

HOME  
BUILDERS  
ASSOCIATION



OF NORTHERN CALIFORNIA

March 15, 2004

Ms. Laurel Prevetti  
Deputy Director, Planning Services  
City of San Jose  
801 North First Street, Room 400  
San Jose, CA 95110  
FAX: 408-277-3250

Dear Laurel:

This letter represents the comments of the Southern Division, Home Builders Association of Northern California (HBANC) regarding the criteria for Industrial/Residential Conversion, which will be discussed by the San Jose City Council on Tuesday, March 30, 2004. Our organization is a 1000-member professional association comprised of home builders, developers, trade contractors, suppliers and related industry specialists who are dedicated to the advancement of the home building industry. The activities of our industry contributed \$1.5 Billion to the San Jose area economy last year, and accounted for 12,000 jobs.

HBANC understands that the construction of additional housing in San Jose is imperative for the health of the city's economy. An adequate housing supply for workers and their families is the lynchpin of dynamic economic growth. We appreciate your including our organization in the discussions and focus groups that your department has conducted on the February, 2004 Draft Report (2/4/04): Towards the Future: Jobs, Land Use, and Fiscal Issues in San Jose's Key Employment Areas (2000-2020).

Our comments concern the Draft Criteria for the analysis of conversion proposals. When the HBANC Board reviewed the list of 12 items, we found that items 2 through 11 included information that, for the most part, our San Jose builders they are providing as part of the Planning Department's current process. However, as you and I have discussed, HBANC has some reservations about Criteria 1 and 12.

#1: Economic contribution of the subarea:

- Economics is not an exact science; there is a complex set of assumptions that is part of any economic study.
- We question how "economic contribution" will be measured:
  - What standards will be used to evaluate "economic contribution?"
  - Over what time period will it be evaluated?
  - What about changes in business practices (such as shared offices and work-from-home programs) and their impacts on the need for land for office space?

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**#12: Potential Fiscal Impact:**

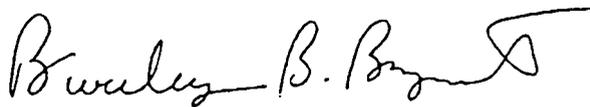
- Housing is essential to economic growth;
- Without an adequate housing supply, new businesses will not locate in a community;
- An adequate housing supply will demand city services, which might be seen as negative in any measurement of fiscal impact;
- However, unmet demand drives housing costs up; social inequities occur;
- The environment suffers, as workers are forced to commute long distances because housing is not available near their jobs;
- As a result economic prosperity for a community or region is harder to achieve.

Until California changes its policies regarding the fiscalization of land use, we do not believe that "#1: Economic contribution of the subarea" and "#12 Potential fiscal impact" are correct standards by which the projects of our builders should be evaluated. Therefore, we think that they should be eliminated from your list.

Finally, HBANC asks that overall the 12 criteria not be adopted as policy or mandated in any formal way. We would like to see them as simple guidelines representing what planning staff will consider during the planning process.

Thank you for your consideration of our requests.

Sincerely,



Beverley B. Bryant, Ph.D.  
Executive Director, Southern Division