



WHITE PAPER NOVEMBER 2019

It Takes a Village

Strategies for successful implementation of San Jose's urban village vision

www.spur.org/urbanvillages

Acknowledgments

The SPUR San Jose Board of Directors adopted this white paper as official policy on July 24, 2019.

Author: Kristy Wang

The findings and recommendations of this report are SPUR's and do not necessarily reflect the views of those listed below. Any errors are the author's alone.

Task Force:

Josh Burroughs, Urban Catalyst
Leslye Corsiglia, SV@Home
Jeff Current, Studio Current
Thang Do, AEDIS Architects
Ron Golem, Santa Clara Valley Transportation Authority
Curtis Leigh, Hunter Storm
Ellen Lou, SOM
Chris Neale, CORE Companies
Jessie O'Malley-Solis, Santa Clara Valley Transportation Authority
Laurel Prevetti, Town of Los Gatos
Edith Ramirez, City of Morgan Hill
Jeff Smith, Sares Regis
Kelly Snider, Kelly Snider Consulting
Tim Steele, Sobrato Group
Kiyomi Honda Yamamoto, Greenbelt Alliance

Special Thanks:

Sal Alvarez, Marie Anderson, Tom Armstrong, Dena Belzer, Michael Brilliot, Chris Burton, Fred Buzo, Terry Christensen, Kristen Clements, Thomas deRegt, Stephen Emami, Vic Farlie, Jerad Ferguson, David Fiore, Camille Fontanilla, Erik Hallgrimson, Jared Hart, Ray Hashimoto, Joe Head, Nathan Ho, Dan Hudson, Rosalynn Hughey, Kyra Kazantzis, Nanci Klein, Kelly Kline, Steve Landau, Steve Levy, Jim Lightbody, Andrea Mackenzie, Adam Marcus, Dennis Martin, Adam Mayberry, Shawn Milligan, Jacky Morales-Ferrand, Stefan Pellegrini, Pat Sausedo, Erik Schoennauer, Alex Shoor, Rob Steinberg, Eddie Truong, Michael Van Every, Kirk Vartan, Davide Vieira, Kim Walesh, Scott Youdall, Kevin Zwick

Many thanks to the SPUR San Jose Board of Directors, the SPUR San Jose Policy Board, SPUR staff members Teresa Alvarado, Michelle Huttenhoff, Sarah Jo Szambelan and Laura Tolkoff, and former SPUR staff member Jaclyn Tidwell.

Research assistance and maps by Luke Zhang
Edited by Karen Steen
Copy edited by Valerie Sinzdak

SPUR

654 Mission Street
San Francisco, CA 94105
tel. 415.781.8726
info@spur.org

76 South First Street
San Jose, CA 95113
tel. 408.638.0083
infosj@spur.org

1554 Broadway
Oakland, CA 94612
tel. 510.827.1900
infooakland@spur.org

Contents

Introduction: Removing the Barriers to Sustainable Growth	2
Background: Envision 2040 and urban villages	2
Today: A changing region, a changing San Jose	4
Chapter 1: The Challenges	6
1. Construction costs in the Bay Area continue to rise, rendering many development projects infeasible.	6
2. Building in urban villages is slower and less certain than in other places, causing projects to move elsewhere.	7
3. The commercial development requirements for mixed-use projects in urban villages are set too high.	8
4. New commercial-only development is not viable in many of the urban village locations.	8
5. The city’s planning areas do not match the region’s adopted growth policies.	9
6. Advocates for single-family neighborhoods are blocking or downsizing infill projects.	10
7. Physically retrofitting existing development in urban villages is difficult and expensive.	11
8. Community outreach has been too limited.	11
Why the mixed signals?	12
How limiting new housing makes displacement worse	12
Chapter 2: The Opportunity: A Renewed Vision for Urban Villages	13
What does the successful urban village of the future look like?	13
What does the success of urban villages mean for the city and the region?	14
How did San Jose get here?	16
Chapter 3: Recommendations	17
Strategy 1: Use good planning principles to steer housing and job growth to the right locations.	17
Strategy 2: Don’t hold single-family zoning sacred, especially in areas near transit.	29
Strategy 3: Create implementable plans with rules and incentives that will result in great places in San Jose.	31
Strategy 4: Implement an equitable and inclusive planning process.	39
Strategy 5: Grow San Jose’s long-range planning capacity to meet the city’s ambitions and needs.	39
How the region and state can remove barriers to urban village planning	43
Conclusion	43
Appendix A: Plan of Action	44
Appendix B: San Jose’s Urban Villages	47
Appendix C: Commercial Square Footage Requirements in Approved Urban Villages	49
Appendix D: Urban Village Maps	50

Removing the Barriers to Sustainable Growth

Over the last several years, the San Francisco Bay Area's economy has grown at an unprecedented rate, but new housing construction has not kept pace with the growth in jobs. A number of factors — a changing job market, strong growth in high-income jobs and a shortfall in the number of new homes built in urban areas — are increasing the competition for housing and driving the cost of living through the roof. Many people cannot afford to remain here or move here, and those who do stay are spending more time in congestion and long-distance commutes. San Jose is no exception. Once an affordable haven for the region, it has become a place where million-dollar homes are the norm and extreme commutes are common.

Adopted in 2011, the City of San Jose's Envision San Jose 2040 general plan proposed "urban villages" as a key strategy for sustainable growth. In line with regional goals, the city envisioned higher-density, mixed-use urban places that would concentrate new commercial buildings and housing in locations accessible by transit, foot or bike in order to reduce the environmental impact of new development. Unlike other cities in the region that have resisted planning for new development, San Jose designated more than 60 urban villages across the city as locations where higher-density development could help reshape land use within existing neighborhoods, shifting the auto-oriented landscape to one better scaled to people. (See Appendix B for the full list of San Jose's urban villages.)

SPUR believes that urban villages have great potential to accommodate housing and job growth in environmentally sustainable locations and help reorient the city's streets and neighborhoods around people rather than cars. If implemented, the urban village concept could serve as a model for how to urbanize a suburban region.

As of mid-2019, the San Jose City Council has approved 12 urban village plans, but only a handful of these areas have projects underway. (See page 51, for a map of adopted urban village plans.) SPUR shares the city's ambition to grow in a targeted and sustainable way and supports the urban village concept. Implementing this vision, however, has proven to be a major challenge. Plans have taken, on average, four to five times longer to complete than originally planned, and developers have been scared off by both real and perceived requirements for building in urban villages. Every four years, the city reviews the Envision 2040 plan; at the time of this publication, in late 2019, the second such review was about to begin. This paper takes this opportunity to recommend strategies that can remove barriers and promote more successful and timely development of urban villages throughout San Jose.

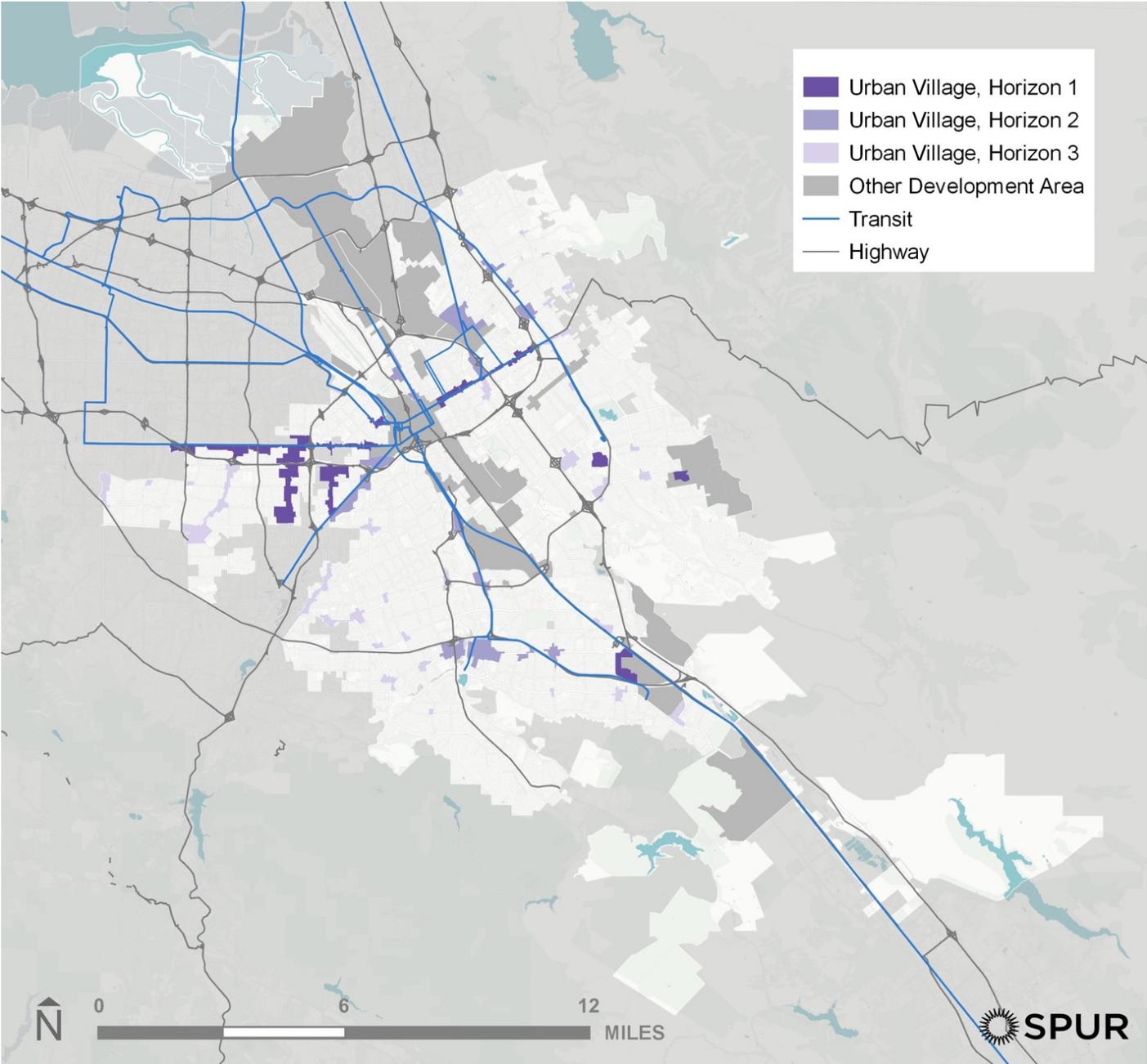
Background: Envision 2040 and urban villages

In 2011, San Jose adopted a new general plan for San Jose, Envision 2040. Envision 2040 originally planned to accommodate 470,000 new jobs (since reduced to 382,000) and 120,000 new housing units in San Jose over a 30-year period. Developed during the Great Recession, Envision 2040 sought to focus new growth in infill locations — vacant or underused parcels within existing urban areas — that were both environmentally and fiscally sustainable. San Jose was hit particularly hard at the time by the confluence of the economic downturn, spiking pension costs and large redevelopment debt. These fiscal challenges drove the city to seek solutions in all aspects of its operations, including through land use policies. An assumption that new housing and residents would be more costly to the city than new jobs influenced the decision about how much housing to accommodate within the plan's time horizon. Under the prior general plan, residential development was allowed in many parts of San Jose. Envision 2040 focused residential development into a more targeted number of locations: downtown, North San Jose, existing specific plan areas and the new urban villages.

In line with regional environmental policies, San Jose designated more than 60 areas to become urban villages, some located at regional transit centers or along light rail or rapid bus lines, and others located at opportunity sites in existing commercial areas. As of early 2019, the city had adopted plans for 12 of these urban villages, of which seven are new since the adoption of Envision 2040. (Five urban village plans clustered in the Five Wounds neighborhood trace their origins to the redevelopment-era Strong Neighborhoods Initiative.)

Figure 1. San Jose’s Urban Villages

San Jose has designated urban villages in more than 60 places across the city and divided them into three “horizons,” or time frames for development. Currently, only Horizon 1 urban villages are open for residential development. Commercial development is allowed in any urban village at any time.



Source: SPUR map with data from the City of San Jose

As mentioned, urban villages are expected to accommodate both commercial and residential uses, with an emphasis on encouraging businesses. Each urban village has a target for how much commercial square footage the city would like to see there, as well as a cap on the number of housing units allowed. The city has set up the urban villages to include a mix of uses for many reasons: to disperse employment, to grow or create clusters of activity, to ensure that retail and other local services are available throughout the city and to create opportunities for small businesses, including small tech firms and start-ups.

Envision 2040 also put in place plan “horizons,” or time frames that are intended to phase in residential growth. The urban villages are spread out over three time horizons, which are “opened” at the city council’s discretion. So far, only the first horizon is open. Commercial development in all urban villages can occur at any time. But if a developer wants to build either housing or a mix of housing and businesses in an urban village, a complex framework exists to determine whether the project can be approved. First, in most cases, the urban village plan must be approved by the city council. Second, the city caps the number of units that can be approved in urban village plans that are not in the open horizon. And up until recently, the proposed housing site would not only need to be designated for residential use in the general plan but would also have to be zoned for residential use.¹ Exceptions to the horizon phasing include 100% affordable housing and “signature projects” — larger-scale mixed-use projects that meet certain city requirements and may act as a catalyst for additional development.

For a long time, residential projects could only be developed in Horizon 1 urban villages, essentially placing a moratorium on new housing development in the rest of the city. Today, state legislation and city-sponsored policy adjustments have resulted in some relaxation of the requirements, but complexity and confusion still reign.

While the urban villages are intended to include both housing and commercial development, so far the city is not seeing much of either. Demand for new commercial space in urban villages is less robust than demand for housing. Meanwhile, housing faces many barriers that will be described in the next chapter.

Today: A changing region, a changing San Jose

In 2019, San Jose and the Bay Area are in a different economic and fiscal situation than they were when Envision 2040 was adopted. The technology sector has continued to grow and thrive, generating thousands of jobs, especially higher-income jobs. San Jose, along with the region as a whole, has recovered from the Great Recession. From 2008 to 2015, San Jose saw consistent job growth — an increase from 351,823 to 411,008 jobs — and now has an unemployment rate of 2.5%.² The city is expecting further increases in economic activity and employment due to the extension of BART to San Jose, major improvements to Caltrain, increases in building height limits downtown and planned investments in the Diridon Station area and downtown by Google and others. Where improving the job base was once a major challenge for San Jose, now the city’s job sector shows great promise for continued growth.

Unfortunately, San Jose today is struggling with extreme housing challenges, stemming largely from a regional shortfall in new housing. Combined with job growth, this shortfall has resulted in competition for existing housing, higher rents and home prices, displacement of lower- and middle-income people, longer and longer commutes and greater economic strain for many. Nearly 40% of San Jose’s residents overall are housing cost-burdened, paying more than 30% of their income toward housing costs. More than 25% of San Jose’s renters pay more than half of their income toward rent.³

¹ California AB 3194, passed in 2018, now allows housing projects that comply with a city’s general plan to proceed without a rezoning.

² U.S. Census Bureau, <https://onthemap.ces.census.gov>

³ U.S. Department of Housing and Urban Development, <https://www.huduser.gov/portal/datasets/cp.html>

The largest city in the Bay Area, San Jose has done its part on housing in the past, leading the region in housing production over the past several decades. Since 2010, San Jose has produced 2,820 units per year on average, more than any other city in the region.⁴ Unfortunately, while San Jose has long been a place where middle-income families and individuals could afford a high quality of life, that has begun to shift in recent years. With the city having a 2018 median single-family home price of \$1.18 million and a median condo/townhouse home price of \$770,000, a family making a median income salary can no longer afford to compete for a home in San Jose.⁵ People want to remain here or move here, and San Jose simply does not have enough housing available.

Urban villages are a key opportunity to address the city's housing shortage. Why do they bear this responsibility? Partly because urban villages are among the few places where San Jose has provisionally agreed to allow new multifamily development, and partly because many of them are located on transit routes that get people to some of San Jose's existing and projected job centers: downtown, North San Jose and Diridon Station, a gateway to the region's broader employment market. Approximately 50,000 units of new housing potential exist within urban villages that are a 30-minute transit trip to Diridon Station, where Google is planning a 6- to 8-million-square-foot mixed-use development on 240 acres.

⁴ City of San Jose, "Residential Construction - New Units by Type," <http://www.sanjoseca.gov/index.aspx?nid=2754>

⁵ Santa Clara County Association of Realtors, <https://www.sccaor.com/pdf/stats/2018.pdf>

The Challenges

Unfortunately, San Jose is not yet seeing sufficient residential or commercial development to meet its Envision 2040 targets, particularly in urban villages. San Jose is currently on track to produce 322,680 new jobs (84% of the target) and 81,600 new housing units (68% of the target) between 2011 and 2040.⁶ Part of this is simply timing. It can take months or years for plans to be completed and for developers and the city to process development approvals and permits. However, during research for this paper, SPUR consistently heard in interviews that developers are actively avoiding urban villages and instead seeking out opportunities downtown, in North San Jose or in other cities such as Santa Clara, Sunnyvale, Mountain View and Redwood City. Many have given feedback that it is the urban village framework and process, rather than the locations or the real estate market, that are the biggest deterrents.

Unfortunately, it's difficult to collect data on projects that didn't happen or on developers' decisions to avoid a place. But based on data from the city about major projects in the development pipeline (ranging from those that have submitted a preliminary application to those under construction), we can see a clear pattern of developer interest in North San Jose and downtown. North San Jose is currently closed to residential development, though the city anticipates revisiting the current phasing in the coming year.⁷

SPUR interviewed dozens of organizations and individuals involved with land use, planning and development in San Jose and identified the following barriers to the build-out of urban villages.

1. Construction costs in the Bay Area continue to rise, rendering many development projects infeasible.

As a result, only projects in the strongest of markets (with the highest rents and housing prices) are able to move forward. This outcome is particularly poignant in San Jose's urban villages, only a select few of which have rental markets that can justify today's high construction costs. Current construction costs are a major factor slowing or halting new housing across the Bay Area. Over the last five years, construction costs in the Bay Area have increased annually by 7.5% on average, compared to a historical average of 3.5% to 3.75%.⁸ In April 2019, the consulting firm Turner & Townsend released data showing that, at \$417 per square foot, construction costs in the Bay Area are now the highest in the country and exceed second-place New York by 13%. San Jose has been hit particularly hard: Construction costs vary little across the region, but rents in San Jose are lower than in San Francisco and nearby cities, making project costs harder to recoup. Across the Bay Area, projects have been put on hold because of skyrocketing costs resulting from a construction labor shortage and a commercial development boom in Silicon Valley. Some developers see this as a moment in the cycle that will pass; others see it having catastrophic impacts on the development pipeline.

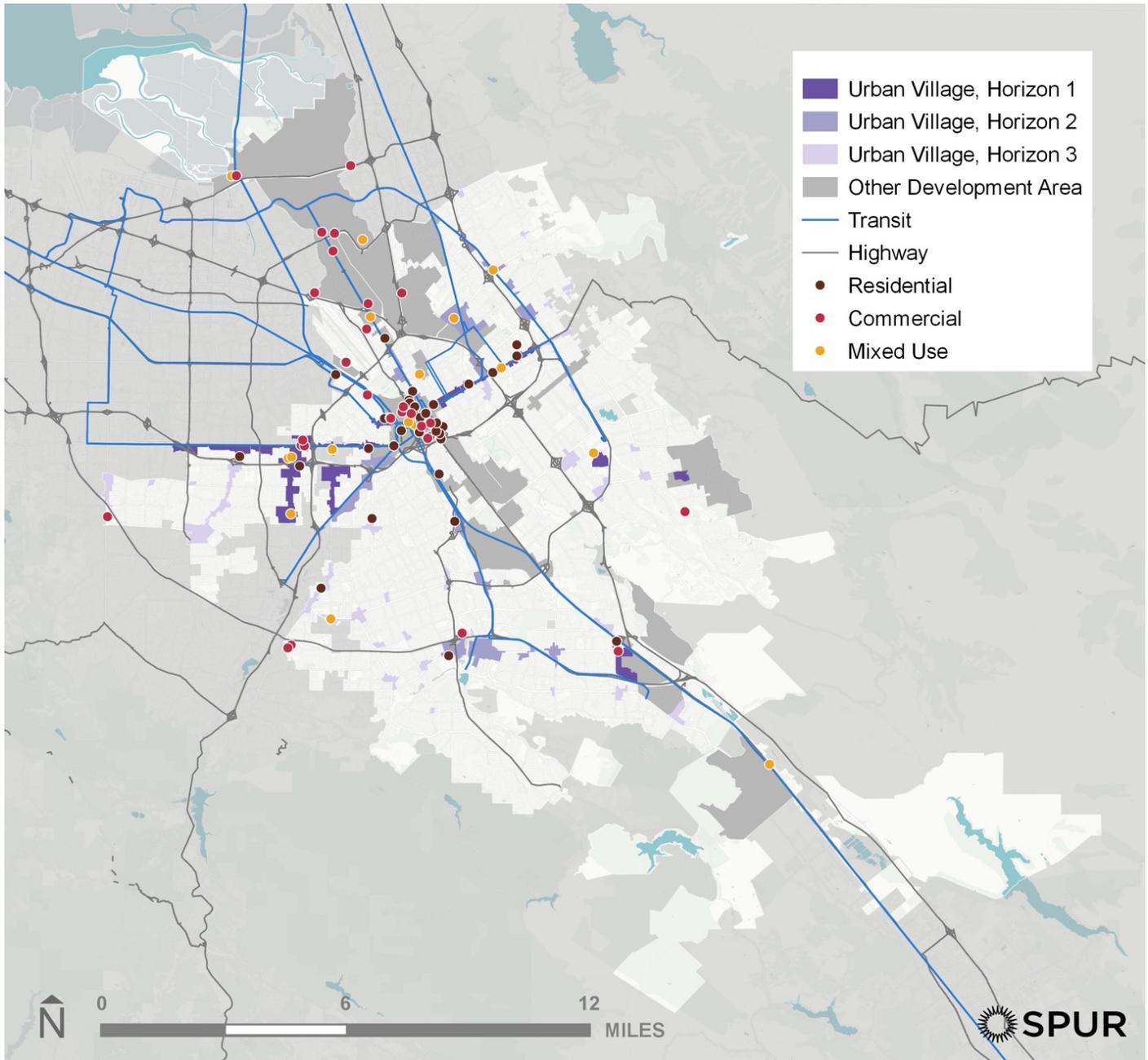
⁶ SPUR calculation based on Longitudinal Employer-Household Dynamics (LEHD) 2010–2015 U.S. Census data and MTC's "Vital Signs" 2011–2017 data. See: <https://onthemap.ces.census.gov>; <http://www.vitalsigns.mtc.ca.gov>

⁷ City of San Jose Office of Economic Development, Major Projects Lists, May 22, 2019.

