

Chapter 5

Adequate Sites for Housing



Miro Apartments, downtown San José

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5.1 Sites Inventory Requirements

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

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

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

5.2 RHNA Allocation

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

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

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

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

The RHNA methodology must meet the following statutory objectives:

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

5.2.1 RHNA Targets for San José, 2023-2031

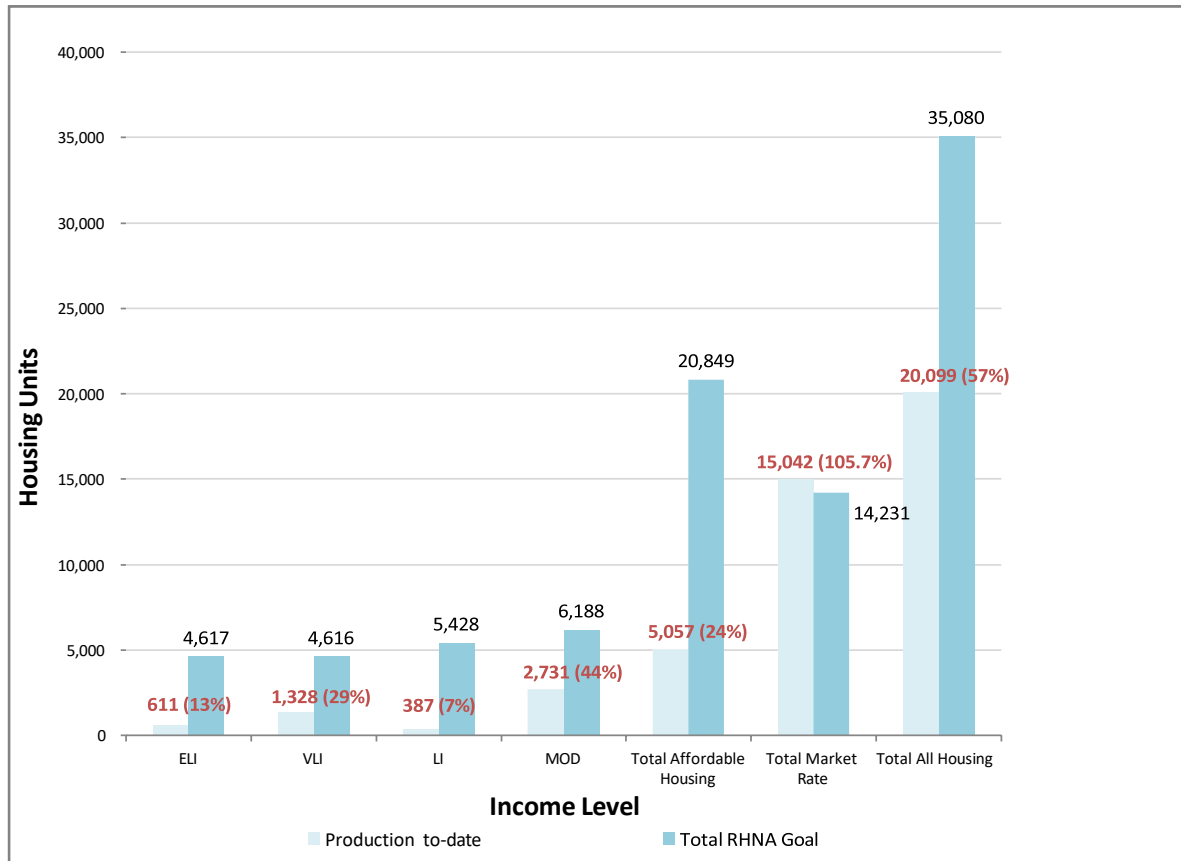
For the planning period 2023 to 2031 (also known as the 6th housing cycle), San José must plan for at least 62,200 new units, a 77 percent increase from the prior cycle's allocation of 35,080 new units. *Table 5-1* shows the income breakdown of the RHNA.

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

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

SOURCE: City of San José Planning Division, 2022

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

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

SOURCE: City of San José Planning Division, 2022

5.3 Sites Inventory & Methodology

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

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

5.3.1 Pipeline Approved Units

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

San José's residential development pipeline includes many projects in various stages of the housing

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

Based on an analysis conducted in 2019 on approved planning entitlements, staff found that approximately 60% of those units were in construction or pre-construction stages¹. Therefore we conservatively estimate that 40 percent of the pipeline projects (under Planning review and approved but not yet filed for building permits) will not proceed to construction. These categories have therefore been discounted. The following table illustrates the breakdown of units by project status and income level. Approximately 20,000 RHNA units can be satisfied through the project pipeline. The list of projects can be found in *Appendix G*.

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

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

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

Project Status	Very Low Income	Low Income	Moderate Income	Above Moderate Income	Total
Building permit filed	563	699	0	3,452	4,714
Planning Approval but no building permit yet	193	1,750	118	4,772	6,833
In Planning Review	218	1,922	59	6,652	8,851
Total	1974	4,370	178	14,877	20,399

SOURCE: City of San José Building Division, 2022

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

5.3.2 Projected ADUs

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

- Launched a Preapproved ADU Program that offers fast and easy permitting of ADUs by vendors who have obtained the City’s approval of ADU master plans.
- Created an ADU Ally staff position, who helps applicants with getting permits.

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

Based on this data, the City is able to meet about 35% of its RHNA through ADUs and the pipeline, leaving another 38,913 units on the sites in the Sites Inventory, as shown in *Table 5-5*.

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

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

SOURCE: City of San José Building Division, 2022

Table 5-4: Affordability levels of Projected ADUs

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

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

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

	INCOME CATEGORY			TOTAL
	LOW	MODERATE	ABOVE MODERATE	
RHNA	23,775	10,711	27,714	62,200
Pipeline/Approved Units	5,387	178	14,877	20,399
ADUs	1,733	866	289	2,888
Remaining RHNA	16,698	9,667	12,548	38,913

5.3.3 Opportunity Sites

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

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

As *Table 5-6* demonstrates, the Housing Element is able to accommodate the City's share of RHNA at all income levels. The combined buffer is 37%, with income category buffers of 25%, 20%, and 66% for lower, moderate, and above moderate income units, respectively.

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

UNIT CATEGORY	LOWER	MODERATE	ABOVE MODERATE	TOTAL
Pipeline/Approved Units	5,387	178	14,877	20,442
ADUs	1,733	866	289	2,888
Opportunity Sites	20,811	10,545	20,874	52,230
Total	27,931	11,589	36,040	75,560
<i>Buffer on Opportunity Sites</i>	<i>25%</i>	<i>20%</i>	<i>66%</i>	<i>37%</i>

Methodology for Opportunity Sites. City staff focused the inventory of opportunity sites to those primarily located in Growth Areas and Urban Villages where the City encourages most new housing to align with the General Plan's *Major Strategy #3 Focused Growth*, among others. Opportunity sites are found in the following areas:

North San José

North San José is the City's largest employment district, home to many important leading technology companies and a key growth area for the City. It is also an area that can accommodate significant residential growth and help the City meet its RHNA goals. North San José is a suitable area for housing due to its proximity to jobs, transit and services. It is a prime area for affordable housing as well as most of it is designated highest, high or moderate resource area per the State's CTCAC/HCD Opportunity Area Maps³.

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

San José has demonstrated its commitment to ensuring affordability of North San José's future development, including adopting a policy requiring that 20% of the new housing constructed be rent-restricted, and affordable. In 2020, San José voters approved Measure E, which generated nearly \$110 million last year alone that the Mayor and City Council will allocate towards the development of affordable housing citywide. The opportunity to connect new housing to the multi-billion-dollar transit investments throughout the VTA light rail corridor along North 1st Street and around the nearby Berryessa BART station presents a unique opportunity for transit-oriented development in our city.

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

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

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

- Identify areas for housing to be integrated into North San José and propose

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

changes to the General Plan, zoning code, and Rincon South Urban Village Plan to facilitate the production of all 24,000 planned housing units in North San José.

- Integrate affordability by creating North San José-specific Affordable Housing Overlay Zones that support only Industrial Park uses, 100% affordable housing, or market-rate housing that integrates affordable units into their developments.
- Identify locations and rezone sites in the North San José Affordable Housing Overlay Zones through the Sites Inventory rezoning process.
- Communicate to the development community about the new program.

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

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

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

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

Staff is also working to develop a Mixed-Income Housing Overlay to provide a residential development alternative that would apply to several contiguous properties within the Core Area and three sites that are currently designated Industrial Park further north. Staff proposes a minimum density of 75 dwelling units per acre be applied to these sites and that a 25% affordable requirement be applied as well, five percent higher than what is required in the Inclusionary Housing Ordinance. This policy work, general plan amendments, and rezoning will be concluded after the adoption of the Housing Element but before January 31, 2024.

Downtown and Diridon Station Area:

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

Diridon Station Area

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

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

Specific Plan Areas:

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

Neighborhood Business Districts (NBDs):

The City of San José has a total of seven Neighborhood Business Districts areas where commercial uses exist along both sides of a street, which function in their neighborhoods or communities as central business districts, providing community focus and identity through the delivery of goods and services. Neighborhood Business Districts (NBDs) contain a variety of commercial and noncommercial uses which contribute to neighborhood identity by serving as a focus for neighborhood activity.

In 2022, the City Council approved a new NBD overlay as a strategy to tackle the affordability and housing crisis. This designation is applied to predominantly commercial land use designations and allows residential uses in Japantown (Taylor Street only), North 13th Street, and Willow Glen Neighborhood Business District. New residential or mixed-use developments in these areas would be subject to the objective development standards described in the overlay language (Chapter 5, Page 24)⁴.

Urban Villages with adopted plans ("Planned UVs"):

The City of San José's General Plan, Envision San José 2040 established the Urban Village concept to create a policy framework to direct most of San José's new job and housing growth to occur within walkable and bike friendly Urban Villages that have good access to transit and other existing infrastructure and facilities. Creating complete Urban Villages is how the City will plan for that new growth. Preparation of a written document or Urban

⁴ City of San José General Plan, Envision 2040, <https://www.sanjoseca.gov/home/showpublisheddocument/22359/637928744399330000#page=262>
City of San José Draft Housing Element, rev. May 2023

Village Plan for each Urban Village area will provide for continued community involvement in the implementation of the 2040 General Plan and for land use and urban design issues to be addressed at a finer level of detail.

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

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

The City has 15 adopted Urban Villages plans. While all plans have similar land use designations (Urban Village for example) the permitted density does vary given the existing neighborhood context. In any case, this is where the city is planning for the majority of the growth during the life of the General Plan and is where we will see the more generous residential densities.

Urban Villages without adopted plans (“Unplanned UVs”):

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

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

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

This amendment effectively ended the requirement for ground floor commercial uses which was considered a constraint to affordable housing developers. There continues to be interest in this policy and several development applications have been approved and are currently under review. All sites identified in the sites inventory within unplanned

urban village areas are consistent with Policy IP-5.12 and therefore allow for residential uses. There is no need to rezone these sites as they permit development consistent with this policy.

Other sites

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

General Plan Policy H-2.9 reads as follows:

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

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

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

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

*City-owned Sites***260/240 N Montgomery St, San José, CA, 95110** (APNs: 259-29-012 & 259-29-103).

