



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Planning Commission

SUBJECT: See Below

DATE: May 30, 2025

COUNCIL DISTRICT: 3

SUBJECT: PP25-002: Amendment to Chapter 20.80, Part 8.75, Conversions of an Existing Use to Another Use with a Different TDM Designation

RECOMMENDATION

The Planning Commission on May 28, 2025, voted 7-0-2 (Oliverio and Rosario absent) to recommend that the City Council:

1. Consider the Determination of Consistency with the Envision San José 2040 General Plan Final Program Environmental Impact Report (EIR), for which findings were adopted by City Council through Resolution No. 76041 on November 1, 2011, and Supplemental EIR Resolution No. 77617, adopted by City Council on December 15, 2015, and Addenda thereto; and
2. Adopt an ordinance amending sections of Title 20 (Zoning Ordinance or Zoning Code) of the San José Municipal Code to: (1) Amend Chapter 20.80, Part 8.75, 'Conversions of an existing use to another use with a different TDM designation' to exempt the conversion of an existing building within downtown to a residential use from the requirement to obtain a Special Use Permit to prepare a Transportation Demand Management Plan; and to make other technical, non-substantive, or formatting changes within those sections of Title 20 of the San José Municipal Code.

SUMMARY AND OUTCOME

Approval of the proposed Zoning Ordinance amendment will streamline the permit process to convert existing buildings to housing in Downtown by removing the requirement for a Transportation Demand Management plan and Special Use Permit.

May 30, 2025

Subject: PP25-002: Amendment to Chapter 20.80, Part 8.75, Conversions of an Existing Use to Another Use with a Different TDM Designation

Page 2

BACKGROUND

On May 28, 2025, the Planning Commission held a public hearing for the proposed zoning ordinance amendment described above. Commissioner Lardinois made a motion to approve the staff recommendation. Commissioner Bhandal seconded the motion. The motion passed 7-0-2 (Oliverio and Rosario absent).

ANALYSIS

For a complete analysis, please see the attached Planning Commission staff report.

EVALUATION AND FOLLOW-UP

If the proposed Zoning Code amendment is approved by City Council, the new Ordinance will be effective 30 days after the second reading. The permit process to convert existing buildings to housing in downtown will be streamlined.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office.

PUBLIC OUTREACH

This memorandum will be posted on the City Council Agenda website for the June 10, 2025 Council Meeting.

Staff followed Council Policy 6-30: Public Outreach Policy regarding public outreach for this proposal. A public hearing notice, including the Planning Commission and City Council hearing dates was published in the San José Post-Record and emailed to a list of interested groups and individuals. Staff posted the hearing notice, staff report, and draft ordinance on the PBCE Department website. An informational webpage was also published on the City's website. Staff has been available to respond to questions from the public.

COMMISSION RECOMMENDATION AND INPUT

On May 28, 2025, the Planning Commission held a public hearing for the proposed amendment to Title 20. There were no public comments for this item.

Commissioner Lardinois commented that it was good to see the City evaluate recent ordinance changes and make corrections as necessary. He asked how this ordinance reconciles with General Plan policies that discourage conversion of employment lands to housing. He also noted that he has heard that in general building conversions can be expensive. He asked if staff knows why such projects appear to be penciling out in San Jose where they are not elsewhere. Staff responded that this ordinance does not change the underlying land use so only facilitates projects where housing is already a permitted use. Staff does not have information of the financial viability and economics of the projects that are being proposed so is unable to answer why they appear to be working in San Jose where similar projects may not be financially viable elsewhere.

Commissioner Bickford noted that downtown is struggling and expressed concern that residential uses are not getting the City what we want in the downtown area. She asked if staff has a sense of what percentages of buildings may be converted to housing. Staff replied that it is impossible to predict how many such projects will be proposed. Retaining employment downtown is of importance to the City, however, this ordinance only streamlines the process in cases where housing is already a permitted use. Should the City start seeing that we are going to lose much of our employment downtown that may warrant a future policy discussion.

Commissioner Lardinois agreed that loss of employment downtown is a concern, but noted that a big problem for downtown retail is lack of foot traffic and he is hoping that more housing will help address that issue. Vice Chair Cantrell commented that because we allow greater density downtown we can recover from the absence of commercial and retail real estate fairly rapidly and easily so does not anticipate any real issues. Staff added that employers like to locate near where their employees live so more housing downtown may have the effect of attracting more employers in the future.

Commissioner Lardinois made a motion to approve the staff recommendation. Commissioner Bhandal seconded the motion. The motion passed 7-0-2 (Oliverio and Rosario absent).

