



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Chris Burton

SUBJECT: See Below

DATE: December 11, 2024

COUNCIL DISTRICT: 3, 6

SUBJECT: PP24-010 - A City-Initiated Ordinance Update to Change the Envision San José 2040 General Plan Land Use Designation and Amend Chapter 20.65 (Overlay Districts)

RECOMMENDATION

The Planning Commission voted 9-0 to recommend the City Council take the following actions:

Approve an ordinance:

- (a) Amending the San José Municipal Code, Title 20, Chapter 20.65 'Overlay Districts' to establish the Neighborhood Business Districts Overlay Zoning District, pursuant to the City-Council adopted General Text Amendment establishing a land use overlay, "Neighborhood Business Districts" (GPT21-001), to allow residential uses with specific development standards in the Japantown (Taylor Street only), North 13th Street, and Willow Glen Neighborhood Business Districts.
- (b) Amending the Zoning District Map to add the Neighborhood Business Districts Overlay Zoning District to 213 parcels to allow residential uses in the Japantown (Taylor Street only), North 13th Street, and Willow Glen Neighborhood Business Districts.
- (c) Amending the San José Municipal Code, Title 20, Chapter 20.40 'Commercial Zoning Districts and Public/Quasi-Public Zoning District' to allow residential uses, as described in Table 20-90 of Section 20.40.100 of Chapter 20.40, 'Commercial Zoning Districts and Public/Quasi-Public Zoning District Use Regulations', with specific development standards, as described in Table 20-100 of Section 20.40.200 of Chapter 20.40, 'Commercial Zoning Districts Development Standards', in the Willow Glen Neighborhood Business District.
- (d) Amending the San José Municipal Code, Title 20, Chapter 20.55 'Urban Village and Mixed Use Zoning Districts' to allow residential uses, as described in Table 20-138 of Section 20.55.203 of Chapter 20.55, 'Urban Village and Mixed Use Zoning District Use Regulations', with specific development standards, as described in Table 20-136 of Section 20.55.100 of Chapter 20.55, 'Urban Village and Mixed Use Zoning Districts Development Standards' and Table 20-137 of Section 20.55.104 of Chapter

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20.55, 'Mixed Use Neighborhood Development Standards' in the North 13th Street and Japantown (Taylor Street only) Neighborhood Business Districts.

SUMMARY AND OUTCOME

Approval of the proposed ordinance will effectuate GPT21-001 and close out this remaining item from the last Four-Year Review that was adopted by City Council in 2021. The approval of the proposed Municipal Code amendments will amend various chapters within Title 20 of the Zoning Ordinance, as described in the Analysis section below, to allow residential uses with specific development standards in the Willow Glen, North 13th Street, and Japantown (Taylor Street only) Neighborhood Business Districts.

BACKGROUND

On December 4, 2024 the Planning Commission held a public hearing to consider the proposed City-initiated ordinance changes. Commissioner Lardinois made a motion to approve the recommendation. Commissioner Cantrell seconded the motion. The motion passed 9-0. A complete background of this proposed ordinance amendments is included in the attached Planning Commission staff report dated December 4, 2024.

ANALYSIS

A complete analysis of the proposed Ordinance Amendments is included in the attached Planning Commission staff report dated December 4, 2024.

EVALUATION AND FOLLOW-UP

If the proposed resolutions are approved by City Council, the ordinance changes will be effective 30 days after Council adoption at the second reading.

COORDINATION

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

PUBLIC OUTREACH

A public hearing notice hearing was posted on the City's website. A total of 4,717 notices for the December 4, 2024 Planning Commission Hearing and the December 17,

2024 City Council Hearing, were mailed to the owners and tenants of properties located within 500 feet of the project site. Staff reached out to interested members of the public with an update on the project timeline and staff has been available to respond to questions from the public.

This memorandum will be posted on the City's Council Agenda website for the December 17, 2024 City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

On December 4, 2024, the Planning Commission held a public hearing to consider the proposed Zoning Ordinance update. Staff presented a background and summary of the proposed changes for the Commission. There were no comments from the public.

