

**SAN JOSE 2020 GENERAL PLAN**

**Appendix C**

**Housing**

ADOPTED: April 15, 2003



### FOREWORD

The San Jose 2020 General Plan of the City of San Jose is a single, integrated document rather than a series of separate elements. In addition to the text, there are a series of appendices containing technical information and analysis necessary for compliance with the mandate of State law.

As an integrated General Plan, the components of the Housing Element are found both in the text of the General Plan and the Housing Appendix. Specifically, the General Plan text includes residential goals, policies, and programs. The Housing Appendix fulfills the analytic requirements of the California Government Code as it pertains to housing elements, including the following topics:

- Population, household, and housing characteristics
- Assessment of current and projected housing need
- Governmental constraints
- Non-governmental constraints
- Emergency shelters and transitional housing sites
- Conversion of assisted housing
- Energy conservation
- Publicly held lands
- Planned housing supply
- Detailed descriptions of housing programs

The 2000 Housing Element is based on the Housing Element completed in 1994 along with a comprehensive General Plan update resulting in the City's current San Jose 2020 General Plan. Earlier efforts included the 1992 Housing Element update to the Horizon 2000 General Plan. The City of San Jose Housing Element is based primarily on 1990 Census data, California Department of Finance data, and City of San Jose Housing Department information. The Housing Element derives information from the Housing Department's Consolidated Plan, which identifies a comprehensive strategy for addressing housing needs in San Jose between 2000 and 2005. Community input on previous housing element updates was obtained from the 17-member Mayor's Housing Task Force in 1988, and the 33-member Task Force for the San Jose 2020 General Plan update in 1994. Additional public participation occurred during the 1988, 1992, 1994, and 2000 Annual Reviews of the General Plan. The current housing element was discussed at community meetings, Housing Advisory Commission meeting, Planning Commission public hearings, and City Council public hearings. The document was also distributed for comment to a variety of community groups concerned with housing.

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## **I. INTRODUCTION**

The housing element is a mandatory component of local general plans required by California State law. To assure that local planning agencies effectively implement the State-wide policy of the early attainment of a decent home and a satisfying environment for every Californian, the statute establishes general standards to be followed in the preparation of the housing element. They include:

- Guidelines and plans for the improvement of housing and for the provision of adequate sites for housing
- Adequate provisions to meet the housing needs of all economic segments of the community

In order to adequately develop a comprehensive plan and implementation strategy in the housing element, several steps must be taken. The initial step is an analysis of the existing housing supply and of housing needs over the planning period (January 1, 1999 through June 30, 2006). The analysis includes an evaluation of market and governmental constraints, recognizing that the regional housing need can only be met through the coordinated efforts of each locality. Generally, a regional Council of Governments (COG) determines the allocation of the regional housing need between localities. The Association of Bay Area Governments (ABAG) is the COG for the nine-county San Francisco Bay Area.

This appendix contains the analytic framework for the City's housing goals, policies, and program objectives described in the General Plan text. Given the interrelationships between the State mandated elements of the General Plan (e.g., housing, land use, circulation, and open space), San Jose's General Plan integrates all of the required elements into one comprehensive and internally consistent document. Hence, the housing element requirements are satisfied by this Housing Appendix and several portions of the San Jose 2020 General Plan text.

As part of the housing program, a locality must address:

- Conservation of existing housing and neighborhoods
- Efforts to preserve affordability and provide adequate housing for all economic groups
- Efforts to reduce the effects of discrimination
- Physical capacity of the locality to accommodate new housing through an inventory of appropriate sites

The San Jose 2020 General Plan and Housing Appendix were adopted by the City Council in 1993 as a comprehensive update to the then existing Horizon 2000 General Plan. The associated revision of the Housing Element was reviewed by a 33-member San Jose 2020 General Plan Update Task Force which included representatives from each of the ten City Council Districts, housing advocates, builders and developers, environmental groups, business groups, and others.

The Housing Appendix is based on a variety of sources including 1990 Census data, California Department of Finance data, and City of San Jose Housing Department information. This current update builds on the efforts of previous updates completed in 1988, 1992, and 1994. Public involvement in the 2000 housing element update included presentations at community meetings, a Housing Advisory

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Commission meeting, Planning Commission public hearings, and City Council public hearings. The document was also distributed for comment to a variety of community groups concerned with housing.

A final introductory note concerns the relationship between the housing element and the Consolidated Plan. To receive Federal funds a locality must submit a Consolidated Plan to the U.S. Department of Housing and Urban Development (HUD). The Consolidated Plan delineates a comprehensive strategy for addressing housing needs for five years. San Jose's Consolidated Plan is for the planning period 1999/2000 to 2004/2005 and the Housing Element timeframe is from January 1999 to June 2006. The housing element and the Consolidated Plan are similar in intent; therefore, sections of the Plan are incorporated into the housing element.

## II. POPULATION, HOUSEHOLD, AND HOUSING CHARACTERISTICS

### A. GENERAL POPULATION CHARACTERISTICS

#### 1. Total Population

The total population in San Jose has increased dramatically during the last forty years, primarily during the 1960s and 1970s, although the rate of growth has slowed since the 1970's. As of January 2000, the total population of San Jose was 923,591 (see Table 1).

The total population of San Jose can be categorized as those individuals living in households and those living in group quarters. Households may be comprised of family members only, family members and unrelated individuals, or only unrelated individuals. Group quarters refer to those living arrangements in which individuals share common eating facilities, including school dormitories, penal institutions, boarding houses, and military barracks. Less than 2% of the City's population live in group quarters, however, the absolute numbers of persons living in group quarters increased 26% between 1980 and 1990. This was partly the result of the completion of a new county jail in 1988.

Table 1.

#### TOTAL POPULATION: 1960-2000

Year	Number of Persons	Absolute Change	Percent Change
1960	204,196	---	---
1965	328,300	124,104	60.8%
1970	459,913	131,613	40.1%
1975	551,224	91,311	19.9%
1980	629,442	78,218	14.2%
1985	703,135	73,693	11.7%
1990	782,248	79,113	11.3%
1995	845,991	63,743	8.1%
2000	923,591	77,600	9.2%

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Source: U.S. Census Bureau (1960, 1970, 1975, 1980, 1990)  
 City of San Jose Planning Division (1965)  
 California Department of Finance (1985, 1995, 2000)

#### 2. Age Characteristics

The most interesting demographic change over the past decade has been the "aging" of the population (see Table 2). In 1980, the percentage of the population under 17 years of age was 31%. This same age group accounted for only 27% of the total population in 1990. Conversely those individuals in the cohort 18-61 years of age had increased in 1990 to 64% of the total population compared to 61% in 1980. Those aged 62 or over accounted for 9% of the total population in 1990 compared to 8% in 1980. This aging of the population has been due primarily to the maturation of the "baby boom" generation.

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It is expected that the aging of the population will continue. However, over the last several years, the "baby boom" generation has begun having families, increasing the fertility rate. As evidence of this, the 1-9 year age category increased by 22.6% between 1980 and 1990.

**Table 2.**

**PERSONS BY AGE: 1990**

Age Cohort	Number of Persons	Percent of Total
1-9	125,270	16.0%
10-19	107,107	13.7%
20-29	151,934	19.4%
30-39	151,130	19.3%
40-49	103,104	13.2%
50-59	63,430	8.1%
60-69	44,014	5.6%
70+	36,259	4.6%
TOTAL	782,248	100.0%

Source: U.S. Census Bureau, 1990 Census (STF1)

### 3. Racial Ethnic Characteristics

The only data source for ethnic information is the U.S. Census Bureau. According to the Bureau, the concept of race is not intended to provide any clear-cut, scientific definitions of biological stock. Rather, it reflects the self-identification of the respondents answering Census questionnaires. The primary difficulty in comparing racial data over time has been the change in methodology used by the Bureau. In 1970, for example, the Census enumerated persons of Hispanic origin by surname. Using a master list, the Bureau assigned persons as being of Hispanic origin according to their name as noted on the Census form. In 1975, the County of Santa Clara conducted a special census, under the auspices of the Census Bureau.

In the special census, one question asked the racial or cultural background to which an individual identified himself. The Census Bureau, in 1980 and 1990, asked all persons to identify themselves according to a list of racial categories not including Hispanic. The Census also asked two additional questions: one for self-identification as either of or not of Hispanic origin and the other for those of Hispanic origin to which race they belonged. From this brief history, the definitions of race and ethnicity are often blurred and the comparison of results over time become very difficult.

The results of the 1990 Census are summarized in Table 3. Despite the difficulty of comparing these data directly, 208,388 persons (26.6%) of the total population in 1990 considered themselves of Hispanic origin. This is the largest ethnic group in San Jose followed by Asian/Pacific Islanders with 146,568 persons (18.7%).

Table 3.

**PERSONS BY RACE/ETHNICITY: 1990**

Race/Ethnic Category	Number of Persons	Percent of Total
White	387,747	49.6%
Hispanic	208,388	26.6%
Asian or Pacific Islander	146,568	18.7%
Black	34,254	4.4%
American Indian	3,831	0.5%
Other	1,460	0.2%
<b>TOTAL</b>	<b>782,248</b>	<b>100.0%</b>

Source: U.S. Census Bureau, 1990 Census (STF1)

**B. GENERAL HOUSEHOLD CHARACTERISTICS****1. Households and Household Size**

Based on U.S. Census figures, the total number of households in San Jose in 1990 was 250,218 compared to 209,593 in 1980. Based on Department of Finance data, in 2000 there were 277,367 total households. The number of households generally approximates the number of dwelling units less those units which are vacant. In 1990 there were 9,147 vacant housing units, for a total of 259,365 housing units. In January 2000, there were an estimated 10,139 vacant housing units, for a total of 287,506 housing units.

The relationship between the number of households and the total population is an important one which determines the need for housing. The changing relationship between households and population is characterized by the persons-per-household figure. The number of persons per household (PPH) has increased steadily since 1980 (see Table 4), which may be due to increasing housing costs, immigration and increased fertility. It is unknown if this trend will continue as San Jose becomes more urbanized. Densely urbanized centers such as San Francisco and Oakland are characterized by lower PPH's due to smaller unit sizes, while cities of a more suburban nature are characterized by a higher PPH. As San Jose focuses on more urban types of development, the PPH may decline in the future.

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**Table 4.**

**HOUSEHOLD SIZE: 1970-2000**

Year	Persons per Household
1970	3.35
1975	3.10
1980	2.96
1985	3.01
1990	3.08
1995	3.18
2000	3.27

Source: U.S. Census Bureau (1970, 1975, 1980, 1990)  
California Department of Finance (1985, 1995, 2000)

The size of households can be detailed further by comparing the size of renter households with the size of owner households (see Table 5). In 1990, owner-occupied households had a slightly higher PPH than rental units (3.12 PPH compared to 3.02 PPH). Still, since rental units tend to be smaller, the relatively high PPH for renter-occupied units could indicate a growing overcrowding problem for renters.

Table 6 presents the number of households by tenure and structure type. The great majority of owner-occupied households were single-family detached (78.1%) while the majority of renter-occupied households (56%) were in structures containing three or more units.

**Table 5.**

**HOUSEHOLD SIZE BY TENURE: 1990**

Persons in Unit	Owner-Occupied (OO) Housing Units	Percent of OO Total	Renter-Occupied (RO) Housing Units	Percent of RO Total	TOTAL
1 Person	23,468	15.3%	22,501	23.2%	45,969
2 Persons	46,142	30.1%	24,492	25.3%	70,634
3 Persons	29,236	19.1%	16,752	17.3%	45,988
4 Persons	28,709	18.7%	13,924	14.4%	42,633
5 Persons	13,399	8.7%	8,311	8.6%	21,710
6 Persons	6,140	4.0%	4,747	4.9%	10,887
7 Persons	6,263	4.1%	6,134	6.3%	12,397
<b>TOTAL</b>	<b>153,357</b>	<b>100.0%</b>	<b>96,861</b>	<b>100.0%</b>	<b>250,218</b>
<b>Average PPH</b>	<b>3.08</b>		<b>3.08</b>		<b>3.08</b>

Source: U.S. Census Bureau, 1990 Census (STF1)

Table 6.

## STRUCTURE TYPE BY TENURE: 1990

Structure Type	Owner-Occupied (OO) Housing Units	Percent of OO Total	Renter-Occupied (RO) Housing Units	Percent of RO Total	TOTAL
Single-Family Detached	120,237	78.4%	26,927	27.8%	147,164
Single-Family Attached	14,774	9.6%	9,109	9.4%	23,883
2-Unit Structure	769	0.5%	4,444	4.6%	5,213
3 or 4-Unit Structure	2,196	1.4%	12,427	12.8%	14,623
5 or more Unit Structure	3,742	2.4%	41,830	43.2%	45,572
Mobile Homes	10,413	6.8%	894	0.9%	11,307
Other	1,226	0.8%	1,230	1.3%	2,456
<b>TOTAL</b>	<b>153,357</b>	<b>100.0%</b>	<b>96,861</b>	<b>100.0%</b>	<b>250,218</b>

Source: U.S. Census Bureau, 1990 Census (STF1)

## 2. Household Type

As with the ethnic characteristics, the U.S. Census Bureau changed their enumeration methodology in 1980 regarding household types by marital status. Prior to 1980, a married couple with children was presumed to be composed of a male head of household and the family. In 1980 and 1990, such couples are delineated simply as a married couple with or without children, irrespective of the gender of the head of household. The following table reports the information on married couples, sex of the head of household in non-married households, and the presence or absence of children (see Table 7).

Table 7.

## HOUSEHOLD TYPE BY PRESENCE OF CHILDREN: 1990

Household Type	Number of Households	Percent of Total
Married Couple with Children	77,833	31.1%
Married Couple without Children	62,193	24.9%
Male Householder, no Spouse, with Children	6,853	2.7%
Male Householder, no Spouse, without Children	7,150	2.9%
Female Householder, no Spouse, with Children	18,941	7.6%
Female Householder, no Spouse, without Children	10,924	4.4%
Non-Family Household	66,324	26.5%
<b>TOTAL</b>	<b>250,218</b>	<b>100.0%</b>

Source: U.S. Census Bureau, 1990 Census (STF1)

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The table shows that in 1990, 56% of the households in San Jose were comprised of married couples, 53% of which have children. Non-family households comprised approximately 26% of all households, while approximately 31% of all households were composed of traditional "nuclear" family (i.e., father, mother, and children). Single parent households represented about 10% of all households. Single male parent households more than doubled since 1980 but female head of households with children made up 73% of all single parent households.

### 3. Mobility

In the 1990 Census, individuals were asked to compare their place of residence in 1985 to 1990. The results shown in Table 8 indicate that of those enumerated, 45.6% were living in the same house that they occupied in 1985. Thirty-five percent resided in a different house within the same county and 7% lived somewhere else within the state.

Table 8.

#### MOBILITY: PLACE OF RESIDENCE IN 1985 (AS COMPARED TO 1990)

Place of Residence	Persons (5 Yrs and Over)	Percent of Total
Same House	326,999	45.6%
Different House, Same County	252,643	35.2%
Different County, Same State	49,975	7.0%
Different State:		
West	13,241	1.8%
South	10,961	1.5%
Midwest	8,493	1.2%
Northeast	5,939	0.8%
Abroad	48,812	6.8%
TOTAL	717,063	100.0%

Source: U.S. Census Bureau, 1990 Census (STF3)

## C. GENERAL HOUSING CHARACTERISTICS

### 1. Total Housing Units

The total housing stock in the City of San Jose has increased from 68,890 units in 1960 to 287,506 units in 2000 (see Table 9). Between 1960 and 1970, a period of rapid growth in San Jose, 70,869 dwelling units were added to the housing supply, an increase of approximately 103%. Between 1970 and 1980, the stock grew by 76,894 units, representing a 55% increase over the previous decade. The growth of the housing stock slowed from 1980 to 1990, reflecting market conditions, with the addition of 42,712 units, an increase of 20% of the 1980 housing supply. This trend continued between 1990 and 2000, with an increase of 28,141 units. Few units have been demolished in San Jose due to the fact that the housing stock is relatively new. Homes in redevelopment areas have been relocated or replaced.

Table 9.

## TOTAL HOUSING STOCK: 1960-2000

Year	Number of Housing Units	Absolute Change	Percent Change
1960	68,890	---	---
1965	106,500	37,610	54.6%
1970	139,759	33,259	31.2%
1975	184,784	45,025	32.2%
1980	216,653	31,869	17.2%
1985	238,019	21,366	9.9%
1990	259,365	21,346	9.0%
1995	270,080	10,715	4.1%
2000	287,506	17,426	6.5%

Source: U.S. Census Bureau (1960, 1965, 1970, 1975, 1980, 1990)  
California Department of Finance (1985, 1995, 2000)

## 2. Tenure, Vacancy and Structure Types

The General Plan envisions San Jose's total housing stock to be composed of 60% single-family units and 40% multiple-family units. In 1975, the ratio of single-family to multiple-family units was 74:26 and in 1980, the ratio had fallen to 68:32. In 1990, single-family units accounted for 67% of the total housing stock and multiple-family units 33%. The change in this ratio is due to the increasing density of new development, reflecting high land costs and urbanization. Land use policies in the General Plan support and encourage higher density development in appropriate areas of the City, such as the transit corridors and infill areas, therefore this trend is expected to continue.

In 1990, 82% of single-family detached homes were owner occupied and approximately 62% of the single-family attached homes were owner occupied. Mobile homes have an even greater percentage of owner occupancy units (92%) than standard single-family detached units (82%). For multi-family units, the majority (approximately 77%) were rental units.

The housing policies of the General Plan promote a reasonable balance of rental and ownership housing and an adequate supply of rental housing for low and moderate income families. In 1975, the owner to renter ratio was about 65:35; by 1980, this ratio had fallen to 62:38. By 1990, 61% of all occupied units were owner occupied. This decline in home ownership reflects the difficulty experienced by individuals attempting to qualify for home mortgages during a period of extremely high interest rates and may also reflect speculative buying during an inflationary cycle. Although data for 2000 are not yet available, the high cost of housing may perpetuate the decline in home ownership.

The total supply of rental units has increased but the vacancy rate has not increased significantly. Many private and government agencies target vacancy rates in the 4-1/2% to 5% range, which is assumed to provide adequate flexibility and movement in the housing market. In 1975, the U.S. Census showed a 5.6% vacancy rate in San Jose; by 1980, the vacancy rate had dropped to 1.6% for owner occupied and 3.7% for renter occupied units (3.2% overall vacancy rate). In 1990, the overall vacancy rate was approximately 3.5% (see Table 10). Data from the 1990 Census indicates a vacancy rate of 2.0% for single-family detached homes, 3.4% for single-family attached units, 6.7% for multiple-family units, and

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3.7% for mobile homes. In 1998, the California Department of Finance estimated that the vacancy rate remains 3.5% for San Jose. The tight housing market in San Jose and Santa Clara County as a whole has created vacancy rates which varied between 1.0% and 3.5% over the past several years.

**Table 10.**

### STRUCTURE TYPE BY OCCUPANCY STATUS: 1990

Structure Type	Occupied Housing Units	Vacant Housing Units	TOTAL	Vacancy Rate
Single-Family Detached	147,164	3,043	150,207	2.0%
Single-Family Attached	23,883	846	24,729	3.4%
2-Unit Structure	5,213	157	5,370	2.9%
3 or 4-Unit Structure	14,623	712	15,335	4.6%
5 or more Unit Structure	45,572	3,828	49,400	7.7%
Mobile Homes	11,307	436	11,743	3.7%
Other	2,456	125	2,581	4.8%
TOTAL	250,218	9,147	259,365	3.5%

Source: U.S. Census Bureau, 1990 Census (STF1)

### 3. Structural Age

The age of structures in San Jose corresponds to the growth trends of the City in which almost 80% of all structures were built after 1960 (see Table 11). This relatively new housing stock is dominated by single-family, ranch-style homes which give San Jose its distinctive suburban character. The older structures are more frequently found near the original core of the City or older, outlying communities, subsequently annexed, such as Alviso. As would be expected, such older structures are more prone to physical debilitation. Specific issues related to physical deterioration are discussed in Section 6 "Substandard Housing".

Table 11.

**AGE OF HOUSING STOCK: 1999**

Year Structure Built	Number of Housing Units	Percent of Total
1990 to 1999	29,176	10.1%
1980 to 1989	46,758	16.2%
1970 to 1979	83,185	28.8%
1960 to 1969	69,947	24.2%
1950 to 1959	34,474	11.9%
1940 to 1949	10,606	3.7%
1939 or earlier	14,360	5.0%
<b>TOTAL</b>	<b>288,506</b>	<b>100.0%</b>

Source: City of San Jose Building Division (1990-1999 time period only)  
U.S. Census Bureau, 1990 Census (STF3) (all other time periods)

**4. Price of Housing****a. Owner Occupied**

Over the past two decades, substantial changes have taken place in the cost of shelter in San Jose. In 1980, the average sales price of homes sold through the San Jose Real Estate Board Multiple Listing Service (MLS) was \$117,584. Home prices stabilized somewhat during 1981 and 1982 with the stagnation of the housing market resulting from very high interest rates, however, the median home price increased substantially by 1990 to about \$230,000, an increase of 82% from 1982 when the median price was \$125,991. The Bay Area has seen dramatic increases in home prices in the last five years. During the one year time period from January 1999 to January 2000, average home prices increased 24% from \$364,368 to \$452,275. In San Jose, the median price for a single family home was \$405,000 in January 2000 compared to \$449,000 in Santa Clara County (Santa Clara County Association of Realtors). The California Association of Realtors estimates that only 24% of Santa Clara households could afford to purchase a median priced single-family home in January 2000.

Table 12 illustrates the impact of high housing costs on San Jose's lower income households. Almost half of all owner-occupied households earning less than \$35,000 annually spend 35% or more of their income on housing.

**b. Renter Occupied**

Like homeowner costs, rental rates have increased significantly in San Jose over the past 20 years. The Census data indicated a median gross rental of \$307 per month in 1980 and \$755 per month in 1990, an increase of 146%. According to the California Association of Realtors, rents in the Silicon Valley increased 40% between 1995 and 1999. Table 13 illustrates the ability of households to afford rental housing in 1990 with over 60% of households earning less than \$35,000 annually spending 35% or more of their income on housing.

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Table 12.

### OWNERSHIP HOUSING AFFORDABILITY INCOME SPENT ON MONTHLY OWNER COSTS: 1990

Percent of Household (HH) Income	HH Income <\$20,000	Percent of Total	HH Income \$20,000-\$34,999	Percent of Total	HH Income \$35,000-\$49,999	Percent of Total	HH Income \$50,000+	Percent of Total
Less than 20%	2,864	27.0%	6,047	38.4%	7,469	32.5%	36,594	44.9%
20% to 24%	1,031	9.7%	1,135	7.2%	2,129	9.3%	13,081	16.1%
25% to 29%	851	8.0%	857	5.4%	2,201	9.6%	12,571	15.4%
30% to 34%	644	6.1%	831	5.3%	2,782	12.1%	8,578	10.5%
35% or More	5,200	49.1%	6,889	43.7%	8,390	36.5%	10,645	13.1%
<b>TOTAL</b>	<b>10,590</b>	<b>100.0%</b>	<b>15,759</b>	<b>100.0%</b>	<b>22,971</b>	<b>100.0%</b>	<b>81,469</b>	<b>100.0%</b>
Mean Monthly Costs=	\$1,339							
Median Monthly Costs=	\$1,289							

Source: U.S. Census Bureau, 1990 Census (STF3)

**Table 13.**

**RENTAL HOUSING AFFORDABILITY  
INCOME SPENT ON GROSS RENT: 1990**

Percent of Household (HH) Income	HH Income <\$20,000	Percent of Total	HH Income \$20,000-\$34,999	Percent of Total	HH Income \$35,000-\$49,999	Percent of Total	HH Income \$50,000+	Percent of Total
Less than 20%	659	2.5%	1,521	6.0%	5,352	26.8%	14,570	63.7%
20% to 24%	633	2.4%	3,556	14.1%	5,327	26.7%	5,020	22.0%
25% to 29%	1,419	5.5%	5,206	20.7%	4,754	23.8%	1,936	8.5%
30% to 34%	1,544	5.9%	4,534	18.0%	2,491	12.5%	1,242	5.4%
35% or More	21,762	83.6%	10,385	41.2%	2,023	10.1%	97	0.4%
<b>TOTAL</b>	<b>26,017</b>	<b>100.0%</b>	<b>25,202</b>	<b>100.0%</b>	<b>19,947</b>	<b>100.0%</b>	<b>22,865</b>	<b>100.0%</b>
Mean Gross Rent=	\$800							
Median Gross Rent=	\$755							

Source: U.S. Census Bureau, 1990 Census (STF3)

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### 5. Mobile Homes

As enumerated in the 1980 Census, there were 8,064 mobile homes in San Jose. A count of mobile homes in January 1, 1983 indicated that there were 10,683 mobile home spaces in San Jose, of which 898 were either annexed mobile homes or mobile home spaces. Mobile home spaces, as counted in 1983, are not directly comparable to mobile homes counted as dwelling units in the 1980 Census. By 1999, the number of mobile home spaces had increased slightly to 10,815, with an estimated resident population of 24,117 persons. Table 14 describes the number and distribution of mobile homes and permanent residents by City Council District as of 1999.

Table 14.

#### MOBILEHOME HOUSING BY COUNCIL DISTRICT: 1999

Council District	Number of Parks	Number of Spaces	Number of Residents
1	1	111	248
2	8	1,972	4,398
3	5	420	937
4	12	2,778	6,195
5	3	161	359
6	4	491	1,095
7	20	3,816	8,510
8	4	745	1,661
9	0	0	0
10	2	321	716
TOTAL	59	10,815	24,117

Source: City of San Jose Planning Services Division (parks and spaces data)  
U.S. Census Bureau, 1990 Census (resident data, estimated from average household size for mobilehomes in San Jose)

### 6. Substandard Housing

While San Jose's housing stock is relatively new, approximately 25,000 housing units were built prior to 1950. Age alone, however, is not an indicator of the presence or absence of substandard housing. Structural decay, the lack of some or all plumbing facilities, and overcrowding are characteristics which provide better indicators of substandard housing.

In 1990, 1,256 units in San Jose (or less than 1% of total dwelling units) did not have complete plumbing facilities. The majority of these units (1,109 units) were occupied while 147 units were vacant (see Table 15). 1990 Census data also indicate that 1,425 units lack a complete kitchen although many of these units are expected to overlap with those without complete plumbing facilities.

Table 15.

**COMPLETENESS OF PLUMBING BY OCCUPANCY STATUS: 1990**

Status of Plumbing Facilities	Occupied Housing Units	Percent of Occupied Total	Vacant Housing Units	Percent of Vacant Total	TOTAL
Complete Plumbing	249,078	99.6%	8,996	98.4%	258,074
Lacking Complete Plumbing	1,109	0.4%	147	1.6%	1,256
<b>TOTAL</b>	<b>250,187</b>	<b>100.0%</b>	<b>9,143</b>	<b>100.0%</b>	<b>259,330</b>

Source: U.S. Census Bureau, 1990 Census (STF3)

An additional factor in substandard housing is overcrowding. Although this situation may occur voluntarily, it more often arises when families cannot find adequate housing at prices they can afford. Additionally, it bears a close relationship to the physical condition of a unit since it subjects the physical structure to a greater intensity of use. Thus, overcrowding is both a symptom of an inadequate supply as well as a contributory cause of substandard housing. The conventional measure of overcrowding is a unit having more than one person per room. According to the 1990 Census, 14.9% of all occupied housing units (37,244 units) could be classified as overcrowded (see Table 16). This is more than twice the percentage found in 1980 (6.8%). About 63% of all overcrowded units in San Jose are renter occupied.

Table 16.

**PERSONS PER ROOM BY TENURE: 1990**

Persons per Room	Owner-Occupied (OO) Housing Units	Percent of OO Total	Renter-Occupied (RO) Housing Units	Percent of RO Total	TOTAL
Less than 0.50	93,085	60.7%	35,853	37.0%	128,938
0.51 to 1.00	46,408	30.3%	37,628	38.8%	84,036
1.01 to 1.50	7,912	5.2%	9,119	9.4%	17,031
1.51 to 2.00	4,048	2.6%	7,624	7.9%	11,672
2.01 or More	1,904	1.2%	6,637	6.9%	8,541
<b>TOTAL</b>	<b>153,357</b>	<b>100.0%</b>	<b>96,861</b>	<b>100.0%</b>	<b>250,218</b>

Source: U.S. Census Bureau, 1990 Census (STF1)

In addition to the Census information, the American Housing Survey and the City's Neighborhood Revitalization Strategy provide some insight regarding the physical condition of San Jose's housing stock. The American Housing Survey (AHS) provides detailed information on the condition of housing in San Jose. The AHS includes data on severe and moderate physical problems for categories such as plumbing, electricity, and general upkeep. The survey identified 2,700 units in San Jose with severe physical problems, and 9,500 units with moderate physical problems (see Tables 17 and 18). The total 12,200 units represent less than 5% of the housing stock in San Jose.

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Table 17.

### HOUSING UNITS WITH SEVERE PHYSICAL PROBLEMS

Problem Area	Units	Type of Problem
Plumbing	1,700	Lack of hot or cold piped water, flush toilets, or both bathtub and shower inside the structure for exclusive use of the unit.
Heating	500	Having been uncomfortably cold last winter for at least 24 hours because heating equipment broke down at least three times for six hours each time.
Electric	100	Having no electricity or all of the following problems: exposed wiring; a room with no working wall outlet; or three blown fuses or tripped circuit breakers in the last 90 days.
Upkeep	300	Having any of five of the following six upkeep problems: water leaks from the outside (e.g., from the roof, basement, windows, or doors); holes or open cracks in walls or ceilings; more than 8" by 11" of peeling paint or broken plaster; or signs of rats or mice in the last 90 days.
Hallways	100	Having all of the following problems in public areas: no working light fixtures; loosing or missing steps; loose or missing railings; and no elevator.
	<b>2,700</b>	<b>Total number of units with severe physical problems.</b>

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Source: American Housing Survey

Table 18.

### HOUSING UNITS WITH MODERATE PHYSICAL PROBLEMS

Problem Area	Units	Type of Problem
Plumbing	1,000	All toilets have broken down at least three times in the last three months.
Heating	500	Having vented gas, oil, or kerosene heaters as the primary heating equipment.
Upkeep	5,600	Having any three or four of the Upkeep problems listed in the Severe Physical Problems list (see Table 17).
Hallways	1,000	Having any three or four Hallway problems listed in the Severe Physical Problems list (see Table 17).
Kitchen	1,400	Lacking a kitchen sink, refrigerator, or burners inside the structure for the exclusive use of the unit.
	<b>9,500</b>	<b>Total number of units with moderate physical problems.</b>

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Source: American Housing Survey

In 1996, the City of San Jose conducted a citywide survey of neighborhood conditions to gather data for the Neighborhood Revitalization Strategy. Field surveys were conducted in over 400 neighborhoods in the City to assess the physical condition of the housing stock and other characteristics. While the survey did not identify the number of substandard units, it provides an idea of the location of rehabilitation needs throughout the City. The survey found that about two-thirds of the City's neighborhoods were in good to excellent condition. The main concentration of the neighborhoods with the most need for assistance is in Council Districts 3, 5, and 7. This is not surprising given that the City's oldest housing stock is located in these Council Districts.

### **D. 1990 CENSUS AND ESTIMATED DATA CONCLUSIONS**

Over the last 30 years, San Jose has been widely recognized as one of the primary growth centers in the country. The incorporated population, living in 176 square miles, makes San Jose the third largest city in the State and the 11<sup>th</sup> largest city in the United States. The growth rate has stabilized since the period of rapid growth in the 1960s and 1970s and is projected to continue to remain stable.

Still predominantly "suburban" in nature, characterized by single-family detached homes, the City has also shown a trend toward a more urban form. Housing density has increased, as demonstrated by the increasing number of townhouse and condominium projects being constructed in San Jose. City policies encouraging infill development and intensification along transit corridors promote this transition.

The population and style of living has also been changing. Although population per household has increased each decade since 1980, the population is composed of fewer traditional nuclear families and more non-family households and single-parent households. Single-parent households increased slightly from 18,779 to 20,284 between 1980 and 1990. These households are less likely to be able to afford a standard, detached single-family dwelling. Overcrowding has more than doubled to 14.9% over the last 10 years and most overcrowded units are rental units. More multi-family rental housing, including larger family apartments, will be needed to serve these needs. Assuming a finite supply of land and an increasing population, the result would be the continuation of a trend toward increasing density of development and the recycling of developed properties to new uses, including residential. Overall, the housing stock is relatively new, with an extremely small percentage lacking plumbing facilities. The housing programs described in this Appendix and in the implementation section of the General Plan will be applied to address this and other housing problems.

The 2000 Census information was not available at the time of this update. The Housing Appendix and other portions of the General Plan will be updated as that data becomes available.

## APPENDIX C

### III. ASSESSMENT OF CURRENT AND PROJECTED HOUSING NEED

#### A. LEVEL OF PAYMENT COMPARED TO ABILITY TO PAY

In previous years, the conventional wisdom of loan institutions was that no more than 25% of a household's income should be spent on housing costs. This "rule-of-thumb" has increased to approximately 30%. A 30% figure was used for estimating need in the HUD required Housing Assistance Plan. The following information was calculated from 1990 Census data reflecting level of payment and ability to pay.

As would be expected, those with a lower income pay a significantly greater percentage of their income on housing costs than do those with higher incomes. Of the 94,031 renter householders enumerated, 34,267 pay more than 35% of their income for rent (see Table 13 in Chapter II). For owners, those paying greater than 35% amount to 31,124 (see Table 12 in Chapter II). The total number of households paying over 30% of their income on housing was estimated to be 95,893 in 1990 (38% of all San Jose households) (see Table 19). Lower income households are most impacted by the high cost of housing. In 1990, 38,641 out of 53,452 Extremely Low and Very Low Income households spent over 30% of their income on housing. These data do not reflect the increases in housing prices over the last decade.

Table 19.

#### ESTIMATED NUMBER OF HOUSEHOLDS PAYING OVER 30% OF INCOME FOR HOUSING: 1990

Income Category	Owner-Occupied Households	Paying Over 30%	Renter-Occupied Households	Paying Over 30%	Total Households
Extremely Low (0-30%)	8,826	5,511	19,184	15,799	28,010
Very Low (31-50%)	10,253	5,152	15,189	12,179	25,442
Low (51-80%)	9,512	4,591	10,680	6,511	20,192
Moderate (81-95%)	9,725	4,641	9,806	3,916	19,531
Above Moderate (96+%)	117,493	32,794	40,382	4,799	157,875
<b>TOTAL</b>	<b>155,809</b>	<b>52,689</b>	<b>95,241</b>	<b>43,204</b>	<b>251,050</b>

Source: U.S. Department of Housing and Urban Development, based on 1990 Census

#### B. HOUSING ASSISTANCE NEEDS OF LOWER INCOME HOUSEHOLDS

According to 1990 Census data, 29% of the City's households are considered low income (including Extremely Low, Very Low-Income, or Low Income) with incomes up to 80% of the area median income. Special tabulations from the 1990 Census provided by HUD show that 55,379 low-income households out of a total of 251,050 households in San Jose were in need of housing assistance because of living conditions such as overcrowding, physical housing conditions, or housing costs. Of the 55,379 households, 16,400 were in owner-occupied units and 38,979 were in rental units (see Table 20).

