

May 21, 2018

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

Re: Urban Village Implementation Framework (Item 10.2)

Dear Honorable Mayor and Councilmembers,

Thank you for the opportunity to weigh in on the Urban Village Implementation Framework. We appreciate the work that the council, staff and others have done to bring the urban village plans and this framework to this point. San Jose has taken the ambitious step of choosing to focus its future growth in existing infill locations, and the urban village strategy is a critical component of that vision.

SPUR strongly supports the urban village strategy. We want to help implement the city's vision of growing within walkable mixed-use communities that are connected by transit. In addition, the urban villages are key to creating the 25,000 units desired by 2022. However, retrofitting suburbia is not an easy or inexpensive proposition — it will require a comprehensive redesign and construction of streetscapes and public spaces that are designed around people and better ways for people to get around. The transformation of existing commercial centers and corridors will require good planning and significant investment by both the public and private sectors.

As we have reviewed the evolving implementation framework, the key questions for SPUR revolve around the question of whether the framework will be effective. What is the best framework to bring the urban village plans to life? How do we realistically plan for desired mixed-use projects, shape new development and transform the public realm?

1. Will the right amenities be prioritized and created? Will development provide neighborhood improvements that flow from the plan?

We appreciate that staff has clarified that urban village plans will have detailed priority lists that will guide what public amenities will be built by new developments. This is critical. We have had some concerns that there is not a strong enough connection between the plan's goals and what amenities will ultimately be provided, but the specifics outlined in the proposed West San Carlos urban village plan are moving in the right direction. While it makes sense for the developer to make the initial proposal, we would like to see stronger language emphasizing that the developer should be looking to the

adopted community-informed urban village plan for options and priorities. Flexibility is important, but we suggest that the city aim to minimize one-off negotiations between city and developers to create certainty for all stakeholders.

2. Will development move forward? Can amenities be created under current market conditions? Do we need to change fees or other requirements? What can be done besides waiving/reducing fees?

We are interested in understanding the methodology for using 2 percent of project value to size the urban village amenity contribution. In the spirit of reducing one-off negotiations, we are in agreement that a simple calculation is better than individual appraisals, but it looks like 2 percent may be arbitrary. In addition, we have concerns about using a citywide average value per square foot (\$555). It results in a one-size-fits-all value across the city, rendering development in some areas even more infeasible. As we have suggested before, we recommend setting up zones with different values pegged to market conditions. Oakland is divided into three impact fee zones to try and enable development feasibility in all types of markets. This may result in some areas not being able to capture as many dollars for improvements, but developments may be more likely to move ahead in those areas.

The recent city council study sessions have illuminated the real challenges of development feasibility at this moment in time. The cost of development is a widespread challenge throughout the region and is not a San Jose-specific issue. We think it would be a mistake to set up the urban village implementation framework without a mechanism in place to capture value and reinvest it in the urban villages. San Jose will leave money on the table in the long-run if we treat development as permanently infeasible, rather than thinking of the current conditions as a moment in time but rather a condition of this moment in time. In our *Room for More* report, we suggested that the city allow the deferral of fees to the completion of construction rather than the collecting them at the start of construction. This would allow for some temporary relief without forgoing needed investment. In summary, we recommend building a mechanism that works long-term for urban villages to get needed amenities and creating a temporary fee deferral in response to current conditions.

3. Will enough value be captured to implement an urban village plan vision? How else can city generate funding for urban villages?

As mentioned above, retrofitting suburbia will not come cheap. Creating great places is going to require serious financial investment from both the public and private sectors. Appropriately, the current framework requires some investment from private development. Those requirements should be based on financial feasibility — set at a

level that does not inhibit new development but that also generates sufficient benefit for the public.

However, private development's contributions (whether built in-kind or funded through payment of fees) will not be enough to fully realize the urban village plans. If the city is serious about retrofitting suburbia and delivering a great public realm in the urban villages, we need to identify more financing tools. In addition to private sector contributions, we suggest the city consider all EIFD, CFD, BID and potential future redevelopment tools that exist or may exist in the future as well as city resources. Some of these tools will only work in certain urban village markets. We acknowledge that finding new financing is not an easy task, but it is worthy of further attention.

SPUR believes that the urban village strategy is critical for the future of San Jose and the region. Figuring out how to plan these neighborhoods and implement the plans could show many other cities in the region and elsewhere how to create great infill mixed-use neighborhoods.

With more jobs coming to downtown San Jose in the next decade, urban villages are more important than ever, forming the key housing strategy for the city's growing workforce as well as an important strategy to grow transit-supportive places that build ridership for the future. Additionally, Mayor Liccardo's leadership toward building 25,000 new housing units can, in a large part, be realized in urban villages if the city is able to implement an effective framework.

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](mailto:talvarado@spur.org) with any questions or concerns.

Sincerely,

A handwritten signature in cursive script, reading "Teresa Alvarado".

Teresa Alvarado  
San Jose Director