



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Christopher Burton

SUBJECT: See Below

DATE: January 9, 2026

Approved

Date:

1/16/26

COUNCIL DISTRICT: Citywide

SUBJECT: Senate Bill 79, Statewide Standards for Transit-Oriented Development Report and Implementation

RECOMMENDATION

- (a) Accept the report on Senate Bill 79, including a summary of its provisions, an initial San José specific analysis, and options for implementation.
- (b) Direct staff to return to City Council in March 2026 with a draft ordinance designating qualifying industrial areas identified in the General Plan as Employment Areas as “industrial employment hubs” and exempting nonresidential sites within those areas from the provisions of Senate Bill 79.
- (c) Direct staff to return to City Council with an ordinance exempting sites where there is no walking path less than one-mile from the location of transit-oriented development after further analysis of those sites is completed.
- (d) Direct staff to return to City Council with an ordinance temporarily exempting designated historic resources contained in the San José Historic Resources Inventory.

SUMMARY AND OUTCOME

This report provides an overview of the provisions of recent state legislation, Senate Bill (SB) 79, and summarizes the complex options offered to the City of San José (City) for implementation and provides some case study analysis at a transit station level to illustrate the development implications of the bill.

Given its potential for imminent impacts to critical employment lands, staff recommends returning in March 2026 with an ordinance to exempt industrial areas identified as

Employment Areas in the City's General Plan from provisions of SB 79. These areas include North San José/Industrial Core, Old Edenvale/Old Edenvale Transit Employment Center, Monterey Business Corridor, East Gish, Mabury, and Berryessa International Business Park/Lundy/Milpitas BART. Staff will continue conducting additional analysis and return with a separate ordinance at a later date to exempt appropriate sites with no available walking path of less than one mile. Staff will also bring forward temporary exemptions for California Environmental Quality Act (CEQA) historic resources, such as landmarks and districts listed on the state and/or national register.

Other implementation options that allow the deferral of effectuation or ongoing exemption from the provisions of SB 79 will require additional time and resources to fully evaluate their potential in the City. Initial analysis conducted by staff suggests that existing zoned capacity is insufficient to qualify for the exemptions provided for in the bill. Further work around the analysis to exempt sites or station areas is not contemplated in the current work plan of the Planning, Building, and Code Enforcement Department, which consists primarily of other State-directed planning requirements. Any additional planning efforts in response to SB 79 will need to be weighed against the necessity of implementing the existing work plan and the City's extremely limited budgetary capacity, which will be considered as part of the 2026-2027 Proposed Budget development process. Staff will continue to evaluate the SB 79 implications and newly added residential capacity in the context of the General Plan Four-Year Review that is currently underway, and how that added capacity could help fulfill the City's housing goals.

BACKGROUND

SB 79, the Abundant and Affordable Homes Near Transit Act, was authored by Senator Scott Wiener and signed by Governor Newsom on October 10, 2025. The provisions of the law will take effect on July 1, 2026. In general, SB 79 supersedes local zoning and allows housing on all sites currently zoned for residential, mixed-use, or commercial development within ½-mile of certain transit stops and specifies maximum heights and densities that a local jurisdiction may not restrict. SB 79 applies to counties with more than 15 passenger rail stations, and in the Bay Area this includes Santa Clara, Alameda, San Mateo, and San Francisco counties.

ANALYSIS

SB 79 establishes new development standards and makes housing an allowed use on sites currently zoned for residential within ½-mile of "transit-oriented development (TOD) stops." There are 56 transit stations and approximately 40,000 parcels in San

José that are impacted by the provisions of SB 79.¹ The bill provides guaranteed height, floor area ratio (FAR), and density maximums for multifamily housing.² These ½-mile areas are typically well beyond scopes of traditional station area plan and urban villages planned for higher densities and compact development within the City. In other words, the bill greatly expands where housing is permitted and greatly expands the densities at which housing can be built.

TOD Stops

The bill defines a specific type of transit stop called a “transit-oriented development stop” (TOD stop) and separates TOD stops into two tiers. In general, a TOD stop is a major transit station served by heavy rail, high or very high-frequency rail, light rail, or bus rapid transit with a dedicated lane. It also identifies certain future stations based on a specific set of criteria, including whether a route has been selected for the future station and what level of planning or funding has been done for that future station. The bill also defines the two types of TOD stop tiers; this is summarized in Table A.

Table A: TOD Stop Tiers

| TOD Stop Tier | Transit Type | Applicability in San José | Number of Current or Future Stations in/adjacent to San José |
|----------------------|---|---|--|
| Tier 1 | <ul style="list-style-type: none"> • Heavy Rail Transit • Very-High Frequency Commuter Rail (72 trains per day) | <ul style="list-style-type: none"> • Caltrain (electrified) • BART • Future BART | <ul style="list-style-type: none"> • 4 Caltrain • 6 BART <p><i>10 total stations</i></p> |
| Tier 2 | <ul style="list-style-type: none"> • Light Rail • High Frequency Commuter Rail (48 trains per day) • Bus Rapid Transit with dedicated lane | <ul style="list-style-type: none"> • VTA light rail • Bus Rapid Transit with dedicated lane | <ul style="list-style-type: none"> • 44 VTA light rail • 2 Bus Rapid Transit <p><i>46 total stations</i></p> |

Each tier has a set of applicable development standards that applies to TOD zones within ½-mile, ¼-mile, and sites directly adjacent to the station. The TOD zone distance is measured as a direct line from each pedestrian access point of the station. Because the bill does not explicitly define a “pedestrian access point,” staff developed a

¹ Draft citywide SB 79 map: <https://experience.arcgis.com/experience/203caa65a0a9413983f6b0059a9c7c89>

² See summary in Table B

methodology based on the visibly identifiable pedestrian access points, which is the basis for the draft map³ and data utilized for this memorandum. It is important to note that some stations are outside San José, but parcels within San José are included in the TOD zone for that station. For example, the Milpitas BART station and the Santa Clara Caltrain station are outside of San José, but there are parcels in San José within the TOD zones of those stations. Additionally, SB 79 does not apply to unincorporated areas until the next housing element cycle, i.e., in 2031, for Santa Clara County.

Staff has worked to create a draft map⁴ that is now available on the City's website based on analysis of the bill; however, the bill requires that the Metropolitan Transit Commission (MTC) create the official map of TOD stops and their associated zones. Staff has been in contact with MTC staff, but no timeline for the release of the official map has been shared to date. Staff will continue to work with MTC to share data and the City's methodology to assist in the creation of the official map.

