November 29, 2022 – Items 8.4 and 8.5

San José Development Policy Updates

Fighting climate change, strengthening our economy, clearing the path for more housing, and building a more equitable city

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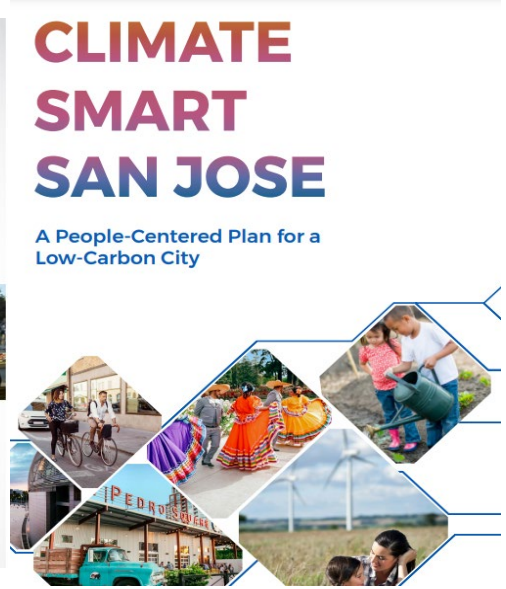
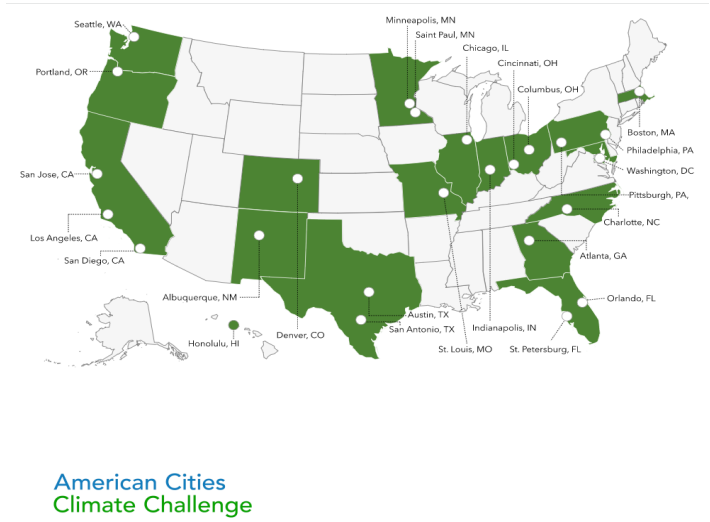
San José Development Policy Updates

- Item 8.4: Parking & Transportation Demand Management Ordinance
  - Eliminate mandatory parking minimums citywide*
  - Revise transportation demand management requirements

- Item 8.5: Amend Policy 5-1 – the City's Transportation Analysis Policy

Why are we doing this?





- Carbon neutral by 2030 pledge
- Outdated parking policies
- Make housing – especially affordable housing – easier to build
- Activate spaces – encourage parklets & outdoor dining
- Cost of Development findings top of mind

Community Feedback

Who We've Engaged With

Renters

Homeowners

Employers

Developers

Peer Cities

1,700+
San Joséans

2
Study Sessions

27
Focus Groups

11
Webinars & Workshops

6
Developer's Roundtables

Per June 2022 City Council direction, the Ordinance and Memo:

- Eliminate mandatory parking minimums citywide*
- Revise the City's Transportation Demand Management (TDM) requirements for new developments (except for small projects) & develop ongoing TDM monitoring program
- Address specific requests – for example, smart parking and additional engagement – from City Council

***Where the City has contractual parking obligations (e.g., the Diridon Area), some minimum requirements will remain for commercial development.**

Impacts of these changes on cost of development

Would these changes affect cost of development?

If so, how?

- ↓ Cost of constructing parking
- ↓ ↑ ↔ Cost of TDM *(reduced to 25 points)*
- ↓ Developer time preparing TDM plan
- ↓ City time reviewing consolidated TDM plan

Council Policy 5-1: Transportation Analysis

- Adopted February 2018;
- Established Vehicle Miles Traveled (VMT) in Transportation Analysis as San Jose's CEQA metric for transportation, removing Level of Service (LOS);
- Aligned City CEQA rules with state requirements (SB 743);
- Focuses on Regional Level Impacts – Environmental, Public Health, and Access;
- Promotes Infill Development near Transit.

