



Memorandum

TO: COMMUNITY & ECONOMIC
DEVELOPMENT COMMITTEE

FROM: Rosalynn Hughey

SUBJECT: SEE BELOW

DATE: April 8, 2019

Approved

Date

April 12, 2019

**SUBJECT: STATUS REPORT ON URBAN VILLAGE PLANNING AND
IMPLEMENTATION**

RECOMMENDATION

Accept the status report on Urban Village Updates and provide comments on the current efforts and future work to be initiated.

BACKGROUND

The development of urban villages is among the major strategies in the Envision San José 2040 General Plan, the blueprint for how development unfolds in the City. Urban villages provide active, walkable, bicycle-friendly, transit-oriented, mixed-use urban settings for new housing and job growth, consistent with the General Plan's environmental goals.

The General Plan identified the urban village areas in San José, and the development of these areas are planned in three phases or "Horizons," to give priority to new residential growth proximate to Downtown that has access to existing and planned transit facilities and adequate infrastructure. While urban village plan development within the current Horizon is prioritized, it's possible to prepare urban village plans in upcoming Horizons. The General Plan establishes the planning process, which includes public workshops and involves the community in addressing land use and urban design issues. Appendix 6 of the General Plan provides detailed guidelines for Urban Village Planning, and a map of the General Plan Growth Areas and Urban Village Horizons as well as details on approved and proposed urban village plans can be found at: www.sanjoseca.gov/urbanvillages.

At the April 22, 2019 meeting of the Community and Economic Development (CED) Committee, staff will provide a report on urban village planning and implementation efforts that are currently underway and future work to be initiated. The CED Committee will have the opportunity to ask questions and provide comments.

ANALYSIS

A. RECENTLY APPROVED AND AMENDED URBAN VILLAGE PLANS

The City Council has approved 11 urban village plans since the 2011 adoption of the Envision San José 2040 General Plan. In 2018, the City Council approved these three plans:

Urban Village Plan	Adoption Date
<u>West San Carlos</u>	May 8, 2018
<u>South Bascom (North)</u>	May 8, 2018
<u>East Santa Clara Street</u>	October 23, 2018

The City Council also recently approved amendments to the following four plans (originally adopted on November 19, 2013):

Urban Village Plan	Amendment Date
<u>Five Wounds</u>	December 11, 2018
<u>Little Portugal</u>	December 11, 2018
<u>Roosevelt Park</u>	December 11, 2018
<u>24th & William</u>	December 11, 2018

Changes included the addition of interim land use policies (Five Wounds and 24th & William Urban Village Plans only); modifications to existing policies and guidelines; addition of a building height projection policy; corrections to the assigned growth capacities; updates to land use and height diagrams for clarity; and minor typographical error corrections. Also adopted was the revised and updated Implementation Chapters for these four plans to incorporate the City Council approved Urban Village Amenities and Implementation Framework (adopted on May 22, 2018).

Along with the amendments to the four urban village plans, City Council directed staff to conduct community outreach in 2019 to explore:

- Additional changes to the Five Wounds Urban Village Plan to allow certain key properties to develop as mixed-use projects in advance of the BART station – For this effort, staff will coordinate with community leaders by summer 2019, consistent with the outreach strategy used for the urban village plan updates. Any resulting proposed text and land use amendments would be brought to City Council for consideration in fall 2019 during the General Plan Annual Review.
- Additional changes to the Little Portugal Urban Village Plan to increase the housing and commercial allocation – For this effort, staff will analyze planned housing and commercial capacity amongst all the General Plan Growth Areas, including Little Portugal, as part of the General Plan Four-Year Review, to be initiated in fall 2019.

B. URBAN VILLAGE HORIZON SHIFTS

In a September 27, 2017 memo, Mayor Liccardo established a goal of creating 25,000 housing units, with at least 10,000 of those units being for affordable housing, in San José. This goal was meant to build upon existing efforts to intensify density in approved growth areas under the General Plan. The City Council approved the Mayor's recommendations at the October 2017 Priority Setting session, and the creation of 25,000 housing units is now a Council goal and priority.

Staff was tasked with developing a Housing Crisis Workplan to facilitate the construction of these units. The workplan includes these two items, which were completed with Council approval on December 18, 2018:

1. The recommendation from the Mayor's memo to realign the Urban Village Horizons and move Horizon 2 and 3 urban villages with existing rail or bus rapid-transit into Horizon 1.
2. Moving Winchester, Santana Row/Valley Fair, and Stevens Creek villages (the Tri-Villages), and the South Bascom Urban Village (North) from Horizon 3 into Horizon 1, based on the analysis conducted by Keyser Marston & Associates (KMA) for the Cost of Development Study Session presented to Council in May 2018. The KMA study indicated that West San José is where market rate housing development is currently most feasible, given that rents are high enough to offset increasing construction costs.

