



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Chris Burton

SUBJECT: See Below

DATE: May 12, 2025

Approved

Date:

5/22/25

COUNCIL DISTRICT: Citywide

SUBJECT: Proposed Scope of Work for the Four-Year Review of the Envision San José 2040 General Plan

RECOMMENDATION

Approve the scope of work to commence the third Envision San José 2040 General Plan Four-Year Review.

SUMMARY AND OUTCOME

Approval of the scope of work for the third Envision San José 2040 General Plan (General Plan) Four-Year Review will allow staff and the consultant team to begin background work for initiation of the Four-Year Review process, as required per General Plan Policy IP-2.4, in fall 2025 and set the parameters of General Plan policy changes to be considered by the Four-Year Review Task Force. If the scope of work is approved, staff will return to the City Council by September 2025 with a General Plan Amendment to designate the Planning Commission as the Four-Year Review Task Force. The Task Force's consideration of General Plan amendments will be limited to the scope of work approved by the City Council. A focused scope of work will establish a project timeline and meeting schedule that will allow the City to maintain compliance with the sixth Cycle Housing Element and prepare a timely, compliant seventh Cycle Housing Element, avoiding penalties such as Builder's Remedy applications and missed funding opportunities.

BACKGROUND

The Envision San José 2040 General Plan is a comprehensive and forward-thinking policy document that lays the framework for becoming a fiscally-sound and environmentally sustainable city of great places, while also accommodating a projected

population growth of over 470,000 new residents and aspiration of 382,000 new jobs. California state law requires each city and county to adopt a general plan to guide the physical development of the county or city and must include eight required “elements” (Gov. Code § 65300).

Over 5,000 individuals participated in the General Plan update process from 2008 through 2011, and the General Plan was approved unanimously by the City Council on November 1, 2011. Pursuant to General Plan policy IP-2.4, the City is to conduct a review of the General Plan every four years. The purpose of the General Plan Four-Year Review is to evaluate significant changes in the planning context and achievement of key General Plan goals, provide community and stakeholder engagement in reviewing and evaluating the implementation of the General Plan, and recommend any mid-course actions needed to achieve its goals. The General Plan goals specifically identified for review and evaluation through this process include:

- Planned job and jobs to employed resident goals.
- Affordable housing needs.
- Implementation of the Urban Village major strategy.
- Environmental indicators, including greenhouse gas reduction.

Prior to the first Task Force meetings for both previous reviews, staff prepared a Four-Year Review progress report which provided background on the General Plan, land use and development data since the Plan’s adoption, and an evaluation of the City’s achievement of key goals. An environmental consultant was also hired to conduct an environmental review of the recommended amendments pursuant to the California Environmental Quality Act (CEQA). Additionally, the City hired several consultants to analyze and report on topics identified in the General Plan and the City Council’s approved scope of work. This included an updated analysis of the City’s fiscal condition and fiscal impacts of land use, updated projections of jobs, population, and employed residents, a San José market overview and employment lands analysis, a summary review of water supply for planned growth in the General Plan, and an updated greenhouse gas emissions inventory.

The first Four-Year Review of the General Plan was initiated in 2015 and concluded in 2016. Major policy changes addressed in the first Four-Year Review included the reduction of planned job capacity to set a more achievable jobs to employed resident ratio goal and to support implementation of the Urban Village strategy; new policies to facilitate affordable housing, including allowing 100% affordable housing projects to proceed within urban villages ahead of growth horizons or in urban villages without an approved plan; and allowing affordable housing developments on sites 1.5-acres or less, outside of growth areas, on properties with a commercial land use designation if the developments meets certain criteria.

The Task Force was reconvened and included both new appointees and appointees who participated on the Task Force that guided the development of the Envision San

José General Plan between 2007 and 2011. Six Task Force meetings, open to the public, were held and approximately 160 members of the public attended. At the final Task Force meeting, in April 2016, the Task Force approved a complete set of recommendations for modifications to the General Plan for the City Council to consider.