Update to Policy 5-1 (VMT Policy)

Further Promote Housing Production

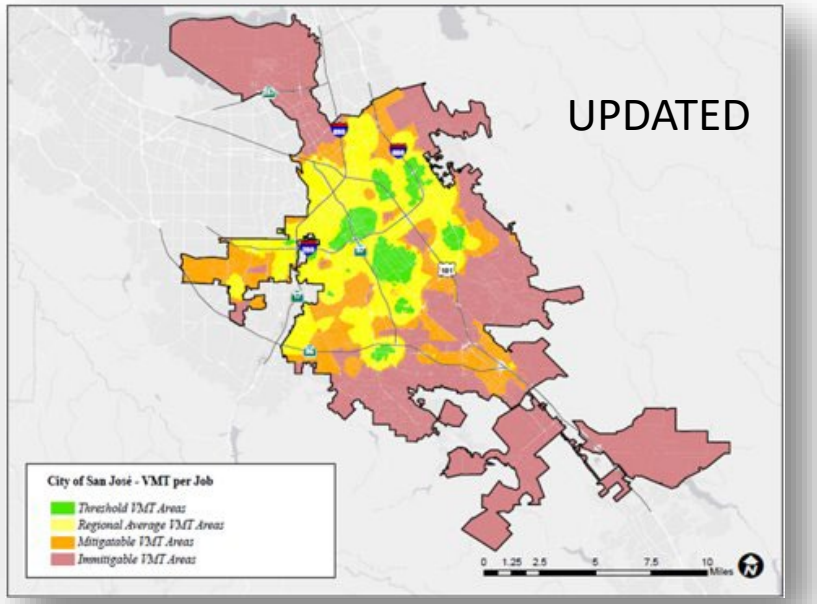
- Streamline CEQA for more market-rate housing near transit.
- Allow all housing projects aligned with the land use policies of the General Plan to be considered for a statement of Significant and Unavoidable Impacts.

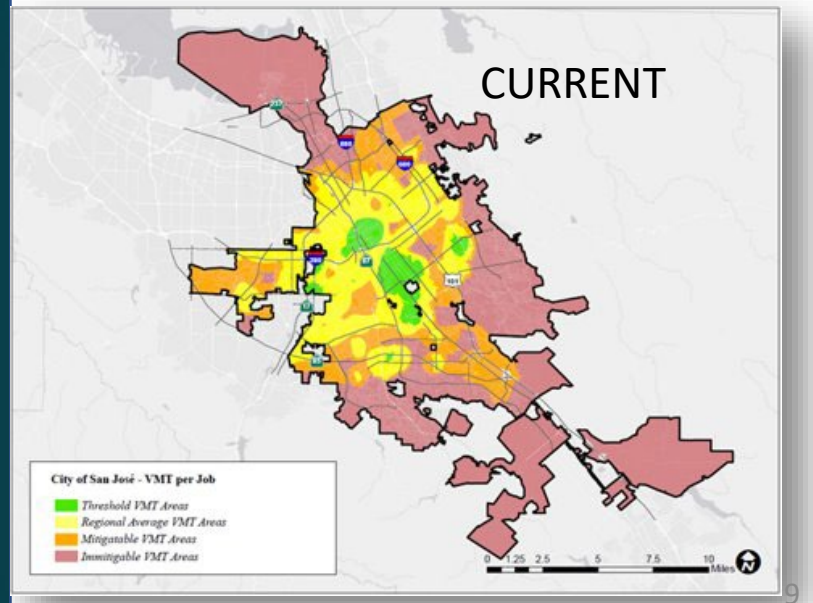
Further Promote Affordable Housing

- Streamline CEQA for <u>more</u> 100% affordable housing.
- Update screening criteria to allow more affordable housing in high resource areas.

Update and Integrate Maps

- Update baseline VMT calculations based on recently available land use and transportation data.
- Adopt Countywide VMT calculator, developed by VTA based on the City's calculator and adopted by neighboring jurisdictions.





