Land Use Overview

City Council Study Session
March 28, 2017
Agenda

1. Envision San José 2040 General Plan & Major Strategies
2. Balanced Growth
3. Significant Housing Planned
4. Regional Jobs Center
5. Interconnected and Accessible City
6. Great Places and Public Life
7. Council Discussion
8. Public Comment
Envision San José 2040
General Plan
& Major Strategies
Blueprint for the City

The General Plan is the City’s official policy statement regarding its future character, land use patterns, and quality of development.
Our Planned Growth

Population:
- 1,400,000
- 1,200,000
- 1,000,000
- 800,000
- 600,000
- 400,000
- 200,000

Year:
- 1970
- 1980
- 1990
- 2000
- 2010
- 2020*
- 2030*
- 2040*

Graph indicates a planned growth of +400,000 people.

120,000 more homes
382,000 more jobs
Urban Growth Boundary

Voter approved in 2000
City Built Around the Car
Bedroom Community

With More Nighttime Residents than Daytime Workers
Segregated Land Uses
General Plan Growth Areas
Together the 12 Major Strategies envision a San José that:

- Urbanizes by growing up, not out
- Develops a city for people, not cars
- Becomes a more Balanced City
- Achieves environmental sustainability
- Builds a City of Great Places
2

Balanced Growth
Benefits of Balanced Growth

SAN JOSE IS UNIQUELY “JOBS-POOR” RELATIVE TO OUR RESIDENT BASE

Jobs to Employed Resident INDICATOR:

• Commute traffic patterns
• Job proximity for residents
• Air quality
• Quality of life
• Fiscal fitness
Jobs Per Employed Resident

Historically Unbalanced in San José

Jobs Per Employed Resident

Source: ABAG*, Census American Community Survey
Jobs Per Employed Resident
San José vs. Nearby Cities

For every 100 employed residents in San José, there are:

- San Jose: 85 jobs
- Fremont: 97 jobs
- Sunnyvale: 126 jobs
- Cupertino: 160 jobs
- Mountain View: 177 jobs
- Santa Clara: 178 jobs
- Palo Alto: 294 jobs

Source: Census, American Community Survey 2015 5-Year Estimates
Jobs Per Employed Resident
San José vs. Nation’s Top 20 Cities

0.85
1.00
1.03
1.10
1.16
1.17
1.19
1.19
1.19
1.21
1.28
1.29
1.30
1.32
1.33
1.36
1.39
1.41
1.44
1.68

San José
Oakland
El Paso
Los Angeles
Chicago
New York
Fort Worth
San Antonio
Columbus
Phoenix
Jacksonville
San Diego
Philadelphia
Detroit
Indianapolis
Austin
Charlotte
Dallas
San Francisco
Memphis
Houston

Source: Census, American Community Survey 2015 5-Year Estimates
Over 60% of Employed Residents Leave San José Each Day to Work

Source: US Census Center for Economic Studies
More Time in Traffic = Decreased Quality of Life
Poor Air Quality & Climate Impacts

2008 and 2014 Community Inventory Comparison

54% of City emissions from transportation
Weaker Fiscal Capacity to Fund Services
Of Existing Lands, Only 15% are for Employment Uses

- Public/Other: 28%
- Residential: 57%
- Employment Land: 15%
Other Cities Use 20-30% of Lands for Employment

- Mountain View: 28%
- Santa Clara: 28%
- Sunnyvale: 24%
- Milpitas: 19%
- San Jose: 15%
San José Employment Land

15% of land dedicated for employment
Lower Sales Tax Per Capita

- Cupertino: $380
- Santa Clara: $372
- Palo Alto: $350
- Fremont: $214
- Mountain View: $222
- Sunnyvale: $179
- San Jose: $146

Source: Muni Services; data as of Q3 2016
Lower Property Tax Per Capita

- **Mountain View**: $517
- **Palo Alto**: $420
- **Santa Clara**: $295
- **Sunnyvale**: $333
- **Cupertino**: $212
- **San Jose**: $198

Source: MuniServices; Data as of Q3 2016
Fiscal Impact of Land Use Legacy

Employment Lands
Tax Revenue
-Service Costs

NET BUDGET IMPACT
+ $124 million

Residential Lands
Tax Revenue
-Service Costs

NET BUDGET IMPACT
- $110 million

57%

15%
Employment Land Eliminated Through Conversions Since 1980: 2,298 acres

A 16% reduction in employment lands from 15,912 acres to 13,614 acres.
Conversions Eliminated Capacity for 52,000-110,000 Jobs

- Industrial Park: 1,444 acres
  - 45,000 to 96,000 jobs
- General Commercial: 347 acres
  - 5,000 to 8,000 jobs
- Light Industrial: 303 acres
  - 1,200 to 5,000 jobs
- Heavy Industrial: 152 acres
  - 500 to 3,000 jobs

