

Senate Bill 79 Industrial Ordinance and Analysis on Senate Bill 79/Assembly Bill 130 and Historic Resources

City Council

March 17, 2026

Item 10.2 and 10.3

Chris Burton, Director, Planning, Building, and Code Enforcement

Manira Sandhir, Deputy Director, Planning, Building, and Code Enforcement

Jerad Ferguson, Principal Planner, Planning, Building, and Code Enforcement

Dana Peak, Principal Planner, Planning, Building, and Code Enforcement



*Planning, Building and
Code Enforcement*

Background



Source: <https://www.hcd.ca.gov/about-hcd/newsroom/new-transit-oriented-supportive-housing-opens-san-jose>

Senate Bill 79 (SB 79)

Signed on October 10, 2025

Effective July 1, 2026

- Streamlines housing development
- Any site zoned for:
 - Residential
 - Mixed-use
 - Commercial
- Within ½ mile of qualifying transit stops

City Council Direction SB 79

City Council Direction (January 27, 2026):

1. Designate qualifying industrial areas identified in the GP2040 as Employment Areas as ‘**industrial employment hubs**’ (IEH) and **exempt nonresidential sites** within those areas from the provisions of SB 79
2. *Future ordinance to exempt sites with no walking path less than one-mile from the location of the TOD stop based on further analysis.*
3. *Future action to add minimum densities in the downtown core and explore in other growth areas, based on further analysis.*
4. **Analysis of adequacy of CEQA to protect historic resources under SB 79 given new CEQA exemption under AB 130.**

