San Jose Development Update

WGNA Board Meeting
Willow Glen Branch Library
March 9, 2017
Agenda

● SJ economic update
● Major developments’ status and lookahead
● Downtown update
● BART progress
● North San Jose
● Incentives/initiatives
● Cool tools
Office of Economic Development: Mission

Economic Strategy
Policy Development Attraction/
Retention
Workforce Development
Arts and Culture
City Real Estate
As of Jan. 1, SJ had:

- ~2M SF+ square feet of Class A office under construction
- 815,000 SF of retail under construction (inc. Westfield)
- 831,000 SF industrial under construction
- 3,116 residential unit building permits issued since July 2015
- 9,500 residential units proposed or approved as of Feb. 2016 (many more now)
- 1,700 hotel rooms planned
What’s the trend?

### Commercial and Industrial Permit Activity (Valuation)

<table>
<thead>
<tr>
<th>Year</th>
<th>FY12/13</th>
<th>FY13/14</th>
<th>FY14/15</th>
<th>FY15/16 YTD</th>
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<tbody>
<tr>
<td>Valuation (Millions)</td>
<td>$200,000,000</td>
<td>$400,000,000</td>
<td>$600,000,000</td>
<td>$800,000,000</td>
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- Industrial Alteration
- Industrial New Construction
- Commercial Alteration

### Residential Permit Activity (Units)

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- Single Family
- Multi-Family
Growth Projections: 400,000 more by 2040 (and 120K resi units)
Current Project Updates
Santana Row Expansion

- Expansion includes an additional 516,000 SF of office, 55,000 SF of retail, and 370 residential units
- 700 Santana Row (pictured): new 284,000 SF Class A office building
- Expected finish: Early 2019
- Ground broke December 2016

Still to come: 258 units (Lot 12) - entitled and ready to go. 900 Santana Row (226K office) entitled
America Center - Part Deux

457,000 SF Class A office

Largest-ever View Glass installation

LEED Gold

Future expansion capacity
Brokaw Road Campus

116K SF under construction

Tenant unclear…
Westfield Valley Fair Expansion

- $600M, 650,000 SF expansion of existing Westfield Valley Fair shopping mall
- New 150,000 SF, 3-level Bloomingdale’s store
- Space for 90 new retailers
- Showplace ICON cinema (on Santa Clara side)
- Outdoor dining and lounges
- Expected completion in 2019
Coleman Highline

Phase 1 under way: 357K SF

$14M underground tunnel to Caltrain started October.

Better connects access for pedestrians and cyclists to the Caltrain, ACE and Capital Corridor platform, and El Camino Real.

Retail, hotel in future plans.
Bay 101

64,000 SF 2-story card club

174 room Embassy Suites

FUTURE: 9-story office (242,000 SF)
What to Watch for in 2017: Evergreen Arcadia

- 80 acres just south of Eastridge Mall
- 344,000 SF retail
- 250 residential units (SFD)
What to Watch for in 2017: Diridon

Phase I: 490,000 SF
Total: 1M SF
35,000 SF retail
325 apartments
What to Watch For in 2017: Comm Hill

First phase of 2,000 units under construction from KB Home

Huge infrastructure investment from KB

1.44M SF industrial with CEQA clearance on 55 acres close to population center
What to Watch for in 2017: Camera 12 sale

Offering went out this month

Offers due March 30

Sale is for land only - building owned by Forest City and subject to long-term GL.

Unpriced
What to Watch for in 2017: Apple site
What to Watch for in 2017: BART


Should not be affected by Warm Springs/Fremont delay

Flea market site to be upzoned for more commercial/office adjacent to station

BART Phase 2 (to Downtown/Santa Clara) EIR now out for comment

Measure B incl. $1.5B for final phase
Berryessa Station Area

Flea market site rezoned for 3,000 units in 2008

More commercial/office being studied for area closest to station

See SPUR report for in-depth look at neighborhood/issues
Finishing the BART line

Final phase cost: $4.7B

Measure B (approved in Nov.) provides $1.5B

Another $1.5B to come from federal “New Starts” program

$750M to come from Cap and Trade Funding

Draft EIR now on the street. Meetings this month. Comment period open.