TOD Project Eligibility and Development Standards

All projects looking to utilize SB 79 must meet the following eligibility requirements:

- **Zoning:** The project must be on a site where the existing zoning allows residential, mixed-use, or commercial development.

For San José, this means nearly all zoning districts except light industrial, heavy industrial, open space, and agriculture.

- **Housing Development Project:** The project must generally be a residential, mixed-use development with at least two-thirds residential, permanent or supportive housing, or farmworker housing. The development cannot contain a hotel or any other type of temporary lodging.
- **Five or More Housing Units:** The project must include five or more housing units.
- **Minimum Density:** The project must achieve a density of at least 30 dwelling units per acre or the minimum density required by a city, whichever is greater.
- **Average Unit Size:** All proposed housing units may not exceed 1,750 "net habitable square feet," as defined in the bill. Generally, this is the livable space and excludes garages, unfinished basements, parking, etc.
- **Labor Standards:** Projects must meet prevailing wage and skilled, and trained workforce requirements for buildings over 85 feet.

³ <https://experience.arcgis.com/experience/203caa65a0a9413983f6b0059a9c7c89>

⁴ See above

SB 79 defines specific height, density, and residential FAR limits that a city may not preclude a development from achieving. The City may establish and apply objective development standards to SB 79 projects so long as those standards do not preclude a project from achieving the maximums guaranteed in the bill. There are three different distances from a TOD station that dictate development standards, with density decreasing with the increase in distance from the station. The standards also vary between Tier 1 and Tier 2 stations. Table B below summarizes the development standards that will apply to Tier 1 and Tier 2 stations in San José.

Table B: Development Standards

| Distance | Tier 1 | Tier 2 |
|--|---|---|
| Adjacent to TOD stop (within 200 feet of pedestrian access point) | <ul style="list-style-type: none"> • Height: 95 feet • Density: 160 DU/AC⁵ • Residential FAR⁶: 4.5 | <ul style="list-style-type: none"> • Height: 85 feet • Density: 140 DU/AC • Residential FAR: 4.0 |
| ¼-mile from TOD stop | <ul style="list-style-type: none"> • Height: 75 feet • Density: 120 DU/AC • Residential FAR: 3.5 | <ul style="list-style-type: none"> • Height: 65 feet • Density: 100 DU/AC • Residential FAR: 3.0 |
| ½-mile from TOD stop | <ul style="list-style-type: none"> • Height: 65 feet • Density: 100 DU/AC • Residential FAR: 3.0 | <ul style="list-style-type: none"> • Height: 55 feet • Density: 80 DU/AC • Residential FAR: 2.5 |

To provide context as to how these densities relate to the City's existing high-density residential designations, the two highest density designations that would be typical for residential sites adjacent to transit stations are Transit Residential and Urban Residential. Transit Residential allows housing densities of 50 to 250 DU/AC, and Urban Residential allows housing at densities between 30 to 95 DU/AC.

Affordability and Tenant Protections

A TOD housing project under SB 79 must also provide on-site affordable housing and comply with local and state rules around the demolition of certain residential units.

Affordable Housing: If an SB 79 project has at least 11 units, then it must include affordable units on site. SB 79 offers the following options for the percent of total units that must be affordable based on the depth of affordability:

⁵ DU/AC means dwelling units per acre.

⁶ FAR means floor area ratio

- 7% of total units dedicated to extremely low income (ELI) households;
- 10% of total units dedicated to very low income (VLI) households; or
- 13% of total units dedicated to lower income (LI) households.

However, if a local inclusionary housing requirement mandates a higher percentage of affordable units or a deeper level of affordability, then the local inclusionary requirement mandate applies instead.

As SB 79 applies in San José, the City's Inclusionary Housing Ordinance (IHO) mandates that development include 15% of total units as affordable units. Therefore, it appears the City's IHO would apply rather than the specific affordability prescribed in the bill.

Demolition and Anti-Displacement: Projects are not allowed to be located on a site containing more than two units where the development would require the demolition of housing that is subject to rent or price control and that have been occupied by tenants within the past seven years. Projects may not be located on a site where more than two units of housing that were subject to rent or price control were demolished within the past seven years. Projects must also comply with the requirements for the provision of replacement housing units in SB 330, as well as any other local requirements or processes related to displacement.

In San José, this would preclude development on sites with at least three units subject to the City's Apartment Rent Ordinance and to the City's Mobilehome Rent Ordinance. This would also mean that development is subject to the City's Ellis Act Ordinance.⁷ This requires advanced noticing of tenants regarding development, relocation assistance, and a right to return. Additionally, deed-restricted affordable units would not be eligible for demolition. Unlike other recent housing legislation, mobilehome parks are not explicitly excluded from SB 79. However, mobilehomes in San José are subject to price control through the City's Mobilehome Rent Ordinance. Thus, no mobilehome parks would be directly impacted in San José. Clean up legislation is being proposed to provide an explicit exemption for all mobilehome parks, regardless of price or rent controls.

⁷ San José Tenant Protection webpage: <https://www.sanjoseca.gov/your-government/departments-offices/housing/developers/affordable-housing-plans-policies/tenant-protection/>

State Density Bonus Law

SB 79 projects are eligible for the full range of benefits granted to development under State Density Bonus Law. This includes density bonuses, incentives or concessions, waivers or reductions of development standards and parking ratios. However, SB 79 does not allow the use of State Density Bonus Law to increase heights above the maximum heights defined in the bill. Affordable housing projects may also gain additional concessions depending upon the level of affordability being offered in the SB 79 development.

Approval Pathway and Environmental Review

SB 79 does not create or require any specific approval process; thus, projects would be subject to the City's regular process depending on project type. However, projects meeting the eligibility requirements may utilize the state streamlined ministerial approval provided by SB 35 / SB 423.⁸ Projects in San José would generally be permitted through a Site Development Permit that would be approved at a Planning Director's Hearing.

Projects reviewed as a Site Development Permit would be subject to environmental review under the CEQA. However, many projects would likely be eligible for streamlined CEQA review, such as the new Assembly Bill 130 exemption or focused review under SB 131.⁹

Transit Agency TOD Projects

SB 79 also grants transit agencies new authority over the land they own within the ½-mile TOD zone of qualifying TOD stops. Transit agencies may adopt their own minimum development standards that apply to sites the agency owned prior to July 1, 2025.

