



City Council Meeting

Item 7 RTC 22-69
Patrick Henry Drive Specific Plan

March 22, 2022

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City of Santa Clara
 The Center of What's Possible

Patrick Henry Drive Specific Plan

Objectives

- General Plan Focus Area accommodates future growth of Santa Clara
- Specific Plan establishes policies to support transformation of 62 acres of industrial use into new, urban, mixed-use neighborhood



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Patrick Henry Specific Plan

Date	City Council Action
July 17, 2018	Consultant selection / contract approved including scope of objectives
April 9, 2019	Reviewed proposed objectives for the Specific Plan and directed staff to proceed
Dec 10, 2019	Reviewed a detailed project description prior to the City's issuance of (NOP) for EIR
Dec 17, 2019	Adopted a Resolution supporting the PHD area as one of six new ABAG/MTC PDAs.
April 28, 2020	Accepted a proposed land use plan, land use designations, circulation plan, and parkland and open space plan for preparation for the plan EIR
Dec 16, 2020	Approved an expansion of the contract with MIG to expand the scope of analysis in the EIR to include a land plan without a Mission College roadway connection
August 24, 2021	Approved contract amendment to expand services on EIR, Traffic, & Sewer Model Run
April 20, 2021	Provided feedback at Study Session on more parkland; mobility options; affordability
Dec 12, 2021	Study Session review and input on Plan progress

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Patrick Henry Drive Specific Plan

Land Use Plan – Proposed Development Capacity

	Residential Units	Office	Other Non-Residential
Scenario A	12,000	-----	310,000 SF
Scenario B	10,300	785,000 SF	310,000 SF

- Based on stakeholder input
- Pearlman/Himy Site – 2 scenarios were evaluated in the project EIR

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Patrick Henry Drive Specific Plan

Land Use Plan

- Study Area
 - Existing Parcel (City of Santa Clara)
 - Existing Parcel (Study Area)
 - Open Space
 - Very High Density Residential (51-99 du/ac)
 - Urban Village (100-149 du/ac)
 - Urban Center (120-250 du/ac)
 - High Density Flex (60-149 du/ac ; 2.0 FAR)
 - Village Residential (60-149 du/ac)
 - Potential Trail and Landscape Dedication
- Conceptual location of a future Library/Community Center Public parkland only required with residential development



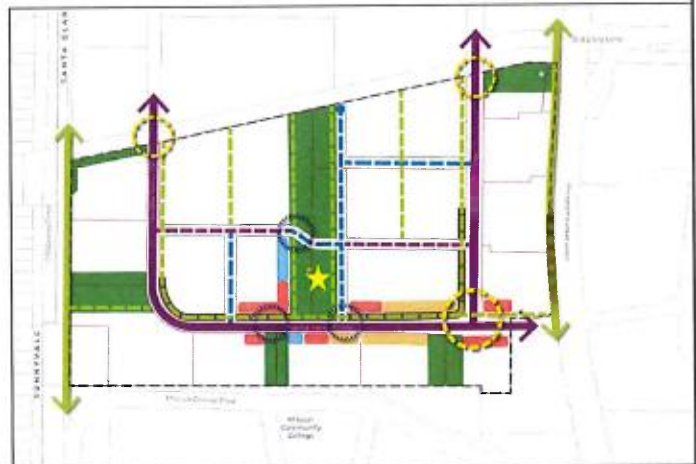
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Patrick Henry Drive Specific Plan

Parkland and Amenities

- Parkland is 10.23 acres / 16.4% of net site area
- Minimum open space is 22% of development area
- Trail connections
- Commercial “Main Street”
- Community room / art park
- Potential library / recreation center



