



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Planning Commission

SUBJECT: SEE BELOW

DATE: November 22, 2016

SUBJECT: GPT16-009. CITY-INITIATED GENERAL PLAN TEXT AMENDMENTS ASSOCIATED WITH THE ENVISION SAN JOSÉ 2040 GENERAL PLAN FOUR-YEAR REVIEW.

RECOMMENDATION

The Planning Commission voted 4-0-3 (Commissioners Bit-Badal, Ballard, and Vora absent) to recommend that the City Council approve the Addendum to the Envision San José 2040 General Plan Final Program Environmental Impact Report and Supplemental Environmental Impact Report to the the Envision San José 2040 General Plan Final Program Environmental Impact Report, and approve the proposed General Plan Text Amendments associated with the Envision San José 2040 General Plan Four-Year Review.

OUTCOME

Should the City Council approve the General Plan Text Amendments, the General Plan will be amended to reflect modifications as outlined in the resolution and Attachment D of the Planning Commission Staff Report.

BACKGROUND

On November 16, 2016, the Planning Commission held a public hearing to consider the proposed General Plan Text Amendments. Staff also held an Envision San José 2040 General Plan Four-Year Review Study Session on November 16, 2016, prior to the Planning Commission Meeting. During the Study Session, staff presented background information and key findings from technical reports prepared for the General Plan Four-Year Review, and proposed General Plan Amendments as recommended by the Four-Year Review Task Force and staff. Three members of the public spoke following staff's Study Session presentation. The public speakers were supportive of proposed policies to facilitate affordable housing and lowering the General Plan's Jobs to Employed Resident Ratio from 1.3 to 1.1. Two speakers were concerned with staff's updated recommendation to lessen the reduction of jobs in the North Coyote Valley Employment

Growth Area. Staff responded that the recommended change in planned growth in the North Coyote Valley Employment Area is necessary to ensure there is adequate job capacity to reflect existing entitlements within the Growth Area. Staff was also available for questions by the Planning Commission during the Study Session.

General Plan Hearing Staff Presentation

For the General Plan Public Hearing, staff presented background of the General Plan Four-Year Review process and summarized the Task Force and staff's recommendations. A summary of recommendations to modify the General Plan include:

- Adjust the General Plan's planned job capacity from 470,000 new jobs to 382,000 new jobs (equivalent to a 1.1 Jobs to Employed Resident Ratio);
- Establish a short term (2025) J/ER Goal of 1 to 1;
- Move Berryessa BART Urban Village from Horizon 2 to Horizon 1;
- Adjust the target for development of Urban Village Plans from 9 months to 1 year;
- Prioritize future Urban Village planning efforts on Horizon 2 Light Rail Urban Villages;
- Update the City's Greenhouse Gas Reduction Strategy within two years of completion of the update to the State's Climate Change Scoping Plan;
- Establish an area-wide goal for Urban Village Plans that $\geq 25\%$ of units built would be affordable;
- One-hundred percent affordable housing projects can proceed within an Urban Village ahead of a Growth Horizon or approved Village Plan, if it meets certain criteria;
- One-hundred percent affordable housing projects are allowed on commercially designated vacant or underutilized sites ≤ 1.5 acres outside of existing Growth Areas, if it meets certain criteria; and
- Identify, assess, and implement potential tools, policies, and programs to prevent or mitigate displacement of low-income residents

The complete set of recommendations can be found in redline version in Attachment D of the Planning Commission Staff Report.

Public Testimony

Following staff's presentation, the Planning Commission received public testimony from three community members. One speaker supported the new policies and action items recommended by the Task Force and staff related to the facilitation of affordable housing. The other two speakers stated that the City has invested significant funds in infrastructure improvements in the North Coyote Valley industrial area, and that removing planned jobs from the Growth Area could impact the General Plan Environmental Impact Report Traffic Study.

Planning Commission Discussion

Commissioner Pham made a motion to recommend that the City Council approve the Addendum to the Envision San José 2040 General Plan Final Program Environmental Impact Report and Supplemental Environmental Impact Report to the Envision San José 2040 General Plan Final Program Environmental Impact Report, and approve the proposed General Plan Text Amendments associated with the Envision San José 2040 General Plan Four-Year Review. Commissioner Yesney seconded the motion, but stated for the record that she is not in favor of adding more and more jobs in Coyote Valley.

Commissioner Allen asked staff to clarify that the recommendation is to reduce jobs in the General Plan and the North Coyote Valley Employment Area. Staff responded that the recommendation is to reduce the overall planned jobs in the General Plan, and that the Four-Year Review would reduce jobs in the North Coyote Valley Employment Area by 5,000; and subsequently another 10,000 as part of the Downtown Strategy update process. This would leave 35,000 planned jobs in the North Coyote Valley Employment Area, enough to accommodate the approximately nine million square feet of existing commercial/industrial entitlements.

The Planning Commission voted 4-0-3 (Commissioners Bit-Badal, Ballard, and Vora absent) to recommend that the City Council approve the Addendum to the Envision San José 2040 General Plan Final Program Environmental Impact Report and Supplemental Environmental Impact Report to the the Envision San José 2040 General Plan Final Program Environmental Impact Report, and approve the proposed General Plan Text Amendments associated with the Envision San José 2040 General Plan Four-Year Review.

ANALYSIS

For complete analysis, please see the Planning Commission Staff Report (attached).

EVALUATION AND FOLLOW UP

If the General Plan Text Amendment is approved, the Envision San José 2040 General Plan will be amended to reflect modifications as detailed in the Planning Commission Staff Report.

PUBLIC OUTREACH

Staff followed Council Policy 6-30: Public Outreach Policy. A notice of the public hearing was published in the San Jose Post Record and on the City's website. The staff report is also posted on the City's website and staff has been available to respond to questions from the public.

In addition, the General Plan Four-Year Review process involved six Task Force meetings, including 43 stakeholder group representatives; all meetings were open and accessible to the public. The 43 stakeholder groups were selected by the Mayor's Office and included other governmental agencies, such as the Santa Clara County Valley Transportation Authority, as well as non-profit agencies, developers, and District representatives, among others. Each meeting included a public comment period for the public to provide oral and written comments and questions to staff and the Task Force. Planning staff also created a City webpage (www.sanjoseca.gov/GeneralPlanReview) to provide background and disseminate information for the Four-Year Review.

COORDINATION

Preparation of this memorandum has been coordinated with the City Attorney's Office.

COMMISSION RECOMMENDATION/INPUT

The Planning Commission voted 4-0-3 (Commissioners Bit-Badal, Ballard, and Vora absent) to recommend that the City Council approve the Addendum to the Envision San José 2040 General Plan Final Program Environmental Impact Report and Supplemental Environmental Impact Report to the the Envision San José 2040 General Plan Final Program Environmental Impact Report, and approve the proposed General Plan Text Amendments associated with the Envision San José 2040 General Plan Four-Year Review.

CEQA

An Addendum to the Envision San José 2040 General Plan Final Program Environmental Impact Report (Resolution No. 76041) and Supplemental Environmental Impact Report to the Envision San José General Plan Final Program Environmental Impact Report (Resolution No. 77517) was prepared for the project under the provisions of the environmental review requirements the California Environmental Quality Act of 1970, as amended (CEQA), including the state and local implementing regulations. The CEQA Guidelines Section 15162 states that when an EIR has been certified, no subsequent EIR shall be prepared for that project unless the lead agency determines that either substantial changes are proposed to the project which will require major revisions to the previous EIR, substantial changes will occur with respect to the circumstances under which the project is undertaken which will require major revisions of the previous EIR, or new information of substantial importance is available. The Initial Study included updated technical analysis of traffic and greenhouse gas emissions. An Initial Study was prepared for the General Plan Amendments associated with the Envision San José 2040 General Plan Four-Year Review.

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An Addendum concluded that the proposed General Plan Amendments would not result in any new significant impacts, impacts that are cumulatively considerable, or impacts that will directly or indirectly cause substantial adverse effects on human beings beyond those disclosed and evaluated in the General Plan Final PEIR and General Plan Supplemental EIR. The proposed General Plan Amendments are also consistent with the City's Greenhouse Gas Reduction Strategy outlined in the General Plan.

A copy of the Addendum and technical reports are available online:

<http://www.sanjoseca.gov/index.aspx?NID=5270>

/s/

HARRY FREITAS, SECRETARY
Planning Commission

For questions please contact Steve McHarris, Planning Official, at 408-535-7819.

Attachment: Planning Commission Staff Report



PLANNING COMMISSION STAFF REPORT

File No.	GPT16-009
Applicant	City-initiated
Location	Citywide
Council District	Citywide
CEQA	Addendum to the Envision San José 2040 General Plan Final Program Environmental Impact Report (Resolution No. 76041) and Supplemental Environmental Impact Report to the Envision San José General Plan Final Program Environmental Impact Report (Resolution No. 77517)

APPLICATION SUMMARY:

City-initiated General Plan Text Amendments associated with the Envision San José 2040 General Plan Four-Year Review.

RECOMMENDATION:

Planning staff recommends **approval** of the resolution to implement staff's recommended General Plan Text Amendments associated with the General Plan Four-Year Review.

PROJECT DESCRIPTION

Background

The *Envision San José 2040 General Plan* (General Plan) is a comprehensive, innovative, and forward-thinking policy document that lays the framework for becoming a fiscally-sound and environmentally sustainable city of great places, while also accommodating a projected population growth of over 470,000 new residents and aspiration of 477,000 new jobs. Over 5,000 individuals participated in the General Plan update process from 2008 through 2011, and the General Plan was approved unanimously by the City Council on November 1, 2011.

The General Plan sets forth Goals and Policies requiring the City to conduct a review of the Plan every four years. The purpose of the General Plan Four-Year Review (Four-Year Review) is to evaluate significant changes in the planning context and achievement of key General Plan goals. The General Plan requires the City to reconvene a Task Force during each Four-Year Review to provide community and stakeholder engagement in reviewing and evaluating success in the implementation of the General Plan, and recommending any mid-course actions needed to achieve its goals. The General Plan goals specifically identified for review and evaluation include:

- Planned job and Jobs to Employed Resident goals;
- Implementation of the Urban Village concept;

- Environmental goals, including greenhouse gas reduction and the Green Vision; and
- Affordable housing needs

Based on the outcome and recommendations from the Four-Year Review Task Force process, the City Council could decide to amend the General Plan goals, policies and actions, and/or the Land Use/Transportation Diagram to further the achievement of the General Plan’s Vision and Major Strategies. The Four-Year Review is also the opportunity to determine the City’s readiness to begin the next growth Horizon for Urban Villages and/or to modify the number of “pool” residential units available for new residential development within Urban Villages not within the current Plan Horizon.

On May 12, 2015, City Council provided direction for staff to conduct the Four-Year Review process. The approved scope of work included items outlined in the April 10, 2015, memorandum from the Mayor and Councilmembers Jones and Carrasco (Attachment A), as well as items 2 through 8 outlined in the April 10, 2015, memorandum from Councilmembers Rocha and Peralez (Attachment B).

On November 16, 2015, a 43-member Task Force was reconvened to address the scope identified by City Council. Six Task Force meetings were held between November 2015 and April 2016. All meetings were open to the public, and a total of approximately 160 members of the public attended the six meetings. A list of topics and outcomes from the six Task Force meetings are outlined in the table below. All meeting materials including agendas, synopsis, presentations, reports, and Task Force and public correspondence are available on the Planning Division website (<http://www.sanjoseca.gov/index.aspx?NID=4888>).

Meeting Date	Topics	Outcomes
November 16, 2015	<ul style="list-style-type: none"> • Task Force Roles and Responsibilities • Background and Scope of the General Plan Four-Year Review • Four-Year Review Progress Report • Fiscal Health and Fiscal Impacts of Land Use 	Informational meeting
December 16, 2015	<ul style="list-style-type: none"> • Updated Projections of Jobs, Population, and Employed Residents • Staff Recommended Adjustment to Planned Job Capacity 	Task Force input on staff recommended adjustment to planned job capacity
January 28, 2016	<ul style="list-style-type: none"> • San José Market Overview and Employment Lands Analysis • Staff Recommended Planned Job Capacity Allocation Strategy 	Task Force preliminary recommendation on adjustments to planned job capacity and allocation strategy
February 25, 2016	<ul style="list-style-type: none"> • Staff recommended modifications to Urban Village policies and actions to facilitate affordable housing 	Task Force input on modifications to Urban Village policies and actions to facilitate affordable housing recommended by staff

<p>March 24, 2016</p>	<ul style="list-style-type: none"> • Modifications to Urban Village policies and actions to facilitate affordable housing (continued from 2/25/16) • Staff recommended Near Term J/ER Ratio Goal • Water Supply Review (informational) 	<ul style="list-style-type: none"> • Task Force preliminary recommendation of Urban Village policy and affordable housing actions • Task Force preliminary recommendation of Near Term J/ER Ratio Goal
<p>April 7, 2016</p>	<ul style="list-style-type: none"> • Greenhouse Gas Inventory (informational) • Additional Scope of Work Items • Finalize Task Force Recommendations 	<p>Task Force approval of a complete set of recommendations to City Council</p>

At the final Task Force meeting on April 7, 2016, the Task Force approved a complete set of recommendations for modifications to the General Plan for the City Council to consider. An environmental consultant was hired to conduct an environmental review pursuant to the California Environmental Quality Act (CEQA) of the recommended amendments, and given the scope of work, an Addendum to the Envision San José 2040 Final Program Environmental Impact Report (Envision FPEIR) was completed (see Attachment C).

ANALYSIS

Prior to the first Task Force meeting, Planning staff prepared a Four-Year Review Progress Report which provided background on the Envision San José 2040 General Plan, land use and development data since the Plan’s adoption, and evaluation of the City’s achievement of key goals (<http://www.sanjoseca.gov/DocumentCenter/View/47785>). Additionally, the City hired several consultants to analyze and report on topics identified in the General Plan and the City Council’s approved scope of work. These consultants and staff from City departments attended Task Force meetings to report findings and provide context and background information so that the Task Force could develop its recommendations to the City Council. The analysis and the key findings from each report are summarized below, including recommendations from the Task Force and staff on the key topics covered during the Four-Year Review.

Staff’s recommendations are consistent with the Task Force recommendations, but with minor updates based on additional information following conclusion of the Task Force process. The sub-sections below include descriptions in instances where staff is proposing new or slightly different modifications than the Task Force. Attachment D includes the strikethrough/underline modifications to the General Plan as proposed by the Task Force and updated by staff.

A) Planned Job and J/ER Goals and Implementation of the Urban Village Concept

1. Updated Analysis of City’s Fiscal Condition and Fiscal Impacts of Land Use

In preparation for the April 14, 2015, City Council Study Session on the history of employment land conversions, the fiscal impact of land use, and the General Plan Four-Year Review, the City hired an economic consulting firm (ADE) to update the General Plan Fiscal Impact study prepared in 2010 as part of the Envision San José 2040 General Plan update process. The 2010 study provided an analysis of City service levels and fiscal conditions and how different job and population growth scenarios would impact the City’s fiscal condition and, thereby, its ability to provide services.

The updated fiscal analysis affirmed service delivery assumptions by City department and provided an updated analysis of the fiscal impacts of existing land uses (<http://www.sanjoseca.gov/DocumentCenter/View/47763>). Doug Svensson, President of ADE, presented his findings to the Four-Year Review Task Force at the November 16, 2015, meeting. Key findings from ADE's report and presentation include the following:

- San José has both lower sales tax and property tax per capita compared to other cities in Silicon Valley.
- San José has the lowest Jobs to Employed Residents ratio compared to nearby cities.
- Residential land use generally requires more City services than it contributes in City revenue.
- Non-residential uses create the tax base needed to balance the funding for services for residential development.
- San José has only 15% of land designated for employment uses.
- The Northern San José study area (as defined in ADE's report) generates the largest net fiscal benefit, due to its lower residential unit count relative to its employment base.
- New higher-density residential development (approximately 40+ du/acre) generally generates a neutral or positive fiscal impact in City revenue.