Eight villages, shown below, were thus moved into Horizon 1. This increased the planned housing capacity available to be entitled by approximately 9,000 units. Another 7,000 units will be available for development when the four Light Rail Urban Village plans are completed over the next four years.

Urban Village Plan	Former Horizon	Planned Housing Units	Urban Village Plan Approved
North 1 st Street	2	1,345	No
Race Street Light Rail	2	2,080	No
Southwest Expressway	2	2,668	No
East Side Alum Rock	3	1,175	No
Stevens Creek Boulevard	3	3,852	Yes
Santa Row/Valley Fair	3	1,910	Yes
Winchester Boulevard	3	1,759	Yes
South Bascom Avenue (North)	3	1,560	Yes

C. URBAN VILLAGE PLANS UNDER DEVELOPMENT OR GRANT FUNDED

Using grants totaling approximately \$1.74 million, staff are currently preparing five urban village plans, discussed below, and all are in Horizon 1. As a result, the housing capacities of these villages will be available for new residential development upon Council approval of the respective plans.

Berryessa BART Urban Village

The Berryessa BART Urban Village is planned for 4,814 new residential units and new 22,100 jobs (1.6 million sq. ft. of commercial/office uses). The planning process is supported by a \$385,000 One Bay Area Grant (OBAG), awarded to the City by the Valley Transportation Authority (VTA) and administered by Caltrans.

This village surrounds the future Berryessa/North San José BART station, which is projected to host 25,000 riders daily by 2030, and is the first BART station in San José. This is also the City's first Regional Transit Urban Village Plan. Recognizing its emerging role as a gateway to the City, the design of new development within this urban village aims for high-quality environments for public circulation and gathering.

The first of three community workshops for the planning process was held on November 15, 2018; roughly 100 community members participated. Staff has considered the information and comments provided during this first workshop and the continued comments from an ongoing online survey. These comments are being used to inform the overall vision and concept plans for the village. The second workshop is scheduled for May 2, 2019, and the third workshop is tentatively scheduled for fall 2019. The planning process is on schedule; staff anticipate bringing the plan to the Planning Commission and City Council for their consideration in summer 2020.

North 1st Street Urban Village

The North 1st Street Urban Village is planned for 1,678 new residential units and new 2,520 jobs (756,000 sq. ft. of commercial/office uses). The planning process is being supported by a \$457,000 OBAG grant, awarded to the City by VTA and administered by Caltrans.

The village is located immediately north of Downtown on both sides of North First Street between Highway 880 to the north and West Julian Street to the south. The existing Alum Rock-Santa Teresa and Mountain View-Winchester VTA Light Rail transit line runs down the center of this village.

The first of three community workshops will be held in June 2019, with a focus on establishing the vision and concept plans for the village. Staff anticipate bringing the North 1st Street Urban Village Plan to the Planning Commission and City Council for their consideration in fall 2020.

Eastside Alum Rock Urban Village

The Eastside Alum Rock Urban Village is planned for 1,175 new residential units and 650 new jobs (195,000 sq. ft.). The planning process is supported by an \$400,000 OBAG2 grant, awarded to the City by VTA and administered by Caltrans.

The village is located on both sides of Alum Rock Avenue between Highway 680 and Manning/Miller Avenue; and on the west side of S. Capitol Avenue between Alum Rock Avenue and Capitol Expressway. The existing 522 VTA Rapid Bus line serves the western end of the village along S. Capitol Avenue and along Alum Rock Avenue, west of S. Capitol Avenue. This area also is the terminus of the Alum Rock-Santa Teresa Light Rail line.

The Eastside Alum Rock Urban Village will promote transit-oriented development and infill growth strategies of the General Plan by developing corridor-specific land use policies to facilitate high-density residential uses serving a mix of income levels, relatively high-intensity commercial/office uses, and mixed-uses that are in a more urban, vibrant, and walkable corridor along the Bus Rapid Transit (BRT) system on Alum Rock Avenue. BRT will provide a connection to the planned 28th Street BART station, the Alum Rock Light Rail Station, and the adjacent Alum Rock Transit Center on Capital Avenue. The first community workshop for the Eastside Alum Rock Urban Village Plan will be held in spring 2020, and the Plan is anticipated to be considered for approval by the Planning Commission and City Council in fall 2021.

