



Memorandum

TO: CITY COUNCIL

FROM: Mayor Chuck Reed
Vice Mayor Madison Nguyen
Councilmember Sam Liccardo
Councilmember Rose Herrera

SUBJECT: ENVISION SAN JOSE 2040
GENERAL PLAN ANNUAL
PERFORMANCE REVIEW

DATE: October 18, 2013

APPROVED:

Chuck Reed
Rose Herrera (AG)
Malise Ng

DATE:

10/18/13

RECOMMENDATION:

Approve actions (a), (b), and (c) as outlined in the October 9, 2013 staff report with direction to include a statement as a text amendment to the General Plan that specifies that:

- i. an Urban Village Plan is not a mechanism to convert employment lands to non-employment uses;
- ii. other City policy goals such as raising revenues for example, which could occur through the conversion of employment lands to non-employment uses shall not take precedent over the jobs first principle; and,
- iii. the General Plan's job first principles apply to Urban Villages and that residential conversions are not allowed to proceed ahead of the job creation that is necessary to balance the residential elements of the Village Plan.

Additional direction is given to the Administration that:

- iv. Urban Village Plans presented to the City Council for adoption in the future, include an Implementation Financing Strategy for each area that describes in detail any proposed infrastructure improvements and funding mechanisms.

BACKGROUND:

In November 2011, the Council adopted GP 2040. Central to that action was the Council's commitment to steering the city's future course to achieve a Jobs to Employed Resident ratio (J/ER) of 1.3:1. Page 6 of the staff report shows that San Jose's J/ER has declined from 0.88 in 2010 to 0.85 in 2012 and staff also makes the case that San Jose is adding residents at a much faster pace than jobs. In the same timeframe, Palo Alto has increased its J/ER ratio from 2.77 to 3.10 and Mountain View has increased its J/ER from 1.55 to 1.64. San Jose must do better.

General Plan amendments approved between 1990 and 2009 led to the conversion of more than 1,400 acres of employment lands. In Midtown and Japantown over 100 acres were converted. The result of the Berryessa-Evergreen swap of 1980 (where GP amendments were approved to exchange land uses between the two areas) is a fully developed 300-acres of residential use in Berryessa, whereas only one campus industrial project has been completed in the 375-acre campus industrial park in Evergreen. Planning efforts in Coyote Valley and Evergreen were also grand plans to convert land to housing. The NSJ Area Development Policy adopted in 2005 supported the conversion of close to 300-acres of industrial lands to high-density residential use to support the established and future employment base. Entitlements for over 7,400 market rate units have been approved. About 1,300 units have been constructed and are currently being leased, while another 2,000 units are expected to be completed by the end of this year. The rest of the units are later phases of larger projects currently under construction and expected to be on line between now and 2017.

The 2012 Vacant Land Inventory shows the availability of over 700 vacant acres of residentially designated lands, 300 vacant acres of commercially designated lands, approximately 1,500 vacant acres of industrially designated lands in Alviso, Edenvale, Evergreen, and North San Jose with another 1,500 vacant acres of industrially designated lands in Coyote Valley. So there's already a good capacity allocated for residential development opportunities and no apparent need for further conversion of employment lands.

Major technology companies are growing their operations and workforce in Silicon Valley. New leases absorbed almost 1.4 million square feet office/R&D space in Quarter 3, 2013 in Mountain View, Los Gatos, and Sunnyvale. New office/R&D buildings of almost 3 million square feet are under construction in Sunnyvale, Santa Clara, and Mountain View, most of them 100% pre-leased. In addition, about 950,000 square feet of warehouse and manufacturing spaces are under construction in Newark and Fremont. Thankfully, we have the Samsung Semiconductors 680,000 square foot headquarters under construction on North First Street, with cranes in the air that can be seen from City Hall. In addition, we have a healthy pipeline of 9 other office/R&D, warehouse and manufacturing developments, 4 large retail projects, and 5 hotel projects going through the entitlement process at the moment that will generate jobs and new revenues once completed.

We've done well in the past few years to stem the tide of land conversions throughout the city. This Council has been very consistent in its actions to support and incent business and job growth, in order to achieve a jobs/housing balance. We have an opportunity again to re-affirm our commitment to preserving employment lands and to guide the implementation of our General Plan and Economic Strategy with a purpose towards achieving a higher J/ER. San Jose must stop being a net exporter of workers within the region. Our jobs first approach is the right approach, and business attraction must continue to be a high priority for San Jose to remain competitive.