COUNCIL AGENDA: 6/11/19
FILE: 19-445
ITEM: 4.2

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Rosalynn Hughey

SUBJECT: SEE BELOW

DATE: May 29, 2019

Approved D. DSyL Date 5/30/19

SUBJECT: PROPOSED SCOPE OF WORK FOR THE FOUR-YEAR REVIEW OF THE ENVISION SAN JOSÉ 2040 GENERAL PLAN

RECOMMENDATION

Approve staff recommended scope of work for the Envision San José 2040 General Plan Four-Year Review.

OUTCOME

Establishment of the scope of work for the General Plan Four-Year Review will allow staff and the consultant team to begin background work for initiation of the Four-Year Review Task Force process in fall 2019 and set the parameters of General Plan policy changes to be considered by the Task Force. The Task Force's consideration of General Plan amendments will be limited to the scope of work approved by the City Council. The scope of work will also help to establish the Four-Year Review project timeline and Task Force meeting schedule.

BACKGROUND

The *Envision San José 2040 General Plan* (General Plan) is a comprehensive and forward-thinking policy document that lays the framework for becoming a fiscally-sound and environmentally sustainable city of great places, while also accommodating a projected population growth of over 470,000 new residents and aspiration of 382,000 new jobs. Over 5,000 individuals participated in the General Plan update process from 2008 through 2011, and the General Plan was approved unanimously by the City Council on November 1, 2011.

Pursuant to General Plan policy IP-2.4, the City is to conduct a review of the General Plan every four years. The purpose of the General Plan Four-Year Review (Four-Year Review) is to evaluate significant changes in the planning context and achievement of key General Plan goals. The General Plan requires the City to reconvene the Task Force during each Four-

Year Review to provide community and stakeholder engagement in reviewing and evaluating the implementation of the General Plan and recommending any mid-course actions needed to achieve its goals. The General Plan goals specifically identified for review and evaluation include:

- Planned job and Jobs to Employed Resident goals
- Affordable housing needs
- Implementation of the Urban Village major strategy
- Environmental indicators, including greenhouse gas reduction.

The first Four-Year Review of the General Plan was initiated in 2015 and concluded in 2016. In May 2015, the City Council provided direction for staff to conduct the Four-Year Review process and approved the scope of work. The Task Force was reconvened by the Mayor's Office and included both new appointees and appointees who participated on the Task Force that guided the development of the Envision San Jose General Plan between 2007 and 2011. (http://www.sanjoseca.gov/DocumentCenter/View/47374). The 43-member Task Force included former and current (in 2015) councilmembers, and representatives from affordable housing, environmental, labor, religious, and community organizations. The Task Force also included representatives from the development community, the planning commission, and a representative selected by each councilmember. Former Councilmembers Shirley Lewis and David Pandori served as co-chairs for the Task Force.

Prior to the first Task Force meeting, staff prepared a Four-Year Review progress report which provided background on the General Plan, land use and development data since the Plan's adoption, and an evaluation of the City's achievement of key goals. Additionally, the City hired several consultants to analyze and report on topics identified in the General Plan and the City Council's approved scope of work. This included an updated analysis of the City's fiscal condition and fiscal impacts of land use, updated projections of jobs, population, and employed residents, a San José market overview and employment lands analysis, a summary review of water supply for planned growth in the General Plan, and an updated greenhouse gas emissions inventory.

Six Task Force meetings were held between November 2015 and April 2016. All meetings were open to the public, and a total of approximately 160 members of the public attended the six meetings. At the final Task Force meeting in April 2016, the Task Force approved a complete set of recommendations for modifications to the General Plan for the City Council to consider. An environmental consultant was hired to conduct an environmental review of the recommended amendments pursuant to the California Environmental Quality Act (CEQA). An Addendum to the Envision San José 2040 Final Program Environmental Impact Report (Envision FPEIR) was completed.

