

City Service Area

Community and Economic Development



Mission: *To manage the growth and change of the City of San José in order to encourage a strong economy, create and preserve healthy neighborhoods, ensure a diverse range of employment and housing opportunities, and encourage a diverse range of arts, cultural, and entertainment offerings*

Primary Partners

Economic Development
Fire
Housing
Planning, Building and Code
Enforcement
Public Works

CSA OUTCOMES

- Strong Economic Base
- Safe, Healthy, Attractive, and Vital Community
- Diverse Range of Housing Options
- Range of Quality Events, Cultural Offerings, and Public Artworks

City Service Area
Community and Economic Development
SERVICE DELIVERY FRAMEWORK

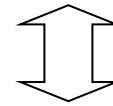
CITY SERVICE AREA
 A cross-departmental collection of core services that form one of the City's 6 key "lines of business"

MISSION STATEMENT
 Why the CSA exists

Community & Economic Development CSA

Mission:

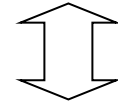
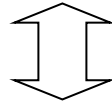
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CSA OUTCOMES
 The high level results of service delivery sought by the CSA partners

Outcomes:

- Strong Economic Base
- Safe, Healthy, Attractive, and Vital Community
- Diverse Range of Housing Options
- Range of Quality Events, Cultural Offerings, and Public Artworks



PRIMARY PARTNERS
 Departments with Core Services that contribute to achievement of CSA Outcomes

CORE SERVICES
 Primary deliverables of the organization

City Manager - Office of Economic Development

Core Services:

Arts and Cultural Development

Business Development and Economic Strategy

Real Estate Services

Regional Workforce Development

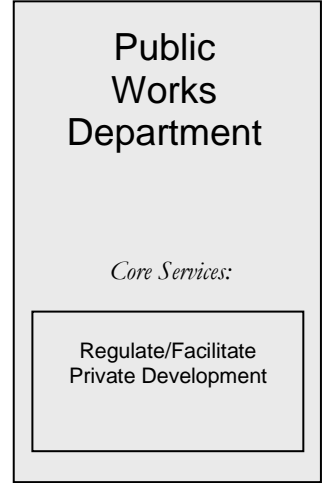
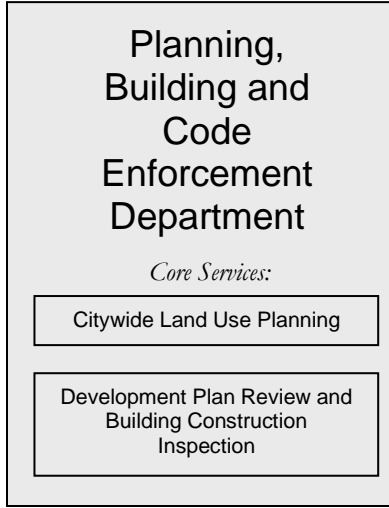
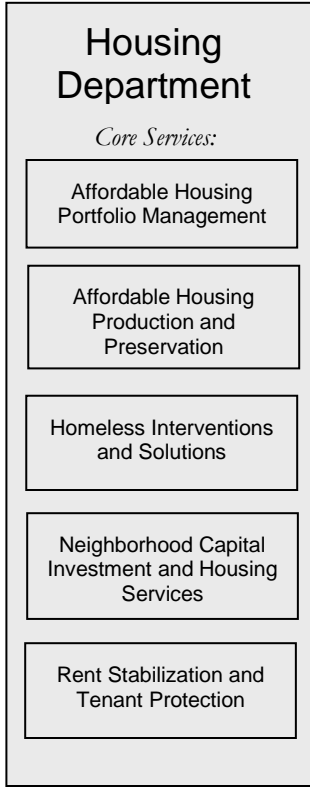
Fire Department

Core Services:

Fire Safety Code Compliance

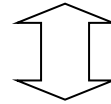
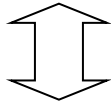
City Service Area
Community and Economic Development
SERVICE DELIVERY FRAMEWORK