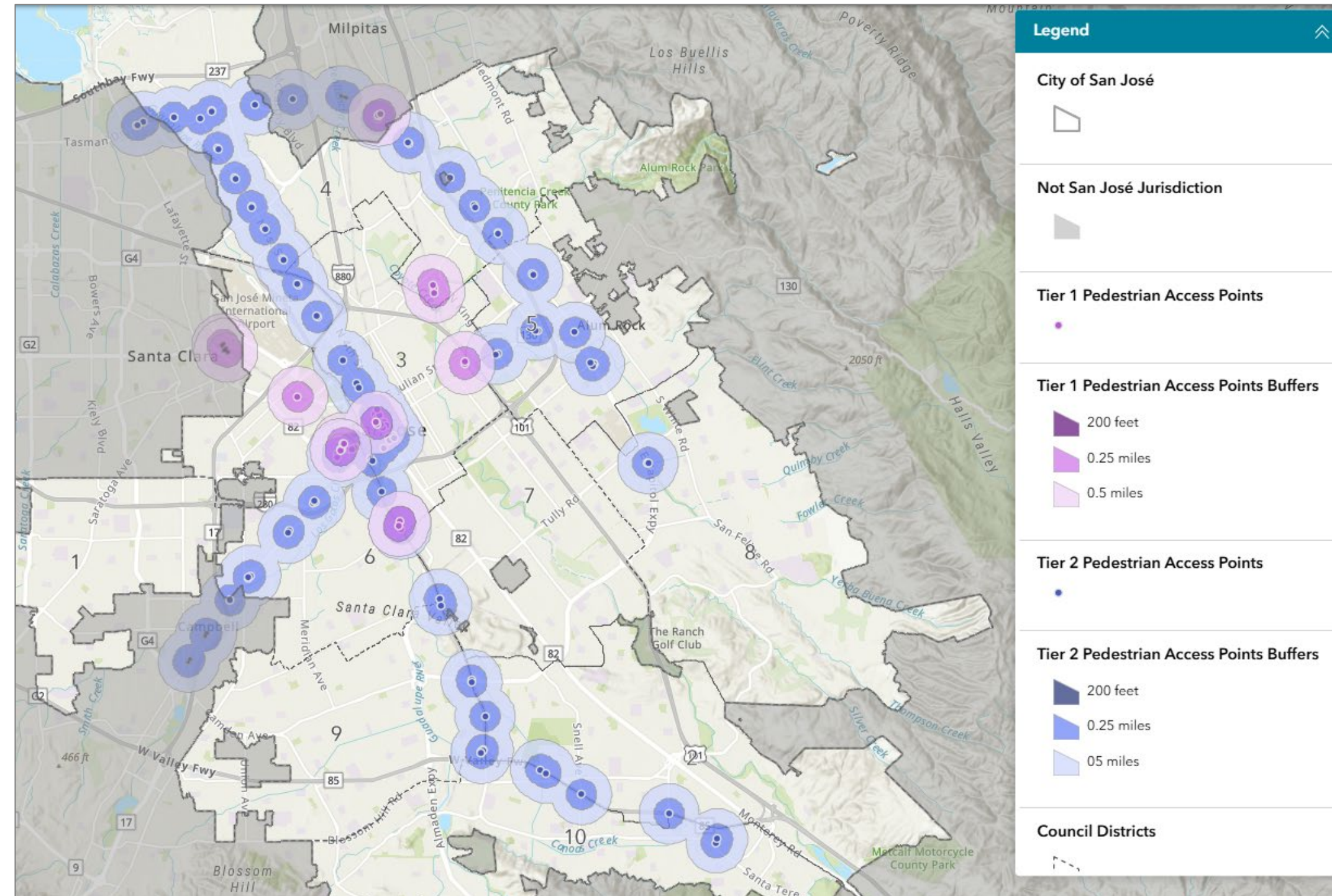


Source: Google Maps Image of Industrial Building in North San Jose, Captured September 2025, retrieved March 4, 2026

Background

SB 79 Transit Stops

TOD Stop Tier	Transit Type	Applicability in San José	Number of Current or Future Stations in/adjacent to San José
Tier 1	- Heavy Rail Transit - Very High Frequency Commuter Rail (72 trains per day)	- Caltrain (electrified) - BART - Future BART	4 Caltrain 6 BART <i>10 total stations</i>
Tier 2	- Light Rail - High Frequency Commuter Rail (48 trains per day) - Bus Rapid Transit with dedicated lane	- VTA light rail - Bus Rapid Transit with dedicated lane	44 VTA light rail 2 Bus Rapid Transit <i>46 total stations</i>



