



Memorandum

TO: THE HONORABLE MAYOR &
CITY COUNCIL

FROM: Councilmember Lan Diep

SUBJECT: STATUS REPORT ON
AMENDMENTS TO NORTH
SAN JOSÉ DEVELOPMENT
POLICY

DATE: December 9, 2019

Approved

Lan Diep

Date

12/9/19

RECOMMENDATION

Accept staff recommendation with the following direction:

1. Refine the definition of the Transit Employment Center land use designation in our city's General Plan, as defined in Chapter 5, to clarify the condition under which "limited residential uses" are allowed, as well as to prevent future uses that do not meet the desired density on land with TEC designation;
2. Provide the Council with an analysis of the additional staffing and funding required to:
 - a. Commence a new programmatic environmental impact study on North San José, utilizing statewide adoption of VMT to guide creation of a new development policy (Council direction 1.b from May 14, 2019);
 - b. Incorporate the Daniel Rose Fellowship's proposal into the North San José Neighborhood Plan (Council direction 3 from May 14, 2019); and
 - c. Develop a longer term work plan to initiate a major policy revision that appropriately updates the NSJ Development Policy's land use and transportation expectations, and facilitates more development within the area (Staff recommendation #6 in November 25, 2019 memo regarding item 4.3 on December 9, 2019 memo); and
3. Identify potential budget actions that Council may take to fund the work identified above.

BACKGROUND

The General Plan identifies North San José as a site for up to 97,000 new jobs and 32,000 new housing units. The North San José Area Development Policy was implemented to facilitate this growth over four phases. This approach has proven problematic, as it has made much-needed housing development contingent on adequate levels of retail, office, commercial, and industrial development. The 8,000 housing units envisioned in Phase 1 of the NSJADP have already been built. This Council has set an ambitious goal to build 15,000 market-rate housing units and 10,000 affordable housing units by 2025. Allowing more housing to be built in NSJ is integral to achieving this goal. Yet, the 8,000 additional housing units allowed in Phase 2 cannot be accessed until other development goals are met.

To address this problem, Staff has proposed combing the four phases of the NSJADP into two, in effect doubling the caps in each development phase. This has presented its own problems, as the City of Santa Clara has asserted that such a move would violate the terms of a settlement agreement between Santa Clara and San José, dating back to the formation of the NSJADP.

To complicate matters even further, the State of California has recently approved laws that make it easier to build housing by taking away local discretion to constrict housing development. The State has however, left cities with discretion over their general plans. Our own general plan designates the light rail corridor in NSJ as a Transit Employment Center due to anticipated job growth and necessary access to transit. Transit Employment Center designations are allowed the same uses as Industrial Park designations, as well as supportive commercial uses. Additionally, the General Plan allows the Transit Employment Center limited residential uses, but does not clarify the extent of residential allowances in the corridor.

ARGUMENT

The State's action to address our statewide housing shortage has curtailed the power of local jurisdictions on how much housing can be built within their jurisdictions. However, cities may still rely on their general plans to have some input on where housing will be sited. North San José has long been deemed a growth area for our city. But that growth is anticipated on many fronts, not just housing. While we need more housing to be built Uptown to create a sense of community and alleviate traffic coming into the area, NSJ must remain the economic engine for the city.

While we welcome additional housing in NSJ, it must not come at the expense of the employment lands that generate revenue for our General Fund. Presently, approximately 13% of our city's land is reserved for employment uses, in contrast to other cities that reserve 20-25% for employment. The Transit Employment Center land-use designation contemplates residential uses to allow for flexibility and mixed-use communities. But residential development must complete developments rich in transit and employment uses; residential uses cannot be the main use of land designated as Transit Employment Center.

It is vitally important to the future of NSJ – and our city as a whole – that the definition of Transit Employment Center be clearly stated in the General Plan as to leave no room for misinterpretation. Additionally, given the actions by the State to intervene in local affairs regarding housing, we must have a strong vision for NSJ. This work is urgent and must be funded if we are to be masters of our own destiny in shaping the growth that awaits.

CONCLUSION

North San José is designated as a critical growth area because of its potential for both job and housing developments. We must utilize North San José to its full capacity, and focus resources to guarantee a major revision of the NSJADP. Clarifying General Plan language on will allow a more comprehensive and goal-oriented plan for the area.