

December 7, 2016  
*Submitted electronically*

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

Re: Draft Implementation Chapter for The Alameda Urban Village Plan (Item 10.1(c))

Dear Hon. Mayor Liccardo, Councilman Oliverio and San Jose City Council,

SPUR believes strongly in the urban vision for San Jose laid out in *Envision 2040* General Plan. We have been tracking the urban village planning process closely and are thrilled to see The Alameda Urban Village plan nearing adoption.

We acknowledge staff's hard work, responsiveness and commitment to this community. We also have enjoyed the conversations that we were able to participate in during community meetings and appreciate the many residents and business members who have spent many years on the development of this plan.

We have provided staff with comments on the vision, urban design and transportation throughout The Alameda Urban Village planning process. This letter focuses only on the Draft Implementation Chapter of The Alameda Urban Village Plan. The Implementation Chapter serves as the model for all urban village implementation plans to follow. As such, it's critical to get the details right.

We are concerned that **the implementation plan is unintentionally moving the city farther away from its goals**. As currently articulated, the city will not be able to concentrate growth around transit, become a jobs center, improve the city's fiscal situation, create vibrant neighborhood business districts or become more sustainable. We are deeply concerned that the implementation plan will actually stifle investment, ultimately making the city less attractive to employers and hampering the city's economic development goals.

Below we identify five key problems that can have a stifling impact on investment and suggest ways to address those five problems.

However, the common solution for all five problems is to **allow mixed-use development to move forward once an urban village plan and the accompanying implementation plan have been adopted** so long as the proposal conforms to the location, density, and urban form called for in the plan.

Doing so requires: 1) eliminating the requirement that 75% of the planned commercial capacity be built before residential mixed-use projects may be considered or approved and 2) proactively rezoning the entire plan area upon adoption.

Our concerns are based on the following:

- Residential development and placemaking are an increasingly important part of a city's economic development strategy. Talent increasingly wants to live in great neighborhoods near transit and employers follow the talent.
- Holding back mixed-use development and housing does not support job growth. Providing incentives for commercial development and building great places that are attractive to workers and employers is a more viable jobs-first strategy.
- Neighborhood-scale retail needs a lot of foot traffic in order to be successful.
- When housing is tied to a too-high jobs goal, the city risks significantly delaying housing and commercial development.
- Zoning is a powerful tool that helps the city get the amount and type of development that it wants, while providing predictability in terms of money and time for developers.

There are five provisions of the implementation plan that we are most concerned about:

1. According to the implementation plan, only commercial properties will be rezoned proactively (page 2). Mixed-use projects will still have to go through cumbersome rezonings on a project-by-project basis. This can have the unintended consequence of delaying new mixed-use development because expectations public benefits and costs are not defined at the outset and are ever-changing.

*Instead, we recommend:*

- Proactively rezone the whole plan area, not just the parcels that are designated for commercial.
  - Allow mixed-use development to move forward once an urban village plan and the accompanying implementation plan have been adopted so long as the proposal conforms to the location, density, and urban form called for in the plan.
2. The implementation plan requires the "full construction of 75% of the planned commercial capacity (362,250 square feet) before any residential mixed use projects may be considered or approved by the city" (page 8). This is problematic for two reasons. First, it presumes that housing is a fiscal drain. However, over the course of the Four-Year General Plan Review, the city found that housing that is developed at 45 dwelling units (du) per acre in the right locations is fiscally positive. If we build housing at 45 du/acre, then we can still protect the city's fiscal goals.

Second, holding back mixed-use development is not the same as being "jobs first". This requirement will make it extremely difficult to get any new mixed-use development, let

alone create a vibrant retail neighborhood as the plan envisions. It will also make it difficult to get any real concentration of employment uses such as office development.

