

WEBVTT

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00:00:15.900 --> 00:00:27.640

Jeff Scott: All right. Welcome, everybody. Thank you for joining us. This is the second monthly meeting in our Community Engagement series for the Housing department. We appreciate you all, taking the time out of your busy schedules to join us.

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00:00:28.140 --> 00:00:32.329

Jeff Scott: And on today's meeting we're going to be focusing on the

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00:00:32.430 --> 00:00:39.180

Jeff Scott: moderate income and workforce housing strategy. This is a draft strategy that that city is putting together.

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00:00:39.310 --> 00:00:46.240

Jeff Scott: and in a moment I'm going to hand it over to Eric Sullivan, our director, and he's going to walk you through the draft

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00:00:46.410 --> 00:00:54.169

Jeff Scott: policy that we're putting together. And at the end of Eric's presentation we will have time for you to ask questions and offer comments.

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00:00:54.470 --> 00:01:10.230

Jeff Scott: and as we do as we did last time, and as we will do each month, please submit your questions via the chat. You can send them to me via the chat, and I will ask those questions of Eric, and we will go through as many as possible.

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00:01:10.708 --> 00:01:20.389

Jeff Scott: And as I as we did last month, there were a couple of questions that we didn't have time to get to, and I sent the responses afterwards to the people who had asked those questions.

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00:01:20.620 --> 00:01:25.759

Jeff Scott: We will do that again, and but our goal is to get through all the questions, or as many as possible.

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00:01:26.643 --> 00:01:27.286

Jeff Scott: And

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00:01:28.400 --> 00:01:33.140

Jeff Scott: With that, Eric, I'll turn it over to you, and then I will share my screen

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00:01:34.670 --> 00:02:00.019

Solivan, Erik: Great. Thank you, Jeff, as Jeff had mentioned, this is our second series. As we're going through our new outreach medium here to get to a consistent dialogue with all of our broader community of residents interested in the work that we're doing. So for today's session with the staff across multiple apartments. But primarily in housing, has put together a draft

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00:02:00.020 --> 00:02:28.110

Solivan, Erik: modern income workforce housing strategy. And we're going to talk through 3 components today. 1st defining what we mean by moderate income. And who is that demographic, that, as under the housing element, we are charged with devising a strategy to serve? Then 2, we'll talk about some of those challenges within the housing sphere that impacts this particular demographic. And then 3

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00:02:28.120 --> 00:02:43.709

Solivan, Erik: briefly outline. What are some of our proposed solutions and strategies to address their housing needs. And then, at the end of this presentation, as Jeff had mentioned, we'll then open it up to questions, answers, comments.

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00:02:43.710 --> 00:03:03.639

Solivan, Erik: give us new ideas, ideas. We didn't think about ways to expand some of the current ideas ways to improve or amend the ideas we're putting forth as we are then looking to bring this forward to council sometime in the next 60 days, as we're wrapping up and getting more community feedback

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00:03:03.640 --> 00:03:13.110

Solivan, Erik: on the process. And so that's our goal for this second round of our community meetings. So next slide, we'll jump right in here.

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00:03:14.230 --> 00:03:16.610

Solivan, Erik: So when we talk about moderate income.

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00:03:16.810 --> 00:03:32.779

Solivan, Erik: we're going to 1st talk about sort of the definitions, as I mentioned, as to what is the demographic we're looking to serve, and how they fit into the overall community of residents throughout San Jose that the housing department in the city is looking to serve.

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00:03:33.020 --> 00:03:34.469

Solivan, Erik: So next slide.

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00:03:35.490 --> 00:03:59.300

Solivan, Erik: So 1st is under the housing element. We are charged with serving a broad range of Emis. So Strategy 15. Here, under the housing element, talks about what is our strategies? What are our solutions? What are the ways in which we are looking to engage with our moderate income households throughout the city, and we'll define what that is here

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00:03:59.300 --> 00:04:07.590

Solivan, Erik: and what are the necessary changes. We need to be making updates to zoning general plan and execution of

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00:04:07.590 --> 00:04:11.570

Solivan, Erik: our work around serving modern income households.

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00:04:11.570 --> 00:04:30.049

Solivan, Erik: And I'll contextualize this also within our regional housing needs. So we know by 2031, we have to produce 62,000 units. A subset of that 62,000 is the roughly 10,000 units we need to produce to better serve our moderate income

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00:04:30.050 --> 00:04:47.800

Solivan, Erik: households, who were also kind of interplaying around workforce. We have a broad and diverse workforce in San Jose and our modern income workforce, as you'll see in the next slide here really also encompasses a lot of our public employees as well.

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00:04:47.870 --> 00:04:49.579

Solivan, Erik: So in the next slide.

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00:04:54.840 --> 00:05:18.289

Solivan, Erik: this is how we're defining moderate income and how that fits within our particular workforce of our public employees as just being a segment of the global workforce, we're looking to serve within moderate incomes. So the moderate income for a family of 4 based on our ami ranges of 81% to 120%

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00:05:18.290 --> 00:05:31.320

Solivan, Erik: puts you at a salary range, an income range for that family of 4 at roughly 145,000 up to about 217,000. To put that within context.

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00:05:31.320 --> 00:05:55.420

Solivan, Erik: the average San Jose City employee is at a salary of roughly, 115,000. And here in the housing department our staff non-management staff go up to salaries of roughly about \$155,000. So we're really talking about an area of our housing market, a subsection of our residents in San Jose

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00:05:55.590 --> 00:06:20.090

Solivan, Erik: who make up a portion of our workforce, our public employees, our firefighters, our police officers, our city employees, our librarians, our legal analysis. That is kind of the demographic that we are targeting here, and the table at the below, then breaks down what those categories look like from a 1 person household up through a 4 person household.

