



T&E AGENDA: 05-02-2022  
ITEM: (d) 3

## Memorandum

**TO:** TRANSPORTATION AND  
ENVIRONMENT COMMITTEE

**FROM:** John Ristow

**SUBJECT: UPDATE TO CITY COUNCIL  
POLICY 5-1 (TRANSPORTATION  
ANALYSIS)**

**DATE:** April 13, 2022

Approved

Date

4/21/22

### **RECOMMENDATION**

Discuss proposed amendments to City Council Policy 5-1: Transportation Analysis Policy to further promote housing development in San José.

### **BACKGROUND**

#### **California Environmental Quality Act (CEQA)**

CEQA was enacted in 1970 in response to growing awareness that environmental impacts associated with proposed discretionary actions (e.g., projects) should be disclosed to the public and decision-makers. This State statute mandates that the public and decision makers be provided with an objective analysis of the immediate and long-range impacts of a proposed project on its physical environment through an environmental review process, and that decision-makers consider these impacts prior to any discretionary approvals. CEQA plays an important role in the implementation of the City's General Plan goals and policies. The City implements CEQA in accordance with Title 21 (Environmental Clearance Ordinance) of the San José Municipal Code.

The fundamental objectives of CEQA are to conduct thorough environmental analysis based on available scientific and factual data; inform the public and decision makers; and disclose and mitigate the project's impacts, especially potentially significant effects to the physical environment.

## **Vehicle Miles Traveled (VMT)**

VMT measures the amount and distance people drive by vehicle. Typically, development at a greater distance from other land uses and in areas without transit generates more driving than development near other land uses with more robust transportation options. Currently, VMT information is used to help measure several CEQA impacts within the City, including transportation, air quality, and greenhouse gas emissions at a project level and, in General Plan or program-level analysis, to identify long-range transportation impacts.

## **Senate Bill 743 (Environmental Quality: Transit-Oriented Infill Projects)**

In September 2013, Senate Bill 743 (SB 743) was chaptered. SB 743 directed the State Office of Planning and Research to establish new CEQA guidance for jurisdictions and institute VMT as the metric for transportation analysis under CEQA, or another measure that “promote[s] the reduction of greenhouse gas emissions, the development of multimodal transportation networks, and a diversity of land uses.” The intent of this change was to shift the focus of transportation analysis under CEQA from vehicle delay and roadway auto capacity to a reduction in vehicle emissions, and the creation of robust multimodal networks that support integrated land uses.

In January 2018, the Governor’s Office of Planning and Research transmitted its proposal for the comprehensive updates to the CEQA Guidelines to the California Natural Resources Agency. Among other things, this package included proposed updates related to analyzing transportation impacts pursuant to SB 743 and proposed updates to the analysis of greenhouse gas emissions. The changes have been approved by the Office of Administrative Law and were filed with the Secretary of State. The updated Guidelines became effective on December 28, 2018.

## **History of Transportation Policies and Relationship to CEQA in San José**

In 1978, the City Council established a Transportation Policy (Council Policy 5-3) to meet CEQA requirements and require projects to include mitigation measures to reduce transportation impacts and conform to the Horizon 2000 General Plan. Council Policy 5-3 required the analysis of potential impacts and associated mitigation, typically in the form of expanded intersections and roadways to provide additional capacity for estimated increases in vehicular traffic from projects.

In 1987, the City Council adopted Council Policy 5-4 to establish alternate traffic mitigation measures allowed under the Horizon 2000 General Plan.

In 2002, the City Council adopted amendments to the San José 2020 General Plan to allow flexibility in the vehicular traffic and transportation policies to support multi-modal transportation goals and smart growth land use principles.

In 2005, the City Council adopted a new Multi-modal Transportation Policy 5-3 in alignment with the 2002 changes to the 2020 General Plan. This new Council Policy 5-3 “Transportation Impact Policy” consolidated the prior Council Policy 5-3, “Transportation Level of Service,” and Council Policy 5-4, “Alternate Traffic Mitigation Measures.”

### **Council Policy 5-1: Transportation Analysis Policy**

In February 2018, Council Policy 5-1 "Transportation Analysis Policy" replaced the previous Council Policy 5-3, "Transportation Impact Policy," as the policy for transportation development review in San José. Policy 5-1 aligned the City's CEQA rules and transportation analysis with SB 743 and goals as outlined in the City's Envision San José 2040 General Plan. The change to a VMT-based metric was intended to:

- Streamline CEQA review for projects that improve infrastructure and safety for pedestrians, bicyclists, and transit-riders while reducing the need to travel exclusively by automobile;
- Facilitate residential, commercial, and mixed-use infill projects that improve air quality by reducing the number of miles driven by automobiles; and
- Focus CEQA transportation mitigation on pedestrian, bicycle, and transit facilities, as well as transportation demand management.