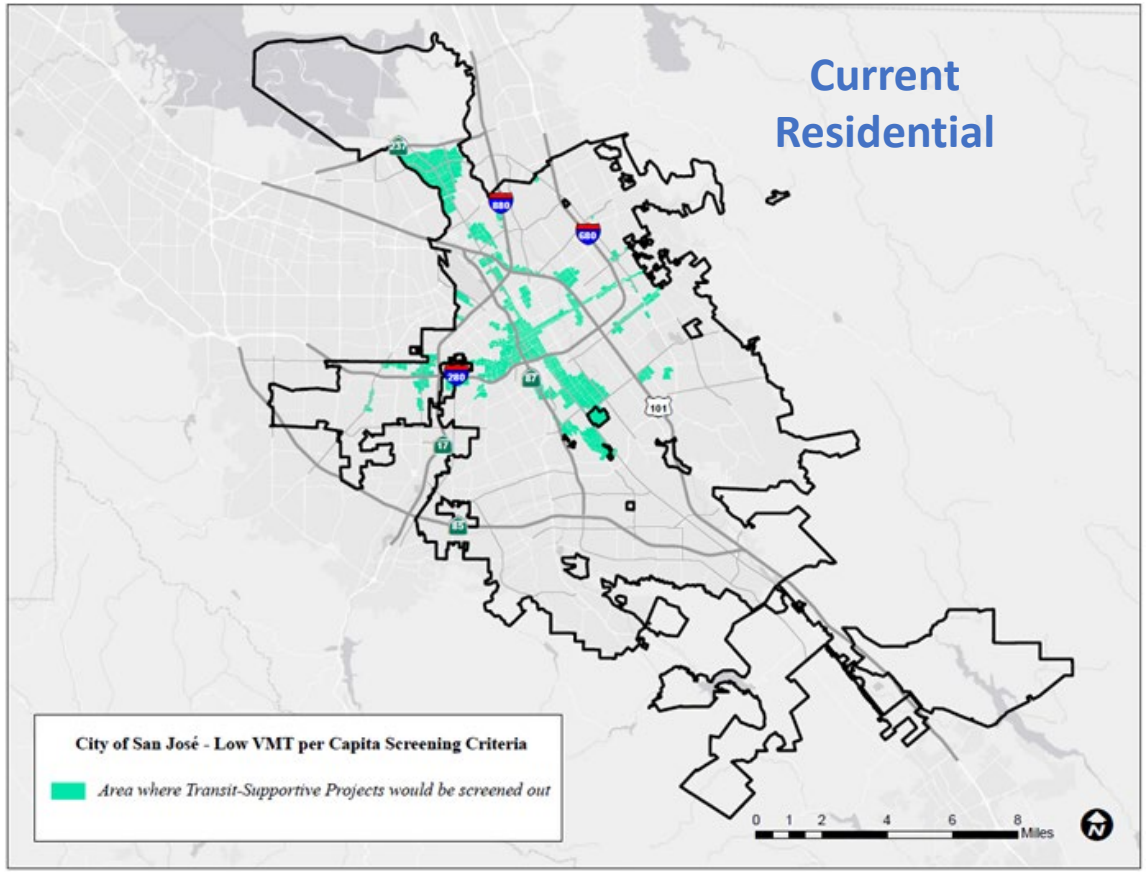
Projects Currently Streamlined for Transportation Analysis under CEQA

