

**TO: Envision San José 2040
4-Year Review Task Force**

FROM: Jared Hart

**SUBJECT: June 25, 2020
TASK FORCE MEETING**

DATE: June 18, 2020

This memo provides information to assist you in preparation for the June 25, 2020 Envision San José 2040 Task Force meeting. Links to the referenced documents and other resource materials (e.g. reading materials and correspondence) are posted on the Envision San José 2040 4-Year Review website (<http://www.sanjoseca.gov/generalplanreview>).

The following is a summary of agenda items for the June 25, 2020 Task Force meeting:

Agenda Item 3 – Announcements and Recap

Staff will present a summary of motions approved at the previous Task Force meeting.

Agenda Item 4 – Commercial Space Requirements for Policy H-2.9 (1.5-acre rule)

Staff will give a brief presentation on existing policies that allow affordable housing on some commercially designated lands subject to certain criteria, including a commercial requirement. Staff will also present a recommendation for changes to the commercial space requirement for General Plan Policy H-2.9 (*the “1.5-acre rule”*). Task Force members will be given an opportunity to discuss, provide input, and ask questions about the staff recommendation, while members of the community will be provided with an opportunity to address the Task Force. Task Force members will then vote on staff recommendations on commercial requirements for affordable housing.

The City Council approved the following General Plan Four-Year Review scope of work item regarding commercial space requirements for affordable housing developments:

*“Explore changes to commercial space requirements for affordable housing developments.
(Housing Crisis Workplan item #22)”*

Commercial space is not required for any residential projects on lands that have a residential land use designation. Residential projects are not allowed on lands with a commercial land use designation and are required to provide a commercial component on the Mixed-Use Commercial land use designation; however, there are two exceptions that allow less commercial space for affordable housing developments than required in the land use designation. The two policies in the General Plan that allow 100% affordable housing on lands that have commercial land use designations include:

1. *General Plan Policy IP-5.12*: This policy is specific to Urban Villages and allows projects with 100% affordable housing on commercially designated land within an Urban Village ahead of a Growth Horizon, or in a Village in a current Horizon that does not have a Council Approved Plan.
2. *General Plan Policy H-2.9 (the “1.5-acre rule”)*: This policy allows projects with 100% affordable housing on select sites outside of growth areas that are 1.5 acres or less with a Mixed Use Commercial or Neighborhood/Community Commercial land use designation.

This scope of work item was discussed previously at the January 30, 2020 Task Force meeting. Staff recommended policy language changes to Policy IP-5.12 that included clarifying the current “substantial replacement” requirement of existing on-site commercial uses with a more objective metric of 50% commercial replacement requirement. Task Force members voted (36-1) to eliminate any commercial requirements for 100% affordable housing developments under Policy IP-5.12 in Urban Villages.

As part of this discussion, Task Force members inquired if staff only intends to present changes to commercial requirements for affordable housing developments within Urban Villages and not citywide. Changes and revisions to General Plan Policy H-2.9 is listed as a separate Housing Crisis Workplan item (#20) which directs staff to evaluate if Senate Bill (SB) 35 streamlining can be applied to affordable housing developments on these sites and to refine the policy with objective standards. Because Policy H-2.9 was listed as a separate Housing Crisis Workplan item, staff had originally interpreted the General Plan 4-Year Review Scope of Work and the Housing Crisis Workplan to indicate that only Policy IP-5.12 would be presented to the Task Force. However, upon further deliberation, staff clarified our interpretation of the General Plan 4-Year Review Scope of Work to include the commercial component of Policy H-2.9 for Task Force consideration.

Policy H-2.9 requires 100% affordable housing projects to integrate commercial uses that support the development or the surrounding neighborhood. Staff recommends eliminating the commercial requirement for affordable housing projects that qualify under Policy H-2.9. The policy’s intent is to create an exception for affordable housing since the site’s existing characteristics based on the policy criteria indicate that it is unlikely to be successful for commercial uses. Therefore, staff recommends removing the commercial requirement for affordable housing projects under Policy H-2.9.

Staff Recommendation

Staff recommends eliminating commercial requirements for affordable housing projects that proceed on sites that qualify under Policy H-2.9:

General Plan Policy H-2.9

“To increase the supply of affordable housing, one hundred percent deed restricted affordable housing developments would be allowed on sites outside of the existing Growth Areas on properties with a Mixed Use Commercial or Neighborhood/Community Commercial land use designation if the development meets the following criteria:

1. The site is 1.5 acre or less.
2. The site is vacant or underutilized.

3. The site has adjacent properties with a residential General Plan Land Use / Transportation Diagram designation on at least one side and the development would be compatible with the surrounding neighborhood.
4. The development would not impact the viability of surrounding commercial or industrial properties or businesses.
5. The site is located within a ½-mile of an existing transit line.
- ~~6. The development integrates commercial uses that support the affordable housing project and/or the surrounding neighborhood.~~
7. Development on properties that contain structures that are on, or are eligible for inclusion on the City of San José's Historic Resources Inventory should adaptively reuse these structures.”

Next Meeting

The next meeting is scheduled for July 30, 2020 at 6:00 p.m. This meeting will discuss Opportunity Housing.

If you have any questions, please contact either myself or Kieulan Pham. I can be reached by phone at (408) 535-7896 or by email at: Jared.Hart@sanjoseca.gov. Kieulan can be reached by phone at (408) 535-3844 or by email at: Kieulan.Pham@sanjoseca.gov.

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