



DEPARTMENT OF PLANNING, BUILDING AND CODE ENFORCEMENT  
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**Four-Year Review Progress Report**  
November 16, 2015

# TABLE OF CONTENTS

	<u>Page</u>
EXECUTIVE SUMMARY .....	4
<u>SECTION</u>	
I. BACKGROUND OF ENVISION SAN JOSÉ 2040 GENERAL PLAN .....	5
What Is A General Plan? .....	5
General Plan Update Task Force .....	5
Envision San José 2040 .....	5
II. BACKGROUND OF THE ENVISION 2040 FOUR-YEAR REVIEW.....	7
Purpose of the Four-Year Review Process .....	7
Role of the Envision 2040 Four-Year Review Task Force.....	8
Four-Year Review Timeline .....	8
III. CHANGES AND TRENDS IN LAND USE AND DEVELOPMENT .....	10
Current Population .....	10
General Development Trends .....	10
Envision San José 2040 Focused Growth Strategy.....	14
IV. EVALUATION OF CITY’S ACHIEVEMENT OF KEY GOALS.....	17
Economic Development Goals .....	17
Fiscal and Infrastructure/Service Goals .....	21
Environmental Goals.....	22
Availability and Affordability of Housing Supply .....	25
Healthful Community Goals .....	29
V. URBAN VILLAGES .....	33
Status of Urban Village Plan Preparation .....	33
Development Activity in Urban Villages .....	34
Urban Village Implementation Challenges.....	34
VI. NEXT STEPS .....	35

## LIST OF ABBREVIATIONS

ABAG	Association of Bay Area Governments
CCSCE	Center for Continuing Study of the California Economy
FY	Fiscal Year
J/ER	Jobs to Employed Resident Ratio
OED	Office of Economic Development
RHNA	Regional Housing Needs Allocation
UWMP	Urban Water Management Plan

## LIST OF FIGURES

<u>Figure</u>		<u>Page</u>
Figure 1	Building Permits Issued for New Residential Units by Fiscal Year	11
Figure 2	New Commercial Construction Valuation from FY 2000 to 2014 (In Millions)	12
Figure 3	New Construction Valuation from FY 2000 to 2014 (In Millions)	13
Figure 4	New Downtown Development (2011-2015)	15
Figure 5	Downtown Commercial Vacancies	16
Figure 6	Commute Mode Split Targets for 2040	29

## LIST OF TABLES

<u>Table</u>		<u>Page</u>
Table 1	Regional Housing Need Allocation (RHNA) (2014-2022)	26
Table 2	Distribution of Housing Units Planned During the RHNA Period (2014-2022)	27
Table 3	City of San José Commute Modes, Workers 16+ Years (2010-2014)	30
Table 4	Downtown Commute Modes, Workers 16+ Years	30
Table 5	Urban Village Plan Schedule	33

## EXECUTIVE SUMMARY

The Envision San José 2040 General Plan instituted a Four-Year Review process providing an opportunity to evaluate the City's achievement of key goals and make mid-course adjustments to the General Plan. The Four-Year Review process entails reconvening the Envision San José 2040 Task Force, who will review and evaluate changes in the planning context and the City's achievement of planned job growth, implementation of the Urban Village concept, environmental goals, and affordable housing needs. This Four-Year Review Progress Report provides 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.

As the largest city in the Bay Area and the tenth largest city in the country, San José is in a prime position for attracting and creating economic growth and sustainable development. Since the adoption of the Envision San José 2040 General Plan in November 2011, San José has experienced tremendous growth in development, with a vast majority being constructed in the City's designated Growth Areas. This Focused Growth strategy has led to the preservation and enhancement of established neighborhoods and a reduction of environmental and fiscal impacts. However, while the rise in smart growth development has helped contribute to San José's economic growth, the City's jobs to employed resident (J/ER) ratio has remained stagnant and below the envisioned goal of 1.3 J/ER. The City's current J/ER of 0.85 indicates that San José continues to be a bedroom-community, where more San José residents leave San José for work in other cities than workers from other communities commute into San José.

The Envision San José 2040 General Plan also sets forth goals and policies relating to infrastructure/service levels, environmental sustainability, affordability and availability of housing supply, and healthful community living. The City of San José has made notable progress towards achieving these goals. This progress is evident by new compact, mixed-use development; decrease in commercial vacancies in the Downtown; implementation of multi-modal Capital Improvement projects; minimal conversion of industrial and employment lands to non-employment uses; approval of Urban Village Plans; successful implementation of sustainability goals and policies; and expanded access to local fresh foods through Farmer's Markets and urban agriculture.

While the City has advanced many of the General Plan's goals, some performance measures remain relatively inconclusive or unchanged at this time. This is to be expected as many of the goals set forth in the General Plan are long term. Some of the primary General Plan implementation challenges include raising the City's jobs to employed residents ratio, increasing the percentage of affordable housing, and implementing mixed-use development in Urban Villages.

# I. BACKGROUND OF ENVISION SAN JOSÉ 2040 GENERAL PLAN

## What Is A General Plan?

California state law (Government Code Section 65300) requires each city and county to adopt a comprehensive, long-term general plan for the physical development of the city or county, and of any land outside its boundaries which bears relation to its planning. General Plans, often referred to as the “constitution” for future development, are intended to embody the community’s long-term goals and vision in regards to public and private land use. The City of San José’s current General Plan is titled Envision San José 2040.

## General Plan Update Task Force

The Envision 2040 General Plan Task Force was assembled in 2007 to provide input on the update of the City’s General Plan. The Task Force was comprised of 36 members representing key stakeholder groups, and met on a monthly basis to discuss the future vision of the City and the direction of the Envision San José 2040 General Plan. With finalization of their recommendation to City Council, the Task Force process was completed in the fall of 2011.

## Envision San José 2040

The City’s General Plan is a comprehensive, long-range plan representing the official policy statement regarding the future character, land use patterns, and quality of development in San José. The document incorporates all General Plan elements required by State law, and includes wide-ranging goals and policies, as well as a Land Use/Transportation Diagram.

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.

### *Envision San José 2040 Vision*

The Envision San José 2040 General Plan Vision sets forth seven guiding community values to articulate an over-arching vision statement: “San José embodies the energy and vitality of its unique human, natural and economic resources.” The seven community values are:

- 1) Innovative Economy
- 2) Environmental Leadership
- 3) Diversity and Social Equity
- 4) Interconnected City
- 5) Healthy Neighborhoods
- 6) Quality Education and Services
- 7) Vibrant Arts and Culture

## *Envision San José 2040 Major Strategies*

Twelve Major Strategies are embodied within the Envision San José 2040 General Plan. Collectively, these strategies build on the Vision to directly inform the Land Use/Transportation Diagram and the Goals, Policies and Implementation Actions formulated to guide the physical development of San José and the evolving delivery of City services over the life of the General Plan. The twelve Major Strategies are:

- 1) Community Based Planning
- 2) Form Based Plan
- 3) Focused Growth
- 4) Innovation/Regional Employment Center
- 5) Urban Villages
- 6) Streetscapes for People
- 7) Measurable Sustainability/Environmental Stewardship
- 8) Fiscally Strong City
- 9) Destination Downtown
- 10) Life Amidst Abundant Natural Resources
- 11) Design for a Healthful Community
- 12) Phasing and Periodic Review

Full descriptions of the seven Visions and twelve Major Strategies are located in the first section (Envision San José 2040) of the General Plan:

<http://www.sanjoseca.gov/DocumentCenter/Home/View/474>

## II. BACKGROUND OF THE ENVISION 2040 FOUR-YEAR REVIEW

### Purpose of the Four-Year Review Process

The Implementation Chapter (Chapter 7) of the Envision San José 2040 General Plan sets forth Goals and Policies requiring the City to conduct a review of the Plan every four years. The purpose of the Four-Year Review is to evaluate significant changes in the planning context and achievement of key General Plan goals, and consider mid-course adjustments toward implementation of Envision San José 2040.

The General Plan Goals and Policies discussing the Four-Year Review process are listed below.

**Goal IP-2** Monitor progress toward General Plan Vision, goals and policies through a periodic Major Review. Evaluate the success of the Envision General Plan's implementation and consider refinement of the Land Use / Transportation Diagram and the Envision General Plan policies to ensure their achievement. Use General Plan Major Reviews to consider increases in available residential development capacity by opening an additional Horizon for development and to assign priority to growth areas within San José for new housing.

**Policy IP-2.4** Conduct a Major Review of the Envision General Plan by the City Council every four years to evaluate the City's achievement of key economic development, fiscal and infrastructure/service goals, greenhouse gas emission reduction goals and targets, water conservation and recycling goals, availability and affordability of housing supply, Healthful Community goals, and to review changes and trends in land use and development. Based on this review, determine the City's readiness to begin the next Envision General Plan Horizon or to modify the number of "pool" residential units available for non-specific Urban Village areas within the current Plan Horizon. Amend the Land Use / Transportation Diagram and/or Envision General Plan goals, policies, and actions accordingly.