⁸ TBD Consultants, California Current Market Conditions – August 2019.

Figure 2. San Jose's Major Development Pipeline

The bulk of new projects that are under construction or being proposed are located in other development areas, not in urban villages.



Source: SPUR map with data from the City of San Jose, including City of San Jose Office of Economic Development, Major Projects Lists, May 22, 2019

2. Building in urban villages is slower and less certain than in other places, causing projects to move elsewhere.

Urban village plans should attract rather than deter high-quality development in the right places. Unfortunately, the seven most recent urban village plans took, on average, four to four and a half years to complete, far exceeding the current goal of one year. In addition, the plans themselves do not provide any streamlining or improvements to the approvals or permitting process. In other plan processes, cities sometimes use zoning changes, environmental clearances or incentives

to provide certainty for developers and attract projects to the plan area. But without such offerings, it's difficult to see why developers would try to do projects in urban villages if they can identify other locations where some of those process benefits are available and where baseline market conditions may be stronger. Individual projects may miss their market timing because of these challenges or may be lost to other communities that offer equally attractive and more timely opportunities.

3. The commercial development requirements for mixed-use projects in urban villages are set too high.

For many good reasons, the city would like to see mixed-use development in the urban villages. As a result, it has set minimum thresholds for commercial use in mixed-use development in nearly all areas that would allow residential uses, sometimes at levels to replace 100% of the existing commercial square footage. This may be a greater amount of commercial space than is viable for local-serving retail or personal services, especially since larger trends indicate that demand for retail space is shrinking rather than increasing. Most of the land use designations that the Envision 2040 plan sets out for urban villages require a minimum amount of commercial area that goes beyond a single story of ground-floor retail. (See Appendix C for commercial square footage requirements in the urban villages.) Given other ground-floor needs (parking, utilities, trash and recycling, entries and fire exits), requiring commercial use on as little as a third of the site area can still pose challenges, requiring a partial second floor of commercial space in a mixed-use residential development.

Mixed-use signature projects, one of San Jose's few pathways to building housing in advance of an approved urban village plan, are required to replace any existing commercial square footage and to provide space for a certain number of jobs based on the size of the parcel relative to the overall village. This calculation can result in a threshold not supported by the office or retail market.

There are also few developers and investors with expertise in building mixed-use projects with more than a single story of commercial space. Even though local developers may recognize the city's priorities, many investment decisions are no longer made locally. Local developers of high-density multifamily housing increasingly rely on institutional capital that compares investment opportunities across markets. These lenders may be less incentivized to adjust profit expectations in order to meet the specific requirements of Bay Area cities. This means that the initial cost to build matters more than it has in the past.

4. New commercial-only development is not viable in many of the urban village locations.

Projects that include housing are not the only ones that face challenges in urban villages. Office and retail development that the city has planned for across the urban villages may not be viable in all of these markets. Of course, the general plan is looking out to 2040, so it was never expected that all the planned development would happen immediately. Still, the city anticipates more than 50,000 future jobs to locate in urban villages, which may not be realistic. This could end up delaying the kinds of community amenities that development helps pay for, such as public open space, street improvements or public art, as well as holding up the creation of much-needed housing.

Office: In a shift from the past, new office demand is focused on a small set of locations: in the most urban and most transit-oriented places as well as in existing office-oriented neighborhoods. Many sources — pipeline data from the city, a 2016 report from Strategic Economics,⁹ the Silicon Valley Business Journal's "Crane Watch"¹⁰ and interviews with office developers — confirm that employers are primarily interested in downtown, the Diridon Station area and North San Jose. More recently, some interest has come up in West San Jose, on or near Stevens Creek Boulevard and Santana Row.

⁹ Strategic Economics, San Jose Market Overview and Employment Lands Analysis, January 20, 2016.

¹⁰ Silicon Valley Business Journal, data for San Jose's "Crane Watch," provided August 7, 2019.

Regional transit urban villages like the one at the future Berryessa BART station may be attractive. While urban villages oriented around light rail do have some potential, employers and office developers are not yet focusing their efforts there, and there is little interest in creating new office space on small commercial corridors surrounded by single-family neighborhoods.

Even a key transit station like Berryessa BART is not yet appealing enough to immediately draw a critical mass of large-scale transit-oriented commercial uses, though in the long run this site has promise.¹¹

Industrial: While not much land is zoned for industrial uses within urban villages, there is some such land adjacent to urban villages like Berryessa and West San Carlos. Industrial uses have a particular significance to the city and region since the Bay Area is increasingly seeing a “dumbbell” economy, with growth in lower- and higher-income occupations and shrinkage in middle-income jobs and households. Industrial uses come in many different flavors, from heavy-duty manufacturing to warehouse/distribution centers to small-scale “maker” spaces for artisans and food purveyors. Occupancy of existing industrial space is high, but there appears to be little in the pipeline.

Retail: The city of San Jose has a great interest in growing retail across the city, both for the sales tax revenue and for retail’s place-making attributes. However, as has been noted widely in the media and the city’s recent retail strategy reports,¹² the retail world is undergoing major upheavals. While online shopping continues to make up a small fraction of total retail sales (12% in 2016), more than 40% of the growth in retail sales between 2014 and 2016 occurred at online retailers, and it looks like the trend will continue.¹³ Although San Jose’s shopping centers are currently doing well, especially in western San Jose, high-profile store closures here and elsewhere have raised alarms. In addition, San Jose has traditionally been concerned about patterns of “retail leakage,” where residents shop in neighboring cities.

Urban villages show promise for retail since Main Street shopping contexts are considered desirable by many retailers, but it’s important to take the status of existing retail supply into account. While it may be ideal to have ground-floor retail in every neighborhood from the perspective of sales tax revenue and placemaking, it is not realistic to expect it in all markets.

5. The city’s planning areas do not match the region’s adopted growth policies.

The Metropolitan Transportation Commission (MTC) and Association of Bay Area Governments (ABAG) recently examined the performance of Plan Bay Area, the region’s plan to reduce greenhouse gas emissions from cars. They found that across the Bay Area local planning efforts did not necessarily align with the plan’s designated areas for investment, new homes and job growth, also known as Priority Development Areas (PDAs): 50% of transit-rich areas were not designated as PDAs and, conversely, 25% of designated PDAs were not well-served with frequent transit.¹⁴ San Jose’s urban villages and other growth areas match up with PDAs more closely than growth areas in many other localities, but some steps could be taken to better align growth strategies with regional and local policy and existing transit.

Additionally, given San Jose’s environmental commitments and its Climate Smart San Jose carbon-reduction plan, the city should pay particular attention to the potential environmental impact of urban villages (measured through VMT, the number of vehicle miles traveled by people driving to and from new developments).

¹¹ AARP, San Jose Reimagines Urban Villages & Main Streets, Livable Communities Charrette report, 2018, p. 34, <https://aarp-states.brightspotcdn.com/4b/3f/69e4fd5acd9968450648330fdcd1/charrettereport11292018.pdf>

¹² Strategic Economics and Greensfelder Real Estate Strategy, San Jose Citywide Retail Strategy, October 26, 2018; and Strategic Economics and Greensfelder Real Estate Strategy, Downtown San Jose Retail Strategy, February 15, 2019.

¹³ Strategic Economics, State of the Retail Sector: Challenges and Opportunities for San Francisco’s Neighborhood Commercial Districts, February 15, 2018, p. 15, <https://oewd.org/sites/default/files/Invest%20in%20Neighborhoods/State%20of%20the%20Retail%20Sector%20-%20Final%20Report.pdf>

¹⁴ MTC, Horizon Regional Growth Strategies, perspective paper, February 2019.

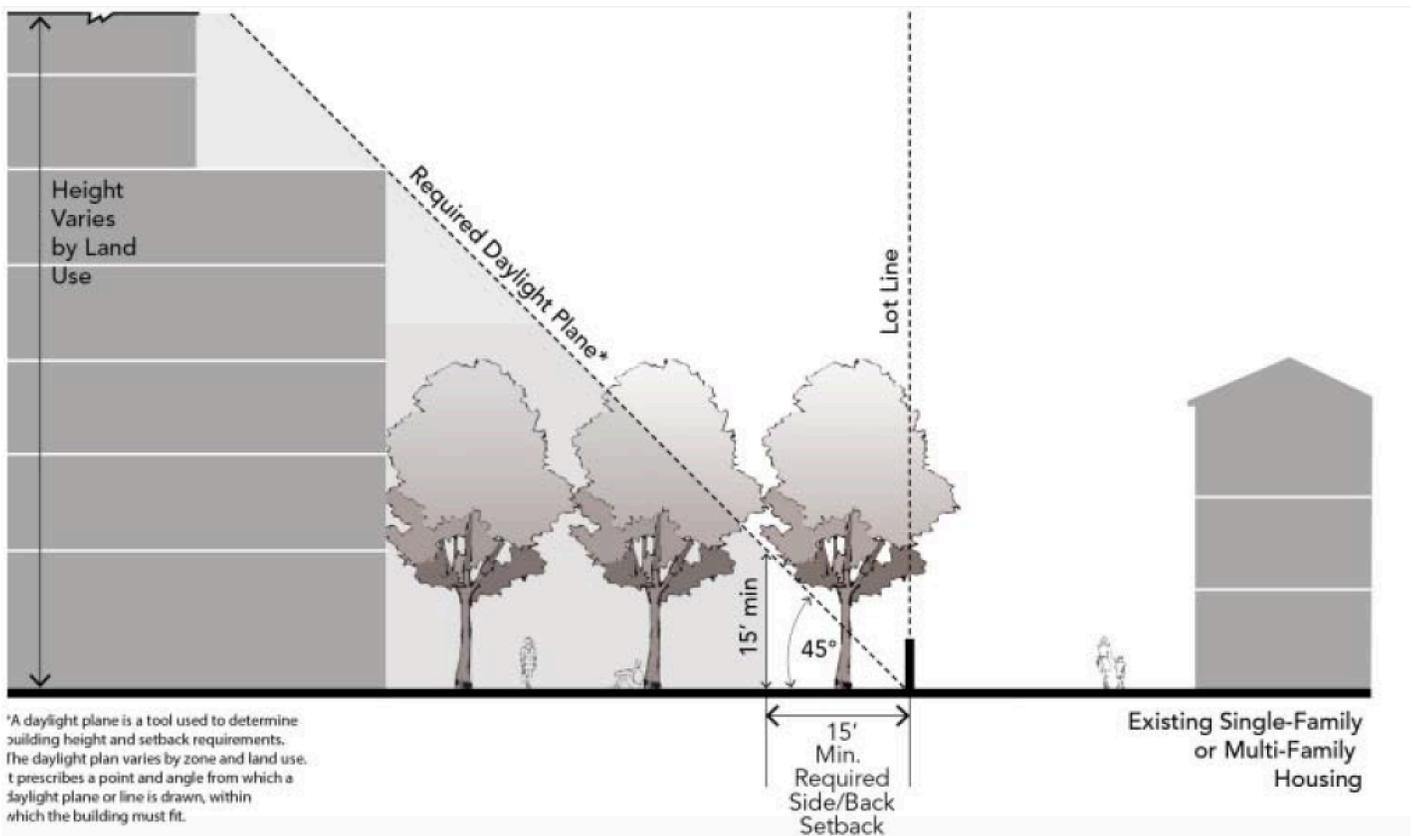
6. Advocates for single-family neighborhoods are blocking or downsizing infill projects.

Like many cities across the United States, San Jose framed its general plan as a so-called grand bargain, in which residents agree to allow infill development in commercial areas or on main streets in return for the city and developers leaving residential neighborhoods untouched. But in today's climate of housing scarcity and residential displacement, this approach presents challenges. Policies that keep new residents out of established neighborhoods run counter to increasing concerns about inclusion and equity.

Many of the urban villages are immediately adjacent to single-family neighborhoods where some residents have been known to oppose any new development due to concerns about views, shadows, parking or school enrollment. When neighbors advocate for lowered building heights and increased distances between the building and property line, proposed projects shrink in size and may not end up being built at all if they no longer make financial sense to developers.

Figure 3. Required Setbacks in Urban Villages

Some of San Jose's urban village plans require not only that new development be set back from the property line adjacent to single-family residences, but also that upper floors be set back at a 45-degree "daylight plane." This shrinks the unit capacity possible on many urban village sites, eroding financial feasibility and possibly hindering urban village implementation.



Source: Stevens Creek Boulevard Urban Village Plan

7. Physically retrofitting existing development in urban villages is difficult and expensive.

It's not easy to transform already-developed suburban environments into more urban places. Rebuilding the streetscape for people instead of cars requires extensive changes to narrow the space for cars, widen sidewalks and add bike lanes, plazas, trees and plantings. Replacing strip malls with buildings that front the sidewalk runs the risk of displacing small businesses. Introducing height and density into formerly single-story neighborhoods means that existing residents will have to grapple with real and perceived change occurring near their homes. Success in this arena will require financial investment and attention from both the public and private sector.

8. Community outreach has been too limited to generate support for urban village plans or to reach those who have not traditionally been involved in land use decisions.

Most neighborhoods in the Bay Area oppose new development. Current neighbors often feel they have little to gain, and future neighbors are not yet a part of the planning conversation. San Jose neighborhoods are no exception to this rule. Without ample investment in outreach and education, many residents can't picture the potential benefits of new development — or the often-invisible downsides of maintaining the status quo. The voices of those who are familiar and comfortable with the public input process, and who have time to attend meetings and hearings, are not balanced by those who have historically been denied a voice: renters, low-income residents, people of color and people who have not yet moved here.

Overall, the city is sending mixed signals through the urban village framework and plans. Envision 2040 communicates to the development community that urban villages are the places where the city would like to see mixed-use development that includes housing. Traditionally, when cities want to direct needed growth to certain areas, they will craft plans to provide incentives to developers to build in those locations rather than others. But urban villages offer no such enticements. Meanwhile, these areas are burdened with carrying out many of the city's key policies: allowing new housing, concentrating housing and jobs on main streets, growing mixed-use places, supporting transit ridership, limiting net loss of commercial square footage, reducing both residential and commercial displacement, and preserving and enhancing community character. Given the laundry list of goals, inevitably there will be conflicts among these priorities.

Developers recognize that the urban villages are some of the only places in San Jose where they are allowed to build housing, but they have found that there are many barriers to accomplishing that goal. In the name of good planning, San Jose rightfully is seeking additional outcomes from the urban village plans, and the city is trying to entice developers with the possibility of allowing housing in order to generate some of the other outcomes. Given these different perspectives, it may not be surprising that the urban villages are not producing results.

Why the mixed signals?

Some of the barriers outlined above stem from external factors — the real estate market, construction costs — and others have been structured with the intention of better matching the pace of housing development to that of office and retail development.

San Jose has historically expressed concern about the fiscal sustainability of accommodating new residents. The thinking goes that it costs more to provide the services residents need — schools, libraries, parks, community centers, police, fire and more — than the services employers and workers need. Businesses also bring in more tax revenue than residences do. The city codified this concern into its general plan policies when it wrote Envision 2040. While San Jose has done its part to allow new housing, leading the region in absolute numbers of housing production over the decades, in recent years it has been reluctant to adjust its land use policies to meet the increased demand. (On a per capita and per square mile basis,

its housing production ranks 36th and 23rd, respectively, out of the Bay Area's 101 cities.)¹⁵ Today, San Jose residents are suffering from the region's shortage of housing, and it may be time to reconsider the system that has been set up.

Based on our research, SPUR believes it is increasingly evident that high-density housing would not exacerbate the fiscal challenges faced by the City of San Jose. In addition, new residents clustered around transit services would make transit more viable, make retail more successful and increase the chances that major employers would want to move to or grow in San Jose.

SPUR agrees that urban villages should be mixed-use places. Many groups and individuals are focused on urban villages as a vehicle to deliver new housing in San Jose, but urban villages are equally intended to grow San Jose's commercial uses. Commercial uses are critically important for cities, providing jobs for the region's residents, revenue to the city in the form of property and sales tax, amenities for residents and visitors, and life on the city's streets. We believe that housing and commercial activity are symbiotic, not in competition. SPUR proposes that San Jose can remove barriers to multifamily and mixed-use development in urban villages without abandoning its aspirations for adding more jobs across the city as a whole. San Jose still has a significant amount of low-density development that could be redeveloped more intensely to accommodate both new jobs and new housing.

SPUR recognizes that the city cannot control all aspects of implementation. External factors like the real estate market, developer and investor profit requirements, and neighborhood advocacy all impact whether and how the urban villages will get built. But the city has the responsibility to set up the urban village strategy for success both today and tomorrow. Urban villages cannot succeed unless the city does its part to create conditions that will lead to their successful build-out.

How Limiting New Housing Makes Displacement Worse

Cities across the Bay Area are grappling with the challenge of residential displacement. Rising rents and home prices are pressuring individuals, families and households who would like to remain in their communities to relocate to other areas. A whole body of anti-displacement policy work at the local, regional and state level is devoted to addressing these issues, including recommendations for more subsidized housing within market-rate developments, tenant protections, rent control and preservation of housing that is currently affordable without subsidy. In 2018, San Jose passed its Ellis Act Ordinance, one effort to preserve and grow the number of rent-controlled units in San Jose and protect the tenants of those buildings. When a building is removed from the rental market, whether for demolition, redevelopment or conversion to condos, the Ellis Act Ordinance requires providing advance notice to tenants, paying them relocation benefits if they must move, and giving them the right to return if the building goes back on the rental market. In addition, if a new apartment building replaces an old one, rent stabilization would apply to the greater of 50% of the new units or the number of old units that were removed.

San Jose is in many ways no different from other cities around the region. A growing economy and an industry with a large number of well-paid workers are increasing the competition that lower- and moderate-income households face for new and existing housing. However, San Jose is at risk of increased displacement as an unfortunate byproduct of the city's strong commercial preservation and anti-conversion policies, laid out in Envision 2040 and the Framework for Preservation of Employment Lands. Many other cities preserve neighborhoods with single-family homes and add new housing on former commercial and industrial sites. In San Jose, areas with single-family homes are also left alone, but policies that aim to retain 100% of the existing square footage zoned for commercial and industrial uses have increased the pressure on the limited sites that are already zoned for multifamily housing.

In other cities it might not make sense to redevelop existing multifamily apartments from the 1960s and '70s. But similar building types may be considered ripe for demolition and redevelopment in San Jose, because they sit on some of the only land that is zoned for housing. The Reserve on Winchester Boulevard is one such example. San Jose can prevent the displacement of tenants in such buildings by considering zoning changes to allow more housing, whether that means permitting multifamily buildings in single-family neighborhoods or rethinking where housing might be allowed on current commercial sites.

¹⁵ SPUR analysis, MTC's "Vital Signs," <http://www.vitalsigns.mtc.ca.gov/housing-production>

The Opportunity: A Renewed Vision for Urban Villages

SPUR strongly supports the concept of urban villages, and we want to see them succeed. We see urban villages as models for how cities can accommodate population and economic growth, reduce climate and environmental impacts, retrofit suburbs for the 21st century and create great places that make people want to get out of their cars and onto the streets.

What does the successful urban village of the future look like?

In the future, we see neighborhood hubs and urban villages where people are out of their cars, using the streets and sidewalks. Thriving stores, restaurants and services are clustered next to public open spaces that attract people at all times of day. Public transit has become more comfortable, more frequent and faster, and the streets have been reshaped around people walking, biking and using scooters, rather than around cars. As a result, streets are quieter, greener and safer. The familiar landscape of postwar single-family homes is still here, but now there's something to walk to.

Mission Bay, San Francisco



Source: Sergio Ruiz

Urban villages are points of entry into daily life. Many people can walk or bike from their homes to a local transit stop in the morning, drop youngsters off at childcare, grab a coffee and catch a bus or train to work downtown or at another urban village.

During the day, the urban villages are full of life. At lunchtime, employees of local businesses eat out with coworkers, sit outside in San Jose’s beautiful climate or run a few errands on foot. Groups of preschoolers walk with their teachers to a plaza or park, where other neighbors may be gathering for a tai chi class, drumming group or soccer game. In the evening, the streets bustle with workers and students coming home, buying groceries or takeout. Some stop by the gym, catch a Sharks game at the neighborhood bar or meet friends and family for dinner before walking home. Another day’s work and play, chores and pleasures, have taken place — all without need of a car. Instead of fighting their way through traffic, a diverse range of people have gotten a bit of support from a place that puts people first.

Downtown Sunnyvale



Source: Sergio Ruiz

What does the success of urban villages mean for the city and the region?