The second Four-Year Review of the General Plan was initiated in 2019 and concluded in 2021. The second Four-Year Review process explored similar policy areas, related to housing and urban villages. This process eliminated Growth Horizons and the Residential Pool Policy; updated the Signature Project Policy (IP-5.10) to establish appropriate, clear, and more predictable minimum residential densities and minimum commercial requirements for Signature Projects, based on General Plan Urban Village typologies; and established a Neighborhood Business District Overlay to allow for residential uses in these areas. Additionally, through this process, to aid in preserving the area, jobs were shifted from North Coyote Valley to other areas of the City and implementation of Tier II Vehicle Miles Traveled Actions was moved forward, Vehicle Miles Traveled reduction goals with Climate Smart were aligned, and actions to achieve new Vehicle Miles Traveled reduction and mode split goals were added.

Similar to the first Four-Year Review, the Task Force was reconvened with additional members added. Ten Task Force meetings (open to the public) were held and over 600 members of the public attended the 10 meetings. The second Four-Year Review culminated in December 2021 with City Council approval of the Task Force and staff's recommendations.

ANALYSIS

Based on the previous two reviews, the goals expressed by City Council to streamline this process, and the various changes and new opportunities within the planning context, staff proposes the following scope of work for the third Four-Year Review. The General Plan's comprehensive major strategies, goals, and policies remain relevant; therefore, staff is proposing a limited scope of work for the third Four-Year Review process that focuses on critical focus areas. Broadly, the third Four-Year Review process would be initiated with the approval of this scope of work, which will allow staff to begin background work (technical analysis, Four-Year Progress Report, etc.). This will be followed by a staff-initiated General Plan Amendment brought to City Council by September 2025 for Task Force composition changes. Task Force study sessions are expected to commence in late fall 2025, convening by June 2026 with final policy recommendations anticipated to come to City Council in December 2027.

One of the lessons learned during adoption and certification of the sixth Cycle Housing Element is that earlier preparations will benefit the City. The work done in the last quarter to implement the sixth Cycle Housing Element has led staff to see the immediate need to initiate this latest Four-Year Review in order to fully implement the

goals and strategies that the City committed to in this current Housing Element. The scope detailed below has numerous elements, such as expanding housing capacity, that provide the necessary groundwork to be able to complete the seventh Cycle Housing Element. Staff has evaluated the timeline necessary to prepare for the next seventh Cycle Housing Element with ample time to meet statutory deadlines, and believes it is critical to initiate the next General Plan Four-Year Review in 2025. The initial estimated timeline requires staff to begin work on the seventh Cycle Housing Element in early fall of 2027. Therefore, it is also important that the Task Force portion of the General Plan Four-Year review conclude in June 2026.

Given the requirements of implementing the current Housing Element and potential penalties, e.g., Builder's Remedy, for producing a late seventh Cycle Housing Element, the work of the Four-Year Review needs to be focused on housing production which would take priority over other policy initiatives. To meet the ambitious timeline necessary for this work that will allow the City to adopt a compliant Housing Element on time, the scope of work outlined by staff must stay largely focused on the needs around expanding opportunities for housing production. If additional work is included in this scope of work, it would impede the ability for staff to conclude the Task Force portion of the Four-Year Review by June 2026.

Prior to the first Task Force meeting, staff would prepare a Four-Year Review progress report which will analyze land use and development data since the General Plan's adoption and evaluate achievement of key goals. This progress report and other analyses will help to inform policy recommendations.

Proposed Scope of Work

1. Increase in Residential Unit Capacity

Based on staff's preliminary analysis, the sixth Cycle Housing Element sites inventory has taken up much of the residential capacity in the 2040 Envision San José General Plan, leaving approximately 17,000 in capacity. To prepare for the work on the seventh Cycle 2031-2039 Housing Element, which we assume will come with a much higher housing target, or Regional Housing Needs Allocation, than the 62,200 in the last cycle, staff anticipates the need to add residential capacity to the General Plan as soon as possible. Adding housing capacity to the General Plan will require an update to the General Plan's environmental clearance. Therefore, through the environmental review process and policy analysis staff will increase total housing units from the 120,000 residential unit capacity established with the adoption of the General Plan to a yet to be determined amount, which will allow us to meet our future Regional Housing Needs Allocation goals.

