

CATALYZE SV

May 1, 2018

San Jose City Leaders,

Like you, we believe San Jose works best when everyone has an opportunity to prosper from development. We believe by working together to solve individual as well as mutual concerns, the community, the city and developers can find mutually beneficial solutions.

From last week's session on development, we had a number of thoughts that we ask you to consider:

1. **San Jose is Still Primed for Development.** Despite the protestations of some developers last week, not every developer believes it is impossible to build in San Jose right now. In a Silicon Valley Business Journal article last week, the chief investment officer at developer TMG Partners said, "San Jose is definitely having a renaissance'." The same article also noted that the cost of land in the Bay Area is going down.¹
2. **But Parking Requirements Are Hampering Development.** Parking is an albatross hanging around the neck of development in our city. At one moment, the presenters explained "parking is a massive cost to a project, ranging from \$30,000 to \$60,000 per space. They went on to say the market is open to reducing the amount of parking in new developments. They also pointed to the example of how few people were using parking spaces near BART stations. From that, they concluded that parking ratios can be much lower next to transit.

If parking is such a huge cost for developers, and developers need to find ways to make their projects viable, then let's incentivize development next to transit and reduce parking requirements there. Perhaps we can make move to parking maximums, or eliminate requirements altogether, or reduce them to by 0.25/du parking space reduction. Can developers eliminate excess parking with an approved Traffic Demand Management plan? Or maybe we could give incentives to developers and building occupants that support other means of mobility. There are numerous ways to get around a city beyond the privately-owned car - bikes, walking, public transit and ridesharing. All of these methods reduce traffic and pollution.

Moreover, technological advances in transportation could bring autonomous vehicles to our Valley soon. Even if you want to maintain parking minimums, is there a way to build parking garages so that their usage could change over time if/as parking demand falls as car usage changes? If you want to make it easier for developers to build quality projects, the first thing you can do is ensure developers don't have to build so many parking

¹ <https://www.bizjournals.com/sanjose/news/2018/04/27/construction-costs-killing-new-bay-area-housing.html>

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spaces. If the way for San Jose to get more projects built quicker is to have fewer parking spaces in them, we need to do it.

3. **To Build Buy-in, Developers Could Be More Transparent.** At one point, in reference to a proforma, one of the developers presenting said, "You can make a spreadsheet say anything you want it to." While we wish to take them at their word that making projects financially viable is challenging right now, this gave us more than a little pause. While developers are crucial partners in developing our city, it is valuable to remember the advice attributed to Ronald Reagan: "Trust, but verify."

Developers have an incentive to get the best possible deal for them; in turn, it's important the City Council gets the possible deal for our community.

We have heard that some developers on mixed-use projects include revenue from only a single-use in their break-even financing. This misleading accounting can make projects appear infeasible and incentivize developers not to fill retail space post-construction. Developers should open their proformas to broader examination if they want to request fee reductions from the City of San Jose.

4. **A Comparative Analysis is Always Valuable.** Mayor Liccardo asked about this last week and we believe it is worth further research and reflection: Do we have all the info we need to compare development in San Jose to other cities? Are other similar cities in the Bay Area, in California and America facing the same issues with the cost of development? Do we have the data we need in terms of the:

- a. number of projects in the pipeline,
- b. time it takes to review projects,
- c. percentage of fees we charge,
- d. type and cost of construction materials used,
- e. number of planning staff,
- f. way those staff spend their time,
- g. height of buildings, etc.?

5. **Shortening the Review Process.** If development fees need to remain constant, can we make development more viable for developers by shortening their development process? Can we hire more planners in the 2018-2019 budget to do this? Wouldn't the costs pay for themselves by getting more projects built quicker, which in turn provides more tax revenue to our cities?

6. **Making the Review Process More Nimble & Responsive to Change.** To simplify the development process, can we look at more form-based coding like the example of Redwood City the presenter gave and Downtown San Jose that Mayor Liccardo raised?

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City planning department is severely understaffed and overburdened. Not only is it taking decades to complete the urban village plans, but Specific Plans in the City are decades old and in need of updates. The City needs a less tedious/more flexible process that can update without years of planning staff time. Can the City work with developers during a genuine community engagement process to define the parameters for a project? Can zoning be updated at the same time as the General Plan?