The Valley Transportation Authority (VTA) owns numerous sites within San José's TOD zones, such as park and ride lots for light rail, among others. In initial conversations with VTA staff, VTA indicated that it intends to initiate the creation of development standards in the coming months that would be applicable to eligible sites. These standards could include specific heights, density, etc. Any development standards would be subject to approval by the VTA Board of Directors. Staff will continue to work with VTA to provide input and feedback on their development standards to align with City objectives.

⁸ City webpage on SB 35: <https://www.sanjoseca.gov/your-government/departments-offices/planning-building-code-enforcement/planning-division/start-a-new-project-or-use/applications-and-appointments/housing-ministerial-approvals>

⁹ For more information on these exemptions see the August 2025 information memorandum: <https://www.sanjoseca.gov/home/showpublisheddocument/123982/638907786894830000>

Implementation Options and Analysis

There are several ways in which the provisions of SB 79 can be either delayed or exempted based on detailed criteria; these are separated into the following three broad categories, discussed more below:

1. *Permanent Exemptions*
2. *Temporary Exemptions or “Delayed Effectuation”*
3. *TOD Alternative Plan or “Alt Plan”*

Many of the available exceptions require the City to develop and conduct detailed analysis and calculations of current zoned capacity in TOD zones and future capacity created through SB 79. Staff has completed an analysis of three station areas that are a representative sample of station areas throughout San José. In general, the TOD zones within the ½-mile radius of SB 79 greatly exceed the total land area around stations in which the City has planned for increased density. There are also many light rail stations in areas of San José where urban village planning work has not been completed, so density has not been increased yet. Large areas of lower density commercial and single-family housing are within the ½-mile TOD zones. The available exemptions require minimum densities over a larger area than even the most densely planned station areas in San José, such as the Berryessa/North San Jose BART Station, are unable or unlikely to meet.

Staff has prepared case studies of three TOD station areas: the Tamien Station Area, Snell Light Rail Station Area, and the Berryessa/North San José BART Station Area, to illustrate this analysis on implementation options. The case studies are discussed below, and the maps of the areas are included in Attachment A – Station Area Case Study Maps.

1. Permanent Exemptions

There are two options for permanent exemptions for parcels otherwise eligible for SB 79. These exemptions may be effectuated through an ordinance subject to the review of the State Department of Housing and Community Development (HCD).

Industrial Employment Hubs: Cities with over 15 TOD stops may designate certain areas as an “industrial employment hub.” An industrial employment hub is a contiguous area of at least 250 acres that has been designated as an employment lands area in the City’s General Plan prior to January 1, 2025. The parcels within it must be primarily dedicated to industrial use. Those sites within these designated areas that do not already permit housing would not be subject to SB 79 provisions that make housing an allowed use.

This exemption was one that staff advocated for during the legislative session in order to exempt key industrial employment lands in areas such as North San José. City staff, along with the support of the Mayor's office, worked closely with the bill author's office and bill sponsors on the specific language included in the bill around industrial employment hubs. San José's industrial employment areas, such as North San José, typically have industrial designations such as Industrial Park, which are primarily industrial designations, but also allow commercial uses such as offices. Therefore, absent the City opting into this exemption through the ordinance, they will be subject to SB 79.

In San José, there are six areas that are eligible for these provisions that staff recommends exempting and are summarized in Table C.

Table C: Proposed Industrial Employment Hubs

| Name of Employment Lands Area | Size in Acres |
|---|----------------------|
| Berryessa International Business Park/Lundy/Milpitas BART | 664 |
| North San José/Industrial Core Area | 4,169 |
| Monterey Business Corridor | 453 |
| Old Edenvale/Old Edenvale Transit Employment Center | 612 |
| East Gish | 495 |
| Mabury | 290 |

Staff recommends that the ordinance exempting the employment lands areas be brought forward as soon as possible to City Council for adoption due to the July 1, 2026, effective date of the bill, as project proponents could submit applications immediately after the effective date of the bill. Staff is targeting March 2026 to return to City Council with a draft ordinance. A specific timeline is discussed further below. A map of the Industrial Employment Hubs is included as Attachment B.

One-Mile Walking Path: Areas where no walking path of less than one mile exists from the TOD stop may be permanently exempted from the provisions of SB 79.

The bill requires the City to make findings supported by substantial evidence that no walking path exists, such as for TOD zones bifurcated by a freeway. Based on initial analysis, there are approximately 2,000 parcels that may be eligible for this exemption. Staff believes there are sites that qualify and should be exempted, but need additional time to fully evaluate which parcels should be exempted through this provision. Staff recommends returning at a later date with an ordinance that would exempt specific parcels, separate from the industrial hub exemption ordinance.

2. Temporary Exemptions or Delayed Effectuation

SB 79 includes provisions that allow cities to temporarily exempt individual sites and TOD stops meeting very specific requirements until one year following the adoption of the next housing element (7th cycle). This “delayed effectuation” is intended to give cities time to prepare local TOD alternative plans, which are discussed more in the next subsection. The delay can be applied to individual sites, low resource areas, or TOD zones only and not citywide or across multiple stations. The following is a summary of the criteria:

- Delayed effectuation exemptions at the TOD zone level can be made if all of the following are met:
 - One-third of the sites in the TOD zone currently allow at least 50% of the density and FAR granted by the bill; and
 - All sites in the TOD zone cumulatively allow for at least 75% of the aggregate density allowed by the bill.
- Delayed effectuation exemptions at the site level can be made if any of the following are met:
 - Site permits at least 50% of the density and FAR granted by the bill;
 - Site is in a Very High Fire Severity Zone;
 - Site is in an area vulnerable to one foot of sea level rise; or
 - Site contains historic resources designated before January 1, 2025 on a local register.
- Delayed effectuation exemptions are available in areas designated as low resource in the most recent area maps published by the California Tax Credit Allocation Committee (TCAC) if meeting all of the following:
 - At a citywide level, sites in TOD zones in low resource areas, if the City cumulatively allows for at least 50% of the density and FAR granted by the bill; and
 - At a TOD station level, sites in a TOD zone in an area primarily composed of sites in low resources areas cumulatively allow at least 40% of the density granted by the bill.