Background

SB 79 Standards

Distance	Tier 1	Tier 2
Adjacent to TOD stop (<i>within 200 feet of pedestrian access point</i>)	- Height: 95 feet - Density: 160 DU/AC - Residential FAR: 4.5	- Height: 85 feet - Density: 140 DU/AC - Residential FAR: 4.0
¼-mile from TOD stop	- Height: 75 feet - Density: 120 DU/AC - Residential FAR: 3.5	- Height: 65 feet - Density: 100 DU/AC - Residential FAR: 3.0
½-mile from TOD stop	- Height: 65 feet - Density: 100 DU/AC - Residential FAR: 3.0	- Height: 55 feet - Density: 80 DU/AC - Residential FAR: 2.5



Source: 808 West Apartments retrieved March 6, 2026

SB 79 Industrial Employment Hub Exclusion

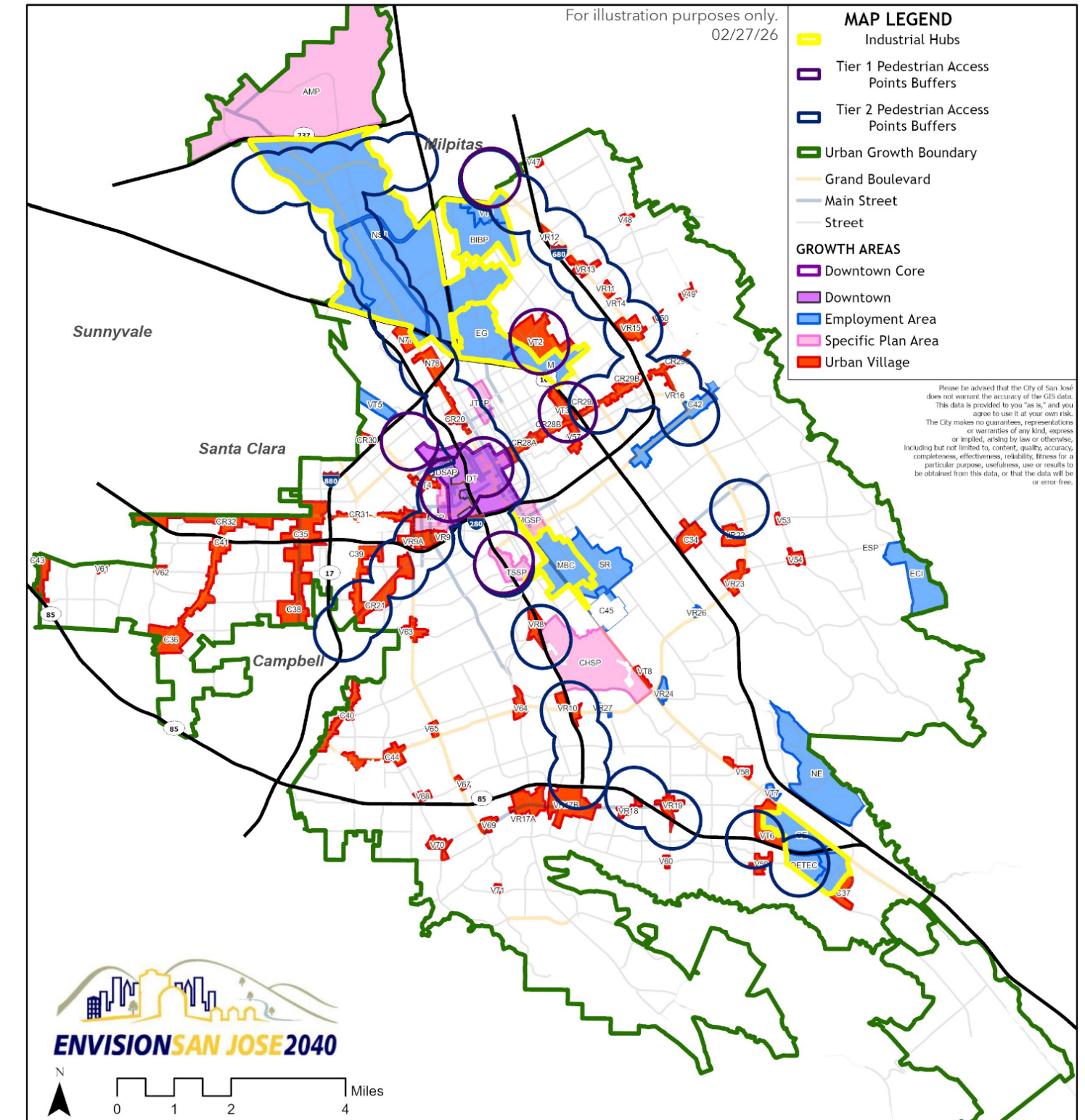
Gov Code 65912.160 (e)(2)

