

TRANSMITTED VIA EMAIL

May 13, 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, Khamis, and Peralez,

Re: 4.1 North San Jose Area Development Policy Update

We are very pleased that staff is moving forward with opening up of North San Jose to further development, and support the proposal to bring the additional capacity currently reserved for Phase II on line as soon as possible. We agree that North San Jose is a significant area for residential growth, and will help the City in meeting its goal of building or entitling 25,000 new housing units, including 10,000 affordable, by the year 2022. This has been a council priority item for a number of years and was included in the Housing Crisis Work Plan.

We are concerned, however, that the staff's description of its progress does not articulate the policy amendments that will be necessary to meet the Council's priorities for affordable homes in the area. While development of market rate housing in North San Jose is critical, this priority should not be placed in further conflict with the pressing need for affordable housing in response to the housing crisis. **We recommend that staff be directed to develop proactive policies, beyond the current IHO program, to ensure that the area does not fall further behind on the 20% affordability requirements, and that can be reasonably expected to make up for the unbuilt affordable units from Phase I during the remaining phases.** These policies may include incentives to build inclusionary units on site, linking allocation of market rate capacity to affordable development, or reserving developable land for future 100% affordable projects as funds become available.

The long established goal for affordable units in North San Jose is 6,400 units spread equally across four phases. The original Phase I plan included 6,400 market rate units and 1,600 affordable for a total of 8,000 new homes. In the end approximately 7,937 total units were built including somewhere around 390 affordable homes. **While staff points out that a number of factors precipitated the failure to meet affordable targets for the area, it is critical to point out that the original North San Jose Development Policy required that allowances for market rate units be distributed in phases to ensure the construction of the required 20% affordable units.** Because exceptions were allowed, the original policy was not followed and San Jose now has an unmet requirement for about 1,200 affordable units left over from Phase I.

Recognizing this dynamic, the Housing Crisis Work Plan, passed by council last year,

Ron Gonzales, Chair
*Hispanic Foundation
 of Silicon Valley*

Janice Jensen, Vice Chair
*Habitat for Humanity
 East Bay/Silicon Valley*

Kevin Zwick, Treasurer
Housing Trust Silicon Valley

Kathy Thibodeaux, Secretary
KM Thibodeaux Consulting LLC

Shiloh Ballard
Silicon Valley Bicycle Coalition

Bob Brownstein
Working Partnerships USA

Gina Dalma
*Silicon Valley Community
 Foundation*

Katie Ferrick
LinkedIn

Amie Fishman
*Non-Profit Housing Association of
 Northern California*

Javier Gonzalez
Google

Poncho Guevara
Sacred Heart Community Service

Nathan Ho
Silicon Valley Leadership Group

Janikke Klem
Technology Credit Union

Jan Lindenthal
MidPen Housing

Jennifer Loving
Destination: Home

Mary Murtagh
EAH Housing

Chris Neale
The Core Companies

Andrea Osgood
Eden Housing

Kelly Snider
Kelly Snider Consulting

Jennifer Van Every
The Van Every Group

Staff

Leslye Corsiglia
Executive Director

was clear on two points in its direction to staff:

- Staff will be proposing policy amendments to ensure that the total 3,200-unit capacity of affordable housing gets built and not pushed out to a later phase.
- Staff will also propose criteria that market rate housing development will need to meet to be allocated a portion of the new 4,800 market rate unit capacity. These criteria could include minimum densities and the inclusion of place-making amenities and retail, as well as the inclusion of affordable housing units.

As staff notes, the city does not currently have the funds to support construction of the affordable units required by the plan. Without explicit policy amendments to address these limits, and strong commitments to new sources of funding – such as the CLF and a general obligation bond -- these homes will not be built. As planned, North San Jose offers the potential for tens of thousands of new jobs and thousands of new homes. San Jose must be vigilant in ensuring that areas of opportunity are made available to residents and workers of all incomes.

Sincerely,



Leslye Corsiglia
Executive Director



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Sincerely,



Leslye Corsiglia
Executive Director





City of San Jose, Department of Transportation
Attn: Ramses Madou, Interim Division Manager
200 East Santa Clara Street, 8th Floor
San Jose, CA 95113

March 22, 2019

Re: North San Jose

Dear Mr. Madou:

Thank you for coordinating with the City of Santa Clara on the City of San Jose's proposed changes to the North San Jose Area Development Policy and Project (North San Jose). Santa Clara staff has participated in two meetings with San Jose staff on the proposed changes and received a draft traffic analysis regarding the project. As North San Jose is in close proximity to our City, Santa Clara has a strong interest in any changes to North San Jose as many of our residents and businesses can be affected by increased traffic congestion and other potential land use and environmental impacts. The purpose of this letter is to provide initial feedback on the information presented to Santa Clara so far and to support upcoming discussions on North San Jose between Santa Clara and San Jose. It is our understanding that the City has a target to present these changes to the San Jose City Council in mid-2019 and Santa Clara looks forward to a discussion of the following topics before the Council considers adoption of the project:

