

March 26, 2015

Ms. Claudia Cappio, Director
California Department of Housing and Community Development (HCD)
2020 West El Camino Avenue, Suite 500
Sacramento, CA 95833

Re: Transmittal of Annual Progress Report on Implementation of the Envision San José 2040
General Plan Housing Element for Calendar Year 2014

Dear Ms. Cappio,

Enclosed please find a copy of the Annual Progress Report on Implementation of the Envision San José 2040 General Plan Housing Element for calendar year 2014. This letter constitutes a formal transmittal of the Annual Progress Report to the Department of Housing and Community Development as required by Government Code Section 65400. The progress report was accepted by the San José City Council on March 17, 2015.

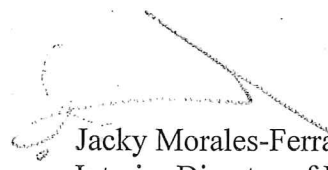
Please note this report includes as an attachment, the FY 2013-14 Housing Successor to Redevelopment Agency Annual Report, per reporting requirements of Senate Bill 341 Redevelopment.

Should you have any questions, please contact Michael Brilliot, Division Manager, Planning, Building and Code Enforcement, at Michael.brilliot@sanjoseca.gov or (408) 535-7831.

Sincerely,



Harry Freitas, Director
Planning, Building and Code Enforcement



Jacky Morales-Ferrand
Interim Director of Housing

Enclosure: Annual Progress Report

Cc: Governor's Office of Planning and Research
P.O. Box 3044
Sacramento, CA 95812



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Harry Freitas
Jacky Morales-Ferrand

SUBJECT: SEE BELOW

DATE: March 3, 2015

Approved

Date

SUBJECT: ACCEPTANCE OF THE ANNUAL PROGRESS REPORT ON THE IMPLEMENTATION OF THE SAN JOSÉ GENERAL PLAN HOUSING ELEMENT UPDATE

RECOMMENDATION

Accept the Calendar Year 2014 Annual Progress Report on the Implementation of the San José 2014-22 Housing Element, which includes as an attachment, the FY 2013-14 Housing Successor to Redevelopment Agency Annual Report, per reporting requirements of Senate Bill 341 Redevelopment

OUTCOME

The Council's acceptance of the Annual Progress Report is required prior to submitting the State-mandated report to the California Department of Housing and Community Development (HCD) and the Governor's Office of Planning and Research (OPR). Submittal of the report will allow the City to remain eligible for important State funding for housing, community development, transportation, and parks.

BACKGROUND

The Housing Element is an important State-mandated requirement of the General Plan. The Housing Element establishes comprehensive goals, policies, and programs to meet a jurisdiction's regional housing needs allocation (RHNA). The determination of regional housing need begins with the HCD and California Department of Finance (DOF), which first calculate statewide housing needs based upon population projections and regional population forecasts used in preparing regional transportation plans. The Statewide need is then distributed to regional

Councils of Government (COGs) throughout California, who work with cities and counties within their purview to assign each jurisdiction its share of the RHNA. The RHNA itself is divided into five income categories that encompass all levels of housing need.

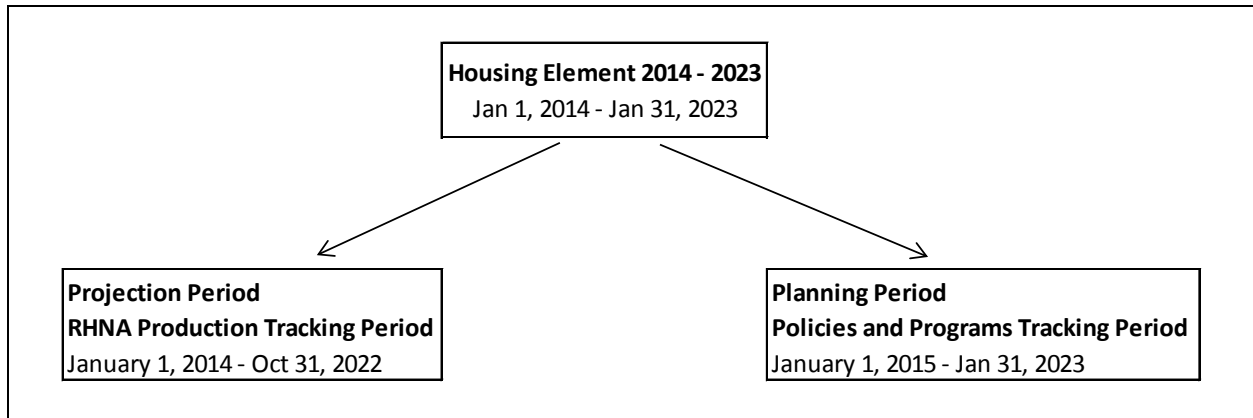
The City of San José is a member of the Association of Bay Area Governments (ABAG), the Bay Area’s COG, which is composed of nine counties and 101 cities. San José’s RHNA for the current 8.8-year projection period from January 2014 through October 2022 is 35,080 housing units, which is slightly higher than the previous 2007-14 RHNA cycle allocation of 34,721 units and equivalent to an annual production rate of 3,986 units. A large portion of San José’s RHNA goal (42%) is focused on the categories of Extremely-Low Income (ELI) households, Very-Low (VLI) Income households, and Low Income (LI) households, as defined by HCD and shown in Figure A below. These categories serve those households with the greatest housing need but are also the hardest to build in light of the significant subsidies required to develop these homes.

Figure A – HCD 2014 Income Limits for Santa Clara County

Income Level % of AMI	Household Size							
	1	2	3	4	5	6	7	8
Extremely Low Income (30% AMI)	\$22,300	\$25,500	\$28,650	\$31,850	\$34,400	\$36,950	\$39,500	\$42,050
Very Low Income (50% AMI)	\$37,150	\$42,450	\$47,750	\$53,050	\$57,300	\$61,500	\$65,800	\$70,050
Low Income (80% AMI)	\$59,400	\$67,900	\$76,400	\$84,900	\$91,650	\$98,450	\$105,250	\$112,050
Median Income (100% AMI)	\$73,850	\$84,400	\$94,950	\$105,500	\$113,950	\$122,400	\$130,800	\$139,250
Moderate Income (120% AMI)	\$88,600	\$101,300	\$113,950	\$126,600	\$136,750	\$146,850	\$157,000	\$167,100

The City Council adopted the 2014-23 Housing Element on January 27, 2015 and submitted it to HCD for approval on January 30, 2015. The Housing Element establishes a comprehensive policy framework to implement San José’s residential strategies and outlines the City’s plan for meeting community housing needs. There are two reporting periods associated with the Housing Element, as shown in Figure B below. While the permits goals will be measured against an 8.8-year projection period from January 2014 to October 2022, the policies and programs will be tracked (starting in 2015) against an 8.1-year planning period from January 1, 2015 to January 31, 2023.

Figure B – RHNA 2014-23 Reporting Periods



This annual report straddles two housing element cycles – Housing Element 2007-14 and the newly adopted Housing Element 2014-23, as shown in Figure C below. While we have approved 2014-22 RHNA goals for which we are reporting progress, the City’s policies and programs are still in the process of being certified by HCD through the Housing Element approval process. Hence, this update will report against the 2014-23 RHNA goals but will continue to report on the success of the 2007-14 programs until next year when the 2015-23 policies and programs are anticipated to be approved by HCD.

Figure C – Housing Element Reporting Cycles

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Housing Element 2007-14 Planning Period Policies and Programs Tracking Period								■									
Housing Element 2007-14 Projection Period RHNA Goals Tracking Period	■	■	■	■	■	■	■	■									
Housing Element 2014-23 Planning Period Policies and Programs Tracking Period								■	■	■	■	■	■	■	■	■	■
Housing Element 2014-23 Projection Period RHNA Goals Tracking Period								■	■	■	■	■	■	■	■	■	■

State law requires jurisdictions to prepare an annual progress report each calendar year to detail the implementation of their Housing Element and to submit it to HCD and OPR. Although charter cities are not required to submit the report, all jurisdictions including charter cities must submit annual reports to qualify for certain funding programs. Accordingly, San José has consistently provided annual progress reports to the State on the implementation of the mandated Housing Element. The report:

- Describes the City’s accomplishments toward achieving its share of the RHNA Production Goals
- Provides an update on the progress of implementing the Housing Element. Implementation items include the City’s housing-related policies, ordinances, and programs to facilitate housing opportunities in safe, livable, and complete communities.

With the acceptance of a completed annual report by the City Council, the City of San José submits the report to HCD and OPR. It is important to note that certain State funding programs require an adopted and certified housing element, while others may also require ongoing housing element compliance. These varying requirements may impact the eligibility of the City of San José and/or developers working in San José who apply for such funding.

This year staff has attached a new Housing Successor to Redevelopment Agency Annual Report for Fiscal Year 2013-14. This report is included to satisfy the requirements of Senate Bill 341, which took effect on January 1, 2014. Reports that were previously sent to the State Controller will now be included with the annual housing element progress report to HCD.

ANALYSIS

In calendar year 2014, the City issued building permits for 4,452 units of new construction composed of 3,946 market-rate and 506 affordable units. Affordable units are those units deemed affordable to Extremely Low, Very Low, Low and Moderate Income households (see attached Report, Table A). The 4,452 units represent 112% of the City's annualized RHNA goal of 3,987 units across all income categories. A closer look at the income categories shows that the City met 21% of its annualized affordable housing goal of 2,370 units and about 244% of its annualized market-rate goal of 1,617 units.

While the construction of 506 affordable homes is important, the need for affordable housing has never been greater. Key tools such as the former Redevelopment Agency's 20% Low- and Moderate-Income Housing Fund and the Inclusionary Housing Ordinance have been removed or challenged, making it extremely difficult to facilitate the production of affordable housing. New affordable housing tools and funding strategies at the Federal, State, regional, and local levels are currently being explored. The City will continue to participate in those efforts that will advance San José's commitment to developing a range of housing types for different income levels and needs.

