

ORDINANCE NO.

AN ORDINANCE OF THE CITY OF SAN JOSE AMENDING TITLE 20 (ZONING ORDINANCE OR ZONING CODE) OF THE SAN JOSE MUNICIPAL CODE TO ADD NEW CHAPTER 20.197, 'LOCAL IMPLEMENTATION OF STATE LAW,' THAT INCLUDES PART 2, 'SENATE BILL 79 (SB 79) IMPLEMENTATION' TO IMPLEMENT SB 79 WITHIN THE CITY OF SAN JOSE AND EXCLUDE CERTAIN EMPLOYMENT AREAS DESIGNATED IN THE CITY'S GENERAL PLAN FROM SB 79 PROVISIONS

WHEREAS, Senate Bill 79 ("SB 79") was signed on October 10, 2025, which would require that a housing development project, as defined, within a specified distance of a transit oriented development stop, as defined, be an allowed use as a transit-oriented housing development on any site zoned for residential, mixed, or commercial development, if the development complies with applicable requirements, as specified; and

WHEREAS, SB 79 is anticipated to affect development near 56 transit-oriented development stops within or adjacent to San José; and

WHEREAS, the City of San José ("City") designates Employment Areas in the Envision San José 2040 General Plan Planned Growth Areas Diagram map initially adopted on November 1, 2011 and last amended on September 22, 2022, for the purpose of preserving industrial land and employment uses that foster economic well-being and workforce stability; and

WHEREAS, SB 79 authorizes a local government with at least 15 transit-oriented development stops to designate an area as an industrial employment hub. An industrial employment hub shall be a contiguous area of at least 250 acres designated in the jurisdiction's general plan, on or before January 1, 2025, as an employment lands area;

the parcels within it shall be primarily dedicated to industrial use and housing shall not be a permitted use on any of the sites so excluded; and

WHEREAS, prior to January 1, 2025, the City designated certain lands in its General Plan as Employment Areas; and

WHEREAS, the following identified Employment Areas are 250 or more contiguous acres as delineated under established boundaries, and were primarily dedicated to industrial use prior to January 1, 2025; and

WHEREAS, the Employment Areas identified as Industrial Employment Hubs have over 50% of the land within them dedicated to industrial use; and

WHEREAS, the areas designated by the City as Employment Areas in its General Plan meet the requirements of Industrial Employment Hubs under SB 79; and

WHEREAS, the General Plan designations for parcels within Industrial Employment Hub boundaries exempted from SB 79 provisions include Light Industrial (LI), Heavy Industrial (HI), Industrial Park (IP), Combined Industrial/Commercial (CIC), and Transit Employment Center (TEC); and

Identified Employment Area boundaries	Total Parcels	Total Acreage	*Industrial GP		**Other Designation (Acres)			% Industrial GP
			Parcels	Acreage	Residential GP	Residential Overlay	Non-Residential GP	
North San José	2,264	3,206	794	2,335	354	792	518	72.8%
Berryessa International Business Park, Lundy/Milpitas BART	311	632	298	596	0	-	36	94.2%
East Gish, Mabury	471	780	401	638	0.014	-	142	81.8%
Monterey Business Corridor	414	421	324	388	6.5	-	27	92%

Old Edenvale, Old Edenvale Transit Employment Center	678	537	234	491	36	-	11	91.3%
<i>Totals</i>	4,138	5,576	2,051	4,448	397	792	734	-
<p><i>*Industrial Designations within identified Employment Area boundaries: LI Light Industrial, HI Heavy Industrial, CIC Combined Industrial/Commercial, TEC Transit Employment Center</i></p> <p><i>**Other Designations within identified Employment Area boundaries:</i></p> <p><i>[Residential GP]: RN Residential Neighborhood, TR Transit Residential, UR Urban Residential, UV Urban Village, MUC Mixed Use Commercial, and MUN Mixed Use Neighborhood.</i></p> <p><i>[Residential Overlay]: Transit Employment Residential Overlay (TERO), Affordable Housing Overlay (AHO), Mixed-Income Housing Overlay (MIHO) and Housing Element Residential Overlay (HERO).</i></p> <p><i>[Non-residential GP]: NCC Neighborhood/Community Commercial, OSPH Open Space, Parklands and Habitat, MHP Mobilehome Park, and PQP Public/Quasi-Public.,</i></p>								

WHEREAS, parcels located within the boundaries of an identified Industrial Employment Hub, consistent with the City’s designated Employment Area boundaries, and for which the underlying General Plan land use designation expressly permits residential development, shall be subject to the applicability of SB 79, if such parcels otherwise meet the eligibility criteria set forth therein; and

WHEREAS, parcels situated within the boundaries of an identified Industrial Employment Hub, consistent with the City’s designated Employment Area boundaries, that are subject to housing overlay designations—including, but not limited to, the Transit Employment Residential Overlay (TERO), Affordable Housing Overlay (AHO), Mixed-Income Housing Overlay (MIHO), and Housing Element Residential Overlay (HERO)—and that retain an underlying General Plan land use designation of Industrial, shall be subject to the applicability of SB 79, provided such parcels otherwise satisfy the eligibility requirements set forth therein; and