Urban villages aren’t just great places for those who live or work in them. The whole city and the region have been transformed because urban villages — and the neighborhood planning efforts they have inspired across the region — have helped solve problems beyond their own boundaries.

The Bay Area has enough housing for all who want to live here, and enough different types of housing to suit a range of household sizes and income levels. As a result, San Jose and the region have reversed demographic trends and are now home to a more racially and economically diverse community.

Yaletown, Vancouver, British Columbia



Source: Sergio Ruiz

Because people are choosing to leave their cars at home, the Bay Area has reduced its greenhouse gas emissions. People have a better quality of life because they spend less time commuting or in traffic congestion.

Both major companies and small businesses have chosen to locate in San Jose. Some of those businesses are located in urban villages, while others are in job centers like downtown, North San Jose and the area around Diridon Station, which are easily accessible to those who live in or near urban villages.

How did San Jose get here?

To achieve its urban village vision, the city carefully changed the incentive structure for building housing so that apartments and condominiums could be successfully added in areas near transit and accessible to jobs. There are now enough people in communities to support not just fast and frequent transit, but new neighborhood retail and restaurants as well.

City departments and real estate developers all invested in transit, streets, sidewalks, public space and other community infrastructure, creating true neighborhood centers in the urban villages. The city itself invested more in city planning, enabling the urban village ideas to take root.

People who formerly had little voice in the planning of neighborhoods were empowered to participate in community planning, bringing fresh perspectives to the table. More homes and new neighbors of all stripes have been welcomed into residential neighborhoods, bringing life to the streets and diversity to the community.

Through strategic decisions to change the planning and implementation of urban villages, San Jose succeeded in transforming its neighborhoods to better serve its residents and their needs.

Willow Glen, San Jose



Source: Sergio Ruiz

Recommendations

STRATEGY 1

Use good planning principles to steer housing and job growth to the right locations.

How much growth of what kind will be allowed in urban villages, where will it happen and when? San Jose knows how to attract growth: The city has already brought new life to downtown by allowing both housing and offices, making the approvals process easy and considering financial incentives when available.

As described in Envision 2040, the urban villages are also places where the city wants to direct new jobs and housing and increase life on the street. If urban villages truly are priority locations for infill development, the city will use similar zoning tools and incentives to set them up for success as well.

Urban Village Growth: Where and When?

RECOMMENDATION 1

Eliminate plan horizons. Instead, continue to prioritize urban village planning by transit access, market demand analysis, vehicle miles traveled and equity considerations.

Who is responsible: San Jose City Council; Department of Planning, Building and Code Enforcement (PBCE), Office of Economic Development (OED), Department of Transportation (DOT) and Housing Department in consultation with the Santa Clara Valley Transportation Authority (VTA)

SPUR believes that San Jose's system of time horizons is an unnecessarily complicated way to control growth. The concern that urban villages would grow too much too quickly has proven unfounded. Even without horizons, San Jose does not have the staff time or funding capacity to plan all the urban villages immediately, so there will be a natural phasing of the plans.

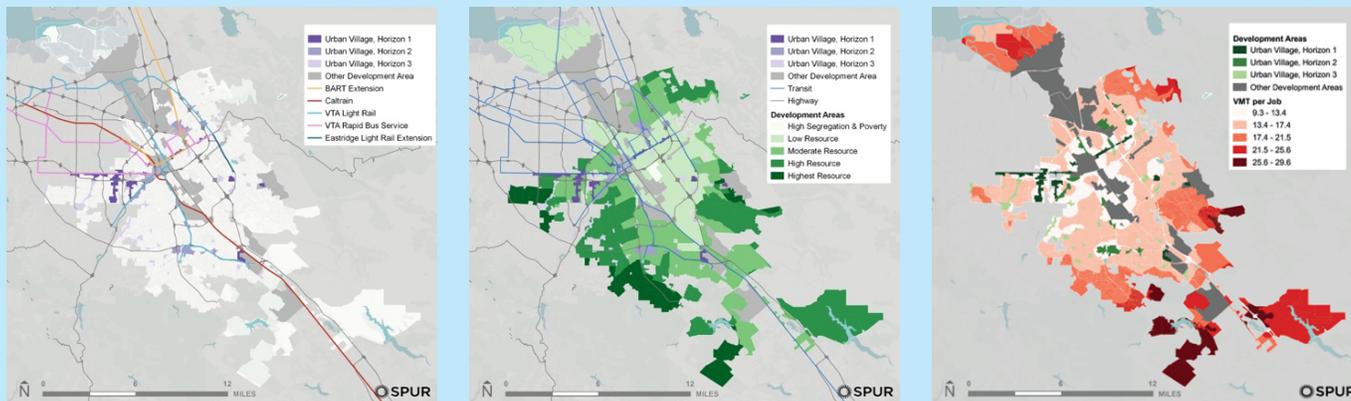
Instead of dividing urban village plans into time horizons, the city should prioritize each urban village based on its environmental impact and its potential to succeed in the near future, balanced with a consideration of equitable investment and impact. Neighborhoods around the city should be asked to accommodate growth and its impacts — because they will benefit from the investment that growth can bring.

The city has already taken steps to reprioritize urban villages around transit by moving many of the urban villages located on light rail to Horizon 1. This is a step in the right direction. Market demand — indicated by a pattern of higher rents, fewer vacancies and more inquiries from developers, employers or property owners — should also be a factor, though not the sole driver, in the decision to move urban village plans forward. If the urban villages do not have market demand, or sufficient incentives to create demand, then plans will likely not be implemented and the community's needs for housing, jobs and other amenities will not be met.

The city should also review the projected vehicle miles traveled (VMT) for the urban villages and deprioritize or consider eliminating the urban villages with the worst impact on VMT. In any urban village where the projected VMT impacts are different for housing and jobs, the city should consider planning for those uses in a way that would reduce VMT. One tension that should be balanced carefully is the need to make equitable decisions. The urban villages that are located in

areas with the highest VMT per capita and highest VMT per job are also places with high-performing schools, good jobs and other measures of well-resourced communities. We must ensure that new residents also have the opportunity to access these resources and that communities of all types, including those that have been historically exclusionary, accommodate some share of growth.

For maps exploring urban villages in relation to transit access, equity and vehicle miles traveled, see Appendix D, pages 50–59.



Currently, projects that include a housing component and are located in Horizon 2 and Horizon 3 areas cannot get approvals except through a couple of limited release valves requiring city council approval. We suggest that if the horizons framework does remain in place, housing and mixed-use residential development should be allowed to occur once a plan is completed and approved. This was Recommendation 5 in our report *Room for More: SPUR’s Housing Agenda for San Jose*.¹⁶ While we applaud the city’s decision to move nearly all of its completed Horizon 3 urban village plans into Horizon 1, this should be a blanket policy going forward, not a discretionary one-off decision. Once a plan is approved, it ought to be able to be implemented in full, without additional approvals from the city council.

RECOMMENDATION 2

Designate new urban villages in two types of places: 1. areas around existing light rail stations not already included in urban villages and 2. opportunity zones not already included within San Jose’s growth areas.

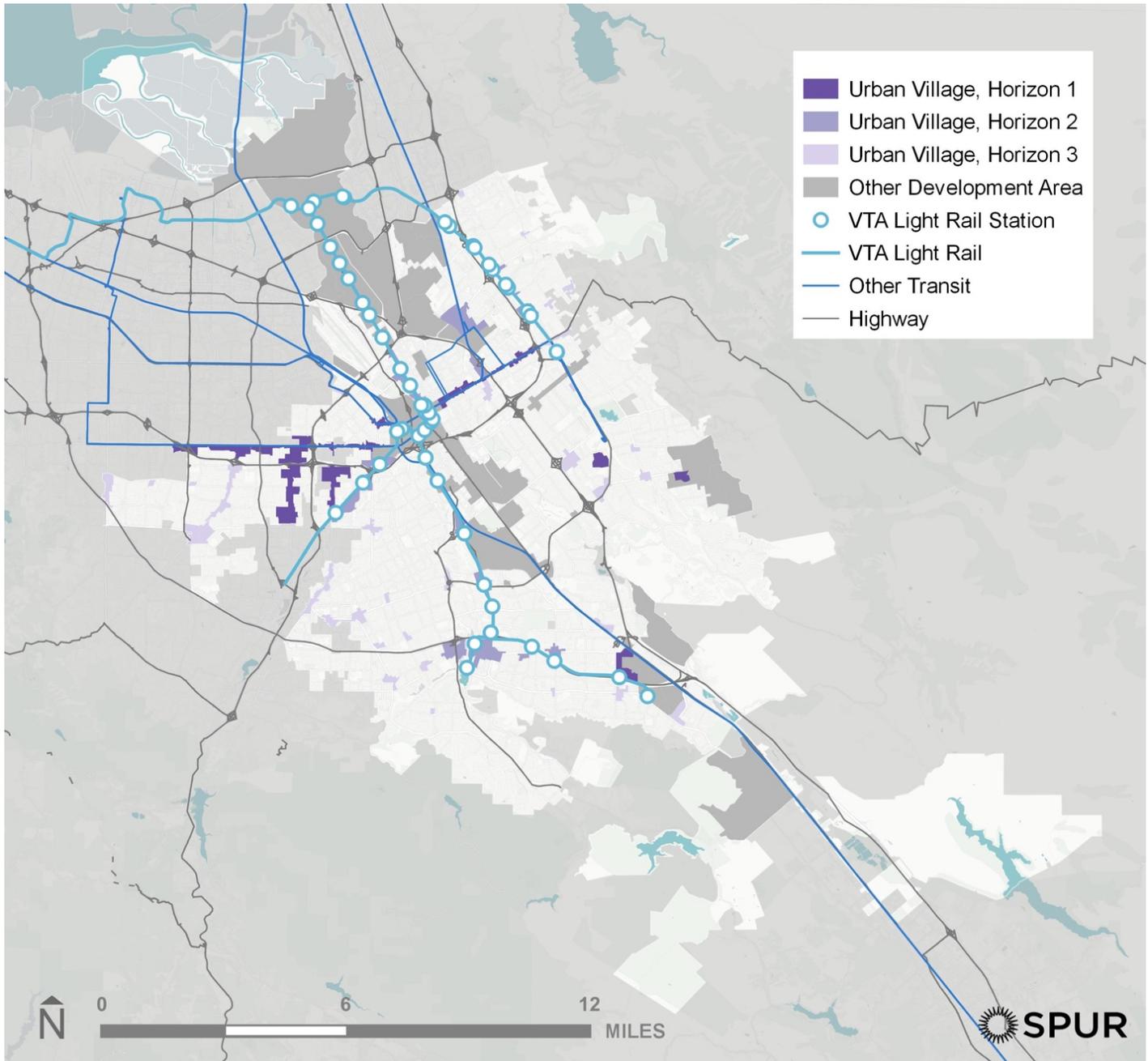
Who is responsible: San Jose City Council, PBCE, OED and DOT in consultation with VTA

While some argue that the number of urban villages is already overwhelming, these are two criteria worth considering for additional or expanded urban villages.

¹⁶ SPUR, *Room for More: SPUR’s Housing Agenda for San Jose*, 2017, p. 22, <https://www.spur.org/publications/spur-report/2017-08-24/room-more>

Figure 4. San Jose's Urban Villages and VTA Light Rail Stations

Most light rail stations in San Jose are associated with an urban village or other growth area. Six light rail stations are not.



Source: SPUR map with data from the City of San Jose and the Santa Clara Valley Transportation Authority, <http://data.vta.org/datasets/light-rail-stops>

The areas around six existing light rail stations in San Jose are not designated as urban villages, but they have good access to frequent fixed-rail transit and present an opportunity for housing, if not for jobs. In addition, the Santa Clara Valley Transportation Authority (VTA), which runs light rail in San Jose, owns sites in these areas, making them key opportunities for coordinated interagency planning and mixed-use development. We looked at the potential of each of these areas to accommodate additional growth and considered whether some ought to be designated urban villages. The table below lays out suggested approaches for each of these opportunities.

Figure 5. San Jose Light Rail Stations Without Urban Village Plans

There are six VTA light rail stations in San Jose that are not currently linked with urban villages. At four of them, VTA owns sites that have potential for joint development. We recommend taking advantage of these publicly owned sites located along transit and designate urban villages in these locations.

Light Rail Station	VTA-Owned Acreage	Current Zoning/Land Use Designation	SPUR's Suggested Land Use Approach
Almaden	5.7 acres	Heavy Industrial/Combined Industrial Commercial	Designate as an urban village with a focus on housing
Branham	3 acres	Agricultural and R-1-8/Mixed-Use Neighborhood	Change the zoning to Transit Residential for higher-density development
Cottle*	4.5 acres	Agricultural/Neighborhood Community Commercial and Public-Quasi-Public	Add this site to the Blossom Hill/Hitachi Urban Village
Cropley	No VTA-owned sites	N/A	Designate the commercial sites at this intersection as a "microvillage"; see Recommendation 4
Ohlone-Chynoweth	2.7 acres	Agricultural/Transit Residential	No change needed
Virginia	No VTA-owned sites	N/A	No opportunity sites at this location so no change needed

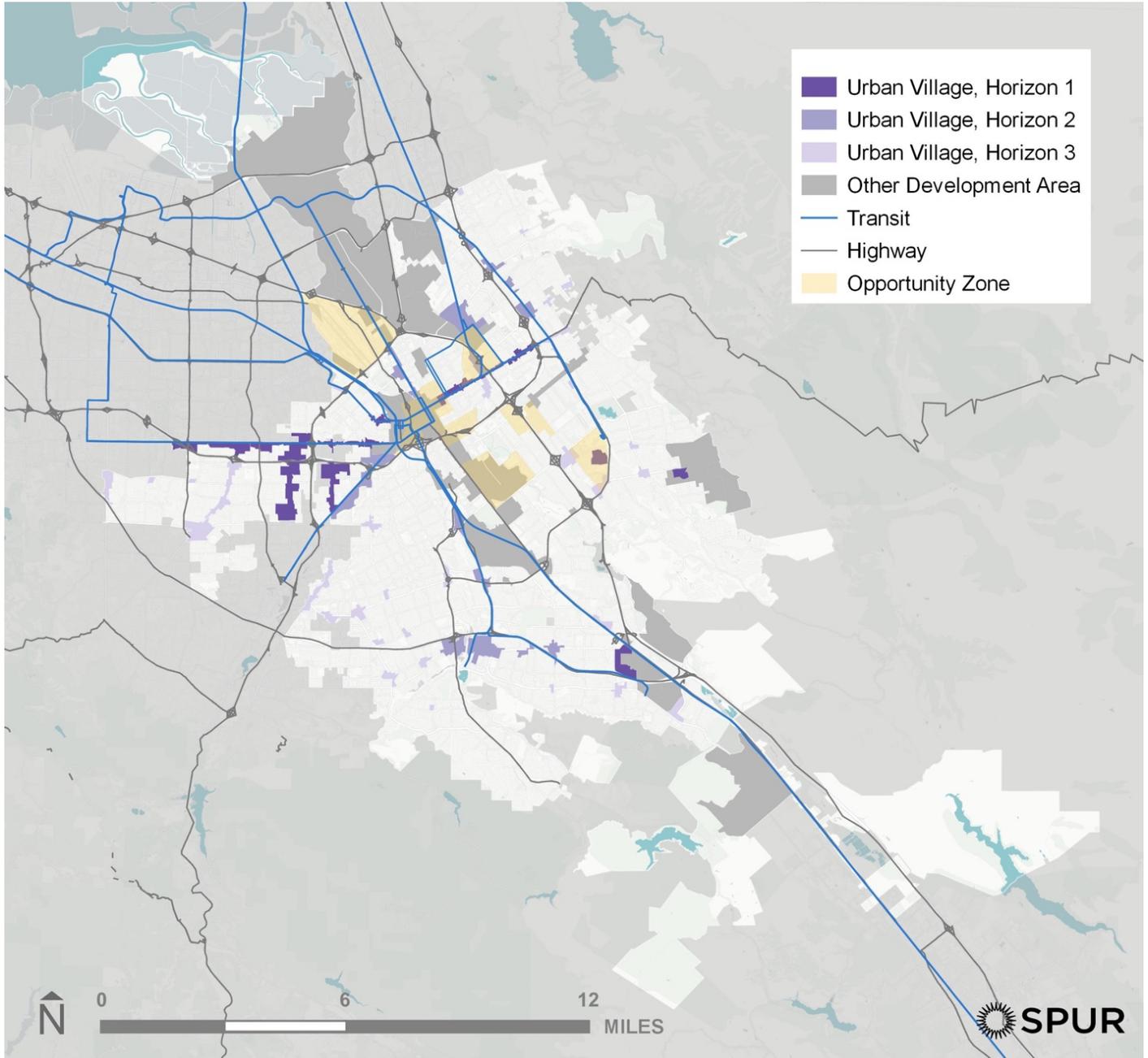
* VTA's property at Cottle Station is not included within the boundaries of either of two nearby villages: Blossom Hill/Hitachi or Santa Teresa.

Source: SPUR analysis of data from the City of San Jose and the Santa Clara Valley Transportation Authority (VTA)

Opportunity zones, created by the federal 2017 Tax Cuts and Jobs Act, are a newer tool that could help incentivize development in places where the city wants investment. Informed by input from cities and nominations by states, the federal government has designated these zones, where investments may be eligible for preferential tax treatment. San Jose has 11 opportunity zones. The city primarily identified locations that overlap with urban villages and other existing growth areas; we suggest that adjacent urban villages be expanded to include the rest of the nearby opportunity zone in order to coordinate and plan better for growth in these areas. Many people are concerned that opportunity zones are merely a vehicle to boost profits on projects that would be completed anyway. Connecting these areas to urban village plans could help spur mixed-use development as well as provide a mechanism to capture value to invest in important community amenities and public realm improvements.

Figure 6. San Jose's Urban Villages and Federal Opportunity Zones

Most opportunity zones are adjacent to or overlap with urban villages or existing growth areas. SPUR recommends expanding nearby urban villages to include these opportunity zones.



Source: SPUR map with data from the City of San Jose and the U.S. Department of the Treasury CDFI Fund, <https://www.cdfifund.gov/Pages/Opportunity-Zones.aspx>

Three such areas are: the opportunity zone that overlaps with downtown and the western portion of the East Santa Clara Urban Village; the opportunity zone near the Five Wounds BART Station; and the opportunity zone anchored by Arcadia, Tully Road/South King Road and East Capitol Expressway/Silver Creek Road. Expanding and/or consolidating these urban villages could help ensure that development driven by opportunity zones contributes to fulfilling community needs.

RECOMMENDATION 3

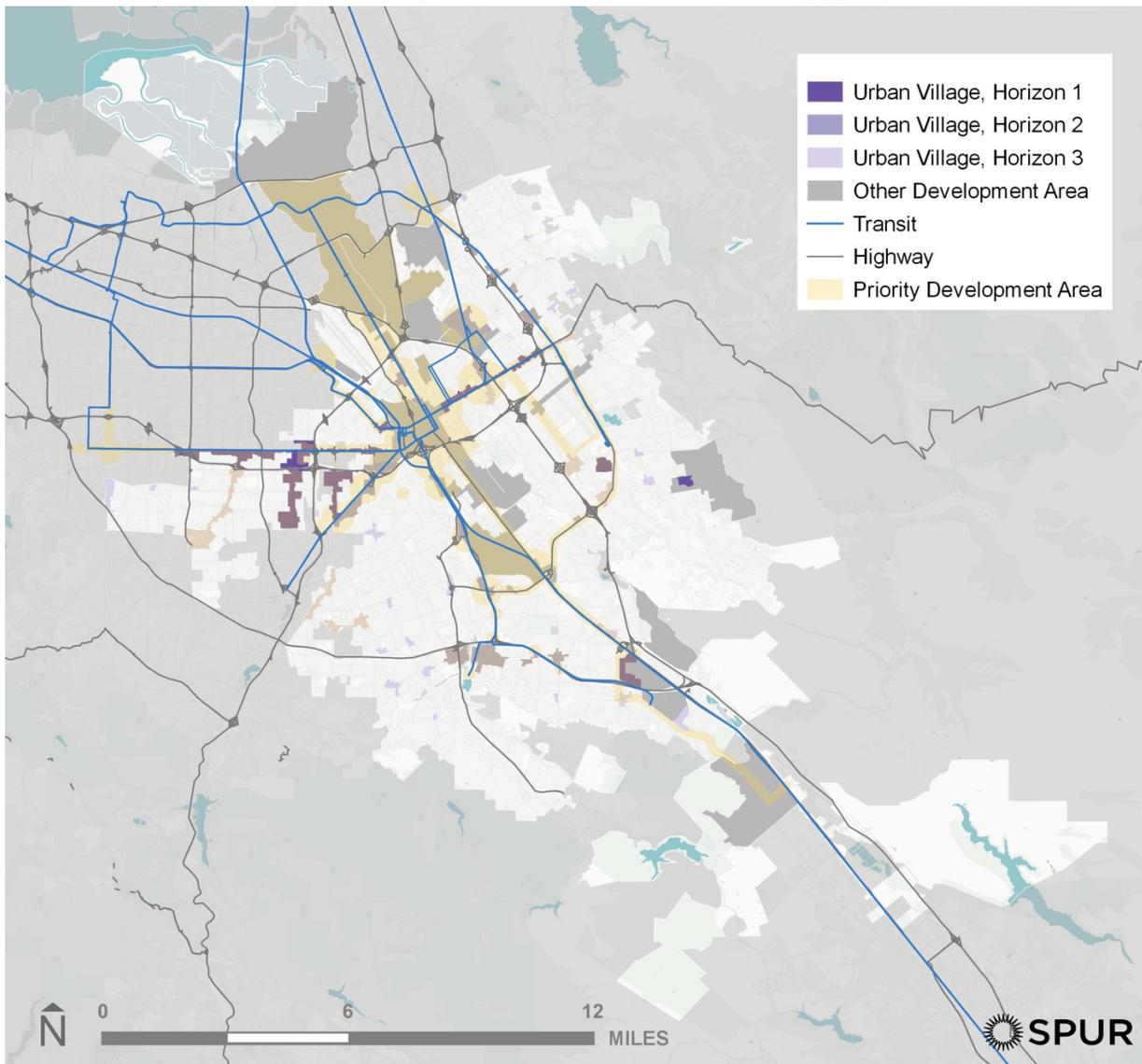
Expand existing urban village boundaries to match the Priority Development Areas (PDAs) designated in Plan Bay Area.

