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December 4, 2017

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

RE: December 5, 2017 City Council Meeting, Agenda Item 4.3  
Report on the Implementation of the Urban Village Component of the Envision San José  
2040 General Plan.

Dear Mayor Liccardo, Vice Mayor Carrasco, and Honorable Councilmembers,

On behalf of the Silicon Valley Leadership Group, I write to respectfully urge the City Council to take concrete steps to set in motion the realization of Urban Villages as envisioned in the General Plan, Envision San Jose 2040. We are encouraged by Mayor Liccardo's commitment to moving forward near- and long-term solutions to the city, region, and statewide housing crisis. The Leadership Group fervently supports the Mayor's plan to add 25,000 new homes to San Jose over the next five years, which boldly continues the City's regional leadership in striving to make room for all in the Silicon Valley who would like to call San Jose home.

The Silicon Valley Leadership Group, founded in 1978 by David Packard of Hewlett-Packard, represents more than 375 of Silicon Valley's most respected employers on issues, programs and campaigns that affect the economic health and quality of life in the Valley. Leadership Group members collectively provide nearly one of every three private sector jobs in the Silicon Valley.

The Leadership Group surveys the CEOs of our member companies each year to find out which issues they think are the most important to a healthy economy in the Silicon Valley. Year after year, housing affordability and attainability are selected as the top impediments to our economic growth.

There is an acute need for more housing in our community and now is the time to proclaim that Urban Villages are open for high-density, mixed-use development. The proposed Urban Village Enhancement Implementation Framework Policy does not yet accomplish this purpose, and we are concerned that some components of the Framework in fact close the door for development.

**Urban Village Mixed-Use Zoning**

Foremost, San Jose should be attracting mixed-use development to the Urban Villages as envisioned by the General Plan 2040. Conversely, the Framework adds additional steps for mixed-used development by proposing a two-tiered entitlement rezoning process for developers wanting to include housing in an Urban Village.

The Framework already proposes a City-initiated rezoning process. We encourage the City Council to streamline the process by eliminating the additional step in rezoning a second time to Urban Village Mixed-Use. Urban Villages are envisioned to be vibrant mixed-use destinations. We urge the City to not waste any more time and precious resources and open the door for mixed-use development. Staff suggested that Community Facilities Districts (CFDs) necessitate the two-tiered rezoning process, and we therefore ask that CFDs be examined deeper as to whether they encourage or impede Urban Village mixed-use development.

**Now is the Time**

The Leader Group supports the April 2018 timeline, community and developer engagement process, and the interim plan for Urban Village projects ready to move forward as recommended in the December 1 Memo from the Mayor, Vice Mayor, and Councilmembers Jones, Peralez, and Davis. This addresses our concern around the Framework's proposal for

Mayor Liccardo, Vice Mayor Carrasco, and Honorable Councilmembers

**December 5, 2017 City Council Meeting, Agenda Item 4.3**

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policy implementation no earlier than fall 2019. Because Urban Villages are a priority for San Jose, we urge the City Council to allocate resources and staff in able to thoughtfully implement a policy framework as quickly, yet carefully, as possible. We were pleased when the City Council approved the General Plan 2040 in November 2011, but it has now been more than six years passed and very little housing has even begun in any Urban Village.

The developer community has been ready to jump into Urban Village development and the market is currently favorable. However, the lack of certainty around development policy has frustrated developers and not allowed them to plan. Some Urban Village projects are ready to begin work now, some of them Signature Projects, and they should be allowed to move forward. We cannot afford to lose these opportunities.

The Leadership Group is eager to engage in the community and developer feedback opportunities that arise between now and April 2018.

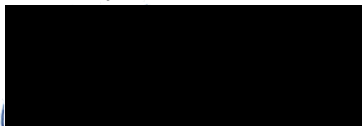
**Project Enhancement and Additional Amenities Cost**

The Framework proposes that 2% of the estimated value of a project as the project enhancement and additional amenities cost that the developer would bear in order to move forward a mixed-use Urban Village development. It states that “initial analysis conducted with the support of a real estate advisory consultant” suggested that a project could bear the additional 2% cost for enhancements and amenities. As this is the first enhancement and amenity cost to be publicly proposed, we ask that the methodology, supporting calculations, and contextual considerations be made public for the Council to review and that the developer community be consulted before the 2% is accepted as a starting point. We ask for serious consideration of the layering of fees and community benefit costs that a developer is already required to bear (parks, affordable housing) or anticipated to bear (Vehicle Miles Travelled mitigation), and whether the enhancement and amenity cost renders any Urban Village mixed-use development infeasible.

We applaud the City’s goal to put forth a Framework that seeks to include community benefits from the development of mixed-use Urban Villages, including public open space and affordable housing above and beyond requirements. However, we hope that such a Framework would attract and quickly begin development of Urban Villages including much-needed housing.

Our comments are borne out of a desire to see Urban Villages activated and the opportunity of a favorable market for mixed-use development seized. We believe that the City Council shares this purpose for the Urban Villages and the Leadership Group stands ready to support the effort.

Sincerely,

A black rectangular redaction box covering the signature of Nathan Ho.

Nathan Ho  
Senior Director, Housing & Community Development  
Silicon Valley Leadership Group