Exclusion Provision Criteria: at least 250 acres of contiguous employment lands area with parcels primarily dedicated to industrial use

Name of Employment Lands Area

- 1) North San José
- 2) Berryessa International Business Park, Lundy/Milpitas BART
- 3) East Gish, Mabury
- 4) Monterey Business Corridor
- 5) Old Edenvale, Old Edenvale Transit Employment Center

ENVISION SAN JOSE 2040 GENERAL PLAN
INDUSTRIAL EMPLOYMENT HUB AREA DIAGRAM

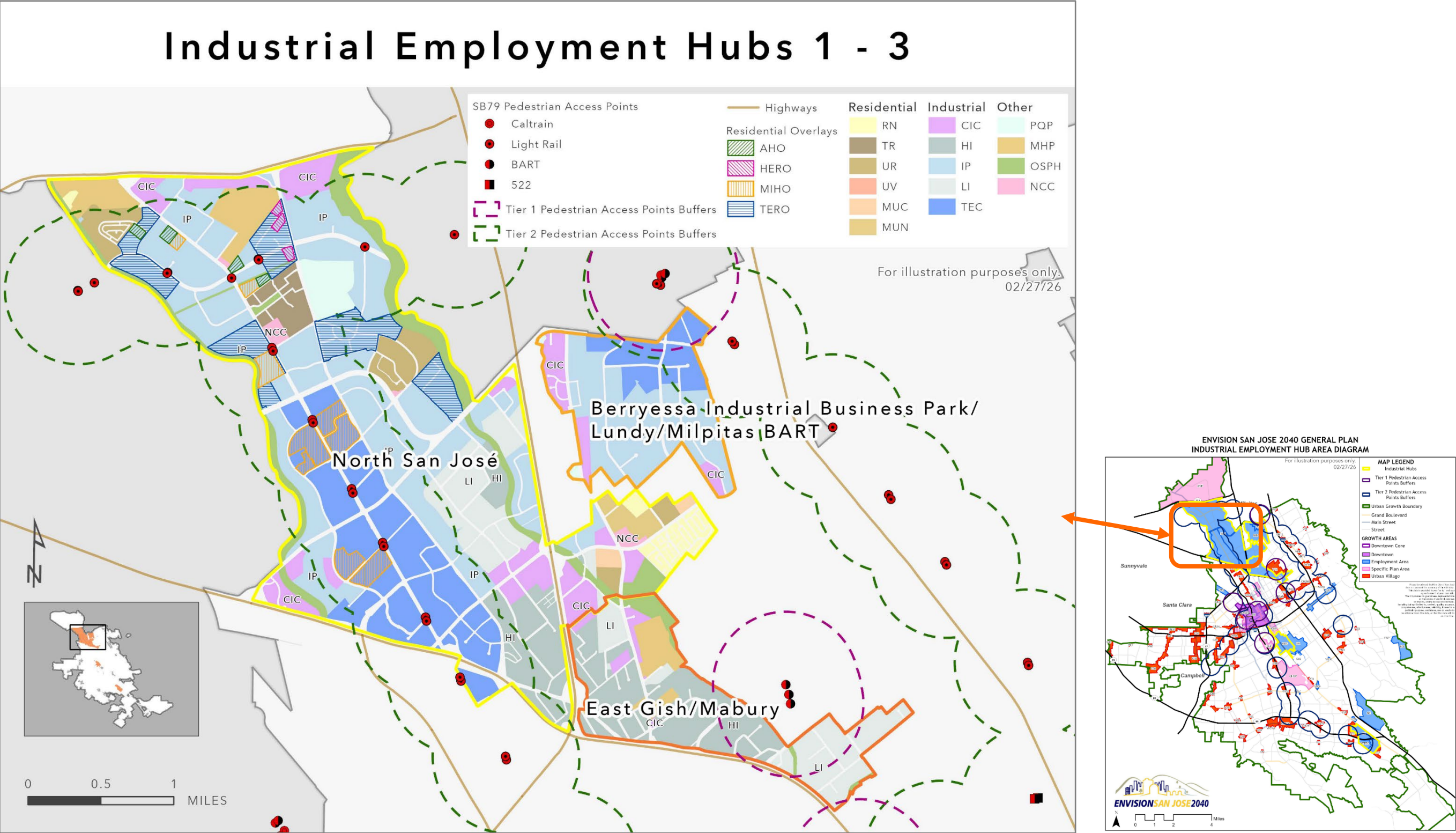


SB 79 Industrial Employment Hub Exclusion