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00:06:20.090 --> 00:06:49.060

Solivan, Erik: So at the low end for a 1 person household. It's roughly a salary of about \$100,000, and that captures an even broader array of private sector workforce employees who are just trying to make ends meet and looking for ways in which to reduce some of their ever increasing cost of living increases that have been experienced here in the Bay area, and then specifically in San Jose.

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00:06:49.160 --> 00:07:08.770

Solivan, Erik: as well as their cost of housing at the other end of this scale, at a 4 person household, and we'll talk a little bit about more about the average demographics of our moderate income households. But at the 4 person end of the scale. You're roughly looking at the high end of about 217,000 a year.

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00:07:08.790 --> 00:07:31.580

Solivan, Erik: So our public employees, our police officers, our firefighters, our librarians, our city housing department staff is falling right in the middle of that range. And so where do we look at creating more opportunities for not just our public employees, but also our private sector employees who fit within this moderate income demographic.

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00:07:31.740 --> 00:07:38.479

Solivan, Erik: So the next slide here then, gets into a little more specificity

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00:07:38.730 --> 00:08:06.139

Solivan, Erik: when we talk about what are their affordability needs. So home ownership is one area where it is a bit out of reach. Given where our average home sale prices are, which at this point is roughly about 1.6 million dollars per unit. So when you look at that income range of moderate income housing affordability at the homeownership range is inaccessible.

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00:08:06.180 --> 00:08:14.500

Solivan, Erik: And so when we break this down, you can then see that differential between renter occupied and owner occupied

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00:08:14.620 --> 00:08:37.929

Solivan, Erik: roughly 45% of our moderate income. Families are renters, 55% are owners. And that total world of serviceability that we're looking to target is about 59,000 who fit within this range of moderate income to which we're looking, to

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00:08:37.929 --> 00:08:57.349

Solivan, Erik: devise strategies, to improve their areas of affordability and build out more units in the end. Through all the strategies and all the different segments of the ami scale that the housing department looks to serve, we need to produce more units. This group is no different.

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00:08:57.470 --> 00:09:19.830

Solivan, Erik: And so what the next slide then gets into is start further refining a little more detail about this strategy. First, st the demographic makeup of our moderate income households is roughly a bit bigger than our lower income or above moderate income households at roughly 3 persons per size.

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00:09:19.830 --> 00:09:43.380

Solivan, Erik: So when you look at that. And you think through our previous slide, where that salary range, it's really a salary range of closer to about 1 45 to roughly, about 200,000, where you're getting a family of 3 in the city who is ever increasing rates of rental as home ownership becomes increasingly less accessible

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00:09:43.410 --> 00:09:44.760

Solivan, Erik: and affordable.

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00:09:44.950 --> 00:09:51.599

Solivan, Erik: And so the next slide provides additional demographic details are moderate income households

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00:09:51.630 --> 00:10:19.559

Solivan, Erik: represent the broad diversity that the city of San Jose has mirroring our similar populations at both lower and higher on the Ami scales. As you can see from this chart, our Hispanic population demographics, white, black, and indigenous persons in the moderate income, roughly mirror where they are throughout other segments of the ami scale.

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00:10:20.260 --> 00:10:44.559

Solivan, Erik: The next slide provides further additional information. Here we looked at cost burden. What are the cost? Burdens for housing of this demographic? And we see roughly 20% of that 59,000 total families in this targeted demographic are cost burdened, similar to

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00:10:44.730 --> 00:11:03.179

Solivan, Erik: other amis across the scale, with obviously the most of our ami scales at the lower end, who are cost burdened. This group is no different, as they are traditionally paying over 30% of their household incomes

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00:11:03.300 --> 00:11:08.290

Solivan, Erik: for rent and homeownership remains unaffordable.

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00:11:08.700 --> 00:11:10.100

Solivan, Erik: The next slide

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00:11:10.250 --> 00:11:25.610

Solivan, Erik: provides a bit more definition. And we're as we look through. What are the challenges given that demographic makeup that this segment of our population here in San Jose is facing.

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00:11:25.760 --> 00:11:28.270

Solivan, Erik: So the next slide, then just summarizes it.

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00:11:28.920 --> 00:11:35.770

Solivan, Erik: Here are the 6 top housing challenges that the moderate income families are facing.

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00:11:35.920 --> 00:11:53.409

Solivan, Erik: One is, last year we had 0 market rate multifamily starts, which means on the primary market rate housing that our moderate income families take residency in. There was no new production in 2024

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00:11:54.030 --> 00:11:57.940

Solivan, Erik: thereby the supply continues to be constrained.

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00:11:58.280 --> 00:12:06.420

Solivan, Erik: Second, that's reduction in supply means our overall rental rates continue to increase.

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00:12:06.760 --> 00:12:25.610

Solivan, Erik: and as we look at strategies for furthering the production of more units across the scale, particularly at the lower end of the Ami scale. Our cost per unit for production for both market rates and in affordable housing continue to go up.

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00:12:26.210 --> 00:12:34.840

Solivan, Erik: So we have the challenge of low production, and the production that needs to get underway is ever increasing in costs.

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00:12:34.970 --> 00:13:02.700

Solivan, Erik: Therefore we have families who are at our moderate income levels, who are effectively buying down in the rental market. They're taking units because of the lack of supply that were originally targeted at lower income families. So we are compressing the amount of supply available for moderate income all the way down to lower income families because there isn't production

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00:13:02.850 --> 00:13:16.450

Solivan, Erik: at the higher income range more suitable to the moderate income families. And so that rental buy down is further exasperating the unaffordability because we're reducing our overall housing stock

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00:13:16.600 --> 00:13:40.699

Solivan, Erik: on our housing department website. You will see we just released the quarter 4 market rate update on housing status in the city of San Jose, which also included our year over year comparisons. And you'll see that amongst our class a properties overall vacancy is just about the same from 23 to 24.

