

VTA's BART Phase II
Transit Oriented Communities
Strategy Study

The Downtown San José BART Station Area Playbook

A recommended series of actions for the City of San Jose, VTA, and other implementation partners to get a once-in-a-generation opportunity right



For more information:

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The Call To Action

This Playbook presents a starting point for a long-term partnership between the City of San José and Santa Clara Valley Transportation Authority (VTA) to capitalize on the new Downtown San José BART Station. Downtown San José is undergoing a renaissance. The arrival of BART can help to further reposition downtown to a new place of prominence in the Bay Area. There is much to do to ensure that the arrival of the station leads directly to realizing a vital, healthy, connected, prosperous, walkable, and equitable 24/7 downtown.

We must begin working now.

The real estate market is already showing interest in the station area. Elevating Downtown San José to a long envisioned thriving, transit-anchored core requires implementing Transit Oriented Communities (TOC) principles well before BART arrives. The recommended actions in this “Playbook” provide a well-traveled, tried-and-true pathway to capitalize on this multi-billion dollar transit investment.

Getting to the finish line requires a long-term, concerted partnership between the City of San José and VTA to take critical actions, like new policies, strategies, and investments essential to a TOC. This includes more affordable housing and new and improved land use regulations, funding tools, and bicycle, pedestrian, and transit connections that ensure an accessible downtown.

Collectively, the City of San José, VTA and their partners have the chance to transform the Downtown San José Station area into a 24/7 center where people want to live, work, and play. It truly is once in a generation. Let’s work together to make sure we live up to it.

This is an acknowledgement that this is the beginning of a long term partnership between VTA and the City of San José to establish a Transit Oriented Community for the Downtown San José Station area.

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VTA and the cities of San José and Santa Clara are studying all four stations proposed for BART Phase II. The Transit Oriented Communities Strategy Study is focused on three of the four station areas: Santa Clara, Downtown San José, and 28th Street/ Little Portugal. In the Diridon Station area a separate but complimentary plan called the Diridon Station Area Plan (DSAP) is being developed. The Downtown San José BART Station Area Playbook is one of three playbooks.

Acknowledgements

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Who is this Playbook for?

For City Staff and Elected Officials:

- Use this Playbook to kick-off and frame the long-term implementation partnership with VTA to start implementing the recommended “Big Moves” necessary to achieve a Good TOC in the station area and provide economic opportunities and community benefits to your constituents.

For Residents, Business Owners and Civic Organizations:

- Use this Playbook as a citizen’s manual to underpin the urgency for your city’s staff and elected officials to ensure that your vision for a Good TOC is fully implemented and engage more generally on issues that overlap with the recommended “Big Moves” (e.g. affordable housing, funding, transportation choices, etc.).

For Property Owners and Developers:

- Use this Playbook as an investment guide to align your entrepreneurial efforts with the recommended “Big Moves” necessary to create a Good TOC consistent with the communities’ vision and development standards for a good TOC.

How will you benefit?

Cities are using TOCs to:

- Leverage transit to accelerate implementing plans and policies.
- Achieve goals and aspirations identified in General Plans.
- Catalyze economic development and rejuvenation.
- Advance the delivery of affordable and mixed-income housing.
- Ensure a Good TOC will be easy and viable to implement.

For Residents and Businesses, Transit Oriented Development means:

- A way to be less impacted by growth.
- A healthier lifestyle for current and future generations.
- More services within your home or business.

For Owners and Developers:

- A way to build wealth for future generations.
- An opportunity to maximize on investments while providing social good for the community.
- Protect and facilitate investments by having a predictable framework for what is desired and expected.

How to navigate this document

The Big Moves and implementation strategies are organized as follows:

BIG MOVE
What's the overall idea?

KEY STRATEGIES CHECKLIST
What are the strategies necessary for achieving the Big Move?

RECOMMENDED ACTIONS
What specific actions are recommended to implement a key strategy?

ADDITIONAL CONTEXT
What else should stakeholders know about each key strategy?

Category	Value	Target/Context
Total number of housing units in 2028	1,614	
Number of new housing units that the Station Area can accommodate	8,600	
Net new affordable units to meet the 15 percent inclusionary housing goal	1,300	
City of Santa Clara Inclusionary Housing Requirement	=15%	
The total cost of total funding for each affordable unit	\$173,000	
The total cost of total funding for each unit that the Station Area can accommodate	\$223m	
Development Policy Requirement for affordable units	≥20%	
VTA Joint Development Policy Target for affordable units	≥25%	

WHY is this **Big Move** essential to transit oriented community goals?

CASE STUDY
How has a similar key strategy been successful in other communities?

DIAGRAM
How would this strategy work?



*San Pedro Square, Downtown San José
Photo Credit: Sergio Ruiz for SPUR*

EXECUTIVE SUMMARY

We have an amazing opportunity and one chance to get it right

Imagine creating new walkable places on the scale of an entirely new Downtown San José, concentrated within a short walk of the Phase II BART stations. That is the magnitude of the possibility in front of us. Of course, there is much work to do, it won't happen on its own, and the clock is ticking. Partnerships need to be forged. Plans updated. New funding tools put in place. Capital investments made. More affordable housing built. Because many of these actions require public and city actions that can take years to complete, it is imperative that we begin now.

Success lies in the hands of the cities, VTA, and their partners. It's critical that we start now to capture the extraordinary opportunity in front of us. According to market demand projections and development analysis prepared for VTA's BART Phase II corridor, by 2040 the corridor will add:

+ 40,000 new jobs and housing for
+ 80,000 new residents*

The scale of growth and the investment in BART Phase II is massive. Before BART arrives we must advance partnerships and update plans and policies to ensure the station areas become healthy, connected, prosperous, and equitable Transit Oriented Communities.



The entire corridor has the potential for approximately **45 Million Square Feet** of new development.**



* Total residents assumes 2.5 residents per household and 1000 square feet per unit. Total jobs assumes 250 gross square feet per office employee and 500 square feet per retail employee.

**Corridor development total does not include Diridon, which is undergoing a separate but complementary planning effort as part of the Diridon Station Area Plan (DSAP) update.

Envision the future of Downtown San José

Total Market Potential for Development by 2040

Office	6,500,000 sf	} + 37,500 new residents
Residential	15,992,200 sf	
Hotel	1,158,000 sf	
Retail	212,852 sf	
Total	23,863,052 sf	} + 26,500 new jobs

Creating Great Places

Downtown San José has turned a corner. The arrival of BART can help reposition downtown as a new place of prominence in the Bay Area. Current City plans would allow for about 12 million square feet of new development in the Downtown. [See Appendix L for more information on the TOC development scenario and how it compares to existing City plans.]

The market demand potential within the station area can accommodate much more development. Taking advantage of the possibilities will require channeling this growth into development that contributes to a dynamic, welcoming place for residents, workers, and visitors to the Downtown San José Station area. Part of the solution will be implementing the principles of good placemaking via new development and public improvements that promote:

- A compact and walkable urban environment
- An engaging and vibrant public realm
- A respect for local context
- A diverse and balanced community



Artistic rendering: View of East Santa Clara Street looking east

A long term partnership

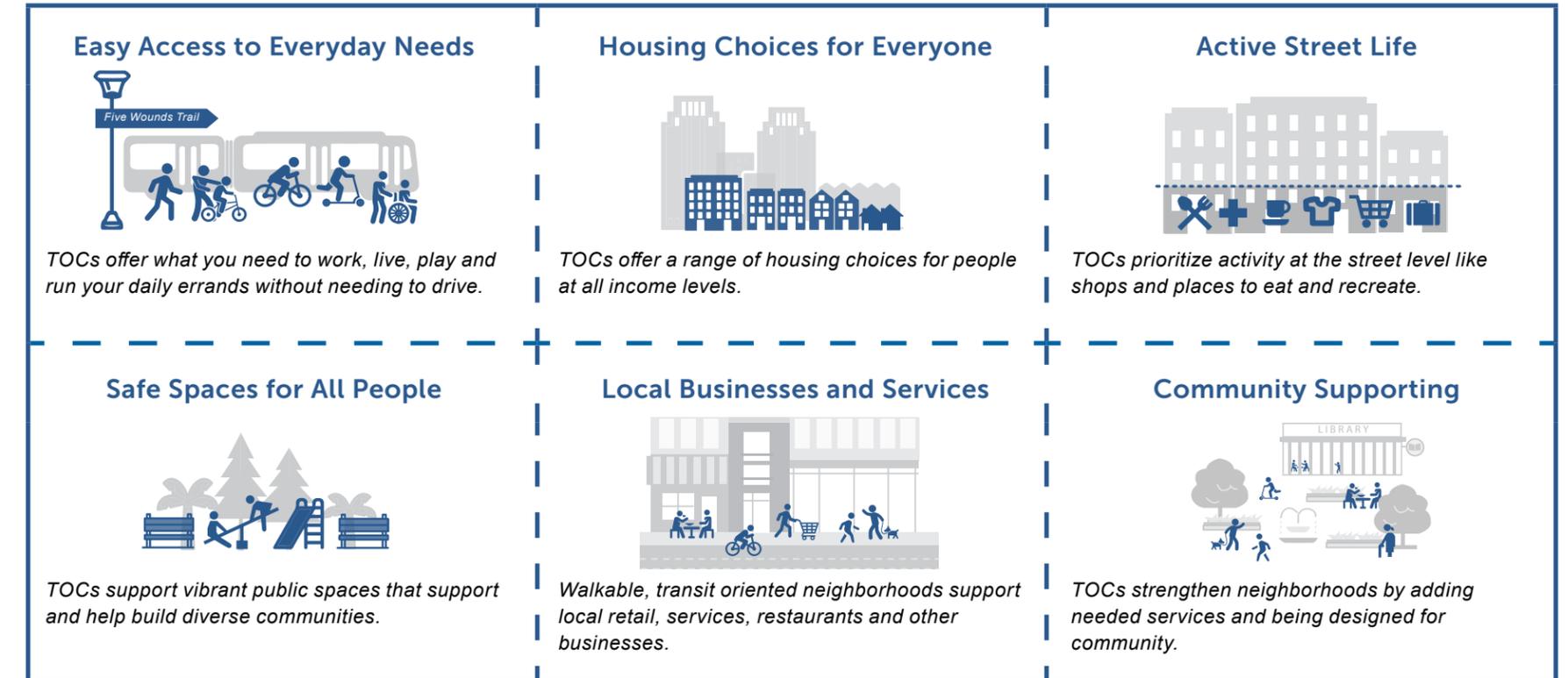
Realizing the opportunities associates with BART Phase II requires extraordinary collective action. That’s the most important lesson learned from other communities that developed great TOCs.