The Envision San José 2040 General Plan (General Plan), which incorporates the HCD-certified Housing Element, includes capacity for 120,000 new housing units. Within the provisions of this capacity, there is sufficient capacity to meet the requirements of the current Housing Element projection period. Approximately 11,000 units have already received entitlements through the zoning or development permit stage, which count towards the City's capacity for meeting its RHNA goal. In addition, through the "Urban Village" strategy and other strategies, goals and policies, the General Plan supports: compact, mixed-use development; preserving the Urban Growth Boundary; promoting interconnected, sustainable, and complete communities; and promoting environmental stewardship by reducing energy consumption and green-house gas emissions.

EVALUATION AND FOLLOW-UP

Upon Council's acceptance of this annual progress report, staff will submit the approved document to HCD and OPR by the State-mandated April 1, 2015 deadline.

PUBLIC OUTREACH

This report will be posted on the City's website. The individual City programs and projects described in the attachment have had appropriate public outreach per City Council policy.

COORDINATION

This memo was prepared jointly by Planning, Building and Code Enforcement and the Housing Department, and was coordinated with the City Attorney's Office and the City Manager's Budget Office.

FISCAL/POLICY ALIGNMENT

The current certified Housing Element aligns with the City's federal Consolidated Plan and the 5-Year Housing Investment Plan to facilitate the creation of a variety of housing opportunities that are affordable across a range of incomes. Additionally, the Housing Element is consistent with the Envision San José 2040 General Plan's strategies, goals and policies, in particular the General Plan's Major Strategies to:

- 1) Maintain a Greenline/Urban Growth Boundary,
- 2) Locate new housing and jobs into Focused Growth areas where existing City infrastructure, facilities, and services are located,
- 3) Promote the development of Urban Villages, Corridors and Regional Transit Hubs that are mixed-use pedestrian oriented communities that include a variety of housing types in locations adjacent to transit,
- 4) Design for a Healthful Community by building "complete" communities where many of one's daily needs can be met by walking or riding a bicycle, and
- 5) Promote Environmental Stewardship in part by reducing energy consumption and green house gas emissions by locating housing close to jobs and transit, thereby reducing the amount that San José residents need to drive.

HONORABLE MAYOR AND CITY COUNCIL

March 3, 2015

Subject: Acceptance of Annual Progress Report on Housing Element

Page 6

6) Increase, preserve and improve San Jose's affordable housing stock and increase its supply such that 15% or more of the new housing stock developed is affordable to low, very low, and extremely low income households. This is a broad-based City goal and is not intended to be a codified mandate.

CEQA

Not a Project, File No. PP10-069 (a). Annual Report.

/s/

HARRY FREITAS, Director
Planning, Building and Code Enforcement

/s/

JACKY MORALES-FERRAND
Interim Director of Housing

For planning related questions, please contact Rosalynn Hughey, Assistant Director at (408) 535-7911. For housing related questions, please contact Jacky Morales-Ferrand at (408) 535-3855.

Attachments: Annual Housing Element Progress Report – January 2014-December 2014
Housing Successor to Redevelopment Agency Annual Report for FY 2013-14

Department of Housing and Community Development

ANNUAL HOUSING ELEMENT PROGRESS REPORT

City or County Name: City of San José

Mailing Address: Department of PBCE, Planning Division
200 E. Santa Clara Street Tower 3rd Floor
San José, CA 95113

Contact Person: Rosalynn Hughey, Assistant Director

Phone: 408-535-7911

FAX: 408-292-6055

E-mail: rosalynn.hughey@sanjoseca.gov

Reporting Period: January 1, 2014 through December 31, 2014

Progress Report on the Implementation Of the San José Housing Element Update - Calendar Year 2014

February 23, 2015

A. INTRODUCTION

Purpose

This report summarizes the City's progress towards meeting its RHNA goals and other housing objectives during the 2014 calendar year as set forth in its Housing Element. Upon City Council acceptance of the report, it will be forwarded to the California Housing and Community Development (HCD) Department and the Governor's Office of Planning and Research (OPR).

Background

California State law provides that each governing body prepares an annual report on the status and progress in the implementation of its Housing Element. The City of San José has successfully submitted annual progress reports on the implementation of the Housing Element to the HCD for review and evaluation. By providing this information, the City qualifies for important State housing, community development, transportation, and park funds.

State law also requires that jurisdictions include the Housing Element as one of the mandatory elements of a General Plan. The Housing Element identifies constraints to housing production, as well as establishes policies and programs in order to mitigate those constraints and to facilitate the production of housing opportunities to meet the needs of all economic segments of the community as determined through the Regional Housing Needs Allocation (RHNA) process. The City Council adopted the 2014 - 2023 Housing Element on January 27, 2015 and submitted it to HCD for approval on January 30, 2015.

The Association of Bay Area Governments (ABAG) is responsible for coordinating with and allocating the regional housing needs among each jurisdiction in the nine-county Bay Area. ABAG has determined that San José's fair share of the regional need for the projection period between January 1, 2014 through October 31, 2022 is 35,080 units across income categories. This is slightly higher than the previous RHNA allocation of 34,721 units for 2007-14. San José's allocation accounts for about 60% of the total housing allocation for Santa Clara County. These units are distributed among income categories as depicted in Table B and equal an annualized production goal of 3,987 total units (assuming an 8.8 year RHNA cycle). This is higher than the actual annual average of 3,000 units produced in San José in the past thirty years. However, housing production

has averaged around 3,500 units annually since 2012. The City issued permits for 16,029 units during the 2007-14 RHNA cycle, meeting 46% of its RHNA goal of 34,721 units.

The City is committed to facilitating the production of housing across income categories and to mitigating both governmental and non-governmental constraints that may unduly limit such production. To achieve these objectives, San José's housing strategy includes careful planning for residential land uses at appropriate locations and densities. The strategy seeks to maximize housing opportunities on infill parcels already served by the City in order to utilize existing infrastructure, and at locations served by transit. The housing strategy also seeks to provide sufficient housing opportunities for new workers in order to encourage and support continued economic development, as well as access to housing for lower-income workers in occupations that support driving industries. San José is also planning for demographic and market shifts that indicate greater future demand for more urban forms of housing and neighborhoods.

City of San José Envision 2040 General Plan

This City of San José's Envision 2040 General Plan incorporates the City's current Housing Element and establishes a comprehensive policy framework that supports San José's residential strategies identified in the Housing Element. A central component of the Plan is the development of new "Urban Villages" at strategic locations throughout the city so that a significant percentage of future housing growth is planned to occur as compact, mixed-use, pedestrian friendly and transit-oriented development near jobs. The Plan also reinforces the City's environmental goals, such as preservation of the hillside areas outside of the City's Urban Growth Boundary, so that all new residential development will occur within the City's current Urban Growth Boundary. The Plan also includes a comprehensive and coordinated set of goals, policies, and implementation actions that link multiple objectives to promote the development of complete, inclusive, and equitable communities with proximity to transit and jobs.

City of San José Department of Housing

The City's Department of Housing partners with the development community and provides gap financing and technical assistance to facilitate the production, rehabilitation, and preservation of affordable units for lower- and moderate-income households. The Housing Department also collaborates with public, private, and non-profit partners to end homelessness, to serve special needs populations, to reduce foreclosures and help families stay in their homes, and to ensure regional fair housing practices.

San José's affordable housing developments are recognized nationally for their quality designs, excellent management, community integration, and innovation. The City has been a recipient of a number of awards including the 2011 Urban Land Institute's Robert C. Larson Workforce Housing Public Policy award. The City was recognized as an exemplary local government that provides ongoing and sustainable support for the production, rehabilitation, or preservation of workforce housing. Additionally, many City sponsored housing developments have received awards from the California

Redevelopment Agency (CRA) and the National Association of Housing and Redevelopment Officials (NAHRO), which recognize projects and programs that are outstanding examples of the redevelopment process that have resulted in building better communities.

Housing Market Conditions

San José continues to be one of the most expensive housing markets in the nation. In 2014, the homeownership market continued to set records. Median housing prices in Santa Clara County remain higher than at any time since 2004, climbing 10% from 2013 and with tight inventory. Interest rates continue to remain historically low, while foreclosure rates have declined significantly since the nadir of the housing market in 2009. Assuming the Dec 2014 fixed mortgage rate of 3.86%, 20% down, a 1.25% property tax rate, and standard utilities and mortgage insurance, the current median housing price of \$755,000 (as of December 2014) requires a down payment of \$151,000 and an annual income of \$143,784, which is 1.8 times as high as San José's median household income of \$80,977 (2013 American Community Survey, US Census). Additionally, saving for a 20% downpayment of about \$151,000 for the median priced home, while paying high rents, as detailed in the next paragraph, puts additional burden on the first-time homebuyer and makes it impossible for many to attain homeownership.

San José also exhibited continued strength in its rental market, with average monthly rents exceeding \$2,200 for the fourth quarter of 2014. This represents another annual increase of 10%. Vacancy rates (for rental developments with 50 or more units) remain very low at 4.2%. Rents are increasingly beyond the reach of lower-income households and even many middle-class households. As such the US Census Bureau in an April 2013 report identified the San José metropolitan area as the most expensive residential rental market of the country's fifty largest regions.¹ Using a 30% income standard for housing costs including utilities, a San José service worker household would need an income of over \$80,000 to afford the rent of a one-bedroom unit, which is more than a retail salesperson, a bank teller, or a pre-school teacher typically earns. While the rate of rent increases has recently shown signs of stabilizing, the cost to rent in San José is still at an all-time high. Indeed, almost fifty percent of renter households in San José experience a housing burden defined as spending more than thirty percent of their income on housing costs (2007-11 CHAS data, US Census). This level of housing burden makes it challenging for renters to save for the high downpayment required to purchase a home.

In response to the strong housing market, the City issued 4,452 residential permits – mostly for market rate rental developments – the highest level since the beginning of this RHNA period.

