

WEBVTT

121

00:11:13.700 --> 00:11:21.599

Sarah Fields, Housing Department: Good evening, everyone, and welcome to this community meeting hosted by the City of San Jose Housing Department.

122

00:11:21.730 --> 00:11:29.039

Sarah Fields, Housing Department: We will be addressing upcoming proposed changes to the Inclusionary Housing Ordinance.

123

00:11:30.760 --> 00:11:36.990

Sarah Fields, Housing Department: And... There will be an opportunity to ask questions.

124

00:11:37.110 --> 00:11:40.649

Sarah Fields, Housing Department: And provide feedback to these proposed changes.

125

00:11:40.780 --> 00:11:56.210

Sarah Fields, Housing Department: At the end of the presentation, and I follow what we'll be providing this evening. If you do have questions, throughout the presentation, or at the end of the presentation, please send them to me. My name is Sarah Fields.

126

00:11:56.570 --> 00:12:00.940

Sarah Fields, Housing Department: And I will change my name on the webinar so you can see my name.

127

00:12:01.280 --> 00:12:06.850

Sarah Fields, Housing Department: Please send them directly to me, and we'll have time for questions.

128

00:12:07.580 --> 00:12:10.369

Sarah Fields, Housing Department: like I said, at the end of the presentation.

129

00:12:10.560 --> 00:12:11.869

Sarah Fields, Housing Department: If that...

130

00:12:12.000 --> 00:12:21.860

Sarah Fields, Housing Department: I will hand it over to my colleagues Belsi Bass

and Bamu San to introduce themselves and start in on the presentation.

131

00:12:22.750 --> 00:12:42.430

Banu San, Housing Department: Thank you, Sarah. I'm Bono San, one of the Deputy Directors. I'm managing the production department, along with some other departments, a lot of other departments within the housing department for the City of San Jose. And, I wanted to just, first of all, thank... thank you all for joining tonight.

132

00:12:42.550 --> 00:13:00.309

Banu San, Housing Department: What we'll do today is walk through the initial draft of proposed changes to the Inclusionary Housing Ordinance, both ordinance level updates and regulatory adjustments. These reflect direction from the Mayor and City Council through their March and June budget messages.

133

00:13:00.430 --> 00:13:11.619

Banu San, Housing Department: Our goal is to strengthen the program, make it more predictable, and support more housing development across the city. So, I'll work... walk through three parts, today. First.

134

00:13:11.620 --> 00:13:23.620

Banu San, Housing Department: what we've learned from the past 5 years of the inclusion out of the ordinance performance. Second, the ordinance changes, being proposed, and finally, the regulatory updates we're preparing for publication.

135

00:13:23.700 --> 00:13:31.900

Banu San, Housing Department: This is the start of a broader public dialogue before we bring a full draft forward in the next few weeks, in January.

136

00:13:31.930 --> 00:13:41.689

Banu San, Housing Department: We are reviewing the ordinance now because it was originally built off the 2014 adopted Affordable Housing Impact Fee, AHIF, as we call it, program.

137

00:13:41.690 --> 00:13:53.039

Banu San, Housing Department: And formally, it transitioned to an inclusionary housing ordinance in 2019. We now have sufficient years of data to understand how it has actually performed.

138

00:13:53.070 --> 00:13:58.310

Banu San, Housing Department: And the goal here is to modernize the ordinance based on actual development outcomes.

139

00:13:59.610 --> 00:14:01.180

Banu San, Housing Department: Next slide, please.

140

00:14:03.460 --> 00:14:04.590

Banu San, Housing Department: Thank you, Sarah.

141

00:14:04.620 --> 00:14:22.910

Banu San, Housing Department: So, let's begin with a high-level overview of the... what is being, proposed. Our updates focus on streamlining processes and aligning requirements with market and regulatory realities, and activating portions of the ordinance that have been underutilized.

142

00:14:22.920 --> 00:14:32.800

Banu San, Housing Department: We're aiming a more predictable and efficient system, one that reflects actual development patterns and encourages more units to get built.

143

00:14:32.990 --> 00:14:46.199

Banu San, Housing Department: These updates directly respond to the, as I mentioned, the March and June budget message, direction from the Mayor and Council. And so, what we're going to be doing is streamlining the IHO process.

144

00:14:46.200 --> 00:15:04.530

Banu San, Housing Department: the Department of Housing receives an application, and it conducts its review, it returns it to the planning department, and then it receives it back again at final compliance, and this is the usual process. So, Council asked us to reduce the friction and make that process simpler.

145

00:15:04.610 --> 00:15:08.189

Banu San, Housing Department: Clearer and faster, and faster for applications.

146

00:15:08.360 --> 00:15:24.010

Banu San, Housing Department: Secondly, activate... we're going to be activating the surplus credit exchange program. There... this is a dormant section of the ordinance allowing developers to earn and transfer credits when they produce more affordable housing units than required.

147

00:15:24.180 --> 00:15:28.349

Banu San, Housing Department: So, Council asked us to explore how to actually make this functional.

148

00:15:28.520 --> 00:15:33.639

Banu San, Housing Department: Thirdly, we're adjusting the AMI targets to focus on workforce housing.

149

00:15:33.830 --> 00:15:49.170

Banu San, Housing Department: Council directed us to shift AMI targets toward workforce range, middle income between 60% to 120% average median income, AMI as we call it, reflecting what we've actually seen developers produce.

