



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Christopher Burton

SUBJECT: ENVISION SAN JOSE 2040
GENERAL PLAN 2021 ANNUAL
PERFORMANCE REVIEW

DATE: January 26, 2022

Approved

Date

01/27/22

RECOMMENDATION

Accept the Envision San José 2040 General Plan 2021 Annual Performance Review report.

OUTCOME

The City Council's consideration of the attached General Plan Annual Performance Review report provides the Council with updated information on the status, conditions, and outcomes relating to the General Plan's 12 Major Strategies prior to making decisions on pending land use and text amendments to the General Plan.

BACKGROUND

On November 1, 2011, the City Council adopted the Envision San José 2040 General Plan, which built on longstanding policies of growth management and added a stronger framework to create great places throughout San José and enhance job growth. The General Plan requires an annual performance review to enable evaluation of progress on strategies and implementation actions. The attached annual report, which includes an Executive Summary, fulfills this evaluation requirement.

ANALYSIS

As the largest city in the Bay Area and the tenth largest city in the country, San José is in a prime position for attracting and creating economic growth and sustainable development. Since the adoption of the Envision San José 2040 General Plan in November 2011, San José has

experienced tremendous growth in development with the vast majority being constructed in the City's designated Growth Areas, consistent with the Focused Growth Major Strategy.

The Envision San José 2040 General Plan also sets forth goals and policies relating to infrastructure/service levels, environmental sustainability, housing affordability and availability of housing supply, and healthful community living. The City of San José has made notable progress towards achieving these goals. This progress is evident from the new dense, mixed-use development experienced in the General Plan's Growth Areas; implementation of multi-modal Capital Improvement projects; and implementation of sustainability goals and policies, including implementation of Climate Smart San Jose.

While the City has advanced many of the General Plan's goals, some performance measures remain relatively inconclusive or unchanged at this time. This is to be expected as many of the goals set forth in the General Plan are long term. Also, the performance period was impacted by the novel coronavirus (COVID-19) pandemic resulting in a decrease in development activity compared to the years prior to the pandemic. Some of the primary General Plan goals that the City continues to work toward achieving include increasing the City's jobs to employed resident ratio, increasing the percentage of new housing units that are affordable, reducing the proportion of drive-alone car trips, and maintaining current service levels for parkland and community centers. The attached Annual Performance Review Report expands on the City's progress in implementing the General Plan. The Report is organized by the General Plan's 12 Major Strategies:

- 1) Community Based Planning;
- 2) Form-Based Plan;
- 3) Focused Growth;
- 4) Innovation/Regional Employment Center;
- 5) Urban Villages;
- 6) Streetscapes for People;
- 7) Measurable Sustainability/Environmental Stewardship;
- 8) Fiscally Strong City;
- 9) Destination Downtown;
- 10) Life Amidst Abundant Natural Resources;
- 11) Design for a Healthful Community; and
- 12) Phasing and Periodic Review.

CONCLUSION

The City of San José has made notable progress towards achieving the Major Strategies of the Envision San José 2040 General Plan. This progress is evidenced by:

- new dense, mixed-use development experienced in the General Plan's Growth Areas;
- decrease in commercial/office vacancy rates;
- adoption of Urban Village Plans;

- implementation of multi-modal Capital Improvement projects; and
- implementation of sustainability goals and policies,

While the City has advanced many of the General Plan's goals, some performance measures remain relatively inconclusive or unchanged at this time as noted above, and need continued work.

EVALUATION AND FOLLOW-UP

On February 8, 2022, the City Council will consider land use and text amendments to the Envision San José 2040 General Plan. The annual performance review report is intended to provide information that is helpful to the Council in making decisions on the individual amendments.

CLIMATE SMART SAN JOSE

This memorandum is a report of the General Plan's annual performance and City Council's action to accept this report has no effect on Climate Smart San José energy, water, or mobility goals.

Climate Smart San José fulfills and goes beyond the Measurable Sustainability/Environmental Stewardship Major Strategy in the General Plan. Multiple other major strategies in the General Plan further support the implementation of Climate Smart San José's goals, such as job creation through the Innovation/Regional Employment Center Major Strategy; facilitating bicycling, walking, and transit rideshare through the Streetscapes for People Major Strategy; and increasing the density of new development through the Focused Growth, Urban Villages, and Destination Downtown Major Strategies.

PUBLIC OUTREACH

The report will be available for public review prior to the Council's discussion, and staff is available to answer questions. Public engagement on the General Plan is considered important and desirable. It is also Major Strategy #1 Community Based Planning. This memorandum will be posted on the City's website for the February 8, 2022 Council agenda.

COORDINATION

The information contained in the General Plan Annual Performance Review report was obtained through collaborative work with the Office of Economic Development and Cultural Affairs, the

HONORABLE MAYOR AND CITY COUNCIL

January 27, 2022

Subject: Envision San José 2040 General Plan 2021 Annual Performance Review

Page 4

City Manager's Office, and the Departments of Transportation, Environmental Services, Housing, and Parks, Recreation and Neighborhood Services.

COMMISSION RECOMMENDATION/INPUT

No commission recommendation or input is associated with this action. A study session on the General Plan Annual Performance Review was held for the Planning Commission on January 11, 2022, but no recommendation or action was taken. Staff provided a summary of the report at the study session and answered questions from the Planning Commissioners.

CEQA

Not a Project, File No. PP17-010, City Organizational and Administrative Activities resulting in no changes to the physical environment.

/s/

CHRISTOPHER BURTON, DIRECTOR
Planning, Building and Code Enforcement

For questions please contact, Michael Brilliot, Deputy Director, at Michael.brilliot@sanjoseca.gov or 408-896-0136.

Attachment: Envision San José 2040 General Plan 2021 Annual Performance Review Report/2021 General Plan Annual Performance Review Executive Summary



**2021 GENERAL PLAN
ANNUAL PERFORMANCE
REVIEW
FOR FY2020-21**

DECEMBER 2021

Department of Planning, Building and Code Enforcement
Planning Division



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CONTENTS

INTRODUCTION	5
PERFORMANCE ANALYSIS OF THE 12 MAJOR STRATEGIES	7
1 COMMUNITY BASED PLANNING	7
2 FORM-BASED PLAN	9
3 FOCUSED GROWTH	10
4 INNOVATION/REGIONAL EMPLOYMENT CENTER	16
5 URBAN VILLAGES	20
6 STREETSAPES FOR PEOPLE	25
7 MEASURABLE SUSTAINABILITY/ENVIRONMENTAL STEWARDSHIP	27
8 FISCALLY STRONG CITY	30
9 DESTINATION DOWNTOWN	32
10 LIFE AMIDST ABUNDANT NATURAL RESOURCES	35
11 DESIGN FOR A HEALTHFUL COMMUNITY	39
12 PLAN HORIZONS AND PERIODIC MAJOR REVIEW	44
HOUSING	45
CONCLUSION	49
APPENDIX A – MEASURABLE SUSTAINABILITY AND CLIMATE SMART BOLD GOALS AND STATUS	50

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INTRODUCTION



View the complete General Plan at
<https://www.sanjoseca.gov/home/showdocument?id=22359>

When adopted in November 2011, the **Envision San José 2040 General Plan** (General Plan) provided for an annual performance review to enable evaluation of progress on the General Plan’s strategies and implementation actions. Implementation Policy IP-3.1 specifies: “Beginning in 2013, hold one Annual Review hearing for the Planning Commission and the City Council to review and consider privately proposed amendments to the Envision General Plan and to evaluate its Performance Measures.”

This annual performance review report fulfills this evaluation requirement. The report describes the status, conditions, and/or progress pertinent to the 12 Major Strategies and related actions contained in the General Plan. The 12 interrelated and mutually supportive Major Strategies are considered fundamental to the achievement of the City’s Vision and together promote the continuing evolution of San José into a great city.

Events in the past fiscal years have been unprecedented. Fiscal Year 2020 began in the middle of a global pandemic with shelter-in-place restrictions and state-wide lockdowns. The COVID-19 global pandemic has had significant impacts on San José and although the worst of the pandemic is likely over, there is still uncertainty for the future. The pandemic has affected implementation of the Major Strategies in the General Plan in the past fiscal year of FY2020-21.

As the COVID-19 pandemic unfolded in the east, the City formed a Pandemic Management Team in late January 2020, and activated its Emergency Operations Center (EOC) to implement the City’s Pandemic Response Plan virtually on February 28. The Pandemic Management Team coordinated closely with Santa Clara County Health and directly with Dr. Sara Cody, Santa Clara County Public Health Officer, to manage information, monitoring, reporting, response, and public education regarding the COVID-19 pandemic. The City launched a daily Flash Report for COVID-19 Mitigation and Response to disseminate crucial public health information to city residents on March 6. On March 16, 2020, the Santa Clara County Public Health Officer issued a stay-at-home order to slow the spread of COVID-19. In January of 2021, the regional stay-at-home order was lifted as COVID vaccines became available for high risk individuals and essential workers. Vaccines were made highly available to public in the April of 2021. Recently, a new vaccine for children between the ages of five to eleven and booster shots to strengthen initial vaccines have been made publicly available. Santa Clara County public health officials continue to promote vaccinations and approximately 90.8% of residents over the age of twelve have received COVID vaccinations.

The pandemic continues to impact our daily lives and continues to evolve as new variants are discovered. Although the future is uncertain, the worst of the pandemic seems to have passed as vaccination rates increase. The effects of the pandemic on the 12 Major Strategies of the General Plan are discussed further throughout this report.



View of Downtown San José from Martin Luther King Jr. Library. (Source: flickr.com, Darshan Karia)

PERFORMANCE ANALYSIS

MAJOR STRATEGY #1 – COMMUNITY BASED PLANNING

The City is committed to open government and community participation in its governance activities. The General Plan includes five goals, 23 policies, and two action items related to community outreach, going far beyond State requirements for providing public outreach and community engagement in land use planning activities.

The City’s Public Outreach Policy, Policy 6-30, establishes a protocol for distribution of information related to development activity and encourages early and frequent communication between staff, applicants, and the public on specific development applications. In early 2019, the Office of the City Auditor performed an audit of the Planning Division’s current development noticing practices and provided recommendations in March 2019. Recommendations include:

- Update Council Policy 6-30 to reflect realistic goals for on-site notices;
- Create an updated contact list and map of neighborhood associations to involve neighborhood leaders early in the development review process;
- Provide notices in the predominant language of the neighborhoods;
- Clarify guidance on noticing radii for various permit types in Council Policy 6-30; and
- Create a mechanism for community feedback on noticing and hearing processes for periodic updates and improvements.

In response to the recommendations, staff identified target completion dates within the next two years depending on staffing and resources. Staff developed feedback surveys (including online surveys) for the public to comment on the existing process and to provide suggestions on how to improve community meetings, development noticing, and public hearings. Implementation of these surveys began in September 2019 and staff continues to collect and respond to community feedback. In September 2020, staff developed the Neighborhood and Business Association map with updated contact information that will allow staff to notify community leaders of development proposals in their community earlier in the development review process.

The Planning Division tracks its community outreach meetings on development proposals, General Plan amendments, and ordinance updates, as well as the development of Urban Village and other area plans. As shown in Figure 1, between FY2011-12 and FY2020-21, the Planning Division held 508 community meetings, an average of 50 meetings per year. The number of meetings and attendees in FY2020-21 are more than any other year due to a backlog of community meetings from the COVID-19 pandemic. The ease and convenience of virtual meetings may have attributed to more community meetings; however, average number of attendees remains consistent.

Due to the COVID-19 pandemic, community meetings in all departments were suspended for three months (March through May) as the City’s Emergency Operations Center’s Virtual Community Engagement Section, led by Planning staff,

Figure 1.
Planning Division
Community Meetings

Fiscal Year	Meetings	Total Attendees
20-21	115	3,581
19-20	26	702
18-19	63	1,795
17-18	40	1,686
16-17	58	2,686
15-16	49	2,158
14-15	27	1,246
13-14	50	1,483
12-13	49	1,429
11-12	31	442
Total	508	17,208

developed tools, processes, and strategies for virtual community engagement outreach that could be implemented citywide. By June 2020 staff implemented an online outreach and engagement program to maintain community outreach during the shelter-in-place order. Since the implementation of virtual community outreach in June 2020, the Planning Division held approximately 115 virtual community meetings with almost 3,581 unique viewers.



The 4-Year Review Task Force Meeting is held through a virtual platform with over 30 individual Task Force members and over 25 public attendees. The meeting was streamed lived through multiple platforms and recorded for on-demand viewing.

MAJOR STRATEGY #2 – FORM-BASED PLAN

Land use designations that address the form and character of the built environment, as well as appropriate uses and densities, enable the General Plan to clearly articulate a vision for San José’s future urban form.

The General Plan subscribes to form-based planning. Form-based planning principles address the form, character, land uses and densities for future development. Additionally, the principles provide for flexibility of economic activity, address neighborhood concerns about compatibility of new development, and promote ongoing development of complete, cohesive neighborhoods.

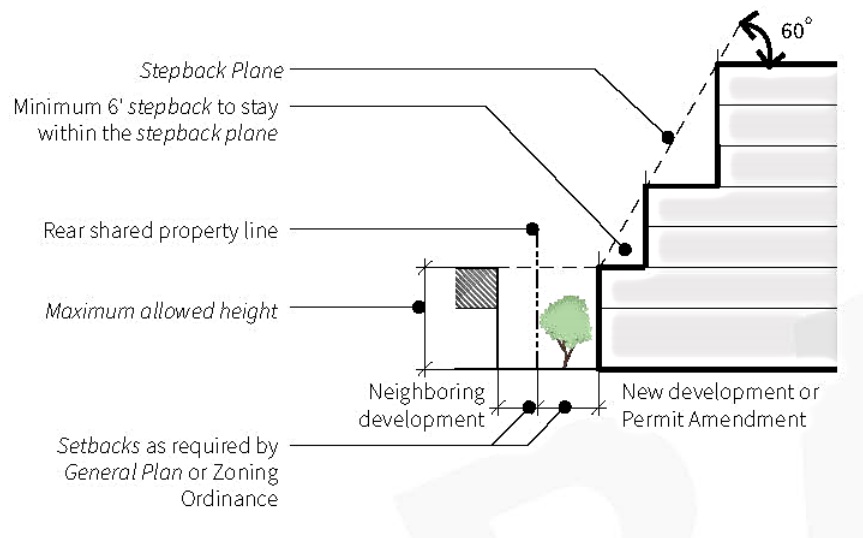
The Planning Division applies form-based principles during the review of development proposals and in the preparation of Urban Village plans. Additionally, development applications within the Downtown are evaluated according to the Downtown Design Guidelines and Standards (DDGS), which provide direction for the design of new development in the Downtown area. The DDGS was adopted by City Council on April 23, 2019.

On February 23, 2021, The Citywide Design Standards and Guidelines (Citywide DSG) were adopted by City Council for areas within the San Jose’s Urban Growth Boundary, except for Downtown. The San José Citywide Design Standards and Guidelines will help the City facilitate growth, set expectations for high-quality site and building design, and maintain and enhance the character of its neighborhoods and communities.

Below is an example diagram of form-based planning from the adopted Citywide DSG for massing and height transition.

View the Citywide Design Standards and Guidelines at <https://www.sanjoseca.gov/your-government/departments-offices/planning-building-code-enforcement/planning-division/start-a-new-project-or-use/design-guidelines/citywide-design-guidelines-update>

Adopted Citywide DSG – Building massing relationship to context.



MAJOR STRATEGY #3 – FOCUSED GROWTH

San José is the tenth largest city in the country and the third largest city in the state of California. Since the adoption of the General Plan, San José has had an overall increase in population since the adoption of the *Envision San José 2040 General Plan* and remains the largest city in Santa Clara County with more than half of the County’s total population.

- **Population Growth.** As of January 2021, San José had an estimated population of 1,029,782 people, an 1.8% decrease from January 2020 (see Figure 1), and equaling approximately 53% of the total population of Santa Clara County (State of California, Department of Finance). While population in San José has increased since 2011, 2021 marks the first year where the population growth has decreased. The flattening and decrease in population growth in San José can likely be attributed to the COVID-19 Pandemic and other contributing factors like decreasing birth rates and high housing and living costs. Remote work has become a new normal for many workers, however it is still unclear whether this shift is permanent as variants of the disease continue to linger. Population growth is estimated to continue to increase in the future as workers return and vaccination rates increase.
- **Job Growth.** As of December 2020, San José has a total of 398,136 jobs, of which approximately 26,000 of these jobs were created since the adoption of the General Plan, representing an 7% increase from December 2011 (California Employment Development Department, Census ACS 2010-2017). The year 2020 continues the declining job growth trend from 2018 and 2019, with a 9.3% job loss, equivalent to approximately 40,000 jobs. This was an expected economic slowdown and market correction as economic growth has had an increasing trend for years. Also, this likely reflects the peak COVID-19 impact on employment in San José. Unfortunately, due to the California Employment Development Department (CEDD) data release cycles for cities, this does not reflect employment recovery or impacts of increased vaccination. Impacts from COVID-19 on employment are further discussed under Major Strategy #4 – Innovation/Regional Employment Center. The General Plan includes a planned job capacity of 382,000 new jobs until the year 2040, equating to approximately 13,000 new jobs per year. Prior to the large decline in 2020, San José was adding on average 7,700 jobs annually. Including 2020, San José has added approximately 2,900 jobs annually since 2011, far below the goal of 13,000 jobs annually.

The Focused Growth Major Strategy directs both population and job growth to identified Growth Areas through the intensification and redevelopment of existing properties. Residential developments located outside of Growth Areas are limited to neighborhood infill to preserve and enhance the quality of established neighborhoods and reduce environmental and fiscal impacts.

New Development in Growth Areas

The Planning Division tracks building permits for new residential units and non-residential square footage in a Geographic Information Systems (GIS) database for a range of purposes. The database can be queried to determine the location of building permits relative to Growth Areas.

