



February 28, 2021

Honorable Mayor and City Council
200 East Santa Clara Street, 18th Floor
San Jose, CA. 95113

RE: March 2, 2021 City Council Agenda Item 7.1, Parkland Fee Credits for Deed Restricted Moderate-Income Housing Units

Honorable Mayor and City Council:

San Jose Parks Advocates opposes the recommendation to offer a 50% discount for moderate income housing. We realize council is likely to support the motion so we recommend the following amendments from Councilmembers Jimenez, Cohen, and Foley, dated 2/26/2021.

1. Provide an annual cost/benefit analysis report to the City Council that includes the financial impact on parkland fees to PRNS as well as the number of affordable units constructed;
2. Align the expiration date of the Parkland Fee Credit program with the completion of a new nexus study which is expected to be completed in 2024;
3. Direct staff to include a study of Commercial linkage fee in the scope of the PRNS nexus study work;
4. Direct staff to pursue all avenues for new revenue sources in order to continue to invest in our parks and public spaces.

DISCUSSION

This proposed discount is in addition to the already existing policy that allows for discounting of PDO/PIO fees for low income inclusionary housing. Stand-alone low income housing park fees are set at 50% levels, too. This tends to exacerbate the problem of limited capital repairs, lower quality amenities, and fewer parks in low-income areas and communities of color where new market-rate development is scarce.

We recognize there is a housing crisis and that Housing staff is willing to try almost anything to achieve additional units—even when it is in conflict with other City policies enumerated in the General Plan. When we tried to determine the success of prior discounts for inclusionary units, we could not find data on the success or failure of achieving deed-restricted inclusionary affordable units whether currently entitled, funded but not started, under construction, or complete. Smart cities must try creative solutions and they must measure and report their results.

We are concerned that setting these park fees at 50% tends to perpetuate park deficient neighborhoods when low income housing is concentrated in a few neighborhoods absent a robust dispersal policy. The Spartan Keyes neighborhood was highlighted recently by Mayor Liccardo and Councilmember Peralez.¹ It has many low-income complexes and insufficient funds to build out their neighborhood park on Keyes. Further, this discounting exacerbates the problem of very, very limited capital funds for parks in Districts 2, 5, 7, 8, 9 and 10.²

The PDO/PIO Park Trust Fund plays a critical role in capital repairs as well as addressing parkland deficiencies. Appended is a partial list of parks built with PDO/PIO funds. However, the reliance on park funding from new development fees has meant limited revenue for parks in low-income areas and communities of color where new development is scarce. Discounting further limits these funds.

During COVID we have seen increased use of City Parks, subject to Public Health limits. It is a place to escape the confines of “shelter in place.” Our parks—the open space and nature—lower anxiety and blood pressure. The space allows roommates and families to take a time out from one another—potentially avoiding domestic violence. We’ve seen families use our parks to develop creative games and activities to play with their children, improving their bonds during this dreadful time. We have also seen neighborhoods where families used parking lots and streets for recreation and socially distant quinceañeras because there was no park near their home.

Last summer, Councilmembers Peralez, Esparza, and Arenas wrote “the health of our parks not only improves our personal health but also the economic vitality of our neighborhoods.”³ Our city parks have provided “gym space” for yoga and fitness instructors and their students as well as some *al fresco* dining.

PRNS Staff is working towards an updated nexus study to address some of these park deficiencies and inequities. We appreciate council direction in September, 2020 to continue working towards identifying a dedicated funding stream to address problems related to \$382

¹ Council Meeting 2/23/2021, Item 10.4. Councilmember Peralez Memo highlights 8 complexes with 544 units within half-mile of subject site.

² Approximate Year-end 2019 Park Trust Fund In-lieu Fees. District 2- \$71 K, District 5- \$89 K, District 7- \$101 K, District 8 – \$140 K, District 9 – \$98 K, District 10 - \$89 K.

³ Council Meeting 9/1/2020. Item 3.6. Memo dated 8/28/2020.

Million in deferred maintenance needs as well as working towards a 2022 ballot measure. It has been 21 years since PRNS' last community-approved focused revenue stream. Thank-you to Councilmembers Arenas, Esparza and Peralez for their thorough and thoughtful memo.⁴

Thank-you to Councilmembers Jimenez, Cohen and Foley for these current recommendations that acknowledge the interconnectivity of Housing and Parks. Both are required for a great city.

Sincerely,

/s/Jean Dresden

Jean Dresden
San Jose Parks Advocates

cc.

Dave Sykes, City Manager
Angel Rios, Deputy City Manager
Jon Cicirelli, Director, PRNS
Nicolle Burnham, Deputy Director, PRNS
Jacky Morales-Ferand, Director, Housing
City Clerk

⁴ Council Meeting 9/1/2020. Item 3.6. Memo dated 8/28/2020.