VTA asks the City of San José to enter into a long-term partnership, starting with the following actions:

- Endorse a holistic approach to creating TOCs in Santa Clara County and accept this Downtown San José Station Playbook as the appropriate beginning point.
- Direct staff to prioritize implementation of land use, infrastructure, and funding programs.
- Review implementation progress on a regular basis in collaboration with VTA and other stakeholders.

What creates a good Transit Oriented Community?

VTA is helping to inspire Transit Oriented Communities in Silicon Valley. TOCs are walkable places to live, work, shop, play, and learn. TOCs provide a diversity of jobs, housing types, and economic opportunities while reducing the risk of displacement by providing affordable housing choices. These communities are founded on good placemaking and seamless mobility that leverage economic value to create an optimal user experience for both current and future San José residents. The themes below will be used as a check list for the effectiveness of the TOC Big Moves described later in this Playbook.



Why Downtown San José? Why Now?

Downtown San José is undergoing a renaissance. The arrival of BART can help to further reposition Downtown to a new place of prominence in the Bay Area. The station area is well situated to leverage the coming of BART to become a global center for innovation and exchange. Unlocking the potential of BART requires moving forward with a well-coordinated implementation strategy before the BART station opens. The following goals for the future station area will help facilitate new development and amenities that are affordable, accessible, and welcoming to those who live and work here today and in the future.

Prioritize Downtown as a walkable regional center

A stronger and more clearly defined Downtown core will help elevate and connect more people to existing civic and cultural institutions such as San José State University, San Pedro Square, and the Convention Center.

Champion the VTA Block

The northeast corner of Market Street and Santa Clara Street, the future location of the primary station entrance and a major redevelopment site, will become a major activity center in Downtown.

Invest in 24/7 vibrancy

High density development on the VTA block will help create vitality with a complementary mix of uses, energy, and vitality.

Maximize the opportunities to live and work Downtown

Downtown is attracting unprecedented interest from new office developers and tenants as a result of the planned BART extension and transformational redevelopment.

Leverage new development for public good

Continued Downtown development will also help generate increased revenues for the City of San José, enabling it to invest in an increased levels of citywide services as well as in affordable housing and streetscape, bicycle, and pedestrian improvements.

Complement historic fabric

The visual impact of well-designed higher density development can complement Downtown's existing character, including the historic nature of many existing properties.



--- Downtown San José Priority Development Area (PDA) as identified by the Metropolitan Transportation Commission (MTC) and City of San José.

■ Potential Development ■ Diridon Station is undergoing a separate but complementary plan called the Diridon Station Area Plan (DSAP).

The Big Moves

The following recommendations are necessary to make the station area "BART ready"—enabling successful TOCs well before the opening of BART Phase II. Accomplishing this will require leadership and new plans, policies, funding, and infrastructure investments to assure the transformation of the station area into a transit-friendly community. Consequently, these recommendations should be adopted and implemented before opening day of VTA's BART Phase II Extension.



Imagine a Downtown San José where ...



Local businesses thrive in affordable commercial spaces



Community Based Organizations (CBOs) provide services tailored to local needs



Safer streets enable more people to choose to walk, roll, and bike



Community landmarks are celebrated and serve as hubs for community life



People choose an efficient and sustainable way to travel locally and regionally



Public spaces host civic and cultural events that support local businesses



New housing is built for all income levels to live and prosper



Plazas and paseos provide intimate spaces to spend time with family and neighbors



Biking is safe for all ages and abilities



Artistic rendering: View of East Santa Clara Street looking west towards the future BART station

Working with the community toward a common goal

Since January 2018, VTA has engaged the station area communities through interactive TOC workshops, community working groups (CWGs), and VTA's BART Phase II community meetings. VTA continues to engage communities through social media, the TOCs Strategy Study website, TOC focused videos, and various pop-up events.

Ongoing collaboration is essential

Collaboration between VTA, City, and BART staff has been and will continue to be essential.

Beginning in January 2018, VTA held regular coordination meetings with the Study's Technical Advisory Group (TAG), departments within the Cities of Santa Clara and San José, and BART and VTA land use and transportation planners.



Phasing of TOC recommendations

The following timeline provides a starting point for VTA and the City of San José to begin implementation prioritization of specific recommendations, many of which need to begin right away.



What's Next

Realizing the vision set out in the Playbooks in a timely manner will require a high degree of coordination between VTA, the cities of San José and Santa Clara, landowners, and local communities. Capturing the full opportunity of VTA's BART Phase II by achieving great TOCs is not possible without new plans, policies, and funding and infrastructure investments across each of the station areas.

To coordinate and accomplish all of this work, VTA and the cities will begin working in close collaboration to develop a Transit Oriented Communities Implementation Plan (TOCIP). The TOCIP is intended to provide a mechanism to collectively plan, prioritize, fund, construct and implement the pieces needed to move the TOCs Playbooks from vision to implementation.



Viva Calle San José
Photo Credit: Sergio Ruiz for SPUR

THE BIG MOVES



UPDATE LAND USE REGULATIONS ACROSS THE STATION AREA TO ENSURE GOOD TRANSIT ORIENTED COMMUNITIES Pg 21



PROTECT AND SUPPORT SMALL BUSINESSES, AND ENHANCE COMMERCIAL NODES Pg 27



CREATE A 24/7 DOWNTOWN WITH A TARGETED MIX OF USES Pg 33



PROTECT AND PRODUCE WORKFORCE AND AFFORDABLE HOUSING Pg 39



UNLOCK THE VALUE OF MOBILITY FOR ALL STAKEHOLDERS Pg 47



PRIORITIZE FUNDING AND IMPLEMENTATION Pg 57

The Big Moves

Each Transit Oriented Community 'Big Move' recommendation has embedded implementation strategies. Go to the respective 'Big Move' section to view the key strategies in more detail.



Update Land Use Regulations Across the Station Area to Ensure Good Transit Oriented Communities

Pg 21-26

- ★ Establish minimum densities for office and residential throughout the station area based on context
- ★ Increase Downtown Housing Allocation in the General Plan
- Prioritize office development directly adjacent to the station



Protect and Support Small Businesses, and Enhance Commercial Nodes

Pg 27-32

- ★ Ensure that new development provides appropriate space for small locally-owned businesses
- Continue to market Opportunity Zone investments in Downtown San José that will benefit small businesses
- Implement the Downtown San José Retail Strategy Recommendations
- Continue and expand City programs to retain and support small and micro businesses
- Provide targeted assistance to small and micro businesses displaced by new TOD



Create a 24/7 Downtown with a Targeted Mix Of Uses

Pg 33-38

- ★ Concentrate ground floor retail requirements in targeted locations
- Invest in public realm improvements to support a friendly environment for people to walk and bike



Protect and Produce Workforce and Affordable Housing

Pg 39-46

- ★ Pursue new partnerships and funding for affordable housing production
- ★ Leverage VTA properties and other public land for affordable housing production
- Make it easier for low income tenants to access affordable housing
- Implement more robust policies to preserve existing affordable housing
- Ensure that existing tenants and homeowners can stay in place by expanding existing housing policies and resources
- Increase local funding for deed-restricted affordable housing production



Unlock the Value of Mobility for All Stakeholders

Pg 47-56

- ★ Right-size parking requirements for residential, office, and retail development
- Encourage use of sustainable modes through Transportation Demand Management (TDM) strategies
- Adopt a Shared Mobility District (SMD) that manages transportation and parking to provide access throughout the station area
- Adopt street hierarchy typologies in the station area
- Create a tailored approach to streetscape improvements and transit connections



Prioritize Funding and Implementation

Pg 57-67

- ★ Create a dedicated staff position to lead TOC implementation
- ★ Establish a framework for ongoing collaboration between the City of San José and VTA to institute new TOC funding tools
- Work together to identify grants and other funding sources
- Establish a Community Facilities District (CFD) to leverage contributions from new development
- Implement a Tax Increment Financing District (TIF) and consider sharing revenues across San José station areas
- Engage with local partners to expand community and economic development activities

★ The stars represent a recommendation that needs to be started now.



Update Land Use Regulations Across the Station Area to Ensure Good Transit Oriented Communities

KEY STRATEGIES CHECKLIST

- Establish minimum densities for office and residential throughout the station area based on context
- Increase Downtown Housing Allocation in the General Plan
- Prioritize office development directly adjacent to the station



Photo Credit: Sergio Ruiz for SPUR

Why is this 'Big Move' essential for Transit Oriented Communities?

Elsewhere, governments have employed robust TOC toolboxes with regulatory and financial incentives. Specialized TOC land use regulations have consistently been adopted to allow greater density, promote a mix of uses, enhance walkability, and require less parking. In Downtown San José, the application of current policies could preclude future TOC by allowing incompatible lower density, auto-oriented development.

The scale of the public investment in BART, the regional housing crisis, and recent action by the California legislature (facilitating higher density housing near transit) deserves nothing less than ensuring good, equitable TOC outcomes. Given that this new BART station will be central to the civic, cultural, and commercial core of the existing Downtown, it is essential that public policy recognizes and protects the substantial public investment by ensuring good TOC outcomes.

Easy Access to Everyday Needs ✓	Housing Choices for Everyone ✓	Active Street Life ✓
Safe Spaces for People ✓	Local Businesses and Services ✓	Community Supporting ✓

Opportunities

Realize the community's vision for a transit-supportive station area and an amenity-rich central business district.

Help address the local housing crisis with new affordable and workforce housing in an area that is already seeing displacement and gentrification.

Support transit ridership and reduce the need for private vehicles.

Create an active and vibrant 24/7 mixed-use district.

Maximize employment uses adjacent to the transit station.

Challenges

Displacement and gentrification are already underway in Downtown San José.

Mid-rise development is currently more financially feasible than high-rise. Development on some major opportunity sites is moving forward at densities lower than recommended.

Maximum heights in Downtown San José are capped to avoid obstructing FAA determined navigable airspace on the approach to San José Mineta International Airport, thereby limiting development potential.

