

RESOLUTION NO. 78944

**A RESOLUTION OF THE COUNCIL OF THE CITY OF
SAN JOSE APPROVING THE DOWNTOWN STRATEGY
2040 TO REPLACE THE EXISTING DOWNTOWN
STRATEGY PLAN 2000**

File Nos. PP15-102, GP17-010, and GPT17-002

WHEREAS, on June 21, 2005, by Resolution No. 72766, the Council of the City of San José, a municipal corporation (“City”), adopted a certain strategy for the Downtown area entitled the “Downtown Strategy Plan 2000” (also referred to as “Strategy 2000: San José Greater Downtown Strategy for Development” and referred to as “Downtown Strategy 2000”) a strategic planning and urban design document, which was prepared by the San José Redevelopment Agency and the Development Strategy Task Force in February, 2001; and

WHEREAS, the “Downtown Strategy 2000” was an action guide for development and redevelopment of Downtown primarily through the year 2010 with environmental impacts addressed through 2020; and

WHEREAS, since 2005, the “Downtown Strategy 2000” has been implemented to facilitate development of thousands of dwelling units and millions of square feet of commercial space Downtown; and

WHEREAS, the “Downtown Strategy 2000” strategic planning goals and objectives either have been achieved or are no longer current with the adoption of the Envision San José 2040 General Plan (“General Plan”) and the subsequent dissolution of the San José Redevelopment Agency (“Redevelopment Agency”), as well as other changed circumstances; and

WHEREAS, many of the urban design principles and guidelines found in the “Downtown Strategy 2000” have been incorporated into the General Plan and the others are presently being updated; and

WHEREAS, the City of San José has prepared a new strategy for the Downtown area entitled the “Downtown Strategy 2040” to update and replace the “Downtown Strategy 2000”; and

WHEREAS, “Downtown Strategy 2040” is necessary to (i) respond to changed circumstances and conditions and (ii) increase the Downtown development capacity to Year 2040 consistent with the General Plan; and

WHEREAS, for purposes of this new “Downtown Strategy 2040,” the primary action is to increase the development capacity within the Downtown boundary, as defined in the General Plan, by transferring 4,000 dwelling units and 10,000 jobs from later horizon General Plan growth areas to Downtown; and

WHEREAS, a geographic boundary expansion from the previous boundary is included in “Downtown Strategy 2040,” and associated General Plan Amendments for the east side of North 4th Street between St. John and Julian streets; and

WHEREAS, pursuant to and in accordance with Chapter 20.100 of Title 20 of the San José Municipal Code, the Planning Commission conducted a hearing to review and consider the proposed Downtown Strategy 2040 on November 28, 2018, notice of which was duly given; and

WHEREAS, at said hearing, the Planning Commission gave all persons full opportunity to be heard and to present evidence and testimony respecting said matter; and

WHEREAS, at said hearing, the Planning Commission made a recommendation to the City Council respecting said matter based on the evidence and testimony; and

WHEREAS, pursuant to and in accordance with Chapter 20.100 of Title 20 of the San José Municipal Code, this City Council conducted a hearing to review and consider the proposed Downtown Strategy 2040, notice of which was duly given; and

WHEREAS, at said hearing, this City Council gave all persons full opportunity to be heard and to present evidence and testimony respecting said matter; and

WHEREAS, at said hearing, this City Council received and considered the reports and recommendations of the City's Planning Commission and City's Director of Planning, Building and Code Enforcement; and

WHEREAS, said public hearing before the City Council was conducted in all respects as required by the San José Municipal Code and the rules of this City Council;

WHEREAS, the CITY is the lead agency for the Project, and has prepared a Final Program Environmental Impact Report for the Project pursuant to and in accordance with CEQA, which Final Environmental Impact Report is comprised of the Draft Environmental Impact Report for the Project (the "DEIR"), together with the First Amendment and Second Amendment to the DEIR (collectively, all of said documents are referred to herein as the "FEIR"); and

WHEREAS, prior to adopting this Resolution, the City Council adopted a separate resolution making certain findings and certifying the Downtown Strategy FEIR and this Resolution fully incorporates the separate City Council FEIR resolution as though fully set forth herein by this reference;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE:

1. The above recitals are incorporated herein as findings for the new San José Downtown Strategy, entitled “Downtown Strategy 2040.”
2. The Downtown Strategy 2040, as attached hereto as Exhibit “A”, is hereby adopted and fully replaces the Downtown Strategy 2000.
3. This Resolution shall become effective on the same date the associated General Plan Amendments are effective for File Nos. GP17-010 and GPT17-002 adopted by the City Council by separate resolution on December 18, 2018.

ADOPTED this 18th day of December, 2018, by the following vote:

AYES: ARENAS, CARRASCO, DAVIS, DIEP, JONES, JIMENEZ, KHAMIS, PERALEZ, ROCHA; LICCARDO.

NOES: NONE.

ABSENT: NGUYEN.

DISQUALIFIED: NONE.