Lost Job Capacity Since 1980: 52,000-110,000 jobs
Halting Employment Land Conversions

2007
City Council adopts the “Framework for Preservation of Employment Land”

- No net loss of total employment capacity
- No net loss of land from industrial conversions
- Limited “Extraordinary Economic Benefit” conversions

2011
Envision 2040 strengthens Framework

- Preserve and protect industrial uses
- Prohibit conversion of lands designated for industrial uses to non-industrial uses
- Prohibit encroachment of incompatible uses into industrial lands
Significant Housing Growth Planned
Housing in San José
Housing in San José

Source: City of San José Housing Department, 2015
Shift | Young Adults & Seniors

90% of 2040 New Household Growth

65+
+210,000

55-64
+20,000

35-54
+51,000

20-34
+117,000
San José is Committed to Housing

Infill 120,000 new homes

• Areas served by transit and existing public services
• Integrate with employment / commercial uses
• Minimize impact on existing single family neighborhoods or employment areas
Significant Housing Growth Planned

- Urban Villages
- Downtown
- North San José
- Specific Plan Areas
San José Housing Permits 1999-2016

Envision 2040 Target
Avg ~3,000 Units Produced Annually Since 2010; Mostly Multi-Family

New Opportunities to Build Housing

**Market Rate**
- Downtown high-rise fee reductions
- CEQA/VMT reform
- Completion of Urban Village plans
- VTA Joint Development
- PBCE processing improvements

**Affordable Housing**
- GP Revisions
- Zoning Changes
  - Accessory Dwelling Units
- Surplus Land Policy
- Funding opportunities
  - Measure A
  - State funding
  - AHSC Cap and Trade
- VTA Joint Development
Affordability = Housing + Transportation

San Jose

- Average Regional HH Income: $90,962 per year
- Average Housing Cost: $2,298 per month (30%)
- Average Transportation Cost: $13,346 per year (15%)
- Vehicle Miles Traveled: 19,210 per year per HH
Affordability = Housing + Transportation

Point: Location Matters for Affordability

San Jose
- Av. Regional HH Income: $90,962 per year
- H+T=45% of Income

Modesto
- Av. Regional HH Income: $49,297 per year
- H+T=59% of Income

San Francisco
- Av. Regional HH Income: $77,887 per year
- H+T=43% of Income
Regional Jobs Center
Regional Jobs Center

- Plan for 382,000 new jobs
- Achieve 1.1 jobs per San José worker
Job Growth in San Jose vs. General Plan Goal

Total Jobs: Blue Line
General Plan Goal: Orange Line

Years: 2007 to 2016

Goals:
- 2007: 380,000
- 2008: 320,000
- 2009: 340,000
- 2010: 360,000
- 2011: 380,000
- 2012: 400,000
- 2013: 420,000
- 2014: 400,000
- 2015: 420,000
- 2016: 400,000
Our New Office/R&D Construction Lags Smaller Cities Nearby

New Office/R&D Construction by City Since 2008

- Palo Alto: 1,500,000 square feet
- Mountain View: 2,500,000 square feet
- San Jose: 2,700,000 square feet
- Santa Clara: 4,600,000 square feet
- Sunnyvale: 8,200,000 square feet

Source: Cushman & Wakefield
Commercial/Industrial Investment Up

New Construction Investment

Valuation in Millions ($)

<table>
<thead>
<tr>
<th>Year</th>
<th>Commercial</th>
<th>Industrial</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-2008</td>
<td>200</td>
<td>130</td>
</tr>
<tr>
<td>2008-2009</td>
<td>180</td>
<td>50</td>
</tr>
<tr>
<td>2009-2010</td>
<td>150</td>
<td>30</td>
</tr>
<tr>
<td>2010-2011</td>
<td>100</td>
<td>20</td>
</tr>
<tr>
<td>2011-2012</td>
<td>80</td>
<td>20</td>
</tr>
<tr>
<td>2012-2013</td>
<td>120</td>
<td>20</td>
</tr>
<tr>
<td>2013-2014</td>
<td>300</td>
<td>200</td>
</tr>
<tr>
<td>2014-2015</td>
<td>400</td>
<td>300</td>
</tr>
<tr>
<td>2015-2016</td>
<td>600</td>
<td>400</td>
</tr>
</tbody>
</table>
Commercial/Industrial Investment Up

Building Alterations

Valuation in Millions ($)

<table>
<thead>
<tr>
<th>Year</th>
<th>Commercial</th>
<th>Industrial</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-08</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008-09</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009-10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010-11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011-2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012-13</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013-14</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014-15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015-16</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Employment Overview
Major Employment Areas: Four 'Buckets'

