



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Joseph Horwedel

SUBJECT: ENVISION SAN JOSE 2040
GENERAL PLAN ANNUAL
PERFORMANCE REVIEW

DATE: October 9, 2013

Approved:

Date:

10/11/13

RECOMMENDATION

The Administration recommends that the City Council take the following actions:

- (a) Accept the Envision San José 2040 General Plan Annual Review report;
- (b) Continue the policy direction of employment first and great places;
- (c) Continue planning and implementation efforts in village areas.

OUTCOME

The City Council's consideration of the first General Plan Annual Review performance report provides an opportunity for the Council to discuss the fundamental goals of the Envision San José 2040 General Plan prior to its decisions on pending land use and text amendments to the General Plan.

EXECUTIVE SUMMARY

The Envision San José 2040 General Plan instituted a new annual review timeline for evaluation of progress on the Plan's implementation actions and programs. This first Annual Review report is intended to fulfill this requirement, and is organized around the General Plan's twelve Major Strategies. Collectively, these Major Strategies directly inform the Land Use/Transportation Diagram and the Goals, Policies, and Implementation Actions which guide the physical development of San José and the delivery of City services over the life of the General Plan. This report describes the City's progress for each of the Strategies based on available data.

BACKGROUND

On November 1, 2011, the City Council adopted the Envision San José 2040 General Plan, which built on longstanding policies of growth management and added a stronger framework to create great places throughout San José and enhance job growth. The Plan also instituted a new annual review timeline for evaluation of progress on the Plan's implementation actions and programs. Specifically, Policy Implementation Policy IP-3.1 (General Plan Annual Review and Measurable Sustainability) states, "Beginning in 2013, hold one Annual Review hearing for the Planning Commission and the City Council to review and consider proposed amendments to the Envision General Plan and to evaluate its Performance Measures."

This first Annual Review report is intended to fulfill this requirement, and is organized around the General Plan's twelve Major Strategies because the Strategies articulate the outcomes associated with the General Plan and provide a more meaningful framework to report the data:

- Community Based Planning
- Form Based Plan
- Focused Growth
- Innovation/Regional Employment Center
- Urban Villages
- Streetscapes for People
- Measurable Sustainability/Environmental Stewardship
- Fiscally Strong City of San José
- Destination Downtown
- Life Amidst Abundant Natural Resources
- Design for a Healthful Community
- Plan Horizons and Periodic Major Review

Collectively, these Major Strategies directly inform the Land Use/Transportation Diagram and the Goals, Policies, and Implementation Actions which guide the physical development of San José and the delivery of City services over the life of the General Plan. This report describes the City's progress for each of the Strategies based on available data.

ANALYSIS

Summary of Population and Development

Population and development activity information provide a useful context for the Annual Review. Specifically,

- In 2012, San José had a population of 982,783 persons, representing approximately 53.5% of the County of Santa Clara's total population (American Community Survey). In other words, San José is the home to the majority of the County's residents.

- From January 1, 2012 to August 31, 2013, San José issued building permits for 5,283 housing units. This compares to 3,496 units during calendar year 2012.
- During the same period of January 2012 to August 2013, San José issued building permits for 1.7 million square feet of commercial/industrial development. Of this Samsung represents 680,000 square feet, Village Oaks retail (“Hitachi” site on Cottle Road) is 250,000 square feet, and Skyport Hotel is another 250,000 square feet. This compares to approximately 500,000 square feet of commercial/industrial development during calendar year 2012.
- San José is on course to set a 12-year high in 2013 in non-residential construction valuation. As of August, non-residential construction permits were valued at a total of \$317,000,000. For comparison, the 2007 valuation was \$367,000,000 and the 2001 valuation was \$756,000,000.

#1 – Community Based Planning

The Envision San José 2040 General Plan was designed to embody community values and goals through an extensive and meaningful community based planning process. The City remains committed to effectively engaging representatives of all segments of the community consistent with the General Plan. In addition, the City’s Public Outreach Policy (City Council Policy 6-30) establishes a baseline protocol for dissemination of information related to development activity, and to encourage early and frequent communication between staff, applicants, and the public on specific development applications. San José goes far beyond the State’s requirements for community participation in its land use and planning activities.