SAM LICCARDO
Mayor

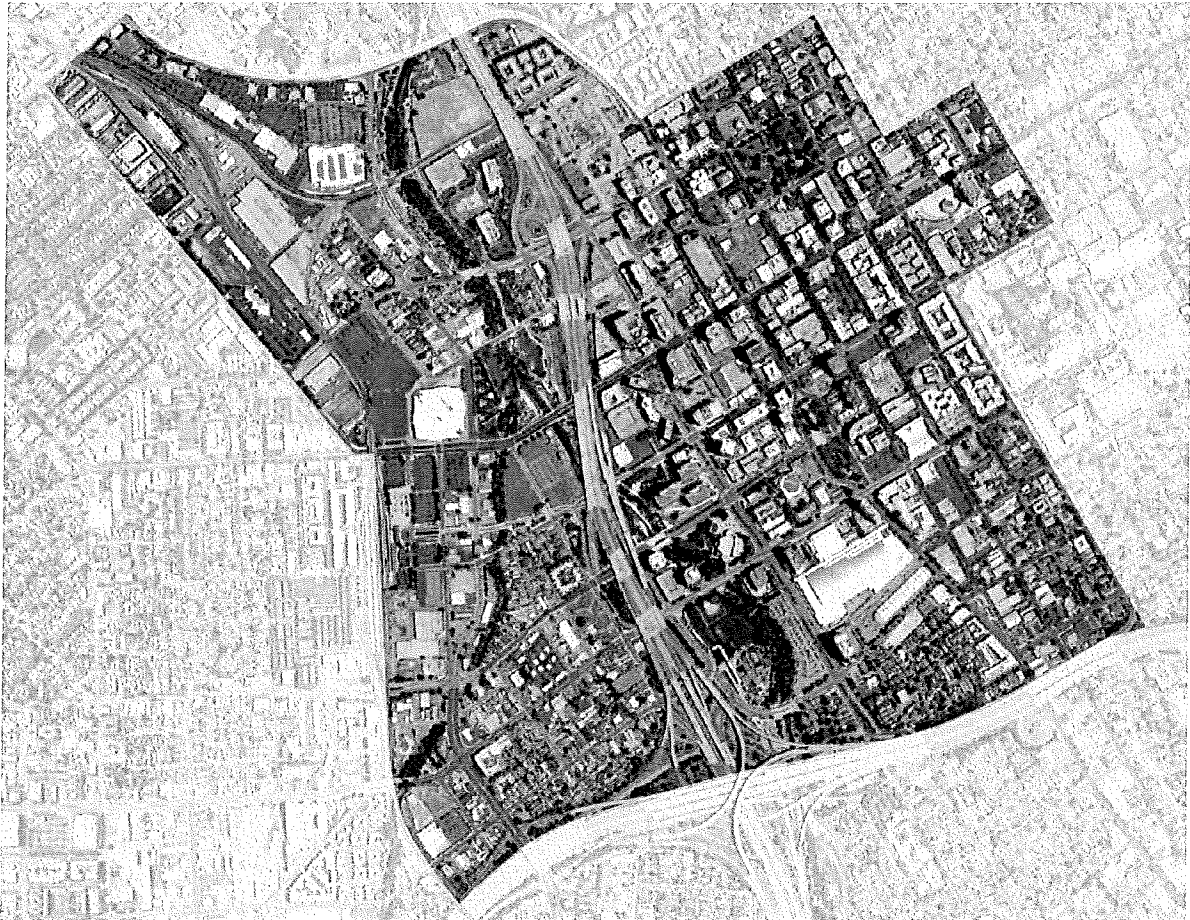
ATTEST



TONI J. TABER, CMC
City Clerk

78944

San José Downtown Strategy 2040



December 6, 2018

EXHIBIT "A"
(File Nos. PP15-102/GP17-010/GPT17-002)

San José Downtown Strategy 2040

Background

The Downtown Strategy 2040 (Strategy) is an update and replacement of the “*Strategy 2000: San José Greater Downtown Strategy for Development*” (Strategy 2000) adopted by the City Council in 2005. Strategy 2000 was primarily a strategic planning and urban design document. The Strategy 2000 strategic planning goals and objectives either have been achieved or are no longer current with the adoption of the Envision San José 2040 General Plan (General Plan) and the subsequent dissolution of the San José Redevelopment Agency (Redevelopment Agency), as well as other changed circumstances. Many of the urban design principles and guidelines found in Strategy 2000 have been incorporated into the General Plan and the others are being updated.

This new Strategy is necessary to: (i) respond to changed circumstances and conditions; and (ii) increase the Downtown development capacity to Year 2040 consistent with the General Plan. For purposes of this new Strategy, the primary action is to increase the development capacity within the Downtown boundary, as defined in the General Plan, by transferring 4,000 dwelling units and 10,000 jobs from later horizon General Plan growth areas to Downtown. A geographic boundary expansion from the previous boundary is also included in the Strategy with associated General Plan Amendment for the east side of North 4th Street between St. John and Julian Streets.

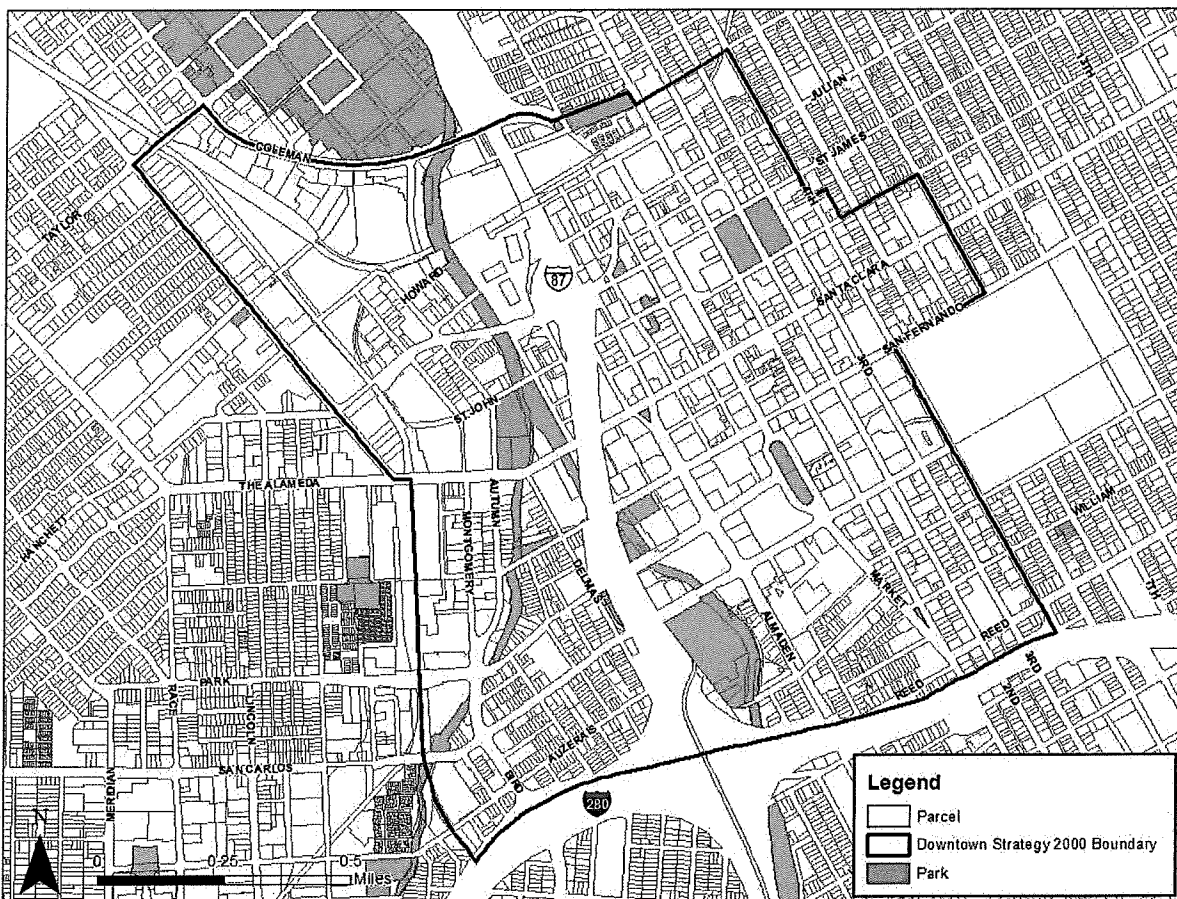
This Strategy is the latest in a long history of planning documents for Downtown San José. The City Council previously approved the Downtown Strategic Plan in 1992 for the 1995-2000 timeframe. Beginning in the 1980s, the Redevelopment Agency prepared strategic plans to promote development guided by adopted policy as an element of the City’s Redevelopment Agency program to revitalize the Downtown. The City of San José (City) also completed accompanying programmatic Environmental Impact Reports to streamline the California Environmental Quality Act (CEQA) environmental review of individual development projects located within Downtown.

