

**TRANSMITTED VIA EMAIL**

January 16, 2020

**Michael Brilliot**  
 Deputy Director – Planning Division  
 Department of Planning, Building and Code Enforcement  
 City of San Jose

Dear Deputy Director Brilliot,

**Re: Affordable Housing incentives for Signature Projects in Urban Villages**

At the last meeting of the General Plan Four-Year Review Task Force, a proposal was discussed to integrate an incentive structure for affordable housing into the Signature Project process. We believe this proposal deserves serious consideration.

After discussions with a number of developers and members of the task force, we propose the following:

- If a development proposal proposes to exceed the City's Inclusionary Housing Ordinance requirements of 15%, a developer would have the option of reducing the amount of commercial square footage required.
- For each square foot of additional affordable housing included in a mixed-use development, the required square feet of commercial space would be reduced on a one-to-one basis.
- This reduction would be capped at 50% of the commercial space requirements.

**Discussion**

The importance of integrating affordable housing into Urban Villages is recognized as a priority in the General Plan – the goal is that 25% of new residential units in Urban Villages be affordable. To facilitate this priority, 100% affordable developments were allowed to “move early,” ahead of both the Horizon framework and the adoption of an Urban Village Plan. Unfortunately, the opportunity to “move early” did not produce the expected incentive, and only one affordable project has been entitled in an Urban Village ahead of a plan being adopted. Most of the Urban Villages with an approved plan do not currently include affordable developments, and none of the seven approved affordable projects we were able to identify are located in the most active Urban Villages. To reach the goals, new incentives are needed for the inclusion of affordable housing.

The other mechanism for projects to move ahead of the Horizon Framework or adopted Urban Village Plan is the mixed-use Signature Project process, the implementation of which has also proven challenging and is under review.

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**Staff**

Leslye Corsiglia  
*Executive Director*

1/16/2020

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Page 2 of 2

Over the last eight years, only eight Signature Projects have been approved, and only two of these have moved to actual construction. The ability to integrate the required levels of commercial development into mixed-use residential projects has been discussed as a barrier to these projects moving forward.

The truth is that the nature of commercial and retail economics has changed significantly since the General Plan was adopted in 2011. Increasingly the precise location of retail, and the way it fits with neighboring uses, poses significant limits on the profitability of commercial store fronts. All too often required retail space serves as an additional tax on housing. We will address these concerns in greater detail in future correspondence with your team and the Task Force. Most immediately, we believe the proposed reduction of required commercial square footage as an incentive to include affordable housing in Signature Projects offers a solution to both challenges.

Sincerely,



Leslye Corsiglia  
Executive Director

