This memorandum provides information in preparation for the November 19, 2020 Envision San José 2040 Task Force meeting. Links to the referenced documents and other resource materials (e.g., reading materials and correspondence) are posted on the Envision San José 2040 4-Year Review website (http://www.sanjoseca.gov/generalplanreview).

The following is a summary of agenda items for the November 19, 2020 Task Force meeting:

**Agenda Item 3 – Approval of October 29, 2020 Meeting Synopsis**

The Task Force will vote to approve the meeting minutes for the October 29, 2020 Task Force meeting.

**Agenda Item 4 – Evergreen-East Hills Development Policy**

Staff will present background information and recommendations on the Evergreen-East Hills Development Policy. Task Force members will be given an opportunity to discuss, provide input, and ask questions about staff recommendations, while members of the community will have an opportunity to address the Task Force. Task Force members will then vote on staff recommendations on transportation goals and policies.

**Background**

The City Council approved the following General Plan Four-Year Review scope of work item:

*Evergreen-East Hills Development Policy (EEHDP): Explore reworking or closing the EEHDP and gather input from the Task Force. Examine how the Vehicle Miles Traveled (VMT) metric may influence the evolution of the EEHDP with an emphasis on preventing further residential sprawl in hillside neighborhoods but allowing mixed-use commercial growth in transit nodes.*

**Location and Existing Land Use**

The Evergreen-East Hills Development Policy (EEHDP) area is bounded by Story Road to the north, U.S. 101 to the west, the intersection of U.S. 101 and Hellyer Avenue to the south, and the foothills of the Diablo Mountain Range and the Urban Growth Boundary to the east (see Attachment A). The predominant land uses within the EEHDP area are single-family residential uses, commercial and retail development, and public uses such as parks and schools. The Evergreen area has historically experienced traffic issues due to physical barriers and land use development patterns – resulting in few
ways in and out of the area from and across freeways. This has limited the area’s capacity for new
growth, particularly residential development.

Contextual History of Land Use in Evergreen

*Evergreen Development Policy (1976)*

Development within the Evergreen area has historically been limited by a street network that has been
unable to meet the additional traffic demands made by incremental development in the area. To address
this problem, the City adopted the Evergreen Development Policy (EDP) in 1976. This policy limited
additional residential growth in the area so that the area’s traffic circulation system remained at an
acceptable level of service. Development in Evergreen was allowed in an incremental, controlled process
so that existing transportation facilities maintained a level of service of at least “D” throughout the study
area. The EDP area is also naturally prone to flooding, requiring a flood control solution prior to
additional construction. The 1976 EDP also created flood control policies which included allowing
development to occur only if it protected from the 100-year flood and did not divert flood or overland
flows or cause flooding on other properties. The majority of flood control improvements required in the
1976 EDP were completed prior to the Policy’s update in 1991, and the remaining improvements were
included in the development of the 1991 Evergreen Specific Plan.

*Evergreen Specific Plan (1991)*

In 1989, the City Council adopted an amendment to the City’s General Plan which designated 865 acres
in the Evergreen area as the “Evergreen Planned Residential Community.” With this recommendation
came the requirement that a specific plan be prepared and adopted prior to the approval of any
development in the area. The Evergreen Specific Plan (ESP) was adopted in 1991 and planned for the
development of 865 acres in Evergreen. This Plan included a Village Center consisting of 150,000
square feet of retail and service space, 2,996 residential units, and various community amenities
including two elementary schools, construction of Fowler Creek Park, a new fire station, the
preservation of Quimby and Fowler Creeks, improvement of trails systems, and infrastructure
improvements. With adoption of the ESP, the City Council revised the 1976 EDP to identify
transportation and flood control improvements needed for the Evergreen Specific Plan. Since its
adoption in 1991, the Evergreen Specific Plan has been almost entirely built out.

*Evergreen Development Policy Amendment (1995)*

The EDP was again revised in 1995 to enable the build-out of the larger Evergreen Development Policy
Area consistent with the General Plan at the time (San Jose 2020 General Plan) with the goal of
maintaining the basic traffic LOS “D” and hundred-year flood protection standards of the 1976 EDP and
1991 EDP Amendment. The 1995 EDP Amendment identified the remaining watersheds and street
system improvements required to allow 4,759 residential units to proceed.


