CITY OF
SAN JOSE
CAPITAL OF SILICON VALLEY

Redevelopment Agency

REDEVELOPMENT AGENCY
CITY OF SAN JOSE
FIVE-YEAR IMPLEMENTATION PLAN

2010-2014

Project Areas Included:
Almaden Gateway, Alum Rock Avenue, Century Center, Civic Plaza, East Santa Clara Street, Edenvale, Guadalupe-Auzerais, Japantown, Julian-Stockton, Olinder, Market Gateway, Monterey Corridor, Neighborhood Business Clusters, Park Center Plaza, Pueblo Uno, Rincon de Los Esteros, San Antonio Plaza, Story Road, The Alameda, and West San Carlos Street

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Five-Year Implementation Plan 2010-2014

Adopted December 15, 2009
Redevelopment Agency Resolution No. 5935

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I. INTRODUCTION

California Community Redevelopment Law (CRL) (Section 33490) requires redevelopment agencies to adopt an implementation plan every five years that describes specific goals and objectives for its project areas. The San Jose Redevelopment Agency's 2010–2014 Five-Year Implementation Plan ("Implementation Plan") conforms to the requirements of Section 33490 of CRL and describes specific goals and objectives for 20 of its project areas. Additionally, the Plan addresses specific programs and potential projects, estimated expenditures over the next five years, and an explanation of how the objectives will help to eliminate blight and implement the Agency's 20% Affordable Housing obligation.

If approved by the Agency Board, the 2010-2014 Implementation Plan will be the Agency's fourth Five-Year Implementation Plan, with the first having been adopted November 17, 1994. The 2010-2014 Implementation Plan replaces the previous Five-Year Implementation Plan, which expires on December 31, 2009.

CRL allows agencies to combine multiple project area plans into a single Five-Year Implementation Plan. As such, this Implementation Plan combines 20 project areas into the revised Implementation Plan, with the exception of the Strong Neighborhoods Initiative (SNI) Project Area. The SNI Implementation Plan remains on a separate five-year approval cycle, which was last approved by the Redevelopment Agency Board in December 2007. The 2010-2014 Implementation Plan includes the following project areas:

1. Almaden Gateway
2. Alum Rock Avenue
3. Century Center
4. Civic Plaza
5. East Santa Clara Street
6. Edenvale
7. Guadalupe-Auzerais
8. Japantown
9. Julian-Stockton
10. Market Gateway
11. Monterey Corridor
12. Neighborhood Business Clusters
13. Olinder
14. Park Center Plaza
15. Pueblo Uno
16. Rincon de Los Esteros
17. San Antonio Plaza
18. Story Road
19. The Alameda
20. West San Carlos Street

The time limit for each of the above-referenced Redevelopment Project Areas for (i) the commencement of eminent domain to acquire property in a project area, (ii) the establishment of loans, advances and indebtedness, (iii) the effectiveness of the redevelopment plan, and (iv) the repayment of indebtedness with the proceeds of property taxes is set forth on Exhibit B attached hereto.

A portion of the SNI Project Area, known as the Diridon/Arena area, is referred to in this Plan as it is integral to the implementation of the overall strategy to revitalize the Downtown. Major infrastructure investment is planned for this area within the framework of this Plan.

Over time, the project areas have been merged for financing purposes into the San Jose Merged Project Area. Merging the project areas provides the Redevelopment Agency authority to collect tax increment in one project area and expend funds in a project area that does not collect tax increment, thereby providing the Agency greater flexibility and efficiency in the financing of redevelopment activities.

It is important to note that earlier this year the Agency Board approved three Plan Amendments.

1. Amendment to the various Redevelopment Plans in the Merged Project Area to increase the tax increment limit established in 1986 from $7.6 billion to $15 billion;
2. Amendment to the Strong Neighborhoods Initiative Project Area to remove the Naglee Park neighborhood from the area; and,
3. Amendment to the Strong Neighborhoods Initiative Project Area to begin the collection of tax increment from a specific geographical boundary within SNI known as the Diridon Area.

The increase in tax increment allocation was essential for the Redevelopment Agency to continue the projects and programs envisioned by the Board. The severe local impacts caused by the current economic situation makes it even more critical that Redevelopment Agency programs continue to create jobs in San Jose. The range and depth of Agency programs provide job-creation at both the small retail level, as well as high tech jobs, including biotech and cutting-edge “green” technology.

The amendment to increase the Agency’s tax increment limit also amends the list of eligible public improvements in each Redevelopment Plan so that all Redevelopment Plans have consistent language related to public improvements. The purpose of this text amendment was to achieve uniformity between all of the Redevelopment Plans that comprise the Merged Project Area and to add “Sports Facilities” and “Entertainment Facilities” to the list of eligible projects.

The level of funding for specific projects will vary due to the recent decline in property values and potential instability in the future. The Agency’s ability to fund projects will also be impacted by the State’s taking of redevelopment funds to help balance the State’s budget in fiscal years 2009-10 and 2010-11. Pursuant to California Assembly Bill 26, all redevelopment agencies are required to deposit a predetermined payment in a county “Supplemental” Educational Revenue Augmentation Fund (SERAF) to be distributed to schools to meet the State’s Prop 98 obligations to education. Preliminary estimates of the amount required to be paid by the Agency in fiscal years 2009-2010 and 2010-2011 are $62 million and $12.8 million, respectively. However, last year the California Redevelopment Association (CRA) successfully challenged these mandatory payments and CRA’s legal team has filed another lawsuit to challenge the State's action. If CRA's challenge is unsuccessful and the Agency is required to make the SERAF deposits, the redevelopment projects listed below may be delayed or eliminated:

- Convention Center
- Hoffman Via Monte Neighborhood Center
- Emerging Technologies (industrial incentives)
- Creation of additional Smart Start Child Care spaces
- Transit Mall Lighting
- Municipal Stadium upgrades
- Façade Improvement programs
- Retail outreach/incentives
- Miscellaneous traffic infrastructure improvements, such as State Route 87 Access
- Streetscape improvements in the downtown and the neighborhoods
- Programs in the Strong Neighborhood Initiatives until 2012

On December 15, 2009, the Redevelopment Agency Board is scheduled to adopt the Agency's Six-Year Capital Improvement Plan, a program that reflects the Council's priorities and obligations over the next six-years. The Capital Improvement Plan is being considered by the Agency Board uncharacteristically late due to the unparalleled SERAF shift of tax increment revenue. Other contributing factors include the unprecedented and prolonged economic deterioration nationally and locally in the job, retail, financial and home mortgage markets.

The Agency's tax increment revenue has increased by 2.68% during the past 2008-2009 fiscal year. The current economic volatility in Santa Clara County has significantly affected the ability to predict the growth of tax increment. Tax increment forecasts suggest the Agency will receive approximately $200.3M of tax increment for the 2009-2010 fiscal year.

Proposed expenditures for specific projects or programs identified in each redevelopment project area are intended to take full advantage of programs and funding allowed or made available by law, or through federal, state or local assistance. The Redevelopment Agency will adapt its programs and implementation projects and methods based upon economic conditions during the life of this Implementation Plan and the financial resources available to the Redevelopment Agency at any given time. Projects and programs are identified with budget estimates to support the Redevelopment Agency's efforts within the Implementation Plan timeframe.

The 2010-2014 Implementation Plan is based on existing planning and reporting documents. These documents include the Downtown Strategy Plan 2010, the Neighborhood Investment Program (which includes the Neighborhood Business District and Neighborhood Business Clusters), and Redevelopment Plans for each of the 20 project areas.

Redevelopment Agency supported projects during the past 5 years have created thousands of construction jobs and, especially through its Façade and Sign Grant Programs, assisted in retaining hundreds of retail jobs in the Downtown and Neighborhood Business Districts.

The Implementation Plan is divided into five sections: I. Introduction; II. Downtown Redevelopment Areas; III. Neighborhood Investment Program – Neighborhood Business District

& Neighborhood Business Cluster Redevelopment Areas; IV. Industrial Areas; and V. Housing. The Project Area sections define goals and objectives, describe specific programs and potential projects, and discuss the alleviation of blight. The Redevelopment Agency's housing responsibility is discussed in detail in the Housing section.

II. DOWNTOWN REDEVELOPMENT AREAS

A. Introduction

The Downtown Strategy Plans (Downtown Strategy 2010 and Strategy 2000) provide a vision and a methodology to improve the Downtown through strategies to develop office, retail, housing, and public facilities. The planning horizon for the Strategy Plan was 2010, but the current economic downturn has slowed development significantly, such that much of the development anticipated in the Plan remains undone. However, the overall goals of developing the Downtown as the central core of the city remain the same, however. The Downtown Strategy Plans encompass the eight Downtown Redevelopment Project Areas, plus portions of the Julian-Stockton Project Area, the Monterey Corridor Project Area, and a portion of the Strong Neighborhoods Initiative Project Area identified as the Diridon Area. The Julian-Stockton and Monterey Corridor Project Areas are addressed under Section IV, Industrial Redevelopment Areas. Monterey Corridor is also addressed in Section III, Neighborhood Investment District Redevelopment Areas. The eight Downtown Redevelopment Project Areas combined in this section are: Almaden Gateway, Century Center, Civic Center, Guadalupe-Auzerais, Market Gateway, Park Center Plaza, Pueblo Uno, and San Antonio Plaza.

The effectiveness of two of the Redevelopment Plans in the Downtown will terminate on January 1, 2012: Park Center and San Antonio Plaza. From and after that date, the Agency shall have no authority to act pursuant to the Redevelopment Plan except to pay previously incurred indebtedness, to comply with Subdivision (a) of Section 33333.8 of the CRL and to enforce existing covenants, contracts and other obligations.

Worth noting in this Implementation Plan are transportation projects and a proposed sports facility in the Diridon Area of the Strong Neighborhoods Initiative Project Area. The transportation projects include the construction of the Downtown Bay Area segment of High Speed Rail, expansion of the historic Diridon Station, and expansion of BART services to the Diridon Station. The first two projects are expected to be completed by 2016 with BART expected to be completed by 2018.

Using Redevelopment Agency programs and projects as catalysts for private investment eliminates blighting conditions, such as vacant underutilized parcels, vacant unsafe buildings, and deteriorating public infrastructure. Bringing office workers, residents, and visitors to the center of the city creates a cycle of economic growth that serves to reverse the decades of decline and blight. Major goals and objectives that underlie the specific projects and programs are described below.

All programs and projects identified are planned for implementation, though scope and timing may be affected by the long-term financial crisis in California.

B. Goals and Objectives:

Goal: Establish the Downtown as the 24-hour center of urban life and activity.
Objectives:
- Continue public/private development of office, housing, retail, cultural and entertainment facilities.
- Continue public investment in land, infrastructure, and public-use space to attract and stimulate private investment.
- Develop new housing units of multiple types for various income levels, including affordable housing.
- Promote development in the South First Street area to become a Theater, Arts and Entertainment district.
- Provide opportunities for private investment in shopping, dining, and entertainment.

Goal: Rehabilitation of existing properties.

Objectives:
- Support historic preservation activities.
- Assist the private sector's efforts to acquire or improve areas that are economically stagnant, physically constrained, and/or underutilized.
- Encourage and assist, as appropriate, in the rehabilitation and seismic strengthening of commercial buildings.
- Continue to assist business/property owners with storefront improvements.

Goal: Develop a market for private and commercial development opportunities.

Objectives:
- Use public investment to attract and stimulate private investment.
- Develop mixed-use residential-commercial projects in order to locate active uses at street level.
- Continue retail marketing efforts and collaboration with the private sector commercial realty community.
- Preserve office and retail sites so they remain opportunities for economic stability and growth.
- Work with the City’s Planning and Building Department to improve the regulatory processes so as to accelerate commercial development.

Goal: Provide new or enhanced cultural, convention, recreational, entertainment, and sports facilities.

Objectives:
- Support public art projects in both publicly and privately funded projects.

- Collaborate with diverse cultural organizations to create facilities supporting their art.
- Maintain collaborative efforts with various organizations, such as San Jose State University, San Jose Unified School District, Tech Museum of Innovation, Children's Discovery Museum, the San Jose Museum of Art, and smaller non-profit arts organizations for the development of new facilities.

Goal: Provide public infrastructure improvements to support private development.

Objectives:
- Implement the Downtown Streetscape Master Plan.
- Implement the Downtown Signage Master Plan.
- Implement the Downtown Parking Management Plan.
- Implement the Downtown Lighting Master Plan.
- Relocate or underground utilities in coordination with planned private development.

Goal: Continue the development of Downtown as the transportation hub of the region.

Objectives:
- Provide design review of proposed transit projects to assure quality of materials and consistency with approved Plans.
- Support City/VTA efforts to construct BART in the Greater Downtown core.
- Support efforts to construct High Speed Rail in the Greater Downtown core.
- Support VTA efforts to expand light rail and rapid transit modes in and through the Downtown.

Goal: Increase housing opportunities.

Objectives:
- Make living Downtown attractive by clustering diverse housing types in neighborhoods.
- Encourage the development of new housing near transportation links.
- Encourage the development of high-rise residential units in the Downtown.
- Provide Redevelopment Agency-owned land to assist in the development of new housing.

C. Specific Programs and Potential Projects

The strategy to attain the goals outlined above is to use public investment to attract and stimulate private investment. The Redevelopment Agency uses agreements, such as Development and Disposition Agreements (DDA) and Owner Participation Agreements (OPA), to form public-private partnerships. These agreements lead to the development of hotels, office buildings, retail spaces, cultural/art facilities, and housing. Through agreements, the Redevelopment Agency also encourages retention and restoration of older buildings that provide historic context Downtown.

New buildings with restaurants and commercial retail spaces, new housing developments, major new art facilities, new tourist and convention attractions, and infrastructure improvements such as the Transit Mall, have contributed to the establishment of San Jose as a high quality place to live, work, conduct business and visit.

Continuing efforts are required to develop vacant sites and blighted properties, to seek out new housing sites, to bring new offices and workers to the area, and to improve the physical structure of the Downtown.

Redevelopment continues to be a significant incentive for "smart growth" land use policies. The private market alone is incapable of overcoming all the risks and uncertainties of investment in redevelopment project areas. Redevelopment project areas include many of the urban in-fill and transit-oriented locations in San Jose. The factors that inhibit smart growth continue to include, among other things:

- Hazardous materials and contaminated sites
- Outdated land patterns
- Historic buildings and the disproportionate cost of preservation and rehabilitation related to correcting owner lack of funds and/or neglect and resolving code issues when compared to new construction
- Outdated infrastructure and the expense of replacement
- Need for diversity in housing prices to support a sustainable economy and population

Projects identified in the Downtown Strategy Plans that are not yet completed include an expansion of the San Jose McEnery Convention Center, construction of new public parking facilities, construction of a new mid-size performing arts theatre, development of a downtown portal for BART, and completion of housing in the North San Pedro area.

Programs and projects proposed in the Downtown during the next five years are described below.

1. Retail

The Redevelopment Agency encourages private commercial development through a comprehensive retail strategy adopted by the Board in 2006. The Downtown Retail Strategy includes a strategic approach to meet the goals of the retail program in relation to the changing market conditions. Two key objectives to the strategy are creating new quality retail space and re-tenanting spaces as vacancies arise. The strategy includes tenant recruitment, production of relevant marketing materials, support for retail infrastructure and existing merchants, and attraction of customers.

The retail strategy has had a significant and demonstrable effect on Downtown retail. For example, in 2008, over 75,000 square feet of retail was added to the Downtown through the revitalization of vacant buildings and the creation of new retail space at the base of new mixed-use development projects. By creating a more pedestrian-friendly experience, new retail enlivens Downtown’s streets and paseos, and changes the physical character of those thoroughfares from dark, unsafe areas to active, vibrant gathering places.

Downtown retail is growing and the Redevelopment Agency provides some level of support to nearly every new retailer through the recruitment process, the façade improvement grant program, signage grant program, or development facilitation.

a. Recruitment

The aim of the program is to identify, pursue, and open national, regional and local retailers to expand merchandise selection and provide additional destinations in the Downtown.

Examples of recently completed retail projects include:

- Safeway -- The Market. A High end grocery store concept.
- Morton's Steakhouse. Upscale restaurant chain.
- Chic Chateau. Upscale clothing boutique and tea room.
- Specialty's Bakery. Regional bakery and café.
- Popeye's Louisiana Kitchen. Popular southern-style quick service restaurant located in the Downtown Historic District.
- Penguin FroYo. Local frozen desserts and crepes café, also located in the City's Downtown Historic District.
- Blendz. Local juice and smoothies chain.
- Nazca Peruvian Restaurant. Local Peruvian full service restaurant.

Projects expected to be completed during the 5 year course of this Implementation Plan include tenants in the ground floor of new residential projects, such as Tower 88 and the 360 Residences, the development of the Market on San Pedro Square, and the continued infill development in the SoFA District

The Implementation Plan anticipates a continuation of this program to recruit retailers which, in turn, will revitalize the Downtown.

b. Support for retail infrastructure

The Redevelopment Agency provides support for retail infrastructure in four ways: the Façade Improvement Program, the Signage Grant Program, strategic planning, and the creation or rehabilitation of retail space.

The Façade Improvement Program provides grants to individual property owners. Through this program, the Redevelopment Agency has improved the facades of hundreds of buildings, often historic buildings, with paint, awnings, and signage. The Redevelopment Agency has invested approximately $4.1M in this program since 2000. This Implementation Plan anticipates continuation of this assistance.

The Signage Grant Program supports the façade program by providing direct assistance to tenants in an effort to increase visibility of the business, without creating uncontrolled clutter on the streets.

Ongoing strategic planning efforts include:

- Incorporating the Redevelopment Agency-created retail design guidelines into Requests for Proposals issued by the Redevelopment Agency for in-fill development sites.
- Using the Redevelopment Agency-developed Downtown San Jose Historic District Design Guidelines as an implementation tool tied to the Zoning Code. These guidelines will continue to help architects and developers plan for the space requirements for retail, including ceiling height, grease interceptors, loading docks and other relevant code issues, while utilizing construction elements appropriate for the rehabilitation of historic buildings.
- Enhanced coordination efforts with City departments to expedite permitting of sidewalk cafes and other devices to increase visibility of retail in the downtown.
- Coordination with City departments to update the city's sign code to address changing technologies.

By creating or resurrecting retail space, the Redevelopment Agency brings new retailers into the Downtown. The supply of ground-floor space adequate for retail uses must continue to increase in order to attract more tenants. This is a challenge in the City's historic Downtown buildings where there are structural impediments in the buildings and public infrastructure limitations. The Redevelopment Agency works with developers to incorporate retail into existing historic buildings, new office, hotel, and residential projects; ensures inclusion of retail in public projects (such as the Fourth Street Parking Garage), and provides limited loans and grants to developers for rehabilitating retail space.

2. Office Development

The Downtown Strategy Plans and Redevelopment Plans anticipate and encourage the development of high-rise office complexes in the central and Greater Downtown core. The Redevelopment Agency has assisted in the development of new office buildings by providing land, parking, and off-site improvements. Additionally, the Redevelopment Agency has used its land use controls to expedite permitting of new office development. With the decline in the local economy, office development has come to a halt. However, nearly a million square feet of office development assisted by the Redevelopment Agency is entitled to move forward into the building stage when the economy rebounds.

3. Hotel Development

The Strategy Plans anticipated 3,000 to 3,500 new hotel rooms would be developed in the Downtown between the years 2000 and 2010. With the downturn in the economy not all of these rooms were built. It is likely within the timeframe of this Implementation Plan that new hotel rooms could be planned. It is not likely they will be constructed within this five year span. New hotels would support the future expansion of the San Jose McEnery Convention Center; accommodate the anticipated needs of Downtown business; provide rooms for visitors to San Jose's cultural and tourist activities; and offer gathering places for public and private activity through hotel meeting rooms, ballrooms, and restaurants.

This Implementation Plan acknowledges the ongoing need for hotel rooms in and around the Downtown, yet anticipates that the tourist and convention market will continue to lag with the downturn in the local economy. As the economy returns to its pre-2007 levels, demand for new hotel space is expected to rise. The Redevelopment Agency's involvement in any future hotel projects could include land assembly and assistance with parking requirements. No new projects are specifically identified in this Implementation Plan.

The Redevelopment Agency will continue to encourage hotels to locate in the Downtown within easy walking distance to major cultural attractions, the Convention Center, sports facilities, and public transportation.

4. Transportation

The Redevelopment Agency will continue to work with the City, the Valley Transportation Authority, and Caltrans to plan and implement mass transit projects. Potential projects benefiting the Downtown redevelopment areas include BART, light rail, High Speed Rail, an expansion of the historic Diridon Station, and rapid bus systems. Transit improvements are essential to effective renewal of Downtown housing, office, and retail development because they encourage new development and increase access to the Downtown without reliance on the automobile. Reducing this reliance makes the Downtown more economically competitive with the suburban malls, thereby continuing to alleviate blight associated with a declining economic base.

5. Parking

Adequate supply of accessible and affordable public parking is crucial to the success of the Downtown. A comprehensive Downtown-parking program includes promotion of existing parking facilities, shuttle service for outlying parking lots, and upgraded signage.

The Redevelopment Agency provides public parking by constructing public parking facilities, improving on-street parking opportunities, and financing a portion of the parking in new office developments. In return for this assistance, building owners participate in the Downtown parking programs such as the "Free Parking" and "Validation" Programs. Other agreements require that parking garages be available to the general public during evenings, weekends, and holidays. This program is expected to continue during this Implementation Plan period as funding is available.

In addition to increasing the downtown parking supply through development and agreements, the Agency has worked closely with the City's Department of Transportation (DOT) and the Office of Economic Development (OED) to develop a series of Parking Rate Resolutions, which reduced parking rates for businesses occupying Class "B" and Class "C" buildings and allowed buildings without on-site parking to secure parking for their current and potential tenants at City parking garages.

The San Jose City Council and the Redevelopment Agency Board adopted a Parking Management Plan (PMP) in 2001. A PMP update was completed and adopted in FY2006 – 2007. This plan guides future downtown parking related projects and policies. The PMP anticipates changes in the parking supply and demand in Downtown over the next ten years.

Due to current economic conditions, a revised framework was developed in 2007 that included priorities for the implementation of short- and long-term priorities within the PMP. Additionally, a series of triggers related to economic activity, which directly impact parking supply and demand, were developed to closely monitor market conditions in order to take timely steps on long-term parking development.

a. New Parking Garages

- **Greyhound Site**
  Under the revised PMP, this site was identified as the priority site for the development of a 1,000-space parking structure. A schematic design for the Greyhound facility was completed in January 2003. The program cost estimate for final design, site preparation, project management and construction of the 1,000-space facility was estimated at approximately $33.7M.

- **Parkside Hall Site**
  The second site for long-term development of a parking garage is Parkside Hall. Because this site is within the Park Center Redevelopment Project Area, which expires after December 31, 2011, development of this site is not likely to occur within the timeframe of this Implementation Plan.

b. Public/Private Garages – Parking Plus

To assure an adequate supply of public parking, the Redevelopment Agency continues to acquire parking rights in private development projects. Recent projects include the garages within The Globe and The 88 mixed-use projects. Within this Implementation Plan, funding will continue to provide public parking as a means to support the Downtown office and retail market.

6. Civic and Cultural Facilities

A goal of the Downtown Strategy Plans is that Downtown San Jose be the cultural center of the South Bay Area. Over the next five years, the Redevelopment Agency will continue to invest in new civic and cultural facilities, including the following projects:

a. Public Facilities

Public projects in the Downtown include completion of significant upgrades to the historic Civic Auditorium and initiation of improvements to the Center for Performing Arts to bring them up to standard for current music or arts-related uses, including medium-format performances.

b. Downtown Neighborhood and Regional Family Parks

Within this Five-Year Plan the Agency will complete improvements to historic St. James Park and Parque de Los Pobladores. The Agency will continue its involvement in improvements within the Guadalupe River Park and Gardens, including the completion of trail segments through the downtown.

c. Convention Center Expansion

Within this Five-Year Plan the Agency will assist in the expansion and renovation of the San Jose McEnery Convention Center. An assessment district was formed by the hotels to provide funding for the expansion in conjunction with public sources. The planned expansion is approximately 170,000 square feet of new meeting and ballrooms, with supporting space. The project includes upgrades to essential building systems such as the central utility plant and fire-life safety alarms and controls. The project is estimated to cost $300M with the Redevelopment Agency’s share potentially reaching $150M within the timeframe of this Implementation Plan.

7. Public Art

All eligible Redevelopment Agency projects, as identified in the Public Art Master Plan, must address the public art requirement of 2% funding.

Private development projects funded with Redevelopment Agency assistance contribute 1% of the hard costs or construction cost to public art. Potential future projects include the North San Pedro Housing, Park View Towers, Las Mariposas housing projects, and the future development of the Boston Properties site along Almaden Boulevard.

8. Historic Preservation

Since 1987 the Redevelopment Agency has committed more than $155.2M to preserve and rehabilitate Downtown’s historic and older buildings. The Redevelopment Agency strives to maintain the best of the City’s old and historic buildings through a broad range of resource protection techniques, including preservation, restoration, rehabilitation, and adaptive reuse.

While owners of historic buildings have a duty to keep their properties in good repair, these buildings can often become sources of blighting conditions due to owner neglect—a lack of funds and/or lack of responsibility–and code compliance issues. As the Agency is tasked with the elimination of blight, it is at this point that the Agency can step in and work with owners to restore their properties.

The Redevelopment Agency anticipates continued support for historic preservation projects within the time of this Implementation Plan. Projects are likely to include the restoration of the First Church of Christ Scientist, on St. James Street as part of a large private housing project and the adaptive re-use of Redevelopment Agency-owned property at 500 South First Street.

9. Downtown Business Improvement Programs

The Downtown Business Improvement Programs include the Facade Improvement Program (FIP), and the Signage Grant Program. These efforts provide grants to Downtown building owners and tenants to help rehabilitate storefronts, especially on older and historic buildings. During the last Five-Year Implementation Plan, many key historic buildings were rehabilitated through this program, including: the Kotansky Buildings, the Bassler Haynes Beach Buildings, the Wilcox Block, the State Meat Market Building, the Legato Building, the Hank Coca Building and the Wright-Curtner Building.

10. Other Assistance Programs

As necessary and appropriate, the Agency enters into Development Agreements with property owners to assist with more significant building issues, such as structural and building code compliance.

11. Streetscapes

The Downtown Streetscape Master Plan was updated and approved by the City Council and Redevelopment Agency Board in spring 2004. This Master Plan establishes the overall streetscape design guidelines, identifies tree species by street, locates placement of bicycle racks, establishes street lighting standards and design, and establishes the location for the placement of utility boxes and cabinets.

Public realm improvements, such as sidewalks and curb/gutter replacement are likely to continue in support of public and publicly assisted projects. This Implementation Plan anticipates support for projects ranging from new streetlights, to sidewalks, and other essential infrastructure improvements. Additionally, through the Redevelopment Agency’s Streetscape Master Plan, the Agency has contributed toward the installation of bicycle racks in the Downtown and Neighborhood Business Districts.

No separate or discrete projects or programs are currently identified in the FY 2010-2014 Capital Improvement Program, but critical elements of the program will be included in development agreements effectuated by the Redevelopment Agency as funds become available.

D. Alleviation of Blight

Within the eight Downtown redevelopment project areas, the following physical blighting conditions continue to be significant: poor site conditions, poor building conditions, and parcels of irregular shape and form. Furthermore, economic blighting conditions such as site contamination, large vacant parcels, and the underutilization of parcels, inhibit the project area's ability to thrive without continued assistance from the Redevelopment Agency.

Redevelopment activities may include acquisition and assembly of small, underutilized and/or poorly configured parcels of land, which would otherwise be inadequate for modern development. The proposed redevelopment program would provide an incentive for existing owners and the private sector to reinvest in their underutilized and neglected properties. New development will encourage further development, generate demand for Project Area properties and increase property values.

Improvements to the public infrastructure system will provide an environment to stimulate revitalization and growth in the Project Areas. The ability of an area to attract new investors and to encourage existing businesses and property owners to maintain and reinvest in their properties depends not just on the quality of the surrounding buildings but on the quality of the amenities serving the building stock.

The provision of adequate and easily accessible parking will assist in the retention and attraction of businesses within the Project Area. The construction and upgrade of necessary public improvements and facilities will provide improved public health, safety, and welfare due to better pedestrian and vehicular traffic circulation and access, better night visibility and enhanced aesthetics through streetscape design and construction. The proposed parking projects will not only meet the demand generated by new development but will also ease the parking deficiency.