As a measure of the Planning Division’s outreach efforts on privately-initiated land use development applications, City-initiated Urban Village plans, and Zoning Code changes, an inventory has been taken of the number of community meetings held on these various work items. In the first half of 2013 (January to June), a total of 35 community meetings were conducted, which compares to an annual average of 40 community meetings over the 2010 to 2012 time period. This increase reflects a substantial rise in development activity levels in recent months, and also demonstrates the City’s continued commitment to community based planning and meaningful engagement.

#2 – Form Based Plan

The Envision San José 2040 General Plan uses an innovative form-based approach for the development of the City. Land use designations that address the form and character of the built environment, as well as appropriate uses and densities, enable the Plan to clearly articulate a vision for San José’s future urban form. The urban form within the Growth Areas is intended to encourage people to walk by locating buildings adjacent to the sidewalk, using high quality architecture and building materials, putting active uses (such as retail and restaurants) on the

ground floor, and employing other design features. Within existing neighborhoods outside of Growth Areas, the Plan clearly requires new home placement to follow the pattern of its particular neighborhood. The form-based approach provides greater flexibility for economic activity, addresses neighborhood concerns about compatibility of new development, and promotes the ongoing development of complete, cohesive neighborhoods.

The Planning Division is using form-based principles in the review of development proposals and in the preparation of Urban Village Plans. Specifically, development applications within the Downtown are being evaluated according to the Downtown Design Guidelines.

The Planning Division will also be hiring an Urban Designer who will focus on important design elements of City and other agency public projects within San José, including transportation improvements such as Bus Rapid Transit. The Urban Designer will also be retooling the Architectural Review Committee which currently advises the Planning Director on high rise and other high profile proposals. These efforts will be done in collaboration with the business community, SPUR, and other organizations and individuals.

On the October 22, 2013 agenda, the City Council is considering a Director-initiated rezoning (C13-035) of portions of the Alum Rock Urban Village area and Alum Rock Neighborhood Business District (NBD). Importantly, this rezoning proposes first-time use of the new Main Street Zoning Districts adopted by the City Council in November 2010, which zoning districts trace their origin to development of the Alum Rock Form Based Zoning Standards and Guidelines in 2009. Additional activities within Urban Villages are discussed under Major Strategy #5 below.

#3 – Focused Growth

The City's adopted Greenhouse Gas Reduction Strategy identifies three quantifiable Envision San José 2040 General Plan Land Use/Transportation Diagram strategies which contribute toward greenhouse gas emission reductions in fulfillment of Assembly Bill (AB) 32. These three strategies are: (1) Increase Density of Development; (2) Increase Location Efficiency; and, (3) Mixed-Use Developments. The identified metric or progress indicator for all three strategies is measurement of "percentage of total new development in Growth Areas."

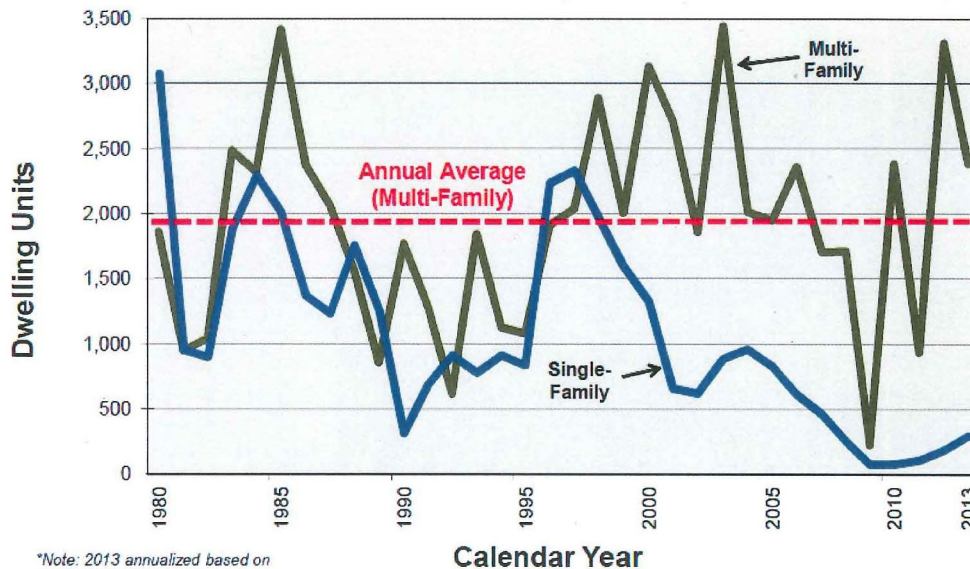
The Planning Division has developed a methodology for this measurement that tracks the issuance of building permits for any new residential units or non-residential square footage in a Geographic Information Systems (GIS) database. This database is queried to determine the location of permits relative to Growth Areas. The results of the latest database analysis, for calendar year 2012, indicate that approximately 85% of permit activity occurred in Growth Areas. For reference, a comparative analysis of the location of permit activity in calendar years 2010 and 2011 yielded similar results.

