

General Plan Update Item 10.2 Nov 30 Neighborhood Business District GPT 21-001

jeannan2 [REDACTED]

Tue 11/23/2021 12:22 PM

To: The Office of Mayor Sam Liccardo <TheOfficeofMayorSamLiccardo@sanjoseca.gov>; District1 <district1@sanjoseca.gov>; District2 <District2@sanjoseca.gov>; District3 <district3@sanjoseca.gov>; District4 <District4@sanjoseca.gov>; District5 <District5@sanjoseca.gov>; District 6 <district6@sanjoseca.gov>; District7 <District7@sanjoseca.gov>; District8 <district8@sanjoseca.gov>; District9 <district9@sanjoseca.gov>; District 10 <District10@sanjoseca.gov>
Cc: Burton, Chris <Christopher.Burton@sanjoseca.gov>; Brilliot, Michael <Michael.Brilliot@sanjoseca.gov>; City Clerk <city.clerk@sanjoseca.gov>

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Please find attached letter regarding mixed used in Lincoln Avenue Neighborhood Business District

--Jean Dresden

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November 22, 2021

RE: Item 10.2 Nov 30, 2021
General Plan Update GPT21 001
Neighborhood Business District—Willow Glen

Honorable Mayor and Councilpersons:

I am writing to you as an individual regarding the proposed General Plan change to the Lincoln Avenue Business district. Most know me from park advocacy but my land use advocacy dates from when I served on an EPA Advisory Board in 1977 about water and city growth. As a San José native, I've learned, no matter what, change will come. For 40 years, I have resided on Blewett Avenue behind the Willow Glen Downtown. For 20 years (until July, 2020), I operated a service business on Lincoln Avenue. As a resident, my goal is to provide a perspective to help shape the change to be more resident friendly. As a business operator, my goal is to make sure the district remains a desirable destination that supports the small pedestrian friendly businesses.

My overriding concern is to maintain a viable, walkable neighborhood business district that allows me to meet all of my shopping needs without needing a car. I moved here for the business district and the small town neighborhood feel.

Recommendation:

- a) Approve the **concept** of mixed use designation for the Willow Glen Business District;
- b) Create a Willow Glen Neighborhood Business District Overlay;
- c) **Delay** final approval of the General Plan change until the establishment of **objective zoning code** language reflecting the Willow Glen business district design guidelines that support the commercial viability and surrounding residential.
- d) Require step back and daylight planes for buildings over three stories to warm, friendly pedestrian environment.
- e) **Establish a maximum height of 45 feet to stay at or below the historic heart of the district—the Garden Theater which is 50 feet tall for all parcel sizes,**
- f) Implement the staff's recommendation for commercial/retail ground floor frontage and do not provide for exemptions for affordable housing projects to the commercial/retail frontage requirement
- g) Create a community based task force to help develop the objective design standard language

It is critical that 40 years of progress in the Willow Glen Business District not be destroyed. Retail is a delicate beast.

The business district is now a well known destination exemplifying "Willow Glen Charm." People are attracted to its businesses, small scale and sense of neighborhood and history. Visitors walk the side streets and enjoy the cute older bungalows. Few remember the "bad old

days” with appliance and thrift stores, vacancies, few pedestrians and no trees. The key question: how much can change before the magical mix is broken?

Background

Forty years ago, the Willow Glen Business District was dying. The grocery stores had moved away. Its largest retailer sold appliance parts. Thrift shops dominated. Adjacent streets were labelled blighted or at risk. In 1984, the City developed the Willow Glen Neighborhood Business District revitalization plan. The community based task force worked with a consultant to create design guidelines to improve retail success and maintain the historic flavor. The City paid for the creation of the Business Improvement District and subsequently changed zoning to Commercial Pedestrian. With the passage of time and committed land owners and business people, charming Willow Glen was created with a nod to its historic roots.

Organic Design Retail vs. Curated and Managed Retail Centers

The current Willow Glen Business District has developed organically the past 40 years. Organic growth depends on the interaction of the component businesses, land owners and their drive to attract customers. In contrast, shopping centers throughout the world emphasize the role of curation, i.e. the corporate management of the shopping environment and mix of experiences. Curation is visible at Santana Row and will be part of Google downtown. The Willow Glen Business District has no curation—it is a monument to the independent small businessperson. Yet, this business district is the most successful of the city’s *organically grown* neighborhood business districts. If too much changes, the dynamic management by property owners and businesses could tilt back to “uncharming.”

Compared to Other Bay Area Cities

The “cute” and “charming” neighborhood business districts in the Bay Area mostly have not embraced mixed use construction over three stories. What do they know? What do they fear? What could San Jose learn? **The small NBDs most like Willow Glen with only a few pedestrian blocks on a single road have average maximums under 40 feet.** (See chart). Only communities with larger multi block downtowns allows taller heights such as 55 feet or 6 stories, e.g. San Mateo (16 blocks and 70 foot wide streets) and Millbrae (El Camino Real, BART, Caltrain). In most multi block downtowns, the core main streets are protected from heights while surrounding streets have heights up to 6 stories; Burlingame Avenue and Los Alto’s Main Street are examples. Most cities express the limits in terms of height, but some discuss the density. Some cities require conditional use permits for residential above while others do not allow residential in the retail district. **Heights are not linked to parcel sizes – since smaller parcels could be combined. Step-back interface with single family homes are specified frequently.** The Table follows.

Table 1. Survey of Bay Area NBD heights.

Location	Style	Heights
Burlingame Ave Downtown main street	Similar scale to WG for pedestrian retail portion within multi block area	2 stories, commercial only
Burlingame Downtown Not main street	Many blocks, forming grid—excludes main street	6 stories off historic main street. Mixed use
Burlingame – Broadway Ave	Similar scale to WG	3 stories, step down to SFR
Campbell –Downtown main	Similar scale to WG	45 ft., residential above
Hayward – Downtown B St.	Similar scale to WG for pedestrian retail portion within multi block area	42 ft., 30 to 65 du/ac
Los Altos – Main Street	Similar scale to WG for pedestrian retail portion within multi block downtown	30 ft., residential needs CUP, 3 rd floor stepped back
Los Altos – Other Downtown Streets and Zones	Large multi block, multi zone	30 ft. if mixed use, 35 if residential only, 3 rd floor stepped back
Los Gatos – Central District	Historic downtown	45 ft., up to 30 du/ac max
Los Gatos – LG Blvd, No. Univ.	Similar scale to WG	35 ft. max, up to 20 du/ac
Menlo Park Santa Cruz Av	Similar scale to WG	38 ft. max, up to 25 du/ac
Millbrae – Broadway Av	Next to El Camino and BART and Caltrain	GP proposal to council Dec. 2021 for mixed use
Palo Alto – California Av	Similar scale WG	2 stories, residential above
Pleasanton – Main Street	Multiple blocks	2 stories, 3 discretionary
San Carlos Downtown	Large multi block area	50 ft., up to 50 du/ac max
San Leandro – East 14 th Historic Main DA1 Zone	Similar scale to WG for pedestrian retail within multi block area	Mixed use by CUP, step backs, heights to match adjacent buildings
San Mateo—Downtown Focus on 4 th Ave	Large multi block, multi street retail area	55 ft. with step back from street. 75 ft. near Hospital. Special design guidelines
San Mateo – 25 th Ave	Similar scale to WG	25 ft. Residential above

Design Standards

Most cities allowing mixed use have design guidelines requiring step backs from the street for upper stories, commercial on ground floor, and strategies to maintain the appearance of separate, individual 40 foot wide storefronts through articulation and design elements. Campbell is currently converting their design guidelines to objective code. The 1984 Willow Glen guidelines combined with guidelines from San Mateo, San Leandro and Los Altos, among

others would be helpful for developers seeking to support the historic and “charming” nostalgic strategic positioning of the Willow Glen Neighborhood Business district.

