

# **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

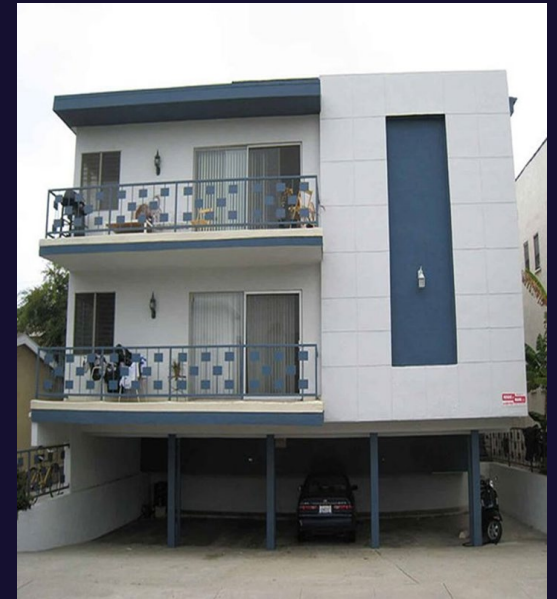
Raymond Riordan, Director, Office of Emergency Management

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

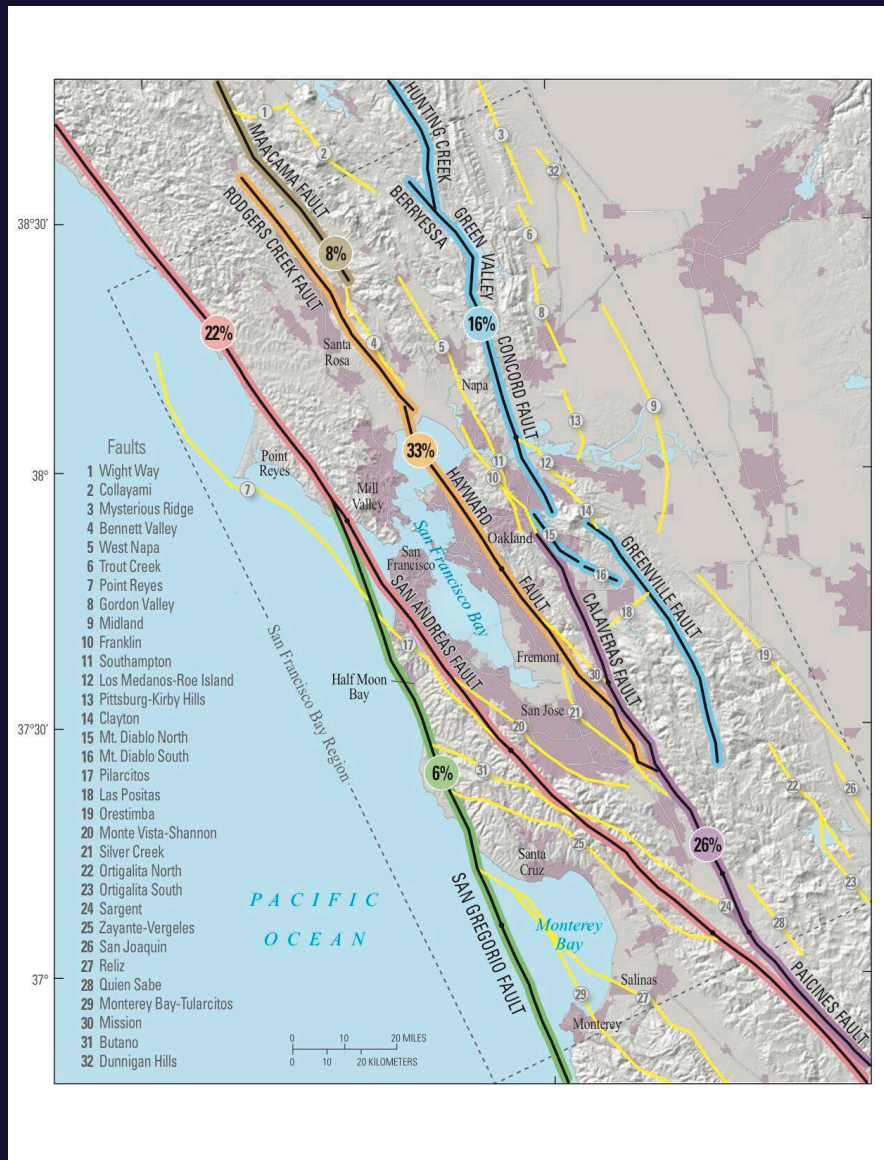