The majority of development occurs through the reuse of previously developed lands as opposed to development on vacant land. Periodically, the City completes a Vacant Land Inventory which

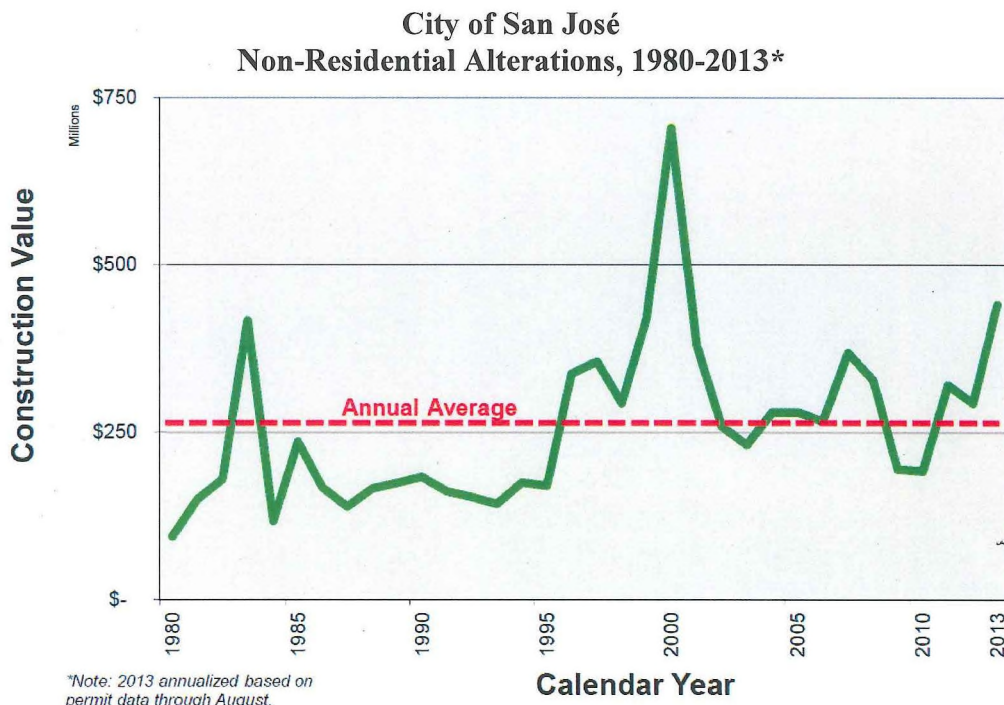
documents the developed and remaining vacant land by General Plan land use designation within the City's urban area. The last inventory published in March 2012, identified a total of over 700 acres of residentially designated vacant land, over 300 acres of commercially designated land, and over 3,000 acres of industrially designated land. Over half of the industrial vacant land is located in the North Coyote area, with the remainder roughly evenly distributed among the Alviso, Edenvale, Evergreen, and North Planning Areas. The March 2012 Vacant Land Inventory is available at www.sanjoseca.gov/DocumentCenter/View/792.

Multiple-family residential (e.g., apartments and condominiums) activity and non-residential alterations (i.e., tenant improvements) activity, in particular, have been especially strong. In calendar year 2012, the City issued building permits for 3,310 new multiple-family residential units, representing a nine-year high and the third highest since 1980. Similarly, non-residential alterations have been very strong year-to-date in 2013 (through August), with activity at an annual rate reaching the second highest level since 1980 (see charts, below and next page). More recently, new industrial construction has also rebounded, with issuance in August of building permits for Samsung Semiconductor's 10-story, 680,000-square foot R&D/office building and adjacent 1,545-space parking garage in North San José.

**City of San José
New Residential Units, 1980-2013***



*Note: 2013 annualized based on permit data through August.