By addressing the residential capacity issue, the General Plan Four-Year Review will also ensure we remain in compliance with the sixth Cycle Housing element and can

complete work on Housing Element programs *P-40: Evaluate Urban Village Planning Process* and *P-35: Small Multifamily Housing*. As part of this work staff will increase capacity in unplanned urban villages areas and identify areas to accommodate growth through small multifamily development. Staff will also evaluate whether changes to existing land use densities (e.g., RN Residential Neighborhood) are necessary to accommodate a variety of housing types, such as duplexes, triplexes and fourplexes.

2. Modifications to the Urban Village Implementation Strategy

General Plan *Major Strategy #5 Urban Villages* provides a framework for new job and housing growth to take place within walkable and bike friendly areas that have good access to transit and other existing infrastructure and facilities. The General Plan also establishes an Urban Village Planning process with the General Plan Implementation Chapter. This process calls for a comprehensive planning process—which at times can take years to accomplish—for all urban villages regardless of size or type. To streamline the development of urban village plans and unlock more sites for housing beyond those sites needed to accommodate the Regional Housing Needs Allocation, staff included, and Council adopted as part of the sixth Cycle Housing Element Program P-40, *Evaluate Urban Village Planning Process*. One strategy identified thus far is to plan the remaining Neighborhood Villages (a category of Urban Villages that are smaller neighborhood-oriented commercial sites) through one planning effort or framework that would include community outreach, but may not result in individual community plans for all remaining neighborhood villages.

As part of the Four-Year Review staff will continue this analysis and consider other recommendations to achieve a more streamlined Urban Village planning process. This will also include an evaluation to determine whether consolidation or elimination of urban villages areas are warranted. Additionally, staff will include in the analysis City Council direction from the March Budget message to expand growth areas to where there is current market demand for housing and employment uses, except in areas with immitigable Vehicle Miles Traveled impacts.

3. Potential Modification of Planned Job Growth and Jobs/Employed Resident Ratio

San José is the largest and most urban city located within Silicon Valley and plays an increasingly important role in the continuing growth of the regional, State, and National economies. Through multiple General Plan updates, San José has identified improvement of the City's jobs/housing balance or Jobs/Employed Residents ratio as a critical objective to address multiple City goals. The Envision San José 2040 General Plan establishes achievement of a Jobs/Employed Residents ratio of 1.1 by the year 2040 (compared to 0.85 in 2011) as a core objective of the Plan informing its policies and Land Use/Transportation Diagram designations.

In the near term, the Plan strives to achieve a Jobs/Employed Residents ratio of 1.0 by the year 2025. The General Plan identified the need to create capacity for 382,000 jobs to achieve this objective with 120,000 new units. However, as noted above, staff is considering increasing the total residential capacity in the General Plan above the planned 120,000 new units. Increasing the housing capacity with no change in total jobs will automatically reduce the Jobs/Employed Residents ratio.

As part of the Four-Year Review process, staff recommends updating projected job growth numbers and, based in part on this updated projection, propose adjustments to the total planned jobs capacity in the General Plan and the Jobs to Employed Resident Ratio. Staff recommends hiring a consultant to conduct a study to analyze the fiscal and other effects upon the City that could occur with changes in the amount of employment land and the assumptions around jobs capacity related to the Jobs to Employed Resident Ratio. The findings of this analysis could result in recommendations on proposed General Plan amendments to ensure that the City achieves its General Plan employment goals and furthers its Innovation/Regional Employment Center Strategy even if the amount of employment lands is reduced. As part of this work, staff will also evaluate the impact of implementing City Council direction from the Mayor's Budget Message on eliminating ground floor commercial requirements for housing developments that are not on vibrant business corridors.

