



Memorandum

TO: COMMUNITY & ECONOMIC
DEVELOPMENT COMMITTEE

FROM: Joseph Horwedel
Kim Walesh
Leslye Corsiglia
Hans Larsen

SUBJECT: ENVISION SAN JOSE 2040
IMPLEMENTATION AND URBAN
VILLAGES STATUS REPORT

DATE: April 9, 2012

Approved

Date 4/12/12

COUNCIL DISTRICT: City-Wide

RECOMMENDATION

Accept the report on the progress and next steps to implement the Envision San Jose 2040 General Plan and Urban Villages.

BACKGROUND

On November 1, 2011, the City Council approved the Envision San Jose 2040 General Plan, a comprehensive update of the City's former San Jose 2020 General Plan. The Envision Plan identifies significant opportunities to create complete neighborhoods and meet the City's economic development, mixed use, and residential land use goals. A key strategy in the Envision 2040 Plan is to focus most future growth into Urban Villages located generally along major arterials and transit corridors and/or in locations adjacent to existing and planned major transit facilities including Caltrain, BART, Light Rail and Bus Rapid Transit (BRT). This is a model for the Sustainable Communities Strategy currently in preparation by the Association of Bay Area Governments and the Metropolitan Transportation Commission under SB 375.

Urban Villages are intended to be "complete" communities that include a mix of significant employment uses, neighborhood-serving retail shops and services, housing, parks/public plazas, schools, etc. The Plan identifies several dozen villages that could come to fruition over the next 30 years. Their locations are depicted:

http://www.sanjoseca.gov/planning/gp_update/DraftPlan/FinalDraft/Ch01-p31_Growth_Areas_Diagram.pdf.

Urban Villages have been assigned to different time horizons so as to ensure the City obtains job growth as well as needed housing. The development capacity and the horizons for each area is shown in: http://www.sanjoseca.gov/planning/gp_update/draftplan/finaldraft/016a_App05-attachment.pdf.

Places that are ready for immediate development activity, without the need for an Urban Village Plan, include North San Jose, Downtown, all of the Specific Plan areas, and other strategic locations.

For other Urban Villages, an Urban Village Master Plan should be prepared together with the community, property owners, and other interested individuals to transform existing, auto-oriented areas into more urban, walkable and vibrant places. Each Urban Village Plan would identify the specific locations for different uses, any specific policies, zoning parameters, needed infrastructure, and capital improvements to enhance multi-modal access within and between Villages by bicycling, walking, and other transportation modes. These Plans would facilitate development by rezoning properties and taking other implementation and streamlining actions.

While staff is currently working on several such “master plans” as detailed below, other efforts are underway across multiple City departments to support and facilitate immediate development opportunities within the Urban Villages as well as for areas outside of Urban Villages.

ANALYSIS

Over the past year, following Council direction during the final phase of the Envision General Plan Update process, the Administration has been working across many City departments to facilitate and drive implementation of the Envision Plan and the Urban Village concept through multiple avenues:

- Preparing Urban Village Plans for Diridon and Five Wounds
- Pursuing and obtaining outside funding to complete Urban Village Plans and property rezoning in other Horizon 1 locations
- Preparing a budget proposal for City investment in General Plan implementation
- Revising the Municipal Code to facilitate and streamline the development process
- Creating incentives for high-rise, urban development in Downtown
- Tracking potential private development as catalysts for Urban Villages
- Implementing through capital investments

Urban Village Plans Underway

Diridon Station Area: On April 28, 2011, the City Council accepted the draft Diridon Station Area Plan as a maximum development strategy and project description for preparation of the Environmental Impact Report (EIR) for the Plan. This Plan is being developed with stakeholder involvement including the Good Neighbor Committee, key property owners, and other interested organizations. Staff anticipates completion of a Draft EIR for public circulation and comment in Fall 2012 to allow for anticipated Council consideration of the Plan in Spring 2013.

Five Wounds Strong Neighborhood Initiative Area: Using a \$50,000 grant from the Health Trust, staff is working with CommUniverCity to prepare four Urban Village plans in the Five Wounds area based on previously completed community plans. This work is anticipated for Council approval in late Summer 2012. Prior to Council consideration, staff will be discussing the draft Plans with the development community to obtain their input regarding implementation and market viability. Additionally, these Plans are being prepared to provide a product “template” for future Urban Village Plans.