Figure 1. Step backs required for mixed use structure exceeding 30 foot base limit in Los Altos.

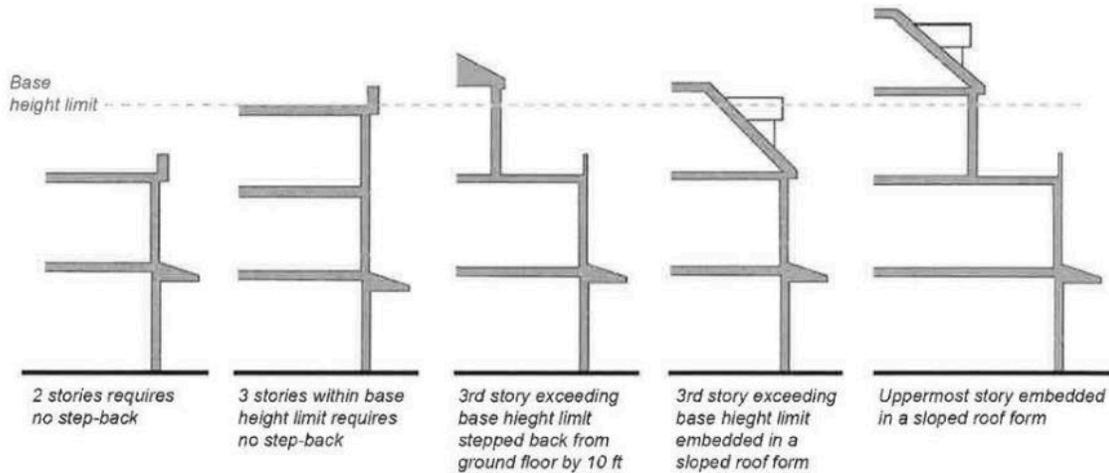
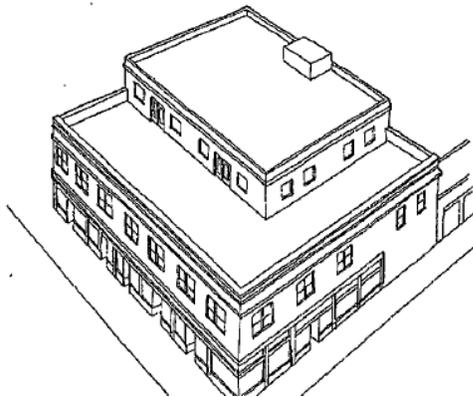


Figure 2. Step backs in San Mateo



International Lessons

The Knight Foundation sent San Jose study teams to Melbourne and Copenhagen to observe similarly sized cities managing growth. I extended my study trips to explore growth and densification in the nearby “streetcar” suburbs.

The study groups learned both Melbourne and Copenhagen protect their **downtown core** pedestrian friendly shopping streets: Bourke Avenue and Strøget Street, respectively. Pedestrian friendly sunshine is established through lower heights of no more than 5 stories at street face in the downtown core Melbourne or 4 stories on Copenhagen’s Strøget Street. Step backs are used in Melbourne’s main downtown core shopping streets.

Melbourne experimented with taller structures in their neighborhood business districts as a result of pressure from the State of Victoria for more housing. They discovered the taller structures created “overshadowing” of the business districts. A key objective in their recently (November 2021) revised plan is to maintain sunlight on the public realm—even during the winter solstice—from 10 am to 3 pm. Overshadowed properties are not attractive to pedestrians. The new Melbourne neighborhood plan has FAR 3:1 adjacent to single family homes, and their director of planning described using step backs and design linked to the width of street. The City of Moonee Ponds, located like Willow Glen about two miles from the Melbourne center city, made similar standards protecting sunlight on pedestrians.

Other Issues and Historic Perspective

Yes, neighbors will complain about parking, traffic, noise and privacy. Some still think the street parking spaces in front of their homes are their personal domain. Few realize that Blewett was created by eminent domain in 1932 by the City of Willow Glen—taking from large Victorian lots. Nor do they realize, San Jose, rezoned Lincoln in 1950 to commercial, pushing out the Victorian and Spanish bungalows lining the Avenue. The area has been the same for 70 years, the longest unchanged period since the indigenous pre history time. This is an evolutionary change and with sensitive design and 45 degree daylight planes, residents will be modestly affected.

Sensitive Design, Focus on Commercial and Pedestrian Experience

Redevelopment can be sensitive. The Willow and Lincoln redevelopment project demonstrated that with a three story commercial project complete with step backs. Campbell’s downtown has 2006 commercial buildings that echo the past. But there have been colossal fails—in Burlingame, in Campbell. Much can be learned from Campbell’s objective design code project which is currently underway. A community based process comprised of commercial property owners, businesses and residential owners and residents has the best chance for success. Buildings that don’t support active retail, create dead zones. For this reason, affordable complexes must conform to the goal of providing active retail or commercial frontage if they choose to located in the neighborhood business district. The following pages show failures and successes.