Identified Employment Area boundaries	Total Parcels	Total Acreage	*Industrial GP		% Industrial GP
			Parcels	Acreage	
1) North San José	2,264	3,206	794	2,335	72.8
2) Berryessa International Business Park/Lundy/Milpitas BART	311	632	298	596	94.2
3) East Gish/Mabury	471	780	401	638	81.8
4) Monterey Business Corridor	414	421	324	388	92
5) Old Edenvale/Old Edenvale Transit Employment Center	678	537	234	491	91.3

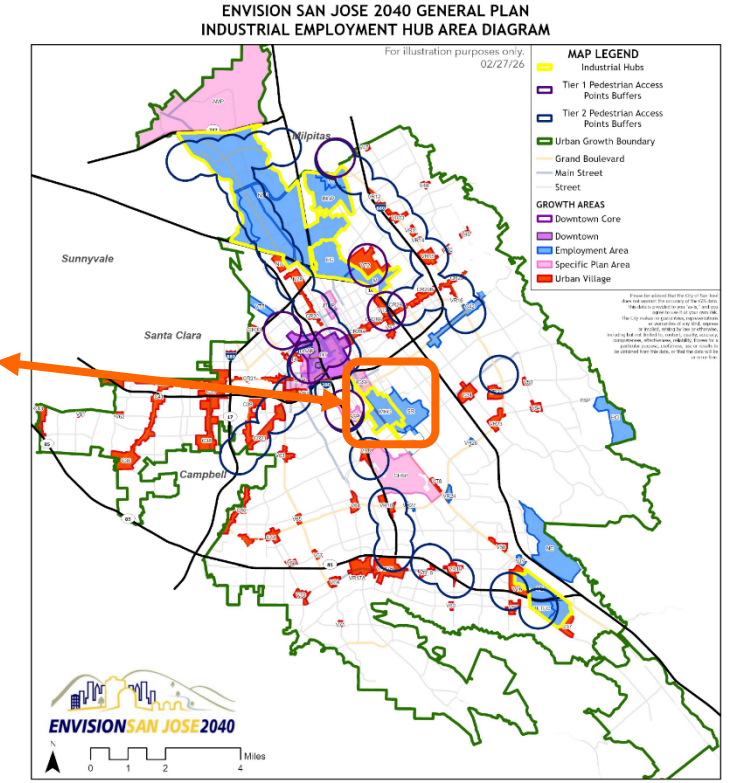
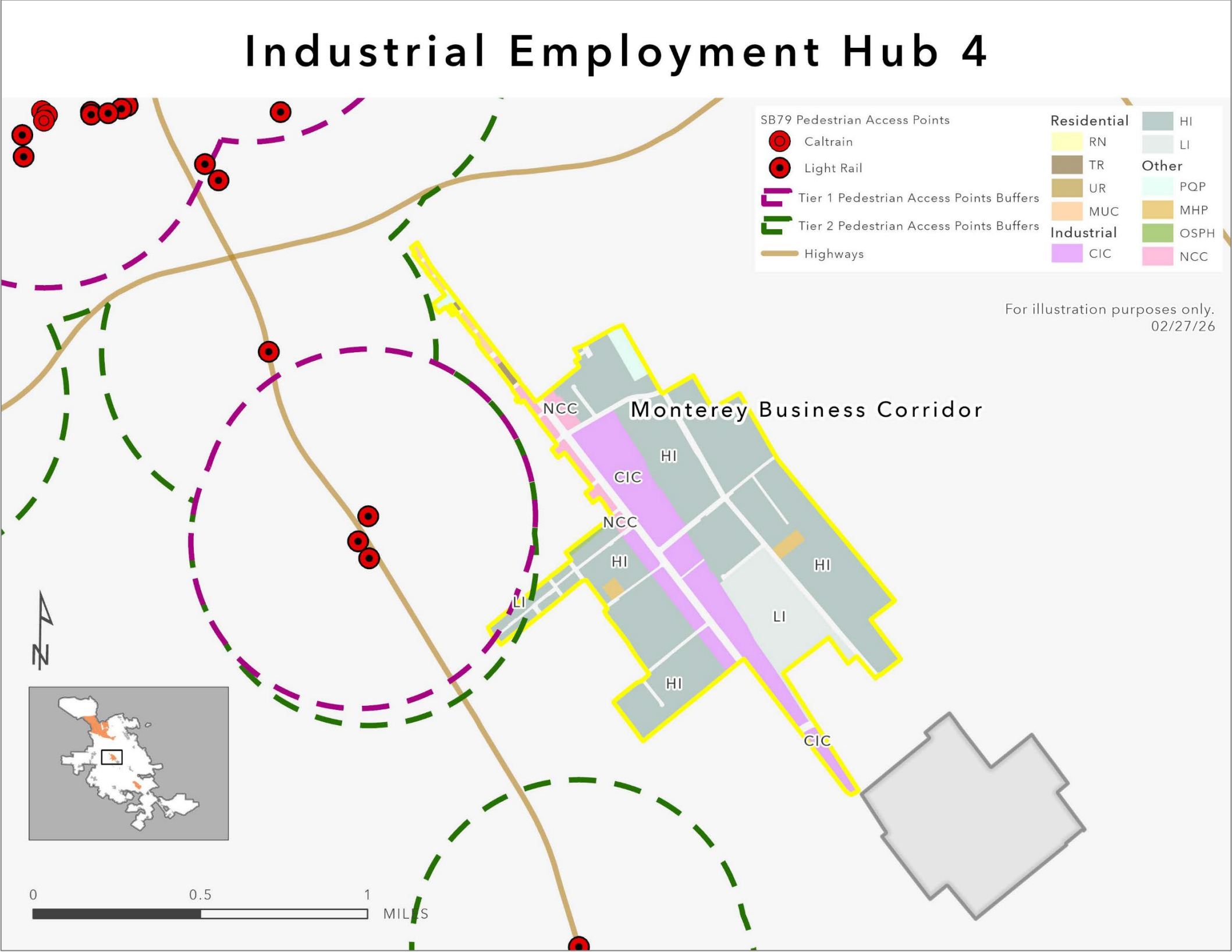
SB 79 Industrial Employment Hub Exclusion