Sometimes, the planning process feels too caught up in “12 years ago we zoned this building W and it has to meet X, Y and Z to be approved,” as opposed to “Let’s work with this developer to build the best possible project on this land it owns right now as long as it brings maximum value to the city.”

7. **“If the Council Approves It, Developers Should Build it.”** Because the housing crisis is so dire, is there more we can do to encourage the pace and completion of projects? As Councilmember Jimenez noted, Catalyze SV is also frustrated that some developments are approved but then not expeditiously (or ever) built. Can we incentivize projects that get underway swiftly or discourage projects that take too long to break ground or just get “resold” for entitlements? Can we incentivize projects that are completed quicker than their initial estimate or increase fees on projects that become excessively delayed?
8. **Prioritize the Best Projects.** As with the City’s “Signature Project” process, can we speed up project review for proposals that meet key city needs, such as those that build the maximum number of homes possible, include a mix of uses and are near transit?
9. **“Early Community Engagement is Like Yeast ... It Makes the Dough Rise.”** We believe the development process can also be sped up if the City enhances its community engagement process. In our conversations with developers, they have told us two key factors to make a development work for them: 1) reducing time it takes to get a development through the entitlement process; and 2) ensuring a project won’t be revised so much by the end of the entitlement process that it is no longer financially feasible. Engaging the community around proposals is a cause for anxiety for many developers. Rarely are they met with constructive voices suggesting solutions: “I like this project and will support it wholeheartedly if you make improvements X,Y & Z.” Instead, developers constantly worry that neighbor opposition to projects can metastasize suddenly or mount quickly, putting their projects in real jeopardy of being approved, financed, and built.

Catalyze SV believes when a developer engages a wide spectrum of the community early (when the developer first begins conceiving of a project), often (at multiple stages before decision-makers weigh in), and in a meaningful way (a productive exchange of

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ideas), the developer will have a greater understanding of the assets, needs and desires of the community. In turn, developers also have an opportunity to better discuss the constraints they face to ensure projects are viable.

With this enhanced understanding, the developer is more likely to include reasonable yet responsive community benefits as it finalizes the project design. With enhanced community benefits incorporated into the project, more community members will know their voices have been heard, will see value in the project, and are more likely to support the project. Greater public support means the project is less likely to be delayed or disappear as it weaves its way through the approval process. This meets the two key needs that developers have told Catalyze SV time and again are top priorities: speed and certainty. With less opposition, developers will be able to build projects more quickly to solve our region's housing crisis.

Catalyze SV would love to talk with you and the Planning Department more about how we might be able to advise or assist the City on enhancing its community engagement process.

10. **Community Benefits Benefit All Parties.** One of the presenters explained that community benefits are expensive. There was no data whatsoever to back up this claim. Community benefits are a broad category that can have minimal costs to projects if developers are willing to seek creative solutions with the community, and seek them early. Is it expensive to put in native plants that save water and enhance local wildlife? How about appealing public art that can create a sense of place and community, not to mention possibly increasing demand to move there? What about efforts to encourage other forms of mobility such as transit passes, bike infrastructure, etc., instead of building parking spaces at up to \$60,000 per space? We believe these are but a few examples of cost-efficient community benefits.

Moreover, there is great external value in community benefits to a project. Not only can community benefits help a developer directly by building community support for a project and thus increase the possibility of project supporters (or reduce project opponents), it brings benefits to the broader community, our city, and the region. These have intrinsic value for the developer, the City and our community.

11. **Can San Jose Residents Afford Higher Rents?** One of the messages we heard last week was that rents need to be even higher to justify new projects from developers. Do rents in San Jose really need to be higher to support new development? Will higher rents do anything to help the housing crisis? This feels like rather misguided logic. It's as if you're running a marathon and in the last mile, your legs start to give out, you can't breathe anymore, and your vision gets blurry. You need medical attention. You collapse

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from exhaustion and instead of offering you help, someone says, “you can do it, just keep running, get up.” With condos selling for record prices and San Jose rents breaking records, it is difficult to believe that projects do not pencil out. A thorough analysis provided by a third party not financially invested in development would be needed to justify such a bold claim.

