

**Please Start Here**

| <b>General Information</b> |                                   |
|----------------------------|-----------------------------------|
| Jurisdiction Name          | San Jose                          |
| Reporting Calendar Year    | 2019                              |
| <b>Contact Information</b> |                                   |
| First Name                 | Ruth                              |
| Last Name                  | Cueto                             |
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| Street Address             | 200 E. Santa Clara St., 3rd Floor |
| City                       | San José                          |
| Zipcode                    | 95113                             |

**Optional:** Click here to import last year's data. This is best used when the workbook is new and empty. You will be prompted to pick an old workbook to import from. Project and program data will be copied exactly how it was entered in last year's form and must be updated.

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|----------------|----------|--------------------|
| Jurisdiction   | San Jose |                    |
| Reporting Year | 2019     | (Jan. 1 - Dec. 31) |

## ANNUAL ELEMENT PROGRESS REPORT Housing Element Implementation

(CCR Title 25 §6202)

Note: "+" indicates an optional field

Cells in grey contain auto-calculation formulas

**Table A**  
**Housing Development Applications Submitted**

| Project Identifier                  |             |                        |               |                                 | Unit Types                               |                         | Date Application Submitted | Proposed Units - Affordability by Household Incomes |                                     |                            |                                |                                 |                                     |                       | Total Approved Units by Project | Total Disapproved Units by Project | Streamlining  | Notes   |        |
|-------------------------------------|-------------|------------------------|---------------|---------------------------------|--|-------------------------|----------------------------|---|-------------------------------------|----------------------------|--------------------------------|---------------------------------|-------------------------------------|-----------------------|---------------------------------|------------------------------------|---|---|--------|
| 1                                   |             |                        |               |                                 | 2  | 3                       | 4                          | 5   |                                     |                            |                                |                                 |                                     |                       | 6                               | 7                                  | 8   | 9   | 10     |
| Prior APN*                          | Current APN | Street Address         | Project Name* | Local Jurisdiction Tracking ID* | Unit Category (SFA,SFD,2 to 4,5+,ADU,MH) | Tenure R=Renter O=Owner | Date Application Submitted | Very Low-Income Deed Restricted                     | Very Low-Income Non Deed Restricted | Low-Income Deed Restricted | Low-Income Non Deed Restricted | Moderate-Income Deed Restricted | Moderate-Income Non Deed Restricted | Above Moderate-Income | Total PROPOSED Units by Project | Total APPROVED Units by project    | Total DISAPPROVED Units by Project (Auto-calculated Can Be Overwritten) | Was APPLICATION SUBMITTED Pursuant to GC 65913.4(b)? (SB 35 Streamlining) | Notes* |
| Summary Row: Start Data Entry Below |             |                        |               |                                 |  |                         |                            | 73  | 0                                   | 700                        | 0                              | 21                              | 0                                   | 9409                  | 10203                           | 0                                  | 10203   | 3   |        |
|                                     | 27719023    | 427 PAGE ST            |               | H19-002                         | SFA                                      | O                       | 1/23/2019                  |   |                                     |                            |                                |                                 |                                     | 8                     | 8                               |                                    | 8   | No  |        |
|                                     | 26432011    | 123 W REED ST          |               | H19-006                         | 2 to 4                                   | R                       | 2/25/2019                  |   |                                     |                            |                                |                                 |                                     | 3                     | 3                               |                                    | 3   | No  |        |
|                                     | 47225072    | 647 S 6TH ST           |               | H19-009                         | 2 to 4                                   | O                       | 3/6/2019                   |   |                                     |                            |                                |                                 |                                     | 2                     | 2                               |                                    | 2   | No  |        |
|                                     | N/A         | 641 N CAPITOL AV       |               | PD19-010                        | 5+                                       | R                       | 3/21/2019                  |   |                                     |                            |                                |                                 |                                     | 188                   | 188                             |                                    | 188   | No  |        |
|                                     | 45528017    | 0 CURTNER AV           |               | PDA14-035-06                    | SFA                                      | O                       | 4/2/2019                   |   |                                     |                            |                                |                                 |                                     | 815                   | 815                             |                                    | 815   | No  |        |
|                                     | 27414152    | 259 MERIDIAN AV        |               | PD19-011                        | 5+                                       | R                       | 4/10/2019                  |   |                                     |                            |                                |                                 |                                     | 241                   | 241                             |                                    | 241   | No  |        |
|                                     | 27718019    | 1530 W SAN CARLOS ST   |               | PD19-014                        | 5+                                       | R                       | 4/29/2019                  |   |                                     |                            |                                |                                 |                                     | 173                   | 173                             |                                    | 173   | No  |        |
|                                     | 24945047    | 419 N 5TH ST           |               | H19-018                         | 2 to 4                                   | O                       | 5/3/2019                   |   |                                     |                            |                                |                                 |                                     | 2                     | 2                               |                                    | 2   | No  |        |
|                                     | 25920015    | 447 N 1ST ST           |               | H19-019                         | 5+                                       | R                       | 5/6/2019                   | 20  |                                     | 67                         |                                |                                 |                                     | 28                    | 115                             |                                    | 115   | No  |        |
|                                     | 46720019    | 100 N 4TH ST           |               | H19-021                         | 5+                                       | R                       | 5/13/2019                  |   |                                     |                            |                                |                                 |                                     | 298                   | 298                             |                                    | 298   | No  |        |
|                                     | 30339044    | 425 S WINCHESTER BL    |               | SP19-065                        | 5+                                       | R                       | 5/15/2019                  |   |                                     |                            |                                |                                 |                                     | 27                    | 27                              |                                    | 27  | No  |        |
|                                     | 67636007    | 4349 SAN FELIPE RD     |               | PD19-018                        | SFD                                      | O                       | 5/23/2019                  |   |                                     |                            |                                |                                 |                                     | 2                     | 2                               |                                    | 2   | No  |        |
|                                     | 56752028    | 5647 GALLUP DR         |               | H19-023                         | 5+                                       | R                       | 5/28/2019                  | 39  |                                     | 6                          |                                |                                 |                                     | 1                     | 46                              |                                    | 46  | Yes-But no action taken   |        |
|                                     | 30338001    | 555 S WINCHESTER BL    |               | PD19-019                        | 5+                                       | R                       | 6/4/2019                   |   |                                     |                            |                                |                                 |                                     | 687                   | 687                             |                                    | 687   | No  |        |
|                                     | 30339018    | 366 SPAR AVENUE        |               | SP19-021                        | ADU                                      | O                       | 6/10/2019                  |   |                                     |                            |                                |                                 |                                     | 1                     | 1                               |                                    | 1   | No  |        |
|                                     | 23014004    | 1202 CAMPBELL AV       |               | PD19-020                        | 5+                                       | R                       | 6/13/2019                  |   |                                     |                            |                                |                                 |                                     | 290                   | 290                             |                                    | 290   | No  |        |
|                                     | 41225009    | 2375 S BASCOM AV       |               | CP19-021                        | 5+                                       | R                       | 6/18/2019                  |   |                                     |                            |                                |                                 |                                     | 83                    | 83                              |                                    | 83  | No  |        |
|                                     | 23045011    | 1389 MCKENDRIE ST      |               | H19-027                         | 2 to 4                                   | O                       | 6/19/2019                  |   |                                     |                            |                                |                                 |                                     | 2                     | 2                               |                                    | 2   | No  |        |
|                                     | 26415003    | 750 W SAN CARLOS ST    |               | H19-028                         | 5+                                       | R                       | 6/20/2019                  |   |                                     | 79                         |                                |                                 |                                     | 1                     | 80                              |                                    | 80  | No  |        |
|                                     | 25429029    | 907 N CAPITOL AV       |               | PD19-022                        | SFA                                      | O                       | 6/25/2019                  |   |                                     |                            |                                |                                 |                                     | 6                     | 6                               |                                    | 6   | No  |        |
|                                     | 48122067    | 101 S JACKSON AV       |               | H19-031                         | 5+                                       | R                       | 7/11/2019                  |   |                                     |                            |                                |                                 |                                     | 14                    | 14                              |                                    | 14  | No  |        |
|                                     | 46731103    | 1015 E SAN FERNANDO ST |               | H19-032                         | 2 to 4                                   | R                       | 7/12/2019                  |   |                                     |                            |                                |                                 |                                     | 1                     | 1                               |                                    | 1   | No  |        |
|                                     | 66072023    | 5310 RACHAELLA LN      |               | PD19-026                        | SFD                                      | O                       | 8/6/2019                   |   |                                     |                            |                                |                                 |                                     | 1                     | 1                               |                                    | 1   | No  |        |
|                                     | 27734038    | 375 S BAYWOOD AV       |               | PD19-027                        | 5+                                       | O                       | 8/8/2019                   |   |                                     |                            |                                |                                 |                                     | 48                    | 48                              |                                    | 48  | No  |        |
|                                     | 26457041    | 39 LESTER AV           |               | H19-036                         | 2 to 4                                   | R                       | 8/13/2019                  |   |                                     |                            |                                |                                 |                                     | 3                     | 3                               |                                    | 3   | No  |        |



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## ANNUAL ELEMENT PROGRESS REPORT Housing Element Implementation

(CCR Title 25 §6202)

| Table A2<br>Annual Building Activity Report Summary - New Construction, Entitled, Permits and Completed Units |                     |  |              |            |   |  |  |  |  |  |  |  |     |           |     |              |        |  |              |   |   |                            |  |       |  |
|---|---------------------|--|--------------|------------|---|--|--|--|--|--|--|--|-----|-----------|-----|--------------|--------|--|--------------|---|---|----------------------------|--|-------|--|
| Project Identifier  |                     |  |              | Unit Types |   | Affordability by Household Incomes - Completed Entitlement |  |  |  |  |  |  |     |           |     | Streamlining | Infill | Housing with Financial Assistance and/or Deed Restrictions |              | Housing without Financial Assistance or Deed Restrictions | Term of Affordability or Deed Restriction | Demolished/Destroyed Units |  | Notes |  |
|   |                     |  |              |            |   |  |  |  |  |  |  |  |     |           |     |              |        |  |              |   |   |                            |  |       | 1  |
| 68015026  | 5611 ALGONQUIN WY   |  | PD18-036     | SFD        | O |  |  |  |  |  |  |  | 1   | 5/22/2019 | 1   |              | N      |  |              |   |   |                            |  |       |  |
| 25923006  | 199 BASSETT ST      |  | SPA17-023-01 | 5+         | R |  |  |  |  |  |  |  | 501 | 5/29/2019 | 501 |              | N      |  |              |   |   |                            |  |       |  |
| 29937024  | 700 SARATOGA AV     |  | PD17-027     | 5+         | R |  |  |  |  |  |  |  | 302 | 6/11/2019 | 302 |              | N      |  |              |   |   |                            |  |       |  |
| 24945047  | 419 N 5TH ST        |  | H19-018      | SFA        | O |  |  |  |  |  |  |  | 2   | 6/19/2019 | 2   |              | N      |  |              |   |   |                            |  |       |  |
| N/A   | 641 N CAPITOL AV    |  | PD19-010     | 5+         | R |  |  |  |  |  |  |  | 188 | 6/26/2019 | 188 |              | N      |  |              |   |   |                            |  |       |  |
| 28226007  | 133 S BASCOM AV     |  | PD18-015     | 5+         | R |  |  |  |  |  |  |  | 590 | 9/10/2019 | 590 |              | N      |  |              |   |   |                            |  |       |  |
| 30339018  | 366 SPAR AV         |  | SP19-021     | ADU        | O |  |  |  |  |  |  |  | 1   | 10/2/2019 | 1   |              | N      |  |              |   |   |                            |  |       |  |
| 42120010  | 0 UNION AV          |  | CP18-025     | 5+         | R |  |  |  |  |  |  |  | 152 | 11/5/2019 | 152 |              | N      |  |              |   |   |                            |  |       |  |
| 26407048  | 760 MERIDIAN WY     |  | CP18-041     | 5+         | R |  |  |  |  |  |  |  | 12  | #####     | 12  |              | N      |  |              |   |   |                            |  |       |  |
| 47226090  | 600 S 1ST ST        |  | SP18-001     | 5+         | R |  |  |  |  |  |  |  | 290 | #####     | 290 |              | N      |  |              |   |   |                            |  |       |  |
| 26432011  | 123 W REED ST       |  | H19-006      | 2 to 4     | R |  |  |  |  |  |  |  | 3   | 12/4/2019 | 3   |              | N      |  |              |   |   |                            |  |       |  |
| 69025021  | 397 BLOSSOM HILL RD |  | CP18-022     | 5+         | R | 145  |  |  |  |  |  |  | 2   | #####     |     |              | N      | Y  | LIHTC, Other | Other   | 55  |                            |  |       | Tax credits, City funds, Santa Clara County Measure A; City AR |
|   |                     |  |              |            |   |  |  |  |  |  |  |  |     |           | 147 |              |        |  |              |   |   |                            |  |       |  |























