# Proposed Ordinance

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

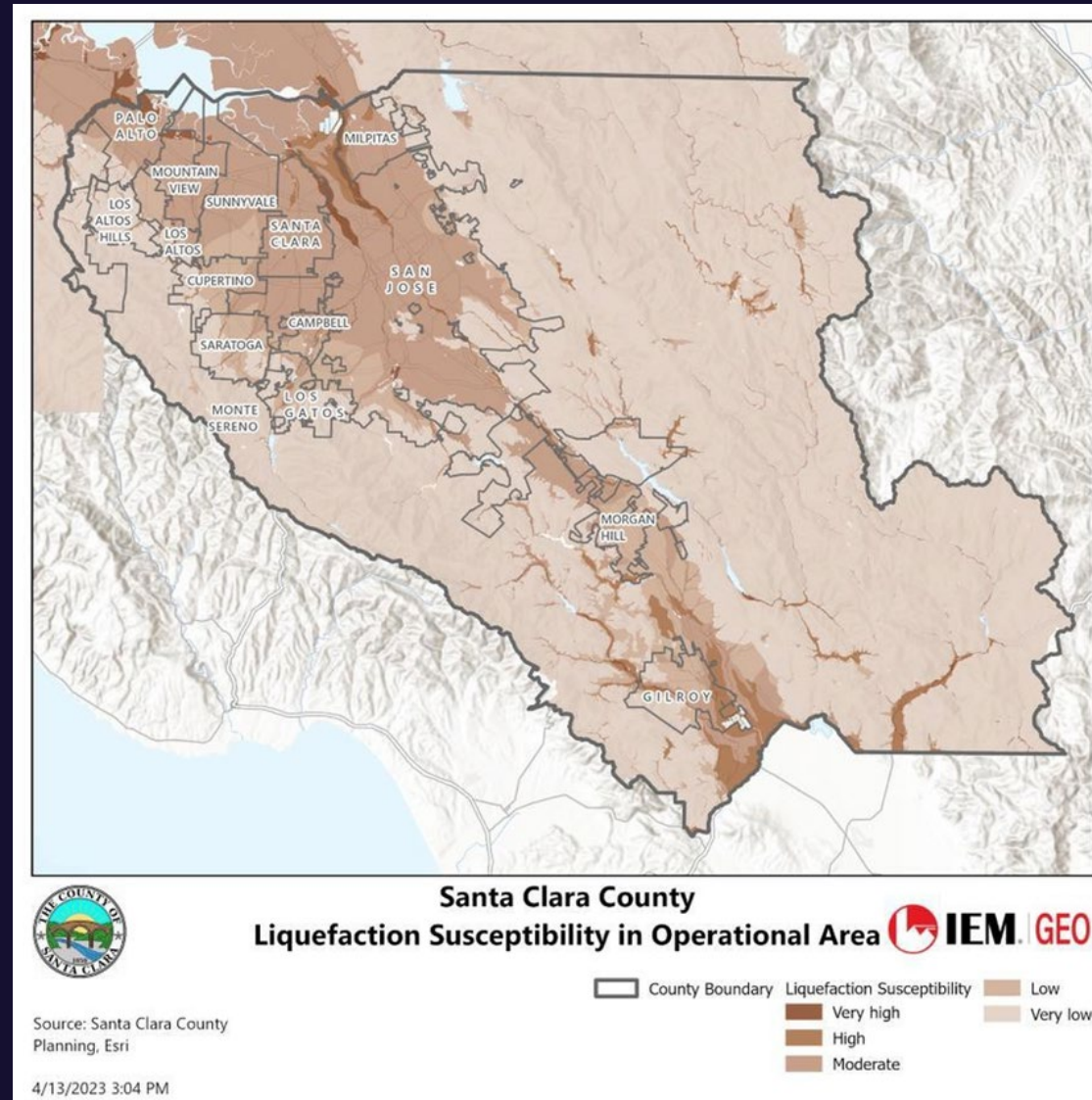




# Seismic Shaking Potential



# 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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