2. *Strategies to Enhance the City's Fiscal Health*

In addition to ADE's updated General Plan Fiscal Impact study, Kim Walesh, Deputy City Manager and Director of Economic Development, gave a presentation at the January 2016 Task Force Meeting that highlighted several conclusions regarding types of land uses that have the greatest fiscal benefit for the City. The presentation and discussion helped to establish priorities as the Task Force considered potential adjustments to land use policies as part of the Four-Year Review process. Key strategies for enhancing the City's fiscal health as presented by staff included the following:

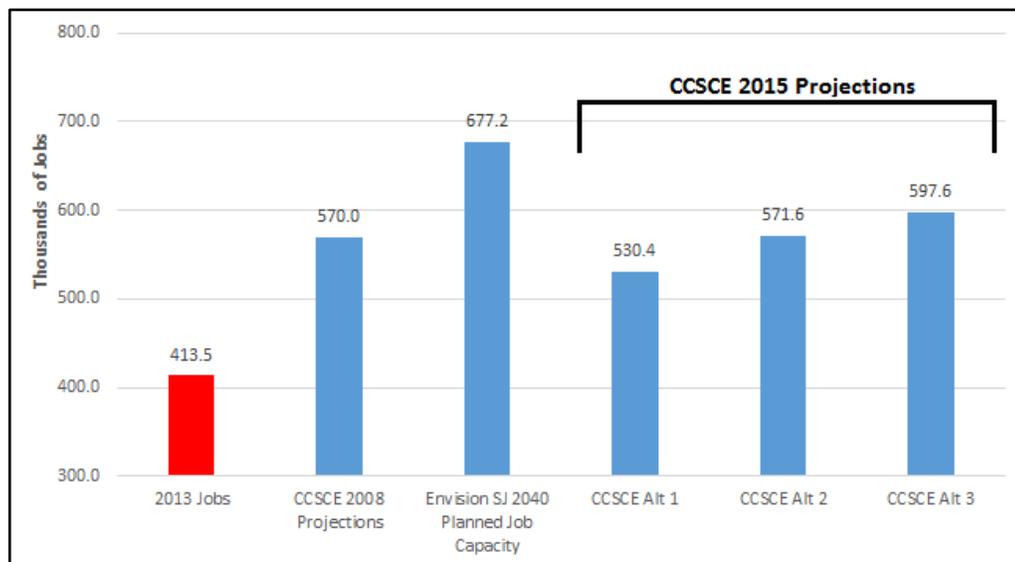
- a. Maximize the share of the 120,000 planned new homes developed at densities of 40 du/acre and above in order to build new housing that has a neutral or positive impact;
- b. Maximize retail development of all types to generate sales tax revenue;
- c. Maximize leasing and development of entirely new office, R&D, and industrial buildings to generate property and utility tax revenue; and
- d. Retain industrial land and maximize leasing and redevelopment of existing buildings to maximize potential for business-to-business sales tax revenue.

3. *Updated Projections of Jobs, Population, and Employed Residents*

During the General Plan update process from 2007 to 2011, the City hired Steve Levy of the Center for Continuing Study of the California Economy (CCSCE) to prepare projections of job, population, and household growth for San José to the year 2040. In 2008, CCSCE used data provided by the Association of Bay Area Governments (ABAG) and the California Department of Finance (DOF) to project that San José would add 172,000 new jobs (570,000 total jobs) and 471,000 residents (1.445 million total residents) by the year 2040. As part of the Four-Year Review process, the City rehired CCSCE to update the jobs and population projections to reflect more current data and recent trends in the region, state and nation. Steve Levy presented the results of the updated *Projections of Jobs, Population and Employed*

Residents report (<http://www.sanjoseca.gov/DocumentCenter/View/47999>) to the Task Force at the December 2015 meeting.

CCSCE's updated analysis projects that the City of San José will add between approximately 161,000 and 228,000 new jobs (530,000 to 598,000 total jobs) and 405,000 new residents (1.379 million total residents) by the year 2040. San José's jobs to employed resident (J/ER) ratio is projected to be between 0.80 and 0.90 to 1 in 2040; the current J/ER ratio is 0.86 to 1. The range in projected jobs is based on the share of regional jobs captured by the San José metro area (Santa Clara and San Benito counties), and the share of metro area jobs captured by San José (see Alternatives 1, 2, and 3 in the graph below). In order to achieve the higher range of job projections, San José will need to capture an increasingly larger number of driving industry jobs (e.g., high tech jobs). The graph below compares total jobs in San José as of 2013, the General Plan's current planned job growth capacity to 2040, and CCSCE's 2008 and 2015 projections of jobs in 2040.



4. San José Market Overview and Employment Lands Analysis

As a follow up to the updated jobs projections, the City hired Strategic Economics to conduct an employment lands market analysis using CCSCE's projections. The resulting report, *San José Market Overview and Employment Lands Analysis*, provides an overview of recent employment growth, and commercial, industrial, and retail market trends in San José (<http://www.sanjoseca.gov/DocumentCenter/View/53472>). The report also assesses the match between the projected demands for and the existing supply of employment land in San José. Additionally, it identifies Urban Villages that are most likely to accommodate employment growth in the next decade based on market factors.

Key findings of the report include:

- Projected demand for industrial land exceeds vacant employment lands in the City's core employment area. Core vacant employment lands exclude North Coyote Valley, the Alviso Specific Plan Area, and Evergreen Industrial Park. The City's core employment area includes all other areas of the City including North San José, Downtown, Edenvale, Monterey Corridor, Santana Row/Stevens Creek, and a variety of other commercial nodes and corridors.

- The City has a shortage of vacant land supply designated for projected office and retail uses, which means a significant portion of the demand will need to be met through redevelopment and intensification.
- Most of the Urban Villages with short-term potential (10 years) for office/industrial development are located in northern, western, and central San José.
- For retail development, the Urban Villages in western San José are best positioned to capture new development in the short term, although there are other strong retail locations in central and northern San José.
- Within San José, northern San José is considered the strongest location for high-tech office and R&D uses.
- With rising prices and occupancy rates in cities north of San José, the City is becoming increasingly attractive for high tech and other office tenants.
- Traditional industrial space is concentrated in the International Business Park and the Monterey Corridor in southern San José. As the Silicon Valley commercial real estate market continues to evolve towards higher intensity, multi-story office and R&D uses, southern San José's lower-cost land, and lower-density industrial buildings may become increasingly attractive for the region's manufacturers.
- While many of San José's existing retail areas are thriving, the city captures lower retail sales per household than the County on average.
- Regional trends suggest that future retail expansions may be limited due to high land prices and competition from e-commerce. Trends suggest that a significant share of retail demand will be met through the expansion of online sales as well as the reconfiguration of existing space (redevelopment of and improvements to existing retail sites).

As a follow up to the Market Overview and Employment Lands Analysis, and to address item 2.d from Mayor Liccardo's April 10, 2015 memo (Attachment A), Strategic Economics is currently working on a city-wide analysis to identify prime retail sites, focusing in retail-starved areas of the city. The retail analysis will be provided to the Community and Economic Development City Council Committee following its completion, anticipated in winter 2017. General Plan Amendments or code revisions related to this item will not be proposed at that time; however, staff could identify potential General Plan land use amendments and/or zoning modifications, and will seek direction on policy or zoning code changes to pursue and bring back to Council for consideration at a later date.

5. *Task Force/Staff Recommendations on Planned Job Goals and Urban Village Concept*

a. Jobs to Employed Residents Ratio Adjustment

The imbalance between jobs and housing has significantly impacted the City's ability to meet the service needs of its residents and businesses. This imbalance has also degraded the quality of life for many of the city's residents, with many commuting long distances by automobile, which also significantly contributes to the city's greenhouse gas (GHG) emissions. To address these issues, the General Plan plans for 470,000 new jobs and establishes a goal of achieving 1.3 jobs for each employed-resident. While the long-term goal to become a regional job center by 2040 may be achievable, this amount of jobs is overly ambitious, as 470,000 new jobs is more than two times CCSCE's updated projected job growth for San José by 2040.

In the April 10, 2015, City Council memo, City Council directed staff and the Task Force to set a more achievable jobs to employed resident (J/ER) ratio goal, while maintaining the General Plan's jobs-first principle. To address this direction, the Task Force, consistent with staff's recommendation, is proposing to reduce the General Plan's J/ER ratio from 1.3 to 1.1 jobs per employed resident. The Task Force is not recommending any changes to the planned housing capacity of 120,000 new dwelling units (see Attachment D for recommendations of adjusted planned job growth in the Planned Job Capacity and Housing Growth Areas by Horizon table).

The Task Force and staff's proposed adjustment to the General Plan's J/ER ratio are based on the following factors:

- 1) *Set a more achievable planned jobs goal:* According to CCSCE, San José is projected to have a J/ER ratio ranging from 0.8/1 to 0.9/1 by 2040. The Task Force voted to reduce the General Plan's J/ER ratio to set a more achievable planned jobs goal as directed by City Council, and one that is more realistically aligned with projections.
- 2) *Address implementation challenges to Urban Village Major Strategy:* While having an aspirational jobs goal is necessary to improve the City's fiscal sustainability, having a goal that is overly aspirational can have unintended, negative consequences. One such consequence is current and foreseen implementation challenges of the Urban Village Major Strategy attributable to the General Plan's overly-ambitious planned job capacity; this challenge is discussed below.
- 3) *Maintain Jobs-First and Balanced Community Principles.* While the Task Force and staff recommend reducing the General Plan's overall planned job capacity, the 1.1/1 J/ER ratio still maintains the General Plan's jobs-first principle and capacity for a wide variety of employment growth by planning for more jobs than housing. This also upholds San José's goal of becoming a more balanced community and regional job center.

b. Planned Job and Housing Allocation Adjustments

In order to accommodate the General Plan's planned job capacity and planned housing capacity, job and housing growth were geographically distributed to the planned Growth Areas designated in the General Plan. While a majority of planned job growth was allocated to existing Employment Areas and the Downtown, approximately one-quarter of the planned job capacity was assigned to Urban Villages. To advance many of the key strategies and goals of the General

Plan, the Urban Villages are required to support the full amount of planned jobs and housing capacity assigned to each Urban Village. Accordingly, mixed-use developments in most Urban Villages must include significant commercial space to meet planned job capacity requirements.

As mentioned above, this has presented challenges to implementing the Urban Village Major Strategy, because there is not anticipated market demand in many Urban Villages to develop mixed-use projects that would meet the significant commercial space requirements. To address this, the Task Force is recommending to reduce the overall planned job capacity in the General Plan equal to a J/ER of 1.1/1.

Modifying the planned job capacity necessitated reducing planned jobs distributed to Growth Areas to better represent market conditions and to implement the proposed reduced planned job capacity of 1.1 jobs per employed resident. The adjustment also presented an opportunity to increase job growth capacity in Employment Areas and Urban Villages with strong demand for commercial uses.

Appendix 5 of the General Plan (Planned Job Capacity and Housing Growth Areas by Horizon table) provides details on how the planned job and housing capacities are distributed to each Growth Area. The Task Force, as recommended by staff, proposed to modify Appendix 5 to align with its recommendation of reducing the J/ER ratio to 1.1/1. As summarized in the table below, the Task Force is proposing to adjust the overall planned job capacity of 470,000 to 363,000 new jobs, or a total reduction of 107,000 jobs. Specifically, the Task Force is recommending to increase the planned job and housing growth in the Downtown Growth Area; decrease job growth in all other Growth Areas except for Regional Transit Urban Villages; and shift housing growth in Local Transit Urban Villages, Commercial Center Villages and Corridors, and Neighborhood Villages to the Downtown.

Summary of Task Force’s Proposed Modifications to Planned Job Growth

Growth Area	Existing Planned Job Capacity	Proposed Planned Job Capacity	Difference	Existing Planned Housing Yield	Proposed Planned Housing Yield	Difference
Downtown*	48,500	58,500	+10,000	10,360	14,360	+4,000
Specific Plan Areas	28,920	22,100	- 6,820	8,480	8,480	0
Employment Land Areas	275,090	201,881	-73,209	33,420	33,420	0
Regional Transit Urban Villages	27,760	27,760	0	9,000	9,000	0
Local Transit Urban Villages	46,565	29,710	-16,855	35,496	35,256	-240
Commercial Center Villages & Corridors	25,800	17,890	-7,910	13,984	11,574	-2,410
Neighborhood Villages	13,740	3,400	-10,340	6,103	4,753	-1,350
Other Identified Growth Areas	3,625	1,759	-1,866	3,157	3,157	0
TOTAL	470,000	363,000	-107,000	120,000	120,000	0

* Increased capacity is included as part of the Downtown Strategy update process.

As shown in the table above and consistent with the recommendation given by staff, the Task Force is proposing the largest adjustment in planned job capacity from Employment Land Areas. To accommodate the 470,000 planned jobs in the General Plan, some Designated Growth Areas, such as North Coyote Valley and Evergreen Campus Industrial Area, were allocated planned job capacity beyond what the market will likely support. In other Growth Areas, such as Edenvale and Alviso, higher numbers of jobs were allocated than what the Areas Development Policies supported. In these instances, the recommended adjustments to the Growth Areas' planned job capacity more closely reflect the amount of employment capacity allowed by the corresponding Area Development Policies. The Task Force is not recommending to reduce planned jobs in the North San José Employment Land Area.

The recommended modifications to Local Transit Urban Villages and Commercial Center Villages and Corridors reflect existing development patterns and modest to little anticipated market demand for office, industrial, or retail employment land uses based on

Strategic Economics' Urban Villages Market Assessment (San José Market Overview and Employment Lands Analysis, Section VI). Proposed changes to planned job capacity in Neighborhood Villages are a result of the predominately low-density suburban character of these Villages and unlikely demand for significantly more commercial uses than what is already present. Lastly, the Task Force recommends adjusting the planned job capacity within Other Identified Growth Areas with no planned housing, such as Story Road and the County Fairgrounds. These areas are generally built out with existing commercial uses and some residential uses, and are not anticipated to experience significant employment growth.

The Task Force is not proposing to adjust the planned job capacity within Regional Transit Urban Villages because these Growth Areas are located near existing and planned major transit stations and corridors, such as Diridon and Berryessa BART stations, and have generally strong development potential. However, the Task Force is proposing to add planned job capacity to maximize job growth in Downtown and Valley Fair/Santa Row and Stevens Creek Boulevard Urban Villages, based on anticipated demand for office and retail uses in those areas, consistent with recent staff analysis and findings in the Market Overview and Employment Lands Analysis.

While the Task Force is not recommending adjusting the General Plan's overall planned housing capacity of 120,000 new units, 4,000 units are proposed to be added to Downtown by shifting planned housing units from Horizon 2 and 3 Urban Villages located in generally suburban locations, away from existing or planned transit facilities.

c. Staff Updates to Planned Job and Housing Allocation Adjustments

Since conclusion of the Task Force meetings, staff has considered concurrent long-range planning efforts, such as the Downtown Strategy 2000 update, and other new relevant information. Staff's proposed modifications to Growth Area job allocations are consistent with the Task Force's recommendation, with the following exceptions:

- *Downtown.* The Task Force is proposing to reallocate 10,000 jobs and 4,000 dwelling units to Downtown, consistent with staff's original recommendation to the Task Force. While staff agrees with the proposal to increase growth capacity in the Downtown, staff is instead recommending to reallocate this growth as part of the current update to the Downtown Strategy 2000 (Downtown Strategy) update and not as part of the Four-Year Review of the General Plan. Including the increased planned job and housing capacities as part of the Downtown Strategy update is more appropriate for the Downtown Strategy environmental review analysis. The Downtown Strategy 2000 update is already analyzing the impacts of increasing growth capacity and will be providing project-level CEQA coverage for Traffic, Noise, and Air Quality impacts.
- *Employment Land Areas.* Staff is proposing to reduce planned job capacity in the North Coyote Valley Growth Area by 15,000 jobs instead of 30,000 jobs. After further analysis following the Task Force meetings, staff determined that this was necessary to maintain flexibility in employment opportunities, especially considering existing industrial and office entitlements in the North Coyote Valley Growth Area.
- *Commercial Corridor & Center Urban Villages.* Staff is proposing to reallocate 3,000 additional jobs to the Valley Fair/Santana Row Urban Village to ensure there is enough capacity to accommodate current and recently proposed developments within this Urban Village. In addition to the recently approved one million square feet of

commercial uses as part of the Santana West project (PDC14-068), there are other projects on file or being proposed that would use the remainder of the total planned job capacity (5,500 jobs) proposed by the Task Force (and originally recommended by staff) in the Valley Fair/Santana Row Urban Village in the near future. The additional 3,000 jobs would increase the total Valley Fair/Santana Row Urban Village allocation to 8,500 planned jobs.