Table 20.

## LOW INCOME HOUSEHOLDS WITH HOUSING PROBLEMS: 1990

Income Category	Owner Households	Owner Households with Housing Problems	Renter Households	Renter Households with Housing Problems	Total Low Income Households	Total Households with Housing Problems
Extremely Low (0-30%)	8,826	5,699	19,184	16,672	28,010	22,371
Very Low (31-50%)	10,253	5,617	15,189	13,661	25,442	19,278
Low (51-80%)	9,512	5,084	10,680	8,646	20,192	13,730
<b>TOTAL</b>	<b>28,591</b>	<b>16,400</b>	<b>45,053</b>	<b>38,979</b>	<b>73,644</b>	<b>55,379</b>

Source: U.S. Department of Housing and Urban Development, based on 1990 U.S. Census

The income categories used by HUD in the special tabulations are based on household income as they relate to the City-wide median and are defined as follows:

- Extremely Low Income: 0 - 30% of the median
- Very Low Income, 31 - 50% of the median
- Low Income, 51 - 80% of the median
- Moderate Income, 81 - 95% of the median
- Above Moderate Income, greater than 96% of the median

Table 37 (in Chapter V) defines the income categories used to determine eligibility for federal housing assistance. Under those standards, Moderate Income is considered to be 81-120% of the area median and Above Moderate Income is above 120%.

Table 21 shows the average household income by Council District as of 1990. Council District 3, which contains some of the oldest housing stock in San Jose, has the lowest average household income (\$45,310), while Council District 5 has the lowest per capita income at \$9,974.

Section C, below, provides a discussion of the components of the total 55,379 households in need of housing assistance.

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**Table 21.**

**INCOME BY COUNCIL DISTRICT: 1990**

Council District	Average Household Income	Per Capita Income
1	\$56,627	\$20,785
2	\$62,896	\$17,718
3	\$45,310	\$10,681
4	\$65,569	\$18,067
5	\$59,027	\$9,974
6	\$54,734	\$20,655
7	\$53,121	\$11,437
8	\$72,390	\$16,908
9	\$60,524	\$20,382
10	\$73,088	\$22,533
Citywide	\$52,091	\$16,905

Source: U.S. Census Bureau, 1990 Census (STF3)

### C. HOUSING ASSISTANCE NEEDS OF SPECIAL DEMOGRAPHIC GROUPS

#### 1. Elderly

The 1990 Census showed that there were 56,358 persons over the age of 65 living within the City of San Jose. The elderly account for 7.2% of the population of San Jose and are distributed throughout the City, with the greatest concentration in District 6 (14%). There were 26,960 elderly households in San Jose in 1990; 18,310 were owner-occupied households and 8,650 were renter-occupied households (see Table 22). Of these households, an estimated 9,400 spent more than 30% of their income on housing.

**Table 22.**

**HOUSING AFFORDABILITY WITHIN ELDERLY (65+) POPULATION  
INCOME SPENT ON HOUSING COSTS/RENT: 1990**

Percent of Household Income	Owner-Occupied (OO) Housing Units	Percent of OO Total	Renter-Occupied (RO) Housing Units	Percent of RO Total	TOTAL
Less than 20%	12,170	66.5%	1,108	12.8%	13,278
20% to 24%	1,443	7.9%	728	8.4%	2,171
25% to 29%	1,102	6.0%	1,009	11.7%	2,111
30% to 34%	820	4.5%	1,037	12.0%	1,857
35% or More	2,775	15.2%	4,768	55.1%	7,543
<b>TOTAL</b>	<b>18,310</b>	<b>100.0%</b>	<b>8,650</b>	<b>100.0%</b>	<b>26,960</b>

Source: U.S. Census Bureau, 1990 Census (STF3)

According to special tabulations from the 1990 Census provided by HUD, the low income elderly households needing housing assistance total 9,942 (18% of the total number of households needing assistance). Of this number, 4,963 households are owners and 4,979 are renters. These represent households with incomes up to 80% of the area median that are burdened by the cost of housing or physical housing needs. Of the elderly households in need of assistance, 8,839 elderly households were in the extremely low or very low income categories and 1,103 were low income.

Many senior housing developments have been constructed recently, however these developments typically target seniors earning above 40-60% of the median income, and do not meet the needs of lower income seniors. There is also a need for shared and assisted senior housing opportunities. Senior citizens who own their homes may also have difficulty when non-housing expenses increase and their fixed income does not. When senior homeowners find themselves in economic trouble, home maintenance needs are often deferred. According to City Housing Department staff, a significant portion of the participants in the City Rehabilitation Loan Programs have been senior citizens.

In December 1997, the City of San Jose hired a consultant to assess the housing needs special demographic groups, including senior residents. The study noted that senior household incomes tend to be lower than Citywide income levels. At the time of the study, 47% of senior households were very low income (up to 50% of the area median income) and 12% were low income (up to 80% of the area median income). Therefore, the high cost of housing has a greater impact on these households, especially given the fixed nature of their incomes as housing and other costs continue to rise.

### **2. Disabled Households**

The housing needs assessment study conducted by the City in December 1997 also considered the needs of persons with disabilities. This study provides an analysis of the housing supply and directly related services for persons with disabilities. The study reported that according to 1990 Census data, more than 32,000 residents of San Jose had a disability that affected their ability to work. Approximately 15,000 of these residents were prevented from working by their disability. The remainder of the residents had limited mobility or ability for self-care.

Many persons with disabilities receive assistance from Supplemental Security Income (SSI), which is a good indicator of the needs of these residents. In 1995, more than 14,000 adult residents in San Jose (between the ages of 18-64) received SSI assistance because of disability or blindness. The maximum SSI benefit is \$640 per month which places recipients in the extremely low income category. This severely limits the amount that SSI recipients can afford to pay for housing.

### **3. Small and Large Family Households**

According to special tabulations from the 1990 Census provided by HUD, 14,506 low income small households in San Jose needed housing assistance. Small households contain four or fewer members. The 14,506 families comprise 26% of the total 55,379 households that needed assistance. There were 11,012 households in the extremely low or very low income categories and 3,494 households were low income. Most of these small households (13,014) paid over 30% of their income on housing costs (see Table 23).

In 1990, 10,952 low income large households in San Jose required housing assistance. Large households contain five or more members. This group comprised 20% of the total households needing assistance. Of these households, 8,449 were considered extremely low or very low income and 2,503 were low income.

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It was estimated that 8,215 of these large households paid over 30% of their income on housing costs (see Table 23).

Table 23.

### SMALL AND LARGE RENTAL HOUSEHOLDS WITH HOUSING PROBLEMS WITH HOUSING PROBLEMS: 1990

Income Category	Total Households	Households with any Housing Problem	Households Paying over 30% of Income on Rent
Small Renter Households			
Extremely Low Income	6,439	5,802	5,428
Very Low Income	5,752	5,210	4,784
Low Income	4,449	3,494	2,802
TOTAL	16,640	14,506	13,014
Large Renter Households			
Extremely Low Income	4,463	4,349	3,901
Very Low Income	4,237	4,100	3,152
Low Income	2,643	2,503	1,162
TOTAL	11,343	10,952	8,215

Source: Department of Housing and Urban Development Special Tabulations, 1990

#### 4. Female-Headed Households

The 1990 Census information indicated that there were 15,278 female-headed single parent households with dependent children under 18 years of age in San Jose. It was estimated that of this number, 5,041 were below the poverty level. These female-headed households may be a subset of either the small or large family components discussed above.

In 1987, 2,580 female-headed owner occupied households paid over 30% of their income on housing, representing 8% of all owner occupied households in San Jose. Similarly, 5,362 female-headed renter occupied households paid over 30% of their income on housing, representing 14% of all renter occupied households in San Jose (see Table 24). (1990 income data were not available to update this section.)

Table 24.

## PROFILE OF FEMALE-HEADED HOUSEHOLDS: 1987

	Owners	Renters
Female-headed Households		
1-2 Children	1,954	3,804
3-4 Children	588	1,371
5 or More Children	38	187
TOTAL	2,580	5,362
Female-headed Households Receiving Public Assistance	1,139	2,431
Percent of Female-headed Households Spending Over 30% for Housing	7.7%	13.6%

Source: Michael Fajans & Associates, Housing Needs Assessment (1988)

## 5. Low Income Minority Households

Using the special tabulations from the 1990 Census provided by HUD, the following estimates were made of low income minority households in San Jose. There were approximately 98,356 minority-headed households; 54,862 resided in owner-occupied units and 43,494 were in renter-occupied units. Of the owner-occupied minority-headed households, 53% are in need of housing assistance while 69% of the renter-occupied households require assistance. In 1990, 27,775 minority households were extremely low or very low income and 9,524 were low income.

## 6. Homeless

Comprehensive and valid statistics on the homeless are not available and vary widely. The 1990 Census reported a homeless population of 1,062 (917 sheltered and 145 visible in street locations) in the City of San Jose on the Homeless Census Night in March 1990. However, the Census Bureau believes that number is low. The Census data also indicate that 20,000 to 30,000 households are at risk of becoming homeless due to a variety of factors (including financial constraints, mental illness, or substance abuse).

The Cities of San Jose, Santa Clara, Palo Alto, Mountain View, Sunnyvale, and Gilroy and the County of Santa Clara conducted surveys of homeless individuals and families in January of 1995 and 1999. The 1999 survey consisted of a questionnaire administered to a sample of 1,805 homeless individuals on the streets or in a shelter in the County (1,054 were in San Jose), while 1,476 homeless individuals responded to the 1995 survey. In 1995, there were an estimated 10,000 persons in San Jose who had experienced an episode of homelessness. By 1999, the estimated had increased to 12,600 persons.

A profile of the homeless in San Jose in 1995 and 1999 was compiled based on the results of the two surveys (see Table 25). While the results vary based on the sample surveyed each year and the number of respondents to answer each question, the information provides a picture of San Jose's homeless population. The majority of the homeless population is male, although the number of females is increasing. In 1995, 19% of the homeless were female, which increased to 37% by 1999. In 1999, only 3% were under the age of 18; 36% of these children were under the age of five, 28% were between the

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ages of six and twelve, and 17% were thirteen to seventeen years old. (Of those under 18, 19% did not specify their age.) In 1999, 53% of the survey respondents made less than \$500 a month, and 27% of respondents reported being employed at the time of the survey.

Approximately 20-25% of the national adult homeless population suffers from severe and persistent mental illness of some form<sup>1</sup>. Twelve percent of the San Jose respondents in the 1999 Homeless Survey identified themselves as suffering from a severe mental illness, and 3% indicated that mental illness was the reason they were homeless. The Julian Street Inn in San Jose provided shelter to over 1,200 homeless and mentally ill individuals during fiscal year 1999/00. Drug and alcohol abuse are common problems for the homeless population. In 1999, 31% of the respondents in San Jose reported problems with drugs and/or alcohol. Eight percent of the respondents indicated problems with both substance abuse and mental illness.

Another study conducted by the Santa Clara Collaborative in 1997 measured the number of turnaways from shelters in Santa Clara County during a given week. Between April 21 and 27, 1997, an average of 75 people were denied beds at shelters each day. The average number of calls to shelters was 40 per day; 53% of those calls were from families. The number of homeless families is especially hard to estimate because many families do not want social service agencies to know about them for fear of losing their children and because they are physically afraid of the persons who use the shelters. They are the most invisible homeless population.

In San Jose, there are about 1,181 permanent and supplemental emergency shelter beds available to homeless individuals or families. San Jose also provides 868 transitional housing units and 395 permanent housing units. In addition, there are voucher programs in Santa Clara County which provide funds for homeless persons receiving general assistance (i.e., mentally ill or developmentally disabled). The vouchers are worth approximately \$16-18 a night. San Jose provides approximately 80% of the emergency and transitional facilities in the County of Santa Clara. Most of the meal programs for the homeless and near homeless are also located within the City boundaries. A survey conducted in 1999 indicated that over 73% of the County homeless were local (County) residents immediately prior to becoming homeless.

The problems associated with the homeless cannot be solved simply with adequate housing. The solutions must include employment and training, social services, and programs to counter substance abuse, as well as shelter and more permanent housing. The housing problems of the homeless are seen as being three tiered: (1) temporary or emergency shelter, (2) group quarters or transitional housing with appropriate social services, and (3) very low and low income housing. Second- and third-tier problems are those associated with both the housing supply and problems of entering the rental market (i.e., the lack of funds for first and last month's rent and damage deposits). To combat these problems the City has adopted General Plan policies and Zoning Ordinance amendments to encourage the production of Single Room Occupancy Facilities to provide transitional housing.

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<sup>1</sup> Koegel, Paul et al. "The Causes of Homelessness," in Homelessness in America, 1996, Oryx Press

Table 25.

## SAN JOSE HOMELESS PROFILE

	1999	1995
<b>Families:</b> (Homeless more than one year)	18%	16%
<b>Ethnicity:</b>		
White	35%	36%
African American	20%	21%
Hispanic	31%	23%
Native American	5%	6%
Asian or Pacific Islander	4%	3%
Other	4%	11%
<b>Age Groups:</b>		
Under 18	3%	17%
Between 19 and 39	47%	46%
Between 40 and 64	46%	35%
Over 65	3%	2%
<b>Gender:</b>		
Male	63%	81%
Female	37%	19%
<b>Mentally Ill:</b>	12%	7%
<b>With Alcohol and Drug Problems:</b>	31%	20%
<b>Length of Current Homelessness:</b>		
Less than one month	15%	2%
One to three months	21%	23%
Three to six months	7%	16%
Six to twelve months	23%	15%
More than a year	33%	43%
<b>Income:</b>		
Less than \$500/month	53%	46%
\$500-1,000/month	28%	30%
\$1,000-1,500/month	9%	7%
\$1,500+/month	5%	10%
<b>Education:</b>		
Some grade school	11%	7%
Some high school	23%	20%
High school degree	28%	31%
Some college	24%	25%
College degree	4%	5%
Post-graduate work	1%	2%

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Source: City of San Jose, Department of Housing 2000-2005 Consolidated Plan

## APPENDIX C

In 1995, the City Council examined the issue of homelessness in San Jose and established the Emergency Homeless Shelter Criteria to govern the location, size, and performance of future emergency shelters in the City. These criteria provide clear direction to those proposing new shelters and addresses neighborhood concerns while responding to the needs of the homeless population in San Jose. The City Council established goals for the production of transitional housing and emergency shelter beds, and emphasized the need for other services such as counseling and job training to ensure that homelessness need not be a permanent situation.

As of 1995, most emergency shelters were located within an approximately four square mile area near the center of the City. To promote a more equitable distribution of shelters within the City, the criteria encourage the location of shelters outside of this area. The Council criteria establish other guidelines for siting new shelters, such as proximity to transit and services, and separation from schools and parks. Emergency shelters are preferred on sites with a General Plan designation of Commercial, Combined Industrial/Commercial, Heavy or Light Industrial, and in some situations, Industrial Park. The San Jose Zoning Code permits emergency shelters to be located in all commercial and manufacturing zoning districts with a conditional use permit. These districts are distributed throughout the City, including areas within close proximity of government agencies and public transit facilities. Therefore, ample locations exist for emergency shelters in San Jose. The permit process for shelters is simple and straight forward.

### 7. Farm Workers

Due to the declining number of farm workers, there are no identified special needs for this population.

## D. ADDITIONAL HOUSEHOLDS EXPECTED TO RESIDE IN THE COMMUNITY

Pursuant to Federal regulations, information is provided in the Consolidated Plan and the housing element regarding the housing assistance needs of those expected to reside in the City because of employment and labor market changes. The intent of this requirement is to consider the needs of low income workers who are employed or will be employed within the City but live or would live elsewhere due to a lack of low income housing within the City.

The "expected to reside" number consists of the sum of:

- The number of low income households expected to reside as a result of planned employment
- The number of low income households already employed in the locality but residing elsewhere
- The number of elderly non-residents on waiting lists for assisted housing or the total number of elderly non-residents who use local medical facilities and who prefer to live within the City.

Based upon previous information provided by the area office of the Department of Housing and Urban Development, the expected-to-reside number for San Jose is zero. This is because the ratio of low income households to total households within the City of San Jose exceeds the corresponding ratio for the standard metropolitan statistical area (SMSA). In other words, San Jose currently houses a greater share of low income households than the proportion of all low income households to total households in Santa Clara County.

**E. PROJECTED HOUSING NEEDS**

**1. Population and Employment Growth**

Several studies of population and employment growth have been concluded for the San Jose area. For purposes of comparison to ABAG's Regional Housing Needs Allocation (1999-2006), the first to be discussed will be those provided by ABAG in the Projections 2000: Forecasts for the San Francisco Bay Area to the Year 2020 (December 1999). It should be noted that Projections 2000 uses the Sphere of Influence boundary for San Jose which is larger than the incorporated boundaries of the City of San Jose. As a result, direct data comparisons are not possible. The results of ABAG's forecasts are shown on Table 26.

San Jose contains approximately 50% of the County's total population growth, and 52% of the household growth between 2000 and 2010 (based on Projections 2000). San Jose accounts for 43% of the County's job growth and 52% of the growth in employed residents in the County. This reflects San Jose's historic and continuing role as a bedroom community for jobs rich communities in the County.

**2. Share of Regional Projected 1999-2006 Housing Need**

ABAG calculates San Jose's share of the projected regional housing need to be 26,114 dwelling units over the period from January 1999 to June 2006 (Regional Housing Needs Determinations, June 2000). ABAG defines the projected housing need as the number of units needed to provide for projected household growth, provide for the housing needs of the local labor supply and at the same time, keep the market "in balance", as discussed previously. The City realizes that the need for affordable housing is great and continues to be proactive in its planning and programmatic efforts to exceed ABAG's Housing Need Determination for San Jose.

The methodology used by ABAG to determine citywide projected housing needs is based on a total housing need for the nine-county Bay Area region. This regional need is then allocated to cities and counties according to their share of the region's household and job growth during the planning period.

The methodology may be characterized as "unconstrained" in that it does not take into account local service and facility constraints (e.g., sanitary sewer capacity); however, State law does limit what local policy constraints can be considered by ABAG. ABAG's housing need determination cannot consider local policies or growth ordinances that limit housing production and it must consider the potential for higher levels of residential development than contemplated by local land use policies and zoning ordinances. To promote "smart growth" development, including a jobs and housing balance, the methodology attempts to shift housing responsibilities toward job producing areas. In addition, the methodology emphasized cities assuming a greater share of housing growth within their spheres of influence in order to focus growth in urbanized areas.

In addition to the locality's total share of the regional housing need, ABAG also projects a determination of household need by income category (see Table 27). State law implies that the projected determination for household need by income category should result in movement toward the distribution of households by income category within the region. For purposes of ABAG's 1999-2006 allocation, each jurisdiction's income percentages were moved 50% toward the regional average by averaging the 1990 City income distribution percentages with the existing regional percentages. This method promotes a more equitable distribution of housing opportunities within the Bay Area. Progress toward meeting the housing need and income distribution is discussed in Chapter XI.

## **APPENDIX C**

These projections only address housing need. Despite the consideration given to the jobs and housing balance in the methodology, the projections do not consider the context of City goals for employment growth versus housing and do not consider the historical role of San Jose in providing the vast majority of lower priced housing in Santa Clara County. While there are steps the City could take to improve the housing situation, they will not succeed unless other cities in Santa Clara County also take similar steps.

## HOUSING

Table 26.

### POPULATION, HOUSEHOLD, AND JOB PROJECTIONS: 2000-2020

Year	Population	Absolute Change	Percent Change	Households	Absolute Change	Percent Change	Jobs	Absolute Change	Percent Change
2000	928,100	---	---	276,490	---	---	395,990	---	---
2005	969,800	41,700	4.5%	288,960	12,470	4.5%	424,840	28,850	7.3%
2010	1,001,600	31,800	3.3%	303,890	14,930	5.2%	451,740	26,900	6.3%
2015	1,026,300	24,700	2.5%	317,220	13,330	4.4%	471,860	20,120	4.5%
2020	1,047,800	21,500	2.1%	325,310	8,090	2.6%	491,410	19,550	4.1%

Source: Association of Bay Area Governments (ABAG), "Projections 2000"

## APPENDIX C

Table 27.

### PROJECTED HOUSING NEED BY INCOME CATEGORY: 1999-2006

	Very Low	Low	Moderate	Above Moderate
San Jose	5,337 (20.4%)	2,364 (9.0%)	7,086 (27.1%)	11,327 (43.5%)

Source: Regional Housing Needs Allocation, Association of Bay Area Governments, 2000

### 3. City of San Jose Population and Employment Projections

#### a. Population Projections

In planning for future growth, the total increase in population and other demographic characteristics (i.e., household size, age, sex and workers per household) are important considerations.

Population growth is a function of both natural increase and migration into or out of an area. Natural increase includes births (fertility) and deaths (mortality). Both fertility and mortality rates have remained fairly constant over the past several years. Migration is dependent on a wide variety of factors, including current and anticipated economic conditions, land uses, service capacities, and the difficult-to-quantify "quality of life." In addition, migration is frequently a function of a larger geographic area or economic region. For example, migration into San Jose has historically been influenced by employment growth throughout Santa Clara County.

As part of the San Jose 2020 General Plan, population projections were made for San Jose's Sphere-of-Influence, the area of maximum potential expansion for the City. Because no one can ever precisely predict what will occur in the future, a range of mathematical factors and assumptions is used. These assumptions are as follows:

- An increasing birth rate through 2005 followed by a leveling off of the birth rate by 2010.
- A slightly decreasing morbidity rate through 2010.
- Increasing in-migration, comprised primarily of persons less than 35 years of age.
- Increasing participation in the labor force by women.

Projections are not inevitable outcomes. Rather, they are calculations of a future condition if assumptions are proven valid. Using the above assumptions, the future population for San Jose will be characterized by the following:

- A total population in the year 2010 of between 959,000 and 1,040,000 persons, with a figure of around 1,000,000 persons being most likely.
- An older population, with a median age of 35 to 39 years in 2010 as compared to the median age of 27 years in 1980 and 30.6 in 1990.

- In-migration will account for slightly more than one half of the population growth between 1990 and 2010.
- Average household size increasing slightly to 3.10 PPH by year 2005 and then declining back to 3.08 persons per household in 2010.
- New household formation increasing at roughly the same rate as population growth.
- The average number of workers per household will remain at around 1.6 in 2010 after the steady increase from 1.45 in 1980 to 1.63 in 1990.

The above projections are "unconstrained"; that is, they assume that no sociological or public policy limitations on population growth will occur.

### **b. Employment Projections**

San Jose is a distinct economic component of Santa Clara County. Trends in economic activity in the County as a whole will largely determine economic trends in the City. County-wide employment growth from 1990 to 2010 is expected to follow general patterns established since World War II. Highlights of these historic growth patterns for the County from 1950 to 1980 are:

- A 665% increase in total employment from about 110,000 jobs in 1950 to 841,800 jobs in 1980.
- Increases in manufacturing (1000% increase), services (700% increase) and government (600% increase) exceeded the overall employment growth rate between 1950 and 1980.
- Service sector jobs increased from 22% to 26% of County total employment between 1980 - 1990; manufacturing sector jobs declined from 36% to 32% during the same timeframe.
- An increasingly larger share of the manufacturing sector was devoted to "high technology" products which have given Silicon Valley its name, including: computers and peripherals; calculators; communications equipment; electronic components; missiles and space vehicles; and instruments.
- Agriculture and mining sectors continued to a decline.
- Most other sectors recorded increases in numbers of jobs, though at slower rates than total employment growth.
- From 1975 to 1980, 174,500 jobs were created, an unprecedented growth of employment equaling 25% of the total number of 1982 jobs in the County.
- Between 1981 and 1990, 145,400 jobs were added to the County; over 60% of this growth occurred in the first half of the decade before the state and national economies slowed.

Total employment is projected to increase to about 1,105,800 jobs in Santa Clara County in 2010. This represents an "unconstrained" forecast, assuming no barriers to economic expansion and growth. The anticipated 1990 to 2010 increase of about 244,000 jobs would represent a slower rate of employment growth than was experienced in Santa Clara County in the late-1970's and early 1980s; however, this growth rate still exceeds the anticipated growth rates for California and the nation as a whole.

## APPENDIX C

Those sectors of the County's economy which will show the highest rates of growth are services, wholesale trade and manufacturing. In each of these sectors, high technology products and services will predominate. It is expected that local employment expansion by high technology manufacturing firms will be primarily in the administrative headquarters and research and development functions, with expansion of fabrication and assembly operations occurring in other regions. Programming and computer services will be a high growth industries. Agriculture and food processing will show actual declines in numbers of jobs. The service sector is expected to grow and support the "high technology" industries. All other sectors should experience growth, but at rates slower than overall employment growth.

The faster rates of growth in the high technology sectors and the fact that high technology employment growth in Santa Clara County will be largely "white collar" implies a continuing demand for a well-educated and highly skilled labor force.

It is not known what proportion of the County's employment growth will develop in San Jose. The location of employment growth can be directly affected by public policy incentives such as infrastructure expansion and housing production. For example, San Jose has been more successful in attracting economic development since the establishment of redevelopment projects in the mid-1970's. San Jose has a sizable inventory of vacant land to accommodate future employment. The City continues to provide most of the new housing in Santa Clara County. Finally, the policy to develop a high-technology campus industrial center in North Coyote Valley is another initiative to improve the City's economic base.

The nature of employment projections, occupational outlook, and changes in household economic strategies add to the difficulty of quantifying the changes in the housing market stemming from employment growth; however, moderate increases in the need for assistance in securing affordable housing are expected in response to a trend of increasing income bifurcation. While many households are better off, there is also a growing number of lower income households and a diminishing proportion in the middle of the income spectrum.

## IV. GOVERNMENTAL CONSTRAINTS

Housing elements are mandatory components of local general plans, recognizing that local planning and program commitments play an integral role in the pursuit of housing goals. At the same time, identified total housing needs may exceed available resources and the community's ability to satisfy these needs. The ability to satisfy housing needs is affected by two types of constraints:

- Governmental (including fees, taxes, land supply, local land use controls and development standards, local building codes, on-site/off-site improvements, and local processing procedures)
- Non-governmental (including availability of financing, price of land, and costs of construction)

In addition, localities must have adequate resources to service its population. Although these three factors are discussed independently in this appendix, they are largely interdependent.

### A. AVAILABILITY OF VACANT LAND

The availability of vacant land for residential development is frequently cited as the most important governmental constraint to meeting housing needs. Additionally, the availability of vacant residential land affects not only the amount of housing which can be built, but also the cost of such housing due to land costs. The General Plan does not focus on housing exclusively, but must balance other competing community needs. Thus, the available vacant land must be distributed to residential, commercial, industrial and community service land uses.

Related to a city's pool of vacant land is that city's defined area of service, in San Jose, the Urban Service Area. The Urban Service Area (USA) is an area defined in conjunction with the City of San Jose and the Santa Clara County Local Agency Formation Commission. The USA consists of lands which are served by existing urban facilities, utilities, and services or are expected to be served within the next five years. These lands will be available for development. In addition, the City adopted the Greenline/Urban Growth Boundary in March 2000 which delineates the maximum extension of urban development and urban services anticipated in the General Plan. The Urban Growth Boundary (UGB) generally follows the 15% slope line of the hillsides surrounding San Jose and excludes lands that are subject to geologic or seismic hazards and are inappropriate for urban development. The UGB is generally coterminous with the USA; however, the UGB includes the Coyote Valley and South Alameda Valley Urban Reserves. The Urban Reserves are planned for future residential growth when the fiscal stability of the City allows the extension of urban services. The Greenline/Urban Growth Boundary and USA policies govern the timing and location of future urban development and the extension of urban services to ensure that both occur in a timely manner.

By the City defining an area for urban services and development, the housing developers are informed as to the development potential of lands relative to available services. For areas that lie within the City's USA but are not yet within the City limits, the process of rezoning and annexation is required. These processes are considered concurrently to minimize the processing time for new development within the USA. The USA is the key constraint or limit to urban development in San Jose, rather than zoning, since it is relatively easier to rezone land already in the USA for residential development than it is to bring new land into the USA through the lengthy Local Agency Formation Commission (LAFCO) process. It is General Plan policy to encourage annexation of lands within the USA.

## APPENDIX C

In order to keep track of the pool of vacant land within its boundaries, San Jose has maintained a Geographic Information System database that tracks new development within the USA. New development on previously vacant land is taken out of the vacant land inventory while any new vacant lands created through demolition or expansion of the USA are added to the inventory (see Table 28).

The Urban Service Area (USA) designates the area where urban development requiring services and facilities should be located. The vacant land inventory thus provides information regarding development opportunities where suitable infrastructure exists or could be provided. The reuse of underutilized land and vacant sites within the USA are consistent with the City's infill policies which encourages reuse of sites, such as canning plants, which are no longer viable in today's changing economy, but already have the services and facilities in place. This maximization of efficient use of infrastructure is consistent with the San Jose's Sustainable City Major Strategy. The General Plan Urban Service Area Goals and Policies address the desire to ensure that the future growth of San Jose proceeds in an orderly and planned manner in order to provide efficient and economical public services and to maximize the utilization of existing and proposed public facilities. Expansion of the Urban Service Area should only occur when it can be demonstrated that existing facilities are either able to serve the expansion area, adequate facilities are planned and will be available when required, or the developer can provide the necessary facilities. Additionally, the USA should not be expanded unless it can be determined that adequate public resources are available for maintenance and operation in the long term. Future development will be primarily concentrated in lands designated for urban development capable of providing services and facilities within the planning period.

As of July 1999, approximately 2,220 gross acres of vacant land, designated for residential uses were identified within the City's Urban Service Area. This acreage represents about 19,875 dwelling units (approximately 2,810 single-family units and 17,065 multi-family units) assuming development occurs at average densities reflective of past development (see Table 29). If development consistently occurs at the high end of the density ranges of the various residential land use designations, the dwelling unit yield of this land would increase to about 24,500. The 1999 vacant land inventory indicates there is development potential available in both single-family and multiple-family land use categories, providing opportunities for all types of housing development.

**Table 28.**

**VACANT LAND BY GENERAL PLAN  
LAND USE CATEGORY: 1999**

Land Use Category	Vacant Land Area (Gross Acres)	Percent of Total
Single-Family Residential	1,619	19.2%
Multiple-Family Residential	641	7.6%
Commercial	282	3.3%
Industrial	3,808	45.1%
Public/Quasi-Public	962	11.4%
Public Park	1,125	13.3%
<b>TOTAL</b>	<b>8,437</b>	<b>100.0%</b>

Source: City of San Jose Planning Services Division

Of these vacant lands, 1,812 acres are zoned for residential use and represent a potential yield of 12,871 units (see Table 30). Approximately 80% of these lands have a residential Planned Development zoning which is the typical approach for approval of new residential development in San Jose (see discussion of Planned Development Zoning Process in section B.2., below). The remaining 408 acres of vacant lands designated for residential use currently have a non-residential zoning. Rezoning of these lands to Planned Development, consistent with the General Plan is expected to occur at the time of a development proposal. Between 1995 and 2000, over 900 acres with a residential General Plan designation were rezoned from non-residential to residential uses, resulting in the approval or construction of 11,000 new housing units (see Table 31). A majority of these units were approved through the Planned Development zoning process. The City also encourages the annexation and zoning of County lands within the Urban Service Area which increases the amount of residentially zoned lands. (See Chapter VI for more details on the City's planned housing supply).

Additionally, the General Plan's Discretionary Alternate Use Policies provide for residential development beyond what the Land Use/Transportation Diagram identifies. Discretionary Alternate Use Policies can be used in certain instances to allow residential development to occur at a greater density or to enable residential development on nonresidentially designated lands and is typically facilitated through the Planned Development zoning. These policies encourage the production of affordable housing and can act to streamline the development review process for such projects. (See section B. 1. below for a description of these policies.)

In summary, the City is not constrained by available vacant land for residential development.

**Table 29.**

**POTENTIAL HOUSING UNIT YIELD OF ALL VACANT LANDS WITH A RESIDENTIAL GENERAL PLAN DESIGNATION: 1999**

Land Use Designation	Vacant Land Area (Gross Acres)	Average Yield (Housing Units)	Maximum Yield (Housing Units)
Very Low Density Residential (2 DU/AC)	314	367	565
Low Density Residential (5 DU/AC)	186	639	743
Medium Low Density Residential (8 DU/AC)	267	1,804	1,924
Medium Density Residential (8-16 DU/AC)	101	1,094	1,458
Medium High Density Residential (12-25 DU/AC)	85	1,521	1,901
High Density Residential (25-40 DU/AC)	120	3,422	4,562
Residential Support for the Core Area (25+ DU/AC)	18	971	971
Transit Corridor Residential (20+ DU/AC)	30	1,358	1,358
Planned Community	1,100	8,700	10,900
<b>TOTAL</b>	<b>2,220</b>	<b>19,875</b>	<b>24,383</b>

Source: City of San Jose Planning Services Division

## APPENDIX C

**Table 30.**

**RESIDENTIALLY-ZONED VACANT LANDS WITH A  
RESIDENTIAL GENERAL PLAN DESIGNATION: 1999**

Land Use Designation	Vacant Land Area (Gross Acres)	Average Yield (Housing Units)	Maximum Yield (Housing Units)
Very Low Density Residential (2 DU/AC)	248	274	421
Low Density Residential (5 DU/AC)	115	421	490
Medium Low Density Residential (8 DU/AC)	228	1,541	1,644
Medium Density Residential (8-16 DU/AC)	90	974	1,298
Medium High Density Residential (12-25 DU/AC)	60	1,079	1,348
High Density Residential (25-40 DU/AC)	115	3,263	4,351
Residential Support for the Core Area (25+ DU/AC)	1	62	62
Transit Corridor Residential (20+ DU/AC)	30	1,358	1,358
Planned Community	925	3,900	4,700
<b>TOTAL</b>	<b>1,812</b>	<b>12,871</b>	<b>15,672</b>

Source: City of San Jose Planning Services Division

**Table 31.**

**UNITS GAINED THROUGH REZONING FROM  
NON-RESIDENTIAL TO RESIDENTIAL: 1995-1999**

Year	Housing Units Gained Through Rezoning	Acres
1995	618	65.9
1996	2,558	456.9
1997	6,005	265.8
1998	2,009	108.4
1999	430	25.0
<b>TOTAL</b>	<b>11,620</b>	<b>922</b>

Source: City of San Jose Planning Services Division

## **B. DEVELOPMENT APPROVAL PROCESS**

The City of San Jose, through its commitment to the planning process, has developed and maintained three key planning documents designed to support efficient residential development within the City. These three implementation tools are the San Jose 2020 General Plan, Title 20 of the San Jose Municipal Code (the zoning ordinance) which contains zoning provisions regulating development, and the City Council adopted Residential Design Guidelines. All three documents work in concert with each other to create a very clear guide for the development community to work from in an effort to ensure the creation of livable residential environments and to minimize processing time.

### **1. The General Plan**

The San Jose 2020 General Plan is a comprehensive document that includes strategies, goals and policies and land use designations to promote the development and preservation of housing in San Jose. Such policies include the Housing Major Strategy which seeks to provide housing opportunities to meet all economic segments and the Housing Goals and Policies which address distribution, discrimination, conservation and rehabilitation, low/moderate income housing, rental housing, design review and administration. While the Housing Goals and Policies section of the San Jose 2020 General Plan speak most directly about housing issues, it is important to note that the San Jose 2020 General Plan is fully integrated with each individual element designed to complement and support other elements. San Jose's approach to providing housing opportunities is included in other goals and policies, including the City Concept, Community Development, Residential Land Use, Land Use/Transportation Diagram and Land Use Designations, etc.