12. **Connection Between Cost of Housing & Cost of Labor.** If one of the sources of high construction costs are a lack of construction workers and skilled craftsmen, couldn't that be a result of the high cost of living in San Jose? According to the rule of supply and demand, if we build more projects, there will be more places here for these workers to live. Having more workers will bring the supply and demand better into balance, which could reduce the cost of hiring them.

How does San Jose's new policy on union workers relate to these recent claims by developers? This feels like developers are leveraging this issue to force a Faustian bargain with the City: union labor wages or community benefits and park fees.

The main justification given for continually rising rents was due to increased construction costs and “East Coast” money that “might not understand the Bay Area.” Whether or not financial institutions understand Silicon Valley seems irrelevant to the root cause of the high costs of construction: labor. It was stated that about 50% of all construction costs are labor. It was further stated that trade labor is in short supply for a number of reasons (e.g., recession, exiting workforce, moving, etc.). We need to validate this claim. If it is true and labor is the single biggest rising cost for construction, then we need to take immediate and aggressive actions to bring workers here until we our out of our crisis.

Maybe it means we initiate a five-year plan where we import 5,000 trade workers and create modular, workforce housing to accommodate this temporary need. When the work is complete (if it is ever complete), the units can be turned into supportive housing for all residents (e.g., supportive housing, veterans, teachers, or simply all levels of affordable housing). If we can't find a way to reduce the cost of housing (from construction to sale/rental), rents will continue to rise and the affordability gap will widen further. We can't just focus on increasing rents to justify housing construction; rather, we need to change the equation to keep housing profitable when rents are lower.

13. **We Can't Build a Better San Jose Without Mixed-use Neighborhoods.** Despite what some have suggested, we should ensure developers continue to include commercial components to projects. We should not reduce the requirements of building mixed-use projects. We should not allow single zoning buildings/districts. Many developers only cater to large single tenants, but not every project can lease to a tech giant. Multi-tenant commercial and retail space for small businesses is a limited supply and a market that

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developers are ignoring. Not only do some real estate professionals believe that the retail sector is still healthy, research from Deloitte also backs up this perspective.²

A mix of homes, shops and offices is a key element in making San Jose a more vibrant city for people. To attract the next generation of talent to our city, we need more neighborhoods like this.

Mixed-use neighborhoods are also critical to reducing traffic and carbon emissions. San Jose cannot achieve its recently touted climate goals if we do not build mixed-use neighborhoods that reduce VMT.

Any compromise here is a bit like staying up for four nights straight to see the sun rise. It could feel good for us in the short-term, but it's harmful and will eventually catch up to us.

- 14. Innovative Construction Methods Can Save Money.** San Jose sacrificed many development policies in the late 1990s and converted industrial land to build cheap, low-density housing. These short-term housing fixes hurt the city in the subsequent recession. Rather than continue sacrificing our goals, can San Jose promote innovation in construction? Let's get developers to further investigate modular developments such as Second Street Studios or Panoramic Interests. Why has the city of San Jose not investigated heavy timber wood high-rises?

Modular/prefab construction saves time, reduces costs, reduces injuries and can be performed by a larger segment of the population. Multiple concrete elements can cure simultaneously, wood elements can utilize an assembly line process, and building systems (plumbing, electrical, etc) can be installed prior to arrival on site. These construction techniques are flexible for even custom designs.³

Emerging heavy timber high-rise construction can also reduce costs. Can San Jose leverage the work being done in other cities to accelerate the adoption of this construction in the Bay Area? Can San Jose's departments assist developers interested in pursuing wood high-rises to reduce the bureaucratic process? Wood is the cheapest and simplest construction material for contractors. Finding ways to expand the use of wood will help reduce construction costs and sequester carbon (unlike steel and concrete).

² <https://www.bizjournals.com/sanjose/news/2018/02/21/santana-row-new-retail-soulcycle-mendocino-farms.html>; <https://www2.deloitte.com/insights/us/en/industry/retail-distribution/future-of-retail-renaissance-apocalypse.html?id=us;2el:3pr:4di4365:5awa:6di:031418:&pkid=1003795>

³ <http://www.northbaybusinessjournal.com/northbay/napacounty/8090084-181/napa-residential-modular-construction>; <https://turnercenter.berkeley.edu/blog/modular-construction-in-the-bay-area-the-future-is-now>

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15. **Innovative City Technology Can Save Time.** While there are technology solutions on construction sites, our City's Planning Department can be doing much more to adapt. Why are planning submittals not available on the City's website? Why does the city not allow electronic permit submittals or digitally signed documents? Technology can help streamline many government processes and free up staff time for more critical work.