- *Local Transit Urban Villages.* Staff is proposing to reallocate 1,000 planned jobs to the Race Street Light Rail Urban Village from the Meridian/Parkmoor “Former Village” in order to correct an error in the Appendix 5 planned growth table which was identified after the conclusion of the Task Force process. Specifically, The Meridian/Parkmoor “Former Village” (1,200 jobs, 0 dwelling units) is shown in the existing Appendix 5 planned growth table: however, the Urban Village does not exist and is not included in the Envision San José 2040 Planned Growth Areas Diagram (<http://www.sanjoseca.gov/DocumentCenter/View/7463>). Near the end of the General Plan update process in 2011, staff consolidated the Meridian/Parkmoor “Former Village” with the Race Street Light Rail Urban Village, but neglected to reflect the consolidation within the Appendix 5 planned growth table.

The table below summarizes the Task Force recommended planned job growth modifications, with staff’s proposed updates. The proposed updates equate to an adjusted overall planned job capacity of 382,000 new jobs, or a total reduction of 88,000 jobs.

Proposed Modifications to Planned Job Growth with Staff Updates

Growth Area	Existing Planned Job Capacity	Proposed Planned Job Capacity	Difference	Existing Planned Housing Yield	Proposed Planned Housing Yield	Difference
Downtown*	48,500	48,500	0	10,360	10,360	0
Specific Plan Areas	28,920	22,100	-6,820	8,480	8,480	0
Employment Land Areas	275,090	226,881	-48,209	33,420	33,420	0
Regional Transit Urban Villages	27,760	27,760	0	9,000	9,000	0
Local Transit Urban Villages	46,565	30,710	-15,855	35,496	35,496	0
Commercial Center Villages & Corridors	25,800	20,890	-4,910	13,984	13,984	0
Neighborhood Villages	13,740	3,400	-10,340	6,103	6,103	0
Other Identified Growth Areas	3,625	1,759	-1,866	3,157	3,157	0
TOTAL	470,000	382,000	-88,000	120,000	120,000	0

In summary, adjusting the planned job growth allocation and capacity will set a more achievable J/ER goal, address implementation challenges of the Urban Village Major Strategy, uphold San José’s goal of becoming a more balanced community and regional jobs center, and maintain planned job capacity for a wide variety of employment growth.

d. Plan Horizons

Major Strategy #12, Plan Horizons and Periodic Major Review, establishes a framework to monitor achievement of key General Plan goals and the use of Plan Horizons to phase implementation of the Plan over time. Specifically, the General Plan provides a tool for phasing residential development within Urban Villages in order to carefully manage San José’s expected housing growth. Plan Horizons establish clear priorities for locations,

type and amount of new development in the Growth Areas; support efficient use of the City's land resources and delivery of City services; and minimize potential environmental impacts.

Because the key elements of the vision for the General Plan are to achieve fiscal sustainability and to improve Jobs-to-Housing balance, proposals for commercial and other combinations of non-residential development can be pursued at any time, consistent with existing land use designations. However, for residential development, the General Plan places each Urban Village into one of three incremental growth Horizons so that the amount of new housing and the City's need to provide services for those new residents are increased gradually over the timeframe of the Plan. Currently, the City is in Horizon 1. Consistent with General Plan Policy IP-2.9 (Chapter 7, page 9), the Horizon 1 Urban Villages are located in areas proximate to Downtown, with access to existing and planned transit facilities, and adequate infrastructure to support intensification.

As part of the General Plan 4-Year Review process, and detailed in implementation Policy IP-2.5 (Chapter 7, page 8), the City Council evaluates the City's jobs/housing balance, fiscal sustainability, housing supply and infrastructure to determine whether to move Urban Villages that are in a future Horizon (Horizon 2 or Horizon 3) into the current Plan Horizon.

IP-2.5 During each Major Review of the Envision General Plan evaluate input provided by the reconvened Task Force and achievement of the following key General Plan goals to inform the City Council's decision, regarding needed changes, to begin the next General Plan Horizon, or to increase the number of residential units available for non-specific Urban Village areas:

- 1) Jobs/Housing Balance – Demonstrate improvement of the City's jobs to employed resident ratio (J/ER) consistent with achievement of 1.3 jobs per employed resident by the year 2040.
- 2) Fiscal Sustainability – Demonstrate sustainable improvement above 2010 levels in the level of service for City services provided to the San José community.
- 3) Housing Supply – Verify that the current Planning Horizon contains adequate capacity to meet San José's Regional Housing Needs Allocation for the upcoming 4-year term.
- 4) Infrastructure – Confirm that adequate infrastructure and service facilities, especially transit, exist or that a secure plan for them is in place to support the planned jobs and housing capacity in the current and contemplated Horizon.

Based on data from the General Plan Four-Year Review process, the J/ER ratio has remained relatively unchanged since adoption of Envision San José 2040, and City service levels are generally below 2010 levels. Planned housing capacity in Horizon 1 is adequate to meet the City's current Regional Housing Needs Allocation (RHNA), and Horizon 1 Urban Villages are located in established transit corridors and station areas, in close proximity to the Downtown. Based on this information, the Task Force and staff are not recommending moving to Horizon 2 during the current Four-Year Review, consistent with direction provided by the City Council and Policy IP-2.5, which includes furthering key economic and fiscal goals prior to opening up the next Plan Horizon.

Although it is not recommended to move all Urban Villages in Horizon 2 into the current Plan Horizon, the Task Force is recommending to move the Berryessa BART Urban

Village from Horizon 2 to Horizon 1. The Task Force stated that the City needs to be proactive in planning for the extension of BART services to San José and the likely increase in the demand for new development adjacent to the Berryessa BART station. Staff supports this recommendation.

e. Residential Pool Capacity

The Residential Pool Capacity may be allocated to allow entitlement of residential projects within Urban Village Areas not included within the current Plan Horizon. This Pool is initially established as 5,000 units. The primary function of the residential Pool is to allow residential mixed-use projects in Horizon 2 and 3 Urban Villages to be considered for approval in those Villages with an adopted Urban Village Plan. Signature Projects in Horizon 2 and 3 Urban Villages must also utilize the residential Pool. The residential Pool may be replenished as part of a Four-Year Review. No Signature Projects or residential mixed-use projects in Horizon 2 or 3 Urban Villages with completed plans have been approved since adoption of Envision San José 2040. Therefore, the residential Pool currently remains at 5,000 units.

The Task Force and staff are not recommending adjustments to the residential Pool policy or its current 5,000 unit capacity. The Pool has not been utilized since its establishment by the Envision San José 2040 General Plan; however, with the completion and Council approval of the Horizon 3 Urban Village plans currently in process, and with the proposed modifications to the distribution of job growth, it is anticipated that there will be development proposals seeking to use the Pool policy in the next four years.

f. Near Term J/ER Ratio Goal

City Council directed staff and the Task Force to consider setting a near term (10-year) Jobs to Employed Resident Ratio (J/ER) goal to allow measurable steps to improve the current J/ER (item 2.b. of City Council Memo from Liccardo, Jones, & Carrasco, dated 4/10/15). The Task Force and staff are recommending a near term goal of 1 job to 1 employed resident (J/ER of 1.0), which would represent a “balanced” community in the year 2025. The near term goal would be evaluated during future Four-Year Reviews of the Envision San Jose 2040 General Plan.

g. Timeframe to Prepare Urban Village Plans

City Council directed staff to assess whether Urban Village outreach efforts to date, for the purpose of determining whether there may be opportunities to change or improve outreach procedures, whether additional resources are needed to facilitate timely outreach, and whether the target of completing Urban Village plans in nine months is a realistic goal (item 4 of City Council Memo from Rocha and Peralez, dated 4/10/15).

Based on preparation of the first six Urban Village plans, staff has concluded that nine months is not a realistic timeframe to develop Urban Village plans. More community engagement has been needed than originally anticipated when this Policy (Policy IP-5.2) was developed. The need for community engagement has also varied between Urban Villages. Urban Villages in suburban areas typically require more engagement than areas that are more urbanized. For example, the Santana Row and Winchester Urban Villages planning process includes monthly stakeholder advisory group meetings. As a result, the Task Force and staff are recommending to modify Policy IP-5.2 to target the completion of Urban Village plans within one year, with the possibility of a longer process in order to conduct sufficient community engagement.

B) Environmental Goals

1. *Water Supply*

General Plan Policy MS-17.8 (Chapter 3, page 19) requires that the City review Urban Water Management Plans (UWMPs) by the City's three water providers (San José Municipal Water System, San José Water Company, and Great Oaks Water Company) as part of the Four-Year Review to consider projected water supplies and ensure that the UWMPs maximize water conservation and reuse in order to fulfill San José's water supply needs. As part of this review, the City hired Schaaf & Wheeler to prepare a water supply memorandum to review current UWMPs, projected water demands up to the year 2035, and existing City ordinances and policies to assess whether additional General Plan policies would be needed as part of the Four-Year Review process. The Schaaf & Wheeler report, *Summary Review Regarding Water Supply for Envision San José 2040*, (<http://www.sanjoseca.gov/DocumentCenter/View/55130>) included the following key findings:

- Water supply assessments completed for the General Plan in 2010 demonstrate that there is enough water to serve the planned growth in the General Plan;
- As a result of the recent and severe multi-year drought, mandatory water demand reductions were established which the water retailers have met or exceeded; and
- While the most recent water supply assessments determined there is enough water for future growth, the three water retailers are currently updating/or will update their UWMPs to ensure that adequate supplies are available to serve future growth.

Based on its analysis, Schaaf & Wheeler determined that there is not currently a need to update the City's General Plan policies related to water supply and conservation. Since completion of the *Summary Review Regarding Water Supply for Envision San José 2040* and the Task Force process, the three water suppliers have completed their updated UWMPs. The water providers within San José are able to meet the projected water demands through 2040. For San José Municipal Water System and San José Water Company, projected supplies exceed projected demands during average year supplies; however, during single dry years and multiple dry years, conservation measures would need to be implemented so that overdrawing of groundwater reserves does not occur. For Great Oaks Water Company, supplies far exceed demand for average years, single dry years, and multiple dry years.

2. *Greenhouse Gas Emissions*

a. Community-wide Emissions Inventory

Pursuant to Implementation Policy IP-2.4 (Chapter 7, page 7) of the General Plan, the City's achievement of greenhouse gas emission reduction goals and targets should be evaluated during the Four-Year Review. The City hired AECOM to prepare an updated greenhouse gas (GHG) emissions inventory for the City of San José that complies with current practice. AECOM prepared a technical memorandum that presents the updated GHG inventory and presents a comparison to the 2008 GHG inventory prepared as part of the Envision San José 2040 update planning process. The analysis provides a sector-by-sector comparison of GHG emissions in 2008 and in 2014. Additionally, as part of the CEQA analysis completed for the General Plan Four-Year Review, GHG emissions forecasts were developed for the 2020, 2030, and 2040 planning horizon years. The complete *Community-wide Emissions Inventory and Forecasts Memorandum* is available online (<http://www.sanjoseca.gov/DocumentCenter/View/62224>). Key findings from the updated emissions inventory included the following:

- GHG emissions have decreased by 2% community-wide since 2008, which indicates that the City has been able to accommodate residential and employment growth more efficiently, with fewer emissions generated per unit of growth;
- Eighty-nine percent of San José's GHG emissions consists of emissions from transportation and energy consumption, with the remaining sources coming from wastewater treatment, solid waste, and potable water;
- Transportation emissions increased by 16% due to a 3.2% increase in population and a 7.4% increase in employment;
- Energy emissions decreased by 33% due to residents using cleaner electricity and implementation of energy efficiency programs; and
- Based on the City's progress in reducing GHG emissions, the City is on track to meet its and the State's GHG emission reduction target for 2020, but current emissions are almost double the 2035 emissions targets.

b. Changes to Regulatory Framework

In September 2016, following the conclusion of the Four-Year Review Task Force process, Governor Brown signed into law Senate Bill (SB) 32. Senate Bill 32 amends provisions of Assembly Bill (AB) 32, the California Global Warming Solutions Act of 2006 (Health and Safety Code Division 25.5), to require the California Air Resources Control Board (CARB) to ensure that statewide greenhouse gas emissions are reduced to 40 percent below the 1990 level by 2030. CARB is charged with adopting rules and regulations to achieve the maximum technologically feasible and cost-effective greenhouse gas emissions reductions to meet this new interim statewide GHG target. The framework for greenhouse gas emissions reductions will be provided through an update to the State's current Climate Change Scoping Plan.

While not something that needs to be addressed now, as part of the Four-Year Review of the General Plan, the recent approval of SB 32 will require the City to update its qualified Green House Gas Reduction Strategy by the end of 2020 (or sooner) to address whether projects entitled after 2020 could be considered to make a less than significant contribution to cumulative greenhouse gas emissions impacts under CEQA. The targets and emission reduction requirements in an updated GHG Reduction Strategy will likely be based in part on State of California projections and 2030 targets in the Second Climate Change Scoping Plan currently being prepared by CARB.

c. Staff Recommendations

To ensure that the GHG Reduction Strategy is updated in a timely manner and to provide continued implementation of a qualified plan for development projects that are entitled and constructed in the 2020 to 2030 timeframe, staff is proposing minor amendments to General Plan Implementation policies, and the addition of an action item to update the City's Greenhouse Gas Reduction Strategy targets and policies to ensure compliance with SB 32 within two years of completion of the Second Climate Change Scoping Plan. The Second Climate Change Scoping Plan is anticipated to be completed in spring 2017. For the complete proposed text in strikethrough/underline format, see Attachment D.

C) Affordable Housing

One of the key Four-Year Review scoping items as identified in the General Plan and by City Council is the evaluation of affordable housing needs. As part of the Four-Year Review, City staff and the Task Force considered the availability and affordability of housing supply within San José and explored opportunities to facilitate the production and preservation of affordable housing through the General Plan.

1. *Availability of Housing Supply*

The evaluation of housing capacity for the first Plan Horizon was evaluated in the City’s current Housing Element. The Housing Element is one of seven State-required components of local general plans (State of California, Government Code Section 65302). Typically updated every five to eight years, cities and counties develop their Housing Element to plan for their “fair share” of the regional housing across income levels and needs. The City’s Housing Element was adopted by the City Council in January 2015 and certified by the California Department of Housing and Community Development in April 2015. The full Housing Element is available at <http://www.sanjoseca.gov/DocumentCenter/View/43759>.

The California Department of Housing and Community Development (HCD) and California Department of Finance (DOF) calculate statewide housing needs based upon population projections and regional population forecasts. The Association of Bay Area Governments (ABAG) then assigns the region’s housing allocation to each jurisdiction, known as the Regional Housing Needs Allocation or RHNA. San José has been assigned 35,080 new housing units over the current eight year cycle (2014 - 2023).

Regional Housing Need Allocation (RHNA) for San José (2014-2022)

Income Category*	2007-2014 RHNA	2014-2022 RHNA	Percent Change
Very Low	7,751	9,233	19.1%
Low	5,322	5,428	2.0%
Moderate	6,198	6,188	-0.2%
Above Moderate	15,450	14,231	-7.9%
Totals	34,721	35,080	1.0%

Source: Association of Bay Area Governments (ABAG), *Regional Housing Need Plan*

*Note: Very Low= up to 50% of Area Median Income (AMI); Low= 51% to 80% of AMI; Moderate= 81% to 120% of AMI; Above Moderate= above 120% of AMI

Envision San José 2040 General Plan Policy IP-2.5 requires the City to verify that the current Planning Horizon contains adequate capacity to meet San José’s RHNA for the upcoming 8-year term. While the Planning Horizons for Urban Villages may limit the speed at which residential development may occur, analysis completed for the adequate sites inventory as part of the 2014 Housing Element update determined that the City has the capacity to meet its RHNA targets in the current Planning Horizon through capacity achieved in other ways – such as in Downtown, in Planned Communities, and through previously entitled projects.

2. *Affordability of Housing Supply*

As mentioned above, San José has been assigned 35,080 new housing units over the current eight year Regional Housing Needs Assessment (RHNA) cycle (2014-2023). Of the 35,080

units, approximately 60% are assigned as affordable units. Meeting this goal will be difficult due to a variety of challenges in providing affordable housing.