PRIMARY PARTNERS
 Departments with Core Services that contribute to achievement of CSA Outcomes

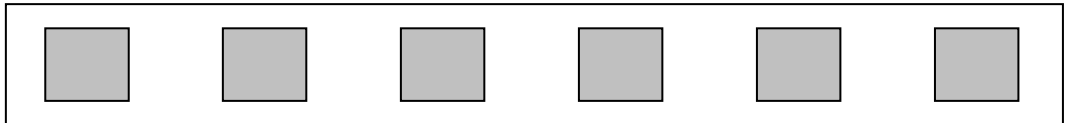


CORE SERVICES
 Primary deliverables of the organization

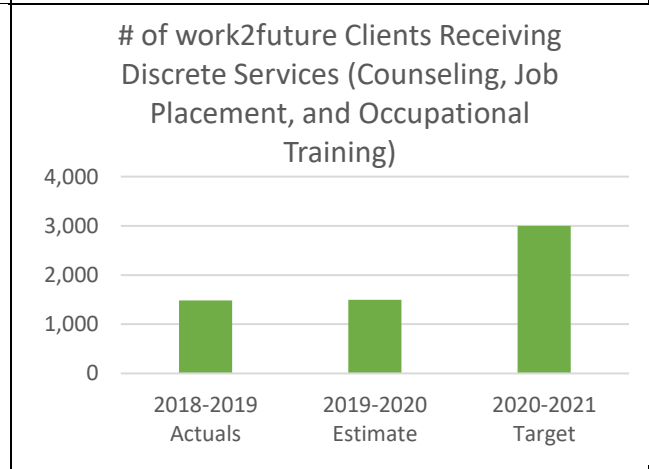
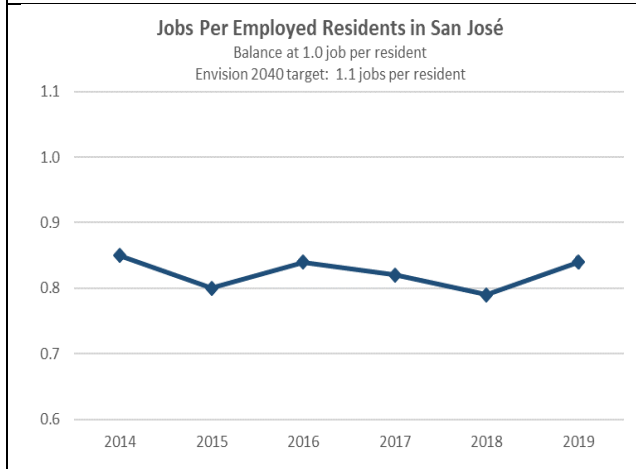