Southwest Expressway Urban Village

The Southwest Expressway Urban Village is planned for 3,007 new residential units and 750 new jobs (225,000 sq. ft. of commercial/office uses). The planning process is supported by a \$500,000 OBAG2 grant awarded to the City by MTC for preparation of the Southwest Expressway and Race Street Light Rail Urban Village plans.

This village is located primarily along the southeast side of Southwest Expressway between Highway 280 and South Bascom Avenue. The VTA Light Rail (Mountain View–Winchester line) runs the length of the village along Southwest Expressway.

Development in this village will further the transit-oriented development and infill growth strategies of the General Plan by developing corridor-specific land use policies to facilitate high-density residential uses serving a mix of income levels, relatively high-intensity commercial/office uses, and mixed-uses that are in a more urban, vibrant, and walkable corridor along the VTA Light Rail line, which connects west San José to Downtown San José to Mountain View and Milpitas. The first community workshop for the Southwest Expressway Urban Village Plan will be held in winter 2020, and the Plan is anticipated to be considered for approval by the Planning Commission and City Council in spring 2021.

Race Street Light Rail Urban Village

The Race Street Urban Village is planned for 2,612 new residential units and 3,200 new jobs (960,000 sq. ft. of commercial/office uses). As referenced above, the planning process is supported by an OBAG2 grant awarded to the City by MTC for preparation of the Race Street Light Rail and Southwest Expressway Urban Village plans.

The village is located north of Highway 280, generally bounded by Parkmoor Plaza commercial center to the west, the Midtown Specific Plan Growth Area to the north, and Los Gatos Creek to the east.

Similar to the Southwest Expressway Urban Village, the planning process for the Race Street Light Rail Urban Village will develop land use policies to facilitate high-density residential and relatively high-intensity commercial/office uses proximate to the VTA Light Rail line connecting west San José to Downtown San José to Mountain View and Milpitas. The first community workshop for the Race Street Light Rail Urban Village Plan will be held in winter 2020, and the Plan is anticipated to be considered for approval by the Planning Commission and City Council in spring 2021.

D. UPDATES TO THE TRI-VILLAGE PLANS

The Stevens Creek, Santana Row/Valley Fair, and Winchester Urban Villages, known as the Tri-Village, are all within Horizon 1, and the plans were approved by the City Council on August 8, 2017. This spring, staff will be coordinating with community leadership of the Tri-Village to initiate a process for updates to the implementation chapters of the Urban Village plans. Updates to the Tri-Village plans will include incorporation of the Urban Village Implementation and Amenities Framework (described below), and to allow for increased heights above the approved village heights for projects that provide substantial additional urban village amenities.

E. URBAN VILLAGE IMPLEMENTATION AND AMENITIES FRAMEWORK

The Urban Village Implementation and Amenities Framework (Framework) was adopted by the City Council on May 22, 2018. The Framework supports existing City policies that attempt to balance housing growth with local job availability so that more residents have opportunity to work near their homes. The Framework's intent is to ensure that applications for a zoning change from commercial to residential or residential mixed-use in urban villages will only be considered by the City for approval if the developers share the increase in value of their projects from such zoning changes to residential use by constructing, providing, or otherwise funding amenities and public improvements as identified in the applicable Urban Village Plan and in accordance with the Framework. As required by the Framework, project-specific community meetings would be held to gain input on to the type of amenities desired by the community.

The Framework establishes the level or value of amenities that need to be provided by a development. To encourage developers to include or build amenities as part of their project, the Framework provides more credit for construction of a given amenity than the actual cost to construct that amenity. A developer, may, however, choose to pay the City the amount required instead of building the amenities.

The Urban Village Amenities program is only applied to market rate residential mixed-use development in Urban Villages, with an approved Urban Village Plan, that propose to redevelop existing commercial properties, consistent with the applicable Urban Village Plan. The conversion from commercial/industrial use to mixed-use residential use creates value for the developer, which helps fund village amenities. The Framework does not apply to the following:

- Wholly commercial projects;
- 100% deed restricted affordable housing projects;
- Signature Projects, as defined by the General Plan;
- Planned development zonings and discretionary development permits on file prior to adoption of the Framework.