The exemptions granted through the delayed effectuation require a comprehensive analysis of each TOD zone in order to determine eligibility. Staff completed analysis for three TOD stations, as detailed further below, that are intended to more broadly represent San José as a whole. The analysis of these three stations found that none of them qualify for the delayed effectuation option. There are likely individual sites that allow for 50% of the residential capacity granted by SB 79, but the sites that meet that threshold are already sites near transit stations that grant comparable density to the maximums granted in SB 79. In other words, the City would be exempting sites designated as Transit Residential or Urban Residential that allow densities from 30 DU/AC to 250 DU/AC. Therefore, there is no reason to exclude these individual sites.

Delayed Effectuation for CEQA Historical Resources Listed in the San José Historic Resources Inventory:

Staff recommends pursuing delayed effectuation for CEQA's historical resources, including properties listed on the California Register of Historical Resources, which includes listed National Register of Historic Places districts and individual properties, designated California Historical Landmarks #770 and above, and California Points of Interest designated after December 1997, and City Landmarks and historic districts. This would not be potential and eligible historical resources in station areas, just those recognized as CEQA historical resources listed on the San José Historic Resources Inventory, which is San José's local historic register. Since SB 79 does not exempt projects from CEQA review, potential and eligible historic resources would still need to be evaluated through either the CEQA process and/or the City's Historic Preservation Ordinance. Staff recommends bringing forward this temporary exemption of CEQA historical resources through a separate ordinance following the ordinance exempting industrial employment hubs.

3. TOD Alternative Plan

SB 79 provides another avenue for exempting or modifying the provisions of SB 79 on sites and areas in San José through the adoption of a "transit-oriented development alternative plan" (Alt Plan). The Alt Plan can take the form of a housing element program, specific plan, zoning overlay, or ordinance. The Alt Plan does not have to be adopted by July 1, 2026, but it must be reevaluated as part of the next housing element cycle if one is adopted. The changes and exemptions can be applied per TOD stop, over multiple TOD stops, or citywide. Generally, significant upzoning is still required in order to meet the qualifications of an Alt Plan. An Alt Plan can apply to individual TOD stops, multiple TOD stops, or citywide. Similar to the other exemptions, Alt Plans must be submitted and reviewed by HCD. The Alt Plan provisions must meet the following conditions:

- At the citywide level, the Alt Plan must maintain at least the same total net zoned capacity in both total units and FAR. Net capacity must take into account the existing number of units and the amount of developed floor area on a site.
- The Alt Plan cannot reduce maximum residential density on a single site by more than 50% allowed through SB 79, with the following exemptions:
 - Sites in a Very High Fire Severity Zone;
 - Sites vulnerable to one foot level sea rise; and
 - Sites with a historic resource on local register, but may not exceed 10% of station area.
- At station level, the Alt Plan cannot reduce any TOD zone in total units or FAR more than 50%.

- At site level, the Alt Plan cannot exceed 200% of the maximum density allowed by SB 79 on any site.

Station Area Specific Case Studies

Staff conducted a preliminary analysis of three different station areas that are intended to be a representative sample of stations across San José. Generally, the exemption criteria are based on current zoned capacity, and staff chose three TOD station areas representing high, medium, and low levels of zoned capacity to serve as a representative sample for the larger city. The high zoned capacity station area evaluated is the Berryessa BART station that includes an associated Urban Village plan adopted in 2021. The medium zoned capacity station area is the Tamien Station Area, which includes the Tamien Station Area Specific Plan. The low zoned capacity station is the Snell Light Rail Station, which includes the unplanned Blossom Hill Rd/Snell Av Urban Village. Maps behind the analyses below are included in Attachment A – Station Area Case Study Maps.

For these three cases, staff looked at the eligibility for the delayed effectuation option. This means that at least one-third of the SB 79 eligible sites would need to allow at least 50% of the density and FAR granted by the bill. Additionally, all sites must cumulatively allow for 75% of the aggregate density allowed by SB 79. Aggregate density is not defined in the bill, and staff is utilizing the average density of the area as aggregate density. Since the exact methodology for the calculation of density and capacity for these thresholds is not always clear in the bill, staff has had to make assumptions based on coordination with the other cities. HCD is required to create standards and issue guidance by July 1, 2026, the effective date of SB 79. The map and its related determination of site eligibility are officially the responsibility of MTC and could change how these calculations and qualifications are determined.

Table D below shows a summary of the analysis of the three station areas under requirements of delayed effectuation. No station area meets the qualifications for delayed effectuation, as none has sufficient residential density that would allow this exemption. Staff would need additional time and resources to analyze more stations or at citywide level to assess other temporary exemptions, such as those available for low resource areas. This additional work is not contemplated in the current work plan of the Planning, Building, and Code Enforcement Department, which consists primarily of other State-directed planning requirements. Any additional planning efforts in response to SB 79 will need to be weighed against the necessity of implementing the existing work plan and the City's extremely limited budgetary capacity, which will be considered as part of the 2026-2027 Proposed Budget development process.

Table D: Preliminary Station Level Analysis for Delayed Effectuation Option

| | Existing Capacity (units) | SB 79 Capacity (units) | City Allowed Average Density | SB 79 Allowed Average Density | % of allowed density under SB 79 (<i>must be +75%</i>) | % of sites allowing 50% of SB 79 density (<i>must be 33% of total site</i>) |
|---|----------------------------------|-------------------------------|-------------------------------------|--------------------------------------|---|--|
| Berryessa BART Station¹⁰ (Tier 1) | 59,001 | 57,996 | 113.6 DU/AC | 111.7 DU/AC | = 102% | 13% |
| Tamien Station Area (Tier 1) | 10,434 | 33,717 | 24.4 DU/AC | 78.8 DU/AC | = 31% | 7.6% |
| Snell Station Area (Tier 2) | 3,233 | 37,153 | 7.8 DU/AC | 90.1 DU/AC | = 9% | 0% |

The requirements of an Alt Plan are an even higher threshold than what is required for delayed effectuation. Based on the analysis done on these stations, an Alt Plan for the City or for any station area is likely infeasible in the near term. If the City were to pursue an Alt Plan, in the future or as part of the next housing element, it would require development of entirely new station area plans or a comprehensive upzoning plan for the entire City.

The City is also conducting its General Plan Four-Year Review, which is focused on identifying new residential capacity to utilize in the next housing element cycle and also identifying opportunities for missing-middle housing on lower density housing sites. The provisions of SB 79 align with these goals at a high level, and staff is evaluating how the added capacity from the bill could be folded into the four-year review. Additionally, SB 79 will be evaluated through the four-year review for how it will impact the future and streamlining of Urban Village planning for the 25 urban villages within the SB 79 TOD zones.