This site is comprised of two adjacent parcels with a combined size of approximately 0.46 acres or 20,038 square feet in size located in City District 3. The site is zoned Downtown – Primary Commercial and the General Plan land use designation is Downtown which allows up to 800 dwelling units per acre, a Floor Area Ratio up to 30, and the number of stories at a minimum of 3 to a maximum of 30. The City expects a 170-unit lower income capacity. The neighboring area is comprised of business complexes, SAP Center, single family homes, a shopping plaza, Diridon Station, and public park. Several bus stops and the Diridon Station are within 1/2 mile of the site.

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

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

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

1749 Mt Pleasant Rd, San José, CA, 95148 (APN: 647-24-042). This site is comprised of a single parcel approximately 0.482 acres or 21,000 square feet in size located in City District 5. The site is zoned R-1-8 Single-Family Residential, and its General Plan land use designation is Residential Neighborhood which allows for typically 8 dwelling units per acre, a Floor Area Ratio up to 0.7, and up to 2.5 stories. The City's objective for this site is to have a proposal that provides the most affordable for sale housing on the parcel. The City is also interested in homeownership models that protect the long-term affordability of the homes while providing a fair return to the owners. Typically, the City provides site control to the developer via long term ground leases if an affordable for-sale proposal is accepted, it is anticipated the fee interest in the land would be conveyed, subject to any options on the for-sale units. The building, formerly used as a fire station, is situated on the north portion of the site and has no tenants, while the south portion has a large, paved parking area. The primarily residential neighboring area is comprised of single-family homes, several schools, and a public park. One mile from the site are several bus stops.

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

County-owned site

1390 S Winchester Blvd, San José, CA, 95128 (APN: 279-25-014). The site is located within the Winchester Urban Village plan, which envisions commercial and mixed-use development to accommodate the city's growth. It has a General Plan designation of Urban Residential which allows residential density between 45 and 95 dwelling units per acre. While this designation requires all new development with frontage along Winchester Boulevard to include active ground floor uses along Winchester Boulevard, one-hundred percent affordable projects are exempt from this requirement per a recently adopted General Plan Policy update, GPT22-003 (<https://sanjose.legistar.com/LegislationDetail.aspx?ID=5949624&GUID=16D15EB6-A362-441E-B5E8-C9C600A45327&Options=&Search=>). The site has a Commercial Pedestrian Zoning, which allows for mixed-use residential developments and those permitted pursuant to the General Plan policy change noted above. It is scheduled to be rezoned to Urban Residential (which also allows mixed-use and stand-alone residential) by June 2023. The site is currently occupied with an office building; the lease expiration is not yet known at this time. The is suitable for housing and affordable housing as it is located directly in front of a transit stop and within a quarter of a mile from another transit stop and 1 mile from a light rail stop. There are two public elementary schools, grocery stores, personal service shops, and a large public park within walking distance from this site.

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

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

Sites smaller than 0.5-acres and lower-income housing

Only eight properties identified in the draft inventory to accommodate housing for low-income housing, are below one-half acre in size. All of those sites are adjacent to other properties in the inventory and

described further below.

240 & 260 N. Montgomery St – These two sites are adjacent and owned by the City. Combined they are 0.49 acres.

3707 Williams Rd – This is City owned property located in a high resource area with a total size of 0.45 acres.

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

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

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

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

Sites larger than ten acres and lower-income housing

There are only six sites in the draft inventory that are greater than 10 acres, and of those none are designated exclusively for the lower-income housing. There are four sites that have been included in the mixed-income category and all four are located in North San José. One of those sites is owned by the Valley Transportation Authority which requires inclusion of lower income housing in redevelopment of sites owned by the agency. The four sites will also contain the overlays created in *Program P-3* discussed above that will require the inclusion of lower income units within a portion of the site.

Capacity Analysis of Opportunity Sites

To calculate the realistic capacity of the selected parcels, the City leveraged the BuildingBlocks platform from Tolemi, which integrates data from various City systems on parcel zoning, General Plan, and Urban Village designations; allowable density & floor area ratios; historic Planning and Building permits; property sales; businesses & employee counts; and other parcel-level factors into a map-based analytical & data modeling tool. The City was already using BuildingBlocks to identify Housing Opportunity Sites and to build its Housing Site Explorer tool. The City worked with data engineers from Tolemi to design a three-step methodology to estimate density of future development based on previous historic development in the City.

1. First, an allowed residential unit capacity (“Allowable Capacity”) was calculated for each draft inventory parcel using the parcel size and the maximum density allowed on the parcel based on its General Plan designation. For sites that have a General Plan designation which does not have an assigned residential capacity an assumed maximum capacity was used to calculate an allowed

residential unit capacity. The assumed maximum capacity for sites without an assigned residential capacity was determined through past development trends. **Table 5-7** below details how the assumed capacity was determined for sites designated Neighborhood Community Commercial (NCC). As discussed in the methodology for selecting opportunity sites, all sites included in the draft inventory allow for residential development.

- Second, the City looked to historic production trends and build-out yields to inform realistic (versus potential) capacity calculations. For each parcel in the Draft Inventory, BuildingBlocks identified a set of five similar properties (“Comparables”) where residential development occurred in the previous Housing Element Cycle (Jan. 1, 2014 through Dec. 31, 2021). These Comparables were based on 19 factors outline in the table below:

Factor name <i>match type</i>	Does the Comparable property have...
area name match <i>yes/no</i>	...the same neighborhood/area
allowed density match <i>percent</i>	...a similar allowable density
in uv or ga match <i>yes/no</i>	...any Urban Village or General Plan designation
general plan match <i>yes/no</i>	...the same General Plan designation
lot size acres match <i>percent</i>	...a similarly sized lot
current use ‘parent’ match <i>yes/no</i>	...the same ‘parent’ assessor use code
current use ‘child’ full match <i>yes/no</i>	...the same ‘child’ assessor use code
available unit capacity match <i>percent</i>	...a similar available capacity
business count match <i>percent</i>	...a similar number of active businesses
land assess per sf match <i>percent</i>	...a similar assessed value of the land
total assessed per sf match <i>percent</i>	...a similar assessed value of the total parcel
residential units match <i>percent</i>	...a similar number of existing residential units
residential units per sf match <i>percent</i>	...a similar number of existing res. units / sq. ft.
sale price per sf match <i>percent</i>	...a similar last sale price
owner property count match <i>percent</i>	...a similar number of parcels owned by the owner
owner location match <i>yes/no</i>	...the same owner location (in-state / out-of-state, e.g.)
owner type match <i>yes/no</i>	...the same owner type (LLC / individual, e.g.)
sale year match <i>yes/no</i>	... the same last sale year

Based on these 19 factors five Comparables for each parcel were identified in the Draft Inventory.

- Finally, for each Comparable, the actual residential dwelling units per acre that were developed during the last Housing Element was calculated. This approach required some re-assembly of large sites that were subdivided into single- and multi-family residential parcels and research to determine the maximum allowable density at the time of redevelopment. For every parcel in the Draft Inventory, density was averaged across the five Comparables, the average was then used to estimate the realistic density for the inventory site.

Overall, the method utilized to determine capacity is rooted in data and grounded in the real-world experience in the jurisdiction over the course the previous Housing Element.

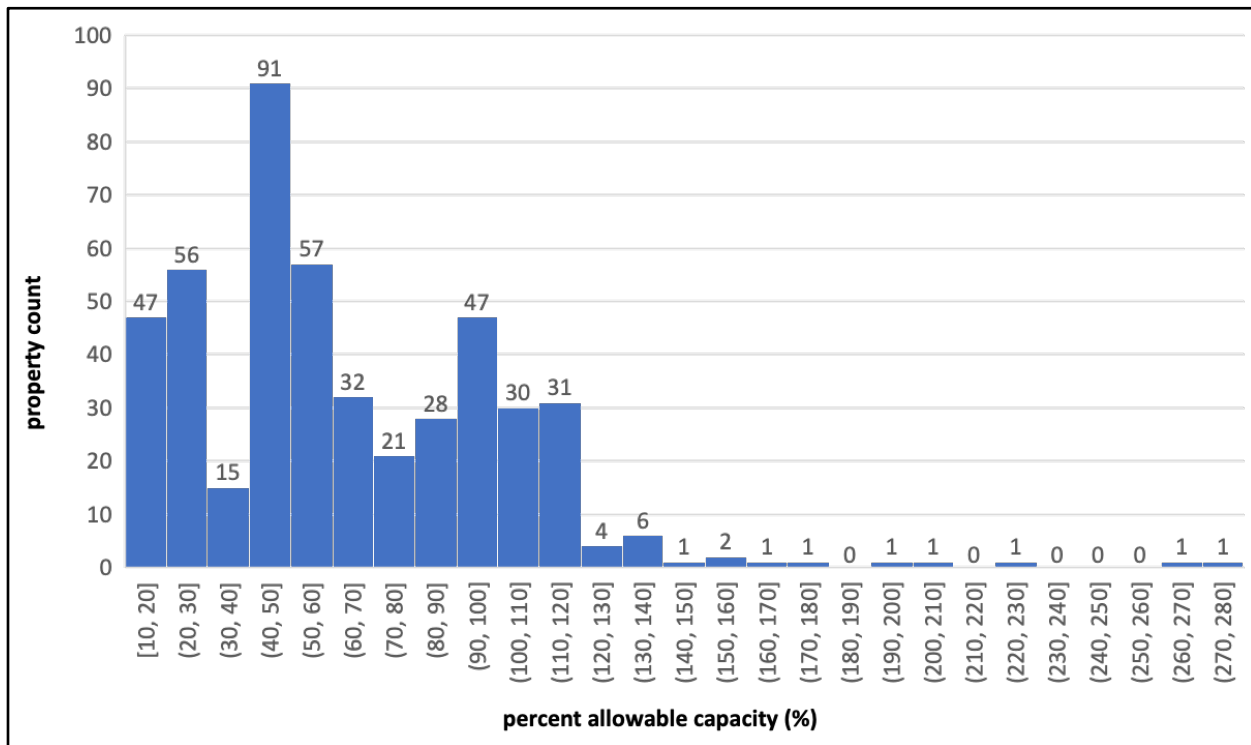
Additional Discussion of Capacity Analysis and Assumptions

The assumed maximum capacity determined for sites that do not have an allowed residential density in the General Plan is intended to serve as a theoretical maximum residential capacity. In this example for the NCC designation, the assumed maximum capacity was determined to be 90 DU/AC, which was set above the median of previous development, but still consistent with previous development densities in this General Plan designation. The assumed maximum capacity in this example is a conservative estimate as there are several past developments that exceed 90 DU/AC. These estimates were conservatively derived to ensure that the calculated densities estimated for sites are realistic. However, given that the assumed maximum capacity is less than some previous developments and does not represent a true allowed capacity, it is possible that a site's estimated capacity may exceed 100%. For sites that do exceed 100% of capacity, as with all sites in the inventory, the estimated capacity is based on the identified Comparables that represent real previous residential development projects within San José.

