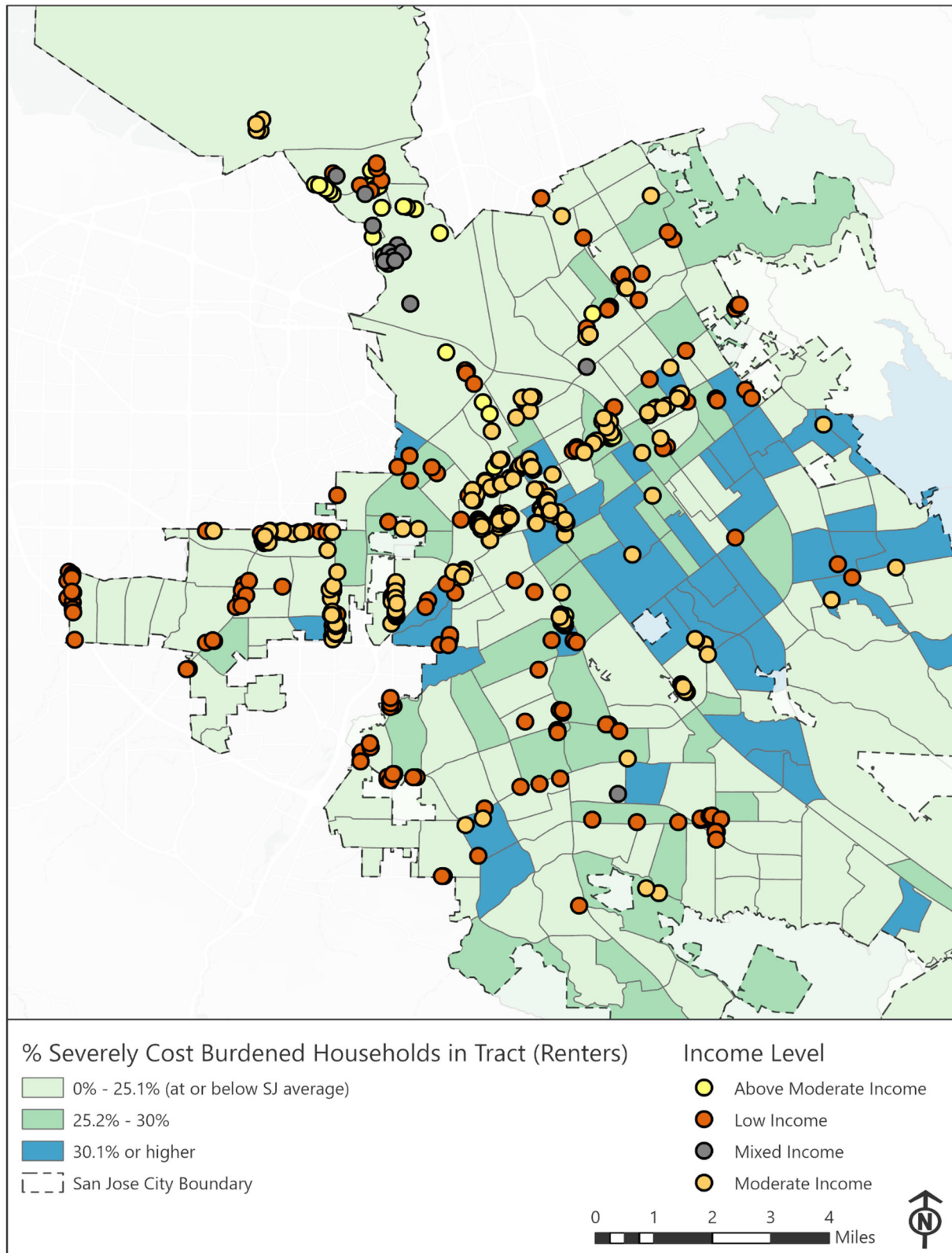


Figure 5- 7 Distribution of Sites by Severe Cost Burden, Renter



Overcrowding

In San José 9.6% of households are overcrowded (i.e., with over 1.01 occupants per room, excluding bathrooms and kitchens) and 3.5% of households are severely overcrowded (i.e., with over 1.51 occupants per room, excluding bathrooms and kitchens). As described in *Table 5-20*, 5% of lower income sites are in census tracts with a high concentration of overcrowding. . Similar to the cost burden analysis above, this is consistent with the identification of a majority of sites for affordable housing in areas identified as highest, high, and moderate resource per the CDLAC/TCAC opportunity maps.

While most sites are not located in tracts experiencing overcrowding/severe overcrowding, the Housing Element includes the following programs that will help address this issue through housing production:

Program	
P-7	<p>City Infill Housing Ministerial Approval Ordinance -</p> <ul style="list-style-type: none"> • Adopt and implement a City Infill Housing Ministerial Approval Ordinance to streamline approval of infill housing developments that meet objective development standards without public hearing, qualify for a CEQA infill exemption, and include deed-restricted affordable units on-site, which could allow compliance with the City’s current Inclusionary Housing Ordinance through the “Partnership for Clustered Units” option. <p>Make minor revisions to the municipal code to facilitate use of the CEQA exemption for infill development, in order to reduce project timeframes.</p>
P-2	<p>Subsidize extremely low-income housing including permanent supportive housing for homeless –</p> <p>Continue to prioritize funding to create affordable homes for extremely low-income individuals and families, including permanent supportive housing for people experiencing homelessness, to meet the needs of the community and create more balance in the affordable housing portfolio. To that end, the City will actively pursue local, state, and federal funding sources to support these efforts.</p>
P-9	<p>Diridon Affordable Housing Production Goal –</p> <p>Actively subsidize and effectuate the production of affordable housing in the Diridon Station Area to achieve the City’s goal of at least 25% of housing in this area being restricted affordable by the time of full Station Area build-out.</p>
P-14	<p>Housing in Business Corridors –</p> <p>Update Zoning Code to allow housing in three Neighborhood Business Districts appropriate for housing (13th Street, Japantown and Willow Glen).</p>