Council approved Policy 5-1 with direction to return to Council with potential updates based on lessons learned. This second phase of work on City transportation related policies has enabled San José to assess Policy 5-1 and propose refinements, as well as adopt complementary strategies to fully implement 2040 General Plan goals and strategies, promote planned growth, and complete the multi-modal transportation network. Per Fall 2021 direction from the Community and Economic Development Committee, this update focuses on how to further streamline processes for housing, especially affordable housing, in response to the housing crisis.

### **ANALYSIS**

This section describes and analyzes each of the recommended policy updates.

### **Transportation Analysis Policy 5-1 Amendments**

Staff recommends amending the Transportation Analysis Policy to:

- (1) Expand the applicability of provisions for market rate and affordable housing that are presumed to have a less than significant transportation impact, based on their location

and/or type; specifically, this change would modify section A “***Project Screening Criteria***” to expand the applicability of criteria #5 – Planned Growth Areas and #6 – Affordable Housing for market-rate and affordable housing projects, to additional areas of the City;

- (2) Provide additional clarity on project types by modifying section B, Table 1 “***Project Type and VMT Thresholds of Significance***”; and
- (3) Allow all housing projects that comply with the General Plan Land Use/Transportation Diagram to override Significant and Unavoidable Impacts program in high VMT areas with a Statement of Overriding Considerations, pursuant to the pathways provided in the Policy, this change would modify section D “***Significant and Unavoidable Impacts***.”

Details about each proposed amendment follows.

### ***Project Screening Criteria***

Staff recommends amending the Transportation Analysis Policy to expand the area of the City where affordable housing and market-rate housing projects are exempt from CEQA.

Projects that meet screening criteria are not required to complete a detailed VMT analysis. A project is “screened” based on its location, type, size, density, and other attributes that support a presumption that, if analyzed, the project’s impact under VMT would be less-than-significant.

Projects that meet screening criteria currently include: (1) transportation projects that reduce or do not increase VMT; (2) small infill projects; (3) local-serving retail; (4) local-serving public facilities (e.g., libraries, community centers, parks, fire stations, etc.); (5) transit-supportive development in Planned Growth Areas with low-VMT that are served by frequent transit; and (6) transit-supportive restricted affordable housing in any Planned Growth Area with frequent transit. For screening criteria #5 and #6, transit-supportive development is defined as projects dense enough to support transit service, without dedicated parking in excess of minimum requirements, and that does not degrade the existing multimodal transportation network.

**Screening Criteria #5 - Planned Growth Areas** aims to promote housing production in Planned Growth Areas near high quality transit<sup>1</sup> and with low VMT. However, since the adoption of the Policy, this exemption has been rarely used, since projects located in Low VMT areas already have a straightforward path to comply with 5-1, without the need to satisfy the additional density and parking requirements included in this exemption. Additionally, State Guidelines assert that lead agencies generally should presume that projects near High Quality

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<sup>1</sup> High quality transit areas are within one half miles of a *high quality transit corridor* or a *major transit stop*. A high-quality transit corridor serves fixed route bus service with intervals of no longer than 15 minutes during peak commute hours (Pub. Resources Code §21155 (b)). A major transit stop contains an existing rail transit station, a ferry terminal served by either a bus or rail transit service, or the intersection of two or more fixed route bus service with intervals of no longer than 15 minutes during peak commute hours (Pub. Resources Code §21064.3).

Transit will have a less-than-significant impact on VMT.

To support the goals of promoting focused growth within Planned Growth Areas, infill development near High Quality Transit, and further streamlining the development review process, staff recommends expanding this exemption to all Planned Growth Areas near high quality transit, maintaining existing requirements regarding density and parking.

**Screening Criteria #6 – Affordable Housing** aims to promote deed-restricted affordable housing production in Planned Growth Areas with high quality transit. Residents of affordable

