



**Task Force Meeting No. 4 Synopsis
February 27, 2020**

Task Force Members Present: Teresa Alvarado, David Pandori, Dev Davis, Pam Foley, Michelle Yesney, Melanie Griswold, Jessie O'Malley Solis, Luis Arguello, Jeffrey Buchanan, David Bini, Steven Solorio, Pat Sausedo, Vincent Rocha, Nate LeBlanc, Michael Van Every, Don Little, Harvey Darnell, Juan Estrada, Kiyomi Yamamoto, Jason Su, Kevin Zwick, Leslye Corsiglia, Shiloh Ballard, Andre Luthard, Sam Ho, Robert Levy, Smita Patel, Tamiko Rast, Margie Matthews, Jesus Flores, Shawn Milligan, Ray Bramson, Susan Butler-Graham, and Roberta Moore.

Task Force Members Absent: Sylvia Arenas, Karl Lee, Linda LeZotte, Bonnie Mace, Erik Schoennauer, Eddie Truong, and Jim Zito. (according to sign-in sheets)

City Staff, Consultants and Other Public Agency Staff Present: Rosalynn Hughey (PBCE), Michael Brilliot (PBCE), Jared Hart (PBCE), Kim Walesh (OED), Chris Burton (OED), Victor Farlie (OED), Bige Yilmaz (OED), Jerad Ferguson (OED), and Nate Donato-Weinstein (OED), Kieulan Pham (PBCE), Jessica Setiawan (PBCE), Robert Rivera (PBCE).

Public Present: 23 people (staff counted number of attendees)

1. Welcome, Introductions, and Overview of Agenda

The meeting convened at approximately 6:00 p.m. Co-chairs welcomed Bob Levy and Jeffrey Buchanan to the Task Force. Staff provided an update to the Task Force meeting schedule.

2. Announcements

Jared Hard and Michael Brilliot notified the Task Force about future informational meetings at City Council that will discuss the effects of recent State legislations affecting the City's planning and policy work and presented initial thoughts on the City's upcoming Housing Element Update work.

3. Recommendations from January 30, 2020 Task Force Meeting and Schedule Updates.

Kieulan Pham, Supervising Planner of the General Plan team, summarized the scope of work items covered and Task Force recommendations made during the January 30, 2020 meeting. Additionally staff also presented schedule changes for the General Plan 4-Year Review process.

4. Capitol Caltrain Station Area

Robert Rivera, Planner of the General Plan team, presented staff recommendation of a new Regional Transit Urban Village at the Capitol Caltrain Station as recommended by the Monterey Corridor Working Group.

5. Public Comment & Task Force Discussion on the Capitol Caltrain Station

Public Comment

The public had no comments on staff's recommendations on the Capitol Caltrain Station Area.

Task Force Discussion

The Task Force members asked questions, discussed Staff's recommendations, and made a motion on the proposed new Regional Transit Urban Village: Capitol Caltrain Station Area.

Several members of the Task Force asked if the boundary of the proposed new Urban Village could be expanded to include the residential neighborhoods to the east of the proposed boundary and to the west of the train tracks and Monterey Road corridor as it is a missed opportunity for more housing and jobs near a regional transit station. Staff explained that developing existing residential development is unlikely and by including it in the Urban Village boundary it opens properties for redevelopment and the potential to displace existing residents. Other Urban Villages include residential neighborhoods as a way to protect historic neighborhoods and include Urban Village policies to preserve it. The area to the west of the Monterey Road corridor and train tracks is within the Communications Hill Specific Plan and is planned for continued commercial or industrial uses. City policies strongly discourage industrial land conversion, especially since these businesses are established here with no intent to move. Additionally, Monterey Road and the train tracks bisect these two areas, limiting connectivity, and one planning effort for both sides of the road/tracks would not result in a cohesive community.

Task Force member Andre Luthard also directed staff to look into a new Urban Village near the Blossom Hill Caltrain station.

Motion

Task Force member Councilmember Pat Foley made the motion to approve the new Capitol Caltrain Station Area Urban Village. Task Force member Councilmember Dev Davis second the motion. The motion passed.

Motion passed by: Teresa Alvarado, David Pandori, Dev Davis, Pam Foley, Michelle Yesney, Melanie Griswold, Jessie O'Malley Solis, Luis Arguello, Jeffrey Buchanan, David Bini, Steven Solorio, Pat Sausedo, Vincent Rocha, Nate LeBlanc, Michael Van Every, Don Little, Harvey Darnell, Juan Estrada, Kiyomi Yamamoto, Kevin Zwick, Leslye Corsiglia, Shiloh Ballard, Sam Ho, Robert Levy, Smita Patel, Tamiko Rast, Margie Matthews, Jesus Flores, Shawn Milligan, Ray Bramson, Susan Butler-Graham, and Roberta Moore.

