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Leslye Corsiglia
Executive Director

December 9, 2019

Honorable Mayor Sam Liccardo and Members of the City Council
City of San Jose
200 East Santa Clara Street, 18th Floor
San Jose, CA 95113

Dear Mayor Liccardo, Vice Mayor Jones, and Councilmembers Arenas, Carrasco, Davis, Diep, Carrasco, Esparza, Foley, Jimenez, Khamis, and Peralez.

Re: 4.3 Status Report on Amendments to North San Jose Area Development Policy

We write today to urge you to take all necessary actions to open up North San Jose for residential development. Due to the triggers included in the NSJ Area Development Policy, no new homes have been built in the area for many years.

The current confluence of new State legislation that requires the lifting of housing development capacity limits, and Apple's interest in seeing its North San Jose land holdings used to prioritize affordable housing has provided an opportunity to change this reality.

As staff describes in its memo, this will require council direction to:

- **Rezone Apple's land holdings to allow for housing,**
- **Support other residential developments in the pipeline that may require rezoning,**
- **Support timely updates to relevant CEQA clearances for future residential projects.**

In addition, because 100% affordable projects can move now-- without environmental review-- we believe that there is a real opportunity to expand the affordability goals for the area and ask that **Council increase these goals from a required 20% to a full 25% in line with the targets for Urban Villages and the Diridon Station Area.**

When the Council included opening up the 8,000 new homes in Phase II of the NSJ Area Development Policy in the Housing Crisis Work Plan last year, it acknowledged that enabling housing development in North San Jose was important to meeting the City's housing goals. The challenge and the opportunity of North San Jose has long been its legacy requirement that 20% of the future four-phase total of 32,000 housing units, or 8,000 homes, be developed as affordable.

In Phase I that requirement wasn't met. Of the initial 8,000 units developed, only 7% - 560 - were affordable. This left an unmet obligation of 1,040 affordable homes that needed to be made up in future phases, on top of the 20% affordable requirement for all new development. Rather than write off the shortfall, Council directed staff to

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develop policies to ensure that the missing affordable units were built as part of the next round of development and not “pushed out to a later phase,” and that would tie the distribution of market rate allowances to the production of these affordable units. It was clear that realizing these goals would require both on-site inclusionary requirements and proactive efforts to enable 100% affordable projects.

When the first update of the Housing Crisis Workplan came to council this past summer, these policies had not been developed, and the situation was further complicated by the ongoing negotiations with neighboring jurisdictions. But, as the staff memo lays out, these barriers have largely been removed by SB 330, additional refinement of SB35, and Apple’s desire to build affordable homes on its land. In fact there are a number of market-rate and additional affordable housing developments already proposed for the area.

Clear direction should be given to staff to fast track rezoning discussions with Apple, identify and support all existing affordable housing opportunities, and to prioritize environmental clearances for other residential projects in the area willing to commit to building inclusionary units on site. North San Jose offers the potential for tens of thousands of new jobs and thousands of new homes. We believe that together these steps will open the door for new housing and hit the goal of 25% affordability. San Jose must be vigilant in ensuring that areas of opportunity are made available to residents and workers of all incomes. The time is now to take action.

Thank you for your consideration.

Sincerely,

Leslye Corsiglia
Executive Director