



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Planning Commission

SUBJECT: SEE BELOW

DATE: November 20, 2014

SUBJECT: FILE NO. GPT14-007, DIRECTOR-INITIATED GENERAL PLAN TEXT AMENDMENT TO MODIFY GENERAL PLAN GOAL H-2 – AFFORDABLE HOUSING, TO ADD A SOCIAL EQUITY AND DIVERSITY POLICY, AND TO ADD AN AFFORDABLE HOUSING POLICY TO THE HOUSING SECTION OF CHAPTER 4 – QUALITY OF LIFE OF THE ENVISION SAN JOSE 2040 GENERAL PLAN

RECOMMENDATION

The Planning Commission voted 6-1-0 (Commissioner Abelite Opposed) to recommend approval of the General Plan Text Amendment as it is consistent with and strengthens the Housing goals and policies in Chapter 4 - Quality of Life in the Envision San José 2040 General Plan.

OUTCOME

Should the City Council approve the General Plan Text Amendment, the General Plan would be modified as follows:

Policies – Housing – Social Equity and Diversity

H-1.10 Facilitate housing that is affordable to those employed in population-serving, business support and driving industries.

Goal H-2 Affordable Housing

Increase, preserve and improve San José's affordable housing stock. Preserve and improve San Jose's existing affordable housing stock and increase its supply such that 15% or more of the new housing stock developed is affordable to low, very low and extremely low income households.

Policies – Affordable Housing

H-2.8 Facilitate the production of affordable and safe housing for workers who provide goods and services to San Jose residents and businesses.

BACKGROUND

On November 5, 2014, the Planning Commission held a public hearing to consider the proposed Director Initiated General Plan text amendment. The item was pulled from the Consent Calendar by the Commission for discussion. Staff gave a brief introduction by stating that the proposed text amendments to the housing goals and policies in Chapter 4 - Quality of Life of the General Plan would further strengthen the Plan's framework to achieve housing affordable to all income levels in the community.

There was no public comment on the item. The Commission closed the public hearing and discussed the item. Commissioner Bit-Badal commented that she appreciated the use of the word "preserve" in the proposed text as it is important to maintain the housing that we have in addition to creating new affordable housing. She was concerned about imposing more fees on developers because when taken in aggregate, fees hurt a developer's bottom line and their ability to develop. Commissioner Abelite read into the record his comment letter, which is attached to this memorandum. In the letter he explains that impact fees serve as a hindrance to development and the fulfillment of the Envision San Jose 2040 General Plan.

The Commission voted 6-1-0 (Commissioner Abelite opposed) to recommend that the City Council approve the General Plan Text Amendment.

ANALYSIS

Analysis of the issues regarding the proposed General Plan Text Amendment, including General Plan conformance, is contained in the attached staff report.

EVALUATION AND FOLLOW UP

Should the City Council approve the proposed text amendment, the Envision San Jose 2040 General Plan will include two new policies and a modified goal that support the creation of affordable housing.

PUBLIC OUTREACH

Staff has followed Council Policy 6-30: Public Outreach Policy and Staff has been available to respond to questions from the public. A notice of the public hearing was published in the San Jose Post Record and on the City's website. The staff report is also posted on the City's website for the December 9, 2014 Council agenda.

COORDINATION

This project was coordinated with the Housing Department and the City Attorney's Office.

CEQA

The proposed General Plan Text Amendment does not propose any construction, demolition, or other activity that has the potential to negatively impact the environment beyond that which was analyzed in the Final Program EIR for the Envision San José 2040 General Plan. Pursuant to Section 15168 of the CEQA Guidelines, the City of San José has determined that this activity is within the scope of the approved Envision San José 2040 General Plan, and the Final Program EIR for the Envision San José 2040 General Plan, for which findings were adopted by City Council Resolution No. 76041, that adequately describes the activity for the purposes of CEQA.

/s/

HARRY FREITAS, SECRETARY
Planning Commission

For questions please contact Steve Piasecki, Interim Planning Official, at 408-535-7893.

Attachments: Letter | Staff Report

I am not against Affordable housing, so long as we find an equitable way to pay for it.

