



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Rosalynn Hughey

**SUBJECT: HOUSING CATALYST TEAM
WORK PLAN STATUS REPORT**

DATE: March 15, 2024

Approved

Date

3/18/24

SUPPLEMENTAL

REASON FOR SUPPLEMENTAL

This supplemental memorandum includes the comments and recommendations of the Housing and Community Development Commission (Commission) from its March 14, 2024, meeting, and provides an update on the live dashboard version of the Housing Catalyst Team Work Plan (work plan) that occurred after the February 26, 2024 Community and Economic Development Committee Meeting.

ANALYSIS

As indicated in the report to the Community and Economic Development Committee, staff worked to publish a live version of the work plan on the City of San José's (City) website. Staff intends to post regular updates on work items in between formal annual reports to promote transparency to the public on progress throughout the year. The dashboard can now be found here: <https://bit.ly/SJHousingCatalystPlan>. Staff will also be launching a new webpage for the Housing Catalyst Team and work plan in the coming months, with the dashboard being one element of that webpage.

COMMISSION RECOMMENDATION AND INPUT

On March 14, 2024, the Commission heard the report on the work plan and the Housing Element Annual Progress Report as a regularly agendized item. The Commission discussed the item and provided the following comments on selected items:

- Strategy R-6 (*Mobilehome Park General Plan Designation for Remaining 56 Mobilehome Parks*) – A question was raised about funding for the work item. Staff confirmed that the work item is funded and will be completed by June 2024.
- Strategy P-40 (*Evaluate Urban Village Planning Process*) – One Commissioner wanted to understand the scope of this work and emphasized its importance. Staff explained that urban villages are designated as growth areas along commercial corridors to encourage jobs and residential development, each with its own land use and development framework. Staff clarified that the scope of work focuses on land use to give developers and applicants direction on what we want to be built.
- Accessory Dwelling Units (ADUs) – Multiple Commissioners wanted clarification on what constitutes as an ADU, as well as the data for the number of ADU applications submitted and the number of ADUs built. Staff explained that Junior ADUs are attached to the primary residence while ADUs are separate or attached to another building or structure, such as a garage. Staff clarified that an application could include a Junior ADU and ADU. The ADU total unit number for 2023 was 559, which was close to the 577 total units for 2022.
- Rental market data – The Commission chair noticed there was a reported rent increase from the end of 2022-2023 and asked for clarification on whether this increase was due to COVID-19 rent freeze restrictions during the eviction moratorium. Staff explained that rent increase protections ended in 2021, so there is no direct correlation between the rent increase and COVID-19 restrictions ending.
- Affordable housing sources – One Commissioner noted the importance of finding additional resources for affordable housing subsidies so the City could meet its affordable RHNA goals. She explained that the potential affordable housing regional bond on the fall 2024 ballot would completely change the City's ability to respond to local needs for production, preservation and protection strategies and urged staff to quickly begin outreach to the public on the regional bond.
- Housing preservation – One Commissioner expressed interest in finding more creative ways to increase housing, such as existing property purchases or financing structures that allow the City to earn upsides when real estate is doing better. Staff explained that since redevelopment agencies were dissolved pursuant to state law, the City does not use any entity to develop or actively operate real estate. Staff proposed looking at creative financing with developers as an alternative if the City receives additional funding resources and can increase staff capacity to develop innovative structures.
- Housing production – A question was raised about planning for vacancies in commercial areas and potentially redesignating those areas for affordable housing. Staff explained that two bills (Assembly Bill 2011 and Senate Bill 6) passed in 2022 that would allow pathways for residential development on properties zoned for commercial use. Staff clarified that this type of adaptive reuse is physically possible with older commercial buildings such as those in downtown, but conversion depends on financial feasibility.

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- Reporting – One Commissioner expressed interest in receiving more regular updates from the Housing Catalyst Team. Staff explained that the work plan dashboard is now available on the City’s website and will be updated regularly to track progress and milestones on work plan items.

Commissioners expressed general support for the work plan and the Housing Element Annual Progress Report and commended staff for their work. The Commission did not take any formal action on this item.

/s/

ROSALYNN HUGHEY
Deputy City Manager and
Acting Housing Director

For questions, please contact Jerad Ferguson, Principal Planner, Planning, Building and Code Enforcement, at jerad.ferguson@sanjoseca.gov or (669) 223-1160; or Kristen Clements, Division Manager, Housing Department, at kristen.clements@sanjoseca.gov or (408) 535-8236