**Policy 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.

**Policy IP-2.12** Reconvene the Envision San José 2040 Task Force during each Major Review of the Envision General Plan to provide community and stakeholder engagement in reviewing and evaluating success in the implementation of this General Plan and recommending any mid-course actions needed to achieve its goals.

**Policy MS-17.8** Review and provide input to Urban Water Management Plans prepared by water suppliers to ensure that they maximize water conservation and reuse in order to fulfill San José’s water supply needs. Consider projected water supplies in updated Urban Water Management Plans as part of each Major Review of the Envision General Plan.

### Role of the Envision 2040 Four-Year Review Task Force

Starting in November 2015, City staff will reconvene the Envision 2040 Task Force as part of the General Plan Four-Year Review process. The Envision 2040 Task Force differs from the previous Task Force as the group is not responsible for updating and creating a new General Plan, but rather reviewing the current General Plan’s progress. As stated in Envision 2040, the Task Force is responsible for evaluating success in the implementation of the General Plan and recommending any mid-course actions needed to achieve its goals; specifically:

- Planned job and J/ER goals;
- Implementation of the Urban Village concept;
- Environmental goals, including greenhouse gas reduction and the Green Vision goals; and
- Affordable housing needs (Envision 2040, Major Strategy 12, Chapter 1, pg. 26).

The Envision 2040 Four-Year Review Task Force will conclude with recommendations to the City Council on mid-course adjustments to the Envision 2040 General Plan. The City Council will evaluate input from the Task Force, and consider for approval recommended General Plan amendments.

### Four-Year Review Timeline

The Envision 2040 Four-Year Review Task Force process is expected to last approximately six months, from November 2015 to April 2016. The Task Force’s recommendations will be



considered by the Planning Commission and City Council in summer 2016, following completion of environmental analysis required under the California Environmental Quality Act (CEQA).

<b>Date</b>	<b>Meeting</b>	<b>Day</b>	<b>Time</b>	<b>Location</b>
11/16/15	Task Force Meeting #1	M	6:00 p.m.	Roosevelt Community Center
12/16/15	Task Force Meeting #2	W	6:30 p.m.	City Hall Wing Rooms 118-120
1/28/16	Task Force Meeting #3	Th	6:30 p.m.	City Hall Wing Rooms 118-120
2/25/16	Task Force Meeting #4	Th	6:30 p.m.	City Hall Wing Rooms 118-120
3/24/16	Task Force Meeting #5	Th	6:30 p.m.	City Hall Wing Rooms 118-120
4/7/16	Four-Year Review Finale	Th	6:30 p.m.	City Hall Wing Rooms 118-120

### III. CHANGES AND TRENDS IN LAND USE AND DEVELOPMENT

#### **Current Population**

San José is home to over half the residents of Santa Clara County. As of January 2015, San José had an estimated population of 1,016,479 persons, representing approximately 54 percent of the County of Santa Clara's total population (State of California, Department of Finance). This represents an approximate 6 percent increase in population from 2011, when *Envision San José 2040* was adopted by City Council.

#### **General Development Trends**

The *Development Activity Highlights and Five-Year Forecast* is a report issued annually by the Department of Planning, Building, and Code Enforcement. The report serves three important functions: 1) assists the Office of the City Manager in estimating future construction-related tax revenues that generate funds for the City's Capital Improvement Program; 2) provides City policymakers and staff with key data for periodic assessment of the rate, type and location of development activity in San José; and 3) serves as a tool for distributing information on major development projects to the public. The following is a summary taken from the 2015 Development Activity Highlights and Five-Year Forecast (2016 – 2020) report and additional information discussing recent development trends and forecast of development over the next five years.

Development in San José has increased significantly since the end of the Great Recession in mid-2009 and adoption of *Envision San José 2040* General Plan. Between November 2011 and the end of FY 14-15, San José issued building permits for new construction of 13,803 housing units, 5,004,340 square feet of commercial development, and 3,292,028 square feet of industrial development.

Fiscal Year (FY) 13/14 was the strongest year for construction since the adoption of *Envision San José 2040*. In FY 13/14, the valuation of new construction and tenant improvements (alterations) to existing development reached approximately \$1.73 billion, a number the City has not seen since fiscal year 00/01 during what is known as the dot.com boom. FY 14/15 did not reach the same record breaking numbers as FY 13/14. However the valuation of new construction and tenant improvements reached approximately \$1.29 billion, a valuation higher than each of the previous 10 years.

A majority of this development was entitled prior to the recession. With the recent improvement in the economy, projects that were put on hold with the economic downturn have begun to break ground. The significant increase in construction activity over the last three years is primarily a result of pre-recession entitlements and projects entitled after the recession moving forward to construction simultaneously.

While the majority of the construction activity has been occurring in the residential sector, new construction and tenant improvements in the commercial and industrial sectors have also been increasing. Valuations for new commercial and industrial construction over the last two fiscal years (13/14 and 14/15) are the highest in since FY 00/01. The high growth rate in new commercial and industrial construction can be attributed to decreasing vacancy rates, and therefore the need for new space to accommodate expanding businesses.

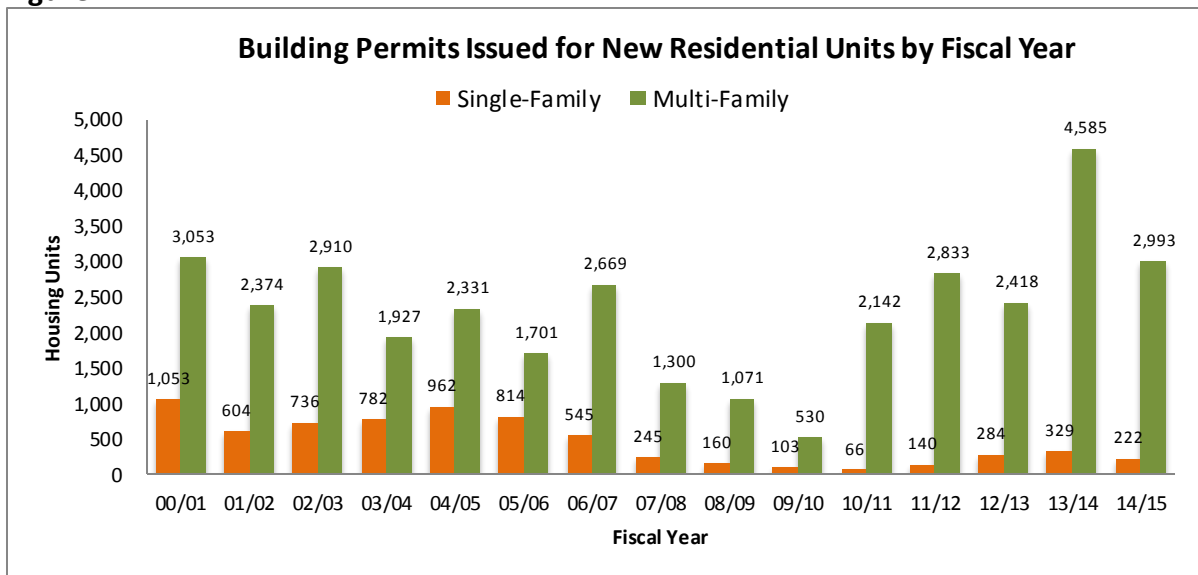
*Five-Year Forecast (2016 – 2020)*

The following discusses current development activity and trends for each major land use category (industrial, commercial, residential), providing some insight as to what may occur over the next five years.

Residential Development

- New housing production in San José exceeded 4,000 dwelling units per year during the late-1990’s, and then declined to an average of just over 3,000 units per year from 2001-2006. With the onset of the 08/09 recession, activity dropped off sharply to an average of about 1,500 units per year; however in late-2010, residential activity, and apartment construction in particular, began a strong rebound, returning activity to an average of 3,000 units per year. This pace has been sustained for the past several years (see Figure 1 below).