Establish minimum densities for office and residential throughout the station area based on context

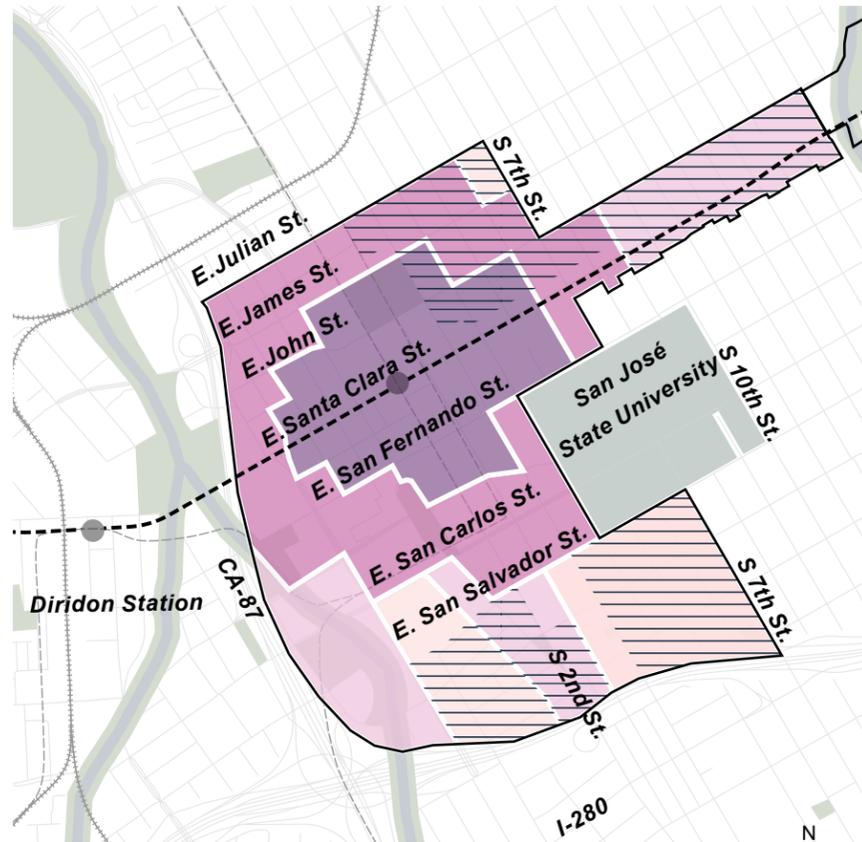
Phasing: Initiate within 12 months

Recommended Actions

- Establish minimum densities throughout the station area, varying according to distance from station, complemented by height restrictions which will establish upper density limits.
- Calibrate densities to ensure that short to medium term development is financially viable in zones farther away from the station core while preserving land closer to the station for higher density development which may not be viable today but will become so over time.

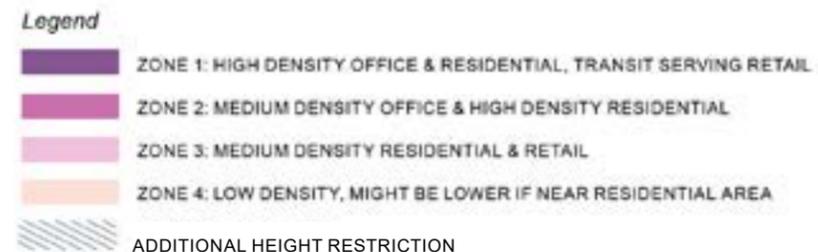
Context

These recommended actions are building off the Downtown Employment Priority Area overlay (adopted December 2018). This overlay requires sites within approximately one block of the planned Downtown BART station to have a minimum 4.0 FAR for commercial uses prior to allowing residential uses. For optimal TOC development, the minimum densities will need to be higher.



Map of Downtown San José Density Zones

The shaded areas on this diagram represent the recommended density ranges which should be applied to all opportunity sites within that zone. Opportunity sites are defined and identified in Appendix B, Opportunities and Constraints Report. Please note that there is no requirement or expectation that other properties which are not opportunity sites would be redeveloped, nor were these sites included in the calculations for development potential in the station area.



Residential

Office

ZONE 1



METRICS

Use Type	Residential
Height*	up to 300'
Stories	≤ 29
Ground floor	Wrapped parking and/or active use



METRICS

Use Type	Office
Height*	up to 300'
Stories	≤ 20
Ground floor	Wrapped parking and/or active use

ZONE 2 & 3



METRICS

Use Type	Residential
Height*	up to 240'
Stories	≤ 23
Ground floor	Wrapped parking and/or active use



METRICS

Use Type	Office
Height*	up to 240'
Stories	≤ 16
Ground floor	Wrapped parking and/or active use

ZONE 4



METRICS

Use Type	Residential
Height*	up to 85'
Stories	≤ 8
Ground floor	Wrapped parking and/or active use



METRICS

Use Type	Office
Height*	up to 90'
Stories	≤ 6
Ground floor	Wrapped parking and/or active use

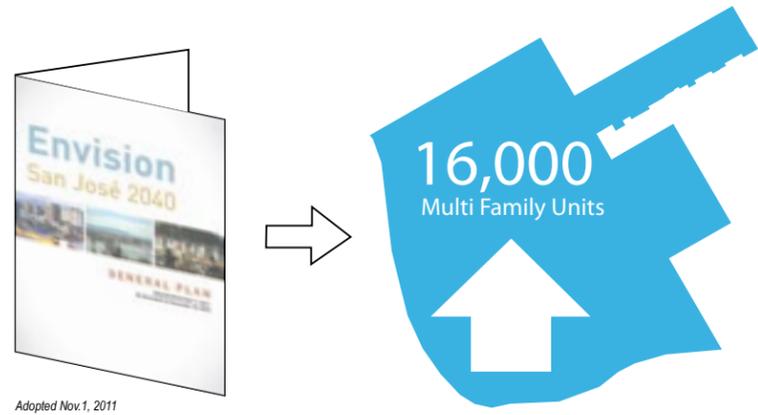
* Zone 1 maximum heights reflect FAA height restrictions. Zone 4 reflects sensitivities to adjacent single family neighborhoods.

■ Increase Downtown Housing Allocation in the General Plan

Phasing: Initiate within 3 years

Recommended Actions

- Initiate housing allocation changes during the next annual General Plan update or four-year review cycle.



Adopted Nov. 1, 2011

■ Prioritize office development directly adjacent to the station

Phasing: Initiate within 3 years

Recommended Actions

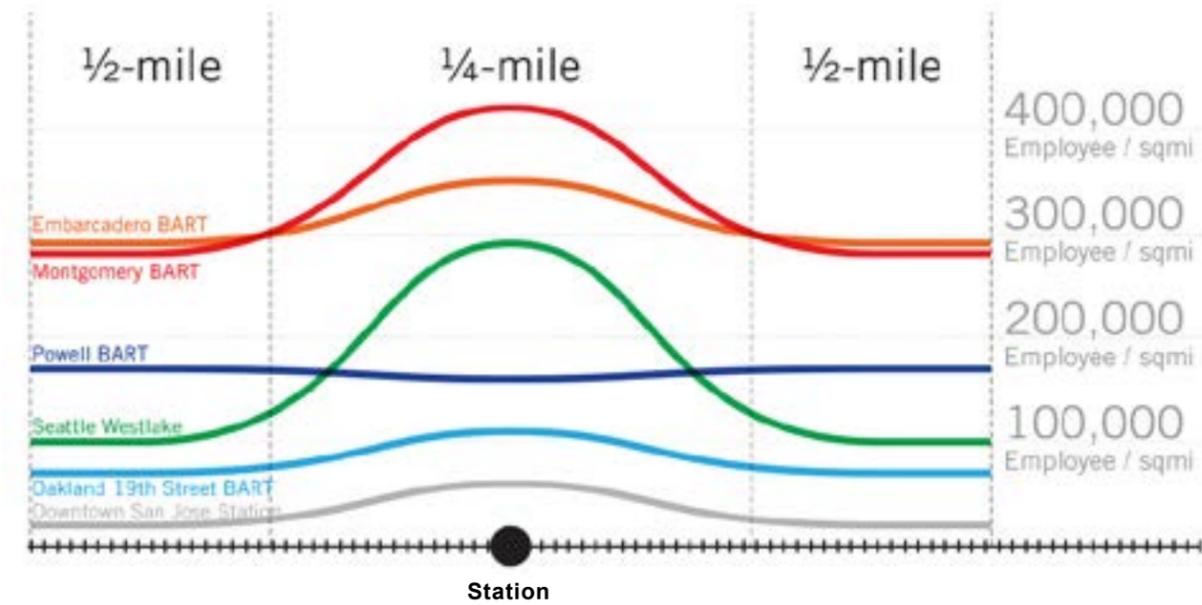
- Preserve key sites adjacent to the station for high density development through ambitious minimum densities and adjust land use regulations to prioritize office development.

Context

Requiring employment density in the core of the station area will help maximize the market viability for office development while also supporting BART ridership by creating the most direct trips possible for commuters. As illustrated on page 26, a TOD comparative analysis of existing BART stations shows a substantial increase in employment population density within ¼-mile of a station, where residential population density tends to be concentrated farther away from the station.

These recommended actions build off of the Downtown Employment Priority Area overlay (adopted December 2018). This overlay requires sites approximately one block of the planned Downtown San José BART station to have a minimum 4.0 FAR for commercial uses prior to allowing residential uses. For optimal TOC development, the minimum densities need to be higher.

Best Practices: Employment Radius to Maximize Ridership

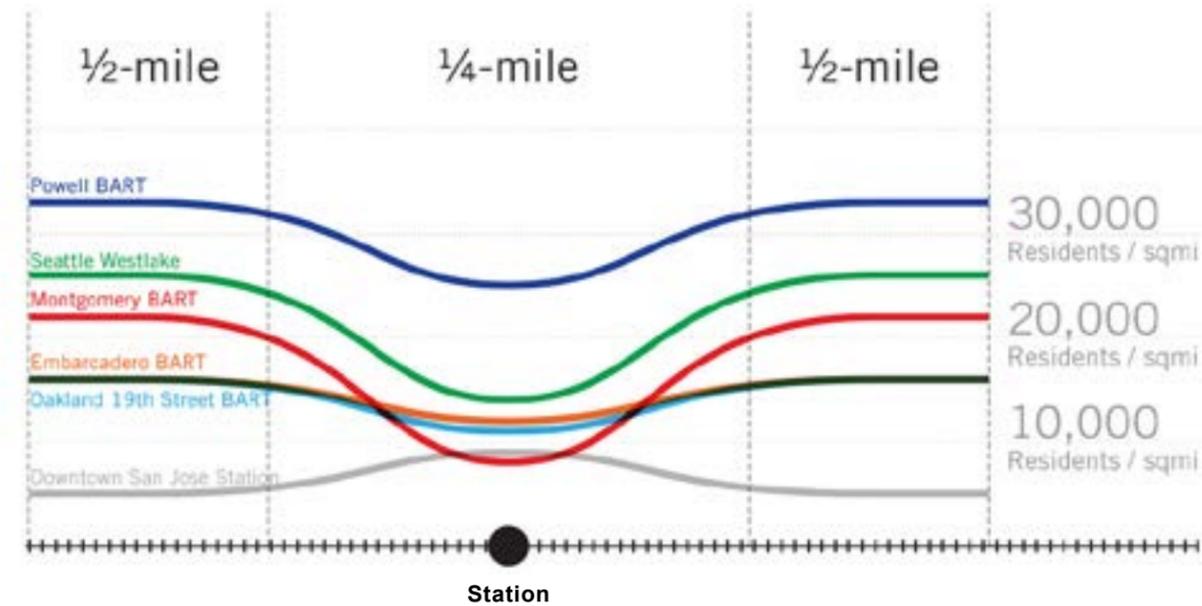


Number of Employees

Station	1/4 mile	1/2 mile
Downtown San José Station	62,000	20,000
Montgomery BART	418,000	283,000
Embarcadero BART	345,000	293,000
Seattle Westlake Station	286,000	97,000
Powell BART	157,000	172,000
Oakland 19th Street BART	110,000	68,000