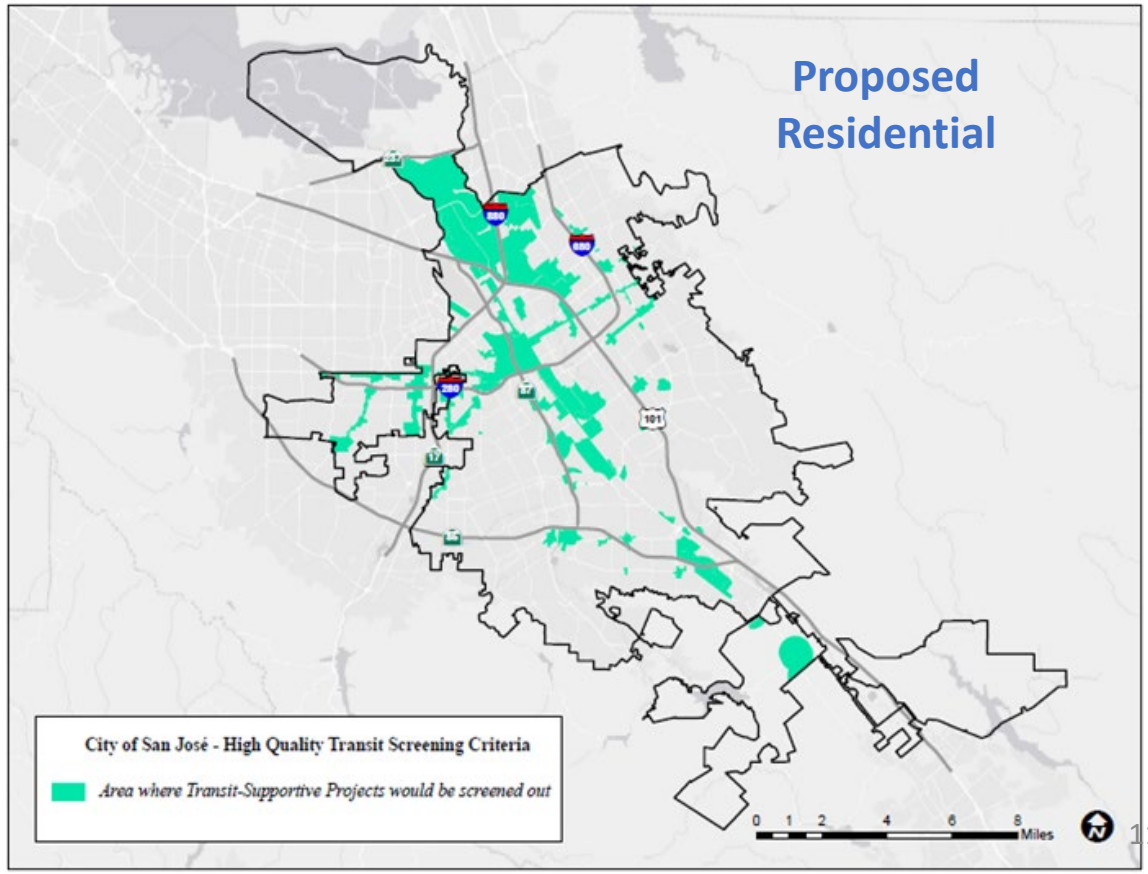
Projects that currently qualify for the presumption of less than significant Vehicle Miles Traveled

- Small Infill Projects;
- Local-Serving Retail;
- Local-Serving Public Facilities;
- ***Transit Supportive Projects in Planned Growth Areas with Low VMT and High-Quality Transit;***
- ***Restricted Affordable, Transit Supportive Residential Projects in Planned Growth Areas with High Quality Transit;***
- Transportation Projects that reduce or do not increase VMT.

Promote Housing Production

- Transit Supportive (Market Rate) Projects in Planned Growth Areas ~~with Low VMT~~ and High-Quality Transit.