Table 5-7: Assumed Maximum Capacity of Neighborhood / Community Commercial sites

Address	date	Units	Acres	DU/AC
1030 N 4th St	4/26/21	94	0.96	98
399 Blossom Hill Rd 242	6/21/21	147	2	74
3100 S Bascom Ave	1/13/22	79	0.65	122
4610 Almaden Expy	8/21/17	200	3.52	57
Almaden Rd & Redbird Dr	8/24/16	24	0.74	33
1510 Parkmoor Ave	5/1/21	81	1.62	50
2388 S Bascom Ave	4/7/22	64	0.63	102
2180 The Alameda	1/10/17	104	0.94	111
Sierra Rd & N Capitol Ave	4/4/14	31	0.63	49
2001 The Alameda	4/6/22	109	2.73	40
1371 Kooser Rd	12/17/21	189	1.62	117
Mean				77.6
Median				74
Assumed Maximum Capacity				90

The capacities determined through the Building Blocks platform for sites within the draft inventory do not assume uniform 100% capacity. As demonstrated in *Table 5-8* below, the majority of sites are estimated below their maximum allowed capacity.

Table 5-8: Property Count and Percent for Allowed Capacity

In the entire draft inventory of 474 parcels, there are 88 that have a capacity estimate of 100% or greater. These 88 parcels account for 6,915 projected units, or approximately 13% of the total projected units in the total Draft Inventory. Of those 88 parcels, 54 (representing 9% of the total projected units) used an assumed maximum capacity because their General Plan designation does not have an assigned residential density. All parcels identified in the site inventory all for housing. Those sites with a General Plan designation that does not have an assigned residential density are eligible to develop to housing through the use of an overlay or a General Plan policy.

Selected Sites Demonstrating Capacity Analysis

Sites with existing 100% nonresidential uses

The City addressed the likelihood of residential development in zoning where 100% nonresidential uses are allowed by identifying Comparables that underwent redevelopment in the last cycle that had similar General Plan land use designations that permit 100% nonresidential uses.

4880 Stevens Creek Blvd (296-22-052) is designated Mixed Use Commercial in an Urban Village. This designation allows housing but also allows for 100% commercial development. For this site, the past development Comparables sites are a strong match to the inventory site. Four of five Comparables are in an Urban Village and the other is in an Employment Area. All are either designated Mixed Use Commercial like the site or are Neighborhood/Community Commercial which both allow 100% non-residential uses.

1900 Camden Ave (419-12-049) is designated as Neighborhood/Community Commercial (NCC) on a 1.18 acre site in an Urban Village. The estimated projected density after development is shown at 86 DU/AC based on the Comparables analysis. The five Comparables identified for this parcel were all also designated NCC, and four of them were in an Urban Village. The resulting density after development of the five Comparables ranged from 50 du/ac to 111 du/ac, so the projected density of the inventory site is approximately the median of those Comparables.

808 N 10th St (249-08-034) is a 1.38 acres site in an identified growth area in the General Plan and is designated as Mixed Use Neighborhood, thus allowing 100% non-residential uses. It was estimated at 35 units, or 25 DU/AC, which is 85% of the allowed capacity. All five past development comparable sites are in growth areas with four in Employment Areas and the other in an Urban Village. All five Comparables allow 100% non-residential use and up to 30 DU/AC. Four are designated as Mixed Use Neighborhood and the other is Combined Industrial/Commercial, though the latter was developed at 26.5 du/ac. They were developed with between 17 and 40 DU/AC and between 56% and 134% of the allowed capacity.

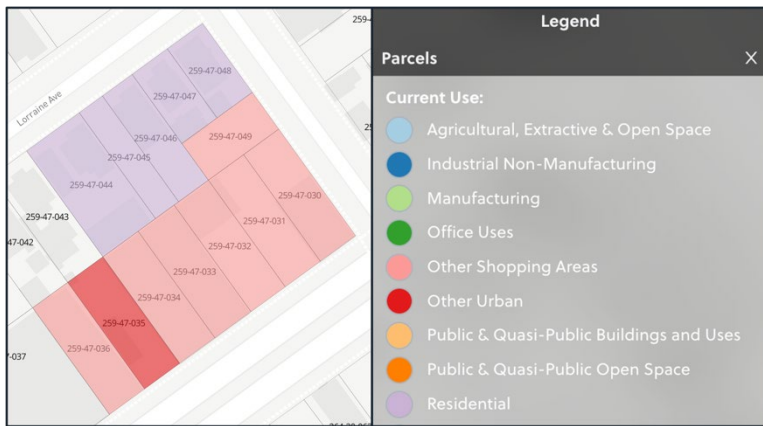
Example Analysis of Likelihood of Redevelopment

The capacity analysis addresses the likelihood of converting existing uses to higher density of residential development by identifying Comparables with similar variables. Current use of each draft inventory parcel is included in the list of factors used to identify Comparables. Therefore, if a draft Inventory parcel is listed as a single-family residence, the approach prioritizes single-family parcels that underwent residential development during the last cycle to flag as Comparables for the purpose of estimating likelihood and density of future residential development.

An additional factor included in the analysis was utilizing the number of active businesses licenses located at the address to determine the likelihood of converting to higher density residential development. Because the current use from the County Assessor is often a lagging indicator of the actual use of a parcel, including indicators of active businesses allowed us to generate a more accurate and up-to-date accounting of existing use based on commercial activity. We have access to historical records for active business licenses / tax accounts, which allowed us to apply the same criteria to our selection of Comparables.

This is all in addition to the criteria applied through the methodology for the selecting of opportunity sites as explained in the previous section, which also considered factors relating to the likelihood of development, i.e., recent building permits, age of building, existing multi-family uses, etc.

14656 Camden Ave (419-12-050) has several existing retail businesses. Of the five past comparable developments used, three had existing active retail businesses prior to development. Two of these were restaurants and one was a furniture store. A fourth comparable development had active single-story offices and the fifth had a grocery store that was vacant several years prior to development.



507-533 W San Carlos St, 506-514

Lorraine Ave, and 255-293 Josefa St is a combined 1.3 acre site of 13 parcels in Downtown. For the combined site, we have estimated a total of 337 units out of an allowed total of 466, or 72% of capacity. The current use is split evenly between residential (many single-family) and retail (primarily tire and auto repair shops with adjacent paved surfaces). The area of combined site appears to be evenly split between auto related business structures,

paved surfaces, and residential lots, with one restaurant on the corner of San Carlos and Josefa. County tax records indicate that there are three distinct owners of these 13 parcels. However, a close analysis reveals strong evidence that all three entities controlled by the same beneficial owner(s).

Selected sites with capacity estimates at or above 100% capacity

The capacity estimate for each parcel is individually based on the Comparables identified. Therefore, any parcels in the draft inventory that are at or close to 100% capacity have been found to have Comparables that underwent similarly dense development at or near the high-capacity estimate given for the Draft Inventory parcel.

1086 N 1st St has an estimate that is 100% of the capacity. It has an Urban Residential designation, is 0.7 acres, and has an allowed maximum density of 95 DU/AC, which would be a capacity of 65 allowed units. Of the 5 past developments used as Comparables, 4 are Urban Residential and one is Neighborhood/Community Commercial. The Comparables have build out percentages between 71% and 137% and built densities of between 67 and 130 du/ac. Therefore the high capacity assumption is reasonable given these Comparables.

325 S Capitol Ave has an estimate that is 118% of the capacity. It has an NCC (Neighborhood/Community Commercial) designation, is 1.89 acres, and has an assumed maximum capacity of 90 DU/AC, which would be a capacity of 170 allowed units. Of the five past developments used as Comparables, three are also NCC (90 DU/AC), one is Combined Industrial/Commercial (90 DU/AC), and one is Urban Residential (95 du/ac). They have build-out percentages between 44% and 169%, with all but the lowest over 100%, and built densities of between 40 and 160 DU/AC, with all but the lowest over 100 DU/AC. Therefore the assumption is within the bounds of identified Comparables.

5.3.4 Suitability and Availability of Infrastructure

The Envision San José 2040 General Plan Environmental Impact Report (EIR) was adopted/approved by City Council in 2011. Assuming the development of capacity that was already anticipated in Envision San José 2040 General Plan, there should be no unexpected constraints since they were analyzed in the EIR. The overall conclusion for the total impacts to public utilities/services is that "Implementation of the proposed Envision San José 2040 General Plan in accordance with proposed policies and actions would result in less than significant impacts from construction of utilities and service systems, as needed, to serve increased demand and no mitigation measures are required. Such policies and actions reduce increased demand for utilities and service systems, limit development until services can be provided and avoid or mitigate for the construction of facilities for the provision of these services." This analysis can be found in the Utilities and Service Systems section of the GP 2040 FEIR (Starts on page 321 of the linked web PDF - <https://www.sanjoseca.gov/home/showpublisheddocument/22039/636688304347700000>)

5.3.5 Environmental Constraints

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

Generally, the Envision San José 2040 General Plan EIR determined potential environmental constraints related to flooding, seismic hazards, cultural resources, and protected species of flora and fauna. These constraints as they pertain to the 2023-2031 Housing Element Update are discussed below.

Flooding

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

Seismic

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

Cultural Resources

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

Protected species of flora or fauna

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

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

Resources to Alleviate Constraints

The environmental hazards and limitations discussed above are largely beyond governmental control, but nonetheless do not unduly constrain residential development needed to achieve San José's Regional Housing Need Allocation (RHNA). The City's Urban Growth Area totals approximately 140 square miles, defining the area where services and facilities provided by the City of San José and other public agencies are generally available and where urban development requiring such services should be located, in large part to avoid unnecessary conflict with hazards situated outside the Urban Growth Area. An exception is Downtown, portions of which fall within the southernmost extent of the Mineta Airport AIA, yet adherence to FAA regulations has clearly not been a constraint to construction of Downtown high-rise residential projects.

5.3.6 AB 725 Compliance

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

Compliance with AB 725		
UNIT CATEGORY	MODERATE	ABOVE MODERATE
RHNA Target	10,711	27,714
Units on Moderate sites that allow between 4 and 100 units	6,248	-
Units on Above Moderate sites that allow at least 4 units	-	25,010
Percent of RHNA Target	58%	90%

5.4 Non-Vacant Sites

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

The City of San José is largely built out to its Urban Growth Boundary. Analysis conducted by the Department of Public Works in December 2022 using available data such as identified current use, demolition requests, and manually reviewing satellite imagery, determined that out of 250,849 parcels, there are approximately 681 vacant parcels in the City. This is less than 0.27% of all parcels in the City. Out of these 681 parcels, 373 of these parcels are less than 0.5-acres, 178 were included in the previous Housing Element cycle, and 37 parcels are included in the draft sites inventory. Additionally, 19 parcels have active entitlements for either residential or other uses. Based on this analysis it is reasonable to assume that nearly all new residential development in the City over the next cycle will occur on non-vacant land.

The City identified units currently under construction and identified use at time of construction in *Appendix K*. Initially, given existing data available at the time, there were 15 sites that appeared to be developed on vacant properties. However, further analysis of historical satellite data and permit records indicate that many were not vacant as previously assumed and had a variety of previous land uses that were demolished before construction of the new development. This additional analysis showed that only four sites were truly previously vacant undeveloped properties. Therefore, 93% of residential development under construction was built on land previously non-vacant.