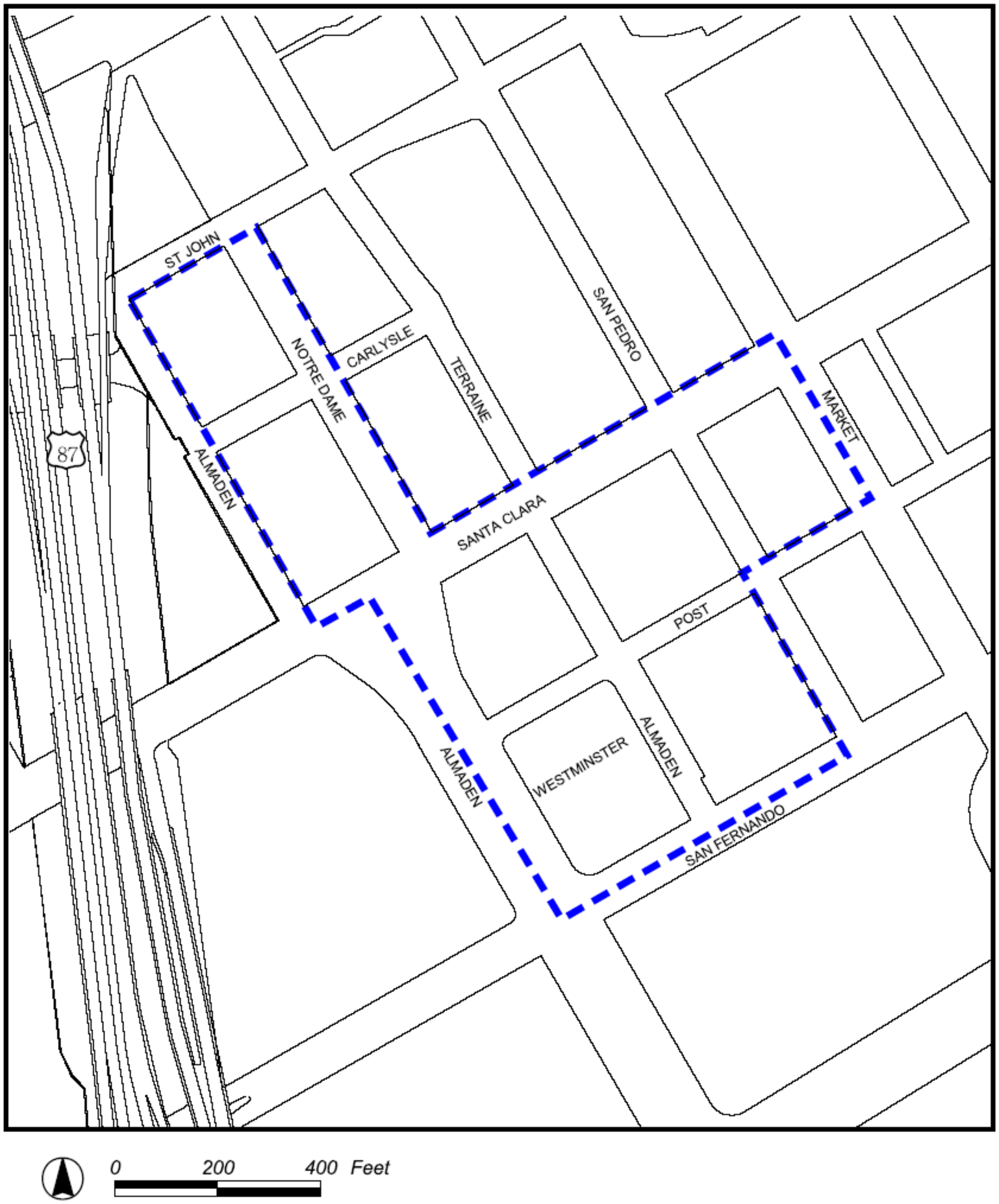
Street landscaping improvements will substantially enhance the appearance of the Project Areas, making the Downtown attractive to new commercial development. Installation of needed public improvements is important to the redevelopment of the Project Areas and the attraction of private investment to the area.

The Redevelopment Agency's programs are designed to bring new users into the Downtown to continue the demand for services and growth. These programs will create greater opportunity for housing at all affordability levels within the Downtown core. Housing supports the existing and future retail/commercial establishments, as well as promotes the investments in public transportation. By supporting a range of arts and cultural facilities as well as sports facilities and entertainment facilities, the Redevelopment Agency helps introduce thousands of visitors to the Downtown. The creation of a critical mass of users, both day and night, continuously brings new energy to the Downtown to aid in its renewal.

The work envisioned over the next five years is intended to continue ongoing programs that have visually and physically improved the streets and helped to create an environment supportive of Downtown office and retail development. Through programs that encourage building owners and merchants to rehabilitate their properties, the Redevelopment Agency is directly addressing the remaining physical and economic blight in the Downtown.

DOWNTOWN REDEVELOPMENT
PROJECT AREA MAPS

Redevelopment Project Area | **Almaden Gateway**



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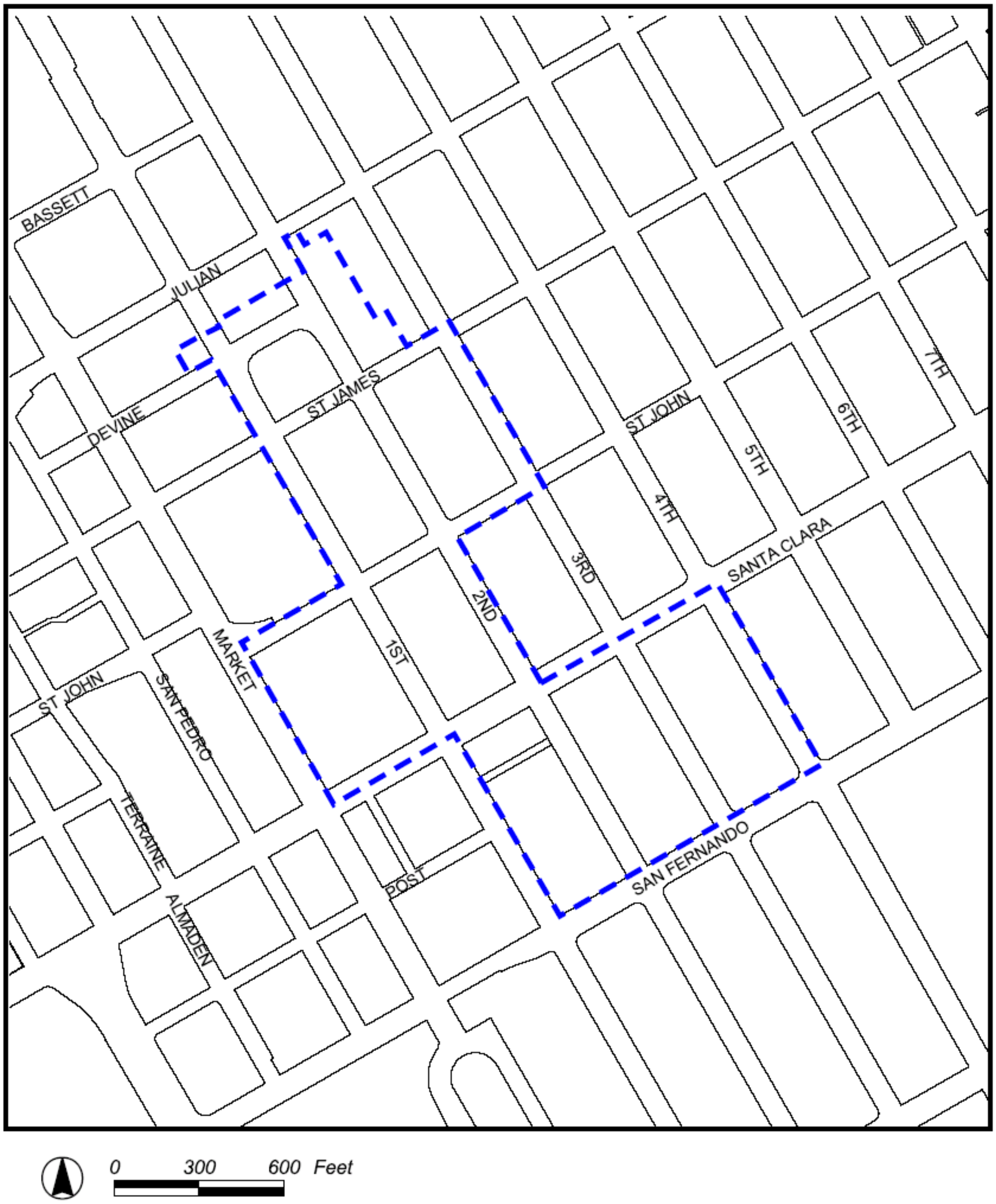
DOWNTOWN REDEVELOPMENT
PROJECT AREA MAPS

Redevelopment Project Area — Century Center



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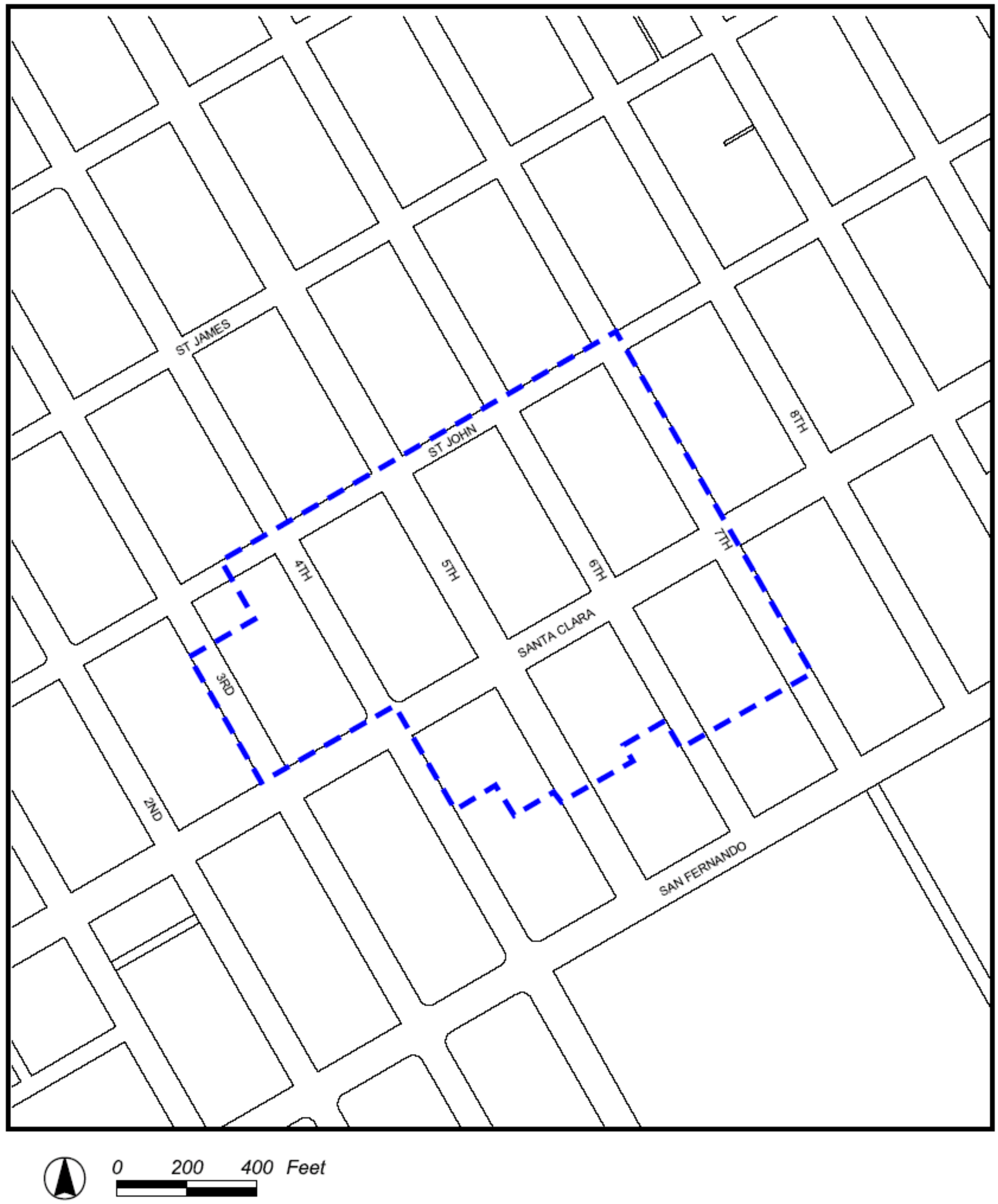
**DOWNTOWN REDEVELOPMENT
PROJECT AREA MAPS**

Redevelopment Project Area | Civic Plaza



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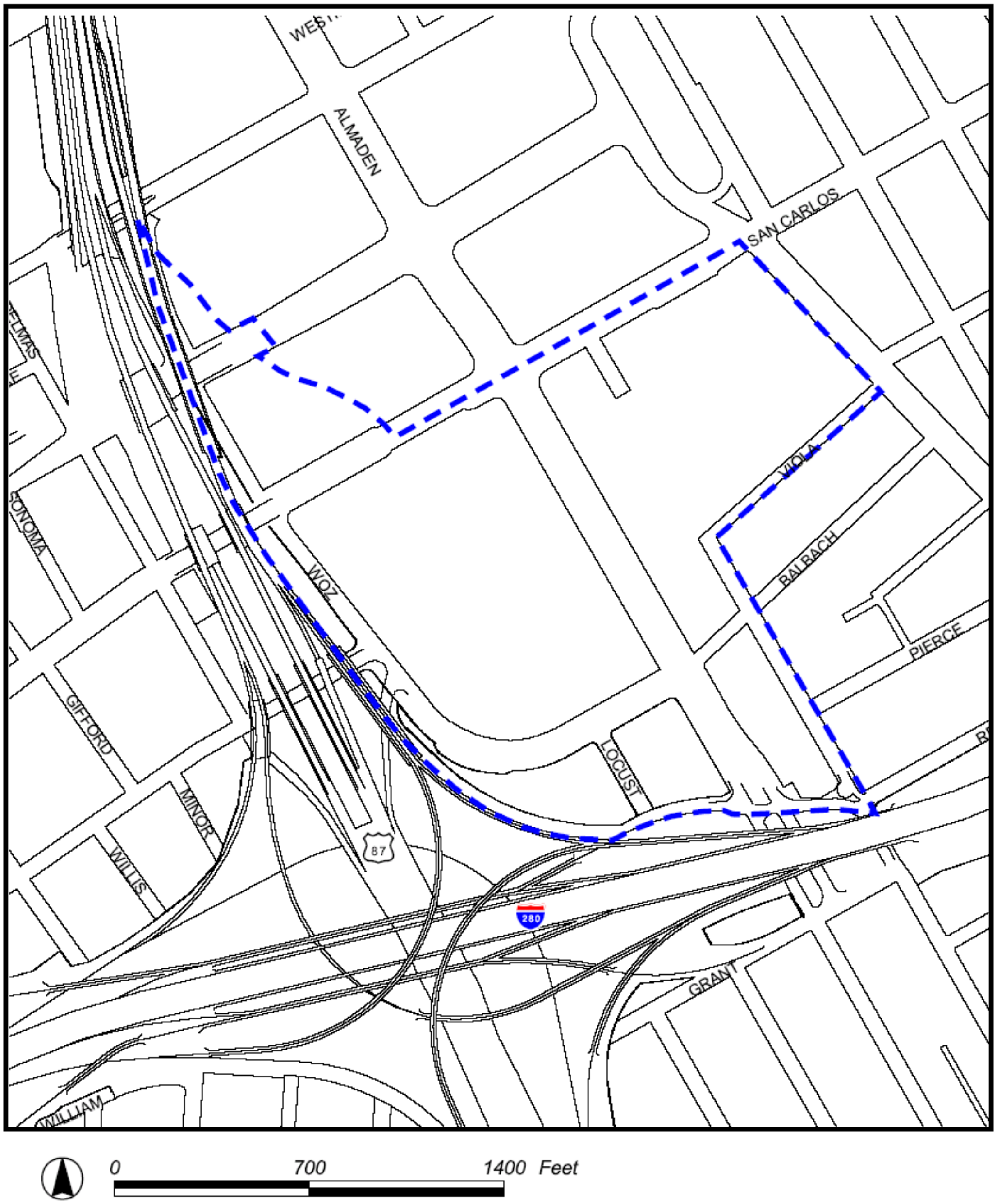
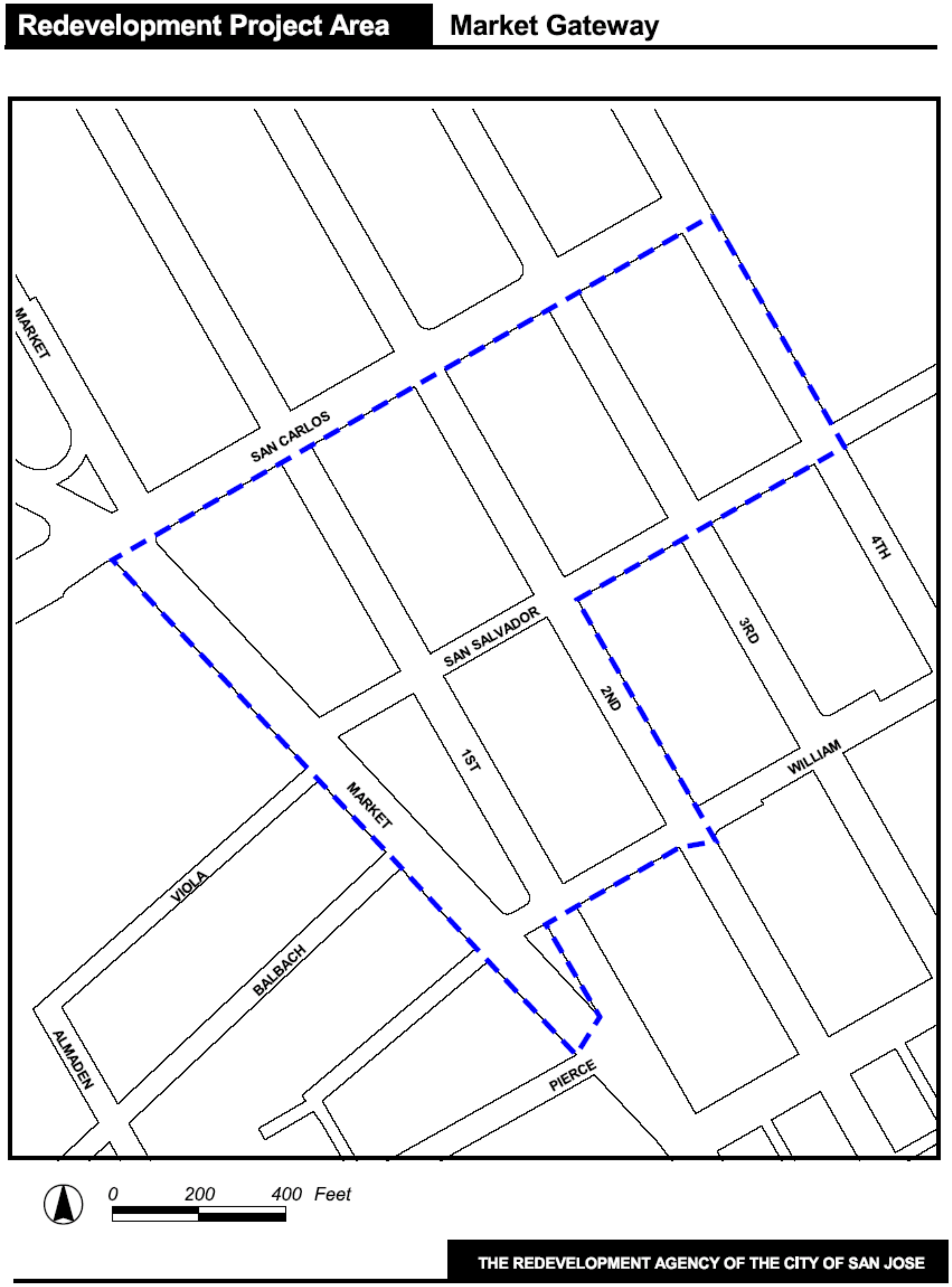
DOWNTOWN REDEVELOPMENT
PROJECT AREA MAPS

Redevelopment Project Area Guadalupe-Auzerais



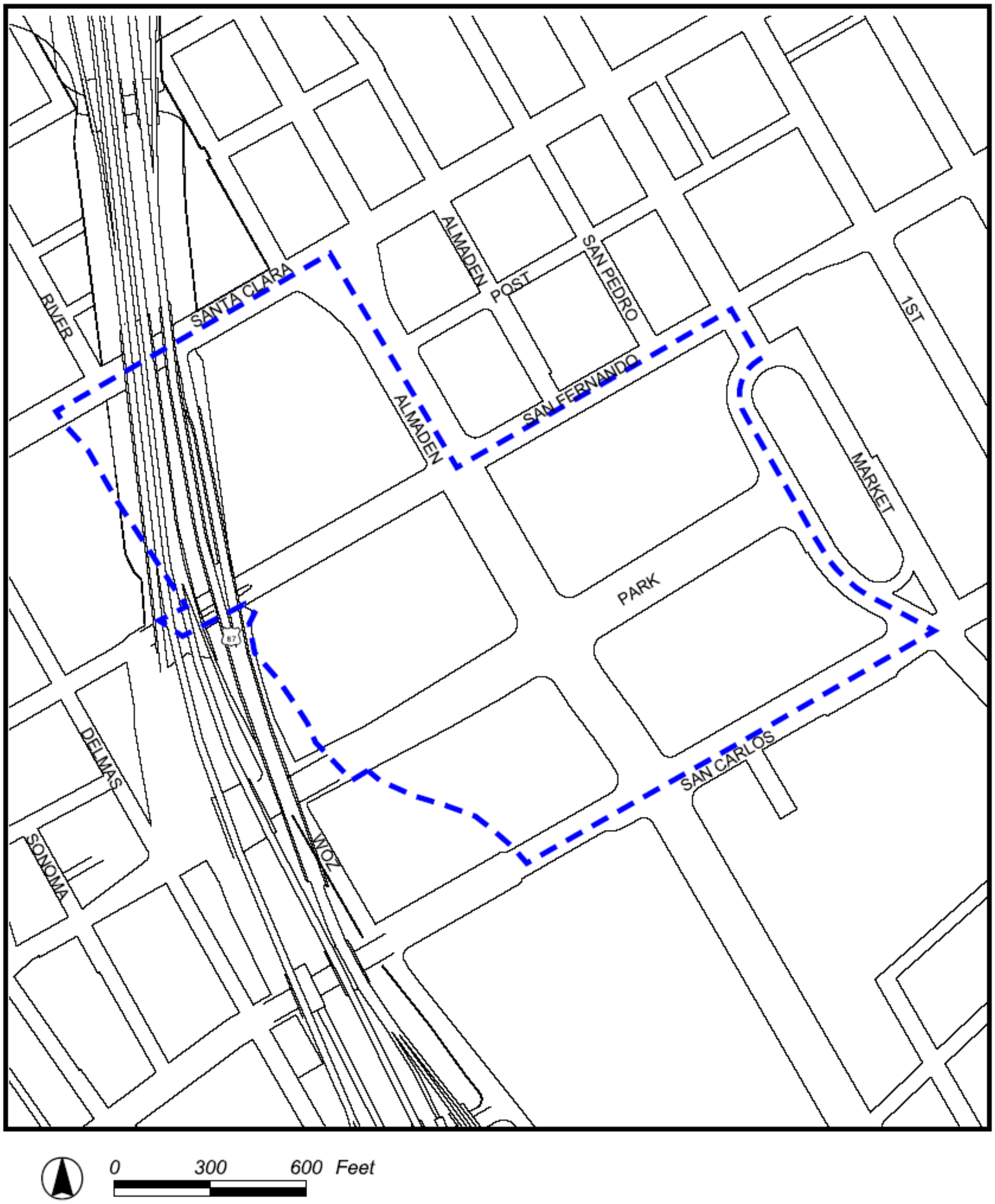
THE REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE

DOWNTOWN REDEVELOPMENT
PROJECT AREA MAPS



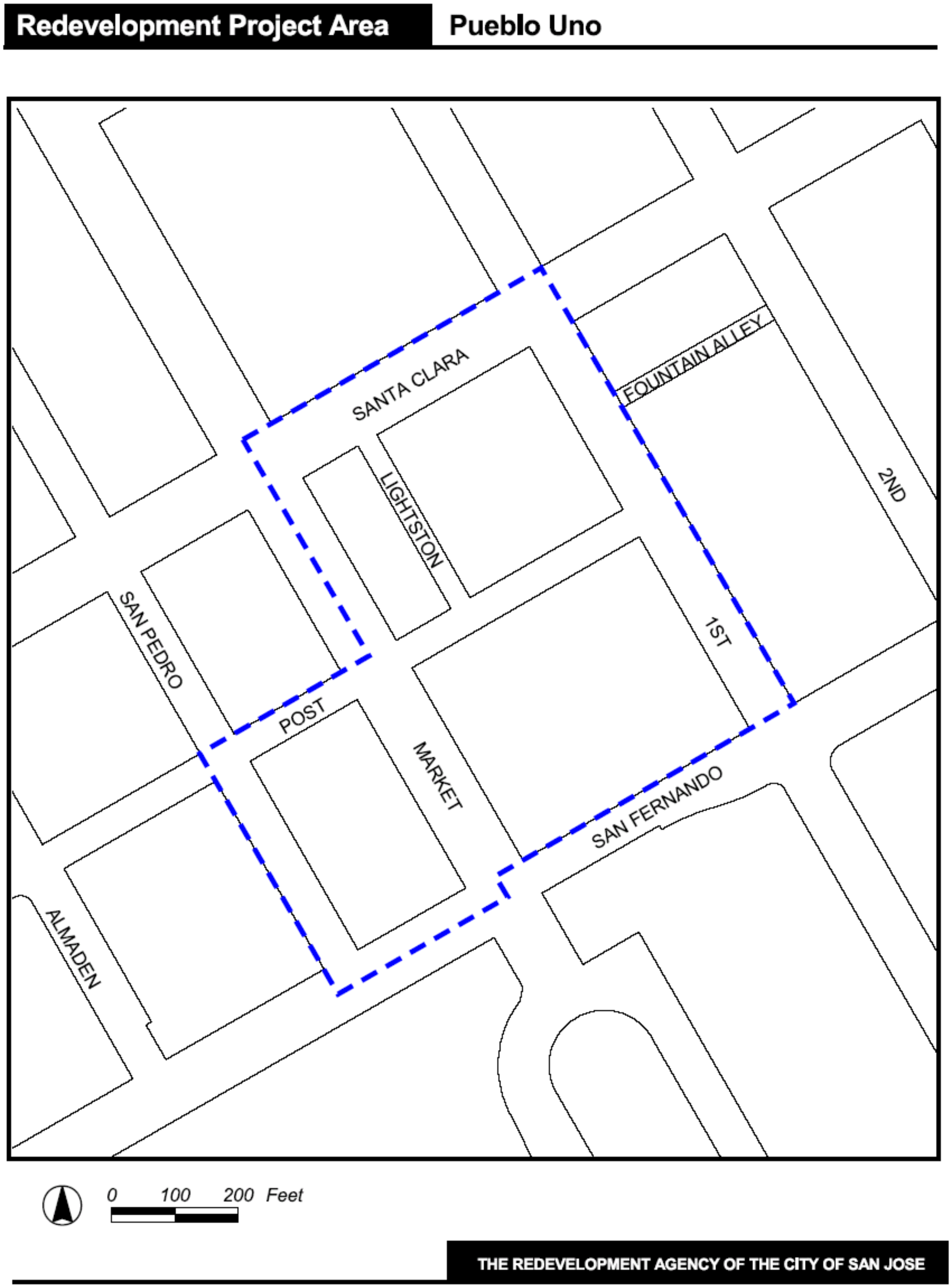
**DOWNTOWN REDEVELOPMENT
PROJECT AREA MAPS**

Redevelopment Project Area **Park Center Plaza**



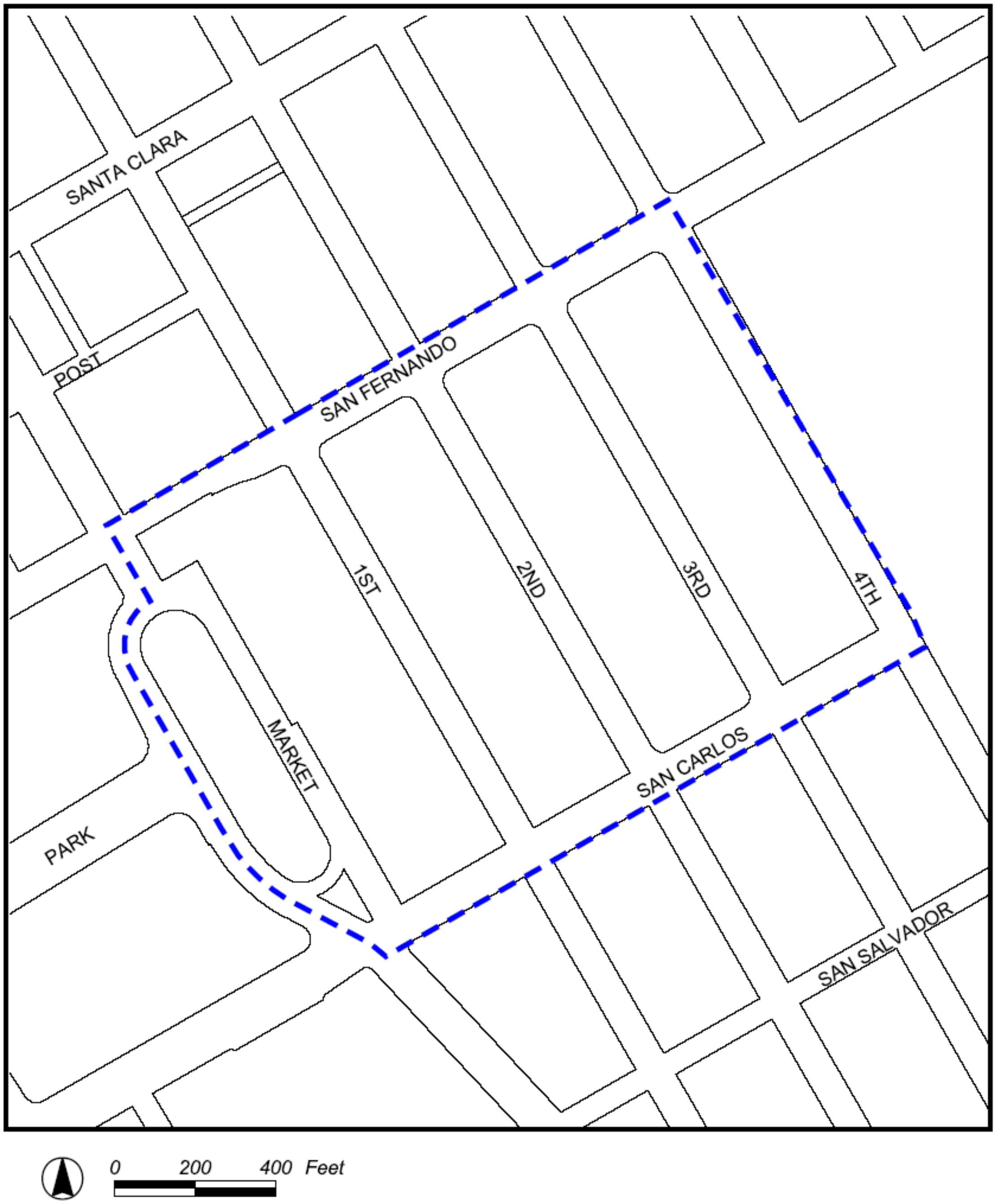
THE REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE

DOWNTOWN REDEVELOPMENT
PROJECT AREA MAPS



DOWNTOWN REDEVELOPMENT
PROJECT AREA MAPS

Redevelopment Project Area San Antonio Plaza



THE REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE

III. NEIGHBORHOOD INVESTMENT PROGRAM –

Neighborhood Business District and Neighborhood Business Cluster Redevelopment Areas

A. Introduction

The Neighborhood Investment Program is a comprehensive effort to improve physically and economically blighted commercial districts and shopping centers throughout the City of San Jose. The Program consists of two major components: the Neighborhood Business District (NBD) program and the Neighborhood Business Cluster (NBC) program.