Station options - where to put the stations?
Downtown Update

~1,900 units recently built

About 5,500 high- and mid-rise residential units in planning or under construction

1.7M SF office approved

Silvery Towers - 640 units under construction
The Pierce at SoFA: Now Leasing

- New 232 unit luxury residential building
- Located in the vibrant SoFA District
- 4,300 SF of ground-floor retail fronting S. 1st St.
- Contemporary design with unique architectural features
Downtown High-Rise Projects

“Post and San Pedro Tower”
0 Post St.
182 Residential Units
7,767 SF Ground-Floor Retail

“Parkview Towers”
252 N. 1st St.
220 Residential Units
14,555 SF Ground-Floor Retail
Downtown High-Rise Projects

“SJSC Towers”
39 N. 5th St.
610 Residential Units
19,500 SF Ground-Floor Retail

“The Graduate”
300 S. 2nd St.
260 Residential Units
16,400 SF Ground-Floor Retail
Downtown High-Rise Projects

"Alterra"
1st and Fountain Alley
324 Residential Units
5,000 SF Ground-Floor Retail

"Sobrato Block 3"
150 S. 2nd St.
393 Residential Units
7,150 SF Ground-Floor Retail
Downtown High-Rise Projects

“Gateway Tower”
470 S. Market St.
~270 Residential Units
Ground-Floor Retail

“Greyhound Station”
70 S. Almaden Ave.
708 Residential Units
20,000 SF Ground-Floor Retail
Downtown high-rise incentive

12-story residential buildings that break ground by July 2018

50% reduction in park fee (currently $21,400 per unit)

Reduce construction tax by 50% (currently about 4% of building construction value)

Defer payment until COP, rather than due at building permit issuance
North San Jose: Retail and Amenities

Study underway to determine how to draw in retail amenities to North San Jose

What type? Locations? Demand?

Give us your feedback!
Tenant trends

Medical office

Warehouse/distribution

Automotive-related

Food/entertainment
City Incentives and Initiatives

“So, what do you have to offer?”
Pre-development & Facilitation

- Developers
- Site Selectors
- Businesses
- Consultants
- Contractors
- Property Owners
- Brokers

75+ Pre-development Requests Supported
30+ Permit Facilitations
Expedited Permitting: STI/ITI

**SPECIAL TENANT IMPROVEMENT:**
- 320 Projects Completed
- $500m Construction Valuation

**INDUSTRIAL TOOL INSTALLATION:**
- 90 Projects Completed
- $60m Construction Valuation
Manufacturing Permit Incentive

Promote the city’s manufacturing sector has helped boost middle-class jobs and fill underused real estate by off-setting permitting costs.

FY 2015-16:
- Bentek
- Four in One
- SSL

521 jobs
298,000 sq. ft. improved

FY 2016-17 Goal:
- 6 new manufacturers
- 600 jobs
- 300,000 sq. ft. improved
Business Cooperation Program

City offers businesses a rebate of up to 30% of the additional net new Use Tax collected by the State Board of Equalization.

$650,000 in new sales tax revenue by the end of FY 2016-2017

$130,000 to participating companies
Workforce Development

Manufacturing:
- Operational Excellence program for DC Electronics
- Project Management Professional certification training for Olympus
- 8 manufacturing companies receiving job placement and employee upskilling
- 5 manufacturing-related cohort-based trainings
- Directly served 188 individuals in manufacturing
- Provided manufacturing-related training to 119 people, 61 - placed in jobs.

Other Areas:
- Cybersecurity
- Computer support
- Computer network support
- Software testing
- Automotive repair and maintenance
- Facility management
San Jose Restaurant Streamlining Pilot

Coordinates with Santa Clara Public Health

Pre-screens applications for problems, eliminating future headaches

Restaurants can be cleared for building permit in weeks, not months

Information: Program Manager Ron Davis, ron.davis@sanjoseca.gov
State Programs: California Competes Tax Credit

- Income-tax credit for co’s that want to come, stay or grow in Calif.
- FY2016-17: $243.3M available
- Next application period: March 6-March 27
- Negotiated agreement based on various factors:
  - Jobs created/retained
  - Employee compensation
  - Strategic importance of the company to the region/state
  - Extent of unemployment/poverty in location
- Local examples:
Cool tools for site selection

Interactive maps for zoning, general plan, traffic counts, downtown parking, urban villages, APNs, road conditions and more.

http://csj-mapsgallery.appspot.com/index.html
General Plan Zoning

Designation: NGC - Neighborhood/Community Commercial

Designation: CIC - Combined Industrial/Commercial
Weekly Project Filing Email

Get project submissions, zonings, other permits in your inbox every week.

https://www.sjpermits.org/permits/general/emailform.asp
New county title record system

More search options, “more Googly” in its search results.

http://scccroselfservice.org/web/