Strategy 2000 was an action guide for development and redevelopment of Downtown primarily through the year 2010 with environmental impacts addressed through 2020. Strategy 2000 was adopted by the City Council on June 21, 2005 by Resolution No. 72766. As defined in the adopted Strategy 2000 document, a “strategy” is “a recommendation that states a *general* task that often suggests policy directions.” An “action” is defined as “a recommendation consisting of a *specific* task, usually by one or more public agencies.”

Geographic Setting

Strategy 2000 redefined and expanded the Downtown boundaries for policy purposes from the previous Downtown Core and Frame Area delineations in the San José 2020 General Plan (See Figure 1 below). As redefined in Strategy 2000, the Downtown was extended beyond San José's traditional Downtown center to include the areas around Diridon Station, the former Julian-Stockton Redevelopment area, areas north to approximately Taylor Street, areas east that includes City Hall, and areas south to approximately Interstate I-280 highway. The Downtown area is generally divided by State Route (SR) 87 highway and organized into the following sub-areas: The North Gateway and Diridon/Arena area to the west and St. James Park; San Pedro Square; 1st and 2nd Streets; Civic Center; Cesar Chavez Park; Almaden Boulevard; and SoFA areas to the east of SR 87. Three major roadway corridors, Santa Clara Street, San Fernando Street, and San Carlos Street, link the eastern and western areas. The Envision San José 2040 General Plan moved the boundary in the northeasterly corner from Washington Street southward to Julian Street.

Figure 1: Downtown Strategy 2000 Boundary



Strategy 2000 Guiding Principles

Strategy 2000 was the result of a public process to ensure broad multi-disciplinary consideration of the issues of economics, transportation, urban design and landscape, and historic and cultural resources as they apply to the Downtown. The primary purpose of Strategy 2000 was to provide guidance to the decision-makers and the Redevelopment Agency on policy-making, planning, and budgetary decisions concerning Downtown. Strategy 2000 was intentionally not a land use policy, per se, but did attempt to articulate a vision and recommend policies and actions toward achieving that vision. That vision was affirmed and incorporated into the Envision San José 2040 General Plan in 2011.

Strategy 2000's Guiding Principles were:

1. Make the Greater Downtown a memorable urban place to live, work, shop and play;
2. Promote the identity of Downtown San José as the Capital of Silicon Valley;
3. Create a walkable, pedestrian-friendly Greater Downtown; and
4. Promote and prioritize development that serves the needs of the entire City and valley.

The top priorities of Strategy 2000 were:

1. Develop retail in the Greater Downtown;
2. Develop housing with an emphasis on high densities, and 20 percent of which is affordable to low, very low, and moderate-income households;
3. Complete the Guadalupe River Park and Los Gatos Creek Trail;
4. Develop parking resources and alternatives that continue to make space for people where once there were only cars;
5. Invest in streetscape improvements such as lighting, planting, paving and street furniture;
6. Expand the San José Convention Center; and
7. Update San José's Zoning Code.

The major focus of Strategy 2000 was on urban design concepts and their timing for implementation. The urban design concepts were applied to six Downtown urban systems in:

1. Public Realm;
2. Urban Form and Buildings;
3. Transportation and Access;
4. Historic Resources;
5. Economic Conditions; and
6. Human Services.

The design recommendations were applied to 12 different geographic sub-areas and major streets of Downtown. Design guidelines were to be applied to private and public development projects to produce urban buildings and public spaces of the highest quality for Downtown.

Several subsequent planning studies were prepared to implement Strategy 2000 including:

- Downtown Parking Management Plan (2001, updated 2007)
- Guadalupe River Park Master Plan (2002)
- Downtown Circulation and Access Study (2002)
- Downtown Streetscape Master Plan (2003)
- Downtown Design Guidelines and Downtown Historic Design Guidelines (2004)
- SoFA South First Area Strategic Development Plan (2005)
- Diridon/Arena Area Strategic Development Plan (2005)
- Diridon Art Master Plan (2010)
- Diridon Station Area Plan (2014)

A Final Environmental Impact Report (FEIR) was certified for Strategy 2000 by the City Council on June 21, 2005 by Resolution No. 72767, as subsequently addended in 2014 and 2016. Strategy 2000 created new development capacity for about 45,000 new jobs and 8,500 new dwelling units. The amount of new Downtown development capacity evaluated and approved under the FEIR was:

Land Use Category	Development Capacity
Residential	8,500 Dwelling Units (DU)
Offices	11,200,000 square feet (approximately 45,000 jobs)
Retail Commercial	1,400,000 square feet
Hotels	3,600 guest rooms

Strategy 2000 Phasing

Transportation and circulation network environmental impacts and mitigation measures identified in the Strategy 2000 FEIR Level-of-Service (LOS) based analysis resulted in the establishment of four equal phases of new development (25% each) to synchronize with the timing and construction of needed major improvements.

These phases were adjusted by the Addenda to the FEIR in 2014 and 2016. Under Strategy 2000, development in a subsequent phase could not proceed until there is certainty that the transportation improvements of the preceding phase will be constructed. Most of the Phase One improvements have been or will be completed. Adoption of this new Strategy will close out the existing Strategy 2000 environmental mitigation program and it will no longer be a condition of approval for new development projects.

Changed Circumstances and Context

There have been significant changes since the adoption of Strategy 2000, such as the strong economic recovery since 2008, which have resulted in the need to update Strategy 2000. The City is reaching Strategy 2000 Phase One development capacity limits for residential dwelling units, office space, and hotel rooms.