16. **San Jose Must Dream Bigger and Be Bolder.** We are skeptical of any claim that density is not feasible in Silicon Valley. Just because it hasn't been done here yet, doesn't mean it can't be. After all, every large city comparable in size to San Jose has buildings beyond 24 stories. Vancouver, Canada, is going a step further by putting 30-story buildings right next to transit stations, just as San Jose must do at the future Berryessa Transit Center where BART service begins in the next year.⁴

San Jose is at a crossroads. If we don't build housing to meet the demand, the future of our region is in real jeopardy. We can't keep going like this, tinkering at the edges of city policy to try and solve this massive shortage. We need much more transformational change to save our vulnerable city.

It was Robert Kennedy who paraphrased George Bernard Shaw when he said, "There are those that look at things the way they are, and ask why? I dream of things that never were, and ask why not?" When it comes to development in San Jose, it's time for San Jose to dream and ask why not.

Thank you for considering these ideas. We hope that as policymakers, you can act on and implement some of them.

Sincerely,

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<https://www.seattletimes.com/seattle-news/transportation/seattle-struggles-with-growth-and-transit-while-vancouver-b-c-figured-it-out-years-ago/>

TRANSMITTED VIA EMAIL

April 30, 2018

Honorable Mayor Liccardo and Members of the City Council
 City of San Jose
 200 E. Santa Clara Street, 18th Floor
 San Jose, CA 95113

Dear Mayor Liccardo, Vice Mayor Carrasco, and Councilmembers Arenas, Davis, Diep, Jimenez, Jones, Khamis, Nguyen, Peralez and Rocha,

Re: Item 4.5-- Report on the Cost of Development in San José

SV@Home is a nonprofit housing policy and advocacy organization that is dedicated to creating affordable housing opportunities in the high-cost Silicon Valley. SV@Home represents a broad range of interests, from leading employers who drive the Bay Area economy, to labor and service organizations, to local government agencies, to nonprofit and for-profit developers who provide housing and services to those most in need.

We are very supportive of the Mayor and City Council's plan to create 25,000 new housing opportunities, including 10,000 that are affordable, over the next five years. We know that this goal is ambitious, especially with the need for more land and funding opportunities to meet affordable housing targets.

Given current housing prices and the cost of building new homes, we agree that the City must consider ways to reduce costs. While one of the ways this can be accomplished is through the reduction in fees, another is through adoption of new incentives. Incentives can include parking reductions, as was discussed at last week's study session, or reduced setbacks, increased heights, fast track permitting, approval of alternative building systems, and more.

As the Council considers options, **we urge you not to take any action that would reduce the number of affordable homes.** We can point to several times over the years where the Council took action that impacted affordable housing. North San Jose is a prime example-- 95% of all housing in NSJ now has market rate rents, affordable only to households with six figure incomes, as developers were relieved of their inclusionary requirements. Similar decisions have exempted Downtown San Jose from affordability requirements over the years.

San Jose and its surrounding cities face a severe crisis of housing affordability. And while San Jose has been a leader in providing affordable housing, its ability to respond has been impacted in recent years as funding and tools the City once had were lost. One of the tools the City does still have is its inclusionary

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Leslye Corsiglia
Executive Director

Honorable Mayor Sam Liccardo and Members of the City Council
Re: Item 4.5-- Report on the Cost of Development in San Jose
April 30, 2018
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ordinance. San Jose fought hard— all the way to the U.S. Supreme Court— to protect its right to implement its ordinance. The Council must continue to protect the ordinance — and alternative compliance options like in-lieu fees — to address the housing crisis impacting lower- and moderate-income San Jose families.

We appreciate the good work of staff, the Urban Land Institute, and Keyser Marston to lay out the challenges the City faces in addressing the housing crisis.

