Four-Year Review of the General Plan

- Evaluate achievement of key goals
  - Planned growth and J/ER ratio
  - Urban Village implementation
  - Environmental indicators (GHG)
  - Affordable Housing
- Make “mid-course adjustments”
- Reconvene Envision SJ 2040 Task Force
<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
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</thead>
<tbody>
<tr>
<td>City Council approved scope of work</td>
<td>May 2015</td>
</tr>
<tr>
<td>Task Force Meetings</td>
<td>November 2015 – April 2016</td>
</tr>
<tr>
<td>Environmental Review (Addendum to EIR)</td>
<td>December 2015 – November 2016</td>
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<tr>
<td>Planning Commission and City Council Hearings</td>
<td>November/December 2016</td>
</tr>
</tbody>
</table>
Key Findings

- Residential land uses generally require more services than they provide directly in revenue.
- Non-residential uses create tax base needed to balance funding for residential services.
- Northern SJ generates largest net fiscal benefit.
- New higher-density residential development (approx. 40+ du/ac.) generally generates positive fiscal impact.
San José’s Land Uses by Area & Fiscal Impact

- Public & Other: 28% (+$55M)
- Industrial: 13% (+$69M)
- Commercial: 2% (+$14M)
- Medium Density Residential: 9% (-$34M)
- Single Family & Low Density Residential: 48% (-$76M)

Updated Fiscal Impact Study
Updated Jobs and Pop. Projections

CCSCE Key Regional Assumptions and Findings

• Small regional job share increases in a few industries to 2025
  – Conservatively estimated no share increases after 2025

• Bay Area has high share of fast growing industries
  – Favorable industry composition pushes overall regional share up even when industry shares are constant

• In 2040 regional share of U.S. jobs projected slightly above 1990 and 2015 levels
Updated Jobs and Pop. Projections

- CCSCE 2015 Projections
  - CCSCE Alt 1: 530.4
  - CCSCE Alt 2: 571.6
  - CCSCE Alt 3: 597.6

- Envision SJ 2040 Planned Job Capacity: 677.2

- CCSCE 2008 Projections: 570.0

- 2013 Jobs: 413.5
Updated Jobs and Pop. Projections

Projected Jobs per Employed Resident

- 2010: 0.89
- CCSCE Alt. 1: 0.80
- CCSCE Alt. 2: 0.86
- CCSCE Alt. 3: 0.90
- 2015: 0.85
Market Overview and Employment Lands Analysis

- Overview of recent employment growth and commercial, industrial, and retail market trends
- Project demand vs. existing supply of employment lands
- Urban Villages Market Assessment
Key Findings

- Projected demand for industrial exceeds vacant employment lands in City’s core
- City has shortage of vacant land designated for projected office and retail
  - Significant portion of demand will be met through redevelopment
Key Findings

• SJ becoming increasingly attractive for high tech and other office tenants
• City experiences retail sales leakage
• Southern San Jose may become more attractive for traditional industrial uses
Market Overview and Employment Lands Analysis

Urban Villages with Short-Term Potential for Office/Industrial Development
Market Overview and Employment Lands Analysis

Urban Villages with Short-Term Potential for Retail Development
Purpose of Adjusting Planned Job Capacity

- Address Urban Village implementation challenges
- Set more achievable planned jobs capacity per City Council direction
- Uphold goal of becoming a regional jobs center
- Maintain planned job capacity for a variety of future employment growth
Recommendations

- Adjust Planned Job Capacity from 470K new jobs to 382K jobs (J/ER of 1.1)
- Adjustment of ~88K jobs
- Establish a short term (2025) J/ER Goal of 1 to 1
Considerations to Job Allocation Adjustments

- Consider data/findings from Market Overview and Employment Lands Analysis
- Consider current development trends
- Maintain employment capacity within Development Policy Areas (e.g., NSJ Development Policy)
- Maintain growth levels of Urban Villages in areas with major transit facilities
## Planned Job Allocation

### Recommendations

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<td><strong>382,000</strong></td>
<td><strong>-88,000</strong></td>
<td><strong>120,000</strong></td>
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* 10,000 jobs and 4,000 housing units proposed to be shifted to Downtown as part of Downtown Strategy update process.
Plan Horizons