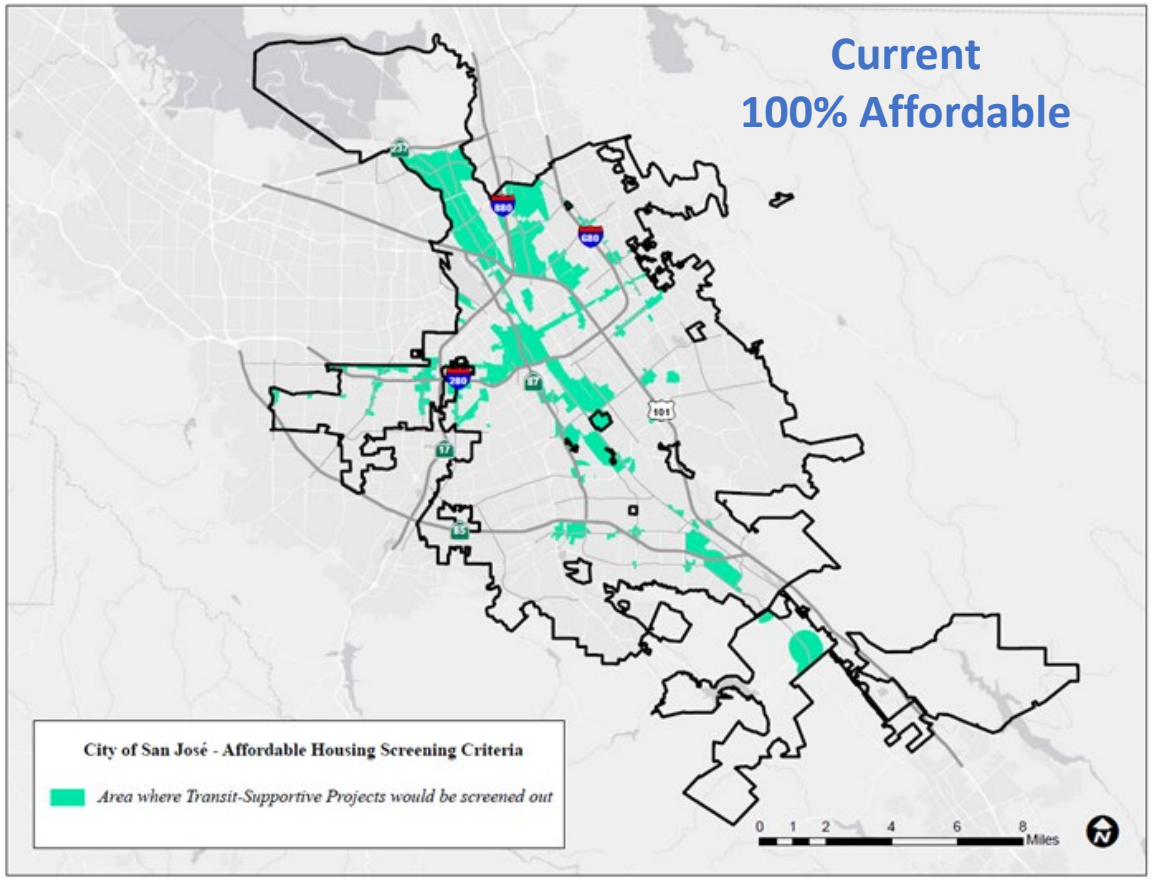


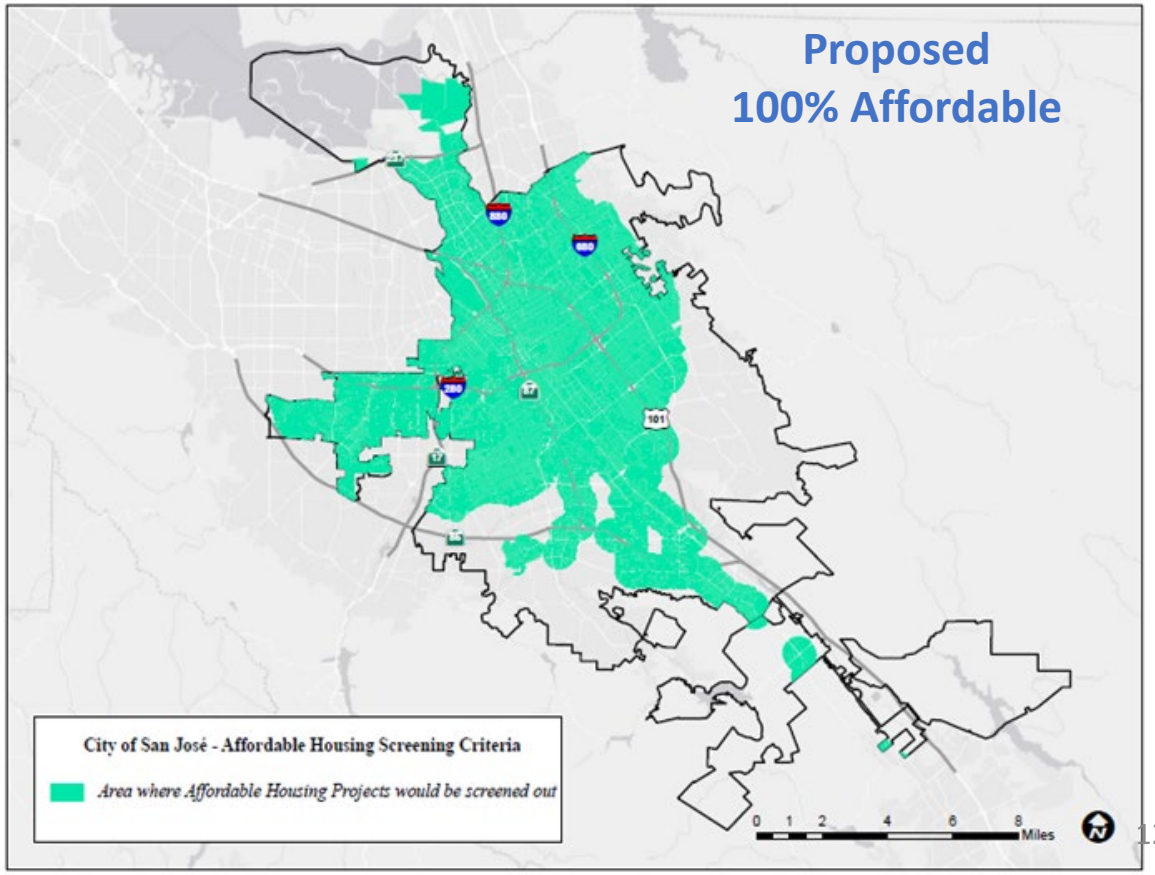


Promote Affordable Housing Production

- Restricted Affordable, Transit Supportive Residential