



# Memorandum

**TO:** City Council

**FROM:** Councilmember Matt Mahan

**SUBJECT:** Unlocking Housing Capacity  
within Urban Villages

**DATE:** December 7, 2021

**APPROVED:**

A handwritten signature in black ink that reads "Matt Mahan".

## **RECOMMENDATIONS:**

Direct the City Manager to return to Council through the FY21/22 budget process with a proposed resource allocation dedicated to the creation of priority urban village plans that have the potential to unlock near-term housing opportunities based on market demand. In assessing the necessary resources, staff should also identify opportunities to refine the Urban Village process and streamline its implementation.

## **BACKGROUND:**

Thank you to city staff and the many external stakeholders who collaborated through the General Plan Four-Year Review process to identify policy improvements that will benefit San Jose's residents for years to come.

The Envision 2040 General Plan's urban village framework offers a compelling vision of the future: vibrant, mixed-use, walkable neighborhoods where the city's infrastructure can support growth without worsening everyone's quality of life with increased traffic and air pollution. Across our 68 designated urban villages, the General Plan allows for an additional 120,000 much-needed housing units that would go a long way toward addressing our regional housing supply shortage.

In practice, however, this vision has been slow to materialize. The planning process itself is a barrier to execution, as only 13 urban village plans have been completed in the last 10 years, leaving 55 designated urban villages unplanned. Moreover, planning capacity has largely depended on external grant funding and has not necessarily been aligned with where residential market demand—and therefore, the greatest opportunities for homebuilding—exists.

Our regional housing shortage demands action. But our residents also demand good planning that protects their everyday quality of life—their commute, air quality, and neighborhood—and the fiscal health of our city. We have an opportunity to take strategic action by speeding up the

planning of additional urban villages where staff identifies the greatest opportunity to increase residential investment and density. Our upcoming Cost of Development study can help inform which urban villages are most likely to support the rents necessary to make new residential investment feasible. This will not only provide homes for future San Joseans, but also help increase built-in demand (i.e. a market) within future urban villages for retail, transportation and other fiscally-beneficial activities.

Urban villages are a compelling concept, but it is up to us to make them a reality. This action would constitute a small step toward that end.