

From: Mathew Reed

Sent: Thursday, June 7, 2018 4:54 PM

To: Diep, Lan; District4; Khamis, Johnny; District 10; Davis, Dev; District 6; Peralez, Raul; District3; Rocha, Donald; District9; District1; Jones, Chappie; Jimenez, Sergio; District2; Carrasco, Magdalena; District5; Nguyen, Tam; District7; Arenas, Sylvia; District8; Liccardo, Sam

Cc: City Clerk; Morales-Ferrand, Jacky; Walesh, Kim; Weerakoon, Ru; Kazantzis, Kyra; Hughey, Rosalynn; Leslye Corsiglia; Pilar Lorenzana

Subject: RE: Item 4.4 -- Housing Crisis Workplan

Please see our attached comments on the Housing Crisis Workplan.

Mathew Reed
Policy Manager
SV@Home
Office:

San Jose, CA 95110

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Staff

Leslye Corsiglia
Executive Director

June 7, 2018

Honorable Mayor Sam Liccardo and Members of the City Council
City of San Jose
200 East 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 4.4 -- Housing Crisis Workplan

On behalf of our members, we are pleased to share the following comments in response to the Housing Crisis Workplan scheduled for discussion at the June 12th Council Meeting.

First, we want to express our appreciation for the considerable work that went into development of the many proposals included in the staff memo, which both responds to the housing crisis we face—many now call it a disaster or emergency—and to the City Council's plan to create 25,000 new homes, including 10,000 that are affordable.

We are concerned though, that while the memo is entitled the "Housing Crisis Workplan," many of the activities suggest action in 2019 or studies that would begin months or even more than a year from now. **We encourage the City Council to take concrete action now to respond to the crisis, especially given the time that we all know it takes to add new units to the housing stock.**

While we are in support of all of the many positive actions included in the memo, we want to highlight a few:

Increasing Development Opportunities—acquiring land is challenging in our land-constrained region. Actions that increase opportunities for residential development are extremely important. We ask that the Council take action to:

- **Activate Urban Village Plans.** SV@Home supports opening up as many Urban Villages as possible, particularly those where there is current demand for development or that are adjacent to transit.
- **Incentivize Mixed-Income Development in Urban Villages.** SV@Home supports allowing mixed-income developments with at least 35% affordability to proceed ahead of Urban Village growth horizons.
- **Identify and Make Available More Land for Housing**—SV@Home supports proactive action to identify potential sites for new affordable development, including mapping surplus and underutilized parcels. We also support

several of the actions identified as “low priority” by staff that would increase residential land opportunities, including reimagining underutilized business corridors, revising the General Plan to allow infill on problem properties, allowing infill housing on isolated employment lands, and identifying non-viable commercial or office properties.

Identifying a Source of Revenue for Affordable Housing—As the companion memo on the June 12th agenda illustrates, the City does not have sufficient funding available to meet its 10,000 unit goal. We ask that the Council take action to:

- **Conduct a City-wide Commercial Linkage Fee (CLF) Nexus Study.** SV@Home supports the study of a City-wide CLF. In addition to the nexus study, we support conducting a feasibility study to better inform the Council in setting a fee level. We encourage the Council to take this action now and not wait until 2019, recognizing that it will take time to conduct the studies and even more time for an ordinance to take effect.

Removing Barriers and Streamlining the Development of Housing for All—The development process can take years, and we know that costs rise over time. As a result, removing barriers to development and streamlining the process for development to move a project from idea to reality is critical to development feasibility. Additionally, we know that increased requirements add to increased cost and reduced feasibility. We ask the Council to take action to:

