

December 18, 2019

Envision San Jose 2040 General Plan Task Force
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San Jose, CA 95113

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Dear Envision San Jose 2040 Task Force Members:

The City is in the process of conducting its 4-Year Review of the Envision 2040 General Plan. We support the City's visionary efforts to facilitate development to key growth areas as Urban Villages in the City's Envision 2040 General Plan. We also applaud the City's goal of attempting to bring its jobs-housing ratio into greater balance so that residents can live, work, and do business in San Jose. However, the City's current policies have had limited success in achieving this goal. We challenge the City to think differently, trust in its innumerable strengths, and embrace change to achieve its lofty ideals. We offer some suggestions on "big picture" policy amendments in that regard.

1. Take a holistic approach to the jobs-housing balance goal.

By insisting that commercial and residential be balanced on every single site, the City has not had much success with either. This is evidenced by the fact that the City's jobs-housing balance has not changed in the eight years since the adoption of the General Plan.¹ Further, the City has only produced approximately one-third of the 25,000 additional housing units it seeks by 2022, and less than one-half of the units needed to meet its 2023 regional housing needs numbers. While well intentioned, the policies in the General Plan are not working. It's time to think differently. From a practical and economic standpoint, we think there needs to be a greater recognition that jobs and housing will not necessarily be developed in the same geographic location. Certain areas of the City will be jobs rich (e.g., downtown, Diridon Station, and North San Jose) and other areas will be housing rich (e.g., South and West San Jose). The goal should be to link these two areas by light rail or transit; thereby reducing the reliance on automobiles and helping the City achieve its goal of reducing greenhouse gas emissions and vehicle miles traveled.

2. Designate regional transit villages for job growth.

Employers are primarily interested in downtown, the Diridon Station, and North San Jose. Regional transit urban villages like the one at the future Berryessa BART station may also be attractive.² Employers and office developers are not, however, focusing their efforts on urban villages oriented around light rail and there is little interest in creating new office space on small commercial corridors surrounded by single-family housing. (SPUR Report, pp. 8-9.)

The General Plan too recognizes that urban villages along light rail lines, "provide more opportunity for retail and service jobs that benefit from close proximity to residential use" and thus envisions "more residential and retail growth capacity

¹

(2019 General Plan Annual Performance Review, Figure 9.)

²

("It Takes a Village: Strategies for successful implementation of San Jose's urban village vision," November 2019 ["SPUR Report"], p. 8.)

along the light rail system.” (General Plan, p. 1-29.) At minimum, the City should eliminate the requirement for job growth at neighborhood and local transit rail villages and focus on regional transit village and area of the City where there is a market demand for office development.

3. Streamline housing development on sites with existing commercial uses.

The City should recognize and credit sites with existing commercial development and not force them to provide additional commercial growth in order to provide infill residential development. For instance, given market conditions, including the rise of e-commerce, the owner of a primarily retail site is not going to commit to build more retail in order to develop underutilized portions of existing sites with housing. For such sites, the City should allow housing to proceed and balance out the existing commercial uses. If needed, the City could adopt a “no net loss” policy, recognizing that the housing is balancing commercial uses that already exist and remain on that site. (2019 General Plan Annual Performance Review, p. 38 [consider policy changes to allow residential uses in underutilized corridors].)

4. Eliminate the requirement for Urban Village Plans.

As noted by SPUR, the City’s current policies essentially place a moratorium on residential development in advance of adoption of an Urban Village Plan. (SPUR Report, p. 4.) The adoption of such plans takes on average 4 years. (*Id.*) Of the 61 designated urban village areas the City has only adopted 12 plans thus far. State law will continue to place increasing pressure on the City to provide housing projects. The City’s current policies have the risk of relegating the City to a back seat instead of the driver’s seat. The requirement for the City adopt another approximately 50 additional Urban Village Plans places an unnecessary impediment to jobs and housing growth.

Individual projects in Urban Village areas could instead be evaluated against current General Plan policies, such as IP-5.10, modified in accordance with other suggested changes herein such as to credit existing commercial sites for jobs already provided. The Council remains in the driver’s seat and has discretion through its consideration of Signature Projects to determine whether an individual project meets the goals with respect to urban village development or not.

5. Improve transparency and support assumptions with economic data.

The General Plan establishes a Signature Project policy to allow residential, mixed-use projects to proceed ahead of preparation of an Urban Village plan but only if the projects meet an established set of requirements related to density, design, and the provision of employment space and parks. In the eight years since the General Plan was adopted, the City has approved six signature projects, only two of which are under construction. The density calculations for Signature Projects are not made publicly available such that a property owner must guess at what the City envisions for its site. Also, the calculation of jobs needed for a site is based on

dated figures assuming 300 square feet of space per employee whereas the modern trend for tech and similar employers is 100 square feet per employee.¹

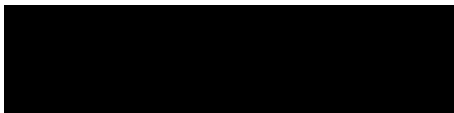
Of the six Signature Projects, three provide a minimal amount of commercial space compared to the number of residential units provided.² Staff's claim that "on average" the Signature Projects provided 40 percent above the Urban Village's fair share of commercial square footage and that "developers should have no problem providing the additional commercial square footage recommended" should be viewed with some skepticism. (November 13, 2019 Memorandum to Envision San Jose 2040 4-Year Review Task Force, p. 15.) At minimum, we recommend the Task Force survey developers and conduct market research to determine if this claim is accurate.

6. Simplify the Signature Project approval process

To the extent the City is attempting to provide clarity for Signature Projects, we are concerned that it is making development of those projects even more onerous. This threatens to not only compromise the City's housing goals but its jobs goals as well. For instance, Staff proposes that jobs would need to be provided above the average by up to 25%, while containing a minimum residential density of 55 units per acre.³ This conflicts with Staff's suggested amendments to Policy IP-5.5 to provide flexibility in the Urban Village planning process related to the location, timing, and mix of residential and commercial development and revisions to Policy IP-2.11 to eliminate the residential pool capacity. It also ignores the fact that the current market does not support mixed office-residential projects especially in neighborhood or local transit villages.

Staff is also suggesting that in order to qualify as a Signature Project, the site must be located on a corner lot or interior parcel at least 3 acres of size and provide a minimum of 2,000 to 10,000 square feet of public open space depending on the type of village. We recommend adding flexibility and simplifying the process, not adding additional, prescriptive regulations that will overly complicate it and serve as a deterrent, not an incentive, to jobs and housing growth.

Sincerely,



Matthew R. Mahood
President & CEO

¹ (See, e.g., "The Changing Nature of Work Spaces," The Registry, November 26, 2019.)

² (Envision San Jose 2040, Four-Year Progress Report, November 13, 2019, p. 58.)

³ Another requirement would be that a minimum of two City-hosted community meetings be held. For housing development projects, this would leave the City with no more than three meetings under changes enacted by SB 330. (Chapter 654, Statutes of 2019.)