The City of San Jose currently has ten residential land use designations (see Table 32). The higher density designations have both a minimum density and maximum density to ensure that development occurs at an appropriate density. For example, the minimum number of units per acre which could be constructed under the Medium High Density Residential designation is 12 DU/AC and the maximum is 25 DU/AC. Establishing a minimum density promotes efficient use of lands designated for higher density residential and maximizes the housing potential. The Residential Support for the Core Area and the Transit Corridor Residential designations do not have upper density limits (as indicated by the "+" symbol after the minimum density permitted) to encourage higher densities in appropriate areas of the City (see Table 32). This ensures that a minimum density will be achieved while allowing flexibility to develop denser projects that are compatible with surrounding land uses.

The residential designations are distributed throughout the City, as displayed in the Land Use/Transportation Diagram of the General Plan. Generally, the Rural Residential (0.2 DU/AC) to the Very Low Density Residential (2 DU/AC) land use designations are found in the hillside areas surrounding the City of San Jose while the Medium High (12-25 DU/AC) and High Density Residential (25-40 DU/AC) land use designations are more appropriate either near the Downtown Core Area or along arterials and transit corridors. Sites within a Transit-Oriented Development Corridor or near transit facilities can be designated Transit Corridor Residential (20+ DU/AC) to promote high density residential development in close proximity to transit facilities.

## APPENDIX C

Table 32.

### RESIDENTIAL GENERAL PLAN LAND USE DESIGNATIONS

Land Use Designation	Density
Rural Residential	0.2 Units/Acre
Estate Residential	1 Unit/Acre
Very Low Density Residential	2 Units/Acre
Low Density Residential	5 Units/Acre
Medium Low Density Residential	8 Units/Acre
Medium Density Residential	8-16 Units/Acre
Medium High Density Residential	12-25 Units/Acre
High Density Residential*	25-40 Units/Acre
Residential Support for the Core Area	25+ Units/Acre
Transit Corridor Residential	20+ Units/Acre

Source: City of San Jose Planning Services Division

\* A pending General Plan amendment proposes to increase this density range from 25-40 to 25-50 DU/AC to ensure efficient use of lands with this designation

A key component of the General Plan is the flexibility it provides to respond to changing conditions thereby minimizing governmental constraints. In recognizing the need to meet changing long range plans and goals, the City has historically held an annual review of the General Plan which is a comprehensive process whereby privately or publicly initiated amendments to the Land Use/Transportation Diagram and General Plan text are analyzed. Beginning in 2001, the City Council directed that the review of the General Plan occur three times per year, offering flexibility to modify General Plan land use designations on individual properties.

In addition to the lands designated for residential uses, the San Jose 2020 General Plan contains 13 Discretionary Alternate Use Policies, 11 of which have provisions to increase residential densities or to allow the conversion of nonresidential lands to residential use without an amendment to the General Plan. These policies provide considerable flexibility in increasing the City's ability to provide additional housing opportunities and avoid the requirement for a General Plan amendment. The Discretionary Alternate Use Policies are applied through the Planned Development zoning process, at the time of a specific development proposal. Examples of these policies are listed below:

- Discretionary Alternate Use (DAU) Policy No. 1 (The Two Acre Rule) allows parcels less than two acres in size which have a nonresidential designation to be developed residentially if such development would be compatible with the neighborhood. It also allows parcels with a residential designation to be developed at a higher or lower residential density range. The appropriate density for a given site should be determined based on compatibility with surrounding land uses. The intent of this policy is to encourage the development of small, residential infill projects which take advantage of existing urban infrastructure.
- DAU Policy No. 2 allows surplus properties with a Public/Quasi-Public land use designation to be developed under any land use without a General Plan amendment. To use this policy, the proposed land use must be compatible with existing land uses and consistent with General Plan goals and policies.

- DAU Policy No. 6 allows proposed rental housing projects to develop at the next highest density range, regardless of the size of the site, to encourage the production of rental housing.
- DAU Policy No. 7 allows for a 50% density bonus for any five unit or larger residential project where at least 20% of the units proposed would be affordable to low income households, or 10% of the units proposed would be affordable to very low income households.
- DAU Policy No. 8 allows a residential project that proposes 100% of its units be affordable to low or moderate-income households to be located on **any** site designated for nonopen space use and does not impose a density limit if certain standards are met.
- DAU Policy No. 9 allows for a relaxation in density limits for alternative senior citizen and handicapped housing which reflects an anticipated lower population per household and allows alternate types of living quarters for these populations.
- DAU Policy No. 12 allows density increases of up to a maximum of 50 DU/AC for residentially designated parcels within 2000 ft. of a light rail station or within 500 ft. of The Alameda (north to Shasta/Lenzen) or within a Transit-Oriented Development Corridor.
- DAU Policy No. 14 was adopted by the City Council in November 2000 and allows surplus properties owned by the City of San Jose to be used for the development of affordable housing at any density, regardless of land use designation if certain criteria are met.

All of the above referenced Discretionary Alternate Use Policies are designed and implemented to encourage infill housing opportunities and increased density on lands that were not originally planned for such use but are capable of accommodating such development consistent with the overall goals and policies of the General Plan. A new DAU Policy was recently approved by the City Council to allow the use of City surplus lands for affordable housing at any density regardless of the General Plan designation.

The above policies effectively increase the pool of land available for residential development within the City's Urban Service Area. Discretionary Alternate Use Policies were applied to more than 60 projects between 1989 and 1999, resulting in the approval or construction of 2,600 units above the General Plan designation. Details on these policies can be found in Chapter V, Land Use/Transportation Diagram, of the San Jose 2020 General Plan.

In addition to the provisions of the General Plan identified above, the San Jose 2020 General Plan contains a special strategy area to increase residential densities along major transit routes. The Transit-Oriented Development Corridor Special Strategy Area is described in detail in Chapter V of the General Plan. The strategy area encourages high density and mixed high density/commercial uses to locate near light rail lines or major bus routes. Such development would encourage transit use, pedestrian-oriented activities, efficient use of vacant or underutilized lands, and more affordable housing opportunities. Intensification of land uses within these corridors would occur through a series of stages as planning and construction of light rail facilities progresses. In 1999, the City Council initiated a three-year Housing Opportunities Study to proactively identify vacant or underutilized sites within the Transit-Oriented Development Corridors suitable for higher density residential development.

San Jose also has a variety of Mixed Use Designations which allow combinations of industrial, commercial and multi-family residential uses. As an example, lands designated Industrial Park with a

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Mixed Use overlay can be converted to allow up to 40 dwelling units per acre on the entire site. These mixed use designations are described in Chapter V of the General Plan text.

To facilitate residential development, General Plan amendment proposals typically include changing the land use designation to a higher density residential category. Additionally, amendments to the text of the General Plan could modify policies and land use definitions to also encourage the creation of residential development. Most recently, Planning Staff initiated a text amendment to modify the definition of High Density Residential from 25-40 DU/AC to 25-50 DU/AC as well as proposed increasing the maximum density allowed in several of the General Plan's Discretionary Alternate Use Policies. The City Council is the final decision making body for General Plan amendments, which become effective 30 days after adoption.

The use of General Plan amendments, however, is not the only mechanism to facilitate housing development. The General Plan's Discretionary Alternate Use Policies (DAU), as mentioned above, are utilized to support and expedite residential development by eliminating the requirement for a General Plan amendment. The DAU Policies provides flexibility when the implementation of goals such as the production of affordable housing, rental housing and high quality projects is met.

In conclusion, San Jose's General Plan does not constrain the development of low cost housing units in San Jose, but rather has demonstrably increased the supply of housing by requiring minimum densities and providing flexibility through Discretionary Alternate Use Policies to add more density beyond the General Plan land use designation where appropriate.

### 2. Zoning Ordinance

The City's zoning ordinance provides two forms of zonings; "conventional" zonings and Planned Development zonings. In the conventional zoning series, there are 14 designations established for residential uses. The Planned Development zoning process establishes a separate, unique zoning for each site, including use, density, and development standards, not afforded through the more rigid development standards found in a conventional zoning district.

#### Conventional Zoning Districts

The uses allowed in the residential districts graduate from single-family detached up to multi-family, including provisions for mobile home parks, sororities and fraternities, and single-room occupancy residential uses. Although there is a conventional zoning district to accommodate mobile home parks, there is no restriction on locating mobile homes or manufactured housing in any other single-family district as long as it is on a permanent foundation.

In general, the R-1 zoning districts represent single-family residences. The suffix (i.e., B-3 and B-6) indicates the minimum lot area, which can be interpreted into a maximum density. For example, the R-1:B-6 zoning district permits one single-family residence, has a minimum lot size of 6,000 square feet and would allow approximately 7.26 dwelling units per acre. This is a typical single-family residential neighborhood in San Jose. Other single-family zoning districts such as R:1-B:3 and R-1:B-2 require larger minimum lot sizes for single family residences. Sites with these zoning designations are often located in the hillsides or rural areas where hazardous conditions and/or preservation of open space on the urban fringe may warrant larger lots. The R-1 single-family residential zoning districts are designated on approximately 16% of the City's vacant residential General Plan designated land.

The R-2 zoning district is typified by duplexes on a minimum of 6,000 square foot lots. The R-3 and R-4 categories are typified by multi-family residential developments, ranging in densities from 8.7 to 43 dwelling units per acre. These zoning districts represent a very small portion (approximately 3%) of

vacant land in San Jose. However, much of the higher density residential developments have been accommodated through the Planned Development Zoning Process.

Through the 1970's, the majority of housing constructed in San Jose was built on land zoned R-1 and R-1:B-6, single-family detached homes on average 6,000 square foot lots. This resulted in a typical density of 6.5 dwelling units per net acre. Since about 1980, the great majority of all residential development, including single-family development, has occurred through Planned Development zonings. Single-family development is now occurring at an average density of 8.6 dwelling units per acre.

Recent residential development has reflected a trend towards increasing density. In 1990, 58% of housing stock consisted of single-family detached units. Since 1990, only 43% of new residential units have been single-family detached units. Major development occurs most frequently in the density range of 8-16 dwelling units per acre for single-family detached units and 12-25 dwelling units per acre for multi-family units. Much of this higher density residential development has been concentrated in urban infill locations, particularly along the transit-oriented development corridors and in the downtown area.

Table 33 lists the "conventional" zoning districts established for residential uses (San Jose Zoning Ordinance). Mobile home parks are treated like other residential developments and are regulated by the standards set forth in the T-M zoning district.

**Table 33.**

**RESIDENTIAL ZONING DISTRICTS**

Zoning District	Minimum Lot Area	Development Type	Stories/Height	Maximum Density <sup>1</sup>
R-1:B-3	One Acre	Single-Family	2.5/35 Feet	1.0 Unit/Acre
R-1:B-2	20,000 Square Feet	Single-Family	2.5/35 Feet	2.18 Units/Acre
R-1:B-1	10,000 Square Feet	Single-Family	2.5/35 Feet	4.36 Units/Acre
R-1:B-8	8,000 Square Feet	Single-Family	2.5/35 Feet	5.45 Units/Acre
R-1:B-6	6,000 Square Feet	Single-Family	2.5/35 Feet	7.26 Units/Acre
R-1	6,000 Square Feet	Single-Family	2.5/35 Feet	7.26 Units/Acre
R-2	6,000 Square Feet	Two-Family (Duplex)	2.5/35 Feet	14.52 Units/Acre
R-3	6,000 Square Feet	Multiple-Family	3.0/45 Feet	43.00 Units/Acre
R-3-A	6,000 Square Feet	Multiple-Family	2.0/25 Feet	29.04 Units/Acre
R-3-B	10,000 Square Feet	Multiple-Family	2.0/25 Feet	17.42 Units/Acre
R-3-C	10,000 Square Feet	Multiple-Family	2.0/25 Feet	8.71 Units/Acre
R-3-F	6,000 Square Feet	Multiple-Family, Fraternities/Sororities	3.0/45 Feet	43.00 Units/Acre
R-4	6,000 Square Feet	Multiple-Family	6.0/75 Feet	40.00 Units/Acre
T-M	6,000 Square Feet	Mobile Homes	3.0/45 Feet	7.26 Units/Acre
PD Zoning	Varies	Varies	Varies	Varies

<sup>1</sup>This is a theoretical maximum number of units possible per net acre of land. Unit type and size, accessory facilities and site configuration may affect dwelling unit yields.

Source: City of San Jose Planning Services Division

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### Site Development Permit Process

A Site Development Permit, which is approved by the Director of Planning, Building and Code Enforcement through a public hearing process, is necessary prior to construction for property located within one of the above-mentioned multi-family Residence Zoning Districts. The Site Development Review permit process reviews the site design, landscaping, architecture, parking, environmental impacts, and the project's compatibility with the adjacent development. Like all residential projects, the Residential Design Guidelines should be followed during the Site Development Review process. As discussed in the Residential Design Guidelines section, the guidelines are a helpful tool by clearly defining the goals for new residential developments. On average, a site development permit is processed in 90 days.

### Planned Development Zoning and Permit

The Planned Development (PD) District is a zoning district in which a specific project design for a piece of property is adopted by City Council ordinance. This approach facilitates innovative residential development responsive to changing housing trends and effectively reducing the constraints associated with conventional zoning districts by incorporating flexible development standards unique to each site.

The Planned Development process has two steps; the PD rezoning approved by the City Council and the PD Permit approved administratively. The PD Zoning actually incorporates all the typical elements of the traditional conventional rezoning, and site and architectural approval (i.e., The Site Development Permit in San Jose), including a full review of the project for conformance with City policies, the Residential Design Guidelines and CEQA. This provides the Planning Staff, the City Council and the community a complete picture of a project at the zoning stage and upon approval, provides the developer assurances as to the ability to proceed with the project. Most of the development review occurs at the zoning stage, allowing the PD Permit process for refining the details of the site design, landscape and architectural details.

Table 33a provides a comparison of the key elements of the conventional zoning, Site Development Permit and PD Processes. The two processes include similar steps, but at different stages. For example, with an existing conventional residential zoning (or City-initiated rezoning), thorough review of a "real" development project is required at the Site Development stage. Through the PD process, the full project review is completed at the PD zoning stage. Timing of the zoning and permit processes are discussed in Section B.4., Process Times.

**Table 33a.**

Comparison of Conventional Zoning/Site Development Permit Review and Planned Development Zoning and Permit Processes				
PROCESS COMPONENT	CONVENTIONAL ZONING	SITE DEVELOPMENT PERMIT	PD ZONING	PD PERMIT
Rezone land to residential use	<b>v</b>		<b>v</b>	
Approve number of dwelling units		<b>v</b>	<b>v</b>	
Approve architectural design		<b>v</b>	<b>v</b>	
Conduct environmental review		<b>v</b>	<b>v</b>	
Identify infrastructure requirements		<b>v</b>	<b>v</b>	
Apply Discretionary Alternate Use Policy (as required)			<b>v</b>	
Final architectural design and finishes		<b>v</b>		<b>v</b>
Final grading and drainage design		<b>v</b>		<b>v</b>
Landscape design		<b>v</b>		<b>v</b>
Final discretionary approval prior to Building Permit		<b>v</b>		<b>v</b>

The Planned Development (PD) District has, for many years, been utilized to zone and develop the majority of San Jose’s new residential development. The reliance on the PD process has occurred for several reasons:

- It allows density and development standard flexibility not found in the conventional zoning districts.
- The City Council favors the greater detail and ability to tailor the PD zoning to the unique circumstances of infill parcels.
- The development community has accepted the PD process as both predictable and flexible.

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- The community relies on the PD process as the means to gain assurances as to the design of projects and inclusion of site specific conditions, thereby providing the basis for community acceptance of the majority of projects, including high density and affordable developments.

While the use of the PD District does provide greater site design opportunities and density, it also limits flexibility to meet market changes. For example, if a PD zoning and permit have been approved for a condominium development and actual market conditions indicate that townhouse development would be more profitable, then the property must be rezoned, resulting in time delays. However, the flexible development standards of the PD zoning process allows developers to respond to changing market trends that could not be accommodated through the conventional zoning districts. For example, higher density small lot single-family homes that could not meet the regulations of a conventional zoning district could be developed through the PD process.

Overall, the City’s significant success in production of housing in all density categories, particularly higher density, has been accomplished through the application of the Planned Development process. Therefore, San Jose’s future housing production is not constrained by the lack of City-initiated rezoning of land to conventional residential zones. In fact, the PD process facilitates the development of all lands planned for residential use, both vacant and non-vacant.

### Residential Parking Requirements

As part of the development standards for residential units, minimum off-street parking is required. For one-family dwellings, two covered parking spaces are required. For two-family dwelling units and multiple family units, the number of required parking is derived from the living unit size and the type of parking facility, as indicated below.

**Table 33b.**

	<b>Type of Parking Facility</b>		
	<b>All Open Parking (TF/MF)*</b>	<b>One-Car Garage (TF/MF)*</b>	<b>Two-Car Garage (TF/MF)*</b>
<b>Living Unit Size</b>			
0 Bedroom (Studio)	1.5/1.5	1.5/1.6	2.0/2.2
1 Bedroom	1.5/1.5	2.0/1.7	2.0/2.3
2 Bedrooms	2.0/1.8	2.0/2.0	2.0/2.5
3 Bedrooms	2.0/2.0	2.0/2.2	2.0/2.6
Each Additional Bedroom	.25/.15	.25/.15	.25/.15

\*TF = Two-family dwelling

\*MF = Multiple family dwelling

The requirements provide flexibility in choosing the type of parking facility and how that parking should be allocated, but sets standards to help ensure that needs of residents are met. Several parking studies have been recently completed and indicated that the minimum parking standards are adequate.

A reduction in parking standards could be appropriate upon finding that a reduced number of spaces will be adequate to meet parking demand generated by a project. A reduction in parking requirements may be granted through a Development Permit if a parking demand analysis indicates a reduction is appropriate. The parking demand analysis may include shared parking, proximity to public transit, transit pass

subsidies, availability of public transit van/carpool parking and drop-offs, and alternate peak use of parking spaces. Additionally, the Planned Development Zoning process also provides flexibility and the opportunity to determine parking space requirements according to the proposed development.

The Zoning Ordinance provides housing opportunities for very low income persons, including Single Room Occupancy (SRO) hotels and residential living facilities. SROs offer a housing option to the very low income segment of the population, filling a gap between traditional apartments and homeless shelters, as well as an alternative to those who prefer the flexibility and dormitory lifestyle that can be found in SROs. In 1987, the City’s Housing Advisory Commission determined that SROs are a viable housing type and a necessary component of the housing stock for San Jose, and recommended strengthening City policies to facilitate the development of SRO facilities within the City.

Revisions to the Zoning Ordinance in 1990 provided greater flexibility and streamlined the development review process for SRO projects. The revised ordinance defined two types of SROs; the SRO Residential Hotel, which is allowed in all Commercial Zoning Districts, and the SRO Living Unit, which is allowed in the R-3 and R-4 multi-family residential zoning districts and the commercial zoning districts. In addition to specifying appropriate zoning districts for SRO facilities, the ordinance revision addressed several issues which impact the feasibility of such projects. In order to increase project density, the allowable height of a SRO projects was increased up to a maximum of 60 feet, and, SRO projects were allowed a significant reduction in the number of required parking spaces if they are located within 2000 feet of public transportation.

The Zoning Ordinance sets minimum off-street parking requirements for Single-Room Occupancy (SRO) facilities and recognizes reduced parking standards for this type of use and also its location with respect to public transportation. The following are the minimum parking spaces required.

**Table 33c.**

<b>Single Room Occupancy (SRO) Facilities</b>	
<b>SRO Facilities within two thousand (2000) feet of public transportation:</b>	
SRO Residential Hotel	.25 for each SRO unit
SRO Living Unit Facility with shared kitchen and bathroom facilities	.25 for each SRO unit
SRO Living Unit Facilities with partial or full kitchen and bathroom facilities	1 for each SRO unit
<b>SRO Facilities not within two thousand (2000) feet of public transportation:</b>	
SRO Living Unit Facilities and SRO Residential Hotels	1 for each SRO unit

Mobilehome parks have been a source of affordable housing in San Jose. Title 20 of the San Jose Municipal Code (Zoning Ordinance) provides a chapter pertaining to mobilehome park conversions to resident ownership or to any other use. The intent is to treat mobilehome park conversion projects differently from other projects, to establish rules and standards for regulating such projects in San Jose, and to ensure that approval of conversions is consistent with policies and objectives of San Jose, including:

- To make adequate provision for the housing needs of all economic segments of the community;
- To facilitate resident ownership of mobilehome parks, while recognizing the need for maintaining an adequate inventory of rental space within mobilehome parks;
- To provide a reasonable balance between mobilehomes and other types of housing;
- To inform prospective conversion purchasers regarding the physical conditions of the structures and land offered for purchase; and

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- To reduce and avoid the displacement of long-term residents, particularly senior citizens the handicapped , those who are of low income, and families with school-age children, who may be required to move from the community due to a shortage of replacement mobilehome housing.

### 3. Residential Design Guidelines

The City requires a design review process for all residential development. To ensure an efficient and timely review, while still attaining quality living environments in residential developments, the City Council adopted the Residential Design Guidelines. Adopted in 1986, the Guidelines were revised in 1997 to address current housing trends and City policies. The intent of the Guidelines is to ensure that future residential projects will be of acceptable design quality and to clearly define the City's expectations for the design of new residential development. Design quality in this case focuses on the functional aspects of a development (e.g., buildings, parking, setbacks, etc.) rather than requirements for expensive materials. The Guidelines are primarily concerned with the relationship of new residential development to its surroundings and seek to minimize the intrusion of a project into established neighborhoods. The internal organization of new developments are also designed to ensure the livability of the project.

By clearly defining the goals for new residential development occurring within the City, the Guidelines benefit the development community by taking the ambiguity out of the design process, thereby reducing the soft costs of producing housing. In other words, developers can incorporate standards from the Guidelines into a project during the early stages of project design rather than having to revise plans significantly during the approval process, thus saving both time and money. In 1997, the Guidelines were updated to reflect new trends in housing type and design, including small lot single-family and courthome developments. By establishing a set of expectations that developers could apply to their projects during the early design stage, the Guidelines have encouraged the development of these efficient housing types.

By reducing the time spent on the design and approval phase of a project, the Guidelines have actually created more opportunities for developers to build affordable housing. The guidelines do not require that the developer spend more money during the construction phase of the project, but rather ensure the success of the development through its design. This promotes the efficient use of land, the cost of which is the greatest constraint on the construction of affordable housing in San Jose.

It is important to note that the development standards used in the Residential Design Guidelines have been designed to allow residential projects to achieve the maximum densities permitted in the various density ranges of the General Plan residential land use designations. The setback and landscaping requirements are not excessive and do not require inordinate development expenditures, but contribute to a quality living environment. Affordable housing and market rate housing both adhere to the Guidelines, resulting in high quality affordable housing acceptable to neighborhoods throughout the City.

The Guidelines provide for project design flexibility and creative design solutions on the part of developers. Project designers can choose not to follow the specific guidelines and can create new ways to meet the City's stated goals for livable housing. Through the implementation of the Residential Design Guidelines, the City of San Jose has demonstrated that by defining specific development standards, it will save developers both time and money, as well as promote efficient land use patterns to improve housing affordability and avoid onerous constraints on development.

## 4. Processing Time

Lengthy processing times for zonings and development permits can increase the "carrying" costs of a property under consideration for development. Processing time is dependent on a number of factors, including the enforcement of State laws and City ordinances to protect the public health and welfare and to ensure that the general public is fully informed.

The City of San Jose, understanding the need to minimize the length of time needed to process zonings and development permits, has developed a system for review that satisfies both the development community's need for reasonable review periods and the City's need to conduct a complete review while attaining the desired quality of construction. In 1992, 1994 and 2001, the City Council initiated Business Climate Studies to evaluate the Department's development review process and identify ways to further expedite development projects. The Department has since implemented many recommendations from these studies.

As previously discussed, the City has developed Residential Design Guidelines which enable architects and developers to clearly understand the City's expectations with respect to site design and architecture. In addition to this tool, the Planning Department has developed a "preliminary review process" through which the development community, during the initial stages of project formulation can have their projects reviewed by staff for conformance with the City's goals and policies. This process, which takes two to three weeks, enables developers to have input from the City on large or complex projects during the initial planning stages thus reducing the need for time-consuming revisions after a project application is submitted for formal review by the City.

Aside from the preliminary review process, the Department of Planning, Building, and Code Enforcement has developed an extensive public information system that serves to inform the development community in an ongoing manner. A public information counter staffed by professional planners is open daily to address planning related inquiries posed by developers and the general public. The Department has produced multiple brochures covering the various processes performed by the Department and has developed an extensive web site providing information on Department operations. A wide range of information can be accessed through the web site, including the Zoning Ordinance, General Plan amendments and development applications. The applications for development permits include detailed instructions on what is required for submittal, and how to schedule an appointment to submit the application. This has been done in an effort to accommodate the public's need for information and guidance, and to make the development process run as efficiently as possible. By being informed of City development standards, and processing requirements, the development community is able to facilitate and expedite the review process through the design of their projects thus minimizing the amount of time spent on project redesign after being submitted to the City for formal review.

Inter-departmental coordination is critical to the timely processing of development applications, as noted in the Business Climate Studies. To assure that a project application receives a thorough review by all necessary City departments, the project review process includes weekly meetings with the City's Public Works; Fire; Police; Streets and Traffic; Parks, Recreation, and Neighborhood Services; and Environmental Services Departments to gather comments on each project application. Copies of project plans are routed to each department and appropriate outside agencies, and the project is scheduled for a project review meeting typically within two weeks of submittal. After this meeting has occurred, the assigned project manager is able to transmit full comments on the project to the applicant within 30 days of submittal. This review process occurs for all project applications including zonings, development permits, and tentative maps. Once the applicant responds to the project comments to the satisfaction of the Director of Planning, the project then goes before the appropriate decision making body.

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The City of San Jose, through its commitment to serving the development community by way of expeditious processing of development applications, has established processing time goals. The majority of residential developments are processed through the Planned Development zoning and permit processes. The processing time goal for Planned Development (PD) zonings is to process 80% of the complete applications in less than 180 days. This six month time goal is designed to accommodate a detailed review process and two public hearings. The subsequent PD Permit processing time goals are to process 65% of the complete applications in less than 90 days and 95% in less than 180 days.

Development permits include Site Development Permits, Conditional Use Permits, Planned Development Permits, and/or Special Use Permits, and are issued for new construction, erection, placement, paving or installation. The purpose of these permits is to promote orderly development, enhance the character and integrity of neighborhoods and secure the general purposes of the Zoning Ordinance and San Jose General Plan. Typically, multi-family residential developments are processed under the R-3, R-3-G, R-3-A, R-3-B, R-3-C, and R-4 Residence Districts. If a conventional rezoning is necessary (not Planned Development zoning), the processing time goals are to process 70% of complete applications within 90 days and 95% within 180 days. A subsequent Site Development Permit typically is processed in 90 days with a complete application.

The Department has established a Special Handling Process to ensure that important development projects are given priority attention and timely review. In addition, the critical need for affordable housing in San Jose has resulted in the creation of a new Senior Planner position in the Plan Implementation Division to facilitate the special handling of affordable housing projects. The Senior Planner reviews preliminary project proposals to identify issues that may delay the processing of permits and works with the developer to resolve such constraints. Since the creation of this position in November 1999, the City has approved approximately 2,200 affordable housing units. The Senior Planner attends monthly Housing Action Team meetings to coordinate with other Departments regarding affordable housing issues.

The Department of Planning, Building, and Code Enforcement has streamlined the review process to facilitate a more efficient use of the time spent reviewing development proposals and thus reducing the time spent by developers in processing a project. In a continuing effort to further streamline the review process, the Department concurrently reviews applications that are closely related to each other, such as development permits and tentative maps, or annexations and prezonings. The review periods for these applications overlap and decisions on both are made within the same general time frame. These permit applications are accepted and processed on an ongoing basis.

### **C. FEES AND TAXES**

Developers encounter various costs associated with developing a new project ranging from processing fees to the cost of actual public improvements. The City is very conscious of the need to balance the private costs associated with development and the costs passed on to the development from the City. This consciousness is reflected in the way the various taxes and fees have been structured.

#### **Processing Fees**

The Department of Planning, Building, and Code Enforcement is required to establish fees based on cost recovery for the processing of development permits. The fees cover City staff time necessary to process the various permits. Included in the processing time are internal review and processing, public hearings, and inspections required to implement the City General Plan, Zoning Code, Building Code and other applicable State laws such as the California Environmental Quality Act (CEQA). Without these fees, the City would not be able to hire sufficient staff to process residential development proposals. This would

delay permit processing which would add considerably more to project costs than the processing fees charged by the City. An example of how the development fees have been designed to reflect the processing time associated with specific applications is illustrated below with the Planned Development (PD) Zoning and Permit process:

	<u>PD Zoning</u>	<u>PD Permit</u>	<u>Tentative Map</u>
Residential			
26-100 Dwelling Units (DU)	\$3,825 plus \$62/DU	\$2,275 plus \$36/DU	\$2,725 plus \$39/DU
Environmental Review	\$1,250*	**	**

\* Clearance which involves a Negative Declaration as opposed to EIR.

\*\* Environmental Review at zoning stage is designed to cover all subsequent permitting processes.

As discussed previously, at the PD Zoning stage an intensive evaluation occurs including environmental review. The PD Permit stage is the process which implements the zoning and finalizes the project design according to the approved development standards and any required environmental mitigation. The processing time spent at the permit stage is less than at the zoning stage which is reflected in the fee structure for a PD Permit. At the zoning stage, staff conducts a detailed review of the project for conformance with City policies, guidelines, and CEQA. Because this review is so detailed, it is not necessary to repeat it at the permit stage.

Aside from the fees established to cover the cost of processing development applications, the City has adopted various construction taxes applicable to providing services and infrastructure for residential development. The taxes established are designed to provide for the capital improvements necessary to support new development. The City's Municipal Code does provide for exemptions from these taxes for housing developments within certain redevelopment areas, incentive zones, housing developments supported by government funding and for very low-income households. These exemption provisions reflect the City's sensitivity to the economic constraints experienced by developers supporting housing in higher risk areas and housing for very-low income households.

In addition to the taxes imposed, there are impact fees established to provide for essential public improvements necessary to support new residential development. The City's Public Works Department collects a fee related to anticipated improvement needs to the Water Pollution Control Plant based on current capacity and projected future expansion requirements.

Another impact fee imposed is associated with the amount of parkland necessary to serve increased development. The Parkland Dedication Ordinance (PDO) requires residential development to dedicate land or pay in-lieu fees toward the acquisition and development of parks. The standard dedication is three acres for an increase of 1,000 residents. In-lieu fees may be paid in certain circumstances, such as for new subdivisions with 50 or fewer parcels. The fees vary based on the location of the development in the City and the type of development (i.e., single family or multi-family). The fees are lowest in the Alviso area (\$2,350 per unit for multi-family with five or more units to \$3,550 per unit for single family detached) and highest in Downtown and Central San Jose (\$6,250 per unit for multi-family with five or more units to \$9,400 per unit for single family detached). The PDO recognizes some private recreational amenities in new residential development and assigns a pro-rated credit based on the amount and quality of private recreational facilities. The PDO fees are waived for: 1) residential projects located in the Downtown Core Area, and 2) assisted housing projects for very low- to moderate-income households

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with recorded restrictions. The PDO was revised in 1998 after being static for ten years. The revisions were necessary to keep pace with the parkland needs and the cost of land throughout the City.

The Building Division collects the taxes which pay for capital improvements required by new growth within the City. The "construction taxes" include:

- Strong Motion Instrumentation Program Assessment collected at the local level for the State
- Construction Tax (San Jose Municipal Code 4.54.050)
- Residential Construction Tax (San Jose Municipal Code 4.64.050)
- Building and Structure Construction Tax (San Jose Municipal Code 4.46.050)
- Commercial, Residential, Mobile Home Park Building Tax (San Jose Municipal Code 4.47.050)

The taxes and fees increase the per dwelling unit cost. For example, in 2000 an infill project proposing 14 dwelling units on less than two acres would pay from approximately \$3,293 per 1000 square foot dwelling unit to \$4,777 per 1,500 square foot dwelling unit. For a development proposing 150 dwelling units on five acres, the fees would range between approximately \$2,352 per 700 square foot dwelling unit to \$3,832 per 1,200 square foot dwelling unit.

Additionally, State law has expanded the authority of School Districts to raise revenue from all new development. The impact fee is based on the new building's square footage (assessments of up to \$2.05 per square foot of residential development and up to \$0.33 per square foot of commercial development as of January 2000). These fees are collected by the school districts prior to issuance of a building permit. State law preempts the City from altering these fees.

School districts are continuing to seek new legislation at the State or local level to increase the funds they receive from residential development to off-set the costs of new school or classroom construction. School districts have also asked local governments to require developers to negotiate with them regarding these facilities prior to project approval. These events imply that the worsening financial picture for the State's schools could have a significant impact on the cost of new residential development.

Except in the case of very low income housing, the taxes levied by the City cannot be eliminated because they pay for facilities and services which support residential neighborhoods (e.g., parks, libraries, etc.). The services are essential for all residential projects be they subsidized or not. All of San Jose's fees and taxes are comparable to other cities; therefore, the fees and taxes are not constraints to development in San Jose.

### D. ON-SITE AND OFF-SITE IMPROVEMENTS

As is standard practice with most cities since the passage of Proposition 13 (1978), new residential development is responsible for both public and private improvements directly associated with the development. The City has established both public and private infrastructure standards so that developers can factor in those costs during the development design stage. Occasionally, an off-site improvement may be required of a certain development. In these cases, the off-site improvement has to be directly related to an impact created by the development. These improvement requirements are identified in the early stages of the project review process and the costs can be factored in early on. Because the City maintains a consistent record relative to the off-site improvement requirements, the development community in many cases has already anticipated said improvements and factored them into the project before submitting it to the City for review.

On-site improvement requirements in San Jose are comparable to other nearby cities. Such on-site improvements include landscaping and private open space, quality building materials, requirements for covered parking, etc. These improvements are private improvements required by the Zoning Ordinance and/or as conditions of development permits.

Off-site improvements include streets, street lighting, curbs, sidewalks, etc. These improvements are considered to be public improvements. Such improvements may be required not only for the frontage of the specific property to be developed but also at some distance from the development site (e.g., to mitigate a traffic congestion problem).

Three major fees are usually required of development:

- Engineering and inspection fees based on estimated construction costs
- Sanitary sewer connection and storm drainage fees charged per acre or per lot, whichever is higher
- Sewage treatment plant connection fees based on potential quantity and type of sewage discharge with an additional fee to cover anticipated plant expansion

Requirements for off-site improvements in San Jose are comparable to other cities of similar size and character. San Jose requires developers to pay for such improvements, following the City's policy that development should pay its own way. Without this policy, considerably fewer homes would be built in San Jose because the City simply does not have the funding or tax base to provide the infrastructure necessary for all the residential development proposed in the City. The City's policy is to carefully husband its financial resources to encourage the production of lower income housing.

