

North San José Strategy Item 10.2

May 17, 2022

Presenters:

Chris Burton, Director, Department of Planning, Building & Code Enforcement (PBCE)

Michael Brilliot, Deputy Director, PBCE

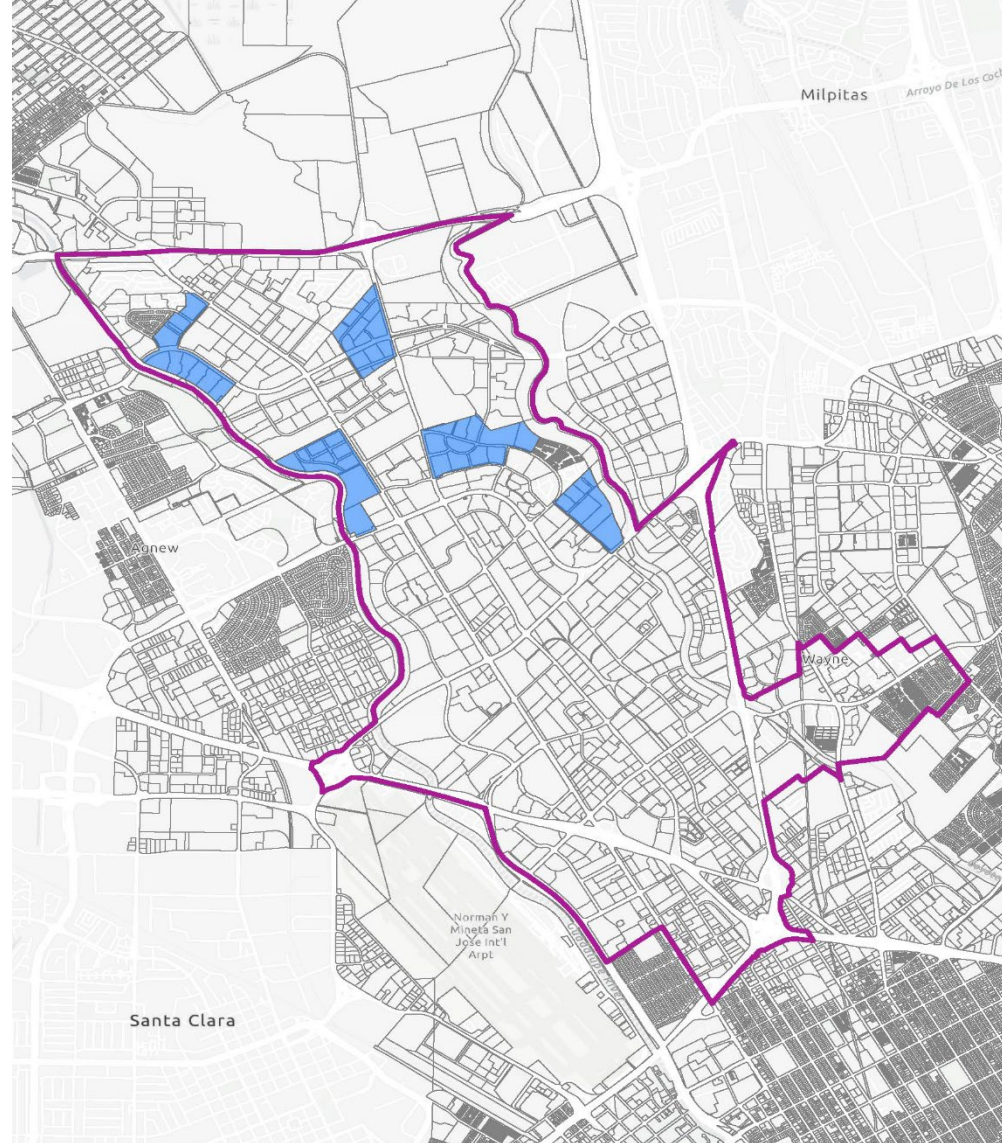
David Keyon, Principal Planner, PBCE

Nanci Klein, Director, Office of Economic Development & Cultural Affairs



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North San José Development Area Policy



Goal

- Advance development in North San José
 - Key growth area
 - Address housing crisis with new affordable and market-rate housing
 - New industrial/office construction = new jobs for residents
 - Create great places, rich with amenities including retail offerings for existing and new residents and workers

Background

- 2005 North San José Area Development Policy
 - 26.7 million square feet office/R&D
 - 32,000 residential units
 - 2.7 million square feet retail
 - 1,000 hotel rooms
- Traffic Impact Fee
 - Partially fund transportation improvements to support new development
- Development Distributed into Four Equal Phases
 - Requiring infrastructure improvements to be substantially funded in each phase, prior to advancing to next phase
 - Phase 1: residential allotment exhausted; office/industrial capacity remaining

Why Are Amendments Necessary?