Projects ~~in Planned Growth Areas~~ with High-Quality Transit;

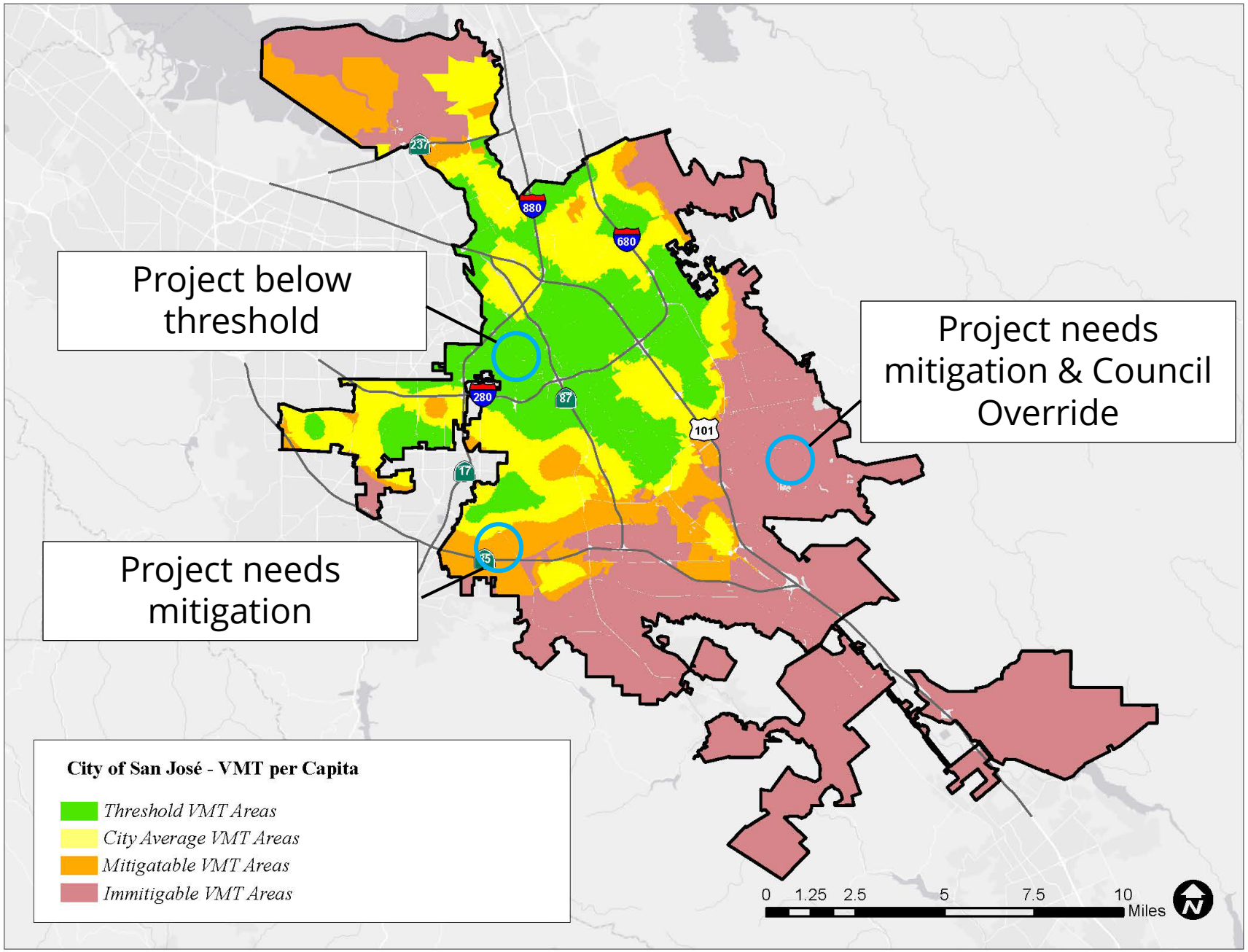
- Areas of the City outside of Urban Villages are open Affordable Housing