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

This table is auto-populated once you enter your jurisdiction name and current year data. Past year information comes from previous APRs.  
 Please contact HCD if your data is different than the material supplied here

| Table B                                    |                     |                                 |      |      |      |      |      |      |      |      |      |                                 |                                      |
|--|---------------------|---------------------------------|------|------|------|------|------|------|------|------|------|---------------------------------|--------------------------------------|
| Regional Housing Needs Allocation Progress |                     |                                 |      |      |      |      |      |      |      |      |      |                                 |                                      |
| Permitted Units Issued by Affordability    |                     |                                 |      |      |      |      |      |      |      |      |      |                                 |                                      |
|  |                     | 1                               | 2    |      |      |      |      |      |      |      |      | 3                               | 4                                    |
| Income Level                               |                     | RHNA Allocation by Income Level | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | Total Units to Date (all years) | Total Remaining RHNA by Income Level |
| Very Low                                   | Deed Restricted     | 9233                            | 70   | 314  | 190  | 418  | 134  |      |      |      |      | 1126                            | 8107                                 |
|  | Non-Deed Restricted |                                 |      |      |      |      |      |      |      |      |      |                                 |                                      |
| Low  | Deed Restricted     | 5428                            |      |      |      |      |      |      |      |      |      | 2304                            | 3884                                 |
|  | Non-Deed Restricted |                                 |      |      |      |      |      |      |      |      |      |                                 |                                      |
| Moderate                                   | Deed Restricted     | 6188                            |      |      | 285  | 1300 | 719  |      |      |      |      | 9450                            | 4781                                 |
| Above Moderate                             | Non-Deed Restricted | 14231                           | 1951 | 1774 | 2622 | 1531 | 1572 |      |      |      |      |                                 |                                      |
| Total RHNA                                 |                     | 35080                           |      |      |      |      |      |      |      |      |      |                                 |                                      |
| Total Units                                |                     |                                 | 2021 | 2088 | 3097 | 3249 | 2425 |      |      |      |      | 12880                           | 22200                                |

Note: units serving extremely low-income households are included in the very low-income permitted units totals  
 Cells in grey contain auto-calculation formulas

# ANNUAL ELEMENT PROGRESS REPORT

## Housing Element Implementation

(CCR Title 25 §6202)

|                       |          |                    |
|-----------------------|----------|--------------------|
| <b>Jurisdiction</b>   | San Jose |                    |
| <b>Reporting Year</b> | 2019     | (Jan. 1 - Dec. 31) |

**Table D**

### Program Implementation Status pursuant to GC Section 65583

**Housing Programs Progress Report**

Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement, and development of housing as identified in the housing element.

| 1  | 2  | 3                | 4   |
|--|--|------------------|---|
| Name of Program  | Objective  | Timeframe in H.E | Status of Program Implementation  |
| <b>Increase, Preserve, and Improve the Supply of Affordable Housing:</b> |  |                  |   |
| 1. Continue Predevelopment Loan and Project Development Loan Programs.   | A. Review City's existing Income Allocation Policy and update as necessary to provide a funding framework for income categories.   | 2015-16          | In mid 2018, the City Council approved the Housing Department's new Affordable Housing Investment Plan which defined uses for its funds. Priorities include both creation of new permanent supportive apartments for the homeless, non-homeless units in mixed-population projects, and traditional tax credit projects. The Department issued a \$100 million Notice of Funding Availability which defined target affordability levels. Given that the vast majority of the Department's funding is governed by specific State law on the restrictions associated with the reuse of program income from former 20% redevelopment funds, a new Income Allocation Policy is not anticipated. Rather, periodic Housing Investment Plans will define Council-approved priorities for expenditures. |
| 1. Continue Predevelopment Loan and Project Development Loan Programs.   | B. Continue to provide predevelopment loans to assist nonprofit housing developers with funds necessary to explore feasibility of proposed affordable multifamily housing.   | Annual, ongoing  | The Housing Department is encouraging affordable housing developers seeking predevelopment funds to work with the Housing Trust of Silicon Valley and Destination Home to receive funds for this purpose. In limited circumstances funding will be made available for predevelopment activities.  |
| 1. Continue Predevelopment Loan and Project Development Loan Programs.   | C. Continue to provide land acquisition, construction, and permanent financing for the development of new affordable homes and the acquisition/rehabilitation of existing rental housing for affordable homes pending availability of funds. | Annual, ongoing  | In 2018, staff obtained City Council approval to fund approximately \$12M for acquisition, construction, and permanent loans and grants to support the creation of 80 new affordable homes. In 2018, the City also issued \$350M in tax-exempt bonds to support rehabilitation and refinancing of existing rental complexes totaling 700 affordable apartments.   |
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# ANNUAL ELEMENT PROGRESS REPORT

## Housing Element Implementation

(CCR Title 25 §6202)

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|--|---|-------------------------|--|
| <b>Jurisdiction</b>  | San Jose  |                         |  |
| <b>Reporting Year</b>  | 2019  | (Jan. 1 - Dec. 31)      |  |
| <b>Table D</b>   |   |                         |  |
| <b>Program Implementation Status pursuant to GC Section 65583</b>  |   |                         |  |
| <b>Housing Programs Progress Report</b>  |   |                         |  |
| Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement, and development of housing as identified in the housing element. |   |                         |  |
| <b>1</b>   | <b>2</b>  | <b>3</b>                | <b>4</b>   |
| <b>Name of Program</b>   | <b>Objective</b>  | <b>Timeframe in H.E</b> | <b>Status of Program Implementation</b>  |
| 2. Maximize revenues from the City's loan portfolio.   | Maximize City revenues and residual receipts when senior loans mature or are refinanced/restructured. | Ongoing                 | Residual receipts increased by 26% from 2017 to 2018 for a total of \$15.8MM. Organizational capacity and analytical tools to monitor and enhance portfolio revenues has been strengthened and continues to grow.  |
| 3. Facilitate affordable housing deals that require no City subsidies.   | Facilitate mixed income deals. Facilitate 9% and 4% tax credit/bond developments.                     | Ongoing                 | It is the Housing Department's goal to review and modify the City's multifamily revenue bonds policy before or during the Fall of 2019. The Housing Department will engage with affordable housing developers, financial institutions, and other stakeholders with the goal of updating the bonds policy to increase the supply of affordable housing in San Jose. |
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|  |   |                         |  |

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## Housing Element Implementation

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### Program Implementation Status pursuant to GC Section 65583

#### Housing Programs Progress Report

Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement, and development of housing as identified in the housing element.

| 1  | 2   | 3                | 4   |
|--|---|------------------|---|
| Name of Program  | Objective   | Timeframe in H.E | Status of Program Implementation  |
| <p>4. Implement the City's Housing Impact Fee Program.</p> | <p>A. Develop and implement the Housing Impact Fee Program by the effective date.</p> | <p>2016</p>      | <p>Following the passing of State legislation (AB 1505) in 2017, the San Jose City Council took specific actions to clarify the transition from the Affordable Housing Impact Fee (AHIF) to the Inclusionary Housing Ordinance (IHO) on May 8, 2018. As a result rental development projects with 20 or more units that are submitted after June 30, 2018 will be considered under the IHO. The AHIF Program is still applicable to rental developments with 3-19 units. AHIF implementation is currently underway with:</p> <ul style="list-style-type: none"> <li>- 4 projects (3-19 rental units) also known as small rental projects, have submitted their Affordable Housing Compliance Plans and plan to pay AHIF prior to issuance of their building permits.</li> <li>- 17 projects (20 or more units) also known as Transition projects, have submitted their Affordable Housing Compliance Plans and plan to pay AHIF prior to issuance of their building permits. These projects must obtain building permits by June 30, 2020 in order to remain under the AHIF, otherwise they will become subject to the IHO. One out of the 17 projects has paid their AHIF totaling \$1,410,406.49 based on 103 market rate units.</li> <li>- 9 projects (with 20 or more units) that are planning to be Downtown High-Rises and thus are eligible for a term limited exemption, have submitted their Affordable Housing Compliance Plans. They plan to record an Affordable Housing agreement to defer payment of their AHIF to Certificate of Occupancy. If these Downtown High-Rises receive 100% of their Certificates of Occupancy by June 30, 2025, they will be exempt from paying AHIF.</li> <li>- 7 projects (with 20 or more units) that are planning to be 100% affordable, have submitted their Affordable Housing Compliance Plans and plan to provide an Affordability Restriction that will fulfill their AHIF requirement prior to issuance of their building permits.</li> </ul> |



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## Housing Element Implementation

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| <b>Housing Programs Progress Report</b>  |  |                         |   |
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| <b>1</b>   | <b>2</b>   | <b>3</b>                | <b>4</b>  |
| <b>Name of Program</b>   | <b>Objective</b>   | <b>Timeframe in H.E</b> | <b>Status of Program Implementation</b>   |
| 4. Implement the City's Housing Impact Fee Program.  | B. Utilize the fees generated to finance the development of housing that is affordable to the workforce.                             | 2016                    | To date, approximately \$3.1 million in Affordable Housing Impact Fees have been paid. The AHIF resolution provided a grandfathering provision (Pipeline Exemption) open to projects with approvals completed before June 30, 2016. A development will be exempted from the fee if the development receives its Certificate of Occupancy for buildings containing at least 50% of the declared units prior to January 31, 2020.<br>- 15 developments remain eligible for the pipeline exemption as of 2018, revising the estimated value of the exempted fee revenue for these developments to total: \$51 million. |
| 5. Acquire land for residential development, especially near transit for the development of low- and moderate- income housing.   | A. Utilize resources to acquire land   | Annual, ongoing         | In 2018, the City issued a Notice of Funding Availability for \$100M in City funds for the development of new affordable housing including transit oriented development. The NOFA will create over 1,100 new affordable apartments.   |
| 5. Acquire land for residential development, especially near transit for the development of low- and moderate- income housing.   | B. Partner with transit agencies such as VTA and BART to explore and facilitate transit-oriented development (See workplan item #15) | Annual, ongoing         | VTA selected a developer team to build up to 440 housing units and commercial at the Tamien Light Rail and Caltrain Station. 20% of the apartments will be affordable per VTA's joint development policy. VTA continues to engage with the community and the City on several other TOD projects on the Santa Teresa light rail line.  |
| 5. Acquire land for residential development, especially near transit for the development of low- and moderate- income housing.   | C. Explore the creation of a land bank to ensure the creation of affordable housing within Urban Villages.                           | 2016-17                 | Examining a potential land acquisition loan fund is in the Housing Department's direction from the City Council as part of its Housing Crisis Response workplan. Given the very high land costs present in the market at this time, this does not appear to be a advisable strategy. Staff will report back to City Council in the coming year on this analysis. Staff will also continue to explore Community Land Trusts feasibility as another way to acquire and hold sites for affordable housing.   |