#4 – Innovation / Regional Employment Center

San José is the largest and most urban city located within 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 U.S. 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 Silicon Valley as a whole, while also undermining San José’s economic, fiscal, and cultural status.

The Envision San José 2040 General Plan establishes achievement of a Jobs/Employed Residents Ratio (J/ER) of 1.3-to-1 as a core objective. An employed resident is a worker who lives in San José. This ratio is more commonly referred to as the jobs/housing balance. The City monitors progress on the J/ER ratio through use of data from the U.S. Census Bureau’s annual American Community Survey (ACS). Note that these data have a considerable lag time, with the most recent estimates for 2012 just released on September 19, 2013 (see table next page).

**Jobs per Employed Resident for
Select Local Cities, Santa Clara County, and the Bay Area Region, 2010-2012***

| Geographic Area | Jobs | | | Employed Residents | | | J/ER Ratio | | |
|--------------------|----------------|----------------|-----------------------|--------------------|----------------|-----------------------|-------------|-------------|-----------------------|
| | 2010 | 2012 | Change (2010-2012) | 2010 | 2012 | Change (2010-2012) | 2010 | 2012 | Change (2010-2012) |
| Palo Alto** | 82,578 | 94,246 | 11,668 | 29,781 | 30,368 | 587 | 2.77 | 3.10 | 0.33 |
| Santa Clara | 99,077 | 103,169 | 4,092 | 53,980 | 55,998 | 2,018 | 1.84 | 1.84 | 0.01 |
| Mountain View | 64,061 | 71,204 | 7,143 | 41,201 | 43,291 | 2,090 | 1.55 | 1.64 | 0.09 |
| Sunnyvale | 84,630 | 87,863 | 3,233 | 69,032 | 71,227 | 2,195 | 1.23 | 1.23 | 0.01 |
| San Jose | 375,976 | 387,597 | 11,621 | 426,136 | 456,369 | 30,233 | 0.88 | 0.85 | (0.03) |
| Santa Clara County | 907,948 | 982,237 | 74,289 | 812,674 | 862,241 | 49,567 | 1.12 | 1.14 | 0.02 |
| Bay Area Region | 3,551,541 | 3,703,272 | 151,731 | 3,458,438 | 3,611,741 | 153,303 | 1.03 | 1.03 | (0.00) |

*Source: U.S. Census Bureau, American Community Survey, 1-year estimates, except as noted below.

**Due to data availability, 2010 figures for Palo Alto taken from the ACS 2011 3-year (2009-2011) estimates.

Unfortunately, San José's J/ER ratio declined slightly over the 2010 to 2012 time period, from 0.88 in 2010 to 0.85 in 2012. By comparison, the Peninsula communities of Palo Alto and Mountain View made considerable gains, while the cities of Santa Clara and Sunnyvale along with Santa Clara County and the Bay Area Region, were relatively flat. In review of the data, San José's decline was due to a large increase of workers who live in San José (approximately 30,000 employed residents), which amounted to nearly three times the City's estimated employment growth (11,621 jobs) and over 60% of the growth in employed residents throughout Santa Clara County. In other words, San José is adding residents at a much faster pace than jobs. The reverse is true in Mountain View and Palo Alto.

For reference, the California Employment Development Department (EDD) is an alternative source for job data. This information is provided on a monthly basis for the San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (MSA), which is comprised of the combined areas of Santa Clara and San Benito Counties. The latest preliminary EDD data, issued on September 20, 2013, estimate that industry employment in the MSA grew by 27,900 jobs, or 3.1%, over the past twelve months (August 2012 to August 2013).

The data reinforce the importance of the General Plan's "jobs first" approach and the need to maintain employment land for future job growth. The Innovation / Regional Employment Center Strategy is closely related to Strategy #8 Fiscally Strong City, discussed later in this report.

#5 – Urban Villages

The Envision San José 2040 General Plan promotes the development of "Urban Villages" to provide active, walkable, bicycle-friendly, transit-oriented, mixed-use urban settings for new housing and job growth. Urban Villages are intended to be attractive to an innovative workforce and are consistent with the Plan's environmental goals. The General Plan also establishes an Urban Village Planning process. The preparation of an Urban Village Plan for each Urban Village area will provide for continued community involvement in the implementation of the General Plan and for land use and urban design issues to be addressed at a finer level of detail.