The broader economy has also rebounded along with the housing market. This particular recovery has been characterized by job creation in high-skilled, high-wage occupations as well as in low-skill, low-wage employment, but middle-class jobs have not returned. As

¹ <http://www.census.gov/prod/2013pubs/acsbr11-07.pdf>

low-wage employment increases, the challenge of housing affordability affects more households and families.

Yet, financial challenges across all levels of government have severely reduced the ability of the public sector to help house lower-income households. The primary challenge for affordable housing in California is that the loss of redevelopment agencies eliminated the most important revenue stream for much needed low- and moderate-income housing, and that funding source of about \$40 million a year has not been replaced. The decrease in federal funding for housing and community development has added to the challenges. Finally, other tools such as San José's rental inclusionary housing programs are suspended due to the *Palmer*² decision. While the City's inclusionary program for for-sale homes in former redevelopment areas is currently active, city-wide inclusionary housing ordinance has been suspended as the result of a legal challenge. While the City prevailed at the appellate level, the appeal of that decision is anticipated to be heard in the California Supreme Court. The City continues to strongly defend its ability to use these important tools and will remain fully engaged in the resolution of pending litigation.

In November 2014, the City of San José established a housing impact fee of \$17.00 per net square foot on new market-rate rental housing developments of three or more units in San José. However, in an effort to minimize negative financial impacts on development projects in the pipeline, the housing impact fee does include a grandfathering exemption for developments if certain conditions are met. Because of this, the Housing Department does not anticipate receiving any revenue from this fee until at least FY 2018-19.

In December 2014, the City adopted a General Plan text amendment in support of affordable housing. The amendment proposed that at least 15% of new affordable housing stock developed in San José be affordable to extremely low, very low and low income households. The language is not considered a mandate to impose affordable restrictions, but rather it expresses a strong need and support for affordable housing in San José.

Staff continues to implement existing affordable housing programs while exploring new tools, funding mechanisms, and partnerships to help support the City's commitment towards facilitating the provision of affordable housing in order to achieve its RHNA goals. With funding commitments for approximately 460 affordable units in the pipeline, the City continues to work diligently to ensure that the economic recovery benefits those segments of the society that need the most help.

² *Palmer/Sixth Street Properties vs City of Los Angeles* – In Oct 2009, California Court of Appeal ruled that inclusionary rental housing requirements violated the Costa Hawkins Act, calling into question affordable housing and inclusionary requirements for new rental housing.

B. ANNUAL BUILDING ACTIVITY SUMMARY FOR VERY LOW-, LOW-, AND MODERATE-INCOME UNITS AND MIXED INCOME MULTIFAMILY PROJECTS (TABLE A, A2)

Affordable units are those units deemed affordable to Extremely Low, Very Low, Low and Moderate Income households (See Table A) For Calendar Year 2014, the City issued permits for 506 affordable units. While the City exceeded its annualized goal for above-moderate income units by 144%, the 506 affordable permits represent just 21% of its annualized affordable housing goal of 2,370 units. This disparity reflects the renewed strength of market-rate housing market and the challenges in the financing and provision of affordable housing.

C. ANNUAL BUILDING ACTIVITY SUMMARY FOR ABOVE MODERATE-INCOME UNITS (TABLE A3)

During calendar year 2014, the City permitted a total of 3,946 above moderate-income units. Most of the developments pulling permits were rental projects, reflecting an extremely strong rental market and rapidly rising rents. New multifamily construction being built in North and South San José, and in Downtown indicate an interest in mixed-use, transit-oriented and higher-density urban living.

Conversely, home prices which approached the all-time highs (recorded in 2006) in the summer of 2014 seem to be stabilizing. However, the supply of homes (both foreclosed and regular sales) remains tight and interest rates remain low. If the economy and the job market continue to strengthen, the housing market is expected to improve as well. Even though the growth in median home price is stabilizing, many first-time buyers find that prices are already out of their reach. Affordability continues to remain a challenge for low and moderate income households as rents and housing prices remain high.

D. REGIONAL HOUSING NEEDS ALLOCATION PROGRESS (TABLE B)

The table below summarizes San Jose's performance in the 2007-14 RHNA cycle and also shows a comparison against the new 2014-23 RHNA goals. The City met 46% of its 2007-14 RHNA goals.

Income Category	Range (HH of 4)	2007-14 RHNA Goal	2007-14 Production	%	2014-23 RNHA Goal	% of RHNA
ELI (0-30% AMI)	\$0-\$31,850	3,876	617	16%	4,617	60%
VLI (30-50% AMI)	\$31,851-\$53,050	3,875	1,157	30%	4,616	
LI (50-80% AMI)	\$53,051-\$84,900	5,322	1,038	20%	5,428	
Median (100% AMI)	\$105,500	-	-		-	
MOD (80-120% AMI)	\$84,901- \$126,600	6,198	144	2%	6,188	
Above MOD (120%+ AMI)	\$126,600<	15,450	13,073	85%	14,231	40%
Total		34,721	16,029	46%	35,080	100%

Table B depicts San José’s progress in achieving its RHNA goals. The City’s ability to achieve its 2014-22 RHNA goals will continue to be impacted by constrained funding, as detailed previously.

In calendar year 2014, the City issued building permits for 4,452 units composed of 3,946 market-rate and 506 affordable units. Although the City permitted the highest number of dwelling units since the beginning of this RHNA cycle in Calendar Year 2014, these were overwhelmingly market rate units.

This total represents 112% of the City’s annualized RHNA goal of 3,987 units across all income categories. (See Table B) While the City exceeded its annualized goal of 1,617 for above-moderate income units (244% of RHNA goal), the 506 below-market permits represents just 21% of its affordable housing goal of 2,370 units. Looking at the first year of this 8.8 year RHNA cycle, the City exceeded its above-moderate income housing’s annual goal but only met 21% of its affordable housing goal.

In spite of reduced funding for below-market rate units, San José has continued to facilitate the creation of new affordable housing units. There are approximately 460 units with funding commitment in the pipeline. These units provide important housing options to San José’s community and workforce. The City continues to advance affordable housing initiatives to provide access to housing opportunities across incomes and to support economic growth in San José.

The City has been proactive in planning for additional housing to meet the needs of existing and future residents. In 2011, the City approved its Envision San José 2040 General Plan, which includes long-term capacity for 120,000 new housing units. A portion of this total capacity is currently activated, that includes sufficient residential capacity to meet the requirements of the current RHNA. Of this total capacity, approximately 11,000 units have already received entitlements through the zoning or development permit stage and can be counted towards the City’s capacity for meeting its RHNA goal.

Actual construction of the units in this pipeline will depend on market forces. However, the City has an important role in mitigating constraints to housing production across income levels through the implementation of existing and new housing programs and process improvements. The City will continue to work creatively and collaboratively with both internal and external partners to develop strategies and financial tools to help facilitate the development of affordable housing and, therefore, improve its ability to proactively support the City’s efforts to meet its housing needs and drive economic growth.

E. PROGRAM IMPLEMENTATION STATUS (TABLE C)

Table C provides a complete list and status report on the City’s programs to assist low-income renters and homebuyers. Additionally, San José continues to adopt process improvements that streamline housing production and facilitate the creation of affordable housing.

F. HOUSING SUCCESSOR ANNUAL REPORT FY 2013-14 (ADDENDUM)

This new addendum to the annual update of the Housing Element satisfies the annual reporting requirements of SB 341. The City, as the housing successor to the former Redevelopment Agency, is required to report specific housing and financial activity information to HCD. This report is in addition to the independent financial audit of the Low and Moderate Income Housing Asset Fund performed as part of the Citywide Comprehensive Annual Financial Audit performed by Macias Gini & O’Connell LLP in November 2014.

Attachments: Annual Housing Element Progress Report Calendar Year 2014 – Housing Element Implementation Tables A-C.
Housing Successor to Redevelopment Agency Annual Report Fiscal Year 2013-14

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

(CCR Title 25 §6202)

Jurisdiction
Reporting Period

City of San José
1/1/14 - 12/31/14

Table A
Annual Building Activity Report Summary - New Construction
Very Low-, Low-, and Mixed-Income Multifamily Projects

Housing Development Information										Housing with Financial Assistance and/or Deed Restrictions	Housing without Financial Assistance and/or Deed Restrictions	
1	2	3	4					5	5a	6	7	8
Affordability by Household Incomes												
Project Identifier (may be APN No, project name or address)	Unit Category	Tenure R=Renter O=Owner	Extremely Low-Income (11)	Very Low-Income	Low-Income	Moderate-Income	Above Moderate-Income	Total Units per Project	Est # Infill Units	Assistance Program for Each Development	Deed Restricted Units See Instructions	Note below the number of units determined to be affordable without financial or deed restrictions and attach an explanation how the jurisdiction determined the units were affordable.
Japantown Seniors			8	46	20		1	75	75	RDA, HOME		
Charlotte Drive				67	131		2	200	200	TCAC, CDLAC	Development Agreement	
Donner Lofts			21	80			1	102	102	IIG, MHSA, HOME		
Lexington Apartments				53	80		1	134	134	TCAC, CDLAC	Development Agreement	
								0				
								0				
								0				
(9) Total of Moderate and Above Moderate from Table A3 ▶▶▶▶▶▶▶▶								0				
(10) Total by income units Table A/A3 ▶▶▶			29	246	231	0	5	511	511			

Table A2
Annual Building Activity Report Summary - Units Rehabilitated, Preserved and Acquired pursuant to GC Section 65883.1(c)(1)

Please note: Units may only be credited to the table below when a jurisdiction has included a program in its housing element to rehabilitate, preserve or acquire units to accommodate a portion of its RHNA which meet the specific criteria as outlined in GC Section 65583.(c)(1)

Activity Type	Affordability by Household Incomes					(4) Description of Activity Including Housing Element Program Reference
	Extremely Low-Income (11)	Very Low-Income	Low-Income	Moderate-Income	TOTAL UNITS	
(1) Rehabilitation Activity					0	
(2) Preservation of Units At-Risk					0	
(3) Acquisition of Units						
(5) Total Units by Income	0	0	0	0	0	