150

00:15:49.560 --> 00:15:59.060

Banu San, Housing Department: And then, lastly, we're going to be proposing an exemption for 100% affordable housing projects from the Inclusionary Housing Ordinance.

151

00:15:59.150 --> 00:16:16.229

Banu San, Housing Department: We were instructed to do that, because, this is... this needs to be streamlined, and the Council has asked us to streamline or remove unnecessary steps, steps for projects that are already delivering affordability, so we'll go into the details of that, in a minute.

152

00:16:16.770 --> 00:16:18.170

Banu San, Housing Department: Next slide, please.

153

00:16:19.720 --> 00:16:24.949

Banu San, Housing Department: So, before proposing changes, we reviewed the 5 years of program, data.

154

00:16:24.970 --> 00:16:43.010

Banu San, Housing Department: what we now call Phase 1 of the Inclusionary Housing Ordinance. And out of 404 applications from 2019 to 2025, only 43 projects were ultimately built and completed. Thus, just around 10.6%.

155

00:16:43.050 --> 00:16:50.159

Banu San, Housing Department: So, these 43 projects produced about 1,442 units, averaging around 288 units per year.

156

00:16:52.090 --> 00:16:54.109

Banu San, Housing Department: Next slide, please.

157

00:16:54.980 --> 00:17:14.440

Banu San, Housing Department: We refer to the 2000... when we refer to the 2019-2025 as Phase 1 of the IHO, this is our baseline performance before making improvements. Across this period, there, as I mentioned, there were 404 applications, and 43 of those, just over 10%, actually progressed

158

00:17:14.440 --> 00:17:15.630

Banu San, Housing Department: to construction.

159

00:17:15.770 --> 00:17:22.249

Banu San, Housing Department: Those 43 projects delivered 1,400, around 1,400 units, and...

160

00:17:22.410 --> 00:17:26.650

Banu San, Housing Department: These were around 288 units a year.

161

00:17:27.060 --> 00:17:35.119

Banu San, Housing Department: So, when we break down those built-to projects, we see that about 28 projects actually built affordable units.

162

00:17:35.330 --> 00:17:51.950

Banu San, Housing Department: And mostly around 56% were in the 60 to 120% AMI range, which reinforces that the program is functioning largely as a workforce housing tool. The remaining 15 projects chose to pay in-loc fees, totaling about \$47 million.

163

00:17:52.030 --> 00:18:05.690

Banu San, Housing Department: But most of that came from just 5 projects. So, the key takeaways here is that the program does support workforce housing segment. Developers overwhelmingly prefer to build units rather than pay fees.

164

00:18:05.690 --> 00:18:20.400

Banu San, Housing Department: And annual production through the, Inclusion Housing Ordinance mirrors our core gap financing production of about 300 affordable units per year. So refining the program could significantly increase, overall output.

165

00:18:22.360 --> 00:18:27.579

Banu San, Housing Department: And I'm going to transition over to Chelsea, and she'll introduce herself and take it from here. Thank you, Chelsea.

166

00:18:27.760 --> 00:18:40.959

Bass, Shelsy: Thank you, Banu. Good evening, everyone. Chelsea Bass, Division Manager for the Residential Development Division here at the City of San Jose's Housing Department. I'm going to walk us through some of those ordinance changes that Banu was mentioning in more detail.

167

00:18:40.960 --> 00:18:49.250

Bass, Shelsy: So, this is our proposed change for the on-site rental compliance. We're shifting from a model that included very low income requirements

168

00:18:49.250 --> 00:19:08.419

Bass, Shelsy: to one that better aligns with project feasibility and council direction towards workforce housing. So, for rental projects, those AMI tiers are being updated to 60, 80, and 110% AMI, and still totaling 15% of that compliance, but this is better aligned to what developers are actually building.

169

00:19:08.420 --> 00:19:22.340

Bass, Shelsy: For for-sale units, the 15% requirement remains, but the maximum sales price is aligned to 120% AMI instead of 110%, which more accurately reflects present-day incomes and affordability calculations.

170

00:19:22.340 --> 00:19:31.539

Bass, Shelsy: These adjustments reflect where actual unit production has occurred over the past 5 years, and we believe will help ensure projects remain viable under current economic conditions.

171

00:19:31.540 --> 00:19:32.660

Bass, Shelsy: Next slide, Sarah.

172

00:19:34.920 --> 00:19:58.340

Bass, Shelsy: And to kind of move on to our off-site compliance that's being updated, so we're shifting to increase the total requirement from 20% to 30%, but that 30% is now being distributed across those same AMI bands as the on-site requirement of 60, 80, and 100% area median income, again, centered on the workforce housing range.

173

00:19:58.340 --> 00:20:23.189

Bass, Shelsy: And for for sale projects, we are shifting the requirement from 20% at 120% AMI to 25% at 110% AMI. This should create more predictability, and again, aligning affordability targets with actual market production. These changes ensure that when a developer is selecting the off-site selection, the projects deliver a meaningful amount of affordable units across

174

00:20:23.190 --> 00:20:24.820  
Bass, Shelsy: Across the workforce range.

175  
00:20:25.080 --> 00:20:26.400  
Bass, Shelsy: Next slide, Sarah.

