



Memorandum

TO: COMMUNITY AND
ECONOMIC DEVELOPMENT

FROM: Christopher Burton

SUBJECT: Citywide Planning Activities
Semi-Annual Status Report

DATE: October 9, 2025

Approved

Date:

10/15/25

RECOMMENDATION

Accept the semi-annual status report on Citywide planning activities.

BACKGROUND

The Citywide Planning team in the Department of Planning, Building, and Code Enforcement, leads on the ongoing evolution of the Envision San José 2040 General Plan, Area and Specific Plans, and Urban Villages. This includes the adoption and implementation of the Housing Element. In addition, Citywide Planning is responsible for the City's ordinances and policies that relate to land use and urban planning, including the Zoning Ordinance, the Sign Ordinance, Citywide Design Standards and Guidelines, and various City Council Policies. The team is also responsible for monitoring and maintaining data relating to development in the City, forecasting development trends, and monitoring and responding to both pending and recently adopted state legislation. Much of the Citywide Planning team's work is mandated by state law, such as the Housing Element. Other work on the team includes Council priorities, such as ordinance changes related to the upcoming 2026 sports events.

This update on Citywide Planning Activities is provided semi-annually to the Community and Economic Development (CED) Committee.

ANALYSIS

Tasks on the Citywide Planning team vary in duration and resource needs based on the

nature of the specific task. The Planning, Building and Code Enforcement Customer Service Charter (Charter) provides a comprehensive and transparent view of the Citywide Planning team's current workload and ability to take on new tasks.

The Citywide Planning Division's focus remains on completing the General Plan Four-Year Review and implementing Housing Element actions to ensure San José meets state housing requirements, retains access to funding, and lays the groundwork for the next Housing Element cycle. Limited staffing and significant state-driven deadlines require prioritization of core initiatives over discretionary projects.

As detailed below, staff are focused on key projects, including some directed through the adoption of the Fiscal Year (FY) 2025-2026 Budget. Several Citywide Planning work plan items were prioritized, deprioritized, or dropped in MBA #3, Balancing the Budget and Prioritizing our Work.¹

Citywide 2031 Horizon Work Plan

As discussed in previous Citywide Planning Activities Updates, there are several key priorities that will require extensive staff work through January 2031 that will diminish capacity for other work items and may require substantial consultant resources.² Given the size and scope of these items, some work can be done concurrently, but some must be done sequentially.

These key priorities are explicitly mandated by state law, are necessary to retain certification of the current Housing Element or are needed in preparation for the next Housing Element.

Current/Near Term:

1. Implementation of the 6th Cycle Housing Element
2. General Plan Major Review (Four-Year Review)
3. FY 2025-2026 Budget Priorities

Future:

4. Open Space, Safety and Environmental Justice Elements (Tri-Element Update)
5. 7th Cycle Housing Element Update

1. Implementation of the 6th Cycle Housing Element

Since the last Citywide update in March 2025, staff have been continuing to advance work related to the 6th Cycle Housing Element. This includes work on Housing Element items *P-11: Allow "SB 9" Type Housing on Additional Properties*, *P-42: Group Homes*

¹ <https://www.sanjoseca.gov/home/showpublisheddocument/121480/638824038268770000>.

² "Citywide Planning Activities Semi-Annual Status Report," dated 3/10/25, <https://sanjose.legistar.com/View.ashx?M=F&ID=13935317&GUID=C00494C1-8710-424D-B28D-97C5391E335E>

*for Seven or More Persons, P-36: Alum Rock East Urban Village Plan, I-19: Reasonable Accommodation, and P-41: Review and Revise Planning Permit Conditions.*³

Due to the necessary significant General Plan changes, multiple Housing Element items have been incorporated into the General Plan Four-Year Review. This includes items *P-40: Evaluate Urban Village Planning Process* and *P-35: Small Multifamily Housing*.