Future Urban Village Work

Given the current limitations of the City’s budget, especially General Fund revenues, staff has been aggressively seeking out alternative funding sources to develop Urban Village Plans. This has resulted in the successful award of funding for many of the Horizon 1 Urban Villages from the Valley Transportation Authority, Metropolitan Transportation Commission, and CalTrans because the City’s Envision Plan aligns with key goals and strategies of these other agencies. A vacant Planner position needs to be filled through a current recruitment to provide the needed staff resources to start these efforts.

- The Alameda (Diridon to Hanchett Avenue): Staff has secured a \$150,000 grant from the Valley Transportation Authority (VTA) to complete an Urban Village Plan and process proposed property rezonings for The Alameda between Diridon Station and Hanchett Avenue, with process anticipated to start in late spring 2012 if additional planning staff capacity is available. By rezoning the property, property owners would only need to obtain a Planning Permit rather than complete multiple entitlement processes.
- Alum Rock Avenue (King Road to I-880): Staff has secured a \$34,100 grant from VTA to propose rezoning of private property along Alum Rock Avenue between King Road to Interstate 680 from the current mix of Commercial, Residential and Industrial Zoning Districts to a recently created and adopted Main Street Zoning District, with the process to be initiated in late spring 2012 if additional planning staff capacity is available.
- West San Carlos Street/South Bascom Avenue: Staff has secured a \$300,000 grant from CalTrans to prepare Urban Village Plans for West San Carlos Street between Sunol Street and State Highway 17, and for South Bascom Avenue from West San Carlos Street to Southwest Expressway, with planning processes to be initiated in summer 2012 if additional planning staff capacity is available.

Future Funding Opportunities

Staff has submitted an application to the California Strategic Growth Council for a Sustainable Communities Planning Grant of up to \$500,000 to develop an Urban Village Master Plan for the East Santa Clara Street corridor between City Hall and Coyote Creek. This Plan would build on collaboration with the County and prior community engagement on the former Downtown Hospital property. Also, if awarded the grant would fund Zoning Code revisions and property rezonings on East Santa Clara from Coyote Creek to US Highway 101, and on Alum Rock from

US 101 to King Road, implementing the Five Wounds Urban Village Plans. These planning processes would be initiated in late calendar year 2012 if the funding is awarded and additional planning staff capacity is available.

Staff is currently engaged in regional planning efforts to ensure that future funding through the One Bay Area Grant (OBAG) Program is maximized for San Jose. The program is administered jointly by the Association of Bay Area Governments and the Metropolitan Transportation Commission to support transportation investments in Priority Development Areas (PDAs). PDAs are the framework for the proposed Sustainable Communities Strategy as required by State laws SB 375. The Urban Villages geographically overlap significantly with San Jose's PDAs, allowing future OBAG funding to be an important source of implementation dollars for transportation investments in Urban Villages.

In addition, ABAG and MTC have indicated that there will also be land use planning dollars available to local governments to facilitate development in PDAs. The Administration will pursue these funding opportunities as well as other expected grant opportunities through governmental and non-governmental agencies. At times, this work also entails monitoring legislation and participating in the creation of the grant criteria to ensure the City's eligibility.

City Investment in General Plan Implementation

In ongoing dialogue with the development community through the Developers Roundtable and other focus group meetings, staff is becoming more aware of the potential catalytic value of performing transportation analysis, policy development, and environmental review ahead of individual project needs to establish Urban Villages as "ready for development." The majority of Envision Urban Village locations are in areas adjacent to transit, where the existing road network is built out or needs to be modified to improve pedestrian and bicycle access to transit. As a result, intersections in and near Urban Villages need to be evaluated and potentially designated as Protected Intersections under the City's Transportation Level of Service Policy to facilitate development.

Planning and Transportation staff has identified an initial short list that would facilitate actual development within these Urban Villages, including intersections along:

- West San Carlos/Stevens Creek (e.g., West San Carlos/Bird, Monroe/Stevens Creek, and Saratoga/Keily/Stevens Creek)
- Bascom (e.g., Bascom/Fruitdale, Bascom/Parkmoor, and Bascom/Moorpark)
- The Alameda (e.g., The Alameda/Taylor/Naglee and The Alameda/Race)
- Park Avenue (e.g., Park/Naglee and Park/Race)
- Japantown (e.g., along 10th and 11th)

In addition, some roadways may be appropriate to be narrowed for fewer automobile lanes to accommodate other modes of travel. Streets being considered for road narrowing include portions of Hedding Street, Bird Avenue, Branham Lane, and Winchester Boulevard.