CEQA

A Determination of Consistency with the Envision San José 2040 General Plan Final Program Environmental Impact Report (FEIR), adopted through Resolution No. 76041 on November 1, 2011, and Supplemental EIR Resolution No. 77617, adopted on December 15, 2015, and Addenda thereto, has been prepared in accordance with the California Environmental Quality Act, as amended. Pursuant to Section 15168 of the CEQA Guidelines, the City of San José has determined that this activity is within the scope of the earlier approved programs and the Final Program EIRs adequately describe the activity for purposes of CEQA. The project does not involve new significant effects beyond those analyzed in the Final Program EIRs.

HONORABLE MAYOR AND CITY COUNCIL

May 30, 2025

Subject: PP25-002: Amendment to Chapter 20.80, Part 8.75, Conversions of an Existing Use to Another Use with a Different TDM Designation

Page 4

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/

CHRIS BURTON

Secretary, Planning Commission

For questions, please contact Martina Davis, Principal Planner, Planning, Building and Code Enforcement Department at Martina.Davis@sanjoseca.gov or (408) 535-7888.

ATTACHMENT

Planning Commission Staff Report from May 28, 2025



Memorandum

TO: PLANNING COMMISSION**FROM:** Christopher Burton**SUBJECT:** File No. PP25-002**DATE:** May 28, 2025

| | |
|----------------------------|--|
| Project | Zoning Ordinance Update |
| Applicability | The downtown area bounded by Julian Street; properties fronting both sides of North Fourth Street; East St. John Street; 7th Street; East San Fernando Street; South 4th Street; Interstate 280; the Union Pacific Railroad line; Stockton Avenue; Taylor Street and Coleman Avenue; |
| Project Description | Adopt an ordinance of the City of San José amending sections of Title 20 (Zoning Ordinance or Zoning Code) of the San José Municipal Code to: (1) Amend Chapter 20.80, Part 8.75, ‘Conversions of an existing use to another use with a different TDM designation’ to exempt conversion of an existing building within the downtown to a residential use from the requirement to obtain a Special Use Permit to prepare a Transportation Demand Management Plan; and to make other technical, non-substantive, or formatting changes within those sections of Title 20 of the San José Municipal Code. |
| CEQA Clearance | Determination of Consistency with the City of San José and Addenda thereto, in accordance with the California Environmental Quality Act as amended. |
| Project Planner | Martina Davis |

RECOMMENDATION

Staff recommends that the Planning Commission recommend the City Council take all of the following actions:

1. Consider the Determination of Consistency with the Envision San José 2040 General Plan Final Program Environmental Impact Report (EIR), for which findings were adopted by City Council through Resolution No. 76041 on November 1, 2011, and Supplemental EIR Resolution No. 77617, adopted by City Council on December 15, 2015, and Addenda thereto; and
2. Adopt an ordinance amending sections of Title 20 (Zoning Ordinance or Zoning Code) of the San José Municipal Code to: (1) Amend Chapter 20.80, Part 8.75, ‘Conversions of an existing use to another use with a different TDM designation’ to exempt the conversion of an existing building within downtown to a residential use from the requirement to obtain a Special Use Permit to prepare a Transportation Demand Management Plan; and to make other technical, non-substantive, or formatting changes within those sections of Title 20 of the San José Municipal Code.

OUTCOME

Approval of the proposed municipal code amendments will amend Title 20, Zoning Code to exempt the conversion of an existing building to a residential use from the requirement to prepare a Transportation Demand Management Plan, as described in the Analysis section below.

PROJECT BACKGROUND

In December 2022, the City Council adopted an amendment to the Zoning Ordinance that removed mandatory minimum parking requirements and added requirements for Transportation Demand Management plans for most new development, including when an existing or proposed building undergoes a substantial change of use. The purpose of Transportation Demand Management (TDM) is to facilitate shifts in behavior toward walking, biking, or taking transit, and reduce the number of drive-alone trips. TDM plans approved with developments may include infrastructure improvements such as bike lanes or protected crosswalks; programs such as transit passes, commuter shuttles, or carpool incentives; and/or reduced parking ratios, shared parking, and unbundled parking.

The proposed Zoning Code update would remove a requirement for existing buildings being converted to residential uses within the downtown area to obtain approval of a TDM plan through a Special Use Permit. Conversions outside of the downtown area would still be required to obtain a Special Use Permit.

CURRENT ZONING REQUIREMENTS

Upon the effective date of the parking and TDM ordinance update in April 2023, most new development became subject to the requirement to prepare a TDM plan. This includes converting an existing building to a use with substantially different traffic patterns and transportation demand requirements, such as a warehouse building converted to an office use, or an office building converted to apartments. The updated parking and TDM ordinance includes a requirement to obtain a Special Use Permit for approval of a TDM plan for these types of conversions. The intent of the Special Use Permit is so that adoption of a TDM plan for these building conversions would be subject to the same public hearing process for which a TDM plan would be approved for a new development. Further, it was important to create a process to update an approved TDM plan for a building that was subject to a TDM plan upon initial construction when a use substantially changes because appropriate TDM measures can vary widely based on type of use of the building. The Special Use Permit has an initial fee of \$16,700 and takes approximately 6 months.