Table A3
Annual building Activity Report Summary for Above Moderate-Income Units
(not including those units reported on Table A)

	1. Single Family	2. 2 - 4 Units	3. 5+ Units	4. Second Units	5. Mobile Homes	6. Total	7. # of Infill units
No. of Units Permitted for Moderate						0	
No. of Units Permitted for Above Moderate	368	5	3,547	21	0	3,941	

Table B
Regional Housing Needs Allocation Progress
Permitted Units Issued by Affordability

Enter Calendar Year starting with the first year of the RHNA allocation period. See Example		2014	2015	2016	2017	2018	2019	2020	2021	2022	Total Units to Date (all years)	Total Remaining RHNA by Income Level
Income-Level		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9		
Extremely_low	Deed Restricted	4,617	29								29	4,588
	Non-deed Restricted										0	
Very-Low	Deed Restricted	4,616	246								246	4,370
	Non-deed Restricted										0	
Low	Deed Restricted	5,428	231								231	5,197
	Non-deed Restricted										0	
Moderate	Deed Restricted	6,188	0								0	6,188
	Non-deed Restricted										0	
Above-Moderate		14,231	3,946								3,946	10,285
Total RHNA by COG. Enter allocation number:		35,080										
Total Units ▶▶▶			4,452	0	0	0	0	0	0	0	4,452	
Remaining Need for RHNA Period ▶▶▶▶▶												30,628
Note: The City of San Jose is not able to track the affordability of non-deed restricted units. Based on economic conditions and the variety of dwelling units in the City, there are likely to be some dwelling units that are not deed-restricted that are affordable to Moderate or Low-Income households.												

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Program Implementation Status

Program Description (By Housing Element Program Names)	Housing Programs Progress Report - Government Code Section 65583. Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement and development of housing, as identified in Housing Element.
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Name of Program	Objective	Timeframe in H.E.	Status of Program Implementation
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HOMEOWNER PROGRAMS:			
Housing Rehabilitation Program – Single-Family Home Loan Program: Households earning no more than 80% of the County Area Median Income (AMI) may qualify for loans up to \$150,000 to rehabilitate their homes. Eligible properties within the City’s Strong Neighborhoods Initiative (SNI) Areas qualify for a 0% interest loan up to \$150,000. Properties not within the SNI areas may be eligible for a 3% loan. A maximum \$40,000 zero-percent loan is available to low-income (80% of AMI) owner-occupants on a City-wide basis. 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.	As a goal, 50% of HPP 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. Annual goal is to complete between 20 and 30 single-family loan projects per year. Additional emphasis is now being given to energy conservation, and the use of recycled and Green materials in the program. Increase the number of rehabilitation loans - the goal is for the loans to exceed 50% of total rehabilitation dollars approved each year.	Ongoing Program	Due to ongoing funding challenges including the elimination of the State’s Redevelopment agencies and continued reductions in federal funding, the City has shifted its funding priorities over the last three years. The City has continued to fund the Single-family loan program though 2014-15; however because of limited funding, fewer loans will be funded (between 15 and 20 loans); The Single-family Home loan Program is being funded solely through State CalHome funds. Funding limitations also

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			require a higher concentration of loans to be targeted within the City's former SNI areas
Housing Rehabilitation Program – Single-Family Homeowner Grant Program: Homeowners earning up to 80% of the County Area Median Income (AMI) may apply for a one-time grant from the City's Housing Department to address health and safety needs, disabled access and energy efficiency. The City provides one-time repair grants of up to \$15,000 in SNI areas and \$5,000 in non-SNI areas. The maximum grant amount is graduated based on the income of the applicant household. This program is administered on a "Needs Basis" and primarily serves single-family owner-occupied homes. The grant is offered to owners with eligible repairs that are minor in nature providing all health and safety issues can be addressed with the grant. Additional funds of up to \$5,000 may be made available for energy efficiency upgrades based on the results of an energy audit. Energy efficiency funds are provided in conjunction with other rehabilitation funding only. The program also offers grants of up to \$10,000 to ensure that low-income seniors and special needs clients receive adequate funding to address accessibility needs. . If more repairs are required to address health and safety needs, the applicant will be referred to the Housing Preservation Program.	Goal is to spend 50% of rehabilitation funds in SNI neighborhoods and to serve lower-income residents.	Indefinitely suspended	Due to ongoing funding challenges including the elimination of the State's Redevelopment agencies and the continued reductions in federal funds the City suspended the homeowner grant Program prior to January 2013.
Minor Grants for Minor and Urgent Repair Needs Partially funded through the City's Housing Department Rebuilding	To provide emergency contractor services to mitigate health and safety emergencies	Ongoing Program	The program, once administered by the

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Program Description (By Housing Element Program Names)	Housing Programs Progress Report - Government Code Section 65583. Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement and development of housing, as identified in Housing Element.
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Name of Program	Objective	Timeframe in H.E.	Status of Program Implementation
Together Silicone Valley provides both direct and contracted services for minor and urgent repairs to household earning below 80% of the Areas Median Income (\$75,050 for a family of 4). The Program deploys contractors to assist eligible households with urgent repair needs such as plumbing leaks, hazardous electrical, and furnace replacements in Winter.	for San Jose's low-income mobilehome and single-family property owners.		City, is currently administered through the non-profit Rebuilding Together Silicon Valley.
Mobilehome Repair Loan Program: Owner occupants of mobilehomes earning up to 80% of the County Area Median Income may apply for a 0% rehabilitation loan up to \$20,000. Very low-income and extremely low-income mobilehome owners may apply for a one-time grant of up to \$15,000. Qualifying rehabilitation work is limited to those measures necessary to achieve compliance with State Health and Safety standards and applicable park regulations.	Completion of approximately 120 - 140 mobilehome rehabilitations is expected annually. Mobilehome budget is to kept to within 25% of Rehabilitation budget.	Indefinitely suspended	Due to ongoing funding challenges including the elimination of the State's Redevelopment agencies and the continued reductions in federal funds the City suspended the Mobilehome loan Program prior to January 2013.
Mobilehome Seismic Repair Program: Owner occupants of mobile homes located in previously identified mobile home parks with a high concentration of units that are not structurally braced would qualify for seismic bracing of their mobile homes. 650 individual mobile homes will be retrofitted under this FEMA/CalEMA grant. Existing Rehabilitation Program Staff, systems and standards to ensure that the retrofit work is being properly	Completion of 650 mobilehome seismic retrofits prior to October 2013.	Ongoing Program	After demonstrating ongoing success of the program and cost savings over the first three years, FEMA granted the City an extension of the

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Name of Program	Objective	Timeframe in H.E.	Status of Program Implementation
<p>reviewed, tracked and completed in accordance with all program requirements.</p>			<p>expenditure timeline to allow the City to retrofit an additional 200 mobilehomes. The new program goal is to retrofit 850 mobilehomes by April 2015. To date the Program has funded the completion of 840 Mobilehome Seismic Retrofits. The grant will be closed within the 2015 calendar year.</p>

Table C Program Implementation Status

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HOMEBUYER PROGRAMS:			
First-Time Homebuyers Mortgage Credit Certificates (MCC): In cooperation with the County, the City offers Mortgage Credit Certificates (MCC) to qualified buyers. An MCC 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 their first mortgage loan. This amount is currently set at 15%.	Assist first-time homebuyers	Ongoing Program	The County will continue to administer the MCC program.
Building Equity and Growth in Neighborhoods (BEGIN): Grant funds made available through Proposition 46 and Proposition 1C are used to provide second mortgage assistance in loan amounts up to \$30,000 or 20% of the sales price (depending on specific grant terms), for low- and moderate-income first-time homebuyers in specific new for-sale developments that have received regulatory relief from the City.	Assist low- and moderate-income first-time homebuyers	Ongoing Program	In 2014, 1 new BEGIN loan was originated for \$115,000.
WelcomeHOME Program: In August 2008, the City implemented a program that provides 30-year second mortgages of up to \$25,000 for lower -Income homebuyers in the form of a deferred repayment loan. This loan may be layered with other forms of downpayment assistance to help homebuyers purchase a home within San Jose’s municipal boundaries.	Assist lower-income homebuyers	No longer available	In the past years, the City used CalHOME funds for the Welcome Home program. However, CalHOME funds have now been allocated to the City’s

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			Home Repair program and are no longer available to fund this program.
Teacher Housing Program: This program provides a deferred equity-share loan of up to \$50,000 to low- and moderate-income San José public school teachers. The loan is offered at a zero-percent interest rate and is not due until transfer of the title to the home or in 45 years.	Assist in the recruitment and retention of San Jose K-12 public school teachers.	No longer available	Over 700 teachers received City loans during the term of the program. The City concluded the program as of June 30, 2011, although teachers are still served through other homeownership efforts, including the BEGIN and NSP2 programs, subject to the depletion of these funds.
Project-based Second Mortgages: The City provides 45-year second mortgages in varied amounts for low and moderate-income homebuyers in ownership housing projects for which the City has previously provided financial assistance for development. Moving forward, the City does not intend to provide predevelopment and construction financing for for-sale projects. Instead, the City may offer second mortgages to qualified homebuyers	Assist low- and moderate-income homebuyers	No longer available	This program concluded on June 30, 2011.

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Program Description (By Housing Element Program Names)	Housing Programs Progress Report - Government Code Section 65583. Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement and development of housing, as identified in Housing Element.		
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once the project is complete.			
The Home Venture Fund (Formerly Vernal Fund): Private lenders entered into an agreement with NHSSV, a nonprofit organization, to provide down-payment assistance loans to both low- and moderate-income homebuyers. Loan amounts range from \$10,000 to \$60,000 per household with an average loan amount of \$40,000. Interest derived from grants is used to make interest payments on behalf of the borrower during the five-year loan deferral period. At year five, the loans are sold to NHSA and the proceeds invested into new second mortgages.	Assist low- and moderate-income homebuyers	Ongoing Program	No new loans were provided through this funding source in calendar year 2014.
American Dream Down-Payment Initiative: As part of the Federal Home Investment Partnership (HOME) sub-program, the City of San José has received over \$600,000 since 2002 to be used for down-payment assistance for low-income first time homebuyers.	Assist low-income first-time homebuyers	No longer available	The City has not received any federal allocation of ADDI funds recently. This program is a subset of the federal HOME program. Funds for this program were deemed duplicative of the eligible uses of HOME funds so future funding for separate ADDI allocations are highly unlikely.

