

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
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The Core Companies

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Eden Housing

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Kelly Snider Consulting

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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