176  
00:20:27.550 --> 00:20:36.959  
Bass, Shelsy: And then for our streamlining, for one of our major, updates is gonna be the streamlining for 100% affordable development.

177  
00:20:36.960 --> 00:21:01.939  
Bass, Shelsy: We've seen more projects that are 100% affordable, even if they're not city-funded or tax credit projects, and in our current ordinance, they're still required to go through the full IHO compliance process. And this doesn't really make a lot of sense for those developments that are already voluntarily accepting deed restrictions at 100% area median income or lower, so we're proposing a streamlined approach where these projects will receive a standard regulatory agreement

178  
00:21:01.940 --> 00:21:09.779  
Bass, Shelsy: Rather than going through the full review cycle, and this should reduce administrative burden and accelerate project timelines.

179  
00:21:09.860 --> 00:21:12.039  
Bass, Shelsy: And then we're also,

180  
00:21:12.230 --> 00:21:26.799  
Bass, Shelsy: Moving to align our affordability restriction for inclusionary rentals to 55 years, which matches state and federal standards, so that this can add some consistency across local and state programs while maintaining long-term affordability.

181  
00:21:27.230 --> 00:21:28.580  
Bass, Shelsy: Next slide, sir.

182  
00:21:29.470 --> 00:21:39.540  
Bass, Shelsy: So, currently, we do have a surplus credit program, however, it's... extremely underutilized, and so...

183  
00:21:39.720 --> 00:21:54.959  
Bass, Shelsy: We... that ordinance allows for developers who exceed their

affordability requirement to bank surplus units as credits, and we want to bring this... we want to make this program more viable by establishing a formal exchange pro... system managed by the Housing Department.

184

00:21:54.960 --> 00:22:14.279

Bass, Shelsy: So if a developer builds more affordable units than required, those surplus units can now be converted into credits. The developers could either bank those credits for their own future projects, or transfer or sell them to other developers who need to meet IHO obligations, and the housing department will manage that exchange program to ensure fairness and regulatory compliance.

185

00:22:14.290 --> 00:22:26.650

Bass, Shelsy: With an overarching goal of creating additional flexibility and to incentivize additional unit production today, especially when market conditions are favorable, and this just adds another tool to support mixed compliance strategies.

186

00:22:26.750 --> 00:22:28.190

Bass, Shelsy: Next slide, Sarah.

187

00:22:29.360 --> 00:22:48.779

Bass, Shelsy: And so to get some more specifics about that surplus credit program, to ensure integrity, the program will include two key concepts, which will be equivalency and transferability. Credits must match a room type. So, equivalency means a surplus studio, which would create one room under our scenario.

188

00:22:48.780 --> 00:23:01.260

Bass, Shelsy: A one-bedroom will create two rooms, and a two-bedroom will create 3 rooms. So effectively, if a development creates 3 surplus studios in a building, another developer could use those

189

00:23:01.590 --> 00:23:12.059

Bass, Shelsy: 3 surplus studio rooms that were created to create, instead of supplying a studio and a one-bedroom, because that would also be 3 rooms.

190

00:23:12.180 --> 00:23:23.020

Bass, Shelsy: For transferability, thus ensures credits align with AMI ranges and timing of use. This structure preserves fairness and prevents mismatched exchanges.

191

00:23:23.020 --> 00:23:37.270

Bass, Shelsy: We've created two AMI buckets to help with this, one for 60% to 80% AMI units, and other for... and another for 81 to 120%. Credits can only transfer within their buckets to ensure the income alignment.

192

00:23:37.310 --> 00:23:45.100

Bass, Shelsy: And then timing is... is... timing of use is also aligned to ensure credits remain relevant to prevailing market conditions.

193

00:23:45.100 --> 00:23:57.509

Bass, Shelsy: And some of these benefits, this program should introduce greater flexibility for our developers. It may accelerate production as developers can build additional units today and use the credits for later when financing conditions shift.

194

00:23:57.900 --> 00:24:11.900

Bass, Shelsy: It integrates capital market realities into land use compliance tools and creates more opportunities for mixed compliance, and ultimately, it creates another pathway to encourage unit production here in San Jose. Next slide, Sarah.

195

00:24:12.150 --> 00:24:14.070

Bass, Shelsy: And I will pass it back to Banu.

196

00:24:14.960 --> 00:24:32.319

Banu San, Housing Department: Thank you, Chelsea. We know that the ordinance can be complex, so we are enhancing the regulations to provide clearer guidance. So the improvements include clearer pathways, the applicants will see streamlined, standardized compliance options for compliance selection.

197

00:24:32.790 --> 00:24:38.570

Banu San, Housing Department: Detailed guidance, so we're providing, providing more detail in each compliance pathway.

198

00:24:38.720 --> 00:24:41.250

Banu San, Housing Department: And then...

199

00:24:42.090 --> 00:24:55.649

Banu San, Housing Department: to reduce ambiguity, and visual exhibits. So for compliance selection and detailed guides explaining each option, graphics and process maps will clarify how to calculate requirements and understand the thresholds.

200

00:24:55.820 --> 00:25:04.099

Banu San, Housing Department: So these interactive calculators will help developers estimate their average median income distribution and compliance obligations in

real time.