Who is responsible: San Jose City Council, PBCE in consultation with MTC and ABAG

In order for the Bay Area to make progress on its environmental, equity and quality-of-life goals, local planning efforts must match the policies established at the regional level. As mentioned earlier, across the Bay Area there is a mismatch between Plan Bay Area’s PDAs and transit locations. Similarly, the City of San Jose’s designated growth areas do not correspond as closely as they might to its PDAs. We propose that urban village boundaries be expanded to more closely match Plan Bay Area 2050’s PDA boundaries (once those PDAs are selected and confirmed by MTC and the city). In many residential areas, this expansion could take the form of allowing “missing middle” housing types at the edges of urban villages (see Recommendation 15).

Figure 7. San Jose’s Urban Villages and Plan Bay Area 2040’s Priority Development Areas

The boundaries of Plan Bay Area’s Priority Development Areas in San Jose are more expansive than those of the city’s urban villages. Note: This map shows Plan Bay Area 2040’s PDAs for illustrative purposes, as Plan Bay Area 2050’s PDAs had not been selected at the time of publication.



Source: SPUR map with data from the City of San Jose and the Metropolitan Transportation Commission’s Plan Bay Area 2040, <http://opendata.mtc.ca.gov/datasets/priority-development-areas-current>

RECOMMENDATION 4

Use distinct planning approaches for different kinds of urban village plans based on their scale, sensitivity and location. Reduce the number of urban villages with a full-scale community planning process, and create a new category of smaller-scale “microvillages” with a standardized set of requirements for development.

Who is responsible: San Jose City Council, PBCE

The urban villages vary widely, and they call for different levels of planning response. The city does divide them into four categories — regional transit urban villages, local transit urban villages, commercial corridor and center urban villages, and neighborhood urban villages — but confusion exists about what these designations mean. Further, there is skepticism about how the city will complete and implement the nearly 50 remaining plans by 2040. The categories need to be more than names, and each should have a distinct planning approach.

We suggest that clearly differentiating the planning approach for different types of urban villages will help clarify how the plans will work and speed up the planning and approval process. Urban villages that are larger and located in key transit locations or in historically disinvested areas might require a full-blown community planning process like those that have been completed so far. For smaller-scale plan areas that don't have strong transit connections — for example, most of the neighborhood urban villages — a standardized, streamlined set of urban design standards and expectations for public realm improvements might be sufficient. (See Recommendation 27 for more detail.) For these locations, we suggest creating a distinct plan type called a “microvillage” that would have less rigorous requirements than an urban village. This would reduce the number of urban villages and could help cut back on confusion in the real estate industry about what the urban villages are intended to do.

Commercial Uses

RECOMMENDATION 5

Distinguish between a neighborhood's retail and office markets when planning for the location and quantity of each use. Consider adjusting each urban village's growth targets to reflect this market feasibility analysis.

Who is responsible: San Jose City Council, PBCE, OED

The urban villages currently target a certain amount of commercial growth, which could consist of offices or retail or other uses. While we appreciate the city's flexibility, for planning purposes we think it makes sense to separate policies and requirements for retail and office uses since each market has different dynamics and different fiscal impacts, and each interacts with housing differently. Office development may drive demand for housing nearby; retail development typically follows residents. Building on Recommendation 6 in *Room for More*, we recommend that the city study market demand and industry standards to inform how much commercial development of each type — retail, office, hotel, industrial, etc. — is best suited to happen where, both in plans and in signature projects.

For example, high target numbers for office square footage should be focused in a limited set of regional transit urban villages or, even more plausibly, shifted to downtown or North San Jose. Office development is not viable in all locations where the general plan would like to see commercial uses. As mentioned earlier, even the Berryessa BART station area is not yet market-ready for large-scale office development, and the Five Wounds BART station would require a major development to catalyze job growth to match the general plan's ambitions.¹⁷ The last four-year review of *Envision 2040* made some appropriate adjustments to the jobs distribution across urban villages, but there is further to go in this direction.

¹⁷ VTA, BART Phase II TOD Corridor Strategies and Access Planning Study: Opportunities & Constraints Report, May 16, 2019, p. 10.

Small-scale office space used by local services and nonprofit organizations is certainly needed in all kinds of neighborhoods. However, there are not many developers who focus on this product. The city should work closely with those developers to figure out where this type of development is most viable and how to scale up this work.

RECOMMENDATION 6

Ensure that land use designations and commercial requirements translate into commonly constructed building types.

Who is responsible: San Jose City Council, PBCE, OED

In some urban village mixed-use designations, the amount of commercial development required is based on maintaining a high ratio of jobs to housing and not on what building types are commonly built. For example, the zoning designation Mixed-Use Commercial requires more commercial square footage than is typically built in a mixed-use project, which in practice could create unusable (or unfinanceable) commercial space on the second floor. We raised this concern in Recommendation 4 of *Room for More*. See Appendix C for the commercial square footage requirements in the approved urban villages.

While the city does not require retail on the ground floor in urban villages, currently the real estate industry does not typically build mixed office and residential projects. Developers therefore think of the commercial requirement as a minimum retail requirement. SPUR appreciates San Jose's efforts to push the real estate industry to build what the city would like to see. Unfortunately, it has proven to be a challenge for one city to convince the industry to shift its practices. There are a few signs of willingness to try a new approach around Diridon Station and The Alameda, where the Diridon Station Area Plan requires a commercial floor area ratio of 0.5 (meaning commercial square footage must take up at least half of the site). In this area, a few developers are building a small amount of office or other commercial space on the second or third floor of a primarily residential building with ground-floor retail. But this may only be possible in the hottest of markets, where office demand is high and/or residential rents are projected to cover potentially vacant office space. In other locations, this could be the straw that breaks the camel's back, pushing a developer not to move forward with a development proposal.



Modera the Alameda is one project that has pioneered a small amount of commercial space on the second floor.

Source: Sergio Ruiz

Instead of floor area ratio requirements for commercial uses in mixed-use buildings, the city could create design guidelines similar to those for downtown. Or new guidelines could be modeled on the existing main street districts in the zoning code for the Alum Rock Urban Village. This section of the code has simple urban design requirements for the active commercial ground-floor space that is located at the street level.

RECOMMENDATION 7

Use performance-based zoning to allow some kinds of light industrial uses in ground-floor commercial space and other places where they are not currently allowed.

Who is responsible: San Jose City Council, PBCE, OED

While the city does not require retail on the ground floor of mixed-use developments, much of the commercial requirement for these buildings has been, and will continue to be, met through retail uses. However, the success of e-commerce has shifted the business model for how people purchase and sell goods. These trends are only growing, and cities need to think creatively about what types of uses can fill ground-floor spaces that will draw foot traffic and promote activity along main streets.

SPUR sees room for more flexibility to create additional industrial space in or near urban villages. While traditional zoning that separates industry and housing may make sense for industrial uses with the most significant environmental impacts (such as air quality, noise and smells), many lighter-impact industrial uses could be sited safely in ground-floor retail spaces in mixed-use buildings.

The city should examine how to better incorporate light and small-scale manufacturing into the zoning code for Main Street-type corridors. Light industrial use has proven to be a successful economic development tool for filling retail spaces. San Jose already has a model for this light industrial activity at Arts Mercantile in the Midtown neighborhood, where creative and maker businesses can both produce and distribute goods in one central spot. Mixing residential and light industrial uses in new construction is a new approach, but there are promising examples for densifying areas. Potrero 1010 in San Francisco includes 453 residential units above nearly 15,000 square feet of retail and 7,000 square feet of space zoned for production, distribution and repair, currently used by the California College of the Arts as studio space.



Potrero 1010 in San Francisco includes 7,000 square feet of production, distribution and repair space that serves as a buffer between the residential component of the project and neighboring industrial uses.

Source: David Baker Architects, photograph by Bruce Diamonte



When complete, 100 Hooper in San Francisco (currently under construction) will be a pioneering example of new office construction with production, design and repair space on the ground floor. This could be a model for future mixed-use development in San Jose, offering a way to incorporate light industrial uses into denser, more urban and more people-friendly settings.

Source: Pfau Long Architecture

This strategy could also allow San Jose to unlock additional land for manufacturing jobs, which is a critical component within the city’s overall economic development strategy. It could in turn free up room for some low-density industrial sites to allow housing in the most central, transit-oriented parts of San Jose, such as areas adjacent to Midtown, Martha Gardens and the outskirts of the Diridon Station area. While heavy-duty manufacturing uses are not best suited to the urban landscape, the city could consider using performance-based zoning, which would regulate uses based on noise, smell and environmental impact to determine whether or not a use is appropriate in a traditional commercial corridor.

RECOMMENDATION 8

Eliminate minimum parking requirements in urban villages.

Who is responsible: San Jose City Council, PBCE, DOT, Housing Department

SPUR called for eliminating requirements for parking spaces in new housing citywide in *Room for More* (Recommendation 7), and the city is currently exploring this idea with the support of the Bloomberg American Cities Climate Challenge. Market demand for parking is declining more rapidly than city code can keep up with, and the city should not be in a position of mandating more space for automobiles than is needed. If this change to the zoning code happens incrementally, urban villages should be the second priority after downtown. In urban villages, where dense, mixed-use development should be the norm, reforming the requirement for parking is particularly critical, as it affects the amount of ground-floor area available to commercial uses; sometimes parking requirements force some amount of commercial space to the second floor, an unusual configuration for the real estate industry.

Housing and Affordable Housing

RECOMMENDATION 9

Require minimum residential densities or building heights in urban villages. Remove density maximums and instead use form-based requirements to shape growth in urban villages.

Who is responsible: San Jose City Council, PBCE

The city should set up parameters for the efficient use of infill land in key parts of San Jose in order to ensure that sites near rapid and frequent regional transit are built to sufficient densities to help support transit ridership and commercial activity. This is aligned with Recommendations 4 and 18 in *Getting to Great Places*¹⁸ and Recommendation 8 in *Room for More*. Urban villages, along with downtown and key regional transit locations, are places that should be required to meet a baseline level of density to support human activity. In these locations, density maximums should be removed, and the scale of new development should instead be dictated by size and shape.

RECOMMENDATION 10

Create an affordable housing overlay for urban villages in high opportunity areas.

Who is responsible: San Jose City Council, PBCE, Housing Department

A zoning overlay is a special zoning district that is layered on top of existing baseline zoning to add area-specific or special requirements. This affordable housing overlay would allow more flexibility for affordable housing to be developed in areas with good schools and jobs, creating more chances for low- and moderate-income households to gain access to these opportunities, supporting economic and racial integration, and rectifying historical exclusionary zoning. This could mean allowing multifamily affordable housing within urban villages to be denser or taller than would be allowed for market-rate housing, or it could mean offering extra flexibility in allowing affordable housing on sites zoned for commercial uses within these neighborhoods.

More importantly, by allowing affordable residential uses on commercial sites in these urban villages, the overlay could help affordable housing projects access the benefits of SB 35, a state law passed in 2017 that streamlines the approvals process for certain infill housing projects.

RECOMMENDATION 11

Create incentives for mixed-income or moderate-income housing in urban villages.

Who is responsible: San Jose City Council, PBCE, Housing Department

To encourage 100% affordable housing projects for low-income households, San Jose offers qualifying projects a set of fee waivers, incentives and advantages. These projects are also allowed to move forward in urban villages regardless of the designated time horizon. However, there are no incentives or rewards for providing additional affordability beyond the city's requirement to supply a baseline level of affordable housing within market-rate projects. Nor is there any incentive to create housing reserved for moderate-income households. Establishing a local density bonus could incentivize additional affordability in market-rate development without public subsidy. A recently passed state assembly bill, AB 1485, will now require cities to offer the process streamlining benefits of SB 35 to projects providing a higher percentage of units that are affordable to moderate-income households. This is now a potential tool to incentivize moderate-income housing statewide. The city should study which additional incentives would actually have an impact on developer decision-making.

¹⁸ SPUR, *Getting to Great Places*, 2013, <https://www.spur.org/publications/spur-report/2013-12-12/getting-great-places>

Transparency/Clarity

RECOMMENDATION 12

Continue work to align zoning districts with their general plan land use designation, and give precedence to the general plan land use designation when there is a conflict. Eliminate the current “neighborhood pattern” policy.

Who is responsible: San Jose City Council, PBCE

In many situations, there may be a conflict between what the general plan land use designation allows and what the current zoning allows. There should be an effort to align the two to create certainty for developers considering new projects. For instance, there are many sites where the Envision 2040 designation is Urban Residential, but since there is no existing Urban Residential zoning, these sites are often zoned Medium-Density Residential. The Urban Residential general plan designation allows up to 120 feet of height and a floor area ratio of up to 12 (meaning the amount of allowable floor area is 12 times the size of the site). But the Medium-Density Residential zoning only allows a maximum building height of 45 feet. Typically, the planning department requires proposed developments to adhere to the existing neighborhood pattern of building heights and shapes. If they don't, these projects may require Planned Development District zoning (which means additional time and process) in order to exceed the zoning height, even though the taller height may be covered by the general plan land use designation. The city should also eliminate the neighborhood pattern policy, especially in urban village-adjacent areas designated Residential Neighborhood, and instead allow the general plan's land use designation parameters for height, density and setbacks to govern.

This work is already underway. SPUR applauds this effort and encourages the city to continue to align the signals it gives to the private sector about what uses and intensity of uses it envisions in which locations.

RECOMMENDATION 13

Create transparency around signature project requirements.

Who is responsible: PBCE

Envision 2040 created the “signature projects” designation to allow mixed-use projects that exceed typical urban village requirements (greater job density, greater residential density and other exceptional aspects of design) to move forward ahead of urban village plans. However, the density calculations and other criteria have not been made available to the public. Transparency around the threshold requirements for signature projects will help create certainty and a clear path for developers and partner agencies. For example, the city should explicitly share the calculation methodology used for the amount of required commercial square footage and minimum housing density for a project to qualify as a signature project.

RECOMMENDATION 14

Clearly communicate urban village requirements to the development community.

Who is responsible: PBCE, OED

In our interviews with developers, we identified a widespread misunderstanding that San Jose requires commercial development to occur in advance of residential development within an urban village plan. This is true for the phasing of signature project components, but not for urban villages as a whole.

The confusion may stem from language that was proposed (but ultimately not incorporated) in The Alameda Urban Village Plan (which was adopted in 2016). We repeatedly heard from developers that such a requirement existed and that it was a major barrier to working in urban villages. Clearing up this misunderstanding and others will help make the urban villages more attractive to development.

STRATEGY 2

Don't hold single-family zoning sacred, especially in areas near transit.

Whether ideological, pragmatic or both, it has been a long-held principle of city planners across the country not to change the zoning in neighborhoods that currently allow single-family homes only. The implicit agreement between cities and communities has been to keep single-family neighborhoods as is and allow apartments and condominiums in other locations. Today the conversation is changing, both locally and nationally. There is broader awareness of how governments at all levels have instituted and repeatedly doubled down on policies of racial segregation, not least through single-family zoning. State Senator Scott Wiener's pending zoning bill, SB 50, and its predecessor, SB 827, have received statewide and national attention for pushing to allow higher densities in single-family neighborhoods in addition to areas near transit. Minneapolis was recently the first major city to abolish single-family zoning, allowing at least duplexes and triplexes to be built on any site that allows residential use. Oregon followed, and Seattle, Vancouver and others are looking at making similar changes. In California, recently passed AB 68 will create a path toward greater density in single-family neighborhoods by allowing multiple accessory dwelling units on single-family and multifamily sites.

In the Bay Area, where the housing shortage is acute, this rethinking seems particularly appropriate. Ninety-four percent of San Jose's land that allows residential uses is currently zoned for detached single-family homes only.¹⁹ San Jose can be a leader on this issue in California, as it has been on other planning issues, such as adopting an infill-focused general plan. While the longer-term goal may be to eliminate single-family zoning across the city, areas in and around San Jose's urban villages would be appropriate locations to pilot this transition.

SPUR supports SB 50, which as currently drafted would require cities to allow up to four units on nearly all residential sites in California, including neighborhoods currently zoned for single-family homes only. At the time of this publication, SB 50 was awaiting a hearing in January 2020. If SB 50 passes as currently drafted, much of Strategy 2 would become moot, but if it does not pass, here are some ideas for consideration in San Jose.

RECOMMENDATION 15

Create an overlay zone in and around urban villages and other growth areas within a 10-minute walk of transit. Areas currently zoned single-family (residential neighborhoods) in transit-rich areas should allow for "missing middle" housing (duplexes, triplexes, fourplexes).

Who is responsible: San Jose City Council, PBCE

If SB 50 does not pass, this recommendation would be a first step toward creating more opportunities for "missing middle" housing. Coined by Opticos Design, the term refers to smaller-scale multifamily units, from duplexes to small apartment buildings — a scale of development that is sorely needed by middle-income people but rarely gets built today. SPUR proposes creating a transit-adjacent overlay or "urban village influence zone" that would border some urban villages. Within this zoning designation, single-family neighborhoods today could evolve parcel-by-parcel over time to include more housing and help bridge the transition from higher-density mixed-use commercial corridors to the most suburban residential streets. The 2018 AARP Livable Communities Charrette report San Jose Reimagines Urban Villages & Main Streets nicely illustrates some examples of this type of opportunity in the North 13th Street business district.²⁰

¹⁹ Emily Badger and Quoc Trung Bui, "Cities Start to Question an American Ideal: House With a Yard on Every Lot," New York Times, June 18, 2019, <https://www.nytimes.com/interactive/2019/06/18/upshot/cities-across-america-question-single-family-zoning.html>

²⁰ AARP, San Jose Reimagines Urban Villages & Main Streets, Livable Communities Charrette report, 2018, <https://states.aarp.org/california/berryessabart>

Figure 8. “Missing Middle” Housing Types

Coined by Berkeley design firm Opticos Design, the term “missing middle” refers to housing types ranging from duplexes to small apartment buildings — a scale often affordable to middle-income families. Though these buildings were common in residential neighborhoods before World War II, more recent zoning laws have eschewed them in favor of single-family neighborhoods.



Source: Opticos Design

Alongside this zoning overlay, the city should create a set of form-based requirements and design guidelines, including building heights, minimum distances from the property line to the building, etc. These guidelines would help ensure a smooth transition for this change in order to prevent an anti-density backlash.

This recommendation would also help bring San Jose’s plans in line with the Priority Development Areas it nominated for Plan Bay Area.

RECOMMENDATION 16

Include entire city blocks in urban village plan areas, allowing for better transitions between single-family neighborhoods and denser mixed-use corridors.

Who is responsible: San Jose City Council, PBCE

Many of the challenges in getting urban village plans or specific development projects approved lie in their proximity to single-family homes. This recommendation, to rezone entire city blocks rather than simply the commercial strip one parcel deep, would enable transitions to occur across a street rather than just across a property line. It would have the benefit of reducing the negative impact that major setback or stepped building height requirements have on the potential square footage (and resulting financial feasibility) of urban village projects. (See Figure 3 for illustration of this challenge.) Having a street width between new development and existing single-family would help mitigate concerns about shadows and privacy. While exceptions for historic structures should be considered, the mere existence of a single-family home should not be a sufficient reason to leave a parcel out of urban village rezoning efforts.

Figure 9. Urban Village Boundaries for the West San Carlos Urban Village Plan

Along West San Carlos Street, the West San Carlos Urban Village is typically only one parcel deep, leading to challenges with adjacent single-family neighbors.



Source: City of San Jose, West San Carlos Urban Village Plan

RECOMMENDATION 17

Create zoning to match small lot subdivisions with the Mixed-Use Neighborhood land use designation.

Who is responsible: San Jose City Council, PBCE

Small lot subdivisions are a model for creating slightly denser, smaller-scale homes within residential neighborhoods. This model would be particularly appropriate in the areas in and around urban villages. Los Angeles, Sacramento and San Diego are all places that have made it easier to get small lot subdivisions approved. Three to five units would be appropriate on lots of 5,445 to 8,000 square feet in and around urban villages. However, in San Jose's existing code, there is no zoning district that aligns with the Mixed-Use Neighborhood land use designation in the Envision 2040 general plan. Until the old and new designations are aligned, small lot subdivisions must be approved through a Planned Development District permit process, which is tedious for the scale of projects planned. This is another form of aligning land use designations, mentioned in Recommendation 12. We call it out here because it could better integrate urban villages with single-family neighborhoods and help provide the density needed to support businesses and transit in urban villages.

STRATEGY 3

Create implementable plans with rules and incentives that will result in great places in San Jose.

San Jose's urban village plans to date include the key elements that need to be studied and analyzed in the planning process. What is less fleshed out is the implementation of the plans and the feasibility of implementing them. In the end, a plan matters very little if it does not attract development that will help to make the vision happen. San Jose's urban villages currently struggle on the implementation side: Few developers have been able to propose projects that work, and the incentives to develop within urban villages very rarely outweigh some of the challenges.