The Neighborhood Business District program was formed in 1982 to address the physical deterioration and decline in economic and commercial vitality that older commercial areas were experiencing, which was affecting the property values and the image of the community's surrounding residential neighborhoods. The Neighborhood Business District program consists of seven Redevelopment Project Areas: Alum Rock Avenue, East Santa Clara Street, Japantown, Monterey Corridor, Story Road, The Alameda, and West San Carlos Street. The seven NBD Project Areas were adopted between 1988 and 1994 and have since been amended to extend the life of each project area. The Alum Rock Avenue, Story Road, The Alameda, and West San Carlos Project Areas will expire on December 31, 2013. The East Santa Clara Street Project Area, the Japantown Project Area and the Monterey Corridor Project Area will expire on April 7, 2016, December 12, 2025, and December 13, 2026, respectively. Extensions of the Project Areas require Plan Amendment and approval by the Redevelopment Agency Board.

The Neighborhood Business Cluster program was developed in 1999 to revitalize blighted neighborhood shopping centers. The NBC Project Area is comprised of six non-contiguous areas, consisting of neighborhood shopping centers: Bascom Station, Fruitdale Station, Monterey and Roeder, Union and Camden, Union and Foxworthy, and White and Quimby. The NBC Project Area was adopted in 2001.

The Neighborhood Investment Program includes incentives for private development and rehabilitation and physical improvements to public facilities such as schools, parks, and public right-of-way enhancements including new sidewalks, streetscapes, medians and lighting. Additionally, the Redevelopment Agency sponsors a variety of business assistance programs that promote economic development and support neighborhood business associations as an integral part of an area revitalization, which foster improvements to buildings and neighborhoods. These activities are designed to encourage private investment in both the commercial area and adjacent residential communities.

All programs and projects identified are planned for implementation though scope and timing may be affected by the long-term financial crisis in California.

Goals and Objectives: Neighborhood Business District Program
The Goals and Objectives outlined below are based on the individual NBD Strategies developed for each of the seven Project Areas, as well as the specific Redevelopment Plans for each NBD Project Area.

Goal: Create opportunities for private commercial development.

Objectives:
- Encourage and work with businesses to remain and reinvest in the NBDs.
- Attract additional private investment in the Project Areas.
- Create more attractive facades and edge treatments (perimeter landscape) that improve the aesthetics and functioning of the commercial and office businesses in the NBDs by utilizing the Façade Improvement Program.
- Standardize and improve signage for local businesses through the Agency's Signage Grant Program
- Develop public and public/private parking opportunities to assist businesses in order to remain competitive.
- Recruit private developers to build in-fill housing and mixed-use developments in and around the NBDs.

Goal: Improve the design and construction quality of new structures and rehabilitation of existing structures.

Objectives:
- When appropriate and when funding is available, update the Strategy Plans that include urban design guidelines.
- Provide design review of significant new and rehabilitation projects in NBD Project Areas.
- Retain architectural services to complete the façade and landscape improvements of individual buildings and shopping centers in the NBDs.

Goal: Design and construct public infrastructure.

Objectives:
- Continue active streetscape programs that include median construction or reconstruction, lighting, landscaping, bike racks, tree planting, and

sidewalk, curb and gutter improvement projects to make the business districts more inviting for private investment and retail activity.

- Replace deteriorated infrastructure.

Goal: Provide for public facilities that support or enhance neighborhood commercial and residential environments.

Objectives:
- Build new or rehabilitate public facilities, such as neighborhood libraries, community and youth centers, performing arts theatres, and schools that primarily benefit the Project Areas.
- Create open space and assist in park development through acquisition and construction programs.
- Review public school facility needs and create programs to address those needs.

C. Specific Programs: Neighborhood Business District Program

Implementation of the programs and projects identified in the existing Neighborhood Business District Revitalization Strategy Plans are critical to the continued success of the business districts and surrounding communities. These programs alleviate blighting conditions through the coordination of public and private improvements. A comprehensive Revitalization Strategy Plan exists for each NBD and serves as a masterplan to guide the physical and economic development of each area. The development of urban design guidelines is an integral component of each NBD Strategy Plan.

The NBD Plans identify an array of public and private improvements specific to each area. The Redevelopment Agency assists private development through grant or loan programs, including façade and edge treatment programs, commercial expansion and new development programs that create jobs, housing rehabilitation and first-time home buyer programs, and new market rate and affordable housing development programs. Public improvement projects include landscape and streetscape projects, sidewalks, medians, public spaces, utility undergrounding and public parking.

Additionally, the NBD Plans identify the opportunities for public school and community facilities improvements, including community youth centers, library branches, parks, and cultural facilities. Listed below is a description of the specific programs used to facilitate development and alleviate blight in the NBDs.

1. Streetscape and Infrastructure Improvements

The streetscape program includes replacing broken curbs, gutters and sidewalks, installing street trees and shrubs; constructing both decorative and ADA compliant crosswalks; constructing new medians; adding visual and safety improvements to existing medians; undergrounding utilities; installing street furniture, such as trash receptacles and recycling bins; and improving area lighting by increasing the number of luminaries, adding new-technology LED pedestrian streetlights. New LED streetlights or pedestrian lights will incorporate the latest technology that saves energy and reduces City operating expenses. Infrastructure improvements in addition to new sidewalks include the installation of traffic signals, traffic safety improvements including signage and turn lanes and bus duck-outs. The Redevelopment Agency is also working to leverage local dollars with state and federal programs appropriate for transportation enhancements along these commercial corridors.

2. Facade Improvement Program; Signage Program

The Facade Improvement Program (FIP) consists of two components: architectural design and the facade improvement to implement the architectural design. The Redevelopment Agency retains the services of architectural firms to design the facades in a neighborhood project area, ensuring visual continuity and quality of design. Financial assistance is provided to property owners and to improve the visual character of the buildings and to spur additional private investment. The Façade Improvement Program funds are typically provided to owners who invest matching funds for the improvements. Funding for façade improvements in NBDs is allocated from a shared pool of funds. The Agency has created a separate and complimentary Signage Grant Program, which provides financial assistance to eligible commercial businesses (including retail and offices) to install new signage or upgrade existing signage in order to create a positive commercial environment in Downtown San Jose and the Redevelopment Project Areas.

3. Public/Private Development

Public/private investment continues through the implementation of the Facade Improvement Program and Signage Grant Program in all NBDs. Other public/private investment occurs when the Redevelopment Agency participates in significant private development projects. Through an Owner Participation Agreement (OPA) or Disposition and Development Agreement (DDA), the Redevelopment Agency may grant or loan funds to assist new commercial development or expansion of existing commercial facilities. This program may fund construction, landscaping, façade upgrades, parking lot improvements and off-site improvements (e.g., fire hydrants or traffic mitigation projects).

4. Public Community Facilities, School Enhancement and Open Space Projects

Community-based projects focus on new or improved community facilities such as parks, community centers, public schools, open space, and cultural facilities. Projects are anticipated for development using Redevelopment

Agency and/or other funds from the City, State, and Federal governments. All existing NBDs are reviewed for community facility needs. These projects are intended to encourage further investment in their respective neighborhoods and make them a more desirable place to visit and live. Redevelopment Agency funding is dependent upon the improvement in the local economy during this Implementation Plan timeframe.

5. Neighborhood Retail

In January 2004, the Redevelopment Agency expanded the successful Downtown retail program into nine neighborhood areas, including six Redevelopment Project Area NBD's: Alum Rock Avenue, East Santa Clara Street, Japantown, Story Road, The Alameda, and West San Carlos Street and three commercial areas in the Strong Neighborhoods Initiative Redevelopment Project Area—13th Street, Winchester Boulevard and Willow Street. The neighborhood retail strategy is based on the Downtown model and includes most components of the program. Retailers have responded positively to the expanded strategy, especially because it provides them with considerable support in locating multiple sites throughout San Jose.

Like the Downtown retail strategy, the Neighborhood strategy focuses on a broad range of tenants; coordination with landlords, merchants and merchant associations; supportive marketing; and financial assistance programs wherever possible, and identification of potential retail or mixed use sites to increase the overall supply of retail space.

6. Development Facilitation

The Redevelopment Agency staff facilitates and promotes new commercial and housing developments in the Neighborhood Business Districts. This process includes assisting property owners and developers with site selection and the entitlement process.

D. Potential Projects

1. Alum Rock Avenue

- Continue the Façade Improvement Program throughout the Project Area and complete the majority of façades in the Alum Rock Village Area east of White Road. Funds available for the Façade Improvement Program are combined with the other six NBD Project Areas and exceed $2.1M in the 2009-2010 Adopted Budget. Implementation of streetscape and sidewalk improvements as identified in the Redevelopment Agency's adopted Alum Rock Strategy.

- Assist in creating a market for private investment opportunities in the Project Area for mixed-use development. Funding in support of public/private development opportunities continues in the 2009-2010 Adopted Budget.

- In furtherance of Agency objectives, establish a form-based zoning district between King Road and Interstate 680 to streamline the development approval process and promote consistent development patterns.
- Coordinate with the VTA to plan for the federally and locally funded Bus Rapid Transit system.

2. East Santa Clara Street

- Continue the Façade Improvement Program throughout the Project Area. Funds available for this program are continued with other NBD project areas, and exceed $2.1M in the 2009-2010 Adopted Budget.
- Develop and implement a Plan to expand access to health care downtown and in the Project Area, while allowing for the redevelopment of the former San Jose Medical Center facility site.
- Coordinate with the VTA to plan for the Federally and locally funded Bus Rapid Transit system

3. Japantown

- Continue the Façade Improvement Program throughout the Project Area. Funds available for this program are combined with other NBD project areas and exceed $2.1M in the 2009-2010 Adopted Budget.
- Implement the streetscape improvement project on Jackson Avenue between North 4th Street and North 6th Street.
- Develop strategies to develop the City Corporation yard on Sixth Street into a mixed-use project that retains the cultural heritage of Japantown.

4. Monterey Corridor

- A Feasibility Study was conducted to analyze transportation circulation in the Project Area. The study evaluated options to improve traffic conditions and look at potential access to and from the immediate freeway and highway system. It is anticipated that opportunities for such improvements will be pursued.
- Continue the Façade Improvement Program throughout the Project Area.

5. Story Road

- Continue the Façade Improvement Program within the Project Area.

6. The Alameda

- Continue the Façade Improvement Program throughout the Project Area.
- Develop public/private partnership to create public parking opportunities.

- Develop a comprehensive plan and report for The Alameda in order to create a safe, healthy and revitalized pedestrian environment, per the scope requirements of the grant from Caltrans.

7. West San Carlos Street

- Continue the Façade Improvement Program throughout the Project Area.
- Complete required surveys, analyses and outreach to establish a Property Based Improvement District (PBID)
- Assist in creating a market for private investment opportunities in the Project Area for mixed-use development.

E. Goals and Objectives: Neighborhood Business Cluster (NBC) Program

Goal: Create a market for private commercial development opportunities.

Objectives:

- Encourage and work with private property owners and businesses to remain and reinvest in the NBCs.
- Assist in new retail, commercial, office and housing developments through Owner Participation Agreements (OPAs) and Disposition and Development Agreements (DDAs).
- Create more attractive facades and edge treatments that improve the aesthetics and functioning of the businesses in the NBCs through the Façade Improvement Program and OPAs.
- Create a positive commercial environment through the installation of new signage or by upgrading existing signage through the Signage Grant Program.
- Develop public/private parking opportunities to support private investment.

Goal: Raise the level of quality in design and construction to improve the lifecycle of buildings and encourage private investment.

Objectives:

- Establish urban design guidelines where appropriate that guide and direct development of new structures as well as the rehabilitation of existing structures.
- Develop circulation plans for shopping center parking lots and design guidelines that reinforce the urban identity and promote visual unity and aesthetics of the street through cohesive design.
- Review new development proposals and rehabilitation projects in all clusters in the Project Area.
- Retain the services of architectural firms to complete the façade improvements of individual buildings and shopping centers in the NBCs.

- Retain the services of landscape architectural firms to design private and public spaces, including parking lots, which conform to the urban design guidelines established in the Project Area.

Goal: Expand programs in the Transit Oriented Development Clusters to address quality of life issues such as housing, transportation, open space, and parks.

Objective:
- Work with private developers to build in-fill housing or mixed use developments in and around the Project Area, especially those designated as Transit Oriented Development (TOD) sites such as the Bascom Station.

Goal: Invest in the public infrastructure to encourage private investments in the Neighborhood Business Clusters.

Objective:
- Design and construct streetscape projects that include median islands, lighting, landscaping, tree planting, and sidewalk, curb and gutter improvements.

F. Specific Programs: Neighborhood Business Cluster (NBC) Program

Listed below is a description of the specific programs that have been and will continue to be used to facilitate development and alleviate blight in the Neighborhood Business Cluster Project Area.

1. Public Improvement Program

The Redevelopment Agency promotes and funds public improvements and facilities to encourage private investment. Studies have identified infrastructure deficiencies within the Project Area.

Public improvements include, but are not limited to:

a. The repair, replacement or construction of sidewalks, curbs, gutters, and other elements of the public right-of-way.
b. Improvements in the right-of-way to improve vehicular and pedestrian circulation and access to the Clusters.
c. Streetscape improvement projects that may include the installation of streetlights, new landscaping, and fencing.

Public improvements provide an incentive for private reinvestment. The construction of public improvements will provide improved public health, safety, and welfare due to better pedestrian and traffic circulation and access; improved night visibility through better street lighting; and enhance aesthetics through streetscape design and construction. The ability of an area to attract new investors and to encourage existing businesses and property owners to maintain and reinvest in their properties depends not just on the quality of the surrounding buildings but on the quality of the amenities serving the building stock.

2. Land Assembly Program

The Redevelopment Agency has the capability to assemble parcels of property into sites suitable for commercial and residential development, and to transfer property for private development. The Redevelopment Agency efforts in assembling land would be applied in very selective cases.

Land assembly would likely take place in response to property owner or developer initiated efforts to assemble property needed for the expansion of existing uses or for the creation of a site capable of development for new uses. The Redevelopment Agency may also choose to participate in the acquisition of property for infrastructure or public facility purposes. The program may also include site preparation activities such as demolition and clearance, and assistance for environmental remediation. Relocation assistance and payments would be required for properties acquired by the Redevelopment Agency that have business and/or residential occupants.

A major cause of blight in the Project Area is the large number of inadequately sized and shaped commercial parcels that are held under multiple ownerships, which cannot currently be adapted for viable reuse. The Redevelopment Agency could, through its land assembly and relocation program where necessary, acquire and consolidate land parcels of irregular shape and size held under separate ownership. The redevelopment program also allows the Redevelopment Agency to construct site improvements to prepare land for effective reuse. New development will add value to the tax rolls, encourage further development, generate demand for Project Area properties and increase property values. The program also provides an incentive for existing owners and the private sector to develop or redevelop underutilized and blighted properties.

3. Façade Improvement Program; Signage Program

The Redevelopment Agency will continue its program to assist commercial property owners in improving their properties. This program encourages restoring, modernizing and improving the facades of commercial structures to enhance the attractiveness and visibility of the area. Typical improvements include paint, signage, lighting, awnings, window and door replacement, limited parapet additions, finishes and decorative features designed to highlight building characteristics.

These programs are intended to spur the resurgence of struggling commercial centers in the community. Rehabilitation and façade improvement projects will enable property owners to upgrade their properties and to expand and modernize their facilities so that they are no longer obsolete and can effectively compete in the commercial marketplace.

The Agency has created a separate and complimentary Signage Grant Program, which provides financial assistance to eligible commercial businesses (including retail and offices) to install new signage or upgrade existing signage in order to create a positive commercial environment.

4. Public Facilities

Because the NBCs are centrally located in neighborhoods, the opportunity exists for public and private investment to develop public facilities such as neighborhood centers on properties located in NBCs. As a part of its public improvements, the Redevelopment Agency could assist in the development of public facilities within the NBCs. Public facilities could include community centers and libraries, as a certain level of funding is anticipated within the Implementation Plan timeframe.

G. Current and Potential Projects: Neighborhood Business Cluster (NBC) Program

The following section identifies both progress to date in the Project Area and plans for the upcoming years.

1. Bascom Station

The Bascom Station area is an excellent Transit Oriented Development (TOD) site. A light rail station is located adjacent to the primary shopping center in the cluster. The Vasona light rail line opened in 2005. The owner of the shopping center has indicated interest in converting this property to commercial and residential development integrated with the light rail station and VTA bus service.

The Redevelopment Agency has worked with the owner to facilitate development, including preparing conceptual development plans. The owner has discussed the project with several developers.

The Redevelopment Agency will continue to work with the owner to facilitate development.

2. Fruitdale Station

This Cluster is an excellent Transit Oriented Development (TOD) site. The old blighted shopping center has been demolished and a new residential development has been built. The land is owned by one owner who has entitlements to also complete new office and additional rental housing construction. Proposed future improvements include pedestrian or bicycle facilities, landscaping and other beautification or non-vehicular access improvements in support of this Transit-Oriented Development project.

The Redevelopment Agency does not anticipate funding for this proposed project.

3. Monterey and Roeder

This cluster consists of 11 properties, totaling approximately 8.1 acres, located on the east side of Monterey Road at Roeder Road and has one primary shopping center. The Redevelopment Agency has funded and completed improvements to the existing parking lot with new pavement, landscaping, better lighting, improved egress and ingress, and façade improvements to the shopping center

4. Union and Foxworthy

This cluster consists of nine commercial properties totaling approximately four acres. Facade, circulation and infrastructure improvements have been completed for the existing commercial properties in this cluster. Facade improvements included storefront, landscape and signage upgrades. In addition, new street trees and sidewalks were installed.

The Redevelopment Agency does not anticipate additional funding for this project area.

5. Union and Camden

This cluster includes properties along Union Avenue and Woodard Road. This site consists of 13 properties totaling approximately 4.6 acres. Façade and landscaping improvements have been completed for most properties.

The Redevelopment Agency anticipates completion of additional storefront and landscape improvement work in the Union/Camden shopping center in this Cluster.

6. White and Quimby

This approximately 14.9 acre cluster includes ten properties, with multiple ownerships, and is located at the southeast and southwest corners of White Road and Quimby Road. The two corner sites have been substantially improved since the inception of the Neighborhood Business Cluster Redevelopment Plan.

H. Alleviation of Blight

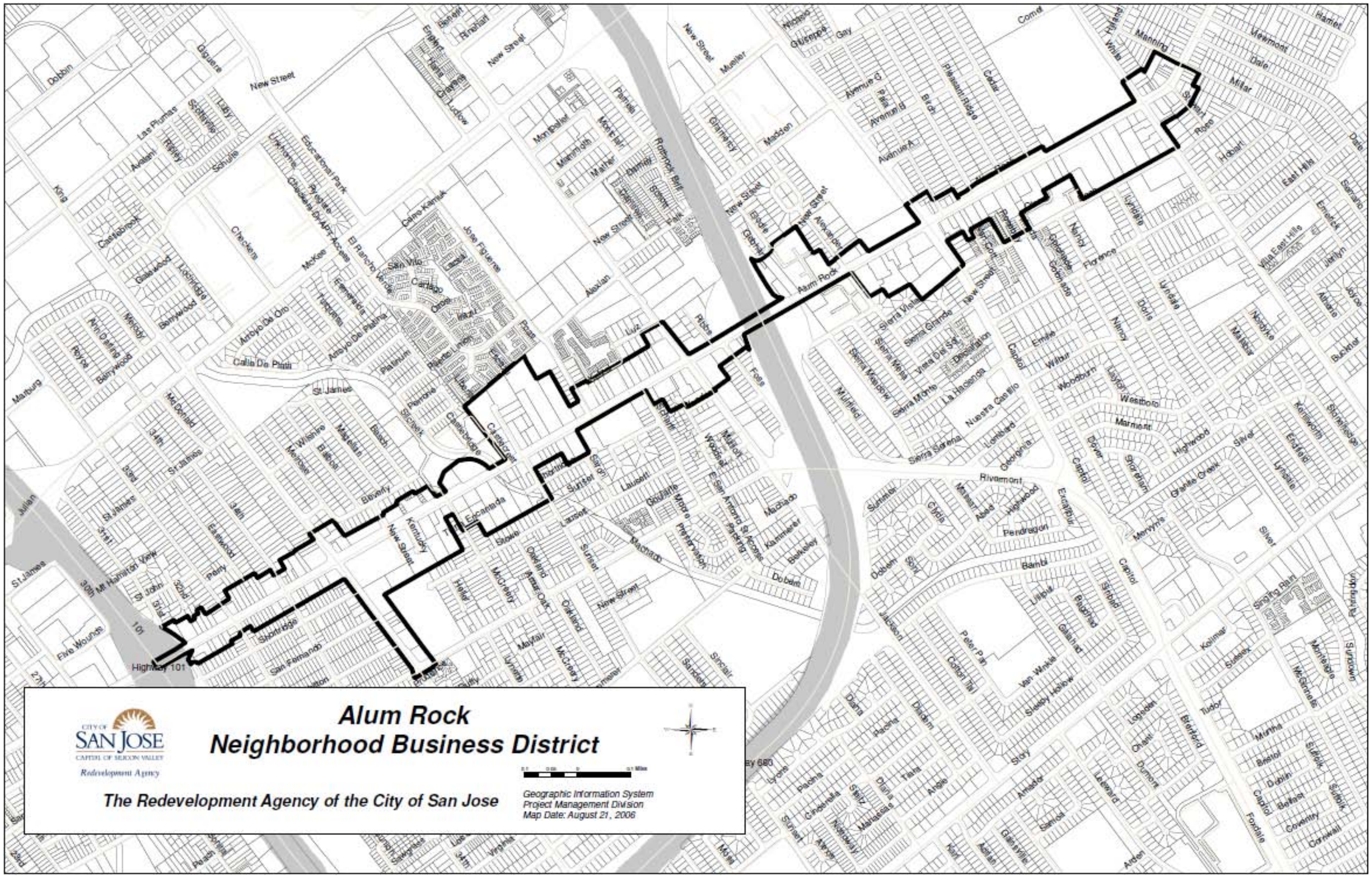
The Neighborhood Business Districts (NBD) and Neighborhood Business Clusters (NBC) were selected as redevelopment project areas because they are commercial areas or shopping centers suffering from serious economic and physical blight. The economic decline evident in both the NBDs and NBCs has been due to underutilization of real estate and the presence of marginal businesses. The physical decline has been evident in the absence of modern retail improvements to the storefronts, the absence of adequate parking facilities, the absence of streetscape and landscape suitable for a pedestrian-oriented environment, and the consequent proliferation of graffiti and other vandalism. In the NBCs, physical decline has been evident in poor signage, aging storefronts, parking lots with poor circulation, ingress and egress, inadequate lighting and either no landscaping or insufficient landscaping elements.

Additionally, the project areas continue to suffer from inadequate and irregular shape and size lots, which have hindered the ability of property owners to effectively maintain modern commercial standards. Because of the long period of decline in these commercial districts and shopping centers, a number of incompatible uses have become established, which limits the effectiveness of the areas to function in a modern retail environment.