WHEREAS, a total of 2,051 parcels designated for industrial use comprising of 4,448 acres are exempted from SB 79 provisions out of the 4,138 parcels encompassing 5,576 acres within the identified Employment Area boundaries; and

WHEREAS, all other parcels within the designated Industrial Employment Hubs are exempt from the provisions of SB 79; and

WHEREAS, on March 11, 2026, the Planning Commission of the City of San José conducted a public hearing, under File No. PP25-006, to add Chapter 20.197 to Title 20 of the San José Municipal Code for implementation of SB 79 and exclusion of Industrial Employment Hubs from eligibility for development pursuant to SB 79; and

WHEREAS, on March 17, 2026, the City Council of the City of San Jose conducted a public hearing, under File No. PP25-006, to add Chapter 20.197 to Title 20 of the San José Municipal Code for implementation of SB 79 and exclusion of Industrial Employment Hubs from eligibility for development pursuant to SB 79; and

WHEREAS, the City Council of the City of San José is the decision-making body for this Ordinance; and

WHEREAS, pursuant to Public Resources Code Section 21080(b)(1), CEQA Guidelines Section 15378(b)(5), and Government Code Section 65912.160(c)(2), the provisions of this Ordinance do not constitute a project under the California Environmental Quality Act;

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

A new Chapter is added to Title 20 of the San José Municipal Code, to be numbered, entitled, and to read as follows:

CHAPTER 20.197
LOCAL IMPLEMENTATION OF STATE LAW

Part 1
General

20.197.010 Purpose

The purpose of this Chapter is to establish City's approach to implementation of specific state law mandates. It is intended to support the City's General Plan, policies and goals, while providing a framework for development that ensures compliance with applicable state law provisions.

20.197.020 Definitions

A. All terms used in this Chapter that are defined in state law shall have the meaning established by their respective sections, as the same may be amended from time to time. Any definitions not included in the statute shall be governed by applicable provisions of the City's Municipal Code.

B. As of the date the ordinance adopting this Chapter 20.197 is passed by City Council, wherever the following terms are used in this Chapter, they shall have the meaning established by this Section pursuant to Government Code Section 65912.160:

"Industrial Employment Hub" means a contiguous area of at least 250 acres designated in the jurisdiction's general plan on or before January 1, 2025, as an employment lands area and the parcels within such area primarily dedicated to industrial uses. Such areas are designated as Employment Areas in the Envision San José 2040 General Plan Planned Growth Areas Map as amended on September 22, 2022.

Part 2

Senate Bill 79 Implementation

20.197.030 Purpose

This Part implements Government Code Sections 65912.155 through 65912.162.1 as amended and herein referred to as Senate Bill 79 (SB 79). Qualifying transit-oriented housing developments are permitted as an allowed use on parcels within transit-oriented development zones as defined by and in accordance with SB 79 provisions. This Part is applicable only so long as SB 79 is operative.

Notwithstanding any other provision of this Code, transit-oriented housing developments pursuant to SB 79 shall not be permitted on any parcels within an Industrial Employment Hub established from the employment area boundaries designated in the City's General Plan, except as specified in this Part.

20.197.040 Exclusion of Industrial Employment Hubs

- A. Consistent with Government Code Section 65912.160(e)(2), Industrial Employment Hubs are hereby exempted from the provisions of SB 79 and housing shall not be a permitted use on any of the sites so excluded.
 - 1. ***North San José*** – The area defined by the North San José Area boundary map, described as north and west of Interstate 880 and south of State Route 237, consistent with the adopted Area Development Policy and the General Plan land use designations.

2. ***Berryessa International Business Park/ Lundy/Milpitas BART*** – The area situated around the Berryessa/North San José BART station and bounded by the I-880 freeway to the west.
 3. ***East Gish/ Mabury*** – The area north of downtown San José, near the Guadalupe River/Highway 87 and Highway 101 intersection, and area bounded by N. 1st Street to the west, King Road to the east, and I-880 to the north.
 4. ***Monterey Business Corridor*** – The area bounded by Alma Avenue to the north, Blossom Hill Road to the south, State Route 87 to the west, and Senter Road to the east.
 5. ***Old Edenvale/ Old Edenvale Transit Employment Center*** – The area bounded by Highway 85 to the south, Monterey Road to the north and east, and Charlotte Drive to the west, and area to the northeast of the Santa Teresa neighborhood and northwest of Coyote Valley.
- B. Notwithstanding Section 20.197.030 (A), properties with a general plan designation or overlay that allows residential use are not exempted from the provisions of SB 79.

20.197.050 Mapping

The boundaries of identified Industrial Employment Hubs are exhibited on a map entitled “Envision San José 2040 General Plan Industrial Employment Hub Area Diagram Map” and maintained by the Department of Planning, Building and Code Enforcement.

SAW:AXY:KMF
03/06/2026

PASSED FOR PUBLICATION of title this _____ day of _____, 2026, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

MATT MAHAN
Mayor

ATTEST:

TONI J. TABER, MMC
City Clerk