At this time, the following nine Urban Villages are in the planning stage for preparation of an Urban Village Plan:

- Five Wounds BART
- Alum Rock Avenue
- The Alameda (East)
- South Bascom (North)
- West San Carlos Street
- Stevens Creek
- Valley Fair/Santana Row and Vicinity
- Winchester Boulevard
- East Santa Clara Street

On the October 22, 2013 agenda, the City Council is considering the first completed Urban Village Plans -- Roosevelt Park, Five Wounds, 24th and William Streets, and Little Portugal (collectively referred to as "Five Wounds BART") -- as well as the Alum Rock Rezoning which serves as the Urban Village for this corridor. Staff currently anticipates that the next Urban Village Plan will be forthcoming for Council action in late-February 2014.

It should also be noted that the "Hitachi site" (northeast corner of Highway 85 and Cottle Road), which was assigned the new Urban Village General Plan Land Use/Transportation Diagram designation upon adoption of the Envision Plan, is currently under construction. The Hitachi mixed use transit village is ultimately planned to include nearly 3,000 housing units, 460,000 square feet of commercial/retail uses, and 3.6 million square feet of industrial uses.

#6 – Streetscapes for People

The Circulation Element of the Envision San José 2040 General Plan includes a set of balanced, long-range transportation goals and policies that provide for a transportation network that is safe, efficient, and sustainable. These transportation goals and policies are intended to improve multi-modal accessibility, and create a city where people are less reliant on driving to meet their daily needs. Specifically, the General Plan provides a goal of reducing the automobile commute mode share by 40% by 2040, with goals to increase various other "alternative" modes accordingly (see General Plan table TR-1, next page).

Table TR-1: Commute Mode Split Targets for 2040

| COMMUTE TRIPS TO AND FROM SAN JOSÉ | | |
|--------------------------------------|-------|------------------|
| MODE | 2008 | 2040 GOAL |
| Drive alone | 77.8% | No more than 40% |
| Carpool | 9.2% | At least 10% |
| Transit | 4.1% | At least 20% |
| Bicycle | 1.2% | At least 15% |
| Walk | 1.8% | At least 15% |
| Other means (including work at home) | 5.8% | See Note 1 |

Source: 2008 data from American Community Survey (2008).

Note 1: Working at home is not included in the transportation model, so the 2040 Goal shows percentages for only those modes currently included in the model.

As with measurement of the Jobs/Employed Residents ratio, the Planning Division monitors progress on these goals through use of data from the annual American Community Survey (ACS). ACS data provide a breakdown of commute modes for workers age 16 and over in San José. According to the table below, at this time these data do not show any meaningful change in commute mode shares. For comparison purposes, historical data are provided well beyond the 2010 base year.

**City of San José
Commute Modes, Workers 16+ Years, 2006-2012***

| Mode | Year | | | | | | |
|----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Drove alone | 77% | 78% | 78% | 76% | 79% | 78% | 78% |
| Carpooled | 11% | 10% | 9% | 12% | 10% | 10% | 11% |
| Public transit | 4% | 4% | 4% | 3% | 3% | 4% | 4% |
| Walked | 2% | 2% | 2% | 2% | 2% | 2% | 1% |
| Bicycle | 0% | 1% | 1% | 1% | 1% | 1% | 1% |
| Other | 2% | 2% | 2% | 2% | 1% | 1% | 1% |
| Worked at home | 4% | 3% | 4% | 3% | 4% | 4% | 4% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

*Source: U.S. Census Bureau, American Community Survey, 1-year estimates

Nonetheless, San José is currently undertaking investments and programs that should lead to future commute mode shift. For example, funding has been significantly increased for local bicycle and pedestrian projects through use of the regional OneBayArea Grant (OBAG) Program, and the Bay Area Rapid Transit (BART) system is scheduled to arrive in the Berryessa neighborhood in 2017 (with plans now starting for extension to Downtown). Also, the grant funded Walk n' Roll program is successfully working with San José schools to increase walking

and biking, having produced first-year results of a 28% increase and funding to expand future participation from 25 to 55 schools. Finally, the City's Department of Transportation (DOT) is focusing on central San José (four-mile radius around Downtown) as a target for mode shift, as this key area contains approximately 50% of the City's jobs and housing. Various measures of progress and success are/will be used for people-oriented transportation, including WalkScore, BikeScore, and Transit Score.