2. General Plan Four-Year Review

The scope of work for the General Plan Four-Year Review was approved by City Council in June 2025. The Council further directed that the work be concluded by the end of FY 2025-2026. Given this limited timeframe, staff recommended that the Planning Commission serve as the Task Force for the purposes of this Four-Year Review. The City Council subsequently approved General Plan amendments to specify that City Council selected the Task Force, and that the Planning Commission would serve as the Task Force for this Four-Year Review. Staff also prepared and conducted a joint study session of the City Council and Planning Commission that provided an overview of the past and current planning and General Plan history in anticipation of the Task Force process that will begin on October 15, 2025.

The General Plan Four-Year Review scope of work is divided into four major sections:

1. Increasing residential capacity
2. Creating Missing Middle housing opportunities
3. Adjusting the Jobs to Employed Resident Ratio
4. Modifying the Urban Village Implementation Strategy

Included within this scope of work are three policy items directed through the FY 2025-2026 budget:

1. Eliminating ground floor commercial requirements for housing developments that are not on a vibrant business corridor;
2. Expanding growth areas to where there is current market demand for housing and employment uses, except in areas with immitigable Vehicle Miles Traveled (VMT) impacts; and
3. Bringing recommendations on the small multifamily housing strategy to Council aimed at expanding homeownership by densifying Downtown.⁴

³ More detailed updates on these items can be found in the Report on the Housing Catalyst Work Plan from the February CED meeting:

<https://sanjose.legistar.com/View.ashx?M=F&ID=13766827&GUID=BE7311BA-A139-40D1-9A83-C77969420C6C>.

⁴ Mayor's March 2025 Budget Message,

<https://www.sanjoseca.gov/home/showpublisheddocument/118579/638773786567300000>

Additionally, through the adoption of the FY 2025-2026 Budget (Manager's Budget Addendum #3), the City Council approved incorporating the Saratoga Avenue Urban Village Plan CEQA clearance into the Four-Year Review EIR, which created efficiencies and allowed approximately \$300,000 of Citywide Planning funds to be reallocated to the Four-Year Review EIR.⁵ This will extend the timeline for the Saratoga Urban Village Plan approval to Fall 2027. Staff will continue community outreach and developing the draft urban village plan through FY 2025-2026. The Four-Year Review is a major undertaking in a shortened timeframe that will require substantial staff time. This will limit the ability of staff to undertake new projects and could delay other work as it is prioritized over all other work.

3. FY 2025-2026 Budget Priorities

The FY 2025-2026 budget process included reprioritization of many work items on the Citywide Planning team to create capacity and identify funding for the General Plan Four-Year Review. The following provides an overview of the projects that have been initiated, delayed, or dropped, and those that were considered during the budget process but ultimately not advanced.

Continuing Projects

Metropolitan Transportation Commission Transit Oriented Communities Policy: The Metropolitan Planning Commission (MTC) adopted a Transit Oriented Communities (TOC) policy that requires cities to adopt specified minimum residential and commercial office density requirements within a half mile of major transit stops. San José has 54 transit station areas subject to compliance with the TOC policy. Many of these station areas overlap with Urban Villages and other growth areas. MTC is tying access to discretionary funding to TOC policy compliance. This includes eligibility for One Bay Area Grant funding, for which the City has received \$148 million since 2012. MTC has consistently set expectations that compliance will be required before the next round of One Bay Area Grant funding is made available in early 2026.

Planning, Building, and Code Enforcement applied for and was awarded a grant of \$1.2 million from MTC and a \$175,000 planning grant from VTA for this TOC work. That means the City has been awarded a total \$1.375 million of external funding for TOC planning efforts. A team of one Planner IV and two Planner I/II/IIIs is assigned to the TOC commercial and office density project. The project consists of two general phases: 1) one year for analysis and strategy setting, and 2) one year to implement the strategy. There is some overlap with several unplanned Urban Villages and TOC areas, where staff is exploring how to use this TOC project to complete some or all of the Urban Village plan for these areas. This work is timely, as complying with the MTC density

⁵ Manager's Budget Addendum #3, "Balancing the Budget and Prioritizing Our Work", May 9, 2025: <https://www.sanjoseca.gov/home/showpublisheddocument/121480/638824038268770000>

requirements may require additional housing capacity to be allocated through the General Plan, which will be addressed through the Four-Year Review.