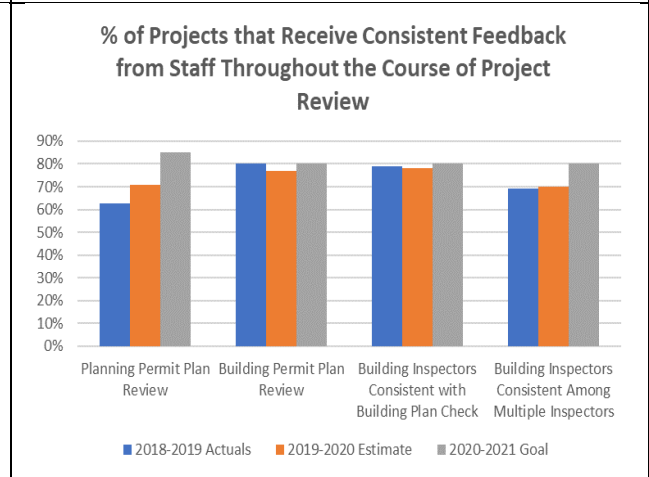
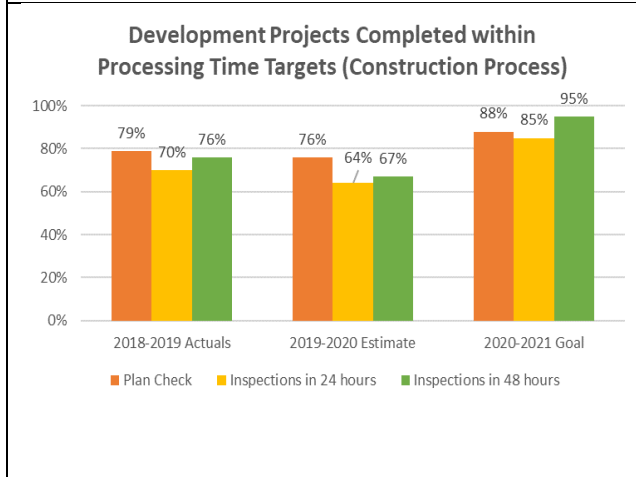
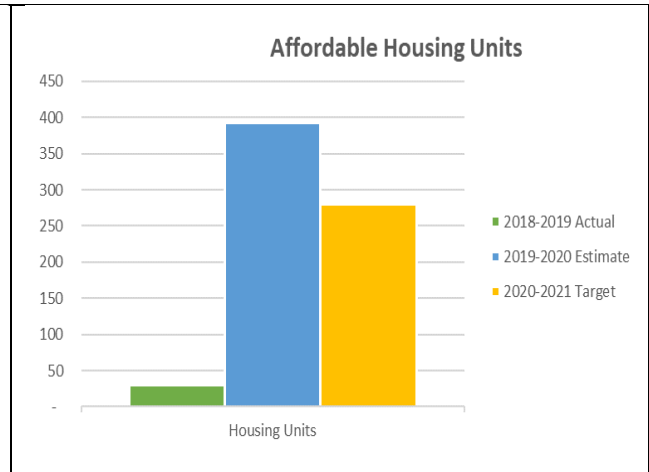
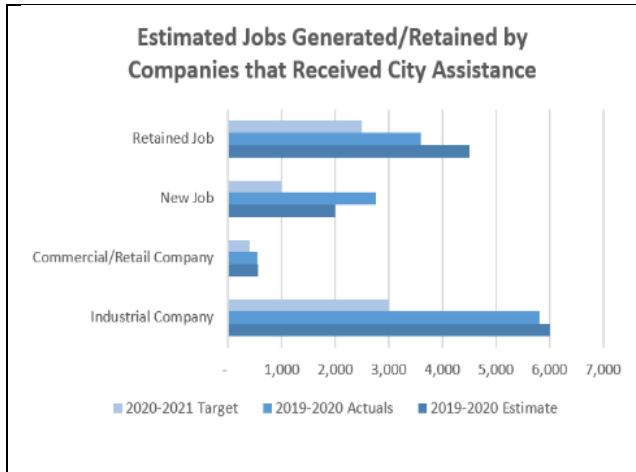
PROGRAMS
 Elements of Core Services; the "front-line" of service delivery



