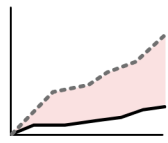
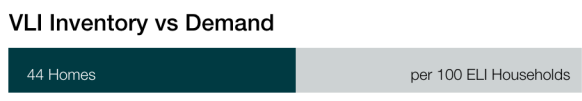
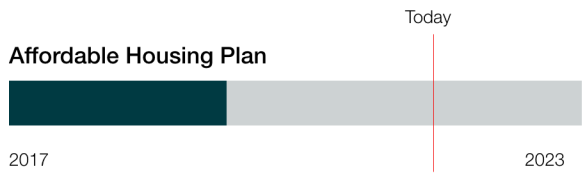


The need for more affordable housing in San Jose has never been more dire



Despite the efforts of many, the City is less than **1/3 of the way to its goal of developing 10,000 new affordable housing units by 2023** while the need for affordable housing has never been more dire - particularly for extremely low income (ELI and very low income (VLI) households. For example:

- In the San Jose metro area, there are only 29 affordable and available homes for every 100 ELI renter households, and only 44 affordable and available homes for every 100 VLI households.
- 70% of ELI and VLI income households in San Jose are housing cost-burdened.
- 16% of San Jose's renter households are overcrowded.

Eliminate Commercial Requirements for 100% Affordable Housing Developments in San Jose to Accomplish Goals

In 2020, San Jose's General Plan 4-Year Review Task Force voted **overwhelmingly** in favor of a proposal to eliminate the current commercial requirements in place for 100% affordable housing developments.

The City's commercial requirements constrain affordable housing production

The current requirements create several negative impacts for affordable housing developments:

1. Integrating commercial space **reduces the number** of apartments that can be built on-site.
2. Building out the commercial space, and the required parking to support the commercial space, **adds millions of dollars** in development costs.
3. The result of added costs and reduced units are significantly **higher costs per unit**.
4. Because affordable housing funds cannot be used to pay for commercial space, these requirements create **unique financial burdens** on our non-profit affordable housing developers.



*Charities Housing reports that SJ's commercial requirements added **\$2.1 million** in costs and resulted in the **loss of 25 apartments** (or 17% of the total units) at its Blossom Hill Road Senior Housing project; and even worse, these requirements make it **infeasible** to proceed with its Driftwood Family project.*

The City's most recent Housing Crisis Workplan Update found that affordable housing made up **less than 20%** of overall housing production since 2018.

Eliminating the commercial requirement for 100% affordable housing developments will help get more affordable housing units out of limited dollars and land opportunities.

The General Plan Task Force's proposal is limited to 100% affordable housing developments, ensuring that ground-floor commercial use would remain applicable to market-rate developments. When freed from these requirements, affordable housing developers are integrating other ground floor uses (i.e. community rooms, non-profit space, leasing office) to activate the street.

In addition to eliminating commercial requirements for 100% affordable housing developments, we encourage the City to continue exploring how it can fund/incentivize the inclusion of commercial space for small, locally-owned businesses at select affordable housing developments - a strategy that is much more likely to result in viable neighborhood-serving commercial uses, with much less impact on our critical affordable housing goals.