201

00:25:04.200 --> 00:25:12.209

Banu San, Housing Department: And then standard templates, applications, agreements, and compliance forms will be in... will be uniform, predictable, and efficient.

202

00:25:12.460 --> 00:25:18.260

Banu San, Housing Department: These updates reflect a broader commitment to recognizing that delays in processing

203

00:25:18.390 --> 00:25:29.380

Banu San, Housing Department: can significantly impact project feasibility. Improving clarity and predictability in the process helps ensure more applications become into built homes.

204

00:25:30.950 --> 00:25:40.939

Banu San, Housing Department: So that brings us to the end. These updates are going to strengthen the Inclusionary Housing Ordinance by improving the clarity, aligning it with

205

00:25:40.950 --> 00:25:51.599

Banu San, Housing Department: council direction and activating tools that promote new unit production. So these changes are designed to, align the IHO with

206

00:25:51.600 --> 00:26:02.670

Banu San, Housing Department: actual development patterns, and we believe that these updates can help increase project conversion rates and expand the supply of workforce housing in the City of San Jose.

207

00:26:02.860 --> 00:26:18.230

Banu San, Housing Department: Thank you for your time, and we look forward to continued discussion. We have another meeting, I believe, coming up in January, and we look forward to hearing from you all then, as well. So, I think that's it, that's the end of it.

208

00:26:19.900 --> 00:26:27.920

Sarah Fields, Housing Department: So, I have one question so far, but please, if there are any additional questions, you can send them directly to me.

209

00:26:28.080 --> 00:26:42.560

Sarah Fields, Housing Department: There's just a question asking for clarification as to why 100% affordable projects are now, sort of, outside of the IHO. I think just looking for, kind of, explanation or more understanding there.

210

00:26:42.860 --> 00:26:59.839

Bass, Shelsy: Of course. So, the IHO is to create affordable units within a market rate development, but if a development is already 100% affordable, those units are naturally being created. So, we're just creating a streamlined process for them to move forward. Bonnie, would you like to add anything?

211

00:27:00.440 --> 00:27:02.030

Banu San, Housing Department: Yeah, I mean...

212

00:27:02.310 --> 00:27:14.980

Banu San, Housing Department: The 100% affordable projects were going through the same process as market rate applications, and they were already providing 100% affordable units, so it was a...

213

00:27:14.980 --> 00:27:26.859

Banu San, Housing Department: a lengthy, hefty process to put those projects through, when they're already providing affordability. And so that's why we've decided to do that. I mean, we're proposing to do that.

214

00:27:27.010 --> 00:27:39.769

Banu San, Housing Department: We will still have, I believe, Chelsea, we still have, like, a separate agreement, we might add to these, but they just won't be going through the typical process of the market rate applications.

215

00:27:40.360 --> 00:27:51.189

Bass, Shelsy: Correct, Bonnie. So these will still have a regulatory agreement with the City of San Jose, but they won't have to go through all of the steps that a market rate developer would have to.

216

00:27:53.120 --> 00:28:08.549

Banu San, Housing Department: And also, I mean, the 100% affordable developments already have federal regulations and, you know, separate regulatory agreements that they're executing, so they already have that layer of regulation that is monitoring these projects.

217

00:28:10.320 --> 00:28:13.120

Banu San, Housing Department: I think that's, yeah, that's what I wanted to add there.

218

00:28:14.440 --> 00:28:26.480

Banu San, Housing Department: And that also brings us to, the 99 years to 55-year transition as well, because those align with the tax credit and state requirements as well.

219

00:28:29.360 --> 00:28:31.570

Banu San, Housing Department: Any other questions, Sarah?

220

00:28:36.200 --> 00:28:48.159

Sarah Fields, Housing Department: Yeah, there's a question about, AMIs and how are they determined? Are they truly the average, as we understand, average from, sort of.

221

00:28:48.360 --> 00:28:57.269

Sarah Fields, Housing Department: Or, you know, early math, or is there something more involved, and who's determining the area moving from, if it's a more involved proclosure?

222

00:29:01.280 --> 00:29:05.509

Banu San, Housing Department: Elsie, do you want to comment, or if Constantin's there, he can also comment?

223

00:29:06.100 --> 00:29:06.929

Bass, Shelsy: Sarah, could you repeat?

224

00:29:06.930 --> 00:29:07.450

Banu San, Housing Department: items.

225

00:29:07.450 --> 00:29:10.110

Bass, Shelsy: Pete the question, I just want to make sure I understood.

226

00:29:10.110 --> 00:29:16.599

Sarah Fields, Housing Department: Yep, trying to understand how AMI is calculated, and by who, for whom.

227

00:29:16.880 --> 00:29:22.270

Sarah Fields, Housing Department: And who's setting those numbers, if it is a more involved calculation than just...

228

00:29:22.270 --> 00:29:25.630

Banu San, Housing Department: I believe this is about the shift of the AMIs, right? The shift to.

229

00:29:25.630 --> 00:29:34.449

Sarah Fields, Housing Department: I will say, I believe what it's asking. So, HUD sets AMIs, and they have a particular methodology, but Chelsea, would you like to expand on that?