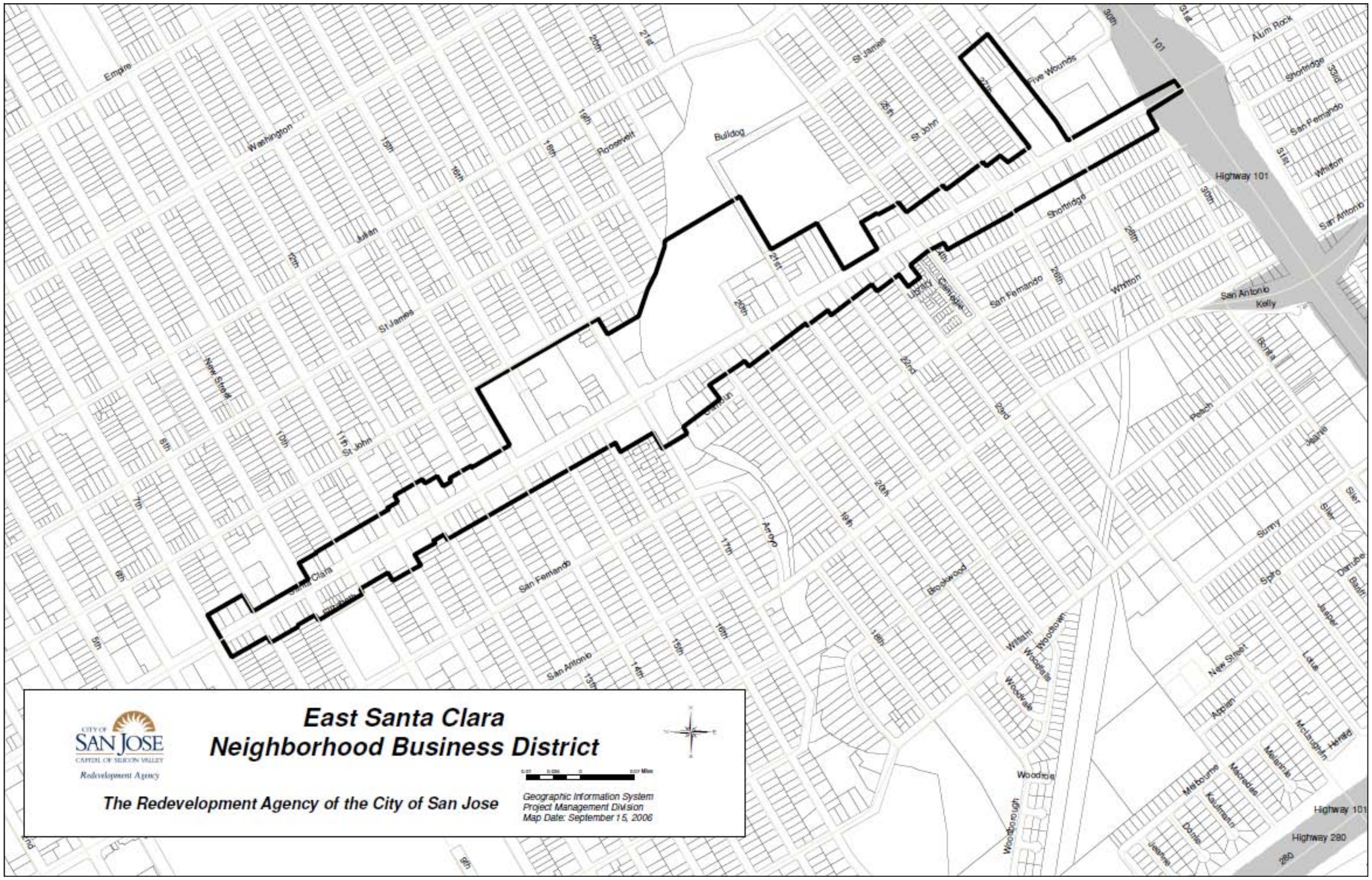
The Redevelopment Agency's programs and projects during the next five years will continue to address the blight caused by inadequate public facilities and physical impediments to improve commercial development. The programs will continue to include streetscapes, landscape upgrades, lighting, new sidewalks, undergrounding of utilities, facade improvements, infill development and provision of parking facilities in the Neighborhood Business Districts. In the Neighborhood Business Clusters, improved parking lots, lighting, signage and storefronts will continue. Several of the NBCs would benefit from major improvements including demolition of all or some of the existing structures and development of new mixed-use projects.

Additionally, because the commercial districts often form the heart of a neighborhood, the Redevelopment Agency programs in the commercial districts benefit the broader community. By reinvigorating the commercial centers of neighborhoods, the Neighborhood Investment Program works to eliminate the blighting influences of vacant stores and empty streets, which become havens for gangs, the homeless and other dangerous activities.

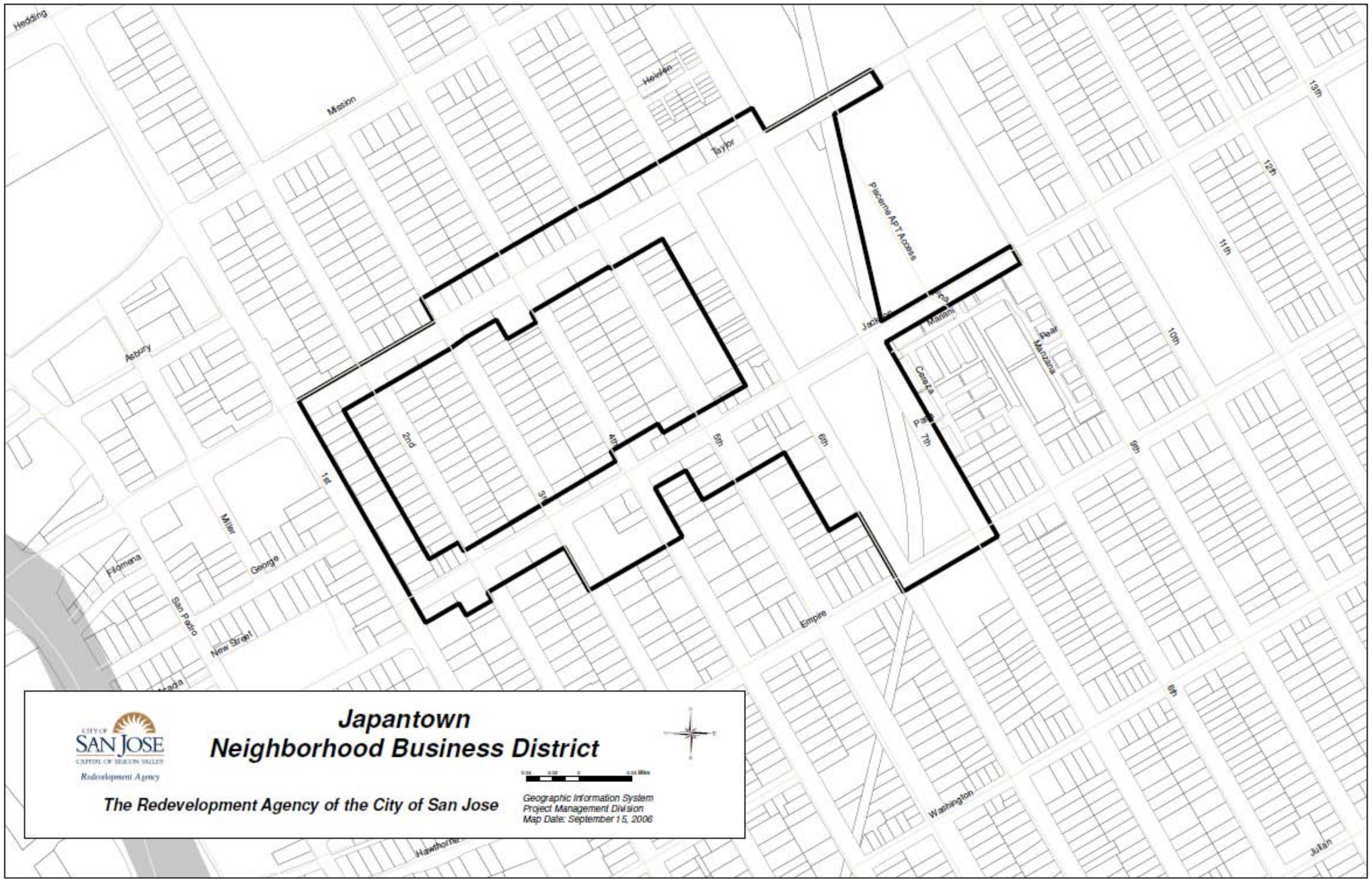
NEIGHBORHOOD BUSINESS DISTRICT
PROJECT AREA MAPS



NEIGHBORHOOD BUSINESS DISTRICT
PROJECT AREA MAPS



NEIGHBORHOOD BUSINESS DISTRICT PROJECT AREA MAPS



NEIGHBORHOOD BUSINESS DISTRICT
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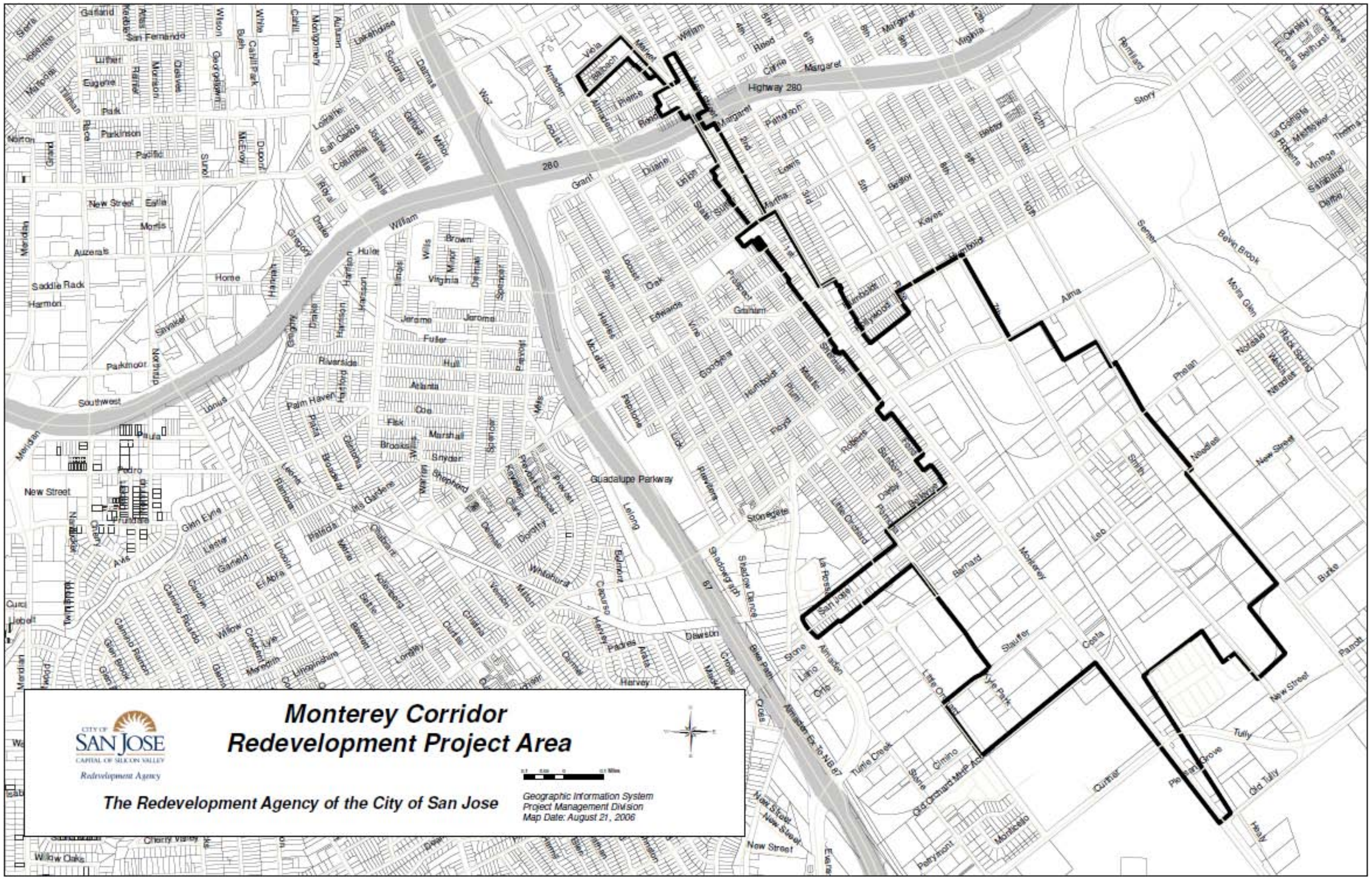

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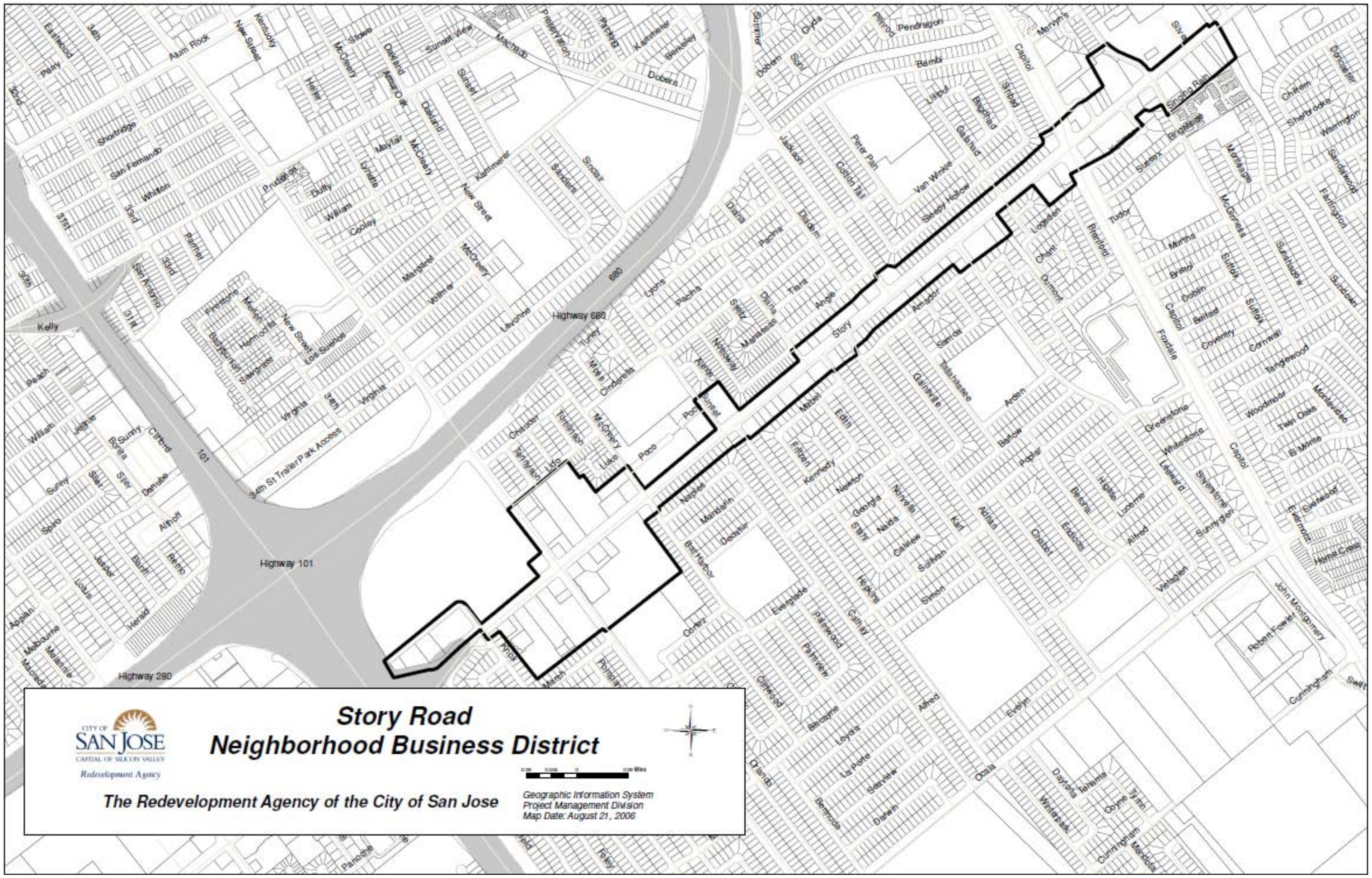

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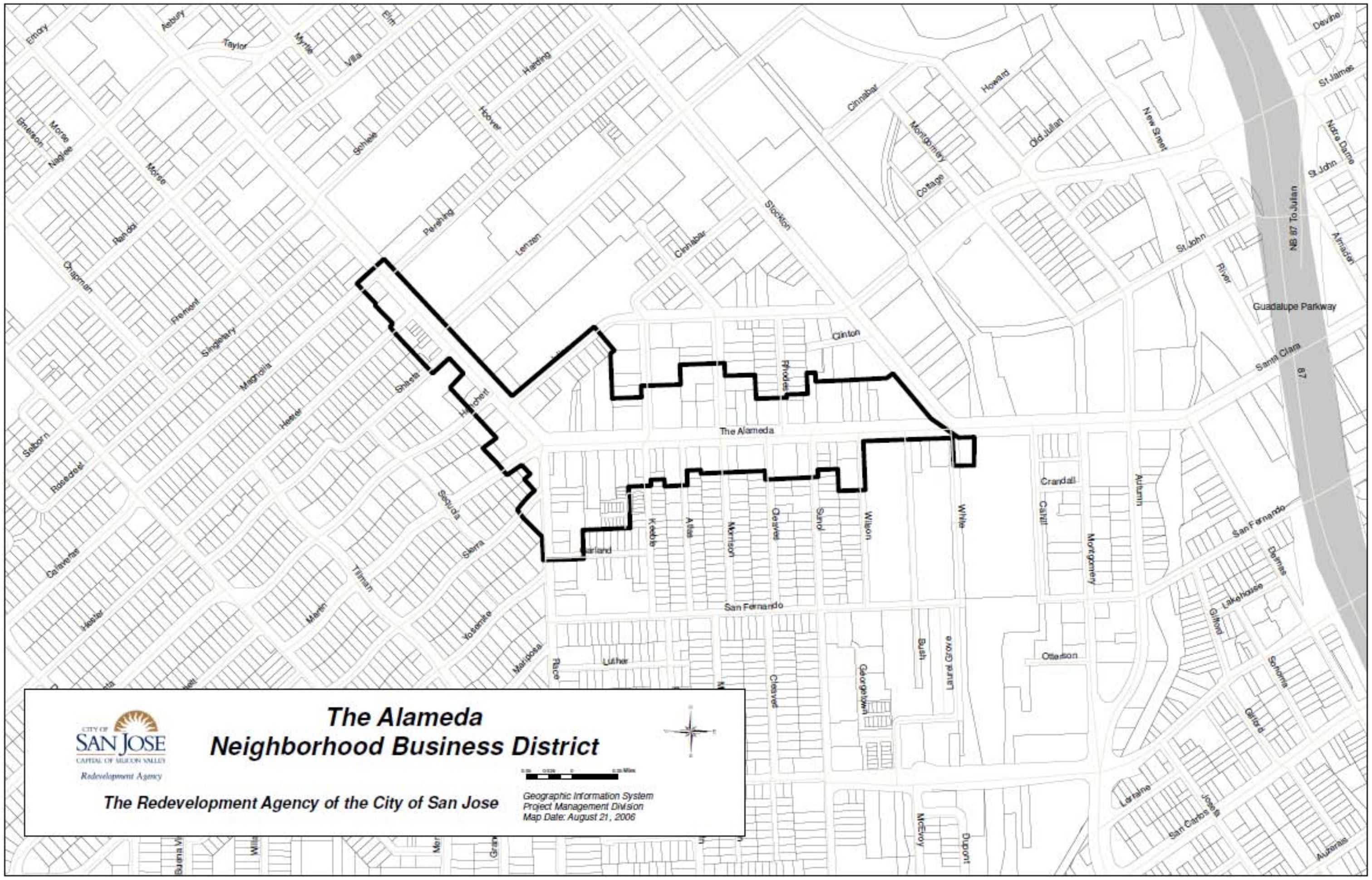

NEIGHBORHOOD BUSINESS DISTRICT
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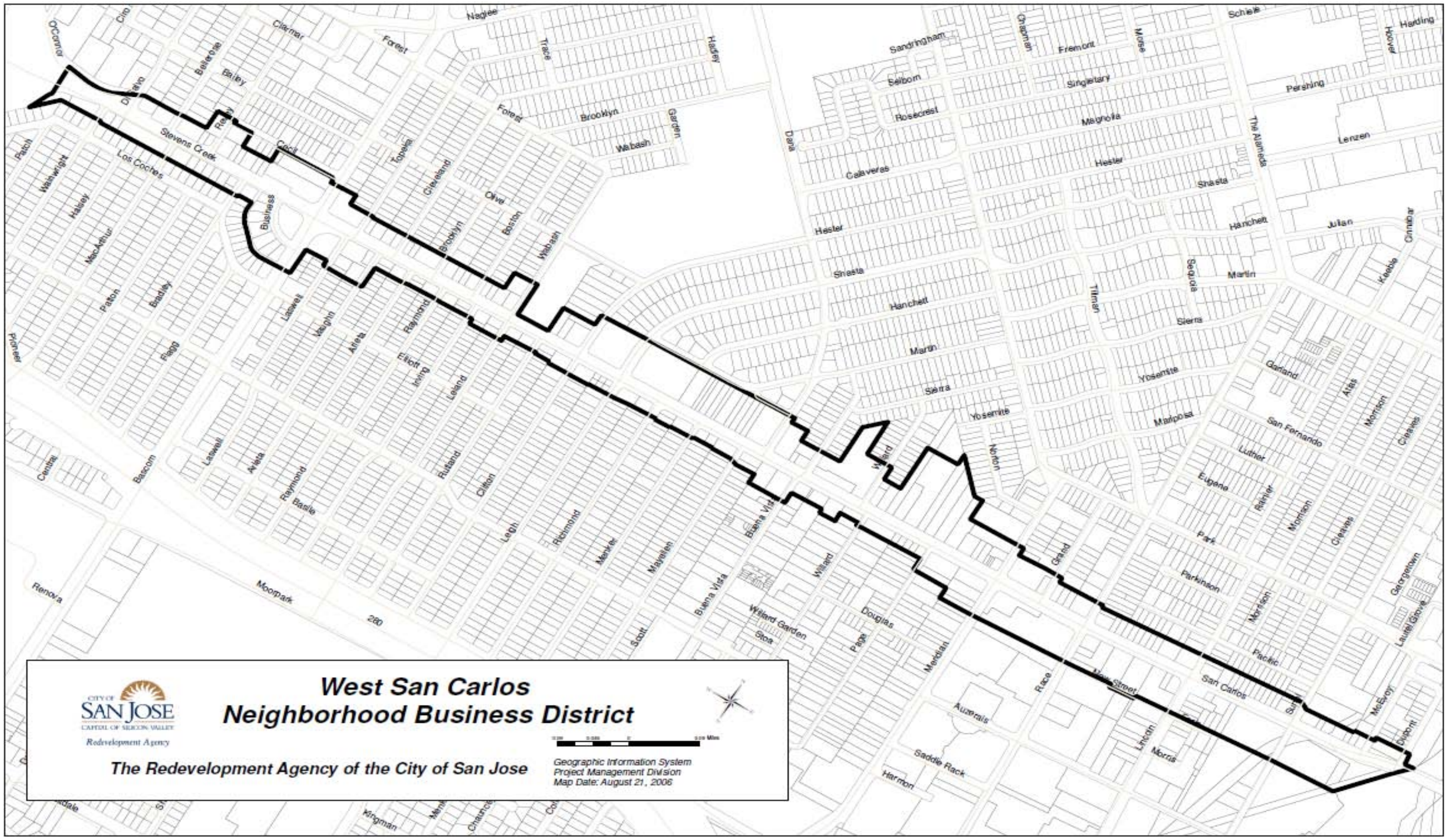
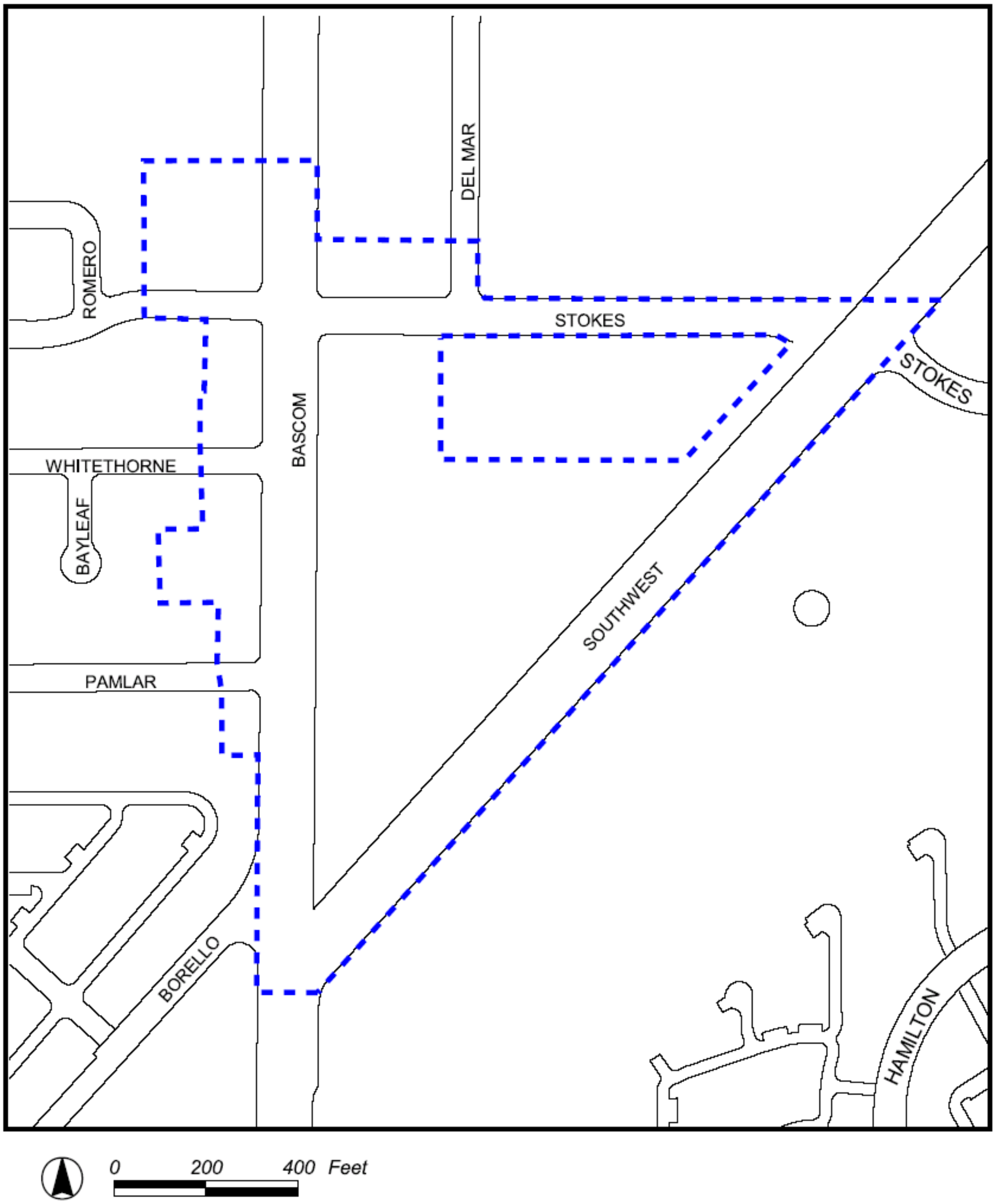


