

TRANSMITTED VIA EMAIL

January 29, 2020

2040 General Plan Four-Year Review Task Force
City of San Jose

Dear Task Force Chairs, Members, and City Staff,

We want to begin by acknowledging the work that the staff of the Planning Department has been doing to manage what is at times a challenging and confusing process. On the one hand, the scope for our work on the Task Force has been reviewed and approved by the City Council, and City staff are charged with ensuring that these work items – some quite complex -- are the focus of our time together. On the other hand, the Four-Year review process is a unique opportunity to assess the General Plan's implementation in the context of the changes in the planning environment and progress towards its goals, and to propose mid-course corrections where appropriate.

We write today to express our collective concern that, while we are committed to our role in the four-year review process and efforts to remove barriers to housing affordable to low, very-low and extremely-low income households, we believe far too much of our collective energy is being focused on minor amendments to the 2040 General Plan when what is needed is a significant assessment and course correction in response to the current housing crisis. We were struck by the clarity and insight of fellow Task Force member Melanie Griswold's letter on this theme, and the earlier input from SVO and SPUR. **We request that this broader discussion, reflected in our comments below, be placed on the agenda for a future Task Force meeting.**

When it was adopted, Envision 2040 promoted a progressive vision for San Jose that reflected best planning practices for the region. The plan focused on dynamic mixed-use infill development, with housing opportunities affordable to a broad range of incomes; and concentrated growth in transit rich areas that would create dynamic, complete neighborhoods, reducing traffic and promoting walkable and sustainable growth. This is a good vision. But things have changed since the plan was approved in 2011 and the framework of constraints that are in place have created a General Plan in conflict with itself.

The General Plan was a product of the last recession. Major economic development plans were collapsing, the unemployment rate was 10%, and the City was confronting fiscal challenges from declining income and growing obligations. Simultaneous with the vision of new more-urban, more sustainable communities, was an explicit decision to employ land use planning as a tool to address the fiscal stability of the City. This decision was grounded in the faulty assumptions that all new housing would be a net fiscal drain, and that future job growth would be contingent on limiting residential development.

The resulting jobs-first framework reduced the land available and densities allowed for residential uses. It placed de-facto growth controls on housing development, which have proven inflexible in responding to economic and demographic change, driven up the costs of residential development even in areas targeted for new homes, and constrained the City's ability to respond to the growing housing crisis. As a result, the multiple priorities of the General Plan have come to compete with each other rather than support each other.

Fast forward to today. There is a current development pipeline of over 150,000 jobs, including over 75,000 in the Downtown and Diridon Station areas, with more capacity being planned every week. The unemployment rate is now 2.3%. At the same time, the nature of commercial and retail economics has changed with the rise of online retailing, posing new constraints on the requirement that residential development integrate commercial uses.

It was hard to know at that time that the City, the region, and arguably the State, would be headed into the worst housing affordability crisis in our history, posing the greatest threat to the City's economic and social stability. Housing production is not near keeping up with job growth. While construction is limited by high labor and construction costs, prices increase when policies limiting the number of new homes, cumbersome regulations, and unworkable retail requirements are imposed.

Since 2011, rents have increased by over 40%, well ahead of inflation. While high-paying jobs have increased and the Area Median Income has risen dramatically, the number of low-paying service jobs has also increased. This growing wage inequality, coupled with rising housing costs, is reflected in the increased housing cost burden of low-wage workers. San Jose is currently meeting only 9% of its RHNA requirements for low- and very-low income households, and continues to lack the tools to meet its affordable housing goals. Many long-time residents are leaving, families that remain are doubling up more often, while others are slipping into homelessness. This displacement is destabilizing communities, significantly increasing the commuting distances of the local workforce, and threatening the economic and cultural diversity of the City.

We believe it is time to reassess the underlying zero-sum, jobs-first, growth-control premise of the General Plan, which pits jobs against housing, and engage the core challenge of increasing density in planning for the housing needs of the future. This is all the more essential now because we believe the challenges ahead will further highlight the inflexibility of the current policies.

If we add jobs and not homes we will make it worse – We need to do both

First, we know that the dramatic and rapid increase in jobs producing development will increase the already unsustainable demand for housing. We agree that housing is a regional problem. But, while many of our neighbors have begun to support residential projects in response to their local jobs housing imbalance, San Jose's current

development pipeline – with roughly four jobs for every new home – is not balanced. It is not a rational position to believe that other cities will house San Jose’s new residents.

State Regional Housing Needs Assessment (RHNA) will require planning for more housing

The upcoming RHNA round, with initial planning beginning as early as this winter, will include production numbers that are significantly higher than the current round, and new requirements will restrict inclusion of sites identified in prior rounds. This will require a significant increase in land available for residential development, and even greater demand for opportunities for affordable housing. Given the challenges of identifying opportunities in the last housing element, we expect significant pressure on existing growth caps and phasing in the current plan. Because the next Four-Year review will come after these decisions will need to be made, this needs to be a part of the discussion now.

New State housing laws will require a reassessment of existing growth control policies

San Jose still needs a thorough legal overview and public discussion of how the new State laws impact San Jose’s current approach to controlling residential development. The City attorney has already determined that under one of the new laws, SB330, which prohibits moratoria on residential development, the phased development in North San Jose Development Policy is now non-conforming. It is not clear how this might affect the Urban Village horizon and area plan framework and the requirement for area plans to be in place before development can proceed, or whether it calls into question existing residential density limits. State law is increasingly targeting growth controls, zoning restrictions and administrative hurdles to housing development. Proactively planning accordingly is prudent, and to the extent that it requires revisions to the General Plan, should include robust public engagement.

Redevelopment pressure will target existing more-affordable housing resources

The current planning framework will increasingly put disproportionate pressure on the existing housing resources serving lower-income residents and communities of color in San Jose. The combination of employment lands protections, strident defense of commercial density in mixed use areas, and the near uniform exclusion of single family neighborhoods from higher density development, puts extreme pressure on infill redevelopment of existing more affordable homes in the few areas zoned for multifamily residential development. Without structural changes to existing policies, much needed development may be forced to come at the expense of the City’s existing affordable housing – with the burden falling disproportionately on vulnerable community of colors.

If we don’t address this unprecedented housing crisis we put at risk the sustainability of our economic growth and competitiveness. San Jose needs to assess the land use and planning barriers that stand in the way of significantly expanded housing opportunities at all income

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Re: General Plan assessment in response to the housing crisis

levels in the very near term. We need to keep the big picture of complete urban communities, but we need to shift our metric to focus on sustainable community outcomes. We believe this is a critically important discussion for this Task Force to initiate, and look forward to it being included on the agenda for a future meeting.

Sincerely,

Task Force Members

Shiloh Ballard -- SV Bicycle Coalition

Ray Bramson – Destination: Home

Leslye Corsiglia – SV@Home

Asn Ndiaye -- Working Partnerships USA

Jason Su -- Guadalupe River Park Conservancy

Kevin Zwick – Housing Trust Silicon Valley