230

00:29:34.620 --> 00:29:47.919

Bass, Shelsy: Yeah, that's what I... that's what I thought I heard, so please, please clarify with Sarah if this is not the question that you were asking. But HUD determines the area median income for the area,

231

00:29:47.930 --> 00:30:00.190

Bass, Shelsy: they publish that annually, and then send that information out. HCD may make further modifications, for the state of California, and that is where those area meeting incomes come from.

232

00:30:00.190 --> 00:30:08.370

Bass, Shelsy: The information is collected by HUD regarding the... I believe they use IRS data, but,

233

00:30:08.400 --> 00:30:12.930

Bass, Shelsy: It is... it is not something that is com... Calculated locally.

234

00:30:16.860 --> 00:30:29.540

Sarah Fields, Housing Department: And just to clarify, I put it in the chat, HUD is the Federal Government Department of Housing and Urban Development, and HCD is the State Housing and Community Development Department.

235

00:30:32.560 --> 00:30:35.959

Sarah Fields, Housing Department: I'm seeing no other questions.

236

00:30:36.150 --> 00:30:42.339

Sarah Fields, Housing Department: I will just invite, Bono or Chelsea if there's anything else. Oh, I...

237

00:30:42.560 --> 00:30:45.000

Sarah Fields, Housing Department: I now sit collected one moment.

238

00:30:46.150 --> 00:30:53.080

Sarah Fields, Housing Department: So, there's a question kind of around the word of affordability.

239

00:30:53.740 --> 00:30:57.500

Sarah Fields, Housing Department: So...

240

00:30:59.560 --> 00:31:11.660

Sarah Fields, Housing Department: The person asking the question says, I have serious concerns about raising allowable AMIs for IHO units to be considered affordable. They put affordable in quotes, especially

241

00:31:12.780 --> 00:31:13.610

Sarah Fields, Housing Department: Hang on.

242

00:31:17.390 --> 00:31:28.939

Sarah Fields, Housing Department: Especially when the AMI reference for the county is tens of thousands of dollars higher than the city of San Jose's median income. So it's, you know, disparity, perhaps, between

243

00:31:29.500 --> 00:31:34.260

Sarah Fields, Housing Department: what people who live in the city of San Jose are making as compared to the home count.

244

00:31:35.980 --> 00:31:54.750

Sarah Fields, Housing Department: This... the person surmises this will severely limit the city's ability to serve low-income and working residents. Please also note that a full-time worker in San Jose on minimum wage is barely minimum 30% of county AMI. There needs to be serious considerations about the workforce.

245

00:31:55.090 --> 00:31:57.450

Sarah Fields, Housing Department: And this policy will be behind.

246

00:31:57.560 --> 00:32:00.040

Sarah Fields, Housing Department: So, I will say...

247

00:32:01.630 --> 00:32:07.989

Sarah Fields, Housing Department: You know, there are a variety of programs that, we are looking to utilize

248

00:32:09.080 --> 00:32:11.299

Sarah Fields, Housing Department: At the different price points.

249

00:32:11.660 --> 00:32:18.610

Sarah Fields, Housing Department: You know, one of the city focus areas here in the city of San Jose, there's five city focus areas. One of them is building more housing.

250

00:32:18.870 --> 00:32:27.149

Sarah Fields, Housing Department: And, you know, the addendum that I would make whenever discussing that building more housing is building more housing across all price points.

251

00:32:28.930 --> 00:32:44.159

Sarah Fields, Housing Department: But, Bono and Chelsea, is there more you would like to say around, kind of, the focus area of... for the focus, I should say, of AMIs between 60% and 120% for the IHO? And, you know, the implication of this question is.

252

00:32:44.890 --> 00:32:47.739

Sarah Fields, Housing Department: Where and how are we addressing

253

00:32:49.550 --> 00:32:52.819

Sarah Fields, Housing Department: lower AMIs in our affordable housing book.

254

00:32:56.160 --> 00:32:57.750

Banu San, Housing Department: And Chelsea, did you want to say anything?

255

00:32:58.570 --> 00:33:07.759

Bass, Shelsy: I think that IHO is one of the many tools that the City of San Jose has at its disposal for the creation of affordable housing. We have,

256

00:33:08.210 --> 00:33:26.379

Bass, Shelsy: We have rolling requests for proposals to fund extremely low and low-income... and very low-income housing here in the City of San Jose as well, so IHO is not our only tool to be able to fund at those lower AMI levels. Bono, did you want to add anything else?

257

00:33:26.380 --> 00:33:40.389

Banu San, Housing Department: Exactly. I mean, well said. We have our notice of funding availability that we publish once or twice a year, and the funding that's used for that, and this is funding for affordable housing developments that are looking for financing.

258

00:33:40.520 --> 00:33:57.030

Banu San, Housing Department: requires that we build deeper, lower affordability levels. And some of these fundings, you can't go beyond, like, 60% average median income. So, you'll see that in the rolling, request for proposals that we submit, that we publish.

259

00:33:57.270 --> 00:34:17.039

Banu San, Housing Department: And that's where we really are serving to support the developments that are offering the lower income... the housing for the lower-income residents of San Jose. So, this inclusive housing ordinance is not the only web program we have in producing affordable units, it's just one of the

260

00:34:17.040 --> 00:34:25.329

Banu San, Housing Department: programs, and what I mentioned earlier was that what we've seen in market rate developments, in terms of the inclusionary units they've produced.