*Instead, we recommend:*

- Eliminate the requirement that 75% of the planned commercial capacity be built before residential mixed-use projects may be considered or approved. This sentence should be removed. While it is tempting to lower the percentage, consider that lowering it to 10% (or 36,000 square feet) would equate to about 20 cafes or 2 Trader Joe's stores. Even 10% could be prohibitive.
  - Require minimum densities of 45 dwelling units per acre or higher in order to make sure that housing is fiscally positive and to create a large pool of potential transit riders, given the proximity to Diridon Station.
  - Allow mixed-use development to move forward once an urban village plan and the accompanying implementation plan have been adopted so long as the proposal conforms to the location, density, and urban form called for in the plan.
3. The implementation plan states: if "a mixed-use project is proposed before the full construction of 75% of the planned commercial capacity, it must provide "significant community benefit" as listed in the plan and "include *at least* the minimum of commercial space prescribed in the plan" (emphasis added)(8). This treats mixed-use developments as if they are signature projects even once an urban village plan is adopted. Signature projects were always intended as a "release valve" to allow some development to occur in urban villages that were not in an active horizon but had a strong market demand for new development. The intention of the general plan was to allow development to occur more regularly in urban villages once a plan was adopted and if it is in the active horizon (in this case, Horizon 1). The implementation plan doubles back on that intention and further restricts mixed-use development by encumbering them with extra requirements. However, if the commercial requirements or public benefits are too large, then the development will be infeasible and the city would get neither new commercial or new housing development nor the public benefits it needs.

What is being required may also be unbuildable. The amount of commercial required in urban villages is based on maintaining a certain ratio of jobs uses to housing uses, and not on what building types make sense or are commonly constructed. For example, in the zoning designation "Mixed Use Commercial", 0.5 FAR of commercial uses is required, which in practice would create an unusable second floor of commercial space. This, too, could render a project infeasible.

Finally, if developments are required to have a very large amount of commercial space, the overall size and scale of the project must often increase in order to be feasible. Most growth in horizon 1 urban villages is intended to be smaller urban infill—compatible with

the historic and walkable nature of the communities. These larger projects may not be acceptable to the community.

*Instead, we recommend:*

- Eliminate this requirement. Allow mixed-use development to occur once the urban village plan and accompanying implementation plan have been adopted so long as the proposal conforms to the location, density, and urban form called for in the plan
4. For those mixed-use proposals that occur before 75% buildout of commercial, the implementation plan says that “the process for proposing and agreeing upon the required community benefits to meet the requirements of [the Plan] will occur as part of the property rezoning process. Community benefits provided by a development would be secured through the rezoning...or as part of a development agreement” (9).

We caution against this approach because it can slow the development process. First, it does not set clear expectations of what new development is required to provide at the time that the plan is adopted. Without that, developers will not know what the ultimate fees or other costs are going to be and cannot plan its financing package accordingly, creating uncertainty and delay in the development process. Additionally, a savvy developer can reduce the public benefits that they need to provide through the negotiation process. Establishing the expectations for public benefits in a proactive rezoning process provides more certainty to the city and the community that public benefits will be provided.

*Instead, we recommend:*

- Create a full proposal for what public benefits are needed in a plan area.
  - Identify which of those benefits can and should be financed by new construction (for instance, it may only be feasible to pay for new capital improvements rather than existing deficiencies).
  - Set the fees at the right level. Analyze what is financially feasible for new development to pay. Review existing fee requirements for parks, transit and housing and update these to reflect the ability of new development to pay for improvements in each urban village.
  - Determine where the fees will be applied. Since new housing construction is largely confined to urban villages, updating the fee schedule citywide would effectively be the same as coming up with new standard fees for all the urban villages. A standard fee can also be beneficial because it does not favor development in one area of the city over another.
5. When mixed-use land use designations in urban villages require more commercial square footage to be incorporated into new developments than is commonly required or feasible, it becomes extremely difficult to construct new housing. This has the unintended consequence of creating pressure on existing sites that are currently home to low density

rental apartments but which have underlying valuable multifamily zoning, making them ripe targets for demolition and rebuilding. Instead, mixed-use residential development should move forward.

*Instead, we recommend:*

- Eliminate the requirement that 75% of the planned commercial capacity be built before residential mixed-use projects may be considered or approved.
- Allow mixed-use development to move forward once an urban village plan and the accompanying implementation plan have been adopted so long as the proposal conforms to the location, density, and urban form called for in the plan.
- Where displacement is unavoidable, require developers to provide relocation assistance as part of the list of clearly-defined community benefits.

To summarize, the proposed implementation plan will have the unintended consequences of continuing to hold back mixed-use development, stifling investment and the densification required to support transit.

Putting jobs first does not mean putting housing last. Adding high quality housing in the right places is a critical part of the city's economic development strategy. With the too-high requirements for jobs and construction of development set out in the plan, both commercial and mixed-use residential will be constrained.

Thank you for the opportunity to provide comments on The Alameda draft urban village plan and implementation plan. We appreciate the level of outreach, engagement and rigor that went into these plans and look forward to working with the city as it moves forward.

Sincerely,



Teresa Alvarado  
San Jose Director