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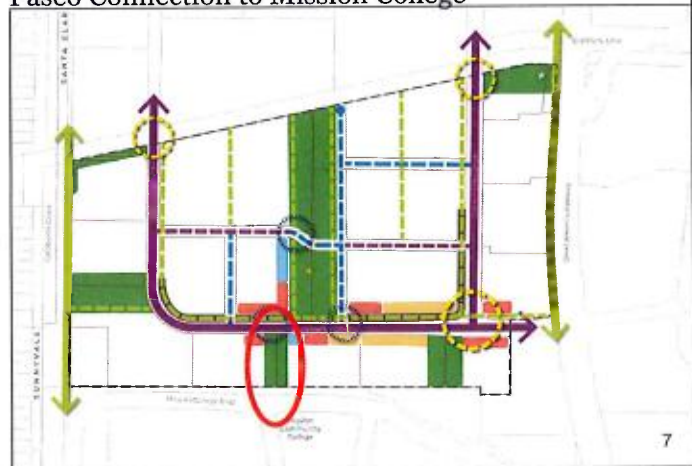


Patrick Henry Drive Specific Plan

Circulation and Mobility

Paseo Connection to Mission College

- | | |
|---------------------------------------|--------------------------------|
| Study Area | Plaza |
| Existing Parcel (City of Santa Clara) | Retail |
| Existing Parcel (Study Area) | Community / Civic |
| Park/Open Space | Flex (Office, Retail) |
| Existing Greenway | Existing Roadway |
| Proposed Greenway | Proposed Roadway |
| Slow Street | Potential Roadway Alternatives |
| Activity Nodes | |
| Gateways | |



Patrick Henry Drive Specific Plan

Transportation Demand Management

- TDM program will require measures that reduce Vehicle Miles Traveled by 20% (10% from active measures)
- Will include the formation of a Transportation Management Association (TMA) that will help to organize and operate a shuttle between the PHD area and regional transit
 - Other new development projects will be required to join, with the intent of making the TMA a more valuable regional service
 - **Trigger:** Certificates of Occupancy for 3,300 PHD units issued, or 1,500 units **if** 5,000 units have been issued in C's of O North Santa Clara



Patrick Henry Drive Specific Plan

Planning Commission Recommendation

Approve per staff recommendation with the following changes:

1. Modify Affordable Housing Inclusionary Requirement
 - Existing: 15% of units to be affordable at 80% AMI
 - Proposed: 5% of units to be affordable at 50% AMI
5% of units to be affordable at 80% AMI
5% of units to be affordable at 120% AMI
2. Add clarifying language related to the Mission College connector
3. Add language encouraging use of a skilled & trained workforce

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Patrick Henry Drive Specific Plan

Staff Recommendation

Approve per staff recommendation with the following changes:

1. Modify Affordable Housing Inclusionary Requirement
 - Existing: 15% of units to be affordable at 80% AMI
 - Proposed: 5% of units to be affordable at 50% AMI
5% of units to be affordable at 80% AMI
5% of units to be affordable at 120% AMI
2. Add clarifying language related to the Mission College connector

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The seal of the City of Santa Clara, California, is circular. It features a central illustration of a mission-style building with a red roof and a bell tower, set against a blue sky with clouds and green grass. The year "1852" is written below the building. The outer ring of the seal contains the text "CITY OF SANTA CLARA CALIFORNIA" at the top and "THE MISSION CITY" at the bottom, separated by a dotted line.

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3/22/2022

Item 7

Melissa Lee

From: Dennis Martin <dmartin@biabayarea.org>
Sent: Monday, March 21, 2022 5:25 PM
To: Mayor and Council
Subject: Council Agenda 3.22.22 Patrick Henry Drive Specific Plan
Attachments: BIA_MayorGillmor_Council_PHDSP_3.22.22.pdf

Dear Mayor Gillmor and Council Members;

Please accept and consider the attached letter of comment from BIA Bay Area regarding the Patrick Henry Drive Specific Plan.