Table 5-20: Sites in Census Tracts that Experience Overcrowding by concentration			
	Sites in tracts with a low concentration of overcrowding (less than 9.6% of HH)	Sites in tracts with a moderate concentration of overcrowding (9.7% - 15% of HH)	Sites in tracts with a high concentration of overcrowding (15.1% of HH or higher)
Lower Income	155 (75%)	16 (7%)	9 (18%)
Moderate Income	191 (72%)	46 (1%)	18 (27%)
Above Moderate Income	25 (97%)	2 (0%)	7 (3%)
Mixed Income	14 (100%)	1 (0%)	0 (0%)
Total	385	65	34

Table 5-20: Sites in Census Tracts that Experience Overcrowding by concentration			
	Sites in tracts with a low concentration of overcrowding (less than 9.6% of HH)	Sites in tracts with a moderate concentration of overcrowding (9.7% - 15% of HH)	Sites in tracts with a high concentration of overcrowding (15.1% of HH or higher)
Lower Income	155 (75%)	16 (7%)	9 (18%)
Moderate Income	191 (72%)	46 (1%)	18 (27%)
Above Moderate Income	25 (97%)	2 (0%)	7 (3%)
Mixed Income	14 (100%)	1 (0%)	0 (0%)
Total	385	65	34

Figure 5- 8 Distribution of Sites by Overcrowded Households

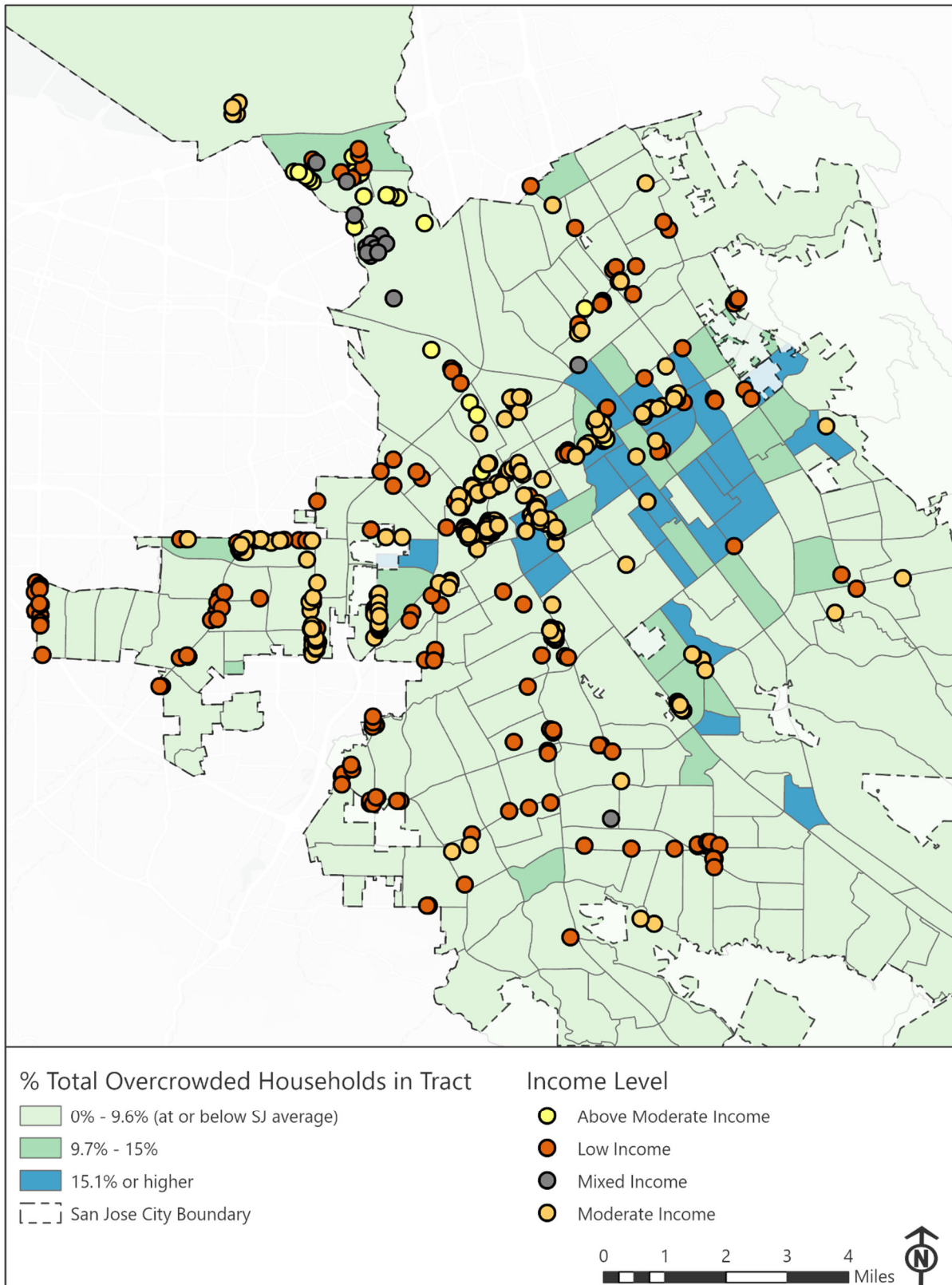


Figure 5-9 Distribution of Sites by Severely Overcrowded Households

