

December 4, 2017

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

Re: Report on the Implementation of the Urban Village Component of the Envision San José 2040 General Plan (Item 4.1)

Dear Honorable Mayor and Councilmembers,

Thank you for the opportunity to provide comments on the Urban Village Implementation Framework Policy. The overarching vision of growing in walkable, mixed-use communities connected by transit is critical to achieving our vision as a city.

We have provided input throughout the urban village planning process and are appreciative of the opportunity to weigh in here. It is critical to:

1. Advance the urban village vision without further delay in order to address the housing shortage; and
2. Identify the implementation framework that will best enable the city to execute the urban village plans and provide for the public interest.

We suggest the following improvements to the proposed framework.

Set fees and other community improvements based on financial feasibility.

The hypothetical calculation of 2 percent of project value seems arbitrary, and the methodology as proposed sets up city staff for project-by-project negotiations with developers over the assumed values of their projects. We recommend that the city set per-square-foot fees based on a financial feasibility analysis at the time of plan adoption or as a larger citywide study with multiple zones based on market realities in different parts of the city, as is done in Oakland and elsewhere. The financial feasibility analysis should take into account all fees assessed on new development (i.e., the entire fee stack) and should be updated regularly.

Design a process that is transparent and streamlined.

- **Rezone mixed-use sites as well as commercial sites at the plan-level (district level) at the time that the plan is adopted.** Our Recommendation #2 from our housing report, *Room For More*, calls for a proactive rezoning to be completed with the urban village plan. The

current implementation framework only rezones commercial at the district level, but still requires project-by-project rezoning for mixed-use development. Project-by-project rezoning creates an unnecessary barrier to housing in a place where the city is already planning to build housing.

- **Do environmental review at the plan level for certain urban village plans.**
As recommended in *Room for More*, when major area plans or Urban Village plans are completed, the city should do program level EIRs so that individual projects can be approved in a much shorter time frame and eliminate the need for individual environmental review. This will help streamline and incentivize future development that is in compliance with the city's plans. The city has completed program-level EIRs for many of its priority planned development areas. SPUR believes that this has worked well in the past and should be a priority task for Urban Village plan implementation as well.
- **Allow mixed-use developments along transit that conform to approved urban village plans to move forward, regardless of horizons.**
New housing (outside of the signature project process) cannot be built in an urban village until the city completes and adopts an urban village plan, and that urban village is located in an active horizon. As we recommend in *Room for More's* Recommendation #5, such timing constraints should be lifted in urban villages along transit corridors regardless of horizon so we can accommodate growth without exacerbating congestion.

Outline clear community improvements upfront that flow directly from an urban village plan's vision, goals and policies.

- **Create a specific, prioritized list of desired improvements that come from each urban village plan that is vetted by the city and community during the plan process.**
In order to accomplish the city's goal of building great places, establish community buy-in, and assure the city and community of what improvements and infrastructure will be created by new developments in the urban villages; the input process should be built into the plan creation. This level of specificity and prioritization will help the city and community get what is needed, create clarity and predictability for developers, and make sure that decisions about improvements are made comprehensively to create the type of walkable neighborhoods that it hopes to create.
- **Include affordable housing as a community improvement option.**
In some urban village plans the city may decide that affordable housing should be elevated as a priority. In these cases, adding affordable housing over and above existing requirements will grow the supply of affordable homes through the community improvement prioritization and development process.

Create a financing path for each urban village to get the improvements it needs.

- **Consider combining urban villages at the corridor scale for public improvement financing.**

One of the financing tools under consideration is community facilities districts. However, some of the urban villages are too small in scale to generate a meaningful sum of money for public improvements; therefore, it might not be worth the effort of creating and managing a community facilities district. By combining some urban villages into larger corridor-wide planning geographies, the city can generate more revenue to fund public improvements. Additionally, many public improvements are best planned and implemented on a corridor scale, such as protected bikeways..

- **Expand community facilities districts to include commercial properties.**

Since the community improvements provided by newly-created community facilities district equally benefit commercial users, commercial properties should also participate in the community facilities district. Disproportionately burdening housing to absorb the cost of community improvements will potentially make some housing infeasible and will make the housing that is built even more expensive for San Jose residents.

Invest in the city's capacity to plan for its future.

It is essential that San Jose devote more resources to PBCE in order for the department to have sufficient capacity to complete and implement the urban village plans. San Jose needs more staff and resources in order for much-needed housing and mixed-use development to come to fruition.

In order to accomplish San Jose's ambitious goals for its future and strengthen its competitive position amongst cities around the world competing for talent, swift progress on implementation of the urban village strategy is critical.

Thank you for the opportunity to provide comments on the urban village planning process and implementation framework. Please do not hesitate to reach out to us at 408-638-0083 or talvarado@spur.org with any questions or concerns.

Sincerely,



Teresa Alvarado
San Jose Director