



Task Force Meeting Synopsis February 25, 2008

Task Force Members Present*:

Co-Chair Shirley Lewis, Co-Chair Sam Liccardo, Vice Chair David Pandori, Jackie Adams, Teresa Alvarado, Shiloh Ballard, Michele Beasley, Frank Chavez, Judy Chirco, Gary Chronert, Pastor Oscar Dace, Harvey Darnell, Pat Dando, Dave Fadness, Enrique Fernandez, Leslee Hamilton, Sam Ho, Nancy Ianni, Lisa Jensen, Frank Jesse, Matt Kamkar, Charles Lauer, Karl Lee, Linda LeZotte, Pierluigi Oliverio, Jenniffer Rodriguez, Dick Santos, Patricia Sausedo, Erik Schoennauer, Judy Stabile, Neil Struthers, and Jim Zito

Task Force Members Absent

Yolanda Cruz, Dan Hoang, Phaedra Ellis-Lamkins, Alofa Talivaa and Michael Van Every

City Staff and Other Public Agencies Present*:

Timm Borden (Public Works), Michael Brilliot (PBCE), Justina Chang (PBCE), Wayne Chen (Housing), Roma Dawson (Councilmember Liccardo's office), Peter Hamilton (Councilmember Chirco's office), Joseph Horwedel (PBCE), Stan Ketchum (PBCE), Leslye Krutko (Housing), Jenny Nusbaum (PBCE), John Poindexter (PBCE), Laurel Prevetti (PBCE), Allen Tai (PBCE), Junko Vroman (ESD), Ru Weerakoon (Mayor's office)

*As verified by registering attendance on Sign-In Sheets.

1. Welcome and review of agenda

Co-Chair Sam Liccardo convened the meeting at 6:37 p.m.

2. Review and approval of Minutes from January 38, 2008 meeting

The following corrections were requested:

- Historic preservation issues were not reflected in the vision.
- The issue of healthy communities was not reflected in the vision.
- Frank Chavez was in attendance at the last meeting.
- Member Stabile indicated she brought up the issue discussed in the first paragraph on page 7 and the record does not reflect her request to look at protected intersections as part of this process to determine if they are giving the intended results.

- The suggestion of looking at a citywide traffic impact fee similar to the PIO/PDO was not reflected.
- Request was made that discussion on page 4 regarding the 1% increase in the level of service also reflect that Mr. Larsen indicated the Task Force could make suggestion to the City Council on the way the incremental increase in level of service calculation is done.

Minutes, as revised, were approved unanimously.

3. Introduction to the Housing Element Update

John Poindexter, Planning Official, provided an overview of the housing element update, specifically focusing on what goes into a housing element, why it is important, and why San Jose is undertaking the update of the housing element separate from the General Plan. State law requires that General Plans be prepared by communities and mandates that they contain elements for land use, circulation, housing, conservation, open space, noise and safety. Of these seven elements, only the housing element is required to be updated every 5 to 7 years, and it is subject to a mandatory review by the State Department of Housing and Community Development. State law requirements related to housing elements are intended to assess housing needs for communities at various income and household size levels and develop a consensus vision for how housing will be addressed in a community and establish a policy strategy for meeting those housing needs. The state requires completion of the housing element for San Jose and certification by June 30, 2009. It is important to acknowledge the close relationship between the housing element and the rest of the General Plan, especially land use, to ensure there is consistency with the direction that the housing element is taking as well as the direction the General Plan is taking. Our current task for the housing element process includes:

1. A review of the existing conditions and designation of sites that contribute to the residential capacity we need to meet
2. A public outreach program
3. The preparation of a draft housing element document
4. Public review of the document
5. Environmental analysis
6. Mandatory review by the State Department of Housing and Community Development
7. The adoption and certification process

Allen Tai, Planner II, continued the presentation focusing on the specific issues the City will be addressing as a part of the housing element update. One of the key components of the housing element update is planning for meeting the legally mandated Regional Housing Needs Allocation, otherwise known as RHNA. This allocation is determined by the Association of Bay Area Governments. Each city must meet their fair share contribution toward providing for the housing needs in the bay area in their General Plan housing element. The RHNA allocation includes housing in various income categories from above moderate to very low. For the 2007-2014 period, San Jose's share requirement is

approximately 35,000 units. While the number of units in San Jose's RHNA is significant, the largest challenge will be achieving the build out requirements at the affordability categories prescribed under the RHNA allocations.

