



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Councilmember Pam Foley
Mayor Matt Mahan
Councilmember Sergio Jimenez
Councilmember David Cohen
Councilmember Dev Davis

SUBJECT: SEE BELOW

DATE: November 15, 2024

Approved

Date 11/15/2024

Pam Foley *Matt Mahan* *Sergio Jimenez*
Dev Davis *David Cohen*

SUBJECT: PDC22-132 & ER23-041 - Planned Development Rezoning of the Good Samaritan Hospital Site on Certain Real Property Located at 2333 and 2425 Samaritan Drive

RECOMMENDATION

Approve staff recommendation with the following addition in Recommendation 2:

1. As part of the PDC22-132 Rezoning Development Standards, require the applicant to contribute \$3 million to the City within 60 days of approval of the rezoning to advance the City's housing and homelessness goals as follows:
 - a. \$1 million to be allocated to the City's Emergency Interim Housing Funds to be used for the development of emergency housing solutions in or near Council District 9.
 - b. \$2 million to be allocated to citywide permanent affordable housing development.

DISCUSSION

Staff recommends the City Council certify the Environmental Impact Report and approve the rezoning of the Good Samaritan Hospital site from the A(PD) Planned Development Zoning District to the CG(PD) Planning Development Zoning District to facilitate the development of a new 750,000 square foot hospital, 200,000 square-foot medical office building, and various smaller ancillary buildings. In their report to the Planning Commission on October 23, 2024,

staff provided clear analysis that the proposed Planning Development Rezoning conforms with the General Plan and all other relevant municipal codes, design standards, and the California Environmental Quality Act. Additionally, this hospital build out is necessary to meet California state law that requires all hospitals to be capable of remaining operational after an earthquake by 2030. Failure to meet this deadline may result in Good Samaritan Hospital losing their license and being forced to close.

We have had meaningful discussions with the community and Good Samaritan about the proposed rezoning. Based on those discussions, Good Samaritan has voluntarily agreed to make a meaningful contribution to advance the City of San José's affordable housing and homelessness goals. The link between health outcomes and housing is clear: getting people in stable, dignified, and affordable housing will improve health outcomes for San José residents and work to advance well-established City goals.

The Commercial Linkage Fee is an impact fee levied on commercial development for the provision of affordable housing. The fee is calculated based on the square footage of the development. Due to Good Samaritan Hospital's location, the applicant is not subject to a Commercial Linkage Fee. However, the Commercial Linkage Fee is a good template for determining a reasonable voluntary contribution amount for the City's housing goals linked with the development. If the applicant were subject to the Commercial Linkage Fee it would amount to roughly \$3 million. Therefore, we worked with the applicant to contribute that amount with one third dedicated to emergency interim housing in and around the local Council District and two thirds dedicated to citywide affordable housing.

In addition to the voluntary contribution for housing, the project offers other benefits that should not be overlooked. This project represents an estimated \$1.2 billion investment in San José's critical healthcare infrastructure, including a new hospital built to withstand an earthquake. When complete, the development will generate significant property tax and other revenues for the City of San José. Additionally, Good Samaritan Hospital is one of the largest employers in District 9, providing high quality well-paying jobs to San José residents. Good Samaritan will retain union contractors to build the project, providing high quality jobs during construction as well.

For over two years, Councilmember Foley, City staff, and the applicant have engaged in robust community outreach and engagement related to the project. Feedback from this engagement was supportive of the hospital with some reasonable concerns about traffic patterns and safety along Samaritan Drive. The applicant is required to implement significant roadway safety and traffic improvements for Samaritan Drive, including a protected bicycle lane, wider sidewalks, and a roundabout.

The Good Samaritan Hospital project will generate significant value in terms of housing, jobs, City revenue, and infrastructure. Most importantly, the project promises to deliver a high-quality and safe hospital that will serve the healthcare needs of patients regionwide. Due to the tight 2030 deadline for seismic compliance established by the State and the estimated six-year build-out of the new compliant hospital, it is critical that Good Samaritan Hospital be allowed to proceed with this project. Failure to approve the rezoning risks the closure of Good Samaritan Hospital, thereby potentially depriving hundreds of thousands of individuals who depend on Good Samaritan for access to high-quality, local healthcare.

The signers of this memorandum have not had, and will not have, any private conversation with any other member of the City Council, or that member's staff, concerning any action discussed in the memorandum, and that each signer's staff members have not had, and have been instructed not to have, any such conversation with any other member of the City Council or that member's staff.