Motion opposed by: Andre Luthard.

Motion abstained by: Jason Su.

6. Residential Uses in Neighborhood Business Districts

Kieulan Pham (Planning) presented staff recommendations on allowing residential uses in non-Urban Village Neighborhood Business Districts (NBDs). Chris Burton and Victor Farlie (Office of Economic Development) presented the Supporting Small Business Alum Rock Pilot Program as part of this presentation.

7. Public Comments & Task Force Recommendations on Residential Uses in Neighborhood Business Districts

STAFF RECOMMENDATION PART 1

1. *Convert the Story Road Employment Area Growth Area to an Urban Village with a residential capacity of 1,000 residential units and recommend that the Story Road Urban Village be considered as potential area for the Supporting Small Business Program for small business anti-displacement efforts.*

Public Comment

One community member suggested to the Task Force that they know where the units established for the Urban Village come from. Staff clarified that the next Task Force meeting will discuss capacity shifts.

Task Force Discussion

Task Force members were generally supportive of this recommendation because it is an ideal location due to a planned light rail station and opportunities for development. A Task Force member asked staff if the Urban Village could be expanded to 1st Street, however staff explained that many of the areas are within existing Urban Villages and are outside of the General Plan 4-Year scope of work that only asked to look at NBDs. Other Task Force members asked for staff clarification on the jobs and residential capacities suggested and staff explained that the planned jobs are carried over from the existing Story Road Employment Area that already has 1,800 planned job – the new residential capacity would be allocated from other Urban Villages which will be discussed at the March Task Force meeting.

Motion

Task Force member Juan Estrada made the motion to establish a new Urban Village along Story Road as recommended by staff. Task Force member Councilmember Pam Foley second the motion. The motion passed.

Motion passed by: Teresa Alvarado, David Pandori, Dev Davis, Pam Foley, Michelle Yesney, Melanie Griswold, Jessie O'Malley Solis, Luis Arguello, Jeffrey Buchanan, David Bini, Steven Solorio, Pat Sausedo, Vincent Rocha, Nate LeBlanc, Michael Van Every, Don Little, Harvey Darnell, Juan Estrada, Kiyomi Yamamoto, Jason Su, Kevin Zwick, Leslye Corsiglia, Shiloh Ballard, Andre Luthard, Robert Levy, Smita Patel, Tamiko Rast, Margie Matthews, Jesus Flores, Shawn Milligan, Ray Bramson, Susan Butler-Graham, and Roberta Moore.

Motion abstained by: Sam Ho.

STAFF RECOMMENDATION PART 2

2. *Amend the General Plan to include Willow Street, North 13th Street, Willow Glen, and Japantown (Taylor Street only) NBDs as Growth Areas in Appendix 5 of the General Plan to allow limited residential development. These NBDs do not have a specific residential growth capacity assigned to them; instead, staff recommends reallocating a pool of 600 residential units from Urban Villages to allow entitlement of residential or mixed-use residential projects in these NBDs. The capacity would function as a pilot and could be increased as part of a General Plan Annual Review or Four-Year Review.*

3. *Amend the existing Neighborhood Business District overlay to add the following language: “Residential uses are allowed in the Japantown (Taylor Street only), North 13th Street, Willow Glen, and Willow Street Neighborhood Business Districts. New residential or residential-mixed use developments shall:*
 1. *Replace 100% of the existing amount of commercial or industrial space on site, with commercial square footage. Where commercial or industrial uses do not currently exist, no commercial space is required unless the property is bounded by (shares a property line) with existing employment uses that also front the primary neighborhood businesses street (e.g. Lincoln Avenue, Willow Street, Taylor Street or 13th Street). In these location, a residential project would need to provide ground-floor commercial space to create continuity of the commercial frontage along the street;*
 2. *Have the following maximum residential densities (to be determined):*
 - *Willow Street: X DU/AC*
 - *North 13th Street: X DU/AC*
 - *Willow Glen: X DU/AC*
 - *Japantown (Taylor Street): X DU/AC;*
 3. *Have the following height limits (to be determined):*
 - *Willow Street: X stories*
 - *North 13th Street: X stories*
 - *Willow Glen: X stories*
 - *Japantown (Taylor Street): X stories;*
 4. *Be allowed to keep its existing on-site density and height if it is higher than the maximums established in this policy;*
 5. *Comply with City Design Guidelines; and*
 6. *Adaptively reuse any historic structures that are on a property.”*

Public Comment

Several community members expressed their concern with potential displacement of small businesses and potential changes to the cultural assets that these NBDs provide. One community member discussed the North 13th Street NBD and recommendations that came out of the AARP charrette that suggested a lower density than the Mixed-Use Neighborhood density on North 13th Street.

