



Memorandum

TO: Rules & Open Government
Committee

FROM: Mayor Chuck Reed
Councilmembers
Sam Liccardo and
Judy Chirco

SUBJECT: SEE BELOW

DATE: October 9, 2008

APPROVED:

Chuck Reed
Judy Chirco

DATE:

10/9/08

Sam Liccardo (RO)

EXPLORING TRANSPORTATION INNOVATIONS TO SUPPORT HIGH-DENSITY, TRANSIT-ORIENTED DEVELOPMENT

RECOMMENDATIONS

Direct the City Manager and the Executive Director of the Redevelopment Agency to perform a work plan assessment and refer staff recommendations to the appropriate committee for action:

1. Eco Passes: Conduct outreach with high-density residential developers, home owner associations, and the community to determine what set of incentives could entice developers to help finance Eco Passes for all residents in new developments for a substantial number of years;
2. Car Sharing: Continue communications with car-sharing companies such as ZipCar and CarShare, and to communicate with key stakeholders, such as high-density residential developers, San Jose State University, and downtown residents to determine what set of incentives could provide sufficient capital start-up investment to launch a privately-operated automobile-sharing program in the downtown, North San Jose, or other high-density area.

BACKGROUND

The downtown community has broadly welcomed high-density residential towers in the core. Tower 88, Axis, Three Sixty Residences, and City Heights will usher San Jose's downtown into an era of burgeoning retail activity and pedestrian-friendly streetscapes. In the frame areas and neighborhoods surrounding the core, however, residential density

has proven more controversial. Understandable concerns have arisen surrounding traffic and parking impacts of potential developments.

Residential densities throughout all of these areas, and along our key transit corridors, will increase as we confront the twin realities of population growth and climate change. Our Envision 2040 General Plan Update Task Force faces the unenviable job of finding room in San Jose's General Plan for 400,000 new San Jose residents over the next 30 years. As we have long known, minimizing our carbon and fiscal footprint requires that San Jose build high-density developments along transit corridors and near key job centers.

Envision 2040 discussions continue to focus on building a city for people, not cars. This sea-change comes at a timely moment environmentally, but other reasons drive it as well. More parking, for instance, comes at a steep cost. Downtown developers spend over \$45,000 per parking space, and parking consumes scarce land that could be more efficiently dedicated to ground-floor retail or services that activate the streetscape and otherwise benefit the community. Accommodating more traffic flow also comes at extraordinary expense, particularly in an urban area that is already "built out," a fact already recognized in the City's "protected intersection" policy.

In either the core or surrounding neighborhoods, traffic and parking issues that accompany high-density development will not go away with wishful thinking. The steep downturn in financial and housing markets has stalled market-rate development throughout most of the city, but it has also given us time to take a breath and re-assess our future direction. This is the appropriate time to re-assess our policies to make density—and its resulting impacts—more livable, less onerous, and more sustainable.

Eco Pass

VTA introduced Eco Pass in 1997 as a means to enable card holders unlimited access to transit services for an entire year. Employers pay prices that vary based on their number of employees and their proximity to transit. In 2000, VTA began to introduce the program to residential developers, and a few affordable housing developers, such as First Community Housing, routinely provide all residents with Eco Passes without charge, often in exchange for a small reduction in parking ratios.¹

The trend has caught on only sporadically with other developers, however. Citywide, only about two dozen developments have incorporated Eco Passes in some way, and often for only a single year. The lack of consistent or sustained use may have any of several causes: the absence of any uniform policy, the inadequacy of existing incentives, and the lack of communication with the development community. The recent emergence

¹ The results show that EcoPass makes an impact on transportation habits. 2005 survey by PMZ3 Research of 150 households in an FCH development revealed that 81% of the residents used EcoPass at least three times a week, reducing the number of cars owned (and parking demand) in 22% of the households.

of residential towers in our downtown presents us with an opportunity to encourage developers or homeowner associations to offer this program to their residents, and to market Eco Pass as another benefit to high-density living downtown. Providing a uniform set of incentives to broadly push Eco Pass membership would boost transit ridership, reduce traffic congestion, and mitigate parking demand.