Summary

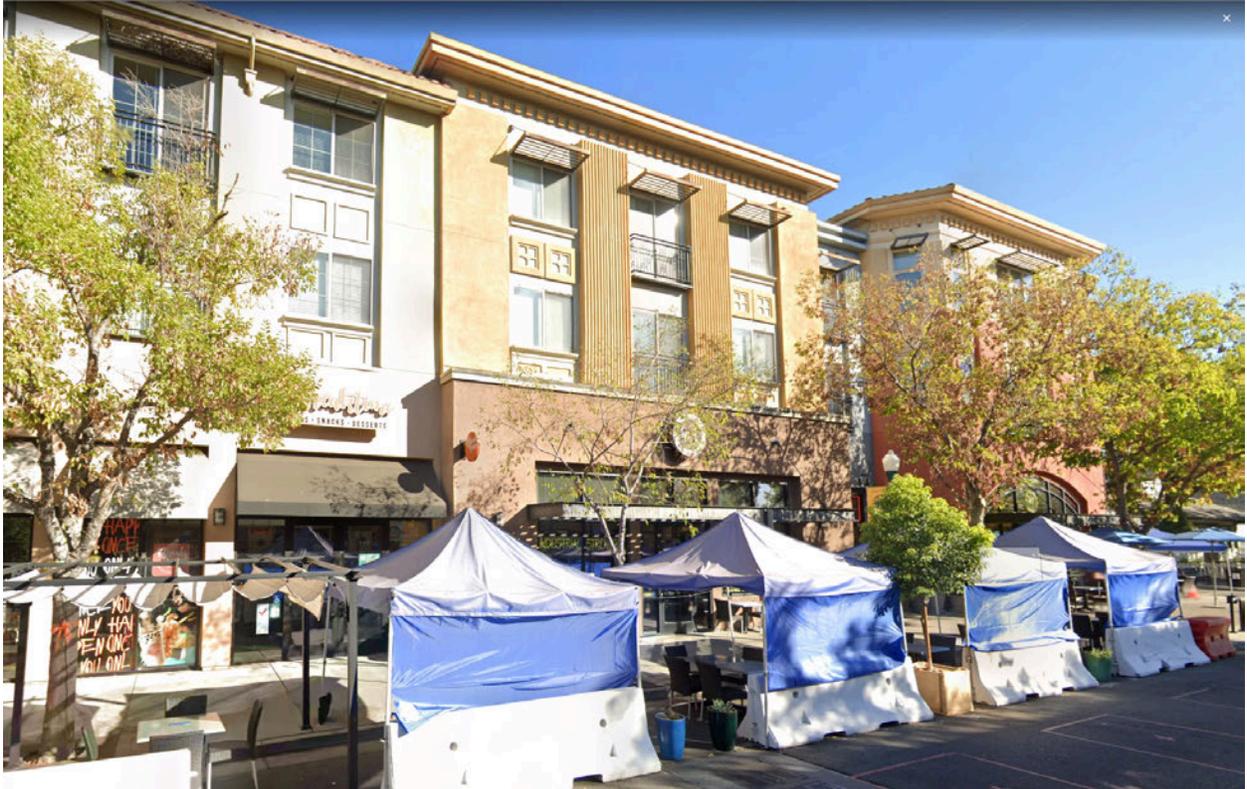
It will be a gamble to try 45 foot residential structures in the most successful neighborhood business district in San Jose. The gamble must be minimized by strong design standards in the zoning code overlay. A community based process comprised of commercial property owners, businesses and residential owners and residents has the best chance for success. Without a commitment to robust objective design standards the gamble will fail.

Sincerely,

Jean Dresden
Blewett Avenue



Willow and Lincoln. Willow Glen Neighborhood Business District. San Jose



Campbell Avenue. Campbell Downtown.



Campbell Avenue.



FAIL. Burlingame. Side Street. Taller buildings allowed without pedestrian focus.



San Mateo. Third and El Camino.



San Mateo. Third and El Camino.



FAIL Palo Alto California Avenue at El Camino. Inadequate design standards.



FAIL Palo Alto California Ave at Ash, Inadequate design standards.

GP 4-Year Review / Commercial Requirement for 100% Affordable Housing Projects (Item 10.2 on 11/30 Agenda)

McKenzie Dibble <[REDACTED]>

Tue 11/23/2021 5:04 PM

To: The Office of Mayor Sam Liccardo <TheOfficeofMayorSamLiccardo@sanjoseca.gov>; District1 <district1@sanjoseca.gov>; District2 <District2@sanjoseca.gov>; District3 <district3@sanjoseca.gov>; District4 <District4@sanjoseca.gov>; District5 <District5@sanjoseca.gov>; District 6 <district6@sanjoseca.gov>; District7 <District7@sanjoseca.gov>; District8 <district8@sanjoseca.gov>; District9 <district9@sanjoseca.gov>; District 10 <District10@sanjoseca.gov>; City Clerk <city.clerk@sanjoseca.gov>

Cc: Chris Dart <[REDACTED]>

[External Email]

[REDACTED]

[External Email]

Dear Mayor and City Council of the City of San Jose,

Please accept the attached letter as a show of our support to eliminate the commercial space require for 100% affordable housing developments in San Jose.

Please let us know if you have any questions.

Best,

McKenzie Dibble
Project Manager | REALTOR®



The Danco Group of Companies

5251 Ericson Way | Arcata, CA 95521

[REDACTED]

Danco Builders: CA #500851 | DB Northwest: CA #899392

[REDACTED]

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November 18, 2021

Mayor & City Council
City of San Jose
200 East Santa Clara Street, 18th Floor
San Jose, CA 95113

Re: November 30, 2021 Council Item - General Plan 4-Year Review - Commercial Space Requirements for 100% Affordable Housing Developments

Honorable Mayor and City Councilmembers,

We are pleased to see that the City Council will consider changes to the commercial space requirements that are placed on affordable housing developments. While the current rules were created with the well-placed intention to create active street fronts, in many cases they are serving as an impediment and creating additional challenges to an already challenging process hence causing delays of desperately needed new affordable housing development.

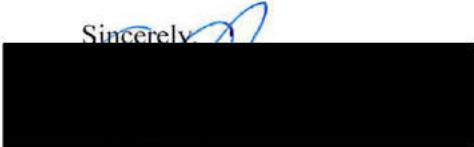
Requiring affordable housing developments to integrate commercial space, as well as the parking needed to serve this use, can add millions of dollars and drive up the costs of the development. Furthermore, public sources of affordable housing funds cannot be used to cover these types of costs - creating an added financial burden that threatens the financial feasibility of new developments.

In our experience, unless a developer has a long-term lease negotiated with a commercial tenant up front, then the revenue to offset the expenses necessary to create the space cannot be counted in the lenders and investors underwriting analysis because it is unproven and considered speculative. This creates additional feasibility issues – stalling projects or even making it impossible for them to proceed forward.

That's why we urge the Council to adopt the GP Task Force's recommendation to eliminate the commercial space requirements for all new 100% affordable housing developments. Put simply, the current commercial space requirements are preventing more affordable housing projects from moving forward. Making this small, but critical, change will eliminate a major barrier to new affordable housing developments and bring us another step closer to meeting the dire need for more affordable housing in our community.

Thank you for your careful consideration of this important matter.

Sincerely,



Chris Dart

President | Danco Communities
cdart@danco-group.com | 



Mayor Sam Liccardo and City Council
City of San José
200 East Santa Clara Street
San Jose, CA 95113

November 24, 2021

RE: Agenda Item 10.2 GPT21-001: Neighborhood Business Districts (NBD)

Dear Mayor and Council,

As the San José Small Business Advisory Task Force, one of our priorities is to represent small and minority owned businesses and have their concerns be heard regarding the City's operations, policies and programs. As the General Plan 4-Year Review is considered and an emphasis is put on housing production, we encourage Council and Staff to thoroughly consider the implications any changes can have on our City's small, local, minority-owned businesses. We appreciate the value of adding residential units during this longstanding regional housing crisis and we urge that, in doing so, Staff and Council seek to balance that production with retaining small business corridors throughout the City. Small businesses are an economic, community and cultural cornerstone to San José that should not be undervalued as the General Plan is evaluated.

