



Memorandum

TO: City Council**FROM:** Mayor Chuck Reed**SUBJECT:** NORTH SAN JOSE AREA
DEVELOPMENT POLICY**DATE:** November 7, 2008**APPROVED:***Chuck Reed**11/7/08*

RECOMMENDATION

In an effort to advance the implementation of the North San Jose Area Development Policy goals, direct the City Manager and Redevelopment Agency Executive Director to explore alternatives for allowing affordable housing projects and those projects demonstrating an ability to finance construction of the units to proceed in the short term, in spite of the lack of allocation. Any change to Phase 1 allocations should be covered by the existing North San Jose Environmental Impact Report.

Staff is further directed to return to City Council with findings related to this request by mid January 2009.

BACKGROUND

PD Permits have been issued at this time for several residential development projects amounting to 7,088 units. Each of these projects has a 2-year period in which to pull building permits before the PD permit expires. Under current financial market and economic constraints, it is unlikely that many of these units will be under construction in the near future. In the meantime, a couple or more projects that are currently in the development process are unable to proceed to the permit stage due to the phased 8000-unit cap associated with the North San Jose Development Policy. The developers of these projects have assured staff that financing is available to move the projects through to construction and urging approval of the development projects.

For over two decades, the North San Jose area – home to the largest cluster of driving industry corporations in the Silicon Valley - has played a pivotal role as an engine that fueled the San Jose economy. The 2005 City Council approved Area Development Policy was specifically geared towards promoting further growth of this pre-eminent innovation center resulting in an expansion of job generating opportunities, as well as to provide for high-density residential development in close proximity to new job centers. Dramatic changes in national and local economic conditions may require the City Council to take quick action to continue to promote investments in North San Jose.