Figure 1. Population Growth in San José

Year	# Residents
2011	970,011
2012	981,678
2013	997,781
2014	1,012,694
2015	1,028,040
2016	1,037,952
2017	1,045,047
2018	1,048,875
2019	1,047,871
2020	1,049,187
2021	1,029,782

Figure 2. Payroll + Self Employed Job in San José

Year	Payroll + Self Employed Jobs
2011	371,330
2012	386,524
2013	405,032
2014	414,663
2015	423,961
2016	432,208
2017	450,760
2018	447,831
2019	439,004
2020	398,136

- Since adoption of the General Plan, approximately of 83% of residential development, 75% of commercial development, and 71% of industrial development have occurred within Growth Areas (these numbers reflect issued building permits from November 2011 to June 2020).
- For FY2020-21, 86% of residential development, 41% of commercial development, and 98% of industrial/office development occurred within Growth Areas. Figures 3 to 5 map the spatial distribution of new development in FY2020-21 by residential units per square mile and square feet of new industrial/office and commercial space per square mile.

Figure 3. FY2020-21 Building Permits Issued per Square Mile for New Residential Units

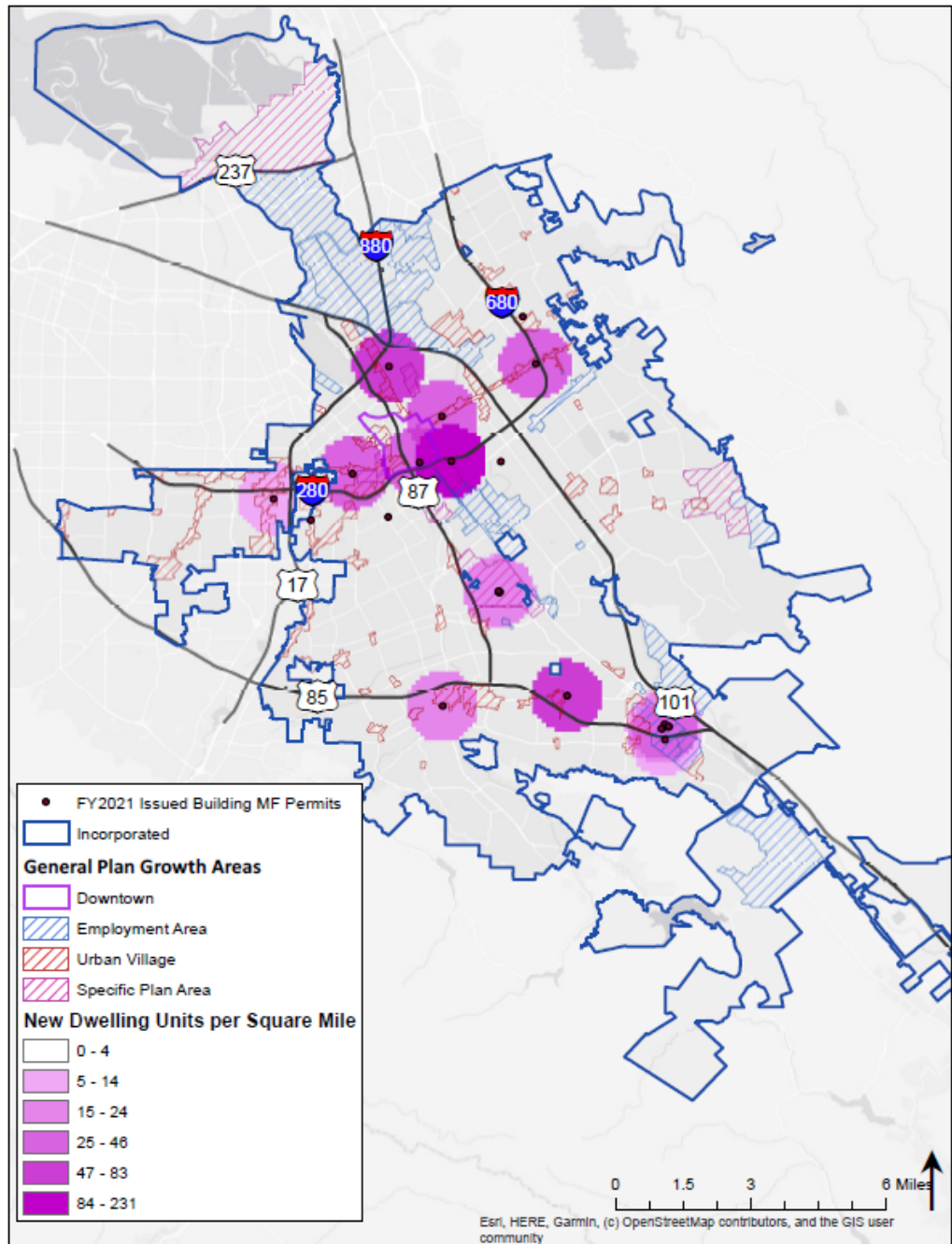


Figure 4. FY2019-20 Building Permits Issued (square feet) per Square Mile for New Commercial Space

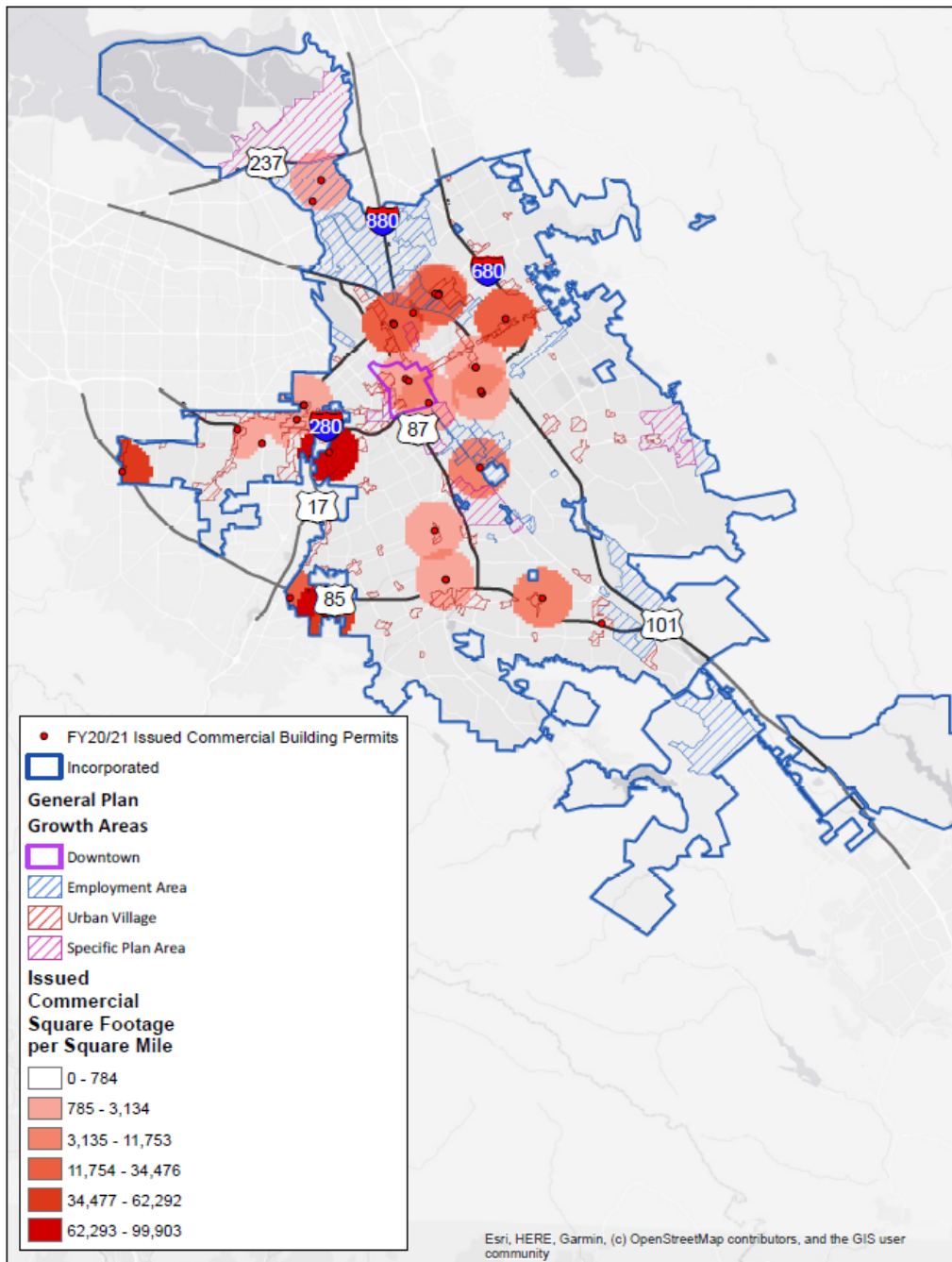
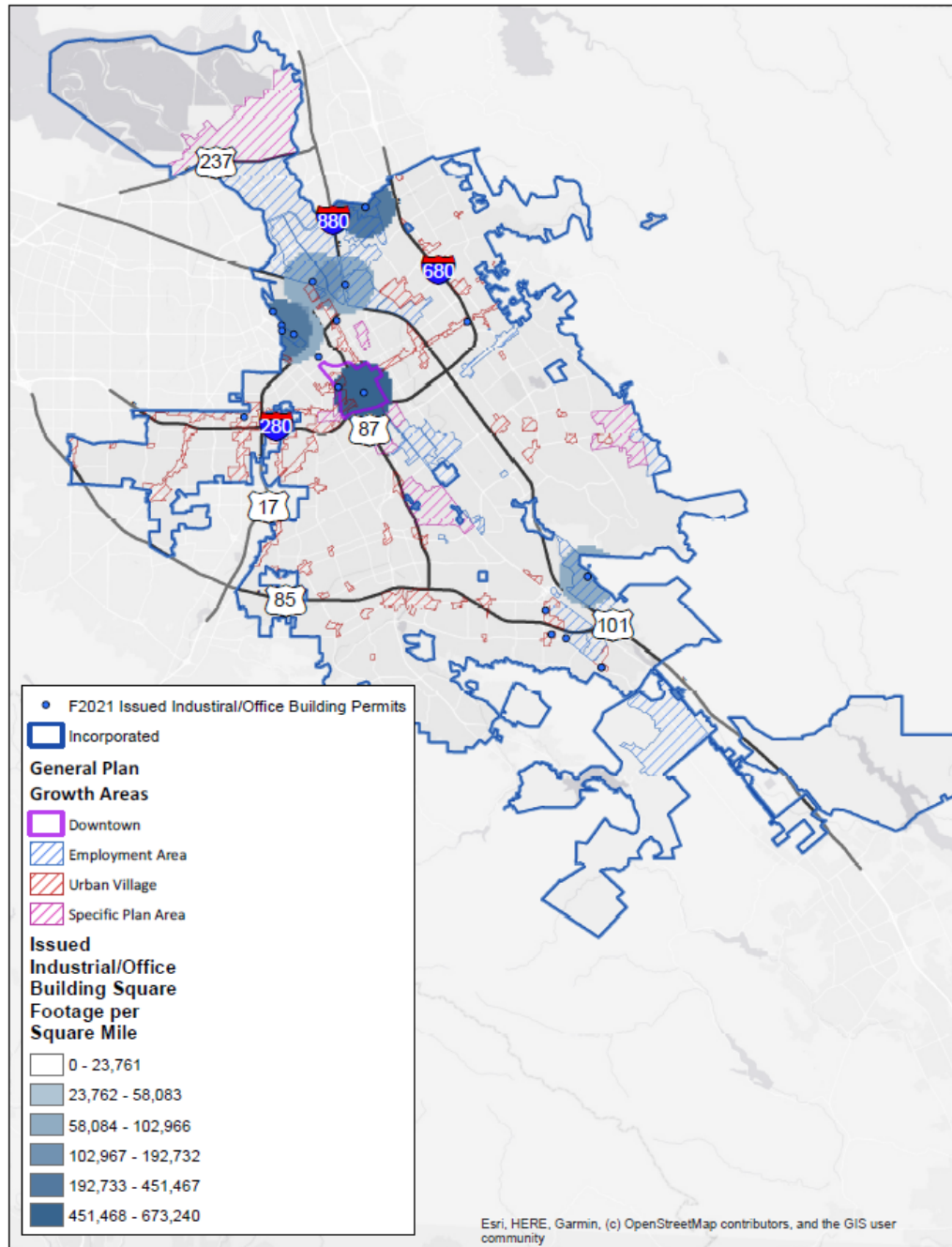


Figure 5. FY2019-20 Building Permits Issued (square feet) per Square Mile for New Industrial/Office Space

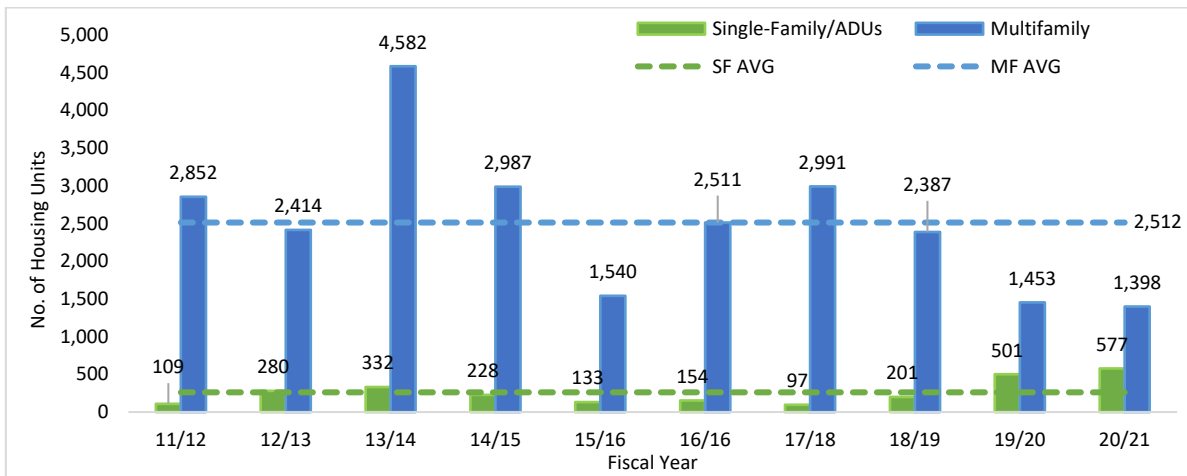


From November 2011 through FY2020-2021, the Department of Planning, Building and Code Enforcement (PBCE) has issued building permits for new construction citywide totaling over 26,900 housing units, 18.6 million square feet of commercial development, and 10.7 million square feet of industrial/office development.

Overall building permits issued for new construction of housing units slightly declined by 3% compared to FY2019-20; however, applications for single-family homes continue to increase compared to the previous year. Accessory dwelling unit (ADU) applications continue to rise as shown in Figure 6. The streamlining of the ADU application process have increased the demand of ADUs throughout San José.

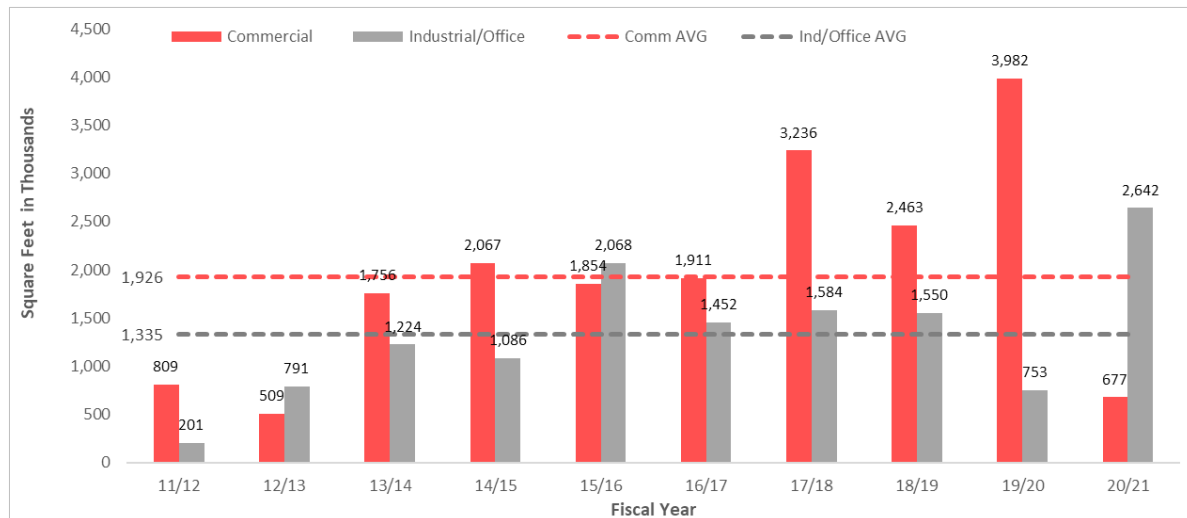
Multifamily development building permit activity is stable, although activity is the lowest since FY2011-12. Lower activity is likely due to the uncertainty from the COVID-19 pandemic. The FY2020-21 commercial activity has slowed with fewer building permits issued while industrial/office building permit activity has increased (shown in Figure 7). The increase in industrial/office permit activity may be driven by increased interest in new office buildings in Downtown, while the decline in other commercial retail activity may be due to slowing retail activity citywide.

Figure 6. Building Permits Issued for New Residential Units FY2011-12 to FY2020-21



Source: Fee and Tax Activity Report, Fiscal Year, PBCE

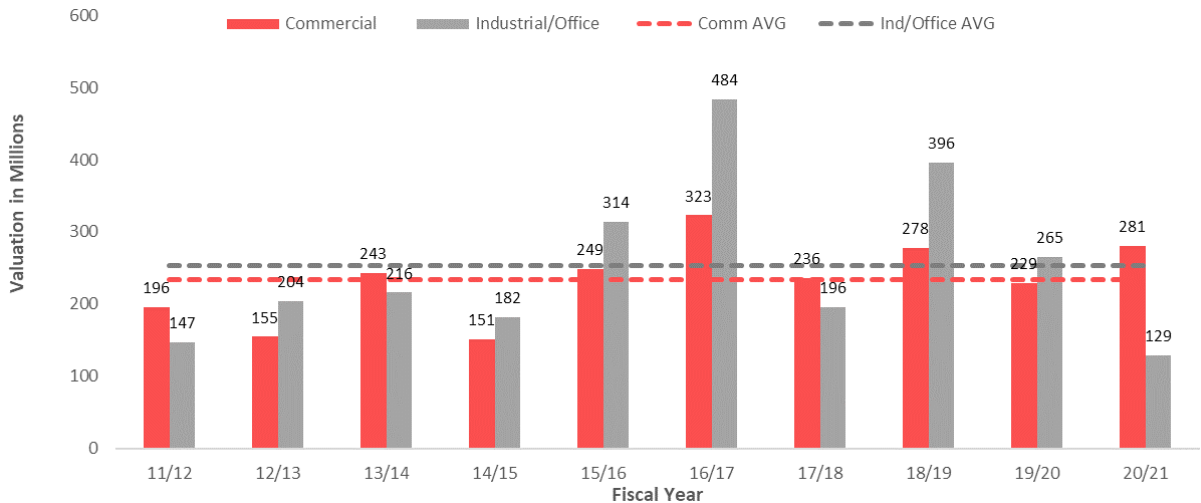
Figure 7. Building Permits Issued for New Commercial and Industrial/Office (square feet) FY2011-12 to FY2020-21



Source: Fee and Tax Activity Report, Fiscal Year, PBCE

The City of San José also measures the valuation of permit activity for new construction and alterations. Valuation of alterations, or improvements, indicate the level of investment in renovations to existing buildings. Valuations of commercial were higher than FY2020-21, while valuations of industrial/office were lower.