4. Environmental Review

The scale of the next General Plan Four-Year Review will likely require a Supplemental Environmental Impact Report (EIR) to the General Plan EIR. Addressing the larger issue of residential capacity, including identifying potential new growth areas for small multi-family housing, will require significant analysis and resources, across various City departments and from other Planning teams such as Environmental Review.

This EIR is an opportunity to update and revise CEQA thresholds of significance and standard mitigation measures such as those related to traffic and cultural resources. Completion of this effort would expand the eligibility for Community Plan Exemptions under Section 15183 of the CEQA statute to sites throughout the City for projects that comply with the General Plan. Utilizing the General Plan Four-Year Review process to update the General Plan EIR will be more cost effective to achieve Program-Level CEQA streamlining than preparing multiple Program-Level Environmental Impact Reports for individual plans and policies. As part of this work, staff would also analyze noise thresholds and present recommendations to implement expanded construction hours, as directed through City Council's approval of the Mayor's March Budget Message.

Four-Year Review Task Force and Schedule

The General Plan requires the City to reconvene the Task Force during each Four-Year Review to provide community and stakeholder engagement in reviewing and evaluating the implementation of the General Plan and recommending any mid-course actions needed to achieve its goals. As directed by City Council through their approval of the March Budget Message to streamline the Four-Year Review process, and based on the limited scope of the current effort focused on land use, staff is proposing a new approach to the Task Force.

In lieu of reconvening the original General Plan Four-Year review taskforce, staff is recommending the City Council approve this scope of work and staff will prepare a General Plan amendment for City Council consideration this fall to designate the Planning Commission as the Task Force for the upcoming four-year review. The Planning Commission would conduct a series of public study sessions focused on each topic listed above to provide a forum for stakeholder input and discussion. Staff will present their analysis to the Planning Commission and solicit feedback on the approach and findings, which will help inform staff's recommendation to City Council.

Planning Commissioners are familiar with city policymaking, have knowledge on the land use and environmental topics to be discussed, and can provide a diversity of opinion as they are appointed to represent each Council District. They are responsible for making recommendations to the City Council on General Plan Amendments, comprehensive plan updates, and changes to land use and development regulations. In order to move forward with this new approach, a General Plan text amendment will be necessary. If this approach is approved, staff plans to bring forth that amendment for City Council approval by September 2025.

Prior to initiating a Planning Commission Study Session in fall 2025, staff and the consultant team will undertake background work based on the City Council's approved scope of work. Based on the proposed scope above, staff anticipates no more than six Task Force meetings beginning in fall 2025 and concluding in spring 2026. Following the Task Force process, staff and its consultants will conduct environmental review of the recommended amendments. The environmental process is anticipated to be completed in late 2027, with Planning Commission and City Council hearings also conducted in December 2027.

EVALUATION AND FOLLOW-UP

The General Plan Four-Year Review Task Force process is anticipated to be completed in spring 2026 with City Council consideration of policy recommendations and appropriate CEQA clearance in December 2027.

HONORABLE MAYOR AND CITY COUNCIL

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General Plan

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COORDINATION

This memorandum has been coordinated with the City Attorney's Office, City Manager's Budget Office, City Manager's Office of Economic Development and Cultural Affairs, Housing Department and Transportation Department.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the June 3, 2025 City Council meeting. Staff will establish a project specific webpage for the Four-Year Review process prior to initiation of the Task Force process.

COMMISSION RECOMMENDATION AND INPUT

No Commission recommendation or input is associated with this action. The Task Force study sessions were discussed with the Planning Commission on May 14, 2025, and their input was incorporated into the recommendation.

CEQA

Not a Project, File No. PP17-009, Staff Reports, Assessments, Annual Reports, and Informational Memos that involve no approvals of any City action.

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

Director, Planning, Building and Code Enforcement

For questions, please contact Ruth Cueto, Principal Planner, at ruth.cueto@sanjoseca.gov or 408-535-7886.