Thank you,

Dennis Martin

BIA Government Affairs



POST MEETING MATERIAL



1000 Burnett Avenue
Concord CA 94520

March 21, 2022

Mayor Lisa Gillmor
Santa City Councilmembers
City of Santa Clara
1500 Warburton Avenue, Santa Clara, CA 95050
TRANSMITTED BY EMAIL

Re: Council Agenda 3.22.22, Item #7, Patrick Henry Drive Specific Plan

Dear Mayor Gillmor and Councilmembers,

The Building Industry Association of the Bay Area (BIA) writes to urge the City Council to adopt the Staff Recommendation of the Patrick Henry Drive Specific Plan (PHDSP) Resolution and reject the Planning Commission recommended resolution. The Planning Commission recommendation to include a seventh principle to the PHDSP that would “encourage” the use of local hiring and wage standards violates law, is unenforceable, and would significantly contribute to higher costs of housing development.

Prevailing wages laws have traditionally required that workers building government-funded construction projects be paid specified prevailing wage rates, but privately financed market rate housing, with very few exceptions, has not been subject to prevailing wage requirements. In the few places where these stipulations have been enacted, the negative effects on the production of housing have been made abundantly clear. A burgeoning body of evidence finds a significant relationship between prevailing wage requirements and higher costs of housing production.

Union Requests Prevailing Wage and Local Hire

At the January 26, 2022 Planning Commission PHDSP hearing, building trades union representatives and members persistently promoted the notion that the PHDSP should be amended to “encourage” prevailing wage standards and local hire principles during the Plan’s build out. A letter from Dylan Boldt, President of IBEW Local 332, SMART Local 104, UA Plumbers Union Local 393, and Sprinkler Fitters Local 483, included specific language on wages and hiring that he demanded be amended in the Plan’s Goals and Principles. Appallingly, the Planning Commission adopted the union’s language word-for-word in its recommendation to the City Council.

City Attorney Recommends Denial of Union Request

In lengthy comments during the 1.26.22 PC hearing, City of Santa Clara Attorney Xander Abbe strongly advised denial of the union request to include the so-called seventh principle of prevailing wage and local hire.

January 26, 2022 City of Santa Clara Planning Commission hearing transcript:

Abbe: We heard quite a few comments from people advocating the insertion of language to encourage private developers to use a skilled and trained workforce. On this I hate to be the wet blanket, but I need to put the brakes on this little bit.

I... advise you that the National Labor Relations Act preempts the city from requiring the use of the skilled and trained workforce or unionized labor or prevailing wages. The city acts as a regulator, we do not have the legal authority to require this. We cannot make it into our specific plan.

The union doesn't go quite as far as that They are asking for language to encourage the use of a skilled and trained workforce. But the lawyer in me gets very nervous with the word encourage, because again, we do not have any legal authority to require this, so how exactly do we encourage it if we cannot require it? Plus, as you heard me say earlier to Commissioner Jurek, much of this will be subject, will be limited to objective standards. We have this somewhat ambiguous requirement to encourage the use of the trained and skilled workforce. I don't think that would be consistent with the laws that require us to only use objective standards.

Would we be able to deny a project that doesn't respond to that encouragement? And putting it into our specific plan is a real interpretation problem. The city doesn't apply enough pressure to encourage, has the city violated the policy? And will a future City Council read encouraged as to require something that we know at the outset is outside our authority? My recommendation is not to adopt the proposed language about encouraging the use of skilled and trained workforce.

The City Attorney's last paragraph is a key point. The City is prohibited from imposing subjective standards on housing development per the Housing Accountability Act. How is this "principle" to be enforced? We only have to look to a recent housing project in a neighboring city to learn the Unions' strategy: demand that the Council apply a condition of approval that would require prevailing wage and local hire on housing projects.

On February 8, 2022 the Mountain View City Council conducted a hearing for 555 W. Middlefield Rd, a housing project. The Project has been under review for nearly 6 years. But at the Planning Commission and Council hearings on the Project, union representatives demanded that the City condition the Project approval by requiring certain promises to labor, including prevailing wage and local hire.