- Advance much-needed residential development
 - Housing Crisis Work Plan – Council Direction
- Vehicles Miles Traveled (VMT)
- New State Housing Laws
 - Senate Bill 330 Housing Crisis Act of 2019
 - Senate Bill 1333 Planning and Zoning
- Regional Housing Needs Allocation (RHNA) and Housing Element

What Is Being Amended?

- Envision San José 2040 General Plan
 - Remove/modify references to North San Jose Area Development Policy (NSJADP)
 - Increase minimum density in Transit Employment Residential Overlay (TERO) and remove minimum floor area ratio (FAR) requirement
 - Amend NSJADP to limit application to previously approved entitlements
- Zoning Ordinance, Title 20 of Municipal Code
 - Add Overlay Districts, establish TERO District, and amend Zoning District Map to include TERO District
- North San José Traffic Impact Fee, Chapter 14.29 of Municipal Code
 - Traffic Impact Fee only applicable to previously entitled projects, not future projects

Community & Business Engagement

- Two virtual Citywide meetings: June 24, 2021, and June 28, 2021
- Multiple presentations to Developers & Construction Roundtable
- River Oaks Neighborhood Association
- Small stakeholder meetings, 2021 & 2022

Next Steps

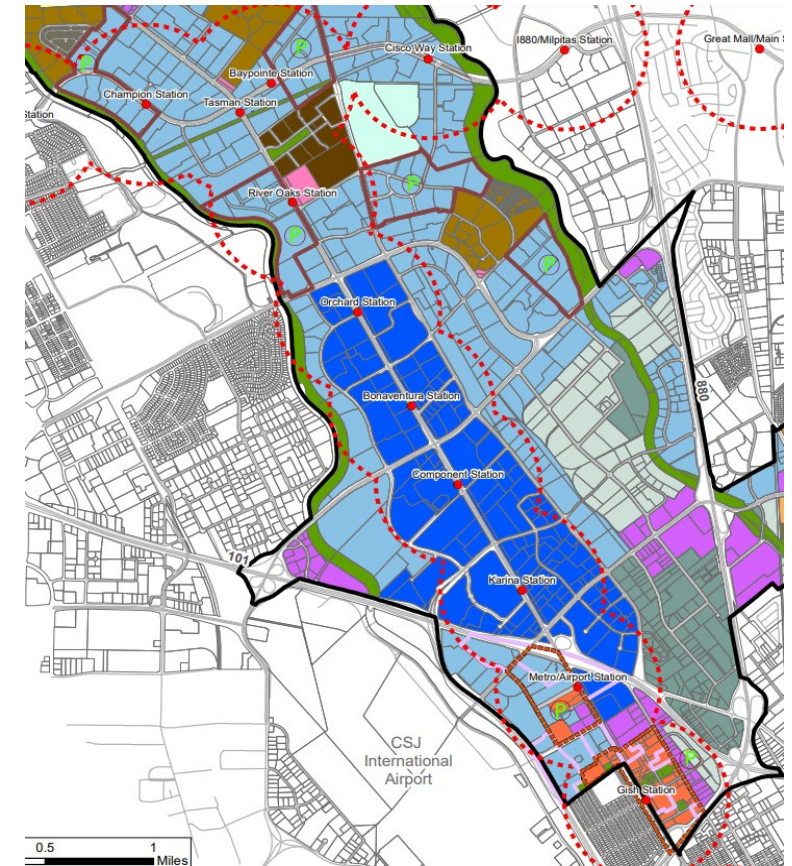
1) Identify additional
Housing Sites, both
Affordable and Market Rate

2) Develop an **Affordable
Housing Strategy**



Next Step #1: Affordable & Market-Rate Housing Sites

- Develop General Plan and Zoning Ordinance amendments to allow housing in the Core
- Develop amendments to allow housing on additional sites
- Determine some shift in locations for planned housing
- Increase height limits in Rincon South Urban Village Plan to facilitate more housing



Next Step #2: Affordable Housing Strategy

Develop North San José Affordable Housing Strategy

- Ensure that 20% of the planned 32,000 units are restricted affordable
- Target land purchases and Notice of Funding Availability subsidies
- Create Affordable Housing Implementation Plan to achieve goal
- Study feasibility of Inclusionary Housing and Density Bonus changes
- Identify additional incentives for affordable housing



Next Step #2: Affordable Housing Strategy (cont.)