Commissioners Lardinois and Cantrell expressed gratitude to staff for the presentation and the work completed for the proposed ordinance and shared their strong support for the concept of mixed-use development in our city's neighborhood business districts. Commissioner Young also expressed his support for additional housing in Neighborhood Business Districts.

Commissioner Tordillos inquired about the potential impact of Senate Bill 330 (SB 330), particularly concerning a net loss of 1,575 residential units. Staff clarified that the reduction in maximum building heights resulted in a loss of potential residential units but would be balanced out with a group of rezonings that is scheduled for City Council on December 17, 2024.

Commissioner Oliverio inquired on the format of the 2021 public meetings and how the poll results were obtained. Staff responded that the community meetings were held virtually with an online poll for community input. The feedback, gathered through multiple-choice questions, discussed various residential densities and building heights, and were presented at each community meeting for each Neighborhood Business District. Commissioner Oliverio requested clarification for the City's obligation to comply with state housing mandates and the implications if City Council were to not support the proposed ordinance. Staff responded that the City Council approved a work plan that required this item to be brought to Council by the end of 2024. While staff does not know how the California Department of Housing and Community Development would respond if the ordinance was not approved, they believe a pattern of missed milestones and non-approvals could raise concerns from the State.

Commissioner Oliverio asked staff to clarify commercial space requirements. Staff confirmed that any new mixed-use development demolishing an existing commercial space must maintain a 1:1 replacement ratio for commercial square footage. If no commercial space was demolished, the development must include 60 percent storefront

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frontage along primary streets. Commissioner Oliverio requested clarification on how the Willow Glen Neighborhood Business District boundary was established. Staff responded that City Council approved the boundary decades ago, prior to the initiation of this project.

Commissioner Oliverio requested clarification from the City Attorney about the long-term implications of SB 330, particularly whether housing could later be removed through a rezoning. Staff clarified that if the City allows housing in certain areas, any future changes that remove housing would be restricted and the City would need to find additional sites to compensate for any loss of housing. Commissioner Oliverio inquired about AB 2097, which eliminates parking requirements for developments along bus routes. He asked whether the City had taken this change into account especially in light of the City's previous considerations about parking and concerns from local businesses about parking availability. Staff confirmed that the City Council directive was to align with state law, including the elimination of parking minimums.

Commissioner Lardinois made a motion to recommend approval of the staff recommendation. Commissioner Cantrell seconded this motion. The Planning Commission voted 9-0 to recommend the City Council approve this item per staff's recommendation.

CEQA

Determination of Consistency with the Envision San José 2040 General Plan Final Program Environmental Impact Report (Resolution No. 76041) and the Envision San José 2040 General Plan Supplemental Environmental Impact Report (Resolution No. 77617), and Addenda thereto.

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

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The principal author(s) of this memorandum is Lindsey Gelman, Planner I, Planning Building, Code Enforcement. For questions, please contact Justin Daniels, Supervisor Planner, Planning, Building, Code Enforcement, at justin.daniels@sanjoseca.gov or (408) 535-7842.