- Residential development in Urban Villages is phased in three Plan Horizons (currently in Horizon 1)
- City Council evaluates moving Urban Villages in future horizons into current Horizon during Four-Year Review
- Criteria to move to next Horizon:
  - Jobs/Housing balance
  - Fiscal Sustainability
  - Housing Supply
  - Infrastructure
Plan Horizons

Recommendations

• Stay in current Plan Horizon
• Move Berryessa BART Urban Village from Horizon 1 to Horizon 2
Urban Village Strategy

Recommendations

- Adjust target for development of Urban Village Plans from 9 months to 1 year
- City Council should direct staff to prioritize future Urban Village planning efforts on Horizon 2 Light Rail Urban Villages
• Water supply assessments demonstrate there is enough water to serve planned growth
• Water retailers have met or exceeded mandatory water demand reductions
• No new policy recommendations related to Water Supply
Greenhouse Gas Emissions

Greenhouse Gas Emissions Inventory Update

• GHG emissions have decreased by 2% community-wide since 2008
• Transportation emissions increased by 16% since 2008
• Energy emissions decreased by 33% due to cleaner electricity and energy efficiency programs
• City is on track to meet its and State’s GHG emission reduction target for 2020
Greenhouse Gas Emissions

Inventory and Target Comparisons

2014 GHG Inventory Update
Greenhouse Gas Emissions

• Regulatory changes enacted by State in September 2016
  – Senate Bill 32 requires statewide GHG emissions to be reduced to 40% below 1990 level by 2030
  – CA Air Resources Control board updating State’s Climate Change Scoping Plan to establish framework for achieving GHG emission reductions

• SB 32 will require City to update GHG Reduction Strategy
Recommendations

- Minor updates to General Plan GHG policies recommended
- Add Action Item to update GHG Reduction Strategy within two years of completion of updated State Climate Change Scoping Plan
Affordable Housing

2014-23 RHNA versus 2007-14 RHNA

60% of 2014-23 RHNA is Affordable

40% of 2014-23 RHNA is Market-Rate

<table>
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<tr>
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<th>2014-23</th>
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<tr>
<td>Exremely Low/Very Low</td>
<td>7,751</td>
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<tr>
<td>Low</td>
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<td>5,423</td>
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<tr>
<td>Moderate</td>
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<td>6,188</td>
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<td>Above Moderate</td>
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Affordable Housing

For-sale housing costs have recovered

![Graph showing median home prices for single family and condo homes in San Jose from January 2000 to January 2015. The graph indicates a recovery in home prices, with single family homes reaching $825,000 and condos reaching $465,000.]
Affordable Housing

Rents at all time highs

- RHNA: Rent History and Needs Assessment
- 40% of 2014 RHNA is Market Rate
- 60% of 2014 RHNA is Affordable

Graph showing average monthly San Jose rents from 2000 to 2016:
- Studio: $1,779
- 1bd/1bath: $2,209
- 2bd/2bath: $2,436
- 3bd/2bath: $2,750
- Average: $3,275

Note: Rents are at all-time highs.
Affordable Housing

Challenges to Providing Affordable Housing

- Dissolution of Redevelopment Agency
- Reduced State funding sources
- Reductions in federal housing programs
- Price of land in San José and construction costs
- Continued market demand for urban, walkable, transit-oriented communities
Affordable Housing

Recommendations

• Establish an area-wide goal for Urban Village Plans that $\geq 25\%$ of units built would be affordable

• 100\% affordable housing projects can proceed within an Urban Village ahead of a Growth Horizon or approved Village Plan

• 100\% affordable housing projects allowed on commercially designated vacant or underutilized sites $\leq 1.5$ acres outside of existing Growth Areas

• Identify, assess, and implement potential tools, policies, and programs to prevent or mitigate displacement of low-income residents
Staff Recommendation Updates

• Reallocate 10K jobs & 4K units to Downtown as part of the DT Strategy process consistent with Task Force and staff recommendation
• Reduce planned job capacity in North Coyote by 15K jobs instead of 30K jobs
• Reallocate 3,000 additional jobs to Valley Fair/Santana Row Urban Village
• Reallocate 1,000 planned jobs to Race Street Light Rail Urban Village from Meridian/Parkmoor “Former Village”
## Recommendations: Job and Housing Allocation

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