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| <b>Housing Programs Progress Report</b>  |  |                         |  |
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| <b>1</b>   | <b>2</b>   | <b>3</b>                | <b>4</b>   |
| <b>Name of Program</b>   | <b>Objective</b>   | <b>Timeframe in H.E</b> | <b>Status of Program Implementation</b>  |
| 5. Acquire land for residential development, especially near transit for the development of low- and moderate- income housing.   | D. Explore partnerships such as Community Land Trusts to facilitate acquisition of land.   | 2016-17                 | The City continues to explore CLT through participation in the PolicyLink anti-displacement network. The City's advisory group on the Diridon Station Area development also identified CLTs as a potential strategy. In addition, the Silicon Valley Community Foundation identified this as a priority and began exploring it in 2018 with regional partners including the City of San Jose Housing Department.   |
| 6. Advance Inclusionary Housing Programs   | Continue to defend the Citywide inclusionary housing ordinance in court. Continue to implement the City's existing inclusionary housing policy on for-sale projects in former redevelopment areas. | Ongoing                 | In 2018, staff continued to implement the City's Inclusionary Housing Ordinance (IHO). Staff implemented requirements for newly-filed for-sale projects after the "Grace Period" ended for developments obtaining all needed Planning Permits prior to June 30, 2016.<br>- 4 developments were deemed eligible for the IHO Grace Period. These 385 units would have generated \$9.8 million in in-lieu fees.<br>- 3 projects are subject to the Inclusionary Housing Policy and are expected to generate \$24.1 million in in-lieu revenue. Thus far, \$8.3 million has been paid in in-lieu fees. |
| 7. Increase supply of permanent supportive housing for homeless individuals.   | Explore all opportunities to create homeless apartments with supportive services within the City.  | Annual, ongoing - D3    | Since the start of 2016, the City has committed funding for 532 units of housing for homeless individuals; the City, County and Housing Authority meet regularly to coordinate investments and progress.   |

# ANNUAL ELEMENT PROGRESS REPORT

## Housing Element Implementation

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| <b>Jurisdiction</b>   | San Jose |                    |
| <b>Reporting Year</b> | 2019     | (Jan. 1 - Dec. 31) |

**Table D**

### Program Implementation Status pursuant to GC Section 65583

#### Housing Programs Progress Report

Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement, and development of housing as identified in the housing element.

| 1  | 2  | 3                | 4  |
|--|--|------------------|--|
| Name of Program  | Objective  | Timeframe in H.E | Status of Program Implementation   |
| 8. Preserve existing deed-restricted multifamily rental homes.             | A. Develop a funding framework to guide the allocation of resources between the production of new affordable homes or the preservation of existing affordable homes.           | 2015-16          | As local Measure V, which would have provided \$450 million in resources for affordable housing, did not pass on the November 2018 ballot, the City has continued to prioritize available funds for the creation of new or newly-affordable homes. This aligns with the City Council's direction in 2018 to create 10,000 new affordable homes over a five-year period. To support production, the Department has developed new underwriting guidelines for the funding of new projects as well the refinancing of existing properties. The Department has drafted and will finalize guidelines for transactions on existing portfolio assets. |
| 8. Preserve existing deed-restricted multifamily rental homes.             | B. Fund the extension of the affordability restrictions for existing multifamily affordable homes pending funding availability.  | Ongoing          | Staff has extended and strengthened affordability restrictions for 10 developments with 1,332 units without additional City funding.   |
| 8. Preserve existing deed-restricted multifamily rental homes.             | C. Monitor at-risk units and upon notification outreach with landlord, tenants, and qualified entities to assist with funding preservation of existing homes.                  | Ongoing          | The City currently monitors its portfolio to identify at-risk projects and evaluates alternatives for extending affordability restrictions through negotiations with the borrower. This is pursued on a case by case basis.  |
| 8. Preserve existing deed-restricted multifamily rental homes.             | D. Explore and establish an outreach and tenant education program.   | 2015-16          | For projects in the portfolio for which an extension of affordability restrictions cannot be negotiated, the City will work with borrowers to ensure that a satisfactory transition plan for existing residents is implemented. This is pursued on a case by case basis.   |
|  |  |                  |  |
| 9. Continue parkland fee reduction for new affordable housing development. | Continue to charge affordable housing developers a lower rate under the Parkland Dedication Ordinance (PDO) and Park Impact Fee (PIO) for new affordable housing developments. | Ongoing          | The Housing Department regularly works with affordable housing developers to ensure that they receive the PDO-PIO fee reduction on their developments. No changes have been proposed to this program.  |

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**Table D**

### Program Implementation Status pursuant to GC Section 65583

#### Housing Programs Progress Report

Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement, and development of housing as identified in the housing element.

| 1  | 2  | 3                | 4  |
|--|--|------------------|--|
| Name of Program  | Objective  | Timeframe in H.E | Status of Program Implementation   |
| 10. Shape national, state, regional and local programs, policies and regulations to facilitate affordable housing development. | A. Help shape the National Housing Trust Fund, GSE reform, tax reform and other Federal policies that create funding for affordable housing development. | Ongoing          | In January, 2019 the White House announced plans to reform Fannie Mae and Freddie Mac and the nation's housing finance system. City staff will continue to monitor this. City staff have also been closely following the rollout of the Federal IRS Opportunity Zone program. San Jose has 11 Opportunity Zones. It is not yet clear if this program will provide meaningful incentives for the production of affordable housing. Finally, staff has accommodated the effects of tax reform into its tax credit financed transactions, and incorporated this into analysis for potential programs. |
| 10. Shape national, state, regional and local programs, policies and regulations to facilitate affordable housing development. | B. Shape cap and trade implementation.   | Ongoing          | Completed. In 2017 and 2018 Housing staff attended AHSC information workshops and provided feedback on the program. The City has partnered with affordable housing developers on three applications, of which two have been awarded. The City intends to submit an additional three applications in early 2019 to build affordable housing, bike and pedestrian infrastructure, and urban greening improvements.   |
| 10. Shape national, state, regional and local programs, policies and regulations to facilitate affordable housing development. | C. Shape permanent source to replace lost State bond funding that was depleted.  | Ongoing          | Completed. Staff provided input to industry advocates that informed the formula for SB 2 (The Building Homes and Jobs Act) that was successfully passed as part of the Housing Legislation package in 2017. The new law uses a CDBG-based funding formula for the funding that will be directed to local governments starting in 2019. This is consistent with the City's input.   |
| 10. Shape national, state, regional and local programs, policies and regulations to facilitate affordable housing development. | D. Support new tools that replace Redevelopment Agency Low/Moderate Income Housing Funds including Infrastructure Financing Districts.                   | Ongoing          | In 2018, several tax increment bills for affordable housing were introduced. The City will track these bills as they move through the legislative process. The new Governor has deemphasized the likelihood of a new redevelopment program for 2019.   |
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**Table D**

### Program Implementation Status pursuant to GC Section 65583

#### Housing Programs Progress Report

Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement, and development of housing as identified in the housing element.

| 1   | 2  | 3                | 4   |
|---|--|------------------|---|
| Name of Program   | Objective  | Timeframe in H.E | Status of Program Implementation  |
| 11. Advance collaborative solutions to address housing needs. | Work collaboratively with other City departments, local jurisdictions and working groups such as the Santa Clara CDBG Grants Management Group, Regional Housing Working Group, ABAG/MTC's One Bay Area Plan, Regional Prosperity Plan, Santa Clara Association of Planning Officials, and other initiatives. | Ongoing          | San Jose's Housing Director served on the MTC Committee to House the Bay Area (CASA) technical advisory committee which completed its work in December, 2018. CASA seeks to build an actionable political consensus around increasing housing production, preserving existing affordable housing and protecting vulnerable populations from housing instability and displacement. The Mayor of San Jose also served as a key member of the CASA board. City staff and selected Council members worked on potential subregional Regional Housing Needs Allocation strategy together with the Cities Association of Santa Clara County. The Department's Homelessness Response and Grants teams regularly coordinate homeless funding strategies with the County of Santa Clara staff and other members of the local CoC. The City's Housing Director meets quarterly with Housing Directors from Oakland and San Francisco. Staff also continue to interface with many regionally-focused housing organizations including Destination Home, VTA Land Use and Transportation Initiatives Working Group, NPH Legislative Committee, Santa Clara CDBG Grants Management Group, SV @ Home, Santa Clara County Office of Supportive Housing, Santa Clara County Housing Authority, the Cities Association of Santa Clara County, the League of California Cities, Working Partnerships, and the Law Foundation of Silicon Valley. |
|   |  |                  |   |
|   |  |                  |   |
| 12. Advance regional solutions to address housing needs.      | A. Explore creation of regional body or formal collaboration to make more efficient use of limited resources, maximize the delivery of affordable housing, or respond to homelessness.   | Ongoing          | At the end of 2018, MTC released the Committee to House the Bay Area (CASA) Compact, a package of policies to confront the housing crisis in the Bay Area and Statewide. Element #10 calls for the establishment of a Regional Housing Enterprise to implement CASA, track displacement and development, provide incentives and technical assistance. The state legislature is expected to introduce bills that implement the CASA Compact.   |

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| <b>Jurisdiction</b>  | San Jose   |                         |   |
| <b>Reporting Year</b>  | 2019   | (Jan. 1 - Dec. 31)      |   |
| <b>Table D</b>   |  |                         |   |
| <b>Program Implementation Status pursuant to GC Section 65583</b>  |  |                         |   |
| <b>Housing Programs Progress Report</b>  |  |                         |   |
| Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement, and development of housing as identified in the housing element. |  |                         |   |
| <b>1</b>   | <b>2</b>   | <b>3</b>                | <b>4</b>  |
| <b>Name of Program</b>   | <b>Objective</b>   | <b>Timeframe in H.E</b> | <b>Status of Program Implementation</b>   |
| 12. Advance regional solutions to address housing needs.   | B. Explore strategies to facilitate a more balanced regional distribution of affordable housing production.  | Ongoing                 | The City of San Jose agreed to participate in Regional Housing Needs Allocation (RHNA) Sub region with other Cities in Santa Clara County. This will provide opportunities for communication and could lay the groundwork for future cooperation on the location of new housing development. In addition, Mayor Liccardo continues to advocate for a regional commercial linkage fee.   |
| 13. Coordinate and implement housing policies and goals contained in the City's housing plans.   | Develop a Housing Element, Consolidated Plan and 5-Year Investment Plan with goals and measurable actions that are consistent with each other.   | 2015                    | The State-mandated Housing Element was certified by HCD in April 2015, and federal Consolidated Plan was submitted in May 2015. The City's 2017/2018 - 2021/2022 Affordable Housing Investment Plan was approved by the City Council on June 6, 2018.   |
| 14. Coordinate with Valley Transportation Authority (VTA) on transit- oriented development activities.   | Explore ways to facilitate transit-oriented affordable housing development near BART, Light Rail, and Bus Rapid Transit (BRT) stations, including identification of opportunities to develop parcels owned by either agency with affordable housing. | Ongoing                 | VTA is moving forward with over 100 affordable apartments near its Tamien Light Rail Station and is conducting due diligence on 8 additional station areas. City staff worked actively with VTA and the identified developer for Tamien on potential collaboration and implementation of the City's forthcoming tenant preference policies. VTA has also released RFPs for development of Alder Station, Blossom Hill Station, Curtner Station, and Milpitas Transit Station. In addition, RCD is developing Quetzal Gardens, a 100% affordable housing development adjacent to the 522 Bus Rapid Transit stop. City staff are funding the affordable units at Quetzal and considering ways to fund a portion of its commercial space buildout. |
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## Housing Element Implementation