Figure 8. Valuation of Commercial and Industrial/Office Alterations FY2011-12 to FY2019-20 (in Millions)



Source: Fee and Tax Activity Report, Fiscal Year, PBCE (Valuation figures adjusted to 2020 dollars (per SJ-SF-OAK CPI))

In addition to evaluating building permits, Planning staff analyzed planning permits to understand development trends. Planning permits include planned development rezoning and site development permit applications. Since 2011, the majority of residential entitlements from planning permits have been approved within Downtown, the Jackson-Taylor Specific Plan area, the Midtown Specific Plan area, North San José, and the Tamien Station Specific Plan area. Within Urban Village growth areas, 2,215 residential units and 7.4 million square feet of commercial, office, and industrial space were entitled in FY2020-21. San José has also seen an increase in investment in Downtown, with a substantial increase in pending applications for residential and non-residential entitled, which is discussed further in Major Strategy #9. In addition, entitlements for Google for their *Downtown West* mixed-use development proposal were approved consisting of approximately 8.9 million square feet of non-residential uses and 5,900 residential units. In total approximately 8,115 residential units and 16.3 million square feet of commercial, office, and industrial space were approved in FY2020-2021. Pending applications also includes three Signature Projects and other projects in Urban Villages which is discussed further in Major Strategy #5. In FY2020-21, residential entitlements within San José were approved at an average of 54 dwelling units per acre. Nearly all residential entitlements were for projects at a density of 45 dwelling units per acre or greater, which can be fiscally positive to the City. Approximately 9,900 residential units and approximately 11 million square feet of non-residential uses are pending approval/under review citywide as of December 2021.

MAJOR STRATEGY #4 – INNOVATION/REGIONAL EMPLOYMENT CENTER

San José, the Bay Area’s largest city and the nation’s tenth largest city, continues to play a vital role in local, regional, state, and national economies. The Innovation/Regional Employment Center Major Strategy emphasizes economic development to support San José’s growth as a center of innovation and regional employment. The General Plan advances the strategy by:

- Planning for 382,000 new jobs and a jobs-to-employed-resident (J/ER) ratio of 1.1/1;
- Supporting job growth within existing job centers;
- Adding new employment lands; and
- Designating job centers at regional transit stations.



Of the nation’s 20 largest cities, only San José has more nighttime residents than daytime workers, reflecting that it has less than a 1:1 jobs-to-employed-resident ratio.

To achieve the General Plan’s goal of becoming a regional employment center, San José needs to generate and attract approximately 13,000 new jobs per year. Between 2011-2020, San José has attained roughly 28,600 new jobs, but also added approximately 36,700 employed residents. In 2019, despite the decrease in number of jobs (2%), the J/ER held relatively stable due to a decrease in number of employed residents (0.3% decrease). In 2020, the decrease in jobs accelerated losing approximately 40,686 jobs (9.7%) and 46,200 (8.4%) employed residents, likely reflecting peak COVID-19 conditions on employment and shelter-in-place order to limit the spread of the virus in 2020. These numbers do not include the economic impact of the vaccine distribution in 2021. City-level employment data is provided by the California Employment Development Department (CEDD) which is typically released several months after the end of a calendar year. Both COVID-19 impacts and J/ER are further discussed below.

COVID-19 Impacts on Employment

Although not on a city-level, the CEDD also provides data on a monthly basis for the San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (MSA), which is comprised of the combined areas of Santa Clara and San Benito counties. This data reflects the direct and indirect loss of jobs due to the COVID-19 pandemic and shelter-in-place restrictions. The CEDD data, issued in August 2021, estimated that total wage and salary employment in the MSA is 1,055,700 jobs, an increase of 1.5% year-over-year, over the past twelve months (August 2020 to August 2021). Overall, the greatest job losses occurred between March 2020 and April 2020 with 145,000 jobs lost (12.5%). Recovery activity has been slowly increasing between April 2020 to August 2021 for a total net loss of 54,100 jobs (5%) from peak levels (1,059,000 jobs in February 2020). The hardest hit sectors are Educational Services, Leisure and Hospitality, and Food Services and Drinking Places which only saw a 22%, 26%, and 31% reduction from February 2020 (pre-COVID) to August 2021.

CEDD also provides labor market information such as unemployment and civilian labor force for the MSA. In August 2019, the unemployment rate was only 2.7% and skyrocketed to 10.8% in June 2020 due to the pandemic and decreased to 7.6% in August of 2020. As of September 2021, the unemployment rate has decreased to 4%. However, the civilian labor force has also seen a declining trend with 51,600 workers (4.7%) lost from September 2019 to September 2020 likely due to out migration, relinquishing jobs for family care, those on furlough, and many others. As of September 2021, the labor force had begun to increase again, rising by 28,000 jobs

from September 2020 (2.7%). The unemployment rate, or the number of people suffering with financial hardships, is likely higher than reported because it may not capture those without jobs that are not and perhaps cannot actively look for employment.

It may take years to assess the full impact of COVID-19 on the local economy as data is limited. The FY2020-21 report should capture the 2020 COVID-19 impacts on San José employment however there are lingering impacts and paradigm shifts in employment as COVID-19 continues. Many large tech companies have delayed their return-to-work timelines and are considering hybrid work models moving forward and several workers are quitting their jobs, with a record number of 4.4 million Americans resigning in September of 2021. This shift in employment may impact future demand for retail, commercial and office as well as how employment uses are designed and function in the future.

Jobs-to-Employed-Resident (J/ER) Ratio

Despite its growth and vibrancy, San José is the only large city (having a population greater than 500,000) in the United States that is largely a bedroom community, meaning more residents leave San José for employment in other communities than workers from other communities commute into San José. This imbalance has led to significant negative fiscal, environmental and quality of life impacts for San José. The J/ER ratio is an indicator of a city's fiscal strength; In general, employment-based development generates city revenue while residential-based development necessitates the provision of city services, the cost of which outweighs the revenue collected. The City monitors its J/ER ratio using a combination of data from the U.S. Census Bureau's American Community Survey (ACS) and payroll data from the CEDD. According to the most recent data, the City's J/ER ratio is 0.80, meaning there are 0.80 jobs per every employed resident in San José. San José has not shown a significant improvement in the J/ER ratio since 2011, in part because of the significant increase in San José's employed residents (see Figure 9).

The J/ER ratios show a recovery trend across the region except for San Francisco and San Jose compared to 2019, with San José continuing to decline in J/ER from 0.81 to 0.80. As shown in Figure 9, San José remains the city with the lowest J/ER ratio from surrounding cities, and the only city under a 1.0. Since 2019, San Jose has lost approximately 46,000 employed residents and approximately 40,000 payroll jobs. Similar to San José, other cities have lost employed residents however payroll jobs have held more consistent in those cities resulting in higher jobs to employed-resident ratios.

Figure 9. Jobs per Employed Resident for Select Local Cities, 2010-2020

City	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
San José	0.83	0.80	0.81	0.83	0.82	0.82	0.82	0.85	0.82	0.81	0.80
Cupertino	1.12	1.23	1.20	1.33	1.47	1.64	1.75	1.85	1.99	1.99	2.15
Fremont	0.84	0.85	0.86	0.86	0.90	0.96	0.96	0.98	0.98	0.98	1.06
Milpitas	0.99	1.17	1.17	1.19	1.18	1.18	1.17	1.26	1.25	1.20	1.10
Mountain View	1.60	1.77	1.83	2.59	1.84	1.92	1.67	1.74	1.77	1.70	1.89
Palo Alto	3.00	3.14	3.27	3.20	3.13	3.36	3.33	3.36	3.40	3.08	3.27
San Francisco	1.02	1.16	1.17	1.24	1.26	1.29	1.30	1.29	1.29	1.31	1.30
Santa Clara	1.75	1.95	2.02	2.02	1.77	1.79	1.70	1.69	1.77	1.78	1.92
Sunnyvale	1.18	1.18	1.16	1.13	1.06	1.06	1.04	1.08	1.04	1.08	1.17

Source: U.S. Census Bureau, American Community Survey, 5-Year Estimates (employed residents and self-employed jobs); California Employment Development Department (jobs)

The data reinforces the importance of the General Plan’s jobs focus and the need to maintain employment land for future job growth. Although the J/ER ratio has remained relatively unchanged since adoption of the General Plan, the City has approved projects that are improving employment opportunities within San José.

In FY2020-21, entitlement of major commercial and industrial/office projects included:

On May 25, 2021, the City Council unanimously approved the Downtown West Mixed-Use Plan (Downtown West). The approval followed three-plus years of community engagement led by both the City and Google, and built upon a decade of planning for the Diridon Station Area.

Downtown West makes up approximately 80 acres of the 250-acre Diridon Station Area Plan (DSAP). The approved project, proposed by Google, allows the construction of:

- Up to 7.3 million gross square feet (GSF) of office space;
- 4,000 units of new housing (Final EIR allows up to 5,900);
- Up to 500,000 GSF of active uses (retail, cultural, arts, etc.);
- 100,000 GSF of event space, hotel use (up to 300 rooms), and limited-term corporate accommodations (up to 800);
- 15 acres of parks and open space; and
- Infrastructure and utilities.

View an interactive map of Key Economic Development Projects at: <https://csj.maps.arcgis.com/apps/Shortlist/index.html?appid=b6ab6d3f16c34736914cb0b523ef1a93>

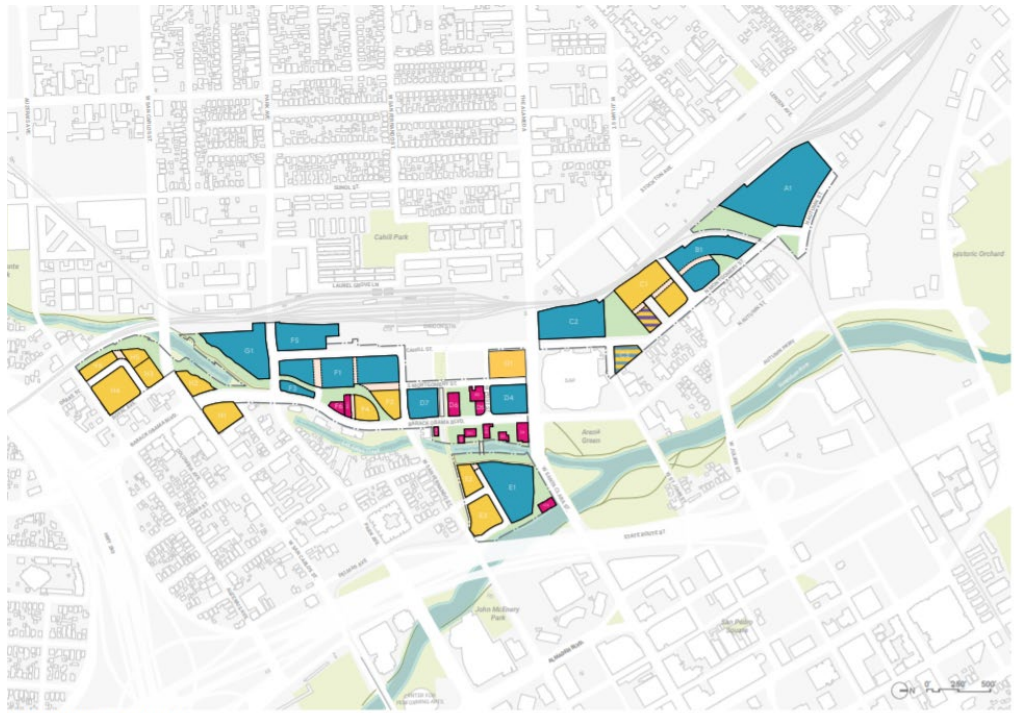


Figure 6.01.1 Conceptual Land Use Plan

Conceptual Land Use Plan

MAJOR STRATEGY #5 – URBAN VILLAGES

The General Plan promotes the development of Urban Villages to provide active, walkable, bicycle-friendly, transit-oriented, mixed-use urban settings for new housing and job growth. Urban Villages are intended to be attractive to an innovative workforce, enhance established neighborhoods, and are consistent with the Plan’s environmental goals.

The General Plan establishes an Urban Village planning process that includes ongoing community involvement and public workshops that enables land use and urban design issues to be addressed at a finer level of detail. Planning Division staff facilitate these community meetings and workshops, and coordinate the participation of staff from the Department of Transportation; Parks, Recreation, and Neighborhood Services; Housing; Public Works; the Office of Economic Development; and the Office of Cultural Affairs. These departments are integral to the Urban Village planning process.

Urban Village Plans and Horizons

City Council has approved 12 Urban Village plans since adoption of *Envision San José 2040 General Plan*. Over the last year, the Berryessa BART Urban Village planning process was completed and North 1st Street Urban Village planning processes continues to progress and is anticipated for completion in winter 2022. These plans incorporate a form-based planning approach and provide detailed information related to allowable uses, density, and floor area ratio (FAR) that are permitted within each Urban Village. To find descriptions of approved and proposed Urban Village plans, visit the City’s website: <https://www.sanjoseca.gov/your-government/departments/planning-building-code-enforcement/planning-division/citywide-planning/urban-villages/>

Figure 10 outlines nine Urban Village plans that are in various stages of development.

Figure 10. Urban Village Plans Currently Under Development

Urban Village Plan	Status	Anticipated Dates
North 1 st Street	In Progress	Winter 2021
Southwest Expressway	To be Initiated	Winter 2022
Race Street Light Rail	To be Initiated	Winter 2022
Five Wounds (Update)	To be Initiated	Summer 2022
Little Portugal (Update)	To be Initiated	Summer 2022
24 th & William (Update)	To be Initiated	Summer 2022
Roosevelt Park (Update)	To be Initiated	Summer 2022
Eastside Alum Rock/Alum Rock Ave. (E. of 680)	To be Initiated	Winter 2022

Development Activity in Urban Villages

Since the 2011 adoption of the General Plan, planning development permits have been approved for approximately 11,444 housing units and 6.9 million square feet of non-residential uses (commercial and industrial) within Urban Villages. In FY2020-21, approximately 2,505 residential units and 1.4 million square feet of non-residential uses were approved.

Residential development is currently limited by the General Plan to Urban Villages that are in the current planning horizon, or Horizon 1, and have a Council approved Urban Village Plan. However, there are several tools that allow residential development to occur within later Horizons: Signature Project Policy (Policy IP-5.10), Affordable Housing in Urban Villages Policy (Policy IP-5.12), and the Residential Pool Policy (Policy IP-2.11). These policies were modified or removed as part of the General Plan 4-Year Review and were approved by Council on December 1, 2021. The modifications are intended to provide objective criteria required by state law for Policies IP-5.10 and IP-5.12, and removal of Policy IP-2.11 and Horizons.

Signature Projects. The General Plan establishes a Signature Project policy to allow residential, mixed-use projects to proceed ahead of preparation of an Urban Village plan if the projects meet an established set of requirements related to density, design, and the provision of employment space and parks (Policy IP-5.10).

The latest Signature Project to be approved is Bascom Gateway Station or Dick’s Center (PDC17-047/PD18-015) and was approved in FY2019-20. To date, City Council has approved six Signature Projects, two of which are under construction. The Signature Projects are described below:

1. **File No. PDC15-049/PD15-044 (Sparta Student Housing):** Demolition of approximately 6,400 square feet of existing commercial buildings and construction of 86 multifamily residential units and 11,530 square feet of commercial space in a 7-story building (E. Santa Clara Street Urban Village; Horizon 1). Sparta Student Housing began construction in summer 2019.



2. **File No. PDC15-065/PD15-059 (Volar):** Planned development permit to allow up to 307 residential units and up to 52,167 square feet of commercial and office uses in a 18 story building on a 0.89 gross acre site (350 S. Winchester Boulevard; Valley Fair/Santana Row Urban Village; Horizon 3 at the time of project approval). As of September 2021, Volar has not broken ground.

Rendering of the Sparta Student Housing Signature Project approved in 2016

3. **File No. PDC16-002/PD16-025 (The Orchard or North Capitol):** Planned development permit to allow up to 188 residential units, 108,000 square feet of commercial space, and a one-acre park on a 10.6 gross acre site (641 N. Capitol Avenue; N. Capitol Ave/McKee Rd Urban Village; Horizon 2). The Orchard began construction in 2018 and is nearing completion.
4. **File No. PDC16-036/PD17-014 (Stevens Creek Promenade or FortBay):** Planned Development Permit to allow construction of a 6-story approximately 233,000-square-foot office building, a 6-story parking garage, an 8-story mixed use building containing approximately 10,000 square feet of ground floor commercial and up to 289 residential units, and an 8-story residential building containing approximately 205 market rate residential units and approximately 88 affordable residential units (total of up to 293 residential units) on an approximately 10-gross acre site (4300-4600 Stevens

Creek Boulevard; Stevens Creek Boulevard Urban Village; Horizon 1). As of September 2021, the project has not broken ground.

5. **File No. PDC17-056/PDI7-027 (AvalonBay West Valley):** Planned Development Permit to allow the construction of up to 300 residential units, 17,800 square feet of retail/commercial space, residential amenities including two pools, and 1,110 new parking spaces within the existing multi-family residential development on an approximately 20-gross acre site (700 Saratoga Avenue; Saratoga Avenue Urban Village; Horizon 3). As of September 2021, AvalonBay West Valley has not broken ground.