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00:13:40.810 --> 00:13:50.290

Solivan, Erik: But our class C properties, which is our lower end properties, our older properties. That vacancy rate is now dipping below 4%,

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00:13:50.370 --> 00:14:15.529

Solivan, Erik: which evidences that we're having more and more families at higher ends of our income scale, who are in the rental market, buying down sort of taking existing affordable housing stock, because we don't have enough production at the higher end, and they can't transition into homeownership units because the supply continues to be compressed.

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00:14:15.780 --> 00:14:33.730

Solivan, Erik: One of the other challenges to that transference of rental to home ownership is the cost of homeownership. So we have continuing high mortgage rates. We have low unit turnover, as during the pandemic and post pandemic period, many homeowners were able to get

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00:14:35.180 --> 00:14:54.500

Solivan, Erik: very low interest rates 3% and below, because interest rates for Fmoc rates were hovering around 0 to 1%, and so they're less likely to sell their properties. Therefore there's less homes being turned over in the marketplace, and therefore less supply.

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00:14:54.780 --> 00:15:10.300

Solivan, Erik: So we have both lower production of total housing units and those units that are available for sale. Less are coming on to the market. Therefore, more moderate income families are now buying down other rents.

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00:15:10.480 --> 00:15:15.770

Solivan, Erik: further increasing prices. While we have a low amount of supply.

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00:15:16.060 --> 00:15:30.049

Solivan, Erik: This limited home ownership opportunities also means that our moderate income households are continuing to increase the overall cost in the aggregate of the rental prices across the city

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00:15:30.580 --> 00:15:59.149

Solivan, Erik: and some of our inventory and production limits also hindered sort of the financeability of other production types, meaning, as we look at ways to expand the types of homeownership condos townhomes other products that can be brought online other than the 80% or more of single family product that makes up the majority of the city of San Jose's housing stock

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00:15:59.340 --> 00:16:00.270

Solivan, Erik: weren't

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00:16:00.410 --> 00:16:16.599

Solivan, Erik: coming up against these headwinds from the financing side, from the production side, from the mortgage side, from the lack of general supply. As less individuals are willing to put their homes up for sale because they have low interest loans.

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00:16:16.830 --> 00:16:24.670

Solivan, Erik: and therefore, as we look at public subsidies to try to push forward at the lower ami scale, to expand, supply

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00:16:24.860 --> 00:16:33.030

Solivan, Erik: at the higher end scale. As we look to bring on incentives and waivers and fee waivers to look, to expand production.

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00:16:33.300 --> 00:16:48.650

Solivan, Erik: Those only go so far because there are just market forces that are limiting our overall ability to get to more units and to convert more renters into homeowners and to get access to mortgages.

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00:16:49.680 --> 00:16:51.450

Solivan, Erik: So the next slide here

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00:16:54.710 --> 00:17:06.310

Solivan, Erik: then, gets into sort of our missing middle housing, which is just an example of some of the challenges that we are experiencing. So, as you see within the diversity of housing stock.

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00:17:06.960 --> 00:17:11.479

Solivan, Erik: this going from duplexes all the way to sort of live work.

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00:17:11.670 --> 00:17:12.880

Solivan, Erik: This is a

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00:17:13.300 --> 00:17:28.380

Solivan, Erik: picture that demonstrates some of the typology and types of product that we need to expand in order to build out more housing for our moderate income households.

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00:17:28.610 --> 00:17:41.500

Solivan, Erik: and looking at that missing middle is what it's commonly called, and throughout the State and throughout the country. This middle missing middle housing is what creates more opportunity

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00:17:41.540 --> 00:18:06.120

Solivan, Erik: for our public sector employees for our private sector employees in that income band to get more affordability in their housing in the city of San Jose. And so what this picture shows is here is all those different types that we could look at fostering an environment to spur more creation of this type of housing product.

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00:18:06.690 --> 00:18:21.879

Solivan, Erik: And so our next slide then goes into what are some of the strategies we're looking to proffer. And how do we look to address these issues of affordability for our moderate income households? And so the next slide begins with the 1st set.

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00:18:22.870 --> 00:18:27.889

Solivan, Erik: Let's look at ways that we can continue to innovate on our adu program.

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00:18:27.990 --> 00:18:51.329

Solivan, Erik: The planning building and code Enforcement Department has done tremendous work in creating a best practice in how to build out an adu program in the city of San Jose. How do we continue to push that forward? Where do we look for models to expand homeownership of adus, to help service our moderate income households?

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00:18:51.350 --> 00:19:15.729

Solivan, Erik: 2. In looking at our inclusionary housing ordinances, how do we revise our regulations. So we could streamline some of the execution of units that are going to meet that ami ban for which we're targeting for modern income and get more units under production. And so we're going to be looking at within the housing department. Where do we make revisions to our regulatory

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00:19:16.170 --> 00:19:35.489

Solivan, Erik: framework for the inclusionary housing ordinance that aligns to where the March budget message was, as passed by council 2 weeks ago, to look for flexibility as well as more streamlining within the regulations for administering the inclusionary housing ordinance.

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00:19:35.590 --> 00:19:58.459

Solivan, Erik: 3. We're looking at continuing ways to expand approval times and predictability and get into more production of homes and utilizing different product types, such as modular. Today the city has a number of different projects that are utilizing stackable modular that brings down your cost per unit

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00:19:58.460 --> 00:20:13.479

Solivan, Erik: and gets to a quicker execution during the construction period, and has the added benefit of being at a lower cost. So where do we continue to expand and improve our times for processing across the city.

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00:20:13.580 --> 00:20:17.549

Solivan, Erik: To bring on these alternative types of product styles.

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00:20:17.760 --> 00:20:20.699

Solivan, Erik: The next slide gets into the next set here.

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00:20:20.830 --> 00:20:47.349

Solivan, Erik: which is then continuing to look at Edu density bonus programs, ways in which we can support construction defect laws. So we

can bring that product type of condominiums to more fruition within the city of San Jose. One of the challenges being is the existing State law. Has this builder's liability defect that carries on for a 10 year period.