STRATEGIC SUPPORT
 Organization-wide guidance and support to enable direct service delivery



City Service Area Community and Economic Development DASHBOARD



City Service Area

Community and Economic Development

BUDGET SUMMARY

Expected 2020-2021 Service Delivery

- The Office of Economic Development will preserve current staff capacity to address the myriad, growing needs for economic development services, business communications, and economic policy support that will arise as the City seeks to recover from the pandemic-induced recession.
- The Housing Department will establish the \$30 million Measure E Program to assist the homeless and provide new affordable housing; use \$23.8 million in Homeless Emergency Aid Program (HEAP) funds to assist the homeless and construct additional Emergency Interim and Bridge Housing Communities; and continue to program state and federal funds as they are received for COVID-19 related emergency shelter operations, food services, bridge housing, homeless youth and family assistance, job creation and retention, emergency hotel/motel vouchers, and encampment hygiene activities.
- The Planning, Building, and Code Enforcement Department will finalize draft City-initiated Diridon Station Area Plan amendment and finalize development and environmental review analyses for the Downtown West Mixed-Use Development proposal for Council action.
- Digitally transform the Development Services operations with an upgraded portal, integrated electronic plan submission and review, and digital inspection forms.

2020-2021 Key Budget Actions

- The Office of Economic Development implemented a combination of vacant position reductions, reductions in non-personal line items, and additional real estate revenue generation to help address the General Fund shortfall. Additionally, the Department will continue to facilitate the agreement between the City and Google and Diridon Station Area development.
- The Housing Department adds 2.0 positions ongoing (1.0 Housing Policy and Planning Administrator and 1.0 Analyst II) to support the continued development and operation of Bridge Housing Communities; adds 4.0 positions ongoing (2.0 Senior Development Officer, 1.0 Development Officer, 1.0 Analyst II) to support affordable housing development; adds 1.0 Analyst II ongoing to support administration of the Measure E program; adds 1.0 Information Systems Analyst position ongoing to support the Housing Department's Salesforce System which is the foundation for the City's online rent registry and loan portfolio management system; adds 1.0 Assistant to the Director position and deletes 1.0 Analyst II position in a staffing realignment to provide higher level special project support to the Director of Housing; adds 1.0 Senior Development Officer through June 30, 2022 to assist in the development of several Council policy initiatives including anti-displacement; establishes \$30 million in Measure E programming to assist the homeless and provide affordable housing; and shifts \$4.0 million in homeless rapid rehousing funding from the General Fund to the Housing Authority Litigation Award Fund.
- The Planning, Building, and Code Enforcement Department realigns department staff resources by eliminating 8.0 permanent vacancies and continuing 10 temporary positions, including 4.0 Integrated Permitting System positions through June 30, 2021 to maintain the department's ability to support critical functions such as Environmental Review of Private Development or Public Projects, Diridon Station Area Development Planning, Accessory Dwell Unit (ADU) Ally Program, and various key service delivery expectations throughout the department.

City Service Area Community and Economic Development BUDGET SUMMARY

City Service Area Budget Summary**

	2018-2019 Actuals **	2019-2020 Adopted	2020-2021 Forecast	2020-2021 Adopted
Dollars by Core Service *				
<i>City Manager - Office of Economic Development</i>				
Strategic Support - Other - Community & Economic Development	47,044,580	4,003,734	1,711,651	4,445,150
Strategic Support - Community & Economic Development	1,154,347	6,522,342	3,495,228	3,678,828
Arts and Cultural Development	20,296,105	35,451,844	35,876,784	24,376,506
Business Development and Economic Strategy	14,795,782	9,443,177	7,055,798	7,363,866
Regional Workforce Development	8,528,931	11,248,545	12,341,673	11,496,808
Real Estate Services	2,083,587	2,504,985	2,656,513	2,651,958
<i>Fire Department</i>				
Fire Safety Code Compliance	5,167,287	7,018,728	6,573,850	7,943,516
Strategic Support - Other - Community & Economic Development	1,208	0	0	0
Strategic Support - Community & Economic Development	1,264,825	819,779	549,967	545,918
<i>Housing Department</i>				
Strategic Support - Other - Community & Economic Development	3,523,426	2,278,217	1,263,921	3,046,894
Strategic Support - Community & Economic Development	4,206,699	4,142,696	4,198,068	4,725,801
Rent Stabilization and Tenant Protection	1,762,382	3,053,824	2,948,378	3,056,670
Neighborhood Capital Investment and Public Services	8,318,866	19,436,136	18,735,452	27,545,657
Affordable Housing Portfolio Management	2,049,936	2,317,807	2,461,887	2,449,750
Homelessness Interventions and Solutions	8,622,371	24,697,325	32,418,069	33,436,313
Affordable Housing Production and Preservation	12,461,994	41,234,819	46,576,114	54,085,514
<i>Planning, Building and Code Enforcement Department</i>				
Strategic Support - Other - Community & Economic Development	857,745	1,823,017	7,550,146	8,229,751
Strategic Support - Community & Economic Development	3,069,158	2,308,864	2,034,044	1,942,739
Development Plan Review and Building Construction Inspection	31,584,056	40,754,747	38,516,725	38,536,115
Citywide Land Use Planning	4,357,731	8,501,209	6,095,723	7,801,973
<i>Public Works Department</i>				
Strategic Support - Other - Community & Economic Development	82,917	1,565,000	566,500	566,500
Strategic Support - Community & Economic Development	151,296	0	0	0
Regulate/Facilitate Private Development	16,175,697	16,069,494	16,973,261	16,881,195
Total CSA	\$197,540,926	\$245,196,089	\$250,599,752	\$264,807,422
Authorized Positions	507.11	533.65	508.47	522.19

