



Memorandum

TO: CITY COUNCIL

FROM: Mayor Sam Liccardo

SUBJECT: SEE BELOW

DATE: December 13, 2021

**Submitted electronically*

APPROVED:

DATE:

December 13, 2021

**SUBJECT: GPT21-005 - AMENDMENTS TO GENERAL PLAN POLICY IP-5.12
RELATED TO COMMERCIAL REQUIREMENTS FOR AFFORDABLE
HOUSING PROJECTS**

RECOMMENDATIONS

Accept the memoranda from Councilmember Peralez, Cohen and Foley, and Councilmembers Davis, Jimenez, and Arenas to eliminate commercial requirements for affordable housing as recommended by the General Plan 4-Year Review Task Force recommendation, and:

1. Direct Staff to add an action item to the General Plan to come back and have Council identify specific commercial sites that would be unsuitable for Policy IP-5.12, by:
 - a. Taking Councilmember Peralez's recommendation 2a approach applied citywide, and deploying staff's recommended approach for identifying strong ground-floor commercial sites, as described in its December 13, 2021 memorandum.
 - b. Identifying areas at-risk of small business displacement, to be defined by staff.
2. For sites where commercial would be required per staff analysis from recommendation 1, lessen the requirement of a 1:1 replacement ratio to mirror that of the recently approved commercial requirements for sites within Neighborhood Business District (NBD) Overlay zones (60' depth / 100' frontage). Where the minimum feasible commercial qualification cannot be met, forgo the requirement entirely.
3. Direct staff to return with more specific guidance and language for 1a. and 1b. during the Housing Crisis Workplan update in Q1 2022.
4. Study key employment sites and includes strategies to encourage or incentivize the development of ground-floor commercial space in affordable housing projects, including but not limited to:
 - a. Condominiumizing and financing commercial space separate from the affordable housing project

- b. Utilizing the City's commercial paper program to develop and/or build out the commercial space
- c. Utilizing lease-revenue bonds, backed publicly or privately, to develop and/or build out the commercial space
- d. Partnering with impact investors to own, build out, manage, and lease to tenants the commercial space
- e. Exploring commercial community land trusts – akin to the residential community land trusts being explored as part of the Housing Crisis Workplan – to provide more community driven leasing, and affordable spaces for small businesses and non-profit organizations.

Background

My appreciation to my colleagues, the General Plan 4-Year Review Task Force, community stakeholders, and City staff for thoughtfully considering Policy IP-5.12. I agree that the policy in the General Plan should be updated to reflect the dire need for affordable housing production in our City, but also believe this goal should be balanced with preserving commercial space in key employment areas and in areas at risk for displacement.

Our residents at all income levels deserve services, amenities, and job opportunities in their own neighborhoods. They deserve vibrant ground-floor street fronts activated with office, retail, and/or commercial amenities. They deserve not to continue to suffer as victims of poor land-use planning of the past, which have left us with a suburban pattern of segregated land uses that subjects our residents to long commutes and soul-sapping time in traffic. They deserve to live in a city that has a balance of employment and housing uses, rather than living in a city constrained to a future of chronic fiscal shortfalls, low staffing, and declining basic services. I offer the recommendations above to balance our priorities through identification of specific areas that should maintain reasonable commercial requirements.

We should not expect affordable housing developers to shoulder the entire cost of adding commercial space, and we see great value in exploring ways for the City, non-profits, private sector partners, and even neighborhood stakeholders to create financing and/or ownership partnerships to bring this commercial space to fruition. Let's begin this work in earnest.