Furthermore, building out the public infrastructure envisioned as part of these plans will not be easy, given the scale of investment needed. The financing tools available to the city are currently limited, and the feasibility of development is already challenged. The city runs the risk of missing out on important public improvements if it does not create a framework that makes these plans — and the subsequent projects — viable. We encourage the city to consider making process changes that will create certainty and predictable outcomes for the city, communities and developers and to consider targeted investments of its own to address some of the current challenges in urban village and mixed-use areas.

Permitting and Approvals Process

RECOMMENDATION 18

Rezone sites in urban villages once plans are complete.

Who is responsible: San Jose City Council, PBCE

As SPUR articulated in *Getting to Great Places* (Recommendation 2) and *Room for More* (Recommendation 2), once an urban village plan is completed, all the sites should be rezoned to match their land use designation in the Envision 2040 plan. This will help reduce uncertainty for the city, the property owners, prospective developers and the community about what can be built and what public benefits will be provided. SB 1333, a state law passed in 2018 that requires charter cities' zoning to match their general plans, has already prodded the city to make some progress on this front. We support this effort and encourage the city to move this forward quickly and efficiently in urban villages.

RECOMMENDATION 19

Do program-level environmental review for urban villages where needed.

Who is responsible: PBCE

The California Environmental Quality Act (CEQA) requires cities to study the environmental impacts of development and propose strategies to mitigate those impacts. This process can be lengthy and politically fraught, and it can inject significant uncertainty into the development approvals process. In a number of existing plan areas, San Jose has prepared robust CEQA documents that support streamlined review of future projects. Ensuring that environmental review of urban village plans provides sufficient detail could support more streamlined CEQA review processes for future individual projects within an urban village plan. As noted in *Room for More's* Recommendation 13, completing some level of environmental review in advance could help make urban villages more attractive places for growth than they currently are. We acknowledge that environmental clearance takes time up front and could delay the completion of plans, but for major urban villages (or perhaps a few clustered urban villages), program-level environmental review would enable project sponsors to deliver projects more quickly and with more certainty once proposed.

Now that the city has changed the metrics it uses to review the transportation impacts for its CEQA analysis, environmental impact reports may not be needed as often as in the past. This recommendation would apply only in cases where other environmental impacts should be covered during environmental review at the plan level or where the scale of the urban village merits the up-front time investment.

Implementation/Financing

RECOMMENDATION 20

Include a clear financing and phasing plan in urban village plans, as well as a rough estimated budget for public amenities.

Who is responsible: San Jose City Council, PBCE, OED

The urban village plans lay out a vision for transforming and improving a neighborhood. They should also lay out a path to get there. SPUR has suggested that each plan have a specific, prioritized list of desired improvements that is vetted by the city and community during the plan process. SPUR compared San Jose's urban village plans and implementation plans to similar plans in several other cities (including Los Angeles, San Diego, Oakland and San Francisco) and found that San Jose's implementation plans lacked specificity. We are pleased to see that the most recent plans now include a set of implementation priorities. However, we think this list should also include rough estimated costs of the amenities that might

be required as conditions of approval and should outline tasks, responsibilities and the time frame for completing each action. These specifics will help to ensure certainty and accountability for the city, the community and developers.

Figure 10. Oakland’s Broadway Valdez Specific Plan

In the implementation chapter of Oakland’s Broadway Valdez District Specific Plan, Table 8.1 outlines the overall priorities and estimated costs to complete the public realm improvements called for in the plan. Table 8.2 shows some of the details related to the specific improvements.

TABLE 8.1: PUBLIC REALM IMPROVEMENT PRIORITIZATION

PRIORITY	ESTIMATED COSTS* (2012 \$)
Priority 1: Initial Retail Catalysts in Valdez Triangle	
Option A	\$4,654,350
or	
Option B	\$6,840,201
	\$11,494,551
Priority 2: Other Improvements for Retail District in Valdez Triangle	
	\$9,268,000
Priority 3: Improvements Along Broadway and Webster in North End	
	\$2,689,300
Priority 4: Other Improvements in North End	
	\$3,429,305
GRAND TOTAL IMPROVEMENTS <i>(Community Design and Circulation Policies)</i>	\$26,881,156
* Costs are order-of-magnitude, planning level estimates, developed in late 2012. Costs do not include utility upgrading and undergrounding or sewer capacity expansion costs to be recovered through City of Oakland sewer fees. Table 8.6 provides additional information regarding potential funding mechanisms for identified costs.	
Source: BVDSP Consultant Team; City of Oakland	

TABLE 8.2: PUBLIC REALM CATALYST IMPROVEMENTS IN THE VALDEZ TRIANGLE. PROPOSED PRIORITY 1: INITIAL CATALYSTS

	ESTIMATED COSTS* (2012 \$)
Option A: Public Realm Improvements, 24th, Harrison, 23rd, and Webster	
1. 27th Street / 24th Street / Bay Place / Harrison Street Intersection Improvements:	
a. Reconfigure Intersection	\$750,000
b. Plaza Improvements at 24th and Harrison	\$967,800
2. 24th Street Improvements:	
a. Streetscape Improvements	\$309,400
b. Traffic Calming, sidewalks, and pedestrian safety elements	\$523,600
c. Signal/ Crosswalk at Broadway	\$371,000
3. 23rd Street Improvements:	
a. New Signal/ Crosswalk at Harrison Street and 23rd Street	\$378,000
b. Crosswalk at Broadway/ 23rd Street	\$371,000
4. Street Closures:	
a. Waverly Street Closure Improvements and Utility Undergrounding	\$983,600
TOTAL	\$4,654,350
Option B: Public Realm Improvements: Broadway (south) and 27th Street	
1. 27th Street Improvements:	
a. Remove channelized right turns at eastbound 27th Street to Valdez Street, Northbound Valdez to 27th Street, Westbound 27th Street to Broadway	\$1,599,500
b. Streetscape improvements	\$708,900
c. Traffic calming, sidewalks and pedestrian safety elements	\$626,000
2. Broadway Improvements:	
a. Remove channelized right-turn lanes on east approach of the Broadway/ Webster Street/25th Street intersection	\$415,800
b. Traffic calming, sidewalks and pedestrian safety elements	\$1,919,283
c. Streetscape improvements from 24th Street to I-580	\$1,542,718
d. Transit Shelters (\$10,000 per stop @ 2 per Figure 6.3)	\$28,000
TOTAL	\$6,840,201
TOTAL PRIORITY 1 IMPROVEMENTS	\$11,494,551
* Costs are order-of-magnitude, planning level estimates, developed in late 2012. Costs do not include utility upgrading and undergrounding or sewer capacity expansion costs to be recovered through City of Oakland sewer fees. Table 8.6 provides additional information regarding potential funding mechanisms for identified costs.	
Source: BVDSP Consultant Team; City of Oakland	

Source: City of Oakland, Broadway Valdez District Specific Plan, June 2014, <https://cao-94612.s3.amazonaws.com/documents/oak048577.pdf>

SPUR believes it’s important that new development provides neighborhood improvements that flow directly from the urban village plan, rather than simply letting the developer choose amenities that are easy to implement. The implementation plan should make it clear what the priorities and sequencing ought to be as new development proposals are brought to the table.

RECOMMENDATION 21

Set fees, infrastructure requirements and community amenity requirements based on financial feasibility, either as part of a plan’s adoption process or through a citywide study. Do not negotiate one-off agreements with each developer as a condition of rezoning.

Who is responsible: San Jose City Council, PBCE, OED

San Jose’s current Urban Village Implementation and Amenity Framework, which contains the city’s requirements and plan for funding new amenities and infrastructure in the urban villages, relies on the city’s power to withhold rezoning unless the developer provides the desired amenities.²¹ As mentioned in *Room for More* (Recommendation 3), SPUR believes that the city should instead rezone properties at the time of plan adoption and put infrastructure/amenity requirements or fees in place at that time. This will help create certainty for the city, the community and the prospective developers.

²¹ California AB 3194, passed in 2018, allows housing projects that comply with a city’s general plan to proceed without a rezoning. At the time of publication, elected officials and city staff were debating whether the bill would call the legality of the Urban Village Implementation and Amenity Framework into question. If this is determined to be the case, this recommendation will be especially critical.

In California, most new development fees require a nexus study to show there is a legal connection between the development, its impacts and the fee to address those impacts. Since new urban villages will have a wide range of needs (parks and open space, transportation improvements and street infrastructure, affordable housing, public art, placemaking and more), an urban village nexus study would certainly be complicated. However, San Jose can look to nearby cities (including East Palo Alto, Oakland and San Francisco) that have created impact fees and completed associated nexus studies that address multiple impacts and uses. This approach may be all the more needed given recent state legislation. (See footnote 20.)

Financial feasibility is also critical, especially at a time when high construction costs are already causing developers to postpone projects. Fees on new development can support important public benefits such as affordable housing, parks, redesigned and landscaped streets and better transportation options. If fees are set too low, cities get less money for important public improvements. But if fees are set too high and development is rendered infeasible, then no public benefits are generated. Prior to setting new fees, the city should conduct a financial feasibility analysis that includes looking at existing impact fees.

It's important to recognize that urban villages are located in different markets, and development feasibility varies across the city. One option would be for the city to create two or three zones with different fees based on financial feasibility, similar to how impact fees are assessed in Oakland.

In the past, San Jose has hesitated to levy impact fees on commercial development out of concern that these fees might make office space too expensive and compel employers to locate elsewhere. SPUR believes that financial feasibility analyses should study the abilities of both residential and commercial uses to pay impact fees. The fees for residential and commercial uses may differ based on the results of the feasibility analyses.

RECOMMENDATION 22

Consider using public improvement or community development financing to help finance and implement the urban village plans.

Who is responsible: San Jose City Council, PBCE, OED

The current primary financing tool for the public improvements called for in urban village plans is the private sector, through the Urban Village Implementation and Amenities Framework. Developers of residential and mixed-use residential projects must provide benefits (either in-kind or funding) in the amount of approximately 2% of the total project value.

The city has not yet pursued other financing tools, but it has considered community facilities districts and enhanced infrastructure financing districts. These require property owners within a designated district to pay for certain capital improvements or operating costs, such as neighborhood identity signage or additional street cleaning. Property owners vote to create these districts and then pay a certain amount annually on their property tax bill toward improvements or operations in their district. Most of the urban villages are too small in scale to generate a meaningful sum of money for public improvements; SPUR agrees that so far it has not seemed worth the effort to create and manage a community facilities district. However, given the lack of other tools currently available, we suggest that the city continue to consider financing districts in the future. Combining some urban villages into larger planning units might enable the city to generate enough revenue to fund public improvements. Including commercial properties instead of exempting them (as originally proposed) would also increase the potential impact of these districts.

RECOMMENDATION 23

Create an equity fund for public realm improvements in designated urban villages that are unlikely to see private investment for the foreseeable future.

Who is responsible: San Jose City Council

We suggest using general fund dollars to target investments toward urban villages located in historically underinvested neighborhoods. These urban villages are less likely than others to attract private development (and consequent public benefits) in the near term. Such a fund would partially address the inherent inequity of relying on private development to provide funding for the build-out of new infrastructure and public benefits.

One model to investigate is Memphis's new Community Catalyst Fund, proposed in early 2019. Memphis plans to dedicate \$2 million of general fund money per year toward key infrastructure improvements in neighborhoods rather than in downtown or midtown, where investments have traditionally been focused. San Jose might similarly reorient some amount of infrastructure investment to urban villages where development is unlikely to provide community amenities for some time.

In 2018, Baltimore established an Equity Assistance Fund to reduce inequity based on race, gender or economic status. The original proposal was to dedicate \$15 million annually from the general fund, but the specific dedicated dollar amount was removed from the ballot measure. Baltimore's fund is meant to address inequities like those uncovered by an analysis of the city's recent capital projects, which showed that white neighborhoods received twice as much investment as black neighborhoods. San Jose could also look at how to even the playing field and ensure that some public investment goes to urban villages in neighborhoods with lower incomes and/or higher numbers of people of color.

RECOMMENDATION 24

Create a revolving loan fund to assist with ground-floor retail tenant improvements in mixed-use residential developments in urban villages and downtown. Prioritize affordable housing projects for financial assistance.

Who is responsible: San Jose City Council, OED

A key element in creating walkable neighborhoods is to include ground-floor retail space in areas where pedestrian-oriented retail is — or will soon be — financially viable. But it can be challenging for primarily residential developments to finance the initial build-out of ground-floor commercial spaces, especially when retail tenants are small local businesses or nonprofits that don't have large amounts of capital available. Often, this results in raw unfinished spaces sitting vacant for long periods of time.



Located a few blocks south of SoFA in downtown San Jose, the Pierce's ground-floor retail space is still vacant two years after opening its doors.
Source: Sergio Ruiz

The city should create a revolving loan fund for building out targeted ground-floor spaces in developments in urban villages or downtown. Initially, this could be funded by a general fund allocation and sustained over time by repayments made by borrowers.

Because of limitations stemming from their highly regulated financing, affordable housing developments have particular trouble filling their retail spaces and should be prioritized for assistance, especially if grants or low-interest capital can be obtained. The nonprofit SV@Home would have been an ideal ground-floor tenant at Donner Lofts, an affordable housing development by MidPen Housing, another nonprofit. However, neither group had the capital resources to fund the tenant improvements needed to build out the space.

RECOMMENDATION 25

Provide technical or financial assistance to small businesses that are located on sites that are likely to be redeveloped and to small businesses that are desirable tenants for new retail in urban villages.

Who is responsible: San Jose City Council, PBCE, OED

Expanding on San Jose's Downtown and Citywide Retail Strategies, the city should provide technical assistance, minor subsidy and permit streamlining to small businesses in order to avoid small business displacement in urban villages. SJ Made and the Downtown Association are two organizations already working with downtown businesses that need technical assistance with approvals or permitting; this model should be expanded to urban villages to avoid causing harm and in fact to improve the overall small business and retail environment in San Jose.

Urban Design and Public Space

RECOMMENDATION 26

Create and enforce a two-tier system for urban design, providing both minimum standards and aspirational guidelines.

Who is responsible: PBCE

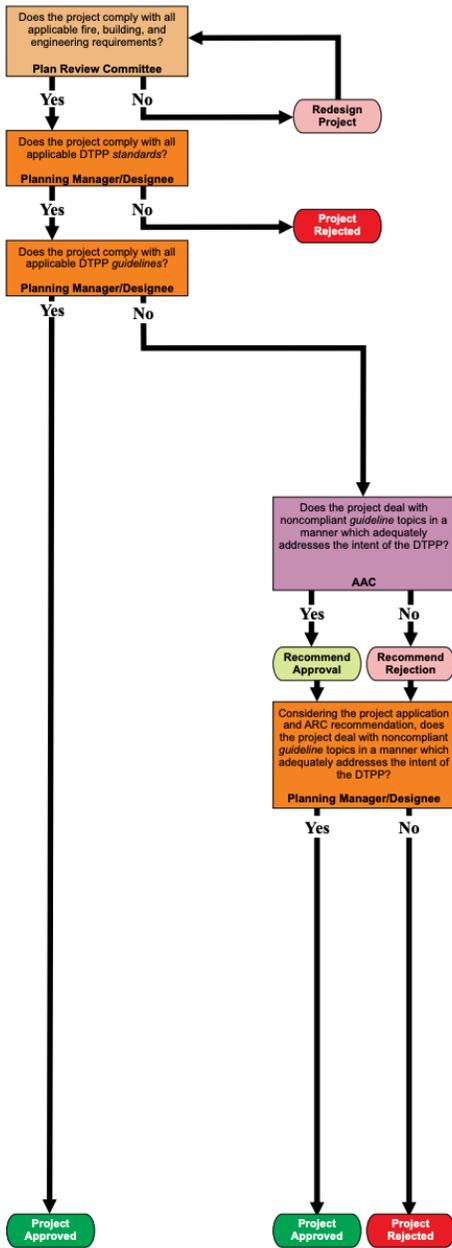
Buildings and spaces that are oriented around people — and designed at the scale of the human body rather than the scale of the automobile — don't emerge automatically from new development. In order for projects to have the greatest positive impact, cities must set ground rules for urban design through the municipal code and establish standards in neighborhood plans. SPUR's report *Getting to Great Places* lays out some of these principles for good urban design: ground-floor spaces that open to the street, limited vehicle paths across sidewalks, design elements that are oriented to a person who is walking rather than flying past in a car. However, urban design is not a science, so rules that are too rigid limit creativity and are ultimately impractical, given site-specific considerations and all the challenges of designing a building. Unfortunately, when there are only design guidelines in place, they can be easily ignored because they are not binding. Therefore, we suggest using a two-tiered approach of minimum enforceable standards and more aspirational (and optional) guidelines, paired with incentives. Having both minimum design requirements and aspirational guidelines sets a baseline and also signals what the city would ideally like to see.

The standards that apply to every project should be a small set of minimum expectations in order to leave room to deal with site-specific and project-specific constraints. Exceptions may be warranted when a site is unusually shaped or very small or when uses like museums, auditoriums or other major institutions offer an exceptional cultural or signature placemaking opportunity for the city. However, when an exception is made, the city and developer should work together to find an alternative that meets the intent of the standard.

Redwood City's downtown is one place where this structure has worked well, with its Precise Plan laying out clearly what is expected and what is hoped for from project designs. Further, Redwood City provides an appealing incentive to developers who adhere to the aspirational guidelines: It streamlines the approvals process for projects that meet a certain set of guideline benchmarks.

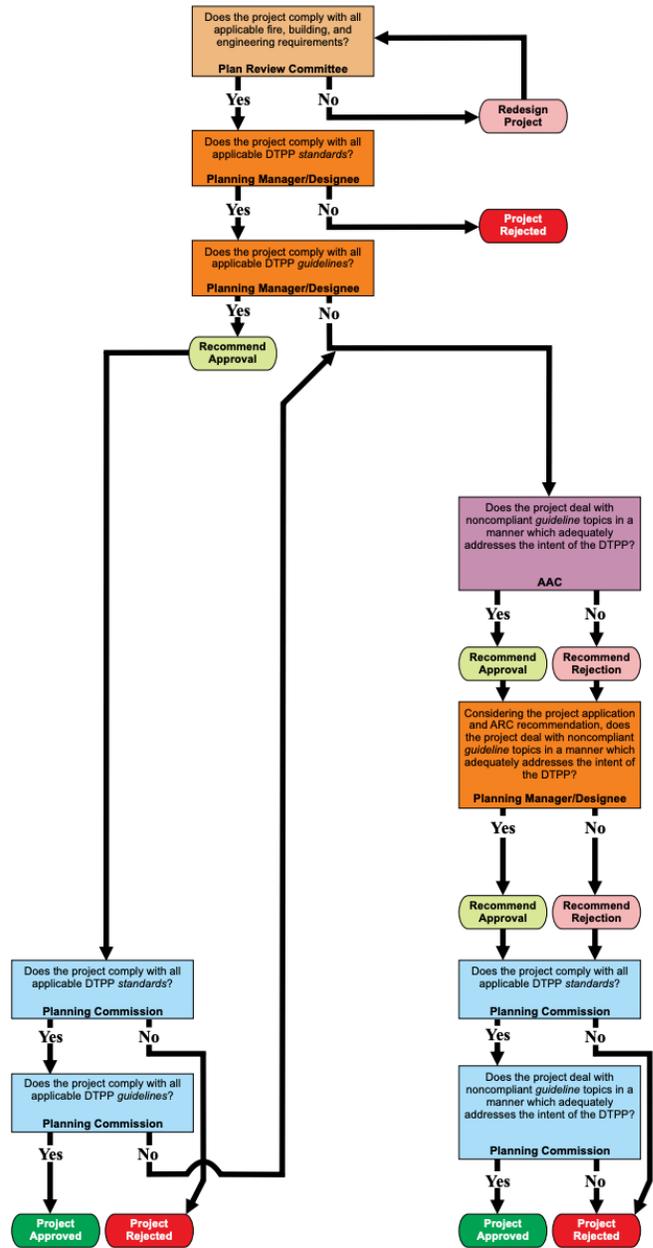
Figure 11. Project Review Process in Redwood City's Downtown Precise Plan

Proposed projects in Redwood City's downtown must comply with the Downtown Precise Plan's standards, and projects that comply with the plan's guidelines receive clear preferential treatment in the review process.



SMALL PROJECT REVIEW PROCESS

Source: Redwood City, Downtown Precise Plan



LARGE PROJECT REVIEW PROCESS

RECOMMENDATION 27

Instead of adopting unique design standards and guidelines for each urban village, adopt a streamlined set of minimum standards that apply to every urban village.

Who is responsible: PBCE

We recommend applying the same basic set of walkability standards for all urban villages citywide (like orienting buildings to the street and open spaces, or placing parking below or behind buildings), with room for communities to add more distinguishing design guidelines that are appropriate for their neighborhoods (such as building and landscape details, or the exact scale of streets and circulation). Given that there are more than 60 urban villages that vary in size and character, it might be worthwhile to create three to six urban village zoning districts. For example, there may be one district for local transit urban villages, and another for more auto-oriented neighborhood urban villages located on the outskirts of the city. Distinctions between types would be made by looking at existing street widths and scales, existing building context, transit access, etc. This would save planning department staff members time and effort and create more certainty that the city will get the type of walkable neighborhoods it hopes to create. The city could easily build on or source from existing design guidelines or ones that it is currently developing with its consultants.

STRATEGY 4

Implement an equitable and inclusive planning process.

Historically, white, higher-income homeowners with more time and resources have been overrepresented in the land use and planning dialogue in cities across the country. The city should work to overcome these historical patterns by meeting people where they are, sometimes literally, and asking people how they want to be engaged. In addition to reaching out to current residents who are less likely to participate in the community planning process, the city should also weigh the views and needs of those who are not yet San Jose residents or workers.