In addition to conforming to RHNA requirements, the City must follow the goals and policies of the General Plan. Therefore, focus is not only on the affordability requirements, but also on locating new housing developments where they will achieve maximum efficiency in using existing services and facilities. These locations include North San Jose, Downtown, the San Jose Flea Market and Edenvale, as well as the Specific Plan areas. The housing element update process will require not only attention to the housing numbers, but also focusing on planning for complete, sustainable neighborhoods.

Implementing policy changes to remove constraints in the development process is also a part of the update process. Overall, the policies in the housing element update process will be complementary to existing policies. By establishing a clear and comprehensive vision for where housing is located, employment land will be preserved, thereby furthering the City's economic development goals. As well, state criteria for qualifying for funding for housing programs are met by locating housing near transit. This will all be done in conjunction with promoting the development of complete and balanced neighborhoods.

The Task Force members asked questions and provided comment as follows:

- Clarification was requested on the methodology for calculating the RHNA allocation. Concern was voiced that San Jose may have the physical capacity for additional housing but may not have the capacity to provide required services and the ability to generate the necessary revenue for those services. *Laurel Prevetti, Assistant Director of PBCE, clarified the methodology is a complex one that essentially makes it advantageous to build housing in locations that have infrastructure such as transit. She indicated when the ABAG Board adopted the methodology, in their Resolution they also agreed to work collaboratively to ensure that those cities, such as San Jose, that took on a larger proportion of the housing would receive a fair share of the infrastructure Bond money and the affordable housing Bond money coming forward through the State. Further clarification was requested on the calculation methodology and how San Jose fared in the RHNA allocation for the last time frame. Ms. Prevetti responded that San Jose received an A+ rating. The city did well in terms of total number of units and affordability. She went onto to say San Jose's affordable housing resources are shrinking, so the future challenge will be somewhat bigger. The methodology is explained in detail on the website link that appears in the packet cover memo. As well, the ABAG website has information. Responding to an additional question, Ms. Prevetti indicated if we go beyond our goal in one time frame, there is no carry over credit into the next time frame. Co-Chair Liccardo indicated on a regional level, transit money and other Bond money is linked to the ability to meet RHNA goals. A follow up question requested clarification on the connection of RHNA goals to transportation funding and whether the other counties and communities agreed to make it a legislative priority, as well, even though San Jose took the heavy burden for affordable housing. Leslye Krutko, Director of Housing, replied that the counties did agree to work on legislation. She*

further indicated San Jose had introduced legislation the previous week giving priorities to those communities that accepted a larger RHNA allocation this time around. She stated it would not be an easy bill to get through the legislature, but they will be working hard to see that it passes. It was asked if there would be a coalition of San Jose's partners on the ABAG Board advocating for the legislation. Co-Chair Liccardo indicated San Francisco and Oakland are in a similar situation as San Jose and they would be supporting the legislation. Question was asked if there was assurance that San Jose would receive a proportionate share of the housing Bond funds. Ms. Krutko indicated all of the Bond funds were included in the same bill. She explained that it will be a challenge for San Jose to create the low, very low and extremely low income units. To meet the challenge San Jose will need local, state and federal funds and that is why this piece of legislation is so important. Question was raised regarding what would happen if San Jose scored a D+ or F in their rating. Additionally, comment was made that we are lobbying for additional funding for housing while we don't have money for parks, community centers, Police and all the other services that housing requires. Ms. Prevetti responded a poor rating would carry several consequences. The City would become ineligible for other funding sources that the state delivers for infrastructure. Additionally, San Jose's reputation throughout the state for being a leader in providing for affordable housing would suffer. The most important and biggest consequence would be our inability to provide the needed housing to the community.