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The San José State University (SJSU) Faculty and Staff Homebuyer Program: In 2006, the City entered into an agreement with San José State University to jointly-fund and administers a homeownership program for University faculty. The program was later broadened to include all SJSU full-time permanent employees. The program offers up to \$50,000 to income eligible employees in the form of a deferred repayment loan.	Assist in the recruitment and retention of university employees.	No longer available	This program concluded June 30, 2010.
Redevelopment Area Inclusionary Housing Program: Through the City's Redevelopment Area Inclusionary Housing Program, housing developers in City redevelopment areas are required to provide a second mortgage to low-and/or moderate-income homebuyers to make units affordable.	Assist low- and moderate-income homebuyers	Ongoing Program	The City's Redevelopment Area Inclusionary Housing Program is in effect and requires affordable housing in newly constructed for-sale housing projects with more than 10 units. To address the <i>Palmer</i> case, the inclusionary housing requirements for rental housing have been suspended until such time as the limitation in the <i>Palmer</i> decision is

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			<p>overturned or modified by another court or by the legislature.</p> <p>In 2014, this program helped create 120 Very Low- and 211 Low-Income units.</p> <p>Additionally, the program has also provided a source of funding for affordable housing through in-lieu fees collected when developers opt out of the providing affordable units by paying fees. In the past year, developers have opted to pay approximately \$6.4 million in in-lieu fees.</p>
Citywide Inclusionary Housing Program In 2010, the City of San Jose approved a Citywide Inclusionary Housing Ordinance that required affordable housing obligations on all new for-sale developments of 20 or more units. The ordinance was expected to go into effect on January 1, 2013, and would have required	Assist low- and moderate-income homebuyers	On Hold	As of 2014, the Citywide Ordinance is being litigated.

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Program Description (By Housing Element Program Names)	Housing Programs Progress Report - Government Code Section 65583. Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement and development of housing, as identified in Housing Element.
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<p>that 15% of the units built citywide will be affordable.</p> <p>Affordable Housing Impact Fee (AHIF) Program In late 2014, the City of San Jose established a housing impact fee of \$17.00 per net square foot on new market-rate rental housing developments of three or more units in San Jose. However, in an effort to minimize negative financial impacts on development projects in the pipeline, the AHIF does include a grandfathering exemption for developments if certain conditions are met. Because of this, the Housing Department does not anticipate receiving any AHIF revenue until at least FY 2018-19.</p>	<p>Assist VLI, L, and moderate-income residents of San Jose</p>	<p>New Program</p>	<p>The Housing Department is in the process of developing materials (including the Program Regulations) to implement the AHIF program including the grandfathering exemption which many from the development community are eager to participate in.</p>
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Name of Program	Objective	Timeframe in H.E.	Status of Program Implementation
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HOMELESS SERVICES PROGRAMS:			
Emergency Solutions Grant Program (ESG): ESG is a federally funded program designed to support programs aimed at ending homelessness. The City contracts with multiple homeless service providers to administer the ESG program. The program provides homeless persons with outreach and engagement services, basic shelter and essential supportive services such as operational costs of a shelter facility, case management and temporary rental subsidies. The program also supports the Homeless Management Information System (HMIS) that monitors outcomes and performance measures for all the homeless services agencies funded by the City.	Assist homeless individuals, families and victims of domestic violence in meeting their immediate emergency needs with the ultimate goal of becoming permanently housed.	Ongoing Program	Continue to implement program.
Community Development Block Grant (CDBG): CDBG is a federally funded program designed to implement services that benefit low- and moderate-income persons, resolve slum and blight concerns, or address community development needs. The City funds various nonprofit agencies and other city departments to administer the CDBG program. CDBG funds several programs aimed at ending homelessness; services include homeless outreach and engagement, employment development, case management and temporary rental subsidies.	Assist homeless individuals, families and victims of domestic violence in meeting their immediate emergency needs with the ultimate goal of becoming permanently housed.	Ongoing Program	Continue to implement program. Funding has been severely reduced over the past several fiscal years.
Housing Opportunities for People with AIDS or HIV (HOPWA): HOPWA is a federally funded program designed to provide housing	Assist homeless and at-risk residents with HIV/AIDS to become permanently	Ongoing Program	Continue to implement program.

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assistance and supportive services to low-income individuals and families living with HIV/AIDS. The City contracts with local service agencies to provide tenant-based rental assistance, housing information and case management to eligible households.	housed.		
Housing Trust Fund: In June 2003, the Mayor and City Council established a Housing Trust Fund which was previously known as the Housing and Homeless Fund. Housing Trust funds can be used for a variety of activities that support the City's goal of ending homelessness, including personnel support, outreach and engagement services, and case management support. HTF supports the County-wide campaign to end chronic homelessness and continues to fund studies and plans that are used to implement strategies and innovative programs.	Assist nonprofit homeless service providers to provide homeless persons with the support needed to become permanently housed.	Ongoing Program	Continue to use funds towards the City's goal of ending homelessness
Homeless Encampment Program: The City is coordinating with outside agencies across sectors to address the homeless encampment issue in San Jose, including developing and implementing new clean-up protocols, deterrence, and prevention activities, as well as seeking additional opportunities to provide housing and services to the encampment residents.	Mitigate community, environmental, and health impacts of homeless encampments, while seeking alternative housing solutions for the homeless.	Ongoing	Continue to implement program
Housing Services Partnership (HSP): The City contracts with a local homeless services provider to administer the HSP program, which is funded by the Housing Trust Fund. This program provides chronically homeless persons with financial	Assist chronically homeless persons to attain and maintain permanent housing.	July 2005 - June 2011	Program ended in 2014

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Program Description (By Housing Element Program Names)	Housing Programs Progress Report - Government Code Section 65583. Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement and development of housing, as identified in Housing Element.		
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<p>assistance in the form of first month's rent, security deposit, and one-way greyhound tickets.</p> <p>Homelessness Prevention and Rapid Re-Housing Program (HPRP): HPRP is funded program through the American Recovery and Reinvestment Act (ARRA). It is designed to rapidly re-house homeless residents and prevent homelessness for at-risk residents. The program provides just enough short and medium-term financial assistance and case management to resolve the crises and re-stabilize the households.</p> <p>Tenant-Based Rental Assistance Program (TBRA): The City administers three TBRA programs utilizing its federal HOME program funds as described below. The program provides participants with housing search, placement, security deposit and rental assistance. The City funds a local nonprofit to provide the day to day administration of the programs.</p> <ol style="list-style-type: none"> 1. TBRA I is designed to provide housing and support services to chronically homeless mentally ill residents. The City has partnered with the Santa Clara County Department of Mental Health to provide case management services to program clients. 2. TBRA II is a pilot program targeting chronically homeless households, who have substance abuse issues, and reside in and around St. James Park in San Jose. The City has partnered with the County Department of Drug and Alcohol Services to provide case management and services to program clients. 	<p>Assist homeless and at-risk residents to become self-sufficient, and become permanently housed.</p> <p>Assist homeless persons to attain and maintain housing.</p>	<p>October 2009 - October 2012</p> <p>October 2009 - June 2015</p>	<p>Program ended in July 2012.</p> <p>Continue to implement and oversee programs. In 2014, overall program target population refocused on families and other transitionally homeless populations who can benefit from limited-term assistance.</p>

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Program Description (By Housing Element Program Names)	Housing Programs Progress Report - Government Code Section 65583. Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement and development of housing, as identified in Housing Element.		
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3. TBRA III is a program targeting households residing in selected San Jose homeless encampments. The City is partnering with several nonprofit homeless service agencies to provide case management to program clients.			

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Name of Program	Objective	Timeframe in H.E.	Status of Program Implementation
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NEIGHBORHOOD IMPROVEMENT PROJECTS:			
<p>Strong Neighborhood Initiative (SNI): 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 were designated as improvement areas. Physical improvements are expected to be funded through existing City programs (including Housing Rehabilitation Programs), and Community Development Block Grants.</p> <p>The City's Strong Neighborhoods Initiative is no longer in operation. However, San José recognizes the importance of a coordinated effort to strengthen neighborhoods and as established a place-based strategy to concentrate public investment and resources in three neighborhoods where there is a demonstrated need, opportunity to make substantial changes and strong community partnerships to sustain that progress. These neighborhoods include:</p> <ol style="list-style-type: none"> 1. Santee/McKinley in partnership with Franklin McKinley Children's initiative 2. Mayfair in partnership with Somos Mayfair 	<p>Continue to focus resources within the 19 SNI areas. Strive towards goal of spending 50% of single-family rehabilitation funds in SNI areas.</p> <p>The primary focus of the new Place-Based Strategy is to address the needs of the selected neighborhoods by creating a coordinated effort to provide services that create clean, safe, and engaged communities. All aspects of neighborhood condition are explored, including crime, blight, and infrastructure.</p>	<p>With the elimination of the State's redevelopment agencies, the City discontinued implementation of the Strong Neighborhood Initiative in 2012. However, the priority of neighborhood revitalization continues in the form of the City's place-based Initiative.</p>	<p>In an effort to continue support of neighborhood efforts, the City shifted the funding priorities of its annual allocation of federal Community Development Block Grant funds. In December 2011 the San Jose City Council authorized the City's Department of Housing to fund and implement a Place-Based Neighborhood Initiative. The Initiative targets a portion of the City's annual CDBG funds to three neighborhoods. The Housing Department continued to implement the Place-based Neighborhood</p>