North San José / Berryessa International Business Park / Lundy/Milpitas BART / East Gish / Mabury



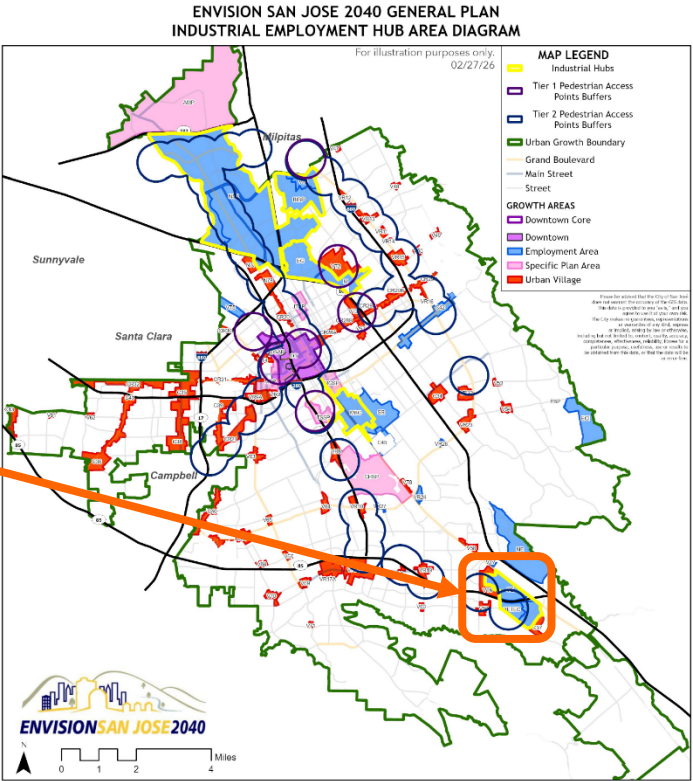
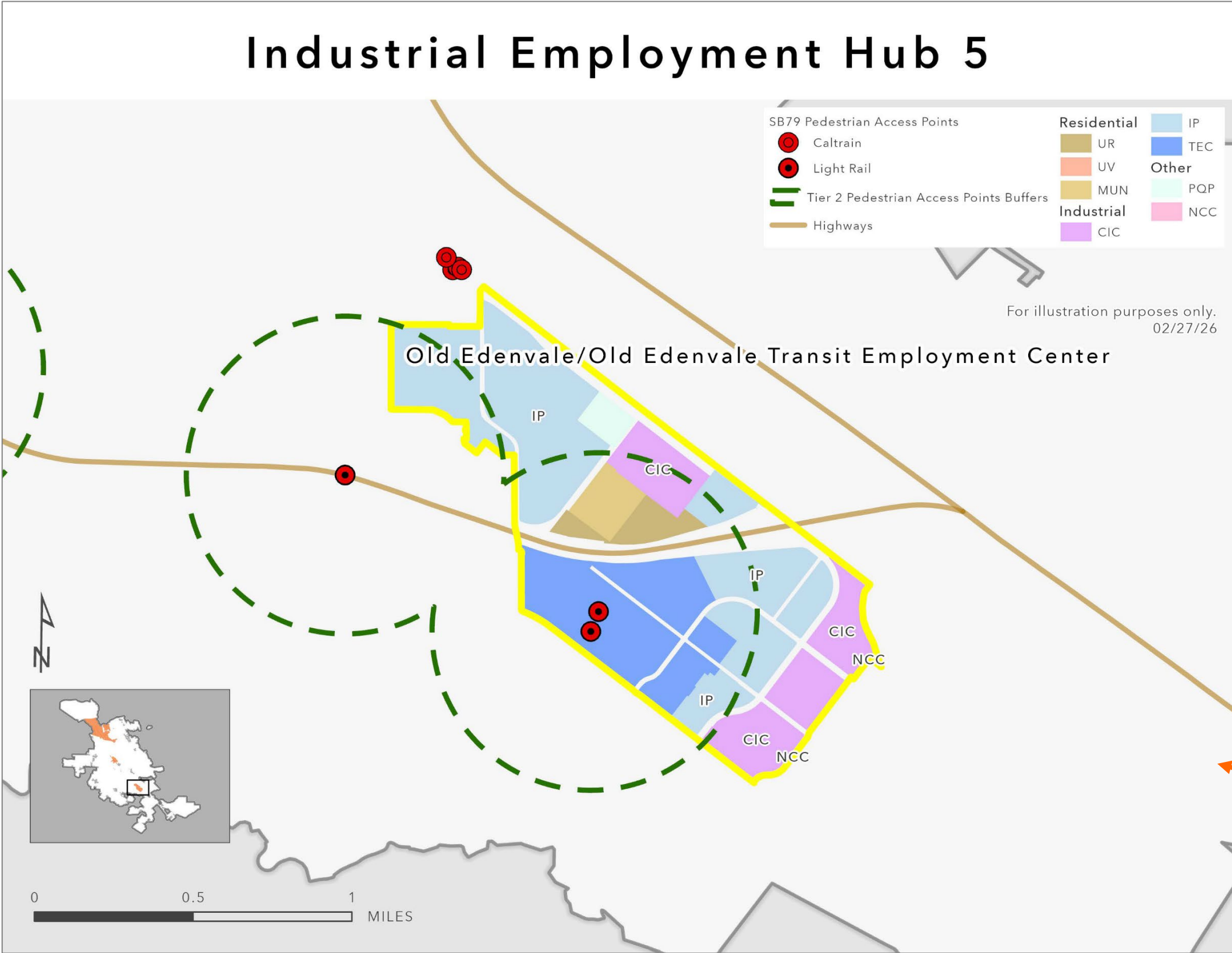
SB 79 Industrial Employment Hub Exclusion

Monterey Business Corridor



SB 79 Industrial Employment Hub Exclusion

Old Edenvale / Old Edenvale Transit Employment Center



Industrial Employment Hub Ordinance Timeline

- March 17, 2026 – City Council Hearing
- March 24, 2026 – City Council Second Reading
- March 25, 2026 – Submittal to Department of Housing and Community Development (HCD) for Review (*90 days*)
- April 23, 2026 – Effective Date of Ordinance (*30 days following second reading*)
- **July 1, 2026 – SB 79 Effective Date**

SB 79 and Historic Resources

- 17 of 56 TOD areas contain designated historic resources.
- Highest concentration of historic resources in downtown.
- Historic resources within TOD areas face new development pressure due to the upzoning provided in SB 79.