- The issue of making high density housing compatible and pedestrian friendly with existing neighborhoods was raised. Many of the walkways and paseos of these high density complexes are closed off to surrounding pedestrians. Question was also asked regarding how the citizenry is being educated about high rise development to assure a broad base community acceptance. *PBCE Director Joe Horwedel indicated land use and the pattern of the city would be a topic of future discussion and agreed that it is important to educate the public about the necessity of increased density in housing and the consequences of not planning around this goal. Suggestion was made that a portfolio of examples of quality interfaces be created for community review. Mr. Horwedel indicated a similar project is in progress by the Housing Department but it is not yet complete.*
- Clarification was requested regarding San Jose's ability to have sufficient capacity to meet the housing needs through 2014 as reflected in the February 19, 2008 Background Report. Question was asked regarding the 808 acres of vacant land supply for residential housing and if staff anticipated much higher density units or if there would be shifting of land uses. *Senior Planner Michael Brillot indicated much of the increased housing will occur through redevelopment of existing properties with higher densities, concentrating on infill development and looking at under utilized properties that could be redeveloped.*
- Comment was made about use of the term "burden" as it relates to the housing issue. The members were reminded of the statement made by Mr. Tai, "We have the capacity. It's about how we do it and not necessarily whether we do it." The focus of the Task Force is to plan for the future, for our children and our families.

4. Presentation and Discussion of the Existing Land Use and Development Trends Background Report

Michael Brillot briefly reviewed the Existing Land Use and Development Trends Background Report prepared by staff. The City of San Jose's land use is comprised of 50% residential, 7.6% industrial, 5% commercial, 8.5% parks and open space, 5.5% vacant, 4.5% schools, and 21% public rights of way. Demonstrating that San Jose is largely a single family community, one-third of the residential land is occupied by single family houses. Mr. Brillot defined the make up of the commercial and industrial land uses, noting that industrial uses include traditional uses such as warehouses and manufacturing and also the high tech industry.

In discussing development trends, Mr. Brillot explained that there is a trend or shift away from single-family homes to multi-family units, comprised of court homes, town homes, and high density units including towers. This shift is also reflected in density statistics where in 1994 the average density was 17.8 units per acre and in 2006 average density had increased to 45.5 units per acre.

Industrial development trends are also shifting toward more efficient use of land, with buildings increasing from 1 to 2 story campuses to 4 to 6 story buildings. As well, there is less space dedicated per employee, thereby reducing land and building space requirements.

The City has identified four main areas to accommodate growth intensification. They include Downtown, North San Jose, Transit Oriented Development Corridors, and Specific Plan Areas. Mr. Brillot provided statistics on the built or approved residential, commercial and industrial uses for each of these targeted growth areas. Since 1994 over 36,000 residential units have been built in these planned growth areas. This represents 79% of all residential development constructed in the city since 1994. Comments from the Task Force members were invited.

- The issue of the nexus between housing and commercial was raised and clarification was requested on how to determine the balance that would allow commercial to come into a residential area and be successful. *Mr. Brillot responded there is a shift to mixed use but it has been slow in coming. Recently developers are doing mixed use projects and the retail space is being successful. However, the developers are "risk adverse" and want to ensure there will be a market for retail. The dilemma is once the people come, there will be a market for commercial but it is hard to make residential attractive if there is no commercial. Mr. Brillot indicated San Jose is "retail poor." Many residents leave the city to do their shopping. San Jose is short in terms of commercial land for shopping and that is something the Task Force will want to look at.*
- Clarification was requested on the definition of Transit-Oriented Development Corridors and why some areas are identified as TOD corridors and other similar areas are not. *Ms. Prevetti explained the TOD corridors were initially termed "intensification corridors" and were identified as places where additional density or intensity could be*

accommodated. Later there was concern that the name would raise concern among the citizenry and the term was changed to “TOD corridors.” Part of the reason some areas are identified as TOD corridors and others are not is that the City did not want to be too aggressive. The concept of intensification was relatively new and the decision was made to identify only those corridors that were high traffic with the potential for change.