PROPOSED ORDINANCE AMENDMENTS

Consistent with our General Plan and Downtown Area Plan goals, the proposed ordinance would exempt adaptive reuse projects within the downtown area from the requirement to prepare a TDM plan when existing buildings are converted to housing. This will result in a simpler, streamlined and less expensive process and would facilitate adaptive reuse of currently vacant buildings to fulfill the City's housing needs. Specifically, the ordinance would add an exemption within Chapter 20.80, Section 20.80.680.

ANALYSIS

Recently, there has been strong interest in converting vacant office buildings to housing in the downtown core. Prior to the recent adoption of the parking and TDM ordinance update these housing conversions would generally be subject to ministerial permit processes. The current

Zoning Ordinance requires an applicant obtain a Special Use Permit to provide for a TDM plan to support such a conversion. However, converting an existing building downtown to a residential use by definition does not contribute substantially to vehicle miles traveled (VMT) due to downtown's mix of uses, density, and excellent transit access. Therefore, there is no need to subject conversions of existing buildings downtown to residential uses to a TDM plan requirement, as these are intended to lower VMT. This code amendment will once again allow residential conversions downtown to be subject to ministerial permitting in most cases, which will streamline the City's process and ultimately help facilitate the conversion of vacant office space to much-needed housing units downtown.

General Plan Conformance

The Envision San José 2040 General Plan encourages the periodic review of the Zoning Ordinance and other supporting Ordinances in the Municipal Code to ensure that the document conforms to State mandates and requirements, is consistent with General Plan approvals, and reflects the goals, policies, and implementation of the General Plan.

General Plan Goals and Policies: Title 20 - Zoning Ordinance

The proposed amendments to Title 20 would update and clarify certain sections of the Zoning Code to allow for conformance with changes to the General Plan. The proposed amendments to Title 20 are consistent with the following General Plan policies:

1. *General Plan Housing Policy H-4.2: Minimize housing's contribution to greenhouse gas emissions, and locate housing, consistent with our City's land use and transportation goals and policies, to reduce vehicle miles traveled and auto dependency.*
2. *General Plan Housing Policy H-4.3: Encourage the development of higher residential densities in complete, mixed use, walkable and bikeable communities to reduce energy use and greenhouse gas emissions.*

Analysis: The proposed zoning amendment streamlines the process to convert existing buildings to residential uses in downtown. Converting existing buildings to housing downtown will result in residential uses in a dense, mixed-use area with excellent local and regional transit access. This proximity to transit will result in lower solo vehicle trips among potential new residents than similar housing development built in less dense and less transit rich areas of the city. Further, converting existing buildings results in less greenhouse gas emissions than new construction due to the fact that existing structures and building materials will be reused.

3. *General Land Use Policy LU-1.10: Review criteria in the Zoning Ordinance and update it as appropriate to reflect Land Use goals, policies, and implementation actions in this Plan.*

Analysis: The proposed zoning ordinance amendment is a key component to streamlining the process to convert existing buildings to residential uses to add housing downtown, which is consistent with Major Strategy #9 – Destination Downtown, and associated goals and policies that call for dense development and a mix of uses within the downtown area.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

A Determination of Consistency with the Envision San José 2040 General Plan Final Program Environmental Impact Report (FEIR), adopted through Resolution No. 76041 on November 1, 2011, and Supplemental EIR Resolution No. 77617, adopted on December 15, 2015, and Addenda thereto, has been prepared in accordance with the California Environmental Quality Act, as amended. Pursuant to Section 15168 of the CEQA Guidelines, the City of San José has determined that this activity is within the scope of the earlier approved programs and the Final

Program EIRs adequately describe the activity for purposes of CEQA. The project does not involve new significant effects beyond those analyzed in the Final Program EIRs.

PUBLIC OUTREACH

Staff created an informational webpage on the proposal which was posted to the City’s website on May 14, 2025. This report and attachments were posted on the City’s website. Staff has been available to respond to questions from the public.

Staff followed Council Policy 6-30: Public Outreach Policy, in that the notices for the public hearing were posted on the City’s website and published in the San José Post-Record.

Project Manager: Martina Davis

Approved by: /s/ Manira Sandhir, Division Manager for Christopher Burton, Planning, Building & Code Enforcement Director

Please click on the title of each exhibit to view the document:

| | |
|----------------------------|--|
| ATTACHMENTS: | |
| Exhibit A: | Draft Ordinance |
| Exhibit B: | Determination of Consistency |