Under the previous RHNA cycle (2007-2014), San José had an allocation of 34,721 units and met only 46% of the total allocation. Furthermore, most of that was through the development of market-rate housing. The City met 85% of its Above Moderate (e.g., market-rate), but only 23% of its very low-income allocation (1,774 permits for 7,751 unit allocation), 20% of its low-income allocation (1,038 permits for 5,322 unit allocation), and 2% of its moderate-income allocation (144 permits for 6,198 unit allocation). Between 2012 and 2015, San José issued building permits for approximately 13,720 new residential units, of which approximately 1,471 (11%) were affordable units. The disparity reflects the renewed strength of market-rate housing and the continued challenges in the provision of affordable housing.

One of the primary challenges to providing affordable housing is the dissolution of the San José Redevelopment Agency in 2011. Without the Redevelopment Agency, an estimated \$40 million annually is no longer available to fund affordable housing with no current permanent source of funding identified to fill this gap. Additionally, the depletion of State funding sources and the reductions in federal housing programs also present significant financing hurdles. Other challenges include the price of land in San José and construction costs.

The City of San José adopted an Inclusionary Housing Ordinance (IHO) in 2010, but implementation of the IHO was delayed by the City pending the resolution of a lawsuit challenging the validity of the ordinance by the California Building Industry Association (CBIA). The City's Inclusionary Housing Ordinance requires that 15 percent of all new market-rate, for-sale developments of 20 or more units be price-restricted and transferred to moderate-income purchasers. Alternatively, the ordinance also allows developers to pay an in-lieu fee or build affordable units off-site. Following the trial court and appellate court decisions in this case, the California Supreme Court unanimously decided that the ordinance is valid. In February 2016, the U.S. Supreme Court denied CBIA's petition to hear the appeal of the California Supreme Court's decision, thereby upholding the validity of the ordinance. Thus, the ordinance came into effect for all new, for-sale projects on July 1, 2016.

In addition to the challenge of creating housing opportunities for lower-income households, there is growing concern about the ability of locating affordable housing in key Growth Areas, such as in Urban Villages, which are proximate to jobs, amenities, and transit. In these Growth Areas, market-rate developers can outbid affordable housing developers for land. As the City continues to urbanize, the need to provide affordable housing in its Growth Areas becomes increasingly important. Proximity to transit helps decrease transportation costs and increases the quality of life for lower-income households, households that disproportionately use transit. Affordable housing close to transit also benefits transit operators, who depend on ridership, as well as the environment, through reduced traffic congestion and pollution. Creating affordable housing opportunities near transit will also help meet the needs of an aging population who may need transportation options not available to them in transit-poor communities.

Finally, increasing demand for more urban, walkable, and transit-oriented communities has increased the demand for real estate in urban areas, particularly in areas with regional transit stations. This can lead to "hot" neighborhoods that may cause the redevelopment of an older, more naturally affordable housing stock for new luxury housing and/or the displacement of lower-income families and workers.

3. *Task Force/Staff Recommendations to Facilitate Affordable Housing*

To address affordable housing challenges in the context of the General Plan Four-Year Review, the Task Force and staff developed a set of policy modifications and additions that reflect the need to preserve affordable housing stock, prevent or mitigate the displacement of lower-income households, and facilitate new supply of affordable housing, especially in Urban Village and other key Growth Areas. The following is a summary of the Task Force and staff's recommendations. For complete proposed text changes and additions in strikethrough/underline format related to affordable housing policies, see Attachment D.

- As part of the preparation of an Urban Village Plan, establish a goal that, with full build out of the planned housing capacity of the given Urban Village, 25% or more of the units built would be deed restricted affordable housing.
- Residential projects that are 100% affordable to extremely low income, very low, and low income households can proceed within an Urban Village ahead of a Growth Horizon, or in an Urban Village in a current Horizon that does not have a Council approved Plan, if the project meets the defined criteria (see Attachment D).
- 100% deed restricted affordable housing developments would be allowed on sites 1.5 acres or less, outside of the existing Growth Areas, on properties with a Mixed Use Commercial or Neighborhood/Community Commercial land use designation if the development meets defined criteria (see Attachment D).
- Identify, assess, and implement potential tools, policies, or programs to prevent or to mitigate the displacement of existing low-income residents due to market forces or to infrastructure investment.

D) Other Recommendations

In addition to the recommendations summarized above, the Task Force made the following recommendations to the City Council:

- City Council should direct staff to prioritize planning efforts on Horizon 2 Light Rail Urban Villages;
- City Council should add staff capacity to the Planning Division to implement Urban Village Plans and General Plan policies.

Staff supports the above recommendations. A consolidated list of Council identified items to be reviewed during the Four-Year Review, and the outcome to those items can be found in Attachment E. Most scoping items fell within the four key goals listed above, and not all scoping items resulted in Task Force recommendations.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

An Addendum to the Envision San José 2040 General Plan Final Program Environmental Impact Report (Resolution No. 76041) and Supplemental Environmental Impact Report to the Envision San José General Plan Final Program Environmental Impact Report (Resolution No. 77517) was prepared for the project under the provisions of the environmental review requirements the California Environmental Quality Act of 1970, as amended (CEQA), including the state and local implementing regulations. The CEQA Guidelines Section 15162 states that when an EIR has been certified, no subsequent EIR shall be prepared for that project unless the lead agency determines that either substantial changes are proposed to the project which will

require major revisions to the previous EIR, substantial changes will occur with respect to the circumstances under which the project is undertaken which will require major revisions of the previous EIR, or new information of substantial importance is available. The Initial Study included updated technical analysis of traffic and greenhouse gas emissions. An Initial Study was prepared for the General Plan Amendments associated with the Envision San José 2040 General Plan Four-Year Review. An Addendum concluded that the proposed General Plan Amendments would not result in any new significant impacts, impacts that are cumulatively considerable, or impacts that will directly or indirectly cause substantial adverse effects on human beings beyond those disclosed and evaluated in the General Plan Final PEIR and General Plan Supplemental EIR. The proposed General Plan Amendments are also consistent with the City's Greenhouse Gas Reduction Strategy outlined in the General Plan.

A copy of the Addendum and technical reports are available online:
<http://www.sanjoseca.gov/index.aspx?NID=5270>

PUBLIC HEARING NOTIFICATION

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

Although this item does not meet any of the criteria above, staff followed Council Policy 6-30: Public Outreach Policy. A notice of the public hearing was published in the San José Post Record and on the City's website. The staff report is also posted on the City's website and staff has been available to respond to questions from the public.

Project Manager: Jared Hart

Approved by:

Date: 11/9/16



, Planning Official for Harry Freitas, Planning Director

Attachments:

- A) April 10, 2015 Memorandum from Mayor and Councilmember Carrasco
- B) April 10, 2015 Memorandum from Councilmembers Rocha and Peralez
- C) Initial Study/Addendum to the Envision San José 2040 Final Program EIR
- D) Task Force Recommendations with Staff Updates (Strikeout/Underline Format)
- E) City Council Approved Scope for the General Plan Four-Year Review



Memorandum

TO: CITY COUNCIL

FROM: Mayor Sam Liccardo
Councilmember Chappie Jones
Councilmember Magdalena Carrasco

SUBJECT: LAND USE STUDY SESSION

DATE: April 10, 2015

APPROVED:

4.10.2015 **DATE:**

04/10/15

[Handwritten signature of Sam Liccardo]
Sam Liccardo

RECOMMENDATION

Accept staff presentation; and direct the City Manager to:

1. Return to City Council in December 2015 with the 4-year Major Review of the Envision San Jose 2040 General Plan; and,
2. Include findings for consideration by the City Council of a limited review conducted by staff and the General Plan Task Force, subject to the following constraints:
 - a. No proposed revisions to GP 2040 that would require a new Environmental Impact Report: The 4-year Major Review is not intended to undertake any major revisions to the General Plan that would require environmental clearance, such as with any expansion of the Urban Growth Boundary, or with development in the Urban Reserves.
 - b. Ground-truthing goals: San Jose's jobs/housing imbalance indisputably has caused the City to provide services at less than satisfactory levels for many years. The Jobs First goal of the GP 2040 attempts to course correct and reflects a bold and aspirational goal of 1.3:1 J/ER ratio, albeit at a baseline that is low compared to other cities in the Silicon Valley. While we retain that jobs-first principle, in the near term 10-year period through 2025, we should set a more achievable goal that will focus our policies on cognizable, measurable steps to dramatically improve our current 0.7:1 J/ER.
 - c. Preservation of commercial and industrial lands: The preservation of employment lands must continue to be a priority if we intend to be serious about the restoration of City services.

This requires continued discipline against the many pleas from lobbyists and developers for conversions of those job-creating sites to housing.

- d. City-initiated General Plan amendments and re-zonings for retail uses: There continues to be a significant sales tax revenue leakage out of San Jose. We should identify prime retail sites in retail-starved areas of the city, such as North San Jose, and proactively offer appropriate zoning-based incentives to property owners to support the re-designation of land uses.
- e. Identify Urban Villages that are best timed to proceed based on current or imminent infrastructure investments: In the near-term, the City should focus its efforts on identifying and positioning prime sites for development along public transportation corridors where funding for transit improvements such as BART, BRT or LRT services are imminent, or where adequate transportation infrastructure already exists. Prioritizing those sites for mixed-use development can direct developers to those locations where development is appropriately congruous with the community's reasonable expectations. Merely allowing development "where the market drives us" is not planning; it's acquiescing.
- f. Allowing flexibility, with explicit limits, in pursuit of larger goals: While staff and Council must continue to hold the line against employment land conversions that will undermine the City's fiscal condition, very limited and explicitly constrained exceptions would allow for critical public policy goals to be achieved, for example:
 - 1) Transit-oriented development in Urban Villages: For those high-priority Urban Villages, above, staff should analyze the feasibility of maintaining a minimum FAR for employment uses (e.g., in the range of .35 - .4 of commercial and office development) for proposed conversion of industrial lands to commercial use or mixed use with residential, along transit corridors, in the near term.
 - 2) Undesirable uses in neighborhoods: In many neighborhoods, existing and long-standing commercial uses, such as liquor stores and massage parlors, may tend to disrupt the quality of life of the people that live in and around them. Staff might consider development proposals that offer up to a .35 - .4 minimum FAR of mixed use with residential for approval.
 - 3) Temporary housing for the homeless: The rehabilitation of vacant hotels/motels in certain commercial corridors of the city, for the sole purpose of temporary housing, has been presented as a solution for the homeless crisis we face. Other solutions, such as micro-housing on sites constrained by a five-year permit, are also worth exploration. Explicit and enforceable constraints must be imposed to ensure that these are merely

temporary uses, not to be perceived as opportunities to convert employment lands to residential purposes in the future.

- 4) Commercial land inventory: Staff should evaluate lands that are not economically viable for commercial use, and present potential development opportunities.

BACKGROUND

With the 2011 Council adoption of the City's General Plan, we consciously made a fundamental policy shift to guide the City's continued growth through the year 2040 in order to achieve our long-term fiscal and economic objectives. Given the long range nature of the General Plan, we should be careful not to tinker too much with the policies embedded within it, in the near term. One good example of how the General Plan is working is that requests for industrial land conversions are few and far between, and several developments that proposed truly viable, mixed use projects with retail and office, in addition to housing, have been given the green light to proceed to construction. Since 2007, the quantity and nature of conversions have changed to a jobs and housing model. This is in contrast to wholesale conversions of employment lands to housing that had been based on failed assumptions, like those we experienced previously in Mid-Town and Berryessa.

With several new policy makers on the Council, some land use lobbyists expect us to pivot to a new position on implementing the General Plan that they consider highly regimented and lacking in flexibility. We have been told that the City should leverage the strong market in housing to "get what the City wants" even if it means giving up on a few acres of employment land. The claim is that we should build housing for young tech workers to live in and that companies will follow. Unfortunately, it has been proven over and over again that housing has never been a catalyst for job generation in San Jose.

San Jose continues to be one of the largest generators of housing in the Bay Area. The economic rebound has been great for San Jose over the past few years. Construction valuations from permit activity data for FY 2013-14 and FY 2014-15 (as of March 2015) shows highly robust activity for all segments of development, but most significantly in the residential sector, as shown below:

<u>Fiscal Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>
FY 2013-14	\$835,556,000 (4,724 Units)	\$398,506,125	\$457,410,001
FY 2014-15 (3/15)	\$514,956,689 (3,076 units)	\$243,532,871	\$247,648,486

Some facts from the Metropolitan Transportation Commission's *Vital Signs* website also reinforce San Jose's lead in producing housing as shown below:

Top Cities and Unincorporated Areas for Permitted Units 1990 through 1999

San Jose: 2,880 units/year

San Francisco: 1,450 units/year

Unincorporated Contra Costa County: 1,170 units/year
Santa Rosa: 810 units/year
Fremont: 740 units/year

Top Cities and Unincorporated Areas for Permitted Units 2000 through 2009

San Jose: 2,830 units/year
San Francisco: 2,180 units/year
Unincorporated Contra Costa County: 1,460 units/year
Oakland: 1,010 units/year
Brentwood: 930 units/year

Top Cities and Unincorporated Areas for Permitted Units 2010 through 2013

San Francisco: 2,800 units/year
San Jose: 2,700 units/year
Dublin: 700 units/year
Unincorporated Contra Costa County: 560 units/year
Sunnyvale: 540 units/year

As a result of this prolific annual housing construction, San Jose continues to be the only major city in the country with a larger night time population than day time, undermining our economic and fiscal status as compared to most other cities in the region. Our job growth is not keeping pace with our housing production. This will continue to challenge the City's ability to deliver essential services to existing and future residents.

We recommend that we continue to keep our focus on the fiscal implications of San Jose's jobs-housing imbalance, hold the line against conversions of industrial and other job-supporting parcels, and ensure that our housing development is in the form and locations that provides the best returns, the least traffic, and the least environmental impacts. At the same time, we believe the kinds of targeted changes we have outlined above can better enable us to accomplish our shared objectives.

The General Plan's land use policy framework must continue to aspire towards creating a fiscally strong city that is a regional employment center.



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Councilmember
Donald Rocha
Raul Peralez

SUBJECT: GENERAL PLAN MAJOR REVIEW **DATE:** April 10, 2015

Approved Don Raul Peralez Date 4/10/15

RECOMMENDATION

That the City Council ask Planning staff to provide the Council with feedback and recommendations on the following topics as part of the General Plan Major Review:

1. Consider whether the General Plan's phasing program for Urban Villages (known as the "Urban Village Horizons") needs to be modified to ensure that the City is able to prioritize development in Village areas that have the best market potential for producing successful development in alignment with Urban Village principles.
2. Consider whether adjustments should be made to the jobs and housing capacities contained in the plan, whether in the form of a change to the overall growth capacity contained in the plan or of a redistribution of capacity between different growth areas, to ensure that the City is planning for somewhat realistic growth scenarios and is not unduly burdened by planning for growth that cannot reasonably be expected to occur within the planning period.
3. Consider whether there may be additional General Plan mechanisms the City could use to facilitate production of affordable housing.
4. Consider whether it may be possible to move from using Level of Service (LOS) analysis to evaluate CEQA transportation impacts to using Vehicle Miles Traveled (VMT) analysis, consistent with revised CEQA guidelines as may be adopted by the State of California, and without losing the City's ability to require transportation mitigations of new development.
5. Assess the City's Urban Village outreach efforts to date for the purpose of determining whether there may be opportunities to change or improve our outreach procedure, whether additional resources may be needed to facilitate timely outreach, and whether the target of completing Urban Village plans in nine months, set out in General Plan policy IP-5.2, is a realistic goal.

6. Bring forward a mechanism for funding public amenities through new development, such as the mechanism that may be included in the Urban Village financing plans, along with any amendments to the General Plan that may be necessary to implement the proposal.
7. Consider whether General Plan amendments may be necessary to support any changes that may be made to the Mobile Home Conversion Ordinance, pursuant to the review of that ordinance directed by the City Council at the last priority setting session.
8. Explore the requirements for signature projects and the residential pool policy in order to determine their feasibility as it relates to the market and its potential for development.

ANALYSIS

The 2040 General Plan sets out an ambitious vision for San Jose's future. It proposes focused urban growth and sets a goal for improving the City's jobs/housing balance. The General Plan Update Task Force was wise in focusing on the need for jobs; the current imbalance between jobs and housing is a problem that deserves attention.