### **E. LEVEL OF SERVICE ("LOS") POLICIES**

Through the zoning and subdivision processes, the City seeks compatible, appropriate residential development for specific sites. Beyond such site specific concerns, the City also strives to maintain orderly, balanced, and appropriate development for the City as a whole. Unique among many localities, the City of San Jose has developed several level of service (LOS) policies which seek to maintain, as the name implies, certain levels of service throughout the City. Because the policies are part of the General Plan, development projects must meet the level of service policies in order to be found consistent with the Plan. The General Plan includes LOS policies for transportation, sanitary sewers, storm drainage and flood control, and other services such as police, fire, and parks. Development proposals are also reviewed to ensure that the Water Pollution Control Plan (WPCP) capacity is not exceeded.

The transportation level of service policy states that the minimum overall performance of City streets having peak travel periods shall be level of service 'D'. Level of service 'D' represents conditions that approach unstable traffic flow, with tolerable driving speeds generally maintained, though altered by changing driving conditions, which may cause substantial reductions in driving speeds. The LOS policy is applicable to all intersections on which the traffic from a development proposal would constitute at least 1% of the peak hour, critical-movement trips through the intersection. The LOS policy applies to City streets, to County expressways, and to State highways which are not designated as "State Transportation Corridor" (i.e., freeways) on the City's General Plan. Development which will have the potential to reduce the LOS below 'D' (i.e., worse traffic) shall be required to provide and pay for mitigation measures to maintain a LOS of 'D'.

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The transportation LOS policy exempts "small" infill residential, commercial, and industrial projects based on the size of the proposed developments. The following residential exemptions reduce governmental constraints on the production of affordable housing:

- Single-family detached residential projects of 15 or fewer units
- Single-family attached or multiple-family residential projects of 25 or fewer dwelling units

The LOS 'D' policy may be superseded by an Area Development Policy for an area with a unique traffic problem. San Jose currently has three Area Development Policies: the Evergreen Area Development Policy, the North San Jose Area Development Policy, and the Edenvale Area Development Policy. The Evergreen Area Development Policy applies to the area located south of Story Road and east of Highway 101. The policy incorporates an allocation system for residential development which distributes available transportation capacity based on a weighted-average LOS 'D' for six perimeter (or "gateway") intersections in this area. In contrast, the City-wide policy requires all intersections to operate at LOS 'D'.

The second Area Development Policy is the North San Jose Area Development Policy which affects the North San Jose, Alviso and Berryessa Planning Areas. This policy seeks to improve the balance of employment densities, housing supply and transportation infrastructure in this predominantly industrial area. A four point strategy to address land use and transportation concerns specifically relates to housing by providing over 5,000 housing units close to job centers, thereby reducing cross-County commutes. These units are anticipated to support projected employment growth through the year 2000. The level of service policy considers an average LOS for the area instead of focusing on individual intersections.

The Edenvale Development Policy pertains to a planned industrial area located in south San Jose near many neighborhoods. This policy caps non-residential development based on particular roadway improvements.

The sanitary sewer LOS policy is level of service 'D', defined as restricted sewage flow during peak flow conditions. Development which will have the potential to lower the downstream level of service below 'D' or development which would be served by downstream lines already operating at a level of service below 'D' is required to provide mitigation measures to improve the level of service to 'D' or better.

The Cities of San Jose and Santa Clara jointly own the San Jose-Santa Clara Water Pollution Control Plant (WPCP). Growth has required capital investment to increase the plant's capacity to adequately treat sewage outfall. The City has instituted a development tracking system (DTS) which monitors applications in the development process which are pending consideration by the City of San Jose and other jurisdictions in the WPCP tributary area. The purpose of DTS is to provide current information to cities and the Regional Water Quality Control Board regarding the plant's capacity. Applications which are approved and receive building permits are also monitored. DTS provides both a forecast of future WPCP demand and a report of available capacity. Future improvements in WPCP capacity are monitored to show the relationship between demand and capacity over time. San Jose applies a standard condition to all development approvals to ensure that the capacity of the WPCP will not be exceeded.

Currently, the funding for increased capacity of the Water Pollution Control Plant comes from sewer service and use fees paid by all users and from connection fees paid by new development. All capacity improvements are funded and are programmed for completion to serve new housing development projected to be built within the time frame of the San Jose 2020 General Plan.

The level of service policies cannot be eliminated because they are mechanisms which manage growth in the community. As a growth management tool, they apply to all development, thereby preserving neighborhoods and maintaining the community's quality of life.

The LOS policies have not significantly hampered residential development in San Jose. There have been no constraints on residential development related to sewage treatment capacity since the adoption of the San Jose 2020 General Plan.

The transportation LOS policies have slowed residential development in some areas of the City to await the completion of Highways 85 and 87. Less than 1,500 approved residential units were once affected by this wait. The City anticipated that its transportation LOS policies would work in this way so that residential development could be approved prior to full traffic improvements being available rather than waiting for these improvements to be completed before taking action on a residential project.

### **F. BUILDING CODE**

The City of San Jose has adopted the Uniform Building Code, as have all other communities in California. Local additions to the code reflect local geological hazards and other environmental constraints. As such, its implementation and its effects on housing costs in San Jose should not significantly differ from other cities. Therefore, the code does not constrain residential development in San Jose.

### **G. RENT RELIEF/STABILIZATION**

Substantial pressure to increase rents is due to housing demand, inflation, rising costs of new housing construction, and other factors. The increase in housing prices results in a greater demand for rental housing, as more households are forced out of the ownership market and need to seek less expensive housing. In particular, there is a shortage of rental housing which is affordable to households of low and moderate income.

Presently, two separate rent stabilization ordinances are in effect, one for apartments containing three or more units and one for mobilehome park spaces. After over ten years of experience with the ordinances, it is clear that rent stabilization has not discouraged new construction.

The ordinances establish a maximum percentage (8% for apartments and 5% for mobilehomes) by which the rents may be raised, no more frequently than once every twelve months, without justification on the part of the landlord. The ordinance applies to units constructed prior to September 1979. Apartment landlords who believe their rents provide less than a fair and reasonable return on their investment and mobilehome landlords who perceive that an insufficient margin of profit exists when compared to a designated base year profit may justify rents in excess of the established percentages after a public hearing. The ordinances prescribe detailed financial criteria and a format for the presentation of such an argument to an Administrative Hearing Officer who will make a binding decision based upon such evidence. Through a similar hearing process, apartment tenants and mobilehome residents may seek relief from rent increases stemming from a decrease in services without a corresponding decrease in rent.

These rent control measures maintain affordable housing in San Jose and do not constrain residential development.

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### **H. ENFORCEMENT**

The City's regulations are enforced on a citizen complaint basis and upon inspection of new development. The Housing and Building Codes of the City are only rigidly enforced when it is clear that there is a health or safety problem that must be corrected to protect the residents of buildings and their neighbors. Code Enforcement inspectors also work with property owners to apply for assistance programs to improve their properties through the Housing Department as part of the City's neighborhood programs (such as Project Crackdown and the Strong Neighborhoods Initiative). Enforcement is not a government constraint because it ensures that people of all income levels live in safe buildings. This is a right for all citizens, maintaining the health, safety, and welfare of the community.

### **I. CITY ACTIONS TO REDUCE GOVERNMENT CONSTRAINTS**

Traditionally, San Jose has encouraged large quantities of housing development. Due to increasing urbanization and competing interests, the City's approach to housing has become integrated into a comprehensive planning process. This planning process includes the Level of Service Policies, Area Development Policies and Development Tracking System. These policies and monitoring devices lead to a conclusion that certain government processes which may be viewed as constraints actually fulfill a necessary public purpose. At the same time, the City has recognized the need to reduce artificial constraints wherever possible. In the preceding sections (specifically those concerning the development review process), a number of actions by the City to reduce constraints have been noted. Additionally, policies and programs which reduce governmental constraints are listed within the General Plan text as part of the housing goals and policies and program sections.

Of particular note, are the Discretionary Alternate Use policies of the San Jose 2020 General Plan, which allow for residential development to occur without the need for a General Plan amendment under certain circumstances. The City has undertaken several efforts to promote residential development, including the Housing Initiative and the Housing Opportunities Study. Both of these efforts have resulted in General Plan amendments to increase the allowable residential densities, therefore eliminating the need for developers to initiate a General Plan amendment.

## V. NON-GOVERNMENTAL CONSTRAINTS

## A. PRODUCTION

Dwelling unit production in San Jose has fluctuated over the past decade (see Table 34). In 1990, San Jose authorized building permits for 2,087 dwelling units, 85% of which were multi-family units. This production rate dropped off from 1991 through 1995 as the economy hit a recession; building permits authorized during this period averaged 2,000 dwelling units per year. Housing production increased sharply in 1996 and has remained steady through 2000. Building permits were authorized for an average of 4,250 dwelling units each year, with a high in 1998 with 4,860 dwelling units.

Table 34.

## NEW HOUSING CONSTRUCTION BY UNIT TYPE: 1990-1999

Year	Single-Family Units	Percent of Year Total	Multi-Family Units	Percent of Year Total	TOTAL
1990	315	15.1%	1,772	84.9%	2,087
1991	689	34.8%	1,290	65.2%	1,979
1992	913	59.5%	621	40.5%	1,534
1993	780	29.7%	1,846	70.3%	2,626
1994	912	44.7%	1,129	55.3%	2,041
1995	836	43.5%	1,085	56.5%	1,921
1996	2,237	53.9%	1,912	46.1%	4,149
1997	2,332	53.3%	2,041	46.7%	4,373
1998	1,972	40.6%	2,888	59.4%	4,860
1999	1,598	44.3%	2,008	55.7%	3,606
TOTAL	12,584	---	16,592	---	29,176
Average	1,258	43.1%	1,659	56.9%	2,918

Source: City of San Jose Building Division

The cost of housing in San Jose, as with the Bay Area in general, is among the highest in the country. Historically, the majority of housing units in the County have been built in San Jose. ABAG's Projections 2000 predicts that the majority of the County's new households will continue to be housed in San Jose. ABAG estimates that San Jose will experience 52% of the County's new household growth for the period between 2000 and 2010, and 50% of growth between 2010 and 2020.

Extremely large subdivisions, typical of much of the existing housing in San Jose, have been replaced by smaller developments. In 1980, traditional single-family detached homes comprised 62% of the City's housing stock. By 1990, single-family detached homes accounted for 58% of the housing stock. In 1990, single-family units (attached and detached) comprised 44% of new housing construction. As the price of single-family detached homes increases, buyers have turned to single-family attached homes as an alternative. The number of these types of dwellings more than doubled between 1980 and 1990 (see Table 35). Development of multi-family housing has also increased, indicating more efficient use of land designated for residential use. Between 1990 and 1999, 57% of new housing units were multi-family

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units. The trend toward higher density housing is expected to continue as development is focused on infill sites in urban areas.

**Table 35.**

### HOUSING STOCK BY STRUCTURE TYPE: 1980-1990

Structure Type	1980 Housing Units	Percent of Total	1990 Housing Units	Percent of Total	Absolute Change	Percent Change
Single-Family Detached	134,976	62.3%	147,164	58.8%	12,188	9.0%
Single-Family Attached	12,132	5.6%	23,883	9.5%	11,751	96.9%
Subtotal (Single-Family)	147,108	67.9%	171,047	68.4%	23,939	16.3%
2-Unit Structure	6,493	3.0%	5,213	2.1%	-1,280	-19.7%
3 or 4-Unit Structure	14,679	6.8%	14,623	5.8%	-56	-0.4%
5 or more Unit Structure	40,284	18.6%	45,572	18.2%	5,288	13.1%
Subtotal (Multi-Family)	61,456	28.4%	65,408	26.1%	3,952	6.4%
Mobile Homes	8,064	3.7%	11,307	4.5%	3,243	40.2%
Other	0	0.0%	2,456	1.0%	2,456	
<b>TOTAL</b>	<b>216,628</b>	<b>100.0%</b>	<b>250,218</b>	<b>100.0%</b>	<b>33,590</b>	<b>15.5%</b>

Source: U.S. Census Bureau, 1980 and 1990 Census (STF1)

Single-family development densities have also increased. A distinct trend began in the mid-1980s with development proposals for small lot single-family houses on narrow private streets. This trend has increased as land costs continue to rise. These small lot single-family projects yield about 10 units per net acre. Also, the small lot single-family developments are being developed on lands designated Medium High Density Residential (8-16 DU/AC).

While buyers have been willing to accept smaller homes, increases in density, particularly in "infill" areas, have met with both neighborhood opposition and marketplace resistance. Generally, this opposition is limited for those units most "like" the traditional single-family detached unit. The General Plan contains policies to guide infill development to minimize the impacts of new development on existing neighborhoods. The Residential Design Guidelines, referenced earlier, have helped to make higher density infill projects more acceptable to receiving neighborhoods by ensuring high quality design and appropriate relationships with surrounding uses.

Market rate sales prices for both new and resale homes indicate that San Jose remains a provider of lower cost housing in Santa Clara County relative to other cities. In January 1999 and January 2000, the average sale prices for all single-family units were more affordable in the San Jose area as compared to other areas in the County (see Table 36).

Table 36.

## SINGLE-FAMILY HOUSING SALES IN SANTA CLARA COUNTY: 1999-2000

City	January 1999			January 2000			Percent Change (Sales Price)
	Number of Sales	Average Sales Price	Days on Market	Number of Sales	Average Sales Price	Days on Market	
Campbell	21	\$393,880	73	21	\$465,951	51	18.3%
Cupertino	38	\$599,680	70	23	\$821,457	38	37.0%
Gilroy	38	\$315,393	88	56	\$449,777	59	42.6%
Los Altos	23	\$907,106	104	16	\$1,344,625	47	48.2%
Los Altos Hills	16	\$1,487,875	82	7	\$2,753,000	23	85.0%
Los Gatos	29	\$1,078,905	110	24	\$1,195,266	48	10.8%
Morgan Hill	46	\$438,589	84	45	\$526,317	49	20.0%
Milpitas	52	\$358,737	55	41	\$380,204	30	6.0%
Mountain View	22	\$504,690	63	21	\$625,873	14	24.0%
Palo Alto	32	\$644,578	47	24	\$1,197,058	24	85.7%
Saratoga	36	\$1,214,061	96	28	\$1,474,613	38	21.5%
Santa Clara	55	\$347,317	78	34	\$420,635	18	21.1%
<b>San Jose</b>	<b>546</b>	<b>\$364,368</b>	<b>69</b>	<b>447</b>	<b>\$452,275</b>	<b>35</b>	<b>24.1%</b>
Sunnyvale	53	\$439,441	54	34	\$543,011	11	23.6%

Source: San Jose Real Estate Board

As shown in Table 36, San Jose provides some of the most affordable housing in Santa Clara County. Therefore, the City has fewer economic constraints than other cities in the County.

## B. PRODUCTION COSTS

Production costs can be divided into three groups: the price of land, costs of construction and financing. San Jose continues to have the lowest land prices in Santa Clara County. Consequently, San Jose provides the majority of the County's affordable housing.

Construction costs within the County are relatively equal; therefore, these costs do not constrain residential development in San Jose. Financing is available in San Jose for low and very low income housing projects, as discussed in the Housing Program section in the General Plan text. Financing is available through City housing programs for new affordable units and rehabilitation. Specific information on these programs is available through the San Jose Department of Housing. Financing without assistance is also available to households of varying income levels through the private sector.

## C. AFFORDABILITY

With the recent increases in the price of housing in the Silicon Valley, it is estimated that seven out of ten people who do not already own a home cannot afford to purchase one. According to the California Association of Realtors, only 24% of Santa Clara County households could afford to purchase a median-priced single family home in January 2000. Data collected by the Santa Clara County Association of

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Realtors indicate that in March 1999, the median price of a single family home in San Jose was \$349,950. It increased 23% by March 2000 to \$429,950. Similarly, the median price of a condominium or townhome in San Jose increased 24% between March 1999 and March 2000 from \$209,950 to \$259,950. Median prices for residential sales in San Jose were still lower than in Santa Clara County. During this time frame, the County median price for a single family home increased 26% from \$398,000 to \$499,950 while the price of condominiums and townhomes increased 26% from \$228,888 to \$289,000. Financing for the purchase of a home is available through commercial lenders, and is therefore not a non-governmental constraint.

Lower income families are burdened by the high cost of housing in Santa Clara County. A study conducted by the National Low-Income Housing Coalition in September 1999 found that residents in San Jose require incomes well above the California average to afford an average two-bedroom apartment. The California average income is \$14.90 an hour; however, in San Jose, an income of at least \$21.90 an hour is necessary to afford a two-bedroom apartment. The City of San Jose estimates that an income of at least \$27.45 an hour would be needed (City of San Jose Department of Housing Consolidated Plan 2000-2005).

Table 37 outlines the Department of Housing and Urban Development's guidelines to define income categories in March 2000. These income limits are used to determine eligibility for federally assisted programs.

**Table 37.**

**MEDIAN INCOME LIMITS BY HOUSEHOLD SIZE  
FOR FEDERAL HOUSING ASSISTANCE IN SANTA CLARA COUNTY: 2000**

Number of Persons	Very Low Income 30-51%	Low Income 51-80%	Moderate Income 81-120%	Above Moderate Income 120%+
1 Person	\$30,450	\$39,850	\$60,900	\$73,100
2 Persons	\$34,800	\$45,550	\$69,600	\$83,500
3 Persons	\$39,150	\$51,250	\$78,300	\$93,950
4 Persons	\$43,500	\$56,950	\$87,000	\$104,400
5 Persons	\$47,000	\$61,500	\$93,950	\$112,750
6 Persons	\$50,450	\$66,050	\$100,900	\$121,100
7 Persons	\$53,950	\$70,650	\$107,900	\$129,450
8 Persons	\$57,400	\$75,200	\$114,850	\$137,800

Source: U.S. Department of Housing and Urban Development

### D. AVAILABILITY OF FINANCING

The City of San Jose has been very successful in its efforts to finance affordable housing. Between 1988 and March 2000, the City has financed 8,211 units of affordable housing through the use of 20% Housing Funds, bond proceeds, and federal funds such as the HOME Investment Partnership. Of these units, nearly 60% are available to very low income households, and 30% are available to low income households.

Private loans for home purchases and loans for construction and permanent financing are generally available in the San Jose market. Discriminatory loan practices, or "redlining", are not major issues in the San Jose market. Prior to the passage of the Community Reinvestment Act (CRA) in 1977, some difficulties in getting lending institutions to extend conventional loans with favorable terms in certain lower income areas of San Jose did exist. The Housing Department has been successful in its working relationships with most major banks and lending institutions in this area. The CRA regulates financial institutions, ensuring that banks and savings and loans meet the local credit needs of the community, including low to moderate income housing assistance.

Under the Financial Institution Reform, Recovery and Enforcement Act of 1989 (FIRREA), banking practices have been further revamped. The Affordable Housing Program provides for the Federal Home Loan Banks (FHLB) to contribute to a housing subsidy fund. \$20.1 million was contributed in 1990 for the San Francisco district. Subsidies are provided by FHLB members on a competitive basis to qualified nonprofits or other housing sponsors.

In addition to private lenders, the City offers a First-Time Homebuyers Program through a partnership with the California Housing Finance Agency. The City has secured a \$100 million loan pool making it possible for the City to offer a variety of downpayment loans and innovative borrowing programs for lower and moderate income homebuyers.

The construction of affordable housing has been increasingly beset with the dual problem of diminishing resources and exorbitant production costs. Because of the relative scarcity of available financing for affordable housing, private lenders have required that developers leverage the various sources of funds available for new construction. These sources include local 20% tax increments from redevelopment, various State funds, low income housing tax credits, lending consortia benefits and Federal dollars which will include the HOME funds.

Coordination of the various funding sources to match dollars and project parameters can be very time consuming, requiring sophisticated financial expertise. Moreover, the lower the income group served, the more leveraging is required with more time devoted to the overall process. This represents a greater financing problem than "redlining" or availability of funds.

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### VI. PLANNED HOUSING SUPPLY

#### A. AVAILABLE LAND

The Department of Planning, Building and Code Enforcement forecasts the issuance of building permits for approximately 21,500 units between July 2000 and June 2006. These units combined with the 6,306 units already permitted between January 1999 and June 2000 would exceed the housing need allocation of 26,114 units. These units can be accommodated on vacant lands with a residential General Plan land use designation as well as lands currently developed with other uses that are planned for reuse as residential, such as those in Specific Plan Areas (described below). Table 38 summarizes the various lands available for residential development and shows a housing supply ranging between 39,335 and 45,554 units. This supply could be expanded through tools such as General Plan amendments or application of Discretionary Alternate Use policies.

**Table 38.**

#### LAND AVAILABLE FOR RESIDENTIAL DEVELOPMENT

Lands with Residential General Plan Designations	Average Yield	Maximum Yield
Vacant Land with Residential Zoning	12,871	15,672
Vacant Land with Nonresidential Zoning	7,024	8,726
Non-Vacant Lands Planned for Housing	13,190	14,906
Non-Vacant Lands in Specific Plan Areas Planned for Housing	6,250	6,250
<b>TOTAL</b>	<b>39,335</b>	<b>45,554</b>

Source: City of San Jose Planning Services Division

As of July 1999, it is estimated that the City of San Jose had a total of approximately 2,220 acres of vacant land designated for residential use on the Land Use/Transportation Diagram. 765 acres are designated for single-family development and 1,455 acres for multi-family development. (The General Plan defines "single-family" as densities less than or equal to 8 units per net acre and "multi-family" as densities exceeding 8 units per net acre.) Table 29 (in Chapter IV) summarizes the General Plan land use designations of this vacant land and the potential residential yields. On average, this acreage would accommodate an estimated 19,875 dwelling units, including about 2,810 single-family units and 17,065 multi-family units. For both the single-family and multi-family categories, development is assumed to occur at densities less than maximum, reflective of historic development patterns; however, the General Plan contains policies to encourage the efficient use of lands designated for residential use by developing at the high end of the density range. Development on these lands at the high end of designated density ranges would yield approximately 24,500 units, an increase of 4,600 units.

#### Residentially Zoned and General Plan Vacant Land Inventory

About 1,812 acres of the 2,220 acres of vacant land described above are already zoned for residential use (see Table 30 in Chapter IV). San Jose's Zoning Code permits affordable housing in any conventional residential district, although production of affordable units are typically located in conventional multiple-family zoning districts such as the R-3, R-3-A, R-3-B, R-3-C, R-3-F, and R-4 or, in recent years,

primarily under PD zoning. These lands could accommodate between 12,871 and 15,672 dwelling units - 50% - 60% of San Jose's share of the regional housing need.

Table 38a, similar to Table 30, identifies the City's vacant land supply of residentially zoned and General Plan residential designated lands. However, Table 38a provides a more detailed analysis, showing the land acreage per residential zoning category and by planning area in the City of San Jose.

Table 33 lists the "conventional" zoning districts and provides an overview of the minimum lot area, development type, development standard and maximum density for each category. As noted in Table 38a, these conventional zoning districts comprise a relatively small portion of the residentially zoned vacant land, approximately 20% (16% single-family and 3% multi-family). The Planned Development Zoning category represents the largest opportunity with almost 1,500 acres or approximately 80% of the total vacant land.

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<b>Table 38a.</b>									
<b>RESIDENTIALLY-ZONED VACANT LANDS (IN ACRES) WITH A RESIDENTIAL</b>									
<b>GENERAL PLAN DESIGNATION, BY ZONING DISTRICT AND PLANNING AREA: 1999</b>									
<b>Planning Area</b>	<b>R-1:B-3</b>	<b>R-1:B-2</b>	<b>R-1:B-8; R-1:B-1</b>	<b>R-1; R-1:B-6</b>	<b>T-M</b>	<b>R-2</b>	<b>R-3 (all); R-4</b>	<b>PD</b>	<b>TOTAL</b>
Almaden	5.70	19.62	21.08	19.89	-	-	-	168.96	235.25
Alum Rock	-	1.04	3.66	21.41	0.57	8.56	2.12	24.56	61.92
Alviso	-	-	-	1.04	-	-	3.57	12.08	16.69
Berryessa	-	0.59	9.79	11.52	-	-	-	7.98	29.88
Central	-	-	-	7.86	-	7.89	6.08	13.37	35.20
Cambrian/Pioneer	-	-	-	20.27	-	-	0.66	15.70	36.63
Edenvale	41.84	3.45	13.73	4.98	-	-	0.58	116.18	180.76
Evergreen	-	-	12.19	41.93	-	-	-	929.95	984.07
South	0.88	-	-	14.07	-	0.66	1.89	84.86	102.36
North	-	-	-	5.42	-	-	-	85.47	90.89
Willow Glen	-	-	1.99	10.07	-	3.47	4.50	5.95	25.98
West Valley	-	-	1.43	2.42	-	-	5.34	3.00	12.19
<b>TOTAL</b>	<b>48.42</b>	<b>24.70</b>	<b>63.87</b>	<b>160.88</b>	<b>0.57</b>	<b>20.58</b>	<b>24.74</b>	<b>1,468.06</b>	<b>1,811.82</b>
<b>Yield (Housing Units)</b>	<b>48</b>	<b>49</b>	<b>319</b>	<b>1,287</b>	<b>-</b>	<b>247</b>	<b>495</b>	<b>11,454</b>	<b>13,900</b>
Source: City of San Jose Planning Services Division									

The absence of a formal rezoning program to rezone properties to residential zoning categories is not a hindrance in providing housing opportunities since most applicants choose the PD zoning process as a means to tailor the project needs to each site specifically.

The application of a PD zoning is often preferred because it allows density and development standard flexibility to meet the needs of the market that is not found in conventional zoning districts. The PD zoning is the mechanism consistently used to facilitate the development of higher density residential development. For example, of the PD zonings in Table 38a, approximately 15% have an approved 25 or higher dwelling unit per acre project, accounting for approximately 6,700 units or 58% of the total dwelling unit yield. Projects with density levels of 25+ dwelling units per acre are typified by three-story, multi-family residential development. Many of the City's affordable units are located within higher density projects.

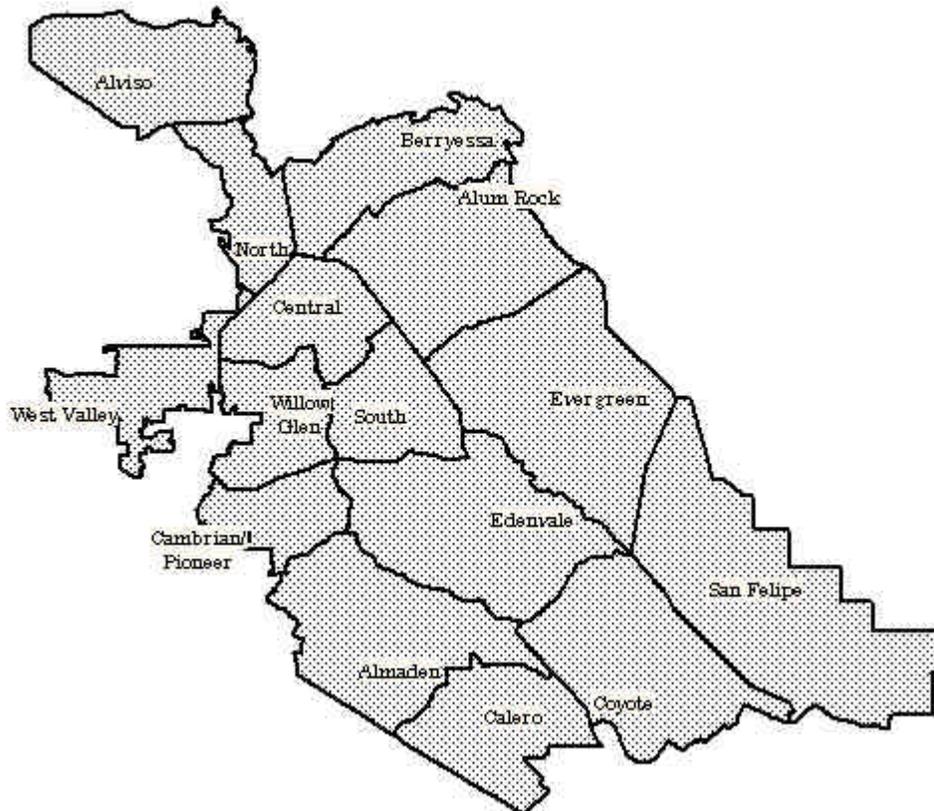
### Residentially Zoned and General Planned Vacant Land by Planning Area

Table 38b displays a map of the various Planning Areas in the City of San Jose referenced in Table 38a. The majority of the vacant land, approximately 54% of the total acreage is located within the Evergreen Planning Area. A large portion of this area is attributed to the Evergreen Planned Residential Community (PRC) which has a master PD zoning. The Evergreen PRC provides for a variety of housing types and densities to shape a more diverse and complete community. The mix of housing ranges from higher density residential (12-25 DU/AC) to large single-family homes on 10,000 square foot lots, with a total of approximately 3,000 dwelling units. As development occurs, there may be opportunities for affordable housing in the higher density range areas of the Planned Residential Community.

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Table 38b.

### PLANNING AREAS IN SAN JOSE



#### Examples of Affordable Housing Projects in San Jose

The City of San Jose recognizes the need to provide housing opportunities for all segments of the population. The following examples of recent affordable housing projects in San Jose provide an overview of the variety of product types, income categories and design that can be accommodated in the City. Each example includes the developer, location, number of units, number of units per income category, the General Plan designation, zoning district, and density of the project. In general, the majority of the projects were rezoned to a Planned Development zoning and are at density levels of 25+ dwelling units per acre. It is also important to note that several of these developments are located in a non-residential or lower density residential General Plan designation as compared to the approved higher density residential project. Thus, the absence of residentially zoned or General Planed land is not hindering the City's ability to provide housing and affordable dwelling units.

The opportunity to provide housing on these sites is accomplished through the use of a Discretionary Alternate Use Policy. These policies serve as a tool to facilitate higher residential density, provide housing opportunities on non-residentially designated sites, and allow density bonuses for affordable housing projects. As indicated in Table 40, between 1989 and 1999, the net housing unit increased by approximately 2,700 units through the application of Discretionary Alternate Use Policies. A description of the applicable housing-related Discretionary Alternate Use Policies is located in the General Plan section of Section IV. Governmental Constraints.

<b>NORTH WHITE ROAD FAMILY APARTMENTS</b>	
Developer:	JSM Enterprises
Location:	East side of White Rd., north of McKee
Units:	157 Units; 48 VLI 108 LI 1 unrestricted
General Plan Designation	High Density Residential (25-50 DU/AC)
Zoning	A(PD) (File # PDC01-002)
Density	42.0 DU/AC

*Looking east towards the south property line*

<b>LENZEN TEACHER HOUSING</b>	
Developer:	CORE Development
Location:	Lenzen/ N. Morrison
Units:	88 units; 18 VLI 69 LI 1 unrestricted manager's unit
General Plan Designation:	Residential Support for the Core Area (25+ DU/AC)
Zoning	A(PD) (File # PDC00-042)
Density	53.9 DU/AC

*North wing and swimming pool*

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<b>VILLAGIO SENIOR HOUSING</b>	
Developer:	JSM Enterprises
Location:	2855 The Villages Parkway
Units:	79 units; 24 VLI 54 LI 1 unrestricted manager's unit
General Plan Designation:	Neighborhood/ Community Commercial
Zoning:	A(PD) (File #: PDC 00-011)
Density:	40.0 DU/AC



*Building #3 on east end of project*

<b>TULLY GARDENS SRO</b>	
Developer:	CORE Development and Emergency Housing Consortium
Location:	2030 to 2150 Monterey Road
Units:	155 units; 152 ELI 3 unrestricted manager's unit
General Plan Designation:	Combined Industrial/Commercial
Zoning:	A(PD) (File #: PDC01-059)
Density:	104.0 DU/AC



*North side of project – apartment building and parking garage in background*

<b>EL PASEO STUDIOS</b>	
Developer:	First Community Housing
Location:	Hamilton Avenue and Campbell Avenue
Units:	98 units; 10 ELI 88 VLI
General Plan Designation:	High Density Residential (25-50 DU/AC)
Zoning:	A(PD) (File #: PDC00-070)
Density:	200.0 DU/AC



Looking northwest west towards subject site

<b>BETTY ANNE GARDENS</b>	
Developer:	First Community Housing
Location:	945 and 955 King Road
Units:	76 units; 8 ELI 15 VLI 53 LI
General Plan Designation:	Medium High Density Residential (12-25 DU/AC)
Zoning:	A(PD) (File #: PDC00-022)
Density:	20.7 DU/AC



Looking at the building pad for Building 2

These affordable residential projects are just a sample of the types of developments (i.e., teacher, family, single-room occupancy, senior and studios) that can be accommodated in San Jose. The City's policies, such as the Housing Goals and Policies and the Discretionary Alternate Use Policies support the development and preservation of affordable housing and dispersion of housing throughout the City. These projects are located throughout the City in mostly small infill sites and address the needs of the Extremely Low, Very Low and Low-Income residents.

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The examples are listed as part of Table 42d (Projects Under Construction), accounting for approximately 38% of the total 1,485 units currently under construction. It is important to recognize that through the application of the Discretionary Alternate Use Policies, the average density of the above-mentioned projects is 88 DU/AC. This density is greater than the maximum 50 DU/AC allowed under the High Density Residential (25-50 DU/AC) General Plan designation or under non-residential General Plan designations which allow no residential development. Additionally, examples like the Betty Anne Gardens project demonstrate the ability to develop affordable housing within lower density residential categories and without the use of Discretionary Alternate Use Policies. As a sample, these projects serve as an indication that housing for lower income households can realistically be accommodated in lower density or non-residential designations. For example, the Villagio Senior Housing project has a General Plan land use designation of Neighborhood Community Commercial, which does not permit residential uses. The use of a Discretionary Alternate Use Policy was deemed appropriate and facilitated housing at 40 dwelling units per acre through the PD rezoning process. Like this development, the use of DAU Policies (on the sample projects) to either increase the density or provide housing on non-residential designated sites have yielded approximately 300 dwelling units above existing General Plan land use designations. This is just an example of how effective the DAU Policies are in facilitating higher density and affordable housing.

### Non-Residentially Zoned Vacant Land with a Residential General Plan Designation

The remaining 408 acres of vacant land are designated for residential use on the General Plan but currently have a nonresidential zoning (see Table 39). These lands could be rezoned by 2006 to accommodate San Jose's housing needs and represent a potential average yield of 7,024 units, including 6,310 multi-family units (again about one-third to one-half would be affordable to very low- and low-income households) and 714 single-family units. Since the vast majority of new residential projects in San Jose occur through the Planned Development process, the nonresidential zoning on these lands is not an impediment to residential development. Between 1995 and 2000, over 900 acres with a residential General Plan designation were rezoned from nonresidential to residential, resulting in 11,000 new or approved housing units (see Table 31 in Chapter IV). A majority of these were privately -initiated PD Rezoning.

Table 39.