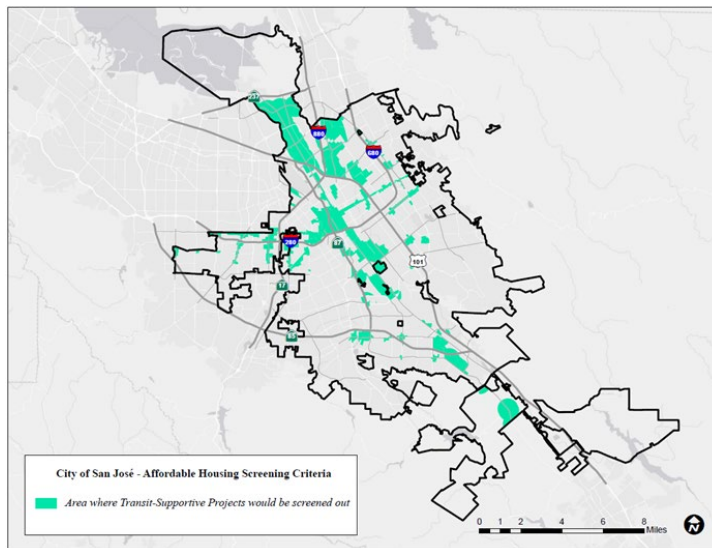


Figure 1 Current Affordable Housing Screening Area

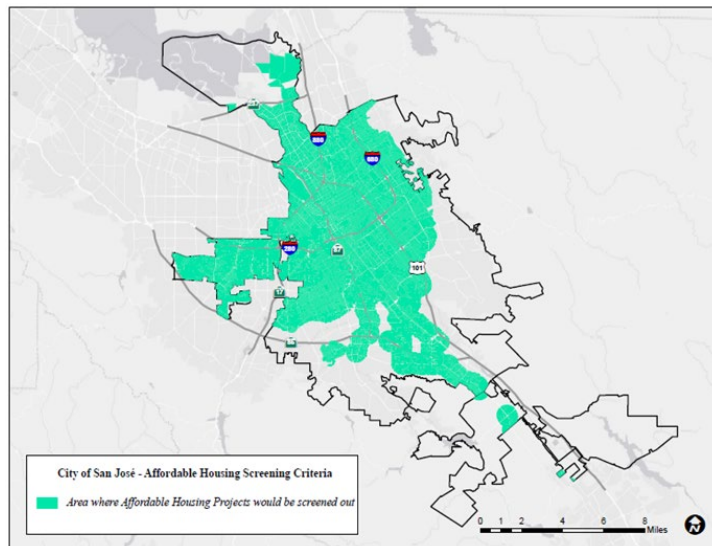


Figure 2 Recommended Affordable Housing Screening

residential projects typically have a lower VMT footprint than residents in market rate residential projects. This pattern is particularly evident in affordable residential projects near transit. In recognition of this effect, proposed transit supportive, deed-restricted affordable housing projects within Planned Growth Areas, that are near high quality transit, currently are not required to analyze VMT based on this screening criteria.

With the goal of further promoting affordable housing and recognizing the lower VMT footprint that residents of affordable housing projects typically have, staff recommends expanding this exemption beyond Planned Growth Areas to all areas within ½ mile of major transit stops or corridor or the project area's VMT is already below city thresholds. This would expand the area of the City where affordable housing has access to this exemption from 15% to 63% of residentially designated areas in San José.

### ***Project Type and VMT Thresholds of Significance***

Staff recommends amending the Transportation Analysis Policy to provide additional clarity on the VMT Thresholds of Significance used to measure VMT for project types that the original Policy did not list, such as educational uses, assisted living centers, and storage.

Thresholds are generally set at 15% below existing average per capita VMT for employment and residential uses in new developments. The threshold for industrial development is equal to the existing per capita VMT for industrial development. The threshold for a retail project is whether it generates net new VMT, as new retail typically redistributes existing trips and miles traveled, as opposed to inducing new travel. Table 1 in the proposed amendments to Council Policy 5-1 lists VMT thresholds by type of land uses; additional project types and examples has been added for clarity.

### ***Significant and Unavoidable Impacts***

In accordance with State CEQA Statute and Guidelines and Title 21 of the San José Municipal Code, projects with significant and unavoidable impacts require the City Council to certify an Environmental Impact Report and adopt a Statement of Overriding Considerations. Adoption of a Statement of Overriding Considerations with findings requires that specified benefits of such projects outweigh the unavoidable and significant impacts in accordance with Public Resources Code 21081. Based on these requirements, the decision-making agency must balance the economic, legal, social, technological, or other benefits of a proposed project against identified significant environmental impacts.

Under Council Policy 5-1, only some projects found to have Significant and Unavoidable VMT Impacts are allowed access to a potential override. Specifically, the policy allows the City Council to consider overriding a significant transportation impact for a project if the project mitigates its VMT impacts to the maximum extent possible as defined by the City-adopted VMT Evaluation Tool and in either of the following circumstances:

- The Project is 100% deed restricted affordable, at or below income levels, as defined in General Plan Policy IP-5.12; or
- The Project is market rate housing within a City Planned Growth Area, commercial, or industrial, and must construct or fund multimodal transportation improvements proportionate to their VMT impact.