Industrial Employment Hub Ordinance Timeline

SB 79 requires HCD to issue guidance on the bill to cities and other agencies by July 1, 2026, the same day the law takes effect. However, the City is engaging with other large jurisdictions, including Los Angeles and San Francisco, to understand their implementation efforts and interpretation of the law and also coordinating with the City Attorney's Office. As noted, nearly all implementation and exemption options require HCD review and approval. The bill stipulates the following timing for HCD review:

- At least 14 days before City Council adoption of an ordinance – submit draft to HCD.

¹⁰ Berryessa BART station likely meets the 75% requirement by allowing at least 75% of the density granted by SB 79 but less than 33% of sites within the TOD Zone allow 50% of the density granted by SB 79.

- Within 60 days of enactment – submit a copy to HCD.
- Within 90 days – HCD reviews ordinance for substantial compliance.
- HCD may request additional 30 days to make findings.

This timeline gives HCD a period of up to 120 days to review the ordinance after its adoption. At any time, HCD can determine that an ordinance does not comply with the requirements of the bill and give the City up to 60 days to respond and make changes. City staff, as well as other jurisdictions' staff, have questions about when an implementing ordinance takes effect, i.e., does it take effect upon the enactment of the jurisdiction or after HCD reviews the ordinance for substantial compliance. Given this ambiguity, staff is recommending moving forward expeditiously with the proposed ordinance timeline for exempting industrial employment hubs.

Staff has developed the following timeline for implementing the ordinance exempting the employment hubs based on the July 1, 2026, effective date. However, the current timeline is unable to accommodate the additional 30 days that HCD may request in making its determination.

| | |
|---------------------------|--|
| Monday, March 9, 2026 | Draft Referral to HCD <i>(14 days before adoption)</i> |
| Wednesday, March 11, 2026 | Planning Commission Hearing |
| Tuesday, March 24, 2026 | City Council Hearing (<i>Adoption</i>) |
| Wednesday, March 25, 2026 | Referral to HCD <i>(90-day review cycle ends June 23, 2026)</i> |
| Tuesday, April 7, 2026 | City Council Second Reading |
| Thursday, May 7, 2026 | Ordinance Effective |
| Wednesday, July 1, 2026 | SB 79 Effective Date |

Staff will plan to hold at least one virtual outreach meeting and create an informational webpage where an ordinance draft and meeting information will be shared. Additionally, as noted above, this will continue to be a topic folded into the General Plan Four-Year review that will provide another avenue for discussions and input around the provisions of SB 79 and its impacts.

EVALUATION AND FOLLOW-UP

Staff will continue its analysis of SB 79 related impacts to the City ahead of the bill's effective date of July 1, 2026. Staff will bring forward an implementing ordinance as described in the analysis relating to the exemption of industrial employment hubs and sites with no walking paths less than one mile from a TOD stop.

COST SUMMARY/IMPLICATIONS

As discussed above, approval of the recommended actions will, in part, lead to the passage of an ordinance exempting industrial areas identified as Employment Areas in the City's General Plan from provisions of SB 79, which preserves land use types that drive economic activity and City revenues. Staff will also bring forward temporary exemptions for CEQA historic resources, such as landmarks and districts listed on the state and/or national register.

This required work will need to be absorbed within the Department's existing staffing capacity, which is already prioritized to mainly focus on other State-directed planning work. Any additional planning work for SB 79 – or other local planning efforts desired by the City Council – will likely require additional resources that would need to be contemplated as part of the 2026-2027 Proposed Budget development process in the context of limited funding and other critical City Council priorities.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office, the City Manager's Budget Office, and the Departments of Housing, Parks, Recreation, and Neighborhood Services, Public Works, and Transportation.

PUBLIC OUTREACH

This memorandum will be posted on the City Council Agenda website for the January 27, 2026 City Council meeting.

Staff will conduct public outreach related to the creation of the implementing ordinance as discussed above, including holding at least one virtual outreach meeting and creating an informational webpage where an ordinance draft and meeting information will be shared. Additionally, given the broad implications of SB 79 and density, the General Plan Four-Year Review process will provide another avenue for outreach and engagement around the effects and potential outcomes of SB 79 with the community.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

HONORABLE MAYOR AND CITY COUNCIL

January 9, 2026

Subject: Senate Bill 79, Statewide Standards for Transit-Oriented Development Report and Implementation

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CEQA

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

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 Jerad Ferguson, Principal Planner, Planning, Building, and Code Enforcement Department, at jerad.ferguson@sanjoseca.gov or (669) 223-1160.