Sincerely,

Leslye Corsiglia
Executive Director

From: **Randy Shingai**

Date: Thu, Apr 26, 2018 at 9:56 AM

Subject: April 25, 2018 Study Session Item 4.5

To: "Jones, Chappie" <chappie.jones@sanjoseca.gov>, mayoremail@sanjoseca.gov,
district2@sanjoseca.gov, District3@sanjoseca.gov, district4@sanjoseca.gov,
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Cc: "Pressman, Christina" <Christina.Pressman@sanjoseca.gov>, , Bob Levy

Even though the staff report says that West San Jose is the only area of San Jose with market conditions that make development viable, there are two Signature Projects in the pipeline that will not include parkland. These two projects will not be in compliance with General Plan PR-2.6 .

PR-2.6 in San Jose's General Plan says:

PR-2.6 Locate all new residential developments over 200 units in size within 1/3 of a mile walking distance of an existing or new park, trail, open space or recreational school grounds open to the public after normal school hours or shall include one or more of these elements in its project design.

I do not understand why projects in parkland deficient parts of West San Jose are not in compliance with General Plan PR-2.6, when the City's own market analysis says that these projects can support the current parkland fee structure.

Here are links for the two Signature Projects, PDC16-036 and PDC17-056:

<http://www.sanjoseca.gov/index.aspx?NID=5380>

<http://www.sanjoseca.gov/DocumentCenter/View/76313>

Thank you,
Randy Shingai

From: bob tom [REDACTED]

Sent: Friday, April 27, 2018 3:59 PM

Subject: a letter from Blair Beekman. Friday April 27, 2018. _____ Cost of Development. city of s.j.study session. 4/26/18.

Dear city govt. of San Jose,

It seemed like, a nice meeting yesterday, about the future of developing, in San Jose.

I had to leave early, to attend the Mayor's Gang Task Force, meeting, at the other end, of the council building .

I am sorry, if my exit, may have been, a little ruffled, or grumpy.

To offer, my daydream, thought-at-the-moment, yet formal way, to talk about issues, the rest of you, are spending months of worry on,

San Jose government, is trying to say, the new housing & developers party, of the past 5 years, in district 4, around the new, Milpitas BART station, is coming to a close.

It seems people, of the 'Urban' think tank, and developers themselves, yesterday, are accepting and understanding, of this concept. And accepting, that profits may not be as large, in the future.

But they simply have honest questions, how this can work. And how to pay for rising costs.

It seems it is, low income, lower middle class housing, that is coming into focus, of housing needs in San Jose, for about the next five years.

Although a bit perplexed, I felt a feeling of acceptance by developers, if they can be shown, good business models, towards, simple, more cooperative efforts, of how to plan for housing, n the next five years.

The housing markets, go in 5-10 year cycles. I hope the cooperative, good guy idea, for the next 5-10 years of housing, can be accepted. It can open up, some interesting, new, more mellow ways, for everyone, in 5 years time.

For instance, Public Land Trust issues, for example, that I feel should be seriously considered, in the land sale with Google, at this time.

The volatility, that land speculation brings, explained by the Urban Think Tank, was very disheartening, on a personal level, in the pain and tension, and constant turmoil, they go through.

And then how their simple land speculation, and its constant, speculative, month by month fluctuations, can end up affecting decision making, on every level of our society.

A developer mentioned, he is receiving, an 8% profit, in the apartment towers they are building downtown, that cost himself, \$165 million, to build.

The work needed at this time, is to convince developers, this 8% profit, can be reduced to 5%, and not to touch the fees, meant to help lower income people, in the first place.

How to help lower income people, and question the existence of profit, high profit, and to learn, how much a healthy profit can be made, at a smaller scale, is the whole point, of the next 5-10 years, of how to work together.

As usual, Mr. Bob Bernstein, offered a very nice idea, that a developer, does not have to pay all of the fees, upfront.

Fees can work though, whoever a finished building, is eventually sold to. And, with a small payment system of fees, being paid, throughout the life of the building.

sincerely,

blair beekman



San Jose Park Advocates

April 20, 2018

Honorable Mayor and City Councilmembers
City of San Jose
200 East Santa Clara Street
San Jose, CA 95113

Honorable Mayor and City Councilmembers:

RE: Council Study Session 4/26 on Cost of Development and Fees
Council Meeting 5/1 Item 4.5 on Cost of Development and Fees

The upcoming sessions on the Cost of Development may bring calls for discounting of the Park Trust Fund fees and the elimination of land dedication requirements for signature projects. We are opposed. Parks are far more than large grassy turf areas. They are strategic partners in building a thriving, healthy community—when they are designed and placed properly through a strategic lens. The fees are a modest component of the overall cost of development and are not the driving factor in whether a project is financed.