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00:20:47.660 --> 00:20:58.369

Solivan, Erik: Where do we look at strategies to try to mitigate, reduce those limits? So that way, we can encourage more developers to bring that product type of condominiums

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00:20:58.620 --> 00:21:07.899

Solivan, Erik: to market. So we can further expand the total amount of supply that's available for homeownership for moderate income families.

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00:21:08.330 --> 00:21:13.799

Solivan, Erik: And then last, as talked about in the previous picture, our missing middle workforce.

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00:21:13.900 --> 00:21:43.809

Solivan, Erik: How do we look at that entire breadth of typologies from our duplexes all the way through our condos our mixed income multifamily with homeownership, to bring on more production of all different types in order to build out more affordability within our housing market to allow for more transfer of moderate income families from rental into homeownership, thereby decompressing

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00:21:43.930 --> 00:21:57.710

Solivan, Erik: some of the supply constraints within our rental market which will eventually look to decrease our rents, because more supply will be available for a broader array of incomes.

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00:21:57.900 --> 00:22:21.690

Solivan, Erik: So this is just a short list of what our proposed actions and strategies we're looking for in order to address some of the needs of our moderate income households. And now, as Jeff had mentioned at the top, we welcome your thoughts and feedback questions, ideas, things. We need to think about. What are other ways in which we can add to this strategy, expanded.

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00:22:21.690 --> 00:22:30.799

Solivan, Erik: amended. Give us some of your thoughts and feedbacks as we're looking forward to bringing this to Council to frame up

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00:22:30.870 --> 00:22:36.649

Solivan, Erik: how it is we can expand housing, affordability options for our moderate income households.

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00:22:36.740 --> 00:22:38.459

Solivan, Erik: Now hand it back over to Jeff

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00:22:43.380 --> 00:22:45.559

Jeff Scott: Alright. Thank you, Eric, for the presentation.

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00:22:46.090 --> 00:22:52.999

Jeff Scott: So, as I said at the top, if you can, if you have questions or comments, you'd like to speak. Please.

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00:22:53.710 --> 00:23:03.389

Jeff Scott: Please submit your questions or comments in the chat if you can send them to me in the chat to Jeff Scott. That would be ideal. And then I can go ahead, and I can

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00:23:03.700 --> 00:23:09.744

Jeff Scott: read those questions out loud, and Eric and our staff can go ahead and answer them. Let me

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00:23:13.810 --> 00:23:18.920

Jeff Scott: see. Alright. So, Eric, if you're ready, I have the. I have the 1st question here for you.

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00:23:22.210 --> 00:23:32.719

Jeff Scott: Is the city looking at buying empty or foreclosed condos at auction, and then reselling them as MoD. Income opportunities

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00:23:33.790 --> 00:23:43.650

Solivan, Erik: That's an interesting question. That is not something we have looked at in the past. But if there is an inventory of

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00:23:44.390 --> 00:24:02.969

Solivan, Erik: achievable price points for vacant units that we can acquire, and then flip working with our various set of public private partnerships. We will certainly look to kind of. Consider that. So that's a good idea, and we'll look to explore that further for possible inclusion within the plan

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00:24:03.510 --> 00:24:06.282

Jeff Scott: And Eric just just to comment on that as well.

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00:24:07.249 --> 00:24:11.020

Jeff Scott: the person who asked the question also said that the city could also consider

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00:24:11.430 --> 00:24:18.470

Jeff Scott: renting those condos at first, st if they're not ready to start selling those condos, or if there's not a market for buyers for those condos.

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00:24:19.400 --> 00:24:20.580

Jeff Scott: so

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00:24:20.580 --> 00:24:21.170

Solivan, Erik: Yeah.

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00:24:22.520 --> 00:24:22.970

Jeff Scott: Alright

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00:24:28.400 --> 00:24:30.399

Jeff Scott: Then the next question here I'm

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00:24:30.520 --> 00:24:33.447

Jeff Scott: trying to interpret it. There's some shorthand it looks like

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00:24:33.920 --> 00:24:36.470

Jeff Scott: Is the city considering offering

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00:24:36.620 --> 00:24:48.190

Jeff Scott: moderate income families, subsidies, grants, loan just loans, etc. To try to to try to help them in the purchase process.

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00:24:48.450 --> 00:24:53.829

Solivan, Erik: Yes. So we're looking at expanding our 1st time home buyer program

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00:24:54.315 --> 00:25:22.424

Solivan, Erik: for which our moderate income families sort of fit into that demographic look. So how do we look to do that? To both accomplish 2 things? One is buy down the cost of closing cost and providing that 1st time home buyer assistance would help increase affordability, because that tends to be a barrier in terms of down payment, assistance for those looking to transition from rental into home ownership for the 1st time, and have

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00:25:22.790 --> 00:25:49.700

Solivan, Erik: an income sufficient to get a 30 year mortgage. Where do we play a role in expanding that. And then 2 in addition to 1st time, home buyer systems. We're also looking at strategies for how to build out and support the creation of more homeownership type units. Whether that is a townhome form or a condo form. Where do we provide and create as part of mixed income developments that are coming forward. And we've got about

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00:25:49.710 --> 00:26:06.149

Solivan, Erik: just over a hundred townhomes, or maybe 150 townhomes already in production. Good percentage of those are going to be affordable restricted. So where do we continue to advance some of those strategies to add more supply for this income bracket

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00:26:11.330 --> 00:26:13.344

Jeff Scott: All right, Eric. The next question,

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00:26:14.400 --> 00:26:20.970

Jeff Scott: is more focused on the cost of these programs to the city. So just try to get several parts to the question.

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00:26:21.576 --> 00:26:30.240

Jeff Scott: Starting with, do we have, or will we have a a basic budget for this that we will be able to share with the public.

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00:26:31.710 --> 00:26:37.860

Jeff Scott: Also, how many people do we estimate would be eligible for this type of a MoD income program?