NEIGHBORHOOD BUSINESS CLUSTER
PROJECT AREA MAPS

Redevelopment Project Area **Bascom Station**



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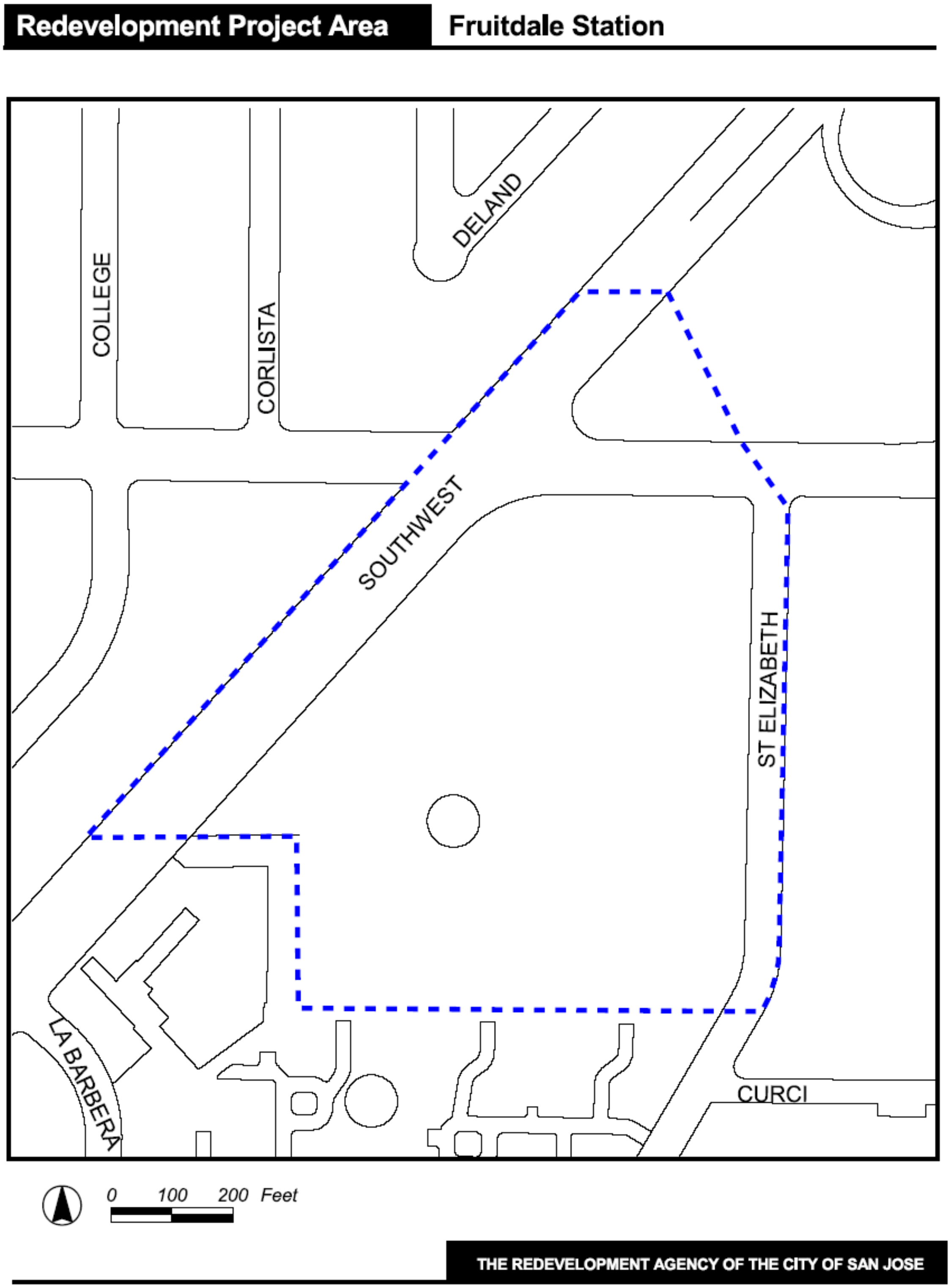
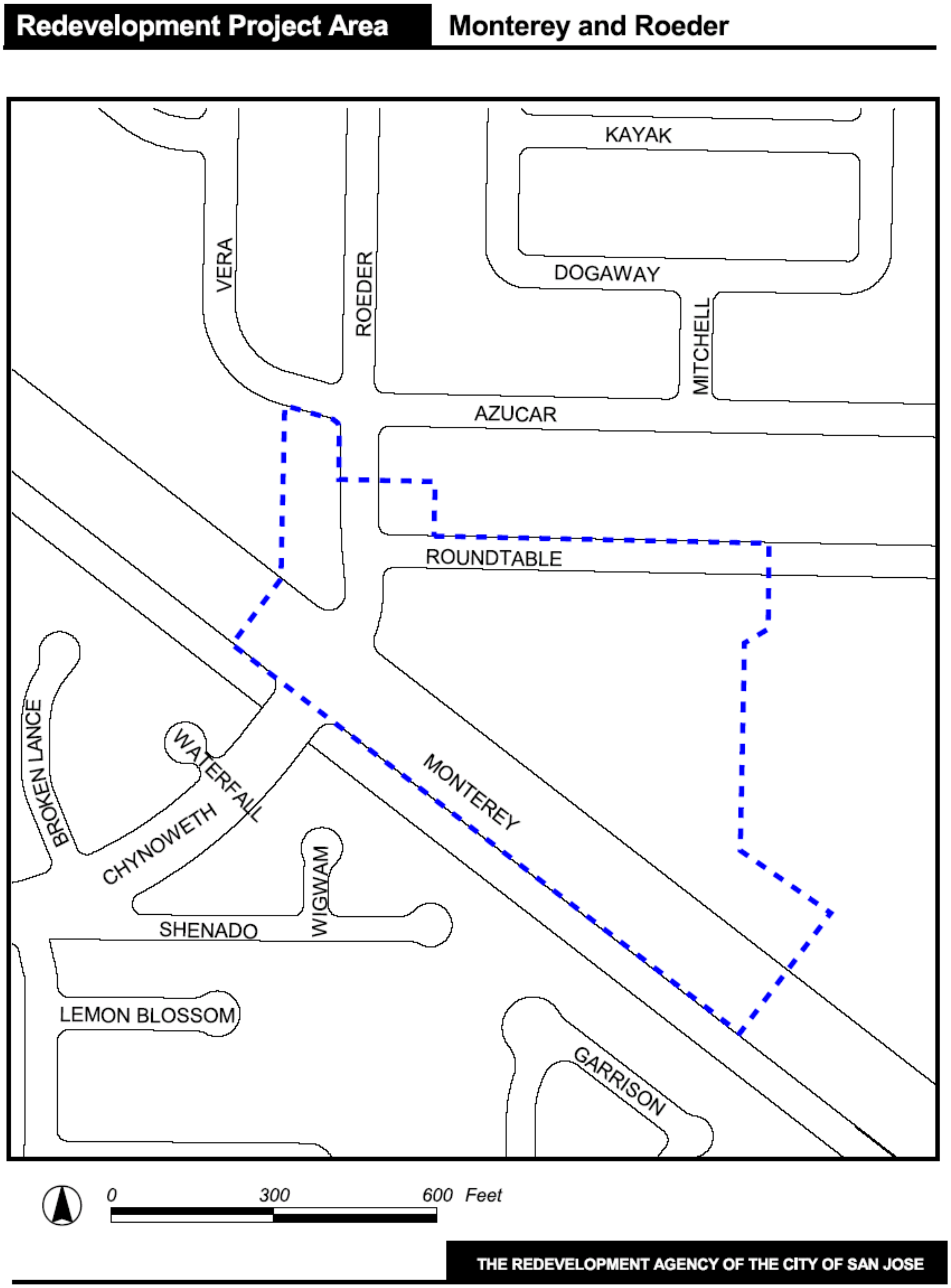
NEIGHBORHOOD BUSINESS CLUSTER
PROJECT AREA MAPS



NEIGHBORHOOD BUSINESS CLUSTER
PROJECT AREA MAPS



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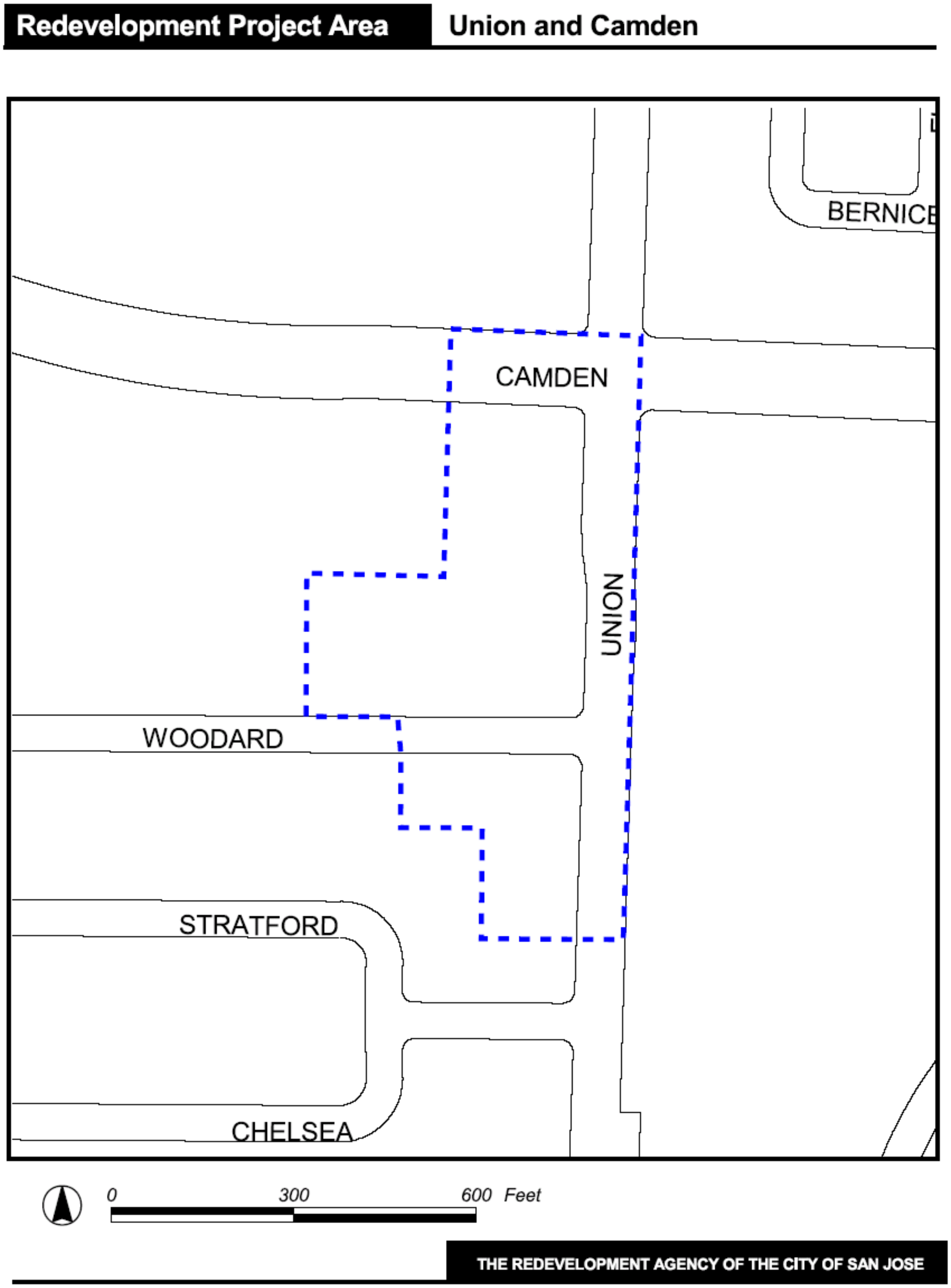
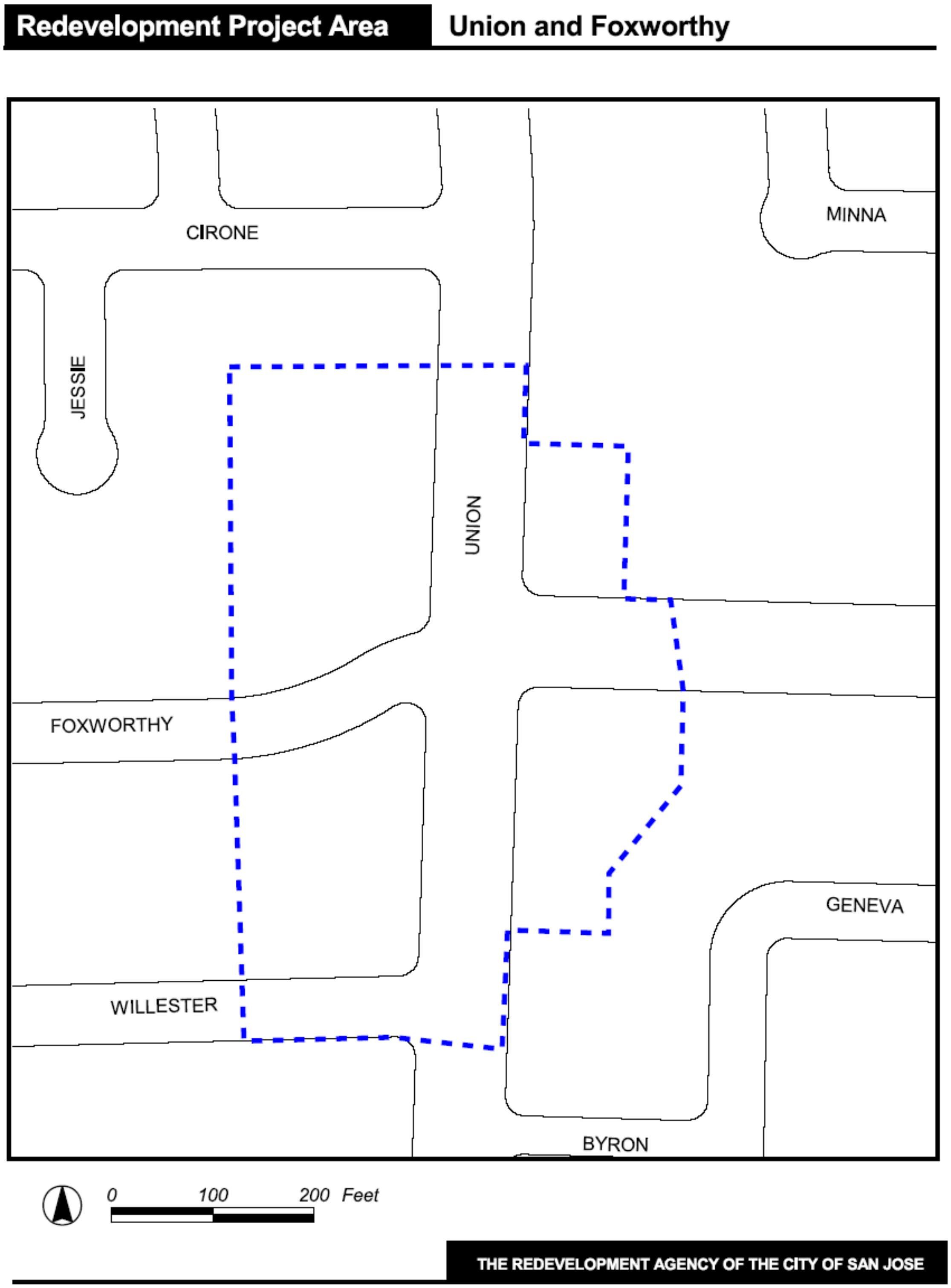
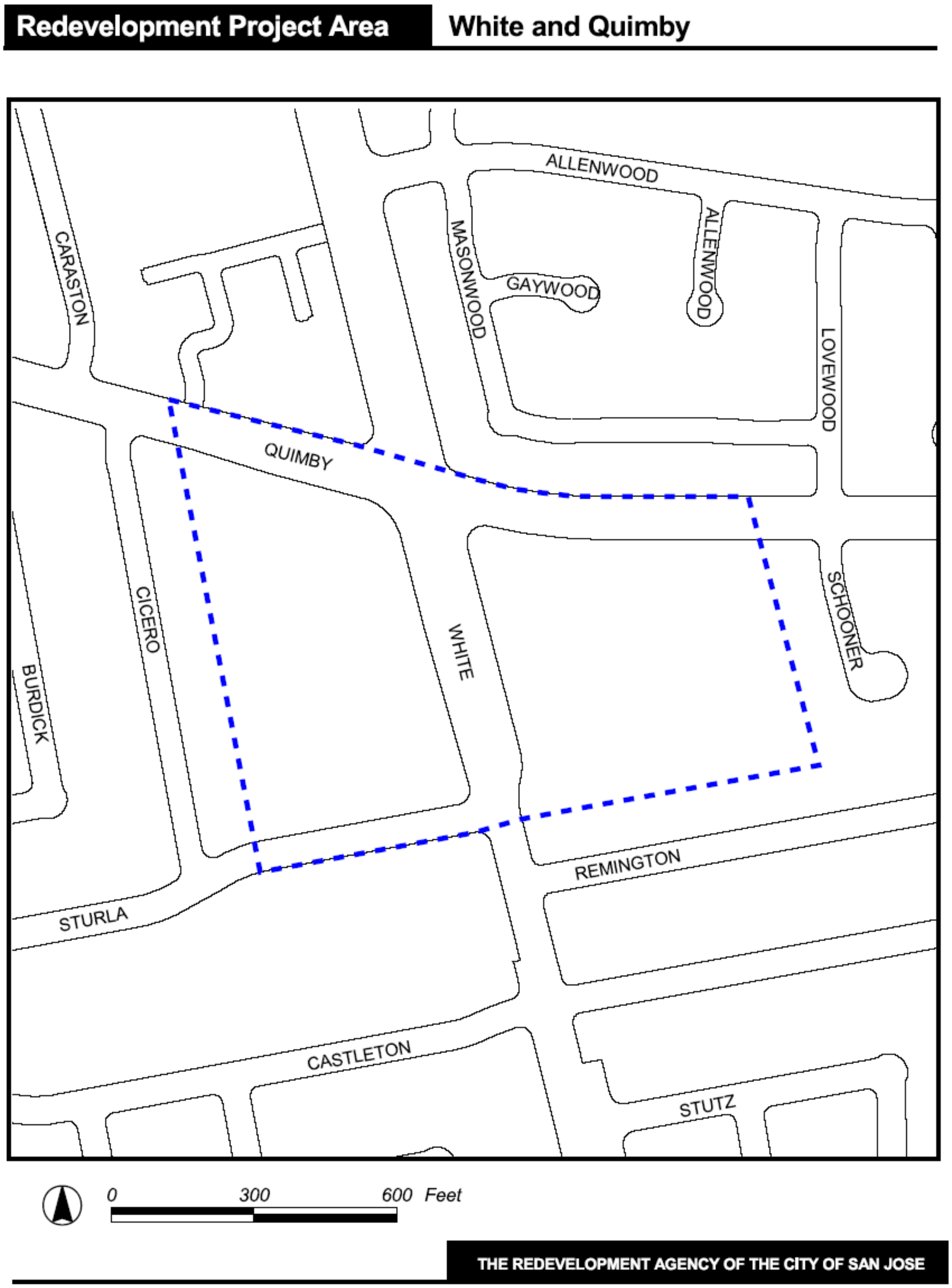


NEIGHBORHOOD BUSINESS CLUSTER
PROJECT AREA MAPS



NEIGHBORHOOD BUSINESS CLUSTER
PROJECT AREA MAPS



IV. INDUSTRIAL REDEVELOPMENT AREAS

A. Introduction

The Redevelopment Agency administers redevelopment projects and programs in five Industrial Redevelopment Project Areas located throughout San Jose. These areas collectively encompass 7,986 acres of developed and undeveloped land, predominately under private property ownership. A $300M redevelopment investment in infrastructure over a 27-year period beginning in 1977 was required to stimulate the private investment in research and development, office, manufacturing and warehouse facilities. Over 70 million square feet of space accommodates driving industry, business support, and people serving industry clusters that employ over 83,000 San Jose and Silicon Valley residents.

The Redevelopment Agency began its industrial development program in 1974 with the designation of the 1,700-acre Rincon de Los Esteros ("Rincon") Project Area in North San Jose. The boundaries of the Rincon project area were expanded three times: in 1979 by 1,471 acres, in 1982 by 1,498 acres, and in 1991 by 9 acres, for a total of 4,675 acres. The area is home to more than 1,400 of the world's best known international and multinational technology companies, employing over 56,000 people.

In 2005, the City Council adopted the North San Jose Area Development Policy which establishes a policy framework to guide the ongoing development of the North San José area as an important employment center, with 26.7 million square feet of Research & Development (R&D) and Office development that will create 83,000 jobs, 32,000 residential units and 1.7 million square feet of retail space, parks and open space.

The Edenvale Redevelopment Project Area in south San Jose was designated as a Redevelopment Project Area in 1976. In 1981, the boundaries were expanded to include 1,166 acres east of Highway 101, for a total acreage of 2,312 acres and 12 million square feet of built office and research and development space. The Redevelopment Agency investments of more than $90M in infrastructure improvements over the past 32 years have encouraged and attracted the location and expansion of more than 300 companies employing 13,400 people.

The Julian-Stockton Redevelopment Project Area was adopted in 1976. The 325-acre industrial project area houses traditional heavy industrial users including 330 businesses with 2,500 employees. Businesses located in the project area can be described as business support and people serving industry clusters involved in recycling, tile and cement manufacturing, sheet metal contractors, automobile parts and suppliers, and general contracting service providers.

The Olinder Redevelopment Project Area was established in 1976. Over 82 establishments operating traditional heavy industrial business are located in an area that consists of 158 acres and a built space of approximately 2 million square feet. Olinder has been subject to numerous conversions of industrial land and now houses several retail establishments and ethnic restaurants. 1,425 people are employed in the project area.

The Monterey Corridor Project Area was established in 1994. The 516-acre project area has the third largest concentration of employers in San Jose, with more than 250 businesses and 6,728 employees. Businesses located in the Monterey Corridor include both heavy industrial and light industrial uses. Business support and people serving industries such as garment manufacturing, recycling, roofing, auto services, cement manufacturing, tile manufacturing, sheet metal fabrication, transportation services, and other general contractor firms that are suppliers to the residential and industrial construction companies operate in the Monterey Corridor. Banking, health care, retail and restaurant operations are also found in the area. Several land use conversions from industrial to residential purposes have occurred recently.

All programs and projects identified are planned for implementation, though scope and timing may be affected by the long-term financial crisis in California.

B. Goals and Objectives

Goal: Create a market for private industrial development in the Industrial Project Areas.

Objectives:
- Participate in the City's Special Tenant Improvement Program and assist companies with expediting tenant improvements in vacant R&D and office buildings located in the industrial areas.
- Study and attract potential growth industries and companies to be actively recruited to the Project Areas.
- Implement an outreach plan to position and promote the industrial areas for increased development activity.
- Visit broker and developer firms annually to strengthen partnerships with the development community.
- Provide incentives to attract start-up companies as tenants in vacant office space.
- Develop strategies to attract anchor companies to locate and expand in the Industrial Project Areas.
- Continue to support small business development through the incubator programs.

Goal: Attract new Industrial development for vacant and underutilized parcels.

Objective:

- Develop strategies for public/private partnerships to overcome infrastructure deficiencies impeding industrial development.

C. Specific Programs and Potential Projects

The programs and projects described in this section are designed to implement the goals and objectives previously outlined. Programs and projects that will be implemented in this upcoming five-year period include, but are not limited to, infrastructure improvements, including streets, flood control, and utilities; pre-development services, including assistance in site selection and site assembly; public/private development, including funding assistance for site development; and marketing.

1. Infrastructure Improvements

- Complete design and construct interchange improvements in Edenvale at Hellyer/101 and Blossom Hill/101 as support for environmental mitigation requirements for new development. Estimated to cost $21M.
- Complete design and construct storm water retention pond in new Edenvale as support for environmental mitigation requirements for new development. Estimated to cost $500,000.
- Construct an extension of the Coyote Creek trail system in the area south of Silver Creek Valley Road in New Edenvale. Estimated to cost $1M.
- Complete an infrastructure needs analysis in Julian-Stockton, Monterey Corridor, and Olinder.
- Complete Storm and Sanitary Sewer Master Plan for Rincon de los Esteros to identify the blighting influences related to flood impacts on public and private property. Estimated to cost $60M.
- Construct median landscape project in Monterey Corridor. Estimated to cost $2.5M.
- Complete design guidelines and design of several Phase I infrastructure improvements for Rincon de Los Esteros including: N First Street Plan Line, Street Grid Master Plan, Zanker Widening Design, Bicycle and Pedestrian Plan, Couplet Conversion Design, US101/Trimble Environmental Impact Report (EIR), Charcot Overcrossing Project Study Report and Urban Design Guidelines

2. Pre-Development Assistance

To facilitate industrial development and stimulate and encourage private investment, the Redevelopment Agency participates in a joint Agency/City partnership with the City's Special Tenant Improvement Program to assist companies with expediting tenant improvements for industrial, office and R&D buildings located in the industrial areas.

3. Public/Private Development

To assist with the redevelopment of the Industrial Project Areas, the Redevelopment Agency will continue to work with the private sector to promote clean technology, emerging technology, bioscience, nanotechnology, pharmaceutical, medical device, software, manufacturing, semiconductor, research and development, optical and telecommunications network industries through its incubator programs. The Redevelopment Agency will use its contribution for young start up industries to invest in buildings in the Redevelopment Project Areas.

One example of this type of investment is the San Jose BioCenter. Established in 2004 by the Redevelopment Agency and the San Jose State University Research Foundation, the San Jose BioCenter is the first of its kind to provide the comprehensive suite of laboratory and business services in a biotech facility. With a total investment of over $11M in facilities and equipment, the San Jose BioCenter has evolved into the premier destination location for emerging companies and research scientists alike.

D. Alleviation of Blight

The blighting influences in the project areas include land uses incompatible with industrial development; properties of inadequate size and shape; the absence of sidewalks and appropriate street lighting; and inadequate sanitary sewers and storm drainage systems. Additionally, many of the buildings in the older industrial areas of San Jose, such as Julian-Stockton, Monterey Corridor and Rincon de Los Esteros along the freeway frontages, have structural and infrastructure deficiencies that make them economically infeasible to meet modern industrial needs. Inadequate internal traffic circulation continues, in some instances, to be a deterrent to effective development of the industrial areas, as large portions remain difficult to access or the road structure is in need of upgrading. All of the industrial project areas contain sites with hazardous materials or contaminated soils. The presence of these conditions seriously inhibits development potential within the project areas.

The industrial redevelopment plans are predicated on eliminating blight in the industrial areas. The Redevelopment Agency continues to respond to the general and specific infrastructure needs of the industrial areas, in order to sustain the existing industrial base and allow future projects to proceed without any impediments. Because the industrial project areas differ in type, history and scale of industrial opportunity presented for development, the nature of the blight varies from project area to project area.

Tracts of undeveloped and/or underutilized land remain in all five of the industrial project areas. These sites remain undeveloped because the cost of the public infrastructure improvements is a significant hurdle to private development. The Redevelopment Agency, therefore, will continue to assist with the construction of infrastructure, such as highways and other transportation and street improvements as necessary and appropriate. Additionally, the Redevelopment Agency participates in projects that help eliminate the visual blight in the project areas, including median landscaping and gateway enhancements. These Redevelopment

Agency-funded projects and programs assist in the elimination of blight conditions by addressing the problems associated with the lack of adequate infrastructure, the inability of the private sector to develop vacant and/or underutilized land in a manner appropriate and conducive to industrial development, and the adverse impacts of traffic congestion and environmental impacts.

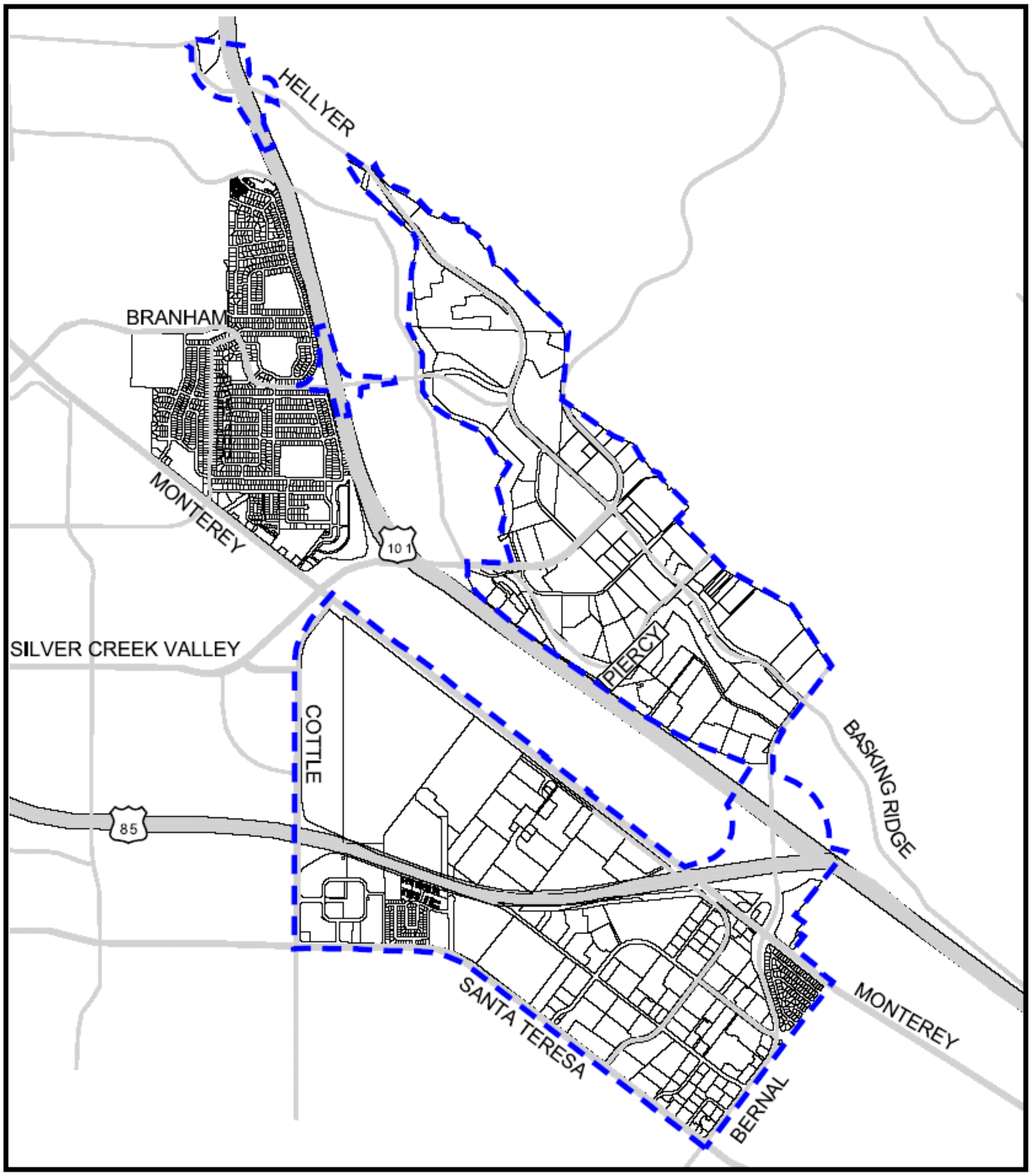
Redevelopment Agency support through the industrial work program also encourages and provides incentives for existing owners and the private sector to develop underutilized and blighted properties.