F. ADOPTION OF NEW PRIORITY DEVELOPMENT AREAS (PDAs)

In 2007, Metropolitan Transportation Commission (MTC) and Association of Bay Area Governments (ABAG) launched the FOCUS Program, which placed an emphasis on greenbelt protection and local coordination. One key component of the Bay Area's regional growth framework derived from FOCUS was the creation of Priority Development Areas, commonly known as PDAs. PDAs are areas within existing communities that local city or county governments have identified and approved for future growth. These areas typically are accessible by one or more transit services, and they are often located near established job centers, shopping districts and other services. To become a PDA, an area must be: 1) within an existing community; 2) within walking distance of frequent transit service; 3) designated for more housing in a locally adopted plan or identified by a local government for future planning and potential growth; and 4) nominated through a resolution adopted by a City Council or County Board of Supervisors.

MTC's PDA Planning Program provides grants for the development of local plans that result in intensified land uses within the PDAs, and has provided funding for development of multiple Urban Village plans. The City of San José currently has 20 designated PDAs centered primarily on Horizon 1 and 2 Urban Villages and other General Plan Growth Areas. Most of the City's Urban Village Planning grants have been funded through PDA grants directly or indirectly administered by MTC.

MTC/ABAG is currently working on developing Plan Bay Area 2050, which is a state-mandated, integrated long-range transportation and land use plan. The Plan will provide a roadmap for accommodating projected household and employment growth in the nine-county

Bay Area by 2050 as well as a transportation investment strategy for the region. As part of the process, MTC/ABAG will be accepting applications for the designation of new PDAs that meet the required criteria. Initial applications for new PDAs will be accepted by MTC/ABAG in summer 2019, followed by local Council or Supervisor approval in fall 2019.

New PDAs would be eligible for future grant funding for development of Urban Village or other local plans. Staff is currently analyzing Growth Areas and other locations in the City that are not already designated PDAs for potential nomination. One of the Urban Villages that has been identified for a proposed PDA designation is the South De Anza Boulevard Urban Village.

G. DEVELOPMENT ACTIVITY IN URBAN VILLAGES

Since the 2011 adoption of the General Plan, planning development permits have been approved for approximately 8,000 new housing units and 3 million square feet of new non-residential uses (commercial and industrial/office) within Urban Villages. During this same time period building permits have been issued for approximately 7,800 new housing units and over 5 million square feet of new non-residential space within Urban Village Growth Areas. A large amount of development (entitlements and new construction) has been located in the Berryessa BART, Blossom Hill/Hitachi, Arcadia, Diridon Station Area (outside of Downtown), and Stevens Creek and Santana Row/Valley Fair Urban Villages.

Signature Projects

The Envision San José 2040 General Plan established 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). Since the adoption of the General Plan, four Signature Projects have been approved, resulting in the entitlement of 1,163 housing units and 414,697 sq. ft. of commercial/office uses. One of these Signature Project, The Orchard, is currently under construction.

Approved Signature Projects

Project Name	Urban Village (Horizon)	Housing Units	Commercial (sq. ft.)	Approval Date
Sparta Student Housing	East Santa Clara Street (H1)	86	11,530 sq. ft.	10/20/16
The Orchard	N. Capitol Av/McKee Rd (H2)	188	108,000 sq. ft.	1/10/17
Volar	Santana Row/Valley Fair (H1)	307	52,167 sq. ft.	7/13/17
Stevens Creek Promenade/Fortbay	Stevens Creek (H1)	582	243,000 sq. ft.	2/26/19

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In addition to the approved Signature Projects, three additional Signature Projects are under review, equaling 1,240 housing units and 593,100 sq. ft. of non-residential uses (commercial/office).

Pending Signature Projects

Project Name	Urban Village (Horizon)	Housing Units	Commercial (sq. ft.)	Anticipated Hearing Date
AvalonBay West Valley	Saratoga Ave (H3)	300	17,800 sq. ft.	6/19
Bascom Station (Dick's Center)	South Bascom (North) (H1)	590	200,300 sq. ft.	8/19
Cambrian Park Plaza	Camden Hillsdale (H3)	350	375,000 sq. ft.	6/20

Staff intends to bring forward clarifying updates to the General Plan Signature Project policy (Policy IP-5.10) in fall 2019 through the General Plan Annual Review. The updates would require a minimum of 55 dwelling units per acre for Signature Projects, consistent with the Urban Village General Plan land use designation.

COORDINATION

Work as described in this memorandum has been coordinated with the City Attorney's Office.

NEXT STEPS

Staff will further refine the various Urban Village planning and implementation efforts currently underway and future work to be initiated, based in part on the discussion at the April 22, 2019, Community and Economic Development Committee meeting.

/s/

Rosalynn Hughey, Director
Planning, Building and Code Enforcement

For questions please contact Deputy Director Michael Brilliot at (408) 535-7831.