

November 27, 2019

Manuel Pineda
Assistant City Manager
City of Santa Clara
1500 Warburton Avenue
Santa Clara, CA 95050

Re: North San José Area Development Policy Update

Dear Mr. Pineda:

Thank you for your letter dated November 18, 2019, regarding the continued exploration of modifications to the North San José Area Development Policy (NSJADP). I do not believe that the letter was a fair or accurate characterization of our efforts to date; however, San José staff continues to approach this work in an open and collaborative way as we attempt to find solutions that help ease the regional housing crisis.

San José agrees that assuring that private development occurs in parallel with the construction of necessary transportation improvements is an important priority. To that end, 55% of transportation improvements included in Phase 1 of the Policy, measured in cost estimates (\$70.1 million of \$128 million in 2019 dollars), are completed, underway, or have funding allocated or reasonably assured by other sources. This parallels the 56% of private development capacity in Phase 1 that has been developed or is in construction. In addition, another two intersection improvements from later phases have also been completed further demonstrating San José's commitment to this goal. This information has been provided in detail to Santa Clara in both previous letters and follow up emails as recently as November 15, 2019.

Following our September 13 meeting, San José committed to explore in good faith Santa Clara's proposal to meter development with a more granular phasing plan. After much analysis, San José determined that this approach would be contrary to the City's goals of producing housing and would ultimately restrict San José's ability to approve projects by effectively adding new phases, rather than consolidating existing ones. San José remains disappointed that Santa Clara is unwilling to explore other alternatives to this approach and to recognize San José's progress in delivering major transportation improvements in the area.

San José's interest in pursuing the proposed modifications was an attempt to identify the shortest path to allowing much needed housing units. Santa Clara's unwillingness

to explore a full range of alternatives is contributing to a worsening of the housing crisis and its impacts on all of the residents.

With no resolution in sight, San José intends to stop pursuing the current proposal of consolidating Phase 1 and 2 into Phase A. Attached is a memorandum for the December 10, 2019 City Council agenda which details San José staff's intent to stop exploring this approach.

As noted in the memorandum, the State has passed a significant amount of new housing and housing-related land use legislation. Much of this legislation builds on changes to State law over the past two years and San José staff is currently analyzing the full range of implications on City policies and land use regulations. With respect to our ongoing discussions on the NSJADP, we believe that SB 330 is the most significant. This bill included several new procedural changes and limitations, but of primary importance to North San José is the limitation on moratoriums or similar restrictions being imposed on housing development, and a prohibition on placing housing unit caps, population limits, or limitations on approval of permits issued for housing development.

The NSJADP includes a number of residential land use designations, which include Transit Residential, Urban Residential, and Urban Village and the Transit/Employment Residential Overlay. Staff is developing a understanding of how these designations will interact with new State law; however, we believe that the City will not be able to deny qualifying projects under these new provisions.

Consistent with our Settlement Agreement of January 12, 2018 in connection with the City Place project, we have been negotiating in good faith with Santa Clara. These discussions have represented our efforts to help address the housing crisis and facilitate new housing development. Since we seem to be at an impasse, we suggest both parties agree to participate in mediation in an effort to work out our remaining differences. Our attorneys will follow-up with your legal team to discuss various mediation options.

Sincerely,



Kim Walesh
Deputy City Manager

cc: Dave Sykes, City Manager
Richard Doyle, City Attorney

Attachment: NSJADP Memorandum for December 10 City Council Meeting