Ministerial Approval Ordinance Expansion to Downtown: \$250,000 in one-time funding was allocated for FY 2025-2026 to expand the City's Ministerial Approval Ordinance into Downtown. The *Building More Housing* Focus Area also includes a near-term goal to develop the Downtown Ministerial permit process and include analysis in this memorandum to CED Committee.

With the FY 2025-2026 funding, City Council elected to pursue the policy alternative labeled "Strategy 1" that was outlined by staff in a February 2025 memorandum to the CED Committee.⁶ This option builds on the work done through the existing Ministerial Approval Ordinance and utilizes the same standards approved by City Council in December 2024. This would allow for the work to be completed in short amount of time through an Addendum to the Downtown Strategy 2040 Final Environmental Impact Report. "Strategy 2" outlined by staff in the same report would have potentially allowed for more sites to utilize the streamlined process but would have required up to \$640,000 and up to 30 months. This strategy would have required a comprehensive historic survey, among other technical work, along with a Supplemental Environmental Impact Report.

The passage of Assembly Bill (AB) 130 and Senate Bill (SB) 131 as part of the state budget process significantly streamlines CEQA for many potential residential projects in the City including in Downtown. These laws took effect in July 2025, and staff prepared a detailed summary of the bills and their implications.⁷ Projects using the AB 130 exemption route would still require approval through a public hearing such as a Director's Hearing versus being approved ministerially by staff.

The analysis above demonstrates that while some of the originally intended benefits of this work were diminished with the state's reforms, staff still believes there is value in pursuing an expansion of the City's Ministerial Approval Ordinance to Downtown. Staff will begin work on an Addendum to the Downtown Strategy 2040 Final Environmental Impact Report. Staff will provide an update on this item at the February 23, 2026, CED Committee meeting, pending finalization of the spring CED Committee work plan.

Digital Wayfinding Ordinance: Staff is exploring a model used by the City of San Diego where staff would lead with an RFP then develop the code amendment around the RFP result. The contract award, sign code amendment, and CEQA review would ideally be consolidated into a single Council hearing. If this model can be applied to San José, then staff could issue a new RFP and complete the process to select a firm to complete the environmental review and sign code work. This would still require staff resources from the Office of Economic Development and Cultural Affairs and Planning, Building

⁶ <https://sanjose.legistar.com/View.ashx?M=F&ID=13766754&GUID=874F3BB8-962C-4EB2-894C-9D4B047F017B>

⁷ <https://www.sanjoseca.gov/home/showpublisheddocument/123982/638907786894830000>

and Code Enforcement to draft and conduct the RFP process and negotiate a contract. The departments are currently collaborating to determine if this is a feasible path forward and to identify a project schedule.

SB 9 Expansion: As part of the SB 9 implementing ordinance in 2021, City Council directed staff to return with an ordinance to expand SB 9 'type' housing into historic properties and R2 duplex zoning, as well as to create design standards to promote feasibility of SB 9 developments in single-family neighborhoods. This is Housing Element item P-11: Allow SB 9-Type Housing on additional Properties. A bill proposed this year (SB 677) would have made the SB 9 work moot as it almost entirely overlapped with the scope. Staff put the work on pause to track the progress of that bill. The bill did not progress therefore staff resumed work on the SB 9 update which is now combined with an ordinance addressing other state laws and Housing Element priorities, such as updates to the Ministerial Approval chapter, ADUs, and Group Homes. This ordinance is expected to be heard before the City Council in December 2025.

Projects Delayed or Dropped through the FY 2025-2026 Budget Process⁸:

Open Space, Safety and Environmental Justice Elements (Tri-Element Update): In FY 2024-2025 staff began work to update the "Tri-Elements"—the Open Space, Safety and Environmental Justice Elements of the General Plan. These are important and state required elements that need to be updated, and staff believed that it had the time and capacity to complete these items before moving to the General Plan Four-Year Review. However, given the requirements and penalties of both implementing the current Housing Element and potential penalties for producing a late updated 7th Cycle Housing Element, staff identified that the Four-Year Review must take priority over the Tri-Element Update. The Tri-Element Update was put on hold until FY 2026-2027. The \$375,000 budgeted for the Tri-Elements in FY 2024-2025 was reallocated to the Four-Year Review.