The Envision San José 2040 General Plan was adopted in 2011 and incorporated the Strategy 2000 principles and vision. The Redevelopment Agency was subsequently dissolved on February 1, 2012 in accordance with State law. The Diridon Station Area Plan was adopted in 2014, and other major planning efforts are progressing for a new Diridon Station that integrates BART, High Speed Rail, and enhanced Caltrain, Ace and Capitol Corridor commuter rail.

In 2018, consistent with State law, the City's Transportation Policy 5-3 was replaced by Policy 5-1 to adopt Vehicle Miles Traveled (VMT) as the CEQA threshold instead of LOS. Also in 2018, Climate Smart San José was adopted to update the Green Vision.

The VTA's BART Silicon Valley Phase II Extension project through Downtown is expected to be completed and operational before 2030. The supplemental environmental impact documents (SEIS/SEIR) for the BART Phase II Extension were prepared in 2016 and have been certified by the VTA, as the lead agency. The preferred Downtown station location has been selected and is assumed in the Strategy.

Envision San José 2040 General Plan

The adoption of the Envision San José 2040 General Plan in 2011 added, at a programmatic-level to a horizon year of 2035, more capacity for residential dwelling units to the Downtown to create a total capacity of 10,360 dwelling units (increased from 8,500 units). The General Plan also added capacity for jobs to the Downtown to create a total of 48,500 jobs (increased from 45,000 jobs).

General Plan 4-Year Review

As part of the General Plan Four-Year Review, in 2016, the City Council directed staff to evaluate adding Downtown capacity to the horizon year of 2040 for 10,000 more new jobs and 4,000 more new dwelling units as part of the Strategy update process. Therefore, as directed by Council, the Strategy includes a total capacity for jobs in the Greater Downtown area of up to 58,500, and a total capacity for dwelling units of up to 14,360.

Downtown Strategy 2040 Development Capacity Entitled as of July 10, 2018

Land Use	Downtown Strategy 2040 Development Capacities	Approved Entitlements under Downtown Strategy 2000 EIR (as of 07/10/18)	Remaining Downtown Strategy 2040 Development Capacities as of 07/10/18
Residential (units)	14,360	6,353	8,007
Office (sq. ft.)	14.2 million	1.2 million	13 million
Retail (sq. ft.)	1.4 million	253,000	1.15 million
Hotel (rooms)	3,600	394	3,206

Transportation

A Guiding Principle within Strategy 2000 was to “create an accessible, walkable, bike-friendly, and transit-rich Greater Downtown.” This remains a Guiding Principle for the Downtown Strategy 2040, advanced by the General Plan and Climate Smart San José, which both underscore the importance of reducing private automobile use and increasing transit use, walking, bicycling, and other low-impact, people-centric travel modes.

Numerous transportation projects and policies have evolved since Strategy 2000 was adopted in 2005. These include transit improvements, pedestrian and bicycle access improvements, improvements to transportation technology, and the development of new City policies regarding transportation impacts and transportation and parking demand management. Key changes since Strategy 2000 are summarized below.

The General Plan includes goals to increase transit use by 2040 to a minimum of 20 percent of commute trips, and bicycling and walking commute trips to a minimum of 15 percent each, while reducing VMT per capita by 40 percent. Climate Smart San José reinforces these goals, as this level of mode shift (i.e., how we get around) is required to reduce greenhouse gas and other emissions to align with the Paris Climate Accords.

To achieve these goals Citywide, Downtown San José must substantially exceed the Citywide goals set forth in the General Plan. A number of transportation projects and policies are intended to help achieve these goals in Downtown and City-wide.

Vehicle Miles Traveled (VMT). In 2013, California legislature adopted Senate Bill 743, which requires VMT or similar metric be used to measure transportation impacts under CEQA and precludes the use of vehicle delay (i.e. Level of Service) as a CEQA threshold. In response to this

State law change, and to better align with the Envision San José 2040 General Plan, San José adopted City Council Policy 5-1 on February 27, 2018, entitled “Transportation Analysis Policy,” establishing VMT as the metric for transportation analysis under CEQA. The switch from Level of Service to VMT will facilitate urban, high intensity and pedestrian oriented development in places like Downtown that have a robust transit network.

BART, Caltrain, High Speed Rail, and Diridon Station. For transit ridership to become the mode of choice for more people to and from Downtown, transit services must become even more reliable, effective, comfortable, and seamless. Transit must offer great service that is easier, cheaper and more convenient than driving. Downtown is home to myriad transit services including numerous high-frequency bus lines, Bus Rapid Transit (BRT), Light Rail Transit (LRT), and commuter rail. There are more improved services to come with modernized Caltrain service, Bay Area Rapid Transit (BART), increased Altamont Commuter Express (ACE) and Amtrak Capitol Corridor service, and new High-Speed Rail (HSR). Some of the major transit improvement projects that have advanced significantly since the adoption of the Strategy 2000 are described below.

- The first phase of the **BART Silicon Valley** extension has been built (Berryessa Station) and is expected to begin passenger service by 2020. The second phase, which includes stations in Downtown and at Diridon Transit Center, completed its CEQA and NEPA environmental review process with the single-bore option selected for the Phase II extension, and the western location option selected for the central Downtown BART Station. The BART Phase II extension is estimated for completion by 2026.
- **Caltrain Electrification** began construction in late 2017, with electrified trains expected to run passenger service in 2022.
- **HSR** is under construction in the Central Valley, with plans to connect to San José’s Diridon Transit Center as early as 2027, and **ACE** and **Capitol Corridor** are also actively working on capital improvements to increase the frequency of their service in San José.
- Given the exceptional ten-fold ridership increases in transit planned for **Diridon Transit Center**, the City, Caltrain, HSR and Santa Clara Valley Transportation Authority (VTA) are working together to design a new intermodal facility that will seamlessly accommodate people traveling on these new and expanding services. It envisioned to be a great place – an asset to the surrounding neighborhoods and the City generally.

Public Life, Walking and Bicycling. People on the streets and in public spaces – walking, bicycling, gathering, lingering – are part of what makes the **public life** of a city vibrant and engaging. Pedestrians or bicyclists can also explore Downtown more in-depth than those driving from one destination to another and parking at each destination along their route. A pleasant walking path or comfortable bicycle route allows people to discover new businesses and public spaces along their journey, bump into friends, neighbors and colleagues, and forms a sense of pride in and attachment to a place.