The Evergreen-East Hills Vision Strategy was initiated in 2003 as a comprehensive land use and
transportation planning project, including consideration of potential amendments to the Evergreen
Development Policy and the General Plan Land Use Diagram. The Evergreen-East Hills Vision Strategy
was intended to be a community based planning process to consider the potential for adding residential
development capacity within the EDP area by linking new development to the construction of transportation improvements and community amenities. A key issue for the Evergreen-East Hills Vision Strategy was the consideration of possible conversion of industrial properties within the Evergreen Development Policy area to residential use. The Evergreen-East Hills Vision Strategy process was concluded in 2008 when the City Council updated the EDP to include a small increment of new housing and commercial growth and referred further consideration of land uses within the Evergreen Development Policy area to the Envision San José 2040 General Plan update.

The update to the EDP involved the creation of the current Evergreen-East Hills Development Policy (EEHDP), which created an additional development pool of 500 residential units, 500,000 square feet of commercial retail, and 75,000 square feet of office development in the policy area (see Attachment B). Additionally, the EEHDP allows up to only 35 residential units on any one property unless the development incorporates affordable housing, historic preservation, or mixed-use components. The EEHDP also established a traffic impact fee program for new projects drawing from the development pool to fund 20 transportation improvements.

Envision San Jose 2040 General Plan (2011)

At the conclusion of its Evergreen-East Hills Vision Strategy process, the City Council referred consideration of potential land use changes within the Evergreen area to the Envision General Plan update. The Envision Task Force discussed potential conversion of the Evergreen Campus Industrial properties to residential use, as had been requested by the property owners. It concluded that the Envision San José 2040 General Plan should maintain these properties for employment use, essentially maintaining the San José 2020 General Plan designation for this site. See Attachment C for a map of current General Plan land use designations in the EEHDP area.

Evergreen Senior Homes Initiative (Measure B) and Act to Limit Urban Sprawl (Measure C) (2018)

In Fall 2017, the Nielsen Merksamer law firm submitted a signed petition to the City of San Jose to place the Evergreen Senior Homes Initiative (Initiative), also known as Measure B, on the June 2018 general municipal election ballot. The Initiative proposed to amend goals and policies of the Envision San Jose 2040 General Plan and create a citywide Senior Housing Overlay (Citywide Overlay/CSHO) land use designation, which would have been applied to an approximately 200-acre site in the Evergreen Campus Industrial growth area. The Initiative also proposed to make amendments to the Evergreen-East Hills Development Policy and the Municipal Code, and adopt a new Specific Plan, entitled the “Evergreen Senior Homes Specific Plan.” The Specific Plan would have allowed the development of up to 910 new homes for seniors.

The proposed Initiative was determined to be fundamentally inconsistent with the General Plan’s Major Strategies, goals, and policies. In response to the Initiative, the City Council placed a separate measure on the June 2018 ballot, known as the Act to Limit Urban Sprawl, or Measure C. Measure C proposed amendments to the City’s Charter that restricts development of non-employment uses on employment lands five acres or greater in size for the next 20 years in outlying areas near the City’s Urban Growth Boundary, including the Evergreen foothills. On June 5, 2018 in the general municipal election, 59% of voters in the City of San Jose voted against Measure B, and approximately 61% of voters in favor Measure C, which amended the City’s Charter for the next 20 years as described above. Measure C made no changes to the current EEHDP.
**Senate Bill 743**

In September 2013, the California Legislature passed and Governor Brown signed Senate Bill (SB) 743 (Steinberg), which mandates that jurisdictions can no longer use automobile delay, commonly measured by “level of service” (LOS) when doing transportation analysis under the California Environmental Quality Act (CEQA). The intent of the bill is to promote reduction of greenhouse gas emissions, development of multimodal transportation networks, and diverse, integrated land uses. In December 2019, the state developed new CEQA guidance and an associated technical advisory to assist jurisdictions with replacing automobile LOS with Vehicle Miles Traveled (VMT) as the metric to determine if a project has transportation impacts under CEQA. The state also required all cities in California to adopt the VMT metric for CEQA by July 1, 2020.

VMT measures the distance people drive by vehicle in a day. Typically, developments at a greater distance from other land uses, and in areas without transit, generate more driving than developments near other land uses with more robust transportation options. To reduce energy consumption, to reduce greenhouse gas emissions and to create a healthier community, the Envision San José 2040 General Plan maintains a goal to reduce the amount of daily vehicle miles traveled (VMT) per service population (workers and residents) in the city by 40 percent.