#7 – Measurable Sustainability / Environmental Stewardship

In October 2007, the City Council adopted the Green Vision, a 15-year plan with ten ambitious goals for economic growth, environmental sustainability, and an enhanced quality of life for San José's residents and businesses. Subsequent adoption of the Envision San José 2040 General Plan in 2011 essentially incorporated the Green Vision (which continues to 2022), and extended the City's measurement of its environmental sustainability through the year 2040.

A separate Green Vision Annual Report and website (<http://greenvision.sanjoseca.gov/>) are used to inform the City Council of progress on the Green Vision and the specific goals. The Council's annual discussion of Green Vision Report provides strategic direction to the Administration regarding priorities and other action to remain on track to achieve the goals.

Among these ten Green Vision goals is one to "adopt a General Plan with measurable standards for sustainable development" (Goal 7). The General Plan was adopted in 2011 and includes measurable standards for sustainable development, such as focusing the majority of new development in Growth Areas served by transit, reducing vehicle miles traveled by 40% by 2040, and increasing the share of commute trips made by transit, bicycle travel, walking, and other modes. These and other measures are discussed in this report

The Planning Division is also underway with a Greenhouse Gas Reduction Policy to guide analyses and determinations regarding the conformance of proposed development with the City's adopted Greenhouse Gas Emission Reduction Strategy that is part of the General Plan. The draft Policy has been discussed with the community and the development industry, and is expected to be considered by the Council in early 2014.

#8 – Fiscally Strong City

San José's past rapid suburbanization resulted in a predominance of residential uses (43% of the City's land area) compared to only approximately 15% of job-generating employment land. As discussed earlier in this report, the City continues to add population at a rate faster than jobs, which contributes to a fiscal challenge in which tax revenues are not keeping pace with the demand for City services. The economic downturn (Great Recession) was particularly difficult for San José due to a sharp reduction in tax revenues necessitating deep cuts in the provision of City services. As the economy rebounds, tax revenues are improving, allowing the City to begin strategic service restorations as described in the 2013-2014 Adopted Operating Budget. The

Council is continuing its consideration of service improvements as revenues strengthen. The City's Operating Budget is the best measure of this Strategy.

According to the City Manager's 2013-2014 Budget Message, released on September 3, 2013, the City "continues to improve and rehabilitate existing public infrastructure while still making targeted investments that align with the City's economic development and community livability goals contained within the Envision San José 2040 General Plan."

The City's Capital Improvement Program (CIP) relies on special funds, construction taxes and development impact fees. The construction taxes and development impact fees are paid by new development (these are not service fees that pay for the processing of development applications and building inspections). In total, the City's 2013-2014 Adopted Capital Budget and 2014-2018 CIP reflect 4.7% and 25% year-over-year increases, respectively, which are in part driven by "an improved economic climate responsible for higher tax and fee revenues related to home sales and private development projects." A discussion of recent development trends can be found under Strategy #3 Focused Growth.

Given the City's complete reliance on development-generated construction taxes to pay for normal street maintenance, the City Council has asked the Administration to "modernize transportation funding" to make it more sustainable over time. This effort is currently underway.

#9 – Destination Downtown

Consistent with the Envision San José 2040 General Plan's recognition of the City's Downtown as the symbolic, economic, and cultural center of San José, where a significant amount of job and housing growth are anticipated, the Downtown is currently experiencing an exciting transformation in furtherance of these objectives. For example, the remodeled and expanded Convention Center recently opened and events in the facility have been very well received. Many cultural events and festivals are also adding to the vibrancy of the Downtown, such as the monthly First Fridays art gallery stroll.

The General Plan notes that between 2000 and 2010, the Downtown residential community grew by 8,000 people with the addition of new condominiums, lofts, and apartment units. This growth trend is continuing, as two high-rise residential towers (One South Market and Centerra) have recently commenced construction, bringing a combined total of 659 new housing units into the Downtown. Also, on September 16, 2013, preliminary plans were filed by KT Properties for a two-tower, 612-unit project just north of the thriving San Pedro Urban Market.

As a practical measure of Downtown vitality, statistics from the San José Convention & Visitors Bureau show expectations for an approximate 17% annual increase in Downtown visitor spending this fiscal year, and a still-healthy 5% increase in hotel room nights. (Note: these figures include only visitors and hotel stays that the organization brings to San José to use the Convention Center and other venues under management. Visitors are counted only once even if they use multiple facilities.)