As I mentioned before, if everyone truly thinks this is a great idea, then we should be fair and socially equitable and put it on the ballot and let's let everyone tax themselves for the sake of meeting AF Housing goals.

Affordable housing fees serve as a hindrance to the fulfillment of our General Plan.

With this GP Text Amendment before us, I feel we continue to embed the notion of affordable housing into the various city Policies, General Plans and the Housing Element. We keep framing ourselves into an ever tightening box of having to do it.

The cost to the City will be substantial. The Urban Village plans that staff is working on rely heavily upon high density housing as a key component to make them successful. Yet as I have said before, when a property owner is faced with the prospect of taking an \$8m loss in his land sales price to the builder, he

won't sell. For reference, this \$ 8 m value is my approximate calculation of the contemplated AFH fees that would be levied against the project by Fairfield we approved a few months back. We all embraced this project as the exciting future of San Jose.

I find it even more ironic that earlier in the evening, that the AFH fees charged to the Swenson project are being transferred to be used for transportation. If AFH is so important, why is it tossed aside for transportation improvements along NFS.

In conclusion, our job on this matter tonight is to forward recommendations to the CC. I find that I cannot support this GP text Amendment unless it is accompanied with a plan to pay for it. And I would forward speculate that plan would only end up stopping us from realizing the good planning goals of GP 2040.

This serves to significantly slow down housing production, especially in high density target areas.

There is no rational argument, that can counter this. I believe there is no Nexus that says the more housing you build the more unaffordable housing becomes. It is the other way

around. Build more houses, they get more affordable. So there is no Nexus.

Something has to give in the equation, choices have to be made. We can't have it all.

I will not be supporting the Text Amendment because it is making us go backwards as it relates to the future of the City and the fulfillment of the General Plan.



PLANNING COMMISSION STAFF REPORT

File No.	GPT14-007
Applicant:	Director Initiated
Council District	City Wide
CEQA:	Envision San José 2040 General Plan Final Program EIR, and Addenda thereto

APPLICATION SUMMARY:

A Planning Director initiated General Plan Text Amendment request to, (1) modify General Plan Goal H-2 - Affordable Housing to state that the City’s goal is that 15% or more of the new housing developed in San Jose be affordable to extremely low, very low and low income households; (2) add a new policy to the Housing - Social Equity and Diversity Policies to facilitate housing that is affordable to workers within the wide spectrum of industries in San Jose; and (3) add a policy to the Affordable Housing Policies to facilitate the production of affordable housing for workers who provide goods and service to San Jose residents and businesses.

RECOMMENDATION:

Planning staff recommends approval of the General Plan Text Amendment as it is consistent with and strengthens the Housing goals and policies in Chapter 4 - Quality of Life in the Envision San José 2040 General Plan.

PROJECT DESCRIPTION

The proposed text amendment request to modify General Plan Goal H-2 – Affordable Housing, to add a Social Equity and Diversity Policy, and to add an Affordable Housing Policy would modify the text in the Housing section of Chapter 4 – Quality of Life of the General Plan as follows in strikeout/underline format:

Policies – Housing – Social Equity and Diversity

H-1.10 Facilitate housing that is affordable to those employed in population-serving, business support and driving industries.

Goal H-2 Affordable Housing

Increase, preserve and improve San José’s affordable housing stock. Preserve and improve San Jose’s existing affordable housing stock and increase its supply such that 15% or more of the new housing stock developed is affordable to low, very low and extremely low income households.

Policies – Affordable Housing

H-2.8 Facilitate the production of affordable and safe housing for workers who provide goods and services to San Jose residents and businesses.

These proposed text changes support the proposed affordable housing impact fee, which is scheduled for City Council consideration this Fall. Given that Council consideration of an impact fee is a work plan item in the Draft Housing Element, the amendments also support the Draft Housing Element currently under review by the State Department of Housing and Community Development.

Text Reference:

Envision San José 2040 General Plan, Chapter 4 “Quality of Life”; Page 29, Policies – Housing – Social Equity and Diversity; Page 30, Goal H-2 Affordable Housing, Page 30 Policies – Affordable Housing.

Site Location:

Citywide.