In short, Eco Pass offers a real alternative for residents, and real relief for downtown communities burdened by parking shortages and excessive traffic. We should create strong and consistent incentives for its use by developers.

Car Share

Car-sharing service providers give members access to a fleet of vehicles on an hourly basis. Members typically reserve a car on-line or by phone, and use an electronic key card to access cars. Vendors bill members for their accrued time or mileage. By late 2004, over 60,000 Americans in over two dozen cities—often university campuses--had become members of car-sharing services, and the programs have grown rapidly since.

Car-sharing offers a community a host of benefits, including:

- **Reducing Greenhouse Gas and Particulate Emissions**
A 2004 UC Berkeley study of car-sharing in San Francisco found that the program's 1500 members reduced their overall automobile travel by 47% over three years, while increasing their use of public transit, biking, and walking. The aggregate savings amounted to 20,000 pounds of carbon emissions and 720 gallons of gasoline each day.
- **Reducing Parking Demand**
Many members living in high-density areas forego car purchases, particularly those households contemplating the purchase of a second car. The UC Berkeley study also found that 30% of the participating households sold one or more of their cars in the 3-year study period without buying a replacement. The Transportation Research Board estimated in 2004 that "at least five private vehicles are replaced by each shared car."
- **Cost Savings and Greater Mobility for Residents**
Many urban residents and students make the choice to join these programs to avoid expensive car payments, and those with poor credit histories can obtain access to a car that they otherwise cannot own.

Preliminary conversations with vendors (such as ZipCar) and client organizations (such as the University of Portland and San Francisco State), have given us some important lessons with which to work. We've learned that although large tech campuses and high-rise residential developments have increasingly implemented car-share programs, they often get a foothold in a university setting, so collaboration with SJSU could prove important. Second, extensive marketing and outreach is required initially to develop a critical mass of users that can reduce costs for the sponsoring organization. Third, start-up costs can be substantial, but marginal costs drop considerably as the program expands.

Finally, most users appear to rely on car-sharing for shopping and sporadic trips, rather than for commuting.

A consortium of high-density developers or home-owner associations might be the ideal pioneers of such a program downtown or in other transit-oriented areas.

Incentives

In a world of limited city and redevelopment fiscal resources, the most obvious financial incentives for a developer come in the form of reduced parking ratio requirements. Obviously, there are limits both to the community's and the market's tolerance of reduced parking ratios, so some other set of incentives may need to be explored as well.

The Council has recently enacted new "green building" requirements from Council, and although LEED and Build It Green scoring methods do offer points for developers who offer transit passes, they do not explicitly take into account investments in car sharing programs. The City might ensure that some compensation in the scoring is attributed by those developers who take that initiative. The City might also provide free parking in designated spots to car-share users to improve the economies of scale.

The City may also help developers by reducing costs in various ways, particularly by providing information about the programs that facilitates their use. The Planning Department could include Eco Pass and Car Share on the "Green Building Checklist" currently provided to builders, with accompanying brochures or website addresses. City officials could help builders navigate the VTA Eco Pass application process, provide information about pricing, perform the legwork to identify the lowest-cost car-share service provider to recommend to builders citywide, or facilitate and negotiate "package deals" with multiple builders.

The City's designation of specific on-street parking spaces for exclusive car-share usage could also help. Perhaps most importantly, the City's own participation in the car-share pool could help a broader downtown program achieve scale so as to drive down costs, both for developers and for the City.

We shouldn't overlook the fact that some incentives are "free," because they come intrinsically from the policy itself. Developers will be able to market their "green" condos and apartments to an increasingly environmentally-conscious public due to the availability of unique services such as Eco Pass and Car Share. In a world of \$4/gallon gasoline, housing that also offers a transportation-related solution will stand out to buyers and renters, particularly to a younger demographic.

Finding the right mix of potential incentives will require research and outreach with developers, the community, and staff.²

² Similar conversations are worth having regarding a bike-sharing concept as well, as outlined in detail in the August 22, 2008 Memorandum from Mayor Reed and Councilmembers Williams and Liccardo.