



Memorandum

TO: RULES AND OPEN
GOVERNMENT COMMITTEE

FROM: Councilmember Tordillos
Councilmember Cohen
Councilmember Ortiz
Councilmember Mulcahy
Councilmember Doan

SUBJECT: SEE BELOW

DATE: April 30, 2026

Approved:

SUBJECT: Policy Analysis of Vacant Commercial Storefront Activation Tools

RECOMMENDATIONS:

Direct the City Manager's Office to work with appropriate departments, including but not limited to, the Departments of Planning, Building, and Code Enforcement (PBCE), Economic Development and Cultural Affairs (OEDCA), and the City Attorney's Office, to return with an analysis and options for potential administrative, regulatory, and programmatic actions to support the activation of vacant commercial storefronts and reduction of blight citywide. This referral is intended to initiate policy analysis and return with recommendations. The analysis should include identification of workload impacts, fiscal implications, and alignment with existing departmental work plans.

The analysis should include, but not be limited to, evaluation of the following:

1. Evaluate potential amendments to San José Municipal Code Section 20.150, as well as any other relevant ordinances, Municipal Code sections, or Council policies, to extend the allowable period for reestablishing a legal nonconforming use without requiring a new Special Use Permit from six months to up to three (3) years. Additionally, evaluate appropriate limitations, safeguards, or categorical exclusions that may be necessary to address potential impacts associated with such an extension.
2. Evaluate existing restaurant and small business programs within OEDCA and PBCE to identify opportunities to strengthen interdepartmental coordination and better align program resources toward the activation of vacant storefronts. The analysis should assess program

effectiveness, administrative feasibility, fiscal impacts, and policy implications and return with recommendations and implementation direction informed by these considerations.

3. Evaluate potential amendments to San José Municipal Code Section 20.80 and relevant Council Policies, including 6-28, 6-29, and 8-14, to determine whether establishing a ministerial stand-alone demolition permit process for certain vacant industrial and commercial buildings is legally feasible and advisable. This evaluation should consider applicability only where CEQA permits ministerial approval and where the building is not a designated or potentially historic resource, and should preserve environmental screening requirements for PCBs (as referenced in Council Policy 6-28) and maintain waste diversion obligations under Section 9.10 of the San José Municipal Code.
 - a. The analysis should be options-based and may identify and assess a range of potential regulatory and implementation approaches for Council consideration, without presuming a preferred outcome. Such options may include, but are not limited to, alternative post-demolition site management pathways and compliance or monitoring frameworks. The analysis should assess legal, fiscal, workload, and policy implications before recommending any amendments.

BACKGROUND

Commercial vacancy is a growing challenge across San José. Long-empty storefronts create visible blight, slow down neighborhood economic activity, and weaken people's confidence in their own commercial districts. These vacancies appear across the city, but they hit hardest in historically marginalized and underserved neighborhoods where disinvestment has already limited access to basic amenities and neighborhood-serving businesses. Throughout the City, but particularly our Downtown core and business districts, where mixed-use corridors and historic commercial districts are central to San José's identity, empty storefronts break up what-should-be-activated blocks, hold back small-business growth, contribute to negative public safety perceptions, and chip away at the unique character residents are proud of.

Clusters of vacant storefronts also affect how residents perceive public safety, even when crime rates are decreasing. Boarded or neglected spaces send a message that no one is watching, which weakens community pride and keeps people from walking, shopping, and spending time on the street. This loss of foot traffic can drag down nearby property values, slow new leasing, and make it harder to attract new investment, creating a cycle of decline that residents see and feel every day. Without intervention, these areas risk long-term economic stagnation and eroded community identity. For commercial areas that have long served as neighborhood hubs, including several corridors in District 6, revitalizing these spaces is crucial to restoring walkable, welcoming, and vibrant neighborhood business districts.