- Comment was made that the Mid-Town area was identified in the 2020 General Plan Update as an integrated whole community envisioning new industrial and commercial uses along with the residential. Looking at the area today, it is mostly residential. The report refers to residential units but not industrial. When we are looking at high density housing along the corridors, we need to remember the industrial/commercial element must also be included. *Ms. Prevetti responded pointing out that the 2020 Plan intended to retain a fair amount of industrial and commercial uses such as those on Lincoln Avenue. While there have not been new buildings, there have been new businesses moving into existing buildings. In reality, it is a very thriving place for business and is a vibrant part of what that Plan intended to preserve.*
- Comment was made regarding the preservation of historic housing, specifically neighborhoods that have not formally been designated as Conservation Areas or Historic Districts. They are beautiful, historic neighborhoods and communities that represent a bygone era and have a tourist value. Request was made that special consideration be given to areas with historic single family homes to make sure they are preserved and not negatively impacted by intensification. Another Task Force Member also raised the issue of preservation districts and how they contribute to the quality of life in San Jose. Question was asked how to preserve these areas and not lose them to high density housing. *Principal Planner Stan Ketchum indicated the current General Plan has policies that endorse and support the protection of these kinds of areas. In their recommendations, the Task Force can address this issue.* The Task Force was encouraged to look at the District 6 website, “Neighborhoods of Distinction, Managing Preservation While Building for the Future,” which is has a questionnaire specifically directed toward this issue.
- The issue of the Tamien area was brought up as an example of the need for case studies and economic analysis. In the Tamien area, although the community would like to have retail brought in, there is not additional market demand for retail to encourage developers to build it. When the Tamien Towers were built, there was debate about the lack of retail. Three blocks away is the Willow Street Neighborhood Business District. It would seem some of the goals could be achieved using the existing infrastructure. Recommendation was made that the Task Force as a group take field trips to get a better perspective on these types of areas. Discussion also occurred regarding heavy and light industrial uses in this area. These industries are low density job generating and it was suggested they would not be particularly beneficial in revitalizing neighborhoods or creating demand for retail. Yet the heavy and light industrial component is extremely important to the overall economy of the city. Suggestion was made that it might be a better use of land to have an integrated neighborhood with retail and transit ridership and move the heavy/light industrial to another section of the city.

- Question was asked about the timing of development of the transit corridors, especially those that are a part of unfunded transit development. Specific reference was made to the Flea Market area. Do we build the housing and other intensifications in hopes that BART and light rail will extend to the area or do we wait to build until we are sure the transit is funded and will become a reality, and what is the plan to sequence this properly. *Mr. Horwedel responded that a traffic analysis has been done to assure that development of the Flea Market site can be handled with or without BART. He went on to challenge the Task Force to set high horizons for their visioning and to think about what we should be doing 15 years into the future, not today. Some things are out of our control, like BART, but if we do not build and plan for it, we have no hope of it ever happening. Co-Chair Liccardo indicated VTA will be making significant decisions in the near future regarding financing for BART.*
- Question was asked if there were statistics on how many new jobs have been established in San Jose since 1994. *Ms. Prevetti indicated the Office of Economic Development tracks that information and it can be found at www.sjeconomy.com. Additional clarification was requested on traditional industrial areas and the City's policy of "No Net Loss" or not seeing any reduction of industrial acreage. Specific clarification of whether this included both heavy and light industrial was requested. Mr. Horwedel responded that both heavy and light were included. Comment was made that it is important to look for areas to create that type of economic development.*
- Question was raised with an anticipated increase of 300,000 more residents, whether planning has included land use for churches. Residents need to be able to worship in San Jose as well as live, work and shop. *Mr. Ketchum indicated in the last several years the availability and value of land has made it difficult for churches and other organizations to find space. He indicated the General Plan Update would consider how to best address the needs of such organizations.*
- Support was voiced for case studies or field trips that would allow the Task Force to look at good examples of transitions from low density to high density. Question was asked what the density figure is without the downtown core included. Additionally clarification regarding the time frame for vacant land absorption was requested. And thirdly, while the report indicates 60% of the City's revenue comes from employment land, there is no breakdown for other categories such as retail, light industrial, etc. Request was made that the Task Force be provided with this information. *Mr. Ketchum explained addendums will be made to the report as pertinent information is requested. He indicated there is no goal for land absorption. The majority of the new residential development occurs on recycled land, land that previously had another use. It is not vacant land absorption. Request was made that the chart on page 40 of the Report regarding Specific Plans be updated to reflect the capacity remaining so the Task Force Members could identify how built out the specific plans are.*

Stan Ketchum gave a presentation on San Jose's policy legacy reviewing the planning process from the 1950's forward. Policies in the 1950's resulted in the sprawl of the very suburban,

auto-oriented community San Jose is today. Beginning in the 1970's meaningful planning was begun with the Urban Development Policy/Urban Service Boundary that halted San Jose's outward expansion, protected open space, and initiated infill development. The 1980's saw the development of the downtown area. In the 1990's and into the last decade, there has been proactive planning resulting in the Transit Oriented Development Corridors which has promoted high density housing and more efficient and cost effective service delivery closer to transit.