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| <b>Reporting Year</b>  | 2019   | (Jan. 1 - Dec. 31)                                 |  |
| <b>Table D</b>   |  |  |  |
| <b>Program Implementation Status pursuant to GC Section 65583</b>  |  |  |  |
| <b>Housing Programs Progress Report</b>  |  |  |  |
| Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement, and development of housing as identified in the housing element. |  |  |  |
| <b>1</b>   | <b>2</b>   | <b>3</b>   | <b>4</b>   |
| <b>Name of Program</b>   | <b>Objective</b>   | <b>Timeframe in H.E</b>                            | <b>Status of Program Implementation</b>  |
| 15. Develop and Implement Urban Village Plans  | A. Explore various funding mechanisms and programs to help finance infrastructure and amenities for Urban Villages.  | Annual, ongoing                                    | The City Council accepted an Urban Village Implementation Framework in December 2017. Updates to Implementation Chapters for Little Portugal, Roosevelt Park, Five Wounds, and 24th & William Urban Village Plans were approved by Council in December 2018 to include financing and implementation tools to construct identified improvements.  |
| 15. Develop and Implement Urban Village Plans  | B. Complete and/or implement Urban Village plans for The Alameda, West San Carlos, South Bascom, and Diridon Station.  | 2015-16  | The Alameda Urban Village Plan was adopted by the City Council in December 2016. The West San Carlos and the South Bascom Urban Village plans were adopted on May 8, 2018. The City recently kicked off work on the Diridon Integrated Station Concept Plan and is working with Google on a master plan for housing and commercial space in that area, including updates to the Diridon Station Area Urban Village Plan.   |
| 15. Develop and Implement Urban Village Plans  | C. Develop and implement additional Horizon 1 and other Horizon Urban Village Plans as appropriate.  | 2016-23  | In 2018, the City Council adopted Urban Village Plans for South Bascom, West San Carlos, and East Santa Clara Urban Villages. The City Council also approved shifting North 1st St., Race St. Light Rail, Southwest Expressway, Alum Rock Ave., Stevens Creek Blvd., Santana Row/Valley Fair, Winchester Blvd., and South Bascom Ave. (North) Urban Villages from Horizons 2 and 3 into Horizon I.   |
| 15. Develop and Implement Urban Village Plans  | D. Annually and as part of the Four Year Major Review of the General Plan evaluate the Urban Village Strategy and modify the Strategy as appropriate and needed, to facilitate its successful implementation, and to evaluate and address constraints. | Annual, 2015-16 & 2019-20<br>(4 Year Major Review) | In late 2016, the City completed its first Four-Year Major Review of the General Plan. Changes included a goal that 25% of new housing in Urban Villages be affordable, allowing affordable housing to move forward ahead of market rate housing in Urban Villages, and allowing selected 1.5 acre commercial sites outside of Urban Villages to convert to mixed use affordable housing. In 2018, the City updated the criteria for affordable housing projects on selected 1.5 acre commercial sites outside of Urban Villages to be less restrictive. The City will begin the second Four-Year Major Review of the General Plan in fall 2019. |
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| <b>Jurisdiction</b>  | San Jose   |                         |   |
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| <b>Table D</b>   |  |                         |   |
| <b>Program Implementation Status pursuant to GC Section 65583</b>  |  |                         |   |
| <b>Housing Programs Progress Report</b>  |  |                         |   |
| Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement, and development of housing as identified in the housing element. |  |                         |   |
| <b>1</b>   | <b>2</b>   | <b>3</b>                | <b>4</b>  |
| <b>Name of Program</b>   | <b>Objective</b>   | <b>Timeframe in H.E</b> | <b>Status of Program Implementation</b>   |
| 16. Maximize the City's competitiveness for external infrastructure funding to create complete, high quality living environments.  | Continue to explore new funding sources for parks, transportation, and other types of infrastructure that favor cities with a demonstrated commitment to building affordable housing. Such programs include OBAG, Cap and Trade and other regional, state, and Federal programs. | Ongoing                 | Since 2011, the City has been awarded over \$106 M in State loans and grants to plan and build parks, transportation infrastructure, affordable housing and more. Ongoing eligibility for these grants would not be possible had the City not had a certified Housing Element and regularly submitted Annual Reports to HCD. In 2017, City staff partnered with a developer on San Jose's third Affordable Housing and Sustainable Communities (AHSC) funding application and the City intends to partner on three AHSC applications in 2018. In 2018 San Jose is partnering on three AHSC funding applications. San Jose also applied to Cal OES for nearly \$5M to retrofit soft story multifamily buildings. |
| 17. Work with the private sector to help facilitate the development of affordable homes.   | A. Adopt City-wide density bonus ordinance in compliance with updated State law offering specific incentives and concessions to encourage the construction of affordable homes while remaining sufficiently flexible to respond to market conditions across the City.            | 2015, ongoing           | City Council approved a citywide density bonus ordinance in May 2018 to implement State housing density bonuses and incentives law and provide affordable housing incentives consistent with the San José General Plan. The City is currently working on an update to the ordinance to reflect the changes to the density bonus, incentives or concessions, and parking requirements made by AB 1763 in 2019.   |
| 17. Work with the private sector to help facilitate the development of affordable homes.   | B. Continue to negotiate developer agreements in exchange for "extraordinary benefits" including affordable housing.   | Ongoing                 | The City is currently working with stakeholders on a development agreement with Google for the Diridon station area which is expected to incorporate strategies for affordable housing development and preservation.  |
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| <b>Table D</b>   |   |                         |  |
| <b>Program Implementation Status pursuant to GC Section 65583</b>  |   |                         |  |
| <b>Housing Programs Progress Report</b>  |   |                         |  |
| Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement, and development of housing as identified in the housing element. |   |                         |  |
| <b>1</b>   | <b>2</b>  | <b>3</b>                | <b>4</b>   |
| <b>Name of Program</b>   | <b>Objective</b>  | <b>Timeframe in H.E</b> | <b>Status of Program Implementation</b>  |
| 18. Protect mobile home parks as a source of naturally affordable housing.   | Explore the efficacy of the existing mobilehome conversion requirements and potential updates/responses in order to protect an appropriate supply of mobilehomes. | 2015-16                 | Zoning Code amendments, and a new City Council Policy to enhance protection of existing mobilehome park residents were approved by Council in February 2016. In 2017, City Council approved General Plan text amendments to enhance goals and policies to protect mobilehome parks. In 2018, City Council approved additional General Plan text amendments related to housing preservation and rehabilitation and directed staff to begin work in 2019 on General Plan land use amendments on two mobilehome parks at risk of conversion.        |
| 19. Facilitate the increase of the supply of legal secondary units.  | A. Consider amending the existing secondary unit ordinance to facilitate a larger supply of compact "naturally affordable" homes.                                 | 2015, ongoing           | In 2016 the City Council approved a secondary unit ordinance to loosen Zoning Code regulations and incorporate 2016 changes made to state law. City Council approved further changes to the Zoning Code in 2018 to enable more properties to qualify for secondary units and to ease requirements. These changes contributed to a spike in activity as the City issued 38 ADU building permits in 2016 and 190 in 2018. The City is currently working on updates to the ordinance to bring the city in compliance with AB 68, AB 881, and SB 13. |
| 19. Facilitate the increase of the supply of legal secondary units.  | B. Develop and provide informational materials to inform homeowners of the development standards and the process for secondary unit approval and construction.    | 2015-16                 | Existing materials have been updated or replaced with new informational materials to reflect changes to inform homeowners of the development standards and the process for secondary unit approval and construction. A new webpage has been posted with the following URL: <a href="http://www.sanjoseca.gov/ADUs">www.sanjoseca.gov/ADUs</a>  |
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| <b>Table D</b>   |  |                         |   |
| <b>Program Implementation Status pursuant to GC Section 65583</b>  |  |                         |   |
| <b>Housing Programs Progress Report</b>  |  |                         |   |
| Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement, and development of housing as identified in the housing element. |  |                         |   |
| <b>1</b>   | <b>2</b>   | <b>3</b>                | <b>4</b>  |
| <b>Name of Program</b>   | <b>Objective</b>   | <b>Timeframe in H.E</b> | <b>Status of Program Implementation</b>   |
| 20. Continue to ensure that existing redevelopment-assisted housing remains in compliance with long-term restrictions on rents and tenant incomes.   | Continue to monitor redevelopment assisted homes for compliance with restrictions and other regulations.   | Ongoing                 | The City currently monitors approximately 18,511 units of affordable housing for compliance with affordability restrictions. System capacity to measure non-compliance corrections has been developed and implemented to allow more effective and efficient compliance monitoring.  |
| 21. Continue to update the City's Zoning Code to facilitate housing at urban densities.  | A. Evaluate and revise as appropriate Zoning Code to reduce parking ratios for Emergency Shelters, such as from 1 space for every 4 residents to 1 space for every 10 residents. | 2015-16                 | Revisions to the Zoning Code were made in 2016 for parking ratios for Emergency Shelters to allow up to 100% reduction with approval of a Development Permit.   |
| 21. Continue to update the City's Zoning Code to facilitate housing at urban densities.  | B. Evaluate and modify existing or develop new Zoning Code to set appropriate parking ratios for developments in transit-rich or in urban/infill locations.                      | 2015-17                 | Revisions to the Zoning Code were made in 2016 for Secondary Dwelling/Accessory Dwelling unit requirements to allow up to 100% reduction in proximity to transit or car-sharing in urban/infill locations. Additional changes to the Zoning Code were approved by City Council in 2018 to ease and clarify parking requirements for Secondary/Accessory Dwelling Units. |
| 22. Assess development application and review process. Consider improvements as needed   | Conduct an annual Customer Satisfaction Survey Study to measure satisfaction and to provide insight into how services can be improved.   | Annual, ongoing         | Based on customer feedback, staff has revised the Department's webpage, simplified applications, and expanded public information hours to make services more user-friendly.   |

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**Table D**

### Program Implementation Status pursuant to GC Section 65583

**Housing Programs Progress Report**

Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement, and development of housing as identified in the housing element.