**NONRESIDENTIALLY-ZONED VACANT LANDS WITH A  
RESIDENTIAL GENERAL PLAN DESIGNATION, 1999**

Land Use Designation	Vacant Land Area (Gross Acres)	Average Yield (Housing Units)	Maximum Yield (Housing Units)
Very Low Density Residential (2 DU/AC)	66	73	113
Low Density Residential (5 DU/AC)	70	257	299
Medium Low Density Residential (8 DU/AC)	39	263	280
Medium Density Residential (8-16 DU/AC)	11	120	160
Medium High Density Residential (12-25 DU/AC)	25	442	553
High Density Residential (25-40 DU/AC)	6	158	211
Residential Support for the Core Area (25+ DU/AC)	17	910	910
Transit Corridor Residential (20+ DU/AC)	-	-	-
Planned Community	175	4,800	6,200
<b>TOTAL</b>	<b>408</b>	<b>7,024</b>	<b>8,726</b>

Source: City of San Jose Planning Services Division

The San Jose 2020 General Plan contains strategies and policies to encourage the creation of housing to serve all economic groups and to facilitate its development throughout the City. The City's General Plan permits the development of affordable housing units for very low, low and moderate income groups in all residential categories. The City also has retained a policy encouraging affordable housing throughout the City. The Council's approval of City-financed affordable development is made in the context of the goals to balance and promote economic integration.

Affordable dwelling units are typically located in designations that can accommodate higher densities due to development costs. General Plan land use designations that support higher density housing such as Medium High Density Residential (12-25 DU/AC), High Density Residential (25-50 DU/AC), Transit Corridor Residential (20+ DU/AC) and Residential Support for the Core (25+ DU/AC), all contain minimum densities. The General Plan provides the flexibility necessary to increase San Jose's potential residential capacity.

Most residential land use designations establish a minimum and maximum allowable density, as described in Chapter IV (see Table 32). Two land use categories (Residential Support for the Core Area and Transit Corridor Residential) do not specify a maximum density. This provides opportunity for higher density residential development in appropriate areas of the City. Additionally, the residential designations greater than 8 dwelling units per acre, which are typified by multi-family residential units, have an established minimum density. These designations include Medium Density Residential (8-16 DU/AC), Medium High Density Residential (12-25 DU/AC), High Density Residential (25-50 DU/AC), Transit Corridor Residential (20+ DU/AC) and Residential Support for the Core Area (25+ DU/AC). For example, the High Density Residential (25-50 DU/AC) designation has a minimum density of 25 dwelling units per acre and a maximum density of 50 dwelling units per acre. The defined minimum density ensures that the development contains an appropriate minimum number of units, resulting in the efficient utilization of land for housing in appropriate locations. Development locating in such designations would need to be in conformance with the density range, thus ensuring that an appropriate

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minimum number of housing units is occurring in San Jose. The minimum density requirement established in the San Jose 2020 General Plan Land Use/Transportation Diagram has been an important housing policy mechanism for San Jose.

The San Jose 2020 General Plan Goals and Policies promote the efficient use of residentially designated lands to maximize San Jose's housing opportunities. Several General Plan Major Strategies and Goals and Policies support this issue, including the Housing and Growth Management Major Strategies and the Balanced Community, Residential and Housing Goals and Policies. These goals and policies recognize that the remaining vacant land and existing infill sites should be used as efficiently as possible; that the relative affordability of housing is enhanced by higher densities given the rising cost of land. For example, the Balanced Community Policy #2 states that higher densities are encouraged near light rail lines and other major transportation facilities to support the use of public transit; Residential Land Use Policy # 3 states that residential development should occur at the upper end of the density range, and Residential Land Use Policy #4 states that the location of public/quasi-public uses such as churches and schools should be discouraged in areas designated for residential densities exceeding 12 units per acre. These policies in conjunction with the defined minimum densities for multi-family residential designations (above 8 DU/AC) set forth in the General Plan discourage the inefficient use and underutilization of resources such as accommodating lower density or non residential development on higher residentially designated sites.

Effective implementation of a mixed-use strategy can also help the City's ability to facilitate new housing opportunities. Several General Plan land use designations support mixed use development, including Residential Support for the Core Area (25+ DU/AC), Transit Corridor Residential (20+ DU/AC), and Mixed Use With No Underlying Land Use Designation. The Mixed Use With No Underlying Land Use Designation is unique in that the use intensity ranges are outlined in Appendix F of the General Plan for each site. As of 1999, seven sites were approved for this land use designation by the City Council and during the 2000 General Plan Annual Review, several more sites are being considered. Currently, two of the seven Mixed Use designation sites (MU #2 and MU #4) have been built. These projects have contributed high density residential units and senior units to the City's housing stock and also commercial uses and recreational/park amenities to foster a balanced community. The General Plan is a long range tool to help guide appropriate development. The development of the remaining sites are within the context of the San Jose 2020 General Plan.

### Discretionary Alternate Use Policies

General Plan Discretionary Alternate Use Policies are tools to achieve alternatives to uses otherwise allowed in a particular General Plan Land Use/Transportation Diagram designation. In particular, 11 policies have provisions to help increase the residential holding capacity by allowing residential development at higher densities or on non-residentially General Plan designated sites in certain instances. The policies specify conditions under which an alternative use may be determined in conformance with the General Plan without the need for a General Plan amendment. The alternate use under the Discretionary Alternate use Policy should meet the following objectives:

- Foster and encourage the implementation of such General Plan goals and policies as the production of affordable housing, the preservation of historic structures, or the development of high quality and well designed projects.
- Provide the flexibility to most appropriately apply policies in achieving the true intent of the General Plan which might be undermined by an overly rigid application of land use designations.

- Streamline the development review process by avoiding, in those cases where appropriate, the General Plan amendment process.

Table 39a is a summary of the housing-related Discretionary Alternate Use Policies:

**Table 39a.**

<b>HOUSING RELATED DISCRETIONARY ALTERNATE USE POLICIES</b>	
<b>Policy</b>	<b>Summary</b>
Two Acre Rule	Parcels less than 2 acres in size with a residential designation may be developed at a higher or lower density range based on compatibility with the surrounding neighborhood. Parcels less than 2 acres which have a non-residential designation could be developed residentially if such development would be compatible with the neighborhood
Surplus Public/Quasi-Public and Public parks/Open Space Land	Allows surplus properties with a Public/Quasi-Public land use designation to be developed under any land use without a General Plan amendment.
Residential Uses on Commercially Designated Parcels	Higher density residential development (minimum 12 DU/AC) or mixed use developments may be allowed under PD Zoning on properties located on major thoroughfares and designated for Neighborhood/Community Commercial, General Commercial, or Regional Commercial use if such development: (a) takes access from the major thoroughfare; and (b) is of size and design which would provide an appropriate residential environment within the larger non-residential environment.
Density Bonuses for Rental Housing	Allows proposed rental housing projects to develop at the next higher density range to encourage the production of rental housing
Density Bonuses for Affordable Housing	In order to encourage the production of housing units affordable to low- or moderate- income households, a density bonus may be provided under a Planned Development zoning. The policy allows a density bonus of 50% for any five units or larger residential project where at least 20% of the units proposed would be affordable to low-income households, or at least 10% of the units proposed would be affordable to very low income households.
Location of Projects Proposing 100% Affordable Housing	In order to encourage the production of housing units affordable to low- and moderate- income households, flexibility as to the use and density permitted may be provided. The policy allows a residential project that proposes 100% affordable to low- or moderate-income households to be located on <b>any</b> site designated for non-open space and at <b>any</b> density if certain standards are met.

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Use of Surplus City-Owned Properties for Affordable Housing	Allows surplus properties owned by the City of San Jose to be used for the development of affordable housing at any density, regardless of land use designation if certain criteria are met.
Population-Dwelling Unit Equivalency	Allows for a relaxation in density limits for alternatives to senior citizen and handicapped housing which reflects an anticipated lower population per household and allows alternate types of living quarters for these populations.
Residential Density Increases Along Major Transportation Arterials or Corridors	In order to encourage the production of housing and the utilization of existing and proposed mass transit facilities, the allowable density on residentially designated properties may be increased to at least 12 DU/AC, but no more than 50 DU/AC if certain criteria are met.
Reuse of Non-Conforming Residential Properties	In order to protect and enhance the established character and scale of development in residential neighborhoods, an existing structure may be converted to residential use which does not conform to the applicable land use designation if to do so would improve land use compatibility with the surrounding neighborhood and would preserve the existing structure.
Live/Work Policy	This policy is intended to encourage mixed uses in appropriate non-residential or existing mixed-use areas.

The Discretionary Alternate Use Policies are applied on a case by case basis upon approval by the Director. The projects are typically required to be implemented through the PD zoning process to provide the flexibility, address the needs of the project, and allow for review by the community and City Council. Thus, the existing zoning designation does not necessarily help or hinder the use of these policies. The same opportunity applies for residential and non-residentially zoned sites. The General Plan land use designation, the proposed project, and the context of the surrounding neighborhood would determine the appropriateness of implementing one of the policies.

The following residential developments are several examples that benefited from use of one of the Discretionary Alternate Use Policies and provided affordable housing opportunities for San Jose. The use of DAU Policies is a streamlined process that further the goals of the General Plan by increasing the housing supply, providing housing opportunities for all segments of the population, and using efficiently available resources. The examples demonstrate that the policies are flexible, providing for high density housing in non-residential designated and lower density lands. The three examples yielded a net increase of 182 units above existing General Plan designations.

DISCRETIONARY ALTERNATE USE POLICIES RESIDENTIAL EXAMPLES (1/1/99 to 6/30/02)			
Project:	Shiraz Senior Housing	Rose Garden Senior Apartments	Oaks Circle Seniors
Location:	1275 McLaughlin Avenue	3071 Rose Avenue	North side of Vintage Way between Roberts Avenue and Lucretia Avenue
Units:	61 units: 60 VLI/1 unrestricted manager's unit	66 units: 18 ELI/ 47 VLI/ 1 unrestricted manager's unit	100 units: 15 ELI/ 8 VLI/ 1 unrestricted manager's unit
General Plan Designation	Medium Low Density Residential (8 DU/AC)	General Commercial	Medium Density Residential (8-16 DU/AC)
Zoning:	A(PD) (File no. PDC01-022)	A(PD) (File no. PDC00-062)	A(PD) (File no. PDC00-103)
Density:	39.3 DU/AC	49.0 DU/AC	36.6 DU/AC
Discretionary Alternate Use Policy	100% Affordable	100% Affordable	100% Affordable
<b>Net Unit Yield:</b>	<b>59 units</b>	<b>66 units</b>	<b>57 units</b>

The Discretionary Alternate Use Policies are frequently applied to projects that further the goals and policies of the General Plan. Between 1989 and 1999, the application of Discretionary Alternate Use Policies resulted in the approval or construction of more than 2,600 residential units (see Table 40) above existing yield allowed under the current General Plan designation.

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**Table 40.**  
**UNITS GAINED THROUGH DISCRETIONARY ALTERNATE USE**  
**POLICIES: 1989-1999**

Year	Potential Unit Yield Under General Plan Designation	Actual Unit Yield Through DAU Policy	Net Housing Unit Increase
1989	167	489	385
1990	33	166	133
1991	183	311	128
1992	269	530	261
1993	235	506	271
1994	142	321	179
1995	0	33	33
1996	267	534	267
1997	30	407	377
1998	247	768	521
1999	0	125	125
<b>TOTAL</b>	<b>1,573</b>	<b>4,190</b>	<b>2,680</b>

Source: City of San Jose Planning Services Division

San Jose's housing supply could be expanded by annexing the unincorporated lands within the Urban Service Area (USA). The City has a long-standing policy to annex unincorporated lands within the USA and to ensure that those designated for high density residential use on the General Plan are zoned appropriately at the time of annexation. All lands within the City's USA have or will have complete urban services available prior to residential development. Therefore, all lands zoned and/or planned for residential use within the USA could be used to accommodate San Jose's projected 2006 housing need.

San Jose's potential to provide housing is not limited to vacant lands planned or zoned for residential use. The City has identified 672 acres that have a residential land use designation and could be reused residentially but are currently zoned for and occupied by other uses (see Table 41). Many of these parcels are located in the Downtown Core Area, Downtown Frame Area or within designated Transit-Oriented Development Corridors and are designated for high density residential use and are already provided with urban services capable of accommodating residential development. Recent land use changes on the Del Monte Plant and Mariani Packing Plant from industrial uses to higher density residential are examples of recent change in development trends. Additionally, underutilized shopping centers have also been the focus of land use changes, including two sites that are located near the funded Vasona Light Rail line. These sites, once used for non-residential uses that are no longer viable today, are designated for residential use but not yet vacant represent a potential average yield of 13,190 dwelling units. If developed at the high end of the allowable density range, these lands could yield 14,906 units. Since these sites are designated residential in the General Plan, redevelopment of these sites can easily occur with a conforming rezoning. As discussed above, a nonresidential zoning designation is not an impediment to residential development since most new housing projects are developed under the Planned Development process.

City staff is committed to providing services to help facilitate the development of housing, either through direct programs or policies which encourage increasing the housing supply to meet the needs of all economic segments of San Jose. The Department of Housing provides a variety of programs including assistance for the construction, rehabilitation and preservation of affordable units, grants for conversion of buildings for use as emergency, for facilities to house and provide services for the homeless and first time homebuyer programs. Additionally, the Department of Planning, Building and Code Enforcement has policies that foster the development and redevelopment of lands for residential uses. The Discretionary Alternate Use Policies in the General Plan which permit increased densities if certain conditions are met and parking reduction standards in the Zoning Code Update are several tools that provide flexibility to the development community to better meet the housing demand and special conditions. As part of the Housing Opportunity Study, staff has proactively identified underutilized sites for the redevelopment of higher density and/or mixed-use development and initiated General Plan amendments to facilitate such development. While staff has been proactive in search of suitable land for housing, staff has not initiated rezonings to further facilitate development. Rezoning would be premature since higher density housing typically occurs through the Planned Development Zoning process, which requires specific development details. However, when projects are ready for processing, the Department has established a Special Handling Process to ensure that important development projects are given priority attention and timely review. In particular, San Jose has a dedicated, senior-level staff person for affordable housing projects, to identify issues, help resolve impediments to the process, and facilitate special handling of these important projects.

**Table 41.**

**POTENTIAL HOUSING UNIT YIELD OF LANDS WITH A RESIDENTIAL GENERAL PLAN DESIGNATION BUT ZONED AND DEVELOPED FOR NONRESIDENTIAL USE<sup>1</sup>: 1999**

Land Use Designation	Land Area (Gross Acres)	Average Yield (Housing Units)	Maximum Yield (Housing Units)
Rural Residential (0.2 DU/AC)	N/A	N/A	N/A
Estate Residential (1 DU/AC)	N/A	N/A	N/A
Very Low Density Residential (2 DU/AC)	N/A	N/A	N/A
Low Density Residential (5 DU/AC)	54	185	215
Medium Low Density Residential (8 DU/AC)	146	986	1,052
Medium Density Residential (8-16 DU/AC)	192	2,074	2,765
Medium High Density Residential (12-25 DU/AC)	109	1,958	2,448
High Density Residential (25-40 DU/AC)	46	1,320	1,759
Residential Support for the Core Area (25+ DU/AC)	106	5,808	5,808
Transit Corridor Residential (20+ DU/AC)	19	860	860
<b>TOTAL</b>	<b>672</b>	<b>13,190</b>	<b>14,906</b>

<sup>1</sup>Excludes lands located in a Specific Plan area (see Table 42).

Source: City of San Jose Planning Services Division

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San Jose actively pursues opportunities to increase the potential housing supply by applying the resources described above or employing other approaches. The City has adopted seven Specific Plans to facilitate the development or redevelopment of areas of San Jose and to advance important objectives of the General Plan including infill development and growth management. Several of these Specific Plans were undertaken to guide the reuse of sites in key areas of the City, particularly areas close to Downtown and along major transportation routes. The Specific Plan areas contain full range of land uses considered appropriate and compatible within the specific project area and are intended to carry out the objectives of each plan. Collectively, these Specific Plans (Jackson/Taylor, Midtown, Rincon South, and Tamien) contain the potential for 7,700 new units as defined within the various plans. Approximately 1,500 units have already been constructed in these areas, with a remaining capacity of 6,200 units. These areas currently contain older industrial and commercial uses, and represent a significant opportunity for the reuse of lands to increase the City's housing supply. These 7,700 on reuse lands are in addition to the 13,190-14,906 potential units described above.

Two additional Specific Plans (Evergreen and Communications Hill) were prepared to facilitate the development of areas that faced major obstacles including the financing of infrastructure. These Specific Plans identified the potential for 7,000 new units, of which roughly 2,500 have already been built. The accomplishments in the seven Specific Plan areas demonstrate that the market is responding to San Jose's proactive planning efforts to preserve housing opportunities.

The seventh Specific Plan, the Alviso Specific Plan, did not identify significant new housing opportunities beyond existing General Plan designations. It sought to retain the existing supply of affordable housing in the community and guide the minimal amount of residential development that could occur in the area.

Within these specific plan areas, various higher density residential and/or mixed use designations have been included which could create opportunity for affordable housing. For example, the Tamien Station Area Plan provides some opportunity for the creation of affordable housing given the Very High (25-40 DU/AC) and High Density (12-25 DU/AC) Residential, Transit Corridor Residential (25-55 DU/AC) and Mixed Use (25-55 DU/AC) land use categories within the Plan. The Plan does not include specific affordable housing goals since it is expected that affordable housing units can be successfully created, particularly as part of mixed income projects, through flexibility and goals and policies incorporated into the Plan. The City, through Housing Department programs, has already provided substantial financial assistance for new housing projects in this area and is expected to continue in the future.

Likewise, the Midtown Specific Plan also identifies the land use categories and policies and goals that support development of a residential community, offering a wide range of housing opportunities including higher density housing and mixed use development. Land use designations such as Transit-Oriented Mixed Use (40-100 DU/AC) and High Density Residential (25-65 DU/AC) have been created to take advantage of infill development near transit facilities and facilitate housing for all economic segments of the community. The Communications Hill Specific Plan also states that one of its Housing Goals and Policies is to provide a wide variety and mix of housing types, prices and tenure to accommodate households of all income levels. This is partly achieved through a minimum of 24 units per net developable area on each block and a multi-family residential range between 25-40 DU/AC. A variety of densities will help create the desired urban character as well housing to suit varied social and economic needs. The Jackson-Taylor Residential Strategy include residential and mixed-use designations that have a minimum density requirement of 25 DU/AC with a maximum of 50 DU/AC. The intent of these categories is to provide a variety of unit sizes and types to meet all household needs. New residential development within the Rincon South Specific Plan is designed to create multi-family residential opportunities in close proximity to the Guadalupe Light Rail Transit Corridor. Consistent with City policies and redevelopment law, some portion of the new housing should be reserved for households

with below median incomes. The Rincon South Specific Plan area is part of the Rincon de los Esteros Redevelopment Area.

While other Specific Plan Areas such as Silver Creek, Evergreen and Alviso provide housing opportunities and contribute to the overall supply of housing, the majority of housing in the area is already built-out. The residential designations in these areas facilitate lower density housing as well as estate housing that meet different social and economic needs of the City.

**Table 42.**

**POTENTIAL HOUSING UNITS ON LANDS WITHIN A SPECIFIC PLAN AREA:\* 1999**

Specific Plan Area	Land Area** (Gross Acres)	Total Planned Housing Units	Housing Units Built (To Date)	Potential Housing Units
Communications Hill	900	4,000	325	3,675
Evergreen	865	2,996	2,078	918
Jackson-Taylor	80	1,675	618	1,057
Midtown	210	2,940	292	2,648
Rincon South	465	1,900	238	1,662
Tamien Station Area	140	1,225	354	871
<b>TOTAL</b>	<b>2,660</b>	<b>14,736</b>	<b>3,905</b>	<b>10,831</b>

Source: City of San Jose Planning Services Division

\* A seventh Specific Plan, the Alviso Specific Plan, did not identify significant new housing opportunities.

\*\* Land Area for the entire Specific Plan area, not just residential component.

The City has also initiated a three-year Housing Opportunities Study (HOS) to identify vacant or underutilized sites along major transportation routes that are suitable for high density residential or mixed commercial/residential development. An expansion of the successful Housing Initiative Program, the first phase of the HOS has recommended the intensification of 14 sites, with a net increase of approximately 6,100 units above the existing General Plan designations. These sites are located throughout the City, with seven sites situated along the Capitol Transit-Oriented Development Corridor and four sites in the Midtown area. General Plan amendments to increase the residential density on these sites are pending and will be considered by the City Council as part of the 2000 Annual Review process. Additional sites will be identified in the second and third phases of the study.

While the current anticipated “build-out” of vacant residential lands, and the reuse of lands the Specific Plan areas and other areas of the City would meet San Jose's designated share of the regional housing need, full build-out would depend on a variety of factors. The rate of development and issuance of building permits fluctuates according to various economic influences. In 1990-91, for example, housing production decreased due to the recession and the tightening of bank and lending practices. The region’s recent economic prosperity has resulted in high demand for housing and an increase in housing production. Housing production could slow in the future in response to changing economic trends.

Transportation and other level of service policies may also affect the timing of development of all of the lands planned for residential use. General Plan policy calls for increased density within the existing Urban Service Area to be planned along transit routes with an emphasis on built or planned light rail transit routes. General Plan policy states that in no case should density increases be made unless they can

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be accommodated within the transportation level of service policy. Also, if funding sources cannot be identified for transportation projects, projections of ultimate build out could be affected.

Tables 42a and 42b provide information regarding land available for residential development with General Plan residential designations, including vacant land with residential zonings, vacant land with non-residential zonings, non-vacant land with non-residential zonings and non-vacant land within specific plan areas. The land identified presents housing opportunities not yet come to fruition. It is estimated that the average housing dwelling yield with the General Plan designated lands would be 39,336 units, which would exceed San Jose's fair share housing of 26, 114 units. Much of the available land is within the higher density residential land use categories which typically facilitates affordable housing. It is estimated that typically one-third to one-half of the multi-family units would be affordable to very low and low income households. Thirty percent of the total average housing yield with General Plan residential land use designations would provide almost 12,000 affordable units, including approximately 6,000 for very low income and 5,700 for low income households. These figures would exceed the City's RHNA's figures for lower income households of 5,337 for very low and 2,364 for low income households.

# HOUSING

**Table 42a.**

**LAND AVAILABLE FOR RESIDENTIAL DEVELOPMENT WITH GENERAL PLAN RESIDENTIAL DESIGNATIONS**

LAND USE DESIGNATION	VACANT LAND WITH RESIDENTIAL ZONING		VACANT LAND WITH NON RESIDENTIAL ZONING		NON VACANT LAND WITH NON RESIDENTIAL ZONING		SUBTOTAL		NON VACANT LAND IN SPECIFIC PLAN AREAS*		TOTAL
	Average Yield (Housing Units)	Maximum Yield (Housing Units)	Average Yield (Housing Units)	Maximum Yield (Housing Units)	Average Yield (Housing Units)	Maximum Yield (Housing Units)	TOTAL (Average Yield)	TOTAL (Maximum Yield)	Average Yield (Housing Units)	Maximum Yield (Housing Units)	
RURAL RESIDENTIAL (.2 DU/AC)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A			N/A
ESTATE RESIDENTIAL (1 DU/AC)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A			N/A
VERY LOW DENSITY RESIDENTIAL (2 DU/AC)	274	421	73	113	N/A	N/A	347	534			347
LOW DENSITY RESIDENTIAL (5 DU/AC)	421	490	257	299	185	215	863	1,004			863
MEDIUM LOW DENSITY RESIDENTIAL (8 DU/AC)	1,541	1,644	263	280	986	1,052	2,790	2,976			2,790
MEDIUM DENSITY RESIDENTIAL (8-16 DU/AC)	974	1,298	120	160	2,074	2,765	3,168	4,223			3,168
MEDIUM HIGH DENSITY RESIDENTIAL (12-25 DU/AC)	1,079	1,348	442	553	1,958	2,448	3,479	4,349			3,479
HIGH DENSITY RESIDENTIAL (25-40 DU/AC)	3,263	4,351	158	211	1,320	1,759	4,741	6,321			4,741
RESIDENTIAL SUPPORT FOR THE CORE AREA (25+ DU/AC)	62	62	910	910	5,808	5,808	6,780	6,780			6,780
TRANSIT CORRIDOR RESIDENTIAL (20+ DU/AC)	1,358	1,358	N/A	N/A	860	860	2,218	2,218			2,218
PLANNED COMMUNITY	3,900	4,700	4,800	6,200	N/A	N/A	8,700	10,900	6,250	6,250	14,950
<b>TOTAL</b>	<b>12,872</b>	<b>15,672</b>	<b>7,023</b>	<b>8,726</b>	<b>13,191</b>	<b>14,907</b>	<b>33,086</b>	<b>39,305</b>	<b>6,250</b>	<b>6,250</b>	<b>39,336</b>

\*Jackson/Taylor, Midtown, Rincon South, and Tamien

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**Table 42b.**

**ESTIMATED AFFORDABLE UNITS PER RESIDENTIAL LAND USE DESIGNATION**

LAND USE DESIGNATION	HOUSING CATEGORIES			
	VERY LOW INCOME	LOW INCOME	MODERATE INCOME	ABOVE MODERATE INCOME
RURAL RESIDENTIAL (.2 DU/AC)	N/A	N/A	N/A	N/A
ESTATE RESIDENTIAL (1 DU/AC)	N/A	N/A	N/A	N/A
VERY LOW DENSITY RESIDENTIAL (2 DU/AC)	0	0	0	347
LOW DENSITY RESIDENTIAL (5 DU/AC)	0	0	0	863
MEDIUM LOW DENSITY RESIDENTIAL (8 DU/AC)	0	0	837	1,953
MEDIUM DENSITY RESIDENTIAL (8-16 DU/AC)	317	317	1,109	1,426
MEDIUM HIGH DENSITY RESIDENTIAL (12-25 DU/AC)	522	522	1,218	1,218
HIGH DENSITY RESIDENTIAL (25-40 DU/AC)	853	806	1,659	1,422
RESIDENTIAL SUPPORT FOR THE CORE AREA (25+ DU/AC)	1,220	1,153	2,034	2,373
TRANSIT CORRIDOR RESIDENTIAL (20+ DU/AC)	399	377	776	665
PLANNED COMMUNITY	2,691	2,542	5,233	4,485
<b>TOTAL</b>	<b>6,003</b>	<b>5,716</b>	<b>12,866</b>	<b>14,752</b>

In June 2000, ABAG established new housing need goals for San Jose for the January 1999 to June 2006 planning period. Of the 26,114 units allocated to San Jose, 5,337 units are needed for very low-income households, 2,364 for low-income households, 7,086 for moderate-income households, and 11,327 for above-moderate income households. Thirty-percent of the total need, or 7,701 units, are for very low- and low-income households.

Between January 1999 and June 30, 2002, the City issued building permits for 13,390 dwelling units (51% of the total housing need). Of these building permits, 70% were for multi-family residential units. The majority of San Jose’s affordable housing needs are met through the development of multi-family residential units. The Department of Planning, Building and Code Enforcement estimates that between 35% and 50% of these units, which has been typical of the past, would be affordable to lower income households. The Department forecasts the issuance of building permits for approximately 21,500 units between July 2000 and June 2006. These units combined with the 13,390 units already permitted would exceed the housing need allocation.

The City’s Housing Department continues to administer programs that provide assistance in facilitating the production of very low, low and moderate-income housing, rehabilitation, and preservation of the existing affordable housing supply. Tables 42c-f provides data on affordable housing projects by income categories that have been completed, are currently under construction, have City funding commitment, and are in the pipeline. Table 42g provides a summary.

The dwelling units attributed in the Extremely Low, Very Low, Low and Moderate-Income categories are affordable based on the unit’s sales or rent level. Affordable housing prices are determined by formulas applied to the annually updated income figures published by HCD and HUD. Rents are based on 30% of monthly income, minus an allowance for basic utilities. The following table shows the maximum rents in 2002 by income level and household size, though it should be noted that in affordable housing developments that have been operating for several years, the rents charged are often less than the maximum allowed. Moderate-income rents are not shown since those rents are equivalent to unrestricted, market rents.

	Household Size			
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
Extremely Low-Income	\$475	\$528	\$594	\$667
Very Low-Income	\$813	\$912	\$1,027	\$1,147
Low-Income	\$1,271	\$1,437	\$1,617	\$1,952

Virtually all affordable rental developments that the City finances receive some form of Low-Income Housing Tax Credits. The rents established under the tax credit rules restrict low-income rents to 60% of Area Median Income (AMI), and it is assumed that each bedroom will be occupied by 1.5 persons (except for SRO and studio units, for which the rent is based on a household of one person). Thus, a one-bedroom unit is based on income levels that are half-way between the published incomes for one-person and two-persons. The following table shows the maximum tax credit rents in 2002 by income level and unit size, with the same stipulation as above that in affordable housing developments that have been operating for several years, the rents charged are often less than the maximum allowed.

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	<u>Unit Size</u>			
	<u>SRO</u>	<u>1-Bdrm</u>	<u>2-Bdrm</u>	<u>3-Bdrm</u>
Extremely Low-Income	\$475	\$550	\$594	\$687
Very Low-Income	\$813	\$873	\$1,027	\$1,187
Low-Income	\$983	\$1,057	\$1,248	\$1,440

Affordable home-purchase prices for 2002 are shown below for moderate-income households (at 120% of AMI) and low-income (at 77% of AMI). Extremely low- and very low-income levels are not shown since there is no possibility that households at these income levels could realistically purchase any real property in San Jose without substantial subsidy loans from the City or some other source. The following assumptions were used to generate these figures:

1. Buyer makes a 3% downpayment.
2. Housing ratio of 33% of gross income.
3. Given these prices of units in the San Jose market, all assume a \$200/month homeowner association dues.
4. Interest rates vary between 6.75% and 7% (based on the fact that different home-purchase prices qualify for different first-mortgage programs).
5. The first mortgage is a 30-year fixed-rate note.
6. There is no silent-second mortgage from the City or any other source.

	<u>Household Size</u>			
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
Low-Income	\$150,000	\$175,000	\$200,000	\$245,000
Moderate-Income	\$242,500	\$285,000	\$330,000	\$365,000

To the extent that silent-second mortgages can be provided by the City or another source or that the homebuyer can obtain a Mortgage Credit Certificate, the purchasing power shown in the table above would be increased.

Table 42c identifies affordable housing projects that have been completed with building permits issued after January 1, 1999. Of the affordable units completed, 21% of the RHNA's very-low income needs have been met, 14% of the low income needs have been met, and 4% of the moderate income needs have been met as of June 30, 2002. The table also identifies subsidies for the various projects, indicating that almost \$62 million contributed to the development of over 1,700 affordable units in San Jose since 1999.

**Table 42c.**

**I. PROJECTS COMPLETED (Projects Receiving Building Permits after 1/1/99)**

Project Name	Units by Income Level*:				Total Aff. Units	Per Unit Subsidy	Project Subsidy**	Occupancy	Unit Type***
	ELI	VLI	LI	MOD					
101 San Fernando		26		39	65	\$0	\$0	Families	MF
Arbor Park		74			74	\$34,276	\$2,536,458	Families	MF
Creekview Inn	10	14			24	\$42,310	\$1,015,443	Singles	SRO
Crescent Parc				46	46	\$61,087	\$2,810,000	For-Sale	SFA
El Parador		124			124	\$59,435	\$7,370,000	Seniors	MF
Helzer Court		77	76		153	\$38,150	\$5,837,000	Families	MF
Italian Gardens Family	36	110			146	\$33,226	\$4,851,000	Families	MF
Market Gateway				22	22	\$0	\$0	Families	MF
Monte Vista Gardens		114			114	\$39,521	\$4,505,429	Families	MF
Monte Vista Srs I	7	61			68	\$39,500	\$2,686,000	Seniors	MF
North Park I & II		81		120	201	\$0	\$0	Families	MF
Ohlone-Chynoweth		78	115		193	\$26,943	\$5,200,000	Families	MF
Quail Hills		58	37		95	\$32,337	\$3,072,000	Seniors	MF
Ryland Mews V				9	9	\$0	\$0	For-Sale	SFA
Siena Court				16	16	\$42,813	\$685,000	For-Sale	SFA
The Haven				7	7	\$142,857	\$1,000,000	Families	MF
The Plaza				11	11	\$30,000	\$330,000	For-Sale	SFA
Villa Torre I		31	71		102	\$49,922	\$5,092,000	Families	MF
Vista Park I		82			82	\$28,878	\$2,368,000	Seniors	MF
Vista Park II		40	42		82	\$28,878	\$2,368,000	Seniors	MF
Waterford Place		15		21	36	\$0	\$0	Families	MF
Willow Glen Seniors		132			132	\$75,938	\$10,023,783	Seniors	MF
<b>TOTALS</b>	<b>53</b>	<b>1,091</b>	<b>341</b>	<b>252</b>	<b>1,737</b>	<b>\$36,640</b>	<b>\$61,750,113</b>		

\* Income Levels

- ELI Extremely Low-Income (30% of AMI)
- VLI Very Low-Income (50% of AMI)
- LI Low-Income (%-age of AMI varies year to year; in 2002, 77% of AMI)
- MOD Moderate-Income (120% of AMI)

\*\* Project Subsidy

- \$0 This indicates a project that is meeting an inclusionary requirement to provide affordable housing units

\*\*\* Unit Types

- MF Multi-Family Rental
- SFA Single-Family Attached (Townhouse/Stacked Flat Condo)
- SFD Single-Family Detached
- SRO Single-Room Occupancy

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Table 42d identifies affordable projects under construction as of June 30, 2002. Of these units, 204 are extremely low, 760 units are very-low income, 378 units are low-income, and 143 are moderate-income, for a total of 1,485 affordable units under construction. This represents 18%, 16%, and 2% of RHNA's very low-, low- and moderate-income needs, respectively.

Table 42d.

### II. PROJECTS UNDER CONSTRUCTION (Projects Receiving Building Permits after 1/1/99)

Project Name	Units by Income Level*:				Total Aff. Units	Per Unit Subsidy	Project Subsidy	Occupancy	Unit Type**
	ELI	VLI	LI	MOD					
Almaden Seniors		13	52		65	\$57,800	\$3,757,000	Seniors	MF
Betty Anne Gardens	8	15	53		76	\$86,896	\$6,604,114	Families	MF
Century Center		4		9	13	\$0	\$0	Families	MF
Craig Gardens		89			89	\$53,820	\$4,790,000	Seniors	MF
El Paseo Studies	10	46	42		98	\$51,211	\$5,018,675	Singles	SRO
Fruitdale Station I		14		19	33	\$0	\$0	Families	MF
Gadberry Court	6	48			54	\$51,389	\$2,775,000	Seniors	MF
Immanuel Lutheran		62			62	\$53,629	\$3,325,000	Seniors	MF
Legacy at College Pk.				46	46	\$0	\$0	Families	MF
Legacy at Museum Pl.				19	19	\$0	\$0	Families	MF
Lenzen at The Alameda		18	69		87	\$47,828	\$4,161,000	Teachers	MF
North White Road		108	48		156	\$64,006	\$9,985,000	Families	MF
Northside	10	84			94	\$71,809	\$6,750,000	Seniors	MF
Oak Circle	15	83			98	\$62,245	\$6,100,000	Seniors	MF
Rose Gardens		65			65	\$42,692	\$2,775,000	Seniors	MF
Shiraz		60			60	\$64,917	\$3,895,000	Seniors	MF
Tully Gardens I	155				155	\$31,394	\$4,866,000	Singles	SRO
Tuscany Hills				50	50	\$50,000	\$2,500,000	For-Sale	SFA
Villa Torre II		27	60		87	\$64,897	\$5,646,000	Families	MF
Villagio		24	54		78	\$56,192	\$4,383,000	Seniors	MF
<b>TOTALS</b>	<b>204</b>	<b>760</b>	<b>378</b>	<b>143</b>	<b>1,485</b>	<b>\$45,536</b>	<b>\$77,330,789</b>		

\* Income Levels

ELI Extremely Low-Income (30% of AMI)

VLI Very Low-Income (50% of AMI)

LI Low-Income (%-age of AMI varies year to year; in 2002, 77% of AMI)

MOD Moderate-Income (120% of AMI)

\*\* Project Subsidy

\$0 This indicates a project that is meeting an inclusionary requirement to provide affordable housing units

\*\*\* Unit Types

MF Multi-Family Rental

SFA Single-Family Attached (Townhouse/Stacked Flat Condo)

SFD Single-Family Detached

SRO Single-Room Occupancy

In addition, Table 42e identifies affordable housing projects that have received city funding commitment, but are not yet complete or have started construction. Between January 1, 1999 and June 30, 2002, the City Council has approved funding for an additional 1,474 affordable units. Through various financing mechanisms, approximately \$110 million will help subsidize the development of these units in San Jose. Construction of these units represents an additional 13% towards the City's VLI needs, 26% of LI needs and 2% of moderate-income needs. Upon approval by the City Council, the monies appropriated to finance the units must be used for production in the specific income categories. This will help ensure that the housing supply is accommodating various income categories and targeting those most in need. The Department of Housing estimates that there is typically a one to two year lag time between financing and construction of units, which would be within the 1999-2006 planning period.