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00:26:38.100 --> 00:26:45.079

Jeff Scott: I know you mentioned the total University 59,000. But if we know how many people might actually be eligible to participate in something like this?

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00:26:46.850 --> 00:26:48.130

Jeff Scott: And then

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Jeff Scott: kind of generally, what might the cost be to the city? To implement of the full MoD income strategy.

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00:26:57.170 --> 00:27:04.070

Jeff Scott: And then, lastly, do we have a source of funds to pay for these types of programs

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00:27:04.360 --> 00:27:28.350

Solivan, Erik: So these strategies proposed a good set of questions there. The strategies proposed do not require any form of public subsidy for execution. They were intentionally designed to look at primarily process improvements, to look at ways in which the city can offer non cash incentives

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00:27:28.350 --> 00:27:52.500

Solivan, Erik: to developers, to build more product of this type, and where the city is already investing in a 1st time home buyer program, which we do over the last couple of years and continue to expand that to a degree primarily with other funds received. Not tapping into the general fund, we will continue to pursue those options.

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00:27:52.500 --> 00:28:13.609

Solivan, Erik: Some of the limitations that we have in servicing the affordability needs of this population is that most of city subsidy and public funds go to lower ami production. So for this particular scale point in the Ami scale. We're looking and identifying strategies through

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00:28:13.640 --> 00:28:26.910

Solivan, Erik: this draft plan that don't require direct public subsidy and requirements, that process improvements, other ways in which we can provide incentives to developers that do not require a cash outlay

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00:28:29.830 --> 00:28:32.376

Jeff Scott: Great next question.

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00:28:33.790 --> 00:28:47.469

Jeff Scott: and I understand this is a draft strategy. I just want to reiterate that for everyone listening. But, Eric, do we do? We foresee if these programs? If the strategy gets off the ground and it's approved by the city council.

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00:28:48.110 --> 00:29:01.919

Jeff Scott: will will households have to do anything to qualify for these types of this type of housing? Would they have to have, like some sort of income qualification, or some sort of other eligibility? Or would this just be open to the market?

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00:29:02.490 --> 00:29:09.360

Solivan, Erik: So for this draft strategy and what we're bringing to the market, since we're not designing a

134

00:29:10.340 --> 00:29:18.520

Solivan, Erik: fund investment, ie. City funds going into a particular strategy or going into a particular development.

135

00:29:18.700 --> 00:29:40.190

Solivan, Erik: These strategies are focused on process. Improvements are focused on incentives within existing programs that don't have a particular sort of financial component to them. As an example, as I mentioned, inclusionary housing waiver regulatory updates.

136

00:29:40.340 --> 00:30:02.239

Solivan, Erik: that's not a financial commitment by the city. That is, we've looked at our regulations, how do we streamline them? And just applying staff time to thinking through ways in which to better administer the program. So there isn't necessarily something for units to qualify for. It's more of those developers who are bringing ideas for new production.

137

00:30:02.330 --> 00:30:20.170

Solivan, Erik: How do we streamline? How do we create new ways of thinking about application of existing programs? And then 3. How do we utilize some of our existing work as an example through incentives? And one of the incentive examples is

138

00:30:20.390 --> 00:30:33.780

Solivan, Erik: in December City Council passed the growth areas incentive program which then provided an opportunity to waive some existing fees and taxes to catalyze some projects into production.

139

00:30:34.030 --> 00:30:51.129

Solivan, Erik: So the strategies and the focus of this work has been on non-monetary cash outlays and more on. Where do we look at process improvements, because the majority, overwhelming majority of our cash outlays as a city goes to Lower Ami scales

140

00:30:53.070 --> 00:30:55.880

Jeff Scott: The next is kind of a comment and question.

141

00:30:56.070 --> 00:31:12.779

Jeff Scott: This person is excited and supportive of the idea of re-legalizing things like bungalow courts and courtyard apartments, and their question for you is, how do we plan on legalizing these housing types? Would it be through a general plan update or an ordinance or something else

142

00:31:13.110 --> 00:31:36.870

Solivan, Erik: So we will explore. And that's part of the language within this. How do we do that? How do we execute that as we see it as an opportunity to consider a broader array of that missing middle typology. And where do we look at ways in which to insert that into our general plan. So that's part of the charge of this is exploring what that would look like. And what does execution administration look like

143

00:31:37.810 --> 00:31:41.446

Jeff Scott: And I'll just share an additional comment about that.

144

00:31:42.380 --> 00:31:49.249

Jeff Scott: This person says that they're they'd like to see mid-density housing in enough places to make a significant impact.

145

00:31:49.570 --> 00:31:57.120

Jeff Scott: And then they recommend legalizing these kind of 4 to 10 unit structures near urban villages and along transit lines

146

00:31:57.380 --> 00:31:57.730

Solivan, Erik: Okay.

147

00:32:05.020 --> 00:32:06.779

Jeff Scott: Okay. Next question.

148

00:32:09.080 --> 00:32:21.019

Jeff Scott: are there any efforts on the other end to push for an increase in wages for people to move them up from this from the moderate income level, either up into the moderate income level or above the moderate income level.

149

00:32:22.859 --> 00:32:30.530

Solivan, Erik: The housing department. We do run 2 workforce training programs. They're primarily

150

00:32:31.080 --> 00:32:42.850

Solivan, Erik: programs designed for those who are transitioning out of homelessness. And then the office of economic development runs a program to provide skills up

151

00:32:43.020 --> 00:32:53.539

Solivan, Erik: for more individuals to increase their overall Ami scales. When we produce the answers Jeff, let's put links into each of those programs from the website

152

00:32:55.720 --> 00:32:56.600

Jeff Scott: Alrighty.