| 1  | 2   | 3                              | 4  |
|--|---|--------------------------------|--|
| Name of Program  | Objective   | Timeframe in H.E               | Status of Program Implementation   |
| 23. Facilitate the development of Single Room Occupancy (SRO) buildings.   | Modernize development standards for Single Room Occupancy (SRO) housing.  | 2015                           | Work on this item is in progress.  |
| 24. Minimize the impacts of condo-conversions on households.   | A. Assess the rate of apartment to condominium conversions and impacts on the rental housing stock to determine if displacement is an issue.  | 2016-17                        | Work on this goal has not yet commenced due to higher priorities, as few condo conversions are occurring in our market.  |
| 24. Minimize the impacts of condo-conversions on households.   | B. If displacement is identified as an issue, explore and establish policies and programs as appropriate to mitigate the potential impact on renters in the event of a condo-conversion.  | 2017-18                        | Work on this goal has not yet commenced due to higher priorities, as few condo conversions are occurring in our market.  |
| <b>Invest in Activities to End Homelessness</b>  |   |                                |  |
| 25. Design, fund, and evaluate outreach, rapid rehousing, and supportive service programs for homeless individuals and families. | Continue to fund various nonprofit agencies that provide services to people who are homeless or at risk of becoming homeless. Funding includes but is not limited to programs geared toward preventing and ending homelessness, programs that permanently house homeless households with case management, one-time purchase of capital needs and equipment. | 2017, Ongoing, Assess Annually | In 2019, the City dedicated over \$19M to support housing based solutions, including prevention, rental subsidies, supportive services, as well as crisis response interventions, including outreach and mobile case management, emergency shelter and mobile hygiene, to serve over 4,350 people experiencing homelessness in San Jose. |
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| <b>Table D</b>   |  |                         |  |
| <b>Program Implementation Status pursuant to GC Section 65583</b>  |  |                         |  |
| <b>Housing Programs Progress Report</b>  |  |                         |  |
| Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement, and development of housing as identified in the housing element. |  |                         |  |
| <b>1</b>   | <b>2</b>   | <b>3</b>                | <b>4</b>   |
| <b>Name of Program</b>   | <b>Objective</b>   | <b>Timeframe in H.E</b> | <b>Status of Program Implementation</b>  |
| 26. Implement master-lease program to provide transitional housing for homeless people in existing under-occupied hotels.  | A. Revise Zoning Code to allow Hotel Supportive Housing as an incidental use to commercial hotels in non-residential zoning districts.   | 2014                    | Completed in 2014.   |
| 26. Implement master-lease program to provide transitional housing for homeless people in existing under-occupied hotels.  | B. Seek funding to begin implementation.   | Completed 2016          | Completed in 2016. Worth noting that the City is currently in the process of purchasing a commercial motel property that will be transitioned to a Hotel Supportive Housing use and is projected to open for participants in FY 20-21.   |
| 27. Engage in regional homeless coordination, planning efforts, and other initiatives with external partner agencies.  | A. In cooperation with the County Destination: Home, and other community partners prepare and implement the new Community Plan to End Homelessness in Santa Clara County that focuses both on chronic homelessness as well as family and youth homelessness. | Ongoing                 | In February 2015, City Council endorsed the Community Plan to End Homelessness. The City continues to provide direct support and funding to the County Office of Supportive Housing as it assumed the role of Collaborative Applicant for the COC and centralized the operations of HMIS. In 2019, the City provided over \$1M to the County for services to support 180 chronically homeless individuals to maintain permanent housing. The City also partnered with Destination: Home with over \$4M to launch new systems for employment and preventing homelessness, with a focus on families. |
| 27. Engage in regional homeless coordination, planning efforts, and other initiatives with external partner agencies.  | B. Continue work with the County - as the COC applicant - to develop and implement new community-wide standards to ensure compliance for funding associated with the Federal HEARTH Act.   | Ongoing                 | All service contracts from the City included community-wide standards and metrics as adopted by the COC and tracked in the Countywide HMIS system. Additionally, the Housing Director serves on the COC Board and staff participates in all COC work groups, including a strong partnership with the County on the planning and implementation of the biennial Homeless Census and Survey.   |

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**Table D**

### Program Implementation Status pursuant to GC Section 65583

#### Housing Programs Progress Report

Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement, and development of housing as identified in the housing element.

| 1   | 2   | 3                | 4  |
|---|---|------------------|--|
| Name of Program   | Objective   | Timeframe in H.E | Status of Program Implementation   |
| 28. Provide an encampment response to abate, prevent, or deter significant encampments that impact the health and safety of the community and homeless individuals. | Partner with the Water District and other interested parties to implement a plan to consistently clean up encampments, prevent re-encampments, and responsibly address with the housing needs and belongings of homeless residents. | Ongoing          | In 2018, the City completed 628 clean-up activities removing approximately 955 tons of debris and hazardous waste from the waterways.  |
| 29. Research and explore potential alternative homeless housing and services options.   | A. Examine an array of alternative housing options, including: tiny homes and other best practice or new housing and service models.  | Ongoing          | In 2018, the City implemented its first interim housing program at a rehabilitated hotel in downtown San Jose; the program at the Plaza Hotel is designed to assist individuals enrolled in a Rapid Rehousing Program with a temporary place to stay while they search for permanent housing. By the end of 2019, the the program saw 41 participants exit to permanent housing. In December 2018, City Council directed the Housing Department to begin developing Bridge housing communities at two sites, each with 40 tiny homes for individuals with support services and shared common areas. A full scale prototype tiny home was displayed at City Hall on December 10, 2018. By the end of 2019, the first BHC site had opened its doors to its first residents and the second BHC site was beginning preparation to break ground. The City continued to support places of assembly, primarily faith-based organizations, to open their doors to provide emergency shelter through the Temporary and Incidental Shelter Program; the program provided over 50 additional beds in 2018. Lastly, the City continued to fund the Overnight Warming Locations, which, in 2019, the OWL model changed to allow two City-owned buildings to open their doors to homeless persons each night during the cold weather season. When the sites were open, they provided 60 additional emergency shelter beds in San Jose. |

# ANNUAL ELEMENT PROGRESS REPORT

## Housing Element Implementation

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|                       |          |                    |
|-----------------------|----------|--------------------|
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**Table D**

### Program Implementation Status pursuant to GC Section 65583

#### Housing Programs Progress Report

Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement, and development of housing as identified in the housing element.

| 1   | 2   | 3                | 4   |
|---|---|------------------|---|
| Name of Program   | Objective   | Timeframe in H.E | Status of Program Implementation  |
| 29. Research and explore potential alternative homeless housing and services options.                               | B. Implement overnight safe parking program.  | 2018             | In November 2018, the City implemented its first Safe Parking Pilot Program for families with a goal of moving them to permanent housing. During its first year of operation, the program had 223 participants, with 82% exiting to permanent housing or shelter. Additionally, the City began developing an ordinance to allow those residing in their vehicles to park overnight in designated areas throughout San Jose.                   |
| 29. Research and explore potential alternative homeless housing and services options.                               | C. Implement hotel/motel master leasing and conversion - see goal #26 also  | 2017             | In early 2018, the City began leasing up the Plaza Hotel as an interim housing program for those searching for permanent housing with a rental subsidy coupon. In late 2019, the City was the final stage of purchasing a commercial property that will be converted to a Hotel Supportive Housing use, along with drafting an RFP for its operations.  |
| 30. Inform and engage the community around the issue of homelessness and how it impacts the City and its residents. | Develop ongoing community outreach through social and print media to provide comprehensive and consistent messaging on current services, outcomes, challenges, and long-term goals. | Ongoing          | Staff made presentations at community groups, boards, neighborhood associations, and a variety of other public and private entities on the issues of homelessness, programming and affordable housing.  |
| <b>Promote Equitable Development</b>  |   |                  |   |
| 31. Facilitate equal access to housing.   | A. Update the Assessment of Impediments to Fair Housing.  | 2015             | The Analysis of Impediments update was completed in April 2017. A robust process per federal and State law on an Assessment of Fair Housing will be performed in 2019-20 for the 2020-2025 Consolidated Plan.   |
| 31. Facilitate equal access to housing.   | B. Continue to partner with nonprofit organizations to affirmatively further Fair Housing throughout the City.  | Ongoing          | The City provides CDBG funding to support the Fair Housing Consortium, a collaborative of five nonprofit agencies. In 2018, the Fair Housing Consortium provided services to 328 individuals, made 38 fair housing presentations to tenants and landlords, and conducted 43 fair housing investigations. Measured by pre and post-training surveys, 96% of participants reported an increase in familiarity with laws governing fair housing. |

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|  |   |                         |   |
|--|---|-------------------------|---|
| <b>Jurisdiction</b>  | San Jose  |                         |   |
| <b>Reporting Year</b>  | 2019  | (Jan. 1 - Dec. 31)      |   |
| <b>Table D</b>   |   |                         |   |
| <b>Program Implementation Status pursuant to GC Section 65583</b>  |   |                         |   |
| <b>Housing Programs Progress Report</b>  |   |                         |   |
| Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement, and development of housing as identified in the housing element. |   |                         |   |
| <b>1</b>   | <b>2</b>  | <b>3</b>                | <b>4</b>  |
| <b>Name of Program</b>   | <b>Objective</b>  | <b>Timeframe in H.E</b> | <b>Status of Program Implementation</b>   |
| 31. Facilitate equal access to housing.  | C. Explore opportunities to increase public awareness of and access to fair housing information and resources.  | 2015-16                 | The Housing Department continues to attend community meetings to provide information and housing resources and will begin work in 2019 on a new Fair Housing plan using the Assessment of Fair Housing format as directed by California Assembly Bill 686 (Santiago).   |
| 31. Facilitate equal access to housing.  | D. Review and revise as appropriate Zoning Code definition of Supportive Housing to clarify that Supportive Housing is a residential use subject only to those restrictions that apply to other residential dwellings of the same type in the same zone.  | 2015                    | Completed. The definition of Supportive Housing in the Zoning Code was revised in 2014.   |
| 32. Update the City's dispersion policy to align with the Envision 2040 General Plan.  | Update the City's existing dispersion policy: 1) to align the location of future affordable housing with residential growth areas identified in the Envision 2040 General Plan; 2) to maximize the access of transit, retail, services, and amenities to affordable housing developments; and 3) to facilitate the development of diverse and complete communities. | 2016                    | The Department's last NOFAs in 2016 and 2018 for new affordable housing defined siting requirements for projects that took the place of the City's previous dispersion policy and built on the federal housing vouchers' framework. The Housing Department plans to work on a revised policy in 2019 and will build on these criteria and the Department's anti-displacement analysis.  |
| 33. Protect the affordability of rental homes.   | A. Assess the efficacy of the existing rent control ordinance as a tool for preserving the affordability of rental homes and the feasibility of strengthening the program.  | 2015-16                 | Complete. On November 14, 2017, the City Council approved a modified Apartment Rent Ordinance providing additional protections to tenants in San Jose. Additionally, in May 2017, an Ellis Act and Tenant Protection Ordinance were approved providing additional stability to tenants in San Jose. In November 2017, two additional phases of a staffing plan were also approved providing enhanced services to tenants and landlords. |
| 33. Protect the affordability of rental homes.   | B. Review Rent Stabilization Program to determine opportunities for improvement.  | 2015-16                 | Complete  |

# ANNUAL ELEMENT PROGRESS REPORT

## Housing Element Implementation

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| <b>Jurisdiction</b>   | San Jose |                    |
| <b>Reporting Year</b> | 2019     | (Jan. 1 - Dec. 31) |

**Table D**

### Program Implementation Status pursuant to GC Section 65583

**Housing Programs Progress Report**

Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement, and development of housing as identified in the housing element.