**City of San Jose Vehicle Miles Traveled Policy (2018)**

To comply with SB 743, in February 2018, San José became the fourth city in California to make VMT the City’s transportation metric under CEQA for development and transportation projects (see Attachment D, Council Policy 5-1 or VMT Policy). For development projects, the VMT policy establishes a framework for analyzing a project’s effect on VMT, determining impacts, and mitigating significant impacts. To streamline the transportation review for urban infill development projects, the policy exempts certain types of development projects from completing detailed VMT analysis under CEQA. On the other hand, to discourage urban sprawl, the policy does not allow certain types of projects that cannot fully mitigate their VMT impacts to proceed.

An update to the VMT policy is currently underway to fully implement General Plan goals, promote planned growth, complete the multimodal transportation network, and streamline the transportation analysis and investment/transportation impact fee process for projects. This policy update is expected for City Council’s consideration by late 2021.

**Status of EEHDP**

Since its adoption in 2008, the EEHDP has been largely implemented and, as of November 2018, there is limited development capacity remaining in the EEHDP. Approximately 30,000 square feet of commercial/office allocation and 139 residential units remain in the development pool. The EEHDP identified an estimated $13 million dollars of transportation improvements associated with development

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1 Modifications to the citywide VMT reduction goals are proposed in the General Plan Four-Year Review and discussed at the Envision San José 2040 Task Force meeting #9 on September 21, 2020.

2 Total cost of identified transportation improvements is in 2008 dollars.
capacity of the Policy. To date, $6.6 million dollars have been collected through the Traffic Impact Fee (TIF) and $3.7 million is pending collection from projects with existing entitlements.\textsuperscript{4}

As of July 1, 2020, SB 743 requires all cities in California to use the VMT metric for transportation analysis under CEQA as described above. As a result, the Environmental Impact Report (EIR) prepared for the EEHDP can no longer be used to cover transportation analysis under CEQA for proposed development projects within the EEHDP boundary. All proposed development projects must analyze their transportation impacts consistent with the City’s VMT Policy. However, this does not exempt projects with existing entitlements from the TIF under the EEHDP; the TIF will be collected from existing entitlements upon issuance of building permits.

The EEHDP identified 20 transportation mitigation measures to support the planned development growth in the policy area. Of the 20 transportation mitigation measures, five (5) were completed at the following locations:

- Nieman Boulevard and Aborn Road;
- Capitol Expressway and Quimby Road;
- U.S. 101 Corridor (between I-280 and Yerba Buena Road);
- Ocala Avenue and Adrian Way; and
- Marten Avenue and Mt. Rushmore Drive.

The remaining 15 outstanding transportation mitigation measures identified in the EEHDP are located at the following locations:

- Nieman Boulevard and Yerba Buena Road;
- San Felipe Road and Yerba Buena Road (South);
- Capitol Expressway and Silver Creek Road;
- Nieman Boulevard and Daniel Maloney Drive;
- Capitol Expressway and Aborn Road;
- White Road and Aborn Road;
- Quimby Road and Scottsdale Drive;
- White Road and Quimby Road;
- Ruby Avenue and Norwood Avenue;
- Ruby Avenue and Tully Road-Murillo Avenue;
- Ocala Avenue and Hillmont Avenue
- Marten Avenue and Flint Avenue;
- I-680 Southbound and Jackson Avenue;
- Story Road and Lancelot Lane; and
- Story Road and Clayton Road.

As the City is working toward delivering these transportation mitigation measures with the collected TIF, staff updated the transportation analysis for EEHDP. As part of the analysis, pre-COVID transportation trends were incorporated in the evaluation of each of the outstanding, previously identified mitigation measures (see Attachment E). Since the collected TIF cannot fund all the

\textsuperscript{4} The traffic impact fee for the EEHDP is collected upon issuance of building permits for new development.
outstanding mitigation measures, the updated nexus study helps prioritize locations demonstrating the highest needs as a result of the entitled and built development in the Evergreen-East Hills area. Based on the updated transportation analysis report, funding availability, the community’s level of support, and engineering judgment, staff grouped the outstanding mitigation measures into two categories – high-priority and low-priority improvements. Table 1 provides a summary of the high-priority and low-priority improvements. The high-priority improvements are expected to be delivered in the near-term using the collected TIF, whereas the low-priority improvements are expected to be delivered in the long-term as additional TIF is available. Figure 1 shows the locations of these improvements.

