

Soft Story Seismic Retrofit Ordinance and Proposed Implementation Program

City Council

September 24, 2024
Item 8.3

Lisa Joiner, Deputy Director, Department of Planning, Building, and Code Enforcement

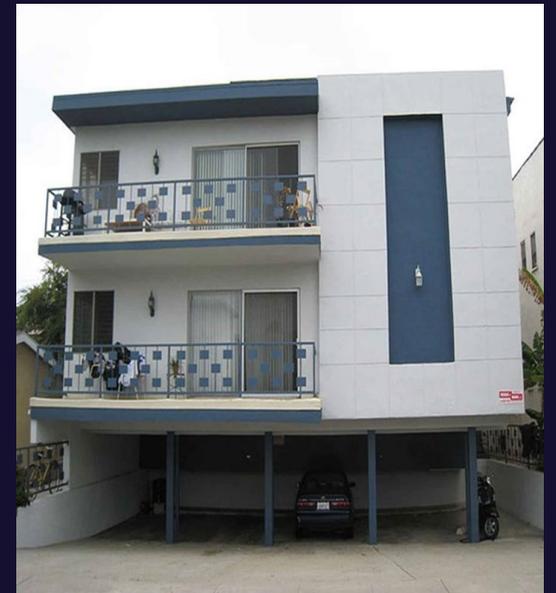
Raymond Riordan, Director, Office of Emergency Management

Erik Soliván, Director, Housing Department

Background: What is a Soft Story Building?

In San José and other California cities, soft story refers to buildings that:

- Are apartments, condominiums, or other multi-unit buildings (with multiple floors and living spaces)
- Are older
- Are constructed with a wood frame
- Have lower stories, garages, or crawl spaces that lack adequate wall support
- Have high risk of damage or collapse during an earthquake



Soft Story Failures



Guiding Principles



**Health &
Safety**
of residents



**Equity &
Inclusion**
of vulnerable and
disadvantaged
residents and
owners



**Proactive &
Prepared**
Minimize the need for
mass care and shelter
in the event of an
earthquake

Typical Retrofit Approaches



Proposed Ordinance

- Buildings built pre-1990 with 3 or more units
 - Approximately 3,500 buildings (24,000 units), most likely to have soft story deficiencies
 - ~80% with 3-8 units
 - ~40% with 3-4 units and ~39% with 5-8 units
 - ~17% with 9-20 units
 - ~4% with 20+ units
 - 80% of buildings are 2-story
 - Captures buildings (apartments and condos) constructed before Building Codes changed to no longer allow soft story construction

