



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Rosalynn Hughey

SUBJECT: SEE BELOW

DATE: November 18, 2019

Approved

Date

11-25-19

**SUBJECT: NOMINATION OF NEW PRIORITY DEVELOPMENT AREA AND
PRIORITY PRODUCTION AREA**

RECOMMENDATION

- (a) Adopt a resolution nominating the South De Anza Boulevard area as a new Metropolitan Transportation Commission/Association of Bay Area Governments Priority Development Area.
- (b) Adopt a resolution nominating a new Metropolitan Transportation Commission/Association of Bay Area Governments Priority Production Area within the Monterey Business Corridor and Senter Road General Plan growth areas.

OUTCOME

Adoption of the resolutions will allow Metropolitan Transportation Commission/Association of Bay Area Governments (MTC/ABAG) to adopt a new Priority Development Area (PDA) for the South De Anza Boulevard area and a new Priority Production Area (PPA) within the Monterey Corridor and Senter Road General Plan growth areas (see maps attached). Designated PDAs and PPAs may be eligible for technical and financial assistance from MTC/ABAG to facilitate focused growth with infrastructure and transportation improvements in these areas.

BACKGROUND

Plan Bay Area 2050 is the region's Regional Transportation Plan/Sustainable Communities Strategy and will lay out strategies for growth and investment through the year 2050. MTC/ABAG, in collaboration with local governments and partners, will outline a list of strategies focusing on four key issues: transportation, housing, the economy, and the environment. Together, the strategies aim to ensure that the Bay Area is affordable, connected, diverse, healthy, and vibrant by 2050.

Previously-Approved PDAs in the City of San José

San José is well-represented with its currently-approved PDAs. In June 2007, the City submitted an application to ABAG's Focusing our Vision program for approval of a San José Consolidated Planned PDA that includes selected Specific Plan areas, BART Station Area Nodes, Transit-Oriented Development Corridors, Development Policy Areas, Neighborhood Business Districts, and other Special Strategy Areas in the San José 2020 General Plan. These include areas such as Alum Rock Avenue, the Berryessa BART Station Area, The Alameda, Downtown, North San José, and Communications Hill. ABAG approved the San José Consolidated Planned PDA, which then helped position the City to win approval of a \$750,000 MTC Planning Grant for the Diridon Station Area Plan in 2008. That same year, ABAG approved the PDA that includes Cores, Corridors, and Station Areas proposed by the Santa Clara Valley Transportation Authority (VTA), many of which are located in the City. In 2009, staff applied with Council authorization, and ABAG's Executive Board approved, the designation of the Cottle Transit Village and Shopping Center (the site commonly known as the Hitachi Campus site) as a regional Planned PDA.

In 2012, the City submitted an additional application, which was approved by ABAG's Executive Board that designated thirteen Envision San José 2040 General Plan Growth Areas as PDAs. The areas included eleven Urban Villages generally located along transit corridors and the two employment areas of Old Edenvale and International Business Park.

2019 Priority Area Call for Letters of Interest and Confirmation

As part of the Plan Bay Area process, MTC/ABAG opened a call for Letters of Interest in new or modified PDAs and PPAs on June 17, 2019, with a deadline of September 16, 2019.

For this plan cycle, MTC/ABAG is including a new pilot for PPAs, which is intended to support industrial clusters and encourage middle-wage job growth close to affordable housing. As part of the pilot, PPAs may be positioned for future planning and investment. The results of the pilot may lead to funding opportunities and/or technical assistance to support planning and infrastructure for PPAs.

Staff submitted letters of interest for the new PDA and PPA described above on September 14, 2019. The designations will enable the City to access dedicated funding for plans and infrastructure improvements in PDAs/PPAs. Many competitive state transportation and housing funding programs now prioritize projects in places that implement regional plans such as PDAs/PPAs.

ANALYSIS

To formally designate new PDAs or PPAs, MTC/ABAG requires a local jurisdiction's City Council or Board of Supervisor to adopt a resolution nominating new PDAs and/or PPAs by January 15, 2020. That enables MTC/ABAG to approve the areas.

Priority Development Areas

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. PDAs must meet the following requirements, as applicable, for the areas to be designated:

Transit-Rich PDA:

- The PDA is within an urbanized area;
- There is a specific, precise, or equivalent Plan for housing and job growth that has been adopted, or to be adopted no later than 2025; and
- Most land area is within ½ mile of an existing or planned rail station, ferry terminal, or intersection of two or more bus routes with peak headways of 15 minutes or less.

Connected Community PDA:

- The PDA is within an urbanized area;
- There is a specific, precise, or equivalent Plan for housing and job growth that has been adopted, or to be adopted no later than 2025;
- Most land area is within a ½ mile of an existing or planned bus line with headways of no more than 30 minutes in peak periods; and
- One of the following:
 - The area is in a High Resource Area (HRA) as defined by the California Department of Housing and Community Development; or
 - The jurisdiction has adopted, or committed to adopt, two more policies shown to reduce vehicle miles traveled (VMT).