**Table 42e.**

**III. PROJECTS WITH CITY FUNDING COMMITMENT (1/1/99 to 6/30/02)**

Project Name	Units by Income Level*:				Total Aff. Units	Per Unit Subsidy	Project Subsidy	Occupancy	Unit Type**
	ELI	VLI	LI	MOD					
Delmas Park	27		106		133	\$40,925	\$5,443,000	Teachers	MF
Evans Lane - CHBA	24	48	165		237	\$98,823	\$23,420,949	Families	MF
Fallen Leaves	30	18	111		159	\$92,125	\$14,647,895	Families	MF
Hacienda Villa	20	59			79	\$92,291	\$7,290,985	Seniors	MF
Kennedy Apts		20	80		100	\$75,485	\$7,548,482	Teachers	MF
Las Golondrinas	49				49	\$38,180	\$1,870,841	Seniors	MF
Las Mariposas				66	66	\$53,506	\$3,531,400	For-Sale	SFA
Monte Vista Srs II		48			48	\$93,863	\$4,505,429	Seniors	MF
Panelized Housing				3	3	\$193,667	\$581,000	For-Sale	SFD
Pollard Plaza		13	116		129	\$94,280	\$12,162,117	Teachers	MF
Reception Center	10				10	\$100,000	\$1,000,000	Families	MF
Saddlerack				50	50	\$97,000	\$4,850,000	For-Sale	SFA
Sycamore Terrace				18	18	\$41,667	\$750,000	For-Sale	SFA
Tierra Encantada	10	57	25		92	\$43,478	\$4,000,000	Families	MF
Tully Gardens II	147				147	\$43,131	\$6,340,295	Singles	SRO
W. San Carlos Srs	100				100	\$47,750	\$4,775,000	Seniors	MF
W. San Carlos Twnhse				30	30	\$137,120	\$4,113,600	For-Sale	SFA
WATCH/Homesafe	24				24	\$125,000	\$3,000,000	Families	MF
<b>TOTALS</b>	<b>441</b>	<b>263</b>	<b>603</b>	<b>167</b>	<b>1,474</b>	<b>\$83,794</b>	<b>\$109,830,993</b>		

\* Income Levels

- ELI Extremely Low-Income (30% of AMI)
- VLI Very Low-Income (50% of AMI)
- LI Low-Income (%-age of AMI varies year to year; in 2002, 77% of AMI)
- MOD Moderate-Income (120% of AMI)

\*\* Project Subsidy

- \$0 This indicates a project that is meeting an inclusionary requirement to provide affordable housing units

\*\*\* Unit Types

- MF Multi-Family Rental
- SFA Single-Family Attached (Townhouse/Stacked Flat Condo)
- SFD Single-Family Detached
- SRO Single-Room Occupancy

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Table 42f identifies projects that are in the pipeline. These projects are in the process of receiving entitlements and provide additional units towards meeting the City's RHNA needs, including an additional 31% towards VLI needs, 67% for LI, and 8% for moderate-income needs.

**Table 42f.**

### IV. PROJECTS IN THE PIPELINE

Project Name	Units by Income Level*:				Total Aff. Units	Per Unit Subsidy	Project Subsidy	Occupancy	Unit Type**
	ELI	VLI	LI	MOD					
12th & Keyes				<i>66</i>	<i>66</i>	\$31,439	\$2,075,000	For-Sale	SFA
5th & Bestor	<i>31</i>	<i>32</i>	<i>63</i>		<i>126</i>	\$75,000	\$9,450,000	Artists	MF
Alma Bowl				<i>40</i>	<i>40</i>	\$50,000	\$2,000,000	For-Sale	SFA
Almaden at WGW	<i>12</i>	<i>6</i>	<i>41</i>		<i>59</i>	\$75,000	\$4,425,000	Families	MF
Almaden Family Apts		<i>67</i>	<i>156</i>		<i>223</i>	\$75,000	\$16,725,000	Families	MF
Branham & Monterey		<i>53</i>	<i>121</i>		<i>174</i>	\$46,782	\$8,140,000	Families	MF
Branham/101 East				<i>40</i>	<i>40</i>	\$50,000	\$2,000,000	For-Sale	SFA
Branham/101 West	<i>7</i>	<i>23</i>	<i>44</i>		<i>74</i>	\$75,000	\$5,550,000	Families	MF
Capital LRT Station				<i>30</i>	<i>30</i>	\$50,000	\$1,500,000	For-Sale	SFA
Capital LRT Station	<i>120</i>				<i>120</i>	\$75,000	\$9,000,000		
Cherryview	<i>25</i>	<i>100</i>			<i>125</i>	\$56,000	\$7,000,000	Seniors	MF
Cinnabar Commons		50	198		248	\$60,415	\$14,983,000	Families	MF
City Heights				22	22	\$0	\$0	For-Sale	SFA
Delmas Park		<i>40</i>	<i>93</i>		<i>133</i>	\$40,925	\$5,443,000	Teachers	MF
Esplanade II				19	19	\$0	\$0	For-Sale	SFA
Evans Ln City Apts	<i>6</i>	<i>7</i>	<i>15</i>		<i>28</i>	\$56,429	\$1,580,000	Families	MF
Evans Ln VTA Apts	<i>8</i>	<i>24</i>	<i>48</i>		<i>80</i>	\$53,438	\$4,275,000	Families	MF
Evans Ln VTA Condos				<i>70</i>	<i>70</i>	\$61,071	\$4,275,000	For-Sale	SFA
Fairgrounds I	<i>100</i>	<i>100</i>			<i>200</i>	\$75,000	\$15,000,000	Seniors	MF
Fairgrounds II		<i>17</i>	<i>241</i>		<i>258</i>	\$75,000	\$19,350,000	Families	MF
Fairgrounds III				<i>60</i>	<i>60</i>	\$50,000	\$3,000,000	For-Sale	SFA
Ford & Monterey	<i>24</i>	<i>36</i>	<i>59</i>		<i>119</i>	\$75,000	\$8,925,000	Families	MF
Fruitdale Station II		14		20	34	\$0	\$0	Families	MF
Goble Lane		<i>415</i>	<i>390</i>	<i>25</i>	<i>830</i>	\$75,000	\$62,250,000	Families	MF
Las Plumas Transitional	<i>50</i>				<i>50</i>	\$67,200	\$3,360,000	Families	MF
Oak Room				8	8	\$0	\$0	For-Sale	SFA
Monterey (Eden Palms)	15				15	\$115,000	\$1,725,000		
Murphy & Ringwood		8			8	\$154,750	\$1,238,000	For-Sale	SFA
North Park III		<i>81</i>		<i>120</i>	<i>201</i>	\$0	\$0	Families	MF
Saint James Park Snrs	<i>125</i>				<i>125</i>	\$75,000	\$9,375,000	Seniors	MF
San Antonio Court		<i>13</i>	<i>117</i>		<i>130</i>	\$75,000	\$9,750,000		
Skypoint		19		28	47	\$0	\$0	Families	MF
Willow & Locust/Palm		1			1	\$104,000	\$104,000	For-Sale	SFD
<b>TOTALS</b>	<b>523</b>	<b>1,106</b>	<b>1,586</b>	<b>548</b>	<b>3,763</b>	<b>\$56,741</b>	<b>\$232,498,000</b>		

NOTE: All figures shown in italics are estimates as of 6/30/02

\* Income Levels

ELI Extremely Low-Income (30% of AMI)

VLI Very Low-Income (50% of AMI)

LI Low-Income (%-age of AMI varies year to year; in 2002, 77% of AMI)

MOD Moderate-Income (120% of AMI)

\*\* Project Subsidy

\$0 This indicates a project that is meeting an inclusionary requirement to provide affordable housing units

\*\*\* Unit Types

MF Multi-Family Rental

SFA Single-Family Attached (Townhouse/Stacked Flat Condo)

SFD Single-Family Detached

In addition to the sites identified as Projects Completed, Projects Under Construction, Projects with City Funding Commitment, and Projects in the Pipeline, the City also has numerous other sites that provide opportunities for residential development. As shown in Tables 42a, the City has a large supply of General Plan residentially designated land available for residential development. Furthermore, Table 42b provides estimated yields for affordable dwelling units per land use designation. Table 42g. combines the two tables and highlights only vacant lands with residential General Plan designations. A map insert illustrates where the sites are geographically located. The vacant land inventory is one example that illustrates opportunities of where affordable housing can be accommodated in San Jose.

**Table 42g.**

VACANT RESIDENTIAL DESIGNATED LAND AND ESTIMATED AFFORDABLE UNITS

LAND USE DESIGNATION	AVERAGE YIELD (HOUSING UNITS)			INCOME LEVEL			
	VACANT LAND WITH RESIDENTIAL ZONING	VACANT LAND WITH NON RESIDENTIAL ZONING	TOTAL	VERY LOW INCOME	LOW INCOME	MODERATE INCOME	ABOVE MODERATE
RURAL RESIDENTIAL (0.2 DU/AC)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
ESTATE RESIDENTIAL (1 DU/AC)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
VERY LOW DENSITY RESIDENTIAL (2 DU/AC)	274	73	347	0	0	0	347
LOW DENSITY RESIDENTIAL (5 DU/AC)	421	257	678	0	0	0	678
MEDIUM LOW DENSITY RESIDENTIAL (8 DU/AC)	1541	263	1804	0	0	541	1263
MEDIUM DENSITY RESIDENTIAL (8-16 DU/AC)	974	120	1094	109	109	383	493
MEDIUM HIGH DENSITY RESIDENTIAL (12-25 DU/AC)	1079	442	1521	152	152	456	761
HIGH DENSITY RESIDENTIAL (25-50 DU/AC)	3263	158	3421	616	582	1197	1026
RESIDENTIAL SUPPORT FOR THE CORE AREA (25+ DU/AC)	62	910	972	175	165	340	292
TRANSIT CORRIDOR RESIDENTIAL (20+ DU/AC)	1358	N/A	1358	244	231	475	408
PLANNED COMMUNITY	3900	4800	8700	1566	1479	3045	2610
<b>TOTAL</b>	<b>12872</b>	<b>7023</b>	<b>19895</b>	<b>2862</b>	<b>2718</b>	<b>6437</b>	<b>7878</b>

The City also has a supply of non-vacant land that is designated with residential designations, primarily suitable for higher density and/or mixed use developments. A majority of these sites were identified through the efforts of the City Council initiated Housing Opportunity Study and other recent privately initiated General Plan amendments. Tables 42h. through 42k. identify the various sites identified through the 3 phases of the Housing Opportunity Study and other recent General Plan amendments. The tables indicate the location, size, existing General Plan designation, potential housing yield and potential affordable units. Many of these sites are located within a Strong Neighborhood Initiative area or other redevelopment project area and subject to inclusionary zoning. The estimates are based on the minimum 15% requirement for affordable housing, estimating 9% for very low-income, 3% low-income and 3% moderate-income. The tables also identify an affordable component for sites not located in redevelopment project areas. This 15% estimate is conservative given that many higher density, affordable projects tend to be 100% affordable.

Table 42h.

HOUSING OPPORTUNITY STUDY PHASE I

File Number	Site Location	Acreage	General Plan Designation	Zoning Designation	Potential Net Dwelling Unit Yield	Units by Income Level		
						VLI	LI	MOD
*GP00-03-03	Site bounded by Basset Avenue to the north, Market Street to the east, Old West Julian Street to the south, and Terraine Street to the east	5.8	General Commercial on 4.3 acres and Residential Support for the Core Area on 1.5 acres	LI - Light Industrial	82***	7	2	2
**GP00-03-05a	Southwest corner of West Santa Clara Street and Delmas Avenue	2.1	Mixed Use With No Underlying Land Use Designation	CN - Neighborhood Commercial	116***	10	3	3
*GP00-04-05a	Southwest corner of North Capitol Avenue and Hostetter Road	15	Transit Corridor Residential (20+ DU/AC)	County	825	74	25	25
*GP00-04-05b	Northeast corner of North Capitol Avenue and Sierra Road	4.4	Medium High Density Residential (12-25 DU/AC)	R-1-8 - Single Family Residential	79	7	2	2
*GP00-04-05c	West side of North Capitol Avenue at the terminus of Penitencia Creek Road	9.5	Transit Corridor Residential (20+ DU/AC)	County	523	47	16	16
*GP00-04-05d	West side of North Capitol Avenue and the south side of Mabury Road	14.5	Transit Corridor Residential (20+ DU/AC)	County	798	72	24	24
*GP00-04-05e	Southwest corner of North Capitol avenue and Gimelli Way	10.9	Transit Corridor Residential (20+ DU/AC)	County	600	54	18	18
*GP00-04-05f	West side of North Capitol Avenue, approximately 850 feet north of McKee Road	8	Transit Corridor Residential (20+ DU/AC)	CG - General Commercial	440	40	13	13

## HOUSING

File Number	Site Location	Acreage	General Plan Designation	Zoning Designation	Potential Net Dwelling Unit Yield	Units by Income Level		
						VLI	LI	MOD
*GP00-05-03	Southeast corner of North Capitol Avenue and McKee Road	2.1	Transit Corridor Residential (20+ DU/AC)	CP - Pedestrian Commercial and CN - Neighborhood Commercial	432	10	3	3
**GP00-06-01b	North side of Auzerais between Sunol Avenue and Los Gatos Creek	13.3	Mixed Use #2 (40-100 DU/AC) (Midtown Planned Community)	HI - Heavy Industrial	116***	52	17	17
*GP02-06-02	Northwest corner of Southwest Expressway and South Bascom Avenue	7.2	Transit Corridor Residential (20+ DU/AC)	CP- Pedestrian Commercial	580***	29	10	10
*GP00-06-04	Generally located on both sides of South Montgomery Street between Crandall Street and Park Avenue	12.6	Mixed Use #1 (40-150 DU/AC) (Midtown Planned Community)	LI - Light Industrial and CN - Neighborhood Commercial	Maximum 800 units***	72	2	24
<b>TOTAL</b>		<b>105.4</b>				<b>475</b>	<b>158</b>	<b>158</b>

\*Approved February 2001

\*\* Approved August 2001

\*\*\* Subject to 15% Inclusionary Zoning

Income Category	***Potential Affordable Units	Potential Affordable Units (Non-Redevelopment Areas)
VLI	171	304
LI	57	101
MOD	57	101
<b>TOTAL</b>	<b>285</b>	<b>507</b>

# APPENDIX C

Table 42i.

## HOUSING OPPORTUNITY STUDY - PHASE II

File Number	Site Location	Acreage	General Plan Designation	Zoning Designation	Potential Net Dwelling Unit Yield	***Potential Affordable Units	Units by Income Level		
							VLI	LI	MOD
*GP01-03-12	Area generally bounded by East Julian Street, State Route 101, East Santa Clara and North 27th Streets	20	Mixed Use with No Underlying Land Use Designation (Transit Corridor Residential (20+ DU/AC) (700-1,650 DU), General Commercial (70,000-1,350,000 sq.ft.), Public Park/Open Space (minimum 4.5 acres) and Public Quasi-Public (0-10 acres))	HI - Heavy Industrial	1650	248	149	50	50
*GP01-05-02	Northwest corner of Alum Rock and Alexander Avenues	1.7	Transit Corridor Residential (20+ DU/AC)	CN - Neighborhood Commercial, R-1-8 Single Family Residence and A(PD) Planned Development	95	14	9	3	3
*GP01-05-04	Northwest corner of Alum Rock and Jose Figueres Avenues	2.5	Transit Corridor Residential (20+ DU/AC)	CG - General Commercial and A(PD) Planned Development	140	21	13	4	4
*GP01-05-05	North side of Alum Rock Avenue, both sides of North Sunset Avenue	5.6	Transit Corridor Residential (20+ DU/AC)	LI - Light Industrial	308	46	28	9	9
**GP01-06-09	Northeast corner of West San Carlos Street and Willard Avenue	0.6	Transit Corridor Residential (20+ DU/AC)	LI - Light Industrial and R-2 - Two Family Residence	32	5	3	1	1
**GP01-06-10	North side of West San Carlos Street between Willard and Buena Vista Avenues	3.9	Transit Corridor Residential (20+ DU/AC)	LI - Light Industrial	168	25	15	5	5
**GP01-06-11	North side of West San Carlos Street between Buena Vista and Dana Avenues	0.9	Transit Corridor Residential (20+ DU/AC)	LI - Light Industrial and CO - Office Commercial	47	7	4	1	1
**GP01-06-12	South side of West San Carlos Street between Meridian Avenue and Page Street	3.9	Transit Corridor Residential (20+ DU/AC)	LI - Light Industrial, CN - Neighborhood Commercial and CG - General Commercial	215	32	19	6	6
<b>TOTAL</b>		<b>39.1</b>			<b>2,655</b>	<b>398</b>	<b>239</b>	<b>80</b>	<b>80</b>

\*Approved June 2002

\*\* Pending City Council approval

\*\*\* Subject to 15% Inclusionary Zoning

Income Category	***Potential Affordable Units	Potential Affordable Units (Non-Redevelopment Areas)
VLI	239	N/A
LI	80	N/A
MOD	80	N/A
<b>TOTAL</b>	<b>398</b>	

Table 42j.

## HOUSING OPPORTUNITY STUDY PHASE III

File Number	Site Location	Acreage	General Plan Designation	Zoning Designation	Potential Net Dwelling Unit Yield	Units by Income Level		
						VLI	LI	MOD
1*	West side of Winchester Boulevard between Riddle Road and Neal Avenue	12.1	Transit Corridor Residential (20+ DU/AC)	CG - Commercial General	545	49	16	16
2*	West side of Saratoga Avenue between Stevens Creek Boulevard and Keily Boulevard	21.6	Transit Corridor Residential (20+ DU/AC)	CP - Commercial Pedestrian and CG - Commercial General	972	87	29	29
3*	Bound by Highway 85, Curtner Avenue and Canoas Garden Avenue	7.1	High Density Residential (25-50 DU/AC)	LI - Light Industrial and LI(PD) - Planned Development	320	29	10	10
4*	Southeast corner of Curtner Avenue and Canoas Garden Avenue	4.9	Transit Corridor Residential (20+ DU/AC) and Public Park/Open Space	R_1-8 - Single Family Residence, CO - Commercial Office and Unincorporated County	221	20	7	7
5*	Northwest corner of Blossom Hill Road and Blossom Avenue	14.4	Medium High Density Residential (12-25 DU/AC)	A - Agriculture	259	23	8	8
6*	South side of Santa Teresa Boulevard, between Cottle Drive and Camino Verde	10	High Density Residential (25-50 DU/AC)	CP - Commercial Pedestrian and R-M(PD) - Planned Development	370	33	11	11

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File Number	Site Location	Acreage	General Plan Designation	Zoning Designation	Potential Net Dwelling Unit Yield	Units by Income Level		
						VLI	LI	MOD
7*	Near the southeast corner of Capitol Avenue and Pentencia Creek	11.3	Transit Corridor Residential (20+ DU/AC) and Public Park/Open Space	R-1-8 - Single Family Residence	622	56	19	19
8*	South side of Berryessa Road, just east of Jackson Avenue	2.5	High Density Residential (25-50 DU/AC)	A - Agriculture	93	8	3	3
9*	Near the southwest corner of Capitol Avenue and Alum Rock Avenue	2.4	Transit Corridor Residential (20+ DU/AC)	Various	108***	10	3	3
10*	Southeast corner of Julian and 27th Street	6.9	Medium High Density Residential (12-25 DU/AC)	LI - Light Industrial and LI(PD) - Planned Development	124***	11	4	4
11*	Northeast corner of Story Road and McGinness North side of Berryessa Road just west of the Union Pacific Railroad tracks	12	Transit Corridor Residential (20+ DU/AC)	CN - Neighborhood Commercial	540***	49	16	16
12*		13.5	Transit Corridor Residential (20+ DU/AC)	A - Agriculture and LI - Light Industrial	608	55	18	18
13*	24th and William Street	15.5	Medium High Density Residential (12-25 DU/AC) on 9.4 acres; Medium Low Density Residential (8-16	Light Industrial	228***	21	7	7

**HOUSING**

File Number	Site Location	Acreage	General Plan Designation	Zoning Designation	Potential Net Dwelling Unit Yield	Units by Income Level		
						VLI	LI	MOD
14*	Midtown Area		DU/AC) on 4.9 acres; General Commercial on 1 acres; Public Park/Open Space on 0.22 acres  Residential (up to 1,500 units)	Various	1,500***	135	45	45
<b>TOTAL</b>		<b>118.7</b>			<b>6,507</b>	<b>586</b>	<b>195</b>	<b>195</b>

\* Anticipated to be heard by the City Council in Fall 2003

\*\*\* Subject to 15% Inclusionary Zoning

Income Category	***Potential Affordable Units	Potential Affordable Units (Non-Redevelopment Areas)
VLI	225	361
LI	75	120
MOD	75	120
<b>TOTAL</b>	<b>375</b>	<b>601</b>

# APPENDIX C

Table 42k.

## APPROVED GENERAL PLAN AMENDMENT SITES

File Number	Site Location	Acreage	General Plan Designation	Potential Net Dwelling Unit Yield	***Potential Affordable Units	Units by Income Level			Potential Affordable Units (Non - Redevelopment Areas)
						VLI	LI	MOD	
GP01-06-01	Both sides of Sunol Street between Savaker Street, Home Street, and Highway 280 (Reed and Graham)	15.6	Mixed Use with No Underlying Land Use Designation (up to 675 units and up to 625,000 square feet of office uses)	675	101	61	20	20	
GP02-04-02	Both sides of Berryessa Road just west of the Union Pacific Railroad tracks (Flea Market)	120.2	Transit Corridor Residential (20 DU/AC) on 58.4 acres, Medium Density Residential (8-16 DU/AC) on 8.0 acres, Combined Industrial/Commercial on 31 acres, Public Park/Open Space on 22.8 acres and floating Public Park/Open Space	3349		301	100	100	502
GP02-06-03	Southeast of the intersection of Almaden Expressway and Curtner Avenue, and north of the terminus of Rinconada and Pebble Beach Drive (Scottish Rite Temple)	4.4	Transit Corridor Residential (20+ DU/AC)	198		18	6	6	30
GP01-03-03*	Generally bounded by Santa Clara Street, Union Pacific Railroad tracks, Shortridge Avenue and S. 26th Street (Empire Lumber)	2.8	Transit Corridor Residential (20+ DU/AC)	126	19	11	4	4	
GP01-03-02*	Southeast corner of U.S. 101/Bayshore Freeway and Oakland Road (Modern Ice)	9	High Density Residential (25-50 DU/AC)	342	51	31	10	10	
GP98-06-01	Terminus of Masonic Drive (Masonic Temple)	3.5	Transit Corridor Residential (20+ DU/AC)	158		14	5	5	24
<b>Total</b>				<b>4848</b>	<b>171</b>	<b>436</b>	<b>145</b>	<b>145</b>	<b>556</b>

\*\*\* Subject to 15% Inclusionary Zoning

Income Category	***Potential Affordable Units	Potential Affordable Units (Non-Redevelopment Areas)
VLI	103	333
LI	34	111
MOD	34	111
<b>TOTAL</b>	<b>171</b>	<b>555</b>

## ***HOUSING***

In summary, between the timeframe January 1999 to June 30, 2000, 7,621 units have been completed, are in the process of construction, have City funding commitment or are in the pipeline. Of this figure, 1,221 are Extremely Low-Income units, 2,805 are Very Low-Income units, 2,518 are Low-Income units, and 1,077 are Moderate-Income units. As shown in Tables 42h. through 42k., recent General Plan amendments through the Housing Opportunity Study and privately initiated residential changes provide additional affordable housing opportunities. These efforts are estimated to facilitate the development of approximately 2,900 affordable units; 1,765 very low-, 588 low- and 588 moderate-income units. These figures combined with estimated affordable housing opportunities on residentially designated, vacant lands (as show in Table 42g.) result in approximately 1,200 ELI, 7,400 VLI, 5,400 LI and 8,100 moderate income units. Table 42l. summarizes this data, demonstrating the City of San Jose's ability to meet and exceed ABAG's RHNA units. Given that most of the housing opportunities are available in the higher density residential designations and the City's goals and policies support higher density and affordable dwelling units, it is anticipated that the RHNA units can be accommodated during the planning period.

# APPENDIX C

**Table 42I.**

**POTENTIAL AFFORDABLE HOUSING UNITS**

Income Category	Projects Completed	Projects Under Construction	Projects with City Funded Commitment	Projects in the Pipeline	*HOS I Designated Sites	*HOS II Designated Sites	*HOS III Designated Sites	All HOS sites - Non - Redevelopment Area	Other sites	Other sites - Non Redevelopment Area	General Plan Residential Designated Vacant Land
Extremely Low-Income (ELI) (30% of AMI)	53	204	441	523							
Very Low-Income (VLI) (50% of AMI)	1,091	760	263	691	171	239	225	694	103	333	2,862
Low Income (LI) (% of AMI varies year to year; in 2002, 77% of AMI)	341	378	603	1,196	57	80	75	231	34	111	2,718
Moderate-Income (MOD) (120% of AMI)	243	143	167	524	57	80	75	231	34	111	6,437
<b>TOTAL</b>	<b>1,728</b>	<b>1,485</b>	<b>1,474</b>	<b>2,934</b>	<b>285</b>	<b>398</b>	<b>375</b>	<b>1,156</b>	<b>171</b>	<b>555</b>	<b>12,017</b>

Source: City of San Jose, Department of Housing and Department of Planning, Building and Code Enforcement

Note: VLI % of RHNA includes ELI units

\* Typically 9% of all dwelling units shall be reserved for very low/low/moderate income residents, and 6% are for very low income-residents

Income Category	Total	RHNA Units	% of RHNA Units
Extremely Low-Income (ELI) (30% of AMI)	1,221		
Very Low-Income (VLI) (50% of AMI)	7,432	5,337	162%
Low Income (LI) (% of AMI varies year to year; in 2002, 77% of AMI)	5,483	2,364	232%
Moderate-Income (MOD) (120% of AMI)	8,102	7,086	114%
Above Moderate (Vacant Residential Designated Land)	7,878		
<b>TOTAL</b>	<b>30,116</b>		

## APPENDIX C

### B. FUTURE HOUSING OPPORTUNITIES

The lands described above are not the only resources available to meet future housing needs in San Jose. There are currently two Urban Reserves (South Almaden Valley and Coyote Valley) in South San Jose. The Urban Reserves are lands currently outside of San Jose's USA and jurisdiction but within the Greenline/Urban Growth Boundary that have been identified for future residential use. Some of these areas could be made available for residential use after industrial development begins in the North Coyote Valley campus industrial area and the City attains the financial stability necessary to extend urban services to these areas while maintaining the current level of service for existing neighborhoods. Taken together, both Urban Reserves could ultimately provide between 22,000 and 27,000 dwelling units when urban services are eventually extended to these areas. Only the South Almaden Valley Urban Reserve is planned for residential development within the time frame of the General Plan and could provide up to 2,000 dwelling units.

In addition to the Urban Reserves, the City's transit corridors present additional housing opportunities through the efficient use of vacant land and the reuse of underutilized sites. The General Plan calls for higher residential densities along existing or future light rail corridors or major bus routes through the Transit-Oriented Development Corridor Special Strategy Area. This special strategy area is described in Chapter V of the General Plan and identifies six key transit corridors suitable for high density residential or mixed commercial/high density residential development. The Housing Opportunities Study (described above) will actively identify high density housing sites within these corridors to facilitate eventual development. The first phase of the study focused on the Capitol Corridor and recommended land use amendments on 14 sites which could result in a net increase of 6,100 units. The five remaining corridors (Guadalupe Light Rail Corridor, Stevens Creek Boulevard/West San Carlos Street, Santa Clara Street/Alum Rock Avenue, Winchester Boulevard, and Vasona Light Rail Corridor) will be analyzed for additional housing opportunities during the second and third phases of the study.

The Housing Initiative, adopted in 1991, illustrates how the City has successfully increased the housing supply through careful planning. The Housing Initiative encouraged the production of high density housing and supportive mixed uses in close proximity to public transit corridors. The program was conducted in three phases. During the first phase, the consultants identified vacant and underutilized sites within the Guadalupe Light Rail Corridor which have potential for high density housing. The consultants then reviewed case studies, demographic data, and economic trend information to determine the market demand for multi-family housing. Lastly, the consultants analyzed the financial feasibility of four high density prototypes.

The consultants concluded that San Jose has land within the study area to accommodate significant development of high density and mixed use projects on vacant and underutilized sites. The study identified 386 acres which could yield up to 10,000 units above existing General Plan designations. The study also includes a strategy for considering additional sites within the study area for high density development. Implementation of the Housing Initiative has exceeded the expectations of the program. To date, more than 11,000 units have been constructed or have received planning approval. The increasing demand for housing close to transit and near the Downtown area indicates that additional opportunities exist within the study area.

**VII. PUBLICLY HELD LANDS**

A major source of publicly held lands which could be utilized for residential development is property owned by the twenty Elementary, Unified, and High School Districts which serve the City of San Jose. In some areas, new development is increasing demand for classroom space; in other Districts, declining enrollments have resulted in school closures. The City and School Districts have been working closely together to meet the changing needs of the community.

This cooperative process has continued with the publication of the School Site Reuse Plan (City of San Jose, revised January 2000). This document has brought together information on the City's concerns about school closures, potential interest in using school sites, and procedures for considering private development of sites. The revised School Site Reuse Plan identifies nine surplus school sites constituting approximately 60.8 acres where acquisition is not desired under provisions of the Naylor bill. Those sites proposed by the plan for private development would be subject to the City's land use regulations. Due to the "auction" approach utilized by School Districts in selling such surplus land, prices tend to be higher than in direct sale transactions. The General Plan does provide for an alternative use of school sites which are declared surplus through the application of a Discretionary Alternate Use Policy (discussed in Chapter IV: Governmental Constraints). In general, the nature and intensity of the alternate use is determined by existing uses in the surrounding neighborhood.

The revised School Site Reuse Plan mentioned in this appendix is on file with the Department of Planning, Building and Code Enforcement. The document is not static and will be reviewed and updated periodically by the City to maintain current information.

Other publicly held lands, not owned by school districts, are handled on a case by case basis. Publicly held lands usually have General Plan land use designations of Public/Quasi-Public. These parcels would also be subject to the City's land use regulations when proposed for private housing. Again, the surrounding land uses would be important considerations for determining the type and/or intensity of use. As discussed previously, a pending amendment to the General Plan would allow the use of City surplus lands for affordable housing at any density regardless of the General Plan designation.

## APPENDIX C

### VIII. PRESERVATION OF ASSISTED HOUSING

#### A. RELEVANT LAWS

In 1989, Section 65583 of the State Government Code was amended to require an analysis of "at-risk" assisted housing development and a program to preserve such units. The term "at-risk" is used to describe a project which received federal Section 221 (d) (3) Below Market Interest Rate loans and Section 236 federally insured and subsidized loans for multi-family projects.

In San Jose, most of the "at-risk" projects were built under Section 221 (d) (3), Section 236 and Section 8 programs from 1961 through 1983 by for-profit developers. Although HUD 221 (d) (3) and 236 insured mortgages were normally written for 40 year terms, owners were allowed to "option out" of their contracts after 20 years by prepaying the mortgage and converting to market rate rents. Additionally, units are "at-risk" because of expiring Section 8 project-based or tenant-based subsidies. Project-based subsidies guarantee affordable rents for tenants, while tenant-based subsidies provide affordable rents if the holder of the certificate can find an owner of a vacant unit who is willing to accept the subsidy rent payment.

As part of the Cranston-Gonzales National Affordable Housing Act of 1990, Congress adopted permanent legislation to deal with the preservation of Section 221 (d) (3) and 236 projects whose low income use restrictions would expire after 20 or more years. The preservation law is known as the "Low Income Housing Preservation and Residential Homeownership Act of 1990" or LIHPRHA. Thousands of at-risk units in California were preserved through this program during the 1990s, however, funding is no longer available through this source.

The Multifamily Assisted Housing Reform and Affordability Act of 1997 (MAHRA) established new policies for the renewal of Section 8 contracts and the restructuring of FHA-insured loans on properties with Section 8 contracts. The restructuring process, called "Mark-to-Market," is now permanently included in Section 8 law and has been implemented since October 1998. MAHRA requires the renewal of Section 8 contracts as long as the landlord opts to stay in the program. Some landlords may choose to opt out of the program as their contracts expire, in which case tenants receive one-year renewable vouchers and certificates to use to find housing.

The following is a description of the general rules and options for Section 8 expiring contracts:

#### Contract Renewal Options:

1. Mark-to-Market - Rents may be marked up to comparable market rents, not to exceed 150% of Fair Market Rents (FMR) (except with waiver). This option is designed to encourage owners in strong market areas to remain in the Section 8 program.
2. Regular Renewal -  
**All Owners** - Renew at current rents with an Operating Cost Adjustment Factor (OCAF) or budget-based adjustment (at owner's option), not to exceed comparable market rents.  
**Non-Profits: Mark-Up to Budget** - Renew with a budget-based rent increase to finance capital improvements. Rents cannot exceed comparable market rents, capped at 150% of FMRs and adjusted downward for the value of any mortgage subsidy.
3. HUD's Office of Multifamily Housing Assistance Restructuring (OMHAR) Renewals - Renew at rents reduced from above-market to comparable market levels, with debt restructuring (Mark-to-Market) or without (OMHAR Lite). These renewals will be processed primarily by state and local agencies and other entities under contract to HUD as Participating Administrative Entities, with OMHAR approval.

4. Exception Project Renewals - Renew at the lesser of: 1) current OCAF-adjusted rents; or 2) budget-based rents. No market 150% FMR cap. This option will permit owners to retain above-market rents, in some cases.
5. Preservation and Demonstration Project Renewals -
  - Preservation Projects** - Renew in accordance with the terms of the existing Use Agreement, to provide benefits to owners comparable to those promised in the original Plan of Action. Contract rents may be above- or below-market. Preservation projects are now exempt from Mark-to-Market.
  - Demonstration Projects** - Projects with restructured debt or rent reductions may renew with OCAF adjustment (or budget-based increase, upon request) for four years, followed by Regular Renewal (Option 2). For all others with an executed Demonstration Program use agreement that have above-market rents, OMHAR may approve exemptions from debt restructuring on a case-by-case basis at the Owner's request.
6. Opt Out - The owner may terminate and not renew the contract upon expiration. Tenants must notify tenants and HUD at least one year before contract termination or expiration.