Rendering of the AvalonBay West Valley Signature Project approved in 2019

6. **File No. PDC17-047/PDI8-015 (Bascom Gateway Station or Dick's Center):** Planned Development Permit to allow the construction of 590 multifamily residential units, 200,000 square feet of office space, and 76,894 square feet of commercial space on an approximately 7-gross acre site (1330 S. Bascom Avenue; S. Bascom North Urban Village; Horizon 1). As of September 2021, the project has not broken ground.

As of December 1, 2021, there are three Signature Project applications on file that staff is evaluating for consistency with Policy IP-5.10 and other applicable guidelines and regulations:

- **File No. PDC20-007 (Cambrian Park Plaza):** Planned Development Zoning to allow the construction of up to 305 multifamily residential units, 25 townhomes, and 49 single-family residential homes, 154,680 square feet of office or residential care, 58,360 square feet of retail/commercial space, 229 hotel rooms, and 1.6 acres of public open space on an approximately 18-gross acre site.
- **File Nos. PDC19-049/PD20-006 (El Paseo and 1777 Saratoga Ave Mixed Use Village):** Planned Development Permit to allow the construction of up to 741 multifamily residential units, 67,500 square feet of retail, and 450,000 square feet of office or educational facility on an approximately 11-gross acre site.
- **File Nos. SP20-012/T20-012 (Blossom Hill):** Special Use Permit to allow the construction of one six-story mixed use building with 13,590 square feet of commercial space and 239 market-rate multi-family residential units and one five-story multifamily residential building with 89 affordable housing units, with trail improvements to Canoas Creek, and the subdivision of one lot into five lots on a 5.39-gross acre site.

Policy IP-5.12 (Affordable Housing). General Plan Policy IP-5.12 allows affordable residential projects to proceed ahead of the current Horizon or preparation of an Urban Village plan if the project is 100% affordable deed restricted for no less than 55 years to low income residents (earning 80% or less of the Area Median Income).

In FY2020-21, two additional projects were approved under this policy, totally three projects entitled:

1. **File No. CP18-022/T18-034 (397 Blossom Hill Road)(2019):** Demolition of an approximately 32,000-square-foot building and to construct a 147-unit senior affordable housing building with approximately 16,066 square feet of commercial uses on an approximately 2.0-gross acre site. As of September 2021, the project has not broken ground.
2. **File No. CP20-025 (2880 Alum Rock Avenue):** Conditional Use Permit to allow the demolition of an existing vacant 8,200 square foot commercial building and associated surface parking, the removal of three ordinance-size trees and two non-ordinance trees, and the construction of one mixed-use six-story building (Building A) with 7,000 square feet of commercial space and 119 residential units (100% affordable) and one multifamily residential six-story building (Building B) with 45 units (100% affordable) with associated podium garage parking, landscaping, and amenities.
3. **File No. H20-013 (3090 S. Bascom Avenue):** AB 2162 Ministerial Permit to allow the demolition of an existing 11,811 square-foot commercial building and construction of a 5-story, 79-unit supportive housing development, with 29 units reserved for permanent supportive housing, using GP Policy IP 5.12 and a State Density Bonus Request for up to four incentives/concessions, 619 square feet of commercial space and the removal of 12 trees (10 Ordinance and 2 non-ordinance sized trees) on an approximately 0.64 gross acre site.

Residential Pool Policy. General Plan Policy IP-2.11 establishes a Residential Pool which allocates 5,000 housing units to be used within Urban Villages that have approved plans but are not within the current Horizon or are identified as Signature Projects regardless of Horizon. Projects using the Pool policy must conform to the corresponding Urban Village Plan, the site’s General Plan land use designation, and may not exceed the planned housing yield of the corresponding Urban Village Plan. If depleted, the 5,000 units may be replenished as part of the General Plan Four-Year Review per City Council direction. The projects listed in Figure 11 below have utilized the Pool capacity.

Figure 11. Residential Pool Policy Capacity

<i>Project (File No.)</i>	<i>Units</i>
Sparta Student Housing (PD15-044)	86
Volar (PD15-059)	307
The Orchard (PD16-025)	188
Stevens Creek Promenade (PD17-014)	582
AvalonBay West Valley (PD17-027)	300
Bascom Gateway Station (PD18-015)	590
SUBTOTAL	2,053
REMAINING CAPACITY	2,817

As part of the General Plan Four-Year Review process currently underway, the General Plan Task Force at their December 2019 made a recommendation to

eliminate policy IP-2.11. Staff and the Task Force recommendations were approved on December 1, 2021. If the Residential Pool policy is removed from the General Plan, the 5,000-unit cap would no longer apply and there would be no residential cap for projects in Urban Villages that are not within the current Horizon.

MAJOR STRATEGY #6 – STREETSCAPES FOR PEOPLE

The General Plan includes goals and policies that emphasize street design for people, not just cars, and that support a diverse range of urban activities and functions. To further support the Streetscapes for People strategy, the General Plan established Grand Boulevard and Main Street roadway designations, which are intended to meet the needs of all users while fostering a positive identity of a community.

Grand Boulevards serve as major transportation corridors that connect City neighborhoods, such as N. 1st Street, Capitol Avenue, and E. Santa Clara Street. Main Streets are roadways that support retail and service activities that serve the local neighborhood residents, such as Blossom Hill Road, Story Road, and S. Bascom Avenue.

As part of the Urban Village planning process and consistent with Policy IP-5.1, Urban Village Plans should include streetscape and urban design guidelines, recommended streetscape improvements, and pedestrian circulation plans. All of the Urban Village Plans approved thus far contain goals and policies and identified improvements to enhance pedestrian circulation and the streetscape and public right-of-way.

Complete Streets Design Standards and Guidelines. Consistent with the General Plan, specifically Action Item CD-4.14, the City Council approved the City of San José’s Complete Streets Design Standards and Guidelines on May 1, 2018. The Complete Streets Design Standards and Guidelines, developed by the Department of Transportation (DOT), establish design principles that are focused on developing streets that are people-oriented, connected, and resilient. Significant content from the National Association of City Transportation Officials’ (NACTO) design guides was adapted and incorporated into San José’s Complete Streets Design Standards and Guidelines. NACTO design guidance recognizes that cities are places for people and shifts the parameters of designing urban streets from only considering automobile movement to emphasizing access, safety and mobility for all roadway users. The Complete Streets Design Standards and Guidelines will be applied to capital projects and public roadway improvements associated with private development projects.

Better Bikeways SJ. During summer and fall 2018, the DOT worked with the Knight Foundation and the NACTO to develop a two-year plan to increase bicycling in central San José. With about half of San José’s residents and jobs located within a 4-mile distance (less than a 30-minute bike trip) of City Hall, and with a strong network of public transit, central San José is an ideal setting for bicycling infrastructure as a transportation investment. This plan is known as “Better Bikeways SJ.” The DOT will build the network of bikeways in this plan over the next two years, using a toolkit already available for streets: separating bikes and traffic using inexpensive, traffic-tested materials, switching the position of parking lanes and bike lanes during paving projects to let parked cars do the work of protecting the bikeway. By coordinating with planned pavement maintenance work, the City has the potential to build more than a dozen miles of protected bike lanes, extended by a network of low-stress neighborhood streets, in less time than a typical capital project for one street would take. This network will extend from the downtown area through and beyond the ring of freeways bordering it (Highways

For more information on the Better Bikeways SJ, check out <https://www.sanjoseca.gov/your-government/departments/transportation/biking/better-bikeways>

280, 101, 87, and 880). In total this initiative installed and/or enhanced a total of 10.7 miles of downtown bikeways. Improvements include:

- 4.2 miles of protected bikeways
- 1.5 miles of bike lanes
- 5.0 miles of shared lanes on calm streets

Better Bike Plan 2025. The DOT is developing the *Better Bike Plan 2025*, an update to the *Better Bike Plan 2020*. The *Better Bike Plan 2025* strives to eliminate roadway fatalities and major injuries for people walking, bicycling, and driving; create a bicycle network that enriches the lives of everyone who lives, works, or plays in San José; and increase trips made by bike to at least 15% of by 2040. DOT held two workshops to gather input from the community to help draft recommendations for new projects and programs that support bicycling. A draft plan was circulated for review in late in spring of 2020 and proposed over 400 miles of separated bikeways. October 6, 2020, City Council unanimously approved the *Better Bike Plan 2025*.

For more information on the *Better Bike Plan 2025*, check out <https://www.bikesanjose.com>

Access and Mobility Plan. The San José Access & Mobility Plan will lay out a set of strategies to bring the bold transportation goals of *Envision 2040 San José General Plan* and *Climate Smart San José* to life. The Plan will develop projects and policies that make progress on goals such as increased walking, biking, and transit use; decreased auto dependence; increased safety; and making streets designed around people, not cars. The Plan will also result in a data and analytics system, which will keep the City on track and help us adjust strategies.

For more information on the *Access and Mobility Plan*, check out <https://www.sanjoseca.gov/your-government/departments-offices/transportation/planning-policies/san-jos-access-and-mobility-plan>

The Plan is being developed in three phases:

- Phase 1 (complete): “Directives.” In this phase, staff consolidated the City’s transportation policies and goals into one document, proposed key performance indicators to measure success when the plan is implemented, and drafted the RFP for Phases 2 and 3 of the effort.
- Phase 2 (in progress): “Strategies,” will develop the major strategies to implement the Phase 1 directives.



Bicyclists using a buffered bike lane along West San Fernando Street.

Source: www.Bikesanjose.com

MAJOR STRATEGY #7 – MEASURABLE SUSTAINABILITY/ENVIRONMENTAL STEWARDSHIP

In April 2015, the City Council directed staff to reprioritize and focus on two overarching goals of the Green Vision: 1) ensuring a more sustainable water supply and 2) reducing greenhouse gas emissions. The City Council memo stated that the Green Vision would no longer be reported annually in a standalone report, but that the remaining goals of the Green Vision should remain within their respective department's work plans and be reported through the performance-based budget process. Due to the absence of a standalone report, the General Plan Annual Review, will no longer track progress of the Green Vision goals. Instead the Annual Performance Review will summarize progress on implementation of *Climate Smart San José*, which has replaced the Green Vision as described below. Some of Green Visions goals have been incorporated into *Climate Smart San José* and other goals are tracked separately.

Carbon Neutral by 2030.

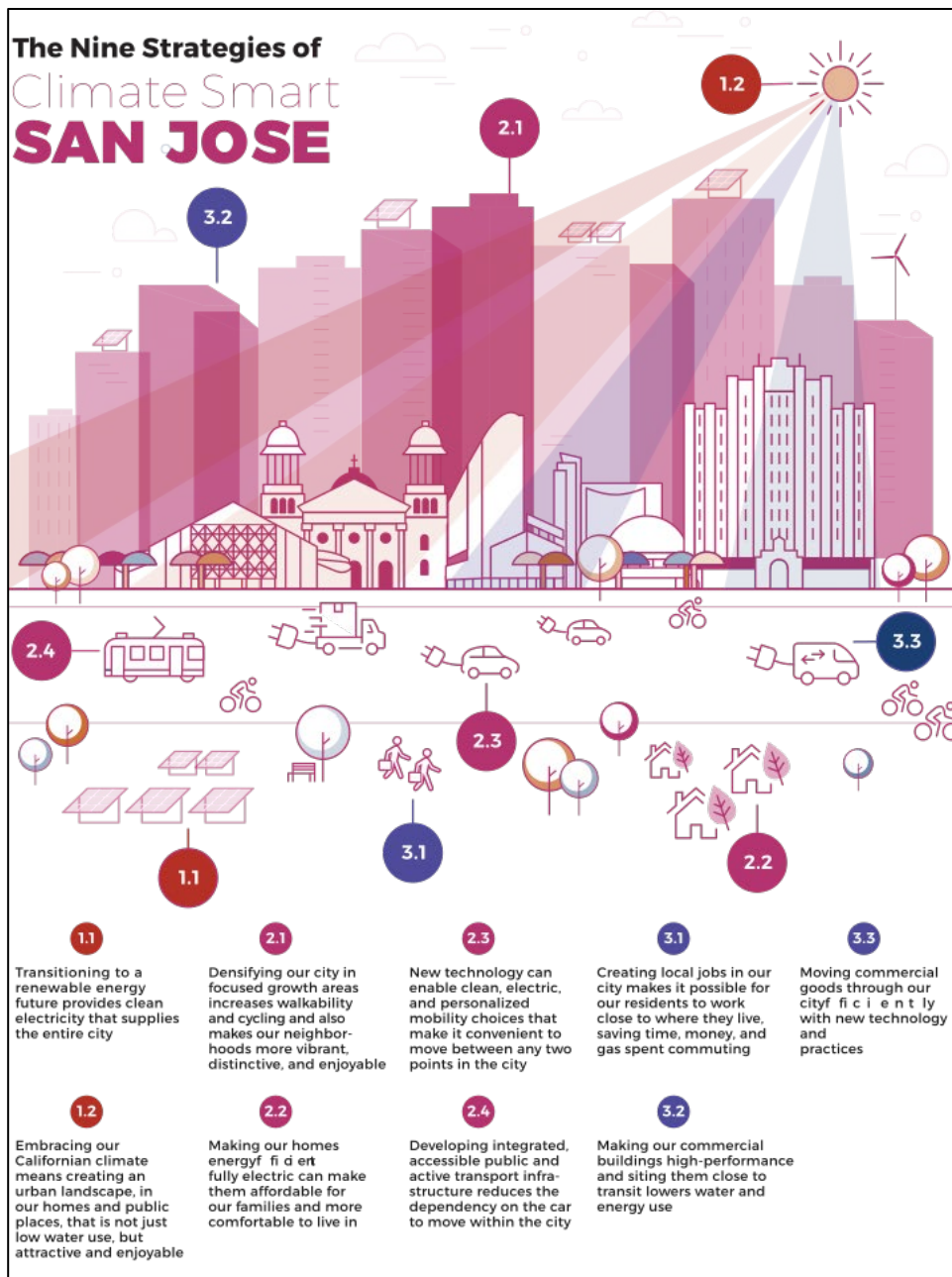
On November 8, 2021, the San Jose City Council unanimously voted to adopt a goal of reaching net-zero greenhouse gas emissions by 2030. The City has announced that by 2030 it intends to emit the same amount of carbon dioxide into the atmosphere as it offsets by alternative means, such as producing more electricity from solar panels and encouraging more residents to drive electric vehicles over gas-powered vehicles.

Climate Smart San José. Action Item IP-17.3 of the General Plan calls for the City to participate in the development of a Sustainable Community Strategy that is consistent with San José's goals for Environmental Leadership as well as the economic, fiscal and other goals and policies contained within the *Envision 2040 General Plan*. In 2017, led by Environmental Services Department staff, the City began drafting the Green Vision's replacement, *Climate Smart San José*. Approved by the City Council in February 2018, *Climate Smart San José* builds on the *Envision San José 2040 General Plan* by highlighting and interpreting goals related to the community's profile of carbon emissions and then providing additional analysis and recommendations. *Climate Smart San José* uses the General Plan as a foundation and goes further by creating a pathway for San José to reach the State's target of 80% reduction below 1990 levels of Greenhouse Gas emissions by 2050 as well as achievement of the Paris Climate Agreement goals. The Paris Climate Agreement sets a goal for the reduction in carbon emissions required by 2050 to keep the rise in average global temperature to below two degrees Celsius.

Climate Smart San José establishes nine strategies, each associated with quantitative milestones to ensure clear, timely progress tracking. To enable and facilitate implementation, it also includes a City Action Plan and Playbooks for various audiences, including residents and developers. Environmental Services staff have created a Citywide Climate Smart San José Steering Committee and Technical Advisory Group to align City departments and facilitate implementation of the plan. Environmental Services staff will also provide semi-annual updates to the City Council on progress implementing the *Climate Smart San José* plan. Appendix A includes an update on the City's achievement of these goals.

For more information about the Climate Smart San José, visit: <https://www.sanjoseca.gov/your-government/departments-offices/environmental-services/climate-smart-san-jos/climate-smart-data-dashboard>

Figure 12. Climate Smart San Jose’s Strategy to Meet the Paris Climate Agreement



American Cities Climate Challenge. The American Cities Climate Challenge from Bloomberg Philanthropies selected 25 cities that will receive assistance to accelerate their efforts to tackle climate change and promote a sustainable future for their residents. In October 2018, the City of San José was named as a winner in Bloomberg American Cities Climate Challenge, providing resources and support valued up to \$2.5 million to support the implementation of *Climate Smart San José*. San José staff is currently working with Bloomberg and its partners to:

- Evaluate and update parking requirements for new development to enable no- and low-parking development, particularly in the downtown and other areas around transit;

- Develop and implement a shared electric-vehicle strategy, including education and incentives;
- Implement high-priority segments for the City’s walking and bicycling network and the inclusion of new mobility options such as bike- and scooter-sharing systems;
- Develop a roadmap to eliminate natural gas use in residential housing; and
- Require solar and EV-readiness in new construction.

As part of its American Cities Climate Challenge (ACCC) commitment, the City agreed to pursue adoption of a “reach code” for new residential and commercial construction, aligned with Climate Smart goals. “Reach Codes” require development projects to exceed the minimum Building Energy Efficiency requirements. In September 2019, City Council adopted a reach code for new residential and non-residential construction in San Jose. The new reach code encourages all-electric buildings and requires increased electric vehicle charging infrastructure (EVCI) and solar-readiness; a natural gas prohibition ordinance effecting low-rise residential buildings; and, a municipal all-electric building policy. The new reach code has been in effect since January 1, 2020, but City Council directed staff to analyze whether electrification should be required for all wood frame construction up to seven stories, which was presented at the June 9, 2020 City Council meeting. The presentation included a recommendation to expand the natural gas prohibition to all new construction, with some exemptions allowed, and Council directed staff to bring back a draft expanded electrification ordinance. Staff returned to City Council in 2021, and the City Council adopted an updated natural gas infrastructure prohibition that applies to all new construction that submits building permit applications on or after August 1, 2021.