**Figure 1**



- In fiscal year 14/15, San José issued building permits for new construction of 3,241 housing units, the highest number of units built in any of the last 10 years, with the exception of FY 13/14, which recorded a 15 year high of nearly 5,000 units. As evidence

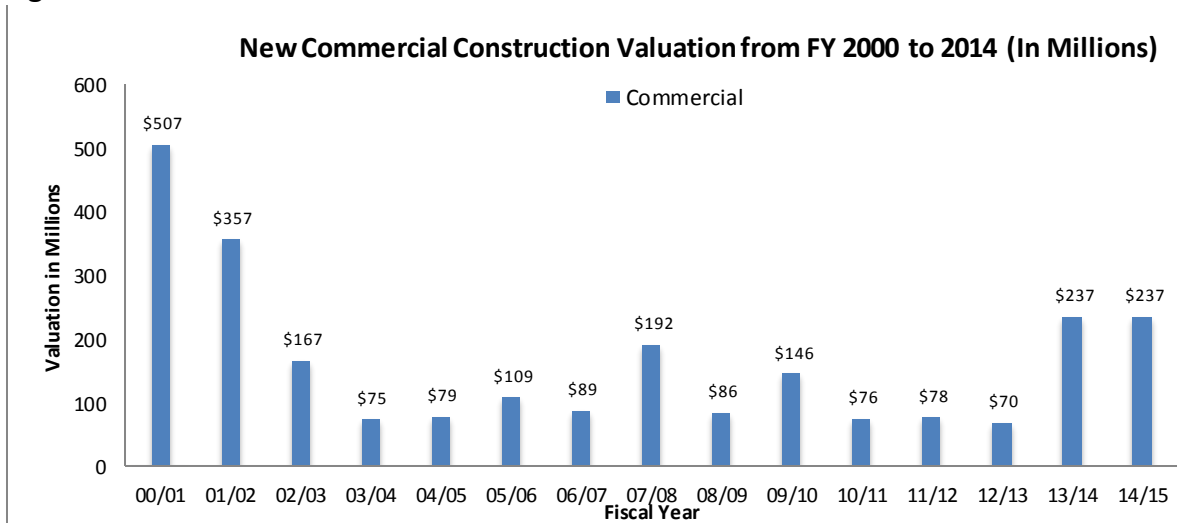
of the strong market for high density residential development, 92% percent of new building permits issued for new units in FY 14/15 were multi-family. Furthermore, multi-family residential units have made up the majority of residential construction in San José since 1998, and comprised over 90% of building permits for new residential units since 2010. This development trend aligns with General Plan goals for more efficient, urban residential product types, including mixed-use.

- The large number of residential units constructed in the last two fiscal years is a result of both projects entitled prior to the recession and post-recession moving forward with construction. Staff anticipates that the residential market will remain strong but, as the number of pre-recession projects decrease, there is likely to be a leveling off of residential development, with the total residential valuations projected to be \$500 million a year, on average, over the next 5 years.

### Commercial Development

- After a five-year-long boom in commercial construction activity that spanned the late-1990's to early 2000's, during which time total permit valuation averaged over \$500 million per year, activity since has generally averaged less than half that level (see Figure 2 below). Most recently, during FY 14-15, San José issued building permits for new construction of 2,067,484 square feet of commercial development (a total valuation of \$237 million), the most since adoption of Envision San José 2040 and over the last 12 years.

**Figure 2**



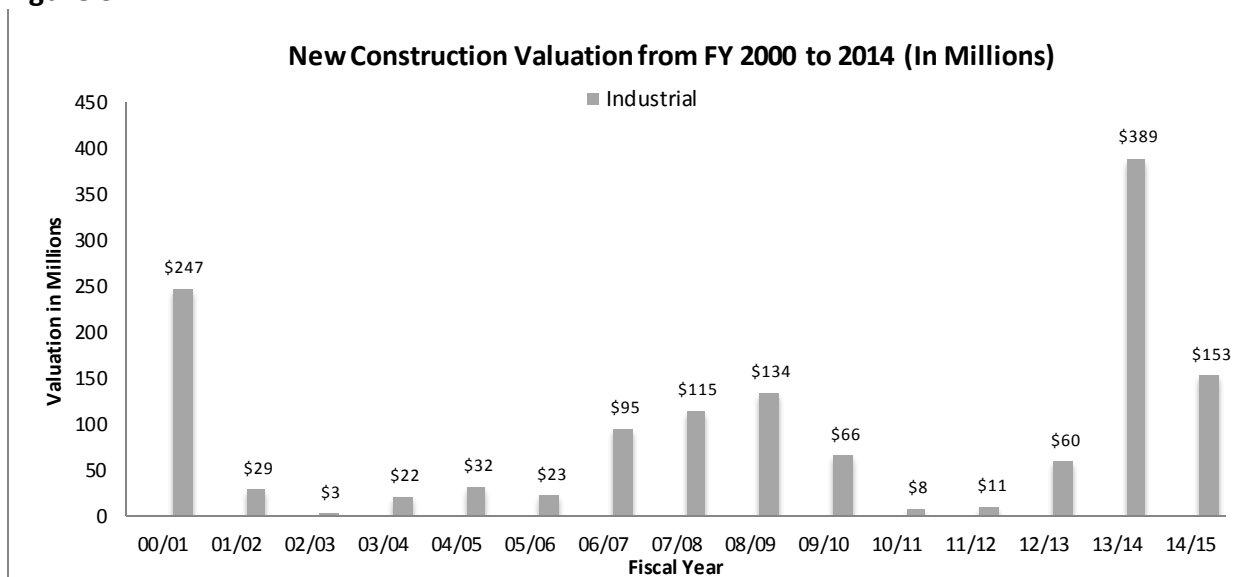
- While more construction activity is still in tenant improvements rather than in new construction, new commercial construction in FY 13/14 hit a 12 year high as the vacancy rate of commercial buildings has been steadily decreasing as part of the economic recovery.

- For the five-year forecast period (2016 – 2020), total commercial construction activity is forecasted to average about \$230 million annually, a decrease from fiscal 13/14 but consistent with the annual average since the end of the dot.com boom in 2001. Hotel growth is anticipated to remain strong as several projects are under construction and/or have been approved in Downtown and North San José. Furthermore, there are additional hotels currently in the entitlement process. Construction activity for commercial office and retail is not expected to increase, but to remain steady.

### Industrial Development

- Similar to commercial activity, industrial construction activity averaged nearly \$500 million per year in permit valuation over the five-year period of 1997-2001. Since that time, however, industrial activity has been just a small fraction of that figure, dipping to an annual average construction valuation of less than \$100 million following the 08/09 recession. With the recent improvement in the economy, there has been a noticeable increase in industrial construction activity. (See Figure 3 below)

**Figure 3**



- Valuations for new construction of industrial space topped 100 million dollars in fiscal years 13/14 and 14/15 for the first time since FY 00/01. Valuation of new industrial construction in FY 13/14 was particularly high, due to the construction of Samsung Semiconductor’s 680,000-square foot campus located in North San José.
- Based on past trends, the valuation of tenant improvements is expected to remain steady over the forecast period, and will represent the majority of the industrial construction activity. In contrast, new construction is expected to decrease over the five year forecast period. Nevertheless, new construction is still projected to remain at a relatively high level

over the next two fiscal years, primarily as a result of two large projects anticipated to move forward. These two projects are the SuperMicro campus at the old San José Mercury News headquarters located in North San José and the Trammel Crow project located in Alviso, which includes close to one million square feet of manufacturing, and research and development space.

## **Envision San José 2040 Focused Growth Strategy**

The Envision San José 2040 General Plan's Focused Growth Strategy directs and promotes growth within identified Growth Areas, and strictly limits new residential development outside of Growth Areas to preserve and enhance the quality of established neighborhoods, and reduce environmental and fiscal impacts. 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 the "percentage of total new development in Growth Areas."

### *Development in Designated Growth Areas*

The Planning Division tracks building permits for any new residential units or non-residential square footage in a Geographic Information Systems (GIS) database to evaluate progress for this measurement. This database is queried to determine the location of permits relative to Growth Areas, which includes Specific Plan Areas, Employment Areas, Urban Villages, and Downtown. Since adoption of the General Plan, approximately 80% of new residential units and new commercial space have been constructed in designated Growth Areas. Almost all (99 percent) of newly constructed industrial space since November 2011 has been built in Growth Areas.

One of the key elements of the General Plan's Focused Growth strategy is designation of Urban Villages. The General Plan established the Urban Village concept to create a policy framework to direct significant new job and housing growth to occur within walkable and bike friendly Urban Villages that have good access to transit and other existing infrastructure and facilities. Since adoption of Envision San José 2040 General Plan, Planning development permits have been approved for over 4,700 housing units and 1,337,687 square feet of non-residential uses (e.g., commercial and industrial) within Urban Villages. However, it should be noted that the vast majority of approvals make up projects with existing entitlements (zoning approvals) prior to adoption of Envision San José 2040.