| 1  | 2  | 3  | 4   |
|--|--|--|---|
| Name of Program  | Objective  | Timeframe in H.E   | Status of Program Implementation  |
| 33. Protect the affordability of rental homes.   | C. Secure voluntary agreements for at least 75% of petitions within ordinance-required 30 day period.  | Ongoing  | In 2018, the City secured voluntary mutual agreements for 71% of the petitions filed.   |
| 33. Protect the affordability of rental homes.   | D. Explore and establish other preservation policies, programs, or tools as appropriate.   | Annual, ongoing  | Staff has initiated a preliminary research into potential preservation policies and programs through its Anti-Displacement research. The Housing Department intends to share a Citywide Anti-Displacement strategy in late 2019.  |
| 34. Consider proposed policies or ordinances to protect low and moderate income residents in market-rate and deed-restricted affordable housing from displacement. | A. Explore policy requiring tenant relocation benefits so displaced low and moderate income tenants in market-rate housing can find comparable and affordable housing in San Jose. | 2017-18 - 2 current Ellis Act Ordinance Projects - Ongoing | In May 2017, the City Council approved an Ellis Act Ordinances. This ordinance requires extended noticing, relocation benefits, and recontrol requirements to owners who remove apartments from the rental market. This ordinance provides significant benefits to tenants facing displacement in San Jose.   |
| 34. Consider proposed policies or ordinances to protect low and moderate income residents in market-rate and deed-restricted affordable housing from displacement. | B. Explore other anti-displacement policies or programs, including financing, land use, and acquisition strategies.  | Ongoing  | San Jose was invited to join the PolicyLink Anti-Displacement Network to learn about additional tools and strategies to help prevent and mitigate the effects of residential displacement. Staff from Housing, PBCE, Council District 5 along with external partners have attended two conferences and monthly video conferences to learn about best practices in other Cities. Housing staff began outreach in late 2018 and will work with stakeholders to develop a comprehensive anti-displacement strategy by late 2019. |
| <b>Create Healthy, Sustainable, Communities &amp; Neighborhoods</b>  |  |  |   |
| 35. Increase the health and resilience of communities.   | A. Develop partnerships, policies, and programs to increase access to healthy foods and health care resources, especially for lower-income and at-risk communities.                | 2015-17  | In 2016-17, the Housing Department released an RFP to fund programs with CDBG funding to increase access to healthy foods for lower-income and at-risk communities. The Health Trust and the Portuguese Organization for Social Services & Opportunities (POSSO) were selected to provide meal access to seniors. In 2018, POSSO served 130 unduplicated clients and provided 5,823 meals to seniors. The Health trust served 131 unduplicated participants and provided 23,723 meals to seniors.                             |



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**Table D**

### Program Implementation Status pursuant to GC Section 65583

#### Housing Programs Progress Report

Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement, and development of housing as identified in the housing element.

| 1   | 2   | 3                | 4   |
|---|---|------------------|---|
| Name of Program   | Objective   | Timeframe in H.E | Status of Program Implementation  |
| 35. Increase the health and resilience of communities.      | B. Explore and establish as appropriate strategies to increase economic opportunities, self-sufficiency, and asset-building for households and communities.   | Ongoing          | The City released a new Request for Proposals for job training and job creation for homeless and youth. The Housing Department partnered with other City Departments, non-profits and community leaders to provide a variety of programs to link lower income residents to job opportunities. In 2018, Downtown Streets Team assisted 68 participants with job experience.  |
| 35. Increase the health and resilience of communities.      | C. Explore a "soft story" rehabilitation program to facilitate seismic retrofits of at-risk buildings.  | 2015-16          | On June 28, 2018 staff received direction from the City Council to develop a mandatory multifamily soft story retrofit program. Staff expects to bring forward this framework in 2019. Staff applied for a Cal OES HMPG Project Grant in 2018 to assist with developing the program and potentially offset the cost of future retrofit projects. The application is still under review by FEMA. Staff expects to find out whether the grant is awarded in Winter 2019.  |
| 36. Enhance San Jose's place-based neighborhood strategies. | A. Develop a strategic framework for neighborhood strategies that establishes investment criteria, priorities, goals, and metrics.  | 2015-16          | In Process - The Department established guiding principles for neighborhood investment including 1)increase social capital 2)create economic resilience and 3)promote healthy communities. Goals and metrics are forthcoming.   |
| 36. Enhance San Jose's place-based neighborhood strategies. | B. Implement the Community Improvement Program to provide enhanced inspection services to multi-family rental properties to arrest the decline and deterioration of aging housing stock and reduce blighted conditions within lower income neighborhoods within CDBG areas. | Ongoing          | The Department Continues to fund enhanced code enforcement inspections in all multi-family apartments in the three current Place-based neighborhoods. The Housing Department has funded Somos Mayfair to provide services in place-based neighborhoods to increase social capital, create economic resilience, and promote healthy communities. Somos Mayfair has trained 266 individuals in leadership development, 10 individuals in a urban agriculture entrepreneur program, 55 individuals in non-profit & community leadership, and 29 individuals in child care provider business ownership. |

# ANNUAL ELEMENT PROGRESS REPORT

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**Table D**

### Program Implementation Status pursuant to GC Section 65583

**Housing Programs Progress Report**

Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement, and development of housing as identified in the housing element.

| 1  | 2   | 3                | 4   |
|--|---|------------------|---|
| Name of Program  | Objective   | Timeframe in H.E | Status of Program Implementation  |
| 37. Educate rental property owners on ways to better manage tenants and prevent crime. | A. Multiple Housing Inspection Program: this program issues permits of occupancy for all apartments, hotels/motels, guesthouses, residential care facilities, and fraternity/sorority houses. Code Enforcement Inspectors investigate complaints about substandard housing and conduct inspections. | Ongoing          | In November 2015, Code Enforcement initiated a Code Connection Newsletter which offers building safety and code compliance tips to owners and managers. Printed newsletters are included in the twice-a-year Residential Occupancy Permit notifications. An electronic version of the newsletter is sent quarterly to subscribers.              |
| 37. Educate rental property owners on ways to better manage tenants and prevent crime. | B. Vacant Neglected Building Program: this program monitors all identified vacant or neglected buildings so that they remain safe and secure until such time as they are rehabilitated and reoccupied. This proactive program reduces the risk of loitering, illegal occupancy, and fire hazards.   | Ongoing          | Code Enforcement offers classes to assist multi-family rental property owners and managers in improving housing conditions using best management practices. Classes are offered in February, March, April, May, September, October and November.  |
| 38. Continue robust code enforcement.  | A. Multiple Housing Inspection Program: this program issues permits of occupancy for all apartments, hotels/motels, guesthouses, residential care facilities, and fraternity/sorority houses. Code Enforcement Inspectors investigate complaints about substandard housing and conduct inspections. | Ongoing          | In January 2015, Code Enforcement implemented a 3-tier service delivery model providing more frequent proactive inspections of buildings with higher risk profiles. Inspections are conducted on a 3-year, 5-year or 6-year inspection cycle. Code Enforcement Inspectors also investigate complaints and ensure that violations are corrected. |

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|-----------------------|-------------------------|
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| <b>Reporting Year</b> | 2019 (Jan. 1 - Dec. 31) |

**Table D**

### Program Implementation Status pursuant to GC Section 65583

#### Housing Programs Progress Report

Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement, and development of housing as identified in the housing element.

| 1  | 2   | 3                        | 4  |
|--|---|--------------------------|--|
| Name of Program  | Objective   | Timeframe in H.E         | Status of Program Implementation   |
| 38. Continue robust code enforcement.  | B. Vacant Neglected Building Program: this program monitors all identified vacant or neglected buildings so that they remain safe and secure until such time as they are rehabilitated and reoccupied. This proactive program reduces the risk of loitering, illegal occupancy, and fire hazards.                     | Ongoing                  | The Vacant Neglected Building Program registers buildings that meet the standards of SJMC 17.38. Staff prepares summary abatements as needed to secure vacant buildings, conducts monthly monitoring site visits and investigates complaints.  |
| 39. Continue to partner with the Responsible Landlord Engagement Initiative (RLEI).              | A. Continue to support the collaboration of landlords, tenants, community leaders, elected officials, service providers and social justice advocates to identify solutions for longstanding issues with crime, safety, nuisance, gang activities, graffiti, abandoned cars, trash and more at residential properties. | Ongoing                  | In 2015, the nonprofit Housing agency NHSSV ceased operations. The City Housing Department provided financial assistance to the organization to facilitate a smooth dissolution and transfer of assets, including a City funded loans, loan pools and the RLEI program. In addition to facilitating the program transfer, the Housing Department provided a \$150,000 operating grant to Catholic Charities to administer the RLEI program for one year. The Housing Department is working with Catholic Charities to identify a long-term funding source. The City is currently funding RLEI through the 2018-2019 Fiscal Year. |
| 39. Continue to partner with the Responsible Landlord Engagement Initiative (RLEI).              | B. Staff from the Housing Department's Rent Stabilization Program will continue to attend RLEI meetings.  | Ongoing - Meet on Thurs. | Rent Stabilization Program staff will attend RLEI meetings once they are reconvened.   |
| 40. Facilitate residential development that minimizes environmental impacts and operating costs. | A. Monitor availability of funding sources for energy and water efficiency measures.  | Ongoing                  | The City's Environmental Services Department created an energy benchmarking program that was approved by City Council in late 2018. This requires medium and large commercial and residential building owners to obtain and provide data about energy usage. The program enables the City to track the data, identify high energy consumers, and provide information on available programs to help fund energy improvements. A high percentage of the City's stock of restricted affordable and rent stabilized apartments will be subject to these requirements in the future.  |

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| <b>Reporting Year</b> | 2019     | (Jan. 1 - Dec. 31) |

**Table D**

### Program Implementation Status pursuant to GC Section 65583

#### Housing Programs Progress Report

Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement, and development of housing as identified in the housing element.

| 1   | 2   | 3                | 4  |
|---|---|------------------|--|
| Name of Program   | Objective   | Timeframe in H.E | Status of Program Implementation   |
| 40. Facilitate residential development that minimizes environmental impacts and operating costs.              | B. Explore alternate bulk energy procurement mechanisms   | Ongoing          | In May 2017, the City Council voted to create a Community Energy Department to deliver locally controlled clean carbon-free electricity options to residents and businesses.   |
| 41. Maintain the stock of existing owner-occupied homes.  | A. Continue to work with nonprofit partners to provide low cost loans for emergency home repairs.         | Ongoing          | The City continues to close out its pipeline of existing City-administered single-family housing rehab applications. The City funds nonprofit partners to perform repairs, as explained below.   |
| 41. Maintain the stock of existing owner-occupied homes.  | B. Continue to provide minor grants and low cost loans for urgent repair needs as funds remain available. | Ongoing          | In 2019, the Housing Department funded Rebuilding Together Silicon Valley to implement a Minor Repair Grant Program that assisted 196 homeowners, as well as Habitat for Humanity Silicon Valley that assisted 49 homeowners for urgent repairs. |
| 42. Continue to support financial literacy programs for potential homebuyers as funds remain available.       | Continue to work with nonprofit organizations to educate homebuyers.                                      | Ongoing          | Effective 7/1/18, the City is no longer funding financial literacy, due to budgetary reasons and scarcity of funds.  |
| 43. Continue to assist low- and moderate-income first-time homebuyers as funds remain available.              | Originate 5 BEGIN second mortgages per year pending funding availability.                                 | Ongoing          | In CY 2019, no second mortgages were provided due to budgetary reasons and scarcity of funds.  |
| 44. Explore providing design guidance for convenient site accessibility for residents, workers, and visitors. | A. Explore utilization of existing accessible homes.  | Ongoing          | Staff has not yet begun work on this item  |

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|-----------------------|----------|--------------------|
| <b>Jurisdiction</b>   | San Jose |                    |
| <b>Reporting Year</b> | 2019     | (Jan. 1 - Dec. 31) |

**Table D**

### Program Implementation Status pursuant to GC Section 65583

**Housing Programs Progress Report**

Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement, and development of housing as identified in the housing element.