- Everyone is a **pedestrian** sometimes, no matter what mode of transportation they use. The comfort, convenience, and aesthetic quality of the public realm, the sidewalks, plazas, parks, and trails, is an essential aspect of any city's accessibility. These take on even more importance in the context of an overall transportation strategy in which walking makes the link from bus, train, garage, or bike rack to the final destination.
- San José's wide, flat streets and mild climate are ideal for **bicycling**, and bicycling rates in the Downtown are already roughly four times what they are in the rest of the City. With continued focus on enhanced on- and off-street bicycle facilities connecting to neighboring areas, secure bike parking, bicycle-oriented wayfinding, and bike share, Downtown can become a bicycling paradise – easing Downtown congestion and parking problems, connecting various parts of Downtown, and providing a healthy, enjoyable means of access.

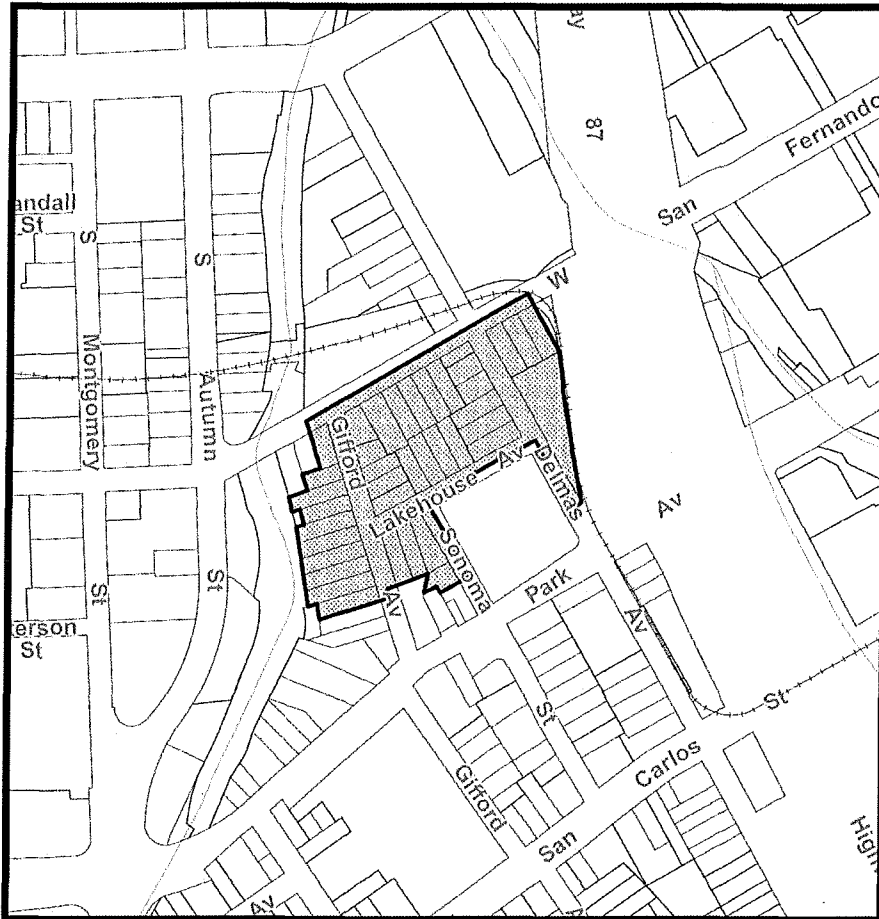
Given the extent of these new transportation services and changed policy conditions, the City secured a grant for an updated Downtown Transportation Plan to improve access, streetscapes, and public life. This planning effort will integrate disparate Downtown transportation projects into a common and comprehensive multimodal transportation network supported by the community, City Council and other stakeholders. Work on this effort began in July 2018 and is expected to be completed in late 2019.

Historic Landmarks

In Downtown, one additional City Landmark District, the Lakehouse Historic City Landmark District, has been designated since adoption of Strategy 2000. The Lakehouse Historic District, City Landmark District HD07-158, is generally bounded on the north by West San Fernando Street, on the east by State Route 87 highway and the VTA Light Rail Transit right-of-way, on the west by Los Gatos Creek, and on the south by the rear parcel lines of lots on the north side of Park Avenue, and on the southeast by Sonoma Street and Lakehouse Avenue (See Figure 2 below). The Lakehouse Historic District consists of mostly single-family residential properties constructed from 1885-1925. The district includes a unique concentration of single-story, Queen Anne Style houses along with some Craftsman and Period Revival houses in and surrounding the 1891 Lake House Tract.

A smaller Lake House Historic District/Delmas Historic District, excluding properties on Gifford Avenue, was determined eligible for the National Register in 1999 due to a unique concentration of single-story, predominantly Queen Anne style, houses built between 1892 and 1898. Historic resources on individual parcels within the Strategy area have also been added to the City's Historic Resources Inventory since adoption of Strategy 2000. The Historic Resources Inventory is on file with the Planning Division of the Department of Planning, Building and Code Enforcement, and is posted on the City's website as well.

Figure 2: Lakehouse City Landmark Historic District



Elements of the Downtown Strategy 2040

Downtown Strategy 2040: San José Downtown Strategy for Development updates and replaces Strategy 2000's action guide for development and redevelopment of Downtown San José through the year 2040. The key land use and transportation components of the Strategy update are:

- Increase development capacity with an additional 4,000 residential units and 10,000 jobs.
- Expand the boundary to include the east side of two blocks on North 4th Street.
- Create a new General Plan Land Use/Transportation Diagram designation of "Employment Priority Area Overlay" to require intensified new employment development along the BART corridor and near the new central Downtown station.
- Replace use of LOS for CEQA transportation analysis with VMT.
- Bring the Strategy into better alignment with policy direction of the General Plan.
- Prepare new CEQA analysis of potential environmental impacts to comply with recent legislative changes made by the State of California, particularly related to air quality, greenhouse gas emissions, and transportation analysis requirements.