As the City Council, we are responsible for implementing the General Plan and have an obligation to live up to the vision it has established. Sometimes that may mean we need to stay faithful to the plan even when it is difficult, but it may also mean that, on occasion, we need to consider modifications to the General Plan to ensure that it can be implemented successfully. No matter how visionary, it's very rare for any plan to be perfect the first time out.

The General Plan Major Review is a perfect opportunity for the Council to review progress in implementing the plan and consider whether there are any adjustments that need to be made. With this memo I identify several areas where adjustments may be needed, and suggest that we ask Planning staff to look into them. The intent is not to be prescriptive: Planning staff should be free to bring forward their own recommendations in these areas, or even to tell us that no changes are warranted if that is their professional opinion. This is intended as a starting place for the discussion, not a final destination.

Urban Village Phasing

The General Plan phases Urban Village growth into three different horizons. Currently we are in the process of implementing Horizon 1.

Phasing growth into horizons has advantages—it allows us to grow in an orderly way—but it also brings a challenge. There are dozens of villages in the General Plan, but only a few of them are in Horizon 1. The development market varies from village to village, so it's possible that villages with the best market potential may not be in Horizon 1, and thus cannot redevelop in a mixed-use format even though developers may be willing to build such projects. By the same token, some of the Villages that are included in Horizon 1 may not be market-ready today, or any time in the near future.

With my first recommendation, I suggest that we ask staff to review the phasing structure with an eye to the market readiness of various Village areas. I think it's important that we allow some

market-ready Villages to move forward at the beginning of our implementation effort to give ourselves the best chance of realizing successful Urban Village development. A successful Village would serve as a proof of concept that could make developing subsequent Villages easier.

The City has an important role as a land use regulator, but I also believe we need to have a healthy dose of humility about what regulation can accomplish. At the end of the day, it is the private development market that builds projects, not our General Plan. As regulators, we don't need to give the market everything it wants, but we do need to pay attention to market forces.

Growth Capacity

The 2040 General Plan allows for an additional 470,000 jobs and 120,000 housing units to be built in San Jose. The job growth capacity is considerably larger relative to the housing capacity because of the focus on improving the City's ratio of jobs to employed residents. If the jobs and housing capacity allowed in the plan were built out, the ratio would improve from 0.8, where it currently sits, to 1.3. That means for every employed resident living in San Jose there would be 1.3 jobs located in San Jose.

Given the focus on creating jobs, I can understand why the General Plan Taskforce would have allowed for so much job growth. Even if all of the growth is not used, it pays to have excess capacity in case we land an especially large development in one of our growth areas.

That said, our job growth targets should also have some reasonable relationship to what is within the realm of the possible. If we're planning for job growth significantly beyond what we could ever achieve by 2040, even in our wildest dreams, we may actually be harming our ability to successfully implement the plan. For example, designing Urban Villages around jobs numbers that are not realistic may make it harder for Villages to be successful. It may also mean that the City is forced to bear the burden of environmental clearance for a significant number of jobs that won't be built during the life of the plan.

In my second recommendation, I suggest that we ask staff to review our growth capacity, both Citywide and within our growth areas, to ensure that it has some reasonable relationship to what could realistically be accomplished through development. I think it's perfectly appropriate for us to have extra capacity, but the question is, how much extra capacity do we need? I also recommend that we ask staff to consider whether growth capacity should be moved between our various growth areas to ensure that we have the best chance of capturing development opportunities where the market is strongest.

Affordable Housing

Given the great need for affordable housing in San Jose, I think we should at least consider whether there may be any opportunity to facilitate its production through our General Plan. One option I have raised before is the possibility of allowing affordable housing to move forward in Urban Village areas, without regard to whether the Urban Village is in an active horizon or whether an Urban Village plan has been completed. I am not wedded to any one approach, however. I'm merely suggesting we ask staff to present us with options.

Level of Service vs. Vehicle Miles Traveled

The City currently determines whether a project creates a transportation impact under CEQA through what is known as “level of service” analysis, or “LOS.” LOS estimates the additional delay that a proposed project would cause for motorists at nearby signalized intersections.

There is currently an effort underway at the State level to adopt new CEQA guidelines that would move away from LOS and instead use vehicle miles traveled (VMT) analysis to measure the impact of new projects. While LOS measure additional delay, VMT measures the total additional distance vehicles would travel due to a proposed project.

I recommend that we start exploring what it would take to move to the VMT metric, both because it makes sense to start preparing for the new State guidelines, and because our General Plan goals are already structured around VMT. General Plan Goal TR-9, for example, calls for a 10% VMT reduction in San Jose below 2009 levels.

If we do move to VMT, however, it will be very important to ensure that the City can still require transportation mitigations of proposed projects. LOS is our current mechanism for requiring mitigations, so to the extent we move away from it we will need to ensure that we have an adequate replacement.

Other Recommendations

I also propose several other recommendations in addition to the ones I discuss above. I suggest we review our approach to Urban Village outreach given the high level of community interest we can anticipate in Urban Village areas. I also suggest we ask staff to bring forward a mechanism for funding public amenities through new development. This is important because to the extent we are asking our residents to accept a large amount of new growth, some of it very dense, we need to have a plan for funding the public amenities that will support such growth and maintain our residents’ quality of life. Finally, I suggest that staff consider whether there are any amendments that need to be made to the General Plan to support the review of the Mobile Home Conversion Ordinance, which the Council has already directed staff to pursue.

Conclusion

I’ve included quite a few recommendations in this memo, but I see them more as fine-tuning of the General Plan than a major overhaul. The vision and goals of the plan are sound; I’m just trying to ensure we get the details right so that our vision can be realized.

GPT16-009

Attachment C:

Initial Study/Addendum

Can be viewed online at:

<http://www.sanjoseca.gov/DocumentCenter/View/62220>

ATTACHMENT D
GENERAL PLAN FOUR-YEAR REVIEW
TASK FORCE RECOMMENDATIONS WITH STAFF UPDATES
(STRIKETHROUGH/UNDERLINE)

Planned Job Capacity Adjustment and Near Term J/ER Ratio Goal

1. **Chapter 1, “Major Strategy #4 - Innovation/Regional Employment Center,” section, pages 17-18:**

Emphasize economic development within the City to support San José’s growth as center of innovation and regional employment. Growing San José’s role as an employment center will enhance the City’s leadership role in North America, increase utilization of the regional transit systems, and support the City’s fiscal health. San José is the largest and most urban city located within the Silicon Valley and plays an increasingly important role in the continuing growth of the regional, State, and National economies. San José is however the only large city within the US that acts as a net exporter of workers within the region. The resulting “bedroom community” character reduces opportunities for San José to take on a leadership role that would benefit the development of the Silicon Valley as a whole, while also undermining San José’s economic, fiscal, and cultural status. Through multiple General Plan updates, San José has identified improvement of the City’s jobs/housing balance or Jobs/Employed Residents Ratio (J/ER) as a critical objective to address multiple City goals. The Envision San Jose 2040 General Plan establishes achievement of a J/ER ratio of ~~1.3~~ 1.1 to 1 by the year 2040 as a core objective of the Plan, informing its policies and Land Use/Transportation Diagram designations. In the near term, the Plan strives to achieve a J/ER ratio of 1.0 by the year 2025.

The Land Use/Transportation Diagram and General Plan policies support the development of up to ~~470,000~~ 382,000 new jobs within San José and a jobs to employed residents ratio of ~~1.3~~ 1.1 Jobs per Employed Resident. The Plan focuses employment growth in the Downtown, in proximity to regional and local transit facilities and on existing employment lands citywide, while also encouraging the development of neighborhood serving commercial uses throughout the community and close to the residents they serve. The Plan recognizes that all existing employment lands add value to the City overall and therefore preserves those employment lands and promotes the addition of new employment lands when opportunities arise. The Plan in particular supports intensive job growth at planned and existing regional transit stations (e.g., BART, High-Speed Rail, and Caltrans) to support increased transit ridership and regional use of the transit system to access San José’s employment centers.

The Envision San José 2040 General Plan supports and promotes San José’s growth as a regional center for employment and innovation, by:

- Planning for ~~470,000~~ 382,000 new jobs and a Jobs/Employed Resident Ratio of ~~1.3~~1.1/1
- Providing greater flexibility for commercial activity

- Supporting job growth within existing job centers
- Adding new employment lands
- Designating job centers at regional transit stations
- Celebrating arts and culture

2. **Chapter 1, “Envision San José 2040 Key Issues” section, pages 59, 63, 69:**

Page 59

While the *Envision San José 2040 General Plan* builds upon the City’s land use planning history and core community values that have been addressed in previous General Plan documents, it also establishes a new direction in some key areas. Key decisions made by the City through the Envision process and subsequent Major Reviews have resulted in a General Plan that:

1. Includes growth capacity for the development of up to ~~470,000~~ 382,000 new jobs and up to 120,000 new dwelling units through 2040: With its current development and this amount of growth capacity, San José could grow to ~~840,000~~ 751,000 jobs and 430,000 dwelling units in total, supporting a residential population of approximately 1.3 million people and a Jobs / Employed Resident Ratio (J/ER) of ~~1.3~~ 1.1/1.

Page 63

The Task Force regularly debated whether housing and job capacities proposed in the various growth scenarios could be achieved, asking about recent jobs and housing development trends for comparison purposes. Task Force members also debated whether job growth could be achieved without comparable housing growth. The Task Force supported a vision of San José as a fiscally sustainable and world-class city, and agreed that San José should try to improve its J/ER ratio to at least 1.0, ultimately targeting a J/ER ratio of 1.3 to help accomplish that vision.

During the 2015 Major Review process, the Task Force was directed by City Council to set a more achievable J/ER ratio. As part of this Major Review process, the Task Force recommended a J/ER ratio of 1.1 jobs per employed resident in order to establish a more attainable jobs goal while also maintaining the General Plan’s jobs-first principle, thereby changing the General Plan’s J/ER ratio goal from 1.3/1 to 1.1/1.

Page 69

The *Envision General Plan* supports the potential development of up to ~~470,000~~ 382,000 new jobs and 120,000 new housing units for the timeframe 2011 through 2040. The Envision Task Force expressed considerable concern that this large amount of growth might proceed in an imbalanced or poorly implemented fashion, undermining the overall goals of the Envision General Plan.

3. **Chapter 2, “Land Use and Employment” section, pages 4-5:**

Page 4

IE-1.4 Manage land uses to enhance employment lands to improve the balance between jobs and workers residing in San José. To attain fiscal sustainability for the City, strive to achieve a minimum ratio of 1.1 jobs/employed resident by 2040 to attain fiscal sustainability for the City. In the near term, strive to achieve a minimum ratio of 1 job per employed resident by 2025.

Page 5

IE-1.14 To monitor the City’s balance of land uses and resulting tax base as well as its progress towards reaching the goal of ~~1.3~~ 1.1 jobs per employed resident in San José, periodically review residential construction activity and supply versus industrial and commercial job growth rates. Report results of this review to the City Council as part of the annual General Plan reviews.

4. **Chapter 5, “Support for Employment Growth” section, page 4:**

The Envision San José 2040 General Plan strongly identifies and promotes job growth as critical for fiscal sustainability in San José’s future. Economic Development Policies include a Jobs / Employed Resident (J/ER) ratio goal of ~~1.3~~ 1.1 by 2040, and a near term J/ER ratio goal of 1.0 by 2025. In order to achieve ~~this goal~~ these goals, employment lands from the San José 2020 General Plan are retained and additional employment land capacity is added in select locations. The most notable addition to employment capacity (compared to the San José 2020 General Plan) is within the Alviso planning area, on the Water Pollution Control Plant lands. To support growth in employment and commercial activity, the Envision San José 2040 General Plan provides flexibility for mixing of land uses with a particular emphasis upon allowing more flexibility for commercial uses to develop within predominantly residential areas of the city. The resulting land use designations and various Land Use Policies accordingly provide significant support for new mixed-use development. In most instances, these mixed-use designations and policies provide additional flexibility for accommodating commercial uses beyond what was allowed in the San José 2020 General Plan.

5. **Chapter 7, page 4, paragraph 1:**

San José recognizes the economic and fiscal importance of promoting an appropriate balance of both housing and job growth. All economic and housing development directly influences attainment of the General Plan Policy objective of ~~1.3~~ 1.1 jobs for each employed resident. Implementation Goals and Policies in this section address efficient and effective ways of facilitating job and housing growth at appropriate densities and locations.

6. **Chapter 7, “General Plan Phasing / Phasing Horizons / Major Review” section, page 8:**

IP-2.5 During each Major Review of the *Envision General Plan* evaluate input provided by the reconvened Task Force and achievement of the following key General Plan goals

to inform the City Council's decision, regarding needed changes, to begin the next General Plan Horizon, or to increase the number of residential units available for non-specific Urban Village areas:

- a. Jobs/Housing Balance – Demonstrate improvement of the City's jobs to employed resident ratio (J/ER) consistent with achievement of 1.0 job per employed resident by 2025~~1.3~~, and 1.1 jobs per employed resident by the year 2040.
- b. Fiscal Sustainability – Demonstrate sustainable improvement above 2010 levels in the level of service for City services provided to the San José community.
- c. Housing Supply – Verify that the current Planning Horizon contains adequate capacity to meet San José's Regional Housing Needs Allocation for the upcoming 4-year term.
- d. Infrastructure – Confirm that adequate infrastructure and service facilities, especially transit, exist or that a secure plan for them is in place to support the planned jobs and housing capacity in the current and contemplated Horizon.

7. Appendix 5, page 1, paragraph 1:

The Envision San José 2040 General Plan supports significant amounts of planned job and housing growth capacity. Based upon the land uses designated on the General Plan Land Use/Transportation Diagram and accompanying policies contained within the text of General Plan document, the General Plan is intended to support the addition of ~~470,000~~ 382,000 new jobs and 120,000 new housing units within San José.

8. Appendix 6, "Job and Housing Growth Capacity" section, page 2:

The Urban Village Plan is required to support the full amounts of planned job and housing growth capacity. A variety of elements should be included within the Urban Village Plan to meet this requirement.

A central goal of this General Plan is to achieve a jobs to employed resident ratio of ~~1.3~~ 1.1 for San José. Experience indicates that there are inherently a wide variety of obstacles that make it difficult to realize the planned amounts of job growth. In contrast, experience indicates that planned amounts of housing growth will be readily accomplished and that if allowed, residential development will take place on land proactively planned for employment uses. Therefore it is necessary to insure that Urban Village Plans in particular incorporate provisions to protect job growth sites and the overall planned amount of job growth capacity.

Urban Village Policy Modifications

9. Chapter 7, “General Plan Phasing / Planning Horizons / Major Review” section, page 9:

IP-2.8 Focus new residential development into specified Growth Areas to foster the cohesive transformation of these areas into complete Urban Villages. Allow immediate development of all residential capacity planned for the Growth Areas included in the current Plan Horizons.

Plan Horizon	Growth Area
“Base” Capacity for new housing development not regulated by Plan Horizons	<ul style="list-style-type: none"> • Downtown • Specific Plan Areas • North San José Area Development Policy • Vacant / Underutilized Lands • Residential Neighborhoods • Existing Entitlements
Horizon 1 Residential Growth Areas	<ul style="list-style-type: none"> • Downtown Urban Village Corridors (East Santa Clara Street, Alum Rock Avenue, West San Carlos Street, and The Alameda) <u>and Berryessa BART Urban Village</u>
Horizon 2 Residential Growth Areas	<ul style="list-style-type: none"> • BART Station, Light Rail Station, and Light Rail Corridor <u>Five Wounds BART and Local Transit (Existing) Urban Villages</u>
Horizon 3 Residential Growth Areas	<ul style="list-style-type: none"> • Planned Light Rail Stations and Corridors <u>Local Transit (Planned), Commercial Corridors and Centers, and Neighborhood Urban Villages</u>

10. Chapter 7, “Urban Village Planning” section, page 16:

IP-5.2 Develop and use an Urban Village Planning process so that each Urban Village Plan can be successfully completed within ~~an approximately nine month planning period,~~ approximately one year, with the possibility of a longer process in order to conduct sufficient community engagement. The completion of an Urban Village Plan will be followed by completion of environmental review as required for adoption of the Plan. Engage Urban Village area property owners to the fullest extent possible, along with representatives of adjacent neighborhood areas, potential developers and other stakeholders in the Urban Village Planning process.

11. Appendix 5, “Table: Planned Job Capacity and Housing Growth Areas by Horizon,” page 3:

Move the Berryessa BART Urban Village from Horizon 2 to Horizon 1 [see page 11].

