

General Plan 4-Year Review Task Force Meeting #3

January 30, 2020



*Planning, Building and
Code Enforcement*

Agenda

1. Welcome & Agenda Overview
2. Task Force Recommendation on Urban Village Horizons
3. Signature Project Policy & Changes to Policy IP-5.12
 - Staff presentation
 - Task Force discussion & public comment
 - Task force vote
4. Residential Uses in Neighborhood Business Districts
 - Staff presentation
 - Task Force discussion & public comment
 - Task force vote



Agenda Item 2

Task Force Recommendation on Urban Village Horizons

Envision 2040 General Plan 4-Year Review

Staff Recommendation: Urban Village Horizons

- No wholesale move to Horizon 2
- Shift Five Wounds BART and S. 24th St./William Ct. to Horizon 1



If Horizons Were Eliminated

- Path for housing **does not change**
 - Still need urban village plan to build housing
 - Three exceptions:
 1. Sites with residential General Plan designations
 2. Signature Projects (not intended to be common-place)
 3. 100% affordable housing projects
- Don't need to open a new growth horizon
- Residential Pool Policy not applicable



Potential Elimination of Horizons

- Horizons used to prioritize preparation of Urban Village Plans
- Modify Policy IP-2.10 to prioritize future urban village planning efforts
 - *“Prioritize the preparation of Urban Village plans to give priority for new residential growth to occur in areas proximate to Downtown, with access to existing and planned transit facilities, and adequate infrastructure to support intensification, and proximate to other Growth Areas to contribute to the City’s urban form. **Growth Areas with high market demand shall also be prioritized to ensure that development follows the community’s vision for the future.**”*



Agenda Item 3a

Signature Project Policy & Changes to Policy IP-5.12

Envision 2040 General Plan 4-Year Review

Signature Project Policy

- Task Force voted to recommend staff's recommendation with two amendments:
 1. Projects to provide commercial "fair share"
 - Originally: "above fair share"
 2. Interior site selection criteria of 1.5-acre and 100-foot frontage minimums
 - Originally: 3 acres and 150-foot frontage
- Task Force follow-up requests
 1. Impact of Interior Site Selection Recommendation Change
 2. Community Engagement Requirements
 3. On-site Affordable Housing Incentive



Interior Parcel Size Analysis

	Corner Parcels	Interior Parcels	Total Parcels
Original Staff Recommendation (Interior Parcels: 3 acres with minimum 150-foot frontage)	337	18	355
Task Force Motion (Interior Parcels: 1.5 acres with minimum 100-foot frontage)	337	41	378



Signature Project Community Engagement

- General Plan Goal CE-1: Active Community Engagement
- Policies under the Goal include:
 - Convenient access
 - Transparent process
 - Use multi-media
 - Diverse stakeholder group
 - Improve interactive participation process

Community Engagement

The proposed Goals, Policies and Implementation Actions for Community Engagement provide high-level policy support for the public outreach and community engagement policies and activities conducted as part of the land use planning and implementation process. They also reflect the City's general commitment to open government and community participation in its governance activities.

Active Community Engagement

Goal CE-1 – Active Community Engagement

Actively develop community awareness, understanding, and interest in land use issues and public policy issues, including land use, and empower the community to engage in the shaping of those policies.

Policies – Active Community Engagement

- CE-1.1** Provide convenient public access to City facilities, programs, services, and public records.
- CE-1.2** Provide a transparent process for public engagement of San José's diverse stakeholders.
- CE-1.3** Maintain and implement the City's Public Outreach Policy.
- CE-1.4** Use multi-media with emphasis on online messaging to effectively communicate with diverse stakeholder groups.
- CE-1.5** Use the City's library system as an active resource for engagement with the community. Use the library to provide informational programs and resources, a repository for formal and informal information regarding City operations and strategies, and resources to facilitate community participation in its governance.
- CE-1.6** Regularly evaluate how effectively public information is provided and how public knowledge is garnered and considered. Modify methods, techniques, or practices as needed to respond more effectively to the community and incorporate the full range of public knowledge into policy and land use actions.
- CE-1.7** To ensure that the work of government is inclusive of the community, continue to conduct and improve an interactive public engagement and participation process that:



Signature Project Community Engagement

- Council Policy 6-30: Public Outreach
- Audit recently completed – 3 of 8 recommendations underway:
 - Community meeting and hearing surveys (complete)
 - Neighborhood language map (tentatively online Feb. 2020)
 - Plain language for public notices (tentative completion June 2020)



Signature Project Community Engagement

- Every community is different, engagement should be customized
- Prescriptive requirements not effective in maximizing reach of community engagement
- Staff confirmed that State law requirements for objective standards only apply to development standards



Staff Recommendation: Community Engagement

“Create a tailored community engagement strategy to optimize broad and diverse stakeholder engagement in the community where the project is located to better collect feedback of the design and quality of the project. The community engagement strategy must adhere to and include the policies outlined under General Plan Goal CE-1 Active Community Engagement.”