Major policy changes recommended by the Task Force included the reduction of planned job capacity to set a more achievable jobs to employed resident ratio goal and to support implementation of the Urban Village strategy. The Task Force also recommended new policies

to facilitate affordable housing, including allowing 100% affordable housing projects to proceed within urban villages ahead of growth horizons or in urban villages without an approved plan; and allowing affordable housing developments on sites 1.5-acres or less, outside of growth areas, on properties with a commercial land use designation if the developments meets certain criteria. The first Four-Year Review culminated in December 2016 with City Council approval of the Task Force and staff's recommendations with minor changes.

ANALYSIS

Staff considered changes in planning context and new opportunities to consider policy updates to develop a proposed scope of work for the second Four-Year Review. The General Plan's comprehensive major strategies, goals and policies remain relevant; therefore, staff proposes a limited scope of work for the Four-Year Review process. Prior to the first Task Force meeting, staff will prepare a Four-Year Review progress report which will analyze land use and development data since the General Plan's adoption and evaluate achievement of key goals. The progress report will be presented in fall 2019 to the Task Force at its first meeting, then to the Planning Commission, and finally to City Council during the 2019 General Plan Annual Review. The progress report and other analyses completed by consultants will help to inform policy recommendations.

Proposed Scope of Work

1) Potential Redistribution of Planned Job Growth from North Coyote Valley

On November 6, 2018, San José voters passed Measure T, approving a $650 million general obligation bond for Disaster Preparedness, Public Safety and Infrastructure. Measure T authorized the use of bond funds for "preventing flooding and water quality contamination, including the acquisition of open space in Coyote Valley for these purposes," along with a number of other priorities. The City Council is considering potential public acquisition of undeveloped land in the North Coyote Valley employment growth area that is currently designated in the General Plan as Industrial Park. As part of the Four-Year Review process, staff recommends hiring a consultant to conduct a follow up study to the Market Overview and Employment Lands Analysis prepared for the 2015 Four-Year Review. Since North Coyote Valley is currently planned for 35,000 jobs, the updated study would include an analysis of the potential redistribution of jobs capacity from North Coyote Valley to other General Plan growth areas. The updated study would also analyze the fiscal and other effects upon the City of San José, which could occur with the loss of employment land in this growth area. The findings of this analysis could result in recommendations on proposed General Plan amendments to ensure that the City achieves its General Plan employment goals and furthers its Innovation/Regional Employment Center Strategy should the amount of employment lands be reduced in North Coyote Valley.

2) Urban Village Implementation and Affordable Housing Goals

a. *Redistribution of Planned Growth and Urban Village Boundary Modifications*: Since the 2011 adoption of the General Plan, planning development permits have been approved for approximately 7,500 housing units and 2.8 million square feet of non-residential uses (commercial and industrial) within urban villages. To ensure new housing and non-residential uses can continue to be entitled, staff proposes to analyze limited redistribution of planned jobs and housing growth within urban villages based on market demand and other changes in planning context. This work item would also include exploring adjustments to urban village boundaries, and/or potentially removing certain urban villages or adding new urban villages. One area that has been identified for consideration as a new urban village is the area on the east side of Monterey Road near the Capital Caltrain station along Monterey Road, where high-quality transit service could potentially increase with Caltrain's electrification project.

b. *Mixed-Income Housing within Mixed-Use Developments in Urban Villages*: In June 2018, City Council approved the Housing Crisis Workplan to facilitate the goal of developing 15,000 market-rate and 10,000 affordable homes by 2022. Item #19 of the Workplan is to consider, as part of the Four-Year Review process, allowing mixed-income housing within mixed-use developments with a significant percentage of restricted affordable homes to proceed within an urban village ahead of a Growth Horizon. Currently, only 100% deed restricted affordable housing or commercial uses may be developed in urban villages ahead of a Growth Horizon.

c. *Urban Village Growth Horizons*: As part of the General Plan 4-Year Review process, and detailed in implementation Policy IP-2.5, the City Council evaluates the City's jobs/housing balance, fiscal sustainability, housing supply, and infrastructure to determine whether to move Urban Villages that are in a future Horizon (Horizon 2 or Horizon 3) into the current Plan Horizon. Staff will be conducting an analysis based on metrics identified in the General Plan and recommending to the Task Force whether to move to the next urban village planning horizon.

