

**CITY COUNCIL AGENDA**

**SPECIAL MEETING**

**SYNOPSIS**

**CITYWIDE INCLUSIONARY  
HOUSING POLICY**

**NOVEMBER 10, 2008**

PETE CONSTANT  
FORREST WILLIAMS  
SAM LICCARDO  
KANSEN CHU  
NORA CAMPOS

DISTRICT 1  
DISTRICT 2  
DISTRICT 3  
DISTRICT 4  
DISTRICT 5

CHUCK REED MAYOR

PIERLUIGI OLIVERIO  
MADISON P. NGUYEN  
JUDY CHIRCO  
NANCY PYLE

DAVID D CORTESE, VICE MAYOR

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DISTRICT 10

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- **Call to Order and Roll Call**

1:05 p.m. - Special Meeting, Council Chambers, City Hall  
**Absent Council Members: Williams. (Excused)**

1. **Citywide Inclusionary Housing Policy**

**Recommendation:** Council determination of the following issues:

- (a) Whether the City Council wants to keep the current schedule, which now envisions action at the December 9th City Council meeting; and
- (b) Whether additional information is needed for the Council to make an informed decision, including, but not limited to, Recommendations 1-4 included in the October 24, 2008 Joint Memorandum signed by Council members Constant and Oliverio.

[Rules Committee referral 10/29/08 – Item G(5)]

**The memorandum from Vice Mayor Cortese, dated November 10, 2008, was approved, as amended:**

- (1) **Staff directed to draft an expansion of the City's current Inclusionary Zoning Ordinance for San José that considers the following options when a proposal is brought forward on the December 9, 2008 Council Agenda. (NOTE: There was no agreement/direction that Staff would include all of this in the proposal, but that Staff would include it in the alternatives. Staff is only including a few of the suggested items, but have included all in the analysis.)**

**1. Citywide Inclusionary Housing Policy (Cont'd.)**

- (1) (a) Coverage: The new policy will cover all single family and multi family residential construction in San José outside of Redevelopment Project Areas with the following exceptions:**
  - (1) Construction in designated low income neighborhoods.**
  - (2) Projects of 25 units of less.**
- (b) Percentage of Inclusionary Units: 20% of units in covered projects must be affordable. The affordability range will be the same as in Redevelopment Project Areas:**
  - (1) Rental housing: 12% - Low Income and 8% - Very Low Income**
  - (2) For sale housing 20% Moderate Income**
- (c) In Lieu Fees will be established at the following levels:**
  - (1) Rental Units: \$ 75,000**
  - (2) Condos: \$ 90,000**
  - (3) Townhomes \$100,000**
  - (4) Single Family Detached: \$200,000**
  - (5) High Rise (not downtown) \$200,000**
- (d) Implementation date of the Inclusionary Housing Policy shall not take effect until a calendar year in which building permits for unsubsidized housing in San José is at least equal to 50% of the number of permits for unsubsidized housing issued in a rolling average of the past 10 years. Staff directed to return to Council and respond to the impacts.**
- (e) Pipeline Projects:**
  - (1) A project will be in the pipeline if the developer has purchased land within one year prior to the adoption date and has submitted a preliminary review application to the City or has negotiated a purchase agreement within one year prior to the adoption date involving the payment of a substantial consideration to either the landowner of the City and has submitted a preliminary review application to the City, as a minimum, or if someone skipping preliminary review and went directly to an entitlement action, that would trigger the same timeline.**
  - (2) A project will be in the pipeline if the landowner:**
    - (a) Has owned the land for at least one year prior to the adoption date.**
    - (b) Has submitted a preliminary review application to the City.**
    - (c) Submits an additional entitlement application within one year following the submittal of the preliminary application. The requirement for an additional entitlement application will be waived if the City prohibits submittal of such applications.**

**1. Citywide Inclusionary Housing Policy (Cont'd.)**

**(1) (f) Inclusionary Zoning Credits:**

- (1) Developers and/or property owners who acquire and rehabilitate existing housing units and market the improved units with deeded affordability restrictions shall receive a credit towards one future inclusionary requirement equal for every four units rehabilitated.**
  - (2) Owners of multi family projects under a HUD contract which is about to expire after the date of adoption of the Inclusionary Zoning Ordinance shall receive a credit for one future inclusionary unit for every five HUD contract units that the owner maintains at affordable rent levels for five years past the expiration date.**
  - (3) Inclusionary Zoning credits may be traded between developers who earn the credit and developers who want the credit for an upcoming project.**
- (2) Staff directed to work with the RDA Staff to prepare a draft policy for the allocation and use of additional Redevelopment revenues for affordable housing beyond the 20% required by State law. The supplemental RDA funds shall be made available for the following three purposes:**
- (a) A revolving fund that provides security deposits for low income renters.**
  - (b) A first time buyers fund to make down payments for low income households otherwise financially qualified for home ownership.**
  - (c) Cost offsets or financing multi family rental until local, State and Federal Dollars are available to assist with BMR units.**
- The amount of funds designated for these uses shall be determined through the RDA budget process.**
- (3) That immediately upon circulating a draft memorandum with a draft policy for the public, that Staff meet with the San José/Silicon Valley Chamber of Commerce, the California Apartment Association (the old Tricounty Apartment Group), local Home Builders Association, Silicon Valley Leadership Group and the South Bay Labor Council, separately or as one group per their choice, for additional input and to add to the framework that Staff will put forward.**
  - (4) Community Outreach meeting shall be held at 7:00 p.m. in lieu of 6:00 p.m. to allow more participation of the community.**
  - (5) Staff directed to return on December 9, 2008 with the additional information requested by Council Members Constant and Oliverio, Items 1-4, referred to on Page 5 and 6 of the Staff report; with Staff to use their best efforts to bring back an analysis of each item including the reasons why or why not the items are applicable/not applicable or valid/not valid.**

**Noes: Constant, Oliverio.**

## **Public Comments**

**Speaking on the Citywide Inclusionary Housing Policy were: Paul Campos, Senior Vice President/General Counsel (Homeowners Association), Shiloh Ballard (Silicon Valley Leadership Group), Pat Dando (San José Silicon Valley Chamber of Commerce), Matthew J. Holian, Assistant Professor (San José State University, Department of Economics) and James Zahradka (Public Interest Law Firm of the Law Foundation of Silicon Valley).**

**Pat Sausedo (NAIOP), Bonnie Mace (Housing Commission), Saul Wachter (Affordable Housing Network), Larry Stone, County Assessor, Stanley Taylor (St. Julie Billiard Parish Catholic Community), Sandy Perry (Community Homeless Alliance Ministry), Mark Lazzarini (DAL Properties), Charles McKeag (Citation Homes), Terri Balandra, Chet Lockwood (Fiesta Lanes Action Group), Michael Van Every (Republic Urban Properties), Joshua Howard (California Apartment Association), Anil Babbar (Santa Clara County Association of Realtors), David Tucker, Kerri Hamilton (CEEJ), Susan Gonsalves Marsland, David Marsland, Joseph Head (Summerhill Homes), Marie Arnold, Sharon Sweeney, Phaedra Ellis-Lamkins (South Bay Labor Council), Reverend Sal Alvarez (La Raza Roundtable), Ed Rast, Bob Brownstein, Carol Stephen (Trinity Cathedral PACT), Judy Purrington, Ray Panek (KB Home) and Bob Leininger.**

## **Adjournment**

**The Council of the City of San José was adjourned at 4:01 p.m.**