153

00:32:57.520 --> 00:33:07.920

Jeff Scott: And next question a person would like you to elaborate on what you're talking about with a density bonus especially, I guess, as it relates to adus

154

00:33:08.340 --> 00:33:29.679

Solivan, Erik: So one of the things we're exploring is with the fantastically designed adu program that the city is now becoming a best practice on. Where do we look at further refinements to the execution administration of that program? Where do we look at ways to bring about a homeownership component? We have a lot to kind of consider and

155

00:33:29.750 --> 00:33:53.819

Solivan, Erik: pardon me, and think through. Where do we look at ways to putting more adus kind of in the backyard? If we're able to get to that homeownership component, because whether that's a rental feature or homeownership feature, or it's condoed out. It could be some good income generating to increase affordability for all residents. Sort of on that plot. So it's a number of different strategies. We're going to look, to explore, to continue to expand and improve that program

156

00:33:55.280 --> 00:34:15.189

Jeff Scott: All right, we'll move on to the next one, and I'll just again reiterate. Don't mean to sound like a broken record here, but this is a draft plan that we're sharing with everyone here. This is not a done deal. This has not gone to the City Council for consideration yet, so we are. We welcome all your comments and feedback. All right. So the next one, the next question,

157

00:34:16.500 --> 00:34:24.310

Jeff Scott: is the city planning on doing more to help with reducing fees like permitting fees and

158

00:34:24.650 --> 00:34:37.589

Jeff Scott: removing red tape. The the sort of process improvements that I think you've you've you've alluded to, Eric. We have more that we're looking to do in that area to remove or reduce fees and reduce red tape

159

00:34:38.340 --> 00:34:57.880

Solivan, Erik: Correct, and those are part of their overall kind of process improvements where, again, doesn't require, you know, an allocation of funds. It's where do we look at existing processes? Where do we look at the cost of those existing processes and associated fees, and get to some streamlining and quicker execution?

160

00:35:00.150 --> 00:35:08.130

Jeff Scott: Okay. Just one other comment related to that was about maybe reducing community benefit requirements. So

161

00:35:08.840 --> 00:35:10.920

Jeff Scott: and just so, everyone knows

162

00:35:11.830 --> 00:35:26.790

Jeff Scott: I do have a transcript of all the comments and questions. And so all of this will be passed along to Eric in its entirety after we're done with this. Just want everyone to know that none of your comments or questions are going to be lost to the ether after after this zoom is done.

163

00:35:30.020 --> 00:35:33.406

Jeff Scott: Okay. Next is a is a comment.

164

00:35:35.180 --> 00:35:48.249

Jeff Scott: and this person says that some some older residents are not selling or moving because capital gains taxes that they might pay that can be as high as 45% of their equity.

165

00:35:48.480 --> 00:35:49.000

Jeff Scott: And

166

00:35:49.810 --> 00:35:55.710

Jeff Scott: The the comment here is that cities might want to think about press and state and encouraging them to change

167

00:35:56.180 --> 00:35:58.389

Jeff Scott: capital gains tax laws.

168

00:35:58.570 --> 00:36:01.209

Jeff Scott: So I just wanted to share that comment.

169

00:36:05.910 --> 00:36:11.719

Jeff Scott: All right. Next one is a kind of a comment and question. It's about the general plan

170

00:36:12.050 --> 00:36:14.912

Jeff Scott: says that over 4,700 acres

171

00:36:15.890 --> 00:36:19.270

Jeff Scott: were to be in urban villages.

172

00:36:20.040 --> 00:36:25.829

Jeff Scott: but quite like 4,700 acres were to be in 60 or so urban villages.

173

00:36:26.546 --> 00:36:31.309

Jeff Scott: But this commenter says, those are proving to be expensive to build.

174

00:36:31.620 --> 00:36:42.439

Jeff Scott: and it has turned out, according to this commenter, that some of that land doesn't attract developers at the at the current densities. And so the question here is.

175

00:36:43.510 --> 00:36:47.899

Jeff Scott: why doesn't the city reduce the required density in those areas

176

00:36:48.110 --> 00:36:55.670

Jeff Scott: that maybe won't support 55 units per acre? Maybe at 25 units per acre? More land would be developable. That's

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00:36:55.670 --> 00:37:01.100

Solivan, Erik: A good point raised. So we'll take that notated that as well as something to look at.

178

00:37:08.080 --> 00:37:13.561

Jeff Scott: Okay, another one. And this might be outside of our realm. But I'll share it. So this question is,

179

00:37:14.420 --> 00:37:18.670

Jeff Scott: have we looked at expanding? Prop 13. Incentives

180

00:37:18.940 --> 00:37:19.490

Solivan, Erik: Okay,

181

00:37:21.520 --> 00:37:28.129

Jeff Scott: And if the if the city, the county, the state, keep the tax base as an incentive to increase the house

182

00:37:28.530 --> 00:37:31.320

Jeff Scott: from 2 from 2,000 to 3,000 square feet.

183

00:37:31.820 --> 00:37:42.270

Jeff Scott: But anyway, I'm not going to get into all the math that this person included here. I'll I'll share it with you, offline, Eric. But the question is, are we looking at expanding the the prop 13 incentives

184

00:37:42.740 --> 00:37:54.109

Solivan, Erik: So well again, that's prop. 13 is state law for those of you who are unfamiliar with it. That capped what is the total amount of property taxes that can be levied on certain types of homes.

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00:37:54.615 --> 00:38:18.660

Solivan, Erik: The the city is not pushing forward any agenda related to prop. 13. At this time I have not seen any new legislation from the Legislature to address sort of prop 13 issues, but we are aware that prop. 13, you know, for some households sort of artificially holds down some of the potential

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00:38:19.120 --> 00:38:26.800

Solivan, Erik: revenue generation that can be had from those homes that can then feed into and support some of our strategies across the Ami scale

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00:38:29.560 --> 00:38:53.970

Jeff Scott: Okay. Next question. Not sure. I understand all the jargon here, but maybe, Eric, you can help me sort it out. So it says, this this person says they've worked with other cities to provide silent seconds. I believe they're talking about second mortgages to provide silent seconds that are repaid at sale of properties with the condition that the sale goes to qualified affordable buyers

188

00:38:54.070 --> 00:39:00.380

Jeff Scott: with the city of San Jose. Consider this mess, this method for mid-level housing sales

189

00:39:00.380 --> 00:39:14.370

Solivan, Erik: Yes, absolutely. So we'd welcome to get more information about that. So if the contributor of the comment can you know, send Jeff an email. And I think we have a housing email, Jeff, that they can send to. We welcome to kind of learn more about that program.