**B. INVENTORY OF "AT-RISK" PROJECTS**

There are 30 project-based Section 8 developments in San Jose, representing about 2,700 units, that are affected by expiring Section 8 contracts. According to the California Housing Partnership Corporation (CHPC), a State-established nonprofit agency responsible for working with local jurisdictions on the issue of expiring Section 8 contracts, many of the project-based Section 8 units in San José are not at-risk of owners opting out of the program because they are owned by nonprofits with either an interest in preserving these units, or their developments were financed with HUD Section 202 funds and are therefore exempt. The following table summarizes the Section 8 inventory in San José by category.

Category	Units
Nonprofit Developments Exempt from Mark-to-Market	482
Nonprofit Developments Subject to Mark-to-Market	921
For-profit Developments Subject to Restrictions	183
For-profit Developments Eligible for Conversion	1,080
<b>TOTAL</b>	<b>2,666</b>

Tables 43 through 46 describe the Section 8 housing units and the likelihood of conversion in each category in more detail.

Approximately 1,000 for-profit units previously considered at-risk chose to opt out of their Section 8 contracts. Most have restructured their debt and still have affordability restrictions but are no longer under HUD control. As the demand for affordable housing increases, San José needs this portion of its housing stock. Because of federal preferences for providing housing to the lowest incomes, the average income in project-based Section 8 projects is 18% of median (in San José, the average is somewhat higher, but still extremely low). This means that the households living in these units require deep rental subsidies, without which these projects would be unable to operate.

While tenants in units that convert to market-rate are expected to receive vouchers to stay in their units, the long-term nature of the vouchers is in question. To calculate the amount of the voucher, HUD subsidizes the difference between 40% of a tenant's income and the Fair Market Rent. However, because the current asking rents in San José are so high, many times exceeding the FMR, some tenants must pay in excess of 40% of their income for housing.

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Older Section 8 programs (prior to 1983) are project-based with terms renewable every five years for up to 40 years. Most of these subsidies were provided with substantial and moderate rehabilitation of existing units, however, some were tied to new construction. Many Section 8 certificates were later offered as a secondary subsidy (in addition to the primary 221/236 contract) under the HUD Loan Management Set Aside and Property Disposition Programs. The result of having a variety of HUD funding programs with various schedules, funding sources, and restrictions generates confusion in record keeping. In some instances, not even HUD has records of projects previously funded.

**Table 43.**

**NONPROFIT-OWNED SECTION 202 DEVELOPMENTS EXEMPT  
FROM MARK-TO-MARKET**

Project	Council District	FHA Program	Expiration Date	Number of Section 8 Units
Jeanne D'Arc Manor	3	202	7/28/03	87
Homebase	3	202	6/6/11	24
Casa de los Amigos	4	202	7/31/15	23
Milagro	5	202	10/31/13	14
Jardines Paloma Blanca	5	202	3/31/15	43
Chai House	6	202	11/26/05	70
Vivente I	6	202	6/25/10	28
Cambrian Center	9	202	9/14/01	150
Vivente II	9	202	5/1/08	28
Homport	9	202	6/10/11	15
<b>TOTAL</b>				<b>482</b>

Source: City of San Jose Department of Housing

Table 44.

**NONPROFIT-OWNED DEVELOPMENTS SUBJECT TO  
MARK-TO-MARKET\***

Project	Council District	FHA Program	Expiration Date	Number of Section 8 Units
Villa Garcia	1	236	1997/1998	42
Villa San Pedro	2	221(d)(3)	1996/1999	88
Fuji Towers	3	236	2/1/16	28
Town Park Towers	3	236	1996-1998	173
Casa del Pueblo	3	236	1997-2000	154
Elena Gardens	4	236	1997-2000	161
Mayfair Golden Manor	5	221(d)(3)	10/31/96	210
Emmanuel Terrace	5	221(d)(3)	10/31/96	18
Capitol Manor	5	236	10/31/97	33
Don de Dios	7	236	6/30/98	14
<b>TOTAL</b>				<b>921</b>

\*If rents exceed "comparable market rents"

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Source: City of San Jose Department of Housing

Table 45.

**FOR-PROFIT OWNED DEVELOPMENTS SUBJECT TO  
OPT-OUT RESTRICTIONS**

Project	Council District	FHA Program	Expiration Date	Number of Section 8 Units
San Jose Gardens	1	236	1997-2000	162
Terrell-Cline Apartments	5	236	1/15/97	21
<b>TOTAL</b>				<b>183</b>

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Source: City of San Jose Department of Housing

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**Table 46.**

**FOR-PROFIT OWNED DEVELOPMENTS ELIGIBLE TO  
CONVERT TO MARKET-RATE**

Project	Council District	FHA Program	Expiration Date	Number of Section 8 Units
Moreland Apartments	1	221(d)(3)	1/25/03	160
Las Casitas	4	221(d)(3)	10/22/98	168
Villa de Guadalupe	5	221(d)(3)	12/16/01	101
Monte Alban Apartments	7	221(d)(3)	5/31/98	192
San Jose Apartments	7	221(d)(3)	6/11/99	214
San Jose Greens	9	221(d)(3)	2/19/01	79
Cedar Glen Apartments	9	221(d)(3)	10/28/05	44
Arbor Apartments	9	221(d)(3)	8/26/99	122
<b>TOTAL</b>				<b>1,080</b>

Source: City of San Jose Department of Housing

### C. COST ANALYSIS OF PRESERVING "AT-RISK" UNITS

Acquisition of at-risk units is one method available for preservation; however the costs of acquisition can be prohibitive. The cost of purchasing all of the 1,080 at-risk units could be \$100 million or higher, depending on location and condition of the development. It could cost as much as \$80,000 to \$100,000 per unit to acquire and rehabilitate the at-risk units, although this estimate could be higher depending on the extent of repairs and rehabilitation necessary. National studies estimate a cost of \$4,000 to \$10,000 per unit for the rehabilitation of Section 8 units; however the rehabilitation cost in California may be twice the national estimate. Sources of funding for acquisition include conventional financing, State bond funds, California Housing Finance Agency funds, tax credits, federal programs such as HOME and HOPE, local 20% funds and bonds.

Table 47 compares the replacement costs to the preservation costs of converting the at-risk units to market-rate housing. The City would provide assistance of up to \$10,000 per unit or replacement cost, or 15% of development costs, whichever is less. Nonprofits or tenant purchasers would be responsible for obtaining the remaining financing needs.

Table 47.

## COMPARISON OF REPLACEMENT VERSUS PRESERVATION\*

LOW RANGE ESTIMATES					
REPLACEMENT Replacement Cost		PRESERVATION Preservation Cost		DIFFERENCE	
<u>\$332,357,674</u>	<u>\$116,127</u>	<u>\$237,587,656</u>	<u>\$83,014</u>	<u>\$94,770,019</u>	<u>\$33,113</u>
Total	Per Unit	Total	Per Unit	Total	Per Unit
Public Subsidy Required for Replacement		Public Subsidy Required for Preservation			
<u>\$212,599,414</u>	<u>\$74,257</u>	<u>\$58,492,071</u>	<u>\$20,431</u>	<u>\$154,107,343</u>	<u>\$53,827</u>
Total	Per Unit	Total	Per Unit	Total	Per Unit
HIGH RANGE ESTIMATES					
REPLACEMENT Replacement Cost		PRESERVATION Preservation Cost		DIFFERENCE	
<u>\$395,838,111</u>	<u>\$138,308</u>	<u>\$293,211,592</u>	<u>\$102,450</u>	<u>\$102,626,519</u>	<u>\$35,858</u>
Total	Per Unit	Total	Per Unit	Total	Per Unit
Public Subsidy Required for Replacement		Public Subsidy Required for Preservation			
<u>\$276,079,851</u>	<u>\$96,431</u>	<u>\$110,146,385</u>	<u>\$38,473</u>	<u>\$165,933,466</u>	<u>\$57,958</u>
Total	Per Unit	Total	Per Unit	Total	Per Unit

\*Adjusted for 1999 dollar value

Source: City of San Jose, Housing Department

Public subsidy in Table 47 refers to state and local contributions required to preserve or replace the existing low-income housing stock after HUD subsidies are taken into account.

#### D. RESOURCES FOR PRESERVATION

All nonprofit housing corporations are legally capable of acquiring "at-risk" housing projects. The following is a list of all entities that have self-identified as having the capacity and/or the interest in managing assisted units:

BRIDGE Housing Corporation  
 Community Housing Developers (CHD)  
 Mid Peninsula Housing Corp.  
 First San Jose Housing  
 Ecumenical Association of Housing (EAH)  
 Bay and Valley Habitat for Humanity

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The City has, on an annual basis, assisted some nonprofits with administrative costs. The new federal housing legislation sets aside 15% of all Home Investment Partnership Program (HOME) funds to be used for such purposes. If a nonprofit purchased an "at-risk" project, the City could provide gap financing using 20% funds as a leveraging mechanism and would require professional project management skills. If, based on City assessment, adequate project management capabilities did not exist, the City would require the nonprofit to contract with an outside professional management firm.

Sources of funding for project acquisition would include conventional financing, State bond funds such as Proposition 77, California Housing Finance Agency funds, tax credits, other local or state bonds, special federal programs available for this purpose such as HOME and Housing Opportunities for People Everywhere (HOPE), and local 20% tax increment funds.

The City of San Jose's Consolidated Plan outlines the expected commitment of funds for a given year. It is extremely difficult for the City to know very far in advance every potential source of funding that may or may not be available to it. Frequently, the City can only react to new Notices of Funding Availability as they are distributed by the federal government.

The following list is a sample of projected funding sources and the amount of uncommitted funds that could be used to preserve assisted developments during the 2000-2005 five-year horizon:

Redevelopment Tax Increment ("20% Funds")	\$148,000,000+
Borrowed Funds*	\$156,200,000+
Supplemental Redevelopment Agency Funding	\$14,500,000+
Federal Programs	\$37,200,000+
Interest/Repayments	\$27,700,000+
Bond Proceeds	\$10,400,000+
Housing and Homeless Funds	\$1,750,000+
<b>TOTAL</b>	<b>\$395,750,000</b>

\*Includes sales of bonds and draws on lines of credit

Because the City is able to leverage its funding at a ratio of approximately 3 outside dollars per 1 City dollar, the potential amount that could be used to preserve lower-income units at-risk would actually be at least \$1,187,250,000 for this time horizon.

In the ten years since the Housing Department was established in 1988, nearly \$1 billion has been spent on the production and rehabilitation of affordable housing in San Jose, including approximately \$200 million in City funding. This funding has resulted in the production of over 6,600 affordable units in San Jose. Sixty percent of those units were reserved for very low income households and 30% were for low income households. Housing developments subsidized through the City are required to reserve low income units for as long as 55 years to ensure the longevity of the affordable housing supply.

### **E. PROGRAMS FOR PRESERVATION**

The affordable housing program objectives, as shown in Figure 21 of the San Jose 2020 General Plan, cover the five-year period from 2000-2005. The City has analyzed the various subsidy programs in place for the at-risk housing developments. Approximately 1,080 units could be "at-risk" of conversion.

## **Objectives**

The ultimate goal of the City of San Jose is to preserve affordable housing permanently. The following policies implement this goal:

1. Preserve the existing housing stock for the longest term possible. The ideal is permanent preservation of affordability.
2. Develop and implement policies which provide repurchase by an entity which will agree to permanent affordability at the end of the affordability restriction.

If permanent preservation is not possible in a particular case:

3. Minimize displacement of current tenants by negotiating either an anti-displacement policy or relocation mitigation with the owner when feasible.

In all new restricted developments, whenever possible:

4. Structure transactions so that no displacement occurs at the termination of the City's affordability restrictions.

## **Strategies**

Over the next several years, nearly one million Section 8 projects will expire nationally. Upon expiration, project owners can choose to opt out of the contract. Additionally owners of certain HUD funded projects have the ability to prepay their mortgages. In San Jose, there are approximately 1,079 units at the risk of possible conversion. While tenants of these units may receive housing vouchers, the loss of the units coupled with high and rising area market rents, will further exacerbate San Jose's housing challenges. The following strategies aim to minimize the impact of increased rents and limit the displacement of tenants in projects that may be converted to market rate:

1. Provide funding for the construction of more affordable units with affordability restrictions as long as 55 years.
2. Utilize available federal resources in order to provide project owners incentives to maintain project and affordability and coordinate with the Housing Authority of Santa Clara County to obtain Housing Choice Vouchers for households as necessary.
3. Encourage project owners to remain in the program.
4. Provide tenant/owner education on the issue of expiring Section 8 contracts utilizing non-profit organizations such as Mid-Peninsula Housing Coalition and the California Housing Partnership Corporation.
5. Require developers of affordable rental housing, financed in whole or in part by the City, to set aside 10% of the units in these developments for Section 8 tenants.
6. Continue to develop other programs and actions to address this important issue.

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### Project-based Section 8

There are 30 Section 8 projects in the City of San Jose. The term of restriction for Section 8 projects is established by the Housing Assistance Payments Contract. The loss of Section 8 for these properties may occur in one of two ways. First, some Section 8 contracts provide the owner with the opportunity to "opt out" of the Section 8 program and raise rents to the level allowed by whatever other regulatory requirements are on the property. Because there are presently no federal or state requirements to provide for the long-term preservation of these properties, other than notice provisions to local governments and nonprofits, rents are likely to rise to market rate.

Second, the federal government may not offer an extension of expiring contracts, even if an owner wants to renew, which, while this has not been the case up to now, could occur at any point at which Congress elects not to reauthorize enough Section 8 allocations to cover further extensions.

Strategies to preserve Section 8 project-based housing include:

1. Communicate regularly with the owner to determine his/her interest in terminating the Section 8 contract.
2. Keep abreast of actions by Congress regarding continued appropriation of Section 8, and actively support appropriations.
3. Purchase properties, either directly, or in conjunction with the local housing authority or a local nonprofit to ensure permanent preservation. In many cases, owners have an interest in selling the properties long before the termination of the Section 8. This strategy will permanently preserve the project's affordability.

### Projects with Other Financing or Incentives

Other types of subsidies which regulate housing affordability include tax-exempt bond financing and density bonus programs. There are four projects in the inventory that were financed, either completely or partially, through Redevelopment funds and eight projects financed by mortgage revenue bonds. There are no at-risk units in this period that were subsidized through CDBG or density bonus programs.

Strategies to preserve properties financed by other subsidy programs are directly dependent upon the specific restrictions or subsidies which were provided in conjunction with the subsidy. The key elements for preserving locally subsidized affordable housing are to:

1. Identify the potential to convert as soon as possible;
2. Communicate with owners and tenants; and
3. Define the specific opportunities as soon in the process as possible.

The involvement and education of tenants and nonprofits as active partners is an important piece of any strategy. Resources in addition to local resources which are available to assist nonprofit and local governments include the California Housing Partnership Corporation, and various intermediaries, such as the Local Initiatives Support Corporation (LISC), and the State Department of Housing and Community Development's Policy Division.

The City also has an active preservation program for low and very low income units through its rehabilitation and purchase/rehabilitation programs. These programs are primarily funded with CDBG funds, Section 8 funds, and Redevelopment 20% Tax Increment funds. The former Rental Rehabilitation

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Program has been replaced with HOME funds and the Section 8 subsidies tied to this program have not been available after 1992. Section 8 subsidies, authorized by HUD and administered by the Housing Authority, are always in limited supply. Loss of rent subsidy funds will remain the greatest single issue over the next few years until new programs can be put in place. The Redevelopment Agency's 20% funds, administered by the City's Housing Department, will be the prime source of funding available for any future HUD programs requiring matching funds.

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### IX. ENERGY CONSERVATION

Housing is made more affordable by the reduction of the utility bill associated with operating a household. In the Pacific Gas & Electric (PG&E) service area of which San Jose is a part, the typical residential energy use pattern is shown in Table 48.

Table 48.

#### TYPICAL RESIDENTIAL ENERGY USE: 2000

Use	Amount of Energy	Annual Cost
Heating	322 kWh and 433 Therms	\$322
Cooling	879 kWh and 433 Therms	\$98
Hot Water	220 Therms	\$146
Major Appliances	1934 kWh and 30 Therms	\$235
Lighting	821 kWh	\$91
Miscellaneous	1,641 kWh	\$182
<b>TOTAL</b>	<b>5,597 kWh and 683 Therms</b>	<b>\$1,074</b>

Source: Energy Star Home Energy Saver Program, 2000

In 2000, typical costs in running a household were about \$90/month based on an average annual electrical usage of 5,597 kwh and 683 therms. A home utilizing energy efficient techniques could reduce the monthly cost by an estimated 42% (\$52/month) based on an average annual electrical usage of 3,763 kwh and 285 therms.

The Sustainable City Major Strategy of the General Plan seeks to conserve natural resources and preserve San Jose's natural living environment. To promote the sustainable city concept, the City has developed many programs to encourage the wise use of natural resources, including programs for recycling, waste disposal, water conservation, transportation management, and energy conservation.

In 1998, the City Council created a Task Force to develop a Green Building Policy to promote building practices that minimize the negative environmental impacts associated with new development. Green building practices promote resource conservation, including energy efficiency, renewable energy, and water conservation. One benchmark of green building is to achieve energy usage 30% below Title 24 standards. The City's Environmental Services Department is preparing Green Building Guidelines to provide developers with information and resources to develop environmentally sensitive projects. Possible financial assistance or incentives are being pursued to facilitate this type of development.

#### A. OPPORTUNITIES IN THE DESIGN AND CONSTRUCTION OF INDIVIDUAL UNITS

Two primary opportunities exist for energy conservation for new units. One is the enforcement of California Title 24 Building Standards. These standards, established in 1983, prescribe, by regulation, building design and construction standards which increase the energy efficiency in new residential and new non-residential buildings.

There are two general options for demonstrating that a residential building meets the energy budget defined in the Standards. With prescriptive packages, each individual component of the proposed building must meet a prescribed minimum energy requirement. The second option, computer or hand-calculated performance methods, provides more flexibility and accuracy in calculating energy use. With any of these compliance paths, installation of mandatory measures must also be demonstrated.

The second opportunity in San Jose is the application of “green building” principles to increase the energy efficiency of new units. This could include the installation of solar hot water heaters in newly constructed residential structures, insulation to decrease energy use, use of green construction materials (e.g., recycled materials), etc.

### **B. OPPORTUNITIES IN THE DESIGN OF SUBDIVISIONS AND RESIDENTIAL PROJECTS**

State law requires that subdivisions provide solar access and natural heating and cooling to the fullest extent feasible. The legal obligation is to review subdivisions for natural heating and cooling methods which include lot orientation and determination of shadow patterns. San Jose's Residential Design Guidelines also require that the design of new residential projects consider the effects of climate and solar orientation through primary window orientation, solar access, overhang design, landscaping techniques as well as solar access of existing and adjacent units. In addition, the Green Building Guidelines under preparation would establish standards for developing “green” projects that would reduce energy use by as much as 30%.

### **C. OPPORTUNITIES THROUGH REHABILITATION AND RETROFIT**

Building rehabilitation is an opportunity to incorporate energy-saving measures which may not otherwise be available. Energy measures installed during rehabilitation are a long-term savings to the energy costs of households, especially low income households. Programs available through the City of San Jose, public agencies and private organizations provide long term solutions to energy problems and conservation.

There are a number of programs available for the weatherproofing of existing dwelling units. Partnerships between PG&E and the City are established to promote the upgrading of homes to energy efficient units. These include:

- Project Help Weatherization Grants -Available through PG&E
- California Home Energy Efficiency Rating System - A non-profit program supported by PG&E and other entities

Additionally, there are programs available in the San Jose area that can provide assistance in rehabilitation and installation of energy conservation measures for both owners and renters. Most of the programs are directed to qualified low income homeowners. The programs are as follows:

- Housing Rehabilitation Loan and Grant Programs -  
Available through the City of San Jose Housing Department
- Housing and Energy Services Program -  
Available through Economic and Social Opportunities, Inc. (financed through CDBG)
- Minor Home Repair -  
Available through Santa Clara County, Special Circumstances Program
- Water Conservation Programs -  
Available through City of San Jose, Environmental Services Department

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### **D. ASSESSMENT OF THE EFFECT OF ENERGY CONSERVATION MEASURES ON THE COST OF HOUSING IN THE LONG RUN**

Through energy efficiency programs, California has made impressive energy savings. Since energy efficiency regulations went into effect in 1978, Californians have reduced their utility bills by an estimated \$15.8 billion. Energy programs which contributed to this decrease include:

- Utility Programs
- Public Agency Programs
- Electric Utility Systems Improvements
- California State Building and Appliance Standards Improvements

Consumer responses to rising energy costs also encouraged energy conservation.

Over the next decade, it is estimated that energy costs will remain at approximately two percent of household income, although recent energy shortages have been driving costs higher. Clearly, low income households are more sensitive to increases in energy costs than moderate income households.

However, energy efficient measures are projected to be cost effective in the long term. Specifically, new high-efficiency replacement gas furnaces demonstrate an average heating efficiency improvement of 33% and wall insulation provides 24% efficiency. These measures pay for themselves (in terms of energy costs savings) long before they need to be replaced or upgraded.

It is far more economical to incorporate energy efficient measures at the time of construction than after the house is built. For example, wall insulation may cost as much as 50 to 100 percent more when it is installed on a retrofit basis.

In conclusion, energy conservation measures do not add to the cost of housing in the long run due to the utility costs savings. The initial capital cost of installing energy efficient equipment is regained as savings in the long run.

### **E. PROXIMITY OF PROPOSED RESIDENTIAL DEVELOPMENT TO EMPLOYMENT CENTERS, SCHOOLS, AND TRANSIT SERVICES**

The General Plan encourages the location of residential development, especially high density residential projects, in close proximity to employment centers and transit services. With the redevelopment of San Jose's downtown, higher density residential development has been encouraged and constructed, to create a "24-hour Downtown" with an active mix of commercial and residential uses. Higher density housing on infill sites along the City's Transit-Oriented Development Corridors is integral to the General Plan's Economic Development and Growth Management Strategies.

The City has been proactive in promoting this objective. Three major sites in North San Jose were redesignated on the General Plan from industrial to residential use in 1989 to create opportunities for approximately 6,000 housing units adjacent to or proximate to the light rail transit line. These residential areas are located near major employment centers in North San Jose. To date, nearly 6,500 units have been constructed or approved in these areas.

The Transit-Oriented Development Corridors Special Strategy Area encourages more pedestrian oriented, compact forms of high density residential or mixed use projects in close proximity to transit. The City is currently engaged in a three-phase Housing Opportunities Study (HOS) to further this objective by identifying specific vacant or underutilized sites suitable for high density housing within these corridors

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and other key locations in the City. The first phase of this study has identified 14 sites with a potential yield of 6,000 units above the current yield. In addition to increasing housing opportunities with San Jose, the HOS promotes transit use and connects planned residential areas with employment centers along the transit corridors.

The Housing Initiative Special Strategy also seeks to increase the supply of high density housing along major transportation corridors and in the Downtown Core and Frame areas. To date, over 11,000 units have been approved or developed within the Housing Initiative study area, including about 30 affordable housing projects.

## APPENDIX C

### X. DETAILED DESCRIPTION OF HOUSING FINANCE PROGRAMS

#### A. HOUSING PROGRAMS

The City of San Jose's Housing Department offers a comprehensive affordable housing program. The Department assists in financing both new construction and the rehabilitation of single-family and multi-family units for low and moderate income residents in San Jose. A summary list of all the programs administered by the Housing Department (unless otherwise noted) is contained in the Housing portion of the Implementation chapter of the San Jose 2020 General Plan. All of those programs will be used to achieve the quantified goals identified in that portion of the General Plan. The programs will be primarily used to develop or conserve housing for lower income households during the 1999-2006 planning period of the housing element. To ensure that these programs are implemented to the fullest, the Housing Department conducts an outreach program to contact nonprofits and other housing providers to make them aware of the programs administered by the City. This includes training workshops and explaining City policies for using and leveraging available funds.

Specific programs are funded from City redevelopment area property tax increments; the Federal Government's Community Development Block Grant (CDBG), Rental Rehabilitation Programs, and HOME program under the National Affordable Housing Act; bond sale proceeds; private sector investors; and lending institutions. Programs related to these funding sources are detailed in the Consolidated Plan. The City's overall strategy is to use available public funds to leverage financing from private sources to support a variety of housing construction and rehabilitation programs.

Certain restrictions may apply for the use of these funds, depending on the source. These restrictions are generally based on income and family size. The current income limits and maximum affordable housing costs for very low, low and moderate income households is presented in Table 37. The income limits and affordable housing costs are updated annually by the federal government and may be obtained from the Housing Department.

The City has established a priority system to guide the allocation of housing funds. Under the City's priority system, **Priority One** will target very low-income households only, with existing programs such as moderate and substantial rehabilitation; increased new construction, such as new rental unit activity; additional rental subsidization; and support for facilities and services for the homeless and at-risk.

**Priority Two** will target both very low- and low-income households with the same programs described above. In addition, low-income "other households" will benefit from increased new construction activity, such as SRO units and substantial rehabilitation and support facilities for special needs groups.

**Priority Three** will target both very low- and low-income households; however, qualifying first-time homebuyers with children are eligible for mortgage assistance opportunities.

San Jose is an "entitlement" city and expects to continue to receive federal funds from such programs as the Community Development Block Grant (CDBG) program, the HOME Investment Partnership Program (HOME) and program income from the previously terminated Rental Rehabilitation Program (RRP).<sup>1</sup> As part of the City's Five Year Strategy, the Housing Department will continue to target CDBG funds for moderate and substantial rehabilitation of very low- and low-income renter and owner-occupied units, and relocation of occupants during the rehabilitation phase, as needed. CDBG funds will further be used to fund

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<sup>1</sup> While the Rental Rehabilitation Program is terminated, the City continues to receive loan repayment proceeds, which are used for a variety of affordable housing-related purpose.

projects in specially-designated neighborhoods, to support the City's predevelopment loan program for nonprofit housing sponsors, and to assist in the permanent relocation of households. RRP funds will also be used to support the City's predevelopment loan program for nonprofit housing sponsors and for needs that arise that cannot be funded from other sources.

With respect to the federal HOME program, HUD prefers that program dollars be used for rehabilitation rather than new construction, though HUD does permit an emphasis on new construction in those local jurisdictions where the market conditions and the local housing supply dictate a need for new rental construction. HOME program regulations also require that at least 15% of the funds be set aside for nonprofit Community Housing Development Organizations (CHDOs), the boards of which must contain representatives from the community.

While San Jose's limited housing supply and high cost of available rental housing make the construction of new rental units a high priority, the City's rehabilitation needs are great. As such, in addition to new construction, the City also anticipates continuing to use HOME funds for acquisition and moderate rehabilitation of rental properties and for projects sponsored by CHDOs.

The federal government provides additional funds for both interim/transitional and more permanent housing facilities, supportive services, and prevention programs for the homeless. The City receives direct funds under both the CDBG and the federal McKinney Act/Emergency Shelter Grant Program (ESG) for this purpose. Various nonprofit service providers in the City also receive ESG funds via the State and County. Other federal funds for the homeless may be applied for on a competitive basis by the housing provider directly, including funds from the Federal Emergency Management Agency (FEMA), Supplemental Assistance for Facilities to Assist the Homeless (SAFAH), Transitional Housing, Permanent Housing for the Handicapped Homeless, and the new Section 811 Program funds (Supportive Housing for Persons with Disabilities; formerly part of the Section 202 Program for the Elderly and Handicapped).

The Santa Clara County Housing Authority also receives federal funds, part of which are targeted to residents of San Jose needing assistance. In addition to administering the Section 8 Certificate and Voucher rental assistance programs, the Authority also acts as the local conduit for the federal Shelter Plus Care rental assistance program for homeless persons with disabilities, particularly mental illness, chronic alcohol and/or drug addiction, and AIDS. The Authority further plays a direct role in developing affordable housing units, and is in the process of constructing the City's first family conventional public housing development. Acting as a nonprofit housing developer, the Housing Authority will continue to apply for funds from the City and a spectrum of State, federal, and private sources for its various development projects.

### **State and Local Sources**

California State Redevelopment Law requires that where there are local redevelopment areas, the property tax revenues generated by increases in assessed value within these areas after the adoption of the redevelopment plans be allocated to the redevelopment agency to carry out its redevelopment programs. State law further requires that at least 20% of these "tax increments" be set aside for the development, maintenance and preservation of low- and moderate-income housing. A local jurisdiction need not limit the use of the funds to redevelopment areas only, but may use the "20% funds" more broadly within its entire geographic boundaries, provided that the assistance is of benefit to redevelopment areas. The City of San Jose allocates its 20% funds and HOME -- as well as the housing rehabilitation portion of its CDBG funds -- for affordable housing development throughout the City according to **the Income Allocation Policy** which 60% of the dollars are targeted to housing affordable to very low-income households, 25% for housing affordable to very low-income households, and 15% for housing affordable to moderate-income households.

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In the Fiscal years 1990-03, the City will receive over \$66 million dollars of supplemental Redevelopment Agency (RdA) funds, over and above the 20% Housing set-aside, for the **Extremely Low-income (ELI) Housing Initiative**. The City has undertaken this bold and innovative program to finance the development of housing units affordable to households earning 30% or less of Area Median Income. The ELI funds are granted rather than loaned, since the rent revenues from ELI units cannot sustain debt. With this level of supplemental funding from the Redevelopment Agency plus \$11.5 million from the 20% and HOME Funds, the Initiative is expected to produce approximately 950 units of housing affordable to ELI families, seniors, individuals and special needs populations.

In addition to direct subsidies for affordable housing, the Redevelopment Agency provides indirect subsidies by paying the **Parkland Impact In-Lieu Fees** that would otherwise be imposed on developers for the construction of units affordable to low-, very low- and extremely low-income households with long-term affordability restrictions. Over the 1999-2005 period, the RdA has budgeted \$20 million for this program.

Finally, under the **Expanded Housing Program** originally adopted by the City Council in 1990, San Jose is borrowing against its long-term 20% Tax Increment revenues in order to provide financing to meet its affordable housing in the short term. As of June 2002, the City has sold \$201 million of Tax Allocation Bonds (TABS), primarily in the form of taxable bonds. Based on 20% Housing Set-Aside projections as of June 2002, an additional \$200 million of bonding capacity remains over the next few years.

Current federal law requires that HOME funds be matched with State or local resources as follows:

- \$2 federal to every \$1 non-federal for new construction
- \$3 federal to \$1 non-federal for substantial rehabilitation
- \$4 federal to every \$1 non-federal for moderate rehabilitation
- \$4 federal to every \$1 non-federal for tenant-based rental assistance

The City of San Jose intends to meet the matching requirements for HOME funds with its local 20% funds and, to a lesser extent, through locally-imposed construction-related tax and fee exemptions for very low-income projects. In providing financing for affordable housing development, the City of San Jose policy is to provide financial assistance in the form of low-interest loans rather than grants, forgivable loans, or rental assistance. Moreover, the City emphasizes gap financing rather than primary financing in its large-project program, including new construction and acquisition/rehabilitation.

The City further requires that project sponsors leverage City funds with funds from non-City sources to maximize the investment in affordable housing. As with current projects in the City pipeline, project sponsors will be expected to leverage City funds with funds from various programs of the California Housing Finance Agency (CHFA) and the State Housing and Community Development Department (HCD). The City is aware that many of the State's housing program funds are currently exhausted. These include the Rental Housing Construction Program (RHCP) and the California Housing Rehabilitation Program for Rental Units (CHRP-R), two programs on which local sponsors heavily depend for other leveraging.

The City also expects its funds to be leveraged through a variety of private sources, including the Savings Association Mortgage Company (SAMCO), the California Community Reinvestment Corporation (CCRC), the Affordable Housing Program (AHP) of the Federal Home Loan Bank Board, Community Reinvestment Programs of private lenders, other conventional lenders, tax-exempt Mortgage Revenue Bond proceeds (e.g., 501(c)(3) bonds), allocated by the California Debt Limit Allocation Committee (CDLAC), and California and federal low-income housing tax credits allocated by the California Tax Credit Allocation Committee (CTCAC). Finally, over the next five years, the City will continue to target its Notices of Funding Availability (NOFAs) to the needs of priority groups identified in the Consolidated Plan, including seniors, large families with children, the disabled, the homeless, and those at risk of homelessness.

Table 48a. summarizes the ways that outside funding sources are leveraged by City-controlled funding sources. Because outside funding sources are sometimes targeted to specific types of housing product, the table is organized in that fashion.

**Table 48a.**  
 City of San Jose Affordable Housing Program  
 Local and Outside Funding Sources, By Type of Housing Product

<u>Product</u>	<u>Local Funding Sources</u>	<u>Outside Funding Sources</u>	<u>Comments</u>
Family Rental – New Construction and Acquisition/ Rehabilitation	<ul style="list-style-type: none"> <li>- 20% Housing Fund</li> <li>- HOME Funds</li> <li>- ELI Housing Fund (80% RdA Funds)</li> <li>- Inclusionary housing requirement in RdA project areas</li> <li>- 80% RdA Funds</li> </ul>	<ul style="list-style-type: none"> <li>- Tax-exempt private-activity bonds (CDLAC)</li> <li>- 501(c)(3) tax-exempt bonds</li> <li>- Low-Income Housing Tax Credits (CTCAC)</li> <li>- Housing Trust of Santa Clara County</li> <li>- Commercial lenders</li> <li>- Multifamily Housing Program (HCD)</li> <li>- Affordable Housing Program (FHLB)</li> </ul>	
Senior Rental – New Construction and Acquisition/ Rehabilitation	<ul style="list-style-type: none"> <li>- 20% Housing Fund</li> <li>- HOME Funds</li> <li>- ELI Housing Fund (80% RdA Funds)</li> <li>- Inclusionary housing requirement in RdA project areas</li> </ul>	<ul style="list-style-type: none"> <li>- Tax-exempt private-activity bonds (CDLAC)</li> <li>- 501(c)(3) tax-exempt bonds</li> <li>- Low-Income Housing Tax Credits (CTCAC)</li> <li>- Commercial lenders</li> <li>- Housing Trust of Santa Clara County</li> <li>- Multifamily Housing Program (HCD)</li> <li>- Affordable Housing Program (FHLB)</li> <li>- 202 Program (HUD)</li> </ul>	Funding for senior housing limited to 8.3% of the 20% Housing Fund
Single-Room Occupancy (SRO)	<ul style="list-style-type: none"> <li>- 20% Housing Fund</li> <li>- HOME Funds</li> <li>- ELI Housing Fund (80% RdA Funds)</li> <li>- Inclusionary housing requirement in RdA project areas</li> </ul>	<ul style="list-style-type: none"> <li>- Tax-exempt private-activity bonds (CDLAC)</li> <li>- 501(c)(3) tax-exempt bonds</li> <li>- Commercial lenders</li> <li>- Low-Income Housing Tax Credits (CTCAC)</li> <li>- Housing Trust of Santa Clara County</li> <li>- Multifamily Housing</li> </ul>	

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		Program (HCD) - Affordable Housing Program (FHLB)	
Special Needs Populations	- 20% Housing Fund - HOME Funds - ELI Housing Fund (80% RdA Funds)	- 811 Program (HUD) - 501(c)(3) tax-exempt bonds - Housing Trust of Santa Clara County - Low-Income Housing Tax Credits (CTCAC)	
Ownership/For-Sale	- 20% Housing Fund	- Commercial lenders	
Predevelopment	- CDBG revolving loan fund - RRP revolving loan fund	None	Available only to nonprofit housing developers

In addition to direct or indirect financial assistance to developers of affordable housing, a joint City-Redevelopment Agency policy adopted in 1990 requires that developers of housing in redevelopment project areas meet the State Health and Safety Code mandate for an **Inclusionary Housing Requirement** within their individual development projects (or pay an in-lieu fee) without City or Redevelopment assistance. Developers of rental projects are required to provide either 20% very low-income units or a combination of 8% very low- and 12% moderate-income units. Developers of for-sale projects are required to provide either 20% moderate-income units. This policy not only assures long-term compliance with State law, it also provides for affordable housing production that does not require public subsidy.