Improvements to the public infrastructure system will provide an environment to stimulate revitalization and growth in the project areas. The construction and upgrade of necessary public improvements and facilities will provide improved public health, safety, and welfare due to better pedestrian and vehicular traffic circulation and access, as well as enhanced aesthetics through streetscape design and construction. Installation of needed public improvements is imperative to the redevelopment of the project areas and the attraction of private investment to the area.

The work envisioned over the next five years is intended to complete ongoing programs that have significantly upgraded the industrial project areas. Through programs that encourage new companies to locate, or existing companies to expand in the industrial areas, the Redevelopment Agency is continuing to address both the physical and economic blight that still remains.

INDUSTRIAL REDEVELOPMENT
PROJECT AREA MAPS

Redevelopment Project Area **Edenvale**

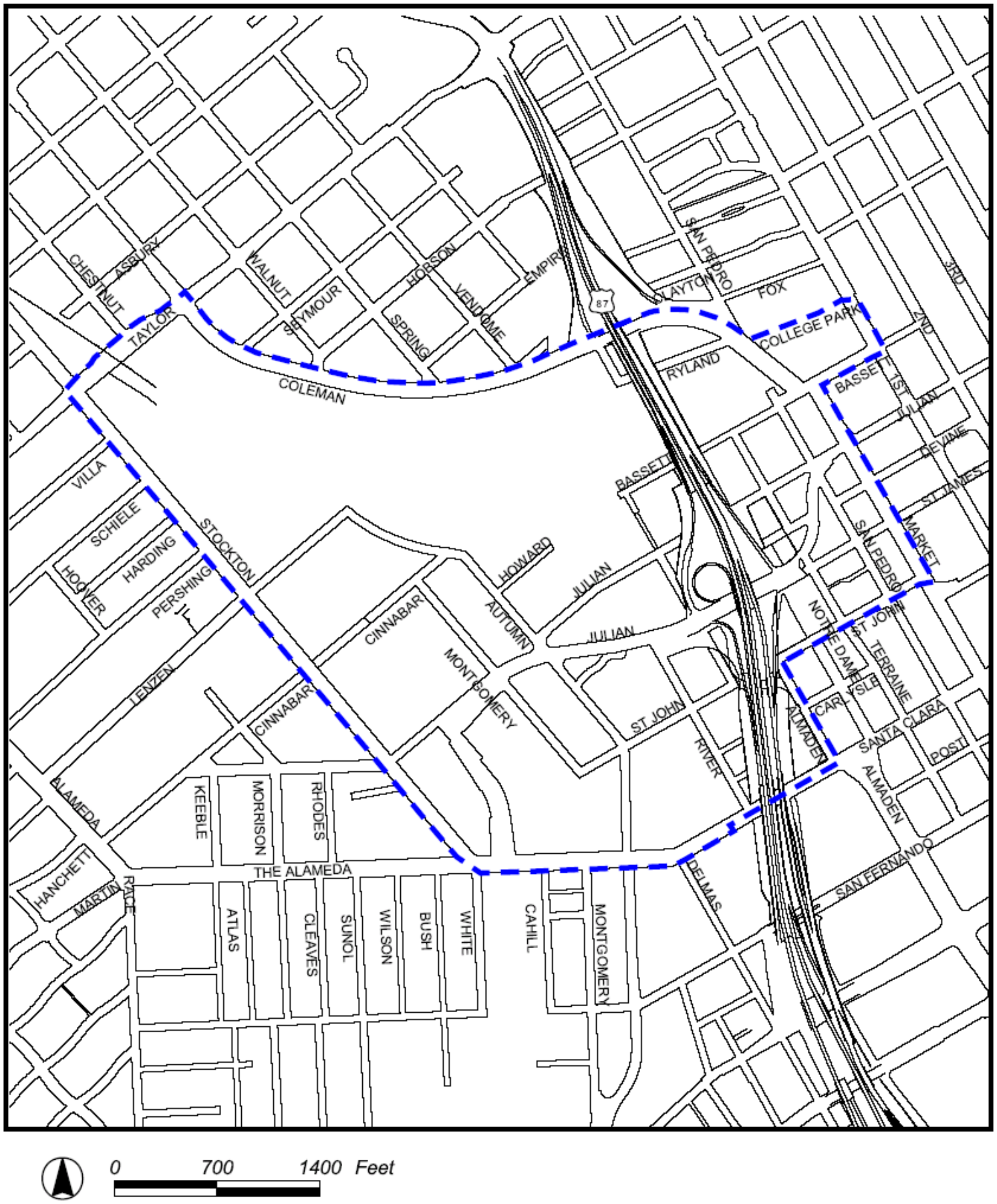


0 3000 6000 Feet

THE REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE

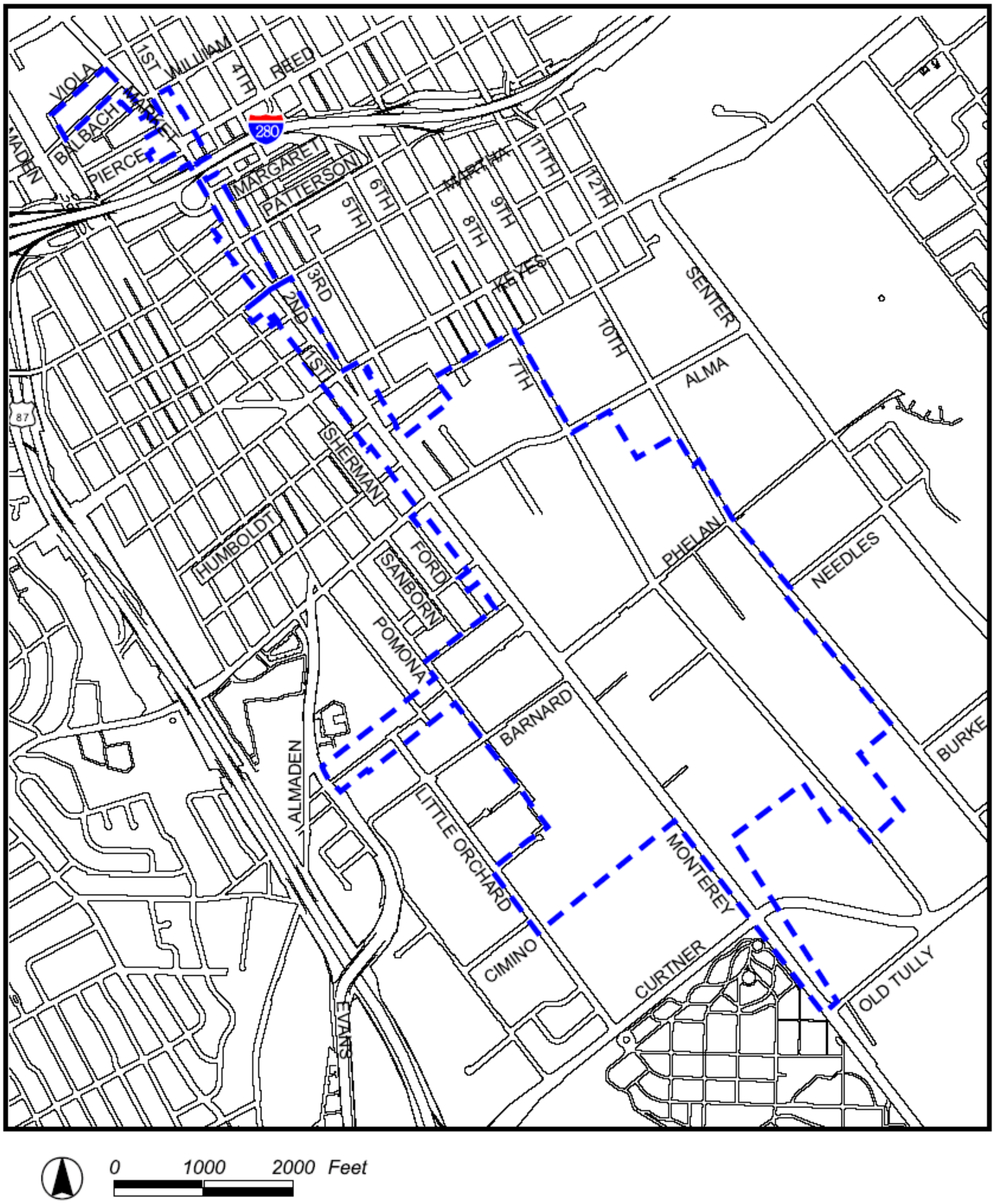
INDUSTRIAL REDEVELOPMENT PROJECT AREA MAPS

Redevelopment Project Area **Julian-Stockton**



INDUSTRIAL REDEVELOPMENT PROJECT AREA MAPS

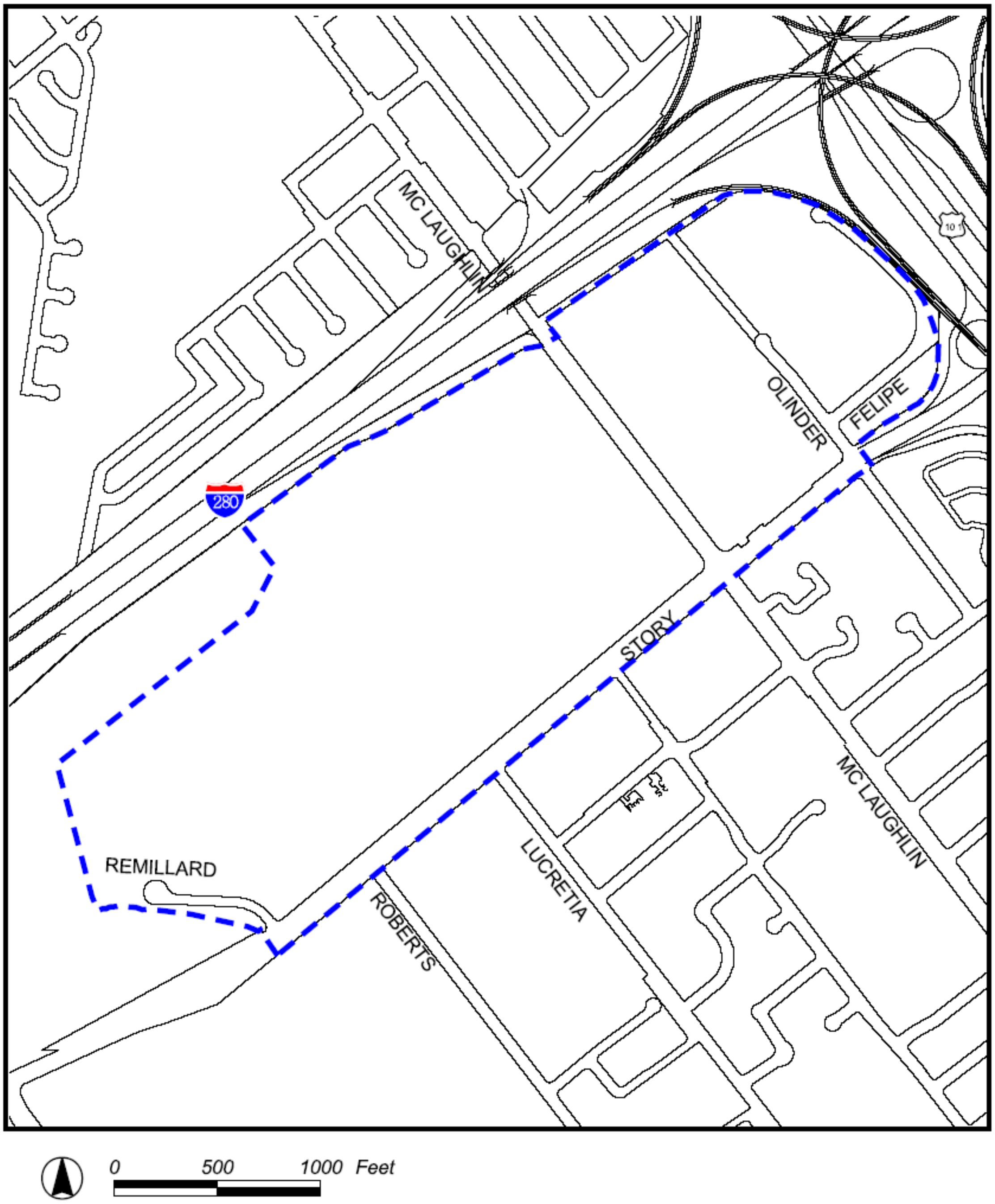
Redevelopment Project Area **Monterey Corridor**



THE REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE

INDUSTRIAL REDEVELOPMENT PROJECT AREA MAPS

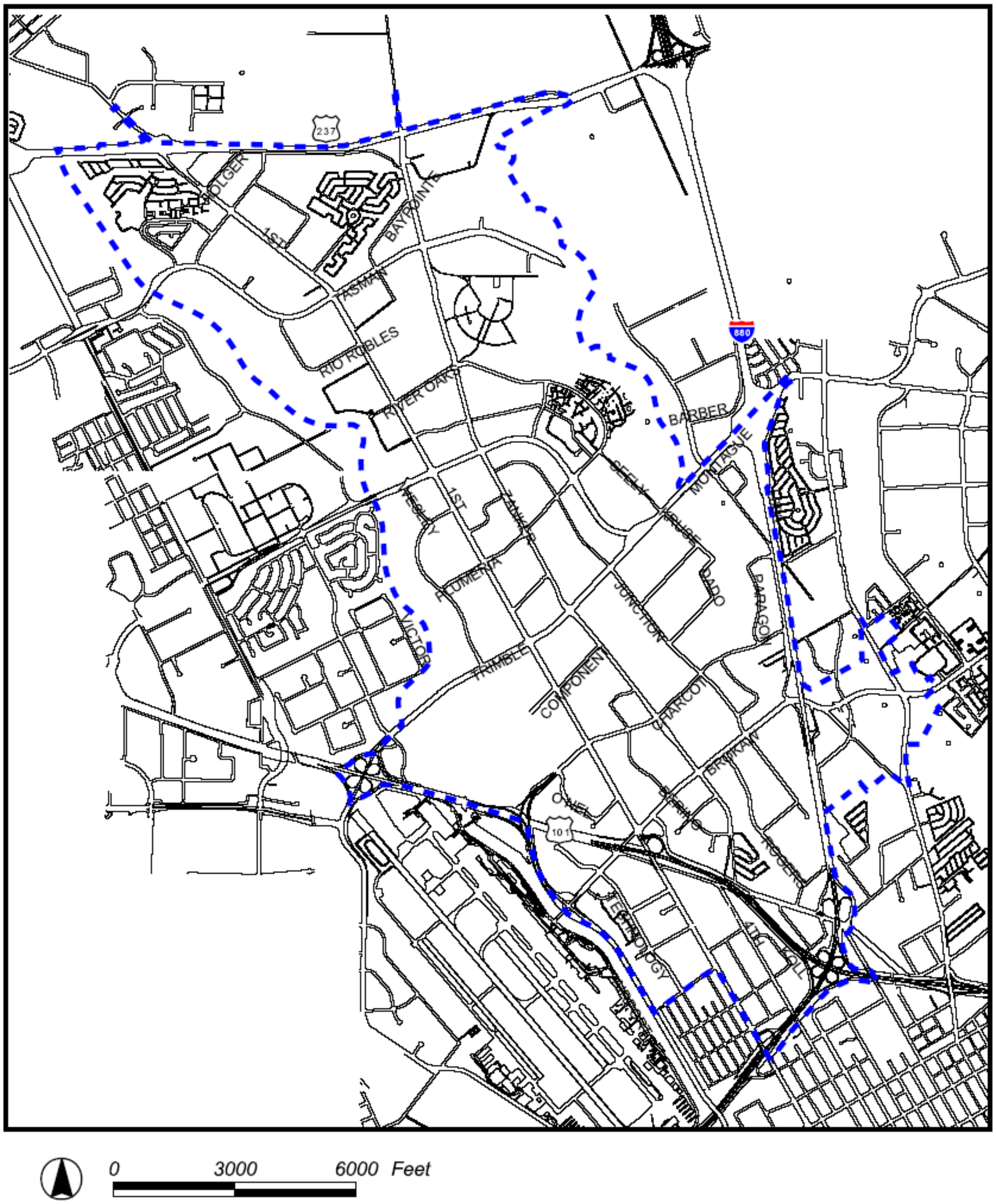
Redevelopment Project Area **Olinder**



THE REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE

INDUSTRIAL REDEVELOPMENT
PROJECT AREA MAPS

Redevelopment Project Area — Rincon de Los Esteros



THE REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE

V. HOUSING

A. Introduction

The Implementation Plan goals for housing support the San Jose 2020 General Plan goals for providing new and rehabilitated housing development in San José. As required by Section 33490 of the Health and Safety Code, the information provided in this section covers the Redevelopment Agency's housing obligations for all redevelopment project areas. The Planning Department, Redevelopment Agency, and the Housing Department work together to administer the Inclusionary Housing Program in the twenty Redevelopment Project Areas, as required by Section 33413.

B. Housing (80% tax increment fund)

Residential development in Downtown plays an integral role in the long-term development of Downtown. The Redevelopment Agency will sometimes provide financial assistance from 80% tax increment funds in order to assist the development of both market rate housing and affordable housing in the greater Downtown and neighborhood areas. This financial assistance is in addition to 20% tax increment funds provided to the Housing Department to implement the Citywide 20% Affordable Housing Fund Program.

In addition to the required 20% of tax increment sent to the Housing Department for the development of affordable housing and in addition to the funds spent on specific housing projects pursuant to agreements with private sector developers, the following 20% supplemental funds have been contributed by the Redevelopment Agency to further assist and encourage the development of affordable housing over the past 5 fiscal years (starting with FY 2004-2005):

Teachers' Housing at Bird & West San Carlos	$1,500,000
Neighborhood Housing Services Silicon Valley	$750,000
Housing Trust of Santa Clara County	$500,000
Las Mariposas For-Sale Project	$630,000
Bester Park	$2,300,000
Parkland Fees Subsidy	$18,403,700
Five Year total	$20,513,700

The total amount of funds supplemental to the 20% Housing set aside sent to the Housing Department prior to FY 2004-2005 was $72,867,601. Any future planned supplemental contributions, derived from 80% funds, are reflected in the Redevelopment Agency's Six-Year Capital Improvement Plan. Currently, there are no supplemental contributions planned.

As of July 1, 2009, approximately 4,800 housing units were built or are currently under construction in and around the Downtown area, and another approximately 4,000 units are in some phase of planning or negotiation. A portion of these units will be affordable to families of very low-, low- and moderate income. Below is a current list of the Redevelopment Agency assisted housing projects in the greater Downtown area that are under construction or in planning/negotiation phases.

1. Housing Projects Under Construction or Recently Completed

- **360 Residences (Dimensions):** Located at 361-365 South First Street, and 350-396 South Market Street, directly opposite the San Jose McEnery Convention Center, this project consists of 213 for-sale residential units and approximately 11,000 square feet of ground floor retail. This project was constructed pursuant to a Disposition and Development Agreement between the Agency and the developer. This project fell within the parameters of a now expired high-rise incentive program of the City's Inclusionary Housing Policy that exempted Downtown high-rise projects from the requirements of inclusionary housing if they receive a building permit prior to June 30, 2006. The first occupancy permits for this Project were received in July 2009 with first move-in occurring in October, 2009.

- **The 88 (Block 3 Phase I):** This mixed-use residential development is located on San Fernando Street, between Second and Third Streets, and was constructed pursuant to Disposition and Development Agreement between the Agency and the developer. Phase I of the Project (The 88) includes 197 for-sale residential units and approximately 32,000 square feet of ground floor retail, and 335 public parking spaces. Occupancy permits for this Project were received in November, 2008, with first move-ins occurring in May, 2009.

- **Sobrato House (3rd & Williams Street Housing):** Emergency Housing Consortium's (EHC) new relocated Our House youth shelter facility is located at the northeast corner of East William and South Third Street. Our House provides nine (9) transitional housing units for extremely low-income youth, ten (10) shelter beds, and a common space. The Project was completed with both Agency and City funding in April, 2009.

- **Classic @ North Keystone:** Located on the northwest corner of Bassett Street and North First Street, this project includes forty-two (42) for-sale units, of which there are eight (8) affordable units. The Project was sold out in December, 2008

- **One East Julian:** Located on the northeast corner of Julian Street and North First Street this project includes forty-three (43) for-sale units, of which eight (8) are affordable units. Occupancy permits for this Project were received in September, 2008 with first move-in occurring in October, 2008.

2. Housing Projects in Planning / Negotiations

- **Block 8 San Antonio Plaza:** Block 8 is located on the north side of San Carlos Street between First and Market Streets. The Redevelopment Agency entered into a Disposition and Development Agreement with a developer for the development of a high-rise residential project for this site which would include approximately 660 units in three high-rise buildings including public parking and ground floor retail. The project has been delayed due to the current recession and lack of acceptable development financing available in the market for the Developer. The Inclusionary Housing Policy does not apply to this project because the San Antonio Plaza Project Area was adopted prior to January 1, 1976.

- **North San Pedro Housing Site:** This housing site is located at the northwest corner of the Downtown core near San Pedro Street and Julian Street. The project, as proposed under a Disposition and Development Agreement with the Agency, will be a combination of high-rise condominium units and townhome units totaling approximately 790 units. Construction on the first phase of this four phase project is expected to begin in the 4th quarter of 2010. This project falls within the parameters of the new high-rise incentive program.

- **Park View Towers:** Located on the north side of St. James between First and Second Streets, this project will include the renovation of the historic First Church of Christ Scientist building and will include approximately 191 units in two high rise towers. As proposed under a Disposition and Development Agreement with the Agency, the first phase of the project is expected to start in the fourth quarter of 2009. The Inclusionary Housing Policy does not apply to this project given it is not located in a Redevelopment Project Area.

As of June 30, 2009, the Redevelopment Agency has invested approximately $262M from 80% tax increment funds for housing projects within the Greater Downtown Area (the central core and residential neighborhoods surrounding the central core). In addition, $3,457,000 from 80% tax increment funds is budgeted in the Redevelopment Agency's current adopted FY 2009-2010 Two-Year Spending Plan for Housing projects within the Greater Downtown Area.

C. 20% Housing Program

Pursuant to Health and Safety Code Sections 33334.2. 33334.3, 33334.4 and 33334.6, the Redevelopment Agency deposits 20% of the gross tax increment it collects annually into the Low and Moderate Income Housing Fund (the "20% Fund"). The City's Housing Department is charged with administering the 20% Fund pursuant to the requirements and restrictions of the CRL. These funds are used for the purpose of increasing, improving, and preserving the community's low and moderate income housing available at affordable housing costs.

Table 1 shows the estimated amounts of 20% Fund annually for the next five fiscal years.

Table 1. Annual Amount of 20% Funds from FY 2009-10 to 2013-14

Fiscal Year	Amount of 20% Funds
2009-10	$40,521,550
2010-11	$40,521,550
2011-12	$40,521,550
2012-13	$43,316,058
2013-14	$46,818,775
Total	$211,699,483

These projections are based on estimates of residential, commercial, and industrial property values within redevelopment areas, which is the basis for determining the amount of tax increment dollars available for 20% Funds. The current economic recession has dampened the forecast for growth in the upcoming years. Declines in residential property values will have a negative impact on the amount of future tax increment dollars. However, commercial and industrial land uses comprise the majority of the City's redevelopment areas, uses which have to date held their values despite the economic downturn. Additionally, new development will add to the property value base from which tax increment is determined. If the downturn eventually impacts the value of these non-residential land uses or project development, the amount of future tax increment dollars may be less than the projections shown in Table 1. At this time, it is estimated that the City's 20% Funds will remain flat for the first three fiscal years of the 2010-14 Implementation Plan, but will experience a 7% increase in FY 2012-13 and another 8% in FY 2013-14 as property values recover.

1. **Estimates of the number of new, rehabilitated, or price-restricted units to be assisted during each of the next five years within the City of San Jose and estimates of the expenditures of monies from the 20% Fund during each of the next five years.**

The amount of money available for affordable housing units in the next five years is limited and more uncertain relative to prior years given the severity of the current economic recession. New construction projects continue to be financed using bonds secured by 20% funds when favorable interest rates and market conditions allow for borrowing.

Table 2 estimates the number of new, price-restricted affordable housing units to be financed using 20% funds during the Five-Year Implementation Plan. The

City does not anticipate new income-restricted units from acquisition-rehabilitation projects during this planning period.

Table 2. Projection of Units Funded (FY 2009-10 to 2013-14)

Fiscal Year	New Units
2009-10	797
2010-11	481
2011-12	481
2012-13	85
2013-14	184
Total	2,028

The City's Housing Department estimates the expenditure of money from the 20% Fund for development projects during each of the next five years, as follows:

Table 3. Expected 20% Funding Commitments (FY 2009-10 to 2013-14)

Fiscal Year	Funding Commitments
2009-10	$66.3 M
2010-11	$33.4 M
2011-12	N/A
2012-13	$8.5 M
2013-14	$23.6 M
Total	$131.8 M

Dollar amounts represent expected funding commitments for development projects; actual disbursement of funds may not occur in the same fiscal year.

As a result of the SERAF shift of tax increment revenue described above the Agency must set aside the full amount of the potential shift in the event that legal actions against the State are unsuccessful. For San Jose, this means a potential loss of $75 million over two years: $62 million in FY 2009-10 and $12.8 million in FY 2010-11. One alternative for meeting this obligation is to have the Redevelopment Agency borrow from the 20% fund to finance the shift of tax increment funds to the State. If this plan is approved, this would lead to a substantial decline in expected funding commitments and units funded throughout the 2010-14 planning period. In particular, the Housing Department would lose funding for 1,418 new units for low-income families.

2. **Statement of excess surplus in the Low and Moderate Income Housing Fund (Section 33334.10).**

As defined by California's Health and Safety Code, "excess surplus" means any unexpended and unencumbered amount in a Redevelopment Agency's Low and Moderate Income Housing Fund that exceeds the greater of one million dollars ($1,000,000) or the aggregate amount deposited into the Low and Moderate Income Housing Fund pursuant to Sections 33334.2 and 33334.6 during the Agency's preceding four fiscal years.

The Housing Department's 20% Fund does not carry a balance of excess surplus and will not in the next five-year time period.

D. Inclusionary Housing Program and Compliance Plan

The purpose of this section of the Implementation Plan is to satisfy the requirements of both Health and Safety Code Section 33413 and 33490 regarding Redevelopment Agency-developed and inclusionary affordable housing.

Pursuant to Section 33413 (b)(4), the City of San Jose's Redevelopment Agency must adopt a plan for each redevelopment area to comply with the inclusionary affordable housing requirements as specified in Section 33413. This section of the Implementation Plan, the Inclusionary Housing Program, will serve as the required "compliance Plan" which shall ensure that these requirements, as specified, are met every ten years. This Implementation Plan includes both a report on compliance for the ten-year period, July 1, 1994 to June 30, 2004, and a strategy for maintaining compliance in the ten-year period, July 1, 2004 to June 20, 2014.

Seventeen Redevelopment Areas covered in this Implementation Plan are subject to the Inclusionary Housing requirement because the Project Areas (in whole or in part) were adopted after January 1, 1976. Three Project Areas and the original portion of Rincon de Los Esteros are exempt from complying with this requirement because they were adopted prior to January 1, 1976. These Project Areas are: Park Center Plaza, Pueblo Uno, and San Antonio Plaza.

Section 33413(b) of the CRL requires that at least 15% of all newly developed or substantially rehabilitated housing units located in Redevelopment Project Areas adopted after January 1, 1976, be affordable to persons or families of low or moderate income. Furthermore, at least 40% of these affordable dwelling units (DUs), or 6% of the total, shall be affordable to very low-income persons or families.

In addition, at least 30% of all new and substantially rehabilitated dwelling units developed by an agency shall be available at an affordable housing cost to persons or families of low- or moderate-income. Given that neither the Redevelopment Agency nor the City of San Jose serves as a developer in the creation of affordable housing, this "30%" rule is not applicable.

In order to satisfy the requirements under Section 33413, the City/Agency adopted an Inclusionary Housing Policy, which applies to those redevelopment project areas that are subject to the Inclusionary Housing requirements of Section 33413. Since its adoption, the Inclusionary Housing Policy has been updated to create deeper affordable housing obligations as well as additional flexibility for developers to meet their inclusionary housing obligations in redevelopment areas. A copy of the current Inclusionary Housing Policy is attached as Exhibit A.

Note that while the City's Inclusionary Housing Policy has a higher inclusionary obligation than required under State law, this report summarizes compliance with the State's inclusionary housing obligations as mandated by Section 33413 (b)(2)(a) of the CRL.

The Redevelopment Agency will continue to monitor the effects of the City's Inclusionary Housing Policy and will make appropriate modifications as deemed necessary within the restrictions and requirements of the CRL.