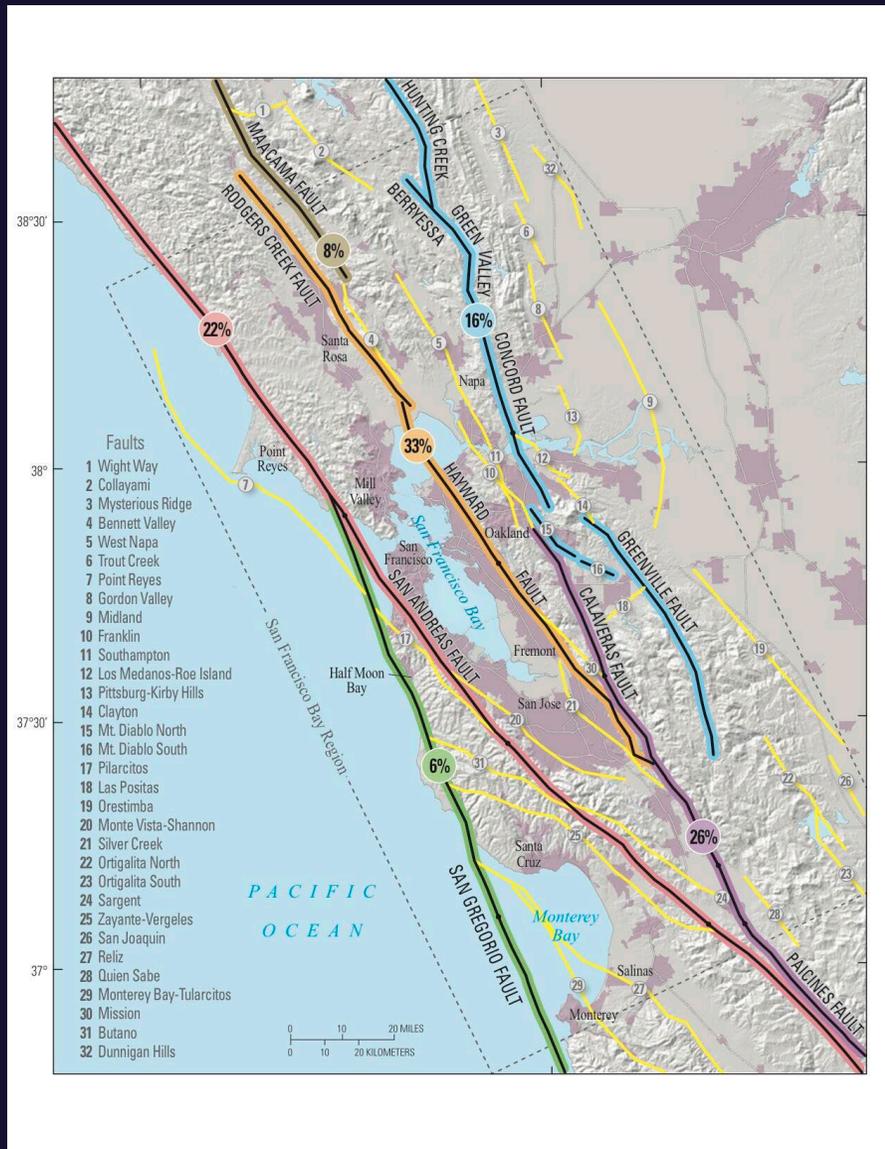
Proposed Ordinance

Compliance Groups and Schedule – Focus first on older, larger buildings; allow more time for buildings with more complex circumstances; provide efficient resource allocation

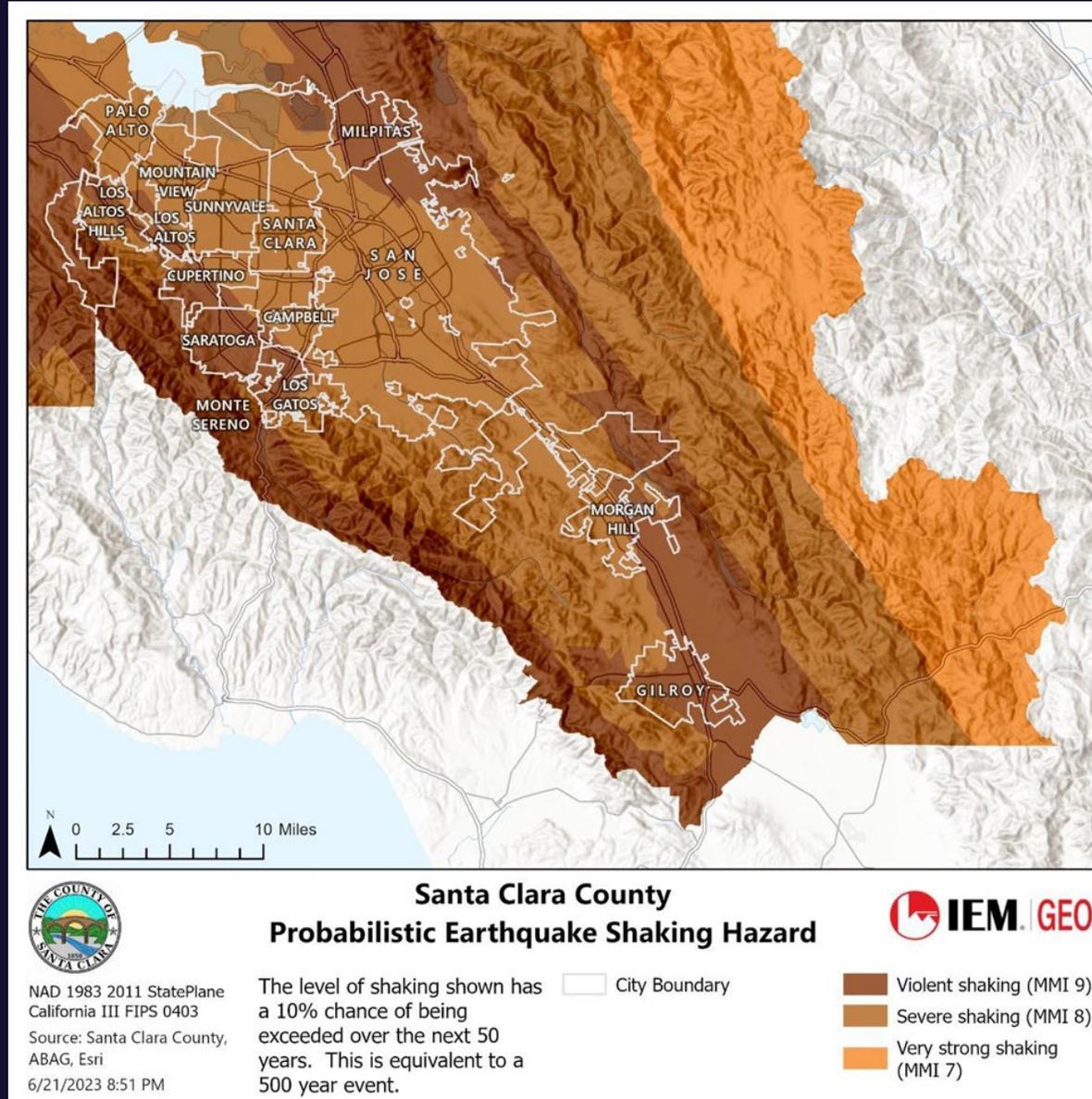
Group	Building Type	Construction Completion*
Group 1	A subject building built before January 1, 1978, and containing five or more dwelling units (up to 1,495 buildings)	Four years after ordinance effective date
Group 2	A subject building built before January 1, 1990, and containing five or more dwelling units (up to 777 additional buildings)	Five years after ordinance effective date
Group 3	A subject building built before January 1, 1990, and containing three or more dwelling units (up to 1,305 buildings)	Six years after ordinance effective date