Community Engagement: Childcare

- Liability issues and stringent requirements for official “childcare”
- Past projects provided “supervised activities for children”
 - Recreation Leader supervises activities during meeting
 - Service typically not used; many parents keep children with them



Signature Project Affordable Housing Incentive

- Propose affordable housing criteria that could reduce required commercial space
- Tie to City's Inclusionary Housing Ordinance (IHO) for consistency
- Staff proposes 3 options



San José's Inclusionary Housing Ordinance (IHO)

OVERVIEW

What is the Inclusionary Housing Ordinance (IHO)?

- The Inclusionary Housing Ordinance, Chapter 5.08 of the San José Municipal Code, was adopted on January 12, 2010.
- The IHO requires all residential developers who create new, additional, or modified For-Sale or Rental units to provide 15% of housing on-site that is affordable to income qualified buyers/renters.
- IHO allows alternative compliance options that a developer may meet the affordable unit requirement. Please see other side for more information.

Which projects are subject to the Ordinance?

- Any proposed project that the owner intends to create 20 or more residential units.

IMPLEMENTATION PROCESS

- Submit a Compliance Plan to Housing for review and approval. (download form from IHO website or call Housing Department at 408-975-4416)
- Upon approval of Compliance Plan, projects may then move forward with their entitlement process
- Execute an Inclusionary Housing Agreement with the City, recorded against the property
- Pull building permits
- Chosen IHO compliance option is completed prior to its first Certificate of Occupancy

Compliance Plan Application

Developers are required to submit a signed [Affordable Housing Compliance Plan Application](#) (Compliance Plan) and \$3,119 processing fee payable to the "City of San José" to the Housing Department for approval. This Compliance Plan Application will provide the Housing Department with enough information to calculate the Housing obligations associated with the development. The information obtained will be included in the project's conditions of approval. The IHO Compliance Plan Application can be found online at: www.sjhousing.org/IHO.

Projects with 3 to 19 dwelling units for rent are subject to the Affordable Housing Impact Fee (AHIF). For-Sale residential developments with 19 or less units are exempt, but are still required to submit a Compliance Plan under AHIF. To learn more, please visit: www.sjhousing.org/AHIF.

ELLIS ACT ORDINANCE

How is IHO related to Ellis Act Ordinance?

- Ellis Act applies to all apartments with 3 units or more and provides requirements for landlords removing these apartments from the rental housing market. The most frequent use of the Ellis Act Ordinance would be the demolition and redevelopment of existing rent controlled housing. Additional information on Ellis Act Ordinance may be found online at: www.sjhousing.org/RENT
- The Ordinance creates a standardized process for issuing Ellis Act notices, and possible relocation benefits, Tenant's right to return and the re-control of rents for units returned to the market.
- A project that demolishes an apartment that was built before 1979 (an "Ellis Act" building) is required to re-control the greater of: 50% of all the newly constructed rental units or the number of covered units removed from the rental market.
- Re-control means capping rents from increasing annually at 5% (or as amended by City Council)

	IHO Rental—Option 1	IHO Rental—Option 2
Inclusionary Housing Ordinance	Choose Build On-Site : 15% of total units are deed-restricted affordable units: Where 9% at 80% AMI Where 6% at 50% AMI	Choose an Alternative Compliance Option
Ellis Act Ordinance	Add an additional 5% at 100% AMI → No re-control OR The greater of: 50% of all the newly constructed rental units or the number of covered units removed from the rental market are re-controlled.	The greater of: 50% of all the newly constructed rental units or the number of covered units removed from the rental market are re-controlled.

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

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Inclusionary Housing Ordinance (IHO)

- Applies to new residential developments ≥ 20 units
- 15% of units on site must be affordable (AMI)
 - Compliance alternatives:
 - Must equal 20% of affordable housing on-site
 - In-lieu fee, dedication of land, surplus in-lieu credits, acquisition and rehab of units, etc.

	Existing IHO	Proposed IHO
Affordable Housing Requirement	15%	15%
Affordability Levels	9% at 80% AMI (Moderate) 6% at 50% AMI (Very Low)	5% at 100% AMI (Moderate) 5% at 60% AMI (Low) 5% at 50% AMI (Very Low)



Signature Project Affordable Housing Incentive Proposals

- Reduce required commercial by providing affordable units:
 - All affordable housing must be on-site
 - Must exceed the 15% IHO requirement
- No alternatives or combination of alternatives
- Housing and commercial components must be developed concurrently

Percentage of On-Site Affordable Units	Percentage Reduction in Required Commercial Space
20%	15%
25%	20%
30%	25%
35%	30%
40%	35%
45%	40%
50%	45%



Signature Project Affordable Housing Incentive Option 1

- 15% IHO on-site not required
 - Alternatives OK
- Can take advantage of commercial requirement reduction if:
 - IHO provided on-site
 - Exceed 15% IHO