ATTACHMENT

Planning Commission Staff Report from December 4, 2024



Memorandum

TO: PLANNING COMMISSION

FROM: Christopher Burton

SUBJECT: PP24-010

DATE: December 4, 2024

COUNCIL DISTRICT: 3, 6

<p>Project Description</p>	<p>An ordinance to amend Chapter 20.65 ‘Overlay Districts’ to establish the Neighborhood Business Districts Overlay Zoning District to allow residential uses with specific development standards in the Japantown (Taylor Street only), North 13th Street, and Willow Glen Neighborhood Business Districts; and amend the Zoning District Map to apply the Neighborhood Business Districts Overlay Zoning District to 213 parcels to allow residential uses and specific development standards in the Japantown (Taylor Street only), North 13th Street, and Willow Glen Neighborhood Business Districts; and amend Chapter 20.40 ‘Commercial Zoning Districts and Public/Quasi-Public Zoning District’ to allow residential uses, as described in Table 20-90 of Section 20.40.100 of Chapter 20.40, ‘Commercial Zoning Districts and Public/Quasi-Public Zoning District Use Regulations’, with specific development standards, as described in Table 20-100 of Section 20.40.200 of Chapter 20.40, ‘Commercial Zoning Districts Development Standards’, in the Willow Glen Neighborhood Business District; and amend Chapter 20.55 ‘Urban Village and Mixed Use Zoning Districts’ to allow residential uses, as described in Table 20-138 of Section 20.55.203 of Chapter 20.55, ‘Urban Village and Mixed Use Zoning District Use Regulations’, with specific development standards, as described in Table 20-136 of Section 20.55.100 of Chapter 20.55, ‘Urban Village and Mixed Use Zoning Districts Development Standards’ and Table 20-137 of Section 20.55.104 of Chapter 20.55, ‘Mixed Use Neighborhood Development Standards’ in the North 13th Street and Japantown (Taylor Street only) Neighborhood Business Districts; and</p>
<p>CEQA Clearance</p>	<p>Consider the Determination of Consistency for the Addendum (Resolution No. 80300) to the Envision San José 2040 General Plan Final Program Environmental Impact Report (Resolution No. 76041) and Supplemental Environmental Impact Report to the Envision San José General Plan Final Program Environmental Impact Report (Resolution No. 77617), and Addenda thereto in conformance with CEQA.</p>
<p>Project Planner</p>	<p>Lindsey Gelman</p>

RECOMMENDATION

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

1. Consider the Determination of Consistency for the Addendum (Resolution No. 80300) to the Envision San José 2040 General Plan Final Program Environmental Impact Report (Resolution No. 76041) and Supplemental Environmental Impact Report to the Envision San José General Plan Final Program

Environmental Impact Report (Resolution No. 77617), and Addenda thereto in conformance with CEQA; and

2. Approve an ordinance:
 - a. Amending the San José Municipal Code, Title 20, Chapter 20.65 'Overlay Districts' to establish the Neighborhood Business Districts Overlay Zoning District, pursuant to the City-Council adopted General Text Amendment establishing a land use overlay, "Neighborhood Business Districts" (GPT21-001), to allow residential uses with specific development standards in the Japantown (Taylor Street only), North 13th Street, and Willow Glen Neighborhood Business Districts.
 - b. Amending the Zoning District Map to add the Neighborhood Business Districts Overlay Zoning District to 213 parcels to allow residential uses in the Japantown (Taylor Street only), North 13th Street, and Willow Glen Neighborhood Business Districts.
 - c. Amending the San José Municipal Code, Title 20, Chapter 20.40 'Commercial Zoning Districts and Public/Quasi-Public Zoning District' to allow residential uses, as described in Table 20-90 of Section 20.40.100 of Chapter 20.40, 'Commercial Zoning Districts and Public/Quasi-Public Zoning District Use Regulations', with specific development standards, as described in Table 20-100 of Section 20.40.200 of Chapter 20.40, 'Commercial Zoning Districts Development Standards', in the Willow Glen Neighborhood Business District.
 - d. Amending the San José Municipal Code, Title 20, Chapter 20.55 'Urban Village and Mixed Use Zoning Districts' to allow residential uses, as described in Table 20-138 of Section 20.55.203 of Chapter 20.55, 'Urban Village and Mixed Use Zoning District Use Regulations', with specific development standards, as described in Table 20-136 of Section 20.55.100 of Chapter 20.55, 'Urban Village and Mixed Use Zoning Districts Development Standards' and Table 20-137 of Section 20.55.104 of Chapter 20.55, 'Mixed Use Neighborhood Development Standards' in the North 13th Street and Japantown (Taylor Street only) Neighborhood Business Districts.