190

00:39:14.370 --> 00:39:26.529

Jeff Scott: Yeah, I'll I'll drop the the email. The general email is housing Comms with 2 M's housing comms@sanjoseca.gov I'll I'll stick that in the in the comment section.

191

00:39:31.870 --> 00:39:39.649

Jeff Scott: all right. And next question or comment is, are there plans specific to teachers, teacher housing

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00:39:41.080 --> 00:40:02.850

Solivan, Erik: So I can speak to right now. We have no specific plans, but as I mentioned, public employees who fit within this moderate income, demographic that would also include teachers. So my wife is a teacher here in the city of San Jose, and her annual income fits within this target of incomes that we are looking at to service this demographic

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00:40:02.850 --> 00:40:12.939

Solivan, Erik: so, and I know that there was recently passed Bond through San Jose, unified school district, and they are looking for

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00:40:13.050 --> 00:40:39.479

Solivan, Erik: and are beginning their process of building out more units based on some school district lands. So that's certainly sort of an area where we want to encourage. We've offered any kind of support we can provide as a city housing department to that process, as the school district is looking to bring on more supply in order to add more affordability for our school teachers.

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00:40:42.790 --> 00:40:45.150

Jeff Scott: Alrighty. Next question, if

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00:40:45.370 --> 00:40:51.739

Jeff Scott: if some of these strategies get implemented and some of this housing starts to get built, these housing types.

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00:40:53.680 --> 00:40:54.730

Jeff Scott: would

198

00:40:54.910 --> 00:41:08.745

Jeff Scott: people who either live in San Jose or work in San Jose have a preference? Would they have 1st dibs, or would they? Would there be any plan to try to ensure that that applicants would

199

00:41:09.600 --> 00:41:11.889

Jeff Scott: already live or work in the city of San Jose

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00:41:13.100 --> 00:41:17.450

Solivan, Erik: So we have our tenant preferences policy.

201

00:41:17.520 --> 00:41:38.049

Solivan, Erik: That city Council adopted last year that we're devising the regulations around that. And how do we implement that alongside some of our new production coming online with the intention of

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00:41:38.060 --> 00:41:47.809

Solivan, Erik: providing more housing production for those who currently live in San Jose in particular neighborhoods, so they're not displaced.

203

00:41:48.060 --> 00:42:08.100

Solivan, Erik: So that's a long answer for yes, we're trying to see. How do we merge those interests of residents looking to move to other rental or move into homeownership with our policies around stabilizing families within their areas of existing living

204

00:42:20.990 --> 00:42:26.690

Jeff Scott: Okay. Next question, this person says that

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00:42:27.380 --> 00:42:42.739

Jeff Scott: they like the city to adopt ministerial approvals for all infill housing, regardless of whether the development has affordable housing units. And I don't know if that is a comment. I don't know if you'd like to respond

206

00:42:42.740 --> 00:42:51.830

Solivan, Erik: Entirely in planning building code Enforcement Lane. But we'll certainly kind of share that as we're going through the drafting process

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00:43:00.250 --> 00:43:01.000

Jeff Scott: All right.

208

00:43:01.850 --> 00:43:03.930

Jeff Scott: Okay. Another comment here.

209

00:43:05.430 --> 00:43:12.139

Jeff Scott: we should allow 2 to 4 unit homes or structures to be built on all single family zone areas.

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00:43:12.450 --> 00:43:37.030

Jeff Scott: And this person is saying, even though Sb. 9 attempted to legalize this, the owner occupancy requirement stops these homes from being built by developers and sold as separate homes can. San Jose. Here's a quick question to understand the requirements that are stopping these 2 to 4 unit structures from being built and implemented

211

00:43:38.320 --> 00:43:43.379

Solivan, Erik: Oh, that's a good question. That is something we can look to explore what would be

212

00:43:43.920 --> 00:43:56.389

Solivan, Erik: essentially an avenue of intervention by the municipality under that State law. So, Jeff, let's why don't we? Let's notate that, and and see what some opportunities are there, if any

213

00:43:57.580 --> 00:43:58.469

Jeff Scott: Okay, great.

214

00:44:00.300 --> 00:44:15.879

Jeff Scott: So right now, I believe that I've gone through all the questions. I know some. I've gotten some additional questions from people who want things to be read verbatim. Just so, you know, when I'm seeing multiple questions that are similar, I'm paraphrasing. And that's what I'm asking Eric to respond to.

215

00:44:16.060 --> 00:44:20.639

Jeff Scott: But if there are any additional questions we still have some time here, and

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00:44:20.960 --> 00:44:23.499

Jeff Scott: I know Eric would be happy to answer more questions.

217

00:44:37.790 --> 00:44:38.510

Jeff Scott: No.

218

00:44:45.360 --> 00:44:53.009

Jeff Scott: yes, I'm just going through one more time, Eric, to make sure I'm not overlooking any questions

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00:44:53.010 --> 00:44:53.800

Solivan, Erik: Sure.

220

00:45:08.920 --> 00:45:12.930

Jeff Scott: This person had a kind of a question or comment.

221

00:45:13.180 --> 00:45:19.107

Jeff Scott: I think this this gets to. I think when you were talking about rent burden or housing cost burden.

222

00:45:19.550 --> 00:45:29.179

Jeff Scott: I think the number we use is 30% of the of the income or gross income is what we used to determine whether someone was housing cost burdened or not.

