



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Christopher Burton

SUBJECT: See Below

DATE: October 6, 2025

Approved

Date:

10/17/25

COUNCIL DISTRICT: Citywide

SUBJECT: Acceptance of Grant Funds from the Metropolitan Transportation Commission and Valley Transportation Authority for Transit Oriented Communities Planning

RECOMMENDATION

Approve the following actions to accept and receive the grant funds:

- (a) Adopt a Resolution of Local Support that demonstrates the City of San José will take the necessary assurances to implement the Metropolitan Transportation Commission grant award with the submitted application and will follow the Metropolitan Transportation Commission's Funding Delivery Policy and the grant program requirements.
- (b) Adopt a resolution authorizing the City Manager or her designee to negotiate and execute grant agreements and all documents necessary to effectuate a grant agreement with the Metropolitan Transportation Commission from Transit-Oriented Communities Planning and Implementation Grants in an amount not to exceed \$1,200,000, with no local match, to implement density requirements for office and residential uses in proximity to transit stations as required by Metropolitan Transportation Commission's Transit Oriented Communities policy.
- (c) Adopt a resolution authorizing the City Manager or her designee to negotiate and execute grant agreements and all documents necessary to effectuate a grant agreement with the Valley Transportation Authority to implement density requirements for office and residential uses in proximity to transit stations as required by Metropolitan Transportation Commission's Transit Oriented Communities policy in an amount not to exceed \$175,000, with a 10% local match, subject to the appropriation of funds.

SUMMARY AND OUTCOME

Acceptance of the grant awards will provide the City of San José (City) with grant funds to study and implement actions related to complying with Metropolitan Transportation Commission's (MTC) Transit Oriented Communities (TOC) Policy density requirements that could include General Plan amendments, updates to the Zoning Ordinance, rezoning property, updates to adopted Urban Village Plans, or other similar policy work.

BACKGROUND

The MTC's TOC Policy aims to promote sustainable, equitable development near transit hubs. A key goal of the policy is to increase housing and commercial office density near transit to reduce reliance on automobiles and enhance access to public transportation. Specifically, the TOC Policy requires the City to adopt certain minimum density requirements for residential development and floor area ratio requirements for commercial office development within a half mile of Valley Transportation Authority (VTA) light rail, Caltrain, and BART stations.

Compliance with the TOC Policy is required to receive discretionary funding from the MTC. The MTC has consistently set expectations that compliance will be required before the next round of One Bay Area Grant (OBAG Cycle 4) funding is made available in early 2026. Over the past three cycles OBAG has provided the City with \$148,212,902 of funding for a broad variety of projects ranging from pavement maintenance to preparation of Urban Village Plans.

In fall 2024, MTC circulated a grant opportunity for up to \$1.2 million per jurisdiction for technical assistance to comply with the policy's density and floor area ratio requirements. San José has been awarded the maximum \$1.2 million. The scope of work focuses on 26 stations that were prioritized based on expected future transportation investments, identification of opportunity development sites, and overlap with City growth areas, among other factors. The MTC requires grant awardees to adopt a Resolution of Local Support as a requirement of the grant award process.

In addition to the MTC's TOC grant, San José has been awarded a grant of \$175,000 for TOC policy work from the Valley Transportation Authority (VTA). This funding would be combined with the aforementioned funding from MTC to evaluate and update regulations around the 26 selected stations.

ANALYSIS

The MTC grant scope calls for approximately one-half of the \$1.2 million grant to fund Planning staff and approximately half to fund consultant and other non-personnel costs. The bulk of the consultant and non-personnel costs would be for review under the California Environmental Quality Act, which staff currently anticipates will require an Environmental Impact Report. The \$175,000 provided by VTA would fund staff time.

The work will be performed by the Planning Division's existing Transit Oriented Communities team. These grants will greatly offset the costs for the City to 1) fully analyze density and floor area ratio compliance in the 26 select station areas; 2) analyze potential approaches towards ensuring new development within TOC areas is built at sufficiently high densities to support transit ridership and increase the proportion of trips taken by transit; and 3) implement the approach.