**Table 1 - Proposed Investment Plan for the EEHDP Traffic Impact Fees**

<table>
<thead>
<tr>
<th>Improvements</th>
<th>Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>High-priority, Near-term Delivery</strong></td>
<td>$6.6 million (collected TIF)</td>
</tr>
<tr>
<td>• San Felipe Road and Yerba Buena Road (South)</td>
<td></td>
</tr>
<tr>
<td>• Capitol Expressway and Silver Creek Road</td>
<td></td>
</tr>
<tr>
<td>• Nieman Boulevard and Daniel Maloney Drive</td>
<td></td>
</tr>
<tr>
<td>• Capitol Expressway and Aborn Road</td>
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<tr>
<td>• White Road and Aborn Road</td>
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<tr>
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<tr>
<td>• Ruby Avenue and Tully Road-Murillo Avenue</td>
<td></td>
</tr>
<tr>
<td>• Ocala Avenue and Hillmont Avenue</td>
<td></td>
</tr>
<tr>
<td>• I-680 Southbound and Jackson Avenue</td>
<td></td>
</tr>
<tr>
<td>• Story Road and Clayton Road</td>
<td></td>
</tr>
<tr>
<td><strong>Low-priority, Long-term Delivery</strong></td>
<td>$3.7 million (pending TIF) + Future TIF from new development</td>
</tr>
<tr>
<td>• Capitol Expressway and Quimby Road</td>
<td></td>
</tr>
<tr>
<td>• Nieman Boulevard and Yerba Buena Road</td>
<td></td>
</tr>
<tr>
<td>• Quimby Road and Scottsdale Drive</td>
<td></td>
</tr>
<tr>
<td>• Story Road and Lancelot Lane</td>
<td></td>
</tr>
</tbody>
</table>

Note: Refer to Attachment E for details about the scope of these improvements.
Figure 1 - Locations of Transportation Improvements in EEHDP

Completed
6 Nieman Blvd & Aborn Rd
8 Capitol Expwy & Quimby Rd
13 US 101 Corridor
 (Between I-280 & Yerba Buena Rd)
14 Ocala Ave & Adrian Way
16 Marten Ave & Mt. Rushmore Dr

Planned, High Priority
2 San Felipe Rd & Yerba Buena Rd
3 Capitol Expwy & Silver Creek Rd
4 Nieman Blvd & Daniel Maloney Dr
5 Capitol Expwy & Aborn Rd
7 White Rd & Aborn Rd
10 White Rd & Quimby Rd
11 Ruby Ave & Norwood Ave
12 Ruby Ave & Tully Rd & Murillo Ave
14 Ocala Ave & Hillmont Ave
17 I-680 & Jackson Ave
19 Story Rd & Clayton Rd

Planned, Low Priority
1 Nieman Blvd & Yerba Buena Rd
8 Capitol Expwy & Quimby Rd
9 Quimby Rd & Scottsdale Dr
18 Story Rd & Lancelot Ln

Intersections
Complete
Planned, High Priority
Planned, Low Priority
Development
Growth Control under VMT Policy

*Development projects that meet screening criteria will not require a detailed VMT analysis*

A development project is “screened” based on its location, type, size, density, and other attributes that support a presumption that, if analyzed, the project would have a less than significant VMT impact. Development projects that meet the screening criteria include: (1) small infill projects; (2) local-serving retail; (3) local-serving public facilities (e.g. libraries, community centers, parks, fire stations, etc.); (4) transit-supportive development in Planned Growth Areas with low-VMT that are served by frequent transit; and (5) transit-supportive deed-restricted affordable housing in any Planned Growth Area with frequent transit. For screening criteria #4 and #5, a transit-supportive development is defined as a project dense enough to support transit service, without dedicated parking more than minimum requirements, and designed such that the project does not degrade the existing multimodal transportation network.

*Low and Mitigatable VMT Areas*

Development projects that do not meet the screening criteria will assess their expected VMT based on a variety of factors. These factors include the project’s location and the characteristics of the location that influences VMT such as proximity to complementary land uses, transit, and other non-auto transportation options. For residential projects, Figure 2 shows a heat map of the average amount of VMT generated by residents in the Evergreen area. For office projects, Figure 3 shows a heat map of the average amount of VMT generated by workers in the Evergreen area. Projects in the low-VMT area (green) are expected to have less-than-significant VMT impacts under CEQA. Projects in the mitigatable VMT areas (yellow and orange) are expected to generate VMT higher than the CEQA thresholds but can fully mitigate the impact by providing project features, multimodal transportation improvements, and transportation demand management (TDM) measures. Figures 2 and 3 show that the low and mitigatable VMT areas are near the Arcadia/Eastridge and Tully Road/South King Road urban villages, and constitute a small portion in the northwest quadrant of the Evergreen area.