The Task Force has had the opportunity to engage with several small business owners fearing displacement recently, including those from the Calle Willow Business District and the Berryessa Flea Market. These business owners represent the City's small businesses on a larger scale, who are underrepresented and fearful that decisions will be made about their livelihood without their input.

Smaller commercial corridors, like the one we see at Calle Willow, reinforce the vibrancy and uniqueness of San José through the abundance of minority owned small businesses. Small and minority owned businesses make up nearly 97% of all businesses that exist within the City of San José and are not only a strong attribute to the City's economy, but they also enrich the City from a cultural standpoint. We commend Staff for having heard the concerns of the residents of Calle Willow and recommending to “remove Willow Street/Calle Willow from the proposed overlay to combat small business displacement” and urge proceeding forward with preservation of the business corridor. We recommend Council take this same view and consider the full impact of business displacement when comprehensively reviewing commercial corridor conversions in the General Plan Review.

Sincerely,

Dennis King

Dennis King
Vice Chair, San José Small Business Advisory Task Force
Executive Director, Hispanic Chamber of Commerce



Members of the San José Small Business Advisory Task Force:

Vice Mayor Chappie Jones

Hispanic Chamber of Commerce

FilAm Chamber of Commerce

Korean American Chamber of Commerce of Silicon Valley

Silicon Valley Rainbow Chamber of Commerce

Silicon Valley Black Chamber of Commerce

Silicon Valley Chinese Technology & Business Association

Silicon Valley Vietnamese American Chamber of Commerce

Winchester Business Association

Latino Business Foundation Silicon Valley

San José Chamber of Commerce

GP 4-Year Review / Commercial Requirement for 100% Affordable Housing Projects (Item 10.2 on 11/30 Agenda)

Nevada Merriman <nmerriman@midpen-housing.org>

Mon 11/29/2021 8:18 AM

To: The Office of Mayor Sam Liccardo <TheOfficeofMayorSamLiccardo@sanjoseca.gov>; District1 <district1@sanjoseca.gov>; District2 <District2@sanjoseca.gov>; District3 <district3@sanjoseca.gov>; District4 <District4@sanjoseca.gov>; District5 <District5@sanjoseca.gov>; District 6 <district6@sanjoseca.gov>; District7 <District7@sanjoseca.gov>; District8 <district8@sanjoseca.gov>; District9 <district9@sanjoseca.gov>; District 10 <District10@sanjoseca.gov>; City Clerk <city.clerk@sanjoseca.gov>

Cc: Jan M. Lindenthal <jlindenthal@midpen-housing.org>

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Dear Honorable Mayor Liccardo and Members of the City Council:

Attached please find MidPen Housing's comments to Item 10.2 on tomorrow' agenda regarding commercial requirements for affordable housing. Thank you for taking up this matter and for considering our comments.

Sincerely,
Nevada

**Nevada V. Merriman | Director of Policy
MidPen Housing Corp.**

303 Vintage Park Drive, Suite 250, Foster City, CA 94404
c. 650.477-6195



NOTE: During the Shelter In Place order, MidPen offices are closed. All MidPen Development staff are working remotely from home. MidPen continues to provide essential services at all of our communities to support our residents.

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November 20, 2021

Mayor & City Council
City of San Jose
200 East Santa Clara Street, 18th Floor
San Jose, CA 95113

Re: November 30, 2021 Council Item - General Plan 4-Year Review - Commercial Space Requirements for 100% Affordable Housing Developments

Honorable Mayor and City Councilmembers:

We are pleased to see that the City Council will consider changes to the commercial space requirements that are placed on affordable housing developments. While the current rules were created with the well-placed intention to create active, pedestrian friendly street fronts, they are serving as a serious impediment to the construction of desperately needed new affordable housing development.

Requiring affordable housing developments to integrate, even a small amount of commercial space, as well as the parking needed to serve this use, can add more than \$1M to the total development cost of a project. Furthermore, local public sources of affordable housing funds cannot be used to cover these non-residential costs, which forces us to use tax credit equity to fund them. While at first glance, this may seem ideal, in the current competitive environment it puts new developments in a tenuous position and may even make some projects infeasible.

Donner Lofts Apartments is a mixed-use development comprised of 102 studios and 1-bedrooms located at 158 E. St. John Street in San José. The development also contained 2,684 SF of commercial space. In 2016 the cost for constructing a cold, dark shell (not including tenant improvements, which could easily double the cost) was \$658,977. The commercial component was required given the downtown location. Had it not been required, we could have moved the common area to the ground floor and added 4-5 additional units.

Another, more recent example in Redwood City is MidPen's Arroyo Green development, located at 707 Bradford St. The development also contains 8,300 SF of commercial space that was required to be built out for a childcare operator. The cost for this commercial space and tenant improvements was \$2,987,951. In this case, we could not have residential units on the ground floor, given our location in a flood hazard zone, but the additional cost of the commercial space meant we had to secure additional sources to cover the total project cost.

You may know that the current scarcity of tax-exempt bonds has left many [Bay Area projects without the funds needed to complete financing](#) and move into construction. This is because it is more expensive to build in the Bay Area relative to the rest of the State of California, and the current competitive allocation system makes cost a determinative factor in receiving an award. It is for this reason that we support the **GP Task Force's recommendation to eliminate the commercial space**

November 20, 2021
Page 2

requirements for all new 100% affordable housing developments. It is an unfortunate reality that the current commercial space requirements are preventing more affordable housing projects from moving forward. Making this small, but critical, programmatic change will eliminate a major barrier to new affordable housing developments and bring us another step closer to meeting the dire need for more affordable housing in our community.

Thank you for your careful consideration of this important matter. If you have any questions, please do not hesitate to call me at (650) 465-9864 or email jlindenthal@midpen-housing.org.

Sincerely,



Jan Lindenthal
Chief Real Estate Officer

cc: Matthew O. Franklin, President & CEO
Nevada V. Merriman, Director of Policy

Subject: GP 4-Year Review / Commercial Requirement for 100% Affordable Housing Projects (Item 10.2 on 11/30 Agenda)

Kathy Robinson <krobinson@charitieshousing.org>

Mon 11/29/2021 11:10 AM

To: District2 <District2@sanjoseca.gov>; City Clerk <city.clerk@sanjoseca.gov>

Cc: Chapman, Helen <helen.chapman@sanjoseca.gov>; Ramirez, Lucas <lucas.ramirez@sanjoseca.gov>

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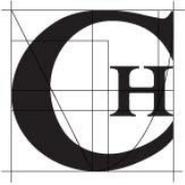
Good Morning Sergio, Charities Housing would like to urge you and the rest of the Council and Mayor to follow the recommendations of the General Plan task force and vote in favor of eliminating the requirement to build commercial space in 100% affordable housing developments. The challenges of financing, building and actually leasing these spaces has been well documented and because the number of truly 100% affordable developments built is fairly small, it will have a negligible impact on the overall production of commercial/retail space in San Jose. Any opportunity to remove barriers that impedes the production of affordable housing throughout the city should be seized. This is one very important opportunity that should not be missed.