2015 US Census American Community Survey 5-year Estimates: B01003 Total Population, B25001 Housing Units <http://factfinder2.census.gov> and 2016 Canada Census of population <http://www.statcan.gc.ca>

Comparison of Residential Density Across Various Transit Systems



Number of Residents

Station	1/4 mile	1/2 mile
Downtown San José Station	9,000	5,000
Montgomery BART	8,000	22,000
Embarcadero BART	12,000	16,000
Seattle Westlake Station	14,000	26,000
Powell BART	25,000	33,000
Oakland 19th Street BART	11,000	16,000

2015 US Census American Community Survey 5-year Estimates: B01003 Total Population, B25001 Housing Units <http://factfinder2.census.gov> and 2016 Canada Census of population <http://www.statcan.gc.ca>



Protect and Support Small Businesses and Enhance Commercial Nodes

KEY STRATEGIES CHECKLIST

- Ensure that new development provides appropriate space for small locally-owned businesses
- Continue to market Opportunity Zone investments in Downtown San José that will benefit small businesses
- Implement the Downtown San José Retail Strategy Recommendations
- Continue and expand City programs to retain and support small and micro businesses
- Provide targeted assistance to small and micro businesses impacted by new TOD



Photo Credit: Sergio Ruiz for SPUR

Why is this 'Big Move' essential for Transit Oriented Communities?

Small businesses are an essential ingredient for any successful transit oriented community and help to ensure a vibrant and human-scaled environment throughout a week. Small businesses create opportunities for unique mixes of commercial uses that cater to the needs and demographics of the surrounding community.

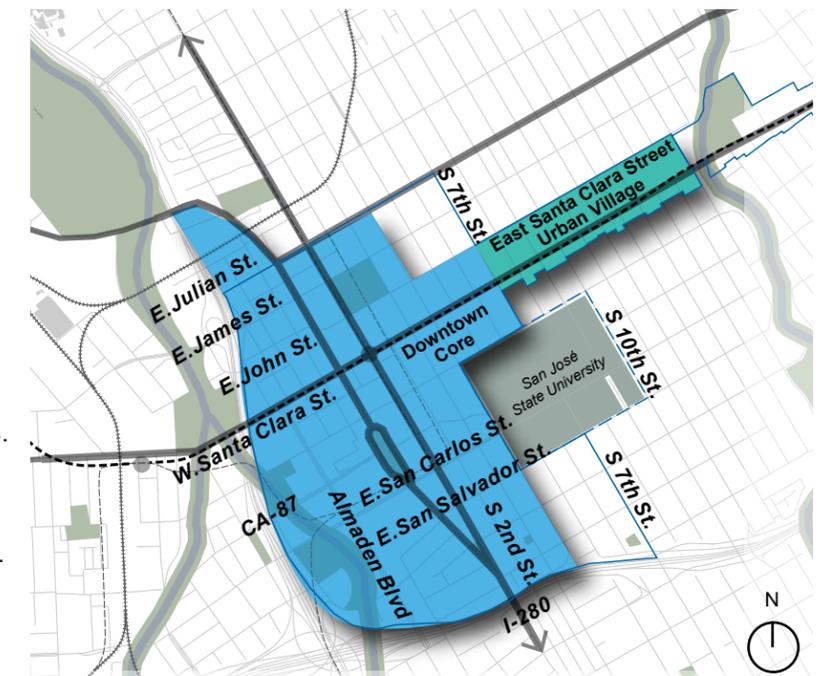
The following strategies should help retain and promote existing and future small businesses as the station area attracts new TOD over time. As part of a separate effort, VTA is developing strategies to mitigate the potential disruption and displacement of businesses that occur due to construction of the transit project itself. See Appendix P for more details on strategies for retaining and promoting small businesses in the station areas.

Easy Access to Everyday Needs ✓	Housing Choices for Everyone	Active Street Life ✓
Safe Spaces for People ✓	Local Businesses and Services ✓	Community Supporting ✓

The Downtown San José Station area includes two distinct areas of commercial activity:

The Downtown Core is undergoing a transformation due in part to more people living in new development, several new dining and entertaining destinations, and ongoing efforts to support downtown public life and retail environments. Despite these positive efforts, there are still barriers to realizing 24/7 vibrancy. Traditional retail in Downtown is struggling due to a challenging market and competition from online vendors. Additionally, rents for ground floor commercial spaces are not affordable for small businesses. Lastly, there are negative perceptions around safety and the quality of the public realm.

East Santa Clara Street, between 7th and 17th Streets is a distinct business district home to a diverse mix of businesses. The area is well known for its many longtime Vietnamese and Latino restaurants. There are several beauty salons, small medical offices, pharmacies, and auto-related retail and services scattered along the corridor. Small businesses are able to thrive here due in part to appropriately sized retail spaces as well as an active local merchants' association. The area faces challenges due to an uncomfortable pedestrian environment, lack of connections to the Downtown core, and concerns about parking availability.



Ensure that new development provides appropriate space for small locally owned businesses

Phasing: Initiate within 12 months

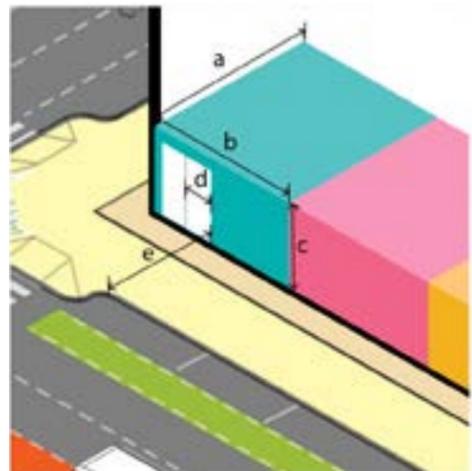
Recommended Actions

- Reduce commercial FAR requirements in mixed-use development to make development more feasible while also working with developers to provide space that is appropriate for small businesses.
- Provide developers with best practice design guidelines for ground floor retail space in mixed-use buildings.
- Incentivize developers to provide tenant improvement allowances to small businesses.

Context

Ground floor retail space in mixed-use buildings should be well-designed for a variety of business uses. Guidelines for appropriate façade design, ceiling height, shop space depth, utilities, and other elements of building design can help ensure that new space is designed to support the success of a range of different commercial uses.

New development should included a mix of shop sizes that are affordable for small local tenants (e.g., in the range of 1,000 to 1,500 square feet) and larger shop sizes that can accommodate national retailers and other “anchor” tenants (i.e., larger tenants that draw foot traffic to a business district). Finally, the City should also consider the potential for including production, distribution and repair (PDR) space in larger development projects.



Guidelines for appropriate façade design, ceiling height, shop space depth, utilities, and other elements of building design can help ensure that new space is designed to support the success of a range of different commercial uses.

Continue to market Opportunity Zone investments in Downtown San José that will benefit small businesses

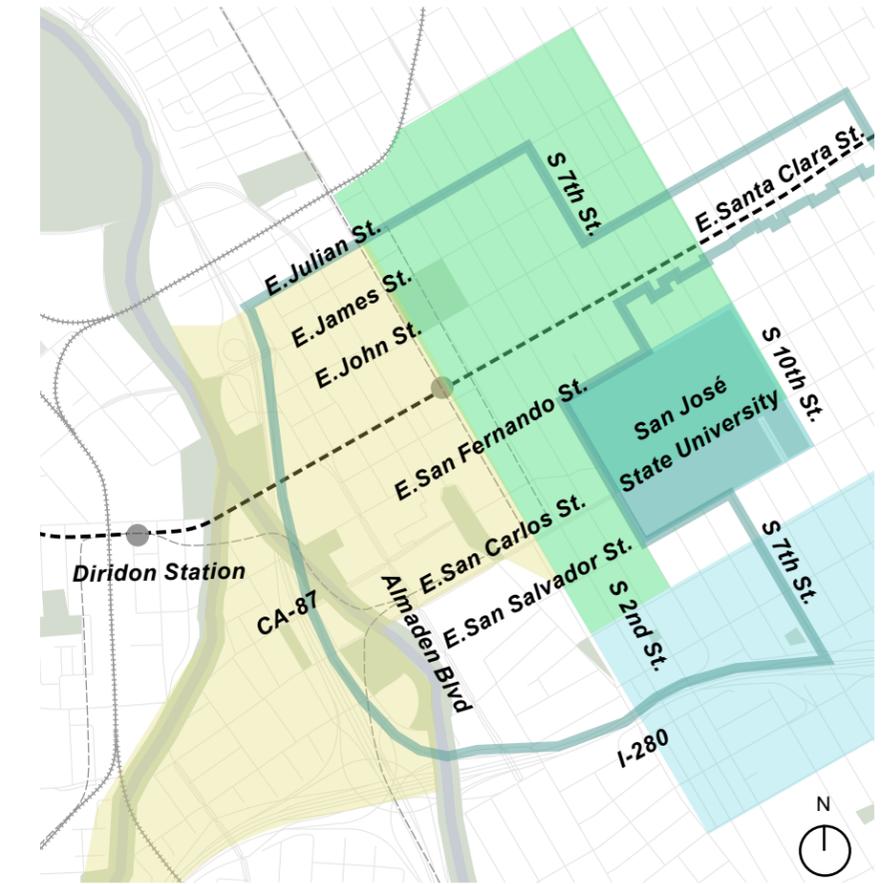
Phasing: Initiate within 12 months

Recommended Actions

- Encourage investments in entrepreneurs building their businesses in Downtown San José, or developing or retrofitting office spaces to serve as incubator and/or co-working spaces.
- The Office of Economic Development (OED) should work with local non-profit partners to ensure that local businesses and entrepreneurs have the capacity to take advantage of investment opportunities (e.g., up-to-date business plans).

Context

The Opportunity Zone program was created as part of the 2017 Federal tax bill. It allows investors to receive tax benefits in exchange for investing in businesses or real estate located in low income Census Tracts designated as Opportunity Zones by the governor of each state. Eleven Census Tracts in San José have been designated as Opportunity Zones, including most of the Downtown San José Station area.