We ask that the council

- 1) Affirm their commitment to the Park Trust Fund (PDO/PIO) at its current rates, and continue the requirement for land dedication for signature projects.
- 2) Direct staff to expend funds to locate park/public open space in or adjacent to the urban villages.
- 3) Direct staff to design park and public open space through the strategic lens of creating attachment and community cohesion between new residents and nearby residents by using elements that facilitate everyday public life as well as special events.
- 4) Direct staff to provide guidelines to development partners on designing public open space that meet the same strategic goals. Ask Planning staff to include within reports to the Planning Commission and Council a discussion of whether these public open spaces meet these goals and where they are deficient.
- 5) Direct staff to identify a resource and provide funding in FY18-19 that will help PRNS be more nimble at acquiring park land in and near urban villages, by using an outside real estate consultant or a member of the real estate group within OED.

Parks and Public Open Space will play a critical role in the success of the urban villages and must be a key element in creating **everyday public life**. Your recent study session showed the importance of public open space in creating “attachment,” a sense of belonging to a place where they engage to invest their hearts, their efforts, and their finances. Attachment is an important factor in determining whether the recent transplant will stay and continue to help San Jose’s firms to thrive.

Parks are critical in creating community cohesion where new residents and nearby residents can meet on equal terms. Parks must be located where they live and must be designed so they may interact every day.

Parks and Public Open Space with good design elements and placement within an urban village can make activation easy for both *everyday public life and special events*.

When Park Trust Fund fees are diverted to projects miles away from the urban villages, the opportunity to cohesion among the new residents and their nearby neighbors is lost. Every day public life and attachment to place is diminished. The opportunity for nearby special memory-making events is lost. When urban village residents must drive to a public space, the strategic value is diminished.

The Parks and Planning departments are encouraged to develop turnkey park and POPO (privately owned and public open) design guidelines to share with development partners. When facilities are well-designed, every day public life and special events can occur easily and spontaneously. Poorly designed facilities such as barren, hot and treeless facilities deter residents from using the location for their everyday public life interactions. And no event organizer would use it.

The urban villages are located in park deficit areas. There are no nearby parks or public spaces for every day public life. There is nothing for PRNS to use for a special event—nowhere to stage Viva Calle or Viva Parks. It is critical that council direct PRNS to aggressively seek land near the urban villages and provide funding/staffing for the real estate expertise. Do not allow Park Trust fund dollars to be diverted from the strategic aims of the urban villages.

San Jose has a long history of creating park deficit areas in response to pressures to build more housing. But a few city councils were more creative.

- 1960s City park bond passed and leveraged state park bond money
- 1980s Almaden developers given density bonus in exchange for Los Alamitos Creek trail
- 1988 City adopted Park Dedication Ordinance (PDO) authorized by state in 1965
- 1992 City adopted Park Impact Ordinance (PIO) authorized by state in 1987
- 1990s Evergreen is built out with many parks and trails
- 2006 Park fees updated to match current land values; automatic updates implemented

There's long been talk of a park bond to acquire more land, but nothing has come forward. Staff leverages state grants with PDO/PIO funds to do what it can.

Will this council choose to be like those of the 1950s and 1970s that encouraged population growth without parks? Or will this council choose to develop vibrant parks strategically, to develop attachment among residents, create community cohesion, and allow the everyday easy interaction of people to make more parts of San Jose a great place to live and work?

Sincerely,

/s/

Jean Dresden
Coordinator

cc. David Sykes, Angel Rios, Kim Walesh, Rosalyn Hughey, Ru Weerakoon



COMMITTEE FOR
GREEN FOOTHILLS



April 25, 2018

To: San Jose Mayor and City Council

Re: Study Session on Cost of Development in San Jose

Dear Mayor Liccardo and City Councilmembers,

Thank you for the opportunity to submit these comments for the study session on the cost of development in San Jose. As impact fees for parks are included in the analysis of City fees and taxes in Staff's report on this issue, we wish to contribute our perspective as environmental organizations representing our members in San Jose.