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3. Five Wounds / Brookwood Terrace in partnership with CommUniverCity (with the potential for expansion as CommUniverCity expands to other Downtown neighborhoods)			Initiative in FY 2014-15 within the Mayfair, Santee and Five Wounds Brookwood Terrace neighborhoods.
Strong Neighborhoods Initiative (SNI) Project Alliance – (formerly known as Multi-Family Demonstration Projects): Project Alliance/Special projects is a subset of the City’s Strong Neighborhood Initiative program directed toward the revitalization of specific multi-family neighborhoods. Four neighborhoods were selected for improvement through Project Alliance. These neighborhoods were Jeanne/Forestdale (Five Wounds / Brookwood Terrace), Virginia/King (Mayfair and Gateway East), Roundtable Drive Apartments (Edenvale/Great Oaks), and Underwood Apartments (Blackford).	The goals of Project Alliance include working collaboratively with property owners, tenants, various City Departments, and other entities to achieve the effective delivery of City Services, build leadership, and create an attractive, livable and sustainable community while preserving the existing affordable housing stock within that community.	Completed. Funding is no longer available to continue the program	During this period, eight buildings (32 units) received exterior improvements. In addition, one 58-space mobilehome park received infrastructure upgrades that included repaving and sealing, electrical, plumbing, NG safety and re-pipe, and the replacement of security lighting with LED lighting. No funding sources have been identified to continue the program.
Neighborhood Stabilization Program: The Housing Trust of Santa Clara County (HTSCC), City of San Jose	Acquire and rehabilitate homes that were previously foreclosed or abandoned.	All funding must be spent	After meeting the Program’s statutory

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Name of Program	Objective	Timeframe in H.E.	Status of Program Implementation
<p>and Neighborhood Housing Services Silicon Valley (NHSSV) have formed the San Jose Consortium (Consortium) to apply for and administer a \$25 million grant for the NSP, made available by the Department of Housing and Urban Development (HUD) under the American Recovery and Reinvestment Act (ARRA) of 2009. The main objectives of this grant are to stabilize neighborhoods in the Target Geography by reducing the number of foreclosed or abandoned homes and residential properties and to create affordable housing opportunities for very-low, low- and moderate-income households. The Consortium will provide secondary financing to income eligible purchasers of foreclosed homes and will purchase and rehabilitate foreclosed or abandoned homes in the Target Geography. The program also provides funding for rental affordable housing developments.</p>	<p>Then, the City's partners sell the homes to moderate or low-income first-time buyers for owner-occupancy purposes. The goal of the Consortium is to assist in the purchase of no less than 205 foreclosed properties or units for the purpose of creating affordable homes.</p>	<p>by February 11, 2013. However, the City is allowed to continue the program for up to 5 years using NSP2 program income (residual proceeds)</p>	<p>expenditure deadlines, the NSP consortium continued to implement the NSP2 grant primarily utilizing Program Income generated from the sale of NSP funded homes. The Consortium re-evaluated the original implementation and program goals and realigned strategies. The new program projections include:</p> <ul style="list-style-type: none"> ▪ PAL - 51 units ▪ Dream Home 41 Units ▪ 25% set aside 150 units <p>Currently the PAL program is no longer funding loans. The Dream Home Program completed the rehabilitation of all</p>

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			<p>homes. All but one Dream Home Property has been sold. The last remaining home will likely sell before the end of the 2014-15 FY..</p> <p>Taylor Oaks (58 units) was completed in 2012. The Ford and Monterey Supportive Services (20 units) project is complete and F&M Family (74 units) is complete and pending conversion to a permanent loan.</p>

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HOUSING DEVELOPERS / INVESTMENT PROPERTY OWNERS:			
Predevelopment Loan Program: The Predevelopment Loan Program is designed to assist housing developers with funds necessary to explore the feasibility of a proposed housing project. Under this program, developers may apply for option fees and preliminary environmental or design studies. Interest rate to be charged will reflect a minimum of the City's actual cost of funds as well as what rate is necessary to promote project feasibility. Principal and interest repayment is due at the close of escrow on construction loans or within two years.	As resources allow, invest limited amount to support future feasible development projects.	Ongoing Program subject to funding availability	Given the State's elimination of 20% Redevelopment funds, the City may provide limited predevelopment funds if available.
Project Development Loans for Acquisition, Construction, Permanent, and Acquisition/ Rehabilitation: Below-market rate gap loans and grants for acquisition, construction and permanent financing are made to both for-profit and nonprofit developers. These loans, typically subordinated to the primary lender's loan, provide funding for apartments for families, seniors, small households, and special needs populations including the homeless. Loans are made for land acquisition, construction, and permanent needs. Permanent loans are repaid out of net cash proceeds during the projects' operations. Funding for the acquisition and rehabilitation of existing Apartment projects focuses on blighted properties where rehabilitation would a	Focus the majority of available project funds on new construction of affordable rental projects with existing entitlements that have been stalled give the elimination of Redevelopment and shortage of other public subsidies. Consider other uses including acquisition/rehabilitation projects, and the preservation of existing affordable units.	Ongoing Program	Given the State's elimination of 20% Redevelopment funds, the City will explore a variety of creative arrangements and strategies to continue to foster the development of much-needed restricted affordable housing.

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Program Implementation Status

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<p>have significant revitalizing impact on the surrounding neighborhood, on those projects with expiring Housing and Urban Development (HUD) loans and rent restrictions (“preservation” projects), on those projects involving extraordinarily low subsidy levels, and on those projects incorporating at least 10% ELI units with reasonable costs to the City. Funding for preservation of existing affordable projects is considered on a case-by-case basis, seeking to maximize leveraging of non-City sources of funds and to meet the City’s policy objectives of supporting ELI units and fiscal sustainability.</p>			
<p>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 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. Properties so acquired are subsequently transferred or leased to nonprofit and for-profit developers for the construction of affordable housing projects</p>	<p>Continue to seek opportunity sites for affordable housing with a focus on rental special needs units</p>	<p>Ongoing Program</p>	<p>No new land purchases are anticipated at this time. For those sites that the Department has already acquired, those for which financing is assembled may proceed.</p>

Table C

Program Implementation Status

Program Description (By Housing Element Program Names)	Housing Programs Progress Report - Government Code Section 65583. Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement and development of housing, as identified in Housing Element.
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Name of Program	Objective	Timeframe in H.E.	Status of Program Implementation
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PROCESS IMPROVEMENTS			
1. Envision San Jose 2040 General Plan The City of San Jose had not performed a comprehensive update of its General Plan since 1994. An update was needed to address future housing needs and appropriately balance these needs with goals for job growth and improved fiscal sustainability.	Prepare a comprehensive update of the General Plan.	Completed / Ongoing	On November 1, 2011, the City Council adopted the Envision Plan, and the City's efforts to implement the Plan are ongoing.
2. Zoning Code Amendments Title 20 of the San Jose Municipal Code, otherwise known as the Zoning Ordinance or Zoning Code, is continually reviewed to identify opportunities to reduce constraints and streamline processes without diminishing the City's ability to achieve its overall land use goals.	Reduce constraints on housing development.	Ongoing	Since State certification of the City's Housing Element in 2009, numerous housing-related ordinances have been adopted per this work program item.
3. Secondary Units In 2005, the City Council initiated a Secondary Unit Pilot Program to temporarily test and evaluate a set of secondary unit development standards for a period of one year. Then, in 2008, an ordinance was adopted which permanently allowed secondary units that conform to modified Zoning Code requirements.	Facilitate the production of secondary units.	Ongoing	Per the Envision San Jose 2040 General Plan, the City continues to explore options to improve the effectiveness of the secondary unit provision (see Envision Policy H-

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Name of Program	Objective	Timeframe in H.E.	Status of Program Implementation
			2.5 and Action H-2.9).
4. California Building Standards Code The State Building Standards Commission (BSC) publishes triennial editions of the California Code of Regulations (CCR), Title 24, also known as the California Building Standards Code. Most recently, on July 1, 2013, the BSC published the 2013 edition of the standards, which apply to any building or structure for which application for a building permit is made on or after January 1, 2014.	Protect the health, welfare, and safety of residents.	Ongoing	On November 5, 2013, the City Council approved an ordinance amending Title 24 of the San Jose Municipal Code and adopting the 2013 code editions, with local amendments.
5. Public Outreach Policy A consistent public outreach policy was needed to improve communications, alleviate concerns, and clarify misunderstandings or points of contention that typically arise at a public hearing occurring late in the development review process.	Involve interested parties in the development review process through early notification and accessibility of information.	Completed	In 2005, the City Council adopted the Public Outreach Policy, which includes requirements for public notice signage and, for larger development proposals, a community meeting.
6. Enhanced High-Rise Design Review Process A process was needed to allow staff and decision makers to apply relevant sections of the Downtown Design Guidelines, be advised by the City's Architectural Review Committee (ARC), and receive public input on proposed high-rise development during both the Preliminary	Support intensification of the Downtown and other major transit corridors and employment areas.	Completed	In 2007, the Enhanced High-Rise Design Review process was introduced, and is applicable to buildings

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Review and entitlement phases.			100 feet or more in height.
7. Transit-Oriented Development (TOD) and Mid-Rise/High-Rise Residential Design Guidelines Design guidelines were needed for TOD and mid-rise/high-rise development providing specific parameters and a common understanding of the minimum design standards necessary to conduct the review process in an efficient manner.	Streamline the development review process, promote compact urban development, and facilitate quality design.	Completed	In 2007, the City adopted design guidelines applicable to TOD and mid-rise/high-rise residential projects.
8. Development Permit Reactivation/Extension As a result of the economic downturn, additional incentives and flexibility were needed to help applicants overcome various challenges in their desire to pursue the completion of entitled development projects.	Provide incentive for the implementation of projects impacted by the economic downturn.	Completed	In 2009, an ordinance was adopted to allow reactivation and/or extension of certain Development Permits for a limited time period. In 2012, an ordinance was adopted authorizing the Planning Director to extend Development Permits for small residential projects through a Permit Adjustment.
9. Discretionary Alternate Use Policy Flexibility	Streamline the entitlement process by	Completed /	With City Council