261

00:34:25.330 --> 00:34:26.840

Banu San, Housing Department: Have been on the higher.

262

00:34:26.840 --> 00:34:36.960

Banu San, Housing Department: average median income, side. And so we are just... this is what I was mentioning at the beginning of the presentation, that that's the, data over the past 5 years.

263

00:34:37.000 --> 00:34:49.729

Banu San, Housing Department: So, I think that's a good perspective, Chelsea, that you talked about, because we have many programs, and we are trying to produce housing for people, across all, incomes, income ranges.

264

00:34:52.659 --> 00:34:54.459

Sarah Fields, Housing Department: Okay, another question.

265

00:34:57.639 --> 00:35:14.639

Sarah Fields, Housing Department: Does the city have any concerns with developers potentially experiencing difficulties in leasing 100% AMI units? Deed-restricted... essentially, deed-restricted 100% AMI units. The question is.

266

00:35:15.599 --> 00:35:31.639

Sarah Fields, Housing Department: Essentially, at that price point, renters should be able to compete in the market. The person prompting the question says, I believe to live in these de-restricted units, a potential renter would need to undergo income verification on an annual basis.

267

00:35:31.879 --> 00:35:43.609

Sarah Fields, Housing Department: So I think within that is, what are the components for, for living in a deed-restricted unit, and kind of what is our thinking, or what is the consideration behind

268

00:35:43.769 --> 00:35:47.479

Sarah Fields, Housing Department: Creating need-restricted units at 100%.

269

00:35:48.810 --> 00:35:51.469

Banu San, Housing Department: Ma, I didn't catch much of that, I'm sorry.

270

00:35:51.610 --> 00:35:52.290

Sarah Fields, Housing Department: That's okay.

271

00:35:52.290 --> 00:35:56.649

Banu San, Housing Department: What's the summary, Sarah? Yeah, so the question is...

272

00:35:56.920 --> 00:36:04.050

Sarah Fields, Housing Department: If we're de-restricted units that are at 100% AMI, are,

273

00:36:04.550 --> 00:36:12.890

Sarah Fields, Housing Department: Is there concern that these will be difficult to occupy? That, like, difficult to lease up because

274

00:36:13.330 --> 00:36:26.550

Sarah Fields, Housing Department: There's some... there's some administrative onus, essentially, on the landlord, on the property owner, and on the tenant to verify income and some of the other things that are required when you're...

275

00:36:26.900 --> 00:36:36.049

Sarah Fields, Housing Department: when you restricted AMIs, you know, there's a... there's a question of would that be difficult to fill? Do we have any concerns

around.

276

00:36:36.370 --> 00:36:40.580

Banu San, Housing Department: No, I mean, market rate rents right now are around that range.

277

00:36:40.820 --> 00:36:44.890

Banu San, Housing Department: So, I don't really believe that it will be challenging.

278

00:36:45.060 --> 00:36:53.429

Banu San, Housing Department: To be able to occupy those units, because market rate rents are around 100, 110% average median income right now.

279

00:36:54.290 --> 00:36:56.100

Banu San, Housing Department: And Charles, did you want to add anything?

280

00:36:58.570 --> 00:37:14.260

Bass, Shelsy: No, I think that your answer is sufficient. I will just add that I think there was a small question about if there's a requirement to income qualify for these, restricted units, and that is correct. There would be a requirement to do an income qualification.

281

00:37:14.610 --> 00:37:22.329

Banu San, Housing Department: And I think the concern was whether they would be able to find tenants to occupy these because of a higher AMI range.

282

00:37:22.640 --> 00:37:25.300

Banu San, Housing Department: It was... I don't know if I understood that part.

283

00:37:26.320 --> 00:37:33.449

Bass, Shelsy: Yeah, and I think another point is to, in the long term, this will help preserve those units as...

284

00:37:33.550 --> 00:37:48.729

Bass, Shelsy: as the situation in the Bay Area and San Jose more specifically, continues to rise in AMI and levels of income and market rate rents continuing to shift, this restricts those units at a limitation on what that rent can be in the future as well.

285

00:37:48.730 --> 00:37:49.400  
Banu San, Housing Department: Right.

286  
00:37:50.930 --> 00:37:52.680  
Sarah Fields, Housing Department: Here's another question.

287  
00:37:52.810 --> 00:37:55.900  
Sarah Fields, Housing Department: This is a question about...

288  
00:37:57.120 --> 00:38:07.939  
Sarah Fields, Housing Department: Okay, so within the IHO, in... this is clarifying, so this is the first part, in lien fees, fund the city NOFA, correct?

289  
00:38:10.540 --> 00:38:11.570  
Banu San, Housing Department: in Luffy's, I don'.

290  
00:38:11.570 --> 00:38:12.660  
Bass, Shelsy: It is in...

291  
00:38:13.590 --> 00:38:14.190  
Sarah Fields, Housing Department: B...

292  
00:38:14.190 --> 00:38:25.919  
Bass, Shelsy: And LUFIs do fund a portion of our NOFA, but it is not the only source of funds that the City of San Jose has at its disposal to fund lower-income housing development.

293  
00:38:26.260 --> 00:38:35.530  
Sarah Fields, Housing Department: Excellent. So, then the second part of this question is, has the city done a financial analysis of how the changes to the IHO

294  
00:38:36.240 --> 00:38:43.969  
Sarah Fields, Housing Department: will, or probably could, affect fee revenue going towards affordable housing. So the question is really asking.