- **Establish a Housing Concierge Service Team.** SV@Home supports the proposal to establish a team that is focused on facilitating both market-rate and affordable development. This action supports the City’s Community and Economic Development CSA priority to “ensure that the City speaks with ‘one voice’ on development issues while improving the speed, consistency, and predictability of the development review process.” Additionally, we are very supportive of the staffing additions for the Planning Department included in Manager’s Budget Addendum #20.
- **Create a 100% Affordable Zoning Code Amendment.** SV@Home supports removing barriers to the construction of affordable housing. We agree strongly with staff that amending the zoning code to allow affordable development to move forward by right with a Site Development Permit would reduce development time, reduce costs, and increase certainty.
- **Revise Requirements for Ground Floor Retail**-- SV@Home supports eliminating requirements for ground floor retail in affordable housing developments unless the development is in a prime retail area. In those cases, given the difficulty affordable developers have in financing and leasing commercial development, we suggest that the City consider creating a small fund to help offset the cost. For market rate development, we ask that the City study where retail space is viable (i.e., within a certain distance from a major commercial arterial or on a strip where commercial is prevalent).

In addition to our support for the staff recommendations highlighted above and others outlined in the staff memo, we recommend that the City develop strategies to respond to the needs of the “missing middle.” One solution is to proactively upzone selected R1 neighborhoods to allow for townhomes,

Mayor Sam Liccardo and Members of the City Council

Re: 4.4 - Housing Crisis Workplan

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row houses, duplexes, and four-plexes. In addition to providing housing for teachers, nurses, and construction workers, these housing types can respond to concerns about gentrification, enabling people who are being priced out of their homes to stay in the neighborhood and community where they grew up.

In recent years, the term affordable housing has taken on new meaning. It no longer just means income and deed restricted housing, but also just housing that is affordable to our residents. We see reports and articles every day that highlight the region's housing challenges. The Bay Area Council's recent survey found that nearly 50% of Bay Area residents are considering a move, and an astounding 75% said that the housing shortage "threatens to undermine a Bay Area economy that has led the nation in creating jobs." In response, it is critical that all jurisdictions step up to take bold action to address this situation.

In closing, we thank the staff for their thorough and thoughtful recommendations and urge the Council to approve the Housing Crisis Workplan.

Sincerely,

Leslye Corsiglia
Executive Director



From:

Sent: Monday, June 11, 2018 11:54 AM

To: The Office of Mayor Sam Liccardo; District1; District2; District3; District4; District5; District 6; District7; District8; District9; District 10; City Clerk; City Clerk

Subject: Letter from Affordable Housing Network Re Housing Work Plan for Item 4.4 Tues June 12



AFFORDABLE HOUSING NETWORK of Santa Clara County

San Jose, CA 95150 - Phone

- Email

RE: HOUSING CRISIS WORKPLAN

Agenda Item 4.4 6-12-18

June 11, 2018

Dear Mayor and Councilmembers,

The Affordable Housing Network has been involved as a public participant in the Station Area Advisory Group process related to the Google-Diridon development, including attending its housing and displacement solution work group. We are concerned about the proposed nexus study for a Commercial Impact Fee for the Diridon Station area, for two reasons.

First, Affordable Housing Network has testified at City Council several times in favor of a CIF for the entire city, not just for one or another limited area. The regional surge in employment has intensified the housing affordability crisis to historic and unprecedented levels, making the need for a city-wide CIF even more urgent than before. At the same time, the current AHIP report shows the city falling further and further behind in achieving its RHNA affordable housing goal (only 7%), primarily due to a shortfall in affordable housing funds.

Furthermore, the so-called "Google effect" means that the city cannot afford further delay in enacting a CIF, and cannot afford to limit this to the Diridon area. The seriousness of the crisis demands that we capture the maximum available revenue for housing from any and all of the city-wide commercial development projected for the immediate future.

Second, the Affordable Housing Network feels that the proposed Diridon area CIF alone will not provide sufficient revenue to build the affordable housing necessary to offset the impact of employment increases projected as part of the development. 20,000 jobs at the Google site will create demand for some 14,000 housing units (at a rate of 0.7 households per job). As others have pointed out, ancillary service jobs will create demand for an additional four or more times additional housing units as well.

