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**Sent:** Monday, October 26, 2020 12:16 PM

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**Subject:** Re: Item (d)2, Housing Crisis Workplan Update

[External Email]

San Jose City Council  
Community and Economic Development Committee

Committee Chair Khamis, Vice-Chair Foley, and Councilmembers Diep, Peralez and Esparza.

**Re: Item (d)2, Housing Crisis Workplan Update**

Since it first came to the City Council as a coordinated package of policy work in response to the housing crisis in San Jose, there has clearly been real progress. Nonetheless, housing development continues to struggle and the pace of affordable housing production continues to fall further behind a growing need. There is more to be done, and it is essential that the work remain focused on real impact.

We recognize that it is not the intent of the update document to describe all of the work underway, but this is nonetheless one of the few public opportunities for engagement on the work items and their focus.

There are four areas where we feel the need to comment:

- **North San Jose –**
  - Last December, council directed staff to revisit standards for residential development in Transit Employment Center land use designation in a way that conforms with recent state laws. Our expectation is that this clarification will be pursued in a way that facilitates new residential development rather than hindering it. The NSJDP identified areas along North First Street zoned Transit Employment Center as the location of nearly 20% of the 32,000 total units planned for the area, and not a single unit has been built in this transit rich corridor.
  - The NSJDP had a 20% affordability requirement for residential development. The 2018 HCWP rightly noted that Phase I failed to meet this requirement and staff was directed to develop policy that would both make up for the missing units and ensure that the area met the affordability requirement going forward. As the NSJDP is retired, policy must ensure mechanisms are in place to maintain the existing affordability requirements going forward.
- **Residential cost of development** – Our understanding since 2018 was that this item was to both understand the market environment in which development is happening, and assess the impact of the cities development process, fees and regulations. The desire was to understand the costs which are out of the city's control, and those that were in the city's control. Staff has devoted important efforts to streamline processes, but the subsequent studies have thus far limited their analysis to city imposed fees, with an emphasis on affordable housing impact fees. An analysis of these broader costs has not been undertaken to our knowledge. These issues were raised again by council during the last presentation on the cost of development and staff was asked to explore ways that zoning, design standards, parking and retail requirements impacted development costs.
- **Explore changes to commercial requirements for affordable development** -- This item was included in the 2018 HCWP with a recognition that throughout the city ground floor retail requirements often make building affordable housing unfeasible, and was forwarded to the General Plan Four-Year Review Task Force. At no point was this item considered limited to policies IP-5.12 and H2.9, a fact not acknowledged in the 2020 HWP report. The GP Task Force initially voted to remove commercial requirements from affordable housing projects in Urban Villages -- 34-1. And upon review of the scope of work, and the recognition that the direction was not limited to Urban Villages, took a second vote (roughly 30-1) to recommend that the requirements be eliminated city-wide, and to direct staff to develop work on programs to support and possibly subsidize when it appropriate and feasible. Staff may disagree with this recommendation when reporting back to council, but they should not
- **Policy H2.9 - 1.5 Acre rule** – This was scheduled to be completed in 2019, and was not a General Plan Four-Year Review Task Force item. The HCWP concern was not about the retail/commercial requirements, although

this is important, the issue was clarity on the definition of “underutilized” and “impact on nearby commercial.” The lack of clarity, and subsequent staff discretion, has made this policy largely unworkable and there has been only one project over the years since the policy has been in place. We are pleased to see that this work will be completed in the next couple of months

Reflecting on the moment the city faced in 2018, when it dove in and took the housing challenge head on, it would be hard to argue that the problem has diminished. While important work has been done, and we know the impact of much of this work will have real impact as it rolls out, these reviews should nonetheless be moments of renewed commitment to the sense of urgency felt in 2018.

Thank you for the opportunity to provide our comments.

Mathew Reed  
Policy Manager - Silicon Valley at Home

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