ANALYSIS

Envision San José 2040 General Plan Conformance

The General Plan’s housing goals for the City are aimed at providing housing that addresses the needs of an economically, demographically, and culturally diverse population. These goals and policies also support locating housing near transit, existing services and jobs, and on infill sites that address the City’s fiscal, climate change, and environmental, transportation, and placemaking goals. The proposed text amendments not only conform to the General Plan’s housing goals, but they further strengthen the Plan’s framework to achieve these housing goals. The amendments will further support the City’s efforts to facilitate the construction of housing affordable to workers in a wide spectrum of industries that provide a wide range of incomes. The amendments will more specifically facilitate the construction of housing affordable to workers that provide goods and services to San Jose residents and business. Many of these workers earn low income wages.

The text changes are consistent with the Envision San Jose 2040 vision, which includes the following values:

- **Diversity and Social Equity** – San Jose celebrates, embraces and involves a diverse blend of cultures and achieves social, cultural and economic equity.
- **Healthy Neighborhoods** – San Jose’s neighborhoods are attractive, affordable, and safe places to live with residents engaged in their community.

The proposed text amendments also advance Major Strategy #4 - Innovation/Regional Employment Center, which emphasizes economic development within the City by supporting businesses of all sizes and facilitating job creation. The lack of affordable housing is identified by San Jose's businesses and company leaders as one of the top challenges to attracting and retaining employees. By further supporting the development of housing affordable for those workers employed in population-serving, business support and driving industries, the proposed text amendments promotes the continued success of San Jose's businesses.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

The proposed General Plan Text Amendment does not propose any construction, demolition, or other activity that has the potential to negatively impact the environment beyond that which was analyzed in the Final Program EIR for the Envision San José 2040 General Plan. Pursuant to Section 15168 of the CEQA Guidelines, the City of San José has determined that this activity is within the scope of the approved Envision San José 2040 General Plan, and the Final Program EIR for the Envision San José 2040 General Plan, for which findings were adopted by City Council Resolution No. 76041, that adequately describes the activity for the purposes of CEQA.

PUBLIC HEARING NOTIFICATION

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater.
(Required: Website Posting)
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City.
(Required: E-mail and Website Posting)
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. (Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)

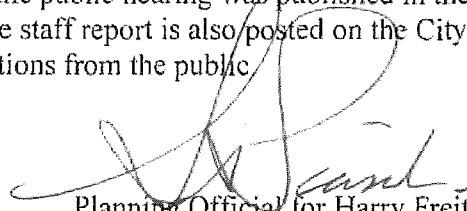
Although this item does not meet any of the criteria above, staff followed Council Policy 6-30: Public Outreach Policy. A notice of the public hearing was published in the San Jose Post Record and on the City's website. The staff report is also posted on the City's website and Staff has been available to respond to questions from the public.

Project Manager: Lesley Xavier

Approved by:

Date:

10/28/14



Planning Official for Harry Freitas, Planning Director

Attachments:

- Proposed Text Amendment text

GPT14-007

Proposed Text Amendment

Amend Chapter 4, Pages 29 and 30:

Policies – Housing – Social Equity and Diversity

- H-1.1** Through the development of new housing and the rehabilitation of existing housing, facilitate the creation of economically, culturally, and demographically diverse and integrated communities.
- H-1.2** Facilitate the provision of housing sites and structures across location, type, price and status as rental or ownership that respond to the needs of all economic and demographic segments of the community including seniors, families, the homeless and individuals with special needs.
- H-1.3** Create housing opportunities and accessible living environments that allow seniors to age in place, either in the same home, assisted living facilities, continuing care facilities, or other housing types within the same community.
- H-1.4** Encourage the location of housing designed for senior citizens in neighborhoods where health and community facilities and services are within a reasonable walking distance and are accessible by public transportation.
- H-1.5** Facilitate the development of multi-generational housing in compact form that meets the needs of families living together.
- H-1.6** Foster the production of housing to serve the “starter” housing market by leveraging financial resources such as purchasing assistance programs and by encouraging market-rate building typologies that serve the “starter” housing market.
- H-1.7** Comply with State and Federal laws prohibiting discrimination in housing and that support fair and equal access to housing.
- H-1.8** Encourage investments in infrastructure in order to maintain high-quality living environments in existing mobile home parks.
- H-1.9** Facilitate the development of housing to meet San José’s fair share of the County’s and region’s housing needs.
- H-1.10** Facilitate housing that is affordable to those employed in population-serving, business support and driving industries.