PROJECT BACKGROUND

The Envision San José 2040 General Plan (General Plan) is a comprehensive policy document that lays the framework for becoming a fiscally-sound and environmentally sustainable city of great places. The General Plan sets forth Goals and Policies requiring the City to conduct a review of the Plan every four years, also known as a Four-Year Review. The last Four-Year Review concluded on December 7, 2021 with the adoption of various policies including updates to the "Neighborhood Business District" general plan overlay ([GPT21-001](#)) to allow residential development within three of the city's 10 Neighborhood Business Districts (NBD's), with specific development standards.

Staff conducted extensive outreach in NBD communities during the Four-Year Review from April through June 2021. Meetings were held to determine community support for more intensive residential uses in NBDs. This feedback helped shaped the proposed General Plan Overlay and development standards for the three NBD's noted above. Additional background on the outreach process can be found in the November 19, 2021 [Planning Commission Memorandum](#) to City Council and the October 27, 2021 [Planning Commission staff report](#) for GPT21-001.

On November 10, 2021, the Planning Commission considered the General Plan Text Amendment updating the Neighborhood Business Districts (NBD) Overlay to allow residential projects within the Japantown (Taylor Street only), North 13th Street, and Willow Glen Neighborhood Business Districts, and on December 7, 2021, City Council adopted the General Plan Text Amendment.

This proposed ordinance is a follow up action from the adoption of GPT21-001 which will create a new overlay zoning ordinance for residential development within the three specified NBD's that mirrors the General Plan Overlay adopted by City Council in 2021 ([Resolution No. 80322](#)). Approval of the proposed ordinance would effectuate GPT21-001 and close out this remaining item from the last Four-Year Review.

ANALYSIS [OBJ]

Neighborhood Business Districts contain a variety of commercial and noncommercial uses which contribute to neighborhood identity by serving as a focus for neighborhood activity. The General Plan NBD designation functions as an "overlay" designation which is applied to predominantly commercial land use designations. The NBD designation seeks to preserve, enhance, and revitalize San José's neighborhood-serving commercial areas through the coordination of public and private improvements, such as streetscape beautification, facade upgrading, business organization activities, business development, and promotional events.

In areas with an NBD overlay designation, any new development or redevelopment must conform to the underlying land use designation and zoning district for the site, which is typically a commercial designation and zoning district. Some NBD's are designated Mixed Use Neighborhood (MUC) - a commercial designation that allows mixed-use development but only where such development provides a substantial amount of commercial space (0.5 FAR minimum). This ordinance would introduce a zoning overlay containing separate development standards for mixed-use or 100% residential developments within the Japantown (Taylor Street only), North 13th Street, and Willow Glen Neighborhood Business Districts, consistent with the updated NBD General Plan overlay. The overlay only requires that any existing commercial or industrial square footage be replaced with, at minimum, ground floor commercial space. No commercial space would be required on a site where no commercial or industrial space exists on site at time of development. Further, the overlay sets a lower height limit than would otherwise be allowed for mixed-use development in MUC.

The majority of properties in the North 13th Street and Japantown NBDs currently have the Mixed Use Commercial General Plan Land Use designation. With the proposed ordinance update, residential uses in North 13th Street and Japantown NBDs would be allowed with a lower commercial requirement than is otherwise required in MUC. Willow Glen (Lincoln Avenue) is primarily designated Neighborhood/Community Commercial (NCC) which does not allow residential uses, except for 100% deed-restricted affordable housing developments. With this ordinance update, market rate mixed use or residential projects would be allowed in the Willow Glen NBD.

Neighborhood Business District Overlay sites

The proposed zoning ordinance update would be applied to three NBDs only: North 13th Street, a portion of the Japantown, and Willow Glen. The North 13th Street NBD is bounded by East Hedding Street to Jackson Street and contains 76 parcels; existing commercial uses within this NBD predominately support vehicular services and motel/hotel uses. The North 13th Street NBD has a Mixed-Use Commercial General Plan Land Use designation, which allows for mixed-use development at a maximum building height of 85 feet with a minimum 0.5 commercial FAR and maximum residential density of 50 dwelling units per acre. The proposed ordinance will reduce the maximum building height to 50 feet for mixed-use or residential projects within the Neighborhood Business District Overlay.