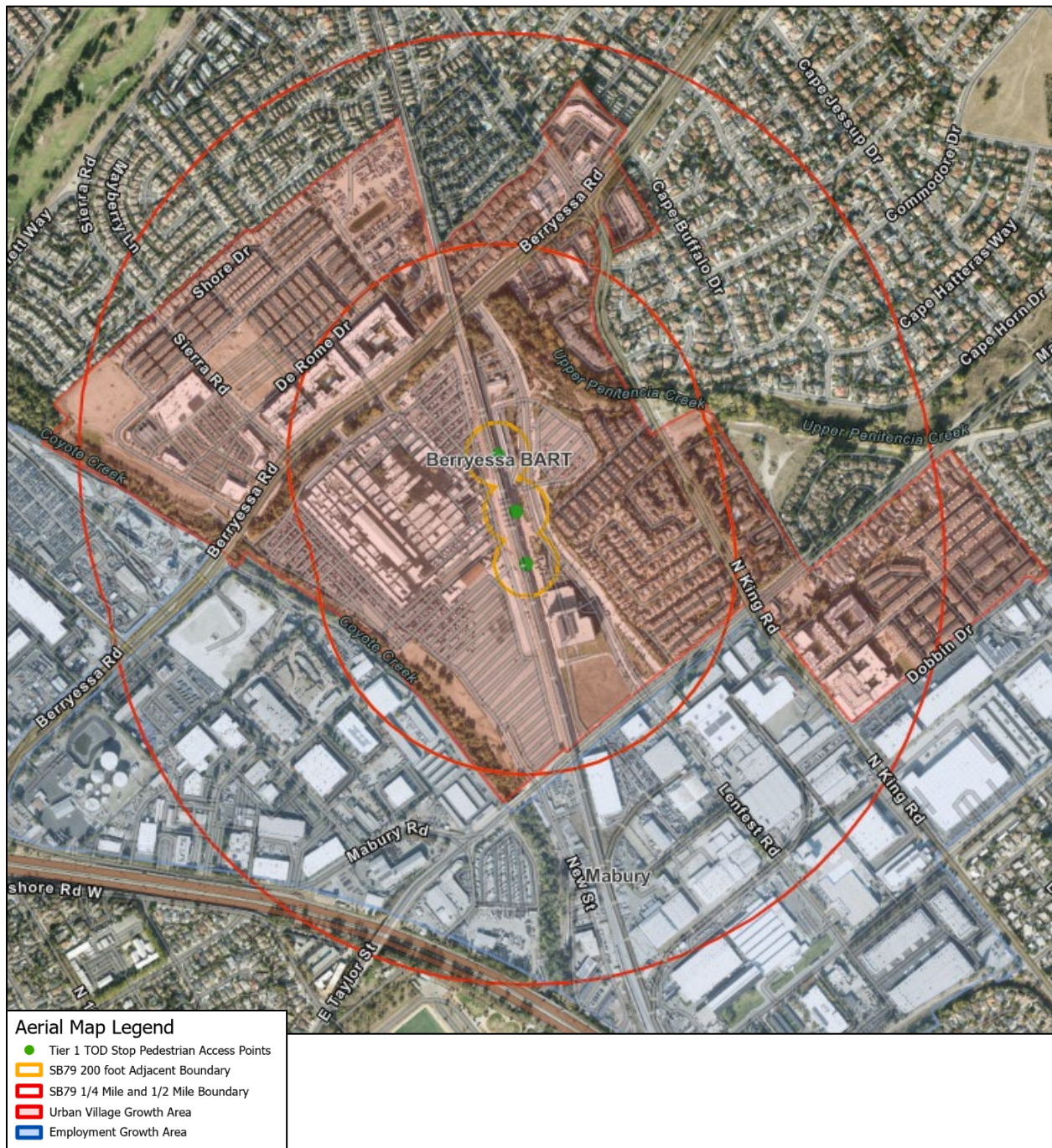
ATTACHMENTS:

Attachment A: Station Area Case Study Maps

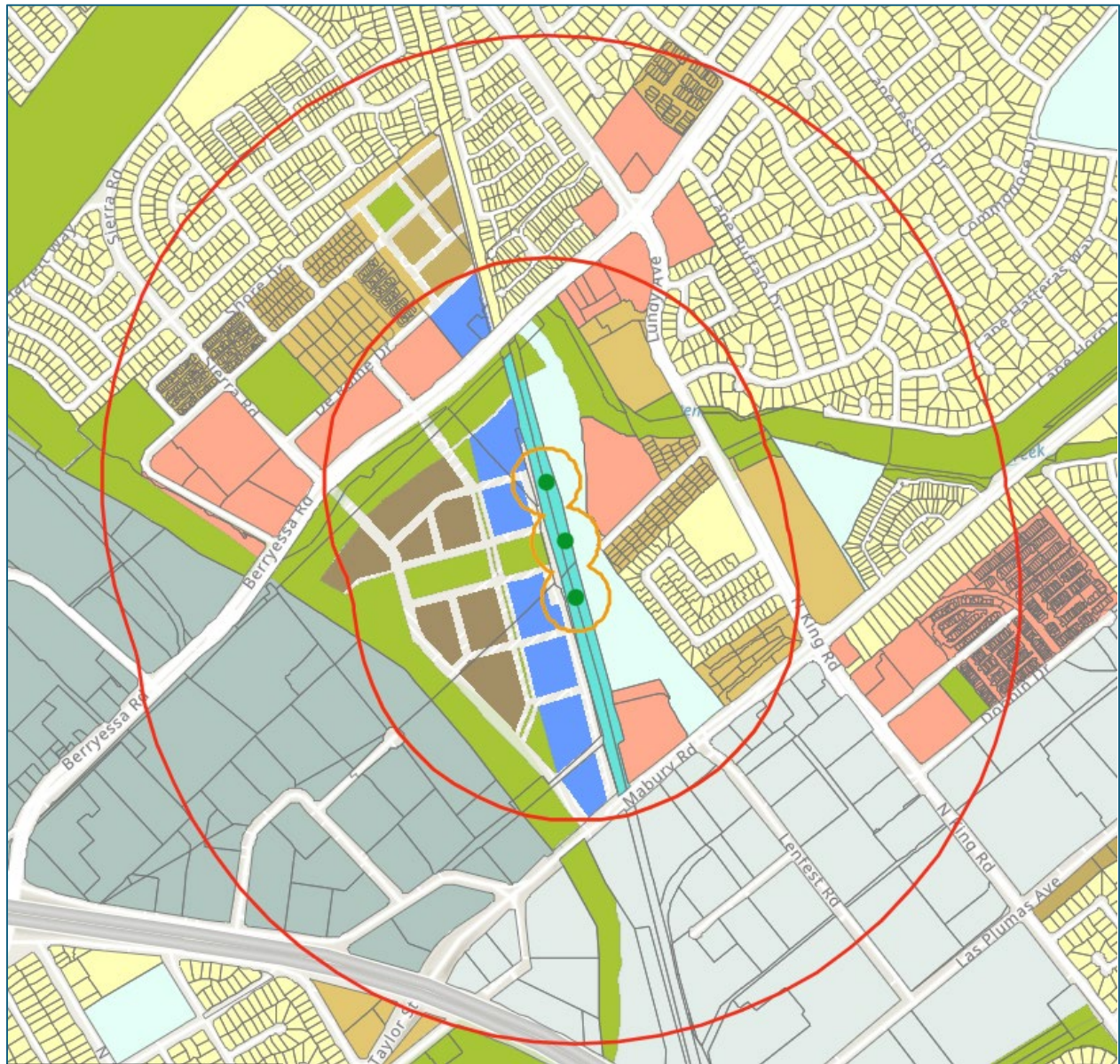
Attachment B: Industrial Employment Hubs

Attachment A: Station Area Case Study Maps

Berryessa BART (Aerial + Urban Village Boundary)



