



**SPUR**

San Francisco | San Jose | Oakland

March 24, 2016

Michael Brilliot and Jared Hart  
City of San Jose Planning Department  
200 East Santa Clara Street, 3<sup>rd</sup> Floor  
San Jose, CA 95113

*Sent electronically*

**RE: Task Force Meeting #5 and proposed changes to 2040 General Plan language**

Dear Michael and Jared,

Thank you for the opportunity to comment on the four-year update to the Envision 2040 General Plan. We believe Envision 2040 is deeply important to the future of San Jose and the Bay Area, laying out an urban future for the Bay Area's largest city. We applaud the city for taking on this update to the general plan in such a thoughtful manner.

The chance to revisit the general plan is a great opportunity to strengthen policies that are moving us closer to this urban future and retool those that are not. This letter is in response to the recommendations proposed in the General Plan that will be considered at the Task Force meeting on March 25, 2016. Our comments and questions focus only on those recommendations that we suggest modifying.

**Urban Village Planning**

**A. We recommend deleting IP-5.10.9, which reads:**

“A residential, mixed-use Signature project may proceed within Urban Village areas in advance of the preparation of an Urban Village Plan if it [...] demonstrates that the project will have a net positive fiscal impact to the City over a 30-year period.”

It is our understanding that the city intends to perform these analyses, but we do not believe that fiscal impact analyses should be performed on a project-by-project basis. Cities typically measure the fiscal impacts of development on an area- or district-wide basis. It can be difficult to assign costs or benefits directly to a project or to measure secondary effects.

We recommend that the city determine the costs for public facilities and improvements associated with new development within an urban village and leverage financing and assessment tools to help pay for them. The urban village plans provide a ready mechanism to define a set of future needs for services and a financing package in the areas targeted for growth, whether they are fees, exactions, taxes, benefit districts or assessments. Bringing these resources to bear helps the city accomplish its planning goals while ensuring that new development is fiscally responsible.

**B. We recommend adding a policy under Urban Village Planning Implementation Policy-5.1 that explores minimum density requirements for housing, particularly in areas with regional transit and in Horizon 1 urban villages.**

The reasons for this are twofold. First, the city has ambitious goals to accommodate population growth. Every developable site needs to maximize its height and floor area ratio in order to accommodate this growth while achieving the many other goals established in the general plan, including accommodating planned population growth, housing affordability, creating vibrant neighborhoods, etc. Second, low-density buildings make it difficult for transit to meet people’s needs. As a result, transit usage remains low, against the goal of the General Plan to shift mode share away from cars. Making sure that there are lots of people in well-designed buildings and communities near transit can help ensure that transit, biking and walking are increasingly successful.

**Affordable Housing**

SPUR strongly supports all opportunities for increasing the city’s housing supply at all income levels. However, we are concerned that the proposed policies and actions will not help the city achieve their housing goals and may even be counterproductive.

**A. We strongly recommend changing IP-5.2 to:**

“As part of the preparation of an Urban Village Plan, establish a goal to build as many units of deed-restricted affordable housing as feasible. Further, build as many units as possible to serve households with income below 30% of the Area Median Income.”

Currently, IP-5.2 reads:

“As part of the preparation of an Urban Village Plan, establish a goal that, with full build out of the planned housing capacity of the given Village, 25% or more of the units built

would be deed restricted affordable housing, with 15% of the units targeting households with income below 30% of the Area Median Income”

**We do not support tying the production of affordable housing to the production of market rate housing, particularly when there is no identified funding source for affordable housing.** This could likely have the unintended consequence of lowering the total number of housing units built in urban villages, especially those villages that are small in housing unit count. Building too few units will result in a worsening housing shortage, inducing higher housing costs like we see today. We recommend maximizing the total housing supply by both building as many market rate units as possible and building as many affordable housing units as possible.

The goal for affordable housing production could be expressed as “as many units as possible”, “the maximum amount”, or a total number of units, but we are concerned to see it expressed as a share of total housing units. Additionally, if the city establishes a goal as total number of units (e.g., 50,000 affordable units within urban village and growth areas), we recommend developing a pathway that describes what it would take to achieve that goal. Currently, it is unclear what happens if an urban village plan cannot feasibly build 25% affordable units.

We are concerned that a goal of 25% affordability is too difficult to achieve without a substantial new source of funding. Units that are intended to serve very low-income households require a large local subsidy. While it is critical to serve this population, San Jose will need additional financial resources to make this goal feasible.

**B. We recommend changing HP-2.7 to:**

“Evaluate and incorporate a feasible affordable housing implementation plan in the preparation of each urban village plan, specific plan, master plan or strategy plan that includes housing.”

Currently, HP-2.7 reads:

“Incorporate an affordable housing implementation plan in the preparation of each Urban Village plan, specific plan, master plan or strategy plan that includes plan for housing.”

As described above, we think that a goal of 25% affordability is not feasible and carries a risk of developing too few housing units, which makes it more expensive to live in San Jose for households at all income levels.

In addition, the General Plan states that each urban village can create a plan for financing public amenities and improvements. We think that the financing plan is an ideal opportunity to define a set of future needs, including affordable housing, and define the funding needed to achieve those needs. It does not necessitate a separate affordable housing implementation plan. The city can bring to bear the appropriate financing tools on a full set of public facilities and improvements for each urban village.

**To that end, we are more supportive of staff's recommendation to change Urban Village Planning Implementation Policy IP-5.1.7, which reads:**

"Financing: Consider financing mechanisms which may be needed to deliver public improvements, affordable housing, amenities, and the like envisioned within the Urban Village Plan."

**C. We suggest changing Housing Action H-2.18 to:**

"Identify opportunities for, and barriers to, the development of new housing solutions and products in San Jose. Analyze and implement programs, policies and partnerships that bring new housing solutions and products to San Jose."

Currently, H-2.18 reads:

"Explore, analyze, and implement innovative programs, policies and partnerships that bring new housing solutions and products to San Jose."

We support exploring and creating new solutions and products to San Jose, particularly for transitional zones in urban villages. We also support identifying barriers that may make it difficult to develop these housing products in order to make new programs, policies and partnerships successful. Given that San Jose has always had a robust housing market, it is possible that there are regulations that impede the development of new housing product types.

**Major Strategy #4: Innovation/ Regional Employment Center & General Plan Phasing/ Planning Horizons/ Major Review**

Goals are meant to be ambitious. We are supportive of lowering the jobs-to-employed residents ratio to 1.1 J/ER. However, we are concerned that the jobs-to-employed residents ratio is problematic with no clear pathway to achieve it when it is used as a threshold for determining when and how residential development can occur.

**We ask that staff clarify the purpose, implications and application of a tiered ratio.** Will the 1.0 or 1.1 ratio be applied to urban villages site-by-site, or at full buildout? Could this be tested on a sample of sites to estimate much commercial square footage would be required in order for a signature project to move forward? Is the estimated amount of commercial square footage feasible in the urban village plans coming up for approval?

**We suggest that the ratio not be applied uniformly across all growth areas.** Instead, it could be adjusted based on whether or not an urban village is a good location for jobs, and the 1.0 or 1.1 ratio could be measured citywide as a whole.

### Conclusion

In conclusion, thank you for the opportunity to provide input to the general plan. We believe that the general plan is the most important statement of the city's vision for its future and are deeply invested in seeing this vision become a reality. Please feel free to reach out with any questions or comments.

Sincerely,



Leah Toeniskoetter  
San Jose Director

Cc:  
Ms. Shirley Lewis, Co-Chair  
Mr. David Pandori, Co-Chair  
City of San Jose General Plan Review Task Force