* Fund Balance, Transfers, and Reserves for funds that may be managed by the departments in this CSA have been excluded from this display. This information can be found in Source and Use of Funds Statements elsewhere in this document.

** The positions displayed in the 2018-2019 Actuals column reflect those included in the 2018-2019 Adopted Budget. 2018-2019 Actuals may not subtotal due to rounding.

City Service Area

Community and Economic Development

OVERVIEW

Service Delivery Accomplishments

- Secured a Revenue Capture Agreement with eBay providing new revenue to the City's General Fund.
- The Housing Department completed three innovative projects to address housing needs in the community by opening the first Bridge Housing site with 40 new tiny homes for the unhoused, opened Second Street Studios providing the first permanent supportive housing development for 134 unhoused households, and implemented the rent registry providing a proactive tool to track rents in rent-stabilized apartments.
- The Development Review team processed over 246 applications with 156 land use entitlements for residential, commercial, and industrial projects and improved Planning customers' success rate of complete applications. The Citywide Planning team completed two Council Policy Priority items that help to address the Council's Housing Crisis Plan: ADUs and Garage Conversions, and Mobile Home land use designation.
- Successfully implemented the upgrade of the Development Services permitting system to AMANDA7. The upgrade includes: 1) improved GIS functionality, 2) electronic content management system, and 3) digital workflows that enable staff to process permits more efficiently. The new platform is a first step to implement additional technologies, including an updated public portal.

Service Delivery Environment

- Identify new service delivery provider for a wide range of re-employment services to the community via libraries, community centers, non-profits, and adult education centers to work2future to residents who are unemployed and underemployed by creating opportunities to earn job skills and credentials in growing-demand occupations, including advanced manufacturing, information technology, and construction.
- Rental Market: Rents in San José continue to remain among the highest in the nation and unaffordable to lower-income residents. According to Costar, the average rent for a market-rate one-bedroom as of December 2019 was \$2,236, representing a 4% increase over the prior year. Over the same time period, the average rent for a market-rate two-bedroom was \$2,738, an increase of 2%. Assuming that no more than 30% of income goes to housing costs, a household would need to earn \$89,440 annually to afford a one-bedroom apartment and \$109,520 for a two-bedroom apartment in San José.
- Housing Affordability: According to the Santa Clara County Association of Realtors, the median sales price of a single-family' home in San José as of December 2019 was \$1,070,500, an increase of 2% from the December 2018 median sales price of \$1,050,000.

CSA Priorities/Key Services

- Complete significant housing policy updates including the Anti-Displacement Strategy, Assessment of Fair Housing, the Affordable Housing Siting Policy, and the Diridon Affordable Housing Implementation Plan for the Diridon Station Area.
- Continue to provide high quality land-use development and permitting services for all customers.
- Ensure that the City speaks with "one voice" on development issues while improving the speed, consistency, and predictability of the development review process.
- Support art organizations and artists and their resiliency and sustainability.

