



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Councilmember
Donald Rocha
Raul Peralez

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

Approved Don Raul Peralez Date 4/10/15

RECOMMENDATION

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

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

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

ANALYSIS

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

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

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

Urban Village Phasing

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

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

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

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

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

Growth Capacity

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

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

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

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

Affordable Housing

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

Level of Service vs. Vehicle Miles Traveled

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

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

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

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

Other Recommendations

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

Conclusion

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