Affordable Housing Policy Modifications

12. Chapter 4, “Social Equity and Diversity” section, page 30:

H-1.17 Identify, assess, and implement potential tools, policies, or programs to prevent or to mitigate the displacement of existing low-income residents due to market forces or to infrastructure investment.

H-1.18 Identify, assess, and implement potential tools, policies, or programs to facilitate new supply of housing that is affordable to lower-income workers and residents in key Growth Areas, such as in Urban Villages, priority development areas, and in transit locations.

H-1.19 Develop tools to assess and to identify neighborhoods and planning areas that are experiencing or that may experience gentrification in order to identify where anti-displacement and preservation resources should be directed.

H-1.20 Explore and facilitate opportunities to incorporate innovative design and program features into affordable housing developments, such as neighborhood hubs, community gardens, car-sharing, and bike facilities to increase access to health and transportation resources.

13. Chapter 4, “Affordable Housing” section, page 31:

~~H-2.6 Evaluate and~~ incorporate, if feasible, an affordable housing implementation plan component in the preparation of each Urban Village plan, specific plans, master plans, or strategy plans that include plans for housing.

H-2.7 Support strategies in collaboration with other jurisdictions and agencies to end homelessness by creating permanent housing solutions combined with services such as medical, education, and job placement.

H-2.8 Facilitate the production of affordable and safe housing for workers who provide goods and services to San Jose residents and businesses.

H-2.9 To increase the supply of affordable housing, one hundred percent deed restricted affordable housing developments would be allowed on sites outside of the existing Growth Areas on properties with a Mixed Use Commercial or Neighborhood/Community Commercial land use designation if the development meets the following criteria:

1. The site is 1.5 acre or less.
2. The site is vacant or underutilized.
3. The site has adjacent properties with a residential General Plan Land Use / Transportation Diagram designation on at least one side and the development would be compatible with the surrounding neighborhood.
4. The development would not impact the viability of surrounding commercial or industrial properties or businesses.
5. The site is located within a ½-mile of an existing transit line.
6. The development integrates commercial uses that support the affordable housing project and/or the surrounding neighborhood.

7. Development on properties that contain structures that are on, or are eligible for inclusion on the City of San José's Historic Resources Inventory should adaptively reuse these structures.

H-2.10 Work with existing and new partners to develop a regional mechanism to advance the shared responsibility of meeting the region's affordable housing needs.

H-2.911 Coordinate and implement housing policies and goals contained in the City's, Consolidated Plan, and its 5-Year Investment Plan.

H-2.1012 Explore revisions to our City's Secondary Unit Ordinance that further support the provision of affordable housing and help achieve needs identified in its Consolidated Plan.

H-2.1113 Update the City's dispersion policy: 1) to align the location of future affordable housing developments with planned future Growth Areas identified in the Envision General Plan; 2) to be consistent with the City's inclusionary housing ordinance; 3) to maximize the access of transit, retail, services, and amenities to affordable housing developments; and 4) to reemphasize the support for integration and complete communities.

H-2.1214 Seek permanent sources of affordable housing funds.

H-2.1315 Maintain our City's Inclusionary Housing Policy and Ordinance, and provide technical assistance to the development community to ensure that residential projects conform to it.

H-2.1416 Support local, State and federal regulations that preserve "at-risk" subsidized and rent-stabilized units subject to potential conversion to market rate housing rents and that will encourage equitable and fair policies that protect tenant and owner rights.

H-2.1517 Support legislation at the State and Federal levels that: (1) facilitates private and/or public sector investment in housing affordable to households of extremely-low, very low-, low- and moderate-income; (2) provides for the greatest local autonomy in the administration of State and Federal housing programs; and (3) furthers the City's objective of conserving and rehabilitating the existing housing stock.

H-2.1618 Create and maintain a list of sites that are appropriate for meeting our City's affordable housing needs.

H-2.19 Explore, analyze, and implement innovative programs, policies, and partnerships that bring new housing solutions and products to San José.

14. Chapter 7, “General Plan Phasing / Planning Horizons / Major Review” section, page 8:

IP-2.6 When the City assesses its jobs-housing balance on a periodic basis, include an analysis of the jobs-housing fit in order to provide a more detailed analysis of San José’s workforce by jobs and incomes and housing stock by types of housing costs. This will provide additional information as to whether the City’s housing stock fits the affordability needs of its workforce.

15. Chapter 7, “Urban Village Planning” section, pages 15-16, 19:

Pages 15-16

IP-5.1 Prepare a comprehensive Urban Village Plan prior to the issuance of entitlements for residential development within any of the Urban Village areas identified on the Land Use / Transportation Diagram. Commercial projects, including those with ancillary residential uses, and “Signature Projects”, as defined in Policy IP-5.10, may proceed in advance of the preparation of a Village Plan. Use the Village Plan to clearly address:

1. **Job and Housing Growth Capacity:** Identify suitable areas for retail and other employment uses, giving careful consideration to existing and future demand for retail space, the appropriate location and design of retail spaces, opportunities for large-scale and small-scale retail uses, and adequate and appropriate sites for other employment uses consistent with the total planned job capacity for the particular Growth Area. Identify suitable areas for residential development, capable of supporting the full amount of planned residential growth capacity. Apply corresponding Land Use / Transportation Diagram or zoning designations to support the proposed employment and residential density ranges.
2. **Urban Village Boundaries and Land Uses:** Identify potential adjustments to the identified Urban Village Boundaries and potential modifications to the Land Use / Transportation Diagram as necessary to best utilize existing land use growth capacity, address neighborhood context, and promote economic development through the identification of optimal sites for retail and other employment uses. Provide adequate job growth capacity for retail, office and other employment uses to accommodate both the existing levels of activity plus the planned amount of growth for each job type category. Identify and designate existing land uses within the Urban Village Area boundaries, if any, which should be retained rather than made available for redevelopment. Match the planned land uses for any areas within the Urban Village Area which have already been addressed through an overlapping Urban Village plan.
3. **Building Heights and Densities:** Identify for specific properties within the Village Planning area minimum and maximum thresholds for building heights and densities. These standards should fall within the broader ranges established in the Land Use / Transportation Diagram and be consistent with planned job and housing growth capacity for that Village area. Implement these standards through the Zoning process prior to development of new residential or mixed-use, residential projects.

4. Infrastructure: Identify locations for parks, plazas, public and quasi-public open spaces, and sites to potentially incorporate libraries, public safety facilities and other public uses, along with other infrastructure needs. A Village Plan should also consider the adequacy of public and private utilities to serve the planned growth capacity.
5. Urban Character: Include streetscape and building frontage design, pedestrian facility improvements and other urban design actions necessary to successfully implement the Village concept.
6. Greenhouse Gas Reduction: Identify locations of existing and planned transit and pedestrian and bicycle facilities and include design and implementation measures necessary to meet City goals for vehicle miles travelled (VMT) reduction and greenhouse gas (GHG) emission reductions.
7. Affordable Housing: Establish an Urban Village wide goal that, with full build out of the planned housing capacity of the given Village, 25% or more of the units built would be deed restricted affordable housing, with 15% of the units targeting households with income below 30% of Area Median Income. This is a goal, not a requirement to be imposed on individual projects.
78. Financing: Consider financing mechanisms which may be needed to deliver public improvements, affordable housing, amenities, and the like envisioned within the Urban Village Plan.
89. Implementation: Consider the establishment of phasing triggers or other implementation tools for specific land use changes within the context of the Urban Village Plan to support achievement of the Urban Village Plan goals consistent with other Envision General Plan goals and policies so that implementation of the Urban Village Plan over time will consistently provide sufficient capacity for a number of jobs equal to planned new job growth capacity plus maintenance of existing job capacity.

Page 19

IP-5.12 Residential projects that are 100% affordable to low (up to 60% AMI), very low (30-50% AMI) and extremely low income (up to 30% AMI), can proceed within an Urban Village ahead of a Growth Horizon, or in a Village in a current Horizon that does not have a Council approved Plan, if the project meets the following criteria:

1. The project does not result in more than 25% of the total residential capacity of a given Urban Village being developed with affordable housing ahead of that Village's Growth Horizon. For Villages with less than a total housing capacity of 500 units, up to 125 affordable units could be developed, however the total number of affordable units cannot exceed the total planned housing capacity of the given Village.
2. The development is consistent with the Urban Village Plan for a given Village, if one has been approved by the City Council.

3. Development that demolishes and does not adaptively reuse existing commercial buildings should substantially replace the existing commercial square footage.
4. The project is not located on identified key employment opportunity sites, which are sites generally 2 acres or larger, located at major intersections and for which there is anticipated market demand for commercial uses within the next 10 to 15 years.
5. Affordable housing projects built in Villages under this policy would not pull from the residential Pool capacity.

IP-5.1213 Develop Urban Village Plans for Village areas identified for housing growth in the current Horizon proactively, ahead of developer demand to begin residential development there. Actively pursue outside funding opportunities for the Village planning process.

Other Recommendations

16. **Chapter 7, “General Plan Annual Review and Measureable Sustainability” section, pages 11, 13:**

Page 11

IP-3.7 Monitor, evaluate and annually report on the success of the programs and actions contained within the Greenhouse Gas Reduction City Council Policy to demonstrate progress toward achieving required State of California Greenhouse Gas reduction targets (at or below 1990-equivalent levels) by 2020, ~~2030, 2040~~³⁵ and 2050. Refine existing programs and/or identify new programs and actions to ensure compliance and update the Council Policy as necessary.

Page 13

IP-3.9 Update the Greenhouse Gas Reduction Strategy targets and policies to ensure compliance with State Senate Bill 32 2030 targets within two years of completion of the Second Update to the California Climate Scoping Plan.

IP-3.910 To facilitate implementation of greenhouse gas reduction measures as part of development review, adopt a City Council Policy that guides analyses and determinations regarding the conformance of proposed development with the City’s adopted Greenhouse Gas Emission Reduction Strategy. Adopt a City Council Policy within two years of completion of the Second Update to the California Climate Scoping Plan.

17. City Council should direct staff to prioritize their future Urban Village planning efforts on Horizon 2 Light Rail Urban Villages.
18. City Council should add staff capacity to the Planning Division to implement Urban Village Plans and General Plan policies.

Planned Job Capacity and Housing Growth Areas by Horizon (3 Horizons)									
751,450 839,450 Jobs and 429,350 Dwelling Units; 1.1 1.3 J/ER									
Existing 2008 Development: 369,450 Jobs & 309,350 DU									
Growth Above Existing: 382,000 470,000 Jobs & 120,000 DU									
	Acres	CAPACITY		Planned Acreage for Mixed-Use Residential	TRACKING				NSJ ADP
		Planned Job Capacity	Planned Housing Yield (DU)		Base	Planned DU Growth Capacity for Urban Villages by Horizon (Timeframe)			
					Already Entitled	Horizon 1	Horizon 2	Horizon 3	Phases 2-4
Total Plan Growth Capacity		382,000 470,000	120,000		32,610	14,839 13,909	24,379 25,309	24,626	23,546
Downtown									
Downtown (v)	890	48,500	10,360		4,938	5,422			
Downtown Sub-Total		48,500	10,360		4,938	5,422			
Specific Plan Areas									
Communications Hill Specific Plan	942	1,700	2,775		2,775				
Jackson-Taylor Residential Strategy	109	100	1,190		656	534			
Martha Gardens Specific Plan	145	0	1,760		0	1,760			
Midtown Specific Plan	219	1,000	1,600		646	954			
Tamien Station Area Specific Plan	149	600	1,060		169	891			
Alviso Master Plan (v)	11,443	18,700 25,520	70		0	70			
Evergreen Specific Plan (not including V55)	879	0	25		25				
Specific Plan Sub-Total		22,100 28,920	8,480		4,271	4,209			
Employment Land Areas									
Monterey Business Corridor (v)	421	1,095	0						
New Edenvale	754	10,000 16,000	0						
Old Edenvale Area (Bernal)	474	15,000 31,000	780		780				
North Coyote Valley	1,722	45,000 50,000	0						
Evergreen Campus Industrial Area	368	10,000 12,000	0						
North San José (including Rincon South)	4,382	100,000	32,640		9,094				23,546
VT1 - Lundy / Milpitas BART	150	28,400	0						
Berryessa / International Business Park (v)	448	4,583 40,155	0						
Mabury (v)	300	2,265	0						
East Gish (v)	442	2,300	0						
Senter Road (v)	345	2,275	0						
VT5 - Santa Clara / Airport West (FMC)	194	1,600	0						
VT7 - Blossom Hill / Monterey Rd	24	1,940	0						
VT25 - W. Capitol Expy / Monterey Rd	24	100 870	0						
VR16 - S. Capitol Av / Capitol Expy	2	100 260	0						
VR24 - Monterey Hwy / Senter Rd	35	100 1,280	0						
VR26 - E. Capitol Expy / McLaughlin Dr	16	100 630	0						
VR27 - W. Capitol Expy / Vistapark Dr	15	100 680	0						
C42 - Story Rd (v)	115	1,823 7,020	0						
C45 - County Fairgrounds	184	100 1,200	0						
Employment Land Sub-Total		226,881 275,090	33,420		9,874				23,546
Regional Transit Urban Villages									

VT2 - Berryessa BART / Berryessa Rd / Lundy Av (v)	250	22,100	4,814		48	3,884	930		
VT3 - Five Wounds BART	32	4,050	845		8			845	
VT4 - The Alameda (East)	19	1,610	411		4	177	234		
VT6 - Blossom Hill / Hitachi	302	0	2,930		29	2,930			
Regional Transit Villages Sub-Total		27,760	9,000			6,991	1,164	845	
Local Transit Urban Villages (Existing LRT)									
VR8 - Curtner Light Rail / Caltrain (v)	43	500 1,380	1,440		36			1,440	
VR9 - Race Street Light Rail (v)	78								
A (west of Sunol)		2,000 2,207	1,937			532		1,405	
B (Reed & Graham Site)		1,200 700	675					675	
VR10 - Capitol / 87 Light Rail (v)	48	750 2,768	1,195		30			1,195	
VR11 - Penitencia Creek Light Rail	30	0 4,043	920		23			920	
VR12 - N. Capitol Av / Hostetter Rd (v)	23	500	1,230		23			1,230	
VR13 - N. Capitol Av / Berryessa Rd (v)	49	1,000 2,022	1,465		37			1,465	
VR14 - N. Capitol Ave / Mabury Rd	30	100 250	700		18			700	
VR15 - N. Capitol Av / McKee Rd (v)	55	1,000 2,842	1,930		48			1,930	
VR17 - Oakridge Mall and Vicinity (v)	323								
A (Cambrian / Pioneer)		3,375	2,712		68			2,712	
B (Edenvale)		5,715	4,487		115			4,487	
VR18 - Blossom Hill Rd / Cahalan Av	28	500 1,780	600		15			600	
VR19 - Blossom Hill Rd / Snell Av	45	500 2,598	770		27	8		762	
CR20 - N. 1st Street	66	2,520	1,678		42	333		1,345	
CR21 - Southwest Expressway (v)	132	750 4,965	3,007		75	339		2,668	
Local Transit Villages (Existing LRT) Sub-Total		20,410 34,605	24,746			1,212		23,534	
Local Transit Urban Villages (Planned BRT/LRT)									
VR22 - Arcadia / Eastridge (potential) Light Rail (v)	78	1,150 3,690	250			250			
VR23 - E. Capitol Expy / Silver Creek Rd	58	450 900	1,000		25			1,000	
CR28 - E. Santa Clara Street									
A (West of 17th Street)	64	795	850		17		850		
B (Roosevelt Park)	47	605	650		13		650		
CR29 - Alum Rock Avenue									
A (Little Portugal)	18	100 270	310		6		310		
B (Alum Rock)	72	870	1,010		20	93	917		
C (East of 680)	61	650 4,040	1,175		24			1,175	
CR30 - The Alameda (West)	16	200 440	400		8			400	
CR31 - W. San Carlos Street									
A (East)	48	380	480		10		480		
B (Mid)	32	260	330		7	95	235		
C (West)	39	340	435		9	218	217		
CR32 - Stevens Creek Boulevard									
A (East)	78	1,500 700	1,300		26	8		1,292	
B (Mid)	116	2,000 950	1,750		35			1,750	
C (West)	75	1,000 750	810		16			810	
Local Transit Villages (Planned BRT/LRT) Sub-Total		10,300 41,960	10,750			664	3,659	6,427	
Commercial Corridor & Center Urban Villages									
C34 - Tully Rd / S. King Rd	90	900 4,900	1,000		20			1,000	