Parks Funded by PDO/PIO Park Trust Fund (partial list through 2021 February 28)

<u>Park</u>	<u>Council District</u>	<u>Status</u>
Payne Ave Pueblo Play	1	Planned/Open
Winchester Ranch	1	Planned
Basking Ridge Park	2	Open
Charlotte Commons	2	Open
Palmia Park	2	Open
Piercy Park	2	Open
Raleigh Linear	2	Open
RAMAC Park	2	Open
Golden Oak Park	2	Planned
Bonita Park	3	Open
Hacienda Creek Park	3	Open
Luna Park	3	Open
Rosemary Garden	3	Open
Cannery Park	3	Open
Newhall Park	3	Open
Newbury Park	3	underway
Heinlen Park	3	underway
Keyes Ave property	3	in queue
Orchard Park	3	Open
Mercado Park	4	in queue
Bruzzzone Park	4	In queue
Gran Paradiso Park	4	Open
Moitozo Park	4	Open
River Oaks Park	4	Open
River View Park	4	Open
Vista Montana Park #1	4	Open
Vista Montana Park #2	4	Open
Iris Chang Park	4	Open
Alviso Park Expansion	4	planning
Baypointe Park	4	planning
Madden Park	5	Open
San Antonio Tot Lot	5	Open
Zolezzi Park	5	Open
Fleming Park	5	Open

<u>Park</u>	<u>Council District</u>	<u>Status</u>	
O'Connor Park	6	Open	South Half
Rubino Park	6	Open	
St Elizabeth Park	6	Open	
Del Monte Park Phases 1 and 2	6	Open	
Del Monte Park Phases 3	6	in queue	
Cahill Park	6	Open	
Scottish Rite Property	6	in queue	
Dairy Hills Basin	7	Open	
Elaine Richardson Park	7	Open	
Vieira Park	7	Open	
William Manley Park	7	Open	
Roberto Balermينو Park	7	Open	
Falls Creek Park	8	Open	
Fowler Creek Park	8	Open	
Silver Creek Linear Park II	8	Open	
West Evergreen Park	8	Open	
Chalmers Park	8	in queue	
Carolyn Norris Park	9	Open	
Russo Park	9	Open	

(partially funded by City)	4	Constructed
Vista Montana Park	4	Constructed
Iris Chang Park	4	Design
Alviso Park Expansion 3.3 acres	4	Planning
Baypointe Park	4	Planning
Jackson/ Madden	5	Constructed
San Antonio Tot Lot	5	Constructed
Zoletti Park	5	Constructed
Fleming Park	5	Constructed
O'Connor - South Half only	6	Constructed
Rubino Park	6	Constructed
St. Elizabeth Park	6	Constructed
Del Monte Phase 1	6	Constructed
Theodore Lenzen Park	6	Constructed
Scottish Rite Park	6	Planning
Dairy Hills Basin Park	7	Constructed
Elaine Richardson Park	7	Constructed
Vieira Park	7	Constructed
Vieira Commons	7	Constructed
Roberto Balermينو Park	7	Constructed
Falls Creek Park	8	Constructed
Fowler Creek Park	8	Constructed
Silver Creek Linear Park II	8	Constructed
West Evergreen Park	8	Constructed
Chelmers	8	Planning
Carolyn Norris Park	9	Constructed
Russo Park	9	Constructed

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STAFF

Leslye Corsiglia
Executive Director

TRANSMITTED VIA EMAIL

March 1, 2021

Honorable Mayor 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 Chappie Jones, and Councilmembers Jimenez, Peralez, Cohen, Carrasco, Davis, Esparza, Arenas, Foley, and Mahan:

Re: 7.1 PARKLAND FEE CREDITS FOR DEED RESTRICTED MODERATE INCOME HOUSING UNITS

We write today to support the recommendations from PRNS staff to temporarily set Parkland Fees at 50% for moderate-income homes that are deed restricted under the Inclusionary Housing Ordinance. We also support the recommendations from Councilmembers Cohen, Jimenez and Foley, that this fee reduction be reviewed along with the scheduled Park Fee Nexus Study, and that a review of the Commercial Linkage Fee be conducted simultaneously.

This action responds to San Jose's challenging housing market, which existed before the pandemic and which saw rising construction costs and leveling rents that made some residential development infeasible. In this environment, reductions in fees, even if they are a small portion of total development costs, can spur the development of much needed housing. The Inclusionary Housing Ordinance passed last week is an example where the city took initiative to create incentives to produce housing through reduction in affordable housing fees. Small reductions in Park Fees, as proposed, would produce additional benefit at the margins to support increased housing production.

While it is explained in the staff memorandum, the park fees to be collected under this proposal will be 2.5% less than they would be without the reduction. Under the existing fee structure an 100 unit residential project, in the MLS District 9 used as an example, would pay Park Fees of \$2,260,000. Under this new rule the same property with 5% moderate income units, would pay \$2,203,500 in fees, or \$56,500 less -- 2.5%. If this policy works, this small difference will incentivize building that will generate funds for park development and maintenance that will surpass that which is lost.

While we understand that the addition of new residential units will need to reflect the General Plan Parkland Service Level, we also believe that the Nexus Study will show that high-density residential development generates far smaller units, and subsequently smaller households, than lower-density development. We will be strong supporters of shifting fees from a unit-based metric to a per-square-foot metric as the Park Fee structure is revisited. We also look forward to, updating the fee geographies as proposed under the integrated universal fee policy work currently underway.

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At the same time, we acknowledge that this effort will need review to assess its efficacy, and support the Councilmembers' proposal that this be coordinated with the Nexus Study. We also appreciate the recognition that we need to look for additional resources to fund affordable housing development, just as we need additional resources for city parks, and strongly support simultaneously revisiting the Commercial Linkage Fees. The CLF, as adopted, was significantly constrained by COVID 19 related uncertainty, and set fees outside of the downtown at levels far below neighboring cities.

Balancing the policy priorities that respond to the very human needs of the residents of San Jose for green space, community centers, more housing affordable to more people, and economic growth, will determine the success of the city and the character of its recovery. We look forward to open and robust discussions about what these priorities are, how they are rightly balanced, and what choices can be made to better realize them as we "build back better."

Thank you for your consideration.

Sincerely,



Leslye Corsiglia
Executive Director

