



# SPUR

San Francisco | San Jose | Oakland

June 12, 2018

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

Re: Affordable Housing Investment Plan (Item 4.3) and Housing Crisis Workplan (4.4)

Dear Honorable Mayor and Councilmembers,

Thank you for your tremendous efforts to respond to the housing crisis and demonstrate the leadership of a major central city in our region. SPUR strongly supports the city's efforts to address the serious housing challenges that our region faces.

We were pleased to support Mayor Liccardo's October 2017 "Responding to the Housing Crisis" memo, which shared many big ideas and action items in common with SPUR's 2017 housing policy report, *Room for More*. There are many worthwhile ideas in the Housing Crisis workplan and we particularly encourage follow-through on the following priorities.

### **Planning and Zoning Tools**

- **Urban Villages** – Urban villages are key to the success of San Jose's urban infill, smart growth General Plan. SPUR strongly supports the city re-looking at the horizons and other existing barriers to successful mixed-use urban villages, including moving the West San Jose and some key light rail urban villages into Horizon 1.
- **Incentives** – Given the clear findings of the recent cost study session, SPUR currently supports the extension of the downtown high-rise construction tax reduction. It is important to get a critical mass of mixed-use residential development downtown. Residential development and placemaking are an increasingly important part of the city's long-term strategy. We do recommend that the city continue to seriously revisit the extension of these incentives at various points in the market cycle.
- **Housing Concierge Service** – SPUR is pleased to see this proposal, which elevates the importance of housing supply for the city by designating staff in several departments to be proactive about and accountable for supporting housing development. Similarly, a recent mayoral directive in San Francisco required the designation of senior staff within each department to focus on the city's effort to streamline housing.
- **Alignment with General Plan** – Mayor Liccardo's June Budget Message elevates the importance of aligning the City's Zoning Code with the General Plan. SPUR strongly supports this action.
- **VTA** – VTA is actively interested in joint-developing several potential sites in San Jose, but some of those sites do not currently allow residential under the General Plan. Many of these locations would be appropriate for housing uses and would include an increased

level of affordability due to VTA's Joint Development policy, which requires 35 percent affordability across the VTA's sites and at least 20 percent affordability on any given site. We encourage the city to partner with VTA and adjust the General Plan in order to make those sites viable for mixed-use, mixed-income development.

- **Fast-track approvals** – We support expedited approvals and permit processing for 100 percent affordable housing.
- We are also pleased to see several items we recommended in *Room for More*:
  - a focus on accessory dwelling units (see upcoming letter responding to the current proposal);
  - a commitment to completing a West San Jose EIR (we hope to see more programmatic EIRs for urban villages and other area plans in the future);
  - proposed extensions to entitlement and permitting timelines; and
  - a plan to figure out how to implement fee deferrals, which reduce costs for housing projects.

### **New Resources to Support Affordable Housing**

- **Funding Investments**
  - SPUR supports the city's approach of seeking out private and nonprofit partners to help fund affordable housing. We note that several regional and other local efforts have sought to engage the tech industry and other businesses, and while there is great potential, it has been somewhat challenging to date. SPUR also supports creative ideas like a land acquisition fund or community land trusts. There are a few local models like San Francisco's Housing Accelerator Fund and urban community land trusts that could inform how San Jose might set these up.
  - SPUR strongly supports the Mayor's proposed polling for a November bond measure to address the shortfall of resources for affordable housing.
- **Commercial Impact Fee** – While not a policy SPUR has yet endorsed in San Jose, we do support the city studying the feasibility of a commercial impact fee. The feasibility study ought to include a scenario that takes into consideration a November statewide split roll ballot measure, which would affect the cost of doing business in San Jose.
- **100% Affordable Zoning Code Amendment** – SPUR supports the proposal to make affordable housing developments by-right. This reduces risk, timeframes and cost for 100% affordable developments.
- **Going Above and Beyond** – We encourage the city to pursue the Mayor's proposed pilot adding options to the inclusionary housing ordinance that allow developers to add low- and moderate-income units on-site at a higher percentage rate than the current ordinance requirements. SPUR led a legislative push for this "dial" concept in San Francisco a few years ago. We also encourage the city to take a hard look at pursuing any and all measures to reduce the cost of construction for all types of housing, particularly for affordable housing. We need our precious public dollars to yield as many units as possible.

**Regional Responsibility**

The housing shortage is a regional problem, not merely a local one. San Jose has historically been a regional leader on housing and we applaud San Jose continuing to lead on housing solutions. SPUR strongly supports the city's active participation in the regional CASA effort and advocacy on statewide housing legislation, both of which could have significant impacts on planning tools and funding sources for San Jose. It may be possible to explore a regional commercial impact fee through CASA. However, SPUR cautions against penalizing cities that are adding jobs in environmentally appropriate places near transit.

SPUR is eager to see this ambitious plan succeed. The only way to accomplish this is through increased capacity at the city. It has been amply demonstrated that current staffing and funding resources are insufficient to make progress on this bold set of actions. We support the Mayor's proposed development of a strategy to attract and retain senior planners and suggest a salary and job title comparison study in order to better understand the factors informing staffing capacity.

Thank you for your commitment to addressing the regional housing shortage and resulting affordability issues. We look forward to supporting this critically important work.

Sincerely,

A handwritten signature in dark ink, reading "Teresa Alvarado" with a long horizontal flourish extending to the right.

Teresa Alvarado  
San Jose Director