The analysis and additional review of major residential development projects included in *Appendix K* from the last five years shows that existing prior uses such as retail, supermarkets, churches, office, or single-family homes, do not significantly impede additional residential development on a site. In San José, the value of the land as residential and the opportunity for new housing often exceeds the value of current uses, especially for sites with nonresidential uses. With regards to the projects in *Appendix K*, redevelopment of sites with existing multifamily uses was not as common in the past cycle as shown in the data. Only two developments had more than five units previously. Additionally, sites with existing multifamily require compliance with newer policies such as the City's Ellis Act Ordinance ([SJMC Chapter 17.23](#)) and other relocation provisions. Therefore, existing multifamily residential uses on potential redevelopment sites can be considered an impediment. To ensure realistic development, the methodology for the draft sites inventory excludes parcels with more than two existing residential units as those sites would be subject to the Ellis Act Ordinance.

The analysis of past development on non-vacant sites also further informed the City's methodology for site selection. As discussed in the methodology section, the age of current buildings on a property and recent building permit activity were factors in the site selection criteria. Below are several selected non-vacant sites that redeveloped in the last cycle, along with similar properties in the sites inventory.

Selected Non-vacant Site Development in Past Cycle

Address / Property	Filing Year	Prior Use	Lot Size (acres)	Units	Similar Property Identified in Inventory	Characteristics
3090 S. Bascom Ave.	2020	Retail Store – 2-story 11,382 sq. ft. building	0.65	90 units – lower income housing	1888 Saratoga Ave.	0.77-acre site with older 8,000 sq. ft. 2-story office in unplanned urban village.
1710 Moorpark Ave	2019	Church	1.08	106 units – lower income housing	2030 Camden Ave.	0.76-acre site with current faith-based use in an unplanned urban village.
477 S. Market Ave.	2018	Auto Repair	0.42	130 units – above moderate income housing	701 Miller St.	Older 2-story office building on 0.89-acre site in a planned urban village.

1330 S. Bascom	2018	Retail Center	6.98	590 – above moderate income housing	3580 Stevens Creek Blvd.	4.63-acre retail center in a planned urban village.
447 North 1st St.	2019	Office – 2-story / 4,398 sq. ft. building	0.47	115 units – lower income housing	1025 S. Bascom Ave.	0.60-acre site with 1-story office building in planned urban village.

The City has recently taken several steps to encourage and facilitate more housing on infill properties including the following actions:

- In December 2022, the City Council approved an ordinance to eliminate minimum parking requirements for both commercial and residential (multifamily) uses in the City which will allow for greater flexibility in redevelopment of nonvacant parcels.
- In 2021 and 2022, the City Council revised General Plan Policies (IP-5.12⁵ and H-2.9⁶) to eliminate commercial requirements for one-hundred percent affordable, deed restricted multifamily housing. These policies apply to sites within unplanned Urban Village areas.
- In December 2022, City Council adopted a new policy to eliminate commercial requirements for affordable developments citywide.
- In 2021, the City Council approved new Urban Village and Mixed-Use zoning districts for dense mixed-use development in growth areas within the City to implement the Urban Village strategy in the General Plan and promote more dense, walkable and integrated neighborhoods.

Additionally, as noted in Chapter 3: Housing Goals and Strategies, the City is proposing Program P-7, “*City Ministerial Infill Approval Ordinance*” to create a by-right approval process for infill development.

5.5 Rezoning for Inventory Sites

As shown in *Appendix F*, there are 18 properties on the sites inventory in North San José requiring both a general plan and zoning overlay to allow for housing. This work must be completed by January 31, 2024 per Housing Element law (Gov Code 65583(c)(1)A). This work to create overlay zones is included in the new Housing Element as a program (Chapter 3, Housing Goals and Policies, Program P-3). There are also a number of sites in the inventory that were previously used in the 4th and 5th cycles and thus require a rezoning to allow for by-right uses. The Housing Element includes a program (Chapter 3, P-38) to complete this rezoning pursuant to State Law.

Opportunity sites within Unplanned Urban Villages and those that qualify for affordable housing under General Plan Policy H-2.9 generally have a CP Commercial Pedestrian zoning. This zoning district prohibits

⁵ See Envision San José General Plan 2040:

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

⁶ <https://www.sanjoseca.gov/home/showpublisheddocument/22359/638030751322370000#page=210>

residential, mixed-uses unless the site is consistent with General Plan Policy IP-5.12 and General Plan Policy H-2.9, respectively. These policies act as a housing overlay to these sites; a rezoning is not necessary to facilitate housing.

5.6 Sites and Affirmatively Furthering Fair Housing

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

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

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

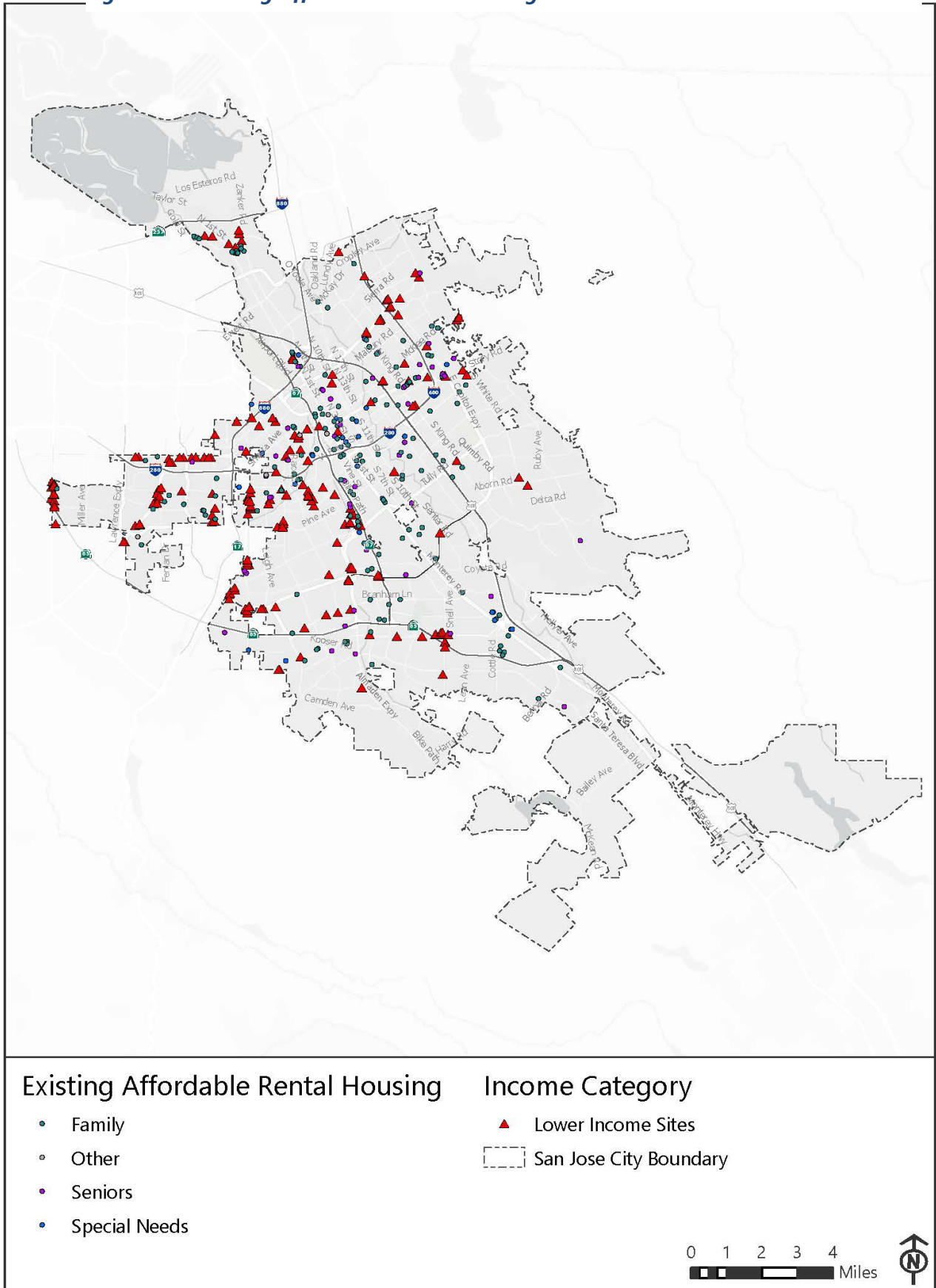
An affirmative effort was made to locate affordable housing in higher resource neighborhoods to reduce patterns of exclusion and segregation, and the City remains committed to increasing opportunity in neighborhoods that have experienced historic disinvestment. Providing opportunity for lower-income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

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

5.6.1 Integration and Segregation Trends

As Figure 5-2 below illustrates, there is no significant clustering of lower income sites in areas where there is already affordable housing. The Site Inventory branches out from the distribution of affordable housing to date and sites more affordable homes in the peripheral areas of San José where incomes are higher. The impact of this is reflected in the following statistics on unit and site distribution.

Figure 5- 2 Existing Affordable Rental Housing & Lower Income RHNA sites



5.6.2 Racially/Ethnically Concentrated Areas of Poverty (RECAPs) and Racially Concentrated Areas of Affluence (RCAs)

At all income levels, almost all sites inventory units are not in Census tracts designated as racially/ethnically concentrated areas of poverty (RECAPs). At most, 28% of moderate income units are anticipated to be RECAP tracts. As shown in *Table 5-9*, the City's planned development over the eight-year period will not result in concentrated development in vulnerable areas, and will actually result in a large share in City-defined areas of affluence. Subsequent sections further illustrate how the site inventory sites a large share of units in higher-resource and exclusive neighborhoods, dismantling barriers to opportunity.

**Table 5-9: Site Inventory Units by RECAP/RCA Status
(total and percentage)**

	In a RECAP	In a San José-defined RCA	In neither a RECAP nor RCA	Total
Low Income	1,034 (4.9%)	377 (1.8%)	19,400 (93%)	20,811 (39.8%)
Moderate Income	2,948 (28%)	0 (0%)	7,597 (72%)	10,545 (20%)
Above Moderate Income	153 (0.7%)	0 (0%)	20,721 (99%)	20,874 (39.9%)
Total	4,135	377	28,977	52,230

Figures 5-3 and 5-4 illustrate that the Site Inventory distributes sites by income and racial predominance without excessive concentration. Quantitative data regarding the Site Inventory and median household income is tabulated in *Table 5-10* below. The distribution of sites by RECAP tract resembles that of units, *Table 5-11*. The income level with the largest share of sites in a RECAP tract, moderate income, has just 20% of sites. The income level with the largest share of sites in an RCA tract, lower income, has 3%.