The city, and its Station Area Advisory Group, needs to set a goal of **zero net displacement** for this project. The goal of any development has to be to make San Jose a better place for its residents, not a worse one. This requires adoption of an affordable housing implementation plan, including a Commercial Impact Fee as only a part of it. The Diridon development cannot be allowed to proceed without a comprehensive affordable housing implementation plan.

An affordable housing implementation plan requires at least a preliminary estimate to quantify the additional affordable housing demand that the development will create, broken down by income categories (ELI, VLI, LI, and Moderate). It should indicate where and when to build the necessary affordable housing units, both inside and outside the station area (since this project will impact the city as a whole and not just the immediate neighborhood). Finally, it should identify where to obtain the funds necessary to build them.

When our city reports point out that almost 20% of our households are ***severely rent-burdened***, these are not just statistics for planning purposes. This is a story of massive, unnecessary human suffering. We are talking about people going without medical and dental care, and other necessities, because so much of their income goes to rent. We are talking about families being displaced and children taken out of school. We are talking about commutes that tear apart an entire family's quality of life, and harm our environment. In some cases, we are even talking about homelessness and the break-up of families altogether. These unbearable stresses are literally disintegrating and devouring our low-income communities from within, and threaten the moral and spiritual fabric of our city.

This situation is far too severe for us to proceed without a thoughtful and comprehensive plan to address the Diridon project's housing impact. It is not acceptable to say that it is not our problem, that it is a regional problem. It would be one thing if regional policies were already in place to offset this project's impact. But since they are not, we have to take action ourselves. When it comes to the housing crisis, "hopes and prayers" are no more an acceptable solution than they are for addressing gun violence. As the Mayor has said, failing to plan means we are planning to fail.

Sincerely,

Sandy Perry, President

From: Jaclyn Tidwell

Sent: Tuesday, June 12, 2018 1:34 PM

To: The Office of Mayor Sam Liccardo; District1; District2; District3; District4; District5; District 6; District7; District8; District9; District 10

Cc: Teresa Alvarado; Kristy Wang; City Clerk

Subject: SPUR comments on Affordable Housing Investment Plan (Item 4.3) and Housing Crisis Workplan (4.4)

Please find attached SPUR's letter regarding the Affordable Housing Investment Plan (Item 4.3) and Housing Crisis Workplan (4.4).

Thank you,

Jaclyn Tidwell

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Jaclyn Tidwell
San Jose Policy Director
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SPUR

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June 12, 2018

San Jose Mayor and City Council
San Jose City Hall
200 E. Santa Clara Street
San Jose, CA 95113

Re: Affordable Housing Investment Plan (Item 4.3) and Housing Crisis Workplan (4.4)

Dear Honorable Mayor and Councilmembers,

Thank you for your tremendous efforts to respond to the housing crisis and demonstrate the leadership of a major central city in our region. SPUR strongly supports the city's efforts to address the serious housing challenges that our region faces.

We were pleased to support Mayor Liccardo's October 2017 "Responding to the Housing Crisis" memo, which shared many big ideas and action items in common with SPUR's 2017 housing policy report, *Room for More*. There are many worthwhile ideas in the Housing Crisis workplan and we particularly encourage follow-through on the following priorities.

Planning and Zoning Tools

- **Urban Villages** – Urban villages are key to the success of San Jose's urban infill, smart growth General Plan. SPUR strongly supports the city re-looking at the horizons and other existing barriers to successful mixed-use urban villages, including moving the West San Jose and some key light rail urban villages into Horizon 1.
- **Incentives** – Given the clear findings of the recent cost study session, SPUR currently supports the extension of the downtown high-rise construction tax reduction. It is important to get a critical mass of mixed-use residential development downtown. Residential development and placemaking are an increasingly important part of the city's long-term strategy. We do recommend that the city continue to seriously revisit the extension of these incentives at various points in the market cycle.
- **Housing Concierge Service** – SPUR is pleased to see this proposal, which elevates the importance of housing supply for the city by designating staff in several departments to be proactive about and accountable for supporting housing development. Similarly, a recent mayoral directive in San Francisco required the designation of senior staff within each department to focus on the city's effort to streamline housing.
- **Alignment with General Plan** – Mayor Liccardo's June Budget Message elevates the importance of aligning the City's Zoning Code with the General Plan. SPUR strongly supports this action.
- **VTA** – VTA is actively interested in joint-developing several potential sites in San Jose, but some of those sites do not currently allow residential under the General Plan. Many of these locations would be appropriate for housing uses and would include an increased