The sites in the Japantown NBD (Taylor Street Only) are bounded by North 2nd Street to the west and North 6th Street to the east along Taylor Street, totaling 22 parcels. Existing uses include a mix of commercial uses and both single-family homes and mid-rise apartments. The General Plan Land Use

designations within this NBD are predominantly Mixed Use Commercial with several Residential Neighborhood General Plan Land Use designation, and one concentrated area of Mixed Use Neighborhood General Plan Land Use designation. The proposed ordinance will increase the maximum building height to 50 feet and maximum residential density to 50 dwelling units per acre for sites north of Taylor Street. Sites located south of Taylor streets shall not exceed a maximum building height of 65 feet and maximum residential density of 65 dwelling units per acre.

The Willow Glen NBD is bounded by Coe Avenue to the north and Minnesota Avenue to the south, which contains 115 parcels. Existing uses include neighborhood-serving retail stores, offices, and private community facilities as well as both single-family homes and multifamily residences. A majority of this NBD has a General Plan Land Use designation of Neighborhood/Community Commercial, which does not allow residential uses other than 100% affordable development, so the proposed ordinance will add residential uses to the Willow Glen NBD sites within this overlay. Sites less than 1.5 acres shall not exceed a maximum residential density of 50 dwelling units per acre and a maximum building height of 50 feet; sites at 1.5 acres or more shall not exceed a maximum residential density of 65 dwelling units per acre and a maximum building height of 65 feet.

In addition to the standards described above, proposals for redevelopment with residential uses must also comply with Citywide Design Standards and Guidelines, and must adaptively reuse any historic structures that are on the proposed project site. Exhibit D contains the entire proposed ordinance.

Senate Bill 330

Senate Bill 330 (SB 330) prohibits a city from changing the land use designation or zoning of a parcel or parcels where housing is an allowable use to a less intensive housing use unless the city concurrently changes the land use designation or zoning of another parcel or parcels to ensure no net loss in residential capacity within a city. The proposed development standards would result in a net loss of 1,575 residential units, however File Nos. C24-064, C24-065, C24-066, C24-067, C24-068, C24-070 (to be heard by City Council at the same hearing) would result in an upzoning of 25,203 units, complying with SB 330 requirements.

General Plan 2040 Conformance

The proposed zoning ordinance update is consistent with the following Envision San José 2040 General Plan policies:

1. Major Strategy #3 – Focused Growth: The Focused Growth Major Strategy plans for new residential and commercial growth capacity in specifically identified “Growth Areas” (Urban Villages, Specific Plan areas, Employment Areas, Downtown) while the majority of the City is not planned for additional growth or intensification. The strategy focuses new growth into areas of San José that will enable the achievement of economic growth, fiscal sustainability, and environmental stewardship goals, while supporting the development of new, attractive urban neighborhoods.
2. Vibrant Neighborhoods Policy VN-1.17: Explore revising the 100 percent replacement of commercial to provide more flexibility based on the different status and success of each Neighborhood Business District.
3. 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 green house gas emissions.
4. Land Use Policy LU-5.7: Encourage retail, restaurant, and other active uses as ground-floor occupants in identified growth areas and other locations with high concentrations of development.
5. Land Use Policy LU-9.2: Facilitate the development of complete neighborhoods by allowing appropriate commercial uses within or adjacent to residential and mixed-use neighborhoods.

6. Land Use Policy LU-10.4: Within identified growth areas, develop residential projects at densities sufficient to support neighborhood retail in walkable, main street type development.