South De Anza Boulevard Urban Village (Proposed PDA)

The Envision San José 2040 General Plan establishes the Urban Villages major strategy to create a policy framework to direct new job and housing growth to occur within walkable and bike friendly urban villages. Development of vibrant mixed-use urban communities at strategic locations throughout the City is key to achieving economic development, housing, and environmental goals in San Jose's General Plan. In August 2018, City Council directed staff to commence the South De Anza Boulevard Urban Village planning process upon identification of grant funding. Designating the PDA is an important step in identifying grant funding since the Urban Village would then be eligible for PDA planning grants. Staff recommends the South De Anza Boulevard Urban Village and surroundings be nominated as a PDA because it is strategically located in a High Resource Area and near job centers in Silicon Valley. Additionally, the South De Anza Boulevard Urban Village and surroundings are located in an area where housing development is likely to break ground in the current market cycle. Envision San José 2040 plans for approximately 600 new housing units and 650,000 square feet of new commercial space within the South De Anza Urban Village planning area.

Priority Production Areas

PPAs are areas characterized by clusters of industrial areas, and are intended to support networks of production, distribution and repair services, including advanced manufacturing. PPAs also are intended to encourage middle-wage job growth close to affordable housing. PPAs must meet the following requirements, as applicable, for the areas to be designated:

- The area is zoned for industrial use or has a high concentration of Production, Distribution, and Repair (PDR) activities,
- The area does not overlap with a Priority Development Area and does not include land within a ½ mile of a regional rail station, and
- The jurisdiction has a certified Housing Element.

Monterey Corridor/Senter Road Employment Lands Growth Area (Proposed PPA)

Together, the Monterey Corridor and Senter Road General Plan Employment Lands Growth Areas represent one of the last, truly industrial business districts in San José. The area is home to approximately 21,000 jobs and is one of the City's key employment areas and one of the most significant concentrations of industrial land in the City. These types of jobs are more accessible to workers without four-year college degrees or a technology-industry background.

The City Council created the Monterey Corridor Working Group led by Councilmembers Maya Esparza and Sergio Jimenez in January 2019. The working group began meeting in May 2019 and is comprised of relevant stakeholders of the Monterey Corridor. The working group is studying issues and opportunities in the Monterey Corridor relating to blight and beautification, economic development, and transportation planning, and is developing a workplan to identify important improvements for the area over the next two years. Staff received comments from the

working group related to land use planning, including building upon the Monterey Corridor's unique surroundings through strategies that enhance and preserve existing uses and businesses.

Based on the significant importance of this area as an industrial hub and input from the Monterey Corridor Working Group, staff is recommending the core industrial area within the Monterey Corridor and Senter Road Employment Lands Growth Areas be nominated as a new PPA. Staff presented this recommendation to the Monterey Corridor Working Group at its November 7, 2019 meeting. The working group directed staff to move forward with bringing to City Council the nomination of the proposed new PPA.

Next Steps

Staff submitted a Letter of Interest to MTC/ABAG on September 14, 2019 to designate the South De Anza Boulevard Urban Village and surrounding area as a Connected Community PDA, and the core industrial area of the Monterey Corridor and Senter Road Employment Lands Growth Areas as a PPA. Based upon preliminary review from MTC/ABAG staff, the proposed new PDA and PPA meet the eligibility criteria. To be formally designated as a PDA and PPA, the City Council must adopt a resolution nominating the South De Anza Boulevard area as a PDA and the Monterey Corridor by January 15, 2019. Following adoption of the resolutions by City Council, to nominate the PDA and PPA, it is anticipated that MTC/ABAG will make a final determination on nomination of the proposed PDA and PPA in winter 2020.

CONCLUSION

Designating two eligible Growth Areas as a PDA and PPA is consistent with the City's precedent of using General Plan areas as the basis for regional planning participation. The designations will put the City in an advantageous position for investment and funding to support housing, jobs, and transportation planning.

EVALUATION AND FOLLOW-UP

No additional follow up action with the City Council is expected at this time.

CLIMATE SMART SAN JOSÉ

The recommendation in this memorandum aligns with one or more Climate Smart San José goals. The proposed PDA and PPA may be eligible for technical and financial assistance from MTC/ABAG to facilitate focused housing and job growth consistent with the General Plan and Climate Smart San José.

PUBLIC OUTREACH

This memorandum will be posted on the City's website for the December 10, 2019 Council agenda.

COORDINATION

This memorandum was coordinated with the Departments of Transportation and Housing, the Office of Economic Development, and the City Attorney's Office.

COMMISSION RECOMMENDATION/INPUT

No commission recommendation or input is associated with this action.

CEQA

Envision San José 2040 Final Environmental Impact Report (EIR) (Reso. No. 76041), Supplemental EIR (Reso. No. 77617), and Addenda thereto.

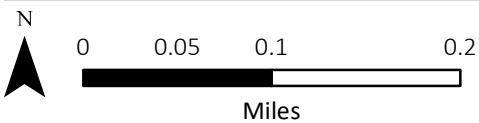
/s/
ROSALYNN HUGHEY, DIRECTOR
Planning, Building and Code Enforcement



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

Attachments: Maps of New PDA and PPA

ATTACHMENT

Proposed PDA - South De Anza Boulevard



-  Proposed New PDA
-  Existing Urban Village

City of San Jose - Proposed Monterey Business Corridor Priority Production Area