Task Force Discussion

Several Task Force members expressed that they would like to see more residential capacity than the 600-unit residential capacity pool proposed by staff. They also asked for staff to clarify how the 600-unit capacity would work and an explanation of why capacities need to be reallocated from other growth areas rather than adding residential capacity. Staff explained that the 600 units are established only as a pilot and would be a first-come-first serve pool for all NBDs to use. Staff also explained the limitations of adding new residential units to the General Plan capacities – it is not in the scope of work for this General Plan 4-Year Review and would be a heavy environmental analysis; however, the next Regional Housing Needs Allocation for San José is expected to be released in summer 2020 and could result in an increase in the General Plan capacity. If this new policy is successful in introducing housing, we would add more residential units to the capacity during the next General Plan 4-Year Review.

Other Task Force members sought clarification on the densities and heights that are proposed as part of this policy. Some Task Force members expressed that they would like to see higher density to allow better affordability for residential units. Other members were unsure of the lack of specific densities and heights in the proposed policy framework. Staff preliminarily envisions that buildings would be five to six stories in the Japantown NBD (Taylor Street only), because of the existing higher density form, and three to four stories in all the remaining NBDs, but would still need to do additional outreach to communities to determine the final densities and form that would be incorporated into the policy.

Members of the Task Force asked for clarification of the Small Business Alum Rock Pilot Program and what it does. They also asked if there are examples of tenant protections in other cities that San José could learn from. Staff responded that City staff facilitate relationships and connections between businesses, organizations, and financial institutions while keeping small businesses apprised of potential development and displacement in their area. Staff also explained that this pilot program also serves to establish the needs of small businesses in San José as businesses have different needs. The potential result of the program would be lessons learned, identifying funding and establishing programs, and policy recommendations for commercial displacement.

A majority of Task Force members expressed concern about the risk of potentially disturbing the character and displacing small businesses that currently thrive in these NBDs. Most members expressed that they felt torn about wanting to create more opportunities for housing but that adding housing could add do it or risk the stability of these unique places and cultural assets. Another Task Force member mentioned that they felt uncomfortable that other Task Force members were framing the discussion in a way that pits housing against small businesses, clarifying that it is a false choice and can be mutually beneficial. Some Task Force members are worried that even with 100% replacement of commercial space, it would displace businesses that would not be able to afford to come back or disrupt their business model where they would not be able to reopen. Task Force members requested that staff address small business anti-displacement in their recommendation while addressing both housing and preservation of small businesses.

Many Task Force members also agreed that these NBDs vary differently in how each are successful, the degree to which they are successful, and if they would benefit from new development. While some NBDs like Willow Glen are bustling with manicured trees and busy storefronts, other NBDs have less obvious indicators of success that the public may not see. A Task Force member mentioned that 100% replacement of commercial space should not be required for all the NBDs because it would be costly and that some NBDs have less success with commercial space. Staff explained that on average, businesses in these NBDs have been in place for longer than 10 years and bring in a consistent stream of sales tax. Many Task Force members agreed that these NBDs need a refresh, but that the City should find a way to limit displacement of small businesses or explore ways to have them come back if temporarily displaced and explore if 100% replacement of commercial space should be applicable to NBDs or if there could be some flexibility.

Task Force member Jeffrey Buchanan suggested that staff look into a value capture method for anti-displacement strategies or affordable housing opportunities. He added that by capturing value through allowing housing in areas that are valuable in areas important to small businesses would allow for funding to be used to help mitigate those impacts. Some Task Force members were supportive of this direction so that the money collected from the value capture could help small businesses in ways such as temporarily relocation or rent subsidies. Other Task Force members disagreed because value capture or funding to help displacement of small businesses should occur citywide rather than just in these NBDs. Staff responded that state law has limited value capture for amenities in the past and would have to rethink how value capture could be implemented and used in this context.

A few Task Force members were concerned about the feasibility of development in NBDs due to the wide range of lot shapes, sizes, and existing building and parking regulations that would make residential development infeasible. Other Task Force members argued that it is too early to look at sites specifically and site-specific designs and that analyzing requirements by each parcel is not appropriate on a policy framework level. Staff responded that the proposal requirements would not be different for different sites and other City policy documents such as the Citywide Design Standards would ensure that the project and development-specific features such as width and setbacks are appropriate for the neighborhood and viable for commercial development. Additionally, staff addressed that the revisions to the City's parking requirements is currently underway through other efforts.