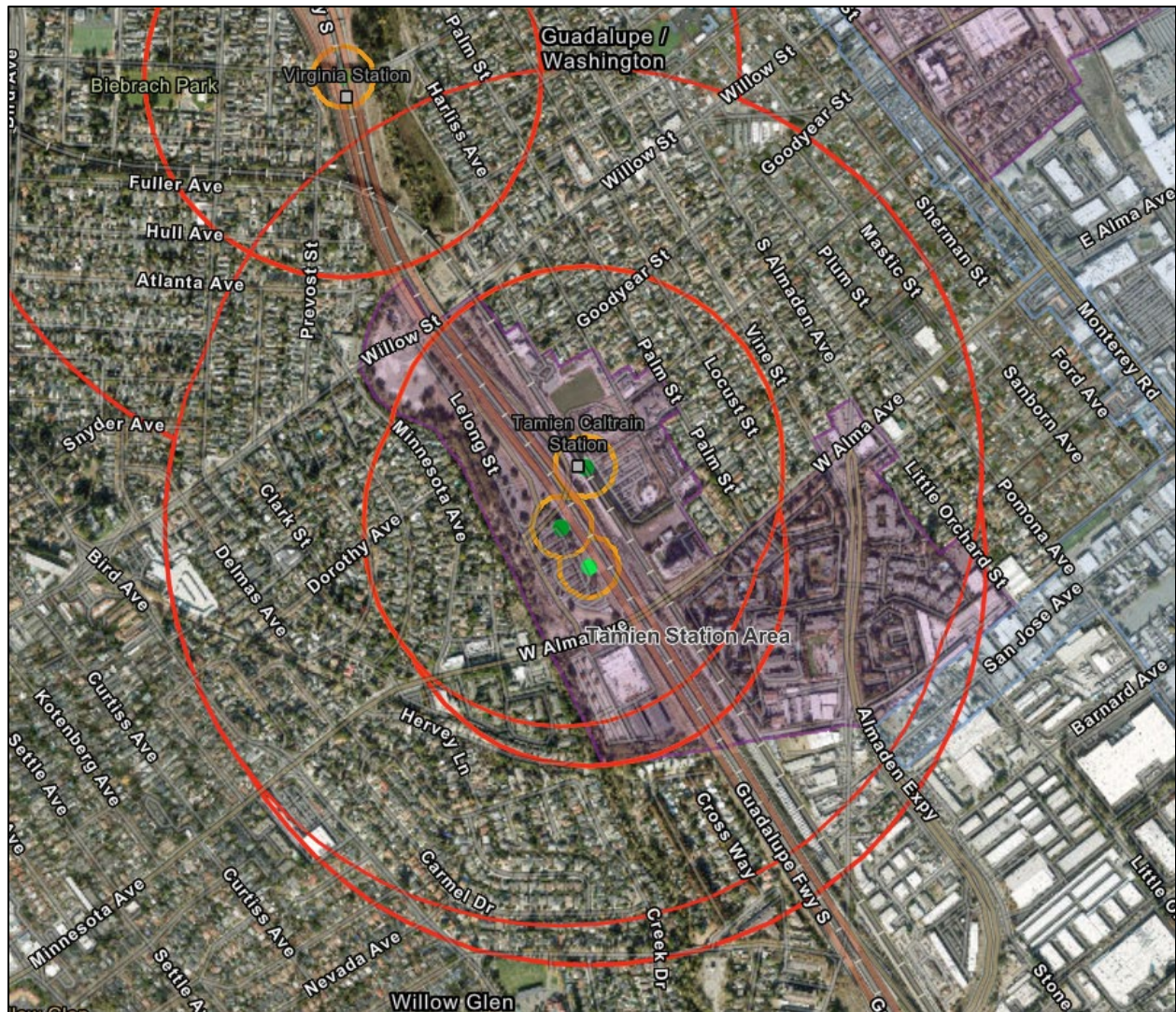
Berryessa BART Station (General Plan Land Use Designations)



General Plan Designations 2040

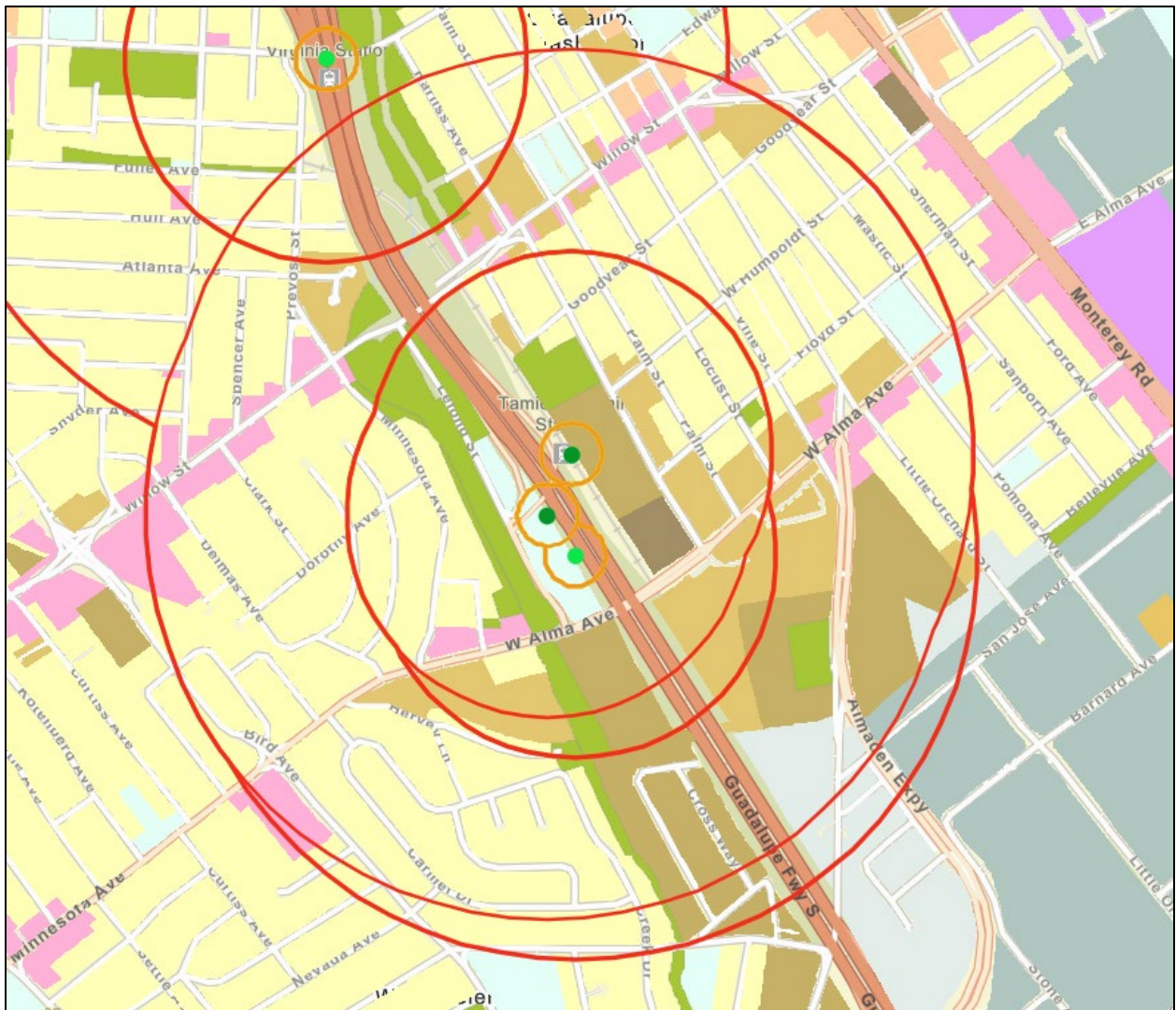
- Heavy Industrial
- Light Industrial
- Mixed Use Neighborhood
- Public/Quasi-Public
- Residential Neighborhood
- Transit Employment Center
- Transit Residential
- Transportation and Utilities
- Urban Residential
- Urban Village

