

Councilman Sam Liccardo seeks more affordable housing in San Jose

Developers opposing proposed rule change

By Joshua Molina
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In the latest battle over growth in San Jose, developers and city officials are locked in debate over a controversial affordable-housing proposal.

Councilman Sam Liccardo, who represents the downtown area, wants the city to pass sweeping new rules that would force developers who build market-rate housing to also build homes for low-income residents.

San Jose already requires builders in redevelopment areas to set aside 20 percent of their market-rate projects for affordable housing or pay a fee to build such housing elsewhere. But Liccardo wants to put a broader citywide policy on the table.

"We are doing an enormous amount of development right now," he said, "so we have a very limited opportunity to be able to provide affordable housing that we may not have a few years in the future."

Liccardo, with support from other council members, floated the idea a few weeks ago. He has since met widespread resistance from developers, who warn that the city should not rush into any drastic changes to its housing policies without a thorough analysis.

Developers want the issue studied as part of a pending update of San Jose's general plan. That update could take up to two years. The general plan is a blueprint for the city's development.

The update already has become something of a catch-all for addressing controversial land-use issues. Mayor Chuck Reed, for example, has successfully staved off efforts to rezone industrial land in Evergreen and to speed development in Coyote Valley until the update is complete.

Although developers stand to cash in on residential development, they argue that the cost of affordable housing should not fall solely on their shoulders. They say widening the current policy to include the entire city could stifle development and increase housing costs for market-rate units.

Worse, developers suggest they will flee San Jose to build in other cities if the rules are too strict.

"We are all concerned about people having homes over their heads," said Beverley Bryant, executive director of the southern division of the Home Builders Association of Northern California. "But this really is an economic development issue. The city needs to consider whether it is going to put a tax on 20 percent of its development."

City officials wrestled with the idea at a committee meeting earlier this month. The council's Rules and Open Government Committee is scheduled to tackle the issue again Sept. 26.

Short of a policy that applies to developments citywide, officials also are considering an affordable-housing requirement that would kick in only around transit-oriented developments or when developers seek to convert industrial lands into housing.

Under the current policy, San Jose has built about 2,700 affordable units in redevelopment areas since 1980. The city's Redevelopment Agency also plows a chunk of its annual property tax revenues into affordable-housing projects. Citywide, nearly 12,000 affordable housing units have been built in the past seven years.

But the city will need to do much more.

The state, which mandates that local governments plan for affordable housing, says that to accommodate projected population growth, San Jose will need to add 34,000 units - 19,000 of them affordable - over the next seven years. That's projected to cost the city, developers and non-profit housing groups \$2 billion, San Jose Housing Director Leslye Krutko said.

Broadening the city's affordable-housing requirements for builders would be just one of many tools to reach that goal. But without it, Liccardo said the city can't hit the target.

"We don't have policies in place right now to build anywhere near that," Liccardo said. "For the people who are driving the buses that carry our kids to school and who are caring for our seniors in nursing homes, putting off this discussion means that housing delayed is housing denied."

Not so, says Councilman Pete Constant. He expressed opposition to the plan and said such a proposal should be studied thoroughly.

"If you rush to a decision and you make the wrong decision, we have to live with that decision the next 30 or 40 years," said Constant, the council's lone Republican. "Everybody is concerned about the affordability of housing, and everybody agrees it is a problem. Where some of us disagree is, what is the best way to approach that problem?"

Like developers, Constant wants the matter hammered out in the general plan update.

"The general plan is already a process where we are looking at the city as a whole," he said. "I just want to make sure that we don't do something that is premature and compounds our problem. We have to get in the mode of trying to get things right the first time."

Contact Joshua Molina at jmolina@mercurynews.com or (408) 275-2002.