Figure 5- 2 Distribution of Sites by Income Category and Median Household Income

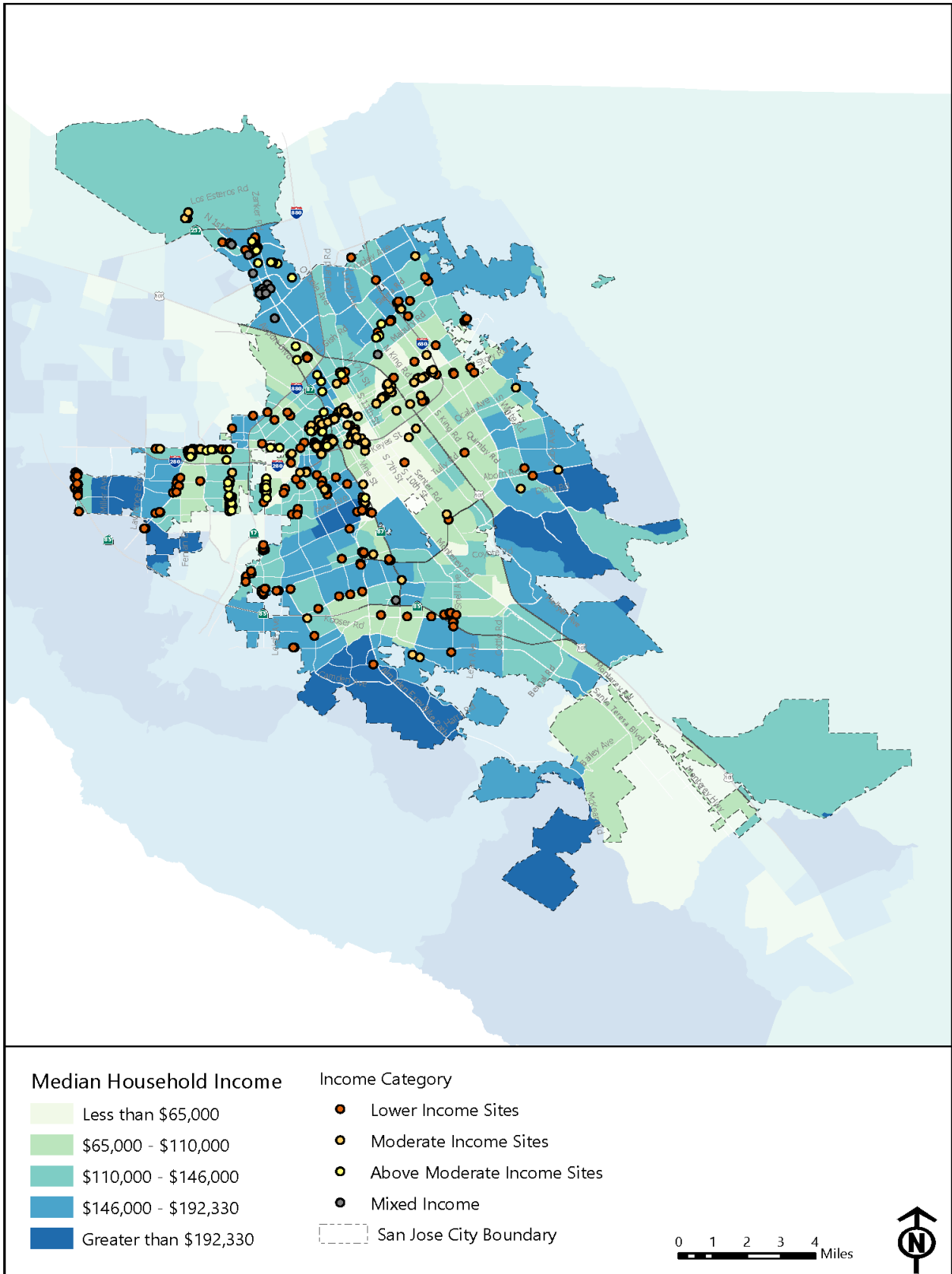


Figure 5- 3 Distribution of Sites by Income Category and Predominant Race

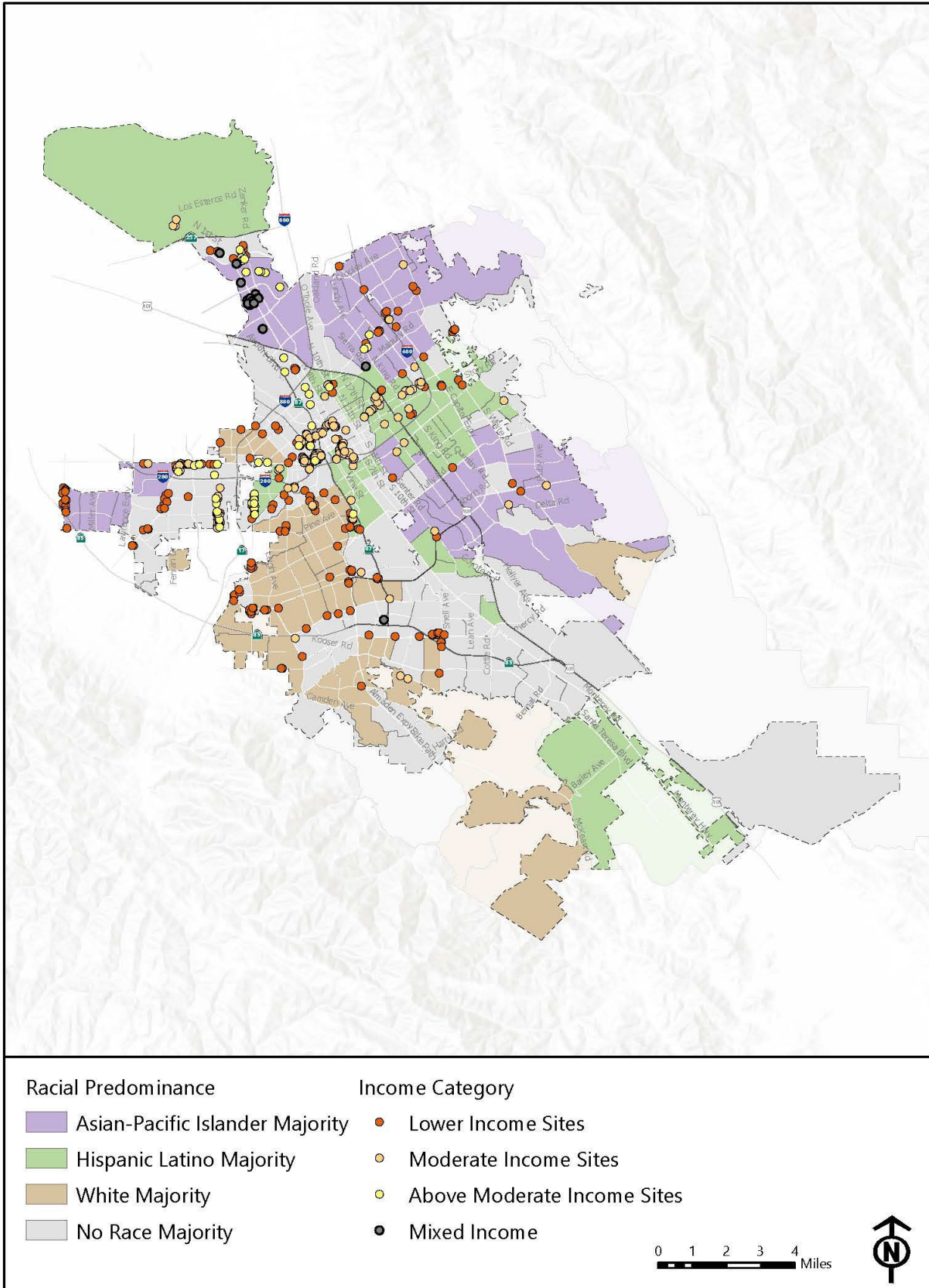


Table 5-10: Site Inventory Units by Median Income (total and percentage)

	Less than \$65,000	\$65,000- \$110,000	\$110,000- \$146,000	\$146,000- \$192,330	\$192,330 or greater	Total
Low Income	883 (4%)	4,387 (21%)	8,287 (39.8%)	6,643 (31.9%)	611 (1.1%)	21,702 (40.62%)
Moderate Income	3430 (32%)	2,408 (22.8%)	4,533 (42.9%)	140 (1.3%)	34 (0.07%)	11,779 (22.04%)
Above Moderate Income	153 (0.7%)	2,255 (10.7%)	3,404 (16%)	15,065 (72%)	0 (0%)	19,952 (37.34%)
Total	4,466	9,047	16,224	21,848	645	52,230

Table 5-11: Site Inventory Sites by RECAP/RCAA Status (total and percentage)

	RECAP	RCAA	Neither	Total
Low Income	11 (5.5%)	6 (3%)	183 (91.5%)	200 (42%)
Moderate Income	42 (20%)	0 (0%)	168 (80%)	210 (44%)
Above Moderate Income	1 (2%)	0 (0%)	48 (97.9%)	49 (110%)
Mixed Income	0 (0%)	0 (0%)	15 (100%)	15 (3%)
Total	54	6	414	524

5.6.3 Disparities in Access to Opportunity

Table 5-12 below illustrates that the draft Housing Element sites inventory will not result in an over-concentration of lower-income housing development in low-resource areas as defined by TCAC. To the contrary, fifty-six percent of planned lower-income homes are sited in Census tracts that are at least moderate resource, and a large share (37%) are sited in tracts that are either high or highest resource, that would give residents greater access to quality jobs, schools, and other resources. Just 2.8% of market-rate units are planned in low-resource tracts, minimizing the risk that new market-rate development will cause gentrification and displacement.

Table 5-12: Site Inventory Units by TCAC Resource Level (total and percentage)