MAJOR STRATEGY #8 – FISCALLY STRONG CITY

The General Plan establishes a land use planning framework that promotes fiscal balance of revenue and costs to allow the City to deliver high-quality municipal services. The Fiscally Strong City Major Strategy was created in part to counteract the negative fiscal consequences of past land use patterns.

Land Use and Fiscal Health

Past land use patterns have resulted in a predominance of low-density, single-family residential uses (43% of the City’s total land area and 94% of land designated for residential uses) compared to only approximately 13.5% of job-generating employment land. The remaining land is higher-density residential, public, or other uses.

Low-density sprawl results in a disproportionate cost to the City due to high capital investments and ongoing operations and maintenance for infrastructure, serving less people and businesses than the City otherwise could in a higher-density built environment. High concentrations of jobs and housing contribute to place-making and economic development, boosting demand for retail and services, and facilitating transportation alternatives such as walking, bicycling, and public transit.

As the City begins to achieve its goals for a more urban, transit-connected community, it is anticipated that its service and infrastructure cost structure will become more efficient with lower marginal costs and higher marginal benefits per resident.

Budget Overview

Key measures for determining the City’s fiscal strength are the Capital and Operating Budgets, including the Capital Improvement Program (CIP). The CIP relies on special funds, construction taxes, and development impact fees. Development impacts fees can only be used to mitigate the impact of new development and cannot contribute to City services or deferred infrastructure maintenance because the fees are limited to the extent or degree to which new development generates a demand for various public facilities.

In total, the City’s 2021-2022 Proposed Capital Budget and 2022-2026 Proposed CIP reflect a 12.7% decrease and a 4.3% decrease, respectively over the previous fiscal year, due in large part to the unanticipated economic downturn resulting from the COVID-19 pandemic and necessary shelter-in-place restrictions to slow the virus’ spread. While capital-related revenues have stabilized and are beginning to recover from the worst of the pandemic’s impacts, available resources remain limited, particularly within the Airport and Parking Capital Programs, which have seen significant declines in passenger and parking activity when compared to recent years.

As per the Mayor’s “March Budget Message for Fiscal Year 2021-2022” (<https://www.sanjoseca.gov/home/showpublisheddocument/71839/637551329061900000>),

“The City’s most recent base five-year General Fund forecast (See Table I) shows the continued impact of the pandemic on our budget. The upcoming year is

projected to have a base level deficit of nearly \$50 million with minute surpluses in the remaining four years. Critically, the projected \$48.1 million deficit next year does not include costs associated with unmet or deferred infrastructure and maintenance needs, or the nearly \$17 million in services funded on a one-time basis last year, and which must expire if the Council does not identify funding to continue them. In other words, the \$48.1 million figure dramatically understates the magnitude of our deficit, when considering the full reductions in City services needed to balance the General Fund.

Table 1 – 2022-2026 General Fund Forecast Incremental General Fund Surplus / (Shortfall) \$ in Millions

	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	Five-Year Surplus/ (Shortfall)
Base Case	(\$48.1 M)	\$3.3 M	\$0.2 M	\$4.4 M	\$1.9 M	(\$38.2 M)
Optimistic	(\$13.9 M)	\$17.9 M	\$13.1 M	\$28.2 M	\$37.2 M	\$82.5 M
Pessimistic	(\$78.1 M)	(\$8.7 M)	(\$9.9 M)	(\$9.7 M)	(\$10.2 M)	(\$116.6 M)

Source: 2022-2026 Five-Year Forecast and Revenue Projections for the General Fund released March 1, 2021

Since March, the 2020-2021 Adopted Budget was modified several times throughout the year as the City responded to new information regarding economic performance and persistence of the COVID-19 cases. In the General Fund, actions were taken over the course of the year to decrease revenue estimates from business taxes, parking operations and citations, hotel activity, and parks and recreation-related fees. Significant revenue estimate increases included Sales Tax, Property Tax, and Real Property Transfer Tax (Measure E). As a result of these adjustments, as well as careful forecasting, monitoring, and management throughout all City funds, overall 2020-2021 revenues and expenditures ended the year very close to budgeted expectations. However, the fourth quarter of 2020-2021 saw an extremely strong surge of revenue growth in the General Fund, which contributed to a higher than anticipated level of year-end fund balance. The 2020-2021 General Fund Ending Fund Balance of \$369.2 million exceeded the estimate of \$321.2 million used in the development of the 2021-2022 Adopted Budget by \$48.0 million. This variance represents 2.7% of the 2020-2021 Modified Budget.

MAJOR STRATEGY #9 – DESTINATION DOWNTOWN

The General Plan envisions Downtown San José as the cultural heart of the city and the urban center for all of Silicon Valley, providing employment, entertainment, and cultural activities more intensely than any other area in the City. The General Plan also supports a significant amount of job and housing growth within the downtown: specifically, 58,659 new jobs and 15,160 new dwelling units by 2040. San José continues to work towards these goals by attracting high-density, mixed-use development and by hosting cultural and recreational activities, entertainment, and sporting events.

As part of the General Plan 4-Year Review process, staff shifted 12,619 additional housing and 47,150 additional jobs to Downtown to accommodate anticipated higher demand for commercial and residential development in Downtown.

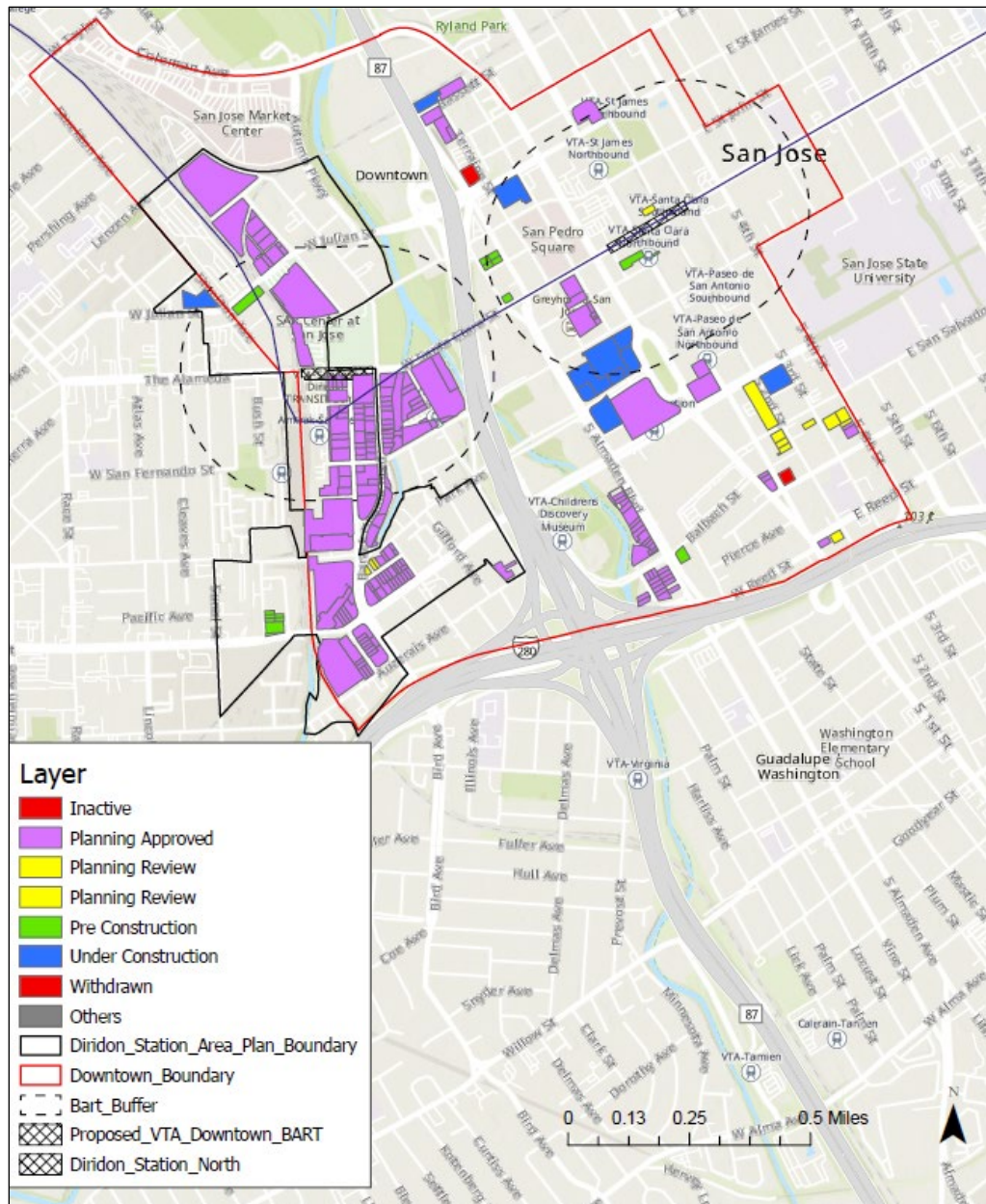
Downtown Development Activity and Vacancy Rates

Residential activity has been flourishing within the Downtown/Diridon since the end of the recession; however, the COVID-19 pandemic has slowed residential activity except for Downtown West. Within FY2020-21, planning development permits were approved for approximately 6,714 new residential units. There has also been interest in development of new commercial and office space in various downtown locations, with entitlements approved for approximately 11.8 million square feet of commercial and office space. Major projects included KT Urban Office at Woz Way (1.8 million square feet of commercial office) and the Almaden Boulevard Tower (596,750 square feet of commercial office).

Since the adoption of the General Plan, the City has approved development permits for approximately 8,487 residential units and approximately 11.8 million square feet of commercial/office space in the downtown. (see Figure 13). Downtown West entitlements make up a majority of the activity with 5,900 residential units and 7.8 million square feet of commercial.

For more information about the Downtown Development Activity; see the Office of Economic Developments Key Economic Development Project list: <https://www.sanjoseca.gov/home/showdocument?id=64330>

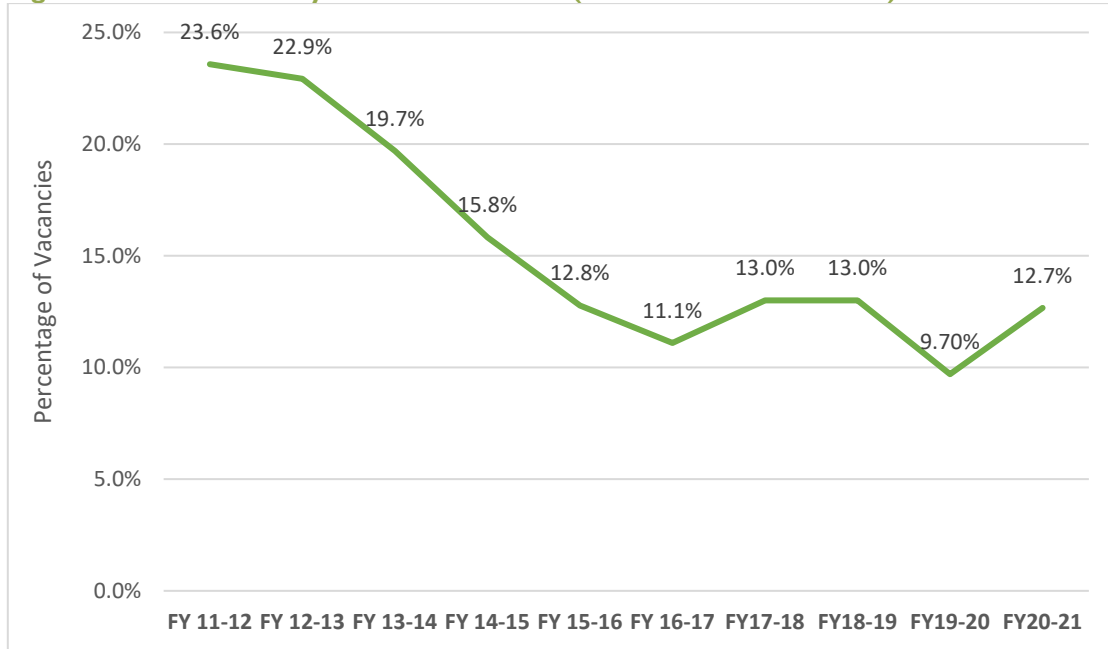
Figure 13. Downtown Development Activity, FY2011-12 to FY2020-21



Retail and office space activity. Downtown San José has more than 11.8 million square feet of office space entitled and continues to see market interest in new commercial developments with 1.3 million square feet in pending commercial entitlements. Construction of two new office towers, Jay Paul Company’s 1.3 million-square-foot office tower at 200 Park Ave, and Adobe’s new 1.3 million-square foot office tower at 333 West San Fernando, is ongoing. Additionally, Google has received entitlements for up to 7.3 million square feet of office space, 5,900 new units of housing, 300 hotel rooms, 800 rooms for limited-term corporate accommodations, 500,000 square feet for active uses, 100,000 square feet for an event center, 130,000 square feet for a central utilities plant, and 100,000 square feet for logistics/warehouse.

The large interest in Downtown are also reflected in the long term trend of commercial and office vacancies. The percentage of office vacancies has declined since General Plan adoption in 2011, when the office vacancy rate in the Downtown was 23.6%. In FY2020-21, the vacancy rate rose from 9.7% to an average of 12.7%. (see Figure 14). The rise in vacancy is likely due to the COVID-19 pandemic. FY2020-21 would not reflect the recent economic recovery and widespread vaccinations efforts from Public Officials. Further, the future market demand for office is still unclear as many major tech companies have delayed their return-to-work plans. Hybrid work models may dampen the demand for Class A office space as many companies right-size their office space to adjust to hybrid models.

Figure 14. Office Vacancy Rate in Downtown (FY2011-12 to FY2019-20)



BART Silicon Valley Phase II

In April 2018, the Valley Transportation Authority (VTA) and BART boards of directors both approved the Final Subsequent Environmental Impact Report (SEIR) for Phase II of the BART extension to Silicon Valley, including two new BART stations in Downtown (the Downtown San José Station and Diridon Station). The single-bore tunnel was selected over the twin-bore after extensive reviews, studies and industry feedback comparing cost, schedule, risks, and constructability of both alternatives. The single-bore tunnel significantly limits the amount of utility relocations and cut-and-cover construction in public right-of-way, thus reducing surface-level impacts (i.e., street closures, business disruptions, etc.) in Downtown San José while also providing operational flexibility. The single-bore tunnel was selected with public and city-input and was approved during the environmental clearance phase by BART and VTA.

In January 2021, VTA became the first transit agency in the nation to submit an application for \$1.735 billion through the Federal Transit Administration’s (FTA) Expedited Project Delivery Pilot Program (EPD). VTA also received a \$100 million funding allocation from the program, announced by the FTA.

Project construction is anticipated to begin in 2022, with testing starting in 2028.

Cultural, Entertainment and Visitor Activity

Downtown San José includes the largest concentration of San José's civic and cultural amenities, including City Hall, the Martin Luther King Jr. Library, the convention center, the San José Arena/SAP Center, multiple museums, numerous theaters, public art, and outdoor gathering venues. The South First Area (SoFA) cultural district is also within the Downtown, home to multidisciplinary art organizations of all sizes and commercial arts-based businesses.

Many cultural events and festivals continue adding to the vibrancy of the downtown, such as Christmas in the Park, the San José Jazz Summerfest, and the annual Silicon Valley Turkey Trot. However, due to the COVID-19 pandemic many cultural events, festivals and conventions were canceled or unable to be held in FY2019-20 due to social distancing requirements and a ban on large public gatherings. Like many cities around the world, COVID-19 not only impacted cultural events, but travel and visitation. San José has seen a reduction of approximately 50% of revenue from cultural and entertainment facilities citywide as the economic impact continues to ripple across the hospitality and service sectors nationwide. With the wide distribution of the vaccine, however, cultural and entertainment activity began to return in 2021. The San Jose Jazz festival, for example resumed in August 2021, albeit on a smaller scale, resulting in hotel rooms filling up in the Downtown during the festival weekend.



100 Block Mural Project at South First Street by various artists in collaboration with the Exhibition District. (Source: NBCBay Area)

Team San José Fiscal Year 2020-2021 Auditors Report. Team San José (TSJ) is an agency seeking to promote San José as a destination to stimulate economic development, particularly at the City's hotels, restaurants, and arts venues. In the

past, Team San José releases an annual report discussing performance measures set by the City, however since 2019 Team San José has not publish an Annual Report. The data below reflects figures from the Office of the City Auditor’s report to the City Council.

To view the Team San José 2019 Annual Report, visit: <https://www.sanjose.org/sites/default/files/PDFs/2019-annual-report.pdf>

Also shown in Figure 15 are the historic dashboard metrics for the Annual Report and updated revenue and gross operating profit and losses. TSJ did not meet its weighted incentive fee score or its San José Convention and Visitors Bureau (CVB) performance targets for FY 2020-21. Due to the restrictions by the State of California and the County of Santa Clara related to COVID-19, TSJ did not have any events within its facilities. Therefore, TSJ reported zero activity for estimated economic impact, theater occupancy, and customer satisfaction rate.

To view the Team San José FY2019-20 Update visit: <https://sanjose.legistar.com/LegislationDetail.aspx?ID=4628258&GUID=E6385229-3011-476F-A1AE-F11580DD2B37>

Figure 15. Team San José 2021 Independent Auditors Report

<i>Performance Measure</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>
San José Convention and Cultural Facilities generated revenue (<i>millions</i>)	\$28.5	\$39.1	\$47.5	\$52.7	\$61.7	\$64.0	\$35.6	\$4.8
San José Convention and Cultural Facilities gross operating profit (<i>millions</i>)	\$6.5	\$9.9	\$13.7	\$15.6	\$16.8	\$14.7	(\$12.9)	(\$9.8)
# of attendees that visited San José Convention and Cultural Facilities (<i>millions</i>)	1.2	1.49	1.48	1.34	1.43	1.12		
Total local taxes generated from attendees (<i>millions</i>)	\$12	\$11.2	\$11.8	\$10	\$289	\$320		
Total spent by attendees at San José hotels, restaurants, and attractions (<i>millions</i>)	\$91.1	\$134.9	\$158	\$111	\$130	\$122.6		
Direct spending returned for every tax dollar invested into San José Convention and Cultural Facilities	\$2.45	\$2.89	\$2.38	\$1.99	\$3.28			
Total performances booked by Team San José’s theater and events team	355	611	436	622	544			

* FY2020-2021, the Team San José Report did not report metrics in gray.