Map of Downtown San José Opportunity Zones

Legend

- Downtown San José Station area
- Opportunity Zones
 - Census Tract 5008
 - Census Tract 5010,5009.1
 - Census Tract 5016

Implement the Downtown San José Retail Strategy recommendations

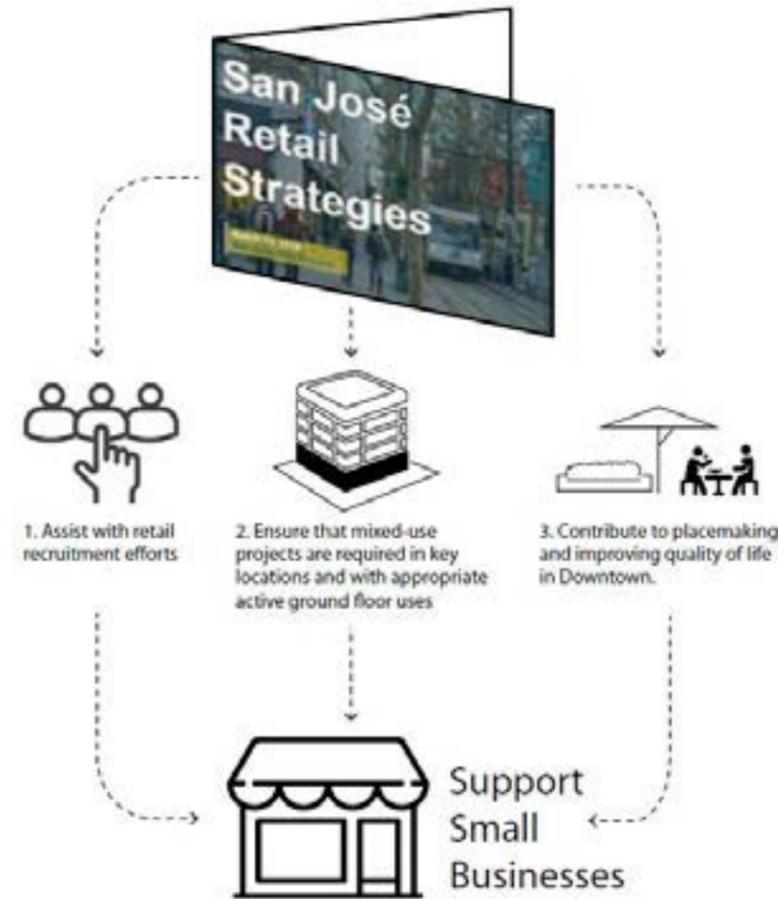
Phasing: Initiate in 12 months

Recommended Actions

- Limit ground floor retail requirements to certain locations, like key intersections, while allowing for other active ground floor uses in elsewhere.
- Continue to incubate small retailers in Downtown.
- Create and promote a strong brand identity for Downtown.
- Prepare a Downtown Developer’s Manual, including best practices for designing ground floor retail space.
- Identify and create distinct pedestrian routes between key downtown anchor destinations.
- Improve quality-of-life by developing strategies to address concerns such as homelessness and bicycle and pedestrian safety.
- Identify specific actions to address long-term retail vacancies.
- Consider adopting a policy regarding corporate cafeterias.

What is The Downtown San José Retail Strategy?

The Downtown San José Retail Strategy, adopted by City Council in March 2019, provides a comprehensive strategy for enhancing Downtown San José’s unique role in the City and Silicon Valley by focusing City efforts in the next three to five years.



Continue and expand City programs to retain and support small and micro businesses

Phasing: Initiate in 12 months

Recommended Actions

- Provide information to business owners about programs that assist small businesses.
- Monitor small business performance and risk as development occurs on the corridor.

Context

The City of San José office of economic development currently offers grants in the range of \$10,000-\$15,000 to assist small businesses in making tenant or façade improvements. Grants are provided on a first-come, first-served basis to businesses occupying ground floor space in Downtown San José or one of the City’s neighborhood business districts (which include East Santa Clara Street and Alum Rock Avenue). In addition, the Office of Economic Development provides referrals to nonprofit partners that can provide assistance with business planning, financial management, lease negotiations, etc.

Provide targeted assistance to small and micro businesses that are displaced by new TOD

Phasing: Initiate in 12 months

Recommended Actions

- Provide information to businesses that may be displaced about relocation benefits for which they may be eligible.
- Incentivize developers to provide relocation assistance to displaced small businesses.
- Prioritize businesses displaced by new development for technical and financial assistance.
- Work with local business associations and other service providers to match displaced tenants with vacant space and provide access to grants and/or loans for transition costs like tenant and façade improvements.

Context

As new development occurs in the station area, the City of San José should work with local partners to ensure that displaced businesses have access to available assistance programs, and, if possible, be matched with vacant space.



Create a 24/7 Downtown with a Targeted Mix Of Uses

KEY STRATEGIES CHECKLIST

- Concentrate ground floor retail requirements in targeted locations
- Invest in public realm improvements to support a friendly environment for people to walk and bike



Photo Credit: Sergio Ruiz for SPUR

Why is this 'Big Move' essential for Transit Oriented Communities

Downtown San José is growing as a destination for dining and entertainment. By complementing these dining and entertainment uses with well designed dynamic public spaces, merchants can tap into a night-time economy and help make Downtown feel safer at all times of day.

To enhance the Downtown experience, it is critical to designate safe primary connections from the station to commercial activity nodes for pedestrians and cyclists to move through. Public places for people to congregate should also be provided.

Easy Access to Everyday Needs ✓	Housing Choices for Everyone	Active Street Life ✓
Safe Spaces for People ✓	Local Businesses and Services ✓	Community Supporting ✓

Opportunities

Create and promote a strong brand identity for Downtown.

Enhance placemaking and the design of the public realm.

Identify and create distinctive pedestrian routes between key Downtown anchor destinations.

Bring boulevards up to Vision Zero compliance. This includes safer pedestrian crossings and more comfortable bicycle facilities at night.

Commission local organizations, artists, and citizens to customize their neighborhoods in a way that respects civic and cultural heritage.

Challenges

Downtown San José is growing as a destination for dining and entertainment but still struggles to attract retailers of clothing, accessories, home furnishings, or other goods.

Quality of life issues exist in Downtown, including a large population of people experiencing homelessness.

Concentrate ground floor retail requirements in targeted locations

Phasing: Initiate within 12 months

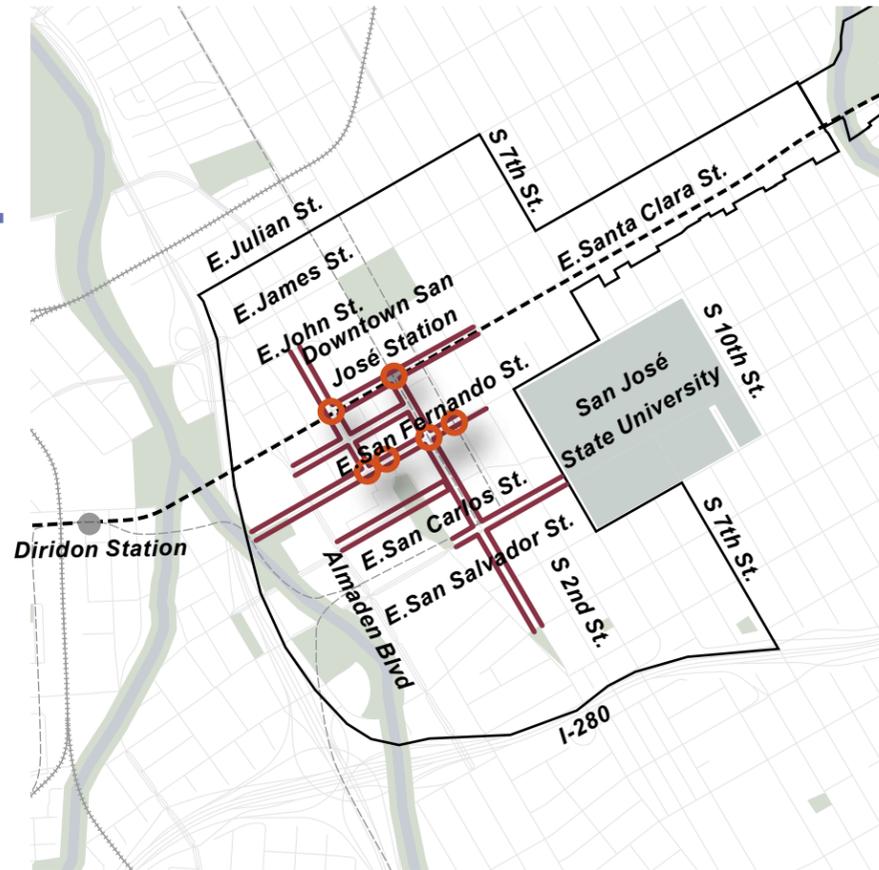
Recommended Actions

- The City of San José should focus on creating distinct retail destinations at targeted locations throughout the station area.
- Permit other active ground floor uses such as makers spaces and professional services.

Context

Downtown San José has a unique set of assets. Although the combined buying power of the people living and working in San José is significant, these consumers alone do not define Downtown's retail niche. In fact, Downtown's greatest strength comes from its multifaceted role of serving both residents and office workers, and also the million plus visitors who pass through the station area every year. Downtown could continue to build on its strength as an entertainment and visitor destination by making it fun and easy to move around from place to place.

In the short-term, retail activities should be focused in locations that best match the retail industry's location criteria focusing on key intersections.