What is an Override?

- Development Projects need to be below the VMT threshold
- Some Projects can mitigate VMT to meet the threshold
- Mitigation can be done by constructing or funding transportation improvements or TDM
- Even with mitigations, some Projects can't meet the threshold
- Council can adopt a Statement of Overriding Consideration and certify EIR under certain circumstances, per 5-1
- Statement that project benefits outweighs identified environmental impacts
- Housing Projects must be 100% affordable (80% AMI)



Policy 5-1: Options to Override Significant & Unavoidable Impact

Current Override	Staff Recommended Changes to Override*	T&E Alternative Regarding Override
• 100% deed-restricted affordable housing	• 100% deed-restricted affordable housing	• Staff recommended changes to override ***AND***
• Market-rate housing located within Urban Villages	• Market-rate housing located within Urban Villages • ***Market-rate housing consistent with the City's General Plan land use designation effective 11/29/22 or City-initiated amendments thereafter***	• ***Market-rate housing proposed on private recreation land that requires a privately-initiated General Plan Amendment and satisfies specific affordable housing, neighborhood vibrancy, fiscal impact, recycled water, parkland, public outreach, and entitlement process requirements***
• Commercial projects	• Commercial projects	
• Industrial projects	• Industrial projects	

***Staff Recommendation Goal: Provide all projects aligned with the General Plan a path forward under Policy 5-1.**

Alternative Recommendation From T&E Committee

Direction from T&E:

Explore amendments that would Support a Statement of Overriding Considerations for proposed General Plan Amendments for:

- Market Rate Housing Projects
- Outside of Growth Areas
- That have immitigable VMT

T&E COMMITTEE: 5/2/22
ITEM: D.3

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: TRANSPORTATION & ENVIRONMENT COMMITTEE

FROM: Councilmember Raul Peralez

SUBJECT: Update to City Council Policy 5-1

DATE: May 2, 2022

Approved By:

Date: *05/02/22*

RECOMMENDATION

Accept the staff report and direct staff to consider for the update of the policy to be brought to council tentatively in Fall 2022:

> Explore amendments to Council Policy 5-1 that permit potential infill projects not designated in the General Plan for residential development to seek a City Council Statement of Overriding Consideration due to Significant and Unavoidable Impacts as per the policy. Include specific process and programmatic criteria that projects seeking to use this process must perform in attaining the General Plan amendments before being considered by council.
>
> These considerations must align with our City's General Plan and Transportation strategies. Considerations should include transportation and public benefits packages commensurate with the impact of the proposed project, and full public outreach processes. Considerations should also not allow employment lands to be converted to residential. Sites to be consider must make a significant contribution to solving the housing crisis and be large enough to provide a balance of uses that enhance and contribute to the vitality of their neighborhood.