With your unwavering support, we were finally able to move forward with our Blossom Hill Senior Development. Attached is a letter that Charities prepared that clearly documents our experience with the Blossom Hill commercial requirement as well as a new affordable development in District 1, that is stalled as a result of the onerous commercial requirement in the Winchester Blvd. Urban Village. To achieve disbursement of affordable housing through out the city, requirements that add costs, result in loss of units and potential prevent development from even happening, must be eliminated.

Thank you for your consideration of this request. We are happy to respond to any questions you may have.
Kathy Robinson 408 550-8311.

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CHARITIES HOUSING

October 13, 2021

MEMORANDUM

TO: Whom It May Concern

FROM: Kathy Robinson

RE: Impact of Requirement to include Commercial Square Footage in 100% Affordable Housing Developments

There are four primary impacts associated with the City of San Jose's requirement to include commercial square footage in 100% Affordable Housing Developments. Using the Blossom Hill Road Senior Housing development (BH) as an example, these four impacts are summarized below.

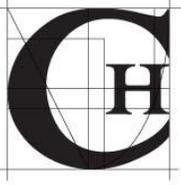
The 147-unit, 100% affordable senior housing development was required to include 16,000 SF of commercial space to replace the 32,000 SF warehouse style furniture store that was on the site. The funding sources to build affordable housing cannot be used to build commercial space. As a result, Charities Housing must fund the design and construction of the commercial space out of its own resources.

1) Financial impact to the developer/owner related to construction of the building space and required parking. To minimize the cost impact, Charities Housing is only building a cold shell for this 16,000 SF space at the onset. The cold shell only includes the exterior walls, and any structural components which are required to support the residential structure above. A concrete floor slab is not included. Fire protection will be installed for building safety prior to an occupancy permit being issued for the residential portion. Yet, even with these adjustments, the cost is substantial.

Commercial space also requires its own set of parking space. The number of spaces is calculated based upon the commercial square footage and the expected use; in the case of Blossom Hill, forty-four (44) spaces are required. Additionally, the commercial parking requirement, impacted the ability to have all of residential parking surface parked. Thirteen (13) residential spaces had to be located under the podium, which is a much more expensive option for providing parking.

Altogether, the soft and hard cost associated with the commercial space is approximately \$2.1 million dollars.

If and when a commercial tenant(s) occupies this space, they will be obligated to build out the balance of the mechanical, electrical, and plumbing systems and any tenant improvements as required by their specific needs. Given that there are vacancies in all four commercial shopping



CHARITIES HOUSING

centers at the nearby intersection of Blossom Hill and Snell, it is not clear when/if this new commercial space will be leased up. It is also likely that Charities Housing will need to provide rent concessions, allowances towards the tenant improvement work as well as paying for brokerage commissions in order to get the space leased.

2) Loss of affordable housing. Providing this 16,000 SF of commercial space resulted ***the loss of at least another 25 affordable housing units*** that could have been included in the development – a huge opportunity cost in a time when affordable housing remains far too scarce in our community.

The loss of these 25 units (or ~17% of the development's total unit capacity) not only decrease the number of seniors we can serve, it *INCREASES* the per unit cost at the development. In fact, we estimate that forgoing these units in favor of commercial space drove up the per unit cost by ~\$61,000/per unit.

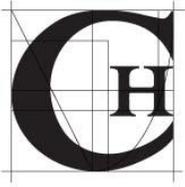
3) Loss of “opportunity funding” to develop more affordable housing. The funds being used to develop this commercial space come from a reserve established by Charities Housing. This reserve is funded from our annual operational savings over the past fifteen years. The intent of this reserve is to enable Charities Housing to quickly react when new development opportunities arise. The reserve is typically used to place deposits on new affordable housing development sites and pay for upfront due diligence. Charities Housing has even acquired new sites by using the reserve when necessary. The reserve has enabled Charities Housing to create a robust pipeline of new opportunities that will be built out over the next five to ten years, assisting the City in meeting its affordable housing production goals.

Having to contribute the \$2,100,000 described above to pay for the commercial space and parking in the Blossom Hill development, results in the potential loss of several additional new affordable housing opportunities that Charities could initiate. Alternatively, this also places a larger burden on the public funders who without this reserve, would need to be the source for this opportunity funding.

4) Utilization of limited internal resources. As a non-profit mission driven affordable housing developer Charities Housing is also utilizing our limited liquidity to build our internal organizational structure. Allocating this precious working capital and organizational human resource to commercial operations which we have very limited expertise and established systems and process, will distract us from the mission of developing and operating affordable communities.

Our Blossom Hill development provides a stark example of how the commercial requirements can have significant detrimental impacts on new developments. But sadly, this is not the worst-case scenario.

In fact, taken together, the four impacts described above could make a prospective affordable housing development completely infeasible – as would the case with our proposed Driftwood Family Apartments.



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Making New Affordable Housing Production Infeasible

The Driftwood Family Apartments site is an assemblage of three parcels located at the corner of Driftwood Drive and Winchester Blvd. These sites are in the Winchester Blvd. Urban Village with an Urban Residential designation. This designation requires that *“the existing commercial square footage must be replaced with an equivalent commercial square footage in the new development, at a minimum”*.

The existing commercial square footage on the three parcels totals 15,987 square feet. The preliminary site design indicates the site can accommodate 100 affordable family apartments in a four-story building over parking on the ground floor without any commercial spaces. To create ~16,000 square feet of ground floor commercial space the 75 parking spaces currently planned on the ground floor would need to be relocated to an underground parking garage at a cost of approximately \$2.7 million. In addition, at least 10 affordable units would be lost. The added cost and loss of units, conservatively estimated, will drive up the cost by at least \$40,000 per unit. In addition, Charities Housing will need to come up with at least another \$2.5 million of its own resources to build the commercial space. This development is on hold until the decision on the requirement to include commercial space is resolved.