Map of Downtown San José targeted retail intersections and active ground floors

Legend

- Primary Intersection with Retail Concentration
- ▬▬ Primary Active Use/Transparency Zone

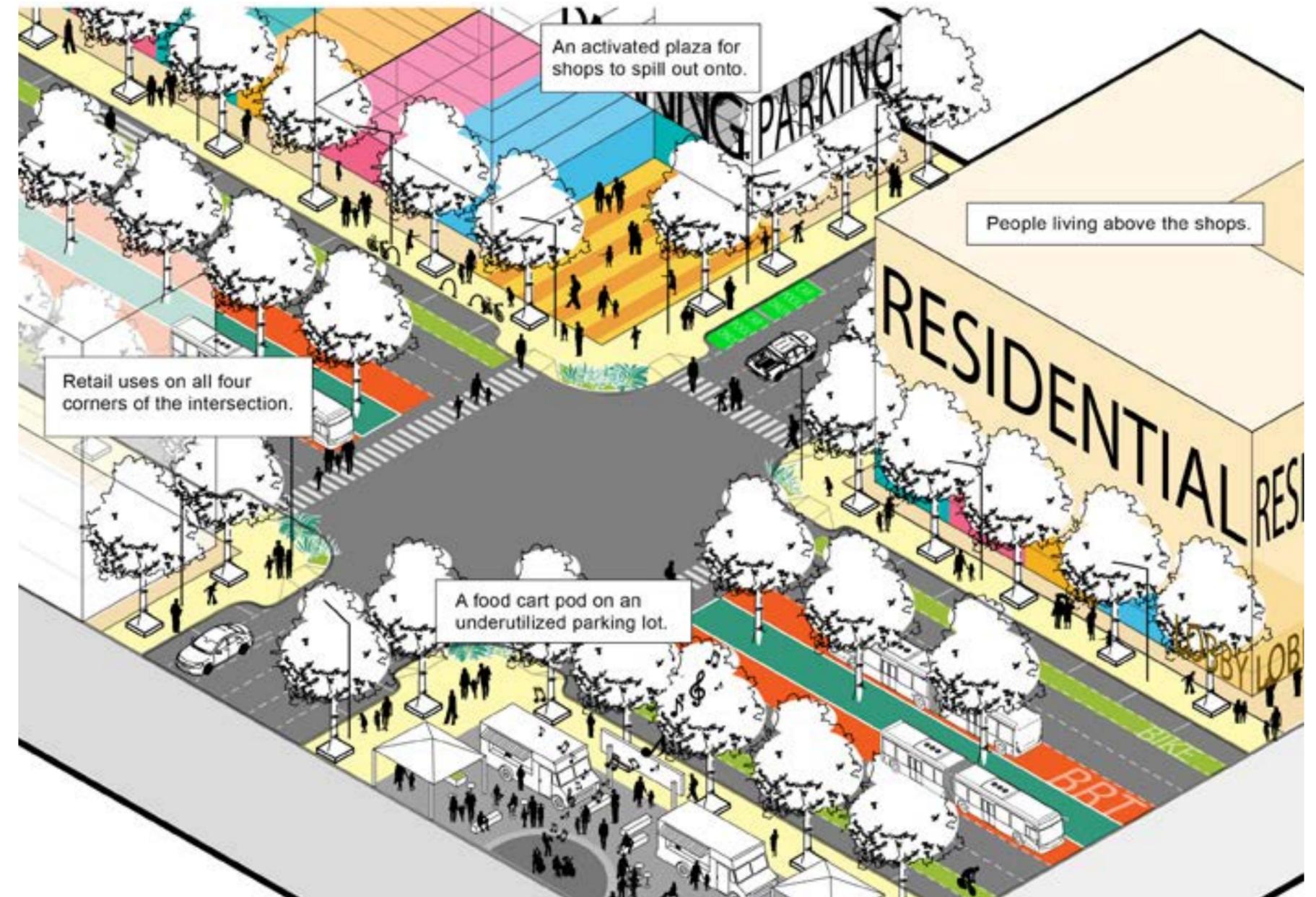


Diagram of a distinct retail destination

Invest in public realm improvements to support a friendly environment for people to walk and bike

Phasing: Initiate within 12 months

Recommended Actions

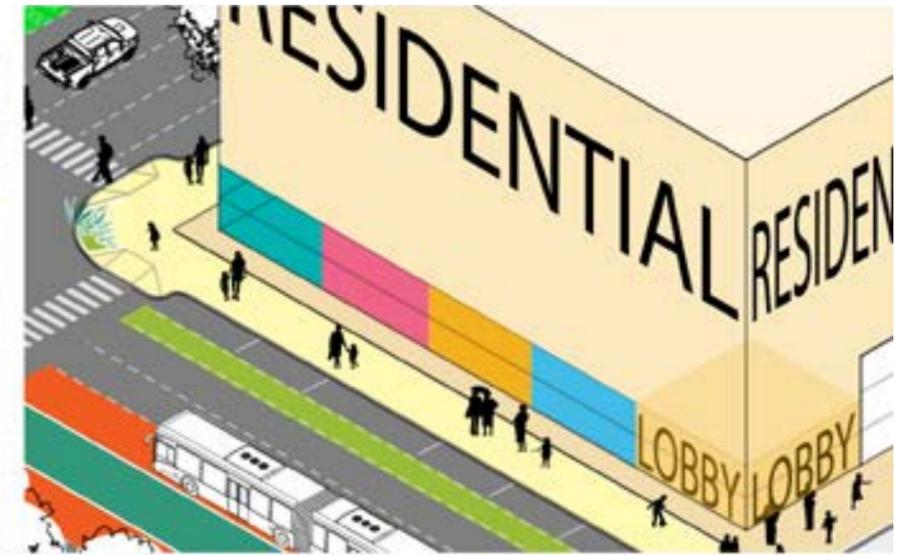
- Prioritize bicycle, pedestrian, transit access, and streetscape improvements that enhance access to businesses as well as to the future BART station.

Context

Local stakeholders identified a number of public realm challenges that negatively affect perceptions of East Santa Clara Street, including limited parking for workers and businesses, a challenging pedestrian environment, and lack of connections to the Downtown Core. Bicycle, pedestrian, and transit improvements in the station area should improve access, including to businesses, the future BART station, and other transit options. In addition, the City should consider whether the corridor between the Downtown San José and 28th Street/Little Portugal stations should be included in the shared access district strategy for the Downtown Core.



Safely connect people to different activity centers and the BART station entrance.



Concentrate retail uses along major streets and nodes that are compatible with pedestrian activity and targeted growth.



Traffic calming strategies in Downtown San José support prioritization of pedestrians, bikes, and transit.



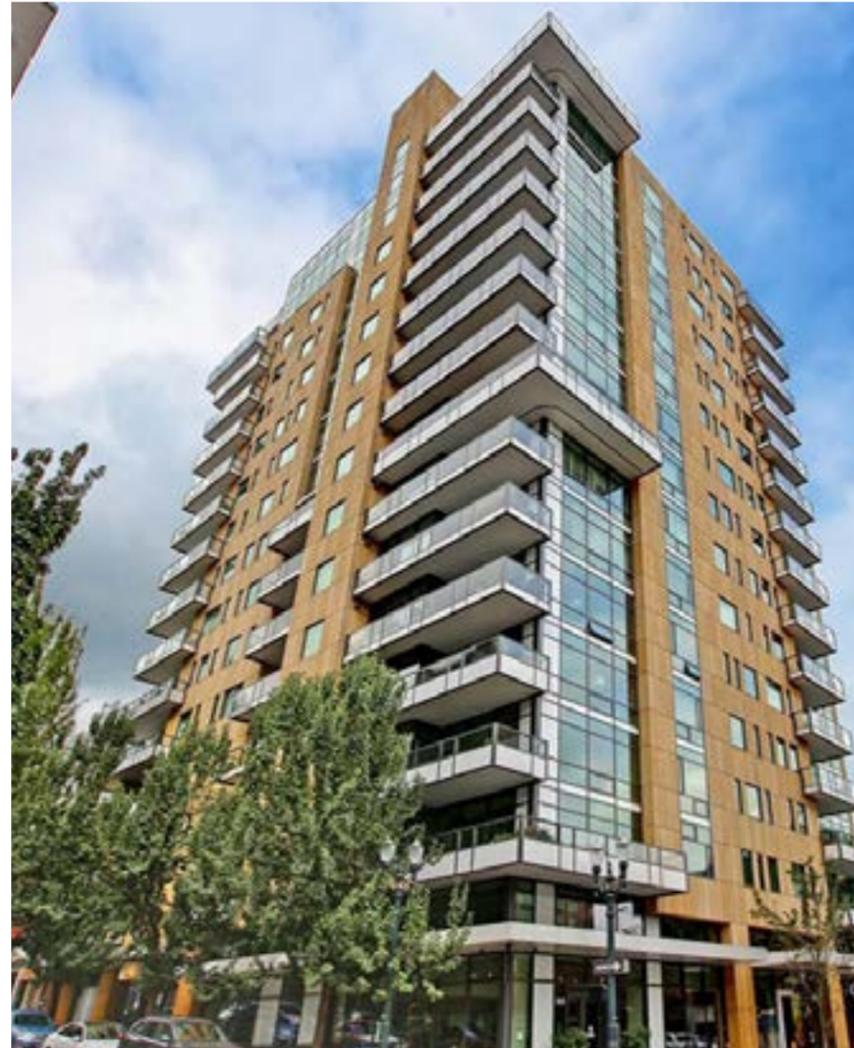
Convert underutilized parking lots into places for community, like farmer's markets and public plazas.



Protect and Produce Workforce and Affordable Housing

KEY STRATEGIES CHECKLIST

- Pursue new partnerships and funding for affordable housing production
- Leverage VTA properties and other public land for affordable housing production
- Make it easier for low income tenants to access affordable housing
- Implement more robust policies to preserve existing affordable housing
- Ensure that existing tenants and homeowners can stay in place by expanding existing housing policies and resources
- Increase local funding for deed-restricted affordable housing production



Why is this 'Big Move' essential for Transit Oriented Communities?

Building affordable housing has the potential to help reduce housing and transportation costs for very low to moderate income households. The City and VTA have set ambitious goals for affordable housing development. Meeting these goals will require prioritizing affordable housing construction in the station areas and leveraging new funding sources.

Preserving existing affordable housing and protecting current tenants and homeowners from displacement will help ensure that existing and new residents benefit from expanded transit access. *Appendix M provides more information on the strategies recommended in this section.*

Easy Access to Everyday Needs ✓	Housing Choices for Everyone ✓	Active Street Life ✓
Safe Spaces for People ✓	Local Businesses and Services ✓	Community Supporting ✓

Downtown San José Station Area Housing

By the numbers:

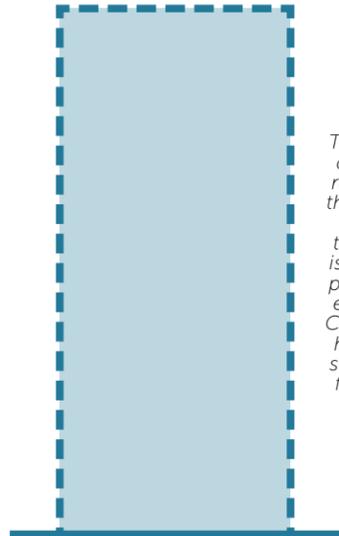
7,087
Number of existing housing units based on US Census ACS 2012-2016 5-year estimates

15,992
Net new housing units the station area can accommodate



3,198
Net new affordable units to meet the City's goal of 20 percent affordability for new construction.

\$552m



The total amount of local funding required to meet the City's housing goal. Some of this contribution is expected to be provided through existing City and County affordable housing funding sources, but new funding sources will also be required.