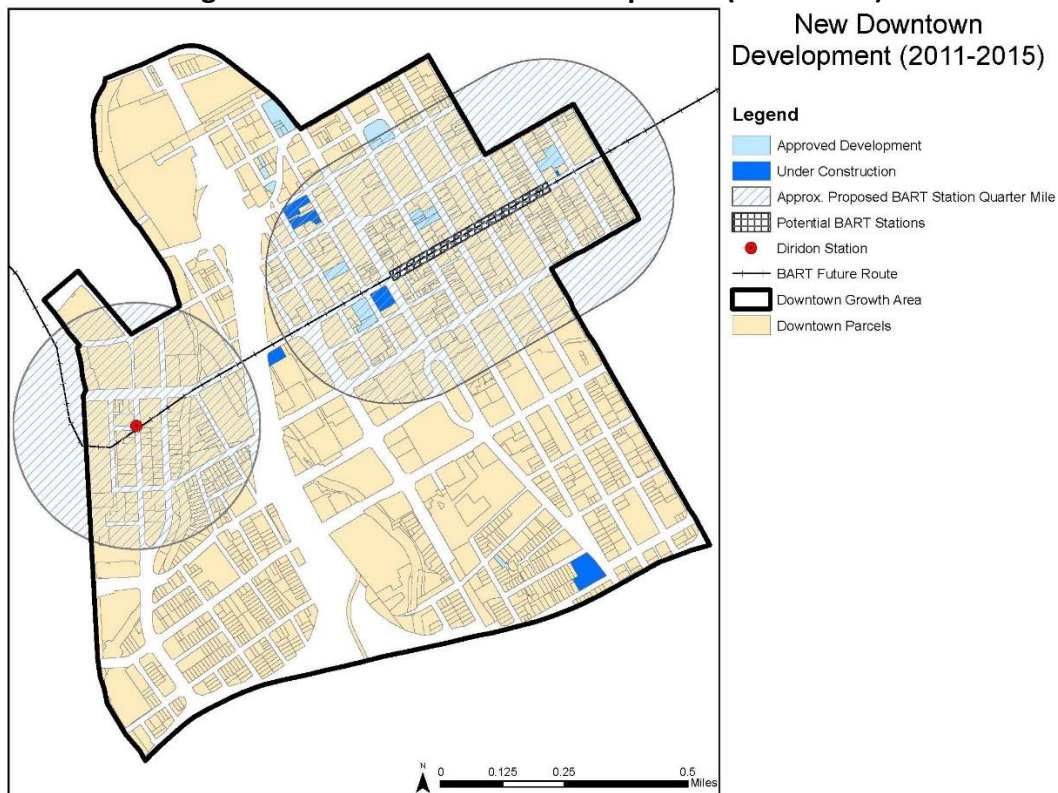
### *Development in Downtown San José*

The Envision San José 2040 General Plan envisions Downtown San José to be the cultural heart of the city and to provide employment, entertainment, and cultural activities more intensely than any other area. The Plan also supports a significant amount of jobs and housing growth within

the Downtown area. Specifically, the General Plan plans for 48,500 new jobs and 10,360 new housing units in the Downtown. San José has continued to work towards these goals by attracting high-density, mixed-use development that supports a variety of uses and by hosting cultural and recreational activities, entertainment and sporting events.

Since the end of the recession, Downtown has experienced a high level of residential development activity. Within the last Fiscal Year (FY 14-15), four major mixed-use developments have been approved in the Downtown area (Parkview Tower, Marshall Square, San Pedro Tower, and Modera) bringing an approximate total of 800 new residential units and 48,000 square feet of commercial/retail space. Since adoption of the Envision San José 2040 General Plan, the City has approved development permits for 2,200 residential units and approximately 79,000 square feet of retail use in the Downtown. Of those approvals, over 1,800 units and approximately 73,500 square feet of retail space are within a quarter-mile of the planned Downtown San José BART station (see Figure 4).

**Figure 4. New Downtown Development (2011-2015)**

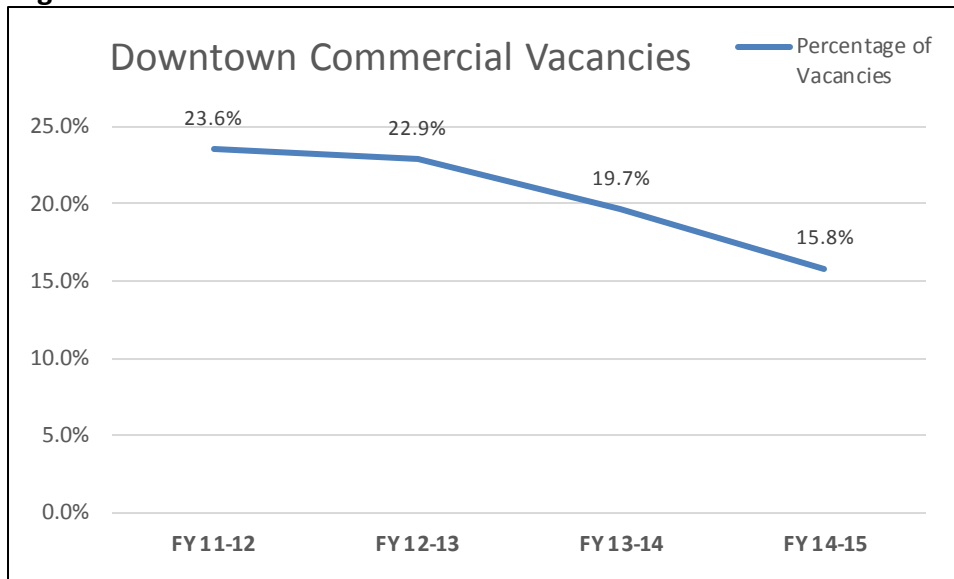


Although Downtown has experienced a spike in residential development since adoption of the General Plan, there has been only modest growth in retail, and no new office development. However, the City has begun to see interest in development of new office space in various locations in the Downtown. For example, the City is currently reviewing a rezoning application for a project proposing up to 1.04 million square feet of office/retail use on the former San José Water Company property, located near Diridon Station. This is in part a result of the limited

availability and high cost of land elsewhere in Silicon Valley, combined with a desire of many companies and their employees to be located on major transit lines in urban locations.

Commercial vacancy is an additional measurement of economic health, and is one of the challenges traditionally facing Downtown San José. The percentage of commercial vacancies has been steadily decreasing since 2011. Upon adoption of Envision San José 2040, the commercial vacancy rate in Downtown was 23.6 percent. Since then, the Downtown commercial vacancy rate has gradually decreased to 15.8 percent, as shown Figure 5 below.

**Figure 5. Downtown Commercial Vacancies**



(Source: CBRE Group, Inc.)



## IV. EVALUATION OF CITY'S ACHIEVEMENT OF KEY GOALS

### **Economic Development Goals**

The Envision San José 2040 General Plan's Innovation/Regional Employment Center Major Strategy emphasizes economic development within the City to support San José's growth as a center of innovation and regional employment. To advance this strategy, the Plan includes economic development goals and policies to support growing San José's economic role within the region and world, increasing prosperity and opportunity for members of the community, and creating revenue growth for the City that enable delivery of needed infrastructure and desired urban services by:

- Planning for 470,000 new jobs and a Jobs/Employed Resident (J/ER) Ratio of 1.3/1;
- Supporting job growth within existing job centers;
- Preserving and expanding employment lands; and
- Designating job centers at regional transit stations

### *Progress Towards Envision San José 2040 Economic Development Goals*

Below is a summary of actions the City of San José is taking to achieve the Envision San José 2040 General Plan's economic development goals, including efforts by the City's Office of Economic Development (OED).

### **Goal IE-1. Proactively manage land uses to provide and enhance economic development and job growth in San José:**

The City has taken a proactive approach to managing employment lands, including the preservation of industrial lands. As San José becomes more urban the need to grow employment densities, like research and development land uses, has become important. Projects such as Samsung's 1.1 million square foot research and development headquarters, typify the importance of employment density for some types of land uses. Citywide initiatives implemented by the City's Office of Economic Development (OED), such as the Silicon Valley Manufacturing Roundtable and the Storefronts Initiative, have strong components of retaining and activating employment uses throughout the City.

Through the land use entitlement process, the City has implemented Envision San José 2040 General Plan policies supporting the preservation of industrial lands. For example, during the 2015 Annual Review cycle, the Planning Division received six General Plan land use designation amendment requests to convert industrial designated property to non-industrial designations. Ultimately, five applications were withdrawn and the remaining project was issued an early denial decision by City Council based on strong General Plan policies to preserve industrial lands.

**Goal IE-2. Promote San José as an employment center. Nurture existing and attract new companies of all sizes (large anchor companies, emerging growth companies, small businesses) in industries that will drive the job and revenue growth for our City and regional economy:**

In an effort to build greater identity and visibility for the City of San José, the Office of Economic Development in partnership with the Mayor's Office has hosted broker tours and events in both North San José and Downtown. The tours provide an opportunity for brokers and developers to hear about subject properties, network with City staff and build interest in development or location opportunities. OED also recently launched a new business facing website (sjeconomy.com) to promote business expansion and relocation into San José. To support and drive traffic to the website, OED distributes a monthly newsletter highlighting recent business relocations, grand openings, noteworthy statistics and news about San José. Additional funds have also been allocated to advertise and promote San José through the Business Journal, Bisnow, and the Registry.

**Goal IE-3. Increase San José's leadership role and influence in regional, state, and national forums in order to advance City economic development goals and secure greater resources, and support the City's efforts to become a job center for the region:**

The appointment of a San José representative to the Metropolitan Transportation Commission (MTC) was a significant step for the City San José to help insure long term investments and funding by the MTC. Legislative and public policy work by Department of Transportation on Cap and Trade at the State level has been an ongoing effort to generate additional funding opportunities in San José. The Office of Economic Development has taken a lead role in working the San José/Silicon Valley Chamber of Commerce on their Regional Economic Development Initiative to grow business investment into San José and the region. Through community partnership and engagement, the United States Patent and Trademark Office opened their Silicon Valley regional office in San José in fall 2015, solidifying the San José area's strong role in intellectual property. The Office of Economic Development also continues to facilitate and promote State and Federal programs at lowering operating costs in the Bay Area.