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In 2007, the City Council approved a General Plan text amendment allowing Discretionary Alternate Use (DAU) policies to be applied via issuance of a Use Permit. Prior to approval of this measure, the use of DAU policies often required the filing of a Planned Development rezoning.	avoiding need for the filing of a Planned Development (PD) rezoning.	Superseded	approval of the Envision Plan, DAU policies were effectively superseded. Instead, new land use designations were developed to provide sufficient flexibility to allow urban, mixed use development types.
10. High Density Housing/Mixed Use in Conventional Zoning Greater flexibility was needed to respond to the growing trend towards construction of high density housing/mixed use in San Jose. In particular, the City wished to avoid need for applicants to file a Planned Development rezoning, and instead allow such projects to occur in a conventional zoning district with more flexible development standards.	Streamline the entitlement process by avoiding need for the filing of a Planned Development (PD) rezoning.	Completed	In 2012, a Zoning Code change increased densities within the conventional R-M zoning district, thereby allowing high density housing / mixed use via issuance of a Development Permit.
11. General Plan Designation for Commercial near Transit In 2008, the City Council approved amendments to the former General Plan 2020 that created a Transit Corridor Commercial (TCC) land use designation. The TCC designation was intended for areas with convenient transit access, including the Downtown, transit corridors,	Create new consumer markets in densely developed areas within a reasonable walking distance of major public transit facilities.	Completed	With City Council approval of the Envision Plan, a new Urban Village land use designations was

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Name of Program	Objective	Timeframe in H.E.	Status of Program Implementation
and proposed BART station areas.			developed to replace the TCC designation.
12. Main Street Districts Ordinance The Main Street Districts ordinance established new zoning districts for mixed residential-commercial development. The ordinance provided significant parking reductions, and allowed further parking reductions based on shared parking facilities, car share programs or unbundled parking.	Streamline the entitlement process for mixed commercial-residential projects along neighborhood "Main Street" areas throughout the City.	Completed	On December 14, 2010, the City Council approved the Main Street Districts ordinance.
13. Alum Rock Corridor Policy Direction In 2009, the City Council applied the TCC general plan land use designation to over 55 acres of land along Alum Rock. Also, a policy document was approved to guide staff in creating a form-based zoning for the Alum Rock corridor.	Facilitate mixed commercial-residential projects on select properties along Alum Rock Avenue.	Completed	On October 22, 2013, the new Main Street districts were first applied in a Director-initiated rezoning of the Alum Rock corridor.
14. Zoning District for Urban Villages To encourage a full range of uses within Urban Villages, the Commercial Pedestrian (CP) zoning district was modified to add land uses applicable to Urban Villages, and development standards were modified for sites within Urban Villages.	Facilitate urban, transit-oriented development within Urban Village areas.	Completed	On January 14, 2014, the City Council approved the ordinance to modify the CP zoning district.
15. Integrated Development Services Introduce a fully functional Development Services Center, with an integrated, "one-stop" first-floor location where business related to development applications can be conducted. Development Services partners should include the Planning Division, Building Division,	Locate staff in close proximity for improved coordination and customer convenience, avoiding customer visits to departments located on various floors of the 18-story City Hall tower.	Completed	A "one-stop" service approach was tested at Old City Hall. However, not until the organization's move to

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Name of Program	Objective	Timeframe in H.E.	Status of Program Implementation
Public Works Department, and Fire Department, among others.			New City Hall in 2005 was a fully functional Development Center realized.
16. Application Submittal Process Evaluate opportunities to improve the process for submittal of applications at the Development Services Center without requiring an appointment.	Provide customers with expedited service and additional options for application submittal.	Completed	In 2013, key staff was relocated to the point of customer reception such that application submittals were further prioritized.
17. Online Customer Service Improve customer service by extending the reach of Development Services Center functions in making various services and resources available online. This includes scheduling appointments and inspections, obtaining general information and publications, and applying for simple permits (e.g., water heater replacement).	Provide customers with “self-help” opportunities to serve needs at their own convenience, without need to travel to City Hall.	Completed	In 2012, the City’s website was migrated to a new technology platform that is better organized, contains self-subscribe notifications, and an application appointment scheduling system.
18. Transitional and Supportive Housing In 2007, the State of California passed legislation (SB 2) requiring local agencies to plan for and identify areas most appropriate for emergency shelters. This bill added provisions to require identification of a zone or	Comply with Senate Bill 2 (SB 2).	Completed	In 2010, the City Council approved a Zoning Code change defining “Transitional

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zones where emergency shelters are allowed as a permitted use without a conditional use or other discretionary permit.			Housing” and “Supportive Housing,” and clarifying associated regulations.
<p>19. Green Building Policy In October 2007, the City Council adopted the Green Vision, a 15-year plan with ten ambitious goals for economic growth, environmental sustainability, and an enhanced quality of life for San Jose’s residents and businesses. Among these goals was Goal 4: Build or retrofit 50 million square feet of green buildings.</p>	Facilitate achievement of Green Vision Goal 4, and comply with State law as it relates to energy conservation in residential development.	Completed	In 2008, the City Council approved the “Private Sector Green Building Policy for New Construction.” More recently, on November 5, 2013, the City Council approved an ordinance adopting the 2013 edition of the State CALGreen Code.
<p>20. Renewable Energy Use In October 2007, the City Council adopted the Green Vision, a 15-year plan with ten ambitious goals for economic growth, environmental sustainability, and an enhanced quality of life for San Jose’s residents and businesses. Among these goals was Goal 2: Reduce per capita energy use by 50%.</p>	Facilitate achievement of Green Vision Goal 2, and comply with State law as it relates to energy conservation in residential development.	Completed	In 2008, a Zoning Code amendment allowed additional height for renewable energy resources. In a more recent example, on January 14, 2014, the City Council approved addition of a new “Fuel

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Name of Program	Objective	Timeframe in H.E.	Status of Program Implementation
			Cell” Zoning Code land use category.
21. Residential Reuse of Historic Structures The “Historic Reuse” ordinance is designed to allow non-residential historic City Landmark structure to be converted to residential use with issuance of either a Conditional or Special Use Permit.	Facilitate conversion and reuse of historic structures for residential purposes.	Completed	In 2010, the City Council approved the Historic Reuse ordinance.

HOUSING SUCCESSOR TO THE REDEVELOPMENT AGENCY ANNUAL REPORT

REGARDING THE

LOW AND MODERATE INCOME HOUSING ASSET FUND

FOR FISCAL YEAR [2013-14]

PURSUANT TO

CALIFORNIA HEALTH AND SAFETY CODE SECTION 34176.1(f)

FOR THE

CITY OF SAN JOSÉ

This Housing Successor Annual Report (Report) regarding the Low and Moderate Income Housing Asset Fund (LMIHAF) has been prepared pursuant to California Health and Safety Code Section 34176.1(f) and is dated as of MARCH 17, 2015. This Report sets forth certain details of the housing activities of the City of San Jose, successor to the former Redevelopment Agency of the City of San Jose during Fiscal Year 2013-14. The purpose of this Report is to provide the governing body of the Housing Successor an annual report on the housing assets and activities of the Housing Successor under Part 1.85, Division 24 of the California Health and Safety Code, in particular sections 34176 and 34176.1 (Dissolution Law).

The following Report is based upon information prepared by Housing Successor staff and information contained within the independent financial audit of the Low and Moderate Income Housing Asset Fund CITY OF SAN JOSÉ COMPREHENSIVE ANNUAL FINANCIAL AUDIT for Fiscal Year 2013-14 as prepared by MACIAS GINI & O'CONNELL LLP, which Audit is separate from this annual summary Report; further, this Report conforms with and is organized into sections I. through XI., inclusive, pursuant to Section 34176.1(f) of the Dissolution Law:

I. Amount Deposited into LMIHAF: This section provides the total amount of funds deposited into the LMIHAF during the Fiscal Year. Any amounts deposited for items listed on the Recognized Obligation Payment Schedule (ROPS) must be distinguished from the other amounts deposited.

II. Ending Balance of LMIHAF: This section provides a statement of the balance in the LMIHAF as of the close of the Fiscal Year. Any amounts deposited for items listed on the ROPS must be distinguished from the other amounts deposited.

III. Description of Expenditures from LMIHAF: This section provides a description of the expenditures made from the LMIHAF during the Fiscal Year. The expenditures are to be categorized.

IV. Statutory Value of Assets Owned by Housing Successor: This section provides the statutory value of real property owned by the Housing Successor, the value of loans and grants receivables, and the sum of these two amounts.

V. Description of Transfers: This section describes transfers, if any, to another housing successor agency made in previous Fiscal Year(s), including whether the funds are unencumbered and the status of projects, if any, for which the transferred LMIHAF will be used. The sole purpose of the transfers must be for the development of transit priority projects, permanent supportive housing, housing for agricultural employees or special needs housing.

VI. Project Descriptions: This section describes any project for which the Housing Successor receives or holds property tax revenue pursuant to the ROPS and the status of that project.

VII. Status of Compliance with Section 33334.16: This section provides a status update on compliance with Section 33334.16 for interests in real property acquired by the former redevelopment agency prior to February 1, 2012. For interests in real property acquired on or after February 1, 2012, provide a status update on the project.

VIII. Description of Outstanding Obligations under Section 33413: This section describes the outstanding inclusionary and replacement housing obligations, if any, under Section 33413 that remained outstanding prior to dissolution of the former redevelopment agency as of February 1, 2012 along with the Housing Successor's progress in meeting those prior obligations, if any, of the former redevelopment agency and how the Housing Successor's plans to meet unmet obligations, if any.

IX. Income Test: This section provides the information required by Section 34176.1(a)(3)(B), or a description of expenditures by income restriction for five year period, with the time period beginning January 1, 2014 and whether the statutory thresholds have been met. However, reporting of the Income Test is not required until 2019.