1. **CEQA Analysis:** Please indicate what level of CEQA analysis and review process the City of San Jose intends to proceed with for these proposed changes to the phasing and mitigation timing for the North San Jose project. Please provide supporting documentation regarding the justification that the proposed level of CEQA analysis is appropriate relative to the changes being proposed for North San Jose.
2. **2006 North San Jose Settlement Agreement:** On November 16, 2006, Santa Clara, the County of Santa Clara, and San Jose entered into a Settlement Agreement regarding San Jose's 2005 approval of the North San Jose project. Included within the Settlement Agreement are requirements pertaining to provision of adequate schools and mitigation of increased traffic in the North San Jose Development Policy Area. Under the Agreement, these requirements are to be completed in phases, timed according to the amount of residential and industrial development completed under the Policy. Regarding traffic, the Settlement Agreement requires that improvements related to the Montague Expressway and the Montague/Mission/101 Interchange Project be funded and completed and stipulates that progress be made towards these improvements in connection with specific development phases within the North San Jose project. As San Jose is now proposing to change the structure of these development phases, Santa Clara seeks to understand how San Jose intends to comply with the terms of the Settlement Agreement. These required improvements will affect the City of Santa Clara and consequently, it is critical that Santa Clara understands if the proposed changes to

Ramses Madou, Interim Division Manager

March 22, 2019

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North San Jose will affect the scope and timing of these improvements. Santa Clara anticipates that the 2006 Settlement Agreement will require revision to account for the changes in phase timing San Jose currently proposes.

3. **Transportation Phasing Changes:** Santa Clara has reviewed the draft traffic analysis for the proposed changes to the North San Jose project and has the following comments:
 - a. A screenline should be considered along North First Street. This would enable the City of Santa Clara to better understand the magnitude of vehicles taking surface streets traveling between the two cities versus taking congested freeways such as US 101.
 - b. The proposed changes to the North San Jose project center around two major components: 1) collapsing the four phases of development in North San Jose project into two phases and 2) shifting the timing of North San Jose traffic mitigation projects. As the full build-out and corresponding traffic mitigations are likely to be completed within 20 years, please provide any information about the specific priority of improvements within the two-phased approach. Santa Clara is interested in understanding when any North San Jose traffic mitigations (that have an effect on Santa Clara) will be completed.
 - c. Please clarify if the proposed phasing changes for the North San Jose project will affect the North San Jose Area Development Policy provision that requires that 85% of the necessary traffic mitigation funding be secured prior to building permits being issued for a subsequent phase.
4. **Planning.** The proposed changes to the North San Jose Area Development Plan and Policy are intended to facilitate nearer-term residential development. Santa Clara is interested in understanding more about San Jose's plans for the provision of public facilities, such as parks and libraries, to ensure adequate infrastructure is proposed to support the proposed development.

We look forward to continuing to coordinate on this important project for the City of San Jose. Should you have any questions regarding this letter, please contact either Michael Liw, Assistant Director of Public Works via email at mliw@SantaClaraCA.gov or phone at 408-615-3002 or Reena Brilliot, Planning Manager, via email at rbrilliot@SantaClaraCA.gov or phone at 408-615-2452 ,

Best regards,


For

Andrew Crabtree
Director of Community Development

- C: Deanna Santana, City Manager, City of Santa Clara
Craig Mobeck, Director of Public Works, City of Santa Clara
John Ristow, Director of Transportation, City of San Jose
Rosallynn Hughey, Director of Planning, Building and Code Enforcement, City of San Jose

May 14, 2019

Honorable Mayor Liccardo and Members of the City Council
City of San José
200 East Santa Clara Street
San José, California 95113

RE: North San Jose Area Development Policy

Dear Mayor Liccardo and Honorable Councilmembers:

VTA supports staff's suggestion to combine Phases 1 & 2 of the North San Jose Area Development Policy into a single Phase A. Doing so will make 8,000 housing units available for development in the near-term, and ensure that 1,600 of the units are built as deed-restricted affordable units consistent with the Inclusionary Housing Ordinance. VTA owns 17 acres of land adjacent to the River Oaks Light Rail Station where our headquarters is located, and is undertaking preliminary planning for an eventual redevelopment of the River Oaks campus consistent with VTA's Transit Oriented Development program.

As the NSJ Area Development Policy is refined and presented to the City Council for approval later this year, we suggest consideration of the following items:

1. The PDO/PIO obligation for residential in the NSJ area is \$41,600 per unit (\$21,000 per affordable unit), while in other parts of the city the impact fee is less than \$10,000 per unit (\$5,000 per affordable unit). This discrepancy should be considered when the city completes the PDO/PIO Fee Study as part of the Housing Crisis Workplan.
2. The NSJ ADP implementation should state a preference for housing which is built within ¼-mile of a Light Rail Station or frequent network, in order to be most competitive for leveraged funds from federal, state, county, and other local sources of affordable housing funds. This will also increase transit ridership while removing drivers from surface streets in the area, while ensuring the maximum amount of leveraged funding for desperately needed affordable housing.

3. The NSJ ADP implementation should state a preference for new housing on public lands, such as VTAs property at River Oaks. Publicly owned lands are one of the city's best opportunities to increase affordable housing stock, and the investments made into both market-rate and affordable homes create a virtuous "Civic Ecosystem" where investment by one public entity benefits other public entities – and in the case of VTA would also directly contribute to improvements and reinvestment in transit services for all the existing and new homes.

Thank you,



Ron Golem
Director of Real Estate and Transit Oriented Development