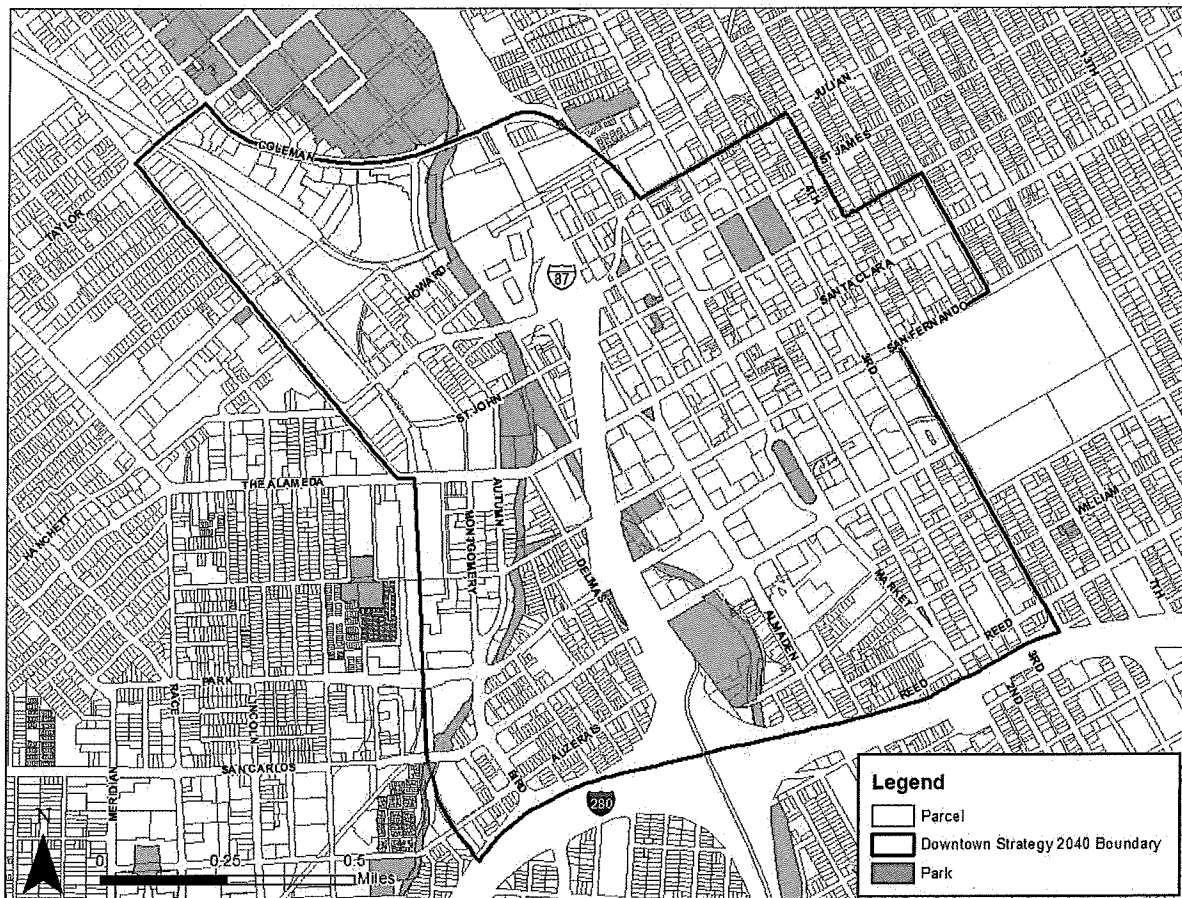
Strategy 2040 guides the development and redevelopment of the Downtown area, including the Diridon Station Plan area and Downtown Growth Areas consistent with the General Plan Major Strategies, Goals, and Policies. The General Plan identifies the Downtown, the Diridon Station Area Plan (DSAP) area, and specifically identified surrounding areas as Planned Growth areas for transit-oriented employment, commerce, visitor-serving uses, and high-rise high-density housing, including deed-restricted affordable housing. In implementing the Strategy, the City will continue to intensify Downtown with mixed uses and public infrastructure, strengthening it as a dynamic regional employment center, entertainment destination and significant hub for public life.

As defined in the Strategy, the boundary of Downtown is expanded to the northeasterly side of North 4th Street between East St. John Street and East Julian Street (See Figure 3 below). There is substantial geographic area overlap between the Downtown and the DSAP as shown on Figure 4 below. The development capacity included in DSAP (west of Highway 87) is a portion of the overall Downtown total assumed in the Strategy 2040. Some of the additional increased development capacity in Downtown is allocated to areas within the DSAP, such as the former "ballpark site". Due to the new environmental review and VMT analysis prepared for Downtown that includes all of DSAP, it is expected the Strategy will be the controlling document to the extent there is an inconsistency between it and DSAP. This determination will be made by the City on a project by project basis.

Consistent with the General Plan, the Strategy does not plan for any substantial land use changes from the existing development patterns in the neighborhoods adjacent to and outside of Downtown. This is an intentionally conservative approach. The Strategy provides the basis for

other policy documents such as urban design guidelines for Downtown and for new San José Municipal Code land use standards for development and redevelopment within the Strategy bounded area. The Strategy will preserve compatibility with historic resources in Downtown, as well as in areas that transition from the Downtown to adjacent neighborhoods, including but not limited to the area defined as the “Downtown Frame” area in Title 20 of the San José Municipal Code (the Zoning Code). As of April 2018, the Downtown Frame area consists of the area adjacent to the Downtown and bounded by Taylor Street, 11th Street, Keyes Street, Monterey Road, Willow Street, the Union Pacific Railroad line, and the boundaries of the Downtown Zoning area.