- Develop Affordable Housing Overlay
 - Allow base Industrial Park uses or 100% affordable housing developments
 - Would not allow or restrict market rate housing
- Rezone identified affordable housing sites with the Overlay
- Identify Sites as part of the Housing Element Site inventory and included in Draft Housing Element
 - Examine feasibility for affordable housing competitive sources
 - Test fair housing implications of location per State's requirements in Housing Element



Timeline

- **June 2022:**
 - North San José affordable and market rate housing sites released with public draft of Housing Element
 - Recommended North San José housing policy actions in Draft Housing Element
- **Summer 2022:** Return to Council for discussion on recommended changes to land use framework and potential affordable housing strategies
- **Early 2023:** Return to Council with draft North San José Affordable Housing Implementation Plan
- **April 2023:**
 - Council consideration of additional North San José General Plan and zoning code amendments for affordable and market rate housing
 - Council Consideration of Housing Element

North San Jose Amendments CEQA

- City prepared an Initial Study/Addendum to the General Plan EIR and SEIR
 - North San Jose incorporated as a General Plan Growth Area
 - Major Roadway Improvements in NSJ part of General Plan Transportation Network
 - Development capacity in NSJ at buildout of General Plan in 2040 unchanged
- NSJ Amendments will not result in new significant impacts or increase in severity of previously identified impacts identified in General Plan EIR and SEIR, therefore Addendum appropriate
- Initial Study/Addendum posted to City's website on 3/17/22, interested parties notified

Response to Santa Clara County Letter - CEQA

- Letter received 9:00 am today (5/17/22)
- Mitigation and phasing in NSJADP EIR based on LOS
 - Since 2020 LOS no longer a valid metric for evaluating transportation impacts per CEQA (SB 743) and recent case law
 - 2005 NSJADP EIR, including transportation improvements to mitigate congestion, no longer valid for CEQA clearance post 2020
- Initial Study/Addendum will not provide project-level CEQA coverage for future development and infrastructure projects
- Future projects in NSJ required to do project-level VMT analysis (including cumulative analysis), and implement mitigation measures to reduce VMT (if necessary)
- TIF Plan Update not transportation analysis, but study to determine appropriate improvements based on existing entitlements

Staff Recommendation: Settlement Agreement

Key Agreement Elements

- \$1.5M to the County of Santa Clara for the Montague I-880 interchange
- \$9M 8-Lane Montague over Guadalupe River from 1st to Lick Mill
- \$28M for Tasman Complete Streets Plan 2021 and Montague Expressway and North First Street Improvements (Trimble Flyover Substitute)
 - \$9,340,000 in plan improvements in San Jose
 - \$9,330,000 in plan improvement in the City of Santa Clara
 - \$9,330,000 in plan improvements in the County of Santa Clara
- Third Party Litigation
- Covenant Not to Sue

Settlement Agreement Recommendation

(a) Approve an Amended Settlement Agreement between the City of Santa Clara and the City of San José related to the North San José Traffic Impact Fees and authorize the City Manager and City Attorney to execute the Amended Settlement Agreement to amend Section 1.2 of the existing Settlement Agreement dated November 16, 2006, whereby San José agrees to a total value of \$28 million of traffic improvements in lieu of constructing the Trimble Flyover as originally contemplated in the existing Settlement Agreement.

Planning Commission Recommendation: North San José Strategy

- (b) Accept the February 18, 2022 North San José Traffic Impact Fee Plan Update.
- (c) Adopt a resolution adopting the Addendum to the Envision San José 2040 General Plan Final Program Environmental Impact Report and Supplemental Environmental Impact Report to the Envision San José General Plan Final Program Environmental Impact Report amending the Envision San José 2040 General Plan and the North San José Area Development Policy (ADP) to:
 - (1) Remove or modify references to the North San José ADP which will no longer apply to future development in North San José;
 - (2) Increase the minimum density within the Transit Employment Residential Overlay (TERO) General Plan land use designation from 55 dwelling units per acre to 75 dwelling units per acre and remove the minimum floor area ratio requirement; and
 - (3) Limit the application of the North San José ADP to projects that received an approved entitlement (general plan amendment and/or zoning amendment) and/or a land use permit from the effective date of the North San José ADP to the effective date of the resolution making such changes, and making the North San José Traffic Impact Fee inapplicable to future North San José development projects.

Planning Commission Recommendation: North San José Strategy (cont.)

- (d) Adopt a resolution amending the Envision San Jose 2040 General Plan pursuant to Title 18 of the San José Municipal Code to make modifications and clarifying revisions to remove references to the North San José Area Development Policy and amend the General Plan to raise the minimum density within the TERO Transit Employment Residential Overlay designation.
- (e) Approve an ordinance amending San José Municipal Code Title 20 (Zoning Ordinance) to add Chapter 20.65 “Overlay Districts” including the “TERO Transit Employment Residential Overlay District,” and amending the Zoning District Map to include the “TERO Transit Employment Residential Overlay District”. City of San José Page 28 Printed on 5/16/2022 City Council Amended Agenda May 17, 2022
- (f) Approve an ordinance amending San José Municipal Code Title 14, Chapter 14.29 (North San José Traffic Impact Fee Requirements) to limit the application of Chapter 14.29 to projects that received an approved entitlement (general plan amendment and/or zoning amendment) and/or a land use permit from the effective date of the ADP to the effective date of the resolution making such changes, and making the North San José Traffic Impact Fee inapplicable to future North San José development project.

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