MAJOR STRATEGY #10 – LIFE AMIDST ABUNDANT NATURAL RESOURCES

The General Plan promotes access to the natural environment by, among other things, building a world-class trail network and adding parks and other recreational amenities. Service level objectives for parks and recreational facilities were last updated in the 2020-2024 Adopted Capital Improvement Program (CIP), but not in the most recent 2021-2025 Proposed CIP, and are summarized in Figure 16.

Figure 16. Parks and Recreation Facilities Service Level Objectives

Service Level Objectives	Actual Service Level as of 06/30/18	Estimated Service Level 2019-20*	Estimated Service Level 2020-2024*
3.5 acres of neighborhood and community recreational lands per 1,000 population	2.9	2.7	2.7 (Acres)
7.5 acres of regional/city parklands per 1,000 population (valley floor)	14.9	13.9	13.8 (Acres)
500 square feet of community center floor area per 1,000 population	536.3	501.8	495.5 (sq. ft.)

*For footnotes please see following link: <https://www.sanjoseca.gov/home/showdocument?id=48671>

The 2019-2020 level of service estimate for neighborhood and community recreational lands and regional/city-wide parklands are expected to decrease marginally compared to the 6/30/2018 actuals due to an anticipated increase in population. As San José’s population continues to grow, it will become increasingly difficult to maintain current service levels with limited property available for recreational development. To achieve the objective of 3.5 acres per 1,000 residents by 2021, the Parks, Recreation, and Neighborhood Services Department would need to develop approximately 104 acres of neighborhood and community serving recreational lands annually.

Figure 17. Parks and Community Facilities Infrastructure

Infrastructure	Sites/Acreage
Park Sites	209
Park Acreage	3,537
Developed Acreage	2,112
Open Space	1,069
Undeveloped Land	356
Trail Mileage	61.68
City Operated Community Centers	11
Partner Operated Re-Use Sites	30

Source: <https://www.sanjoseca.gov/home/showdocument?id=58012>

The City’s trail network includes 40 trail systems under development along river, creek, and overland alignments, with 61 miles of trails open to the public. 39 miles would need to be added in 2022, in order to meet the City’s goal to expand the

City's trail network to 100 miles by the year 2022. Given the pace of trail development over the past 10 years, it is not anticipated that the City will achieve this goal.

The overall size of the Parks and Community Facilities Development CIP has decreased by \$62.9 million; from \$359.9 million in the 2020-2024 Adopted CIP to \$297.0 million in the 2021-2025 Proposed CIP. This decrease is primarily due to the following:

- Lower C&C Tax revenue (\$14.4 million)
- General Fund projects that are currently allocated in 2019-2020, therefore are not being captured in the 2021-2025 CIP total (\$11.8 million)
- Completion of the several projects, including Arcadia Softball Facility (\$8.5 million); 2017 Flood – Watson Park Turf, Lighting, and Electricity Mitigation (\$2.6 million); Tamien Park Development Phase II (\$2.5 million); Iris Chang Park Development (\$2.3 million); and Camden Community Center Improvements (\$1.5 million)

MAJOR STRATEGY #11 – DESIGN FOR A HEALTHFUL COMMUNITY

The General Plan supports the physical health of community members by promoting walking and bicycling as travel options, encouraging access to healthful foods, and supporting the provision of health care and safety services. Specifically, the Land Use and Transportation Chapter includes a set of balanced, long-range, multi-modal transportation goals and policies that provide for a transportation network that is safe, efficient, and sustainable. One such policy includes reducing the drive-alone commute mode share to no more than 40% by 2040, with goals to increase various other modes accordingly (see Figure 18).

Figure 18. Commute Mode Split Targets for 2040

MODE	2040 GOAL
Drove alone	No More than 40%
Carpool	At least 10%
Transit	At least 20%
Bicycle	At least 15%
Walk	At least 15%
Other means (including work at home)	See Note 1

Note 1: Working at home is not included in the transportation model so the 2040 Goal shows percentages for only those modes currently included in the model.

In order to measure the proportion of commute travel using modes other than the single-occupant vehicle, the most recent data available was collected from the U.S. Census Bureau American Community Survey (ACS) (2014 through 2018) for San José. As shown in Figure 19, there has not been a meaningful change in commute mode shares. Out of the five targets set for commute modes, only the Carpool Target has been met. It should also be noted that 12% of San José residents work outside of Santa Clara County.

Figure 19. San José Commute Modes, Workers 16+ Years, 2011-2019

Mode	Year								
	2007-11	2008-12	2009-13	2010-14	2011-15	2012-16	2013-17	2014-18	2015-19
Drove alone	78.0%	77.8%	77.5%	77.7%	77.1%	76.3%	75.9%	76.0%	75.8%
Carpooled	10.6%	10.8%	11.3%	11.1%	11.3%	11.6%	11.7%	11.7%	11.7%
Public transit (excluding taxicab)	3.4%	3.5%	3.5%	3.7%	3.9%	4.1%	4.5%	4.4%	4.5%
Walked	2.0%	1.8%	1.7%	1.6%	1.6%	1.6%	1.7%	1.7%	1.8%
Bicycle	0.9%	0.9%	0.9%	0.9%	1.0%	0.9%	0.9%	0.8%	0.8%
Other means	1.4%	1.3%	1.3%	1.2%	1.2%	0.8%	1.2%	1.3%	1.3%
Worked at home	3.7%	4.0%	3.9%	3.9%	3.9%	4%	4.1%	4.2%	4.2%
Work outside Santa Clara County	11.2%	11.2%	11.1%	11.1%	11.3%	11.3%	11.7%	12.0%	12.1%

Source: United States Census Bureau, American Community Survey, 5-year Estimates, Table S0801

Reflective of development patterns and access to public transit, residents living in Downtown San José use a higher percentage of alternative transportation modes compared to citywide statistics, as shown in Figure 20.

Figure 20. Commute Modes for Downtown Block Groups, Workers 16+ Years, 2013 - 2019

Means of Transportation	2009-2013	2010-2014	2011-2015	2012-2016	2013-2017	2014-2018	2015-2019
Drove alone	61.7%	60.6%	63.3%	63.1%	63.7%	69.3%	59.6%
Carpooled	5.4%	5.7%	3.9%	5.1%	5.8%	8.4%	8.2%
Public transportation (excluding taxicab)	15.7%	13.4%	14.8%	15.8%	18.0%	14.5%	14.4%
Walked	7.5%	9.2%	7.3%	8%	6.7%	7.1%	7.1%
Bicycle	2.1%	2.7%	2.9%	1.9%	1.4%	2.4%	1.8%
Taxicab	0.5%	0.5%	0.7%	0.4%	0.3%	2.1%*	1.4%*
Worked at home	4.6%	4.8%	5.0%	4.3%	5.3%	4.7%	4.1%
Other means	2.2%	3.2%	2.0%	0.8%	0.3%		

Source: American Community Survey, 5-Year Estimates, B08301

* Combined with other means

Other measures of determining whether San José is achieving a balanced transportation network include WalkScore, BikeScore, and TransitScore. These annual online assessments measure a geographical area’s walkability, bikeability, and access to public transit. According to this year’s analysis, San José has a WalkScore of 49 out of 100 (somewhat walkable), a BikeScore of 62 out of 100 (bikeable – some bike infrastructure), and a TransitScore of 41 out of 100 (some transit). The City’s Bike Score increased by three points from the previous year, the Transit Score stayed the same, and the Walk Score decreased by two points.



The VTA Next Network project completed its launch in early 2020. It is a redesign of the transit network and is one component of VTA’s Transit Ridership Improvement Program. The Transit Ridership Improvement Program is an effort to make public transit faster, more frequent and more useful for Santa Clara County travelers. The Next Network project concerns VTA’s transit operations and seeks to 1) better connect VTA transit with the Milpitas and Berryessa BART stations; 2) increase overall system ridership; improve VTA’s farebox recovery rate. VTA’s implementation of the Next Network project will support the commute mode split targets of the General Plan. Due to the COVID-19 pandemic, ridership has plummeted on VTA lines. After observing the pandemic’s effect on transit patterns and ridership, the VTA Board of Directors paused efforts on advancing the draft service plan and focused on the urgent issue of passenger pass up on existing service. In February 2021, VTA improved frequency on seven routes and made modifications to two routes.

Additionally, the long anticipated Phase I of the VTA BART Silicon Valley extension is complete and opened for passenger service on June 13, 2020. A project decades in the making, BART finally extends service to San José and Milpitas, providing easy transit access to the San Francisco, Oakland, and the rest of the East Bay.

Unfortunately, the opening of the Berryessa BART Station, although open for passenger ridership in time for the completion of the Berryessa BART Urban Village Plan, coincided with the COVID-19 pandemic, which dampened fanfare and ridership.

Shared Micro-Mobility. The micro-mobility movement in San José began in 2013 with the Bay Area Bike Share pilot program and has since evolved to include bike share stations, docked/dockless bikes, and electric assist bikes. During summer 2018, in partnership with the City, Ford GoBike started to pilot a 200 bike “dockless” bike share system in North San José. However, Motivate, the bike share operator, was purchased by Lyft in 2019 and discontinued the dockless pilot and Lyft rebranded Ford GoBike to Bay Wheels. As of August 2020, the City has 83 completed stations and one pending station.

State law provides only basic guidance on regulating bike share systems and e-bikes/e-scooters. DOT has created a new regulatory framework and permit system, coordinated with the City Attorney's Office, and adopted by Council in December 2018. This framework applies to "micro-mobility" devices, such as e-scooters and bike shares. DOT has issued three permits to e-scooter companies, allowing for a total of up to 4,400 scooters. Currently, Lyft (owner of Bay Wheels) have the exclusive right to operate bike share in San Jose, as granted by the City Council in 2015. Thus, the City cannot issue permits to bike share operators for the time-being.

Additional e-scooter safety measures were mandated in FY2019-20. All e-scooter operators in San José were mandated to participate in an evaluation process to demonstrate the effectiveness of the technology they will rely upon to prevent the use of shared e-scooters on the sidewalk and reduction in e-scooter speeds to five miles per hour when sidewalks are being used in designated areas. The sidewalk prevention technology requirement is effective on the following street segments:

- 1st, 2nd, 3rd, and 4th Street between San Carlos Street and St. John Street
- San Fernando Street between Cahill and 10th Street

Operators that cannot fully meet this requirement at the time of permit issuance shall deploy a Sidewalk Tech Prevention Study and Demonstration Pilot. Reports were submitted to the City by the January 31, 2020 deadline.

Transportation Safety. DOT and the Police Department are actively involved in improving the safety and mobility of the City's residents through outreach and education programs in accordance with General Plan Policy TR-2.4. These departments have oversight over a variety of programs, many of which are funded through grants. Over the past five years, DOT has received approximately \$30 million through various grants, including over \$25 million from the One Bay Area Grant (OBAG), to implement projects and programs that focus on improving traffic safety and enhancing pedestrian and bicyclist mobility.

The following programs focus on improving safety and mobility in San José (*Annual Transportation System Safety Report, 2020*):

- **Road Safety Outreach with Older Adults:** With funding from a 2019-2020 California Office of Traffic Safety grant, DOT hired California Walks as a consultant to deliver 15 pedestrian safety presentations and 15 walk audits of locations identified by older adults. These sessions, done via Zoom to

View the Annual Transportation System Safety Report at: <https://www.sanjoseca.gov/home/showdocument?id=61139>

comply with social distancing requirements, offered the opportunity to introduce Vision Zero to the older adult audience and solicit their input on where safety improvements are needed.

- **Pedestrians Experiencing Homelessness:** Following an uptick in pedestrian fatalities involving people experiencing homelessness since 2014, DOT sought input on the creation of an outreach campaign for homeless residents from San José's Destination: Home Lived Experience Advisory Board (comprised of people who have current or past experience of homelessness), other Vision Zero cities, and strategic communications consultancies. In June 2020, California Office of Traffic Safety announced its intent to award San José \$110,000 in grant monies for the 2020-2021 grant cycle, which may make San José the first city in the nation to develop this kind of road safety outreach campaign.
- **Walk 'n Roll San José:** The City is currently working with 55 elementary and middle schools to encourage walking and bicycling – increasing the number of children who walk or bike to school by an average of 29% in the 55 schools.
- **Traffic Safety Education:** In FY2019-20, fewer people received traffic safety education due to social distancing and school closures. In typical years, traffic safety education is done at school assemblies, special events, and bike rodeos. As more data analysis has shown that older adults and people experiencing homelessness are involved in traffic fatalities, DOT has expanded programs that serve these audiences. In addition, the Police Department's Traffic Enforcement Unit also participates in school safety programs at schools, including *Every 15 Minutes* where high school students learn about the serious impacts of driving under the influence.

To improve traffic safety, the City launched Vision Zero San José in April 2015. Vision Zero San José seeks to create a community culture that prioritizes traffic safety and ensures that incidents on the City's roadways do not result in severe injury or death. Vision Zero San José also identifies Safety Priority Streets, or street segments that have the greatest need for roadway safety improvements, as they have the highest frequency of fatal and severe injuries. On February 11, 2020, the City Council adopted the 2020 Vision Zero Action Plan, and committed an initial investment of \$6.8 million to provide for more rigorous and systematic data analytics, delivery of more and substantial corridor-based safety projects to reduce traffic fatalities and severe injuries, and engagement and education of the community to move towards a safety first culture.



- **Vision Zero Responses to COVID-19:** During the initial months of the COVID-19 pandemic period, shelter-in-place orders reduced traffic volumes and crashes, but did not reduce traffic fatalities. California cities experienced much greater traffic speeds than usual. Speed is the top known contributing factor to fatal and severe injuries in recent data years. As of June 2020, DOT has responded to the COVID-19 pandemic in three ways:
 - Disabled signal coordination to reduce speeds given lower congestion (March);
 - Automated the pedestrian phase at 100 downtown signals so pedestrians do not have to touch a common surface to cross the street (April);
 - Speed Safety campaign: Slow Down, Save Lives; 20 mph is Plenty (May); and

- Investing more in districts with higher number of fatal and severe injuries, which occur more in what MTC defines and Communities of Concern.

Viva CalleSj. After being postponed due to COVID-19, the City hosted its 5th Viva CalleSj event on Sunday, September 19,, 2021. This was followed by the 7th Viva Cella event on November 7th, 2021. At the November event, six miles of City streets were opened exclusively for cyclists, skaters and walkers of all ages and abilities. An estimated number of 40,000 people left their cars behind and explored the route from Lincoln Avenue in Willow Glenn to Kelley Park. View the route at <https://www.vivacallesj.org/the-event/featured-event>

Viva Parks. Like many other recreational events, the fifth year of the ¡Viva Parks! free summer series, was disrupted and cancelled for 2020 due to the COVID-19 pandemic. However, in 2021 the free summer series continued and allowed residents to have a little extra fun added to summer evenings in their neighborhood parks. Every Monday through Thursday from June to August, the 13-week series featured a variety of events, including healthy food demonstrations, resource tables, cultural dance performances, bounce houses, group games and classes, free movie nights, and special activities like a climbing wall, skate competitions and hay rides.

MAJOR STRATEGY #12 – PLAN HORIZONS AND PERIODIC MAJOR REVIEW

The General Plan contains Plan Horizons to phase implementation of housing development over time and to allow the City Council to evaluate the timing of additional housing growth relative to the City’s overall economic and fiscal health.

The City Council determines when to begin the next Plan Horizon based on analysis from the General Plan’s Four-Year Review process. The Four-Year Review process requires the reassembly of a community stakeholder Task Force to evaluate changes in the planning context and achievement of goals, as well as provide recommendations to staff. The City’s first Four-Year Review process began in November 2015 and concluded in December 2016. The second Four-Year Review Task Force meetings began in fall 2019 and concluded in November 2020. Staff recommendations will be submitted to City Council in Fall 2021, a longer period than the first Four-Year Review due to delays related to the COVID-19 pandemic. The Task Force considered policy changes related to the following topics in the Council approved scope of work:

- Coyote Valley: Redistribution of planned job growth and long-term future
- Allowing single-family parcels to redevelop to 2-4 units with certain parameters
- Residential uses in underutilized business corridors
- Urban Village implementation and affordable housing goals
- Commercial space requirements for affordable development projects
- Reallocation of planned residential capacity to Downtown
- Vehicle Miles Traveled Tier II Policies
- Evergreen-East Hills Development Policy

View information on the General Plan Four-Year Review process at: <http://www.sanjoseca.gov/generalplanreview>

The City Council considered the Planning Commission’s, Staff’s and Task Force’s recommendations on the Four-Year Review scoping items above on November 16th, December 1st, and December 14th 2021.

2021 General Plan Land Use/Transportation Diagram Amendments

Six privately-initiated General Plan Land Use/Transportation Diagram Amendment requests are included in the 2021 General Plan Annual Review hearing cycle. The following are the proposed General Plan land use designation changes:

1. **GP21-003/C21-036** (3354 Keaton Loop): Residential Neighborhood to Neighborhood/Community Commercial
2. **GP21-004/C21-009** (7246 Sharon Drive): Neighborhood/Community Commercial to Mixed Use Neighborhood
3. **GP20-006/C20-030** (1271 & 1279 E. Julian Street): Mixed Use Neighborhood to Urban Residential
4. **GP21-007/C21-029** (2905 Senter Road): Neighborhood/Community Commercial to Mixed Use Commercial

5. **GP21-009/C21-008** (1500 Berger Drive): Heavy Industrial to Light Industrial

HOUSING

While not a Major Strategy, housing plays an integral role in the General Plan through the Housing Element, as a component of multiple Major Strategies, and through General Plan goals and policies to provide housing throughout the City to address the needs of an economically, demographically, and culturally diverse population. The following section provides a brief summary of progress over the last year in achieving the General Plan’s housing goals.

Housing Goals and Regional Housing Allocation

Statewide housing needs are calculated by the California Department of Housing and Community Development (HCD) and the California Department of Finance (DOF) based upon regional population forecasts. The Association of Bay Area Governments (ABAG) assigns the region’s housing allocation to each jurisdiction, known as the Regional Housing Needs Allocation (RHNA). San José’s RHNA for the current eight-year cycle is outlined in Figure 21.