Framework: Protect, Preserve, Produce

In order to mitigate the risk of household displacement and to maximize the potential benefits of new transit for lower income households, it is critical that supportive strategies be put into place that address the following three principles:

- **Protect** tenants and homeowners that currently live in the station area and surrounding neighborhoods.
- **Preserve** the affordability of existing housing in the station area and surrounding neighborhoods.
- **Produce** new affordable housing units to expand the availability of housing for lower income households in the station area.

Definition of Affordable and Workforce Housing:

For the purposes of this playbook, housing is defined as “affordable” if a household spends 30 percent or less of its gross income on housing costs.

By this definition, affordable housing includes regulated units that have limits on the maximum rents or sales prices (also called deed-restricted units), as well as unregulated units that have no restrictions on rents or sales prices but are relatively low cost.

Deed-restricted affordable housing can be restricted to one of several income categories: extremely low income, or households earning 30 percent of area median income (AMI) and below; very low income households earning 31 to 50 percent of AMI; low income households earning 51 to 80 percent AMI; or moderate income households earning 81 to 120 percent of AMI. “Workforce” housing typically refers to housing that is affordable to moderate income households.



Foundry Commons, San José

Photo Credit: Sergio Ruiz for SPUR

■ Pursue new partnerships and funding for affordable housing production

Phasing: Initiate within 12 months

Recommended Actions

- Pursue new state funding sources for affordable housing and TOD.
- Monitor new private funding sources to help fill the funding gap.

Context

Limited resources are available to help meet affordable housing production targets for the station area. The Downtown Strategy 2000 Environmental Impact Report (EIR) sets a goal of 20 percent affordable housing for Downtown San José. VTA's Joint Development policy also requires a minimum of 20 percent affordable units at no more than 60 percent of AMI on individual VTA-owned sites and a 35 percent goal across VTA's joint development portfolio.

Federal, state, local, and private funding is needed to help build affordable housing. In the last two years, new state funding sources and private philanthropic opportunities have emerged. Other local partnerships may also be possible.

Case Study: Affordable Housing for Sustainable Communities (AHSC)

The City of San José recently won two AHSC awards from the State of California Strategic Growth Council for projects in the Downtown and 28th Street/Little Portugal station areas. The awards include \$31.5 million for two residential developments that will include 155 new affordable apartments. Of the \$31.5 million, nearly \$21.5 million will help fund housing construction. Approximately \$10 million will fund local transportation improvements. This includes \$4 million for VTA to purchase new electric buses, and approximately \$6 million for the City to build new and protected bikeways, make pedestrian crossing safety improvements, and add tree and landscaping to urban areas.



Source: The Registry, Bay Area Real Estate

■ Leverage VTA properties and other public land for affordable housing production

Phasing: Initiate within 12 months

Recommended Actions

- Identify opportunities to offer VTA-owned land and other publicly owned sites at a discount for affordable housing development.

Context

Publicly-owned sites represent a unique opportunity to facilitate the production of affordable housing. Reserving public land for this purpose helps affordable housing developers acquire sites in desirable locations, which is especially important given rising land costs and mounting competition with market-rate developers for site acquisition in prime locations near transit. In addition, offering publicly-owned land at a below-market price helps reduce development costs, and can increase a project's competitiveness for grants and tax credit programs.

■ Make it easier for low income tenants to access affordable housing

Phasing: Initiate within 12 months

Recommended Actions

- Implement a source of income ordinance.
- Consider establishing a new policy that would give displaced San José tenants a better chance of obtaining an affordable unit.

Context

Although new transit has the potential to provide benefits to low and moderate income households, eligible tenants may face challenges in finding or renting affordable units in the station area for a host of reasons. Discrimination against recipients of federal Housing Choice Vouchers (HCV, more commonly known as Section 8 vouchers) is prevalent in San José.

As a result, voucher recipients are often unable to find a suitable private rental apartment and may lose their voucher due to expiration rules. A source of income ordinance would prohibit discrimination based on source of income, including tenant subsidies such as HCVs. The Santa Clara County Board of Supervisors recently adopted an ordinance of this kind, which applies to the County's unincorporated areas.

The City of San José is also exploring implementation of new lottery preferences for new deed-restricted housing, which would give preference to households that have been displaced from their San José home or from gentrifying areas.

■ Implement more robust policies to preserve existing affordable housing

Phasing: Initiate within 12 months

Recommended Actions

- Continue to require unit replacement, or an equivalent alternative, when rent-stabilized units are demolished.
- Continue to track and preserve expiring deed-restricted units.
- Partner with funders and affordable housing developers to create a new acquisition and rehabilitation program for naturally occurring affordable housing (NOAH).

Context

The housing stock of the Downtown San José Station area is at risk of losing affordability. The station area includes expiring deed-restricted units, rent-stabilized units, naturally occurring affordable housing (NOAH), and historic homes that could be redeveloped and/or become unaffordable to lower income households. Several existing affordable projects, accounting for 256 deed-restricted units, have deed restrictions that are expiring in the next 10 years. These units may be at risk of conversion to market rate if the terms of the deed restriction are not renewed. There are 2,900 rent stabilized units within the station area. Although San José’s rent stabilization ordinance limits the rate at which rents can be increased for a given tenant, a state policy known as “vacancy decontrol” gives landlord full discretion to reset initial rents when a new tenancy begins.

■ Ensure that existing tenants and homeowners can stay in place by expanding existing housing policies and resources

Phasing: Initiate within 12 months

Recommended Actions

- Increase targeted emergency rent assistance for at-risk households.
- Increase legal services and outreach for tenants facing evictions.
- Closely monitor evictions, rent increases, and foreclosures in the station area.
- Improve protections for tenants of deed-restricted affordable housing.
- Increase assistance to low income homeowners.

Context

The City of San José has adopted and strengthened several anti-displacement policies over the years. Gentrification and displacement are already underway in Downtown San José. Findings from UC Berkeley’s Urban Displacement Project indicate that gentrification and displacement are ongoing in the Downtown San José Station area. Additional demographic analysis determined that the station area includes a mixed and transitioning population, and many households remain vulnerable to displacement. In particular, the station area is a majority renter area, with over 80 percent renter-occupied units. A quarter of renters are severely cost-burdened.

■ Increase local funding for deed-restricted affordable housing production

Phasing: Initiate within 12 months

Recommended Actions

- Support a citywide affordable housing bond measure.
- Implement a commercial linkage fee.
- Explore dedicating a portion of potential future tax increment financing (TIF) district revenues to affordable housing.

Context

Local funding (beyond what can be obtained from federal and state sources) is an essential component of affordable housing funding. Approximately \$552 million in local funding will be required to meet the City affordability target for the Downtown San José Station area. Some of this local contribution is expected to be provided through existing City and County affordable housing funding sources (such as the City of San José’s inclusionary housing in-lieu fee revenues) or provided in the form of land donations, and some of the units will be provided through the City’s existing inclusionary housing ordinance.

However, even with the existing policies and funding sources in place, there will remain a significant gap in the local funding required to meet the affordability targets for the station area. For example, the City of San José recently extended a City policy to exempt Downtown high-rises currently in the development pipeline from the inclusionary requirement altogether. Where the inclusionary requirement does apply, some developers may elect to pay an in-lieu fee instead of providing the units required by the inclusionary housing ordinance on-site, and in-lieu fee revenues may be used citywide. Other existing local sources are also not restricted to the station area. To fill the remaining gap, the City will need to prioritize affordable housing development in the station area for existing funding sources and find new resources.

What is a TIF District?

Tax increment financing (TIF) is a mechanism that captures incremental increases in tax revenues generated in a specific district, in order to pay for improvements in that district. TIF districts are being considered as part of VTA’s BART Phase II TOCs Strategy. If a TIF district is being implemented in the station area, the City of San José should explore the appropriate share of revenues to set aside to assist in meeting affordable housing goals.

For more information and an example of a TIF district, see page 64.

The City is already considering a new citywide affordable housing bond measure after the narrow defeat of a similar measure in November 2018. The City is also in the process of conducting a nexus study for a commercial linkage fee on new commercial development (office, retail, industrial, hotel, etc.) to help pay for affordable housing development. If an EIFD or other TIF district is implemented in the station area, the City of San José should explore the appropriate share of revenues to set aside for affordable housing.



Unlock the Value of Mobility for All Stakeholders

KEY STRATEGIES CHECKLIST

- Right-size parking requirements for residential, office, and retail development
- Encourage use of sustainable modes through Transportation Demand Management (TDM) strategies
- Adopt a Shared Mobility District (SMD) that manages transportation and parking to provide access throughout the station area
- Adopt street hierarchy typologies in the station area
- Create a tailored approach to streetscape improvements and transit connections



Photo Credit: Sergio Ruiz for SPUR

Why is this 'Big Move' essential for Transit Oriented Communities

While additional development density has the potential to increase ridership, transit ridership is not based on development density alone; oversupplying parking can reduce the value of the transit investment.

By setting a maximum parking requirement instead of a minimum requirement, cities can provide context-sensitive and evidence-based guidance to developers that frames parking as one component of the transportation network.

Right-sized parking reduces project costs and increases the amount of land available for the best parts of TOCs: housing, jobs, shops and spaces to relax and play.

Easy Access to Everyday Needs ✓	Housing Choices for Everyone	Active Street Life ✓
Safe Spaces for People ✓	Local Businesses and Services ✓	Community Supporting ✓

Downtown San José Station Area Parking

By the numbers:



Right-size parking for residential, office, and retail development

Phasing: Initiate within 12 months

Recommended Actions

- Eliminate parking minimums for all new development.
- Cap parking ratios at the following maximums for all new development:

Station	Category	Multi-Family Residential	Office	Ground-Floor Retail
San José Downtown	Existing Standards	1 space per unit minimum	2.5 space per 1,000 square feet minimum	No parking required
	Comparable Standards	No parking required (San Diego, CA)	No parking required (Sacramento, CA)	No parking required (Sacramento, CA)
	Recommended Standards	No parking required	No parking required	No parking allowed

*The City of San José is developing the Downtown Transportation Plan and should evaluate a downtown-wide parking cap in the TOC study area and the wider Downtown.