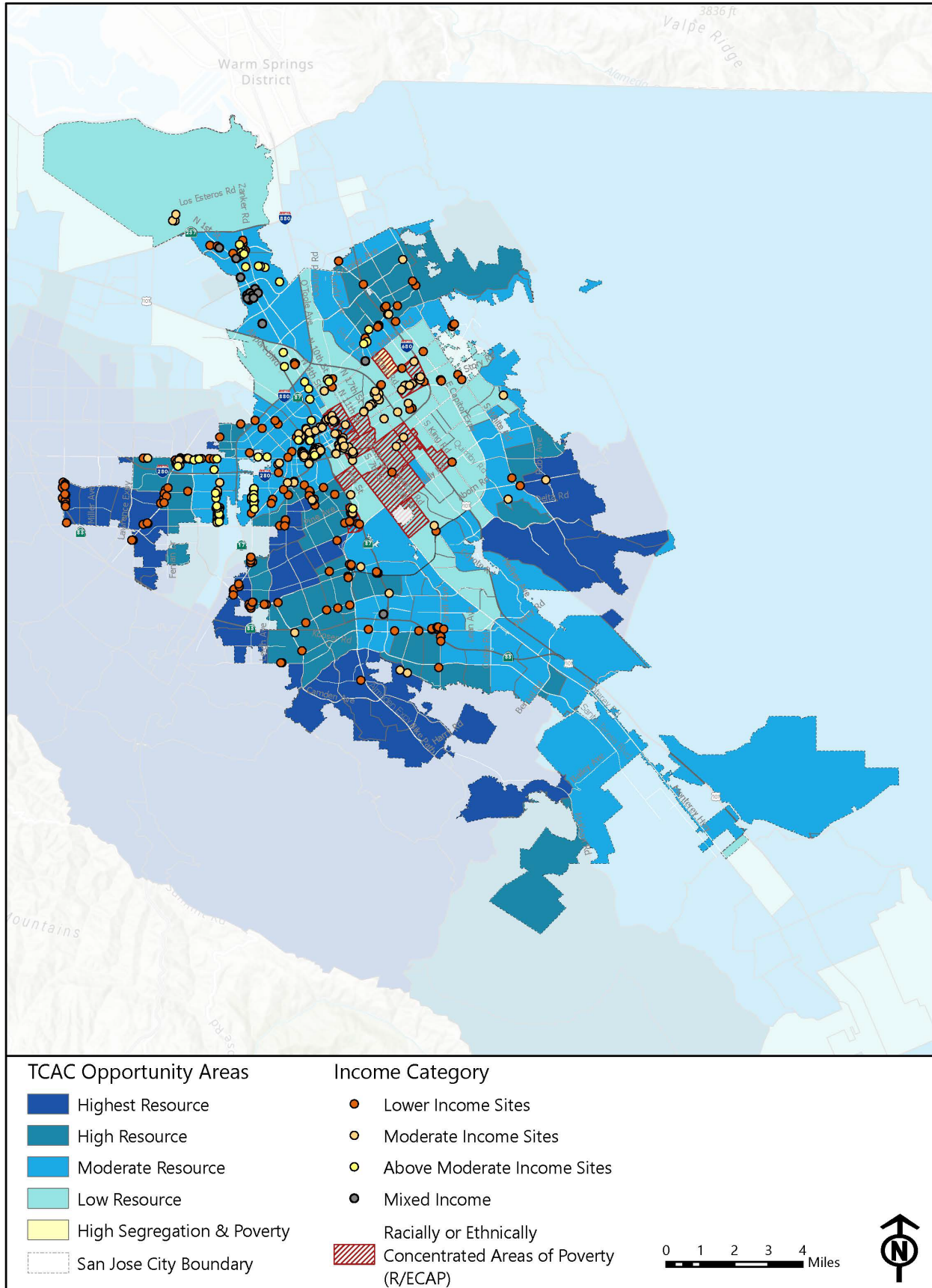
	Low Resource	Moderate Resource	High Resource	Highest Resource	Total
Low Income	1,304 (6.2%)	11,796 (56%)	4,921 (23.6%)	2,790 (13.4%)	20,811 (39.8%)
Moderate Income	4,386 (41.5%)	5,594 (53%)	480 (4.5%)	85 (0.8%)	10,545 (20%)
Above Moderate Income	584 (2.8%)	20,286 (97%)	4 (0.02%)	0 (0%)	20,874 (39.9%)
Total	13,197	27,069	11,820	1,347	53,433

Like with units, most sites are not in low resource areas. Table 5-13 shows that the share of lower-income sites that are not located in low-resource areas is 82.9%, reducing concentrations of poverty going forward. The share of lower-income sites that are located in Census tracts that are high or highest resource is 40%, giving residents greater access to opportunity, while 88.16% of market-rate sites are not in low-resource areas.

Table 5-13: Site Inventory Sites by TCAC Resource Level (total and percentage)

	Low Resource	Moderate Resource	High Resource	Highest Resource	Total
Low Income	21 (10.5%)	83 (41.5%)	59 (29.5%)	37 (18.5%)	200 (42%)
Moderate Income	62 (29.5%)	133 (63%)	11 (5.2%)	4 (1.9%)	210 (44%)
Above Moderate Income	3 (6%)	45 (91.8%)	1 (2%)	0	49 (10%)
Mixed Income	0	15 (100%)	0	0	15 (3%)
Total	86	276	71	41	474

Figure 5- 4 Distribution of Site by Income Category and TCAC Opportunity Areas



5.6.4 Disproportionate Housing Needs/Displacement Risk

As *Table 5-14* below demonstrates, the sites inventory does not place a majority of units in Census tracts that are at risk of displacement, with just 29% of units being in those tracts. Instead, most units across all income categories are planned for tracts that are not vulnerable to displacement. In particular, 47% of above-moderate income units are in tracts that are vulnerable to displacement.

Table 5-14: Site Inventory Units by Urban Displacement Project Typology (total and percentage)

	Vulnerable to Displacement ⁷	Not Vulnerable to Displacement ⁸	Unavailable or Unreliable Data	Grand Total
Low Income	7,845 (37.7%)	11,969 (57.5%)	997 (4.7%)	20,811 (39.8%)
Moderate Income	4,947 (47%)	5,598 (53%)	0 (0.00%)	10,545 (20%)
Above Moderate Income	2,595 (12.4%)	13,667 (65.4%)	4,612 (22%)	20,874 (39.9%)
Total	15,387	31,234	5,387	52,230

As noted in the *Table 5-15*, for lower-income sites, 54% of sites are in tracts that are not vulnerable to displacement. Above-Moderate-income sites are roughly split between non-vulnerable tracts and vulnerable tracts.

Table 5-15: Site Inventory Sites by Urban Displacement Project Typology (total and percentage)

	Vulnerable to Displacement	Not Vulnerable to Displacement	Unavailable or Unreliable Data	Total
Low Income	89 (44.5%)	109 (54.5%)	2 (1%)	200 (42%)
Moderate Income	78 (37%)	132 (63%)	0 (0.00%)	210 (44%)
Above Moderate Income	22 (45%)	22 (45%)	5 (10%)	49 (10%)
Mixed Income	1 (7%)	12 (80%)	2 (13%)	15 (3%)
Total	190	275	9	474

⁷ Typologies that are Vulnerable to Displacement are defined as “Advanced Gentrification,” “At Risk of Becoming Exclusive,” “At Risk of Gentrification,” “Becoming Exclusive,” “Early/Ongoing Gentrification,” “Low Income/Susceptible to Displacement,” and “Ongoing Displacement.”

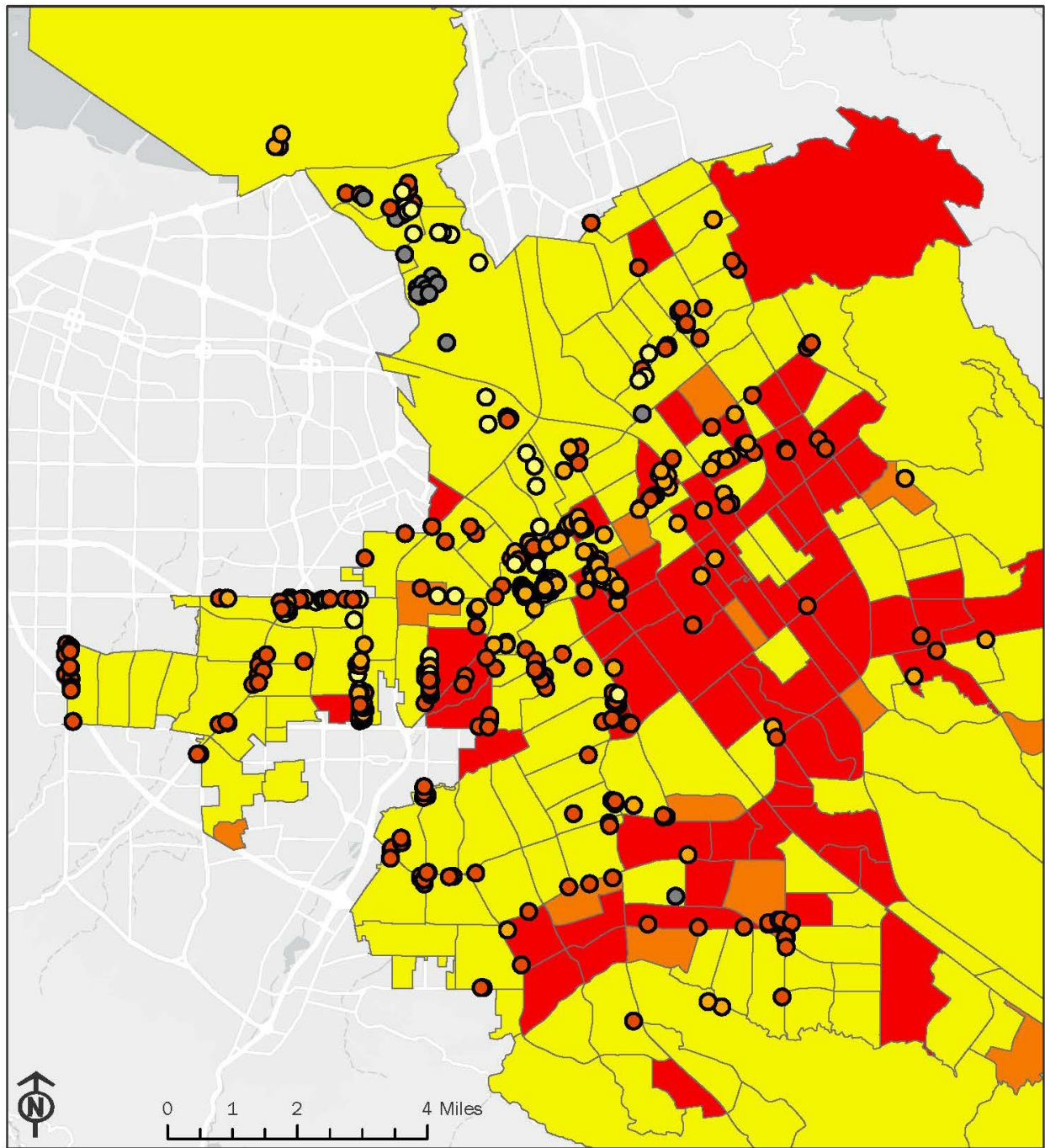
⁸ Typologies that are not vulnerable to displacement are all those that are not Vulnerable to Displacement other than “Unavailable or Unreliable Data.”

In San José, 38.6% of households are cost burdened (i.e., pay 30% or more of the household's monthly income for rent or mortgage), with 17.6% of all households are extremely cost burdened (i.e., pay 50% or more of the household's monthly income for rent or mortgage). As described in Table 1, less than 30% of lower income sites are proposed in census tracts where there is cost burden/severe cost burden experienced by renters; roughly 33% are in census tracts where cost burden is experienced by owners. This finding is consistent with the identification of a majority of sites for affordable housing in areas identified as highest, high, and moderate resource per the CDLAC/TCAC opportunity maps.