Regional Growth Areas

Subregional Employment Centers

Key Employment Area: Industrial Parks

Key Employment Area: Light/Heavy Industrial
Regional Growth Areas

Characteristics

- Major Development Policies in place or under way
- Planned intensification
- Targeted attraction/retention efforts
- Developer/broker engagement
- Biggest 'corporate campus' opportunities
Regional Growth Areas

North San Jose

Downtown

West San Jose
Regional Growth Areas

Downtown
- Capacity for ~50,000 jobs
- 8,000+ units and 2.3M SF office in the pipeline
- Diridon Station Plan: 4M SF office; 420K SF retail; 2,850 homes
- 1M SF office, breaking ground 2017
- 333 W. San Fernando, above: 725K SF

North San Jose
- City’s largest jobs district
- Capacity in policy for 27M SF of industrial/R&D
- Live/Work: 8,000 housing units built since 2007
- Broadcom, Boston Properties, Apple pursuing new projects
- 237@First, above: 615K SF total office

West San Jose
- South Bay's retail powerhouse
- Plans to add major new office capacity
- Westfield starting $600M mall expansion
- Santana Row growth
- Area Development Plan in progress based on VMT
Subregional Employment Centers

Characteristics

- Planned growth/intensification
- Mixed use development
- Signature Projects
- Localized area plans
- Proximity to transit
70 Urban Villages planned throughout the city with metered growth of jobs, retail and housing near transit

Capacity for 82,760 jobs in Urban Villages

High quality urban design prioritized

Designed to balance jobs with housing needs
Key Employment Area:
Industrial Parks

Characteristics

• Office/R&D
• Manufacturing
• Warehouse/Distribution
• Dock doors
• Surface parking
• Affordable
• Renovation trend
Key Employment Area: Industrial Parks

Edenvale

- High quality R&D buildings but significant vacancy
- Reverse Commute
- Velodyne bringing 300+ jobs for new sensor factory
- Major Equinix, El Camino Hospital projects expected
- Costco under construction
Key Employment Area: Industrial Parks

International Business Park (IBP)
- Major manufacturing zone
- Lower intensity uses pushing east
  - Data centers
  - Olympus
  - Bestronics
Key Employment Area: Light/Heavy Industrial Land

Characteristics

- Manufacturing
- Warehouse/Distribution
- Construction
- Automotive
- Very low vacancy
- Critical business infrastructure

Light & heavy industrial areas support thousands of middle-class jobs in SJ. 80K jobs in manufacturing, warehouse, & wholesale trade in 2015.
Key Employment Area: Light/Heavy Industrial Land

**Monterey Corridor**
Manufacturing hub

Diverse uses (building materials to printed circuit boards)

Focus on business retention and improving infrastructure

Business walks/outreach

Space Systems Loral bringing 300+ jobs beginning 2017

TTM Tech, PCB maker

Sheet metal mfg
Key Employment Area: Light/Heavy Industrial Land

Berryessa

Retention of diverse uses

Auto yards

Building materials

Manufacturing

Chemicals
5

Interconnected and Accessible City
Transportation & Land Use Challenges

City Built Around the Car

More than 60% of Employed Residents Leave San Jose Each Day to Work
Transportation & Land Use Challenges

2008 and 2014 Community Inventory Comparison

54% of City emissions from transportation

Poor Air Quality & Climate Impacts

Wasted Time & Money

5th Most Congested in the U.S.
Accessibility

Mobility
How you get around

Proximity
How close you are to where you need to go
Envision 2040 General Plan Goal

- Share of Trips
  - Today: 20%
  - 2040: 80%

Mode Shift Goals

- Today: 40%
- 2040: 60%
Growing Smartly

**space required to transport 60 people**

car  bus  bicycle
Accessibility

Mobility

Proximity

Home
School
Groceries
Work
Entertainment
...
Accessibility

Commute Mode Share

Citywide (2010-2014) - Downtown (2010-2014) - 2040 Goal

- Drove Alone
- Carpoled
- Public Transit
- Walked
- Bicycled
- Other Means
- Worked at Home

Source: American Community Survey, Envision 2040 General Plan.
Growing Smartly

Proximity, Mobility & Resiliency
Growing Smartly

Land Use

Transportation
6

Building Great Places and Public Life
Creating Great Public Life

Great Public Spaces

PEOPLE

Quality Planning & Design

Place Activation
Creating Great Public Life: Quality Planning & Design

• Focus on the space "between the buildings"
• People-centered design
• Community-driven and visionary
• Create destinations

Santana Row

The Alameda

Willow Glen
Creating Great Public Life: Great Public Spaces

San Pedro Square Market

SoFa District

Evergreen Village Square

Rotary Playgarden
Great Public Spaces
Activation
7

Council Discussion