



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Councilmember  
Donald Rocha

**SUBJECT:** DIRIDON STATION AREA PLAN

**DATE:** June 6, 2014

Approved

*Don Rocha*

Date

*6/6/14*

## RECOMMENDATION

Approve the staff recommendation with the following amendments:

1. Amend the Diridon Station Area Plan as specified below. (A redline showing the below amendments in context is attached.)

- a. On page 2-159, remove the following sentence:

*While specific, robust mechanisms to facilitate San Jose's policy goal of a 15% minimum of affordable units have not yet been determined for Diridon Station, the following financing strategies for affordable homes may include, but are not limited to, the following:*

And replace it with the following:

*It shall be the policy of this plan to achieve a rate of affordable housing production at 15% of the housing units built within the plan area. Strategies to ensure the production of affordable units in the plan area will be developed as part of implementation of this plan, and may include, but are not limited to, the following:*

- b. On page 2-159, add the following bullets to the list of potential affordable housing strategies:

- i. *Development of affordable housing on publicly owned land*
- ii. *Use of proceeds from development of publicly owned land to fund affordable housing*
- iii. *Phasing of market rate residential units contingent on achievement of affordable housing targets*

2. Ask staff to consider whether it would be useful to hold a Council study session as part of their development of the Diridon implementation plan, in order to engage the City Council on potential implementation strategies that could ensure that 15% of the units built in the plan area will be affordable. A study session would provide an opportunity for staff to provide analysis of the various policy options, such as phasing market rate units, using development agreements, and leveraging public land to build affordable housing, in addition to any other policy alternatives staff may wish to put forward.

## ANALYSIS

The Diridon Station Area Plan is an ambitious vision for the future of the Diridon area. The plan language calls for “a high-profile hotbed of innovation” (p 2-22) as well as an “entertainment zone” (p 2-24) that would cater to sports fans. It plans for high-tech jobs located near Caltrain, a favorite commute option for knowledge workers, who eventually may arrive to an expanded Diridon Station built as an “iconic world class work of architecture... in the grand tradition of railway engineering.” (p 2-26)

This grand vision is appropriate for the Diridon area, and I support it. At the same time, I am mindful that while high-tech clusters and impressive architecture may be necessary components for a great city, they are not the only components. An iconic station building will need janitors to clean the floors. Knowledge workers will need teachers to educate their kids. An entertainment zone needs waiters and a stadium needs ushers. The stations and stadiums, the prestigious tech companies—all will rely, at least in part, on the labor of people who do unglamorous work for modest pay and spend a good portion of their income on just getting by. I believe there should be some consideration in our plan for them.

To that end, I propose making some modest adjustments to the plan language on affordable housing, to help ensure that Diridon is a neighborhood open to all of our citizens. First, I recommend we include language in the plan stating our commitment to ensuring that 15% of the units built within the plan area are affordable. If circumstances allow us to achieve above that percentage, perhaps as high as 20%, I believe we should be open to pursuing a more ambitious goal, but 15% should be the floor. Second, to help achieve that goal, I recommend we add three additional affordable housing strategies to the list that is already in the plan. Two of my recommended strategies involve using publicly owned land within the plan area to build affordable housing. Even if such land is not currently designated to allow housing, there may be an opportunity to use the proceeds from development to fund projects elsewhere in the plan area. I also recommend that we explore a phasing plan for the market rate housing that would allow market rate development to proceed as we meet incremental affordable housing goals. Finally, I recommend that we ask staff to consider returning to Council with a study session, which would allow us to discuss potential Diridon affordable housing strategies in greater depth.

It's understandable that we take pride in the cranes rising up above downtown and the high-rise luxury housing that they're building, but our values do not end at an impressive skyline. We should also take pride in our efforts as a city to ensure that people who work hard can live with dignity and make a life for themselves in San Jose—a goal that San Jose voters showed their commitment to in 2012 when they established a local minimum wage. Equity is clearly an important value to our residents; it should also be important to the Mayor and Council as we make decisions on the Diridon Plan.

## Attachment A: Diridon Station Area Plan edits (page 2-159)

### **ADDITIONAL FINANCING & IMPLEMENTATION TOOLS AND STRATEGIES**

In addition to the efforts discussed above regarding inclusionary housing and a permanent source of housing funding, the City is in the process of developing a toolbox of financing and implementation mechanisms to realize its urban village goals set forth in its General Plan. ~~While specific, robust mechanisms to facilitate San Jose's policy goal of a 15% minimum of affordable units have not yet been determined for Diridon Station, the following financing strategies for affordable homes may include, but are not limited to, the following:~~ It shall be the policy of this plan that 15% of the housing units built within the plan area shall be affordable units. Strategies to ensure the production of affordable units in the plan area will be developed as part of implementation of this plan, and may include, but are not limited to, the following:

- Impact fees
- Development agreements
- Public benefits agreements
- Public-private partnerships
- Tax increment financing
- Assessment districts
- Planning tools such as density bonuses, overlay zones, or public benefits conferred through rezonings
- Private lending
- Seek grant funding
- Development of affordable housing on publicly owned land
- Use of proceeds from development of publicly owned land to fund affordable housing
- Phasing of market rate residential units contingent on achievement of affordable housing targets

The City should also support and advance both State and federal legislation for housing and community development that will direct funding to San Jose in support of its Diridon Station and urban village goals.