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Dear General Plan Task Force Members and Staff,

I am thankful and humbled to be included in this group of Task Force members. To have such intelligent people with diverse viewpoints contributing to San Jose's roadmap for the future gives me great hope.

As I thought about the meeting and our objectives, I wanted to raise a few points for consideration.

I. Is a Jobs First Policy Necessary to Achieve our Objectives?

Given the lack of improvement in the JERs ratio and the fact that there is a housing crisis, now – more than ever – it is imperative that we take a step back and examine whether there are more effective means of meeting the challenges we face in San Jose.

Much of our debate has been based on the assumption that a Jobs First policy is required to improve the fiscal sustainability of the City. But, as was asked in our first meeting, is this true? Or are there other alternatives that could improve the City's fiscal health and better meet today's challenges?

One alternative that readily comes to mind is high-density residential development. SPUR and others within the task force have reported that high-density housing near mass transit provides a net positive revenue stream to the City. If high-density residential is fiscally positive, environmentally friendly and economically feasible, shouldn't we be doing more to ensure that our General Plan and implementation policies encourage this type of development?

More broadly, to the extent that we de-couple the goal (*i.e.*, fiscal responsibility) from the charted course (*i.e.*, Jobs First), it opens the dialogue for creative, out-of-the box solutions that may enable us to address more than just the goal of improving the JERs ratio.

II. We Must Change the Rules that Prevent Us from Reaching our Goals

As a Task Force, it is important to look at what is preventing us from reaching our goals and to eliminate those barriers. While the General Plan has done a good job of focusing development in the areas where we want development to occur, it has not improved the JERS ratio and, more pressingly, it has not moved us closer to meeting our regional housing needs, particularly as it relates to affordable housing.

While we can debate moving Urban Villages to different Horizons or making other limited policy changes, the larger issue is that there are a host of regulations and challenges that make development economically infeasible. Because our government is not in the business of building housing, we must look to the private sector to fill that gap. If development is economically or practically infeasible, the private sector will not build what is needed and we will continue to fall behind.

To that end, we must eliminate unnecessary barriers and create incentives for smart, respectful growth.

A. Dwelling Units Should Not be the Metric for Density Limitations or for the Assessment of Fees.

Dwelling Units/Acre is a limitation throughout the General Plan and in our zoning ordinances that should be rejected in favor of form-based design standards. DUs/acre reduces the incentives – and the ability – to provide smaller, more affordable units and more flexible living configurations.

By moving to floor area ratios, one might be able to double or triple the housing capacity without increasing a building's footprint or mass. And, as we saw in Opticos' presentation, high-density housing is appropriate and can enhance residential neighborhoods if the focus is on form and design.

Similarly, the assessment of fees by dwelling unit instead of per SF of construction creates a financial incentive to provide larger luxury units versus smaller "affordable-by-design" units. Whether a developer builds a 1500 SF 3 bedroom apartment unit that he or she rents for \$4750/month or a 400 SF studio for \$1250, many of the fees (such as the \$20,000/unit park impact fee) are the same because they are both considered as one dwelling unit. As such, the per SF cost of construction from fees is much greater for smaller units than it is for larger units and it is more difficult for these types of projects to pencil out.

Dwelling units should not be the metric if we want to take advantage of in-fill opportunities and move away from a City with 94% of land tied up as single-family sprawl.

B. Minimum Parking Requirements in Urban Core Areas and for In-Fill "Plex" Development Should be Eliminated.

Minimum parking requirements are incompatible with the goal of reducing reliance on vehicles and can be a major barrier to development. Not only are parking lots expensive to build, minimum parking requirements preclude development of smaller in-fill sites and create dead zones on the ground floor for all but the largest of sites where parking can be wrapped within the building.

Reliance on cars hurts our health, hurts the environment and costs the City millions of dollars in road maintenance each year. If developers can rent and/or sell housing to people without parking, this should be encouraged by explicitly eliminating minimum parking requirements in core urban areas that are close to mass transit.

Moreover, as we saw with the ADU policies, if covered parking is required when adding on an ADU, this will preclude development on the vast majority of lots within San Jose. For duplexes, triplexes and other "plex" developments, the current parking requirements would make it impossible on most City lots to add on these units without tearing down existing structures and using the ground floor as parking. Creating rules that necessitate demolition is not only environmentally irresponsible; it is also likely to be economically infeasible. If we are to truly encourage "plex" development, covered parking space requirements need to be eliminated.

C. The Policy Against Conversion of Industrial Land Should be Re-Examined.

Just as we have targeted certain areas for residential or employment-related lands, we should consider proactively eliminating carve-outs or islands of industrial land in prime areas for redevelopment so that industrial uses can be located in less populated areas where lower intensity uses are economically and environmentally more appropriate.

While many industrial sites are critical, many of industrial sites contain large parking lots and one-story buildings that – at best - can be described as an underutilization of scarce land. A blanket policy discouraging the

conversion of industrial land across all of San Jose does not take into account where we want these uses to be located nor does it recognized the unique circumstances of each piece of land as it fits into each neighborhood now and in the future.

III. There Need to be More Incentives for Inclusionary Housing.

The City needs to do its part in reducing the costs associated with developing affordable housing. The “stick” approach in imposing additional fees through the Inclusionary Housing Ordinance is one approach but where is the carrot?

Affordable housing developers struggle to finance projects with the same commercial requirements as market rate developments and many fees are imposed regardless of whether the units are deed-restricted or not. The City waived various fees and construction taxes for high-rise downtown developments but yet these same waivers were allowed to sunset for affordable housing developments.

The elimination of commercial requirements for affordable housing developments is a good start but there should be more incentives for doing the right thing.

Similarly, as was briefly discussed with the Signature Projects, incentives should be considered for market-rate developers who are willing to do more than either pay the in-lieu fees or provide the minimum number of inclusionary units.

Thank you for considering my input and I look forward to discussing these ideas and more at our next meetings.

Sincerely,

Melanie Griswold
Vice Chair of the Planning Commission