### B. HOMEOWNER PROGRAMS

For all of the Homeowner Programs outlined below:

**CITY ROLE:** Provide financing and technical advice services (Housing Department), Building Code compliance services (Building Division of PBCE) and general Code Compliance services (Code Enforcement Division of PBCE).

**OTHER PARTICIPANTS:** Income qualified owner-occupants and the California Department of Housing and Community Development (providing mobilehome code compliance services).

**FUNDING:** CDBG and 20% Tax Increment

**Housing Preservation Program (HPP):** Homeowners earning up to the County median income level may apply for a 3%-interest loan up to \$100,000 to rehabilitate their homes. Qualifying rehabilitation work includes achieving compliance with the health and safety standards of the City's Housing Code, repairing or replacing structural deficiencies, and energy conservation measures. Payments on most HPP loans may be deferred until transfer or change of title. By City Council policy, 75% of HPP and other rehabilitation

program funds, with the exception of the Mobilehome Repair Loan Program (MRLP), are to be spent in Strong Neighborhood Initiative (SNI) areas of the City which are characterized by higher concentrations of lower-income households and older housing stock in the greatest need of rehabilitation. This program has been successful and expects to rehabilitate approximately 120 housing units on an annual basis.

**Homeowner Grant Program (HGP):** This program, that became effective on July 1, 2001, grants up to \$15,000 per household for necessary health and safety repairs to owner-occupied single-family and duplex residences. The Homeowner Grant Program is available only to eligible low-income home owners. Based on data from the first four months of the new program, the Department expects to approve approximately 200 HGP applications during the current fiscal year. Since the program's conception, there has been high demand for the grants and has proven to be a success.

**Mobilehome Repair Loan Program (MRLP):** Owner occupants of mobilehomes earning less than median income may apply for a 3% interest loan up to \$15,000 to rehabilitate their homes. Qualifying rehabilitation work is limited to those measures necessary to achieve compliance with State health and safety standards and applicable park regulations. The Department of Housing also offers one-time repair grants up to \$12,000 for low-income mobilehome owners for work meeting the criteria set forth in the loan program. The Department expects to rehabilitate approximately 140 mobilehomes on an annual basis.

**Paint Grant Program – Owner Occupied:** The City provides grants to single-family homeowners and mobilehome owners earning up to median income, adjusted for household size. The City will pay 100% of the cost of repainting the exterior of their single-family, duplex, or mobilehome residence up to a maximum of \$5,000. The Department expects to paint approximately 1,250 dwelling units on an annual basis between both the owner-occupied and the tenant-occupied programs.

### C. HOMEBUYER PROGRAMS

**First-Time Homebuyers Mortgage Credit Certificates (MCC):** In cooperation with the County, the City offers Mortgage Credit Certificates (MCC) to qualified buyers. A Mortgage Credit Certificate enables qualified first-time buyers to reduce the amount of their federal income tax liability by a specified percentage of the interest rate they pay on a conventional, FHA or VA loan. This reduction may be applied to a new or an existing loan. By reducing the tax liability, an MCC effectively increases the homebuyer's income level. San Jose has been an active participant in the Santa Clara County MCC program with an average of 600 MCCs available annually. The program has proven to be an effective means for enabling mainly moderate income household purchase homes that they might not otherwise afford. The City will continue its cooperation with the County on this program.

**CITY ROLE:** Referrals to the Countywide MCC Program operated by the County of Santa Clara (Housing Department).

**OTHER PARTICIPANTS:** County of Santa Clara and income-qualifying homebuyers.

**FUNDING:** Not applicable.

**Teacher Housing Program (THP):** In June 1999, the Mayor and City Council approved the implementation of a program to assist San Jose public school teachers in the purchase of a home in San José and has appropriated \$4 million to date for this program. The City loan within this program provides up to \$40,000 to assist in purchasing a single-family residence, town home, or condominium. To qualify, households must have a classroom teacher employed full-time at a public K-12 school within San Jose and earn up to 120% of the area median. The loan is offered at a zero-percent interest rate and is not due until

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transfer of the title to the home or in 30 years. The program has proven to be an effective means for attracting and retaining public school teachers in one of the nation's highest housing cost areas. The City continuously markets and evaluates the program to assure that program goals and maximum leveraging of City funds are achieved.

**CITY ROLE:** Provide second-mortgage loans (Housing Department).

**OTHER PARTICIPANTS:** Income-qualifying teacher homebuyers and public school districts.

**FUNDING:** 20% Tax Increment for purchase of conventional homes; RRP Fund for purchase of mobilehomes.

**Project-Based Second Mortgages:** The City is providing 30-year second mortgages up to \$55,000 for moderate-income, first-time homebuyers in ownership housing projects for which the City has previously provided financial assistance for development. Interest rates vary, depending upon the borrower's ability to pay. This financing approach has proven to be an effective means for stimulating an increase in the supply of newly constructed housing that is affordable for both low- and moderate-income households. The City has expanded its project-specific assistance programs in its overall homebuyer assistance program strategy to provide forward commitments of take-out soft-second mortgages to developers of for-sale projects.

**CITY ROLE:** Provide second-mortgage loans (Housing Department).

**OTHER PARTICIPANTS:** Income-qualifying homebuyers and developers of for-sale housing projects.

**FUNDING:** 20% Tax Increment.

**The Vernal Fund:** Private lenders have entered into an agreement with Neighborhood Housing Services Silicon Valley, a nonprofit organization, to provide down payment assistance loans to both low and moderate-income homebuyers. Loan amounts range from \$10,000 to \$80,000. Interest income derived from a \$2 million City grant is used to make interest payments on behalf of the borrower during the five-year loan deferral period. The Redevelopment Agency is also considering making a \$2 million grant to the Vernal Fund. The program, just begun, is a first in the country. Potentially, it will enable the City to leverage its funds more effectively than if it funded downpayment assistance loans itself. The City has effectively combined the program with the Teacher Homebuyer Program, to enable lower income teachers purchase a home. The City will continue to evaluate program results. It may provide additional funding for this innovative effort.

**CITY ROLE:** Provide grants to capitalize the HomeVenture Fund (Housing Department and Redevelopment Agency).

**OTHER PARTICIPANTS:** Neighborhood Housing Services Silicon Valley and income-qualifying homebuyers.

**FUNDING:** 20% Tax Increment and 80% Tax Increment.

### D. HOUSING DEVELOPERS/INVESTMENT PROPERTY OWNERS

**Predevelopment Loan Programs:** This program, originally funded by CDBG in the amount of \$400,000, is designed to assist nonprofit housing developers with funds necessary to explore the feasibility of a proposed housing project. Under this revolving –loan program, nonprofits may apply for option fees and

preliminary environmental or design studies. Loans are currently set at 4% interest and range from \$15,000 up to \$100,000 with repayment due at the close of escrow on construction loans or within two years. During the previous year's budget process, an additional \$200,000 of RRP Funds was allocated to this program providing additional capacity for predevelopment loans. This program has high demand and loans out its annual allocation nearly every year.

**CITY ROLE:** Provide predevelopment loans (Housing Department).

**OTHER PARTICIPANTS:** Nonprofit housing developers.

**FUNDING:** Revolving loan fund capitalized by CDBG and RRP funds.

**Project Development Loans for Acquisition, Construction and Acquisition/ Rehabilitation:** Below market rate gap loans and grants, made to both for-profit and nonprofit developers, are typically subordinated to the primary lender's loan. They are designed to minimize the developer's project costs, provided the savings are passed on to low and moderate income persons in the form of lower rents or sales prices. The loans provide funding for apartments for families and seniors, SROs, transitional housing, and housing for special needs populations as well as development condominiums and townhomes. Loans are also made for site acquisition, predevelopment, and construction and for other specific development related costs.

The Housing Department offers this funding through Notices of Funding Availability (NOFAs) on a fund-available basis and as means to implement the five-year strategy plan. During fiscal year 2000-01, 1,265 units were completed or rehabilitated. Of that amount 1,166 units used City funding and were restricted to extremely low, very low, low and moderate-income persons or families. During the fiscal year, the City Council approved funding for 1,135 additional units of new construction, of which 1,126 used City funding and were restricted to extremely low, very low, low and moderate-income persons or families. Recent City Council policy has made financing Extremely Low-Income units a priority for new construction projects. The Redevelopment Agency has budgeted over \$57 million for the Fiscal Years 1999-2006 time period.

Funding for the acquisition and rehabilitation of existing apartment complexes focuses on blighted properties where rehabilitation would have a significant revitalizing impact on the surrounding neighborhood and those projects with expiring HUD loans and rent restrictions (the so-called "preservation" projects). A recent preservation success story was the City-financed purchase of the 700-unit El Rancho Verde Apartments, for which the rehabilitation and upgrade work was completed in Spring 2002.

**CITY ROLE:** Provide gap loans and grants to finance affordable housing development (Housing Department) and development review services (Implementation Division of PBCE, Public Works, Fire).

**OTHER PARTICIPANTS:** For-profit and nonprofit housing developers.

**FUNDING:** 20% Tax Increment, 80% Tax Increment and HOME Funds.

**City as "Developer":** State law stipulates that affordable housing (along with parks and public education) have priority for surplus property owned by any public agency created under State auspices. The Housing Department aggressively seeks to purchase such properties owned by the City of San Jose, the Valley Transportation Authority (VTA), CalTrans, the 19 school districts in San Jose, the Santa Clara Valley Water District and other public agencies for housing development. For example, the surplus and potentially surplus properties owned by VTA are estimated to be able to accommodate approximately 1,000 high-

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density housing units. Properties so acquired are subsequently transferred to nonprofit and for-profit developers for the construction of affordable housing projects, both rental and for-sale.

**CITY ROLE:** Purchase surplus public property and transfer to housing developers (Housing Department) and provide development review services (Implementation Division of PBCE, Public Works, Fire).

**OTHER PARTICIPANTS:** Public agencies with surplus properties and nonprofit/for-profit affordable housing developers.

**FUNDING:** 20% Tax Increment and 80% Tax Increment

**Rental Housing Rehabilitation Program (RHR):** Low interest rate loans are made available to owners of rental housing properties whose tenants are very low- or low-income. Most RHR loans are made for fourplexes, though single-family, duplex and 5+ unit properties may also qualify. Maximum loan amounts are \$100,000 for single-family units and \$55,000 per unit for duplex and multi-family properties. Qualifying rehabilitation work includes achieving compliance with the health and safety standards of the City's Housing Code, repairing or replacing structural deficiencies, and energy conservation measures. Loans are made at 3%-interest for terms of between 15 and 30 years. Deferral of amortization may be allowed in cases where the project's cash flow and/or the borrowers other financial resources cannot sustain additional debt service and keep rents affordable. By City Council policy, 75% of RHR and other rehabilitation program funds are to be spent in target areas of the City which are characterized by higher concentrations of lower-income households and older housing stock in the greatest need of rehabilitation.

**CITY ROLE:** Provide financing and technical advice services (Housing Department), Building Code compliance services (Building Division of PBCE) and general Code Compliance services (Code Enforcement Division of PBCE).

**OTHER PARTICIPANTS:** Owners of income-qualifying rental properties.

**FUNDING:** CDBG and 20% Tax Increment.

**Paint Program – Tenant Occupied:** The City provides grants to property owners who have at least 51% of their tenants that are very low- or low-income. The City will pay 100% of the cost of repainting the exterior of a one to four-unit tenant occupied residence, and 90% of the lowest bid for buildings with five or more units. The Department expects to paint approximately 1,250 dwelling units on an annual basis between both the owner-occupied and the tenant-occupied programs.

**CITY ROLE:** Provide grant financing (Housing Department).

**OTHER PARTICIPANTS:** Owners of income-qualifying rental properties.

**FUNDING:** 20% Tax Increment.

## E. HOMELESS SERVICES PROGRAMS

**Emergency Shelter Grant Program (ESG):** ESG is a HUD funded program that provides grants for renovation or conversion of buildings for use as emergency shelters for homeless families and individuals and provision of essential services to the homeless. Some funds may be used for operating costs. In FY 2000-01, the City received \$443,000 in funding, which was allocated to 13 nonprofits. Annually

nonprofits submit proposals for homeless prevention, essential services for the homeless population, and maintenance and operations.

CITY ROLE: Provide grant funding (Housing Department)

OTHER PARTICIPANTS: Nonprofit shelter and homeless services providers.

FUNDING: ESG funds (HUD).

**Housing Opportunities for People with AIDS or HIV (HOPWA):** HOPWA is a HUD funded program that provides grants for nonprofit agencies that provide housing and housing-related services for people with AIDS or HIV. Some funds may be used for operating costs. For FY 2000-01, San Jose received \$755,000 in funding. This money is granted to ARIS and Health Connections who provide housing for people with AIDS or HIV.

CITY ROLE: Provide grant funding (Housing Department)

OTHER PARTICIPANTS: Nonprofit service providers.

FUNDING: HOPWA funds (HUD).

**Housing and Homeless Fund:** On February 2, 1993, the Mayor and City Council approved the allocation of funds to establish a Housing and Homeless Fund. These funds can be used for a variety of activities. Applications are accepted on an ongoing basis; funds are awarded first-come, first-served basis. The City's Housing and Homeless Fund was created to provide financial assistance to nonprofit organizations that operate homeless shelters or provide other services to the homeless. Nearly \$800,000 is granted to nonprofits on an annual basis from this fund.

CITY ROLE: Provide grant funding (Housing Department).

OTHER PARTICIPANTS: Nonprofit shelter and homeless services providers.

FUNDING: Housing and Homeless Fund.

**Mayor's Homeless Families and Children Fund:** The Mayor's Homeless Families and Children's Initiative Fund is a one-time (FY 2001-02) competitive funding opportunity, provided by the City of San Jose, which is designed to support creative and collaborative proposals for one-time projects from the community to address the needs of homeless families and individuals. The Mayor's Homeless Families and Children's Initiative Fund is administered by the Department of Housing. This new Fund seeks to assist creative projects that are currently unable to be funded under other grant programs the Department of Housing administers, including the Housing and Homeless Fund.

CITY ROLE: Provide grant funding (Housing Department).

OTHER PARTICIPANTS: Nonprofit shelter and homeless services providers.

FUNDING: General Fund.

**Promoting Growth and Early Self-Sufficiency (PROGRESS):** The City Council authorized the Department of Housing to implement a two-year, \$400,000 program to provide housing and supportive services to homeless families and individuals, beginning in Fiscal Year 2001-02. Families and

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individuals who are homeless will no longer living in the streets. Supportive services will be given to people who would have otherwise not receive them, taking them off the streets and providing supportive services in permanent housing.

**CITY ROLE:** Provide grant funding (Housing Department).

**OTHER PARTICIPANTS:** Housing Authority of the County of Santa Clara and homeless families and individuals drawn by lottery.

**FUNDING:** Housing and Homeless Fund.

### **F. NEIGHBORHOOD IMPROVEMENT PROJECTS**

The City of San Jose has a strong focus on the quality of its neighborhood, as demonstrated by the numerous programs aimed at strengthening and improving neighborhood living conditions. The City's active neighborhood blight and comprehensive neighborhood revitalization programs strive to improve neighborhoods in a combined "city/local resident" cooperative effort. These programs were developed in response to neighborhood concerns about crime, a desire for community improvement, and the need to address the City's deteriorating housing stock. Project Crackdown and Project Blossom provide an interdepartmental approach with coordinated services. Project Crackdown address social problems of drugs, crime and gangs, and physical blight. Project Blossom focuses on blighted neighborhood conditions.

In 1996, the City initiated the Neighborhood Revitalization Strategy (NRS) to coordinate the delivery of services to neighborhoods identified as needing additional assistance to improve their living conditions. NRS identified neighborhoods faced with challenges such as poor physical condition of buildings and infrastructure, high crime rates, and a lack of resources to correct recognized problems. NRS was a multi-departmental approach to address these challenges using available City programs, such as Project Crackdown, and community resources. Neighborhood Revitalization Plans (NRP) were developed in five target neighborhoods as a joint effort between the City and community. The plans identified a coordinated approach for the revitalization of these communities. The Department of Parks, Recreation, and Neighborhood Services continues to implement the adopted NRPs through partnerships with community members in each neighborhood and various City Departments.

The City furthered its interdepartmental neighborhood improvement efforts through the Strong Neighborhoods Initiative (SNI). An expansion of the successful Neighborhood Revitalization Strategy, SNI involves several City departments, including the Planning and Housing Departments. SNI, launched in spring of 2000, combines the efforts of several City Departments and the Redevelopment Agency to identify improvements and services needed to revitalize declining neighborhoods throughout the City. Nineteen target areas have been designated as improvement areas. Neighborhood Improvement Plans are being initiated for each target area and the first phase will be completed by summer of 2001. Physical improvements are expected to be funded through redevelopment funds, existing City programs (including Housing rehabilitation programs), and Community Development Block Grants.

**CITY ROLE:** Facilitate neighborhood planning efforts (Planning Division of PBCE) and finance public and private-property improvements identified by neighborhood residents (Redevelopment Agency, Department of Transportation, Department of Parks, Recreation and Neighborhood Services, Housing Department, and others).

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**OTHER PARTICIPANTS:** Strong Neighborhoods residents, business owners and institutions (schools, churches and the like).

**FUNDING:** 80% Tax Increment, 20% Tax Increment and other special funds.

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### XI. EVALUATION OF PREVIOUS HOUSING ELEMENT

#### A. A REVIEW OF ACCOMPLISHMENTS

The City made significant progress toward meeting ABAG's need allocation for San Jose of 37,633 units for the 1988 to 1995 planning period. From 1988 through 1995, 17,635 units were built in San Jose, leaving 19,998 units out of the total 37,633 unit allocation to be built. This shortfall was not the result of City policies since sufficient land was available to accommodate these units. However, the general economic slowdown and recessions that occurred both in the early part of the decade significantly depressed housing production in the region. Between 1995 and 1998, a period of time not covered by a housing need allocation from ABAG, 17,087 units were issued building permits in San Jose.

The City's progress towards its General Plan housing assistance program goals for 1995-2000 is summarized in Tables 49 and 50. The City significantly exceeded its goals for new construction, acquisition and rehabilitation, and home improvement goals. The five-year goals identified in 1995 - 2000 Consolidated Plan targeted the production or assistance of 11,570 units. During this timeframe, financing was committed for the construction or rehabilitation of 12,121 units. An additional 9,130 affordable units were completed or assisted.

**Table 49.**

#### **HOUSING ASSISTANCE ACCOMPLISHMENTS: 1995-2000**

<b>Accomplishment</b>	<b>Funds</b>	<b>Units</b>
New Construction - Affordable	\$129,444,555	3,780
New Construction - Market Rate	\$0	641
Acquisition/Rehabilitation	\$9,091,000	1,397
Rehabilitation	\$17,071,498	1,551
Paint Grants	\$6,916,765	4,752
Homebuyer Programs	\$3,000,000	-
<b>TOTAL</b>	<b>\$165,523,818</b>	<b>12,121</b>

Source: City of San Jose Department of Housing, Consolidated Annual Performance Evaluation Report 1999-2000

**Table 50.**

#### **AFFORDABLE HOUSING COMPLETIONS: 1995-2000**

<b>Accomplishment</b>	<b>Units</b>
New Construction - Affordable	3,461
Acquisition/Rehabilitation	723
Paint Grants	4,870
Homebuyer Programs	76
<b>TOTAL</b>	<b>9,130</b>

Source: City of San Jose Department of Housing, Consolidated Annual Performance Evaluation Report 1999-2000

Ten years after the Housing Department was established in 1988, nearly \$1 billion has been spent on the production and rehabilitation of affordable housing in San Jose. The City has been very successful in leveraging City resources to achieve its housing goals. Approximately 75% of available funds are leveraged through public and private sources, including government and private lenders, bond financing, tax credits, and developer equity. It is estimated that 91% of housing funds benefit very low and low income residents and 9% targets moderate income individuals. The Tables 51 and 52 summarize the City's progress in using available funding to assist in the production of low and moderate income housing between 1988 and 1998.

**Table 51.**

**NEW CONSTRUCTION AND REHABILITATION UNITS COMPLETED BETWEEN 1988 AND 1998**

Fiscal Year	New Construction Units/Beds	Acquisition Units/Beds	Acquisition/Construction Units/Beds	Acquisition/Rehabilitation Units/Beds	Rehabilitation Units/Beds	Annual Totals Units/Beds
1988/89	212	-	-	60/5	14	286/5
1989/90	21	-	25	-	100	146
1990/91	152	132	-	-	-	284
1991/92	499/132	243/20	309	264/36	-	1,315/188
1992/93	460	40	60	-	-	520/40
1993/94	49	446	-	-	-	495
1994/95	386/84	-	466	166	-	1,018/84
1995/96	423	-	-	212	-	423/212
1996/97	859	-	-	50	80	939/50
1997/98	635	-	-	68	-	635/68
1998/99	432	-	-	128	30	590
<b>TOTAL</b>	<b>4,128 Units 216 Beds</b>	<b>821 Units 60 Beds</b>	<b>861 Units</b>	<b>518 Units 371 Beds</b>	<b>224 Units</b>	<b>6,651 Units 647 Beds</b>

Source: City of San Jose Department of Housing

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Table 52.

### AFFORDABLE UNITS COMPLETED BETWEEN 1988 AND 1998 BY INCOME CATEGORY

Fiscal Year	Loan Amount	Very Low Income	Low Income	Moderate Income	Total Units	Beds
1988/89	\$8,582,891	143	96	47	286	5
1989/90	\$3,471,000	135	11	0	146	0
1990/91	\$10,892,036	164	100	20	284	0
1991/92	\$44,589,946	785	268	262	1,315	188
1992/93	\$13,597,981	239	147	134	520	40
1993/94	\$15,335,560	281	162	52	495	0
1994/95	\$29,114,217	618	355	45	1,018	84
1995/96	\$16,438,000	156	267	0	423	212
1996/97	\$23,771,810	594	328	17	939	50
1997/98	\$18,321,117	412	140	83	635	68
1998/99	\$12,777,000	425	165	0	590	0
<b>TOTAL</b>	<b>\$196,891,558</b>	<b>3,952</b>	<b>2,039</b>	<b>660</b>	<b>6,651</b>	<b>647</b>

Source: City of San Jose Department of Housing

## B. LESSONS LEARNED FROM THE PREVIOUS HOUSING ELEMENT

As mentioned in the Forward to this document, the City of San Jose completed an extensive Housing Task Force process in 1988. This process included lengthy City Council public hearings on the housing goals, policies, and programs found in the General Plan and Housing Assistance Plan.

The public hearings and City Council decisions resulted in an affirmation of the existing goals and policies found in the General Plan. These goals and policies include residential land use, housing, and the discretionary alternate use policies which provide greater flexibility for the development of affordable housing.

The most significant policy change occurred with respect to the quantitative objectives for use of City funds. The revised objectives are, as follows:

<u>Income Level</u>	<u>Prior to 1988 Task Force</u>	<u>After 1988 Task Force</u>
Very Low	10%	60%
Low	40%	25%
Moderate	50%	15%

The revised targets shift a greater proportion of programmatic resources to very low income households in San Jose. An estimated 25% of San Jose's households are considered to be very low income households, defined as income below 50% of the County median. The median income for families in Santa Clara County in 1990 was \$53,560. Within San Jose, the average income is lower than the other cities in Santa Clara County. However, Santa Clara County is one of the highest income areas in the United States.

The City has implemented other policy changes and programs to facilitate housing production. The 1990 Housing Initiative resulted in several policy changes which have increased the City's housing supply. The Housing Initiative encouraged the production of high density residential and mixed uses in close proximity to public transit corridors. The study identified the potential for 10,000 units in the study area above existing General Plan designations. Implementation of the Housing Initiative has exceeded the expectations of the program. To date, more than 11,000 units have been constructed or have received planning approval. The increasing demand for housing close to transit and near the Downtown area indicates that additional opportunities exist within the study area.

The Housing Initiative recommended that a new land use designation be added to the General Plan to facilitate the production of transit-oriented, high density residential and/or mixed use developments. The **Transit Corridor Residential (12+ DU/AC)** designation was established in 1990 and was subsequently increased to a minimum density of 20 DU/AC in 1995. This designation also allows street level commercial uses in conjunction with residential uses on the upper floors.

The City established a Transit-Oriented Development Corridor Special Strategy Area in 1994 (previously called Intensification Corridors) to expand on the success of the Housing Initiative. Six corridors along existing or planned rail lines or major bus routes have been designated as part of this special strategy area. The General Plan promotes the development of pedestrian- and transit-oriented high density residential and/or mixed uses along these corridors. In January 2000, the City initiated a three phase Housing Opportunities Study to identify sites within these corridors that are suitable for high density housing and mixed uses. The first phase of the study has identified the potential for 6,000 units above the existing General Plan designations.

In 1990, the maximum height limit was increased from 45 feet to 90 feet for high density residential development outside the Downtown Core and Frame areas but within 2,000 feet of a rail station. A pending General Plan amendment would further increase the allowable height to 120 feet and would allow heights up to 75 feet for sites located within a Transit-Oriented Development Corridor. This change allows high density housing to be developed more efficiently at a given density, especially on smaller or awkwardly shaped sites and reinforces the City's commitment to increasing housing opportunities for all income levels in close proximity to transit. Many changes have been made in the General Plan which have already been mentioned in this document. These included the amendments approved through the Housing Initiative effort, expanding SRO opportunities, a new Discretionary Alternate Use (DAU) Policy related to transit and a variety of other measures to encourage higher density housing.

Additional policy changes are amendments proposed as part of the 2000 Annual Review of the General Plan, including a new DAU Policy to allow affordable housing development on surplus City property and the modification of an existing policy to allow higher densities on infill sites. Other proposals include increasing the maximum density allowed under the High Density Residential (25-40 DU/AC) land use designation to 50 units per acre. These changes combined with existing City policies and housing programs will create new opportunities for the production of affordable housing.

### **C. APPROPRIATENESS OF HOUSING GOALS AND POLICIES**

In general, the housing goals and policies and other supporting goals and policies of the General Plan have facilitated the production of a large number of housing units. In fact, the production of nearly 30,000 dwelling units between 1990 and 1999 (as shown in Table 34 in Chapter V) is equivalent to the creation of a small city of over 90,000 people. San Jose continues to build the majority of housing in Santa Clara County, including affordable housing. In 1998, San Jose produced 67% of new housing in the County while capturing only 40% of the job growth. While taking pride in its successes, the City continues to explore and implement ways to increase housing opportunities throughout San Jose, with a strong focus on the needs of

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low income families. This search has required, and will continue to require, some minor revision, clarification, or fine tuning of various existing General Plan goals and policies such as the most recent revisions to the housing element that were described earlier in this document. The nature of these revisions indicate that the basic goals and policies of the General Plan remain effective in allowing San Jose to substantially contribute to the effort of meeting the State's housing goal of a decent place to live for all Californians.

## **XII. PUBLIC PARTICIPATION**

### **A. PREVIOUS HOUSING ELEMENT UPDATES**

The housing element has been updated in 1988 and 1992, and in 1994 as part of the San Jose 2020 General Plan Update. Each update process provided several opportunities for public participation.

For these updates, the City pursued a broad outreach process as part of the Annual Review of the General Plan. A newsletter, describing all of the major proposed amendments to the General Plan (including the housing element update) and public meetings to discuss these changes, was sent to approximately 1,000 citizens and interested organizations for each update. This process involved community meetings in each of the City's ten City Council districts. At each meeting, staff presented a summary of the housing element update and provided opportunities for public discussion. Following the community meetings, the Planning Commission held a public hearing on the housing element update to provide opportunities for public discussion and to recommend action by the City Council. Finally, the City Council conducted a public hearing and approved the housing element after providing additional opportunities for public review and discussion.

During the update of the housing element in 1988, San Jose obtained direct public participation through the Mayor's Task Force on Housing and a broad community outreach process. The Housing Task Force held public meetings between 1987 and 1988 to evaluate the City's existing housing programs and to explore new mechanisms for providing affordable housing in San Jose. Since the 1988 housing element update overlapped with this effort, the task force reviewed the Housing Needs Assessment conducted by the consultant firm Michael Fajans & Associates, and provided input on other issues.

These public participation efforts included opportunities for involvement by all economic segments of the community. The 1987-88 Mayor's Housing Task Force represented a full range of housing interests and economic backgrounds. In 1992, drafts of the Housing Elements were distributed for review to a variety of groups interested in housing issues from a list developed by the Housing Department. These groups represent the interests of many or the lower-income or other segments of the community as well as others needing assistance. The 1994 update was reviewed by the 33-member San Jose 2020 General Plan Update Task Force comprised of representatives from a variety of groups including housing advocates, business people, developers, community groups, and others. The outreach efforts through community meetings and public hearings provided further opportunities for public participation. By hosting meetings in each City Council district, the community meetings demonstrated the City's commitment to opening up the process and making it accessible to all citizens and interested groups.

### **B. 2000 HOUSING ELEMENT UPDATE**

The Housing Element was reviewed in 2000 as part of the General Plan Annual Review process and built on the work done during previous updates. The public participation process was similar to the outreach process described above. Due to an expansion of the City's public outreach policy, approximately 15,000 citizens and interested parties received the General Plan Annual Review Newsletter, which discussed the housing element update.

Eight community meetings and formal public hearings before the Planning Commission and City Council were conducted to receive community input on the Housing Element as part of the 2000 General Plan Annual Review process. In addition, the Housing Element was reviewed at a public Housing Advisory

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Commission meeting. The document was also distributed to interested parties and posted on the web site for the Department of Planning, Building and Code Enforcement.

As part of the review and amendment process, the City has continued its efforts to do public outreach to keep the community informed. Eight additional community meetings and formal public hearings before the Planning Commission and City Council were conducted during the months of September, October and November 2001 to solicit community input on the Housing Element and modifications to the document. As part of the City's Public Outreach Policy, the City has notified the community through various mechanisms, including a newsletter to approximately 12,000 citizens, public notice in the Mercury News (circulation approximately 288,000) and posting on the Department's webpage. The revised Housing Element was also presented at a Housing Advisory Commission meeting in November 2001 to receive input.

## XIII. HOUSING ELEMENT DATA SOURCES

## POPULATION, HOUSEHOLD AND HOUSING CHARACTERISTICS

<b>Population Characteristics</b>	<b>Source</b>
Total Population	U.S. Census Bureau, 1960, 1970, 1975, 1980, 1990; City of San Jose Planning Division, 1965; California Department of Finance, 1985, 1995, 2000
Household and Group Quarters Population	U.S. Census Bureau, 1990
Age Characteristics	U.S. Census Bureau, 1980 and 1990 (STF1)
Ethnic Characteristics	U.S. Census Bureau, 1980 and 1990 (STF1)
<b>Household Characteristics</b>	
Total Households and Household Size	U.S. Census Bureau, 1980 and 1990; California Department of Finance, 2000
Household Size	U.S. Census Bureau, 1970, 1980, 1990; California Department of Finance, 1985, 1995, 2000
Household Size and Structure Type by Tenure	U.S. Census Bureau, 1990 (STF1)
Household Type by Presence of Children	U.S. Census Bureau, 1990 (STF1)
Mobility	U.S. Census Bureau, 1990 (STF3)
<b>Housing Characteristics</b>	
Total Housing Stock	U.S. Census Bureau, 1960, 1965, 1970, 1975, 1980, 1990; California Department of Finance, 1985, 1995, 2000
Tenure, Vacancy, and Structure Type	U.S. Census Bureau, 1975, 1980, 1990 (STF1); California Department of Finance, 1998
Structural Age	City of San Jose Building Division, 1990-1999; U.S. Census Bureau, 1990 (STF3)
Price of Housing	U.S. Census Bureau, 1990 (STF3); San Jose Real Estate Board Multiple Listing Service, 1980, 1990; Santa Clara County Association of Realtors, 2000; California Association of Realtors, 2000

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	<u>Source</u>
Mobilehomes	City of San Jose Planning Services Division (data collected regarding number of parks and spaces); U.S. Census Bureau, 1990 (resident data)
Substandard Housing	U.S. Census Bureau, 1990 (STF1 and STF3); American Housing Survey; City of San Jose Neighborhood Revitalization Strategy
<b>ASSESSMENT OF CURRENT AND PROJECTED HOUSING NEED</b>	
<b>Ability To Pay</b>	U.S. Department of Housing and Urban Development, based on 1990 U.S. Census
<b>Housing Assistance Needs</b>	U.S. Department of Housing and Urban Development, Special tabulations based on 1990 U.S. Census; U.S. Census Bureau, 1990 (STF3); City of San Jose Housing Needs Assessment, 1997; Michael Fajans & Associates Housing Needs Assessment, 1987
Homeless	U.S. Census Bureau, 1990; 1999 Santa Clara County Homeless Survey; Santa Clara Collaborative, 1997; City of San Jose Department of Housing Consolidated Plan 2000-2005
<b>Projected Housing Needs</b>	Projections 2000: Forecasts for the San Francisco Bay Area to the Year 2020, Association of Bay Area Governments, 1999; Regional Housing Needs Determination, Association of Bay Area Governments, June 2000
<b>GOVERNMENTAL CONSTRAINTS</b>	
<b>Availability Of Vacant Land</b>	Vacant Land Inventory, City of San Jose Planning Services Division, 1999
<b>Development Approval Process</b>	City of San Jose Zoning Code; San Jose 2020 General Plan; City of San Jose Building Division and Public Works Department; Toward Community, Residential Design Guidelines; City of San Jose Business Climate Study, 1992

**NON GOVERNMENTAL CONSTRAINTS**

**Source**

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**Production**

City of San Jose Building Division, building permit data; ABAG Projections 2000

**Available Land**

Vacant Land Inventory, City of San Jose Planning Services Division, 1999; San Jose 2020 General Plan; City of San Jose Housing Initiative

**Publicly Held Lands**

School Site Reuse Plan, City of San Jose, January 2000

**Preservation Of Assisted Housing**

Multifamily Assisted Housing Reform and Affordability Act of 1997; City of San Jose Department of Housing Consolidated Plan 2000-2005

**ENERGY CONSERVATION**

Energy Star Home Energy Saver Program; City of San Jose Environmental Services Department; Toward Community, Residential Design Guidelines, City of San Jose; California Title 24 Building Standards

**HOUSING PROGRAMS**

City of San Jose Department of Housing

**EVALUATION OF PREVIOUS HOUSING ELEMENT**

City of San Jose Department of Housing Consolidated Annual Performance Evaluation Report, 1999-2000; Regional Housing Needs Determination, ABAG