| 1   | 2  | 3                       | 4  |
|---|--|-------------------------|--|
| <b>Name of Program</b>  | <b>Objective</b>   | <b>Timeframe in H.E</b> | <b>Status of Program Implementation</b>  |
| 44. Explore providing design guidance for convenient site accessibility for residents, workers, and visitors. | B. Explore partnership with organizations that provide outreach to disabled persons. | Ongoing                 | Staff has participated in multiple workshops on housing solutions for disabled populations. The Housing Department has reached out to its various development partners, and helped make connections to nonprofit partners that focus on providing housing to disabled populations.                                 |
| 44. Explore providing design guidance for convenient site accessibility for residents, workers, and visitors. | C. Explore ways to encourage site accessibility design in residential development.   | Annual, ongoing         | In the Fall of 2018, the Housing Department issued a Notice of Funding Availability for affordable housing. One respondent submitted a project that is under consideration for our managed pipeline. That project proposes to integrate affordable housing for disabled individuals within a market rate building. |
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**General Comments:**

|                  |          |                    |
|------------------|----------|--------------------|
| Jurisdiction     | San Jose |                    |
| Reporting Period | 2019     | (Jan. 1 - Dec. 31) |

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Note: "+" indicates an optional field

Cells in grey contain auto-calculation formulas

**Table F**

**Units Rehabilitated, Preserved and Acquired for Alternative Adequate Sites pursuant to Government Code section 65583.1(c)(2)**

This table is optional. Jurisdictions may list (for informational purposes only) units that do not count toward RHNA, but were substantially rehabilitated, acquired or preserved. To enter units in this table as progress toward RHNA, please contact HCD at APR@hcd.ca.gov. HCD will provide a password to unlock the grey fields. Units may only be credited to the table below when a jurisdiction has included a program in its housing element to rehabilitate, preserve or acquire units to accommodate a portion of its RHNA which meet the specific criteria as outlined in Government Code section 65583.1(c)(2).

| Activity Type                 | Units that Do Not Count Towards RHNA <sup>+</sup><br>Listed for Informational Purposes Only |                              |                         |                          | Units that Count Towards RHNA <sup>+</sup><br>Note - Because the statutory requirements severely limit what can be counted, please contact HCD to receive the password that will enable you to populate these fields. |                              |                         |                          | The description should adequately document how each unit complies with subsection (c)(7) of Government Code Section 65583.1 <sup>+</sup> |
|-------------------------------|---|------------------------------|-------------------------|--------------------------|---|------------------------------|-------------------------|--------------------------|--|
|                               | Extremely Low-Income <sup>+</sup>   | Very Low-Income <sup>+</sup> | Low-Income <sup>+</sup> | TOTAL UNITS <sup>+</sup> | Extremely Low-Income <sup>+</sup>   | Very Low-Income <sup>+</sup> | Low-Income <sup>+</sup> | TOTAL UNITS <sup>+</sup> |  |
| Rehabilitation Activity       | 10  | 934                          | 253                     | 1197                     |   |                              |                         |                          |  |
| Preservation of Units At-Risk |   |                              |                         |                          |   |                              |                         |                          |  |
| Acquisition of Units          |   |                              |                         |                          |   |                              |                         |                          |  |
| Total Units by Income         | 10  | 934                          | 253                     | 1197                     |   |                              |                         |                          |  |

|                       |          |                    |
|-----------------------|----------|--------------------|
| <b>Jurisdiction</b>   | San Jose |                    |
| <b>Reporting Year</b> | 2019     | (Jan. 1 - Dec. 31) |

| <b>Building Permits Issued by Affordability Summary</b> |                     |                     |
|---|---------------------|---------------------|
| <b>Income Level</b>                                     |                     | <b>Current Year</b> |
| Very Low  | Deed Restricted     | 134                 |
|   | Non-Deed Restricted | 0                   |
| Low   | Deed Restricted     | 0                   |
|   | Non-Deed Restricted | 0                   |
| Moderate  | Deed Restricted     | 0                   |
|   | Non-Deed Restricted | 719                 |
| Above Moderate  |                     | 1572                |
| <b>Total Units</b>                                      |                     | <b>2425</b>         |

Note: Units serving extremely low-income households are included in the very low-income permitted units totals

| <b>Housing Applications Summary</b>                    |        |
|--|--------|
| Total Housing Applications Submitted:                  | 36     |
| Number of Proposed Units in All Applications Received: | 10,203 |
| Total Housing Units Approved:                          | 0      |
| Total Housing Units Disapproved:                       | 10,203 |

| <b>Use of SB 35 Streamlining Provisions</b>   |   |
|---|---|
| Number of Applications for Streamlining       | 3 |
| Number of Streamlining Applications Approved  | 0 |
| Total Developments Approved with Streamlining | 0 |
| Total Units Constructed with Streamlining     | 0 |

| <b>Units Constructed - SB 35 Streamlining Permits</b> |               |                  |              |
|---|---------------|------------------|--------------|
| <b>Income</b>   | <b>Rental</b> | <b>Ownership</b> | <b>Total</b> |
| Very Low  | 0             | 0                | 0            |
| Low   | 0             | 0                | 0            |
| Moderate  | 0             | 0                | 0            |
| Above Moderate  | 0             | 0                | 0            |
| <b>Total</b>  | <b>0</b>      | <b>0</b>         | <b>0</b>     |

Cells in grey contain auto-calculation formulas

## **Methodology for Moderate-income Unit Analysis – 2019 Housing Element Annual Report**

The purpose of this analysis is to determine if market rate apartments can reasonably be categorized as moderate income for RHNA reporting purposes. Our hypothesis is that some class A rental units that pulled building permits in 2019 will be affordable to moderate-income households in approximately 2021 when they are completed and occupied. The analysis consists of the following steps:

### **Method A: Trending**

- 1. Determine what rent ranges will be affordable to 110% AMI households when buildings are completed:**
  - a. Calculate rent ranges that would be affordable to moderate-income households using current (2019) HCD Income Limits and assuming a rent of no more than 30% of 110% of Area Median Income as the affordability standard for rent plus a reasonable utility allowance, per the California Health and Safety Code.
  - b. Convert rent range from household size to rents by # bedrooms, using HCD Occupancy Guidelines of one per bedroom plus one. Assign rent maximum by unit type (studio, 1BR, 2 BR etc.)
  - c. Survey a small number of new apartment buildings in a variety of zip codes, including those in areas with building permits issued in the current year. Determine set of utilities typically paid by tenants. Using the Santa Clara County Housing Authority current (2019) utility allowance schedule for multifamily buildings, determine the cost of the typical set of utilities for each unit size by bedroom, and deduct it from the allowable maximum rent plus utility payments for each unit size determined in step 1b, per HCD guidance, to get the maximum rent payment for each unit size.
  - d. Adjust these rent ranges to approximate what they would be in 2 years when these units are built and occupied by applying the average % change that HCD Income limits have experienced over the last 2 annual cycles (2017 to 2018 and 2018 to 2019).
- 2. Identify 2019 Permitted Housing Projects > = 10 units:**
  - a. Obtain CY2019 Residential Building Permits Issued for projects with 10 or more units. Exclude potential ownership projects and affordable projects.
  - b. Identify Zip Codes of the projects.
- 3. Identify Zip Codes where average effective rents (by unit size) are at/below the moderate-income rent range:**
  - a. Use Costar to identify Q4 2019 Class A average effective rents (by bedroom size) for market-rate projects in SJ, for the zip codes identified in #2 above.
  - b. Adjust average effective market rate rents to approximate what they will be in 2 years when these units are occupied by applying the % change in average effective rent observed in each zip code over the last 2 years.
  - c. Identify target zip codes where adjusted average effective rents, by bedroom count, are at or below the rent ranges calculated in step 1.
- 4. Collect unit mix data and identify the units affordable to moderate income households:**



- a. Identify the # of units by bedroom size, in each of the qualifying projects in the qualifying zip codes, per 3 above.
- b. Count only those units, by bedroom size, that are equal to or less than the HCD rent ranges calculated and extrapolated in step 1.

### **Method B: Current Rents & Incomes**

Method B is similar to Method A, but without the use of any rent or income trending. Developments that today would meet moderate-income rent definitions are counted.

#### **1. Determine rent ranges affordable to 110% AMI households:**

- a. Calculate rent ranges that would be affordable to moderate-income households using current (2019) HCD Income Limits and assuming a rent of no more than 30% of 110% of Area Median Income as the affordability standard for rent plus a reasonable utility allowance, per the California Health and Safety Code.
- b. Convert rent range from household size to rents by # bedrooms, using HCD Occupancy Guidelines of one per bedroom plus one. Assign rent maximum by unit type (studio, 1BR, 2 BR etc.)
- c. Survey a small number of new apartment buildings in a variety of zip codes, including those in areas with building permits issued in the current year. Determine set of utilities typically paid by tenants. Using the Santa Clara County Housing Authority current (2019) utility allowance schedule for multifamily buildings, determine the cost of the typical set of utilities for each unit size by bedroom, and deduct it from the allowable maximum rent payments for each unit size determined in step 1b, per HCD guidance.

#### **2. Identify 2019 Permitted Housing Projects > = 10 units:**

- a. Obtain CY2019 Residential Building Permits Issued for projects with 10 or more units. Exclude potential ownership projects and affordable projects.
- b. Identify Zip Codes of the projects.

#### **3. Identify Zip Codes where average effective rents (by unit size) are at/below the moderate-income rent range:**

- a. Use Costar to identify Q4 2019 Class A average effective rents (by bedroom size) for market-rate projects in SJ, for the zip codes identified in #2 above.

#### **4. Collect unit mix data and identify the units affordable to moderate-income households:**

- a. Identify the # of units by bedroom size, in each of the qualifying projects, per 3 above.
- b. Count only those units, by bedroom size, that are equal to or less than the HCD rent ranges calculated and extrapolated in step 1.

**Final Step: To be more conservative, select the lower number of units from Method A or Method B.**

**HOUSING SUCCESSOR TO THE REDEVELOPMENT AGENCY ANNUAL REPORT**

**REGARDING THE**

**LOW AND MODERATE INCOME HOUSING ASSET FUND**

**FOR FISCAL YEAR 2018-19**

**PURSUANT TO**

**CALIFORNIA HEALTH AND SAFETY CODE SECTION 34176.1(f)**

**FOR THE**

**CITY OF SAN JOSÉ**

This Housing Successor Annual Report (Report) regarding the Low and Moderate Income Housing Asset Fund (LMIHAF) has been prepared pursuant to California Health and Safety Code Section 34176.1(f) and is dated as of February 25, 2020. This Report sets forth certain details of the housing activities of the City of San Jose, successor to the former Redevelopment Agency of the City of San Jose during Fiscal Year 2018-19. The purpose of this Report is to provide the governing body of the Housing Successor an annual report on the housing assets and activities of the Housing Successor under Part 1.85, Division 24 of the California Health and Safety Code, in particular sections 34176 and 34176.1 (Dissolution Law).

The following Report is based upon information prepared by Housing Successor staff and information contained within the independent financial audit of the Low and Moderate Income Housing Asset Fund CITY OF SAN JOSÉ COMPREHENSIVE ANNUAL FINANCIAL AUDIT for Fiscal Year 2018-19 as prepared by Macias Gini and O'Connell LLP, which Audit is separate from this annual summary Report; further, this Report conforms with and is organized into sections I. through XI., inclusive, pursuant to Section 34176.1(f) of the Dissolution Law:

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

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

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

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

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

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

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

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

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

X. **Income Test:** This section provides the information required by Section 34176.1(a)(3)(B), or a description of expenditures by income restriction for five year period, with the time period beginning January 1, 2014 and whether the statutory thresholds have been met.