*High VMT Area*

Under the VMT policy, development growth in a high-VMT area (red), which covers most of the Evergreen area, is limited. People living or working in this area are far from the places they need to go and do not have viable travel options other than driving. It is expected that projects in high-VMT areas cannot fully mitigate their VMT impact, resulting in significant and unavoidable VMT impact under CEQA. The VMT policy also limits the ability to override significant and unavoidable VMT impacts to rare instances, namely:

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5 Small infill projects are defined as residential projects with no more than 15 single-family units or 25 multi-family units, office with no more than 10,000 square feet of gross floor area, and industrial with no more than 30,000 square feet of gross floor area.

6 Local-serving retail is defined as development with no more than 100,000 square feet of total gross floor area.

7 City Council’s adoption of a Statement of Overriding Considerations with findings requires that specified benefits of a proposed project outweigh the unavoidable and significant impacts in accordance with Public Resources Code 21081. Based on these requirements, the City Council must balance the economic, legal, social, technological, or other benefits of a proposed project against identified significant environmental effect. Examples of overriding benefits include sustainable development measures, support for public programs, publicly available community space, provision of affordable housing.
• Market rate housing only in Planned Growth Areas (e.g. urban villages), and commercial or industrial development that conforms to the General Plan, provides the City with extraordinary benefits, reduces VMT to the maximum extent possible, and invests in the multi-modal transportation system. For market rate residential development to qualify for this provision, it must be sufficiently dense multifamily housing in Planned Growth Areas where housing is allowed.

• 100% deed-restricted affordable housing development in conformance with the General Plan with mitigation measures that reduce VMT to the maximum extent possible.

**Figure 2 - Heat map of the average amount of VMT generated by Evergreen residents**
Like the EEHDP, the VMT policy aims to control residential growth in Evergreen, particularly in areas that are not planned for growth or supported by transit. Table 2 compares four sample residential project scenarios allowable under the current VMT policy versus the EEHDP. The sites were selected due to their size and locational attributes; however, it should be noted that residential uses would not currently be supported on three of the four sites based on their existing General Plan land use designations.

Residential housing development of up to 15 single-family units or 25 multifamily units can be developed in most of the Evergreen-East Hills area on sites where residential uses are allowed by the General Plan. However, a larger housing development of more than 15 single-family units or 25 multifamily units in a high-VMT area such as the Evergreen Valley College site is restricted by the VMT policy. There are two exceptions to this restriction: (1) when a development is a 100% affordable

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8 The Evergreen Valley College site is also restricted for residential development by its General Plan land use designation.
housing development, or (2) when the residential development is in an urban village. For example, the Aborn Road/San Felipe Road Urban Village site is in a high-VMT urban village. Though a large-scale residential development in the Village Square site is not strictly prohibited by the VMT policy, it is expected to have a more difficult development adoption process than a similar residential development in the Reid Hillview Airport and the Eastridge Mall sites because it is in a high-VMT area. A large-scale residential development in the Aborn Road/San Felipe Road Urban Village site would also be subject to a VMT fee of approximately $40,000 per unit as part of the overriding benefits, compared with the current TIF of $16,782 per unit, making residential development less feasible in the high-VMT area.

Table 2 - Sample Residential Project Scenarios Allowable under VMT policy versus EEHDP