BACKGROUND

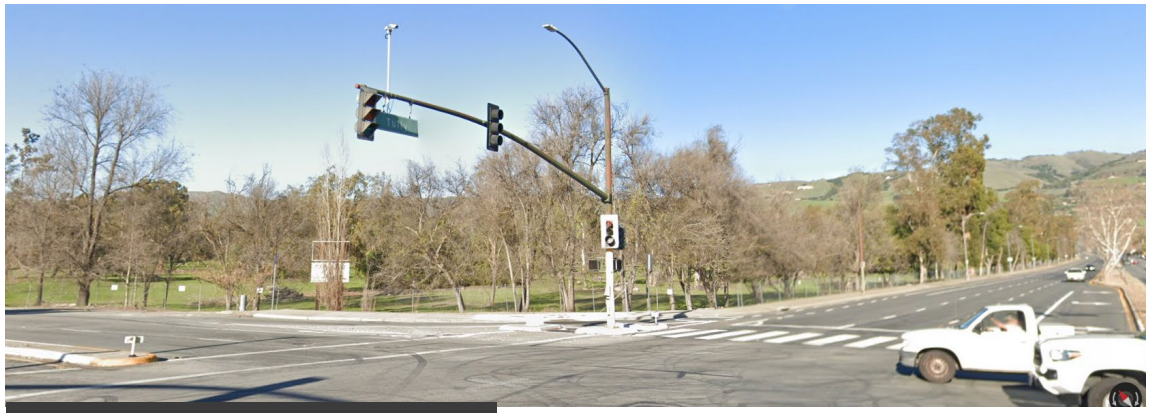
Thank you to City Staff for working towards updating our Transportation Analysis Policy to allow for more flexibility in housing production in our City. Per the April T&E discussion on this subject, there was a clear interest to explore a surgically constructed path that allows unconventional but sensible infill parcels not currently designated for residential to be allowed for discretionary approval under 5-1's policy using a statement of Significant and Unavoidable Impacts.

To be clear, the committee's previous discussion indicated that the intent is not to open the flood gates for cavalier conversions, but rather to explore policy amendments that could narrowly create opportunity for the City Council to consider at their discretion a few rare properties within our city traditionally prohibited from conversion to housing, but with further analysis, could make sense.

Proposed Policy 5-1 Criteria for Statement of Overriding Considerations

Applicable Areas

- Lands within the Urban Growth Boundary/ Urban Service Area
- Lands Designated Private Recreation
- Few if any vacant or underutilized lands designated Residential Neighborhood or Mixed-Use Neighborhood
- Lands designated Rural Residential and Lower Hillside are not infill locations



Potential Infill site at Tully and White Roads *Courtesy Google Maps*

City Edge at Gurdwara Ave
Courtesy Google Maps

Proposed Policy 5-1 Criteria for Statement of Overriding Considerations

Criteria

Affordable Housing

- Must make significant contribution towards meeting City's Housing Element/RHNA goals for Low and Moderate income units

Commercial

- Proposals between 25-50 acres shall provide at least two acres of land dedicated to neighborhood servicing commercial uses.
- Proposals greater than 50 acres but less than 100 acres shall provide up to 4 acres of commercial.
- Proposals that are 100 acres or greater shall provide up to 6 acres of commercial.

Proposed Policy 5-1 Criteria for Statement of Overriding Considerations

Criteria Continued…

Transportation

- Mitigate VMT impact to the maximum extent feasible
- Construct or fund multimodal improvements

Parks

In park deficient areas provide park land in excess of PDO/PIO requirements

Other Improvements

- Required use of recycled water if and when recycled water is available to site

Proposed Policy 5-1 Criteria for Statement of Overriding Considerations

Process

Public Engagement

- Conduct outreach consistent with “Projects of Significant Community Interest” under Public Outreach Council Policy 6-30
- Outreach should be conducted throughout the entitlement process
- Conducted in predominate languages of the area

Fiscal Analysis

- Proposal required to do Fiscal Analysis to identify fiscal impacts to City

Entitlement Process

- Project proposal would need to be submitted and considered with General Plan Amendment

Proposed Policy 5-1 Criteria for Statement of Overriding Considerations

Staff Not Recommending this Alternative Recommendation

- Would facilitate development in locations inconsistent with the General Plan and Climate Smart San Jose
- City Policy should not be driven by interest in one property
- Council consideration of development outside already identified areas for growth and housing should be grounded in City-led area planning or visioning processes, rather than by individual projects

Planning Commission Recommendation

Recommend to City Council that it:

1. Approve staff's recommended amendments to Council Policy 5-1

2. Reject Alternative Recommendation

Council Policy 5-1 Update – Summary

Further Promote Housing Production

Streamline CEQA for more market-rate housing and commercial near transit.

Allow all housing projects aligned with the land use policies of the General Plan to be considered for a statement of Significant and Unavoidable Impacts.

Further Promote Affordable Housing

Streamline CEQA for more 100% affordable housing.

Update screening criteria to allow more affordable housing in high resource areas.

Update and Integrate Maps

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