



# Memorandum

TO: City Council

FROM: Mayor Chuck Reed  
Councilmember Madison Nguyen  
Councilmember Nancy Pyle  
Councilmember Forrest Williams

SUBJECT: SEE BELOW DATE: October 19, 2007

APPROVED: *Forrest Williams* *Chuck Reed*  
*Madison P. Nguyen* DATE: *10/19/07*

SUBJECT: PROPOSED FRAMEWORK FOR PRESERVATION OF EMPLOYMENT LANDS

## RECOMMENDATION

Approve staff recommendations with the following clarifications and changes:

1. The following are not employment land conversions and are not governed by the Framework:
  - Rezoning that are consistent with existing General Plan land use designation;
  - Rezoning that are consistent with existing Specific Plan land use designation;
  - Changes from Industrial Park uses to Combined Industrial/Commercial uses;
  - Conditional Use Permits for Emergency Residential Shelters and SRO's per the Zoning Code;
  - Development of sites in the General Plan designations of Commercial in Neighborhood Business Districts under Discretionary Alternative Use Policies as appropriate, with preference for mixed use; and
  - Public Schools.
2. Commercial uses or a combination of industrial and commercial uses should be considered on small or unusually configured remnant industrial designated sites per the proposed Discretionary Alternative Use Policies. Staff is directed to develop specific criteria to allow for some flexibility on such sites. Other uses for small or unusually configured industrial sites will be considered by the General Plan Task Force at the appropriate time.
3. Small, isolated remnant commercial parcels that are degrading neighborhoods and are no longer suitable for commercial uses may be considered for conversion for affordable housing projects which include Extremely Low Income units, and/or schools, assembly uses, and other Public/Quasi-Public uses, secured by a Development Agreement or similar mechanism. Staff is directed to identify such remnant parcels and make the information publicly available.
4. Proposals to designate employment lands for conversion to non-employment uses in support of public infrastructure, such as BART or Light Rail, must be accompanied by a proposal to offset the loss of Light Industrial or Heavy Industrial lands as recommended by City staff. Proposals for conversions to residential use in support of BART or Light Rail should include a significant portion of Extremely Low Income (ELI) units and other Affordable units, secured by a Development Agreement or similar mechanism. It is recommended that staff

coordinate the direction above with discussions that are currently in progress on a proposal for citywide inclusionary housing.

5. There are currently 12 pending General Plan Amendments involving the potential loss of 147 acres of employment lands. These pending applications could generate an estimated 3,600 dwelling units. All pending conversion applications will be processed and evaluated under the Preservation Framework and agendaized for Council consideration at one time, no later than the end of March 2008, if ready.
6. Staff is directed not to pursue a mitigation fee program nor monetary capital contributions for economic development.

## **BACKGROUND**

The Framework to Evaluate Proposed Conversions of Employment Lands to Other Uses was originally approved by the City Council in April 2004. Direction was given to staff at our March 2007 Council Study Session that the Framework be updated. On May 15, 2007, City Council unanimously approved strengthening the employment lands conversion criteria and directed staff to modify the Framework as such. Staff has acted upon this direction and drafted a proposed Framework for Preservation of Employment Lands that is before us now.

City Council actions since 1990 have led to the conversion of over 1,400 acres of prime employment lands, a conversion of 9% of all employment lands. We need to send a message that our commitment to land use, economic development and a fiscally sustainable city is a long-term proposition. We must discourage conversion of employment lands that are based on current market demand and pricing. We need to preserve employment lands to support driving industries, as well as our business-support and people-serving industries, jobs, and tax base. We need to generate more revenue to support residents. We need to eliminate the structural budget deficit.

While we take a stand on preservation of employment lands, let us reiterate that our commitment to leading the South Bay in housing production continues to be strong. Staff estimates a General Plan residential holding capacity of approximately 75,000 dwelling units including allocations in the Greater Downtown Core Area and North San Jose. We must encourage and work with our housing partners to achieve full build-out of the General Plan capacity.

Comparing San Jose data with other Silicon Valley cities provides a grim picture of our current fiscal status. Total revenue per capita is 1.4 times less in San Jose than in Santa Clara and 2.1 times less than in Sunnyvale. San Jose continues to be the County's bedroom community with 0.9 jobs per employed resident, trailing badly behind Santa Clara with 2.1 jobs per employed resident, and Sunnyvale with 1.2 jobs per employed resident.

Approval of the proposed Framework will be our opportunity to intentionally slow down the rate of employment land conversions while the General Plan Update is in development. Our approach is not misguided. Rather it is an opportunity to correct the existing imbalance and create opportunities for jobs and housing.

The San Jose Metro Area is ranked as the 10<sup>th</sup> Major Manufacturing Center in the US. Other major cities in the country including San Francisco, Los Angeles, Oakland, Boston, Chicago, Cleveland, New York, and Portland, are facing similar pressures on conversion of employment lands, and are similarly engaged in preservation and zoning protection of their industrial lands.

Your support of these recommendations is appreciated.