RECOMMENDATION 28

Create “Urban Planning 101” training and education for community members and community leaders and “Urban Planning 201” training for new planning commissioners and other civic volunteers.

Who is responsible: PBCE, SPUR, Urban Land Institute

Incorporate training and education into every urban village planning process and do it in advance of the actual planning process, ideally on an ongoing basis and in partnership with existing grassroots organizations. Most people have never learned about city planning, land use or real estate development in their formal education, and an urban village planning process may be the first time they are explicitly encountering these technical topics. In order for residents to fully engage in the urban village planning process, they will need the vocabulary and some additional tools to better comprehend the dynamics of planning and development. Critical topics to cover could include land use planning basics, urban design terminology, how development works, value capture, and the city’s review and approvals process. The city can build upon the “tri-village” planning process for Valley Fair/Santana Row, Stevens Creek Boulevard and Winchester Boulevard, which incorporated some of these educational elements.

The city could partner with organizations like SPUR or the Urban Land Institute to co-convene and create content, but it is essential for the city to be seen as the host for relationship- and trust-building purposes.

RECOMMENDATION 29

Incorporate best practices for inclusive engagement and meetings. Use technology and creative ideas to engage the public, and build on the efforts used for the East Santa Clara Street Urban Village planning process.

Who is responsible: PBCE, CommUniverCity

At a baseline level, the city should offer or arrange for language interpretation, food, childcare and other resources for families at all community meetings. The city should consider holding meetings or open houses at different times of day and in different locations in order to capture different groups of people. Providing information in different formats could address residents' varying comfort levels with community meetings. It is also increasingly a best practice to meet residents where they are by going to existing groups' meetings, events and festivals in order to engage people who might not otherwise seek out city planning forums. The city should also invest in staff training on communications and community engagement, including best practices for how to explain planning in a layperson's terms, how to interact with a diverse set of community members and how to make people feel welcome and heard.

In partnership with CommUniverCity, the East Santa Clara Urban Village process piloted several innovative partnerships and community engagement ideas: working with San Jose State University students and local artists, creating a physical kiosk for sharing information and collecting feedback, and developing an online tool to gather input from people who could not come to meetings in person. The city should build on these creative efforts and integrate some of these practices into future urban village planning processes. The city should continue to use CommUniverCity as a resource to cross-train both students and planners in the practice of planning and community engagement.



During the East Santa Clara Urban Village planning process, CommUniverCity partnered with local artists on postcards and a movable kiosk where residents could submit their ideas.

Source: CommUniverCity

There are several other local examples of innovative and fun community engagement activities, largely piloted by the private sector to date but potentially implementable by the public sector. San Francisco's NOW Hunters Point event series activated the former Hunters Point Power Plant site with fun activities like circus events and a StoryCorps listening station to engage the community and inform future development plans for the site. The master planning process for the redevelopment of San Francisco's Pier 70 included hundreds of meetings and events, such as tours of the historic site and an urban open-air market that brought thousands of people to the site and increased their knowledge of and engagement with plans for redevelopment. Lastly, under California's now-defunct redevelopment agency program, the city had sufficient resources to staff the Strong Neighborhoods Initiative (SNI), which built ongoing relationships between the city and community and allowed for the seeds of the early urban village plans (Five Wounds, 24th & William, Little Portugal, Roosevelt Park) to flourish. This model is one to revisit should resources become available.

RECOMMENDATION 30

Ensure that VTA, adjacent cities and other key institutions are at the table for the entirety of the planning process.

Who is responsible: PBCE, County of Santa Clara, neighbor cities, VTA

The urban villages are located at key sites throughout San Jose, sometimes abutting neighboring cities and sometimes including property owned by public agencies like VTA and the County of Santa Clara or institutions like San Jose State University or Santa Clara University. In order to plan for the needs of the community, the city should collaborate closely with these agencies and institutions as partners as long as they are willing. San Jose has invited these partners to participate in relevant urban village planning processes, but the collaborations could be more robust. While politics or tensions between agencies may be at play, government and institutional bodies have a responsibility to the public to overcome those challenges and collaborate for a better outcome.

RECOMMENDATION 31

Stay engaged with the community after an urban village plan is approved.

Who is responsible: PBCE in consultation with developers

While the initial planning process may be the most critical time period for gathering community input, changes happen, issues arise and new proposals come forward over the life of community plans. The city should consider institutionalizing a community advisory group or at least designating a staff person who has a relationship with the community to maintain an ongoing line of communication. San Jose's former Strong Neighborhoods Initiative serves as a great model for this type of long-term, continued engagement with communities.

STRATEGY 5

Grow San Jose's long-range planning capacity to meet the city's ambitions and needs.

San Jose has great ambitions and needs. It also has structural budget issues that place some limits on its ability to fund all the planning and services it would like to provide. San Jose's planning functions are essential both in times of economic strength and during economic downturns. SPUR recommends that the city make greater investments in these functions, primarily by hiring additional staff, to ensure that good planning is a priority at all times.

RECOMMENDATION 32

Commit to increasing general fund dollars for long-range planning to hire more planning staff.

Who is responsible: San Jose City Council

SPUR called for the city to hire more planning staff in *Room for More* (Recommendation 15). We are pleased to see increases in staffing on citywide land use planning from 19 full-time employees in the 2017-18 fiscal year to more than 33 full-time employees in the 2018-19 fiscal year and more than 35 full-time employees proposed for the 2019-20 fiscal year.

However, this staffing growth did not come from an increase in the general fund allocation, but from a rise in revenue from development fees, a volatile source of funding that grows and shrinks annually based on development activity. While the cost recovery model works reasonably well for development services for current planning proposals, it is not a sufficient source of investment for long-range planning, which is critical during economic downturns as well as during strong markets. More general fund dollars should be allocated to the planning department to allow for better planning and greater resilience for the long term.

RECOMMENDATION 33

Provide ways for other public agencies and developers to financially sponsor long-range planning efforts, staff development or community outreach.

Who is responsible: San Jose City Council in consultation with Santa Clara County, VTA and developers

One way to expand city planning capacity is to tap other agencies, institutions or private organizations that want to support planning in urban villages or other growth areas. VTA is one agency that would be interested in helping to fund the planning of urban villages centered on its station areas. Private developers are another possible source of support. To avoid a pay-to-play dynamic — or even the appearance of one — developers could contribute to a fund that would collectively pay for long-range planning efforts or for education opportunities for planners.

In San Francisco, an organization called Friends of City Planning raises anonymous donations from the development community to provide grants to the planning department for staff development, community outreach and technological improvements that the city's general fund cannot or will not fund. The amount raised is not sufficient to fund actual planning efforts. In San Jose, this approach could be a way to enable some of the planning education and engagement efforts suggested in this paper.

How the Region and State Can Remove Barriers to Urban Village Planning

SPUR believes that the state and the region have a role to play to ensure that cities have the right tools and incentives to plan effectively for the broader community. Some of the barriers to urban village planning have resulted from the 1978 passage of Proposition 13, which limited the residential and commercial property tax rates and dramatically reduced the property tax revenue available to California cities. This put pressure on cities to seek local land use solutions to their revenue challenges, such as prioritizing commercial development over housing. These concerns have exacerbated a “tragedy of the commons” in which individual cities are disincentivized to take steps to address the regional housing shortage. Addressing this dynamic at the regional or state level would release some of the pressure on urban village plans to include strict requirements for commercial square footage.

SPUR supports taking these steps:

- **Reform Prop. 13 to give cities greater ability to fund infrastructure.** There have long been proposals to create a “split roll” for Prop. 13, where commercial property taxes would no longer be protected from increases in the same way as residential property taxes. This would provide increased property tax revenue for local jurisdictions and the state while avoiding the political challenge of increasing property taxes for current homeowners.
- **Adjust the existing split roll proposal to avoid exacerbating the current bias toward commercial property.** There are multiple approaches to crafting the split roll change described above. One such proposal could be on the ballot in 2020. Unfortunately, that proposal could create an additional fiscal disincentive for housing development (as taxes from commercial development would continue to grow over time). A fix to this could be that the increased property taxes initially flow to state and regional bodies, not individual cities, and are redistributed to cities based on population or housing growth.
- **Implement regional tax-sharing.** Pool and distribute existing and new tax revenues among cities based on their housing and population growth and their alignment with the region’s Sustainable Communities Strategy. In addition to property taxes, local sales and hotel taxes could be pooled regionally. To avoid taking any existing tax revenue from cities, the state or region could apply this rule just to new tax revenue growth above a baseline. The new revenue growth could be pooled regionally and then redistributed using some objective criteria such as overall population growth.
- **Create incentives and enforcement for all cities to build their fair share of housing.** One such example: State or regional funding for roads could be made contingent upon a city meeting a specific target for the amount of new housing it builds.

Conclusion

SPUR is excited to see San Jose’s urban villages flourish. We know it’s not going to be easy to transform the city’s predominantly suburban landscape into more urban places. But with some key changes to the framework, urban villages will be able to attract quality development that will meet many of San Jose’s interests and direct both private and public investment to meet the needs of the community.

Urban villages can be appealing and environmentally sustainable places that attract social and commercial activity and help accommodate the housing that the region desperately needs. They can serve as models to urbanize the region while maintaining and enhancing quality of life for Bay Area residents. We look forward to partnering with the city to help implement some of these changes.

Plan of Action

Recommendations

Priority Ease to Implement City Council PBCE OED DOT Housing Other Partners

STRATEGY 1: Use good planning principles to steer housing and job growth to the right locations.

Urban Village Growth: Where and When?

Recommendation 1. Eliminate plan horizons. Instead, continue to prioritize urban village planning by transit access, market demand analysis, vehicle miles traveled and equity considerations.	1	easier	✓	✓	✓	✓	✓	VTA
Recommendation 2. Designate new urban villages in two types of places: 1.) areas around existing light rail stations not already included in urban villages and 2.) opportunity zones not already included within San Jose’s growth areas.	2	medium	✓	✓	✓	✓		VTA
Recommendation 3. Expand existing urban village boundaries to match the Priority Development Areas (PDAs) designated in Plan Bay Area.	2	medium	✓	✓				MTC/ABAG
Recommendation 4. Use distinct planning approaches for different kinds of urban village plans based on their scale, sensitivity and location. Reduce the number of urban villages with a full-scale community planning process, and create a new category of smaller-scale “microvillages” with a standardized set of requirements for development.	1	medium	✓	✓				

Commercial Uses

Recommendation 5. Distinguish between a neighborhood’s retail and office markets when planning for the location and quantity of each use. Consider adjusting each urban village’s growth targets to reflect this market feasibility analysis.	1	medium	✓	✓	✓			
Recommendation 6. Ensure that land use designations and commercial requirements translate into commonly constructed building types.	1	medium	✓	✓	✓			
Recommendation 7. Use performance-based zoning to allow some kinds of light industrial uses in ground-floor commercial space and other places where they are not currently allowed.	3	easier	✓	✓	✓			
Recommendation 8. Eliminate minimum parking requirements in urban villages.	2	medium	✓	✓		✓	✓	

Housing and Affordable Housing

Recommendation 9. Require minimum residential densities or building heights in urban villages. Remove density maximums and instead use form-based requirements to shape growth in urban villages.	1	easier	✓	✓				
Recommendation 10. Create an affordable housing overlay for urban villages in high opportunity areas.	1	medium	✓	✓			✓	

Recommendation 11. Create incentives for mixed-income or moderate-income housing in urban villages.	2	harder	✓	✓			✓	
--	---	--------	---	---	--	--	---	--

Transparency/Clarity

Recommendation 12. Continue work to align zoning districts with their general plan land use designation, and give precedence to the general plan land use designation when there is a conflict. Eliminate the current “neighborhood pattern” policy.	1	medium	✓	✓				
Recommendation 13. Create transparency around signature project requirements.	1	easier		✓				
Recommendation 14. Clearly communicate urban village requirements to the development community.	1	easier		✓	✓			

STRATEGY 2: Don’t hold single-family zoning sacred, especially in areas near transit.

Recommendation 15 . Create an overlay zone in and around urban villages and other growth areas within a 10-minute walk of transit. Areas currently zoned single-family (residential neighborhoods) in transit-rich areas should allow for “missing middle” housing (duplexes, triplexes, fourplexes).	1	harder	✓	✓				
Recommendation 16. Include entire city blocks in urban village plan areas, allowing for better transitions between single-family neighborhoods and denser mixed-use corridors.	2	harder	✓	✓				
Recommendation 17. Create zoning to match small lot subdivisions with the Mixed-Use Neighborhood land use designation.	3	medium	✓	✓				

STRATEGY 3: Create implementable plans with rules and incentives that will result in great places in San Jose.

Permitting and Approvals Process

Recommendation 18. Rezone sites in urban villages once plans are complete.	1	medium	✓	✓				
Recommendation 19. Do program-level environmental review for urban villages where needed.	1	medium		✓				

Implementation/Financing

Recommendation 20. Include a clear financing and phasing plan in urban village plans, as well as a rough estimated budget for public amenities.	1	medium	✓	✓	✓			
Recommendation 21. Set fees, infrastructure requirements and community amenity requirements based on financial feasibility, either as part of a plan’s adoption process or through a citywide study. Do not negotiate one-off agreements with each developer as a condition of rezoning.	1	medium	✓	✓	✓			
Recommendation 22. Consider using public improvement or community development financing to help finance and implement the urban village plans.	2	harder	✓	✓	✓			
Recommendation 23. Create an equity fund for public realm improvements in designated urban villages that are unlikely to see private investment for the foreseeable future.	2	medium	✓					

Recommendation 24. Create a revolving loan fund to assist with ground-floor retail tenant improvements in mixed-use residential developments in urban villages and downtown. Prioritize affordable housing projects for financial assistance.	3	medium	✓		✓			
Recommendation 25. Provide technical or financial assistance to small businesses that are located on sites that are likely to be redeveloped and to small businesses that are desirable tenants for new retail in urban villages.	2	medium	✓	✓	✓			
Urban Design and Public Space								
Recommendation 26. Create and enforce a two-tier system for urban design, providing both minimum standards and aspirational guidelines.	2	medium		✓				
Recommendation 27. Instead of adopting unique design standards and guidelines for each urban village, adopt a streamlined set of minimum standards that apply to every urban village.	2	medium		✓				

STRATEGY 4: Implement an equitable and inclusive planning process.

Recommendation 28. Create “Urban Planning 101” training and education for community members and community leaders and “Urban Planning 201” training for new planning commissioners and other civic volunteers.	1	easier		✓				ULI, SPUR
Recommendation 29. Incorporate best practices for inclusive engagement and meetings. Use technology and creative ideas to engage the public, and build on the efforts used for the East Santa Clara Street Urban Village planning process.	1	easier		✓				CommUniverCity
Recommendation 30. Ensure that VTA, adjacent cities and other key institutions are at the table for the entirety of the planning process.	2	medium		✓				County of Santa Clara, other cities, VTA
Recommendation 31. Stay engaged with the community after an urban village plan is approved.	1	medium		✓				Developers

STRATEGY 5: Grow San Jose’s long-range planning capacity to meet the city’s ambitions and needs.

Recommendation 32. Commit to increasing general fund dollars for long-range planning to hire more planning staff.	1	medium	✓					
Recommendation 33. Provide ways for other public agencies and developers to financially sponsor long-range planning efforts, staff development or community outreach.	2	medium	✓					County of Santa Clara, VTA, developers

San Jose's Urban Villages

Urban Village	Village Type	Horizon	Status
The Alameda (East)	Regional Transit Urban Village	1	Adopted 12/16
Berryessa BART	Regional Transit Urban Village	1	In progress
Blossom Hill / Hitachi	Regional Transit Urban Village	1	Future
North 1st Street	Local Transit Urban Village (existing LRT)	1	In progress
Race Street Light Rail (Reed & Graham site)	Local Transit Urban Village (existing LRT)	1	Starting soon
Race Street Light Rail (west of Sunol)	Local Transit Urban Village (existing LRT)	1	Starting soon
Southwest Expressway	Local Transit Urban Village (existing LRT)	1	Starting soon
Arcadia / Eastridge	Local Transit Urban Village (existing LRT)	1	Future
Alum Rock Ave (NBD Area)	Local Transit Urban Village (planned BRT/LRT)	1	Pilot form-based code adopted in 2013
East Santa Clara Street (West of 17th Street)	Local Transit Urban Village (planned BRT/LRT)	1	Adopted 10/18
Little Portugal (aka Alum Rock Ave (Five Wounds Plan Area)	Local Transit Urban Village (planned BRT/LRT)	1	Adopted 11/13, amended 12/18*
Roosevelt Park (aka East Santa Clara Street (Five Wounds Plan Area)	Local Transit Urban Village (planned BRT/LRT)	1	Adopted 11/13, amended 12/18*
Stevens Creek Boulevard (East)	Local Transit Urban Village (planned BRT/LRT)	1	Adopted 8/17, moved from Horizon 3 to Horizon 1 in 12/18
West San Carlos	Local Transit Urban Village (planned BRT/LRT)	1	Adopted 5/18
Alum Rock Ave (East of 680)	Local Transit Urban Village (planned BRT/LRT)	1	Starting soon
South Bascom (North)	Commercial Center Villages and Corridors	1	Adopted 5/18, moved from Horizon 3 to Horizon 1 in 12/18
Valley Fair / Santana Row and Vicinity	Commercial Center Villages and Corridors	1	Adopted 8/17, moved from Horizon 3 to Horizon 1 in 12/18
Winchester Boulevard	Commercial Center Villages and Corridors	1	Adopted 8/17, moved from Horizon 3 to Horizon 1 in 12/18
Evergreen Village	Neighborhood Village	1	Future
Five Wounds BART	Regional Transit Urban Village	2	Adopted 11/13, amended 12/18*
Blossom Hill Rd / Snell Ave	Local Transit Urban Village (existing LRT)	2	In progress
Blossom Hill Rd / Cahalan Ave	Local Transit Urban Village (existing LRT)	2	Future
Capitol / 98 Light Rail	Local Transit Urban Village (existing LRT)	2	Future
Curtner Light Rail	Local Transit Urban Village (existing LRT)	2	Future
North Capitol Ave / Berryessa Rd	Local Transit Urban Village (existing LRT)	2	Future
North Capitol Ave / Hostetter Rd	Local Transit Urban Village (existing LRT)	2	Future
North Capitol Ave / Mabury Rd	Local Transit Urban Village (existing LRT)	2	Future
North Capitol Ave / McKee Rd	Local Transit Urban Village (existing LRT)	2	Future
Oakridge Mall and Vicinity (Cambrian / Pioneer)	Local Transit Urban Village (existing LRT)	2	Future
Oakridge Mall and Vicinity (Edenvale)	Local Transit Urban Village (existing LRT)	2	Future
Penitencia Creek Light Rail	Local Transit Urban Village (existing LRT)	2	Future
East Capitol Expressway / Silver Creek Rd	Local Transit Urban Village (planned BRT/LRT)	3	Future
The Alameda (West)	Local Transit Urban Village (planned BRT/LRT)	3	Future
Camden / Hillsdale Avenue	Commercial Center Villages and Corridors	3	Future
Paseo de Saratoga and Vicinity	Commercial Center Villages and Corridors	3	Future
Santa Teresa Blvd / Bernal Rd	Commercial Center Villages and Corridors	3	Future
Saratoga Avenue	Commercial Center Villages and Corridors	3	Future
South Bascom (South)	Commercial Center Villages and Corridors	3	Future
South De Anza Boulevard	Commercial Center Villages and Corridors	3	Future
Tully Rd / South King Rd	Commercial Center Villages and Corridors	3	Future
South 24th St / William Ct	Neighborhood Village	3	Adopted 11/13, amended 12/18*

Aborn Rd / San Felipe Rd	Neighborhood Village	3	Future
Almaden Expressway / Hillsdale Ave	Neighborhood Village	3	Future
Bollinger Rd / Lawrence Expressway	Neighborhood Village	3	Future
Bollinger Rd / Miller Ave	Neighborhood Village	3	Future
Branham Ln / Meridian Ave	Neighborhood Village	3	Future
Camden Ave / Branham Ln	Neighborhood Village	3	Future
Camden Ave / Kooser Rd	Neighborhood Village	3	Future
East Capitol Expressway / Foxdale Dr	Neighborhood Village	3	Future
Foxworthy Ave / Meridian Ave	Neighborhood Village	3	Future
Hamilton Ave / Meridian Ave	Neighborhood Village	3	Future
Kooser Rd / Meridian Ave	Neighborhood Village	3	Future
Landess Ave / Morrill Ave	Neighborhood Village	3	Future
McKee Rd / Toyon Ave	Neighborhood Village	3	Future
McKee Rd / White Rd	Neighborhood Village	3	Future
Meridian Ave / Redmond Ave	Neighborhood Village	3	Future
Monterey Rd / Chynoweth Rd	Neighborhood Village	3	Future
Piedmont Rd / Sierra Rd	Neighborhood Village	3	Future
Quimby Rd / South White Rd	Neighborhood Village	3	Future
Santa Teresa Blvd / Cottle Rd	Neighborhood Village	3	Future
Santa Teresa Blvd / Snell Ave	Neighborhood Village	3	Future

* Starred urban villages grew out of San Jose's redevelopment-era Strong Neighborhoods Initiative