Subject: GP 4-Year Review / Commercial Requirement for 100% Affordable Housing Projects (Item 10.2 on 11/30 Agenda)

Kathy Robinson <krobinson@charitieshousing.org>

Mon 11/29/2021 11:17 AM

To: District3 <district3@sanjoseca.gov>; City Clerk <city.clerk@sanjoseca.gov>

Cc: Tran, David <david.tran@sanjoseca.gov>

[External Email]

Some people who received this message don't often get email from krobinson@charitieshousing.org. [Learn why this is important](#)

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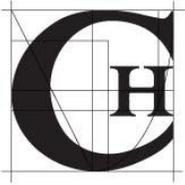
Good Morning Raul, Charities Housing would like to urge you, the rest of the Council and Mayor to follow the recommendations of the General Plan task force and vote in favor of eliminating the requirement to build commercial space in 100% affordable housing developments. The challenges of financing, building and actually leasing these spaces has been well documented and because the number of truly 100% affordable developments built is fairly small, it will have a negligible impact on the overall production of commercial/retail space in San Jose. Any opportunity to remove barriers that impedes the production of affordable housing throughout the city should be seized. This is one very important opportunity that should not be missed.

Attached is a letter that Charities prepared that clearly documents our experience with commercial requirements on a new senior development in District 3 as well as a new affordable development in District 1, that is stalled as a result of the onerous commercial requirement in the Winchester Blvd. Urban Village. To achieve disbursement of affordable housing through out the City, requirements that add costs, result in loss of units and potential prevent development from even happening, must be eliminated.

Thank you for your consideration of this request. We are happy to respond to any questions you may have.
Kathy Robinson 

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CHARITIES HOUSING

October 13, 2021

MEMORANDUM

TO: Whom It May Concern

FROM: Kathy Robinson

RE: Impact of Requirement to include Commercial Square Footage in 100% Affordable Housing Developments

There are four primary impacts associated with the City of San Jose's requirement to include commercial square footage in 100% Affordable Housing Developments. Using the Blossom Hill Road Senior Housing development (BH) as an example, these four impacts are summarized below.

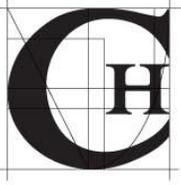
The 147-unit, 100% affordable senior housing development was required to include 16,000 SF of commercial space to replace the 32,000 SF warehouse style furniture store that was on the site. The funding sources to build affordable housing cannot be used to build commercial space. As a result, Charities Housing must fund the design and construction of the commercial space out of its own resources.

1) Financial impact to the developer/owner related to construction of the building space and required parking. To minimize the cost impact, Charities Housing is only building a cold shell for this 16,000 SF space at the onset. The cold shell only includes the exterior walls, and any structural components which are required to support the residential structure above. A concrete floor slab is not included. Fire protection will be installed for building safety prior to an occupancy permit being issued for the residential portion. Yet, even with these adjustments, the cost is substantial.

Commercial space also requires its own set of parking space. The number of spaces is calculated based upon the commercial square footage and the expected use; in the case of Blossom Hill, forty-four (44) spaces are required. Additionally, the commercial parking requirement, impacted the ability to have all of residential parking surface parked. Thirteen (13) residential spaces had to be located under the podium, which is a much more expensive option for providing parking.

Altogether, the soft and hard cost associated with the commercial space is approximately \$2.1 million dollars.

If and when a commercial tenant(s) occupies this space, they will be obligated to build out the balance of the mechanical, electrical, and plumbing systems and any tenant improvements as required by their specific needs. Given that there are vacancies in all four commercial shopping



CHARITIES HOUSING

centers at the nearby intersection of Blossom Hill and Snell, it is not clear when/if this new commercial space will be leased up. It is also likely that Charities Housing will need to provide rent concessions, allowances towards the tenant improvement work as well as paying for brokerage commissions in order to get the space leased.

2) Loss of affordable housing. Providing this 16,000 SF of commercial space resulted ***the loss of at least another 25 affordable housing units*** that could have been included in the development – a huge opportunity cost in a time when affordable housing remains far too scarce in our community.

The loss of these 25 units (or ~17% of the development's total unit capacity) not only decrease the number of seniors we can serve, it *INCREASES* the per unit cost at the development. In fact, we estimate that forgoing these units in favor of commercial space drove up the per unit cost by ~\$61,000/per unit.

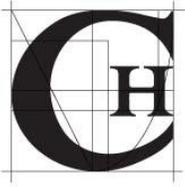
3) Loss of “opportunity funding” to develop more affordable housing. The funds being used to develop this commercial space come from a reserve established by Charities Housing. This reserve is funded from our annual operational savings over the past fifteen years. The intent of this reserve is to enable Charities Housing to quickly react when new development opportunities arise. The reserve is typically used to place deposits on new affordable housing development sites and pay for upfront due diligence. Charities Housing has even acquired new sites by using the reserve when necessary. The reserve has enabled Charities Housing to create a robust pipeline of new opportunities that will be built out over the next five to ten years, assisting the City in meeting its affordable housing production goals.

Having to contribute the \$2,100,000 described above to pay for the commercial space and parking in the Blossom Hill development, results in the potential loss of several additional new affordable housing opportunities that Charities could initiate. Alternatively, this also places a larger burden on the public funders who without this reserve, would need to be the source for this opportunity funding.

4) Utilization of limited internal resources. As a non-profit mission driven affordable housing developer Charities Housing is also utilizing our limited liquidity to build our internal organizational structure. Allocating this precious working capital and organizational human resource to commercial operations which we have very limited expertise and established systems and process, will distract us from the mission of developing and operating affordable communities.

Our Blossom Hill development provides a stark example of how the commercial requirements can have significant detrimental impacts on new developments. But sadly, this is not the worst-case scenario.

In fact, taken together, the four impacts described above could make a prospective affordable housing development completely infeasible – as would the case with our proposed Driftwood Family Apartments.



CHARITIES HOUSING

Making New Affordable Housing Production Infeasible

The Driftwood Family Apartments site is an assemblage of three parcels located at the corner of Driftwood Drive and Winchester Blvd. These sites are in the Winchester Blvd. Urban Village with an Urban Residential designation. This designation requires that *“the existing commercial square footage must be replaced with an equivalent commercial square footage in the new development, at a minimum”*.

The existing commercial square footage on the three parcels totals 15,987 square feet. The preliminary site design indicates the site can accommodate 100 affordable family apartments in a four-story building over parking on the ground floor without any commercial spaces. To create ~16,000 square feet of ground floor commercial space the 75 parking spaces currently planned on the ground floor would need to be relocated to an underground parking garage at a cost of approximately \$2.7 million. In addition, at least 10 affordable units would be lost. The added cost and loss of units, conservatively estimated, will drive up the cost by at least \$40,000 per unit. In addition, Charities Housing will need to come up with at least another \$2.5 million of its own resources to build the commercial space. This development is on hold until the decision on the requirement to include commercial space is resolved.