C35 - Valley Fair / Santana Row and Vicinity (v)	116	8,500 2,440	2,635		53	725		1,910
C36 - Paseo de Saratoga and Vicinity	140	1,500 3,000	2,500		50			2,500
C37 - Santa Teresa Bl / Bernal Rd	56	850 1,500	524		14			524
C38 - Winchester Boulevard	216	2,000 4,600	2,200		40	441		1,559
C39 - S. Bascom Avenue (North)	62	1,000 1,440	1,560		28			1,560
C40 - S. Bascom Avenue (South) (v)	63	500 4,705	805		16	74		731
C41 - Saratoga Avenue (v)	100	1,500 3,605	1,115		22	89		1,026
C43 - S. De Anza Boulevard (v)	64	2,140	845			45		800
C44 - Camden / Hillsdale Avenue	90	2,000 3,500	800		20			800
Commercial Corridor & Center Villages Sub-Total		20,890 25,800	13,984			1,374		12,610
Neighborhood Villages								
V47 - Landess Av / Morrill Av	16	100 600	270		7			270
V48 - Piedmont Rd / Sierra Rd	11	100 400	150		4			150
V49 - McKee Rd / Toyon Av	13	100 400	180		5			180
V50 - McKee Rd / White Rd (v)	10	100 300	168		4	7		161
V52 - E. Capitol Expy / Foxdale Dr	14	100 400	212		5			212
V53 - Quimby Rd / S. White Rd	16	100 600	225		6			225
V54 - Aborn Rd / San Felipe Rd	19	100 600	310		8			310
V55 - Evergreen Village	30	0 600	385		10		385	
V57 - S. 24th St / William Ct (v)	9	100 415	217		5	67		150
V58 - Monterey Rd / Chynoweth Rd	26	100 1,200	120		3			120
V59 - Santa Teresa Bl / Cottle Rd (v)	31	500 1,090	313		13			313
V60 - Santa Teresa Bl / Snell Av	11	100 600	140		4			140
V61 - Bollinger Rd / Miller Av	13	100 400	160		4			160
V62 - Bollinger Rd / Lawrence Expy	5	100 200	70		2			70
V63 - Hamilton Av / Meridian Av	40	500 1,000	710		18			710
V64 - Almaden Expy / Hillsdale Av	24	400 800	370		9			370
V65 - Foxworthy Av / Meridian Av	16	100 700	250		6	55		195
V67 - Branham Ln / Meridian Av	18	100 650	310		8			310
V68 - Camden Av / Branham Ln	26	200 650	450		11			450
V69 - Kooser Rd / Meridian Av	20	200 850	350		9			350
V70 - Camden Av / Kooser Rd (v)	26	100 1,080	623		16			623
V71 - Meridian Av / Redmond Av	10	100 505	120		3			120
Neighborhood Villages Sub-Total		3,400 13,740	6,103			129	385	5,589
Other Identified Growth Areas								
Vacant Lands	558	1,759 3,625	1,460			1,460		
Entitled & Not Built	513	0	1,697			1,697		
Other Identified Growth Areas Sub-Total		1,759 3,625	3,157			3,157		

Notes:

DU = Dwelling Units (Occupied and Vacant)

Planned Housing Yield (DU) = The number of new dwelling units which would be produced within the identified growth area through redevelopment of the planned Mixed-Use Residential land areas at the anticipated density (DU/AC)

Projected DU Growth by Horizon (Timeframe) = The planned number of new dwelling units within each growth area based upon the availability of Housing Growth Areas designated on the General Plan Land Use Diagram being made available in phases over time.

Base = Existing entitled residential units (Citywide) plus the capacity for new residential units planned within Specific Plan areas.

Vacant Lands = Potential development capacity based upon the current General Plan designation for sites identified as being currently vacant or significantly underutilized in respect to the current General Plan projected capacity. These lands are identified in the Vacant Land Inventory most recently updated by the City in 2007. Growth Areas that incorporate Vacant Land capacity are indicated with a (v).

Attachment E

City Council Approved Scope for the General Plan Four-Year Review (from April 10, 2015 Council Memorandums)

	Council Memo Item Reference No./Task		OUTCOME
Memo from Mayor Liccardo, Councilmembers Jones & Carrasco (http://sanjoseca.gov/DocumentCenter/View/42182)	2.b	While we retain that jobs-first principle, in the near term 10-year period through 2025, set a more achievable goal that will focus our policies on cognizable, measurable steps to dramatically improve our current 0.7:1 J/ER.	Task Force/staff recommend reducing planned jobs equal to a J/ER ratio of 1.1/1, and establishing a near term (2025) J/ER ratio goal of 1.0/1.
	2.c	Maintain preservation of commercial and industrial lands as a priority.	Task Force/staff are not proposing any policy changes that would weaken GP policies on preservation and creation of commercial and industrial lands.
	2.d	City-initiated GP amendments and rezonings for retail uses. Identify prime retail sites in retail-starved areas of the city and proactively offer appropriate zoning-based incentives to property owners to support the re-designation of land uses.	Strategic Economic's is currently working on a city-wide analysis to identify prime retail sites, focusing in retail-starved areas of the city. The retail analysis will be provided to the Community and Economic Development City Council Committee following its completion, anticipated in winter 2017. Staff could identify potential General Plan land use amendments and/or zoning modifications, and will seek direction on policy or zoning code changes to pursue and bring back to Council for consideration at a later date.
	2.e	Identify Urban Villages that are best timed to proceed based on current or imminent infrastructure investments.	Task Force/staff do not recommend moving to Planning Horizon 2. Task Force recommending to move Berryessa BART Urban Village from Horizon 2 to Horizon 1.
	2.f	Allowing flexibility in pursuit of larger goals:	
	2.f(1)	For those high-priority Urban Villages, staff should analyze the feasibility of maintaining a minimum FAR for employment uses (in the range of 0.35 to 0.40 of commercial and office development) for proposed conversion of industrial lands to commercial use or mixed use with residential, along transit corridors, in the near term.	Staff/Task Force considered proximity of Urban Villages to existing and planned transit facilities as a criteria for adjustments to planned job adjustments. Urban Villages near transit and the Downtown are recommended to maintain FARs at the same level or similar to what they were before proposed adjustments to planned job growth.
	2.f(2)	For undesirable uses in neighborhoods, Staff might consider development proposals that offer up to a 0.35 to 0.40 minimum FAR of mixed use with residential for approval.	Staff/Task Force are not recommending General Plan amendments related to this item (see Attachment B of Overview Memo from April 7, 2016 Task Force Meeting: http://www.sanjoseca.gov/DocumentCenter/View/55488).
	2.f(3)	Temporary housing for the homeless.	Task Force/staff recommending General Plan policies to facilitate affordable housing.
	2.f(4)	Commercial Land Inventory: Evaluate lands that are not economically viable for commercial use, and present potential development opportunities.	The proposed policy to allow 100% affordable housing on underutilized commercial properties that meet identified criteria partially address this item. No other General Plan amendments are recommended related to this item.
Memo from Councilmembers Rocha & Peralez (http://sanjoseca.gov/DocumentCenter/View/42180)	2	Consider whether adjustments should be made to the jobs & housing capacities.	Task Force/staff recommend reducing planned jobs equal to a J/ER ratio of 1.1/1, establishing a near term (2025) J/ER ratio goal of 1.0/1., and keeping the housing capacity the same (120,000 new dwelling units).
	3	Consider whether there may be additional General Plan mechanisms the City could use to facilitate production of affordable housing.	Task Force/staff recommending General Plan policies to facilitate affordable housing.

Attachment E

City Council Approved Scope for the General Plan Four-Year Review (from April 10, 2015 Council Memorandums)

Council Memo Item Reference No./Task		OUTCOME
4	Consider whether it may be possible to move from using Level of Service (LOS) to evaluate CEQA transportation impacts to using VMT analysis.	DOT, Planning and Public Works are currently working with a consultant to identify an approach to moving away from an LOS CEQA threshold and towards a VMT CEQA Threshold. This work is occurring outside of and simultaneously with the Four-Year Review process.
5	Assess the City's Urban Village outreach efforts to date for the purpose of determining whether there may be opportunities to change or improve our outreach procedure, whether additional resources may be needed to facilitate timely outreach, and whether the target of completing Urban Village plans in nine months is a realistic goal.	Task Force/staff recommending to modify Policy IP-5.2 to target the completion of Urban Village plans within one year, with the possibility of a longer process in order to conduct sufficient community engagement.
6	Bring forward a mechanism for funding public amenities through new development, such as the mechanism that may be included in the Urban Village financing plans, along with any amendments to the General Plan that may be necessary to implement the proposal.	Staff are currently developing multiple urban village financing plans. Financing plans for the Roosevelt Park and Little Portugal Urban Villages are being brought to Council in December 2016 for consideration. These plans will provide a template for the other financing plans that will be brought to Council. This work is being conducted outside of, but parallel to the Four-Year Review process. Staff/Task Force are not proposing General Plan Amendments related to Urban Village Financing Plans as part of the Four-Year Review process. General Plan amendments will be proposed separately as part of each proposed Urban Village Plan being considered by Council.
7	Consider whether General Plan amendments may be necessary to support any changes that may be made to the Mobile Home Conversion Ordinance.	Work on this item is being conducted outside of the Four-Year Review process. City Council deferred staff's proposed General Plan Amendments regarding the Mobile Home Conversion Ordinance to a later hearing date TBD.
8	Explore the requirements for Signature Projects and the residential Pool policy in order to determine their feasibility as it relates to the market and its potential for development.	Task Force/staff are not recommending modifying the requirements for Signature Projects or adding units to the Residential Pool.

The following
items were
received after
packets were
distributed.

From: Laura Tolkoff [<mailto:ltolkoff@spur.org>]

Sent: Monday, November 14, 2016 9:03 PM

To: Freitas, Harry; Hughey, Rosalynn; Brilliot, Michael; Hart, Jared

Cc: Teresa Alvarado; Kristy Wang

Subject: SPUR Letter on General Plan Four Year Review

Hi Harry, Rosalynn, Michael and Jared,

We hope this email finds you well. We wanted to share SPUR's letter on the Four-Year Review recommendations that are going to Planning Commission and Council. This letter synthesizes much of what we discussed over the summer.

SPUR is thankful to have had the opportunity to serve on the Four-Year Review Task Force. We believe that *Envision 2040* is deeply important to the future of San Jose, laying out an urban vision for the Bay Area's largest city. We applaud staff for taking on an update to the General Plan in such a thoughtful manner.

The ideas in the attached letter are intended to move San Jose towards a more urban and inclusive future. In this letter we offer the following:

- Principles that inform our thinking;
- Recommendations about the outcomes of of this Four-Year Review; and
- Ideas to guide the long-term evolution of *Envision 2040*.

Thank you for considering these comments and for your partnership. Please feel free to contact us with any questions you may have.

Best regards,

Laura Tolkoff, AICP

San Jose Policy Director

SPUR • Ideas + Action for a Better City

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November 14, 2016
Submitted Electronically

San Jose Planning Commission
200 E. Santa Clara Street
San Jose, CA 95113

Re: General Plan Four-Year Review Study Session and Item 7e

Dear Chair Abelite and San Jose Planning Commission,

We believe that *Envision San Jose 2040* is deeply important to the future of the San Jose, laying out an urban vision for the Bay Area's largest city. SPUR appreciated the opportunity to participate in the first four-year update to the Envision 2040 General Plan. We applaud the city for taking on an update to the general plan in such a thoughtful manner.

At the same time that the General Plan Review was underway, SPUR led three policy research efforts that are closely tied to the successful implementation of the general plan. These efforts:

- Recommend code changes will help implement San Jose's vision for downtown and urban villages (*Cracking the Code*);
- Recommend ways that San Jose can become fiscally strong city (*Back in the Black*);
- Identify ways San Jose can produce more housing for all income levels (*forthcoming*).

Through these parallel processes, SPUR developed a greater understanding of the challenges with implementing the vision set out in the Envision 2040 General Plan.

The ideas in this letter are intended to strengthen policies that are moving San Jose closer to a more urban future and retool those that are not. In this letter we offer the following:

- Principles that inform our thinking;
- Recommendations regarding this four-year review; and
- Recommendations to guide the long-term evolution of San Jose's General Plan.

I. Statement of SPUR's Principles Regarding the General Plan

SPUR believes in the vision in San Jose's general plan and we wrestled with all the same issues that the city has diligently considered in this process. We believe that the following principles should guide both near-term and long-term changes contemplated to the General Plan.

1. The central purpose of a general plan is to articulate the vision for the future of a city through physical form, land use and transportation. While a general plan can

lay the foundation for a city's fiscal health, it is only one piece of a strategy to achieve fiscal health. A general plan is a comprehensive, long-range statement of the city's values, which is used to guide the physical development of the city. San Jose has staked its future on a transformation to a dense, connected city, designed to attract and support an innovative workforce and offer a high quality of life. We strongly support this vision.

2. Great places are also fiscally strong places. Great places are those that integrate dense development and mixed land uses in ways that are designed for people and serve their daily needs within close proximity to their homes and jobs. A byproduct of great places is that they produce more revenue per acre than they require in public investment, which makes them productive and fiscally strong. When communities concentrate housing, jobs, retail and other uses over smaller areas, land is used more efficiently and land value grows. This allows for more concentrated production of property tax and sales tax revenue.

3. New development is an opportunity to create great places. Most of San Jose developed after the widespread adoption of the private car, which means that most neighborhoods do not have the type of urban fabric that supports walkable, transitable places. New development is an opportunity to integrate dense development and mixed land uses in ways that are designed for people and serve their daily needs.

4. Land that is viable for jobs should be planned for jobs, and at the right density and in consideration with industry and economic trends. Commercial lands play an important role in generating economic activity within the city's borders. We are sensitive to the fact that converting commercial lands to residential use is difficult to reverse, and that 2,300 acres of employment lands have already been converted to residential use and that only, leaving just 15 percent of the city's remaining lands for jobs. However, not all lands designated as commercial will be viable for that use, and not all jobs offer equal economic value to the city. Where land is viable for jobs, it should be planned and developed at the right density and in the context of broader industry trends to be of greatest value to the city.

5. Housing should be allowed to move forward in the right locations and at the right densities. We understand that San Jose has historically been a bedroom community for Silicon Valley and that the city has been grappling with a structural deficit caused in part by low property taxes relative to service consumption, coupled with insufficient sales and business tax revenue. Adopting a jobs-first general plan has been a central part of the city's strategy to correct these challenges.

However, as part of the general plan review process, the city reassessed its previous assumption that all housing is a fiscal negative, recognizing that newer high-density housing is either fiscally neutral or fiscally positive for the city. SPUR has analyzed the fiscal impact of housing in San Jose and agrees with this conclusion. With this new understanding, we think that San Jose should allow housing to move forward if it aligns

with the city's goals for focused growth. In other words, allow housing to move forward at the right densities and in the right locations.

Further, developing housing in the right places can be an important part of the city's strategy to grow jobs. A robust residential population makes an area more attractive to retailers, which generates local revenue from sales tax receipts. At the same time, employers increasingly want to locate in areas where they can find talented workers.

6. People need better ways to get where they need to go within, and between, their communities. Part of the solution is to support high-density growth near high-quality, frequent transit and in walking distance of amenities. The automobile will continue to play a role for many trips, but people want and deserve other options. We should prioritize growth near transit, and new development should be designed to meet the street in ways that support transit, biking and walking.

7. Zoning is the primary tool to translate the vision articulated in a general plan into the rules that guide development. Zoning laws are land use regulations that guide the use and form of new development and vary by district or sub-area of the city. Zoning guides the market so that new development takes the shape of what the community wants. It also provides clarity for developers. Where financially feasible, when coupled with assessment or improvement districts, zoning provides a way for the city to generate needed resources for public amenities. Most cities rezone areas of the city to match the vision set out in a plan, but San Jose uses zoning in an ad-hoc way—as proposals are submitted.

II. Near Term Recommendations for This Four-Year Update

- 1. We support creating a goal for affordable housing production in urban villages, but feel that it should be a specific number of units (rather than a percentage). The number of units should be ambitious yet achievable. We are concerned that the proposed 25% goal could have unintended consequences.** SPUR supports increasing the supply of housing for all income levels. However, we caution against establishing the goal without assessing what is feasible and in the absence of the financial resources needed to attain the goal.

