



Memorandum

TO: CITY COUNCIL

FROM: Mayor Chuck Reed

SUBJECT: NORTH SAN JOSE TRAFFIC
IMPACT FEE INCENTIVE
PROGRAM

DATE: September 23, 2013

APPROVED:

Chuck Reed

DATE:

9/23/13

RECOMMENDATION

In addition to the recommendations (a,b and c) outlined in the memo dated September 20, 2013, signed by Councilmembers Herrera, Kalra, Liccardo, Rocha and me, direct staff as follows:

- d. Return to Council with a modification of the North San Jose Urban Design Guidelines to make the following clear:
 - i. Major developments for driving industry companies will have substantial flexibility to design their projects to meet their unique requirements;
 - ii. We recognize the importance of allowing the company to decide how best to use their site to foster innovation, creativity and the well-being of their employees;
 - iii. We welcome, encourage and will facilitate major development with a broad range of building and site designs such as those of Brocade @First, Samsung (under construction), and the Peery-Arrillaga North First and Brokaw project.
- e. Inform the Architectural Review Committee and applicants in the permitting process for major driving industry projects of this Council action.
- f. Drop consideration of adding more conditions of development that are recommended in the staff report dated September 20, 2013.
- g. Continue the practice of bringing Development Agreements to the Council for approval.

BACKGROUND

The North San Jose Area Development Policy is a jobs policy. We started a long process to change our policies in North San Jose back in 2001 because our then policy restricted developments to a Floor Area Ratio of .35 and we were out of capacity for job growth. We now have substantial authorized capacity, but we have not had much in the way of new developments for jobs in the 7 years since the new policy was adopted.

The primary impact of the new policy has been the construction of thousands of new housing units on approximately 100 acres of the 285-acres of employment lands that were allowed under the Policy to be converted to residential. Some employment projects have gone to other cities because of the perceived inflexibility of our design guidelines on grid streets and 14 story building heights and our large Traffic Impact Fees. The net result is we have a lot more housing and a lot fewer jobs than we had in 2001.

Having reviewed the guidelines, it is easy to see why developers might get an impression of inflexibility. Much of the office/R&D development happening in Silicon Valley today would appear to be inconsistent with our guidelines. It appears the kind of projects currently under construction in other Silicon Valley cities would meet resistance in San Jose. That would be the wrong conclusion to draw, but we should avoid that problem by making our intentions clear.

In January 2012, Council gave direction to bring for Council consideration in April 2012, modifications to the North San Jose Policy to make grid streets permissive and to provide development flexibility with height and density. We now have the rare opportunity to capture a couple of driving industry company expansions with developments in excess of 1 million square feet in North San Jose and we should facilitate those projects with a clear statement of Council policy.

Adding yet more conditions of approval for major developments in North San Jose would add to our competitive disadvantage (described in the staff report) and create more impediments to creating jobs in San Jose. That should be avoided.