These provisions ensure that market rate housing within a City Planned Growth Area have a potential path forward under the Council Policy 5-1. However, it does not ensure that all new housing developments that conform to the General Plan have a path forward. There are a few sites located in high VMT areas that cannot be fully developed per their land use designation in the General Plan. To rectify this concern, staff recommends replacing the Planned Growth Area

requirement for market rate housing with a requirement to be consistent with the General Plan land use designation.

Over the years, the City has been approached by developers who seek to develop in outlying parts of San José in ways that are not consistent with the General Plan. The proposed amendments to Council Policy 5-1 do not intend to allow overrides for market rate housing projects that are not designated for housing in the General Plan. In order to develop such sites, the City Council would first need to convert such sites to residential through a publicly-initiated General Plan Amendment.

### **Baseline VMT Calculations**

A development's expected VMT is estimated based on a variety of factors. These factors include the project's location and relevant characteristics, such as proximity to complementary land uses, transit, and other non-auto transportation options. Current VMT Baselines were developed in 2017 based on land use and transportation network assumptions available at the time.

Since the adoption of the Transportation Analysis Policy, the Santa Clara Valley Transportation Authority (VTA) has updated County estimates for land use and demographic data based on Association of Bay Area Government Projections. The updated land use data set was developed with input from the County's local jurisdictions, including the City of San José.

With the updated data sets provided by VTA, the City and its consultants have developed updated VMT per Capita and VMT per Job calculations for the region, the City of San José, and Santa Clara County. This updated baseline provides a more accurate representation of expected VMT attributable to future developments.

### **Santa Clara Countywide VMT Evaluation Tool**

To improve the user experience and facilitate consistency with tools and methodologies within the county, staff recommends phasing out the San José VMT Evaluation Tool and adopting the VTA's Santa Clara Countywide VMT Evaluation Tool to assess a project's potential VMT based on the project's description, location, and attributes.

The Santa Clara Countywide VMT Evaluation Tool is a web-based tool (available at <https://vmttool.vta.org>) to help users conduct a baseline VMT screening evaluation for small- to medium-sized residential, office, and industrial land use projects in the county. The tool is capable of evaluating these land uses individually and in combination with each other. The Santa Clara Countywide VMT Evaluation Tool was developed by VTA with consultant assistance, in collaboration with the 15 cities and towns in the county, and the County itself. The tool was developed based on the San José VMT Evaluation Tool and it includes the same

mitigations measures, calculation methodologies, and assumptions.

The Santa Clara Countywide VMT Evaluation Tool is modular such that VTA, along with cities in Santa Clara County and the County, can include specific VMT screening criteria or model data within the Tool. The tool is scalable such that it can be used for a range of project sizes and locations within any jurisdiction in the county.

A brief overview of the resources VTA has made available, including links to VMT Evaluation Tool Quick Start Guide and FAQs, is available at <https://www.vta.org/programs/congestion-management-program/technical-resources>.

## **PUBLIC OUTREACH**

Since the adoption of the Transportation Analysis Policy in 2018, City staff have worked with developers and consultants to implement Council Policy 5-1 in more than 200 land use development projects in San José. These development projects provided City staff substantial information to help evaluate the performance of the Policy and its impact on City goals.

City staff have continued to review best practices and experiences, soliciting input from stakeholders, and conceptualizing policies based on State guidance, the General Plan, and input received.

- City staff held multiple meetings with VTA and are involved members of the VTA Joint Land Use Integration and Systems Operations Management Working Group on VMT.
- City staff are involved members of the Big Cities VMT Working Group and California VMT Exchange Working Group, one of the subcommittees of the California City Transportation Initiative (CACTI).
- Staff also solicited input and received feedback through the City website ([www.sanjoseca.gov/vmt](http://www.sanjoseca.gov/vmt)).

The following summarizes the primary feedback received to date:

- Desire to not add cost, time, and complexity to the development review process.
- Concern about the Transportation Analysis Policy being a barrier to housing production, specifically for housing projects that comply with the General Plan Land Use/Transportation Diagram but are in high VMT areas.
- Concern about the VMT Evaluation tool not able to be used on a non-Windows device.
- Suggestion to provide an online map that can be zoomed in or out to better identify a particular site on the VMT heat maps.
- Suggestion to consider the absolute increase in VMT from a transportation project instead of the increase relative to the existing VMT.



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- Questions about the effectiveness of VMT mitigation measures over time.
- Questions about the level of investment by developers into transportation infrastructure under the Transportation Analysis Policy.

City staff has taken this feedback into consideration in developing the proposed amendments to the Transportation Analysis Policy. The City recognizes the importance of managing proposed changes thoughtfully and clearly. Staff will focus on communications and procedures to continue to facilitate development during the transition and avoid added cost, confusion, community concern, and unintended consequences.

/s/

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Attachment A: Policy 5-1 02-16-2022 (draft updates)