The Administration estimates that the consultant costs for the analyses of these intersections and streets with the associated environmental clearance would be approximately \$300,000. The Administration is preparing a proposal to the Council to utilize and appropriate existing, residual Envision funds toward these and other Plan implementation activities with no impact to the General Fund. For example, the City should start Urban Village Plans for areas in other Horizons and prepare sites for development that may not meet the grant criteria of outside entities. In addition, associated staff costs would also need to be covered in the Department of Transportation to oversee the transportation work and in the Planning Division to complete the community outreach and CEQA analysis.

Municipal Code Revisions to Facilitate and Streamline Development

Since Council adoption of the Envision San Jose 2040 Plan on November 1, 2011, the Council has adopted several Zoning Code amendments which help to implement the Envision San Jose 2040 Plan citywide. Several Code changes benefit future development in Urban Villages, including reduced parking requirements for multi-family housing, added flexibility for greater density in the R-M Multiple Family Zoning District, flexibility for urban agriculture and produce sales which support complete, healthy communities, and reducing permit requirements for certain businesses. During the City Council's ordinance priority setting on February 28, 2012, the development of an Urban Village Zoning District was included as a top priority for the City Council. Given the existing Council priorities that the Planning ordinance team is currently working on, the Urban Village Zoning District work should start later in 2012 and it will involve participation from the development stakeholders and the community.

Creating Incentives for High-Rise, Urban Development in Downtown

The Administration is preparing a proposal for possible additional incentives to attract urban high-rise development to Downtown, focusing on residential apartment, office, and mixed use buildings in the short term. Market conditions are especially strong for rental housing. Incentives for Downtown housing intend to generate construction of new urban living options, resulting in more people being able to live Downtown and adding vitality to this key area and support for Downtown businesses. Office construction would add to daytime population and also contribute to the economic vigor of Downtown. Staff will be coming to Council in a separate report on proposed incentives.

Potential Private Development as Catalysts for Urban Villages

In recent weeks, the Administration has received many initial inquiries from private developers regarding development potential in some Urban Village areas. These conversations have clarified the Urban Village concept and confirmed the need for an Urban Village Plan before a stand-alone residential development could be approved and built; however, an urban, mixed residential/commercial development on a significant, visible site within any Urban Village could jump start the Urban Village planning process with the surrounding community through the "Signature Project" provisions in the Urban Village policies of the Envision Plan. A "pool" of

April 9, 2012

Subject: Envision 2040 Implementation and Urban Villages

Page 6

5,000 units has been created to facilitate Signature Projects within an Urban Village area that is outside of the Horizon 1 timeframe. Commercial development may proceed in the Urban Villages at any time under the General Commercial land use designation.

Construction is also continuing in some existing Urban Villages, such as the new residential building for 220 units that broke ground last month in Santana Row (Urban Village C35-Valley Fair/Santana Row) and additional multi-family residential development in North San Jose residential village areas, recently including Crescent Village and Northpointe now under construction.

Finally, as part of the City's development of its 2012-15 Housing Investment Plan, staff has held task force and focus group meetings with the development community and other partners to begin identifying specific strategies to implement the Urban Villages.

Infrastructure Capital Investments

The policies and goals of Envision 2040 help guide the expenditure proposals of the Transportation Capital Improvement Program. Recent examples are the Council's actions on pavement maintenance priorities and bicycle lane investments. These efforts directly implement the General Plan by focusing limited pavement funding and grant monies to grand boulevards, main streets, bike corridors and other key streets that serve a variety of transportation modes.

In the past, Redevelopment tax increment monies could be invested in key infrastructure projects. The Administration is continuing to think creatively and explore other funding mechanisms to invest in strategic infrastructure to facilitate and enable private development.

CONCLUSION

As the economy improves, San Jose is positioned to attract new development to the City to begin to build out the Envision Plan. While some properties are immediately available, Urban Village Plans, zoning streamlining, and other efforts are underway to facilitate development on additional sites throughout San Jose. The Administration looks forward to discussing these activities with the Committee to obtain additional guidance on the implementation of the Envision Plan.

/s/
Joseph Horwedel, Director
Planning, Building and Code Enforcement

/s/
Kim Walesh, Director
Economic Development

/s/
Leslye Corsiglia, Director
Housing

/s/
Hans Larsen, Director
Transportation

For questions, please contact Laurel Prevetti at (408) 535-7901.