CEQA and AB 130

Demolition More than 50% – *NOT EXEMPT*

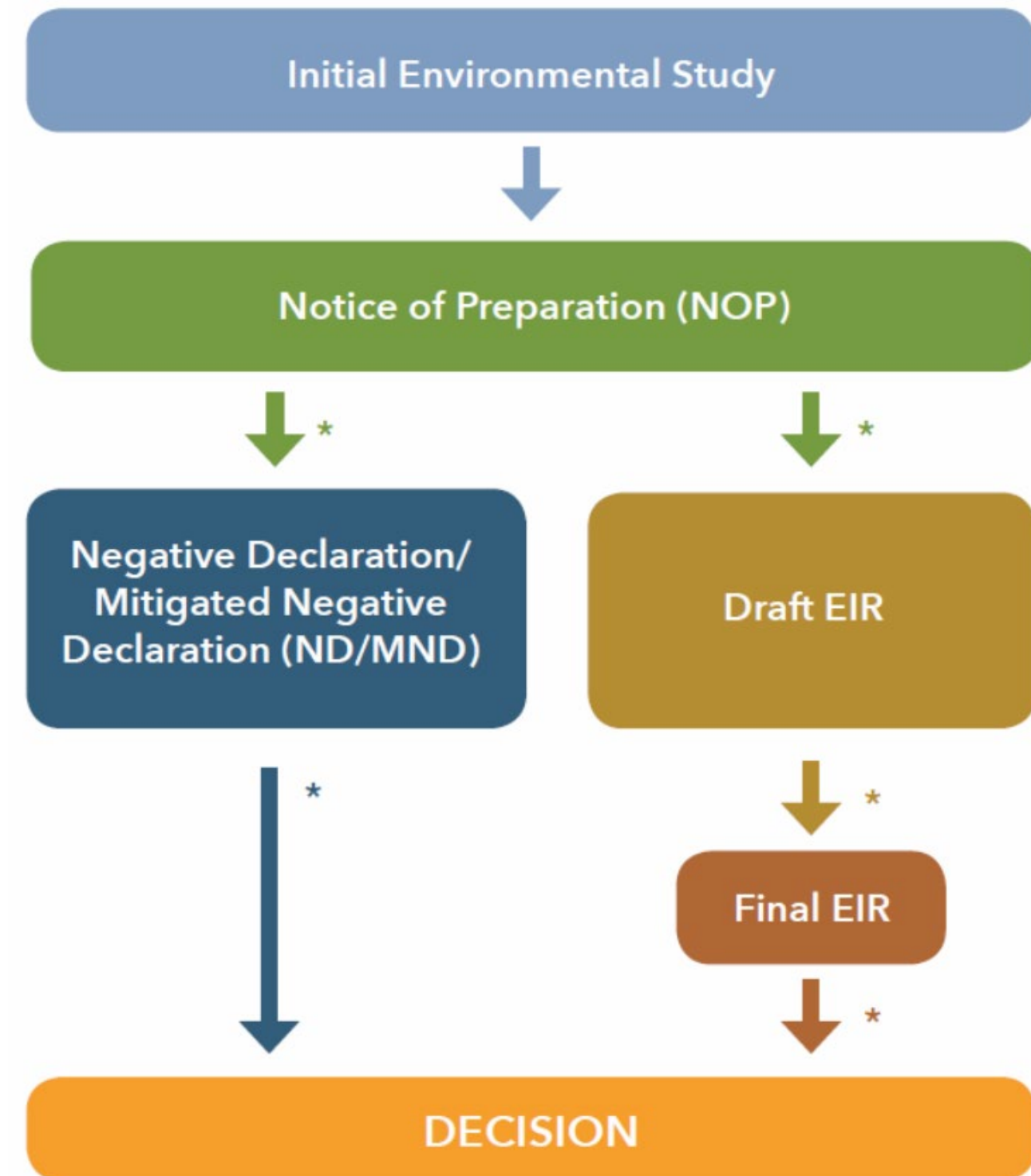


- AB 130 cannot be used to demolish a historic structure
- Demolition Definition - **removal of more than 50% of exterior walls. Does not factor in significant historic features or façade elements.**
- *"Placed on a national, state, or local historic register"*

Implications of Relying on CEQA

CEQA is a potential deterrent but provides no formal protection from demolition or alteration.

Process with procedural requirements to study and disclose impacts, and to mitigate where feasible.



Significant Alterations - *EXEMPT*



Example: East Santa Clara Street – National Register Historic District

- Significant alterations of historic resources are CEQA exempt under AB 130
- May compromise historic integrity of structure and setting
- No Historic Preservation Permit if not a landmark or landmark district

Unlisted Eligible Historic Resources - *Exempt*

- Significant properties not listed on the Historic Resources Inventory could be demolished under AB 130
- No CEQA review required so would not identify historic resources

Example: Sakauye Farm House



Staff Recommendation

Add Demolition Definition for Historic Resources

Direct staff to return to City Council with a draft ordinance adding a definition for “demolition” of historic resources applicable to Assembly Bill 130 projects in Title 20 (Zoning Ordinance) of the San José Municipal Code.