General Plan Update Item 10.2 Neighborhood Business District GPT 21-001

Barbara Marshman <[REDACTED]>

Mon 11/29/2021 12:24 PM

To: The Office of Mayor Sam Liccardo <TheOfficeofMayorSamLiccardo@sanjoseca.gov>; District1 <district1@sanjoseca.gov>; District2 <District2@sanjoseca.gov>; District3 <district3@sanjoseca.gov>; District4 <District4@sanjoseca.gov>; District5 <District5@sanjoseca.gov>; District 6 <district6@sanjoseca.gov>; District7 <District7@sanjoseca.gov>; District8 <district8@sanjoseca.gov>; District9 <district9@sanjoseca.gov>; Burton, Chris <Christopher.Burton@sanjoseca.gov>; Brilliot, Michael <Michael.Brilliot@sanjoseca.gov>; City Clerk <city.clerk@sanjoseca.gov>; District 10 <District10@sanjoseca.gov>

1 attachments (19 KB)

City council letter.pdf;

[External Email]

[REDACTED]

[External Email]

Attached is my first ever letter to the Mayor and City Council that was not printed with ink purchased by the barrel. While retired from The Merc, I am a 32-year resident of San Jose and a 25-year homeowner in Willow Glen. The letter is below and attached as a pdf.

Best,

B

Barbara Marshman

'First they came for the journalists. I don't know what happened after that.'

November 28, 2021

Barbara Marshman

[REDACTED]

RE: Item 10.2 Nov 30, 2021 General Plan Update GPT21-001 Neighborhood Business District—Willow Glen

TO: Honorable Mayor and Council Members:

I am writing to strongly support the recommendations made by my neighbor Jean Dresden in a letter dated Nov. 22 regarding the above referenced General Plan update. I support approving the concept of mixed use for the Willow Glen Neighborhood Business District Tuesday, but the actual plan change should be delayed until "objective zoning code" language is adopted to ensure that the area retains its pedestrian friendly character. Only clear and enforceable design guidelines can ensure continuous ground floor retail and other characteristics that will create a welcoming neighborhood and a successful business district.

The inevitable change on the avenue will come through different property owners and developers at different times in the coming years. One or two inappropriate projects early on could create irreparable harm to the city's ability to enforce standards later and for the district's ability to attract customers for shops and restaurants.

Our home abuts retail. Several one-story cottages on our block are duplexes; it took me years to realize it. On dog walks, we pass a number of two-or-more-story apartment buildings within a few blocks of us, in the heart of Willow Glen. We will welcome more residents, including housing over retail. But ground floor retail is essential on Lincoln. It's what makes "The Avenue" a little downtown.

We can house more residents of all income levels and make The Avenue better. Let's not screw it up.

Barbara Marshman

'First they came for the journalists. I don't know what happened after that.'

[Redacted] attached a document

 Unknown profile photo

[Redacted] has attached the following document:

City council letter

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November 28, 2021

Barbara Marshman



RE: Item 10.2 Nov 30, 2021
General Plan Update GPT21-001
Neighborhood Business District—Willow Glen

TO: Honorable Mayor and Council Members:

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We can house more residents of all income levels and make The Avenue better. Let’s not screw it up.

GP 4-Year Review / Commercial Requirement for 100% Affordable Housing Projects (Item 10.2 on 11/30 Agenda)

Jon White <Jwhite@abodeservices.org>

Mon 11/29/2021 4:23 PM

To: The Office of Mayor Sam Liccardo <TheOfficeofMayorSamLiccardo@sanjoseca.gov>; District1 <district1@sanjoseca.gov>; District2 <District2@sanjoseca.gov>; District3 <district3@sanjoseca.gov>; District4 <District4@sanjoseca.gov>; District5 <District5@sanjoseca.gov>; District 6 <district6@sanjoseca.gov>; District7 <District7@sanjoseca.gov>; District8 <district8@sanjoseca.gov>; District9 <district9@sanjoseca.gov>; District 10 <District10@sanjoseca.gov>; City Clerk <city.clerk@sanjoseca.gov>

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[External Email]

Dear Mayor and City Council Members,

Please find attached a comment letter from Allied Housing, a local affordable housing developer that has several projects in development in San Jose, on this item that could have a profound impact on the production of affordable housing in our community. I have also included a letter from Housing for Independent People which owns approximately 20 affordable housing properties in San Jose.

Thank you for considering this important issue.

Jon

Jon White, Chief Real Estate Officer
Abode Services, Allied Housing, Housing for Independent People, Community Working Group
Address: 40849 Fremont Blvd.
Fremont, CA 94538

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November 29, 2021

Mayor & City Council
City of San Jose
200 East Santa Clara Street, 18th Floor
San Jose, CA 95113

Re: November 30, 2021 Council Item - General Plan 4-Year Review - Commercial Space Requirements for 100% Affordable Housing Developments

Honorable Mayor and City Councilmembers,

We are pleased to see that the City Council will consider changes to the commercial space requirements that are placed on affordable housing developments. While the current rules were created with the well-placed intention to create active street fronts, they are serving as a serious impediment to construction of desperately needed new affordable housing development.

Requiring affordable housing developments to integrate commercial space, as well as the parking needed to serve this use, adds millions of dollars to the total development cost of a project. Furthermore, public sources of affordable housing funds cannot be used to cover these types of costs - creating an added financial burden that threatens the financial feasibility of new developments.

Our Casa de Novo project, located at 2188 The Alameda in San Jose, was delayed for several years in large part due to the financial infeasibility of having to include a large commercial component as part of the development. We were looking to have to fund raise for millions of dollars to make the project work as there were no sources to cover the commercial component. Once the Planning Department was able to determine that the commercial component could be eliminated through the use of streamlining legislation, the project immediately moved forward and is actively now being developed.

Further, we have to reject multiple potential project sites per year that otherwise would have been great as new affordable housing developments due to its close proximity to neighborhood amenities such as transit, grocery stores, pharmacies, libraries and parks due to a commercial component being required.

That's why we urge the Council to adopt the GP Task Force's recommendation to eliminate the commercial space requirements for all new 100% affordable housing developments. Put simply, the current commercial space requirements are preventing more



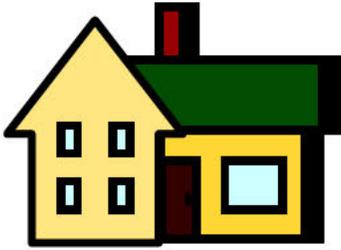
affordable housing projects from moving forward. Making this small, but critical, change will eliminate a major barrier to new affordable housing developments and bring us another step closer to meeting the dire need for more affordable housing in our community.

Thank you for your careful consideration of this important matter.

Sincerely,



Jon White
Chief Real Estate Officer



Housing for Independent People,

481 Valley
Milpitas, CA 95035

Telephone: (408) 941-1850

FAX: (408) 941-0294

November 29, 2021

Mayor & City Council
City of San Jose
200 East Santa Clara Street, 18th Floor
San Jose, CA 95113

Re: November 30, 2021 Council Item - General Plan 4-Year Review - Commercial Space Requirements for 100% Affordable Housing Developments

Honorable Mayor and City Councilmembers,

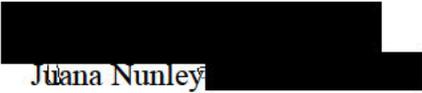
We are pleased to see that the City Council will consider changes to the commercial space requirements that are placed on affordable housing developments. While the current rules were created with the well-placed intention to create active street fronts, they are serving as a serious impediment to construction of desperately needed new affordable housing development.