**Goal IE-4. Strengthen San José's connections to the world, and promote San José's assets and image as a global innovation center to attract economic development, and increase job production in San José:**

Building greater connections abroad has been vastly improved over the past twelve months, as three international carriers have announced international flights between Mineta San José International Airport and China, London and Germany. This growth in international air service has been strongly supported by the business community. Strong partnerships with industry, the San José/Silicon Valley Chamber of Commerce, Silicon Valley Leadership Group and Joint Venture have helped cement international air service. In addition to international air service efforts, Airport Staff and OED staff have been partnering with the business community to grow domestic service as well to support local industry.

**Goal IE-6. Provide widespread access to diverse employment and training opportunities in San José and strive to increase job growth, particularly jobs that provide self-sufficient wages and health care benefits, to allow the community to broadly share in the region's prosperity :**

Talent is an important characteristic for business growth and retention in San José. In order to support the needs of industry, Mayor Liccardo has launched the Manufacturing Initiative to support careers in manufacturing. This initiative focuses on providing career training and resources for residents of San José to work in the vast array of manufacturing careers. In addition, the City has fostered partnerships with Evergreen Community College and SIA Tech to receive grant funding for developing manufacturing career programs at the high school and community college levels. Work2Future continues to play a lead role in providing job service programs and trainings to area residents.

**Goal IP-18. Develop and utilize economic development programs to implement the Land Use / Transportation Diagram and Envision General Plan Goals, Policies and Implementation Actions related to job growth, fiscal sustainability, and economic development :**

The City implements a variety of development facilitation and incentive programs to support job growth and economic development. Examples of programs and incentives include the Small Business Ambassador Program, the Downtown Commercial High Rise Incentive, and citywide Construction Taxes suspension for R&D uses. The Office of Economic Development has also implemented the North San José Traffic Impact Fee Incentive to promote the build out of the North San José Area Development Policy, by incentivizing the near term construction of up to 4 million square feet of Office/R&D development and attracting new major corporate users in to the area.

*Jobs/Employed Resident Ratio (J/ER Ratio)*

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 city in the United States over 500,000 people that is a bedroom community, meaning more San José residents leave San José for work in other cities than workers from other communities commute into San José. This imbalance reduces opportunities for San José to truly be the Capital of Silicon Valley, and has led to significant fiscal and environmental, impacts, and quality of life challenges not just for San José but regionally as well.

Between 2011 and 2014, San José added approximately 39,500 new jobs (California Employment Development Department). If the same amount of jobs were added every four years over the life of the plan it would result in approximately 197,500 new jobs by 2035. Projections prepared for the Envision San José 2040 Task Force in 2008, estimated 144,000 new jobs over the same time period. The Envision San José 2040 General Plan plans for 470,000 new jobs.

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). An employed resident is a worker who lives in San

José. This ratio is an indicator of the City's jobs/housing balance. As of September 2015, the City's J/ER ratio was 0.84, meaning there are more employed residents living in San José than there are jobs in the City. In comparison, San José's J/ER ratio in 2010 was 0.85. Although the J/ER ratio has remained relatively unchanged since adoption of Envision San José 2040 General Plan, the City has made incremental strides in becoming an innovation and regional employment center. Major projects include:

- Samsung Semiconductor completed construction on their North American Headquarters, a new 10-story R&D/office project totaling 680,000 square feet in North San José.
- Construction has begun in North San José on Midpoint at 237, to build four new office buildings totaling 415,000 square feet.
- Development permits were approved for the Coleman Highline Office project adjacent to Avaya stadium to construct 675,000 square feet of office and 8,200 square feet of retail uses.
- Valley Fair Shopping Center is planning to start construction on a 525,000 square foot expansion that will add approximately 80 to 100 new tenants.
- Construction is currently underway of an approximately 230,000 square foot office building at Santana Row, which has been leased to Splunk, a leading software developer.
- Apple submitted a rezoning and associated development permit application in October 2015 to construct up to 2.8 million square feet of industrial uses in North San José.

### *Job Growth within Existing Job Centers and at Regional Transit Stations*

The Envision San José General Plan supports job growth within existing job centers through the Focused Growth major strategy (see Section III). Since adoption of the General Plan, approximately 80% of new commercial space and almost all (99 percent) of newly constructed industrial space have been built in designated Growth Areas.

General Plan Policy IE-1.8 requires the City to “measure and report the number of jobs created in identified Growth Areas during the City Council’s periodic review of the General Plan.” Due to the lack of available geographically-specific jobs data, the City is unable to report on the exact number of new jobs within individual Growth Areas. However, since the adoption of Envision 2040, the City has approved approximately 13.5 million square feet of non-residential (i.e. commercial and industrial) development within Growth Areas. As mentioned above, citywide San José has added approximately 39,500 new jobs since 2010 (California Employment Development Department).

Diridon Station in the Downtown is San José’s primary regional transit station, served by multiple transit services, including among others, Caltrain, VTA light rail and bus service, Altamont Corridor Express (ACE) and Capitol Corridor train services, as well as Amtrak. Envision San José 2040 General Plan policy IE-1.7 directs the City to advance the Diridon Station Area as a world-class transit hub and key transportation center for Northern California. To lay the groundwork for achieving this policy, City Council approved the Diridon Station Area Plan in 2014. The Diridon

Station Area Plan plans for the expansion of the existing Diridon Station and maximum possible build-out of new high-density transit-supportive development within the 250 acre project boundary surrounding the station.

### *Envision San José 2040 Four-Year Review Technical Reports*

As part of the Four-Year Review process, the City hired the Center for the Continuing Study of the California Economy (CCSCE) to update the jobs and population projections used in the previous General Plan update process. This analysis also includes a projection for the J/ER ratio in San José through 2040. The updated jobs and population report will be provided to the Envision 2040 4-Year Review Task Force ahead of the December 2015 meeting.

In addition to updating jobs and population projections, the City hired Strategic Economics to conduct an employment lands market analysis using CCSCE's jobs projections. Among other data points, Strategic Economics will estimate future demand for commercial and industrial uses and determine the amount of land required to accommodate new demand; determine the amount of undeveloped land available for future commercial development; and assess the potential for accommodating new demand within Urban Villages and other Envision 2040 planned Growth Areas. The results of this analysis are still being finalized, however the report will be distributed and presented to the Envision 2040 Task Force at a future Task Force meeting.

### **Fiscal and Infrastructure/Service Goals**

Through the implementation of the Envision San José 2040 General Plan, the City establishes a land use planning framework that promotes fiscal balance of revenue and costs to allow the City to deliver high-quality municipal services.

The economic downturn (Great Recession) was particularly difficult for San José necessitating deep cuts in the provision of City services, due to a sharp reduction in tax revenues, and amplified by a land use pattern of low-density, single-family residential uses with significantly less job-generating employment land or more compact, urban development. As the economy has improved, revenues and expenditures are now in closer alignment, and the City has begun restoring services. The City has forecasted small budget surpluses in the General Fund over the last two fiscal years (14-15 and 15-16), compared to previous years of estimated deficits during the recession. However, the small variance in revenues and expenditures constrains the City's ability to restore service levels, and limits the ability to make long-term investments for maintenance and replacement of essential infrastructure.

In preparation for the Envision 2040 Four-Year Review process, the City hired Applied Development Economics (ADE) to provide an update on its original Fiscal Impact study that analyzed the City's service levels and fiscal conditions since the adoption of the General Plan in 2011. The ADE analysis consisted of confirming service delivery assumptions by department and an analysis of the fiscal impacts of existing land uses. This analysis will provide background for the Task Force to better understand fiscal impacts of development approved since 2011.

Furthermore, this analysis will determine whether the City has demonstrated improvement above 2010 fiscal analysis. See the attached supplemental materials for the full ADE report.

## **Environmental Goals**

The Envision San José 2040 General Plan incorporates measureable standards for the established Green Vision goals and establishes additional measureable standards for other areas of environmental leadership. The Plan provides the basis for the City's Greenhouse Gas Reduction Strategy.

### *Green Vision*

In October 2007, the City Council adopted the Green Vision, a 15-year plan with ten goals for economic growth, environmental sustainability, and an enhanced quality of life for San José's residents and businesses. The Envision San José 2040 General Plan has incorporated many of the Green Vision goals and extended the City's measurement of its environmental sustainability through the year 2035.

The Envision San José 2040 General Plan incorporates measurable standards for the established Green Vision goals and establishes additional measurable standards for other areas of environmental leadership. Below is a summary of the Green Vision Goals and the City's progress towards reaching them. A complete Green Vision Annual Report is available at <http://greenvision.sanjoseca.gov/>.