Coyote Monterey Corridor Study: As directed by City Council in 2022, the scope of the study was to allow expanded recreational and commercial uses that would complement existing agricultural uses for properties east of Monterey Road within Coyote Valley. While staff has worked with stakeholders to identify a list of potential uses that fit within the direction of the study, many property owners expressed that they did not believe the uses that fit within Council's direction would have economic value and had requested uses beyond the scope. At the same time, environmental advocates have expressed concern that some of the uses that were included in the study were too intense for the environmentally sensitive nature of Coyote Valley and were inconsistent with the recognition of the Coyote Valley as resource of statewide significance. Given the need for funding and staff resources for the Four-Year Review, and that the direction of the study was of concern by all stakeholders, Council approved ending the study and

⁸ MBA #3: <https://www.sanjoseca.gov/home/showpublisheddocument/121480/638824038268770000>.

repurposing the funding for the General Plan Four-Year review. The study remains a goal of the General Plan and may resume in a future fiscal year when added through a budget action.

Eliminate Downtown Employment Priority Area: The Downtown Employment Priority Area Overlay designation is applied to a portion of Downtown sites planned for intensive job growth because of the area's proximity and good access to the future Downtown BART station. This effort was delayed through the FY 2025-2026 budget process and will be brought back for future consideration as part of the FY 2026-2027 budget process.

SB 1333 Rezonings: The work to rezone properties to conform to the General Plan has been led by the Citywide/Special Projects team. There are approximately 6,300 properties, or 63% (out of an initial 10,105 properties), remaining to be rezoned. Staff on this team were reassigned to the MTC TOC Policy compliance effort, and this rezoning project was put on pause for approximately two years. As work slows down on the TOC grant, the team will pick up the rezoning effort in FY 2027-2028.

Update to Council Policy 6-30, Public Outreach: Council approved deferring this item until FY 2026-2027, after the next phase of the Ministerial Approval Ordinance is complete. This deferral will still meet the Housing Element deadline for this item while creating capacity to complete the General Plan Four-Year Review.

Vape and Smoke Shop Zoning Amendment: This ordinance update will create a use permit or other similar requirement for new vape and smoke shops. The Administration recommended and Council approved deferring this item until FY 2026-2027, after a state law compliance zoning update and the SB 9 ordinance update required by the Housing Element are complete.

Align Agriculture Zoning with County: The scope of this project was to align San José's agriculture zoning district with the County's updated agricultural zoning district to ensure consistency for agricultural land regulations and take advantage of the work the County has done to modernize agricultural standards. This action is dependent on the County to update its ordinance. They have been delayed several times; staff recommended dropping this item and potentially revisiting as a future work item if/when the County update is complete.

Additional projects were proposed during the FY 2025-2026 budget process, but ultimately did not move forward and are not included in the approved budget. This includes: additional incentives for small-multifamily structures, exploring a dedicated designation for faith land and allowing mixed-income housing within this designation, analysis to increase the entitlement period, special use and conditional use permit reform, and incentives for single room occupancy and co-living housing types. For

additional information on these projects, see MBA #3 Balancing the Budget and Prioritizing Our Work.⁹

New Work Related to State Law Implementation

At the time of the writing of this memorandum, there are numerous bills related to planning and housing that have been sent to the Governor and are waiting for a potential signature. Staff expects that many of these bills will turn into law and will require staff time to implement through changes to the zoning ordinance or other policies. In particular, if SB 79 is signed by the governor, the City will have until July 1, 2026, to pass an implementing ordinance. This bill allows housing on commercial properties and upzones existing residential properties around light rail and rapid bus transit stations. The City is able to exclude certain industrial employment lands in North San José and Edenvale.

COORDINATION

This memorandum was coordinated with the City Attorney's Office.

/s/
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⁹ <https://www.sanjoseca.gov/home/showpublisheddocument/121480/638824038268770000>.