223

00:45:30.810 --> 00:45:42.790

Jeff Scott: and this person doesn't know that 30% is necessarily the most realistic figure. Maybe you can explain where that number number came from, and why we use that to determine housing cost

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00:45:43.350 --> 00:45:53.009

Solivan, Erik: So 30% of household income has been a policy set by HUD for nearly a generation.

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00:45:53.710 --> 00:46:02.389

Solivan, Erik: So it goes back almost well over 30 years. At this point, as cities

226

00:46:03.160 --> 00:46:16.340

Solivan, Erik: across the country have continued to struggle, including San Jose, with housing, affordability. And what is that most appropriate amount of

227

00:46:16.620 --> 00:46:33.950

Solivan, Erik: average income that our families should pay into the question about whether 30% as a total cost of your household's housing cost is still an accurate number has been an area of debate that's growing now.

228

00:46:34.680 --> 00:46:43.690

Solivan, Erik: Since housing throughout the country, particularly since the oh, 8 0 9. Financial collapse has become more expensive

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00:46:44.180 --> 00:46:46.319

Solivan, Erik: because of a lack of supply.

230

00:46:46.410 --> 00:47:14.200

Solivan, Erik: and then the cost of building more housing, both on the homeownership side and the rental side. This is now going to become

likely an open area of debate as to whether or not 30% is realistic, as most households nationwide are probably close to 35, 40%. And there isn't a foreseeable reduction in that until our country is able to produce

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00:47:14.460 --> 00:47:23.930

Solivan, Erik: well over 2 million units a year. Right now, nationwide, we produce about a million housing units throughout the country.

232

00:47:24.260 --> 00:47:33.970

Solivan, Erik: At the same time we lose in terms of unit losses about a million a year as well. So we're not for all the

233

00:47:34.700 --> 00:47:41.059

Solivan, Erik: hundreds of thousands of rental units as well as homeownership units that have come online

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00:47:41.370 --> 00:47:50.719

Solivan, Erik: since the financial collapse and sort of the recovery of the housing production market. We have lost nearly about the same. So our net gains

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00:47:50.820 --> 00:47:53.119

Solivan, Erik: aren't really making a dent into the problem

236

00:47:53.410 --> 00:47:56.770

Solivan, Erik: without supply. We're not going to get to reductions of cost.

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00:47:57.070 --> 00:48:11.009

Solivan, Erik: And so now there is a growing amount of debate, and we could put up some of those articles about whether or not is 30%. Still, the mark that mark goes back 30 years when HUD had originally set those limits.

238

00:48:11.160 --> 00:48:29.179

Solivan, Erik: And so I think it is a good question and a question worth of exploring, particularly amongst housing experts, to given the state of where a housing market is not just in San Jose, but in cities around and towns and in rural areas around the country

239

00:48:32.700 --> 00:48:43.280

Jeff Scott: Okay, so we do have a couple more. One is for me. So that one person is saying, Are we going to be sharing this meeting and this presentation online? The answer is, Yes.

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00:48:44.215 --> 00:48:44.960

Jeff Scott: I,

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00:48:54.110 --> 00:49:18.689

Jeff Scott: and I. Just. I just shared in the chat the link that that is where we are going to be posting all of the materials from all of our meetings. So the materials from this meeting will be up in the next day or 2, and when they are up they will be at that link. That link is also where you will find all the materials from last month's meeting, and so every every month we will continue to add to that, so that we have a We memorialize everything that we discuss in these meetings.

242

00:49:21.915 --> 00:49:23.339

Jeff Scott: Let's see here

243

00:49:23.470 --> 00:49:44.390

Jeff Scott: another person. We do have another question for you, Eric, and that is, if you can talk about some of the people that we are some of the groups that that the staff the city staff is meeting with. As you develop this MoD income strategy, for example, you're meeting with developers, landlords, what types of groups are you meeting with to gather their input

244

00:49:44.760 --> 00:50:02.909

Solivan, Erik: We're gonna begin searching as we began this today, sort of doing some outreach to get some input, so we hope to get a broad array of input developers, homeowners, residents to further refine and improve what we have drafted here today.

245

00:50:03.484 --> 00:50:21.369

Solivan, Erik: So we'll look to follow up if you want to share your email address looking for further input, this today was an opening communication to the community at large. Here's what we're thinking, what are your thoughts improve the strategies, talk more internally, and continue some additional outreach

246

00:50:28.830 --> 00:50:30.374

Jeff Scott: Alrighty. I think that

247

00:50:31.520 --> 00:50:54.800

Jeff Scott: We've gone through all the questions. I'm not seeing any new questions now. I just for everyone. I just put my email address in the chat also. You can. Also, there's also a response email. I think my email in the email blast that went out the notification blast that went out to all of you that gave you the invitation to today's meeting. So you can find my email address in there as well as in the chat

248

00:50:54.910 --> 00:50:56.280

Jeff Scott: and

249

00:50:56.460 --> 00:51:04.910

Jeff Scott: look for more emails from me in the near future. As we start, sending out invitations for next month's meeting.

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00:51:05.130 --> 00:51:10.479

Jeff Scott: which will be on Thursday, May first.st Same time, 4 Pm. On Thursday, May first, st

251

00:51:11.150 --> 00:51:14.350

Jeff Scott: Eric, before we wrap up. Is there anything else you'd like to say

252

00:51:14.650 --> 00:51:32.829

Solivan, Erik: No, we appreciate everyone's input as we're going through and building out this communication channel to the community at large, we welcome continued participation and questions as we're hoping to use this as a forum to share our work product, that is in process

253

00:51:32.830 --> 00:51:50.010

Solivan, Erik: to get community impact, to get a broad array of voices and make it accessible to all communities, all interest groups, all organizations, advocates, and those who are furthering the city's mission of getting to abundant housing stock

254

00:51:55.210 --> 00:52:00.380

Jeff Scott: Great, and with that I think it's a wrap. Thank you, everybody for attending. We appreciate it