Signature Project Affordable Housing Incentive Option 2

- **15% IHO on-site REQUIRED**
 - Regardless of incentive
 - Only alternative accepted: Land donation @ 20%
- Can take advantage of commercial requirement reduction if:
 - Exceed 15% IHO



Signature Project Affordable Housing Incentive Option 3

- 15% IHO on-site not required
 - Alternatives OK
- If IHO not on-site, "above fair share" commercial is required
 - Based on Urban Village type
- If IHO provided on-site, only "fair share" commercial is required
- Can take advantage of commercial requirement reduction if:
 - IHO provided on-site
 - Exceed 15% IHO



Signature Project Affordable Housing Incentive Proposals

	Option #1	Option #2	Option #3
On-Site 15% IHO Requirement	No	Yes	No, if providing above fair share of commercial
IHO Alternatives Accepted	<ul style="list-style-type: none"> • Off-Site at 20% • In-Lieu Fee at 20% • Dedication of Land at 20% • Surplus In-Lieu Credits at 20% • Acquisition and Rehab of Units at 20% • HUD Restricted Units at 20% • Combination of Methods at 20% 	Dedication of Land at 20%	<ul style="list-style-type: none"> • Off-Site at 20% • In-Lieu Fee at 20% • Dedication of Land at 20% • Surplus In-Lieu Credits at 20% • Acquisition and Rehab of Units at 20% • HUD Restricted Units at 20% • Combination of Methods at 20%
Affordability Level to Redeem Commercial Reduction Incentives	Less than 80% AMI	Less than 80% AMI	Less than 80% AMI
Commercial Reduction Incentives	20% affordable housing : 15% reduction of commercial 25% affordable housing : 20% reduction of commercial 30% affordable housing : 25% reduction of commercial 35% affordable housing : 30% reduction of commercial 40% affordable housing : 35% reduction of commercial 45% affordable housing : 40% reduction of commercial 50% affordable housing : 45% reduction of commercial		

Additional Considerations on Affordable Housing Incentives for Signature Projects

- Staff conducting further analysis
 1. Financial analysis to determine:
 - Implications and feasibility
 - If it incentivizes affordable housing
 2. Identify key employment opportunity sites for preservation



Signature Project Staff Recommendations

- Incentivize more on-site affordable housing by providing commercial requirement reduction (Task Force to vote on the 3 options provided)
- Signature projects tailor their community engagement strategies by project



GP 4-Year Scope of Work

- 1. Consider allowing mixed-income housing within mixed-use developments with a significant percentage of restricted affordable homes to proceed within an urban village ahead of a Growth Horizon. (Housing Crisis Workplan Item #19)*
- 2. Explore changes to commercial space requirements for affordable housing developments. (Housing Crisis Workplan item #22)*



Existing Policy IP-5.12

- 100% affordable deed restricted residential developments (for a period ≥ 55 years to low income residents earning $\leq 80\%$ AMI), ahead of a Horizon or an Urban Village Plan if it:
 - *Criterion #1*: Is not more than 25% of the total residential capacity of the UV
 - *Criterion #2*: Is consistent with the UV Plan
 - *Criterion #3*: Substantially replaces the existing commercial square footage
 - *Criterion #4*: Is not located on identified key employment opportunity sites
 - *Criterion #5*: Would not pull from the residential Pool capacity

Proposed Changes: Policy IP-5.12

- Proposal for Signature Projects already address mixed-income housing ahead of a Plan and Horizon
- No changes to affordable units provided (100%) or affordability level (80% or less AMI)
- Why?
 - Disincentivize use of the Signature Project policy
 - Result in fewer affordable housing units at any level
 - Result in less commercial development



Recommendation: Policy IP-5.12

- 100% affordable housing developments to replace 50% of existing on-site commercial
 - Example: 397 Blossom Hill Road
 - Drastically less than commercial required for Signature Project and other market-rate mixed-use projects
- Remove criterion 1 and criterion 5 of the policy:
 - Criterion 1 limits the number of residential units
 - Criterion 5 refers to the Residential Pool Policy

Recommendation: Policy IP-5.12

“Residential projects that are 100% affordable deed restricted by a public entity for a period not less than 55 years to low income residents (earning 80% or less of the Area Median Income), can proceed within an Urban Village regardless of Growth Horizon or a Council Approved Plan, if the project meets the following criteria:

- 1. The development is consistent with the goals, policies, and land use designation of the Urban Village Plan for a given Village, if one has been approved by the City Council.*
- 2. Development that demolishes and does not adaptively reuse existing commercial buildings shall replace at least 50% of the existing commercial square footage.*
- 3. The project is not located on identified key employment opportunity sites, which are sites generally 2 acres or larger, located at major intersections and for which there is anticipated market demand for commercial uses within the next 10 to 15 years.”*



Agenda Item 3b

Task Force Discussion & Public Comment

Envision 2040 General Plan 4-Year Review

Agenda Item 3c

Task Force Vote

Envision 2040 General Plan 4-Year Review