Prevailing Wage/Local Hire Provisions Increase Cost of Construction by 37% or More

In a 2017 study for the California Homebuilding Foundation, Blue Sky Consulting Group found that setting expectations for prevailing wage has a powerful impact on the cost of housing:

While the differences vary by occupation and county, our analysis indicates that the prevailing wage rates for residential construction workers are generally much higher than the corresponding market wage rates. Overall, we estimate that requiring prevailing wage rates for privately financed residential construction would result in an increase in total hourly rates that range from a low of 39% for electricians up to a high of 116% for construction laborers. Overall, we estimate that hourly labor costs for residential construction statewide would be on average 89% higher if builders were required to pay prevailing wage rates for all residential construction projects.

Labor currently accounts for approximately 41% of the construction costs for a typical single family home in California. Assuming no changes in the use of labor, the estimated 89% increase in hourly labor costs would result in a 37% increase in total construction costs.

Measure JJJ Impacts the Cost of Residential Development in Los Angeles by as much as 45%

In 2016, voters in the City of Los Angeles passed Measure JJJ, a ballot initiative that included a mandate to pay prevailing wage. Beacon Economics in a well-regarded study of the measure estimated a 45.8% increase in a project's total cost from increasing labor costs of Measure JJJ. A 2019 evaluation of the impacts of Measure JJJ by LA Plus and the University of California Berkeley found a precipitous decline in the number of homes proposed in applications after prevailing wage and affordable housing requirements in the measure were enacted:

After Measure JJJ passed, there was a decline in new housing units applied for, measured on a per-quarter basis. Our data from Q1 2014 to part way through Q3 2018 shows an 11.3 percent decline. Data collected by the Department of City Planning with a shorter timeframe of Q1 2015 to Q3 2018 and a somewhat different count methodology shows a larger, 35.6 percent per-quarter decline. Even if we use our more conservative count, this decline is troubling because too few homes have been proposed, permitted and built both before and after Measure JJJ.

Overwhelming evidence points to the imposition of wage and local hire standards drastically increases the cost of housing development and forcing more projects into infeasibility.

Objective Design and Development Standards Required in State Law

The adoption of the so-called PHDSP seventh principle is in conflict with State law as clearly explained by City Attorney Abbe. As of January 1, 2020, Housing Accountability Act provisions enacted in SB 330 prohibit affected cities or counties from imposing or enforcing subjective design standards on housing developments where housing is an allowable use. Objective standards are limited to design standards that involve no personal or subjective judgment by a public official.

Constraint to Housing

Another drawback of adopting the "seventh principle" has to do with the Housing Element. The City has been tasked with planning and zoning for 11,739 residential units, many of which likely will be sited in the PHDSP. Should the Council adopt the "seventh principle" to the PHDSP, it

may constitute a constraint to housing and potentially affect the certification of the City's Housing Element. Constraints are factors that impact the feasibility, costs, and timelines of housing projects, which in turn affect the City's ability to meet the housing needs of all its residents and to affirmatively further fair housing goals. Encouraging prevailing wage and local hire are plainly actions that would impact feasibility, costs, timing and other factors of housing production.

In closing, BIA urges the Council to heed the admonitions of its own City Attorney and ignore the fallacious recommendations of union representatives and the Planning Commission. Do not adopt prevailing wage and local hire provisions in the Patrick Henry Drive Specific Plan, or in any other planning documents for that matter. A seventh principle to the PHDSP that would "encourage" the use of local hiring and prevailing wage standards violates law, is unenforceable, and would significantly contribute to the higher cost of housing development.

Despite the COVID 19 pandemic and the resulting economic slowdown, Silicon Valley still faces a housing crisis and the construction of new housing is in the vital interests of the City. BIA is looking forward to finding solutions to the housing shortage that are fair and reasonable for both the City and the home building industry. Please do not hesitate to contact me with any questions or comments.

Very truly yours,

Dennis Martin

Dennis Martin
BIA Government Affairs