#10 – Life Amidst Abundant Natural Resources

The Envision San José 2040 General Plan seeks to promote access to the natural environment by, among other things, building a world-class trail network and adding parks and other recreational amenities. As well, among the ten Green Vision goals is to “Create 100 miles of interconnected trails” (Goal 10). Service level objectives for parks and recreational facilities were identified and updated in the Envision Plan, and are summarized in the table below.

**City of San José
Parks and Recreational Facilities Service Level Objectives**

| Service Level Objective | Actual, as of 6/30/11 | 2013-2014 | 2014-2018 |
|--|--------------------------|-----------|-----------------|
| 3.5 acres of neighborhood and community serving recreational lands per 1,000 population* | 3.1 | 3.0 | 3.0 (acres) |
| 7.5 acres of regional / citywide parklands per 1,000 population (valley floor)** | 18.6 | 18.6 | 18.0 (acres) |
| 500 square feet of community center floor area per 1,000 population | 596.9 | 596.9 | 596.9 (sq. ft.) |

Footnotes:

*This does not include natural/open space acreage within parks that cannot be utilized for recreational purposes. This amount is to be a minimum of 1.5 acres of City-owned parklands and up to 2.0 acres of school playgrounds, all of which is located within a reasonable walking distance. It should be noted that the numbers identified for the 2013-2104 Adopted Capital Budget and 2014-2018 Adopted CIP do not reflect the progress toward service level objectives that would result from any future acquisition of parkland and/or facilities for which a reserve has been established.

**Per the Greenprint adopted by the City Council in December 2009, includes other city-wide and regional parklands, which includes County and Open Space Authority lands within the City of San José.

According to the 2014-2018 Adopted Capital Improvement Program (CIP), funding of \$283,800,000 is provided for the Parks and Community Facilities Infrastructure CIP, of which \$167,600,000 is allocated in 2013-2014. However, “with the increase in population as reflected in the updated census, and an anticipated addition of five to ten acres of recreational lands in North San José, the 2013-2014 and the 2014-2018 targets have generally remained flat compared to the last CIP.” As well, to meet the Green Vision goal on expansion of the trail system, the City will need to build approximately 4.4 miles of trails per year (to 2022), at an estimated cost of \$3,000,000 per mile. To identify primary goals, staffing needs, and key measures to achieve success, funding for a strategic plan were provided in 2013-2014. The future results of this strategic plan will be incorporated into this annual General Plan performance review process.

Other notable activities with respect to natural resources are the recently adopted multi-jurisdictional Habitat Conservation Plan and the City’s ongoing implementation of riparian setbacks for development adjacent to streams. The Habitat Conservation Plan begins formal implementation in October 2013 when fees for habitat protection go into effect on new development. The City Council has reaffirmed the creation of a formal Riparian Corridor Policy or Ordinance as one of the Top Ten Ordinance Priorities for the current fiscal year.

#11 – Design for a Healthful Community

The Envision San José 2040 General Plan supports the physical health of community members by promoting walking and bicycling as commute and recreational options, encouraging access to healthy foods, and supporting the provision of health care and safety services. Commute options and trail investments are discussed in other sections of this report.

To help implement this Major Strategy, the City Council has taken several recent actions to improve access to healthful foods, particularly fresh produce. In August 2012, Certified Farmers' Markets (CFMs) and Small CFMs were added as enumerated uses in residential, commercial, industrial, and downtown zoning districts, and land use regulations were streamlined for the permitting of recurring farmers' markets on private property. Subsequently, to further expand access to healthful foods, in February 2013, the City Council allowed Small CFMs as a Permitted Use and CFMs as a Special Use in the A-Agriculture and OS-Open Space zoning districts. The Council has also recently approved legislation that allows urban farms on residentially and industrially zoned lands. Ordinances are pending to extend that allowance to commercially zoned lands.

#12 – Plan Horizons and Periodic Major Review

The Envision San José 2040 General Plan contains Plan Horizons to phase implementation of housing development over time to allow the Council to evaluate the timing of additional housing and population growth relative to the City's overall economic and fiscal health. The Plan establishes a four-year Major Review cycle, providing opportunity for a community stakeholder task force and the City Council to evaluate changes in the planning context and achievement of goals, along with once-per-year annual hearings to consider proposed amendments, beginning with the 2013 Annual Review.