Mr. Ketchum challenged the Task Force to address where we go from here to leave a legacy for a more livable San Jose in 2040. Mr. Ketchum reviewed the Land Use Strategies for the Future chart and recommended the group use it as a discussion guide. Each of the categories represents a Guiding Principle with strengths and challenges identified. The principles include Economic Development, Growth Management, Urban Growth Boundary, Downtown Revitalization, Housing, Urban Conservation/Preservation, Sustainability, and Social Equity. The strengths and challenges of each principle were briefly reviewed. Mr. Ketchum concluded by requesting input from the Task Force on lessons learned and how they can be applied to build the ESJ2040 plan.

- Recommendation was made that the group keep infrastructure as a priority in their ongoing discussions. Maintaining and expanding the existing infrastructure is critical to making a more livable San Jose. *Mr. Brillot responded that the Environmental Services Department is currently engaged in a master planning process for waste water treatment plant. As well, Public Works is doing a sanitary sewer master plan. Information gained from the land use plan will help guide them in determining the required infrastructure.*
- The importance of recycling water as it relates to cost, demands and reserves was identified. As well, recommendation was made that consideration be given to the impact on existing neighborhoods when higher density land use occurs. Resources of neighborhoods are impacted when required services do not accompany residential intensification.
- The issue of sustainability was raised and the close correlation between sustainability and social equity was identified. Recommendation was made that we ensure we do not proceed with new development unless it can be sustained. Clarification was made that the issue is not building, but ensuring we can afford it and sustain it. We need to build the economic and development plans together as opposed to separately. Agreement was voiced that fiscal sustainability must be the primary objective and future development must be viewed through the fiscal sustainability lens.
- The issue of housing and the bad name associated with it was raised. It was acknowledged that the City does not have the money to support the services associated with new housing. However, San Jose is a part of a regional economy. Recommendation was made that the Task Force focus on the value and importance of housing and what it contributes to the economy. If housing production is stopped, we will not get jobs. In terms of infrastructure and sustainability, high density housing is the most fiscally efficient way for the City to provide new and utilize existing services. It

was opined that where high density housing is situated would be one of the defining decisions of the Task Force.

- Comment was made that adding housing without adding industrial or commercial would not make sense. Request was made that maps like the one on page 4 of the Report be made available for Sunnyvale, Milpitas and the surrounding cities to compare their land uses to San Jose.
- Regarding lessons learned from the past, the subject of piecemeal planning was brought up. Several areas, i.e. Coyote Valley, North San Jose, Evergreen, are being planned, but individually rather than as a coordinated effort. We need to bring the economic consultants on board as quickly as possible to get a picture of the fiscal impact. It was further suggested that the Task Force be allowed to re-look at what has been done over the last 15 years. Additionally, it is critical to have the available staff and resources to provide the needed information for the Task Force members to make informed decisions. Another member agreed that it is critical that Coyote Valley and the 9 Specific Plan areas be analyzed by the group. Co-Chair Liccardo queried the members to determine the consensus of including review of the Specific Plans in the Task Force's deliberation and responsibility and notifying the City Council of same. The members agreed it should be part of their deliberations; the item will be agendaized for future discussion and direction.
- Suggestion was made that establishment of walkways along rivers be considered, especially in the Coyote and Guadalupe areas. This would be an opportunity to ensure consideration for protection of the environment, efficient land use, recreational opportunities, and where appropriate inclusion of revenue generating commercial shops.
- Comment was made on the suggestion that housing and services must go hand-in-hand. The example of Trader Joes that has just opened in Market Center was presented as an example of a successful commercial/retail area that is not supported by Light Rail. It does, however, have a large parking area. It was questioned if we are setting ourselves up for failure if we do not provide enough parking in addition to transit services, and if Light Rail will be nothing but a transportation service back and forth to work if there are no services or commercial along the line.
- Request was made that the Task Force be provided with information on what the City Council has set as policy and goals for economic development, as well as what the Office of Economic Development has envisioned.
- Comment was made that in the 1970's the jobs/housing balance was identified as San Jose's biggest problem. In reading the Report, it still remains a big problem. Suggestion was made that General Plans need to be reviewed more often with some gauging of the progress toward meeting the goals. This could be done by a group of citizens, not necessarily the Task Force. The City Council has to be kept on track and stay the course to accomplish the goals.