The City will evaluate potential policy updates such as amendments to zoning and general plan designations; opportunities to allow higher density housing; creation of new overlay districts; minor or comprehensive updates to existing area, specific, or urban village plans; or new area plans/streamlined Urban Village Plans for specific station areas or corridors. This will include community outreach and will be coordinated with other related concurrent TOC policy work on station area access and parking.

Racial Equity Impact Analysis

Implementing the TOC Policy will result in higher density housing and more intense office development in close proximity to transit. This work will be paired with the Department of Transportation's Station Access and Circulation project that will look to close infrastructure gaps, improve first/last-mile connections, and ensure future transit investments benefit communities that have historically been overlooked. Many of the subject station areas are home to low-income and racially diverse populations with limited access to safe, multimodal transportation; therefore, this work will engage directly with residents through inclusive outreach.

Climate Smart San José Analysis

Collectively, the grant funds for TOC compliance will allow Planning, Building and Code Enforcement Department and the Transportation Department to implement projects that increase housing density and jobs near transit, increase sustainable mobility options, and improve transportation safety for all roadway users, which may encourage more people to walk, bike, and use battery electric vehicles, thereby supporting Climate Smart San José goals to reduce vehicle miles traveled and associated greenhouse gas emissions by 2040.

EVALUATION AND FOLLOW-UP

Upon execution of the grant agreements, staff will bring forward recommendations for City Council consideration to recognize and appropriate the grant funding and local match as part of a future budget process.

COST SUMMARY/IMPLICATIONS

With the MTC and VTA grants, the City has been awarded a total \$1.375 million of external funding for TOC planning efforts. As included in the Adopted Budget for Fiscal Year 2025-2026, a team of one Planner IV and two Planner I/II/IIIs is assigned to TOC Policy compliance. This team is funded by the Citywide Planning Fee; therefore, accepting these grants will result in significant savings in that fund. The scope of work for the MTC grant will assume that approximately half of the \$1.2 million grant is for staff time and the remaining will be for consultant and other non-personnel costs, including outreach costs and required clearance under the California Environmental Quality Act. No local match is required for the MTC grant. MTC intends to manage all consultant contracts and pay the consultant directly; therefore, the City will not directly receive this funding. The City can expect to receive approximately \$685,000 for staff costs from that grant. Exact amounts will be determined through the grant agreement and through working with MTC to establish their consultant contract. Any necessary appropriation of the grant funding will be part of a future budget process.

The \$175,000 VTA grant will be used to further offset City staff costs. VTA requires a 10% local match. As neither grant is expected to cover the full staff costs of this project, the 10% match will be covered by staff's time funded by the Citywide Planning Fee.

MTC Grant

Expenses	FY 2025-2026	FY 2026-2027	FY 2027-2028	Total
Staffing	\$300,000	\$385,000	\$0	\$685,000
Consultants *	\$TBD	\$TBD	\$0	\$515,000
Grant Subtotal				
Local Match	\$0	\$0	\$0	\$0
Project TOTAL				
Sub-Total Non-Reimbursable Revenue	\$TBD	\$TBD	\$TBD	\$515,000
Sub-Total Reimbursable Revenue	\$300,000	\$385,000	\$0	\$685,000
Total Grant Amount	\$	\$	\$0	\$1,200,000

**MTC intends to fund consultants directly instead of passing this funding through the City.*

VTA Grant

Expenses	FY 2025-2026	FY 2026-2027	FY 2027-2028	Total
Staffing	\$175,000	\$0	\$0	\$175,000
Contract	\$0	\$0	\$0	\$0
Grant Subtotal				
Local Match	\$17,500	\$0	\$0	\$17,500
Project TOTAL				
Total Reimbursable Revenue	\$175,000			

COORDINATION

This memorandum has been coordinated with the City Attorney's Office and the City Manager's Budget Office.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the October 28, 2025 City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Not a Project, File No. PP17-007, Preliminary direction to staff and eventual action requires approval from decision-making body.

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PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/

Christopher Burton

Director, Planning, Building, and Code
Enforcement Department

For questions, please contact Martina Davis, Division Manager, Planning, Building, and Code Enforcement Department, at martina.davis@sanjoseca.gov