



Memorandum

TO: CITY COUNCIL

FROM: MAYOR CHUCK REED
VICE MAYOR DAVE CORTESE
COUNCILMEMBER FORREST WILLIAMS
COUNCILMEMBER SAM LICCARDO
COUNCILMEMBER KANSEN CHU

SUBJECT: EVERGREEN EAST
HILLS DEVELOPMENT
POLICY

DATE: December 10, 2008

APPROVED: *Forrest Williams*

DATE:

RECOMMENDATION

It is recommended that the City Council:

1. Approve staff's recommendations to:
 - a. Approve an ordinance, to take effect on March 15, 2009, establishing the Evergreen-East Hills Traffic Impact Fee based on the prepared "The Evergreen-East Hills Traffic Impact Fee Study," dated 11/2008.
 - b. Approve an ordinance to take effect on March 15, 2009, rescinding Ordinance No. 24899 an Ordinance No. 25658 which established the procedures and transportation methodology for transportation analysis in the Evergreen Development Policy area.
2. Approve staff's recommendation to adopt a resolution, to take effect on March 15, 2009, to update the existing Evergreen Development Policy, together with all revision thereto, and adopt an Updated Evergreen-East Hills Development Policy, *with the following modifications:*
 - a. Eliminate the provision of affordable housing as one of the criteria for qualifying for "large project" status on the operative date of the City of San Jose's inclusionary housing policy, or in any redevelopment area.
 - b. Reinforce that development proposals for projects located inside redevelopment areas will continue to remain subject to the Redevelopment Agency's requirements for affordable housing development, and therefore will not be considered for large project status on the basis of incorporation of affordability.
 - c. Stipulate that projects falling under the "Other Land Uses" (pages 15-16 of policy) category of any proposed capacity are encouraged to apply so long as they meet at least one of the two criteria below:
 - i. They do not exceed the trip generation equivalency of a residential project of 35 units or less

- ii. They would otherwise qualify for large project status based on the criteria identified in the development policy and modified herein.
- d. As to the prioritization process identified by staff (pages 28-29 of policy) to be utilized in the event there is more demand for residential development in the policy area than the 500 residential pool allows for, make the following modifications:
 - i. Add the following sentence to "Implementation Goals": "In no case shall the total number of units distributed by application of these goals exceed the overall cap of 500 units established in this amendment."
 - ii. Modify definition of "Community Services" to include both existing and future services, including those approved via City Council action such as those found in masterplans, specific plans and SNI plans.
 - iii. Modify definition of "Mass Transit" to include "proximity to bus routes with frequent headway."
 - e. Add a statement about school impact that strongly encourages project applicants to talk with affected school districts during the review and processing of their applications by the city to ensure such parties are aware of pending development.
3. Direct the administration to promptly consider and process pending applications. Such processing in no way constitutes project approval or any amount of allocations from the pool.

ANALYSIS

This proposed update to the Evergreen East Hills Development Policy, borne out of the Evergreen East Hills Vision Strategy, has undergone extensive review and analysis over the last year and a half. Staff has worked closely with stakeholders across various interests to craft a policy that acknowledges the geographic challenges of the study area and accordingly recommends an approach that balances the need for a small amount of infill development (including incentives for development that achieves the city's goals of smart growth) with the necessary transportation mitigation so as not to detract, but rather to enhance, the quality of life in this area of San Jose.

The modifications to the draft policy enumerated above are intended to refine staff's work product and are further explained below:

Affordable Housing

The City Council directed staff to create opportunities for residential development above the 35 unit cap, provided the development incorporated one of the following three features: historic preservation, mixed use or affordable housing. Since Council's direction, the City has approved a draft citywide inclusionary zoning policy. Therefore, the provision that allows for projects to exceed 35 units provided affordable housing is incorporated should be in effect only until the operative date of the inclusionary zoning policy. Further, the proposed development policy should in no way repudiate the existing city redevelopment ordinance that requires a minimum 20% affordability for residential projects constructed within redevelopment areas. Such projects will not trigger the "large project" criteria because their location within a redevelopment area necessarily requires the construction of affordable units.

Other Land Uses

Projects such as child care centers and assisted living facilities provide job creation and important community benefits and should be encouraged. These projects may not generate AM/PM trip counts in a calculable way that residential and commercial projects do, requiring staff to assign a trip equivalency. Therefore, the proposed policy should allow such projects for consideration so long as the equivalency does not exceed that of a 35 unit residential project, unless it incorporates one of the three criteria for large project status.

Prioritization Process

Staff has wisely anticipated the possibility of there being more demand for residential development in the policy area than the 500 unit pool allows and has established a prioritization process intended to measure a project's quality against congestion reduction goals. We recommend refining the definition of "community services" to allow for proximity to both existing and planned community services. We further recommend adding "bus routes with frequent headway" to the list of mass transit assets, in order to further incent development along mass transit corridors. Finally, we recommend reiterating the caveat that this process in no way triggers the availability of units beyond the 500 outlined in the policy.

School Impact

A central concern for residents in the study area has been the impact of development on already overcrowded, overburdened schools. The only mitigation the city is allowed to impose on a developer is a state impact fee. That said, developers should be *strongly encouraged* to contact school districts that could be impacted by their projects and make themselves available for discussion.

Timely Review of Applications

The update to the Evergreen Development Policy has taken some years to complete. Applicants have patiently waited for the opportunity to have their proposals reviewed. Should Council approved the updated policy, staff should be directed to process applications in a timely manner, so that applicants may know as soon as possible the outcome of their requests.

CONCLUSION

Staff, residents and representatives from the development community are to be commended for their time and commitment to this process. It has resulted in a strong policy that will bring much needed infrastructure to the area, encourage commercial and retail investment and protect the area from large scale development, which the current infrastructure cannot accommodate.