- It was recommended that the Task Force study other cities that have high density, low income housing and the affects on services such as Police and ambulance services. Those are the kinds of things people come to San Jose to get away from. Suggestion was made to look at Portland and their renovation plan that was started in the late 1970's. They have a 150 member community group that assures elected officials stay on track with the plan.
- The issue of industry not locating in San Jose because of lack of housing was addressed. It was suggested perhaps an annual report showing how many new jobs have been located in San Jose could be developed and then allowed housing development could correlate with this number. Unless job goals are achieved, additional housing will not be allowed.
- Question was asked whether riparian corridors fall under the prevue of the Task Force. *Ms. Prevetti indicated the General Plan currently contains the major features of the riparian corridor policy as well as other natural resource protection, and the Task Force will have the opportunity to look at that through this process.*

5. Announcements

Co-Chair Liccardo welcomed Jenniffer Rodriguez as the newest member of the Task Force replacing Beverly Bryant, who has retired.

Stan Ketchum announced the consultant firms that have been retained to provide expertise in specific areas of analysis. Providing demographic and economic analysis will be the firm of Beacon Economics headed by Dr. John Haveman and Dr. Chris Thornberg. They are acknowledged experts on future economic forecasting. They have a subconsultant, Steven Levy with the Center for the Continuing Study of the California Economy, who is a California demographics expert. The fiscal component of the analysis will be prepared by Applied Development Economics, a firm that has extensive experience working with general plan updates throughout California. Additionally, the firm of Fehr and Peers has been retained as the transportation consultant. Interviewing for the EIR consultant is anticipated to take place in the following weeks.

Staff will be preparing a response to the Davidon Homes letter included in the packet and will bring that forward to the Task Force.

6. Public Comment

- Comment was made that Ken Schreiber, the former Planning Director for Palo Alto, did a study that discussed density of development throughout the state of California and how to deal with it. Recommendation was made that the Task Force review that study.
- There are problems that need to be solved such as fiscal sustainability and the Delta water supply and lack of money is no excuse. San Jose does not need more residents; we

need tourism. The significance of the people and events associated with our history must be emphasized.

- Recommendation to strongly support the pending Bill described by Ms. Krutko was made if we expect to implement our housing allocations. Current trends in mortgage and lending practices have brought about a financial crises that will affect municipalities' ability to float Bonds. We need to be paying attention to these bigger picture issues.
- Comment was made about the high density housing approved by the City Council along the light rail, particularly in the area of Fruitdale and Leigh. Issues of businesses closing, safety, non-notification to home owners of planned additions, and continued approval of additional high density housing were cited as concerns.
- Challenge was issued to the Task Force to identify how future food production will be included in future sustainability. Coyote Valley is identified as vacant land on the Report map. In reality it is agricultural land. Local food production is an important component of a healthy city.
- Comment was made that the Task Force has started to define what the challenge is. Success in resolving the key issue, to sustain San Jose and retain its position as a great city, will be the ability to share the same kind of fiscal success and the ability to attract jobs that neighboring cities do.
- Comment was made about the lack of public notification of the Task Force meetings and the importance of community outreach. Opinion was shared that open land is more valuable than high density. There is a greater need for jobs than housing. We need to take care of the people already living here rather than draw more people to San Jose. Water pollution issues and quality of life issues need attention.

7. Adjourn

The meeting was adjourned at 8:49 p.m.

Next Task Force Meeting is scheduled for Monday, March 24, 2008, at 6:30 p.m.