A couple Task Force members mentioned the importance of engaging the community prior to finalizing the policy. Another Task Force member mentioned that all development projects do a tremendous level of outreach before getting approved so that it is not needed in the policy or recommendation. Staff also emphasized that community outreach is planned for the communities of the NBDs prior to setting the densities and heights of the policy and prior to City Council consideration.

In summary, Task Force members agreed that they would like to create more housing and although this would only provide a fairly minimal amount of housing and is not the solution to the housing crisis, it is a start. Task Force members concluded that it's a beginning step to an old

model with housing on top and commercial on the ground floor that could work if the policy framework is refined with outreach and anti-displacement strategies.

Motions

Motion #1: Task Force member Pat Sausedo made the motion to approve the 600-unit residential capacity pool established for the NBDs as well as the policy framework with direction to staff to explore revising the 100% replacement of commercial for flexibility due to different status and success of each NBD. Task Force member Michael Van Avery second the motion.

Task Force member Jeffrey Buchanan made a substitute motion to include policy language for compliance to future anti-displacement strategies that result from the Small Business Alum Rock Pilot Program. Task Force member Smita Patel second the substitute motion.

Task Force Pat Sausedo agreed to amend her original motion to include the substitute motion. The motion passed.

Motion passed by: Teresa Alvarado, Dev Davis, Pam Foley, Michelle Yesney, Melanie Griswold, Jessie O'Malley Solis, Luis Arguello, Jeffrey Buchanan, David Bini, Pat Sausedo, Vincent Rocha, Nate LeBlanc, Michael Van Every, Harvey Darnell, Juan Estrada, Jason Su, Kevin Zwick, Leslye Corsiglia, Shiloh Ballard, Andre Luthard, Sam Ho, Robert Levy, Margie Matthews, Jesus Flores, Shawn Milligan, Ray Bramson, and Roberta Moore.

Motion opposed by: Tamiko Rast, David Pandori, Don Little, and Steven Solorio.

Motion abstained by: Kiyomi Yamamoto, Susan Butler-Graham, and Smita Patel.

Motion #2: Task Force member Jeffrey Buchanan made the motion for staff to explore a value capture framework for development in the NBDs that would be used to support small businesses that may be displaced as part of this. Task Force member Smita Patel second the motion. The motion was not passed.

Motion opposed by: Teresa Alvarado, David Pandori, Dev Davis, Pam Foley, Michelle Yesney, Melanie Griswold, Jessie O'Malley Solis, Luis Arguello, Pat Sausedo, Vincent Rocha, Nate LeBlanc, Michael Van Every, Don Little, Juan Estrada, Kiyomi Yamamoto, Kevin Zwick, Leslye Corsiglia, Sam Ho, Robert Levy, Margie Matthews, Shawn Milligan, Ray Bramson, Susan Butler-Graham, and Roberta Moore.

Motion passed by: Harvey Darnell, Andre Luthard, Jason Su, Sam Ho, David Bini, Jeffrey Buchanan, Smita Patel, Tamiko Rast.

Motion abstained by: Jesus Flores and Steven Solorio.

8. Opportunity Housing

Jessica Setiawan, Planner of the General Plan team, presented staff recommendation Opportunity Housing which would allow two to four units of housing on parcels designated Residential Neighborhood in limited areas of the city.

9. Public Comments on Opportunity Housing

Public Comment

A majority of public comments were positive and supportive of staff recommendation on opportunity housing as it allows more housing in the City for the housing shortage while also addressing historic racial segregation and inequities. Two community members suggested that opportunity housing should be expanded citywide and to consider allowing more units closer to transit. Other community members were concerned that it would disrupt historic neighborhoods, should complete the historic resources inventory prior to implementing the policy framework, would add pressure on existing infrastructure, lack of early outreach, and the vulnerability it would create for starter neighborhoods that may be the low hanging fruit for smaller developers to purchase and redevelop.

Task Force Discussion

Task Force discussion and vote was deferred to the March 26, 2020 meeting. Co-Chair Teresa Alvarado requested that Task Force members email staff questions prior to the next meeting.

10. Announcements

Next Task Force meeting will commence on March 26, 2020. (Update: Due to COVID19 Shelter-In-Place orders, the March 26th and April 30th Task Force meetings have been cancelled)

11. Adjourn

The meeting adjourned at approximately 9:30 p.m.