Requiring affordable housing developments to integrate commercial space, as well as the parking needed to serve this use, adds millions of dollars to the total development cost of a project. Furthermore, public sources of affordable housing funds cannot be used to cover these types of costs - creating an added financial burden that threatens the financial feasibility of new developments.

That's why we urge the Council to adopt the GP Task Force's recommendation to eliminate the commercial space requirements for all new 100% affordable housing developments. Put simply, the current commercial space requirements are preventing more affordable housing projects from moving forward. Making this small, but critical, change will eliminate a major barrier to new affordable housing developments and bring us another step closer to meeting the dire need for more affordable housing in our community.

Thank you for your careful consideration of this important matter.

Sincerely,


Juana Nunley
Vice President of Property & Assets



Preventing homelessness by providing affordable housing to people with special needs



FW: Subject: Opportunity housing.

City Clerk <city.clerk@sanjoseca.gov>

Mon 11/29/2021 4:33 PM

To: Agendadesk <Agendadesk@sanjoseca.gov>

From: J'Carlin [REDACTED]**Sent:** Monday, November 29, 2021 1:00 PM**To:** City Clerk <city.clerk@sanjoseca.gov>; District 10 <District10@sanjoseca.gov>; District 6 <district6@sanjoseca.gov>; District1 <district1@sanjoseca.gov>; District2 <District2@sanjoseca.gov>; District3 <district3@sanjoseca.gov>; District4 <District4@sanjoseca.gov>; District5 <District5@sanjoseca.gov>; District7 <District7@sanjoseca.gov>; District8 <district8@sanjoseca.gov>; District9 <district9@sanjoseca.gov>; The Office of Mayor Sam Liccardo <TheOfficeofMayorSamLiccardo@sanjoseca.gov>**Subject:** Subject: Opportunity housing.

[External Email]

Greetings, Mayor and Council Members:

As many of you know I have been active for many years in supporting and advocating for improvements in the Urban Villages in the 2040 General Plan. Urban villages and Transit Oriented Developments are the only reasonable way to mitigate the dysfunctional effects of historical single family zoning. Other solutions including SB 9 and opportunity housing will only make infrastructure overload, parking issues, and gridlock worse as developers max out bedrooms in poorer areas of San Jose creating instant slums.

It is imperative that the San Jose City council create as many blocks as possible to development in single family neighborhoods outside the half mile planning area around Urban Villages and TODs. It seems that COPA may be one tool that may impede development outside urban centers.

San Jose is historically the middle class bedroom for the Peninsula. It is imperative that it stays that way with rational planned development in accordance with the 2040 General Plan.

Carlin Black
Urban Planner, Retired
District 1 Resident
San Jose California.

--

Carlin Black

Aka J'Carlin

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Letter from Destination: Home re GP 4-year Review / Item 10.2

David Low <david@destinationhomesv.org>

Mon 11/29/2021 5:02 PM

To: The Office of Mayor Sam Liccardo <TheOfficeofMayorSamLiccardo@sanjoseca.gov>; District1 <district1@sanjoseca.gov>; District2 <District2@sanjoseca.gov>; District3 <district3@sanjoseca.gov>; District4 <District4@sanjoseca.gov>; District5 <District5@sanjoseca.gov>; District 6 <district6@sanjoseca.gov>; District7 <District7@sanjoseca.gov>; District8 <district8@sanjoseca.gov>; District9 <district9@sanjoseca.gov>; District 10 <District10@sanjoseca.gov>; City Clerk <city.clerk@sanjoseca.gov>; City Clerk <city.clerk@sanjoseca.gov>

Cc: Ray Bramson <ray@destinationhomesv.org>

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Honorable Mayor & Councilmembers,

Please find attached a letter from Destination: Home CEO Jennifer Loving related to the following General Plan 4-year review item: elimination of commercial requirements for 100% affordable housing developments.

Please let me know if you have any questions or would like to discuss this issue further.

Thank you,
David

 Destination: Home Logo

DAVID LOW
Director of Policy & Communications



DestinationHomeSV.org

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California State Assembly
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Hon. Sam Liccardo
Mayor, City of San Jose

Hon. Evan Low
California State Assembly
Member

Councilmember Raul Perez
City of San Jose

Chuck Robbins
CEO, Cisco

Hon. Mike Wasserman
Santa Clara County Supervisor

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City of San Jose

Jennifer Loving
Destination: Home

Preston Prince
SCC Housing Authority

Joel John Roberts
PATH

Claudine Sipili
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John A. Sobrato
The Sobrato Organization

Ben Spero
Spectrum Equity Investors

Nicole Taylor
Silicon Valley Community
Foundation

Ted Wang
Cowboy Ventures

Gary Wipfler
Apple



P: 408.513.8700 F: 408.559.9515

E: info@destinationhomesv.org

3180 Newberry Dr, Suite 200, San Jose, CA 95118

DESTINATIONHOMESV.ORG

November 29, 2021

Mayor & City Council
City of San Jose
200 East Santa Clara Street, 18th Floor
San Jose, CA 95113

Re: General Plan 4-Year Review - Commercial Requirements for 100% Affordable Housing (Item 10.2 on the Nov. 30 City Council Agenda)

Honorable Mayor & City Councilmembers,

I write in support of the General Plan Task Force's recommendation to eliminate commercial space requirements for all new 100% affordable housing developments.

While well-intentioned, the current commercial space requirements are significantly hampering the production of desperately-needed affordable housing in our community. Integrating commercial space into affordable housing developments not only adds millions of dollars in additional development costs, it also reduces the number of affordable apartments that can be built on-site. And because public affordable housing funds cannot be used to pay for commercial space, these requirements create a unique financial burden on prospective affordable housing developments.

In many cases, these requirements have made prospective developments financially infeasible. And even for those who find a way to make a project pencil-out, we end up with significantly fewer affordable apartments at a higher overall cost per unit.

At a time when our housing crisis has reached new depths, we cannot afford to continue imposing requirements that are adding costs and reducing the number of affordable homes we are able to produce - particularly when we see that many existing affordable housing developments continue to see their commercial space sit vacant.

That's why it's critically important that the City Council adopt **the General Plan Task Force's overwhelming recommendation to eliminate these requirements for all 100% affordable housing developments** by:

1. Removing the commercial space requirement for 100% affordable housing developments in Policy IP-5.12, and
2. Directing staff to immediately begin work on a proposed General Plan amendment that would completely eliminate commercial space requirements for 100% affordable housing developments citywide.

This is one of the most impactful actions that the City Council can take today to accelerate affordable housing production in our city and achieve the City's ambitious goal of developing 10,000 new deed-restricted affordable housing units. Please adopt the GP Task Force's recommendation to eliminate all commercial space requirements for 100% affordable housing developments.

Thank you,

Jennifer Loving
CEO