295  
00:38:43.970 --> 00:38:44.560  
Banu San, Housing Department: Yeah.

296  
00:38:45.690 --> 00:38:49.619

Sarah Fields, Housing Department: You know, is there any concern, or are we aware of

297

00:38:49.820 --> 00:38:54.480

Sarah Fields, Housing Department: What sort of the financial impact could be of this change.

298

00:38:54.600 --> 00:39:04.489

Sarah Fields, Housing Department: I will say before I hand it over, really what we're focused on is building more units, and we really want to encourage on-site development

299

00:39:04.490 --> 00:39:14.720

Sarah Fields, Housing Department: of those units within these IHO projects. That said, Bonnie, please, probably some more information on, on the NOFA and the funding of those schools.

300

00:39:15.520 --> 00:39:33.219

Banu San, Housing Department: I want to... I mean, and Constant, he's on the line, he's done the analysis, he's driven this, so he can always comment. But, I want to say that, like Chelsea mentioned, inclusion in housing, or fees are some part... one part of the funding sources we use.

301

00:39:33.280 --> 00:39:48.800

Banu San, Housing Department: And on average, on the Notice of Affordability, the NOFAs that we publish, and the RFPs that we publish, we are on average producing around, I believe, 300 units a year. So...

302

00:39:48.800 --> 00:40:08.540

Banu San, Housing Department: And so the portion that we have utilized in terms of those fees as funding sources is not the heavy, weight percentage. It's mostly, our low-mod funds that weigh heavy, as those are the... our main, major funding sources in this department to fund the NOFAs.

303

00:40:08.600 --> 00:40:22.549

Banu San, Housing Department: And so, foregoing some fee revenue on the inclusionary side is not going to have a very, very significant impact. And we... this ordin... these ordinance changes, the direct...

304

00:40:22.580 --> 00:40:30.619

Banu San, Housing Department: the... our, you know, the Council's, requirements in producing more housing.

305

00:40:30.640 --> 00:40:44.020

Banu San, Housing Department: and our goals to produce more affordable housing, and that's, where the changes are really emphasizing, rather than trying to collect more fee revenue that we can use towards our NOFAs.

306

00:40:44.450 --> 00:40:45.729

Banu San, Housing Department: I don't know if that helps.

307

00:40:46.750 --> 00:40:52.090

Konstantin Voronin: Yes, this is Konstantin. Yes, I also would like to mention that

308

00:40:52.250 --> 00:41:05.930

Konstantin Voronin: The units that are built within the market rate projects are actually significantly more valuable than the in-loop fees we collect from marketerie developers on a three-unit basis.

309

00:41:05.930 --> 00:41:14.640

Konstantin Voronin: Because as we all know that in a current economic environment, it costs about \$600 to \$1 million to build one unit.

310

00:41:14.640 --> 00:41:25.020

Konstantin Voronin: But for the same project, if they were to pay in lieu fee, they would have only contributed about \$150,000 to \$100,000 to the in-loo fee fund. So I think for us.

311

00:41:25.020 --> 00:41:39.129

Konstantin Voronin: The goal is to really promote construction of, old units at all, income levels, both are market rate and affordable, and that's why we see that, the construction of units are actually more valuable than helicopes.

312

00:41:41.670 --> 00:41:42.800

Bass, Shelsy: You, Constantine.

313

00:41:43.230 --> 00:41:44.040

Sarah Fields, Housing Department: Thank you.

314

00:41:44.240 --> 00:41:50.339

Banu San, Housing Department: And developers, I think I mentioned, are preferring to build more units than pay fees. That's what we've seen in the past data.

315

00:41:56.870 --> 00:42:04.400

Sarah Fields, Housing Department: I'm just gonna go back to the slideshow, because we have a question And I think... reps in renewables.

316

00:42:04.900 --> 00:42:10.540

Sarah Fields, Housing Department: Some clarifications, slides, so let me show this room.

317

00:42:10.760 --> 00:42:11.819

Sarah Fields, Housing Department: Yeah, maybe.

318

00:42:13.430 --> 00:42:19.090

Sarah Fields, Housing Department: Okay, so we were asked a question about

319

00:42:19.900 --> 00:42:25.660

Sarah Fields, Housing Department: the sort of the mix of affordable housing on-site. So.

320

00:42:26.030 --> 00:42:32.339

Sarah Fields, Housing Department: really what I want to do here, it was a rather lengthy question, so I just want to sort of share this screen.

321

00:42:32.710 --> 00:42:37.949

Sarah Fields, Housing Department: And revisit this so it's clear to the person asking the question.

322

00:42:38.060 --> 00:42:38.860

Sarah Fields, Housing Department: 2.

323

00:42:39.370 --> 00:42:51.740

Sarah Fields, Housing Department: The aim of the IHO is really to look at market rate development and add some affordable units to what is proposed in market rate development.