City Service Area Community and Economic Development OVERVIEW

Development Services Budget Summary

	Revenue	Cost	% Cost Recovery*	Positions	Works-in-Progress Reserves**
2019-2020 Modified					
	\$	\$			\$
Building	33,800,000	40,602,601	83.2%	171	23,898,975
Fire	8,410,021	10,971,884	76.7%	41.32	7,203,391
Planning	6,342,483	6,932,184	91.5%	43.21	2,068,956
Public Works	9,900,000	13,727,631	72.1%	69.31	6,109,226
Total	\$ 58,452,504	\$ 72,234,300	80.9%	324.84	\$ 39,280,548
2020-2021 Adopted					
	\$	\$			\$
Building	24,606,000	39,456,517	62.4%	164.23	9,548,858
Fire	6,195,280	10,465,983	59.2%	39.57	1,982,523
Planning	5,891,328	7,191,627	81.9%	35.48	799,657
Public Works	10,925,200	13,754,765	79.4%	67.67	1,557,919
Total	\$ 47,617,808	\$ 70,868,892	67.2%	306.95	\$ 13,888,957

* Excludes the development fee program reserves. In 2019-2020, all programs reach 100% cost recovery once the use of Works-in-Progress reserves are incorporated.

** The Works-in-Progress Reserves for 2020-2021 are the estimated reserve levels once 2019-2020 revenues and expenditures are reconciled and 2019-2020 balancing actions are included.

Development Services is a \$70.9 million business for the City of San José, providing integrated technical plan review and inspection services across Planning, Building, Public Works, and Fire (Development Services Partners). Businesses, homeowners, and other customers use Development Services when remodeling, building new structures, or making other investments to their properties. These investments bring tax revenue, jobs, and other direct benefits to the City. Development Services are provided in an efficient, thorough, and quality-driven manner. While each partner's budget is discussed within their Department section, all partners are committed to working closely together to provide "one voice" to Development Services customers.

City Service Area Community and Economic Development OVERVIEW

Budget Dollars at Work: Performance Goals

OUTCOME 1: STRONG ECONOMIC BASE

Strategic Goals	CSA Performance Measures	2018-2019 Actuals	2019-2020 Target	2019-2020 Estimate	2020-2021 Target	5-Year Goal
Facilitate Major Corporate Development	1. Estimated jobs generated/retained by companies that received OED assistance by:					
	Type of Company:					
	- Industrial	6,356	6,000	5,818	3,000	16,000
	- Commercial/Retail	552	550	578	500	2,000
	Type of Job:					
- New	2,032	2,000	2,760	1,000	5,000	
- Retained	4,876	4,500	3,636	2,500	9,500	
Stimulate Revenue for City Services	1. Economic Impact of Convention Center (attendance by visitor type)					
	- Local/Social ¹	970,845	1,135,624	685,321	268,187	3,113,601
	- Out of Town ¹	76,054	29,780	24,640	9,973	118,201
	- Exhibitors ¹	7,566	7,968	5,126	2,504	30,005
	2. Estimated increases in sales and business taxes from attracted or expanding businesses which previously received assistance from the City (excludes property and utility taxes):					
	- Taxes from new companies	\$981,545	\$1.0 M	\$1.5M	\$1.0M	\$4.5M
	- Taxes from retained companies	\$2,174,887	\$1.5 M	\$7.7M	\$22.0M	\$3.0M
Total	\$3,156,432	\$2.5 M	\$9.2M	\$23.0M	\$7.5M	

¹ Attendance was impacted in 2019-2020 as a result of the COVID-19 pandemic and the 2020-2021 Target assumes the continued impact.