X. Senior Housing Test: This section provides the percentage of units of deed-restricted rental housing restricted to seniors and assisted individually or jointly by the Housing Successor, its former redevelopment Agency, and its host jurisdiction within the previous 10 years in relation to the aggregate number of units of deed-restricted rental housing assisted individually or jointly by the Housing Successor, its former Redevelopment Agency and its host jurisdiction within the same time period. For this Report the ten-year period reviewed is January 1, 2004 to January 1, 2014.

XI. Excess Surplus Test: This section provides the amount of excess surplus in the LMIHAF, if any, and the length of time that the Housing Successor has had excess surplus, and the Housing Successor's plan for eliminating the excess surplus.

This Report is to be provided to the Housing Successor's governing body by April 1, 2015. In addition, this Report and the former redevelopment agency's pre-dissolution Implementation Plans are to be made available to the public on the City's website <http://www.sanjoseca.gov/index.aspx?nid=1302>.

I. AMOUNT DEPOSITED INTO LMIHAF

A total of \$15,753,640.00 of program income from loan repayments was deposited into the LMIHAF during the Fiscal Year. Of the total funds deposited into the LMIHAF, zero dollars were held for items listed on the ROPS.

II. ENDING BALANCE OF LMIHAF

At the close of the Fiscal Year, the ending balance in the LMIHAF was \$31,022,879.00, of which zero dollars were held for items listed on the ROPS.

III. DESCRIPTION OF EXPENDITURES FROM LMIHAF

The following is a description of expenditures from the LMIHAF by category:

	Fiscal Year
Monitoring & Administration Expenditures	\$6,180,528
Homeless Prevention and Rapid Rehousing Services Expenditures	\$0
Housing Development Expenditures	
<input type="checkbox"/> Expenditures on Low Income Units	\$ 32,686
<input type="checkbox"/> Expenditures on Very-Low Income Units	109,761
<input type="checkbox"/> Expenditures on Extremely-Low Income Units	98,805
<input type="checkbox"/> Total Housing Development Expenditures	241,252
Total LMIHAF Expenditures in Fiscal Year	\$6,421,780

Senate Bill 341 allows for 2% of the total \$601, 368,518 value of Housing Successor assets, or \$12,027,370, to be used on monitoring and administrative expenditures. The Housing Department continues to monitor and manage \$601,368,518 million in LMIHAF assets. Of the \$15,753,640 in program income from loan repayments, \$11,061,495 is committed to fund new projects in the coming fiscal year.

IV. STATUTORY VALUE OF ASSETS OWNED BY HOUSING SUCCESSOR IN LMIHAF

Under the Dissolution Law and for purposes of this Report, the “statutory value of real property” means the value of properties formerly held by the former redevelopment agency as listed on the housing asset transfer schedule approved by the Department of Finance as listed in such schedule under Section 34176(a)(2), the value of the properties transferred to the Housing Successor pursuant to Section 34181(f), and the purchase price of property(ie) purchased by the Housing Successor. Further, the value of loans and grants receivable is included in these reported assets held in the LMIHAF.

The following provides the statutory value of assets owned by the Housing Successor.

	As of End of Fiscal Year
Statutory Value of Real Property Owned by Housing Successor	\$ 34,041,003
Value of Loans and Grants Receivable	\$567,327,515
Total Value of Housing Successor Assets	\$601,368,518

V. DESCRIPTION OF TRANSFERS

The Housing Successor did not make any LMIHAF transfers to other Housing Successor(s) under Section 34176.1(c)(2) during the Fiscal Year.

VI. PROJECT DESCRIPTIONS

The Housing Successor does not receive or hold property tax revenue pursuant to the ROPS.

VII. STATUS OF COMPLIANCE WITH SECTION 33334.16

Section 34176.1 provides that Section 33334.16 does not apply to interests in real property acquired by the Housing Successor on or after February 1, 2012; however, this Report presents a status update on the projects related to such real property.

With respect to interests in real property acquired by the former redevelopment agency prior to February 1, 2012, the time periods described in Section 33334.16 shall be deemed to have commenced on the date that the Department of Finance approved the property as a housing asset in the LMIHAF; thus, as to real property acquired by the former redevelopment agency now held by the Housing Successor in the LMIHAF, the Housing Successor must initiate activities consistent with the development of the real property for the purpose for which it was acquired within five years of the date the DOF approved such property as a housing asset. For San Jose, the date of DOF's approval was March 14, 2013.

Address of Property	Date of Acquisition	Deadline to Initiate Development Activity	Status of Housing Successor Activity
Playa Almaden (aka Sycamore Terrace)	02/16/96	3/13/2018	It is in final stages of obtaining a new extension on its entitlements.
Evans VTA (aka Willow Glen Woods)	12/31/02	3/13/2018	The City is exploring development options for this site.
E side Evans Lane (aka Willow Glen Woods)	06/30/05	3/13/2018	The City is exploring development options for this site.
Ford & Monterey	10/25/06	3/13/2018	Two affordable housing developments have completed construction—one 20-unit special needs development and one 75-unit family development. Both are occupied with residents.
The Haven	06/30/08	3/13/2018	This is currently being occupied as a shelter for fire victims. The adjacent apartment is

			occupied by income eligible residents.
Address of Property	Date of Acquisition	Deadline to Initiate Development Activity	Status of Housing Successor Activity
Vermont House	06/30/09	3/13/2018	In June 2014, the City approved a predevelopment loan and Exclusive Negotiating Agreement to Abode, a developer of supportive housing, to assess feasibility of rehabilitating the property and using it to house homeless households. The predevelopment loan closed in early 2015 and predevelopment work is underway to scope the needed improvements. In conjunction with a construction/permanent funding commitment expected later in 2015, the City will either convey the property through sale or ground lease to the new owner at closing of construction.
Japantown Seniors	05/03/10	3/13/2018	Construction on this 75-unit seniors development started April 2014 and is expected to complete in fall 2015. The City holds a groundlease to the project.
Brookwood Terrace	03/01/09	3/13/2018	Construction on this 84-unit family development started in March 2010 and completed in January 2012. The City holds the site fee simple and has a groundlease to the project. The units are being occupied by income eligible residents.
North Fourth Street	05/21/10	3/13/2018	Construction on this 100-unit development started in July 2010 and completed in June 2012. The project includes 35 apartments for the developmentally disabled. The City owns the site fee simple and has a groundlease to the project. The units are being occupied by income eligible residents.
Orvieto Family	03/01/09	3/13/2018	Construction on this 92-unit family development started in September 2010 and completed in August 2012. The City owns the site fee simple and has a groundlease to the project. The units are being occupied by income eligible residents.

VIII. DESCRIPTION OF OUTSTANDING OBLIGATIONS PURSUANT TO SECTION 33413

Replacement Housing: According to the 2010-14 REDEVELOPMENT AGENCY CITY OF SAN JOSÉ FIVE YEAR Implementation Plan for the former redevelopment agency, no Section 33413(a) replacement housing obligations were transferred to the Housing Successor. The former redevelopment agency’s Implementation Plans are posted on the City’s website at <http://www.sanjoseca.gov/index.aspx?nid=1302>.

Inclusionary/Production Housing. According to the [2010-14 REDEVELOPMENT AGENCY CITY OF SAN JOSÉ FIVE YEAR] Implementation Plan for the former redevelopment agency, no Section 33413(b) inclusionary/production housing obligations were transferred to the Housing Successor. The former redevelopment agency’s Implementation Plans are posted on the City’s website at <http://www.sanjoseca.gov/index.aspx?nid=1302>.

IX. EXTREMELY-LOW INCOME TEST

Section 34176.1(a)(3)(B) requires that the Housing Successor must require at least 30% of the LMIHAF to be expended for development of rental housing affordable to and occupied by households earning 30% or less of the AMI. If the Housing Successor fails to comply with the Extremely-Low Income requirement in any five-year report, then the Housing Successor must ensure that at least 50% of the funds remaining in the LMIHAF be expended in each fiscal year following the latest fiscal year following the report on households earning 30% or less of the AMI until the Housing Successor demonstrates compliance with the Extremely-Low Income requirement. This information is not required to be reported until 2019 for the 2014 – 2019 period.

X. SENIOR HOUSING TEST

The Housing Successor is to calculate the percentage of units of deed-restricted rental housing restricted to seniors and assisted by the Housing Successor, the former redevelopment agency and/or the City within the previous 10 years in relation to the aggregate number of units of deed-restricted rental housing assisted by the Housing Successor, the former redevelopment agency and/or City within the same time period. If this percentage exceeds 50%, then the Housing Successor cannot expend future funds in the LMIHAF to assist additional senior housing units until the Housing Successor or City assists and construction has commenced on a number of restricted rental units that is equal to 50% of the total amount of deed-restricted rental units.

The following provides the Housing Successor’s Senior Housing Test for the 10 year period of 2004-05 TO 2013-14:

Senior Housing Test	2004-05 TO 2013-14
# of Assisted Senior Rental Units	662
# of Total Assisted Rental Units	4547
Senior Housing Percentage	14%

XI. EXCESS SURPLUS TEST

Excess Surplus is defined in Section 34176.1(d) as an unencumbered amount in the account that exceeds the greater of one million dollars (\$1,000,000) or the aggregate amount deposited into the account during the Housing Successor's preceding four Fiscal Years, whichever is greater.

The following provides the Excess Surplus test for the preceding four Fiscal Years:

	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14
Beginning Balance	N/A	\$10,149,270.00	\$35,931,342.00	\$21,690,915.00
Add: Deposits	N/A	29,664,058.00	16,670,472.00	15,753,640.00
(Less) Expenditures	N/A	(3,881,986.00)	(30,910,899.00)	(6,421,676.00)
(Less) Encumbrances	N/A	N/A	N/A	(1,218,127.00)
Unencumbered Balance	N/A	\$35,931,342.00	\$21,690,915.00	\$29,804,752.00

The LMIHAF does not have an Excess Surplus. The aggregate amount deposited into the account during the three Fiscal Years is \$62,088,170. The unencumbered amount of \$29,804,752 does not exceed the aggregate amount deposited.