



# Memorandum

TO: RULES COMMITTEE

FROM: Councilmember Liccardo  
Councilmember Campos  
Councilmember Chirco, and  
Councilmember Nguyen

SUBJECT: Inclusionary Zoning

DATE: August 15, 2007

Approved: *[Handwritten signatures: Steve Campos, Judy Chirco, Malissa Nguyen, and another signature]* Date: \_\_\_\_\_

**Recommendation:** Direct staff to prepare a workplan assessment for a proposal for a citywide inclusionary transit-oriented housing policy, which would mandate affordability in new housing developments within walking distance of fixed transit stations. Refer this proposal for consideration to the Community and Economic Development Committee, and to the Transportation and Environment Committee.

**Background:**

The recent conversion of the Flea Market property has highlighted a critical need for the City to address its scarce opportunities for siting affordable housing near transit. Although most current and proposed rail-based transit stations exist within redevelopment areas, sites like the proposed Berryessa BART station do not, and therefore escape affordability requirements on residential development there.

More than anywhere else in the city, affordable housing constitutes a critical need within our transit corridors. Elemental principles of city planning mandate that we build affordable housing near transit, to increase access to employment opportunities, social services, and education for those with limited transportation options—seniors, the disabled, and the poor.

Building affordable units along the BART line also helps to improve our ability to qualify for a proposed \$750 million in Federal Transportation Authority (FTA) funding for the BART extension to Milpitas, San Jose and Santa Clara. That is, the Metropolitan Transportation Commission’s TOD Resolution 3434 TOD Policy for assessing ridership includes a 50% “bonus” for below-market housing units built within transit corridors. Allocation criteria for state bond money also contain affordability “bonuses.”

San Jose’s acute need for affordable housing has become more apparent than ever. The recent Regional Housing Needs Allocation (RHNA) of the Association of Bay Area Governments mandates that the city will need to build over 13,000 units of low- and very low-income housing over the next seven years. Current city policies remain vastly inadequate to enable San Jose to reach this goal, and it

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would require development of affordable housing at the fastest pace in the history of the Bay Area.

This missed opportunity should not be wasted. Of course, but-for the planned BART station at the Berryessa flea market site, there would exist no justification for the conversion of industrial land at the BART site to housing at all. The windfall garnered by the owners of that site—given the fact that land converted to residential use typically fetches a price of about four times what the same industrially-zoned parcel will obtain in the market—gives ample opportunity to ensure that the local taxpayers and residents can benefit from this conversion as well. Other opportunities exist for transit-oriented affordable housing outside of redevelopment areas, for example, along the planned East Capitol light rail line, and at the Japantown and Civic Center light rail stops.

The policy would extend the ordinance currently applicable in redevelopment areas to apply to development within BART or Light Rail nodes outside of redevelopment areas. Specifically, it would mandate affordability in 20% (or more) of housing developed within 2,000 feet of a proposed light rail station or within 3,000 feet of a proposed BART station, as identified in the VTP2030 Transportation Plan (or its successor).