level of affordability due to VTA's Joint Development policy, which requires 35 percent affordability across the VTA's sites and at least 20 percent affordability on any given site. We encourage the city to partner with VTA and adjust the General Plan in order to make those sites viable for mixed-use, mixed-income development.

- **Fast-track approvals** – We support expedited approvals and permit processing for 100 percent affordable housing.
- We are also pleased to see several items we recommended in *Room for More*:
 - a focus on accessory dwelling units (see upcoming letter responding to the current proposal);
 - a commitment to completing a West San Jose EIR (we hope to see more programmatic EIRs for urban villages and other area plans in the future);
 - proposed extensions to entitlement and permitting timelines; and
 - a plan to figure out how to implement fee deferrals, which reduce costs for housing projects.

New Resources to Support Affordable Housing

- **Funding Investments**
 - SPUR supports the city's approach of seeking out private and nonprofit partners to help fund affordable housing. We note that several regional and other local efforts have sought to engage the tech industry and other businesses, and while there is great potential, it has been somewhat challenging to date. SPUR also supports creative ideas like a land acquisition fund or community land trusts. There are a few local models like San Francisco's Housing Accelerator Fund and urban community land trusts that could inform how San Jose might set these up.
 - SPUR strongly supports the Mayor's proposed polling for a November bond measure to address the shortfall of resources for affordable housing.
- **Commercial Impact Fee** – While not a policy SPUR has yet endorsed in San Jose, we do support the city studying the feasibility of a commercial impact fee. The feasibility study ought to include a scenario that takes into consideration a November statewide split roll ballot measure, which would affect the cost of doing business in San Jose.
- **100% Affordable Zoning Code Amendment** – SPUR supports the proposal to make affordable housing developments by-right. This reduces risk, timeframes and cost for 100% affordable developments.
- **Going Above and Beyond** – We encourage the city to pursue the Mayor's proposed pilot adding options to the inclusionary housing ordinance that allow developers to add low- and moderate-income units on-site at a higher percentage rate than the current ordinance requirements. SPUR led a legislative push for this "dial" concept in San Francisco a few years ago. We also encourage the city to take a hard look at pursuing any and all measures to reduce the cost of construction for all types of housing, particularly for affordable housing. We need our precious public dollars to yield as many units as possible.

Regional Responsibility

The housing shortage is a regional problem, not merely a local one. San Jose has historically been a regional leader on housing and we applaud San Jose continuing to lead on housing solutions. SPUR strongly supports the city's active participation in the regional CASA effort and advocacy on statewide housing legislation, both of which could have significant impacts on planning tools and funding sources for San Jose. It may be possible to explore a regional commercial impact fee through CASA. However, SPUR cautions against penalizing cities that are adding jobs in environmentally appropriate places near transit.

SPUR is eager to see this ambitious plan succeed. The only way to accomplish this is through increased capacity at the city. It has been amply demonstrated that current staffing and funding resources are insufficient to make progress on this bold set of actions. We support the Mayor's proposed development of a strategy to attract and retain senior planners and suggest a salary and job title comparison study in order to better understand the factors informing staffing capacity.

Thank you for your commitment to addressing the regional housing shortage and resulting affordability issues. We look forward to supporting this critically important work.

Sincerely,

Teresa Alvarado
San Jose Director