

November 25, 2009

To: The Honorable Mayor and City Council
200 E. Santa Clara Street
San Jose, CA 95113

RE: RECOMMENDATIONS FOR 2009 FALL GENERAL PLAN AMENDMENTS

Dear Mayor and City Council:

On November 12, 2009, the Housing and Community Development Advisory Commission (HCDC) heard a presentation from Planning, Building, and Code Enforcement Department staff regarding the 2009 Fall General Plan Amendments.

DISCUSSION: Twice a year, the Planning Department provides an overview of its recommendations to the Housing Commission before General Plan amendments are presented to the City Council. Planning staff made a presentation regarding the 11 General Plan Amendments going to City Council on December 1, 2009. The Commission only took action on one of the amendments presented by staff related to Markham Terrace (GP08-07-04). The Department of Planning did not recommend this project, however, the Planning Commission voted to support the project.

RECOMMENDATION: The Housing and Community Development Advisory Commission recommends that the Mayor and City Council approve GP08-07-04 for the following reasons:

1. In 2008, the City Council approved a Planned Development (PD) Zoning for the site to allow rehabilitation or reconstruction of the existing 95 single room occupancy (SRO) units, and determined the PD Zoning conforms to the General Plan. This General Plan Amendment would facilitate the replacement of 95 dilapidated SRO living facility units with 102 new affordable residences.
2. In 2009, the City Council authorized the Director of Housing to negotiate and execute a forbearance agreement between EHC Lifebuilders and its creditors, INCLUDING other related actions to enable the site to be sold for affordable housing along with eight other properties to strengthen EHC's financial position.
3. In 2009, the City Council approved a funding commitment of up to \$6,280,000 of Low- and Moderate-Income Housing Funds to Charities Housing Development Corporation (Charities Housing) to acquire the subject site from EHC Lifebuilders so it could be redeveloped for affordable housing.

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4. Denial of the General Plan Amendment would result in non-compliance with the Forbearance Agreement. This would ultimately result in foreclosure by private lenders on the Markham Terrace site and other scattered site properties in San Jose owned by EHC - seriously jeopardizing the continued viability of EHC.
5. A repayment obligation by EHC and/or the City of \$4.68 million due to the Federal Department of Housing and Urban Development (HUD) because non-housing uses would violate the terms of HUD's previous funding, for which no payment source exists.
6. Denial of the General Plan Amendment would result in an additional loss to the City of \$7.8 million in 20% Housing Funds for site acquisition, tenant relocation, and predevelopment funding that have been committed or spent on this project.
7. The site has a 55-year affordability restriction that requires affordable housing to be provided on the site until 2049.

Thank you for considering the recommendation made by the Housing and Community Development Advisory Commission. Please do not hesitate to contact me through the City of San Jose Housing Department at (408) 535-3860 if you have any further questions or concerns.

Sincerely,



Bonnie Mace
Chair, Housing & Community Development Advisory Commission

CC: Department of Planning, Building, and Code Enforcement