Tamien Station (Aerial Image + Specific Plan Area)



| Aerial Map Legend | |
|--|--|
| ● | Tier 1 TOD Stop Pedestrian Access Points |
| ● | Tier 2 TOD Stop Pedestrian Access Points |
| | SB79 200 foot Adjacent Boundary |
| | SB79 1/4 Mile and 1/2 Mile Boundary |
| | Employment Growth Area |
| | Specific Plan Area |

Tamien Station (General Plan Land Use Designations)



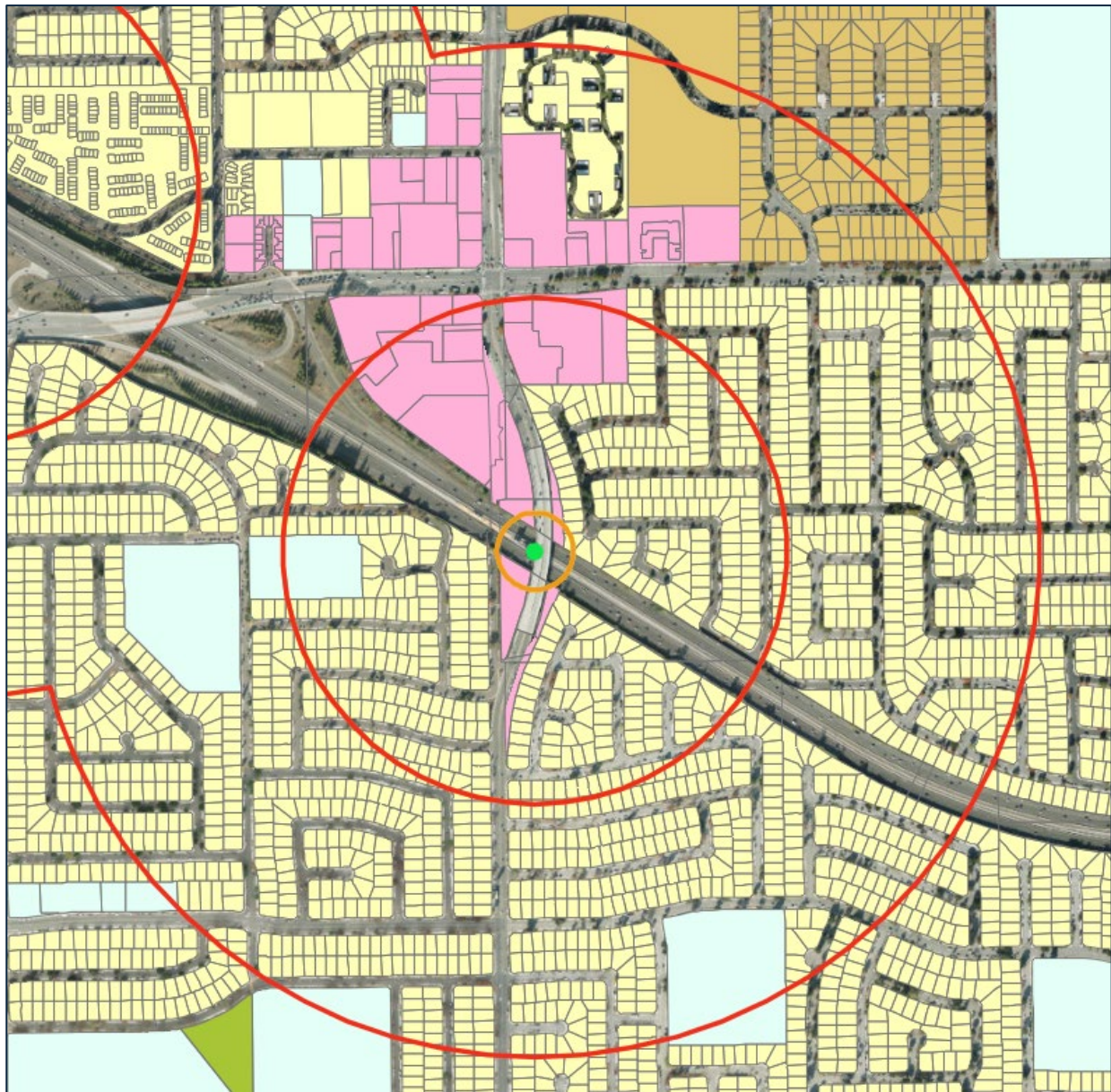
Snell Station (Aerial Image + Urban Village Boundary)



Aerial Map Legend

- Tier 2 TOD Stop Pedestrian Access Points
- SB79 200 foot Adjacent Boundary
- ▭ SB79 1/4 Mile and 1/2 Mile Boundary
- Urban Village Growth Area

Snell Station (General Plan Land Use Designations)



General Plan Designations 2040

- Mixed Use Neighborhood
- Neighborhood/Community Commercial
- Public/Quasi-Public
- Residential Neighborhood

Attachment B: Industrial Employment Hubs