On December 9, 2008, the City Council directed City staff to develop a City-wide inclusionary zoning ordinance. City staff intends to bring forward an inclusionary zoning ordinance for consideration by the City Council in December, 2009. If an inclusionary zoning ordinance is adopted by the City, the entire City, including its redevelopment areas, would be subject to uniform inclusionary housing obligations. If adopted as proposed by City staff, the inclusionary housing ordinance would become operative no later than January 1, 2013, although it could become operative earlier based on a recovery in the residential housing market.

1. Status of Inclusionary Housing Program

This section summarizes the goals and performance of the City's Redevelopment Project Areas that are subject to State inclusionary housing requirements. The results of this section are based on the City of San Jose's Policy on Implementation of the Inclusionary Housing Requirement of Health and Safety Code Section 33413 (b)(2), incorporated into this Implementation Plan by this reference, which states, except under certain circumstances, that each housing project developed in redevelopment project areas is obligated to provide its own share of the requirement by providing affordable units in the project or by paying an in-lieu fee as required under the Inclusionary Policy.

Appendix A provides information on the affordable housing obligation generated by housing developments in project areas. Appendix B provides the number of affordable housing units produced in order to meet the obligation and to comply with State law. Tables 4 through 6 below summarize the obligations (i.e., goals) and production (i.e. "credits") for each planning period. For all three planning periods, the City has exceeded its affordable housing obligations.

In preparation of this section's analysis, the following premises were used:

- Under Redevelopment Law, the goals for each reporting period are calculated based on the inclusionary housing obligations generated by residential development in the Redevelopment Project Areas. Under Redevelopment Law, at least fifteen percent (15%) of all new and substantially rehabilitated dwelling units developed in a project area by entities or persons other than a redevelopment agency shall be made available at affordable housing costs to persons and families of low and moderate income. Therefore, for example, a project of one hundred (100) units within a project area subject to the City's Inclusionary Housing Policy would have a fifteen (15) unit inclusionary housing requirement.

- Under Redevelopment Law, the affordable units created in each reporting period produce credits towards the obligation based on the geographic location of affordable housing developments. An affordable residential unit developed within a project area counts as a 1-unit credit (1-for-1) against the inclusionary obligation. However, an affordable unit produced outside a Project Areas counts as a 0.5-unit credit (1-for-2) against the obligation. Therefore, it takes two affordable units produced outside project areas to count towards a 1-unit obligation. Because of this rule, one unit produced might not always equal one credit. As such, in order to avoid confusion, the analysis below will use the terms "credits" or "unit credits" to refer to the equivalent credits (rather than the base number of units) that will count against the obligation.

- Based on current City policy, affordability restrictions placed on affordable ownership units continue if the existing owner resells to another qualifying lower-income household. However, the affordability restrictions are released if the existing owner chooses the "equity-share" option and decides to resell to a non-income qualifying household. Due to the potential use of this mechanism, affordable ownership units are not included in the analysis. It should be noted, however, that over 900 affordable ownership units were completed or planned between 1979 and 2014.

a. Compliance from Inception Dates to June 30, 1994

Since the time of adoption of the various redevelopment plans (1979 through June 30, 1994), 519 total housing units were produced in the Redevelopment Areas, creating an obligation of 78 affordable units composed of 31 VLI and 47 LI/MOD units (refer to Table 4 and Appendices A & B). During the same time period, the City exceeded these goals by creating the equivalent of 221 affordable housing credits, 181 of which were restricted as Very Low-Income (VLI), or 35% of total production; and 40 of which were restricted as Low or

Moderate-Income (LI/Mod), or 8% of total production. This represents a surplus of 143 unit credits.

Table 4. Affordable Housing Goals and Credits (1979-1994)

	1979-1994 Goal		1979-1994 Credits	
	%	#	%	#
Very Low-Income	6%	31	**35%**	**181**
Low/Moderate-Income	9%	47	**8%**	**40**
Total Affordable Units	15%	78	**43%**	**221**

b. Compliance from July 1, 1994 to June 30, 2004

The Redevelopment Agency met its affordable housing obligations for the July 1, 1994 to June 30, 2004 planning period. A total of 7,136 housing units were constructed within this ten-year time period in redevelopment project areas, creating a 1,070 unit affordable obligation composed of 428 VLI and 642 LI/MOD units. In response, the City completed 5,012 unit credits, 3,155 of which were restricted as Very Low Income (VLI), or 47% of total production; and 1,858 of which were restricted as Low or Moderate Income (LI/Mod), or 28% of total production. (See Table 5 and Appendices A & B) This represents a surplus of 3,942 affordable unit credits.

Table 5. Affordable Housing Goals and Credits (1994-2004)

	1994-2004 Goal		1994-2004 Credits	
	%	#	%	#
Very Low-Income	6%	428	**47%**	**3,155**
Low/Moderate-Income	9%	642	**28%**	**1,858**
Total Affordable Units		1,070		**5,012**

c . Compliance from July 1, 2004 to June 30, 2014

The inclusionary housing goal for the period from July 1, 2004 to June 30, 2014 is projected to be 1,827 units composed of 731 very low- and extremely low-income units and 1,096 low- and moderate-income units. The City projects that it will complete 3,523 unit credits, exceeding the 1,827 unit goal and creating a surplus of 1,696 credits within the current plan period.

Table 6. Affordable Housing Goals and Credits (2004-2014)

	2004-2014 Goal		2004-2014 Credits Est.	
	%	#	%	#
Very Low-Income	6%	731	**22%**	**2645.5**
Low/Moderate-Income	9%	1,096	**7%**	**877.5**
Total Affordable Units		1,827		**3,523**

Additionally, the Redevelopment Agency is currently carrying a balance of surplus units accumulated from the plan inception dates. The number of surplus affordable units from 1979 to 2004 is 4,085. The 2004-14 planning period is expected to generate an additional 1,696 unit surplus, for a total surplus of 5,781 since the plan inception dates.

d. Estimates of the number of Redevelopment Agency-developed residential units, which will be developed during the next five years:

There are no anticipated Redevelopment Agency-developed residential units within a redevelopment project area which will be developed during the next five years, as the Redevelopment Agency does not independently develop housing.

e. Estimates of the number of Redevelopment Agency-developed units for very low, low, and moderate-income households which will be developed by the Redevelopment Agency during the next five years:

There are no anticipated Redevelopment Agency-developed residential units, which will be developed during the next five years, as the Redevelopment Agency does not independently develop housing.

f. If the implementation plan contains a project that will result in the destruction or removal of dwelling units that will have to be replaced pursuant to subdivision (a) of Section 33413, the implementation plan shall identify proposed locations suitable for replacement dwelling units:

Historically, the Redevelopment Agency has complied with Section 33413 (a) by providing replacement units for any destructed units related to Redevelopment Agency projects. There is no shortfall of replacement units at this time. Currently, the Redevelopment Agency has no plans to destruct or remove any dwelling units that would have to be replaced.

However, if new plans arose that involved the destruction or removal of dwelling units, the Redevelopment Agency would provide funding to the Housing Department for the financing of replacement units. The Housing Department uses funding provided by the Redevelopment Agency to assist projects located both inside and outside of project areas.

E. Proportionality Requirements and Compliance Plan

The purpose of this section of the Implementation Plan is to satisfy the requirements of Health and Safety Code Section 33334.4 regarding the proportionality of 20% funds used and planned for the ten-year compliance period.

Pursuant to Section 33334.4 (a) and (b), the Redevelopment Agency must adopt a plan for the use of 20% Funds to comply with the proportionality requirements as specified in Section 33334.4. This section of the Implementation Plan will serve as the required "compliance plan" which shall ensure that these requirements, as specified, are met every ten years. This Implementation Plan includes a report on compliance for the initial ten-year period, January 1, 2002 to December 30, 2014.

In preparation of this analysis, the following assumptions were made:

- Affordable housing projects that received funding prior to January 1, 2002 are excluded. Any additional expenditures made for these projects during the specified time period are not included in the compliance report.

- Expenditures made from the 20% Fund used on administration and debt service are also excluded from this analysis. However, funds obtained from bond issues are included in the analysis.

1. Proportionality Compliance for Targeted Income Levels

Section 33334.4 specifies that the goals for compliance with this section be taken from the 2007-14 Regional Housing Needs Allocation (RHNA) from the Association of Bay Area Governments (ABAG), and as included in San José's Housing Element. The following table summarizes the income allocation information from ABAG:

Table 7. City of San Jose 2007-14 Regional Housing Needs Allocation

	ELI/VLI	LI	MOD	Total
Number	7,751	5,322	6,198	19,271
Percentage	40%	28%	32%	100%

As allowed by State law, the City of San Jose has set its own Income Allocation Policy in order to achieve even deeper levels of affordability than those determined by ABAG, and to assist those households with the greatest housing needs.

a. **Compliance for January 1, 2002 to December 30, 2014**

The Redevelopment Agency has met its proportionality requirements for targeted income levels. Based on the analysis (Appendix C), 20% funds have been expended in the following proportions: 13% moderate-income, 34% low-income, 54% very low- and extremely low-income.

San José has made a commitment to providing affordable housing to those most in need. More than half of the total expenditures (54%) were spent on very low- and extremely low-income households. The Housing Department will continue to prioritize funding for the greatest need by income level during the 2010-2014 planning period of this Implementation Plan.

2. **Proportionality Compliance for Age-Restricted Housing Units**

Section 33334.4 requires that 20% Funds be "available to all persons regardless of age in *at least the same proportion as the number of low-income households with a member under age 65 years bears to the total number of low-income households of the community* as reported in the most recent census of the United States Census Bureau." In other words, 20% Funds for age-restricted senior housing is capped at the proportion of low-income seniors relative to the total low-income population.

According to the latest Decennial Census in 2000, low-income seniors comprised 24.2 percent of the total low-income household population (Table 7). Thus, a maximum of 24.2 percent of the 20% Funds can be allocated to low-income senior housing.

Table 8. Maximum 20% Fund Spending Limit for Low-Income Senior Housing

Group	Population
Senior LI households	22,510
All LI Households	93,068
Proportion of LI Senior/Total Low-income Population = Maximum 20% Fund spending limit on low-income senior housing	24.2%

a. **Compliance for January 1, 2002 to December 30, 2014**
The Redevelopment Agency has met its proportionality requirements for expenditures on age-restricted affordable housing units. The Housing Department expended 20% ($63.4 million) of its total funds ($318 million) on age-restricted affordable housing units. The complete proportionality analysis for age-restricted spending can be found in Appendix C.

F. Project Areas Within Six Years of Expiration of the Effectiveness of the Redevelopment Plan

As shown on Exhibit B, the following Redevelopment Project Areas are within six (6) years of the expiration of the effectiveness of their redevelopment plans:

Alameda;
Alum Rock Avenue;
East Santa Clara Street;
Park Center;
San Antonio Plaza
Story Road

Upon expiration of the effectiveness of each of such redevelopment plans, the Agency shall comply with various housing related requirements as follows:

1. Satisfaction of Section 33333.8 (a): Prior to the time limit for effectiveness of the above referenced redevelopment plans, the Agency shall be able to comply with the provisions of Health and Safety Code Section 33333.8 (a) as follows:
    (A) Of the project areas listed above, the Agency collects tax increment only from Park Center and San Antonio Plaza. With respect to those project areas that collect tax increment, the Agency is current in its obligation to make deposits to and expenditures from the Low and Moderate Income Housing Fund;
    (B) The Agency has no project deficits in those project areas that collect tax increment;
    (C) The Agency has no excess surplus funds from those project areas that collect tax increment;
    (D) The Agency satisfies its relocation obligations contemporaneously with each project and has no outstanding relocation obligations in the project areas listed above;
    (E) The Agency has no outstanding replacement housing obligations in the project areas listed above; and
    (F) The San Antonio Plaza and Park Center project areas predate the obligation to provide inclusionary housing. Furthermore, the Agency has

a substantial surplus of housing credits as shown above and does not have an obligation at this time or in the foreseeable future to provide additional inclusionary units in any of the other project areas.

2. Satisfaction of Section 33413 (a). The Redevelopment Agency has no outstanding replacement housing obligations in the project areas listed above.

3. Satisfaction of Section 33413 (b). With respect to Section 33413 (b) (1), the Redevelopment Agency does not independently develop housing. Therefore, there are no anticipated Redevelopment Agency 30% inclusionary obligations that will need to be satisfied under this Section. With respect to Section 33413 (b) (2), the Agency has a substantial surplus of housing credits as shown above and does not have an obligation at this time or in the foreseeable future to provide additional inclusionary units.

4. Disposition of Remaining Moneys in LMIHF. Since funds from the Low and Moderate Income Housing Fund are deposited and expended in the Merged Project Area as a whole, the expiration of the time limit for the effectiveness of the above referenced project areas will not change the obligation of the Agency to collect, deposit and expend 20% funds in the Merged Project Area.

EXHIBIT A

CAUTION: THIS POLICY IS REVISED FROM TIME TO TIME. TO BE SURE YOU ARE REVIEWING THE POLICY THAT IS CURRENTLY IN EFFECT YOU MUST CONTACT THE REDEVELOPMENT AGENCY AT 408.535.8500

CITY OF SAN JOSE POLICY ON IMPLEMENTATION OF THE INCLUSIONARY HOUSING REQUIREMENT OF HEALTH & SAFETY CODE SECTION 33413(b)(2)
Amended September 29, 2009

I. General.

The inclusionary housing requirement set forth in Health and Safety Code Section 33413(b)(2) shall be imposed upon all private housing developments, whether for-sale or rental, in the redevelopment project areas to which it applies (*i.e.*, all project areas and expansions except Park Center Plaza, San Antonio Plaza, Pueblo Uno, Mayfair One and original Rincon de los Esteros area) through the zoning process in accordance with this Policy ("Inclusionary Requirement').

A. The Inclusionary Requirement shall be met through any of the options set forth in Article II hereof.

B. Residential units subject to the Inclusionary Requirement shall remain affordable to the targeted income group for the longest feasible time, but in no event less than the time periods set forth in the California Health and Safety Code Section 33413 (c)(1).

C. Restricted units shall be made available for the term of the restriction at "affordable housing cost" or "affordable rent" to "extremely low income households", "very low income households" and "persons and families of low or moderate income" as such terms are defined in the California Health and Safety Code.

D. Affordability controls on rental units must be evidenced by either a recorded deed restriction or a recorded affordability agreement that is binding on subsequent owners of the property. Affordability controls on "for sale" units must be evidenced by either a recorded deed restriction or a recorded affordability agreement that is binding on subsequent owners of the property. Affordability controls on "for sale" units may be released if the owners agree to comply with a program designed to preserve the City's supply of affordable units including, but not limited to, an equity share program.

E. Developers subject to the Inclusionary Requirement shall submit a compliance plan detailing the manner in which the Inclusionary Requirement will be met, for the approval of the Agency's Executive Director, prior to the issuance of a foundation or building permit for the proposed development. The compliance plan and any agreement or restrictions recorded pursuant thereto may be subsequently modified with the approval of the Agency's Executive Director, so long as any modification is consistent with this Policy.

F. The Agency has delegated to the City the authority to implement and enforce compliance with the Inclusionary Requirement. The City Housing Department shall monitor and report to the Agency and State Department of Housing and Community Development such information as is required by law on income and affordability of restricted units. The City's Housing Department shall report to the Executive Director periodically on the status of all implementation and enforcement activities. Unless a provision of this Policy expressly states that it requires an action by either the City Council or the Redevelopment Agency Board, any action to be taken hereunder by the Agency or City may be taken by either the Agency's Executive Director or the Director of Housing on behalf of either the Agency or the City hereunder.

G. The City's Director of Planning shall include the Inclusionary Requirement as a condition to any new or substantially rehabilitated residential development located within a redevelopment project area to which this Inclusionary Requirement applies.

H. It shall not be inconsistent with the inclusionary policy for the City or Agency to provide financial assistance towards the development of the required inclusionary units provided that 100% of the total units in the project will be Restricted Affordable Units, and such project is not developed under Section II below.

II. <u>Satisfaction of Inclusionary Requirement</u>.

The Inclusionary Requirement shall be met through satisfaction by developer of any of the options set forth below, which options shall be selected by developer and evidenced in a written compliance plan submitted by developer.

A. <u>Development of Units within the Project</u>.

The Inclusionary Requirement may be met through the development of units situated within the Project as follows:

1) <u>Rental Projects</u>: At least twenty-percent (20%) of the rental units developed within a residential project subject to this policy shall be made available for the term of the restriction at "affordable housing cost", with at least 8% of the rental units restricted to "very-low income" households and at least 12% of the rental units restricted to "low income" households, provided that rents for "low

income" households shall be set at 60% of area median income (AMI), although "low-income" households up to 80% of AMI shall also be eligible to occupy such units.

2) For-Sale Projects: At the option of the Developer:

   a) At least twenty percent (20%) of the "for sale" units developed within a residential project subject to this policy must be made available for the term of the restriction at "affordable housing cost" to "low or moderate income" households; or

   b) At least six percent (6%) of the "for sale" units developed within a residential project subject to this policy must be made available for the term of the restriction at "affordable housing cost" to "very low income" households and nine percent (9%) must be made available to "low or moderate income" households, for a total of 15% of the units restricted pursuant to the requirements of Health and Safety Code Section 33413(b)(2).

3) Mixed Rental and For-Sale Projects: At the option of the Developer, a project containing both rental and for-sale units may satisfy the requirements of this Section by (i) either satisfying one of the rental or for-sale options in Subsections A 1 or A 2 above for the entire project; or (ii) by applying the rental option in Subsection A 1 above to the rental portion of the project and by applying either of the for-sale options in Subsection A 2 above to the for-sale portion of the project.

B. Payment of In-Lieu Fee.

The Inclusionary Requirement may be satisfied by the payment of a fee to the City *in-lieu* of constructing the required affordable units within that private housing development, provided that such fee is received by the City after the issuance of the development permit for the project, but prior to the initial occupancy of the unit. The amount of in-lieu fees will be established in the City Council's annual resolution establishing the Schedule of Fees and Charges or as established otherwise by resolution of the City Council.

C. Dedication of Land in Lieu of Construction of Affordable Units.

A developer of a private housing development may satisfy the Inclusionary Requirement by dedicating land in lieu of constructing restricted affordable units within the private housing development if the City Council determines that all of the following criteria have been met:

1. The dedicated site is transferred to the City prior to commencement of construction of the private housing development or is subject to an agreement between the developer and the City that sets forth a date

certain for transfer of the dedicated site and such agreement is in the best interests of the City.

2. The value of the dedicated site at the date of dedication or the date such agreement to dedicate is executed, as applicable, is greater than the in-lieu fee in effect at the date of dedication or the date such agreement to dedicate is executed, as applicable, multiplied by the number of otherwise required affordable units within the private housing development.

3. The dedicated site could accommodate at least the number of otherwise required affordable units within the private housing development.

4. The dedicated site is adjacent to the private housing development.

If the dedicated site is not to be transferred to the City prior to commencement of construction of the private housing development subject to the Inclusionary Requirement, the agreement between the developer and the City shall provide, among other things, that:

1. The dedicated site shall be transferred by the developer to the City at a date certain acceptable to the City;

2. The developer shall, prior to commencement of construction of the private housing development, pay to the City a substantial percentage (as determined by the City Council) of the in-lieu fee in effect at the date such agreement to dedicate is executed multiplied by the number of otherwise required affordable units within the private housing development, and

3. In the event that, upon transfer of the dedicated site, the value of the dedicated site is not at least equal to the future value of the in-lieu fee remaining payable, the developer shall immediately pay the shortfall in cash.

Notwithstanding the above, the City shall not be required to construct restricted affordable units on the dedicated site, but may sell, transfer, lease or otherwise dispose of the dedicated site as necessary in furtherance of its inclusionary affordable housing goals. Notwithstanding anything to the contrary contained herein, the provisions of this Subsection C shall expire and be of no further force and effect after December 31, 2007.

D. Develop a Stand-Alone Affordable Project.

1. A developer of a private housing development may satisfy the Inclusionary Requirement by developing a stand alone rental affordable project if all of the following criteria have been met:

a) Except as provided otherwise in Section 3 below, the stand alone project would accommodate at least the number of affordable units which would otherwise have been required under Section II A above within the private housing development;

b) Except as provided otherwise in Section 3 below, the affordability levels of the stand-alone project shall be consistent with the rental requirements set forth in Section II A above to be constructed in the stand-alone project;

c) Except as provided otherwise in Section 4 below, the stand alone project is developed within the redevelopment project area in which the private housing development is located;

d) An affordability agreement in a form acceptable to the Agency and City has been recorded against the underlying real property on which the stand alone project will be constructed; and

e) The developer of the market rate project shall have entered into an agreement with the Agency or the City, which agreement provides: (i) a time line for completion of the stand alone project, and (ii) adequate security to the City by developer (i.e. such as a bond or letter of credit) to ensure that the stand alone project will be completed or transfer of the land for the stand alone project to an affordable housing developer with the Agency/City's standard form affordability agreement recorded against such land.

2. Two or more developers of private housing developments may satisfy the Inclusionary Requirement by mutually developing (pooling) a stand alone rental affordable project if all of the following criteria have been met:

a) Except as provided otherwise in Section 3 below, the stand alone project would accommodate at least the number of affordable units which would otherwise have been required under Section II A above within the private housing developments;

b) Except as provided otherwise in Section 3 below, the affordability levels of the stand-alone project shall be consistent with the rental requirements set forth in Section II A above to be constructed in the stand-alone project;

c) Except as provided otherwise in Section 4 below, the stand alone project is developed within the redevelopment project area in which at least one of the private housing developments is located.

d) An affordability agreement in a form acceptable to the Agency and City has been recorded against the underlying real property on which the stand alone project will be constructed; and

e) The developers of the market rate projects shall have entered into an agreement with the City, which agreement provides: (i) a time line for completion of the stand alone project, and (ii) adequate security to the City by such developers (i.e. such as a bond or letter of credit) to ensure that the stand alone project will be completed or transfer of the land for the stand alone project to an affordable housing developer with the Agency/City's standard form affordability agreement recorded against such land.

3. Notwithstanding anything to the contrary contained herein, the Inclusionary Requirement of twenty percent (20%) of the units set forth in Section II A 1 above shall be reduced to fifteen percent (15%), if, in connection with the development of a stand alone rental affordable project under this Section, the developer, pursuant to a recorded affordability agreement against the stand alone project, agrees to provide at least 25% of the units to extremely low-income (ELI) households and the remaining units are provided to very low-income households (VLI).

4. If, after a written request from a developer of a market rate project to be located in any of the project areas identified below, the Agency and City mutually determine that sufficient land is not available within the applicable project area for a stand alone project to be constructed under Section 1 or 2 above, the requirement that a stand alone project be developed within the redevelopment project area in which the private housing development is to be located may be waived by the City Council of Redevelopment Agency Board. This requirement shall only apply to a market rate project developed in a Neighborhood Business District, a Neighborhood Business Cluster, the Almaden Gateway Project Area, the Guadalupe-Auzerais Project Area, the Market Gateway Project Area, the Century Center Project Area, or the Civic Plaza Project Area. This requirement may only be waived if the Redevelopment Agency Board or the City Council finds, based on substantial evidence, after a public hearing, that the development of the stand alone project in another project area will not cause or exacerbate racial, ethnic, or economic segregation.

E. <u>Combination of Other Inclusionary Options</u>.

A developer of a private housing development may satisfy the Inclusionary Requirement by electing any combination of the above options, so long as such election fully satisfies the developers Inclusionary Requirement under this Policy. For example, if a market-rate developer has an inclusionary obligation of 100 affordable units but the site for the stand-alone affordable rental project can only accommodate 80 units, the developer could either: (i) pay an in-lieu fee for the remaining 20 units or (ii) provide 20 affordable units in the developer's market rate project.

In the event the calculation for the number of restricted affordable units that the developer must provide results in a fraction of a unit, then the developer shall have the option of either (i) providing a full unit within the project at the affordable price, or (ii) making an in-lieu payment to the Housing Department in an amount equal to the percentage represented by the fractional unit multiplied by the then current in-lieu fee.

F. Exception for Small Housing Projects.

Notwithstanding the Inclusionary Requirements set forth above, a private developer of a private housing development of ten (10) housing units or less shall not be subject to the requirements of this Policy.

G. Inclusionary Credits, Transfers.

If, in connection with satisfying the Inclusionary Requirements hereunder, a private developer under either Section II A or D above, develops affordable units without any Agency or City Assistance in excess of such developer's Inclusionary Requirement ("Surplus Inclusionary Units"), such developer shall have the right to utilize such Surplus Inclusionary Units to satisfy any future Inclusionary Requirements of such developer for a period of up to twenty (20) years after construction of such units. Such developer shall also have the right to sell or otherwise transfer to another developer any Surplus Inclusionary Units. The City and Agency shall establish administrative procedures to monitor Surplus Inclusionary Units.

III. Subordination of Redevelopment Inclusionary Housing Restriction in Rental Projects.

The restriction for the Redevelopment Inclusionary Housing Requirement for a rental project may be subordinated to a lien, encumbrance or regulatory agreement of a federal or state government agency when all of the following conditions are met:

A. The agency is providing financing or other assistance for the housing development;

B. The statute or regulation governing the financing or assistance from that agency does not permit the restriction for the Inclusionary Requirement to be senior to the agency's lien, encumbrance or regulatory agreement.

C. The agency will record a regulatory agreement that will require the housing development to provide affordable units in an amount not less than the amount required for the Inclusionary Requirements for the particular housing development.

D. The City and Agency have determined that there is no economically feasible alternative method of financing or assisting the housing development on substantially comparable terms and conditions without subordination.

E. The City and Agency obtain written commitments reasonably designed to assure that the restricted affordable units in the housing development will not be removed in the event of default of the agency's lien, encumbrance or regulatory agreement, such as the following:

1. A right of the City or Agency to cure a default on the agency lien, encumbrance or regulatory agreement

2. A right of the City or Agency to negotiate with the agency after notice of default from the agency.

3. An agreement that if prior to foreclosure by the agency, the City or Agency takes title to the property and cures the default on the lien, encumbrance or regulatory agreement, the agency will not exercise any right it may have to accelerate a loan by reason of the transfer of title to the City or Agency.

4. A right of the City or Agency to purchase property from the owner at any time after a default on the lien, encumbrance or regulatory agreement.

IV. <u>Subordination of Redevelopment Area Inclusionary Housing Restriction in For Sale Projects</u>.

The restrictions for the Inclusionary Requirement for a "for sale" unit may be subordinated to a lien, encumbrance, or regulatory agreement of a lender other than the City or from a bond issuance providing financing, refinancing, or other assistance of "for sale" units or parcels where the Director of Housing, or his/her designee, makes a finding that an economically feasible alternative method of financing, refinancing, or assisting the "for sale" units or parcels on substantially comparable terms and conditions, but without subordination, is not reasonably available, and where the City obtains written commitments reasonably designed to protect the City's affordable housing supply in the event of default, such as any of the following:

(A) A right of the City to cure a default on the loan.

(B) A right of the City to negotiate with the lender after notice of default from the lender.

(C) An agreement that if prior to foreclosure of the loan, the City takes title to the property and cures the default on the loan, the lender will not exercise any right it may have to accelerate the loan by reason of the transfer of title to the City.

(D) A right of the City to purchase property from the owner at any time after a default on the loan.

V. Request for Adjustment.

Notwithstanding the general requirements set forth above, the City Council shall, upon request of a private residential developer, reduce, adjust or relieve the developer of its obligations under this Redevelopment Area Inclusionary Housing Policy, but only to the extent the Developer demonstrates that there is no nexus between the proposed development and the purposes of this Policy.

VI. Projects Constructed Pursuant to a Development Agreement.

Notwithstanding the general requirements set forth herein, if the City Council approves a development agreement, by ordinance pursuant to the authority and provisions of Government Code Section 65864 *et. seq.* and City Ordinance 24297, with a private developer of a private housing development and, pursuant to such development agreement, the private developer agrees to provide the number of affordable units required pursuant to this Redevelopment Area Inclusionary Housing Policy but at lower levels of affordability, then the location, construction and phasing of such inclusionary units within such project if approved by the Director of Housing and set forth in an Affordable Housing Plan attached as an exhibit to the development agreement shall be deemed to be consistent with the provisions of this Redevelopment Area Inclusionary Housing Policy so long as the developer remains in compliance with the terms and conditions of such development agreement. Any breach of such Affordable Housing Plan shall constitute a material breach of the development agreement.

VII Waiver of Inclusionary Requirements.