City Service Area Community and Economic Development OVERVIEW

Budget Dollars at Work: Performance Goals

OUTCOME 1: STRONG ECONOMIC BASE

Strategic Goals	CSA Performance Measures	2018-2019 Actual	2019-2020 Target	2019-2020 Estimate	2020-2021 Target	5-Year Goal
Retain Industrial Jobs, Suppliers and Industrial Land Uses	1. Jobs gained/(lost) in areas with "heavy" and "light" Industrial General Plan land designation (acres converted in parenthesis)	0 jobs (0 acres)	0 jobs (0 acres)	179 jobs ¹ (3 acres)	0 jobs (0 acres)	0 jobs (0 acres)
	2. Jobs gained/(lost) in areas with "Industrial Park" and "Campus Industrial," and other R&D General Plan land designation (acres converted in parenthesis)	0 jobs (0 acres)	0 jobs (0 acres)	0 jobs (0 acres)	0 jobs (0 acres)	0 jobs (0 acres)
	3. Estimated ratio of San José jobs to employed residents	0.82	0.85	0.85	0.87	0.95
Facilitate Small Business Expansion	1. # of Business Owner Space participants receiving assistance, access to capital, technical or human resources support or information	13,000	13,000	13,000	13,000	65,000
Be Active Partner in Developing a Skilled Workforce	1. Number of work2future clients receiving discrete services (counseling, job placement, and occupational training)	1,481	1,300	1,500	1,000	N/A ²
	- Adults	750	1,040	500	500	N/A ²
	- Dislocated Workers	475	485	754	1,000	N/A ²
	- Youth	256	310	246	300	N/A ²
	2. Estimated % of clients employed six months after initial placement					
	- Adults	61.8%	55%	55%	55%	N/A ²
	(% of target met)	(114.4%)	(100%)	(100%)	(100%)	
	- Dislocated Workers	68.3%	64%	64%	65%	N/A ²
	(% of target met)	(110.2%)	(100%)	(100%)	(100%)	
	3. Estimated % of clients placed in jobs					
	- Adults	65.2%	55%	55%	55%	N/A ²
	(% of target met)	(118.5%)	(100%)	(100%)	(100%)	
	- Dislocated Workers	64.5%	60%	64%	64%	N/A ²
(% of target met)	(107.5%)	(100%)	(100%)	(100%)		
- Youth	73.3%	60%	61%	61%	N/A ²	
(% of target met)	(122.2%)	(100%)	(100%)	(100%)		

¹ For the 2019 Envision San José 2040 General Plan annual review cycle, hearings took place October 2019 through January 2020 with the Planning Commission and November 2019 and February 2020 with the City Council. In the 2019 General Plan annual review cycle, there was one City-initiated General Plan text amendments, and one City-initiated and six privately initiated land use amendments. For 2020, it is anticipated that 11 private and City initiated land use amendments will be reviewed.

² There is no 5-Year Goal for this measure. The goal is set by the Employment Development Department yearly.

City Service Area Community and Economic Development OVERVIEW

Budget Dollars at Work: Performance Goals

OUTCOME 2: SAFE, HEALTHY, ATTRACTIVE, AND VITAL COMMUNITY

Strategic Goals	CSA Performance Measures	2018-2019 Actual	2019-2020 Target	2019-2020 Estimate	2020-2021 Target	5-Year Goal
Quality Living and Working Environment	1. % of residents surveyed who rate the quality of architecture and landscaping design/maintenance in new development in their neighborhood as good or better	N/A ¹	N/A ¹	N/A ¹	N/A ¹	70%
Increase the City's Housing Unit Capacity	1. # of dwelling units added to the General Plan holding capacity annually	0 ²	0 ²	0 ²	0 ²	0 ²
	2. San José housing production compared to regional fair share number target (in parenthesis)	2,985 units (4,385)	2,750 units (4,385)	2,980 units (4,385)	2,825 units (4,385)	13,825 units (21,925)
	3. % of units receiving development permit approval compared to target (actuals in parenthesis)	68% (2,985 units)	63% (2,750 units)	68% (2,980 units)	64% (2,825 units)	63% (13,825 units)
Provide Seamless and Effective Development Review Including Implementation of Environmental Regulations, in a Customer Friendly Fashion	1. % of projects receiving consistent feedback from staff throughout the course of the project review:					
	- Planning Permit Plan Review	64%	75%	71%	75%	80%
	- Public Works Permit Plan Review	73%	79%	78%	79%	85%
	- Building Permit Plan Check	76%	77%	77%	77%	85%
	- Fire Permit Plan Check	83%	84%	86%	84%	90%
	2. Ratio of current year fee revenue to fee program cost (includes use of reserves)	100%	100%	100%	100%	100%
	3. Development projects completed within processing time targets:					
	- Entitlement Process	66%	85%	67%	85%	85%
	- Construction Process:					
	- Plan Check	79%	88%	76%	88%	88%
	- Inspections in 24 hours	70% ³	85%	64% ³	85%	85%
	- Inspections in 48 hours	76% ³	95%	67% ³	95%	95%
	4. % of development services walk-in customers served in less than 30 minutes (wait time)	64%	80%	54%	80%	80%
5. % of customers surveyed rating service as good or better						
- Discretionary ⁴	68%	75%	64%	75%	80%	
- Ministerial ⁵	74%	80%	65%	80%	80%	
6. % of customers surveyed who indicate the City has improved customer service in the past 12 months						
- Discretionary ⁴	64%	70%	59%	70%	80%	
- Ministerial ⁵	69%	80%	59%	80%	80%	