Table 5-16 Number and Percentage of Opportunity Sites (inventory sites) in Census Tracts that Experience Cost Burden/Severe Cost Burden by Tenure Type

	<i>Lower Income sites</i>	<i>Moderate Income Sites</i>	<i>Above Moderate Income Sites</i>	<i>Mixed Income Sites (affordable and above mod)</i>
Cost Burden by Renters	53 sites (27%)	59 sites (28%)	9 sites (18%)	0 sites (0%)
Cost Burden by Owners	66 sites (33%)	83 sites (39%)	16 sites (33%)	1 site (7%)
Cost Burden (all tenure)	62 sites (31%)	67 sites (32%)	12 sites (24%)	1 site (7%)
Severely Cost Burdened by Renters	52 (26%)	63 (30%)	3 (6%)	0 (0%)
Severely Cost Burdened by Owners	85 (43%)	74 (35%)	15 (31%)	0 (0%)
Severely Cost Burdened (all tenure)	62 (31%)	143 (68%)	10 (20%)	0 (0%)

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



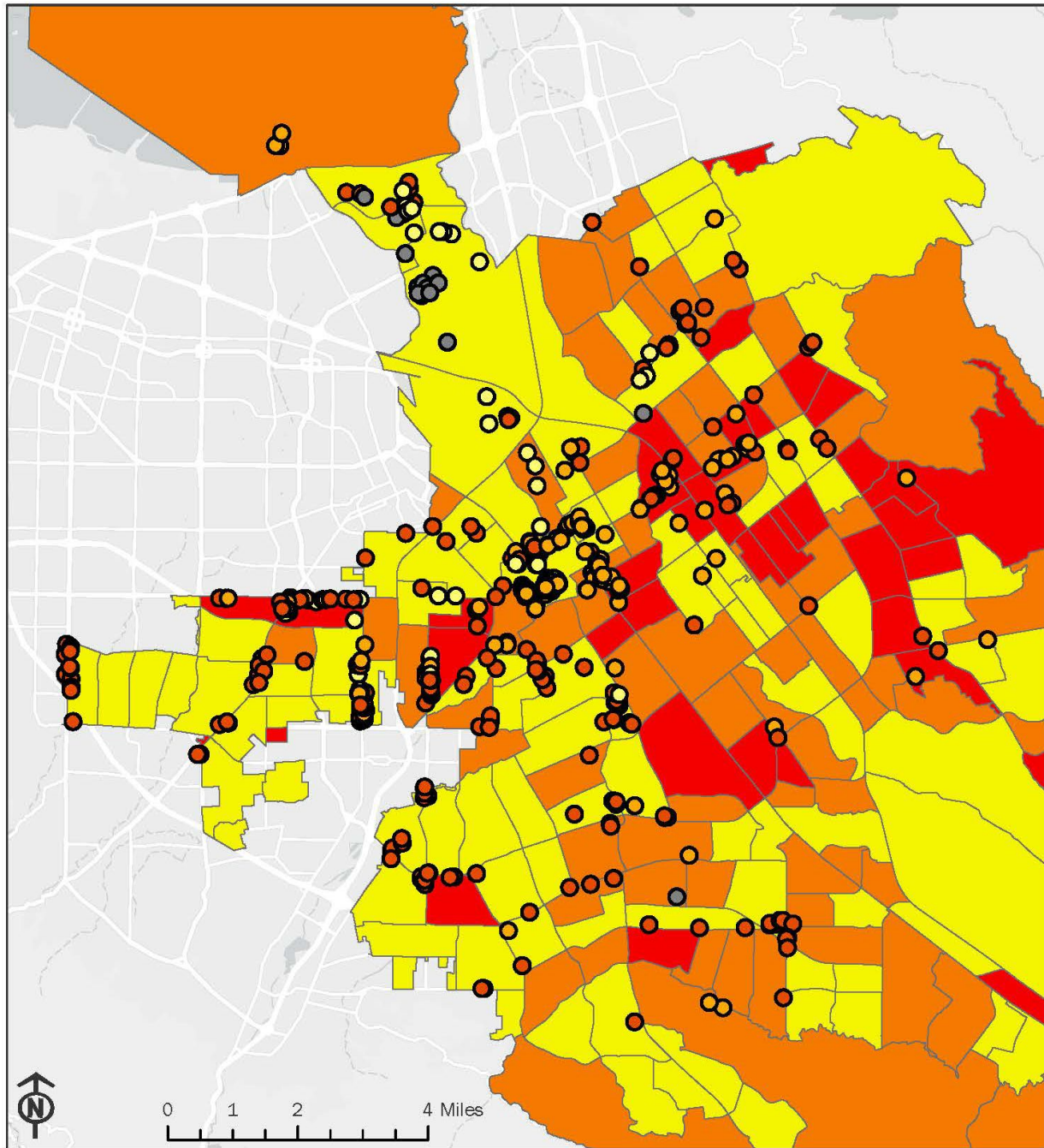
Income Level

- Lower Income
- Moderate Income
- Above Moderate Income
- Mixed Income (inc. both Lower Income and Above Moderate Income units)

% Cost Burdened Households in Tract (Renters)

- 0% - 51.5% (at or below SJ average)
- 51.6% - 55%
- 55.1% or higher

Figure 5- 8 Distribution of Sites by Cost Burden, Owner



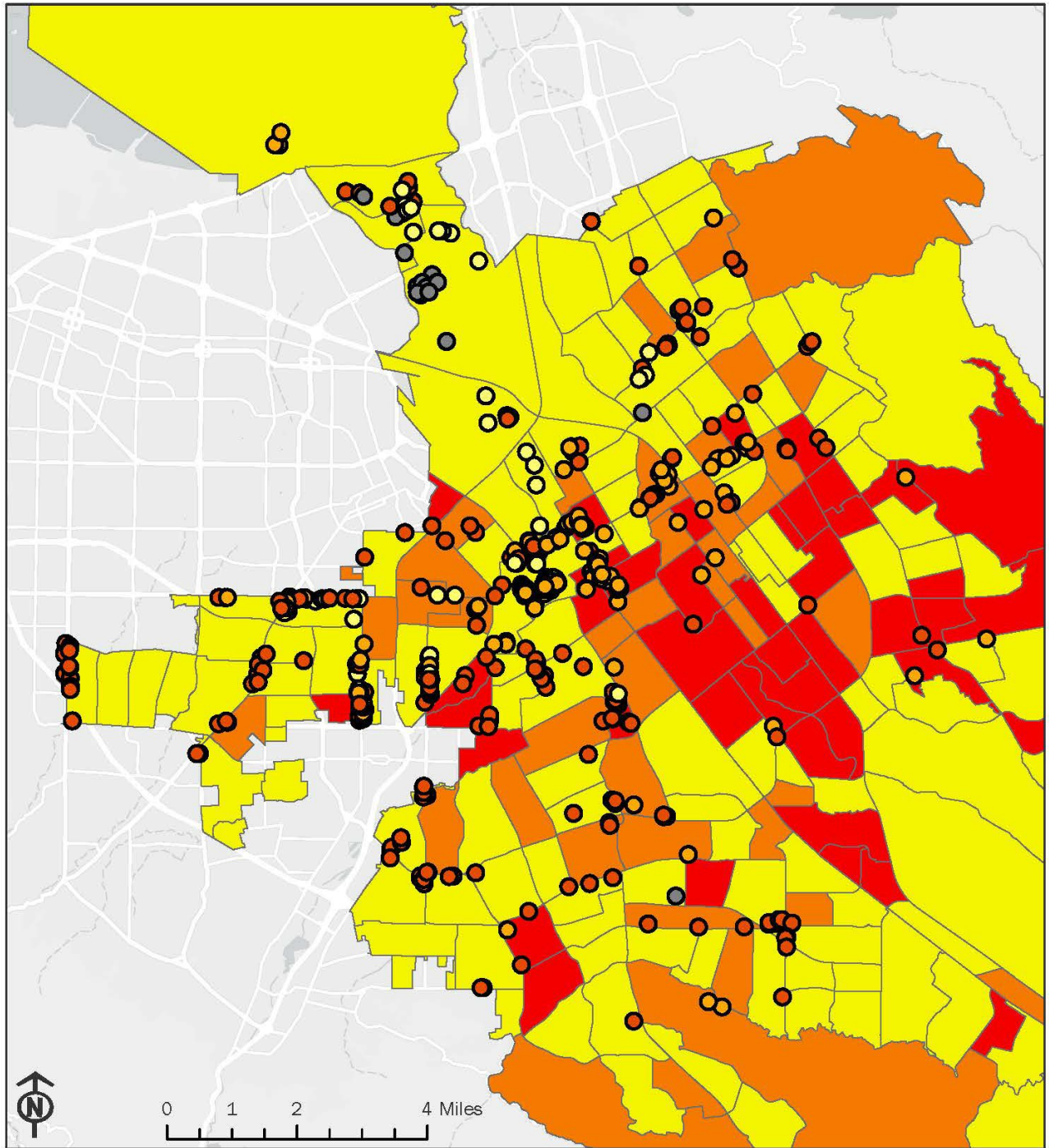
Income Level

- Lower Income
- Moderate Income
- Above Moderate Income
- Mixed Income (inc. both Lower Income and Above Moderate Income units)

% Cost Burdened Households in Tract - Owners

- 0% - 29% (at or below SJ average)
- 29.1% - 35%
- 35.1% or higher

Figure 5- 9 Distribution of Sites by Severe Cost Burden, Renter



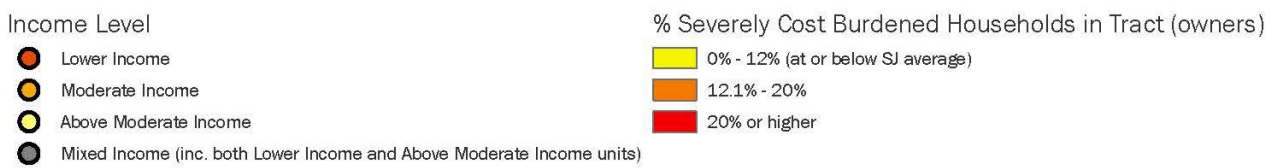
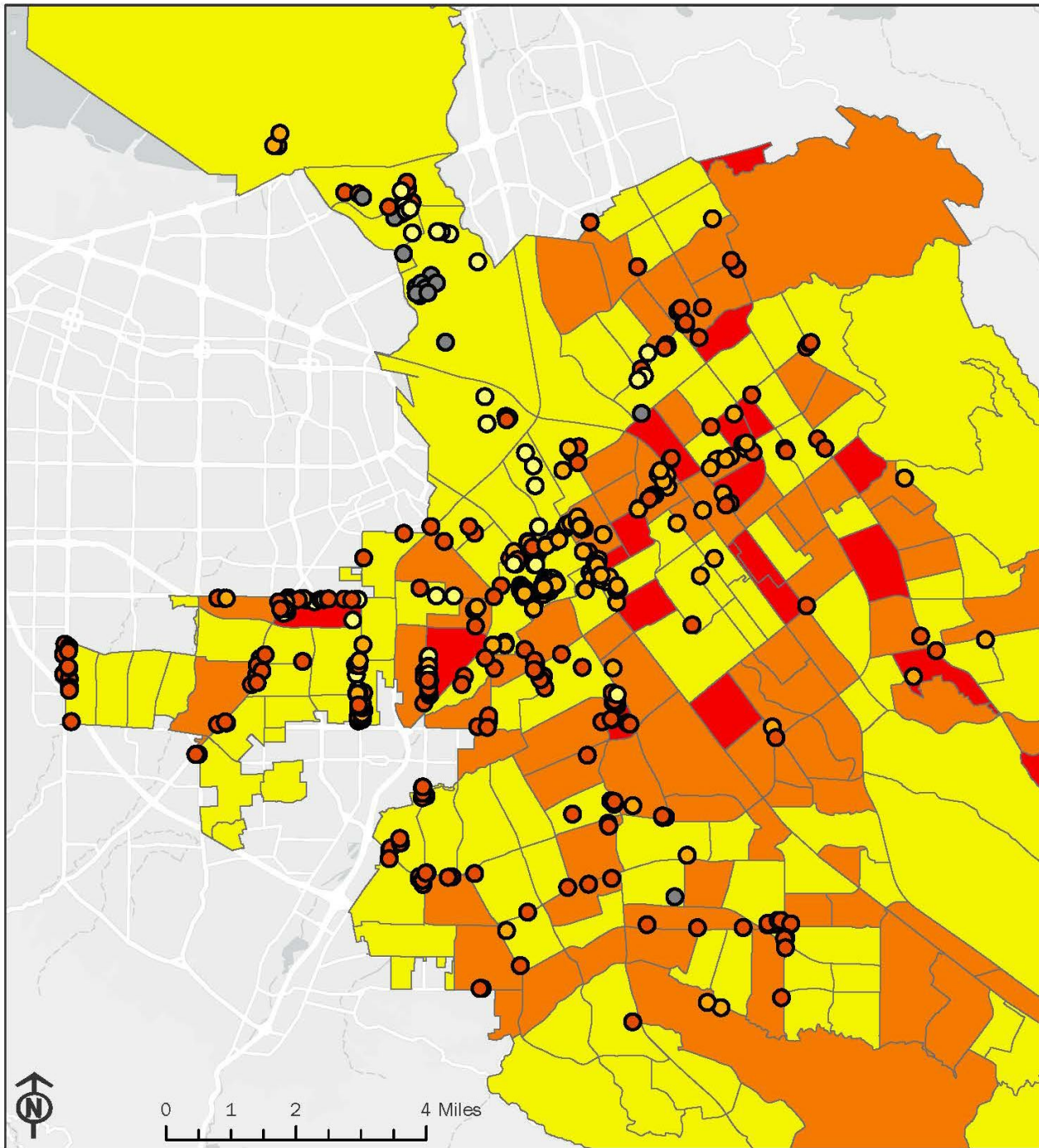
Income Level

