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TRANSMITTED VIA EMAIL

March 16, 2021

Dear Commissioners Capriles, Cranston, Dempsey, Hehmeyer, Lo, Schmiesing, and Yin:

On behalf of Silicon Valley at Home and our members, we write today to provide comments on the Draft R3 (Multi-Family Residential) Zoning District standards, materials, and concepts. We are pleased that the City is considering updating the R3 Zoning Code to provide more opportunities for a wider variety and number of multi-family housing types while protecting existing residents against displacement, and believe that the draft R3 Zoning Code is a good starting point. Thank you to staff for all of their hard work on this.

The proposal to update the City's R3 Zoning District standards came about because the current R3 Zoning Code is not achieving the City's goals of building enough housing and has contributed to displacement pressures. As the staff report states, recent projects in the R3 Zone, limited as they are by the density and/or unit maximums of the existing code, have tended to either be Rowhouse projects or redeveloped stacked-flat projects with premium sizing, amenities, and rents. New rowhouse development has reduced opportunities for higher-density development that could include more affordable homes, and there has been growing concern from residents that they will be displaced if their naturally affordable housing projects are replaced by new development with higher rents. Indeed, recent redevelopment projects such as 2005 Rock Street, 2305 Rock Street, and 600 Mariposa Avenue in the City's R3 Zone both displaced residents and led to an overall reduction in affordable homes and/or no net new units at all.

The update to the R3 Zoning Code is an exciting opportunity to facilitate redevelopment where market pressure exists in a way that increases the overall number of homes and affordable homes while addressing concerns around displacement. We have several recommendations and ideas we believe could be helpful in updating the R3 Zoning Code:

- **Consider a Transit Oriented Development overlay or increase the capacity of any R3 subzones near high quality transit stops.** Allowing more density near bus stops and rail stations will lead to more sustainable development by reducing the number of workers reliant on personal vehicles, increasing transit ridership, and improving residents' quality of life. This could be paired with reduced parking requirements to help the city meet its environmental sustainability goals.
- **Consider the possibility of parcel aggregation in R3-A subzones to allow for the potential of higher density and/or 100% affordable development in the future.** Allowing development standards to adjust to parcel aggregation would create opportunities for targeted growth. For example, a small property owner should ideally be able to aggregate several contiguous properties in an R3-A subzone to build more homes. Parcel aggregation can be an important tool to make 100% affordable housing possible. The Charities Housing Development at 329-353 Page Street, San Jose combined several parcels containing single family homes to make

March 8, 2021

Re: Middlefield Park Study Session

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it possible to build 82 affordable homes. The City could consider adding incentives to make these sites more likely to be targeted for 100% affordable developments.

- **Consider re-designating some R3 subzones to increase density and add more housing units.** SV@Home believes that the Del Medio area could support more of the R3-D subzone category because it is adjacent to the San Antonio Precise Plan area where a height of 7 stories is allowed, as well as the Cuernavaca R3 areas east of interstate 85 on the Sunnyvale border.
- **Consider specifying that R3 Density Bonus rules align with Council's recent, unanimously, adopted City Density Bonus Ordinance update** (Feb. 9, 2021). SV@Home believes that clarifying alignment with existing Density Bonus regulations will avoid possible misinterpretation and confusion regarding what Density Bonus rules apply.

SV@Home also appreciates the coordination between the R3 team and the Housing and Neighborhood Services Division on potential anti-displacement strategies and strongly supports the potential strategies mentioned in the staff report, including increasing densities to incentivize replacement of naturally affordable units on-site and considering alternative mitigations to on-site replacement of affordable homes. Addressing displacement concerns through the R3 Zoning update is a critical piece of this process and we look forward to seeing more details of the proposed anti-displacement strategies and how they can be implemented.

Overall, SV@Home supports the overall process and goals of updating the R3 Zoning Code. We believe that designating subzones within the R3 Zone will provide opportunities to increase the amount of much-needed housing and affordable housing units in the City while diversifying the number and types of multi-family developments. We also strongly believe that integrating anti-displacement measures within the R3 Zoning Code update is a key component of ensuring that longtime neighborhoods stay intact.

Sincerely,



David K Meyer

Director of Strategic Initiatives