Figure 21. Regional Housing Needs Allocation for San José

	2014-2023 RHNA
New housing units goal	35,080
% affordable goal	60%
% market rate goal	40%
Permitted units (building permits issued)	18,430 <i>(through 2020)</i>
Percentage permitted as affordable	23% (4,327) <i>(through 2020)</i>
Percentage permitted as market rate	76% (14,103) <i>(through 2020)</i>

As shown above, the vast majority of new residential development has been market rate projects. However, in calendar year 2020, San José issued building permits for a total of 1,375 units, of which 663 (approximately 48%) were affordable units. The City has reached approximately 99.1% of RHNA Total Market Rate goal of 14,231 units, but 80 percent short of RHNA Total Affordable Housing goal of 20,849 units. Challenges continue in the financing and provision of affordable housing. While most of San José’s housing production has been market rate, there is a significant need for affordable homes for residents in lower-wage jobs in the service and support economy.

To advance affordable housing goals, the Housing Element of the General Plan includes a work plan that outlines actions to promote new construction, rehabilitation, and preservation of affordable housing units, as well as activities to end homelessness, promote equitable development, and create healthy and sustainable communities and neighborhoods.

The City of San José is in the process of updating the Housing Element for the 2023-2031 cycle and for the first time, in response to AB 686, the "Affirmatively Further Fair Housing" law, this next update (Cycle #6) must include an assessment of fair housing, a site inventory that helps dismantle housing segregation, and programs that "affirmatively further fair housing. For further information please see the link above.

View the Housing Element webpage and access the full report at:
<https://www.sanjoseca.gov/you-government/departments/planning-building-code-enforcement/planning-division/citywide-planning/housing-element>

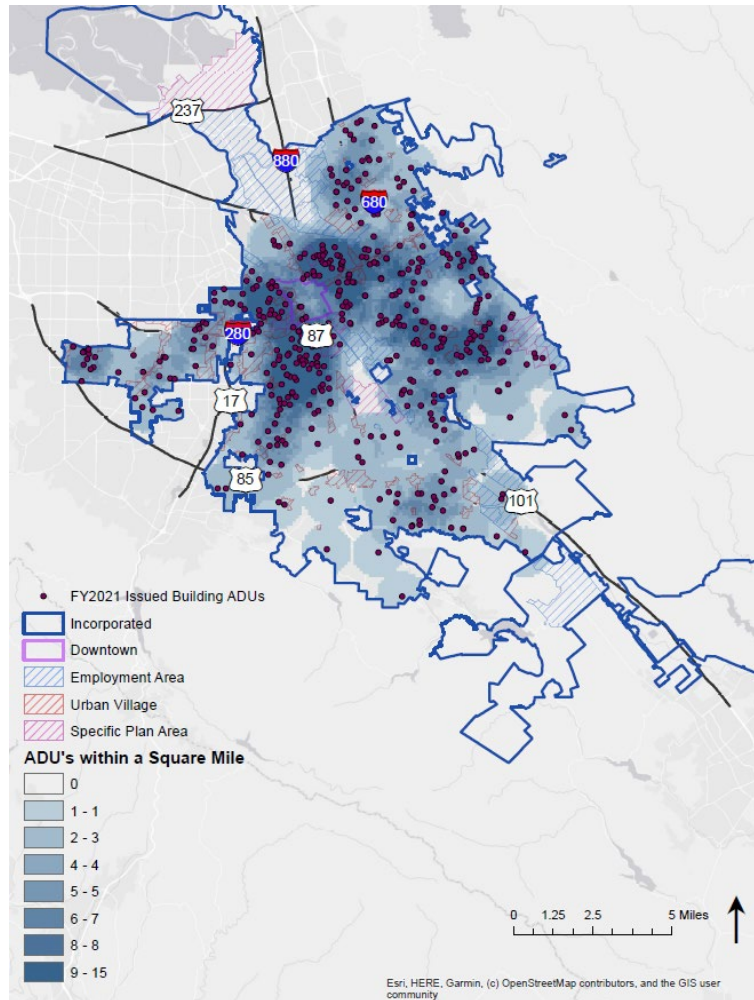
Housing Crisis Workplan

In September 2017, the Mayor issued a memorandum entitled "Responding to the Housing Crisis." The memo set a citywide goal of 25,000 homes, at least 10,000 of those affordable, to be constructed or approved by 2022. The memo also identified a large number of items to address the housing crisis. In June 2018, City Council approved a Housing Crisis Workplan developed by Office of Economic Development, Planning, and Housing staff that prioritized implementation of policy actions to facilitate the development of 15,000 market-rate and 10,000 affordable residential units by 2022. Between FY17-18 and FY20-21, the City of San José has issued building permits for 10,250 units of which 3,437 units were affordable.

Other Actions to Facilitate Housing

Accessory Dwelling Units. Accessory dwelling units (ADUs) are listed on the City Council Priority List as Priority #7 and was included in the Housing Crisis Workplan.. In 2018, the City further relaxed Zoning Code regulations to encourage development of secondary dwelling units. As Zoning Code regulations have been relaxed for secondary units, building permit issuance for ADUs has grown exponentially in the past three years: FY2017-18 (154 units), FY2018-19 (296 units), FY2019-20 (392 units), and FY2020-21 (454 units). As of January 2020, City Council Priority #7 is considered complete and was removed from the priority list. For a map of the new ADUs, see Figure 22.

Figure 22. FY2020-21 Building Permit Issuance for Accessory Dwelling Units



Downtown High-Rise Incentive Program. Increasing the number of residents in the Downtown has long been viewed as critical to support transit, retail, and the generation of more jobs in the City's core. Since 2007, City Council has approved incentives to attract residential high-rise projects to the Downtown, including reductions in park fees construction taxes, affordable housing impact fees and inclusionary housing in-lieu fees. In August 2020, the City Council approved the Downtown Residential High-Rise Inclusionary Housing Ordinance (IHO) In-Lieu Fee Reduction that will set the IHO in-lieu fee for residential high-rise projects¹ in the Downtown to \$0, if the projects can obtain building permits by June 30, 2023. In addition, these projects would need to obtain Certificates of Occupancy for 80% of dwelling units on or prior to June 30, 2025.

Commercial Linkage Fee. Development of new non-residential buildings increases the number of jobs in San José. Because a share of the new workers in these new jobs will have household incomes that qualify them as Extremely Low, Very Low, Low and Moderate Income, new commercial development will result in an increased need for affordable housing (*Commercial Linkage Nexus Analysis*, Keyser Marston Associates, August 2020). In September 2020, City Council approved of the

¹ Defined as ten or more floors or stories in height not including any nonresidential uses where the highest occupied floor has a floor level elevation that is at least 150 feet above street level.

Commercial Linkage Fee that will require new commercial developments to pay a fee towards construction of affordable housing units. The purpose of the commercial linkage fee is to fund construction of affordable housing to mitigate the increased demand for affordable housing from workers in newly developed workplace buildings.

COVID-19 Response. Since the issuance of the County’s shelter-in-place orders in March 2020, the Housing Department has been focused on development of emergency housing for COVID-19 positive and exposed residents currently living in overcrowded housing, encampments, shelters, or other circumstances making it difficult for the individual to self-quarantine. The City has coordinated with the County and non-profit organizations to generate temporary shelters and additional services for the vulnerable residential population. In addition, the City Council has approved for temporary moratoriums for non-payment of rents due to income loss from COVID-19 effects.

View the Shelter Crisis Declaration for COVID-19 Emergency memo at: <https://sanjose.legistar.com/View.ashx?M=F&ID=8225329&GUID=6714DB37-0136-4E59-92FF-35C171F94902>

Mobile Home Park Protection. The City of San José has 59 mobile home parks with approximately 10,836 mobile/manufactured homes housing, roughly 35,000 residents, which is the largest number of mobile homes and households in any city in California. Since 2015, the City Council approved Title 20 (Zoning Code) changes to the Municipal Code, General Plan text amendments, and adopted a new City Council Policy 6-33 “Conversion of Mobilehome Parks to Other Uses” to preserve San José’s mobilehome parks and to protect their residents. On March 10, 2020, the City Council approved the creation of a new General Plan land use designation specific to mobilehome parks and applied that new designation to two mobilehome parks determined to be the most at risk of conversion. The City Council further directed staff to apply the new designation to the remaining 56 mobilehome parks in the City. At that time, staff explained that additional staffing resources would be required with the Department of Planning, Building and Code Enforcement in order to process the 56 General Plan amendments, and consideration of adding these resources would need to come as a part of the FY2020-21 Budget Process. However, given the difficult budget situation created by COVID-19, the City Council did not choose to allocate new resources towards this effort in FY2020-21.

CONCLUSION

The City of San José has made notable progress towards achieving the Major Strategies of the *Envision San José 2040 General Plan*. This progress is evidenced by:

- New dense, mixed-use development experienced in the General Plan's Growth Areas;
- Adoption of Urban Village Plans;
- Implementation of multi-modal Capital Improvement Projects; and
- Implementation of sustainability goals and policies.

While the City has advanced many of the General Plan's goals, some performance measures were largely impacted by the COVID-19 pandemic and shelter-in-place orders. Many of the goals set forth in the General Plan are long term and may see recovery; however, it is too early to tell. Some of the primary General Plan implementation challenges include raising the City's jobs to employed residents ratio, meeting desired service-level standards for City services, increasing the percentage of affordable housing, and improving the distribution of commute mode shares, and are goals that the City will need to continue to strive to achieve. As the COVID-19 pandemic continues into 2022, its short- and long-term impacts are still in progress. With such unprecedented and sudden changes to the economy and limited data available, the impacts will not be fully realized until years to come. Although times are uncertain, we remain hopeful for a recovery that keeps our long-term goals within reach.

Appendix A

Measurable Sustainability and Climate Smart Bold Goals Status Table

Policy IP-3.8: Evaluate achievement of the following goals for environmental sustainability as part of each General Plan annual review process.

As stated in the Measurable Sustainability/Environmental Stewardship section of this report, the General Plan Annual Review will no longer track progress of the Green Vision goals following this year’s report. Instead, the Annual Performance Review will summarize progress on implementation of the *Climate Smart San José Plan*, which has replaced the Green Vision. Further progress and reporting metrics can be found at the Climate Smart webpage: <https://data.prospectsv.org/>

	<i>Goal</i>	<i>Status</i>
1	By 2021, San José Clean Energy (SJCE) will offer 100 percent greenhouse gas-free power as a base product	San José Clean Energy (SJCE) launched service to 308,000 residential and commercial customers in February 2019 sourced with 45 percent renewable energy from solar, wind, and geothermal.
2	By 2040, San José will be the world first one gigawatt (GW) solar city	Total solar capacity installed in San José at the end of June 2021 was 226 megawatts.
3	By 2030, 60 percent of all passenger vehicles in the city will be electric, making us the electric car capital of the U.S.	As of December 2020, 4.2% of all passenger vehicles registered in San José were electric - 2.7% were fully electric and 1.5% were plug-in hybrids.
4	From 2020, 100 percent of new homes will be Zero Net Energy (ZNE) and, by 2030, 25 percent of all existing homes will be energy efficient and all-electric	The City Council adopted an updated natural gas infrastructure prohibition that applies to all new construction with an application for a building permit submitted on or after August 1, 2021.
5	By 2030, San José will create an additional 22 million square feet of commercial workspace located within a half mile of transit	For FY2020-21 the City has issued planning permits for 12.2 million square feet of commercial/office/retail within a half mile of transit.
6	By 2030, San José will have developed 40,000 dwelling units in its urban villages and focused growth areas	Since the adoption of the General Plan in 2011, the City has issued planning permits for approximately 19,931 units within its urban village and focused growth areas.
7	By 2040, only four out of ten commute trips in San Jose will be taken in single-occupancy vehicles	An estimated 75.8% of commutes trips in San José are single-occupancy vehicles
8	By 2030, San José will reduce its per capita residential water consumption by 30 percent compared to 2009 levels	In 2020, residential water consumption was 73.6 gallons per capita per day, a growth of 23% percent compared to 2009 levels. Due to the COVID-19 pandemic, there were an increased number of people working from home and residential water use in 2020 was unusually high.

	Goal	Status
12	Quantitatively track the City's education program on the public use of water. Adjust the program as needed to meet Envision General Plan goals. (Responsible Management of Water Supply MS-17.6)	With the Governor's Executive Order to "Make Conservation a Way of Life" and the considerable effort that was put in to educating the public about water supply and efficient water use, the City remains committed to conservation programs and messaging. Staff continued to participate in public outreach events such as attending a San José Earthquakes game, conducting messaging at Christmas in the park, and hosting three workshops in the City service area. Additional outreach was conducted through print and social media such as radio ads, magazine advertisements, LED signage, web ads and through the ESD website. Outreach was conducted providing water-savings tips in multiple languages and reached an audience of approximately 200,000. San José residents continue to receive bi-monthly reports comparing their water use to similarly-sized households and receive customized tips on how to continue to increase their water savings.
<i>The following are goals associated with the Green Vision and not all data is officially tracked for the General Plan Annual Review.</i>		
	Measure annually the shares of the City's total Carbon Footprint resulting from energy use in the built environment, transportation, and waste management. (Reduce Consumption and Increase Efficiency Action MS-14.7)	San José's 2017 community inventory totals 5.7 million metric tons of carbon dioxide equivalent (MT CO ₂ e). More than half of the emissions come from vehicle use and another one-third come from community-wide energy use. For more information, please see the 2017 Inventory of Community Greenhouse Gas Emissions Report (http://www.sanjoseca.gov/DocumentCenter/View/84566).
	Prepare for City Council consideration by 2012 an ordinance that would enact regional landfill bans during the near- and mid-terms for organic material such as food waste and yard trimmings that contribute to methane generation in landfills. (Environmental Stewardship Action MS-8.8)	Complete. As of April 1, 2016, all local jurisdictions are required to comply with Mandatory Commercial Organics Recycling (AB 1826). Each jurisdiction is required to implement an organics recycling program to divert organics from the businesses subject to this act, thereby imposing a state-mandated local program. Staff is assessing the implementation of AB 1826 to ensure any future ordinance to enact regional landfill bans for organic material is consistent with state legislation. All applicable City customers are in compliance with AB 1826 due to the structure of the City's waste management systems. In 2017, SB 1383 was passed to reduce short lived climate pollutants (such as methane) through organic waste diversion and food waste recovery. The State is in the process of developing a guide to implement SB 1383 and City staff are monitoring its progress.

	<i>Goal</i>	<i>Status</i>
	<p>Quantitatively track the City’s education program on the public use of water. Adjust the program as needed to meet Envision General Plan goals. (Responsible Management of Water Supply MS-17.6)</p>	<p>With the Governor’s Executive Order to “Make Conservation a Way of Life” and the considerable effort that was put in to educating the public about water supply and efficient water use, the City remains committed to conservation programs and messaging. Staff continued to participate in public outreach events such as attending a San José Earthquakes game, conducting messaging at Christmas in the park, and hosting three workshops in the City service area. Additional outreach was conducted through print and social media such as radio ads, magazine advertisements, LED signage, web ads and through the ESD website. Outreach was conducted providing water-savings tips in multiple languages and reached an audience of approximately 200,000. San José residents continue to receive bi-monthly reports comparing their water use to similarly-sized households and receive customized tips on how to continue to increase their water savings.</p>
	<p>Provide all residents with access to trails within 3 miles of their homes. (Trail Network Measure TN-2.13)</p>	<p>Complete.</p>

ENVISION SAN JOSÉ 2040

2021 GENERAL PLAN ANNUAL PERFORMANCE REVIEW EXECUTIVE SUMMARY

This Executive Summary accompanies the 2021 General Plan Annual Performance Review. It provides an overview and dashboard of metrics pertaining to progress on the 12 General Plan Major Strategies, some of which are combined in this summary, as measured from November 2011 when the City Council adopted the General Plan.



COMMUNITY BASED PLANNING

20-21
FISCAL YEAR

115
PLANNING VIRTUAL MEETINGS HELD

3,581
TOTAL ATTENDEES

The City is committed to open government and community participation in its governance activities.

Due to the COVID-19 pandemic, community meetings in all departments were suspended for three months (March through May) as the City's Emergency Operations Center's Virtual Community Engagement Section, led by Planning staff, developed tools, processes, and strategies for virtual community engagement outreach that could be implemented citywide. By June 2020 staff implemented an online outreach and engagement program to maintain community outreach during the shelter-in-place order. Between June 2020 and July 2021, staff held 115 virtual meetings with 3,581 attendees.



FORM-BASED PLAN & URBAN VILLAGES

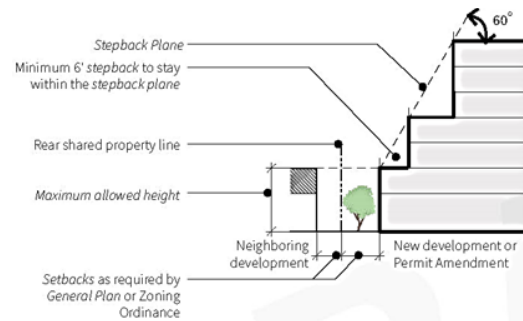
SINCE THE 2011 ADOPTION OF THE GENERAL PLAN:

12
APPROVED URBAN VILLAGE PLANS

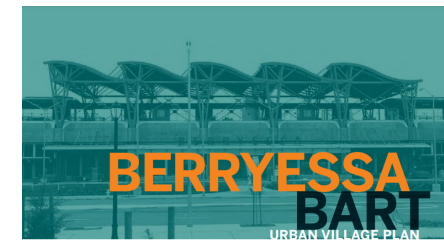
11,444*
APPROVED HOUSING UNITS IN URBAN VILLAGES

6.9*
MILLION SQ. FT. OF APPROVED COMMERCIAL SPACE IN URBAN VILLAGES

The Planning Division applies form-based principles during the review of development proposals and in the preparation of Urban Village Plans. The General Plan identifies Urban Villages within San José that focus on jobs and high density growth to foster vibrant, walkable, bicycle-friendly, transit-oriented, mixed-use urban settings for new housing and job growth.



Adopted Citywide Design Standards and Guidelines diagram.