Analysis: This project allows for residential uses with specific development standards in the subject Neighborhood Business Districts (GPT21-001) at a higher residential density that the existing underlying zoning district allows. The proposed ordinance aligns with Policies VN-1.17, LU-5.7 and LU-9.2 to lower commercial requirements for mixed-use developments within the overlay sites (GPT21-001). Policies H-4.3, LU-9.2, LU-10.4 further promote the Focused Growth Major Strategy for residential and commercial growth in the Neighborhood Business District (NBD) overlay sites.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

The environmental impacts of the General Plan Four-Year Review were evaluated in an Initial Study/Addendum to the Envision San Jose 2040 General Plan Program Environmental Impact Report (EIR), Supplemental Environmental Impact Report, and Addenda thereto. As described in the Initial Study/Addendum, the General Plan Four-Year Review does not create any of the conditions described in Section 15162 of the CEQA Guidelines that call for the preparation of a subsequent Environmental Impact Report. No new significant impacts would occur, and no previously examined significant effects would be substantially more severe than shown in the Envision San José 2040 General Plan EIR and SEIR. Thus, an Addendum to the adopted EIRs is the appropriate environmental documentation to analyze the potential environmental impact.

The Initial Study/Addendum is posted to the City's "Active EIRs" website at:

(<https://www.sanjoseca.gov/your-government/departments-offices/planning-building-code-enforcement/planning-division/environmental-planning/environmental-review/active-eirs/general-plan-four-year-review>). The Envision San José 2040 General Plan EIR and SEIR can be found at www.sanjoseca.gov/completedeirs.

PUBLIC OUTREACH

Staff followed Council Policy 6-30: Public Outreach Policy in order to inform the public of the proposed project. A notice of the public hearing was distributed to the owners and tenants of all properties located within 500 feet of the project site and posted on the City website. The staff report is also posted on the City's website. Staff has been available to respond to questions from the public. A virtual community meeting was held for each Neighborhood Business District, as follows:

- North 13th Street NBD, October 7, 2024: There were a total of six attendees. Comments were made to consider labor standards for potential development and highlighting the need to protect historical properties within the NBD. Staff replied that any property over 50 years is required to complete a historic evaluation when a development permit is submitted. One inquiry was given to reconsider expanding the North 13th Street NBD boundary south to Empire or Washington Street to protect the existing businesses, which City Council considered back in 2021 and chose not to expand.
- Japantown NBD, October 10, 2024: There were a total of 14 attendees. Comments were made to consider labor standards and parking impacts for potential residential developments. Staff replied that due to the removal of minimum parking requirements, development does not require parking. If parking were to be considered, Staff would assist the applicant to provide sufficient parking. Additional comments by the Japantown Neighborhood Association were to support more public transportation access with the City's removal of minimum parking requirements.
- Willow Glen NBD, October 16, 2024: There were a total of 33 attendees. Comments were made in concern of the potential parking and traffic impacts with new residential development with additional questions for building setbacks for second-floor development. Staff took record of the parking and traffic concerns while stating that any proposed development will be subject to the underlying zoning

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district development standards regarding setbacks and design guidelines for mixed use development.

There were additional concerns from residents that this ordinance was advocated by a single developer to allow for more development in the Willow Glen neighborhood.

Project Manager: Lindsey Gelman

Approved by: Ruth Cueto, Principal Planner for Christopher Burton, Director of Planning Building & Code Enforcement.

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

ATTACHMENTS:	
Exhibit A:	Map of NBD Overlay Sites - Willow Glen Neighborhood Business District (Page 7)
Exhibit B:	Map of NBD Overlay Sites - North 13 th Street Neighborhood Business District (Page 8)
Exhibit C:	Map of NBD Overlay Sites - Japantown (Taylor Street only) Neighborhood Business District (Page 9)
Exhibit D:	Draft Ordinance Amending Chapter 20.65 of the San José Municipal Code; and Draft Ordinance Amending the Zoning District Map