Notwithstanding anything to the contrary contained herein, the developer of a project containing for-sale units may apply for a waiver of the Inclusionary Requirements contained herein if the developer can demonstrate to the satisfaction of the City Manager and the Executive Director that the Affordable Price (as defined below) of a designated affordable unit is within five percent (5%) of the unrestricted market value of such unit. The following provisions shall apply to any waiver of the Inclusionary Requirements granted hereunder and any developer obtaining a waiver shall comply with such requirements:

1. The designated affordable unit may be sold at or below the Affordable Price with no requirement that it be sold to a person or family of low or moderate income (as defined in the California Health and Safety Code) ("Affordable Household").

2. The designated affordable unit must be initially occupied by the purchaser.

EXHIBIT A

3. There will be no requirement that any affordability restrictions (or an equity share) be recorded against the designated affordable unit or the project.

4. The waiver shall be valid for six (6) months from the date the application for waiver is approved. If the designated affordable unit is not sold within such six (6) month period, the developer may request an extension of such waiver provided that the developer can demonstrate to the satisfaction of the Executive Director and the City Manager that the applicable unit continues to qualify for the waiver in accordance with the requirements of this Section.

For purposes of this section, “Affordable Price” shall be defined as the purchase price to be paid by an Affordable Household to acquire a designated affordable unit as determined under the provisions of the California Health and Safety Code and this Policy and the regulations adopted to implement the Policy. A developer may use any reasonable means of demonstrating the market value of a unit, including, but not limited to, an appraisal, comparable sales within the developer’s project, or comparable sales of other similar projects located in close proximity to the developer’s project.

EXHIBIT B

REDEVELOPMENT PROJECT AREA TIME LIMIT EXPIRATION DATES (FISCAL YEAR)

	PROJECT AREA	RDA ACTIVITY ENDS	EMINENT DOMAIN AVAILABLE PRIOR TO	DEBT MUST BE INCURRED BY	LAST DAY TO PAY DEBT
1.	Alameda	2013-2014	2010-2011	N/A^	2013-2014
2.	Almaden Gateway	2028-2029	EXPIRED	N/A^	2038-2039
3.	Alum Rock Avenue	2013-2014	EXPIRED	N/A^	2016-2017
4.	Century Center	2026-2027	2010-2011	N/A^	2036-2037
5.	Civic Plaza	2030-2031	2010-2011	2019-2020	2045-2046
6.	East Santa Clara Street	2015-2016	N/A	N/A^	2025-2026
7.	Edenvale Industrial	2019-2020	2010-2011	N/A^	2029-2030
	Edenvale (expansion)	2024-2025	2010-2011	N/A^	2034-2035
8.	Guadalupe-Auzerais	2025-2026	2010-2011	N/A^	2035-2036
9.	Japantown	2025-2026	EXPIRED	N/A^	2035-2036
10.	Julian-Stockton	2019-2020	2010-2011	N/A^	2029-2030
11.	Market Gateway	2026-2027	2010-2011	N/A^	2036-2037
12.	Monterey Corridor	2026-2027	EXPIRED	2014-2015	2041-2042
13.	Neighborhood Business Clusters (NBC)	2031-2032	2012-2013	2020-2021	2046-2047
14.	Olinder	2019-2020	2010-2011	N/A^	2029-2030
15.	Park Center	2011-2012	EXPIRED	N/A^	2021-2022
16.	Pueblo Uno	2018-2019	2010-2011	N/A^	2028-2029
17.	Rincon de Los Esteros	2017-2018	2010-2011	N/A^	2027-2028
	Rincon de Los Esteros (1st expansion)	2022-2023	2010-2011	N/A^	2032-2033
	Rincon de Los Esteros (2nd expansion)	2024-2025	2010-2011	N/A^	2034-2035
	Rincon de Los Esteros (3rd expansion)	2032-2033	2010-2011	N/A^	2042-2043
18.	San Antonio Plaza	2011-2012	EXPIRED	N/A^	2021-2022
19.	Story Road	2013-2014	EXPIRED	N/A^	2013-2014
	Story Road (reduced boundary)	EXPIRED	EXPIRED	N/A^	2018-2019
20.	West San Carlos Street	2013-2014	2010-2011	N/A^	2013-2014

^ Date to incur debt deleted on 11/5/02 per SB 211 (Ordinance No. 26765).

Appendix A. Inclusionary Obligation*

All Housing Development within Redevelopment Project Areas

1979-1994 Planning Period

Development Name	Project Area	Units
Monterey Grove	Edenvale	224
Santa Theresa Apts	Edenvale	176
Bernal and Monterey	Edenvale	119
Total Housing Units		**519**

1994-2004 Planning Period

Development Name	Project Area	Units
Keeble Place	Alameda	20
Girasol Senior	Alum Rock	60
Rose Gardens Courts	Alum Rock	66
Gadberry	Alum Rock	55
Homesafe	Alum Rock	25
101 San Fernando	Century Center	323
33 South Third	Century Center	89
CA Grove	Edenvale	255
Maraido	Japantown	108
Legacy at Fountain Plaza	Julian Stockton	433
Markham I and II	Monterey	305
River Oaks Village	Rincon de los Esteros	2,000
Renaissance	Rincon de los Esteros	1,250
Waterford Place	Rincon de los Esteros	240
North Park I - III	Rincon de los Esteros	1,346
Regency at Skyport	Rincon de los Esteros	315
Los Esteros	Rincon de los Esteros	246
Total Housing Units		**7,136**

2004-2014 Planning Period		
Development Name	**Project Area**	**Units**
Lofts @ Alameda	Alameda	40
Homesafe	Alum Rock	24
Tierra Encantada	Alum Rock	93
Las Golondrinas	Alum Rock	49
Las Mariposas	Alum Rock	66
The Globe	Century Center	76
The Axis	Downtown	330
The 88	Downtown	204
Fruitdale Station	Fruitdale Station NBC	248
Villa Fontana	Fruitdale Station NBC	91
Plant 51	Greater Downtown	265
City Heights	Julian/Stockton	124
Keystone Place	Julian/Stockton	42
St Claire Bldg	Market Gateway	36
Gish Apartments	New Rincon	35
Villa Solera	Pre-SNI	100
Regency @ Skyport	Rincon	315
Northpark-Sycamore	Rincon (1976+)	445
Northpark-Redwoods	Rincon (1976+)	439
Northpark-Laurels	Rincon (1976+)	535
Renaissance Village	Rincon (1976+)	353
Cahill Park Townhomes	SNI	160
Previtera Court	SNI	16
Park Townsend	SNI	98
Pollard Plaza	SNI	129
Almaden Family Apartments	SNI	223
250 Virginia	SNI	147
Bonita Villa	SNI	31
350 North 2nd Street	SNI	62
Works, The	SNI	74
Art Ark	SNI	148
Eden Vale Special Needs	SNI	15
New Brighton @ Glen Hollow	SNI	20
Paseo Senter Phases I & II	SNI	218
Autumn Terrace At College	SNI	46

City Year	SNI	9
Marburg Place	SNI	57
Autumn Terrace @ Bonita	SNI	80
New Brighton @ Glen Hollow	SNI	20
Neal Ave Town Homes	SNI	20
San Antonio Place twnhms	SNI	24
Delmas Park Teachers Housing	SNI	123
Bella Castello at Kelley Park	SNI	87
Modern Ice Site	SNI	200
Villa Almendra aka Alma Gardens	SNI	17
Autumn Terrace @ Williams	SNI	105
Emerald Village Phase I	SNI	14
Sienna	SNI	19
Skyline at Tamien, Phase I	SNI	110
Parkmoor Ave Apts	SNI	242
Laurel Place	SNI	44
One East Julian	SNI	43
Monte Vista @Cannery and Madison/Del Monte Site	SNI	383
Tierra Encantada Townhomes	SNI	12
New Casa Feliz	SNI	60
Fairways at San Antonio	SNI	86
San Carlos Bowl Townhomes	West San Carlos	32
Village Square	West San Carlos	95
Projection of Future Developments (2009-2014)	All Project Areas	5,000
Total Housing Units		**12,179**

* Based on completions of market rate and income restricted units within RDA areas

Inclusionary Housing Obligation Generated			
	1979-94	**1994-2004**	**2004-14**
Total Housing Units	519	7136	12719
Inclusionary Obligation			
ELI/VLI Inclusionary Obligation (6%)	31	428	731
LI/MOD Obligation (9%)	47	642	1096
Total Obligation (15%)	78	1070	1827

Appendix B. Inclusionary Housing Credits*

Inclusionary Housing Credits for the 1979-94 Planning Period

Affordable Rental Housing Units Outside Project Areas (1-for-2 Credit Towards Inclusionary Obligation)					
Development	Year	Project Area	VLI + ELI Credits	Low + MOD Credits	Total Credits
Derose Gardens	1989-90	None	13	25	38
Paula Street	1991-92	None	5	5	10
The Meadow	1992-93	None	21	0	20.5
Santa Familia	1992-93	None	36	3.5	39.5
Villa Nueva	1992-93	None	32	0	31.5
Avenida Espana	1993-94	None	42	0	42
The Grove	1993-94	None	14	6	19.5
Julian Gardens	1993-94	None	5	0	4.5
Lucretia Gardens	1993-94	None	8	0	8
Milagro	1993-94	None	7	0	7
Total Credits			**181**	**39.5**	**220.5**

Inclusionary Housing Credits for the 1994-2004 Planning Period

Affordable Rental Housing Units Inside Project Areas (1-for-1 Credit Towards Inclusionary Obligation)					
Development	1994-95	Project Area	VLI + ELI Credits	Low + MOD Credits	Total Credits
Los Esteros (Rincon de)	1995-96	Rincon de los Esteros	135	111	246
Markham Terrace (Monterey Glen Inn)	1996-97	Monterey Corridor	95	0	95
Montgomery Street Shelter	1998-99	Julian Stockton	0	0	0
Girasol	1998-99	Alum Rock	60	0	60
The Enclave (Sienna and Renaissance)	1998-99	Rincon de los Esteros	127	143	270
Stonegate Apartments	1998-99	Rincon de los Esteros	24	96	120
Villa Savannah	1998-99	Rincon de los Esteros	28	112	140
Miraido Village	1999-00	Japantown NBD	22	32	54
Waterford Place	1999-00	Rincon	0	36	36
Market Gateway	2000-01	Market Gateway	0	22	22
101 San Fernando	2001-02	Century Center	65	0	65
North Park I-III	2001-02	Rincon	81	121	202
Villa de Guadalupe	2002-03	Mayfair	100	0	100
33 South Third	2002-03	Century Center	4	9	13
Sunset Square Apartments	2002-03	Alum Rock	43	51	94
Rose Garden Senior	2002-03	Alum Rock	65	0	65
Gadberry Courts	2002-03	Alum Rock	54	0	54
Legacy at Fountain Plaza	2003-04	Julian Stockton	0	46	46
Homesafe (WATCH)	2003-04	Alum Rock	24	0	24
Markham Plaza I (Tully Gardens)	2003-04	Monterey Corridor	152	0	152
Markham Plaza II (Tully Gardens)	2003-04	Monterey Corridor	152	0	152
Subtotal			**1231**	**779**	**2010**

Affordable Rental Housing Units Outside Project Areas (1-for-2 Credit Towards Inclusionary Obligation)					
Development		Project Area	VLI + ELI Credits	Low + MOD Credits	Total Credits
Almaden Lake Apartments	1994-95	None	72.0	0.0	72.0
Curtner Gardens	1994-95	None	18.0	54.0	72.0
Hillview Glen Apartments	1994-95	None	62.5	6.5	69.0
Homes at Almaden Lake	1994-95	None	0.0	17.5	17.5
Jardines Paloma Blanca	1994-95	None	21.0	0.5	21.5
Morrone Gardens	1994-95	None	51.0	0.0	51.0
Casa de los Amigos	1994-95	None	12.0	0.0	12.0
Baker Park	1995-96	None	21.0	28.0	49.0
Catalonia	1995-96	None	5.5	19.5	25.0
Gifford	1995-96	None	3.0	0.0	3.0
Le Fenetre	1995-96	None	5.0	20.0	25.0
Miranda Villa	1995-96	None	27.5	27.0	54.5
Pinmore Gardens	1995-96	None	25.5	0.0	25.5
Plaza Maria	1995-96	None	13.0	13.5	26.5

Troy Apartments	1995-96	None	7.5	7.5	15.0
Eden Palms	1996-97	None	54.0	18.5	72.5
Huff Gardens Family Apartments	1996-97	None	18.0	18.0	36.0
Plaza Del Sol	1996-97	None	8.0	32.0	40.0
Poco Way Apartments	1996-97	None	32.5	0.0	32.5
Canoas Terrace	1997-98	None	22.5	33.5	56.0
Commercial Street Inn	1997-98	None	0.0	0.0	0.0
Ohlone Court Family Apartments	1997-98	None	67.5	0.0	67.5
Parkview Family Apartments	1997-98	None	27.0	17.5	44.5
Villa Garcia	1997-98	None	29.5	10.5	40.0
Almaden Lake Village	1998-99	None	25.0	0.0	25.0
Arbor Terrace	1998-99	None	17.5	25.5	43.0
Blossom River Family	1998-99	None	25.0	46.5	71.5
Palm Court Senior	1998-99	None	32.5	0.0	32.5
Parkside Glen	1998-99	None	18.0	72.0	90.0
The Verandas	1998-99	None	9.5	36.5	46.0
Parkview Senior Apartments	1998-99	None	69.5	0.0	69.5
Villa Hermosa	1998-99	None	49.5	0.0	49.5
Innvision Villa	1999-2000	None	12.5	0.5	13.0
Carlton Plaza	1999-2000	None	13.0	0.0	13.0
Le Mirador	1999-2000	None	28.5	41.5	70.0
Sienna Senior Apartments	1999-2000	None	21.0	48.5	69.5
Creekview Inn	1999-2000	None	12.0	0.0	12.0
Pensione Esperanza	1999-2000	None	54.5	0.0	54.5
Vista Park Senior I	1999-2000	None	20.0	21.5	41.5
Helzer Courts	2000-01	None	77.0	0.0	77.0
Ohlone Chynoweth Commons	2000-01	None	39.0	57.5	96.5
Vista Park Senior II	2000-01	None	20.0	21.0	41.0
Monte Vista Gardens Family Apartments	2000-01	None	38.0	19.0	57.0
Quail Hills	2000-01	None	47.5	0.0	47.5
Italian Gardens Family Apartments	2001-02	None	73.0	0.0	73.0
Village at Willow Glen	2001-02	None	66.0	0.0	66.0
El Parador	2001-02	None	62.0	0.0	62.0
The Haven	2001-02	None	1.5	2.5	4.0
Arbor Park Community	2001-02	None	23.0	14.0	37.0
Villa Torre I	2001-02	None	15.5	35.5	51.0
Monte Vista Gardens Senior I	2001-02	None	34.0	0.0	34.0
Lenzen at the Alameda	2002-03	None	9.0	34.5	43.5
Villa Torre II	2002-03	None	9.0	34.5	43.5
Terramina Square	2002-03	None	24.0	54.0	78.0
Summercrest Villas	2002-03	None	6.5	26.0	32.5
Villagio Senior Housing	2002-03	None	12.0	27.0	39.0
Mabuhay Senior Housing	2002-03	None	47.0	0.0	47.0
Brooks House	2002-03	None	31.0	0.0	31.0
Craig Gardens Senior Housing	2002-03	None	44.5	0.0	44.5
Legacy at Museum Park	2002-03	None	0.0	9.5	9.5
Shiraz Senior Housing	2002-03	None	30.0	0.0	30.0
Betty Anne Gardens	2003-04	None	11.5	26.5	38.0
Oak Circle Seniors	2003-04	None	49.5	0.0	49.5
Villa Solera	2003-04	None	5.0	45.0	50.0
El Paseo Studios	2003-04	None	49.0	0.0	49.0
Hacienda Creek Senior Apartments	2003-04	None	39.5	0.0	39.5
Fallen Leaves	2003-04	None	24.0	55.5	79.5
Monte Vista Gardens Senior II	2003-04	None	24.0	0.0	24.0
Subtotal			**1923.5**	**1078.5**	**3002.0**
Total Credits (Rental Units Inside and Outside Project Areas) 1994-2004			**3,155**	**1,858**	**5,012**

Inclusionary Housing Credits for the 2004-14 Planning Period					
Affordable Rental Housing Credits Inside Project Areas (1-for-1 Credit Towards Inclusionary Obligation)					
Development		**Project Area**	**VLI + ELI Credits**	**Low + MOD Credits**	**Total Credits**
Tierra Encantada	2004-05	Alum Rock	67	25	92
Las Golondrinas	2004-05	Alum Rock	49	0	49

St Claire Bldg (mjr acq/rehab)	2008-09	Market Gateway	0	7	7
Gish Apartments	2006-07	New Rincon	34	0	34
Northpark-Sycamore	2004-05	Rincon (1976+)	27	40	67
Northpark-Redwoods	2004-05	Rincon (1976+)	26	40	66
Northpark-Laurels	2004-05	Rincon (1976+)	32	48	80
Pollard Plaza	2004-05	SNI	13	116	129
Almaden Family Apartments	2006-07	SNI	46	177	223
Art Ark (Core & Hsg)	2006-07	SNI	146	0	146
Eden Vale Special Needs	2007-08	SNI	14	0	14
Paseo Senter Phases I & II	2007-08	SNI	214	0	214
City Year (Sobrato House)- not including 10 transitional beds	2007-08	SNI	9	0	9
Delmas Park Teachers Housing (Core EHC)	2006-07	SNI	66	56	122
Bella Castello at Kelley Park	2006-07	SNI	68	19	87
New Casa Feliz (demo and rebuilt in 08)	2008-09	SNI	59	0	59
Fairways at San Antonio (under construction)	2009-10	SNI	84	2	86
Roundtable	2010-11	Edenvale/Great Oaks	7	0	7
Brookwood Family	2011-12	Olinder	83	0	83
North 4th Street	2011-12	South Rincon	75	24	99
Cornerstone	2011-12	13th Street	41	11	52
McCreery Courtyards	2012-13	Alum Rock	92	0	92
90 Archer St.	2012-13	South Rincon	41	0	41
Markham Terrace	2012-13	Monterey Corridor	100	0	100
Second Street Studios	2012-13	Spartan Keyes	133	0	133
Rosemary Seniors	2012-13	South Rincon	105	0	105
Japantown Seniors	2012-13	Japantown	74	0	74
Rosemary Family	2012-13	South Rincon	148	34	182
Donner Lofts	2012-13	Civic Plaza	140	0	140
Subtotal			**1,993**	**599**	**2,592**

Affordable Rental Housing Units Outside Project Areas (1-for-2 Credit Towards Inclusionary Obligation)					
Development		**Project Area**	**VLI + ELI Credits**	**Low + MOD Credits**	**Total Credits**
Oak Tree Village	2005-06	None	26.5	61.0	87.5
Las Ventanas	2005-06	None	37	81.5	118.5
Corde Terra Family @ Fairgrounds(ROEM)	2006-07	None	135	14.5	149.5
Cinnabar Commons	2005-06	None	24.5	97.0	121.5
Hillsdale Townhouses	2009-10	None	24	0.0	24.0
Corde Terra Seniors (aka Fairground Seniors)	2009-10	None	99.5	0.0	99.5
The Commons (Bill Wilson)	2010-11	None	10.5	3.0	13.5
Orvieto Family	2011-12	None	45.5	0.0	45.5
Belovida Seniors	2011-12	None	92.0	0.0	92.0
Family Shelter	2012-13	None	17.5	0.0	17.5
Ford and Monterey	2012-13	None	39.0	7.5	46.5
Willow Glen Woods	2012-13	None	24.0	14.0	38.0
Leigh Avenue	2012-13	None	31.5	0.0	31.5
Kings Crossing	2012-13	None	46	0.0	46.0
Subtotal			**652.5**	**278.5**	**931.0**
Total Credits (Rental Units Inside and Outside Project Areas) 2004-14			**2,645.5**	**877.5**	**3,523.0**

*Credits are based on completions. Rental units count 1-for-1 within project areas and and 1-for-2 outside project areas. Ownership units do not count towards the calculation of credits

Summary of Inclusionary Obligations and Credits									
	1979-1994 Obligation	**1979-1994 Credits**	**1994-2004 Obligation**	**1994-2004 Credit**	**1994-2004 Surplus**	**2004-2014 Obligation**	**2004-2014 Credit (Est.)**	**2004-2014 Surplus**	**Total Surplus 1994-2014**
Number of ELI/VLI Credits	31	181	428	3155	2727	731	2,645.5	1,914.5	4,641.5
Percentage ELI/VLI Credits	6%	35%	6%	47%	NA	6%	22%		
Number of LI/MOD Credits	47	40	642	1,858	1216	1,096	877.5	-219	997
Percentage LI/MOD Credits	9%	8%	9%	28%	NA	9%	7%		
Total Affordable Credits	78	221	1,070	5,012	3942	1,827	3,523	1,696	5,638

Total Housing Units Built in Project Areas	
1979-1994	519
1994-2004	7,136
Estimated 2004-2014	12,179

Appendix C. Income & Senior Proportionality Analysis*

NON-AGE RESTRICTED 20% FUND SPENDING					
PROJECT	**ELI**	**VLI**	**LI**	**MOD**	**TOTAL**
Lenzen @ The Alameda	$0	$912,550	$3,498,110	$0	$4,410,660
Sunset Square	$454,375	$1,090,500	$2,726,250	$0	$4,271,125
Terramina Square	$0	$3,276,708	$7,372,594	$0	$10,649,302
Villa Monterey	$0	$891,832	$2,056,168	$0	$2,948,000
Villa Torre II	$0	$1,168,138	$4,477,862	$0	$5,646,000
Betty Anne Gardens	$538,784	$1,010,220	$3,569,445	$0	$5,118,449
Capitol/Wilbur	$0	$0	$0	$250,000	$250,000
El Paseo Studios	$402,765	$3,544,335	$0	$0	$3,947,100
Fallen Leaves	$2,061,588	$1,236,953	$7,627,877	$0	$10,926,418
Little Orchard	$0	$0	$0	$1,000,000	$1,000,000
Meredith	$0	$122,000	$0	$0	$122,000
Roewill Drive	$382,500	$0	$0	$0	$382,500
Turnleaf Apts	$0	$310,632	$2,640,368	$0	$2,951,000
Villa Solera	$0	$754,848	$6,793,634	$0	$7,548,482
Vintage Tower	$0	$1,363,404	$1,306,596	$0	$2,670,000
Pollard Plaza	$0	$1,385,807	$12,365,664	$0	$13,751,471
Tierra Encantada	$434,783	$2,478,261	$1,086,957	$0	$4,000,000
Cinnabar Commons	$4,157,204	$4,370,394	$17,588,172	$0	$26,115,771
Las Mariposas	$0	$0	$0	$4,181,662	$4,181,662
Las Ventanas	$2,864,381	$3,191,738	$13,339,830	$0	$19,395,949
Oak Tree Village	$0	$1,299,109	$2,965,891	$0	$4,265,000
Almaden Family	$2,841,480	$10,933,520	$0	$0	$13,775,000
Art Ark	$1,709,325	$3,962,527	$0	$0	$5,671,852
Bella Castello	$490,230	$2,843,333	$931,437	$0	$4,265,000
Corde Terra Family	$0	$19,039,064	$2,044,936	$0	$21,084,000
Delmas Park	$1,533,619	$2,359,413	$3,303,178	$0	$7,196,210
Gish Apartments	$946,324	$1,528,676	$0	$0	$2,475,000
Hennessey Place	$0	$0	$760,000	$0	$760,000
Willow btwn Locust & Palm	$0	$104,000	$0	$0	$104,000
Paseo Senter I	$2,174,200	$4,969,600	$0	$0	$7,143,800
Paseo Senter II	$659,950	$5,279,600	$0	$0	$5,939,550
Sobrato House	$1,035,000	$0	$0	$0	$1,035,000
Tierra Encantada	$0	$0	$0	$400,000	$400,000
Casa Feliz Studio Apartments	$1,750,667	$235,666	$33,667	$0	$2,020,000

Curtner Studios	$395,428	$0	$0	$0	$395,428
Murphy Ringwood	$0	$1,238,000	$0	$0	$1,238,000
Vista on San Carlos	$0	$0	$0	$4,851,000	$4,851,000
Non-Age Subtotal	**$24,832,602**	**$80,900,830**	**$96,488,635**	**$10,682,662**	**$212,904,729**
PROGRAMS	**ELI**	**VLI**	**LI**	**MOD**	**Total**
Homebuyer Assistance Programs					
Almaden Walk - NOFA	$0	$0	$0	$520,000	$520,000
Autumn Terrace at Williams	$0	$0	$0	$65,000	$65,000
Bonita Court	$0	$0	$0	$90,000	$90,000
City Heights - NOFA	$0	$0	$0	$225,000	$225,000
Crimson - NOFA	$0	$0	$0	$1,040,000	$1,040,000
Habitat-Murphy Ave	$0	$0	$0	$1,119,834	$1,119,834
Habitat-Willow St	$0	$0	$0	$104,000	$104,000
Jackson Park - NOFA	$0	$0	$0	$560,000	$560,000
Keystone Place	$0	$0	$0	$105,000	$105,000
Little Orchard	$0	$0	$0	$160,000	$160,000
Midtown Plaza	$0	$0	$0	$1,240,000	$1,240,000
Modern Ice	$0	$0	$0	$65,000	$65,000
Monte Vista at Cannery - NOFA	$0	$0	$0	$890,000	$890,000
Monte Vista at Madison	$0	$0	$0	$503,000	$503,000
One East Julian	$0	$0	$0	$175,000	$175,000
San Antonio Place	$0	$0	$0	$120,000	$120,000
San Carlos Bowl	$0	$0	$0	$1,280,000	$1,280,000
San Jose State University Faculty Homebuyer Program (FHP)	$0			$740,000	$740,000
Teacher Homebuyer Program	$0	$535,138	$640,760	$16,830,602	$17,830,071
Tuscany	$0	$0	$0	$290,000	$290,000
Villa Almendra	$0	$0	$0	$170,000	$170,000
Villa Fontana - NOFA	$0	$0	$0	$305,000	$305,000
Village Square	$0	$0	$0	$340,000	$340,000
Housing Rehabilitation Program	$3,154,423	$2,417,073	$2,339,419	$155,310	$8,066,224.97
Paint Program	$0	$2,385,538	$822,374	$210,622	$3,418,534
NHSSV (Home Venture Fund)	$0	$0	$0	$2,550,000	$2,550,000
Non-Age Subtotal	**$3,154,423**	**$5,337,749**	**$3,802,553**	**$29,268,368**	**$41,386,664**

NON-AGE TOTAL	**$27,987,026**	**$86,238,579**	**$100,291,188**	**$39,951,030**	**$254,291,393**

AGE-RESTRICTED 20% FUND SPENDING					
PROJECT	**ELI**	**VLI**	**LI**	**MOD**	**TOTAL**
Craig Gardens	$489,015	$4,346,801	$0	$0	$4,835,816
Gadberry Courts	$633,333	$1,166,667	$0	$0	$1,800,000
Brooks House	$0	$3,325,000	$0	$0	$3,325,000
Mabuhay	$1,539,894	$8,110,106	$0	$0	$9,650,000
Rose Garden Seniors	$768,462	$2,006,538	$0	$0	$2,775,000
Shiraz	$0	$3,793,476	$0	$0	$3,793,476
Summercrest Villas	$0	$751,400	$3,005,600	$0	$3,757,000
Villagio	$0	$1,447,077	$3,255,923	$0	$4,703,000
Hacienda Villa	$2,766,182	$8,160,236	$0	$0	$10,926,418
Monte Vista Seniors II	$0	$4,353,801	$0	$0	$4,353,801
Oak Circle	$659,667	$3,694,135	$0	$0	$4,353,801
Las Golodrinas	$1,870,841	$0	$0	$0	$1,870,841
The Oaks of Almaden	$7,240,416	$0	$0	$0	$7,240,416
AGE-RESTRICTED TOTAL	**$15,967,809**	**$41,155,237**	**$6,261,523**	**$0**	**$63,384,570**

*All figures in Appendix C indicate Projects & Programs completed between January 1, 2002 and June 30, 2009

Income Proportionality

Income Category	20% Fund Amount	Percent
ELI	$43,954,835	14%
VLI	$127,393,816	40%
LI	$106,552,711	34%
MOD	$39,951,030	13%
Total	$317,675,963	100%

Maximum 20% Fund Spending Limit for Low-Income Senior Housing

Group	Population
Senior low-income households	22,510
All low-income households	93,068
Proportion of low-income seniors/total low-income population = Max spending limit on age restricted housing development	**24.2%**

Type of 20% Fund Spending	20% Fund Amount	Percent

Non-age restricted spending	$254,291,393	80%
Age-retricted spending	$63,384,570	20%
Total	$317,675,963	100%