The economic cost of leaving storefronts vacant is also a major problem. Empty buildings mean fewer sales and property tax revenue for vital City services, fewer opportunities for small and emerging businesses, and more pressure on code enforcement and public safety resources. Given projected budget shortfalls and economic trends, San José cannot afford to let storefronts sit vacant. In communities where local entrepreneurs already face barriers to capital, permitting, and site selection, a row of vacant storefronts sends a clear signal that opening and staying open will be harder. Up-front planning and

permitting fees, often required before a business can open its doors or generate revenue, can further discourage small and emerging businesses from taking on vacant spaces, particularly when occupancy timelines are uncertain. By tackling vacancy with targeted, common-sense land-use and economic development tools, the City can support more equitable growth, so every neighborhood, regardless of income or past investment, can benefit from strong commercial corridors, local jobs, and thriving small businesses.

Reviving vacant storefronts also helps protect San José's historic buildings and neighborhood character. Many of the older commercial structures in central neighborhoods are one-of-a-kind and deeply valued by residents. When these buildings sit empty, they deteriorate faster, become more vulnerable to vandalism or fire, and face a higher risk of "demolition by neglect." Fires and other pollutants from these long-vacant industrial buildings can release toxins into the air, soil, and nearby waterways, significantly contributing to local environmental contamination. Clear, adaptive-reuse-focused pathways give property owners a realistic route to bring these buildings back into active use, protect public safety, and meet modern code standards, while preserving the look and feel that makes these corridors special.

These initiatives would be a practical, solutions-oriented response to these challenges. It recognizes the urgency of reducing blight and vacancy, while also respecting neighborhood character, safety, and environmental standards. Through focused administrative reforms, predictable permitting pathways, and adjustments to the timing of planning and permitting fee collection, the City can make it easier to reinvest in commercial corridors and bring life back to struggling blocks. This is not about a sweeping rewrite of zoning policy; it is about smart, targeted changes that better align City rules with San José's economic goals, climate commitments, and community values.

Extending the allowable timeframe to reestablish a legal nonconforming use without requiring a new Special Use Permit would remove a common regulatory barrier that can delay or discourage reinvestment in vacant commercial spaces. When a business closes, property owners often face uncertain timelines to secure a new tenant, assemble financing, and complete tenant improvements, particularly for older or specialized spaces. The current six-month window can be too short, effectively triggering additional permitting costs and discretionary review even when the proposed use is identical to the prior, legally established use. Providing a longer reestablishment period would make these sites more marketable to prospective tenants and developers, reduce upfront costs, and create a more predictable pathway to reoccupancy. Importantly, this approach does not expand or intensify nonconforming uses beyond their existing scope, but instead preserves flexibility within the City's broader zoning framework while helping prevent otherwise viable commercial spaces from sitting vacant longer than necessary.

Evaluating existing restaurant and small business programs across OEDCA and PBCE presents an opportunity to better align the City's economic development and permitting functions toward the shared goal of activating vacant storefronts. Improved coordination across departments could reduce fragmentation, streamline processes, and make it easier for small businesses to navigate from initial interest to opening. By focusing existing tools and resources more directly on vacancy reduction, the City can better support tenant attraction, tenant improvements, and occupancy of underutilized commercial spaces, while returning with clear recommendations and implementation direction.

Allowing stand-alone demolition permits for vacant industrial and commercial buildings through a ministerial process, while keeping strong environmental review and waste-diversion rules in place, gives

the City another tool to address long-term blight when reuse is not realistic. Where a structure is unsafe, structurally compromised, or clearly obsolete, removing the requirement for a concurrent development permit can shorten the time a building sits in a dangerous or visibly deteriorated condition. With clear expectations for site maintenance after demolition and strong encouragement for future reinvestment, this approach can reduce nuisances for nearby residents today while making it easier to attract new projects to long-underutilized sites over time.

Together, these actions will help San José turn vacant storefronts from symbols of blight into visible signs of neighborhood renewal. By cutting red tape where it makes sense, protecting safety and community standards, and giving small businesses and property owners clearer paths to activation, the City can bring new life to longstanding commercial corridors, especially in areas that have waited too long for investment. This initiative is a chance to show residents that San José is serious about tackling commercial vacancy, supporting local entrepreneurs, addressing public safety, and delivering the walkable, vibrant business districts that our neighborhoods deserve.

The signers of this memorandum have not had, and will not have, any private conversation with any other member of the City Council, or that member's staff, concerning any action discussed in the memorandum, and that each signer's staff members have not had, and have been instructed not to have, any such conversation with any other member of the City Council or that member's staff.