d. *Residential Pool Units*: The General Plan also directs the City Council to consider whether to modify the Residential Pool Capacity. The residential "pool" may be allocated to allow entitlement of residential projects within urban village areas not included within the current plan horizon. This pool is initially established as 5,000 units. The primary function of the residential pool is to allow residential mixed-use projects in Horizon 2 and 3 urban villages to be considered for approval in those villages with an adopted Urban Village Plan. Staff will use the Four-Year Review progress report to inform a recommendation to the Task Force whether to reset the residential units in the pool to 5,000.

e. *Other Urban Village Policy Amendments*: Other urban village policy updates recommended to be analyzed by staff include modifying General Plan Policy IP-5.5, to provide more flexibility in the Urban Village planning process for establishing the

location, timing and mix of residential and commercial development in an Urban Village Plan area, consistent with the Major Strategies and goals of the General Plan. In addition, staff proposes to refine existing Signature Project Policy IP-5.10 to establish appropriate, clear and more predictable minimum residential densities for Signature Projects and to establish more clarity on the amount of commercial that would be required for Signature Projects, based on the typology for the Urban Village in the General Plan (e.g. the requirements for the amount of commercial uses in Local Transit Urban Villages versus in Neighborhood Villages).

2) Vehicle Miles Traveled Tier II Policies

As a means to reduce energy consumption, to reduce greenhouse gas emissions and to create a healthier community, San José maintains a goal to reduce the number of vehicle miles traveled (VMT) in the city by 40% per service population. The General Plan includes transportation goals, policies and actions in a three-tiered approach that are intended to ultimately achieve a 40% reduction by 2040. Tier I VMT reduction goals and policies are currently effective, but the Tier II VMT reduction policies cannot be implemented until the City Council determines, as part of the Four-Year Review, to move forward and apply them. City Council's adoption of Council Policy 5-1 (Transportation Analysis Policy) in 2018 established VMT as the City's metric for CEQA transportation analysis in alignment with State law and major strategies, goals, and policies of the General Plan. Thus, staff proposes considering moving to Tier II of the General Plan's transportation goals, policies and actions to further support the reduction of VMT and further the achievement of the Green House Gas reduction goals of Climate Smart San Jose.

3) Residential Uses in Underutilized Business Corridors

Housing Crisis Workplan Item #31 is to allow the integration of housing in underutilized Business Corridors. While this item is not identified in the workplan to be undertaken during the Four-Year Review process, staff proposes to consider this item during the Four-Year Review by exploring policies that would allow limited housing in neighborhood business districts and determining shifts in planned housing capacity to facilitate future residential development in those areas.

Four-Year Review Schedule

The Four-Year Review Task Force will be identified by the Mayor's Office in the summer of 2019. Prior to the Task Force process in fall 2019, staff and the consultant team will undertake background work based on the City Council's approved scope of work. Based on the proposed scope above, staff anticipates no more than five Task Force meetings beginning in fall 2019 and concluding in spring 2020. Following the Task Force process, staff and its consultants will conduct an environmental review of the recommended amendments. The environmental process is anticipated to be completed in fall 2020, with Planning Commission and City Council hearings also conducted in fall 2020.

EVALUATION AND FOLLOW-UP

The General Plan Four-Year Review Task Force process is anticipated to be completed in spring 2020 with Council consideration of policy recommendations and appropriate CEQA clearance in fall 2020.

PUBLIC OUTREACH

This memorandum will be posted on the City's website for the June 11, 2019 City Council agenda. Staff will establish a project specific webpage for the Four-Year Review process prior to initiation of the Task Force process.

COORDINATION

This memorandum has been coordinated with the Office of Economic Development, Department of Transportation, Housing Department, and City Attorney's Office.

COMMISSION RECOMMENDATION/INPUT

No commission recommendation is associated with this action.

CEQA

Not a Project, File No. PP17-009, Staff Reports, Assessments, Annual Reports, and Informational Memos that involve no approvals of any City action.

/s/
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Planning, Building and Code Enforcement

For questions please contact Michael Brilliot, Deputy Director, at 408-535-7831.