324

00:42:51.870 --> 00:43:04.649

Sarah Fields, Housing Department: So, in the previous iteration, or rather, I should say the existing version of the IHO, you have the option, when you're building on-site, to either build 15% affordable at

325

00:43:04.650 --> 00:43:23.179

Sarah Fields, Housing Department: 5%, 50% AMI, 5% at 60% AMI, and 5% at 100% AMI, so 15% would be affordable, or the option of building 10% of units at 30% of AMI, and the proposed change that was originally

326

00:43:23.330 --> 00:43:31.740

Sarah Fields, Housing Department: No doubt, you know, the Mayor's March budget message, much earlier this year, was then approved by the City Council.

327

00:43:32.350 --> 00:43:43.049

Sarah Fields, Housing Department: Shows this, these numbers at that 15%, but moving the range up slowly to 60% to 110%.

328

00:43:43.410 --> 00:43:51.930

Sarah Fields, Housing Department: We know that the majority of San Jose's workforce falls within this business area medial incomes.

329

00:43:52.030 --> 00:43:56.199

Sarah Fields, Housing Department: And the 60 drop tip to 110% more.

330

00:43:57.060 --> 00:44:00.550

Sarah Fields, Housing Department: So that.. this is for building on-site.

331

00:44:00.750 --> 00:44:05.869

Sarah Fields, Housing Department: There's a different compliance for building off-site.

332

00:44:06.200 --> 00:44:07.449

Sarah Fields, Housing Department: Here we go.

333

00:44:07.860 --> 00:44:15.450

Sarah Fields, Housing Department: So this is if you were choosing to build at a different location, but still building the units.

334

00:44:15.910 --> 00:44:27.729

Sarah Fields, Housing Department: And then what we've referenced here this table below that shows the incomes for a two-person household, or a four-person household, but it was St. Clair County.

335

00:44:27.850 --> 00:44:31.199

Sarah Fields, Housing Department: Area times that I've applied here.

336

00:44:31.350 --> 00:44:36.329

Sarah Fields, Housing Department: And then, of course, there would be a third option of being low fees.

337

00:44:37.000 --> 00:44:43.140

Sarah Fields, Housing Department: Hopefully that gets at the question that was being asked around...

338

00:44:44.200 --> 00:44:48.479

Sarah Fields, Housing Department: kind of the spread of blitz, and...

339

00:44:48.610 --> 00:45:01.240

Sarah Fields, Housing Department: This presentation will be publicly available if you are interested in going over the slides, or have additional questions. At this time, I'm not seeing any additional questions.

340

00:45:01.350 --> 00:45:09.120

Sarah Fields, Housing Department: And so what I will say is thank you to everyone for joining us this evening. And lastly, I will say that

341

00:45:09.380 --> 00:45:13.630

Sarah Fields, Housing Department: This item, the Inclusionary Housing Ordinance, along with

342

00:45:13.780 --> 00:45:18.580

Sarah Fields, Housing Department: The mobile home rent ordinance, and some of our incentive programs.

343

00:45:18.720 --> 00:45:23.269

Sarah Fields, Housing Department: We'll all be coming to City Council on January 27th.

344

00:45:23.420 --> 00:45:27.379

Sarah Fields, Housing Department: 2026. Next month, which is also next year.

345

00:45:27.530 --> 00:45:31.810

Sarah Fields, Housing Department: And that will be Housing Day, a whole...

346

00:45:31.910 --> 00:45:37.910

Sarah Fields, Housing Department: sort of slate of housing-related items from the Housing Department, as well as our partners.

347

00:45:37.980 --> 00:45:56.109

Sarah Fields, Housing Department: In planning building and, code enforcement will also be bringing, likely some, some related housing items, to the Council. That last meeting in January, September of the 7th Housing Day. If this is of interest to you, they're all more than welcome to, of course, attend.

348

00:45:56.240 --> 00:46:00.710

Sarah Fields, Housing Department: That meeting, or to send comments to us, we quote in advance of that meeting.

349

00:46:00.900 --> 00:46:02.790

Sarah Fields, Housing Department: Should you have additional columns.

350

00:46:02.900 --> 00:46:07.249

Sarah Fields, Housing Department: And I will, give the last words to my colleagues Bonnie and Chelsea.

351

00:46:07.250 --> 00:46:22.680

Banu San, Housing Department: And Sarah, we're also... we're trying to see if we can also bring the bond policy on that day as well. That's like the housing day, everybody, so a lot of items are going. And then, Sarah, we have a third community meeting in January, I believe, again, for inclusionary housing ordinance changes.

352

00:46:22.680 --> 00:46:25.130

Sarah Fields, Housing Department: Correct. On January 14th.

353

00:46:25.290 --> 00:46:39.079

Sarah Fields, Housing Department: There will be a meeting also at 6 p.m, and this will be a meeting in person here at City Hall, in the wing rooms, which is just, sort of across the hallway from the rotunda. So when they get to the Rotunda.

354

00:46:39.130 --> 00:46:51.509

Sarah Fields, Housing Department: will be, quite close, and, there will be signs, to point me to, to the wing rooms, 118 to 120. So a cluster of rooms that open up together.

355

00:46:51.660 --> 00:47:00.979

Sarah Fields, Housing Department: So with that, I will say thank you to everyone who joined us this evening, and to my colleagues, Bonnu Sun, Chelsea Bass, and Austin King.

356

00:47:01.430 --> 00:47:03.130

Banu San, Housing Department: Thank you, everyone, have a good night.

357

00:47:03.130 --> 00:47:03.720

Bass, Shelsy: Thank you, everyone.