Economic Summit

PRESENTED BY BRIDGE BANK
In Association with Hopkins & Carley

May 30, 2019 | Student Union Ballroom
7:30 – 8:15am | Registration and Continental Breakfast
8:15 – 10:00am | Presentations and Q&A

CONFIRMED PANELISTS
Hon. Zoe Lofgren, Congresswoman
Christopher Thornberg, Founding Partner, Beacon Economics

A panel of notable experts will forecast Silicon Valley’s economic landscape and discuss how this may impact your business.
Matthew Mahood
President and CEO
The Silicon Valley Organization
(The SVO)
About The SVO

• 1,200 Members

• 80% small businesses

• 5 Core Services:
  1. Networking & Business Visibility
  2. Public Policy Advocacy
  3. Economic Development Strategy
  4. Community Development
  5. Political Action
Economic Summit

447 ALMADEN BLVD – BOSTON PROPERTIES

- 17 stories, 1.8 million sq ft of office space, 3.67 acre site
- Parking lot transformed into Two Towers for office space
• Fourth Office Tower Addition, redeveloping the old Lido Night Club Site

• Six Stories, 50,000 square feet = 4,000 New Employees
BUYING UP DOWNTOWN SAN JOSE
Over the past two years, local developer Gary Dillabough has acquired 21 parcels in the heart of downtown San Jose, near where Google is planning its transit village.

21 Properties = +$300 million

Five to Seven Year Development Timeline

Key Policies
- Opportunity Zones
- San Jose Downtown High-Rise Fee Exemption
POLICY 1: OPPORTUNITY ZONES

- 2017 Federal Tax Reform
- Designated Areas
- Defer or Eliminate capital gains on redevelopment projects held for 10+ years
Economic Summit

URBAN CATALYST

• 65,000 sq ft of office
• 11,500 sq ft of retail
• Grand Lobby Entrance
POLICY 2: SJ DOWNTOWN HIGH-RISE FEE EXEMPTION

- Exemption of City’s Affordable Housing Impact Fee

- Projects with 100% occupancy certified by 6/30/21
POLICY 3: SJ INCLUSIONARY HOUSING ORDINANCE

What is the Inclusionary Housing Ordinance (IHO)?

The Inclusionary Housing Ordinance, Chapter 5.08 of the San José Municipal Code, was adopted on January 12, 2010. The IHO requires all residential developers who create new, additional, or modified For-Sale or Rental units to provide 15% of housing on-site that is affordable to income qualified buyers/renters specified below. The base obligation is where 15% of the inclusionary units are provided On-Site. Please see the following table that summarizes the alternative compliance options based on a 20% obligation:

<table>
<thead>
<tr>
<th>Obligation</th>
<th>For-Sale</th>
<th>Rental</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-Site*</td>
<td>Purchasers must be at or below 120% AMI</td>
<td>9% at MOD (80% AMI)</td>
</tr>
<tr>
<td>Off-Site*</td>
<td>Purchasers must be at or below 120% AMI</td>
<td>6% at VLI (50% AMI)</td>
</tr>
<tr>
<td>In-Lieu Fee</td>
<td>In-Lieu fee per Inclusionary home is $167,207 (July 1, 2018 to June 30, 2019)</td>
<td>In-Lieu fee per Inclusionary unit is $125,000 (January 1, 2016 to June 30, 2016)</td>
</tr>
<tr>
<td>Dedication of Land</td>
<td>Marketable title, general plan designation zoned for residential development and at a density required, and suitable for inclusionary units. Must comply with the requirements as listed in the Municipal Code 5.08.530.A.</td>
<td></td>
</tr>
<tr>
<td>Surplus In-Lieu Credits*</td>
<td>Developers may purchase or transfer credits for affordable housing units that are available for occupancy concurrently with market rate units. Must comply with the requirements as listed in the Municipal Code 5.08.540.C.</td>
<td></td>
</tr>
<tr>
<td>Acquisition and Rehab of Units*</td>
<td>Rehabilitate existing market rate units for conversion to units affordable to Lower and Very Low Income Households. Number of Rehabilitation units must be 2 to 1 of the base inclusionary obligation. Must comply with the requirements as listed in the Municipal Code 5.08.550.</td>
<td></td>
</tr>
<tr>
<td>HUD Restricted Units*</td>
<td>Developers may provide units that are restricted to Affordable Housing Cost for Lower and Very Low Income Households through entering into an agreement with the U.S. Department of Housing and Urban Development (HUD). Must comply with the requirements as listed in the Municipal Code 5.08.560.H.</td>
<td></td>
</tr>
<tr>
<td>Combination of Methods</td>
<td>Developers may propose any combination of methods to satisfy the project's inclusionary housing obligation. Must comply with the requirements as listed in the Municipal Code 5.08.570.</td>
<td></td>
</tr>
</tbody>
</table>

* These Compliance Options also require Developers to provide the same bedroom ratio of affordable units in comparison to the total. Please see IHO Guidelines below for more details on each Compliance Option.

• Per Unit versus Per sq ft
• Reviewed in Fall 2019
Economic Summit

STAR CITY CO-LIVING

• 800 Units @ 199 Bassett St
**POLICY 4: SJ OEI – DOWNTOWN HEIGHT LIMITS**

- Potential of an additional 9 million sq ft of office space = +$5 million in annual city tax revenue
- Waiting for implementation
SILICON VALLEY DEVELOPMENTS

• Vallco – Cupertino
• CityPlace – Santa Clara
• Google – Sunnyvale
THANK YOU

NEXT STEPS

JOIN US.

THE SVO
The silicon valley organization

THESVO.COM