Parks provide a variety of benefits to a community. Parks and other green spaces filter pollution from the air and reduce the "heat island" effect of glass, concrete and asphalt. Soil and vegetation filter stormwater runoff, resulting in cleaner water in creeks and the Bay; pervious soils also allow stormwater to sink into the ground, recharging the groundwater table and reducing the risk of flooding. Trees and other vegetation also slow the speed of stormwater runoff, which reduces the potential for erosion into creeks – erosion that can both damage riparian property and impair water quality in creeks, further increasing flood risk. Trees and other vegetation also provide habitat for wildlife; every tree and plant is a potential source of food and habitat for insects and birds, while tree-lined riparian corridors provide migration routes for birds and mammals.

The social benefits of parks are particularly significant. In cities with well-frequented parks, crime rates are lower (particularly juvenile crime). A neighborhood park is often the social center of the community – the place where family gatherings happen, where birthdays and special occasions are celebrated, and where friendships among neighbors are formed and strengthened. These social bonds among neighbors create a stronger sense of community and make it more likely that residents will look out for one another, increasing safety. Property values are increased in neighborhoods with parks; nationwide research has shown that wealthier neighborhoods have more trees and green spaces. Businesses prefer to locate in cities with good park systems, since access to parks is a major component of the "livability" of a city.

Finally, both physical and mental health are improved when people have access to parks and nature – not only do parks and trails encourage exercise, but people report lower levels of depression, anxiety and stress when they have the chance to get outdoors and enjoy nature. One study showed that levels of stress and frustration dropped when subjects walked through a tranquil park rather than a busy urban street.¹ Another 10-year study showed that surgical patients had faster recoveries when their hospital rooms had views of trees rather than of a brick wall.² People living in neighborhoods with more birds, shrubs and trees are less likely to suffer from depression, anxiety and stress.³

¹ Aspinall, P., Mavros, P., Coyne, R., and Roe, J., "The urban brain: analyzing outdoor physical activity with mobile EEG," *Br J Sports Med*, 2013.

² R. S. Ulrich, "View through a Window May Influence Recovery from Surgery," *Science* 224 (1984): 420-421, cited in Howard Frumkin, "Beyond Toxicity: Human Health and the Natural Environment, *American Journal of Preventive Medicine* 20, no. 3, (2001): p. 237.

³ Daniel T. C. Cox et al, Doses of Neighborhood Nature: The Benefits for Mental Health of Living with Nature, *BioScience* (2017). DOI: 10.1093/biosci/biw173

In sum, a robust park system is an essential part of a thriving city. As San Jose grows and adds new residential development, it is essential that San Jose's park system grow in tandem with the population in order to adequately serve the community. One essential point to keep in mind is that one of the most important aspects of a functioning park system is accessibility. When residents live more than a short walk along a safe, walkable route to a park, those residents are not being adequately served by the park system. Having parks dispersed throughout residential communities requires availability of land. San Jose's PIO and PDO are intended to ensure that new parkland is dedicated at a rate that will achieve the Quimby Act standard of 3 acres per 1,000 residents.

As the Staff report states, San Jose still has 51 underserved neighborhoods that are not within 1/3 mile of a park, trail or recreational open space. Additionally, the City's parks, trails and community centers have a backlog of \$293 million in infrastructure repairs. Additional funding for the City's parks system is sorely needed, as was recognized by City Council a year ago when PRNS presented a report on Sustainable Park Maintenance. As the February 24, 2017 Memorandum from Mayor Liccardo and Councilmembers Rocha and Jimenez stated, "at our current rate of spending, we will likely continue to fall behind on [infrastructure] maintenance as our parks decay and the cost burdens on our children only grow."

The Staff report states that city fees and taxes have only a marginal impact on development feasibility, with the major drivers of feasibility being construction costs and available return. Additionally, San Jose's development costs are in line with surrounding cities.

We believe that parks are as much an essential part of livable cities as police protection and road maintenance. San Jose needs to not only maintain but increase its current level of funding for parks in order to truly be a world-class city.

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