



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Councilmember David Cohen
Councilmember Pam Foley

SUBJECT: SEE BELOW

DATE: December 14, 2021

Approved

Date: 12/14/2021

David Cohen Pam Foley

SUBJECT: COMMERCIAL REQUIREMENTS FOR AFFORDABLE HOUSING

RECOMMENDATION

1. Accept the Task Force recommendation on Policy 5.12 to eliminate commercial requirements for 100 percent affordable housing developments in urban villages.
2. Direct staff to explore creating a collaborative process for connecting nonprofit developers interested in on-site commercial opportunities with local small businesses.

BACKGROUND

We want to first and foremost thank both staff and the task force for their work during the 2021 General Plan review cycle, and for their recommendations to the Council throughout this process.

With the city just 30% of the way to its goal of having 10,000 units of affordable housing in the pipeline by 2023, the last thing we should be doing is putting roadblocks in the path of further affordable development. The commercial space requirements, well-intentioned though they are, are a roadblock—and a substantial one, according to testimony from multiple nonprofit housing developers in San José. At best, these requirements take up space that could be dedicated to building more affordable housing units. At worst, by adding millions of dollars to the total development cost—expenses that cannot be covered by public funds—they can stall the creation of more affordable housing at a time when we critically need it.

It's also not clear that these requirements are the best way to bring jobs and commercial opportunities to our urban villages. The unfortunate reality is that many commercial spaces created as a result of the requirements ultimately go unused; they end up as vacant storefronts that contribute nothing to the community around them. We propose that, rather than imposing a blanket requirement, the City should work with its nonprofit partners to identify and incentivize commercial opportunities that benefit local small businesses and the community without presenting an unnecessary obstacle to further affordable development. There is an opportunity

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here to achieve our desired outcome—the creation of vibrant mixed use neighborhoods—but it must be pursued through a collaborative, community-oriented process, not a top-down mandate. We should also seek to encourage developers to set aside space for on-site amenities like community rooms and resident services offices.

We agree wholeheartedly with the General Plan’s goal of creating walkable communities that bring together housing, transit, and jobs. The imposition of onerous commercial requirements on affordable housing, however, simply is not the way to accomplish that goal. We need to make it easier to build affordable housing in San José—not harder.

The signers of this memorandum have not had, and will not have, any private conversation with any other member of the City Council, or that member’s staff, concerning any action discussed in the memorandum, and that each signer’s staff members have not had, and have been instructed not to have, any such conversation with any other member of the City Council or that member's staff.