Without sufficient resources to build affordable housing, San Jose runs the risk of seeming to be “behind” on its 25% affordability target—especially as more market-rate housing is built. In this way, adopting a percentage goal has the unintended consequence of setting up a competitive dynamic between market rate and affordable housing. However, market rate housing and affordable housing are not at odds with each other—both are needed. If the goals are set too high (or made into a requirement), and the development is deemed to be infeasible, then neither market-rate nor affordable housing will be created. If supply is not added, there is a risk that housing prices in San Jose will continue to rise.

Additionally, it may not be feasible to reach 25% affordability in each urban village individually. The market may support new development in some urban villages but not others, and the rents that new development can support will vary.

To summarize, we are wary of adopting a percentage goal because of the dynamic it sets up between market-rate and affordable housing; this dynamic has the potential to stall the production of housing. We would rather see the goal expressed as a total number of units and funding identified to achieve that goal. Additionally, the units should be spread out across all urban villages to give developers the flexibility they need so that affordable units (and market rate units) are produced.

2. **We support the Task Force’s direction to reduce the jobs-to-employed residents ratio to 1.1. We do not support the staff recommendation to increase the jobs target from 363,000 to 382,000.** We commend the city for setting ambitious goals. However, the jobs goal is a benchmark that is used to manage and phase the production of housing. Lowering the goal to 1.1 is a great first step that could support the production of more housing, if the market supports the requisite number of jobs to fulfill this goal. However, the analysis presented during the four-year review showed that 1.1 was still an ambitious goal. We hope that the city will regularly monitor progress towards this goal and adjust accordingly, but we believe that adding 19,000 more jobs now will overly restrict housing.
3. **There is tremendous vision and talent among city staff, but additional resources are needed to achieve the physical and economic transformation of the city.** While we are sensitive to the city’s strained fiscal condition, we believe that good planning is an investment in the city’s future that pays for itself in the long-run. For example, the Office of Economic Development needs resources to recruit and attract new businesses and the Planning Building and Code Enforcement Department needs additional resources and staff to complete urban village plans in the stated goal of one year. SPUR was a strong supporter of Measure G and hopes that new revenues will be dedicated to these important activities.¹

III. Recommendations to Guide the Next Annual- and Four-Year Review of the General Plan

1. **Establish minimum densities at key growth areas including downtown, the Diridon Station Area and North First Street as well as in urban villages, especially in transit station urban villages.** The areas immediately surrounding transit stations are major public investments. Adequate density at these locations is essential to shifting travel behavior over the long term. At the same time, it is important to maximize the use

¹ See SPUR’s proposed spending framework for Measure G: <http://www.spur.org/publications/policy-letter/2016-10-27/spur-proposes-spending-framework-san-jose-business-tax>

of each site. This is particularly important in downtown (which has a small footprint), around Diridon Station (where high densities are needed to support new investments) and in the North San Jose Area (where the city has already converted a lot of commercial and industrial acreage for residential uses). While the city found that 45 housing units per acre is fiscally positive, some growth areas such as the Diridon Station Area, downtown and transit station urban villages warrant higher densities.

- 2. Residential development that conforms to urban village plans should be allowed to move forward, regardless of horizon.** To enable job growth, the general plan both encourages commercial development and meters residential development. For example, new housing (outside of the signature project process) cannot be built in an urban village until the city completes and adopts an urban village plan and implementation plan, and that urban village is located in an active horizon.

The plan horizons are a way to conduct urban village plans in phases as staff resources permit. However, the city has received grant funding for urban villages that are in Horizons 2 and 3 and is thus working on plans that are not in the active horizon (Horizon 1). Even if these urban village plans were adopted with an accompanying implementation plan, housing would not be allowed to move forward in these horizons unless it were part of a signature project. We think that once an urban village plan and the accompanying implementation plan have been adopted, that housing be allowed to move forward regardless of horizon so long the proposed development conforms to the plan.

- 3. Use zoning proactively to get the type of development that is consistent with the general plan.** We encourage the city to rezone land to match existing plans instead of rezoning with project approvals. Most cities rezone areas of the city to match the vision set out in a plan, but San Jose does not use zoning in that way. In San Jose, zoning is typically revised in response to proposals through the planned development or signature project process. This means that General Plan concepts Urban Village plans are not yet written into the zoning code or map. It also means that the city can lose out on the public benefits they might have otherwise received if developers are able to obtain approvals without paying for public benefits. Although rezoning in advance of a development proposal requires resources, it can save time and create certainty for both developers and the city. We recommend that the city complete a rezoning process at the same time that urban village plans are adopted.
- 4. Implement your vision for downtown and urban villages by codifying minimum expectations for urban design.** New development can be designed to make streets and public spaces safe and interesting so that people want to spend time in them instead of passing through. While the city is setting a higher bar for good urban design than ever before, the city's urban design priorities are not always communicated in a clear and consistent way. Many of the city's urban design guidelines are outdated. Many projects must go through multiple levels of review and negotiation with city staff, and many go unreviewed, unless flagged by interested parties. Although the city has urban design

guidelines, they are aspirational and largely unenforceable. Guidelines are often ignored or deemed infeasible. This makes it difficult for the city to consistently get highest-quality urban design, and also creates unpredictability in the entitlements process. The transformation envisioned in the General Plan won't happen without updating and codifying the city's ground rules for good urban design.²

- 5. Prioritize growth near transit to support the city's mode shift and climate change goals.** If land use and transit do not move forward in close coordination, the city will not be able to achieve its mode-shift and climate change goals. We encourage the city to ensure that new growth is timed and shaped (through urban design standards) to support the success of major transit projects, such as BART to Silicon Valley Phase II, high-speed rail or VTA's Next Network. Transit urban villages are not in Horizon 1, which means that San Jose may miss out on opportunities to shift towards more sustainable travel behaviors today. We urge the city to prioritize urban villages in central San Jose and near transit and to ensure that new buildings in these urban villages support transit, walking and biking.

San Jose is at the forefront of cities that are trying to tackle growth, sustainability, and economic transformation at once. The shift towards a more urban future is not without growing pains, but it is essential for the future of the city's quality of life and environment and we commend San Jose for taking on this vision. Please feel free to contact us with any questions or comments.

Sincerely,



Teresa Alvarado
San Jose Director



Laura Tolkoff
San Jose Policy Director

Cc:

Shirley Lewis, Co-Chair, City of San Jose General Plan Review Task Force
David Pandori, Co-Chair, City of San Jose General Plan Review Task Force

² For specific recommendations on modifications to San Jose's code, please see Cracking the Code (http://www.spur.org/publications_pdfs/SPUR_Cracking_the_Code.pdf)

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November 16, 2016

San Jose Planning Commission
Attn: Ed Abelite, Chair
200 E. Santa Clara Street
San Jose, CA 95113

Re: Item 7.e GPT16-009, General Plan Four-Year Review and environmental issues raised by staff recommendations

Dear Chair Abelite and Planning Commission Members:

The undersigned environmental organizations thank you for the opportunity to comment on the San Jose General Plan Four-Year Review. The years since the General Plan's approval in 2011 have given the opportunity to reassess the General Plan and make appropriate revisions to protect the environment. The General Plan Task Force, with the assistance of environmental stakeholders and City staff, conducted an in-depth analysis of what has happened in order to make appropriate recommendations.

Summary

We urge the Planning Commission to take the following two steps:

1. Retain the General Plan Task Force jobs allocation recommendations. Please do not accept the modifications proposed by City staff. The last minute increase in job allocation was not discussed or reviewed by the Task Force, and is likely to have harmful effects on the environment. Please reduce the allocation for North Coyote Valley back to 20,000 jobs as recommended by the Task Force, and do not raise it to 45,000 jobs as proposed by staff.

Please note that environmental organizations see the 20,000 jobs allocation as a move in the right direction from the 50,000¹ jobs allocation in the 2011 General Plan. However, our support for this recommendation does not mean that our organizations are supportive of development in Coyote Valley. We believe Coyote Valley is an inappropriate place for development.

2. Recommend that the City undertake a comprehensive assessment of the natural resource values of Coyote Valley, given the recent development pressures there and the lack of knowledge about those natural resources.

¹ We note a discrepancy in the staff recommendations - they say they would reduce the original North Coyote Valley, 50,000 jobs allocation "by 15,000 jobs instead of 30,000 jobs" proposed by the Task Force, but the Addendum shows a total North Coyote Valley jobs figure of 45,000. Regardless of whether the staff proposal is 45,000 or 35,000, it is far too high an allocation.

Reasons for our recommendations

A broad consensus emerged from the Four-Year Review that the aspirational goals for job creation that the General Plan laid out were unrealistic. Proper planning requires the use of achievable targets. The Task Force made crucial recommendations that reduced the overall new jobs goal from 470,000 to 363,000, and the Jobs:Employed-Residents ratio from 1.3:1 to 1.1:1. The recommendations were based on information provided by City staff on where the reduced numbers would occur. Crucially, North Coyote Valley provided a major component of this reduction, from 50,000 total jobs to 20,000 total jobs. A number of severe environmental impacts result from a too-high ratio of jobs to employed residents, ranging from increased vehicle miles travelled to pressure for industrial sprawl development on greenfields like Coyote Valley. These reductions are vitally important to San Jose's environment.

Unfortunately, City staff now recommend a significant increase, 18,000 jobs, in the number for the jobs goal for Coyote Valley – this is above and beyond the Task Force recommendations. Beyond the general issue of environmental impacts from a Jobs:Employed-Residents ratio above 1:1, this move in the wrong direction will be made in large part by sacrificing the environment in Coyote Valley. It will also adversely impacts housing, because housing development in San Jose is restricted by matching it with achievement of (unrealistic) jobs goals.

We urge the Planning Commission to support the jobs levels that the Task Force recommended. In addition to other reasons for rejecting the staff recommendations, much of the added jobs figures came from the especially-unrealistic idea of putting 45,000 jobs in mostly-undeveloped North Coyote Valley. The original 2011 General Plan proposal for 50,000 jobs in North Coyote Valley was done with no analysis. The Task Force relied on a much-reduced amount, 20,000 jobs, in that area. We believe that even 20,000 jobs would be a difficult goal to meet, given the type of industrial warehouses and data centers that are proposed for this area and the difficulty of attracting other types of industry to this undeveloped area.

While the jobs figure of 20,000 for North Coyote Valley is “less wrong” than the staff recommendation, we do not endorse it. We maintain that the destruction of this environmental gem is not worth the direct and indirect costs. Costs can be expected to be substantial for economic and environmental reasons, including protecting our water resources and hindering the response to climate change. We simply urge the Planning Commission to continue the move in the right direction with the 20,000 jobs figure, although we do not endorse that figure.

A stated reason given by City staff for increasing the number of jobs in Coyote Valley is to consider “existing industrial and office entitlements” there. This presumably refers to the long-expired Coyote Valley Research Park - entitlements for that project expired years ago due to the failure to construct it. Even if there were entitlements, the project obviously has not been and will not be built, so it would be bad planning to base jobs figures based on an assumption about a project that will not be built.

Environmental issues are long running concerns for San Jose, often intertwined with housing issues. The lack of affordable housing in the Bay Area and San Jose drives sprawl and vehicle emissions regionally. Together with this specific ask to support the Task Force jobs goals recommendations, we urge support for affordable housing as the Task Force has indicated.

Finally, it is clear that San Jose will need far better understanding of Coyote Valley, given the development pressure that we are seeing at this time. Our understanding of wildlife habitat and connectivity, of water, of

climate, and of agriculture has deepened based on new science, new regulation, and new opportunities. We urge the Planning Commission to recommend comprehensive consideration of natural resource values in Coyote Valley before heading down a path to irrevocable loss of those resources.

For the above reasons, we urge you to accept the Task Force recommendations including total jobs figures, with the understanding that we do not consider Coyote Valley to be an appropriate place for development.

Sincerely,

Kiyomi Yamamoto
Regional Representative, Greenbelt Alliance

Linda J. LeZotte
General Plan (original and update) Task Force Member

Linda Ruthruff
Conservation Committee Chair, California Native Plant Society, Santa Clara Valley

Shani Kleinhaus
Environmental Advocate, Santa Clara Valley Audubon Society

Alice Kaufman
Legislative Advocate, Committee for Green Foothills

Mike Ferreira
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November 16, 2016

San Jose Planning Commission
Attn: Ed Abelite, Chair
200 E. Santa Clara Street
San Jose, CA 95113

Re: Item 7.e GPT16-009, General Plan Four-Year Review

Dear Chair Abelite and Planning Commission Members:

Thank you for the opportunity to comment on the San Jose General Plan Four-Year Review. This review, initiated in 2015, is meant to review experience gained since the General Plan was approved in 2011 and reset goals in light of that experience. As housing and affordable housing advocates, our organizations monitored and participated in the General Plan Task Force in 2015 and 2016 to assist the review process.

A clear outcome of the review was the realization that the aspirational goals for job creation in the 2011 General Plan were divorced from what could actually be done, and at the same time created significant barriers to housing. These housing barriers exist because the amount of housing that could be developed in San Jose is sequentially staged to match the amount of jobs created, and the failure to meet unrealistic jobs expectations stops badly needed housing from being constructed. Furthermore, specific housing construction opportunities in San Jose's Urban Village proposals are constricted by requirements that specific amounts of jobs occur in those Urban Villages, and the height of that jobs barrier is artificially increased to match the unrealistic jobs goals in the 2011 General Plan.

Housing advocates therefore **strongly support the following recommendations by the Task Force:**

- **Adjusting the city's planned ratio of jobs per employed resident from 1.3 to 1.1 with a total new jobs capacity of 363,000.** This new ratio will provide San Jose with ample capacity for new job growth and also reduce the amount of commercial space required to be included in most urban villages, making new residential and mixed-use development more feasible.
- **Priority for stand-alone affordable housing development.** Permits 'by right' development (not requiring public hearing) for projects that are 100 percent permanently affordable, regardless of Horizon designation. Allowing stand-alone affordable housing to move forward across all Urban Villages will create mixed-income neighborhoods while priming the Urban Villages for subsequent market-rate development.
- **Conversion of small parcels.** Allows the conversion of vacant or underutilized small parcels (sized 1.5 acres or less) currently zoned for Mixed-Use Commercial or Neighborhood/Community Commercial to stand-alone permanently affordable housing, provided the parcel has residential uses on at least one side. Allowing the conversion of small sites does not conflict with the City's

employment goals but instead serves to free up underutilized land for affordable housing.

- **Creating an affordability goal and targets.** Establishes a goal that at least 25 percent of all new housing developed in Urban Villages are deed-restricted affordable housing, with 15 percent of the units targeting households with incomes below 60 percent of the area median income.

Housing advocates appreciate and support the General Plan Task Force recommendations that significantly decreased the jobs goals in the General Plan. Unfortunately, City staff are recommending a significant increase, 18,000 jobs, in the number for the jobs goal above and beyond the Task Force recommendations. This will hurt housing needed by middle-income and working families in San Jose.

We urge the Planning Commission to support the jobs levels no higher than those found in the Task Force recommendations. In addition to other reasons for rejecting the staff recommendations, much of the added jobs figures came from the especially-unrealistic idea of putting 45,000 jobs in mostly-undeveloped North Coyote Valley. The original 2011 General Plan proposal for 50,000 jobs in North Coyote Valley was done with no analysis. The Task Force relied on a much-reduced amount, 20,000 jobs, in that area. Housing organizations are not saying that 20,000 figure is appropriate; it is in fact very difficult to locate jobs in this undeveloped area.

We also note a discrepancy in the staff recommendations - they say they would reduce the original North Coyote Valley, 50,000 jobs allocation "by 15,000 jobs instead of 30,000 jobs" proposed by the Task Force, but the Addendum shows a total North Coyote Valley jobs figure of 45,000. Regardless of whether the staff proposal is 45,000 or 35,000, it is far too high.

For the above reasons, **we urge you to accept the Task Force recommendations, rather than the revised staff recommendations, for total jobs numbers and distribution.**

Sincerely,

Kiyomi Yamamoto
Regional Representative, Greenbelt Alliance

Kevin Zwick
Executive Director, Housing Trust of Santa Clara County

Pilar Lorenzana-Campo
Policy Director, SV@Home