XI. **Senior Housing Test:** This section provides the percentage of units of deed-restricted rental housing restricted to seniors and assisted individually or jointly by the Housing Successor, its former redevelopment Agency, and its host jurisdiction within the previous 10 years in relation to the aggregate number of units of deed-restricted rental housing assisted individually or jointly by the Housing Successor, its former Redevelopment Agency and its host jurisdiction within the same time period. For this report the ten-year reviewed period is January 1, 2009 to January 1, 2019.

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

### **XIII. Homeownership Units:**

An inventory of homeownership units assisted by the former redevelopment agency or the housing successor that are subject to covenants or restrictions or to an adopted program that protects the former redevelopment agency's investment of moneys from the Low and Moderate Income Housing Fund pursuant to subdivision (f) of Section 33334.3. This inventory shall include all of the following information:

(A) The number of those units.

(B) The number of the units lost to the portfolio in the last fiscal year and the reason for those losses.

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

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

This Report is to be provided to the Housing Successor's governing body by April 1, 2017. In addition, this Report and the former redevelopment agency's pre-dissolution Implementation Plans are to be made available to the public on the City's website <http://www.sanjoseca.gov/index.aspx?nid=1302>.

### **I. LOAN REPAYMENT**

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

### **II. AMOUNT DEPOSITED INTO LMIHAF**

A total of \$40,800,448 of program income from loan repayments was deposited into the LMIHAF during the Fiscal Year. Of the total funds deposited into the LMIHAF, zero dollars were held for items listed on the ROPS.

### **III. ENDING BALANCE OF LMIHAF**

At the close of the Fiscal Year, the ending balance in the LMIHAF was \$148,820,097 of which zero dollars are held for items listed on the ROPS.

**IV. DESCRIPTION OF EXPENDITURES FROM LMIHAF**

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

|   | <b>Fiscal Year</b> |
|---|--------------------|
| Monitoring & Administration Expenditures                      | \$10,271,237       |
| Homeless Prevention and Rapid Rehousing Services Expenditures | \$195,088          |
| Housing Development Expenditures                              |                    |
| - Expenditures on Extremely-Low Income Units (0-30% AMI)      | \$577,959          |
| - Expenditures on Very-Low Income Units (31-50% AMI)          | 665,555            |
| - Expenditures on Low Income Units (51-60% AMI)               | 808,564            |
| - Expenditures on Unrestricted Units (Manager’s unit)         | 44,476             |
| - Expenditures on Acquisition and Predevelopment              | <u>195,742</u>     |
| Total Housing Development Expenditures                        | \$2,292,296        |
| Total LMIHAF Expenditures in Fiscal Year                      | \$12,758,621       |

California Health and Safety Code Section 34176.1 allows for 5% of the total \$679,805,702 gross value of Housing Successor assets, or \$33,990,285 to be used on monitoring and administrative expenditures. The Housing Successor continues to monitor expenditures from the LMIHAF.

In Fall 2018 the Housing Department released a Notice of Funding Availability seeking proposals for commitments to affordable housing developments from the LMIHAF. Eleven developments were selected and will be brought forward to City Council for funding commitments totaling over \$98 million in funding from the Housing Department, with approximately \$60 million from the LMIHAF. To date, the City Council has made funding commitments to five of these developments totaling \$46 million in commitments.

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

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

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

|   | <b>As of End of Fiscal Year</b> |
|---|---------------------------------|
| Statutory Value of Real Property Owned by Housing Successor | \$40,171,263                    |
| Value of Loans and Grants Receivable                        | \$490,814,342                   |
| Cash Balance  | \$148,820,097                   |
| Total Value of Housing Successor Assets                     | \$679,805,702                   |

## **VI. DESCRIPTION OF TRANSFERS**

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

## **VII. PROJECT DESCRIPTIONS**

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

## **VIII. STATUS OF COMPLIANCE WITH SECTION 33334.16**

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

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

Below is a chart with status of each piece of real property acquired by the former redevelopment agency prior to February 1, 2012:

| Property Address                          | Date of Acquisition | Deadline to Initiate Development Activity | Status of Housing Successor Activity   |
|---|---------------------|---|--|
| Evans VTA (aka Willow Glen Woods)         | 12/31/02            | 3/13/2018                                 | The City issued a Request for Proposals in January 2016 and selected Allied Housing to develop the Evans Lane site. In June 2016, the City Council approved a General Plan Amendment to permit the entire Evans Lane site to be used consistent with the City's prior purchase of the site for the provision of affordable housing. In August 2016, the City Council approved findings and the leasing of the ground to the developer, Allied Housing, and approved a conditional grant commitment for the affordable housing project's predevelopment. The City and Allied Housing executed A Right of Entry agreement and a Conditional Predevelopment Grant on February 21, 2017. On January 8, 2019, the City approved planned development zoning and planned development permit entitlements for 61 affordable units to be developed on the site. |
| E side Evans Lane (aka Willow Glen Woods) | 06/30/05            | 3/13/2018                                 | See Evans Lane VTA description.  |
| <b>COMPLETED</b>                          |                     |   |  |
| Vermont House                             | 06/30/09            | 3/13/2018                                 | In June 2016, City staff closed a Conditional Grant for rehabilitation and a Lease of this City-owned property to Abode Services, an owner and developer of supportive housing. Construction was completed in November 2018 providing permanent supportive housing for 16 homeless veterans pursuant to its award of VASH vouchers from the Housing Authority of the County of Santa Clara.  |

| Property Address                     | Date of Acquisition | Deadline to Initiate Development Activity | Status of Housing Successor Activity  |
|--------------------------------------|---------------------|---|---|
| The Haven                            | 06/30/08            | 3/13/2018                                 | This property includes an affordable apartment building and a building which is currently being managed by a nonprofit agency (LifeMoves, a.k.a. InnVision) as a shelter for fire victims. Income-eligible residents occupy the adjacent apartment.   |
| Brookwood Terrace                    | 03/01/09            | 3/13/2018                                 | Construction on this 84-unit family development started in March 2010 and completed in January 2012. The City Financing Authority holds the site fee simple and has a groundlease to the development. The development is in its permanent financing phase and units are occupied by income-eligible residents.                                    |
| Orvieto Family                       | 03/01/09            | 3/13/2018                                 | Construction on this 92-unit family development started in September 2010 and completed in August 2012. The City Financing Authority owns the site fee simple and has a groundlease to the development. The development is in its permanent financing phase and its units are occupied by income-eligible residents.                              |
| Japantown Seniors                    | 05/03/10            | 3/13/2018                                 | Construction on this 75-unit seniors' development completed in late 2015, and it converted to its permanent financing phase in August 2016. All apartments are occupied by income-eligible residents. The City holds the site fee simple and has a groundlease to the development.  |
| North Fourth Street                  | 05/21/10            | 3/13/2018                                 | Construction on this 100-unit development started in July 2010 and completed in June 2012. The development includes 35 apartments for developmentally disabled residents. The City owns the site fee simple and has a groundlease to the development. It is in its permanent financing phase and units are occupied by income-eligible residents. |
| Playa Almaden (aka Sycamore Terrace) | 02/16/96            | 3/13/2018                                 | The Housing Department obtained City Council approval to sell the property to the City's Parks Department; in May 2018, the City Council passed a resolution authorizing the sale and the property was sold per authority under Health and Safety Code Section 33334.16 for appraised value. Sale proceeds were deposited into the LMIHAF fund.   |



## IX. DESCRIPTION OF OUTSTANDING OBLIGATIONS PURSUANT TO SECTION 33413

**Replacement Housing.** No Section 33413(a) replacement housing obligations were transferred to the Housing Successor in the past fiscal year.

**Inclusionary/Production Housing.** No Section 33413(b) inclusionary/production housing obligations were transferred to the Housing Successor in the past fiscal year.

## X. EXTREMELY LOW-INCOME TEST

Section 34176.1(a)(3)(B) requires that the Housing Successor must require at least 30% of the LMIHAF to be expended for development of rental housing affordable to and occupied by households earning 30% or less of the AMI. If the Housing Successor fails to comply with the Extremely-Low Income requirement in any five-year report, then the Housing Successor must ensure that at least 50% of the funds remaining in the LMIHAF be expended in each fiscal year following the latest fiscal year following the report on households earning 30% or less of the AMI until the Housing Successor demonstrates compliance with the Extremely Low-Income requirement.

The total housing development expenditures between January 1, 2014 through June 30, 2019 was \$26,504,703. Of the total amount, \$11,343,587 or **43%** was spent on household units earning 30% or less of the AMI. This satisfies the extremely-low income test requirement of at least 30% spent on Extremely Low-Income housing per Section 34176.1(a)(3)(B).

## XI. SENIOR HOUSING TEST

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

The following provides the Housing Successor's Senior Housing Test for the 10-year period of January 1, 2009 to January 1, 2019. As the percentage is less than 50%, there is no limitation on future expenditures of LMIHAF funds for senior units at this time.

| Senior Housing Test               | Jan 1, 2009 – Jan 1, 2019 |
|-----------------------------------|---------------------------|
| # of Assisted Senior Rental Units | 4,591                     |
| # of Total Assisted Rental Units  | 16,525                    |

|                           |     |
|---------------------------|-----|
| Senior Housing Percentage | 28% |
|---------------------------|-----|

## XII. EXCESS SURPLUS TEST

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

The following provides the Excess Surplus test for the preceding four Fiscal Years (in millions):

|                      | FY14-15 | FY15-16 | FY 16-17 | FY 17-18 | FY18-19 | Total deposited in preceding 4 years (FY14/15 – 17/18) |
|----------------------|---------|---------|----------|----------|---------|--|
| Beginning Balance    | \$31.1  | \$54.6  | \$91.7   | \$92.8   | \$121.1 |  |
| Add: Deposits        | 34.3    | 52.9    | 18.2     | 44.3     | 41.0    | \$149.8  |
| (Less) Expenditures  | (10.8)  | (15.8)  | (17.1)   | (16.0)   | (13.3)  |  |
| (Less) Encumbrances  |         |         |          |          | (5.1)   |  |
| Unencumbered Balance | \$54.6  | \$91.7  | \$92.8   | \$121.1  | \$143.7 |  |

The LMIHAF does not have an Excess Surplus. The aggregate amount deposited into the account during the four Fiscal Years is \$149.8 million. The current fiscal year cash balance is \$148.8 million with \$5.1 million in encumbrances. The unencumbered amount of \$143.7 million does not exceed the aggregate amount deposited in the preceding four fiscal years.

## XIII. HOMEOWNERSHIP UNITS

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

A. Number of Homeownership Units as of June 30, 2019:

|                               |     |
|-------------------------------|-----|
| Number of Homeownership Units | 522 |
|-------------------------------|-----|

B. Homeownership Units Lost in Fiscal Year

| Reason for Loss | Units Lost |
|-----------------|------------|
|-----------------|------------|

|  |    |
|--|----|
| Loans paid off                                     | 41 |
| Loans written off due to foreclosure or short sale | 0  |

C. Single family loan funds of \$2,710,574 were returned to the Housing Successor in the past fiscal year as part of an adopted program that protects the former redevelopment agency's investment of moneys from the Low and Moderate Income Housing Fund.

D. The Housing Successor has contracted with an outside entity for the management of the single family homeownership loans. The name of the entity is AmeriNat Loan Servicing.