



Memorandum

TO: MAYOR AND CITY COUNCIL

FROM: Mayor Chuck Reed
Councilmember Sam Liccardo
Councilmember Kansen Chu

**SUBJECT: NORTH SAN JOSE POLICY ECONOMIC
EMERGENCY AMENDMENT**

DATE: December 12, 2008

Approved

Chuck Reed
Sam Liccardo
KANSEN CHU
KD

Date

RECOMMENDATION

1. Accept the Staff recommendation solely as to paragraphs (b) and (c) in the December 5, 2008 Memorandum.
2. Direct City Attorney to work with the administration to draft an "Economic Emergency Amendment" to the North San José Area Development Policy, to:
 - a. Allow for the reservation of a maximum of 500 additional residential units, in the aggregate, within Phase I for any project(s) that meet all of the following criteria:
 - i. Has a Planned Development (PD) Permit application on file as of the effective date of the amendment;
 - ii. Meets the objectives of the North San José Area Development Policy for site and building design, based on the existing scoring system;
 - iii. Agrees to adhere to the joint agreement between the City and the Santa Clara Unified School District regarding school impacts fees for projects within the boundaries of the Santa Clara Unified School District; and,
 - iv. Has demonstrated to the Administration a readiness and ability to proceed with the project by virtue of obtaining necessary financing commitments;
 - b. Maintain the current residential cap of 8,000 units that receive Building Permits in Phase I; and
 - c. Expire on July 1, 2009.
3. Direct staff to return in Spring 2009 with a strategy establishing priorities for redistribution of Phase I units of expired permits.

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BACKGROUND

The severe recession that we are currently experiencing has many developers—in North San José and throughout the region—abandoning projects by allowing land purchase and option contracts to expire. It appears a virtual certainty that a substantial number of the projects currently entitled with 7,088 residential units under Phase I of the North San José Area Development Policy will see the termination of their two-year PD Permits within the next twelve months. As a result, it appears likely that unit reservations will become available several months in the future.

Concurrently, mixed-use projects with ready financing sit on the sideline, but cannot proceed for a lack of available reservations. Those financing commitments will soon evaporate if the developers are required to await the expiration of existing PD Permits on those projects that are unlikely to move forward.

At a time when our local economy desperately needs a “shot in the arm” from investments by the development community, a strict adherence to rules needs to be set aside in favor of a pragmatic approach, yet one that preserves both the spirit and the intended outcome of the North San José Area Development Policy.