As this is the first Annual Review cycle, there is not yet need to entertain use of future Plan Horizons, and the first Major Review is not scheduled until 2015 (i.e., four years from Plan adoption in 2011). However, consistent with General Plan goals, this Annual Review memo and separate analysis of individual amendment proposals are intended to engage the San José community in planning issues, and provide the City Council with a summary of major policy issues and the cumulative effects of proposed changes.

2013 Annual Review

The 2013 Annual Review includes five General Plan Land Use/Transportation Diagram amendments to increase the residential density on several properties. Individual reports analyze these proposals. One proposal would have conflicted with the fundamental goal of the Envision San José 2040 General Plan by converting Light Industrial land to low density housing. That request is now proposed for withdrawal.

If all of the amendments are approved by the Council in October, the City's total job and housing capacity will be retained. Only a proposed amendment on Race Street necessitates reallocation of 10 housing units from the nearby West San Carlos Urban Village. This transfer is necessary because the General Plan does not provide for net new housing units above the planned total of 120,000 units. The addition of housing units outside Urban Villages is important to monitor as each unit adds cumulatively to lost opportunities to support alternatives to single-occupant vehicle travel and to financially support economic development goals in the Urban Villages.

The City has other pending Land Use/Transportation Diagram amendments on file, including land use changes at the Treatment Plant, iStar, Diridon, and The Alameda.

Conclusion

The Envision San José 2040 General Plan sets forth a vision and a comprehensive road map to guide the City's continued growth through the year 2040. While significant progress has already been made on several Major Strategies, other metrics are relatively inconclusive or decidedly unchanged at this time. However, given the long range nature of the General Plan, it would be unrealistic to expect universal change at this early juncture in the 30-year planning time frame. Fortunately, as demonstrated in this report, San José is no doubt currently experiencing a construction activity rebound, and will continue to nurture its innovation economy with progressive public policy that further shapes and responds to its role as Capital of Silicon Valley.

The larger pattern for development is changing. Requests for conversion of employment lands are nearly non-existent, proposals to tear down individual houses and replace them with townhouses in established neighborhoods have ceased, and developers are providing more viable, mixed use projects with retail and office in addition to housing. All of this is the result of the fundamental policy shift that the City made in November 2011 with the adoption of the Envision San José 2040 General Plan.

EVALUATION AND FOLLOW UP

On October 22, 2013, and probably in mid-November, the City Council will be considering land use and text Amendments to the General Plan. The intention of this report is to provide the progress and context necessary to assist the Council in its decisions on the individual Amendments.

PUBLIC OUTREACH/INTEREST

- Criteria 1:** Requires Council action on the use of public funds equal to \$1,000,000 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 above criteria, this report will be available for public review prior to the Council's discussion and staff are available to answer any questions. Public engagement on these issues is important and is the basis for it being placed as an item for Council's consideration as opposed to presenting this report as an Information Memorandum. In addition, the contents of this report were discussed at a Planning Commission public hearing on September 25, 2013. There were no public comments. The Commission offered these comments for City Council consideration:

- Prior General Plans identified an existing "jobs to employed residents ratio" of 0.84. San José "hasn't done anything to move the needle" since we are now at 0.85. This demonstrates that it is a "big lift to change the mentality from housing to jobs."
- At least the ratio is going in the right direction and the Council should provide incentives and flexibility to "spark" development by pioneers in Urban Villages.
- The evaluation of the City's progress should include consistent year to year metrics to facilitate comparisons, recognizing that the staff may explore additional or substitute metrics. Specific metrics should be included to track future development in the Urban Villages to allow mid-course corrections as needed.
- City Departments, such as Planning, Building and Code Enforcement and Office of Economic Development, need adequate staffing to do the work associated with meeting the 2040 goals for development and jobs.

HONORABLE MAYOR AND CITY COUNCIL

October 9, 2013

Subject: Envision San José 2040 General Plan Annual Performance Review

Page 16

COORDINATION

The information contain in this memorandum was obtained through collaborative work with the Office of Economic Development, Transportation, Environmental Services, and other City Departments and Offices. This memorandum was coordinated with the City's Attorney's Office.

CEQA

Not a Project, File No. PP10-069, City Organizational and Administrative Activities.

/s/

JOSEPH HORWEDEL, DIRECTOR
Planning, Building and Code Enforcement

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