- Lower Income
- Moderate Income
- Above Moderate Income
- Mixed Income (inc. both Lower Income and Above Moderate Income units)

% Severely Cost Burdened Households in Tract (Renters)

- 0% - 25.1% (at or below SJ average)
- 25.2% - 30%
- 30.1% or higher

Figure 5- 10 Distribution of Sites by Severe Cost Burden, Owner

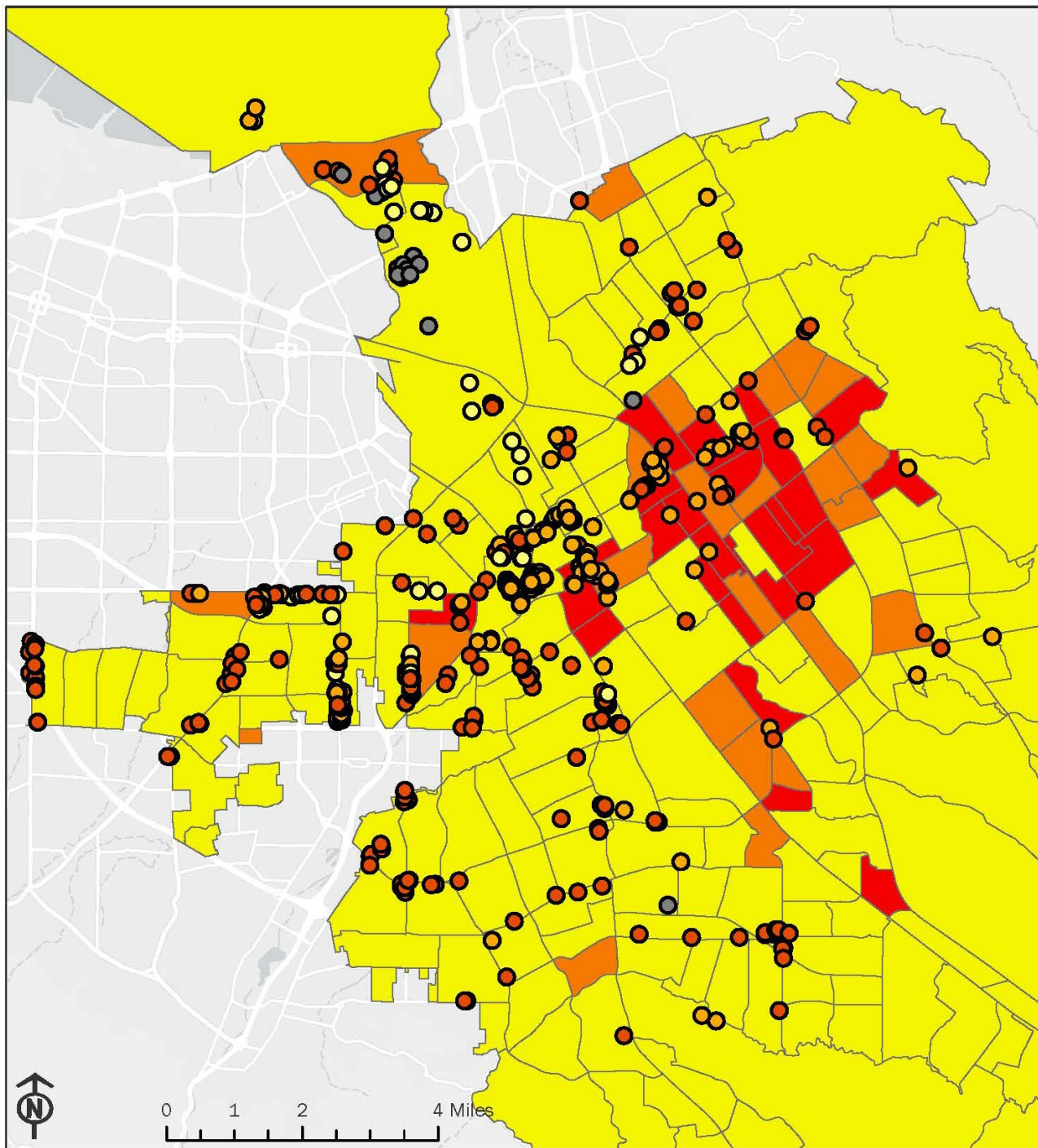


In San José 9.6% of households are overcrowded (i.e., with over 1.01 occupants per room, excluding bathrooms and kitchens) and 3.5% of households are severely overcrowded (i.e., with over 1.51 occupants per room, excluding bathrooms and kitchens). As described in *Table 5-17*, 43% of lower income sites are in census tracts that are currently experiencing severe overcrowding. One can expect that with more affordable housing opportunities in these neighborhoods, the rate of severe overcrowding will decrease over time.

Table 5-17 Number and Percentage of Opportunity Sites (inventory sites) in Census Tracts that experience Overcrowding by Households

	Lower Income Sites	Moderate Income Sites	Above Moderate-Income Sites	Mixed Income Sites (affordable & above mod)
Overcrowded by Households	32 sites (16%)	48 sites (23%)	9 sites (18%)	1 site (7%)
Severely Overcrowded by Households	485 (43%)	98 (46%)	33 (67%)	14 (93%)

Figure 5- 11 Distribution of Sites by Overcrowded Households



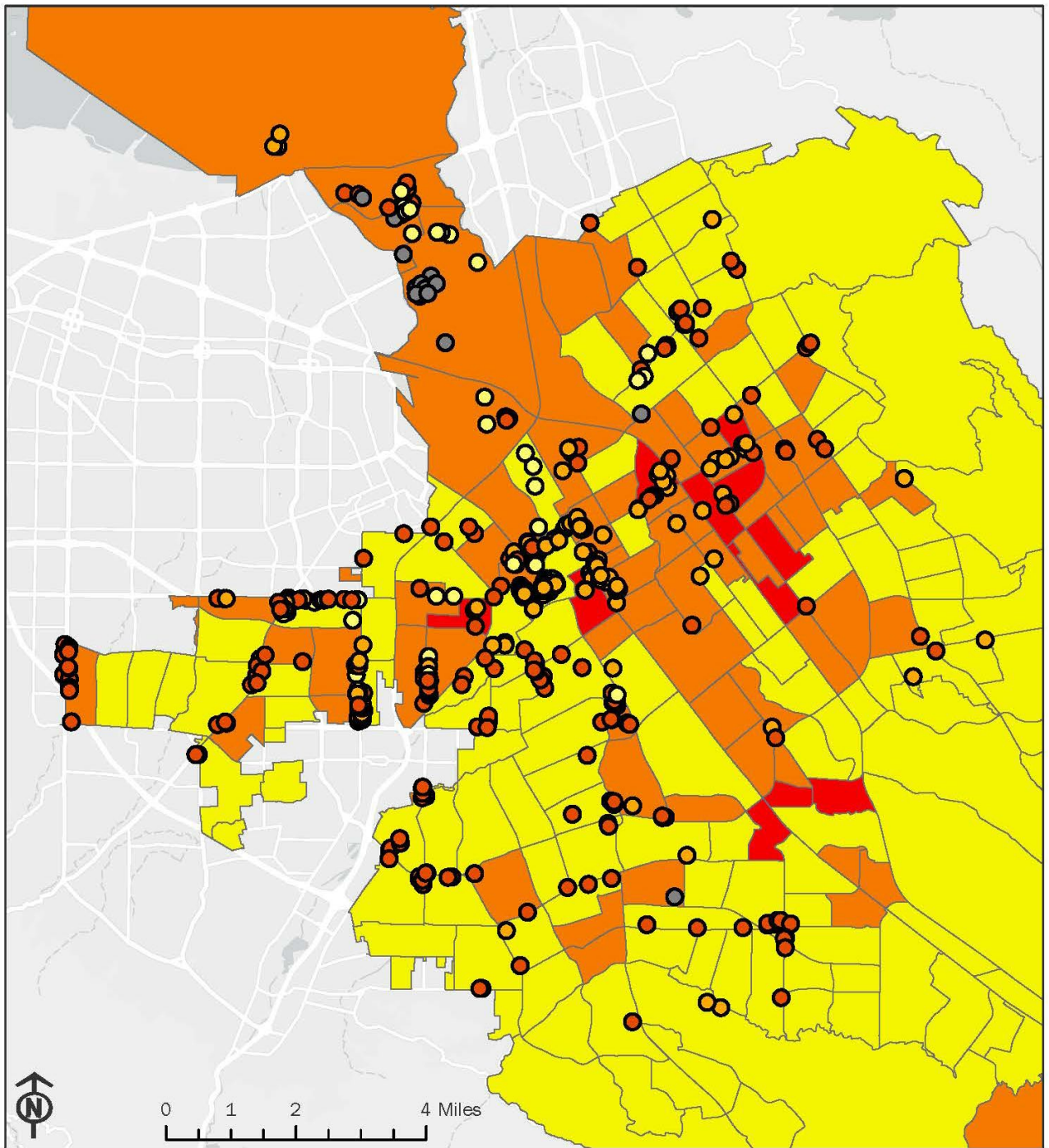
Inventory Sites by Income Level

- Lower Income
- Moderate Income
- Above Moderate Income
- Mixed Income (inc. both Lower Income and Above Moderate Income units)

% Total Overcrowded Households in Tract

- 0% - 9.6% (at or below SJ average)
- 9.7% - 15%
- 15.1% or higher

Figure 5- 12 Distribution of Sites by Severely Overcrowded Households



Inventory Sites by Income Level

- Lower Income
- Moderate Income
- Above Moderate Income
- Mixed Income (inc. both Lower Income and Above Moderate Income units)

% Total Severely Overcrowded Households in Tract

- 0% - 3.5% (at or below SJ average)
- 3.6% - 10%
- 10% or higher