**Goal 1. Clean Tech Jobs. Create 25,000 new Clean Tech jobs as the World Center for Clean Tech Innovation:** As of 2014, San José has created 12,008 new Clean Tech jobs (48 percent of the Green Vision goal) by supporting the development of startups located in ProspectSV, developing demonstration partnership projects on City facilities, and working with regional consortiums (such as iHub) to create and support the regional clean tech ecosystem.

**Goal 2. Reduce Per Capita Energy Use by 50%:** In order to reduce energy, the City is implementing energy efficiency projects in City facilities, identifying and removing barriers to creating energy improvement areas and smart grids, supporting energy efficiency programs and retrofits, expanding knowledge and awareness of energy efficiency program resources, and implementing community-wide energy efficiency programs. Since 2007, the City has reduced per capita energy by 3.8 percent (410 kWh).

**Goal 3. Receive 100% of Our Electrical Power from Clean, Renewable Sources:** Strategies to achieve this goal include installing solar at City facilities, removing regulatory barriers to widespread adoption of solar, supporting solar programs for rental markets, and pursuing implementation of clean energy municipal financing for the community. The City of San José has met approximately 24 percent of its goal.

**Goal 4. Build or Retrofit 50 Million Square Feet of Green Buildings:** An estimated 70% of a community's total energy use and 16% of its water use is associated with buildings. In order to reduce this impact, the City is certifying existing City facilities using LEED Existing Building (EB) Rating System, and implementing the Private Sector Green Building Policy (Council Policy 6-32) and promoting green building practices for new construction. As of 2014, the City has certified 9.3 million square feet of green building space.

**Goal 5. Divert 100% of Waste from Landfill and Convert Waste to Energy:** Current efforts to implement this goal include furthering the transition of waste to energy, implementing the policy to ban polystyrene, refining the redesigned commercial solid waste system, improving diversion at local events and City facilities, and enhancing residential recycling programs. San José currently diverts 73% of trash from its landfills, a 10 percent increase in trash diversion from when the Green Vision was adopted in 2007.

**Goal 6. Recycle or Beneficially Reuse 100% of our Wastewater:** As of 2014, San José recycles approximately 14.1 million gallons of water per day (36 percent of Green Vision goal), water that would otherwise have been discharged to the Bay from the City's Regional Wastewater Treatment Facility. San José plans to further this goal through a combination of water conservation, expanded use of recycled water, and habitat protection.

**Goal 7. Adopt a General Plan with Measureable Standards for Sustainable Development:** In 2011, the City adopted the Envision San José 2040 General Plan which incorporated the Green Vision's goals into the General Plan's Goals and Policies, as well as established additional measurable standards for other areas of environmental leadership.

**Goal 8. Ensure that 100% of Public Fleet Vehicles Run on Alternative Fuels:** In Santa Clara County, more than 40 percent of GHG emissions come from vehicles. By converting 100% of the City's fleet and expanding alternative fuel infrastructure, the City can reduce greenhouse gas emissions and improve air quality. As of 2014, 41% of the City's fleet are considered alternative fuel vehicles.

**Goal 9. Plant 100,000 New Trees and Replace 100% of Streetlights with Smart, Zero Emission Lighting:** San José is committed to the growth and care of our Community Forest which includes trees on streets, in parks and open spaces, and on private property. Since 2007, 12,289 new trees have been planted (12.3 percent of Green Vision goal). As it relates to streetlights, it costs the City approximately \$4 million each year to power the City's 62,000 streetlights. Converting to more energy efficient and longer-lasting lights will help the City significantly reduce energy use and costs. Since 2007, 5,530 lights (8.9 percent of Green Vision goal) have been converted to smart streetlights.

**Goal 10. Create 100 Miles of Interconnected Trails:** This goal includes the creation of a 100-mile trail network alongside creeks, rivers and open space corridors as well as a 400-mile on-street bicycle network. Much of this expansion is expected to be funded by grants and community

partnerships. Since 2007, the City has completed 57 miles of off-street trails and 240 miles of on-street bicycle facilities.

### *Greenhouse Gas Emission Reduction Goals and Targets*

In compliance with the Envision San José 2040 General Plan, specifically Action Item IP-3.9, the Planning Division has developed a draft Greenhouse Gas (GHG) Reduction Strategy Implementation Policy. The policy will function as a tool to implement the City's Greenhouse Gas Reduction Strategy that was adopted with the General Plan in 2011. The GHG Reduction Strategy Implementation Policy went before City Council in March of 2014; however the policy was not adopted and was deferred to a later Council hearing date to allow time for staff to complete additional research and public outreach. The Policy will be considered for adoption by Council following the resolution of the Greenhouse Gas Reduction Strategy in early 2016. In addition to the GHG Reduction Strategy Implementation Policy, the City Council has added development of a "Green Building Retrofit Ordinance" to the "To Be Prioritized" ordinance list as part of the City Council's next priority setting session. The Green Building Retrofit Ordinance would apply green building requirements for additions and alterations of existing buildings.

Additionally, as part of the environmental analysis for the Envision San José 2040 Four-Year Review, AECOM consultants will prepare for the City an updated baseline greenhouse gas emissions inventory. The updated GHG inventory will determine the metric tons of GHG emissions San José produced in 2014. The updated inventory will be compared to the 2008 GHG emissions inventory prepared for the General Plan update to evaluate achievement of goals in the City's Greenhouse Gas Reduction Strategy since adoption of Envision San José 2040 General Plan. Projections of the City's greenhouse gas emissions over the timeframe of the General Plan (2035) will also be prepared, and mitigation measures, in the form of additional high-level greenhouse gas reduction strategies will be identified, if needed, to achieve the City's long-term community-wide greenhouse gas emissions target. The results of the updated greenhouse gas emissions inventory, compared to the 2008 inventory prepared for the General Plan update will be presented to the Envision 2040 Task Force at a future Task Force meeting.

### *Water Conservation and Recycling Goals*

The Envision San José 2040 General Plan sets forth a variety of water conservation and recycling goals that expand on the goals of the Green Vision, the Urban Environmental Accords, and other City policies and initiatives related to environmental sustainability. To promote the implementation of these policies, the Envision 2040 General Plan includes measurement and tracking policies and action items to monitor the City's water conservation progress. Below is a summary of progress towards meeting the Envision San José 2040's water conservation and recycling goals.

**Policy MS-17.6. Quantitatively track the City's education program on the public use of water. Adjust the program as needed to meet Envision General Plan goals:** Staff currently tracks water conservation education by quantifying various outreach efforts, including number of collateral



distributed, people reached, visitors and hits on the City's website, and posts on social media websites. For example, in FY14-15, over 26,000 people were reached with postcard mailers, flyers posted on the City's website, and collateral distributed at outreach events.

**Goal MS-18. Continuously improve water conservation efforts in order to achieve best in class performance. Double the City's annual water conservation savings by 2040 and achieve half of the Water District's goal for Santa Clara County on an annual basis:** Water conservation efforts are continuing to grow and improve as programs and technologies are evaluated. As of FY14-15, annual water savings in San José (28 million gallons per day), represented roughly half of the countywide water savings of 55 million gallons per day.

**Policy MS-18.4. Reduce residential per capita water consumption by 25% by 2040:** This measure is based on data from the Urban Water Management Plans of water retailers in San José, which will be available after the 2016 update of these Plans. Preliminary estimates show that citywide per capita water consumption is continuing to decrease and is on track to meet this goal by 2040.

**Policy MS-18.6. Achieve by 2040, 50 Million gallons per day of water conservation savings in San José, by reducing water use and increasing water efficiency:** The City of San José is currently on track to achieve this water conservation target. As of FY14-15, annual water savings in San José were estimated at 28 million gallons per day.

**Goal MS-19. Recycle or beneficially reuse 100% of the City's wastewater supply, including the indirect use of recycled water as part of the potable water supply:** The City of San José has an average daily use of 14.1 million gallons of recycled water, a 3.9% increase from 2007. The City's Green Vision Goal is 40 million gallons of recycled water.

As a supplement to the above analysis and in conformance with Envision 2040 policies, Schaaf & Wheeler consultants will carry out a review of water supply issues as they may affect the City's development policies and future growth planned in the Envision San José 2040 General Plan. Schaaf & Wheeler will produce a Water Supply Memo to be presented to the Envision 2040 Task Force at a later meeting.

### **Availability and Affordability of Housing Supply**

As part of the Four-Year Review, the Envision San José 2040 General Plan requires the City to evaluate achievement of the City's affordable housing goals and the availability of housing supply for the next four year cycle. Envision San José 2040 supports the potential development of up to 470,000 new jobs and 120,000 new housing units for the timeframe 2011 through 2035. The original Envision San José 2040 Task Force expressed considerable concern that this large amount of growth could occur in an imbalanced and poorly implemented fashion. As a result, the Task Force established "Planning Horizons" as a method of phasing residential development over a 25 year time-period, in step with the achievement of the City's economic and fiscal goals. There are no Planning Horizons for non-residential development. The City is currently in Horizon 1, out of

three Planning Horizons. During each Four-Year Review process, City Council will have the opportunity to consider moving forward to future Planning Horizons based on the analysis prepared by Staff and recommendation from the reconvened Envision San José 2040 Task Force.