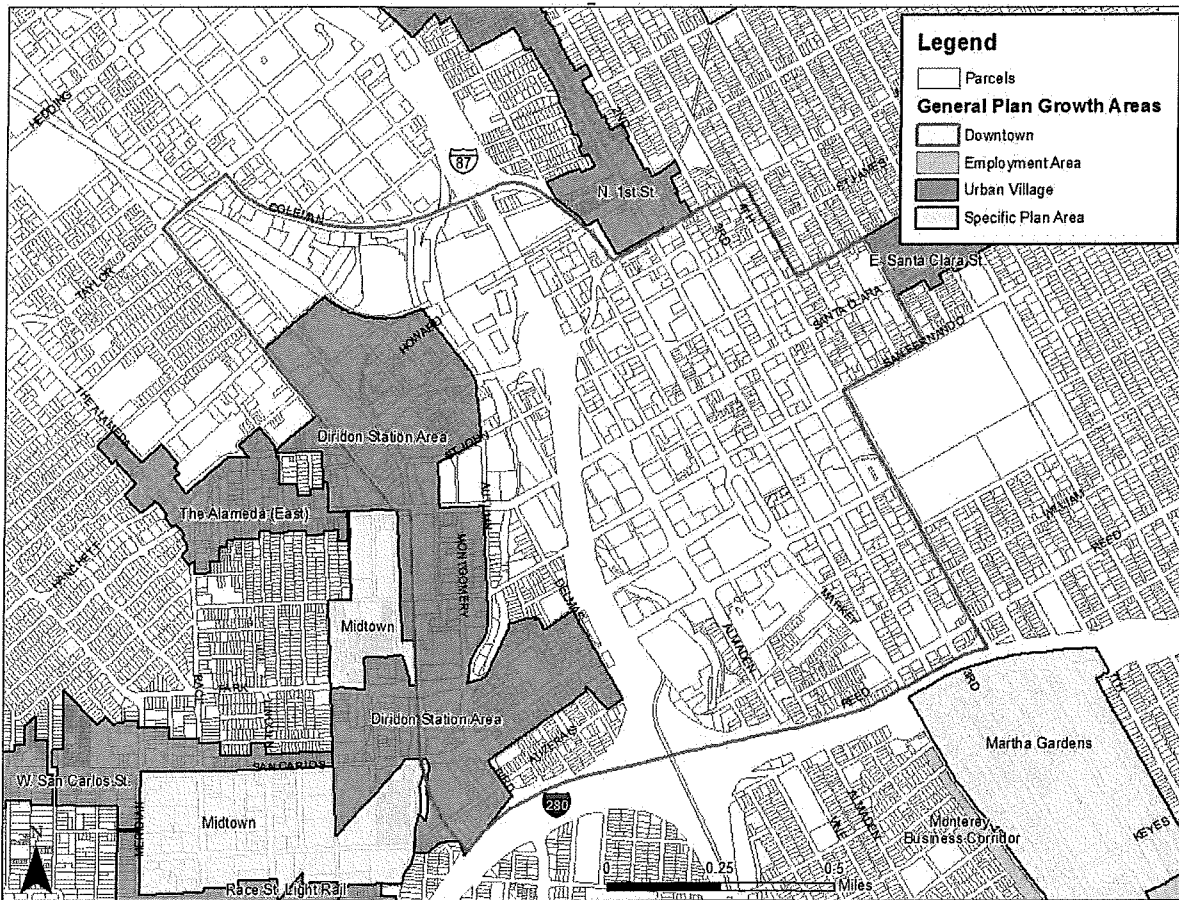
Figure 3: Downtown Strategy 2040 Boundary



The Strategy continues the approach of a broad multi-disciplinary consideration of the issues of economics, transportation, urban design, urban landscape, and historic and cultural resources as they apply to the expanded Strategy area. The primary purpose of the Strategy for decision-makers is to maintain an integrated strategic program to guide policy making, planning, and budgetary decisions for Downtown. With the dissolution of the Redevelopment Agency, and new Federal

and State mandates for the environment and housing, the Strategy provides a more fiscally and environmentally sustainable vision for intensifying Downtown as a cosmopolitan center of the largest city in the Bay Area.

Figure 4: Downtown Growth Area and Urban Villages



Strategy 2040 Guiding Principles

The Strategy's Guiding Principles build upon and continue those reflected in the General Plan to:

1. Make Downtown a memorable and creative metropolitan center where people live, work, learn, play, shop, dine, and engage in public life;
2. Enhance the identity of Downtown San José as the urban and cultural center of Silicon Valley, and further enhance San José as an international city;
3. Create an accessible, walkable, bike-friendly, and transit-rich Downtown; and
4. Promote and prioritize development that serves the needs of the entire city, valley, and Bay Area region.

Strategy 2040 Top Priorities

The top priorities of the Strategy and associated Environmental Impact Report are the following:

1. Provide programmatic and project level environmental clearance to the extent possible under CEQA;
2. Develop commercial uses in the Downtown, particularly active ground-floor retail uses, and those that generate sales tax revenue;
3. Intensify new job-generating development adjacent to the planned central Downtown BART station with adoption of the Employment Priority Area overlay;
4. Develop housing with an emphasis on very high densities, and at least 20 percent of which is deed-restricted affordable to extremely low, very low, low, and moderate-income households;
5. Complete the Guadalupe River Park and Los Gatos Creek Trail, and continue to enhance riparian corridors;
6. Encourage reduction of VMT;
7. Consider parking-demand management programs that allow alternative solutions for numbers and configurations of parking spaces, such as alternating and joint use, off-site locations, and that encourage unbundled residential parking spaces;
8. Continue to use transportation demand management to lower minimum parking requirements as commuting mode shifts more to transit;

9. Invest in streetscape improvements and publicly accessible open spaces;
10. Expand the San José Convention Center;
11. Update San José's Municipal Code to facilitate intensification Downtown within conventional zoning districts;
12. Respect the many cultural and historic assets that add a unique scale and image that is distinctly San José by preserving cultural resources, established historic districts and historic landmarks with approval of development projects;
13. Update urban design guidelines, including guidelines addressing historic preservation and adaptive re-use, site design and land uses near riparian corridors, and bird-safe design for areas within the Downtown Strategy 2040 boundaries;
14. Consider major encroachments into the public right-of-way to help activate public life;
15. Provide clarity that if development permits expire on a site within the Downtown then the previously entitled capacity will revert to the remaining unentitled capacity under the Downtown Strategy 2040 EIR. Currently, much of the capacity in the Downtown Strategy are tied up under expired entitlements, but very little of this "capacity" has been constructed. The City's goal is that this capacity under the Downtown Strategy 2040 EIR will be timely constructed; and
16. Continue coordination and collaboration efforts with San José State University.

Strategy 2040 Implementation

Further Downtown intensification will entail the following current or possible future implementing actions:

1. General Plan text and land use amendments to:
 - a) Amend Appendix 5 (Planned Job Capacity and Housing Growth Areas by Horizon table) of the General Plan to increase the development capacity within the Downtown boundary through the transfer of 4,000 dwelling units and 10,000 jobs (approximately 3 million square feet of office capacity) from other General Plan Growth Areas to Downtown.
 - b) Establish a new General Plan Land Use/Transportation Diagram Employment Priority Area (EPA) Overlay to support Downtown San José's growth as a Regional Employment Center that will be applied to sites within approximately one block of the future central Downtown Bay Area Rapid Transit (BART) Station generally including properties bounded by St. John Street to the north, 4th Street to the east, San Fernando Street to the south, and San Pedro Street to the west (See Figure 5 below).

The Downtown Employment Priority Area is planned for intensive job growth because of the area's proximity and access to the future Downtown BART station. The overlay boundary is intended to respect property lines and not split parcels. Due to proximity to the future BART station, the EPA Overlay supports development at very high intensities, where such high intensity is compatible with other policies within the General Plan, such as Historic Preservation policies.