<table>
<thead>
<tr>
<th>Development site</th>
<th>Anticipated VMT level (threshold = 10.12 VMT per capita)</th>
<th>VMT Policy</th>
<th>EEHDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reid Hillview Airport</td>
<td>10.54 (less than significant VMT impact with mitigation)</td>
<td>Up to 15 single-family units or 25 multi-family units on any one property; Large-scale housing that conforms to General Plan, conditioned with: • Improved pedestrian access to transit on Capitol Expressway and side streets; • Full transit subsidies to residents</td>
<td>Up to 35 residential units on any one property, with 139 units remaining allocation in the pool, conditioned with: TIF of $16,782 per unit</td>
</tr>
<tr>
<td>Eastridge Mall</td>
<td>11.3 (less than significant VMT impact with mitigation)</td>
<td>Up to 15 single-family units or 25 multi-family units on any one property; Large-scale housing that conforms to General Plan, conditioned with: • Improved pedestrian access to transit on Capitol Expressway and side streets; • Full transit subsidies to residents</td>
<td>Up to 35 residential units on any one property, with 139 units remaining allocation in the pool, conditioned with: TIF of $16,782 per unit</td>
</tr>
<tr>
<td>Aborn Road/ San Felipe Road Urban Village</td>
<td>15.2 (significant and unavoidable VMT impact)</td>
<td>Up to 15 single-family units or 25 multi-family units on any one property; 100% affordable housing conditioned with: • Improved pedestrian access to bus stops;</td>
<td>Up to 35 residential units on any one property, with 139 units remaining allocation in the pool, conditioned with: TIF of $16,782 per unit</td>
</tr>
</tbody>
</table>
- Bicycle and pedestrian network improvements;

Large-scale housing that conforms to the General Plan, requiring community benefits for Council’s overriding considerations, such as:
- Improvement pedestrian access to bus stops;
- Bicycle and pedestrian network improvements
- Car-sharing or ride-sharing program
- Estimated VMT fee of $40,000 per unit, used for transportation system investments in the Evergreen-East Hills area

| Evergreen Valley College | 18.76 (significant and unavoidable VMT impact) | Up to 15 single-family units or 25 multi-family units on any one property; 100% affordable housing conditioned with: Improved pedestrian access to bus stops along Yerba Buena Road and San Felipe Road; Bicycle and pedestrian network improvements | Up to 35 residential units on any one property, with 139 units remaining allocation in the pool, conditioned with: TIF of $16,782 per unit |

**Commercial Retail and Office Projects under VMT Policy vs. EEHDP**

The EEHDP allowed capacity for commercial retail and office development to help correct the jobs/housing balance issue in the Evergreen-East Hills area and address the traffic congestion issues caused by commute traffic leaving the area in the peak morning periods for jobs and amenities outside, and returning in the evening periods. Similarly, the VMT policy is intended to promote the long-term vitality of the Evergreen-East Hills area by enabling office and local-serving retail development in the planned growth areas and near transit nodes. The VMT policy also provides a mechanism to require commensurate VMT mitigation or fees to construct transportation system investments in the area. The difference between the VMT fee and the EEHDP’s TIF is that, unlike charging all development at the same TIF rate, a development’s VMT fee is proportional to the magnitude of the development’s VMT impact. The higher a development’s VMT level is above the significance threshold, the higher the VMT fee is required. Staff evaluated four sample commercial retail and office projects and compared their development review processes under the current VMT policy versus the EEHDP in Table 3.
<table>
<thead>
<tr>
<th>Development site</th>
<th>Anticipated VMT level (threshold = 12.21 VMT per worker)</th>
<th>VMT Policy</th>
<th>EEHDP</th>
</tr>
</thead>
</table>
| **Reid Hillview Airport**| 12.62 (less than significant VMT impact with mitigation) | Local serving retail of up to 100,000 square feet; Small-scale office of up to 10,000 square feet; or Large-scale commercial that conforms to General Plan, conditioned with VMT mitigation such as:  
  - Improved pedestrian access to transit on Capitol Expressway and side streets;  
  - Full transit subsidies to employees | 30,000 square feet remaining allocation in the pool, conditioned with: TIF of $14,592 per 1,000 square feet |
| **Eastridge Mall**        | 11.34 (less than significant VMT impact)                 | Local serving retail of up to 100,000 square feet; Small-scale office of up to 10,000 square feet; or Large-scale commercial that conforms to General Plan, conditioned with improved local access to project site | 30,000 square feet remaining allocation in the pool, conditioned with: TIF of $14,592 per 1,000 square feet |
| **Aborn Road/ San Felipe Road Urban Village** | 16.01 (significant and unavoidable VMT impact) | Local serving retail of up to 100,000 square feet; Small-scale office of up to 10,000 square feet; or Large-scale commercial that conforms to General Plan, requiring community benefits for Council’s overriding considerations, such as: | 30,000 square feet remaining allocation in the pool, conditioned with: TIF of $14,592 per 1,000 square feet |
| Evergreen Valley College | 19.10 (significant and unavoidable VMT impact) | Local serving retail of up to 100,000 square feet; Small-scale office of up to 10,000 square feet; or Large-scale commercial that conforms to General Plan, requiring community benefits for Council’s overriding considerations, such as:  
• Improved pedestrian access to bus stops along Yerba Buena Road and San Felipe Road  
• Bicycle and pedestrian network improvements;  
• Car-sharing or ride-sharing program;  
• Estimated VMT fee of $77,000 per 1,000 square feet | 30,000 square feet remaining allocation in the pool, conditioned with:  
TIF of $14,592 per 1,000 square feet |