Actions – Housing – Social Equity and Diversity

- ~~H-1.10~~ 11** Develop a program to promote the “starter” housing market that leverages all financial resources and facilitates production of “starter” housing.
- ~~H-1.11~~ 12** Continue to work in close cooperation with other entities, public, private and non-profits, to foster information, techniques, and policies to achieve the housing Goals,

Policies, and Implementation Actions in this Plan and make such information readily available.

~~H-1.12-13~~ Continue to partner with local agencies, non-profits, and businesses to provide fair housing information, legal services, foreclosure prevention assistance, and anti-predatory lending assistance.

~~H-1.13-14~~ Continue to monitor and participate in anti-predatory lending practices by partnering with local agencies.

Amend Chapter 4, Pages 30 and 31:

Goal H-2 Affordable Housing

~~Increase, preserve and improve San José's affordable housing stock. Preserve and improve San Jose's existing affordable housing stock and increase its supply such that 15% or more of the new housing stock developed is affordable to low, very low and extremely low income households.~~

Policies – Affordable Housing

H-2.1 Facilitate the production of extremely low-, very low-, low-, and moderate-income housing by maximizing use of appropriate policies and financial resources at the federal, state, and local levels; and various other programs.

H-2.2 Integrate affordable housing in identified growth locations and where other housing opportunities may exist, consistent with the *Envision General Plan*.

H-2.3 Conserve viable housing stock through a balanced combination of housing code enforcement and complementary programs such as rehabilitation loans and grants to help maintain the supply of low-priced housing.

H-2.4 Allow affordable residential development at densities beyond the maximum density allowed under an existing Land Use/Transportation Diagram designation, consistent with the minimum requirements of the State Density Bonus Law (Government Code Section 65915) and local ordinances.

H-2.5 Facilitate second units on single-family residential lots, in conformance with our City's Secondary Unit Ordinance, to take advantage of a potential source of affordable housing and to assist our City in meeting its needs as identified in its Consolidated Plan.

H-2.6 Evaluate and incorporate, if feasible, an affordable housing component in the preparation of specific plans, master plans, or strategy plans that include plans for housing.

H-2.7 Support strategies in collaboration with other jurisdictions and agencies to end homelessness by creating permanent housing solutions combined with services such as medical, education, and job placement.

H-2.8 Facilitate the production of affordable and safe housing for workers who provide goods and services to San Jose residents and businesses.

Actions – Affordable Housing

- H-2.8-9** Coordinate and implement housing policies and goals contained in the City's, Consolidated Plan, and its 5-Year Investment Plan.
- H-2.9-10** Explore revisions to our City's Secondary Unit Ordinance that further support the provision of affordable housing and help achieve needs identified in its Consolidated Plan.
- H-2.10-11** Update the City's dispersion policy: 1) to align the location of future affordable housing developments with planned future Growth Areas identified in the *Envision General Plan*; 2) to be consistent with the City's inclusionary housing ordinance; 3) to maximize the access of transit, retail, services, and amenities to affordable housing developments; and 4) to reemphasize the support for integration and complete communities.
- H-2.11-12** Seek permanent sources of affordable housing funds.
- H-2.12-13** Maintain our City's Inclusionary Housing Policy and Ordinance, and provide technical assistance to the development community to ensure that residential projects conform to it.
- H-2.13-14** Support State and federal regulations that preserve "at-risk" subsidized rental units subject to potential conversion to market rate rents and that will encourage equitable and fair policies that protect tenant and owner rights.
- H-2.14-15** Support legislation at the State and Federal levels that: (1) facilitates private and/or public sector investment in housing affordable to households of extremely-low, very low-, low- and moderate-income; (2) provides for the greatest local autonomy in the administration of State and Federal housing programs; and (3) furthers the City's objective of conserving and rehabilitating the existing housing stock.
- H-2.15-16** Create and maintain a list of sites that are appropriate for meeting our City's affordable housing needs.