Commercial Square Footage Requirements in Approved Urban Villages

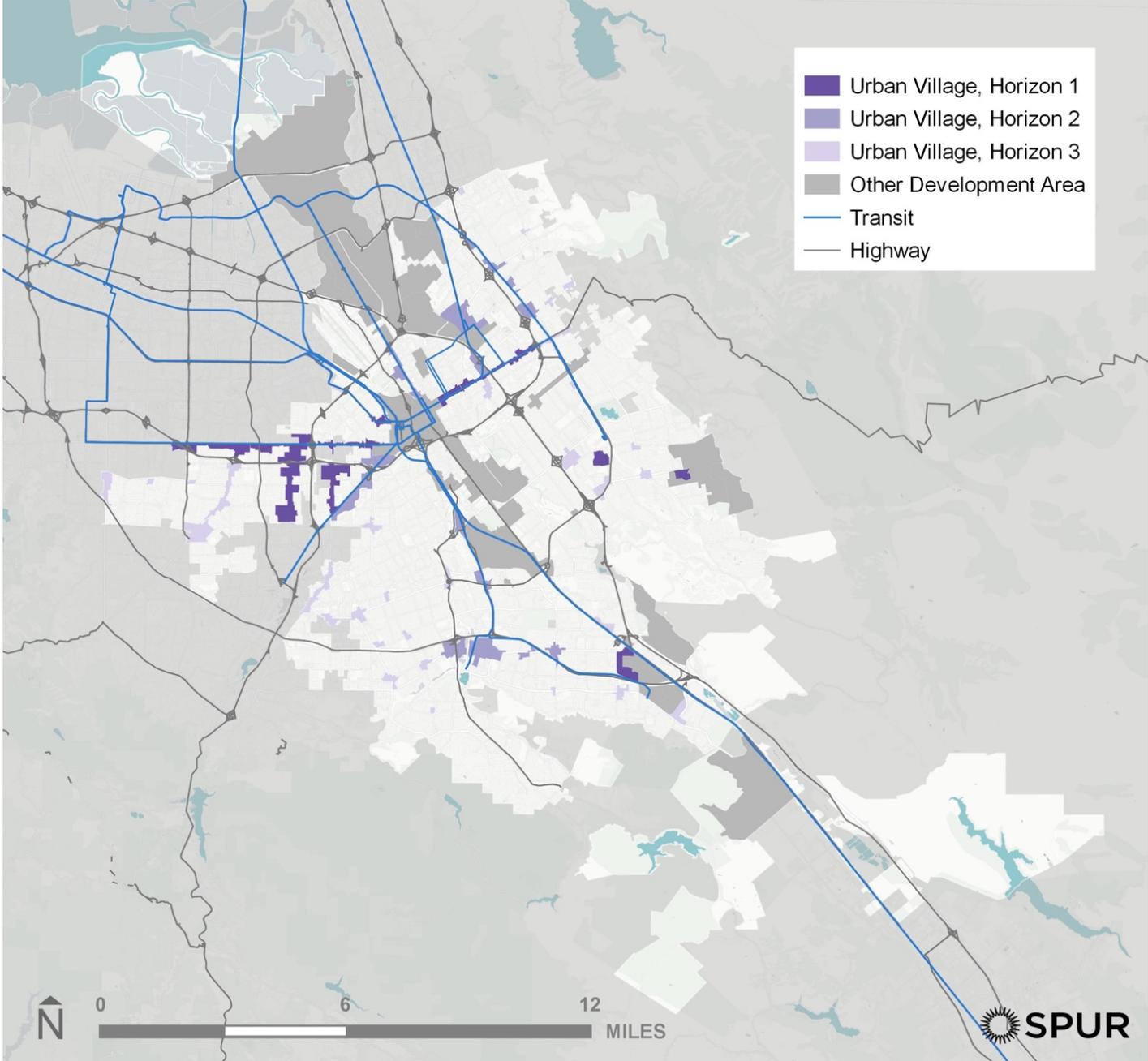
Urban Village	Land Use Designation	Minimum Commercial Requirement
The Alameda (West)	Urban Village	Floor Area Ratio (FAR) > 0.35
	Mixed-Use Commercial (MUC)	FAR > 0.5
Five Wounds	Urban Village	FAR > 0.75
Alum Rock	Urban Village	See note*
East Santa Clara	Urban Village	FAR > 0.2
	Mixed-Use Commercial	FAR > 0.5
Little Portugal	Urban Village (Area B)	FAR > 0.35
	Urban Village (Area C)	FAR > 0.24
Roosevelt Park	Urban Village (Area B)	FAR > 0.5
	Urban Village (Area C)	FAR > 0.35
	Urban Village (Area D)	FAR > 0.5
Stevens Creek Boulevard	Urban Village	FAR > 0.25
	Mixed-Use Commercial	FAR > 0.5
	Key Site – Safeway	FAR > 0.6
West San Carlos	Urban Village (MUC character area)	must replace existing
	Urban Village (Residential character area)	none
	Mixed-Use Commercial	FAR > 0.5
Santana Row/Valley Fair	Urban Village	must replace existing; average commercial FAR should not drop below 1.0
	Mixed-Use Commercial	FAR > 0.5
South Bascom (North)	Urban Village Commercial in Transit-Oriented Development character area	FAR > 0.7
	Urban Village	FAR > 0.35 for overall plan, not project by project
Winchester Boulevard	Urban Village	must replace existing; average commercial FAR should not drop below 0.4
	Mixed-Use Commercial	FAR > 0.5
	Urban Village	FAR > 0.3
24th and William	Urban Village	FAR > 0.3
	Mixed-Use Commercial	FAR > 0.5

* The zoning districts in this urban village have minimum commercial requirements that relate to linear street frontage, not FAR. For more details, see <https://www.sanjoseca.gov/DocumentCenter/View/21752>.

Urban Village Maps

Urban Villages by Horizon

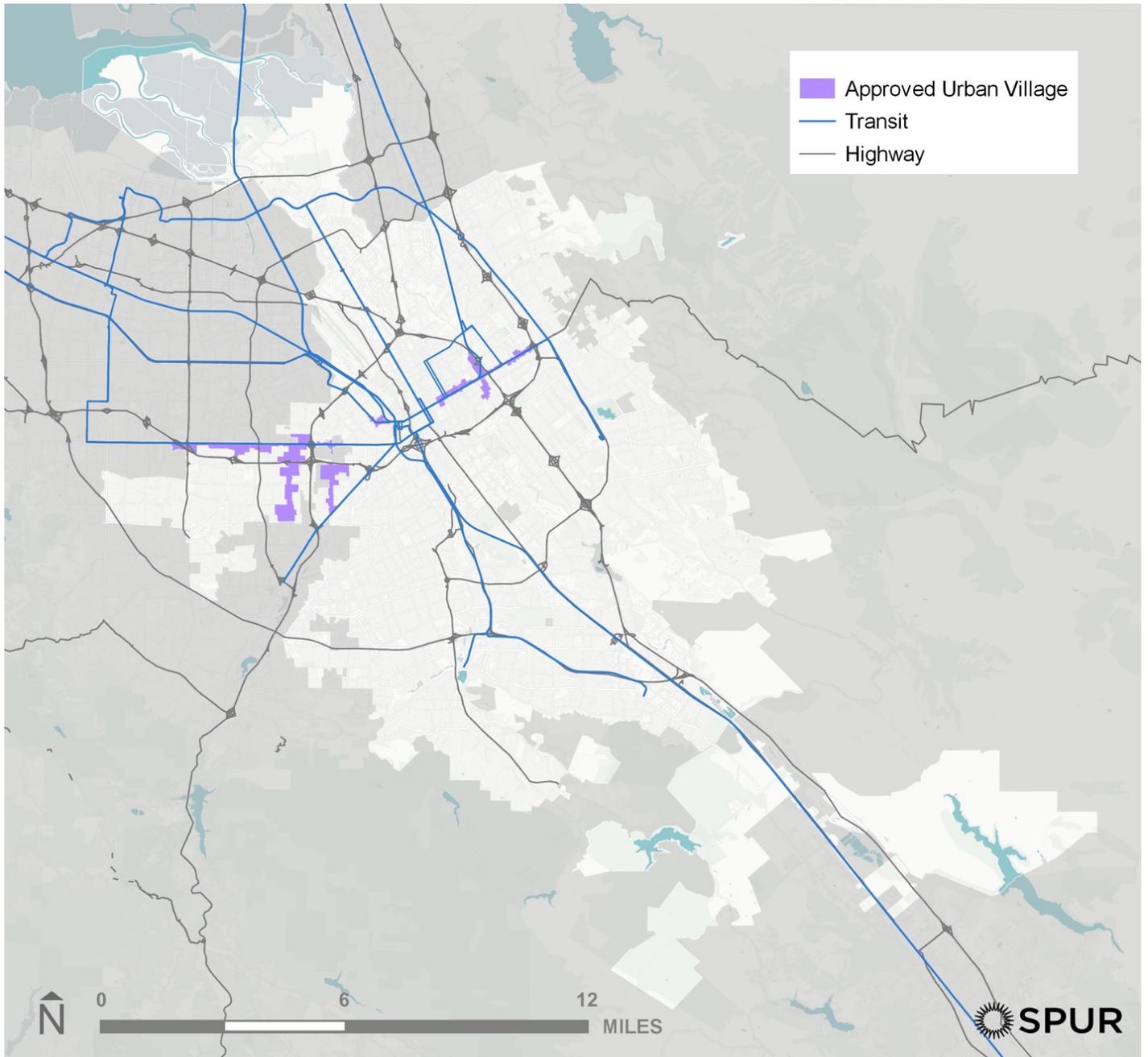
San Jose has designated urban villages in more than 60 places across the city and divided them into three “horizons,” or time frames for development. Currently, only Horizon 1 urban villages are open for residential development. Commercial development is allowed in any urban village at any time.



Source: SPUR map with data from the City of San Jose

Approved Urban Villages

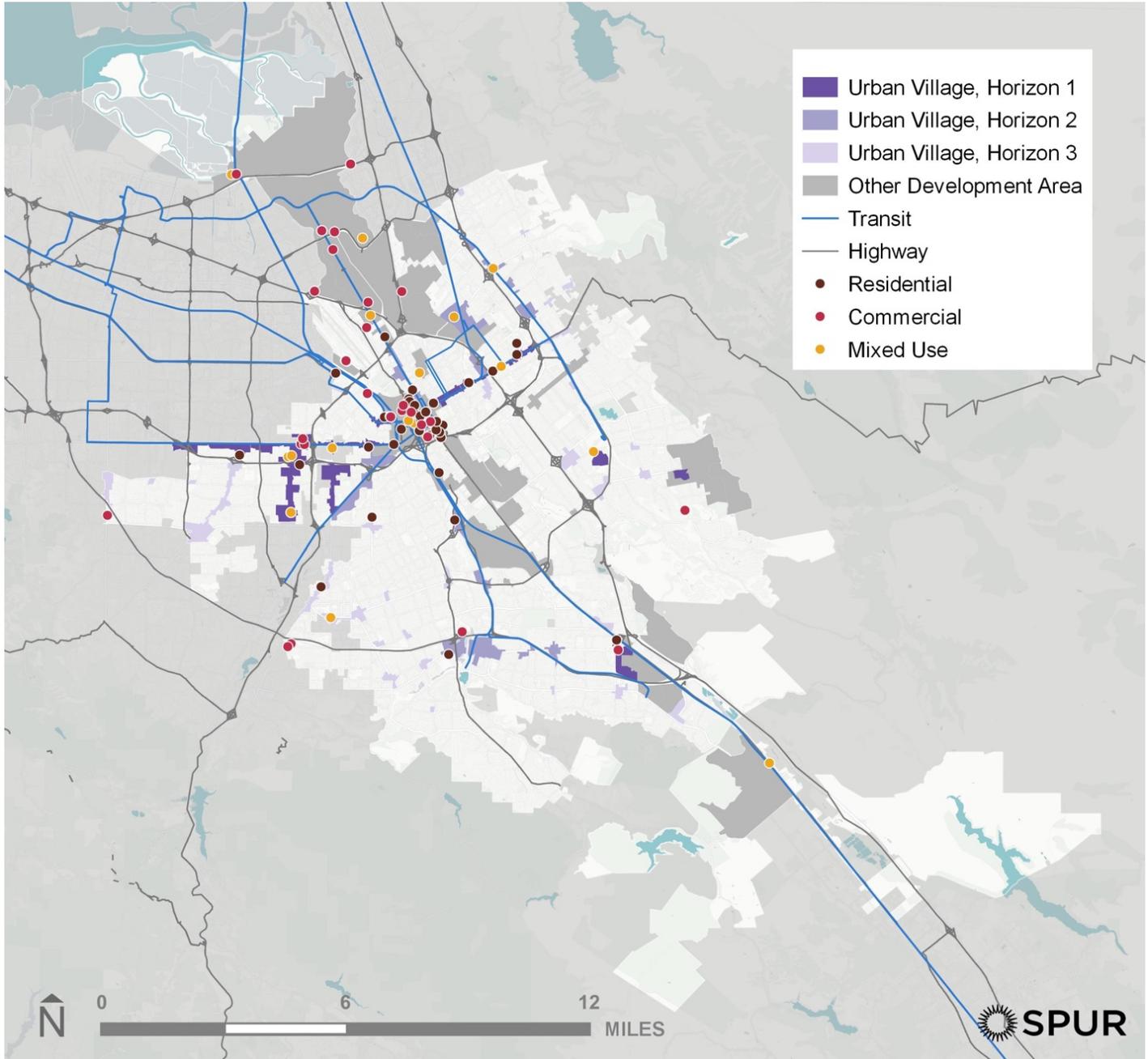
San Jose has completed 12 urban village plans in the eight years since the adoption of Envision 2040.



Source: SPUR map with data from the City of San Jose

Urban Villages and Major Developments in the Pipeline

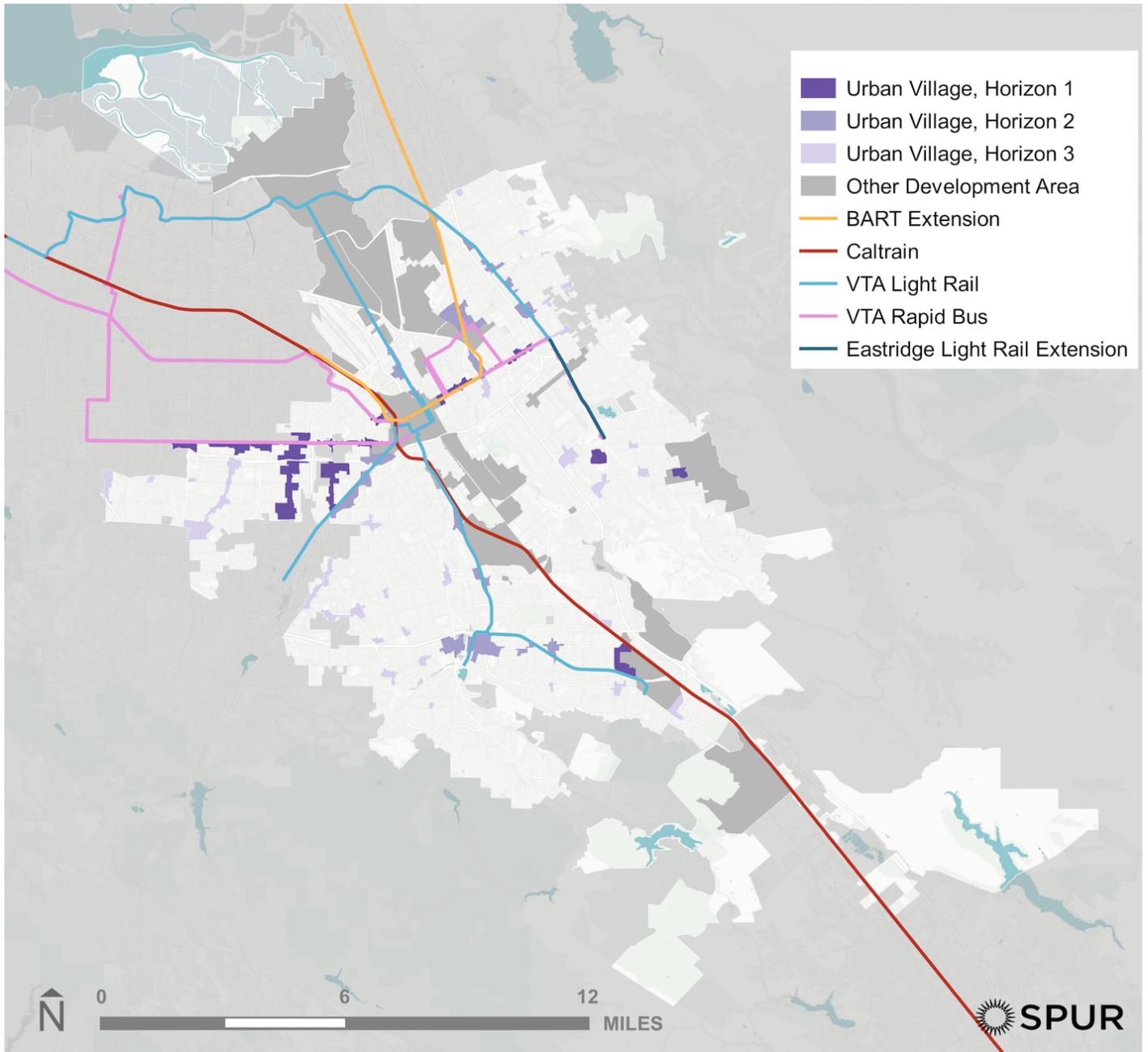
The bulk of new projects that are under construction or being proposed are located in other development areas, not in urban villages.



Source: SPUR map with data from the City of San Jose, including City of San Jose Office of Economic Development, Major Projects Lists, May 22, 2019

Urban Villages and Transit

San Jose should continue to use transit access as one of the primary criteria for phasing urban village plans.

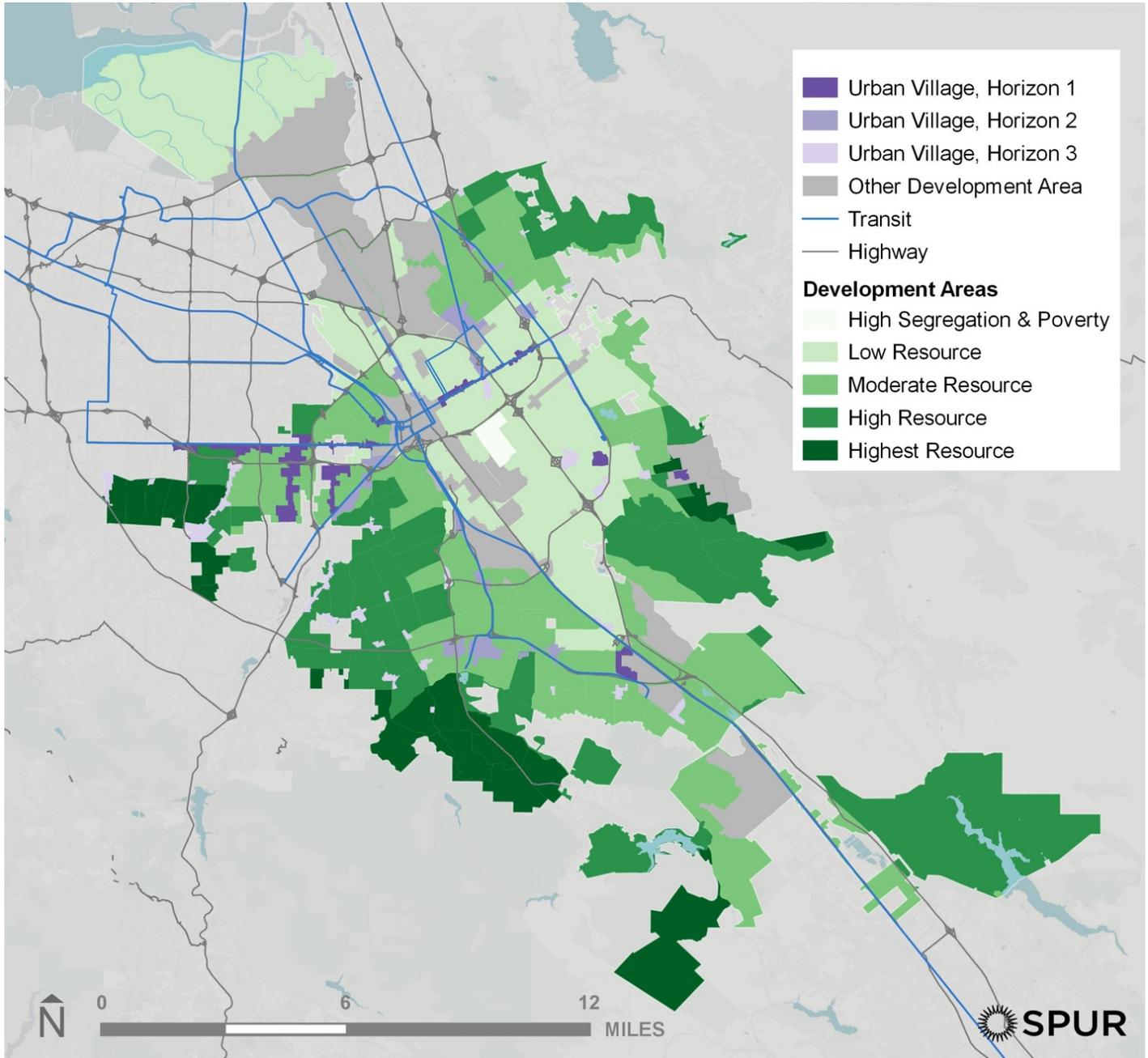


Source: SPUR map with data from the City of San Jose, the Santa Clara Valley Transportation Authority <http://data.vta.org/datasets/bus-2018>, and the Metropolitan Transportation Commission <http://opendata.mtc.ca.gov/datasets/passenger-railways-2019>

Urban Villages and Opportunity Mapping

As the city looks at prioritizing or designating urban villages, places with high resources (per economic, education and environmental indicators) should take precedence. Some of these areas have historically excluded new development and should share their existing resources with new residents. (See the California Tax Credit Allocation Committee's methodology for more information:

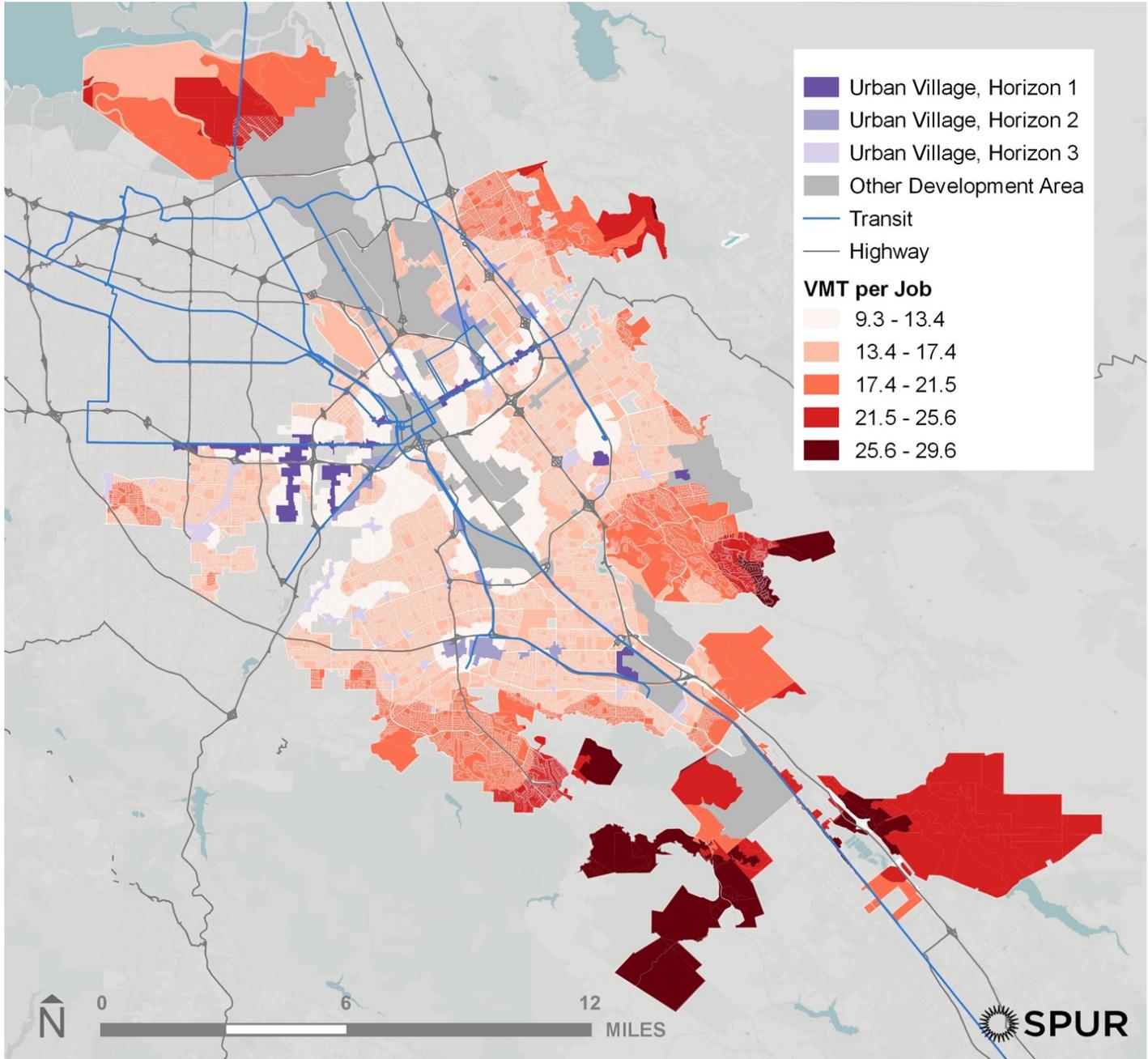
<https://www.treasurer.ca.gov/ctcac/opportunity/final-opportunity-mapping-methodology.pdf>)



Source: SPUR map with data from the City of San Jose and the California Tax Credit Allocation Committee, <https://www.treasurer.ca.gov/ctcac/opportunity.asp>

Urban Villages and Vehicle Miles Traveled per Job

San Jose should also consider the climate impacts of growth — even infill growth — as it prioritizes or reconsiders growth allocations for urban village plans. Areas with high VMT per job should likely have fewer jobs than other areas.

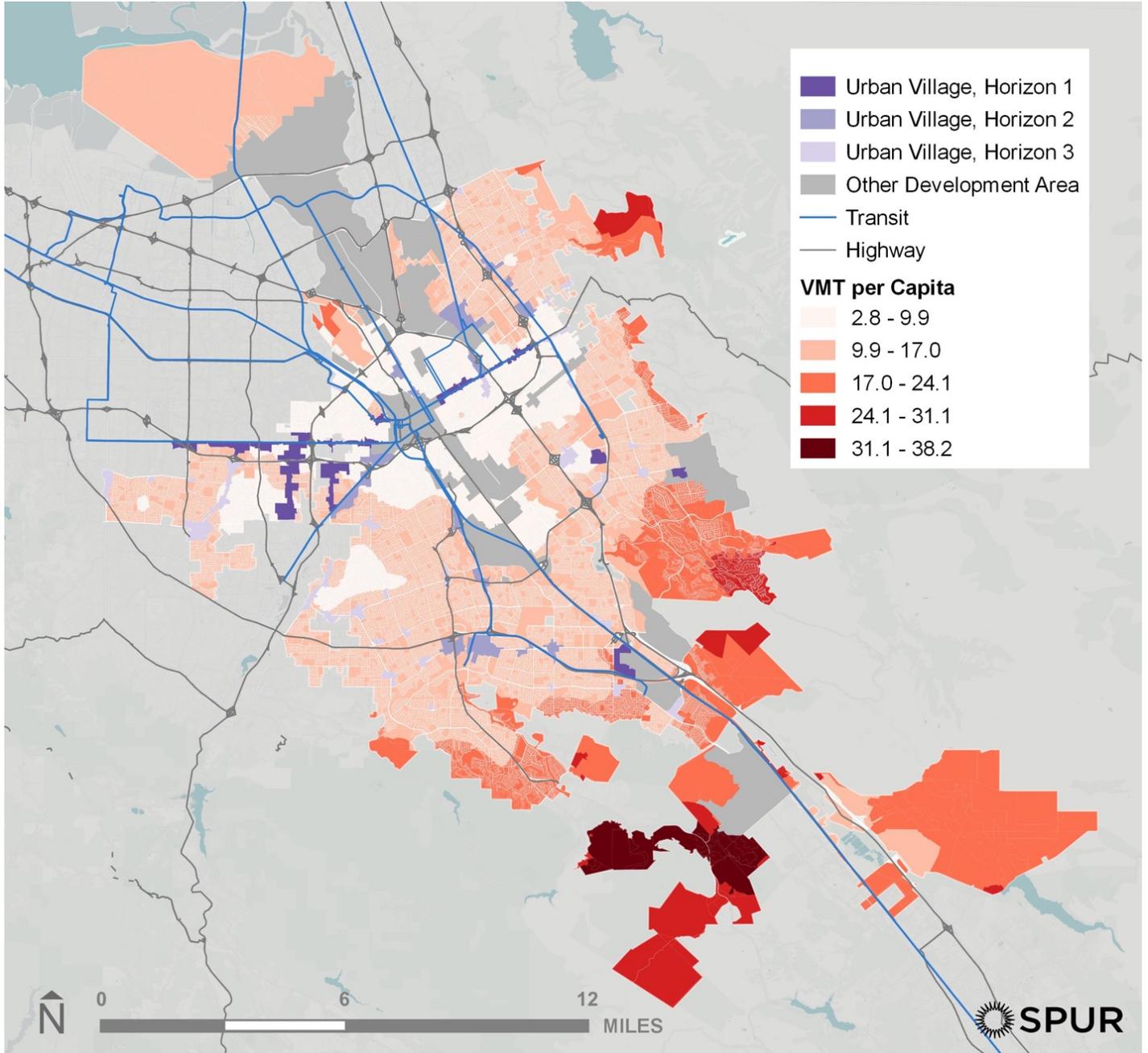


Source: SPUR map with data from the City of San Jose, including the San Jose Department of Transportation, <http://www.sanjoseca.gov/vmt>

Note: VMT is measured in total miles of travel by personal cars that a project is expected to generate in a day.

Urban Villages and Vehicle Miles Traveled per Capita

Similarly, San Jose should consider the climate impacts of residential growth when allocating housing across the urban village plans. Areas with high VMT per capita should be slated for fewer housing units than areas with low VMT per capita. The city will need to reconcile this factor with equity concerns: There is substantial overlap between areas with high resources that have successfully excluded new development and transit infrastructure in the past and areas with high VMT. Affordable housing development might be a particular priority in these locations.

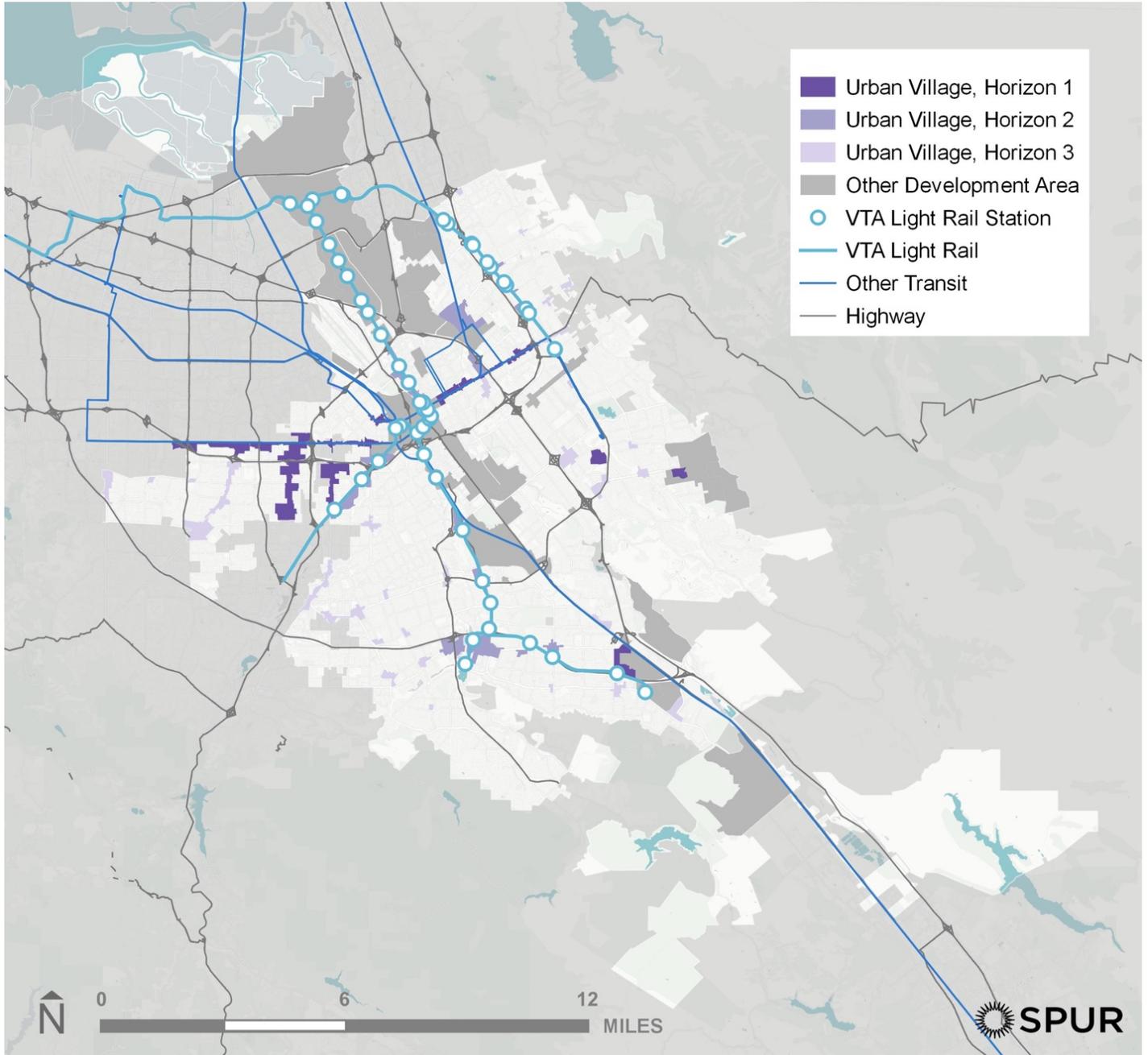


Source: SPUR map with data from the City of San Jose, including the San Jose Department of Transportation <http://www.sanjoseca.gov/vmt>

Note: VMT is measured in total miles of travel by personal cars that a project is expected to generate in a day.

Urban Villages and VTA Light Rail Stations

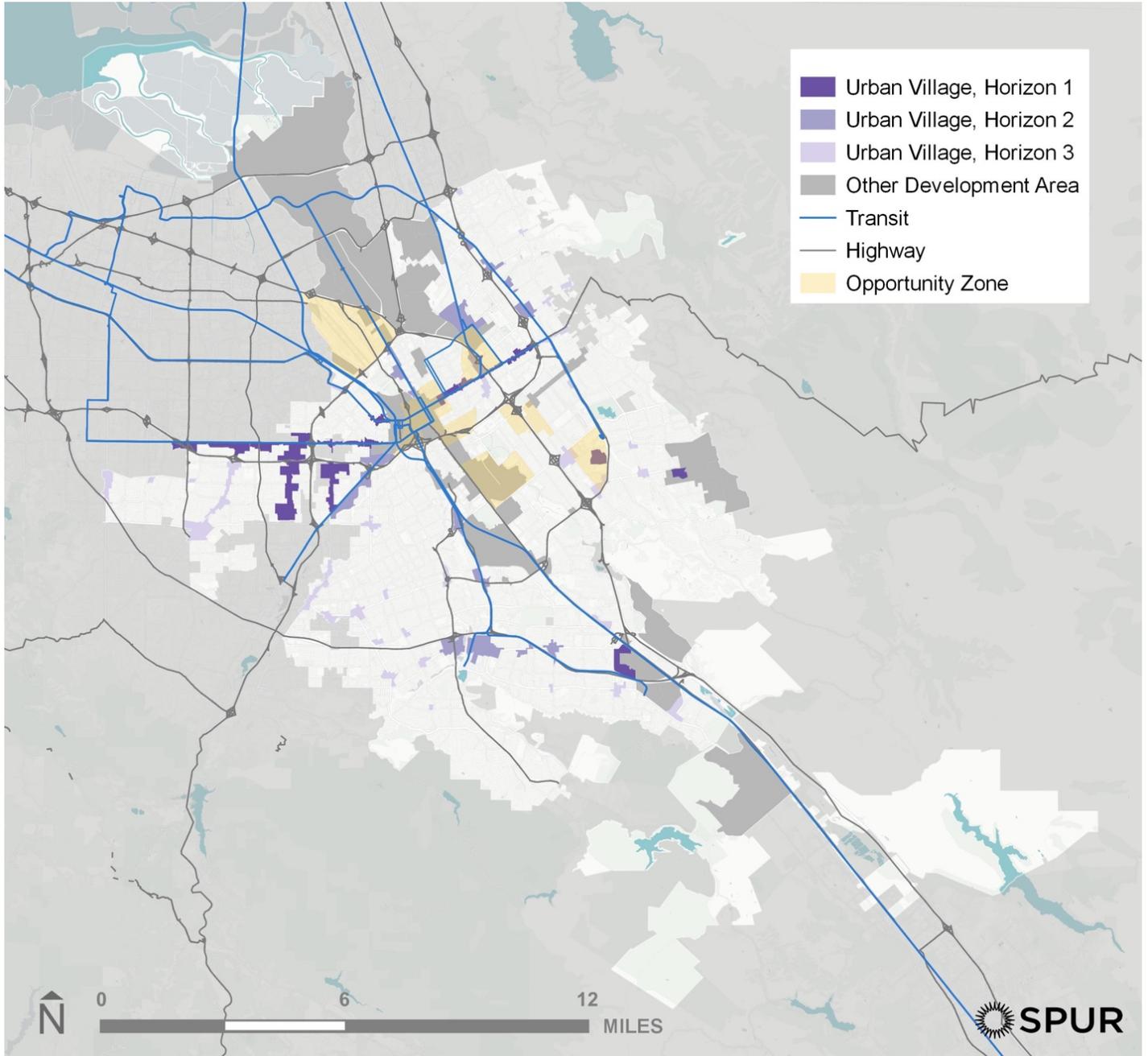
Most light rail stations in San Jose are associated with an urban village or other growth area. Six light rail stations are not.



Source: SPUR map with data from the City of San Jose and the Santa Clara Valley Transportation Authority, <http://data.vta.org/datasets/light-rail-stops>

Urban Villages and Federal Opportunity Zones

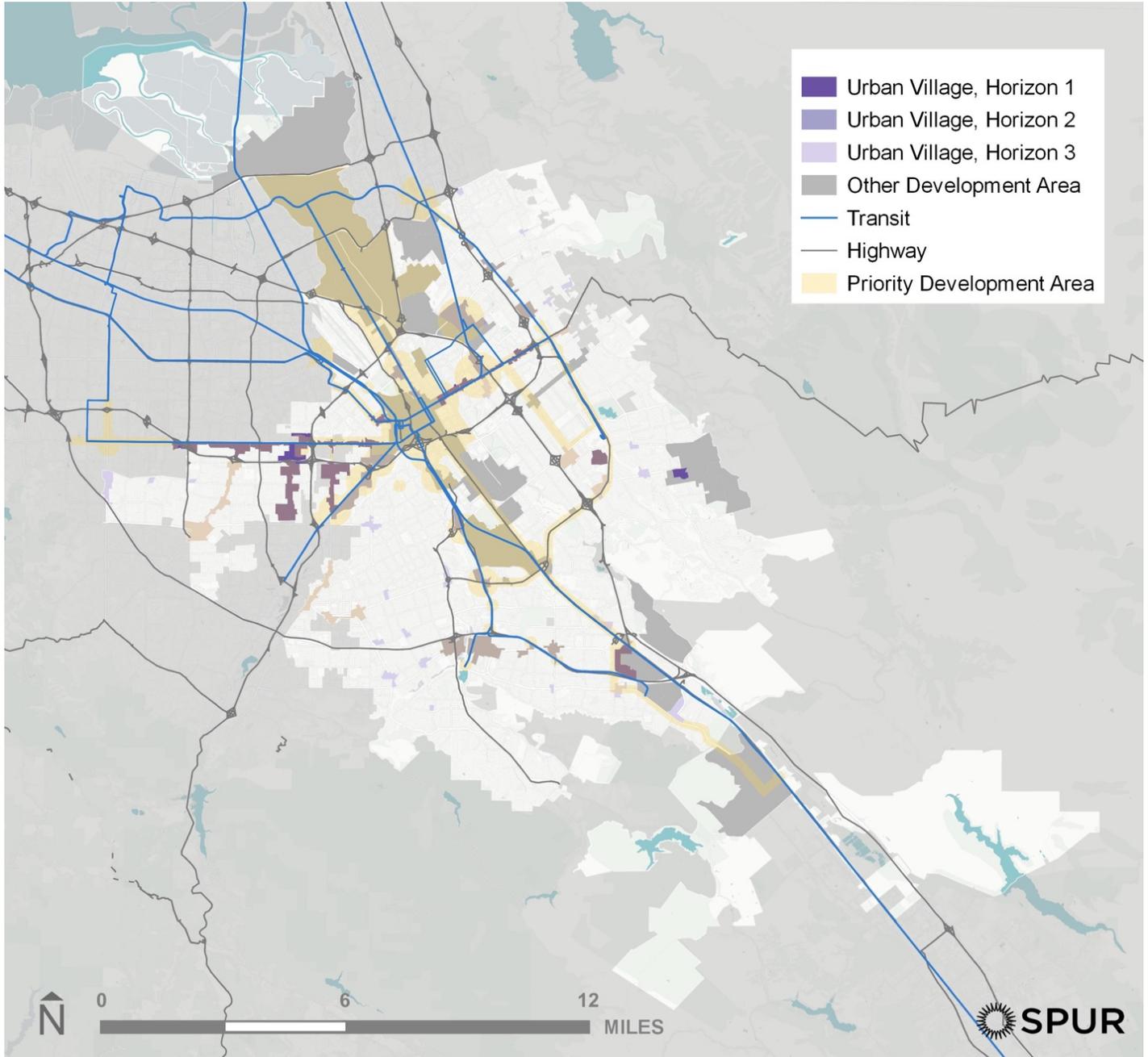
Most opportunity zones are adjacent to or overlap with urban villages and existing growth areas. SPUR recommends expanding nearby urban villages to include these opportunity zones.



Source: SPUR map with data from the City of San Jose and the U.S. Department of the Treasury CDFI Fund, <https://www.cdfifund.gov/Pages/Opportunity-Zones.aspx>

Urban Villages and Plan Bay Area Priority Development Areas

The boundaries of Plan Bay Area's Priority Development Areas (PDAs) in San Jose are more expansive than those of the city's urban villages. Note: This map shows Plan Bay Area 2040's PDAs for illustrative purposes, as Plan Bay Area 2050's PDAs had not been selected at the time of publication.



Source: SPUR map with data from the City of San Jose and the Metropolitan Transportation Commission's Plan Bay Area 2040, <http://opendata.mtc.ca.gov/datasets/priority-development-areas-current>