The EPA Overlay does not change the uses or density otherwise allowed within the base "Downtown" land use designation. The EPA Overlay, however, requires a minimum Floor Area Ratio (FAR) of 4.0 for commercial (job-generating) uses, including office, retail, service, hotel, or entertainment uses, prior to allowing residential uses, as supported by the "Downtown" General Plan Land Use/Transportation Diagram designation. Typically, the base land use designation will be "Downtown" with an allowed FAR of up to 15.0 (3 to 30 stories) and density of up to 800 DU/AC. For example, a new development project on a one-acre site within the EPA Overlay would be required to provide at least 174,240 square feet of commercial space *before* the General Plan would support the addition of residential uses in the project. While the EPA Overlay would establish minimum commercial requirements prior to allowing residential uses, the EPA Overlay does not establish a minimum FAR for stand-alone commercial uses.

The development intensity and site design elements in the areas within the EPA Overlay designation should reflect an intense, transit-oriented land use pattern that is typically expected in Downtown. It is envisioned that active commercial uses (e.g., retail and entertainment uses) would be located on the ground level with high-intensity office development above.

To help activate the Downtown BART corridor, new development within the EPA Overlay should incorporate active ground floor commercial uses along the street in new development projects. Projects with complete development permit applications already on file with the City prior to the date of adoption by the City Council of the Downtown Employment Priority Area Overlay would not be subject to the requirements of the EPA Overlay, provided any new application or amendment or adjustment to an existing complete application will subject the proposed project to the EPA Overlay requirements as set forth in the General Plan and this Strategy.

- c) Change the General Plan Land Use/Transportation Diagram land use designation from Combined Industrial/Commercial to Downtown and Commercial Downtown designations on an approximately 10-acre site located at the intersection of Ryland Street and Santa Teresa Street between SR-87 and the Guadalupe River (200 Ryland Street).
- d) Amend the Planned Growth Areas Diagram to expand the General Plan Downtown Growth Area boundary along the east side of North 4th Street between St. John and Julian Streets, and to remove the Downtown Transit Employment Center area from the Planned Growth Areas diagram in the General Plan;

- e) Make General Plan text amendments to modify and clarify Vibration Policy EC-2.3 on types of sensitive historic structures, frequency of vibration, and minimum required distances for some types of construction equipment operations; and
 - f) Make General Plan text amendments related to the description of the Downtown Growth Boundary and transitions for projects located adjacent to existing neighborhoods planned for lower intensity development, and other minor technical changes or clarifications.
2. All parcels located in the new Employment Priority Area Overlay designation will be subject to the requirements described above immediately upon the effective date of the General Plan Amendment creating the new overlay. If entitlements expire on a previously approved residential project that is within the new Employment Priority Area, any new project on the site would need to propose a project with an FAR of 4.0 commercial use and meet the overlay requirements set forth in the General Plan.

Figure 5: Employment Priority Area Overlay Area



3. Possible Subsequent Zoning Code amendments to:

- a. Better align the boundaries of the Downtown Zoning area to be consistent with the boundaries of the Strategy area and the General Plan.
 - b. Facilitate implementing the VMT Policy in the Downtown Strategy area by changes such as reducing minimum parking space requirements for residential uses, expanding unbundled parking opportunities for all uses, and adding options for Transportation Demand Management (TDM).
 - c. Align maximum heights allowed in the Zoning Code with the General Plan.
 - d. Revise and add provisions for development standards in transitional areas adjacent to Downtown such as the area currently identified in the Zoning Code as the Downtown Frame.
 - e. Discourage the use of Planned Development zonings, or make their activation otherwise time-limited, so that unconstructed development capacity cannot be held in perpetuity.
4. Amend other Titles in the Municipal Code as necessary to respond to changes in the ways people live, commute, work, shop, dine, and engage in public life in Downtown.

Ongoing Planning within the Downtown

Within the Downtown area there are several Strategy-related land use, transportation or economic development studies or planning efforts in progress or expected to begin within the next year or so. Some of the major efforts are:

1. Downtown Retail Study;
2. Downtown Transportation Plan to improve access, streetscapes, and public life;
3. City Policy and Code changes to encourage activating vacant Downtown storefronts;
4. Downtown and Diridon Station Area Design Guidelines Update;
5. BART Station Transit Oriented Development, design, and access studies (led by VTA and collaborated with City of Santa Clara);
6. Diridon Integrated Station Concept Plan for expanded intermodal station to include BART, Caltrain, Light Rail Transit, buses, and regional, heavy and High-Speed Rail;

7. Historic Surveys of buildings in subareas of Downtown; and
9. Downtown Airspace and Development Capacity Study.

Strategy 2040 Environmental Review and Development Capacity

The City has prepared a Programmatic Environmental Impact Report (PEIR) in compliance with CEQA to provide environmental clearance for adoption of the Strategy. The future growth in Downtown was evaluated in the Envision 2040 General Plan PEIR at a conceptual or programmatic level, consistent with the Downtown Strategy 2000. The new Strategy 2040 PEIR document tiers off the Envision PEIR, particularly for the evaluation of cumulative impacts.

The EIRs prepared for the Downtown Strategy 2000 and General Plan included mitigation measures for environmental impacts, including cultural resources, shade and shadow, biological resources, and storm water. These mitigation measures have been included, as appropriate and applicable, as conditions of approval for all approved Phase I projects, consistent with the 2040 General Plan. As part of the Downtown Strategy 2040 update effort, impacts were re-analyzed per recent changes in the regulatory and legislative climate, particularly related to traffic, air quality and greenhouse gas emissions requirements that were not in effect at the time the previous EIR was completed. Mitigation measures previously identified in the Downtown Strategy 2000 were reviewed and carried over to the new PEIR, as necessary and appropriate.

As part of the new Downtown Strategy 2040 PEIR, project-level analyses have been conducted for traffic and traffic-related air quality and noise impacts. Future analyses of these topics may not be required provided the development proposed does not exceed the overall development or scope analyzed. Supplemental analyses will be needed when there are circumstances unique to a specific project site that have not been analyzed in detail in this EIR [e.g., traffic operations (ingress/egress), cultural/historic resources, aesthetics, hazardous materials, etc.]. Future projects under the Downtown Strategy 2040 will be examined in light of this PEIR to determine the appropriate level of subsequent environmental review and what, if any, additional analysis will be needed.