Table 3 shows that local-serving retail and small-scale office can be developed in most of the Evergreen-East Hills area. However, a large-scale commercial office development proposed in a high VMT area such as the Aborn Road/San Felipe Road Urban Village and the Evergreen Valley College sites is expected to have a more difficult development adoption process than one in a lower VMT area such as the Reid Hillview Airport and the Eastridge Mall sites. A new development in a high VMT area would also be subject to much higher VMT fee as part of the overriding benefits than the current TIF, making office development less feasible in the high VMT area.
Staff Recommendations

Based on the analysis above, staff recommends the following actions in regard to the evolution of Evergreen-East Hills Development Policy:

1. **Transition to the VMT Policy for growth control and close out the EEHDP.**

   Per state law, after July 1, 2020, the VMT metric must be used for transportation analysis under CEQA. As a result, the EIR prepared for the EEHDP (2008) can no longer be used to cover transportation analysis under CEQA for proposed development projects within the EEHDP boundary. The City’s VMT Policy (2018) supports the intent of the EEHDP to prevent further residential sprawl in hillside neighborhoods and allows commercial office and retail growth in transit-supportive areas. Although the VMT Policy did not establish a development pool cap for the Evergreen-East Hills area, the policy established requirements that strictly prohibit market rate housing in high-VMT areas outside of the eight urban villages that reside within the EEHDP. Commercial development proposed in high-VMT areas would also be subject to more stringent requirements than the EEHDP and become less feasible. Closing out the EEHDP does not exempt existing entitlements from the TIF under the EEHDP, whereas new development projects would be subject to the requirements under the VMT Policy.

2. **Deliver transportation improvements that support development outcomes to date.**

   Originally, the transportation mitigation measures were identified in the EIR of the EEHDP based on projecting where the future development and impacts would be located. As the City has more information about recent transportation trends, development outcomes, and community needs, staff recommends an investment plan that prioritizes improvements with the highest needs. Of the 15 outstanding transportation improvements in the EEHDP, 11 are considered high-priority improvements and would be delivered in the near term using the collected TIF to date. The remaining 4 improvements will be delivered in the long term when additional TIF are collected from existing entitlements under the EEHDP.

**Agenda Item 7 – Next Steps**

See Attachment F for a complete summary of Task Force recommendations from the General Plan 4-Year Review process. This table will be updated following the November 19, 2020 Task Force meeting to incorporate the Task Force’s recommendations on the Evergreen-East Hills Development Policy. Upon completion of the Task Force process, the City’s environmental consultant will conduct an environmental analysis of the Task Force’s recommended amendments to the General Plan. Staff will also initiate additional analysis (e.g., Cost Effectiveness Analysis for Opportunity Housing) as identified in Attachment F. City Council consideration of the General Plan 4-Year Review policy recommendations is anticipated in Spring 2021.

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9 If the City Council approves the staff and the Task Force's recommendation to remove the Evergreen Village Square as an Urban Village the number of Villages would decrease to 7.
If you have any Planning-related questions, please contact Jared Hart at: Jared.Hart@sanjoseca.gov or Kieulan Pham at: Kieulan.Pham@sanjoseca.gov. If you have any transportation-related questions, please contact Jessica Zenk at: Jessica.Zenk@sanjoseca.gov or Wilson Tam at: Wilson.Tam@sanjoseca.gov.

Jared Hart  
Division Manager, PBCE  

Jessica Zenk  
Deputy Director, DOT  

Attachments:  
A. Evergreen-East Hills Development Policy Location Map  
B. Evergreen-East Hills Development Policy  
C. Evergreen-East Hills Development Policy General Plan Land Use Map  
D. City Council Policy 5-1 (Transportation Analysis Policy)  
E. Updated Transportation Analysis Report for the Evergreen-East Hills Development Policy  
F. Summary of General Plan 4-Year Review Task Force Recommendations