*Includes 18-month screening period

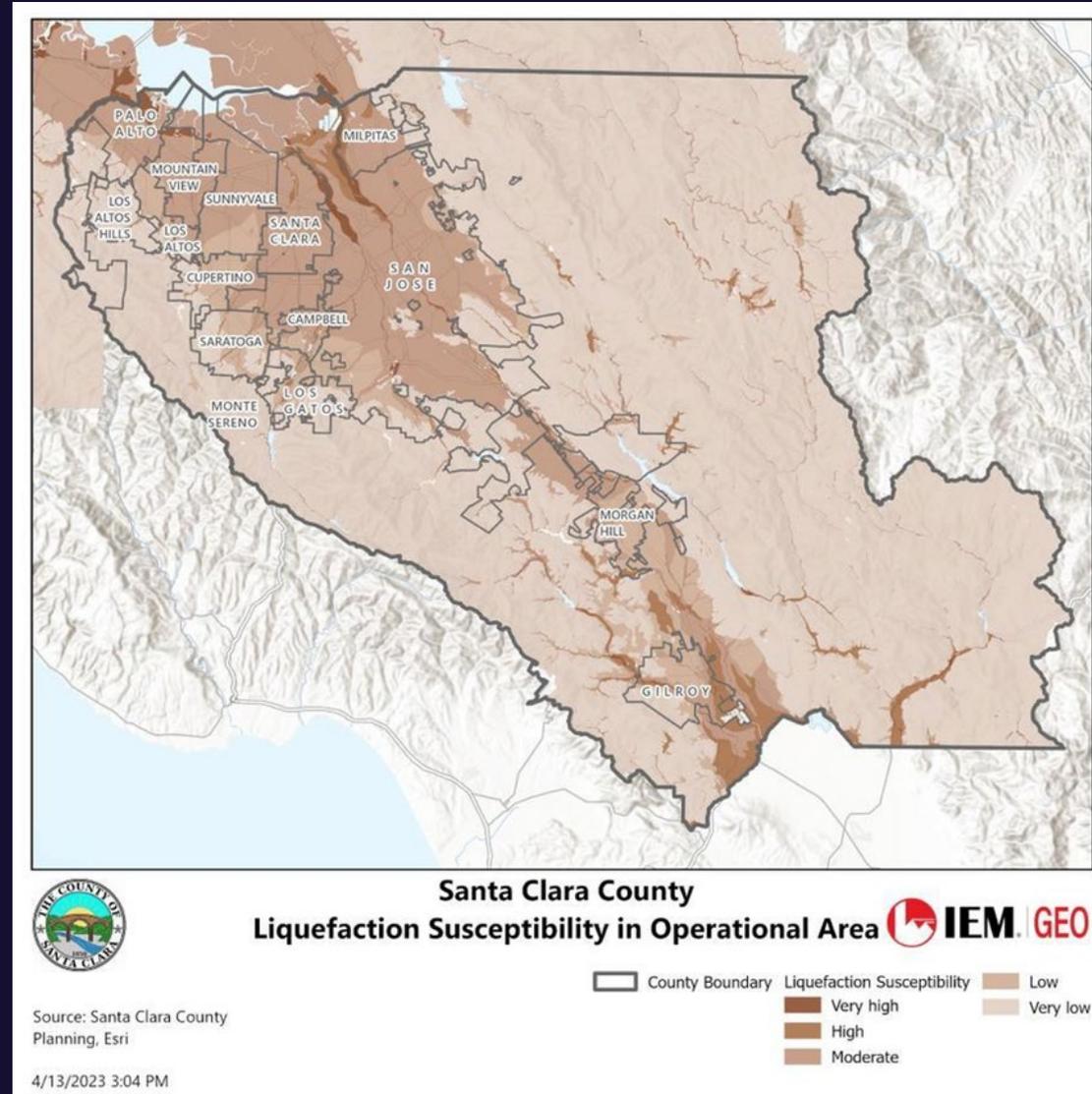
Fault Zones



Seismic Shaking Potential



Susceptible Liquefaction Area



Proposed Implementation Program

- April 1, 2025, effective date of ordinance
 - Allows staff time to prepare for program implementation and provide notification to building owners and residents
- 18-month screening phase starts April 1, 2025
 - Confirm list of buildings subject to the ordinance
 - Retrofit Financing Program is finalized



Proposed Retrofit Financing Program

Based on:

- Housing Element preservation strategy to maintain naturally occurring affordable housing stock and stabilize tenants
- Analysis of buildings subject to the Apartment Rent Ordinance
 - 1,800 buildings – majority are 3-20 units
- Regression analysis of rents for renters who maintained occupancy in the same unit for 5 or more years; 2018 to 2023 time period
 - 55% of housing providers raised rents; rent increases averaged 2.4% year-over-year, totaling approx. \$44 per year
 - 45% of housing providers did not increase rents during the period of review

Proposed Retrofit Financing Program

Program design:

- Rebates consisting of FEMA grant dollars + City funds (Measure E) subject to future City Council action
 - Rebate would be applied to up to 50% of the total cost of the retrofit
- Through Housing Department partnership with community development financial institutions housing providers will have access to a loan up to \$100,000 at a 4% or below fixed interest rate
 - Up to 50% of the monthly loan payment (minus the rebate) may be assessed to the tenant in the form of an annual rent increase (within the allowable limits).
 - The additional 3% capital pass-through application allowed under Apartment Rent Ordinance would be prohibited for all housing providers eligible to participate in the Retrofit Financing Program.

Outreach and Engagement

- Over 20 meetings:
 - Residents, building owners, affordable housing advocate organizations, apartment association and real estate organizations, building and trades council, labor organizations, Housing Providers Roundtable
- Trained 12 Promotores to disseminate information
- Feedback:
 - Concerns about costs, ability to finance
 - More money is needed for rebates
 - Potential of increased rents
 - Availability of contractors
 - Health and safety of residents should be prioritized



Next Steps

- Initiate implementation program
 - Outreach and education to property owners, residents, and contractors
 - Develop website and online tools
 - Start building screening process
- Return to City Council in Q2 2025 on Retrofit Financing Program, including minor policy changes for use of Measure E funds for housing preservation and any required agreements with FEMA and community development financial institutions
- Status report to Community & Economic Development Committee in fall 2025

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