Additional Option

Temporary Exemption Ordinance for Historic Resources

Adopt an ordinance to temporarily exempt sites from SB 79 with a historic resource designated on a local register as of January 1, 2025 until one year following the adoption of the next Housing Element.

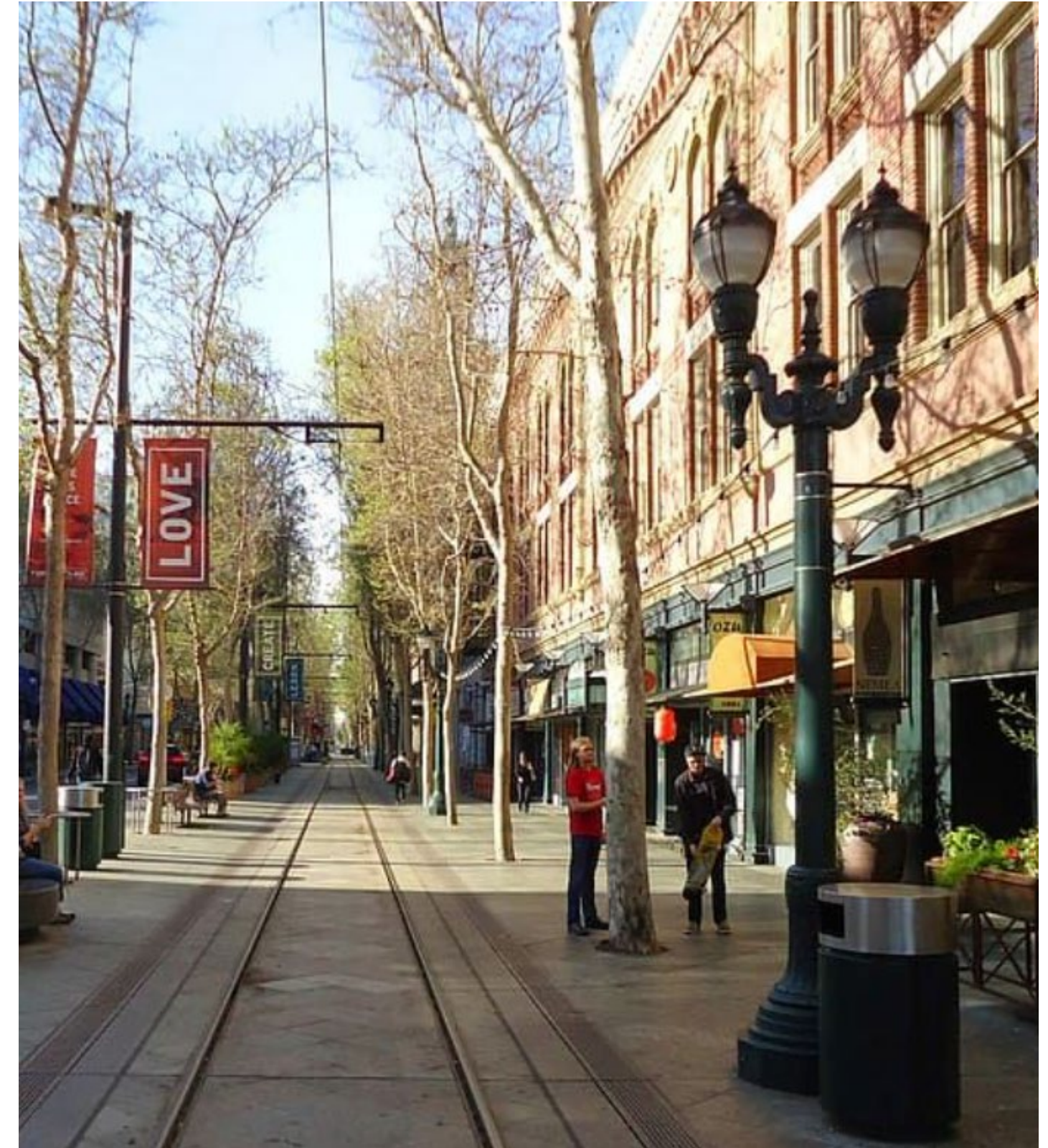
Additional Options Needing Resource Allocation

Alternative Plan

Develop an alternative plan for TOD areas with a high concentration of historic resources to redistribute housing density.

Historic Resources Survey and Historic Resources Inventory Clean Up

Continue to identify, evaluate, and designate historic properties to proactively plan for their incorporation into the City's growth and development.



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