EXHIBIT A: MAP OF NBD OVERLAY SITES - WILLOW GLEN NEIGHBORHOOD BUSINESS DISTRICT



EXHIBIT B: MAP OF NBD OVERLAY SITES - NORTH 13TH STREET NEIGHBORHOOD BUSINESS DISTRICT

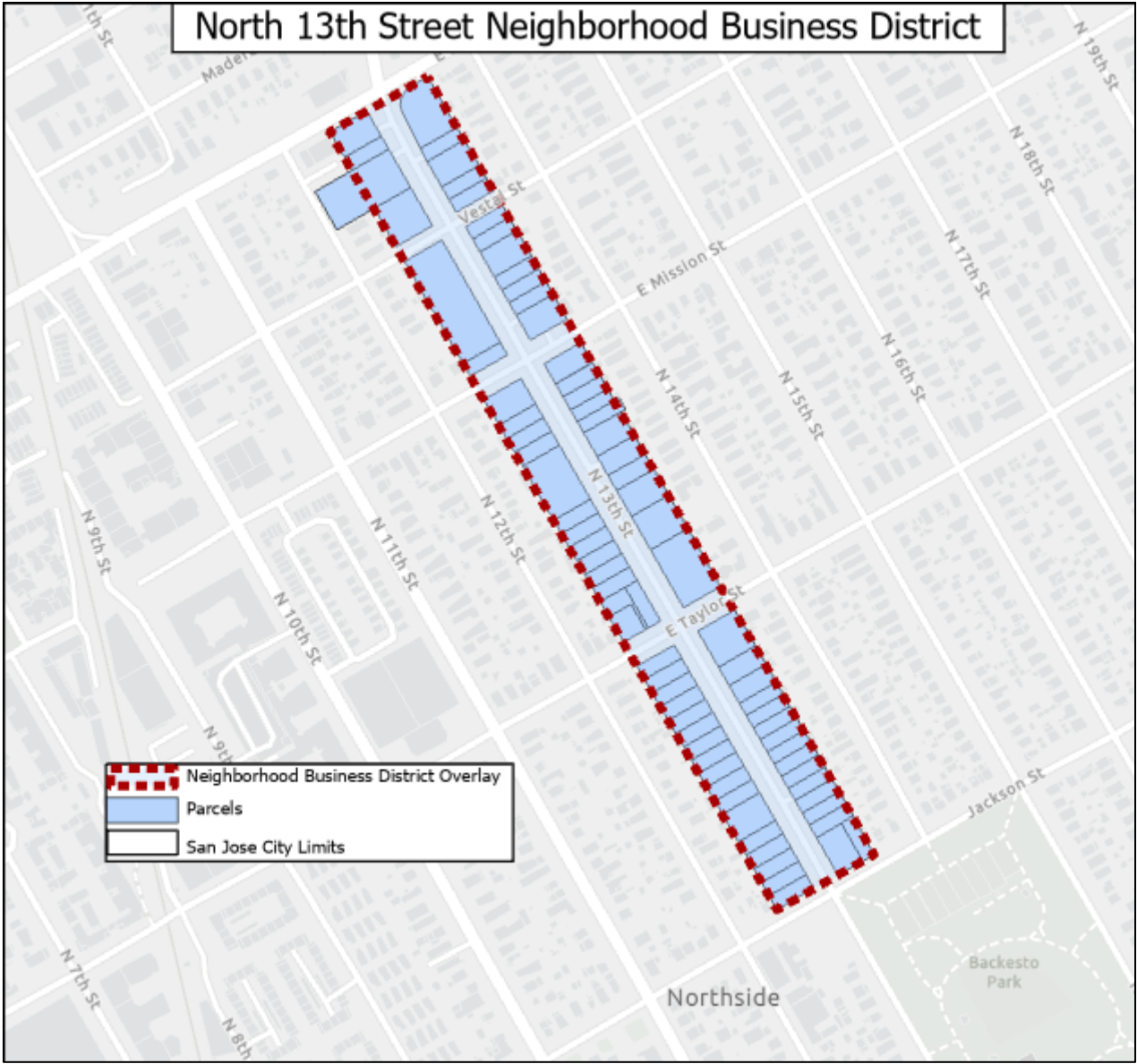


EXHIBIT C: MAP OF NBD OVERLAY SITES - JAPANTOWN (TAYLOR STREET ONLY) NEIGHBORHOOD BUSINESS DISTRICT