¹ Staffing vacancies have reduced capacity for soliciting feedback on new development projects.

² The Envision San José 2040 General Plan includes capacity/plans for 120,000 new dwelling units. No additional dwelling units were added or are planned to be added to the overall capacity of the General Plan.

³ While additional positions have been added in the past several years and some positions have been filled, vacancies still remain as a result of the continuous departure of existing staff and difficulties in filling the positions quickly with qualified candidates. The Administration continues to recruit for a wide range of development services positions. The fire inspections within 24 hours is currently measured from the point a requested inspection was placed on the schedule rather than when it was requested. The methodology for this performance measure is under review and an update to this measure and methodology may be presented in the 2021-2022 Budget.

⁴ Discretionary projects are those that require a public hearing (e.g. zoning change, General Plan amendment).

⁵ Ministerial projects are administrative in nature and do not require a public hearing (e.g. water heater replacement).

City Service Area Community and Economic Development OVERVIEW

Budget Dollars at Work: Performance Goals

OUTCOME 3: DIVERSE RANGE OF HOUSING OPTIONS

5 Year Strategic Goals	CSA Performance Measures	2018-2019 Actual	2019-2020 Target	2019-2020 Estimate	2020-2021 Target	5-Year Goal
Increase the Supply of Affordable Housing	1. % of target achieved for completion of affordable housing (housing units)	37% (30)	100% (280)	100% (393)	100% (280)	15% (1,500)
	2. % of City's 10,000 unit affordable target with funding commitment (pending construction)	5% (539)	6% (280)	4% (451)	3% (327)	20% (2,000)
	3. % of City's 10,000 unit affordable target under construction	4% (440)	10% (563)	5% (563)	4% (440)	20% (2,000)
	4. % of City's 10,000 unit affordable target completed	1% (111)	1% (30)	4% (393)	3% (280)	15% (1,500)
Direct Significant Affordable Housing Resources to Lower-Income Households	1. % of Housing Department funds reserved by income levels over 5 years ¹ :					
	- Very Low (<=50% of median)	N/A	60%	N/A	N/A	N/A
	- Extremely Low (<=30% of median)	39%	45%	69%	45%	45%
	- Very Low (31-50% of median)	N/A	15%	N/A	N/A	N/A
	- Low (51-80% of median)	N/A	25%	N/A	N/A	N/A
	- Moderate (81-120% of median)	N/A	15%	N/A	N/A	N/A

¹ On September 24, 2019, the City Council approved a new policy stating that 45% of all Housing funds be spent on extremely low-income households. This measure reflects this updated policy, which focuses on a goal for one income category.

City Service Area Community and Economic Development OVERVIEW

Budget Dollars at Work: Performance Goals

OUTCOME 4: RANGE OF QUALITY EVENTS, CULTURAL OFFERINGS, AND PUBLIC ARTWORKS

5 Year Strategic Goals	CSA Performance Measures	2018-2019 Actual	2019-2020 Target	2019-2020 Estimate	2020-2021 Target	5-Year Goal
Provide a diverse range of arts and cultural offerings for residents and visitors	1. % of residents rating the availability of a diverse range of quality arts and cultural activities in the City as good or excellent	39%	50%	39%	50%	50%
Encourage a full range of outdoor special events that serve diverse communities and visitors	1. % of residents rating the City's efforts at providing an adequate number and variety of outdoor special events as good or excellent	35%	45%	38%	40%	44%

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