Approved Berryessa BART Urban Village Plan

URBAN VILLAGE PLANS UNDER DEVELOPMENT

Urban Village Plan	Status	Anticipated Dates
Berryessa BART	Approved	Summer 2021
N. 1st St.	In Progress	Winter 2021
Southwest Expressway	To be Initiated	Spring 2021
Race Street Light Rail	To be Initiated	Spring 2021
Five Wounds (Update)	To be Initiated	Summer 2022
Little Portugal (Update)	To be Initiated	Summer 2022
24th and Williams (Update)	To be Initiated	Summer 2022
Roosevelt Park (Update)	To be Initiated	Summer 2022
East side Alum Rock/Alum Rock Ave	To be Initiated	Fall 2022

*Excludes Downtown Growth Area and Diridon Station Area Plan from the Urban Village classification.

FOCUSED GROWTH & REGIONAL EMPLOYMENT CENTER

SINCE ADOPTION OF THE GENERAL PLAN IN NOVEMBER 2011,
BUILDING PERMITS HAVE BEEN ISSUED FOR OVER:

26.9
THOUSAND NEW
RESIDENTIAL UNITS

18.6
MILLION SQ. FT. OF
NEW COMMERCIAL
DEVELOPMENT

10.7
MILLION SQ. FT. OF NEW
INDUSTRIAL/OFFICE
DEVELOPMENT

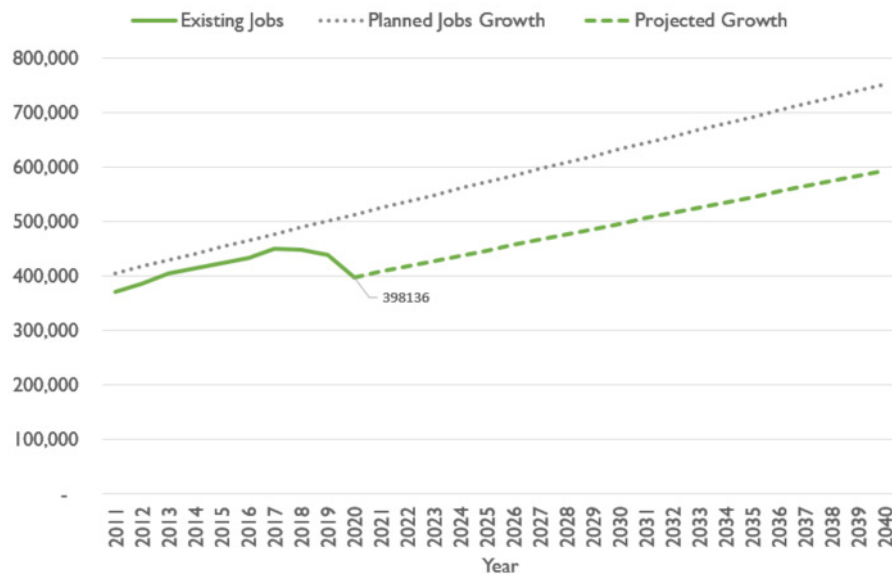
At the end of fiscal year 2020-2021, San José had a total of 367,843 payroll jobs and approximately 30,293 self employed jobs. San José has lost approximately 52,749 payroll jobs since its peak in 2017. San José is approximately 25,000 jobs above the levels since the adoption of the General Plan in November 2011, which represents a 7% increase from 2011 (California Employment Development Department). This data likely does not reflect COVID-19 recovery efforts or widespread distribution of the vaccine. The General Plan includes a planned job capacity of 382,000 new jobs, equating to approximately 13,000 new jobs per year.

1.1
JOBS PER EMPLOYED
RESIDENTS GOAL (2040)

0.80
JOBS PER EMPLOYED
RESIDENTS (CURRENT)

San José largely remains a bedroom community, having more employed residents than jobs within the City. The jobs-to-employed-resident (J/ER) ratio is an indicator of a city's fiscal strength; jobs-based development generates city revenue while residential-based development necessitates greater demand for the provision of services. The General Plan sets a J/ER ratio goal of 1.1 by 2040. According to the most recent data, the City's J/ER ratio is 0.81, meaning there are 0.81 jobs per employed resident in San José.

Planned Job Growth and Actual Job Growth



New growth is directed and encouraged within the City's Growth Areas to preserve and enhance the quality of established neighborhoods, and reduce environmental and fiscal impacts.

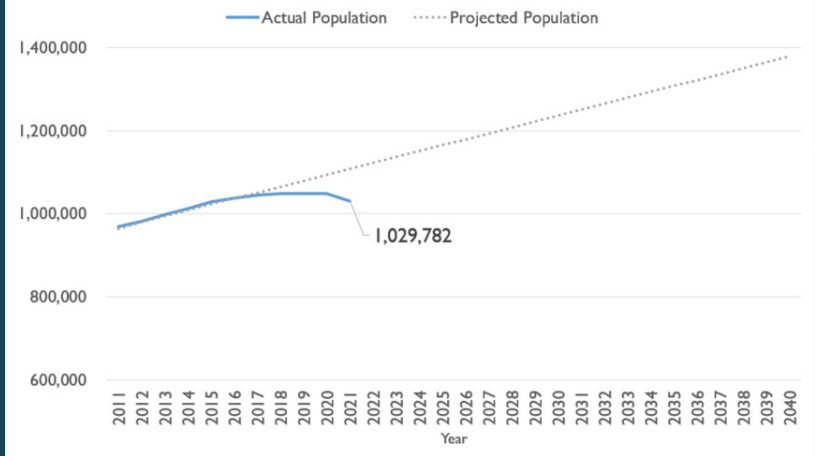
83%
RESIDENTIAL
DEVELOPMENT BUILT*
within growth areas

75%
COMMERCIAL
DEVELOPMENT BUILT*
within growth areas

71%
INDUSTRIAL / OFFICE
DEVELOPMENT BUILT*
within growth areas

As of January 2021, San José had an estimated population of 1,029,782 people, representing a 1.8% decrease from 2020 and a 6% increase from 2011. San José's population growth has plateaued and is declining likely due to low birth rates, and an increase in out-migration and a decrease in in-migration to the city due to high costs of living. This stands as approximately 53% of the total population of Santa Clara County (State of California, Department of Finance).

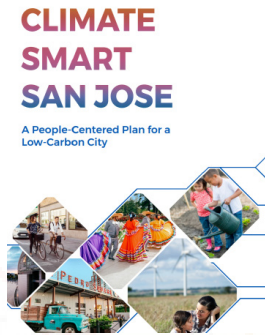
Population Projection and Actual Population Growth



* Based on building permits issued since adoption of the General Plan in November 2011

MEASURABLE SUSTAINABILITY / ENVIRONMENTAL STEWARDSHIP

Approved by the City Council in February 2018, Climate Smart San José uses the General Plan as a foundation and creates a pathway for San José to reach the State's target of 80% reduction below 1990 levels of Greenhouse Gas emissions by 2050. In October 2018, San José was named as a winning City in the Bloomberg American Cities Climate Challenge. San José plans to use support from the Climate Challenge to focus on turbocharging the implementation of Climate Smart San José. Specifically, San José will work with Bloomberg and partners to develop and implement a shared electric-vehicle strategy, including education and incentives, implementation of high-priority segments for the City's walking and bicycling network, inclusion of new mobility options such as bike- and scooter-sharing systems, development of a roadmap to eliminate natural gas use in residential housing, and require solar and EV-readiness in new construction.



LIFE AMIDST ABUNDANT NATURAL RESOURCES

The General Plan promotes access to the natural environment by building a world-class trail network and adding parks and other recreational amenities.

100
MILES OF OFF-STREET TRAILS BY 2022
(GOAL)

61
MILES OFF-STREET TRAILS OPEN TO THE PUBLIC
(2020)

STREETSCAPES FOR PEOPLE

392 MILES OF ON-STREET BIKE WAYS

San José is becoming a place where biking is a regular and common activity for people for all ages and abilities. Better Bike Plan 2025 will update San José Bike Plan 2020 to create a bicycle network that is:



Safe. We want to eliminate roadway fatalities and major injuries for all – people walking, bicycling, and driving – as soon as possible. This bike plan supports our Vision Zero San José initiative.



Comfortable. We want to create a bicycle network that enriches the lives of everyone who lives, works, or plays in San José.

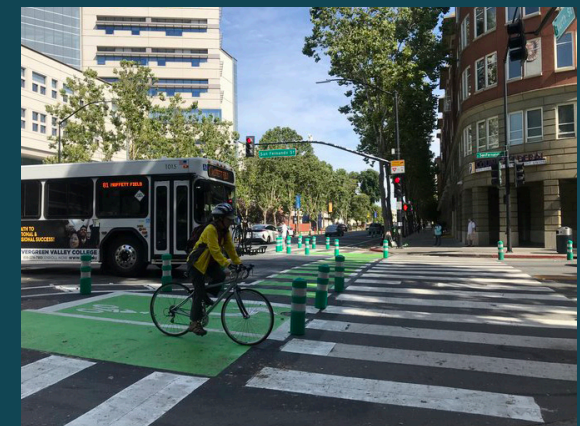


Convenient. We want more people biking! This plan will help us toward the goal of at least 15% of trips made by bike by 2040.

DESIGN FOR A HEALTHFUL COMMUNITY

The General Plan supports the physical health of community members by promoting walking and bicycling as travel options, encouraging access to healthful foods, and supporting the provision of health care and safety services. Specifically, the Land Use and Transportation Chapter includes a set of balanced, long-range, multi-modal transportation goals and policies that provide for a transportation network that is safe, efficient, and sustainable. One such policy includes reducing the automobile commute mode share to no more than 40% by 2040, with goals to increase various other modes accordingly.

Mode	2040 Goal	San Jose (Current)
Drive Alone	No more than 40%	76.0%
Carpool	At least 10%	11.7%
Transit	At least 20%	4.4%
Walk	At least 15%	1.7%
Bicycle	At Least 15%	0.8%



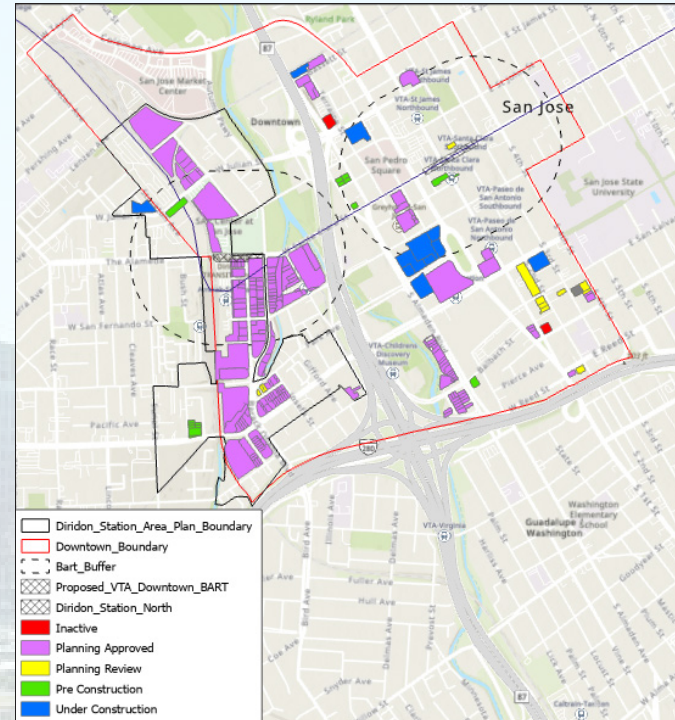
DESTINATION DOWNTOWN

Downtown Development Activity

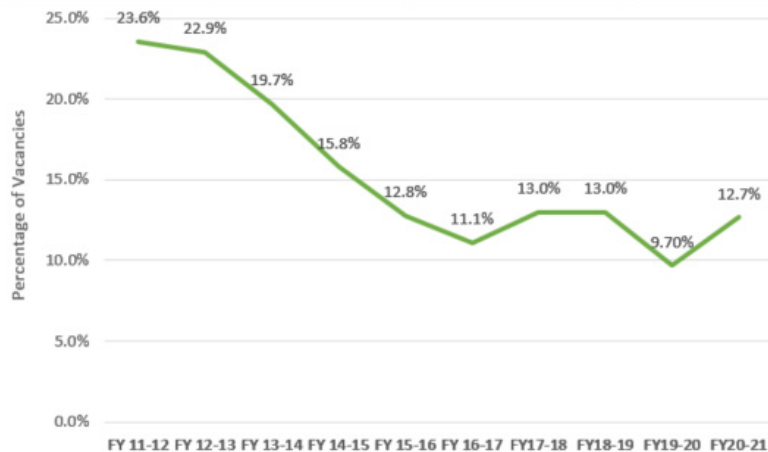
Residential activity has been flourishing within the Downtown since the end of the recession; however, the COVID-19 pandemic has slowed residential activity. Within FY2020-21, planning development permits were approved for approximately 6,714 new residential units. There has also been interest in development of new commercial and office space in various Downtown locations, with entitlements approved for approximately 3.4 million square feet of commercial and office space. Major projects included KT Urban Office at Woz Way (1.8 million square feet of commercial office) and the Almaden Boulevard Tower (596,750 square feet of commercial office).

Since the adoption of the General Plan, the City has approved development permits for approximately 8,487 residential units and approximately 11.8 million square feet of commercial/office space in the downtown/diridon area. Downtown West entitlements make up a majority of the activity with 5,900 residential units and 7.8 million square feet of commercial.

The large interest in Downtown is also reflected in the long term trend of commercial and office vacancies. The percentage of office vacancies has declined since General Plan adoption in 2011, when the office vacancy rate in the Downtown was 23.6%. In FY2020-21, the vacancy rate rose from 9.7% to an average of 12.7%. The rise in vacancy is likely due to the COVID-19 pandemic. FY2020-21 would not reflect the recent economic recovery and widespread vaccinations efforts from Public Officials. Further, the future market demand for office is still unclear as many major tech companies have delayed their return-to-work plans. Hybrid work models may dampen the demand for Class A office space as many companies right-size their office space to adjust to hybrid models.



Office Vacancies in Downtown San José



The General Plan envisions downtown San José as the cultural heart of the city and the urban center for all of Silicon Valley.



100 Block Mural Project at South First Street



Adobe at W San Fernando

HOUSING

The Association of Bay Area Governments (ABAG) assigns the City of San José's Regional Housing Needs Allocation (RHNA)

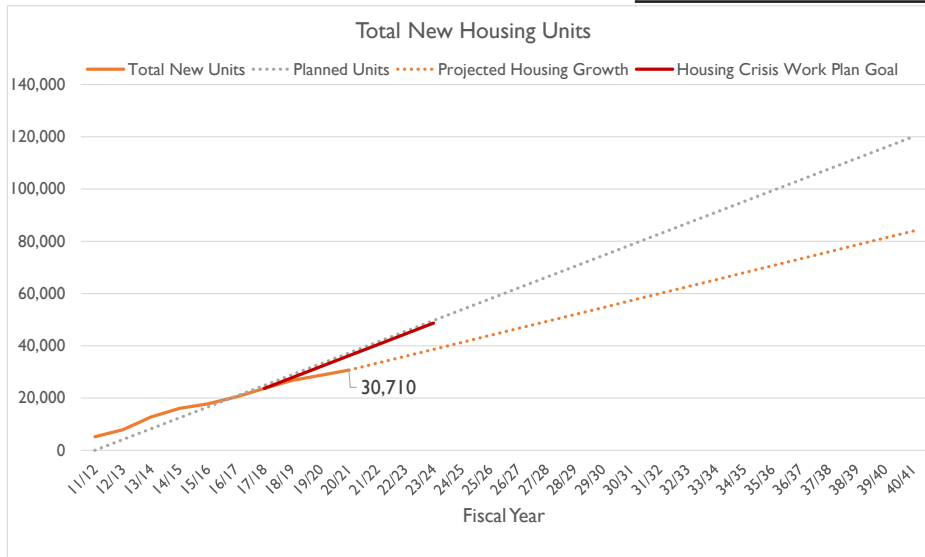
While not a Major Strategy by itself, housing plays an integral role in the General Plan through the Housing Element, and as a component of multiple Major Strategies, and through General Plan goals and policies to provide housing throughout the City to address the needs of an economically, demographically, and culturally diverse population. The General Plan plans for 120,000 new residential units over the time-frame of the Plan.

Housing Crisis Work Plan

In September 2017, the Mayor issued a memorandum entitled "Responding to the Housing Crisis." The memo set a citywide goal of 25,000 homes, at least 10,000 of those affordable, to be constructed or approved by 2022. In June

2018, City Council approved a Housing Crisis Workplan developed by Office of Economic Development, Planning, and Housing staff that prioritized implementation of policy actions to facilitate the development of 15,000 market-rate and 10,000 affordable residential units by 2022.

RHNA	2014-2023 RHNA
New housing units goal	35,080
Permitted units (building permits issued)	18,430 (through 2020)
Percentage permitted as affordable	23% (4,327) (through 2020)
Percentage permitted as market rate	73% (14,103) (through 2020)



PLAN HORIZONS AND PERIODIC MAJOR REVIEW

Six privately-initiated General Plan Land Use/Transportation Diagram Amendment requests are included in the 2021 General Plan Annual Review hearing cycle. The following are the proposed General Plan land use designation changes:

1. GP21-003/C21-036 (3354 Keaton Loop): Residential Neighborhood to Neighborhood/Community Commercial I
2. GP21-004/C21-009 (7246 Sharon Drive): Neighborhood/Community Commercial to Mixed Use Neighborhood
3. GP20-006/C20-030 (1271 & 1279 E. Julian Street): Mixed Use Neighborhood to Urban Residential
4. GP21-007/C21-029 (2905 Senter Road): Neighborhood/Community Commercial to Mixed Use Commercial
5. GP21-009/C21-008 (1500 Berger Drive): Heavy Industrial to Light Industrial

FISCALLY STRONG CITY

In total, the City's 2021-2022 Proposed Capital Budget and 2022-2026 Proposed CIP reflect a 12.7% decrease and a 4.3% decrease, respectively over the previous fiscal year; due in large part to the unanticipated economic downturn resulting from the COVID-19 pandemic and necessary shelter-in-place restrictions to slow the virus' spread. While capital-related revenues have stabilized and are beginning to recover from the worst of the pandemic's impacts, available resources remain limited, particularly within the Airport and Parking Capital Programs, which have seen significant declines in passenger and parking activity when compared to recent years.