*Availability of Housing Supply*

The evaluation of housing capacity for the first Plan Horizon was evaluated in the recently certified 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 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).

**Table 1. Regional Housing Need Allocation (RHNA) (2014-2022)**

<b>Income Category*</b>	<b>2007-2014 RHNA</b>	<b>2014-2022 RHNA</b>	<b>Percent Change</b>
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%
<b>Totals</b>	<b>34,721</b>	<b>35,080</b>	<b>1.0%</b>

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 4-year term. While the Planning Horizons for Urban Villages may limit the speed at which residential development may occur, analysis completed as part of the Housing Element update determined that the City has the capacity to meet its RHNA targets (Table 2) in the current Planning Horizon through capacity achieved in other ways – such as in Downtown, in Planned Communities, and through previously entitled projects.

The table below (Table 2) from the City’s Housing Element, shows the distribution of housing related to the City’s RHNA. The Housing Element determined that 2,666 dwelling units could be

developed in Horizon 1 Urban Villages within the current RHNA cycle (2014 – 2023). This number is conservatively based on the allocated units for the Urban Villages that were anticipated to have an Urban Village Financing Plan in place by 2023. The ‘Already Entitled’, ‘Downtown’, and ‘Planning Communities’ categories yield approximately 80 percent of the current RHNA allocation. Based on the housing capacity identified the Envision San José 2040 General Plan Housing Element, the City should stay in the current Planning Horizon and not advance to the next Planning Horizon during this Four-Year Review cycle.

**Table 2. Distribution of Housing Units Planned During the RHNA Period (2014-2022)**

<b>Location/Status Category</b>	<b>Planned Housing Units</b>	<b>Percent of Total</b>
Already Entitled <sup>1</sup>	11,474	32.7%
Downtown	9,701	27.6%
Planned Communities	7,547	21.5%
Urban Villages <sup>2</sup>	2,666	7.6%
Vacant Land <sup>3</sup>	2,125	6.1%
North San Jose <sup>4</sup>	N/A	N/A
"Pool" Allocation <sup>5</sup>	500	1.4%
Underutilized Redevelopable Parcels	1,104	3.1%
<b>Totals</b>	<b>35,117</b>	<b>100.0%</b>
RHNA Allocation (2014-2022)	35,080	

Source: City of San Jose

Notes:

<sup>1</sup>Includes unbuilt units in Phase 1 of the North San Jose Area Development Policy (NSJADP) and in the Hitachi mixed use village project, but otherwise excludes projects in other identified categories.

<sup>2</sup>Horizon 1 only of the Envision San Jose 2040 General Plan.

<sup>3</sup>To avoid double-counting, excludes vacant lands in other identified categories.

<sup>4</sup>Phases 2-4 of the NSJADP, allowing an additional 24,000 units, are not anticipated during the RHNA period.

<sup>5</sup>Allocation of units per Policy IP-2.11 of the Envision San Jose 2040 General Plan.

### *Affordability of Housing Supply*

As mentioned above, San José has been assigned 35,080 new housing units over the current eight year RHNA cycle (2014 - 2023). Of the 35,080 units, approximately 60 percent are assigned as affordable units (see Table 1). Meeting this goal will be difficult due to a variety of challenges in providing affordable housing.

Between 2012 and 2014, San José issued building permits for approximately 11,700 new residential units, of which approximately 1,400 (12 percent) 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 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.

As Envision San José 2040 is a “jobs first” General Plan, certain policies have also been implemented to regulate the rate of residential development as a mechanism to support a more balanced jobs to resident ratio. One example is the requirement that residential development may not occur in Urban Villages until the Council approves an Urban Village plan.

To meet San José’s RHNA, the City’s Housing Element includes a multi-component work plan including new construction, rehabilitation, and preservation of affordable housing units, as well as activities to end homelessness, promote equitable development, and create healthy and sustainable communities and neighborhoods. The City has also adopted ordinances to support affordable housing associated with new market-rate for-sale and rental projects.

### Inclusionary Housing Ordinance

One of the actions the City has taken in an effort to provide more affordable housing was the adoption of the Citywide Inclusionary Housing Ordinance in January 2010. Prior to the adoption of the Citywide Ordinance, the City had an Inclusionary Policy that applied to both rental and for-sale development only in former redevelopment areas. The adoption of the Citywide Inclusionary Housing Ordinance requires that 15% of all new market-rate developments of 20 or more units include an affordable housing component, which is a critical tool to achieve more equitable communities wherever development occurs throughout the City. However, due to the *Palmer v. City of Los Angeles* court decision, the City has not implemented an inclusionary program for rental developments.

The City is currently implementing its for-sale Inclusionary Policy in former redevelopment areas. However, the California Building Industry Association (CBIA) has challenged the San José’s for-sale program under the Citywide Ordinance. Although the Santa Clara County Superior Court ruled in favor of the CBIA (*California Building Industry Association v. City of San José*), the City won on appeal to the 6<sup>th</sup> District Court of Appeal. The CBIA further appealed the decision to the California Supreme Court. In June 2015, the California Supreme Court issued its decision affirming the Court of Appeals’ determination, thus upholding the Inclusionary Housing Ordinance and remanding the case to the trial court.

In September 2015, the California Building Industry Association (CBIA) filed an appeal with the U.S. Supreme Court seeking review of the California Supreme Court’s unanimous ruling that upheld San José’s Inclusionary Housing Ordinance. The City is currently waiting for the U.S. Supreme Court to determine whether it will hear the case. The Housing Department intends to provide the City Council with an update regarding implementation of the Inclusionary Housing Ordinance in December 2015.

## Affordable Housing Impact Fee

In addition to the Inclusionary Housing Ordinance, in November 2014 the City Council adopted an Affordable Housing Impact Fee (AHIF) of \$17.00 per net livable square foot on new market-rate rental housing developments of three or more units.

The City is also in the process of developing tools, policies, and mechanisms to facilitate the creation of affordable housing in the City’s priority development areas such as in Urban Villages. Staff will present recommendations to the Task Force during the Envision 2040 Four-Year Review process to explore how the General Plan can better facilitate affordable housing, with the goal of creating diverse communities with access to jobs, transit, and amenities. This includes programs to facilitate “deed restricted” affordable housing that has traditionally required government support, as well as “naturally” affordable housing produced by the market, such as secondary units, micro-units, and other product types.

## **Healthful Community Goals**

The Envision San José 2040 General Plan supports the physical health of community members by promoting walking and bicycling as travel options, encouraging access to healthful foods, and supporting the provision of health care and safety services.

### *Walking and Bicycling*

The Land Use and Transportation Chapter of the Envision San José 2040 General Plan includes a set of balanced, long-range, multimodal transportation goals and policies that provide for a transportation network that is safe, efficient, and sustainable. One such policy includes reducing the amount of drive alone commute trips from approximately 78 percent of all commute trips to only 40 percent of all trips. Goals to increase various other modes (e.g., bicycle, walk) accordingly are shown in Figure 6 below.

**Figure 6. 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.

(Source: Envision San José 2040 General Plan, Chapter 6, Pg. 37)

In order to measure the proportion of commute travel using modes other than the single-occupant vehicle, data was collected from the American Community Survey (ACS) for years 2010 through 2014 for the City of San José. As shown by Table 3, there has not been any meaningful change in commute mode shares within the past five years. Out of the five targets set for commute modes, only the Carpool Target has been met. It should also be noted that roughly 11 percent of San José residents work outside of Santa Clara County.

**Table 3. City of San José Commute Modes, Workers 16+ Years (2010-2014)**

Mode	Year				
	2010	2011	2012	2013	2014
Drove alone	79.5%	78.5%	77.5%	75.8%	77.0%
Carpooled	10.2%	10.2%	11.0%	11.8%	11.5%
Public transit (excluding taxicab)	3.1%	3.5%	3.7%	4.5%	4.1%
Walked	1.6%	1.9%	1.3%	1.7%	1.4%
Bicycle	0.6%	1.0%	0.8%	1.0%	1.1%
Other means	0.9%	1.2%	1.4%	1.4%	1.3%
Worked at home	4.1%	3.7%	4.3%	3.9%	3.7%
<b>Work outside Santa Clara County</b>	<b>11.2%</b>	<b>11.5%</b>	<b>11.1%</b>	<b>10.9%</b>	<b>11.2%</b>

(Source: United States Census Bureau, American Community Survey, 1-year Estimates)

Reflective of development patterns and access to public transit, residents living in Downtown San José use a higher percentage of alternative transportation modes compared to citywide statistics, as shown by Table 4 below.

**Table 4. Downtown Commute Modes, Workers 16+ Years**

Means of Transportation	Downtown Block Groups
Drove alone	61.7%
Carpooled	5.4%
Public transportation (excluding taxicab)	15.7%
Walked	7.5%
Bicycle	2.1%
Taxicab	0.5%
Worked at home	4.6%
Other means	2.2%

(Source: American Community Survey, 2009-2013 5-Year Estimates)

Other measures of determining whether San José is achieving a balanced transportation system include WalkScore, BikeScore, and TransitScore. These annual online assessments measure a geographical area’s walkability, bikeability, and access to public transit. According to this year’s analysis, San José has a Walk Score of 48 out of 100 (car-dependent city), a Transit Score of 41 out of 100 (some transit), and a Bike Score of 57 out of 100 (bikeable – some bike infrastructure). The City is 2 points away from achieving a Walk Score of “somewhat walkable”.



(Source: WalkScore)

The City of San José is currently developing and expanding investments and programs that should lead to future commute mode shift. One such example is the Bay Area Bike Share program launched in August 2013 in San José and other select cities throughout the Bay Area. San José currently has 16 bike share stations totaling 150 bicycles, and will be expanding to a total of approximately 1,150 bikes (1,000 new bikes) during 2016 and 2017. Transit ridership should also increase when the Valley Transportation Authority completes the Santa Clara-Alum Rock Bus Rapid Transit system and the Stevens Creek 523 Rapid Bus project by 2017, and when the BART extension to San José is completed, first to the Berryessa area in 2017 and then to Downtown in 2025. Additionally, the Department of Transportation's grant funded Walk n' Roll program is successfully working with participating San José schools to encourage walking and bicycling. Due to the programs efforts, walking and bicycling have increased by nearly 30 percent at participating schools leading to the elimination of nearly 180,000 miles of vehicle travel and over 250,000 pounds of CO<sub>2</sub> from being emitted into the environment.

A key to transportation mode shift is also ensuring that San José streets are safe for all users, particularly for people who walk and bike, and people who are young and old. To improve traffic safety, the City launched Vision Zero San José in April 2015. The goal of Vision Zero San José is to create a community culture that prioritizes traffic safety and ensures that incidents on our roadways don't result in severe injury or death. In 2014, 42 people died in traffic collisions while using some form of transportation (Vision Zero San José). Vision Zero San José provides actions that entail evaluation, engineering, enforcement and education, technology and policy, and partnerships to reduce transportation fatalities in San José.

### *Access to Healthful Foods*

In order to encourage healthy eating and improve access to healthful foods, a variety of farmer-to-table initiatives have been implemented throughout the community. For example, there are 11 weekly farmer's markets throughout the City of San José, varying in times and location. In addition to local farmer's markets, there are several successful urban farms in San José. For example, Veggielution, a 6-acre non-profit community farm at Emma Prusch Farm Park, seeks to create a sustainable food system in San José by teaching the community the importance of eating healthy locally grown food. Volunteer workdays, youth programs, and free community workshops provide the community an opportunity to participate in hands-on activities focused on growing fresh fruits and vegetables. Veggielution also donates produce that does not sell at their farm stand to local food banks. Additionally, Garden to Table's Taylor Street Farm, a one-acre urban agricultural farm, opened in August 2013 on a vacant lot north of the Downtown. The farm provides access to fresh produce and educates the broader community on growing their

own food. Furthermore, the Santee Open Space and Community Garden opened in 2015, creating locally grown food and a gathering space for the neighborhood. In total, there are 19 active community gardens, totaling approximately 22 acres within the San José city limits.

The City is also coordinating with Santa Clara County on their Urban Agriculture Incentive Zone Ordinance. If the City adopts a resolution in support, the County Ordinance would allow some vacant parcels that meet certain State-defined criteria within County pockets in San José's Sphere of Influence within the Urban Service Area and Urban Growth Boundary to be eligible for property tax reductions if these parcels are actively used for urban agriculture. The County Ordinance is expected to become effective for County pockets in San José's Sphere of Influence by the end of 2015.



## V. 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. There are 70 designated Urban Villages in the Envision San José 2040 General Plan. Urban Villages are intended to be attractive to an innovative workforce, enhance established neighborhoods, and are consistent with the Plan’s environmental goals. The General Plan also establishes an Urban Village Planning process. The preparation of Urban Village Plans provides 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. Community meetings are convened by the Planning Division with regular participation from the Department of Transportation; Office of Economic Development; Housing; Parks, Recreation, and Neighborhood Services; and the Office of Cultural Affairs/Public Art. These departments are integral to the development of the Urban Village Plans and the overall strategies.

### Status of Urban Village Plan Preparation

Presently, the City Council has approved six Urban Village Plans including Roosevelt Park, Little Portugal, Alum Rock Avenue, 24<sup>th</sup> and William Street, Five Wounds, and the Diridon Station Area Plan. These plans incorporate a form-based planning approach and provide more detailed information related to allowable uses, density, and FAR that are permitted within each Urban Village.

In addition to the six approved Urban Village Plans, the following eight Urban Villages are in various stages of the planning process to develop Urban Village Plans.

**Table 5. Urban Village Plan Schedule**

Urban Village Plan	Anticipated Completion
The Alameda (Horizon 1)	Spring 2016
West San Carlos (Horizon 1)	Spring 2016
South Bascom (Horizon 2)	Spring 2016
East Santa Clara (Horizon 1)	Spring 2016
Stevens Creek (Horizon 3)	Fall 2016
Santana Row/Valley Fair (Horizon 3)	Fall 2016
Winchester Boulevard (Horizon 3)	Fall 2016
Blossom Hill/Snell (Horizon 2)	Spring 2016

Three incremental Planning Horizons have been established for Urban Villages in order to ensure 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. Although some Urban Village Plans under development are not in the current Horizon (Horizon 1), there has been significant market interest in particular areas of the City, thereby creating the necessity to develop plans for those Urban Villages. Each Urban Village is at a different stage in the Urban Village planning process,

which includes background research and extensive community outreach. Urban Villages in Horizons 2 and 3 with completed Urban Villages Plans will remain in their designated horizons.

### **Development Activity in Urban Villages**

Since adoption of Envision San José 2040 General Plan, Planning development permits have been approved for over 4,700 housing units and 1,337,687 square feet of non-residential uses (e.g., commercial and industrial) within Urban Villages. However, it should be noted that the vast majority of approvals make up projects with existing entitlements (zoning approvals) prior to adoption of Envision 2040.

The Envision San José 2040 General Plan also establishes a “Signature Project” policy to allow residential, mixed use projects to proceed ahead of preparation of an Urban Village Plan if the projects meet an established set of requirements related to density and design, as specified in Policy IP-5.10. To date, the City has received three development permit applications for Signature Projects. One of the Signature Project applications, Santana Row West, removed the residential component from the proposal and it is no longer a Signature Project. The two other Signature Projects are currently being evaluated by Planning staff and are located in the N. 1<sup>st</sup> Street Urban Village and East Santa Clara Street Urban Village. Staff will evaluate the proposed Signature Projects consistent with Policy IP-5.10, and all other applicable guidelines and regulations.

### **Urban Village Implementation Challenges**

One of the primary challenges to implementing Horizon 1 Urban Villages has been the lack of market demand for commercial and office use needed to make mixed-use developments feasible. The Envision San José 2040 General Plan allocates approximately 25 percent of the Plan’s 470,000 planned new jobs to the Urban Villages. Urban Village Plans must plan land uses that include adequate capacity for the full amount of allocated planned jobs and housing, and set minimum FARs for commercial uses to achieve the planned job growth. Since adoption of Envision 2040, there has been no mixed-use development entitled in Urban Villages, in part due to the lack of market demand and difficulty of aggregating property needed to meet minimum commercial FARs. Additionally, while there has been demand for residential development in Urban Villages, this demand has been for market rate development. The challenge is how to create affordable housing opportunities in these key development areas where affordable housing opportunities are proximate to jobs, services, and amenities.

Another challenge to Urban Village planning is the time required to prepare an Urban Village Plan. Envision 2040 Policy IP-5.2 sets a nine month timeframe for completing Urban Village Plans. Based on preparation of the first six Urban Village Plans, nine months is not a realistic timeframe. On average, Urban Village Plans have taken 30 months to complete. These issues will be further evaluated by the Task Force during the Envision 2040 Four-Year Review Process.

## VI. NEXT STEPS

As directed by the Envision San José 2040 General Plan, the reconvened Envision San José 2040 Task Force is responsible for evaluating success in the achievement of key goals and recommending mid-course adjustments needed to improve implementation of the Plan. While the City has advanced many of the General Plan's goals, little progress has been made achieving some key goals due to various challenges. These key goals include increasing the City's jobs to employed resident ratio, implementing mixed-use development in Urban Villages, and developing new affordable housing.

Over the next six months (November 2015 to April 2016) the Envision San José 2040 Four-Year Review Task Force will meet to evaluate and consider focused adjustments to the General Plan. The Envision 2040 Four-Year Review Task Force will conclude with recommendations to the City Council. The City Council will evaluate input from the Task Force, and consider General Plan amendments to implement the recommendations developed during the Envision San José 2040 4-Year Review Task Force process.