Case Study: City of San Diego, CA

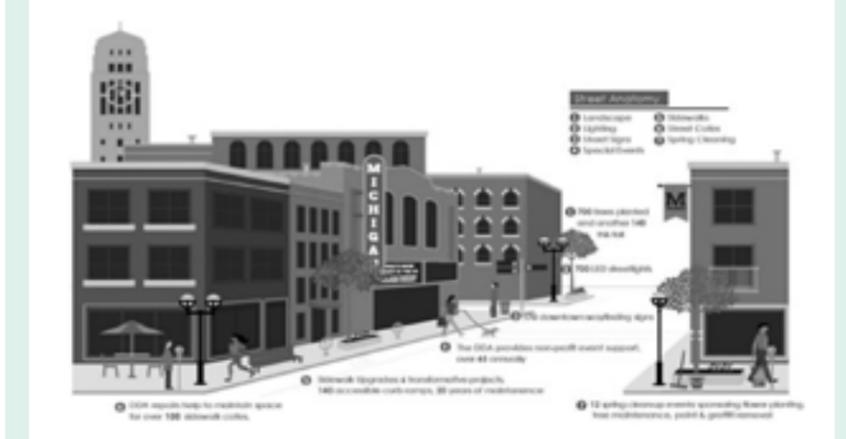


Photo credit: Nathan Rupert, obtained via Flickr

The City of San Diego found that 89% of 41 multi-family apartment sites located within a half-mile of a major transit stop had lower demand than the prevailing requirement ratio. Following the study, the City Council successfully voted in March 2019 to remove minimum parking requirements for multi-family residential uses in downtown San Diego and areas within a half-mile of a major transit stop.

Source: Natural Resource Defense Fund.

Case Study: City of Ann Arbor, MI



The Ann Arbor Downtown Development Authority (DDA) helped redefine the role of a public parking authority by recognizing the value of reducing parking demand, not only through efficient shared-parking management but also by directing parking revenues to fund sustainable mobility improvements and TDM programs, including:

Transit Expansions – Free circulator buses and commuter express bus service to outlying communities.

Pedestrian Enhancements – Continual streetscape improvements, walking maps, wayfinding programs, etc.

Bicycle Amenities – 1,000+ bike parking spaces provided, including bike lockers, sheltered bike houses, and in-street corrals across downtown.

Safer Streets – Multiple street redesign and traffic calming projects, including development of the Downtown Street Design Manual.

Demand Reduction Programs – Several programs maintained by the DDA-funded getDowntown organization, including the go!pass, an unlimited-pass transit benefit.

Source: Ann Arbor's Existing Mobility Resource's, Parking and TDM Study, Ann Arbor DDA, 2016.

Encourage use of sustainable modes through Transportation Demand Management (TDM) strategies

Phasing: Initiate within 12 months

TDM Programs



Subsidized Transit Pass and Bikeshare Memberships

Provide contributions or incentives for transit passes and bikeshare memberships for employees and/or residents. Cost savings associated with providing less parking are commonly used to justify these programs.



Carpool / Vanpool Matching

Facilitate carpooling and vanpooling by matching potential riders.



Commuter Benefits Program

Employers with at least 50 employees are required to 1) allow pre-tax transit/vanpool expenses, 2) subsidize employees to use transit/vanpool, 3) directly provide transit services, or 4) provide an alternative benefit approved by the Metropolitan Transportation Commission.



Guaranteed Ride Home

Offer free rides home from work to employees who have an emergency after avoiding commuting alone in a car.



Enhanced Walking Conditions

Provide streetscape improvements and a conveniently and comfortably connected pedestrian network that links major destinations and attractions to encourage people to walk instead of drive.



Flexible Work Arrangement Programs

Provide work from home, telecommuting, and flexible schedule options.



Carpool and Vanpool Preferential Parking

Designate very desirable parking spaces for employees who carpool or vanpool.



End-of-trip Bicycle Facilities

Provide secure storage for bikes, along with showers, lockers, and changing rooms.

What is Transportation Demand Management (TDM)?

Transportation Demand Management (TDM) is implementation of programs and policies that encourage people to use all elements of the transportation system, which result in balanced use across the system and less driving and parking. Developers should provide the following TDM programs to residents and employees within the station area to support Downtown San José as station area an equitable TOC.



Unbundled Parking

Parking costs are detached from rents or leases. Residents and employees pay separately for rent and parking.



Car Share Vehicles

Designated parking for car share vehicles that is accessible 24/7.



Cash-Out Parking

Where free parking is provided, give employees the option to receive the cash value of free parking in lieu of a parking space.



Car Share Memberships

Subsidized car share memberships for residents, tenants and employees.



Price Parking

Charge for parking. This may include explicitly charging employees for parking, implementing market or dynamic rate pricing, and/or validating for invited guests only.



TDM Marketing

Provide employees, residents, and/or guests with information on available sustainable travel options.

Adopt a Shared Mobility District (SMD) that manages transportation and parking to provide access throughout the station area

Phasing: Initiate within 3 years

Recommended Actions

- All off-street parking in the station area should be well-located and shared. District parking can be managed by a SMD.
- Encourage or require landowners to join a parking district or enter into shared parking agreements.

Context

The City of San José's regulatory framework can encourage parking to be provided and managed as an open, shared, and public resource, resulting in more efficient use, and reuse, of parking spaces.

Much of the current parking pricing policy guidance is established by the City of San José's Parking Rate Resolution which provides guidance for managing parking differently in different areas. This includes the following:

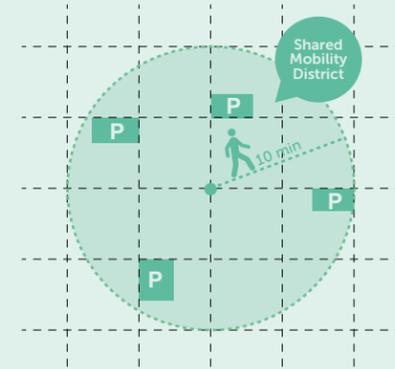
- Allow occupants of buildings without off-street parking to lease public parking facilities
- Delegate authority to the Department of Transportation Director to implement demand responsive pricing for certain types of parking
- Charge different amounts for specific user groups (i.e., San José State University students, Downtown merchants and their employees, and startup companies).

Management of individual parking facilities will vary by context and technology available at time of implementation.

What is a Shared Mobility District (SMD)?

A Shared Mobility District (SMD) is an entity that manages transportation resources and facilitates travel through more sustainable modes while reducing parking within a district. SMDs identify and facilitate opportunities to more efficiently use existing parking facilities, negotiate with private owners of parking facilities, build and manage new facilities as needed, and implement wayfinding, signage, and other improvements that encourage people to travel more sustainably.

A SMD should be established and supported by contributions to a shared fund which should be used to build, operate, and maintain the SMD's assets.



Parking supply managed by an SMD is meant to meet the district's needs. Just like transit and roads are shared by everyone, district parking should meet the needs of the entire SMD.

Depending on their options and means, SMD users will include people who do not have a car, use a car occasionally, and need a car for commuting. See Appendix K for additional case studies.

The Shared Mobility District built or acquired this new public parking structure in order to effectively serve the entire TOC - residents, employees, and visitors.

The Shared Mobility District negotiated a deal with the owner of this private surface parking lot to allow residents and visitors to park here on weeknights after 6pm and on weekends.

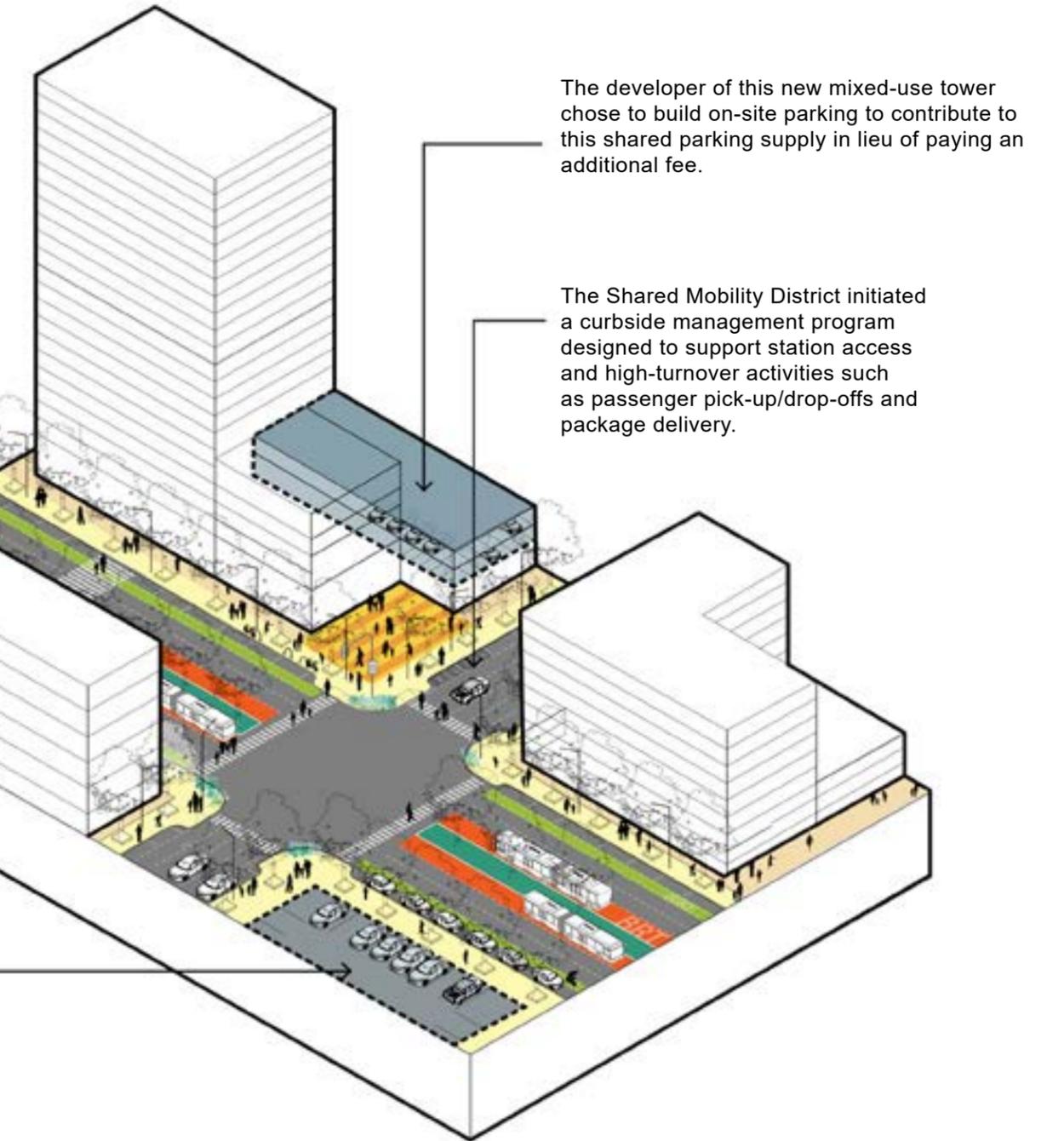


Diagram of a Shared Mobility District

Adopt street hierarchy typologies for the station area

Phasing: Initiate within 3 years

Recommended Actions

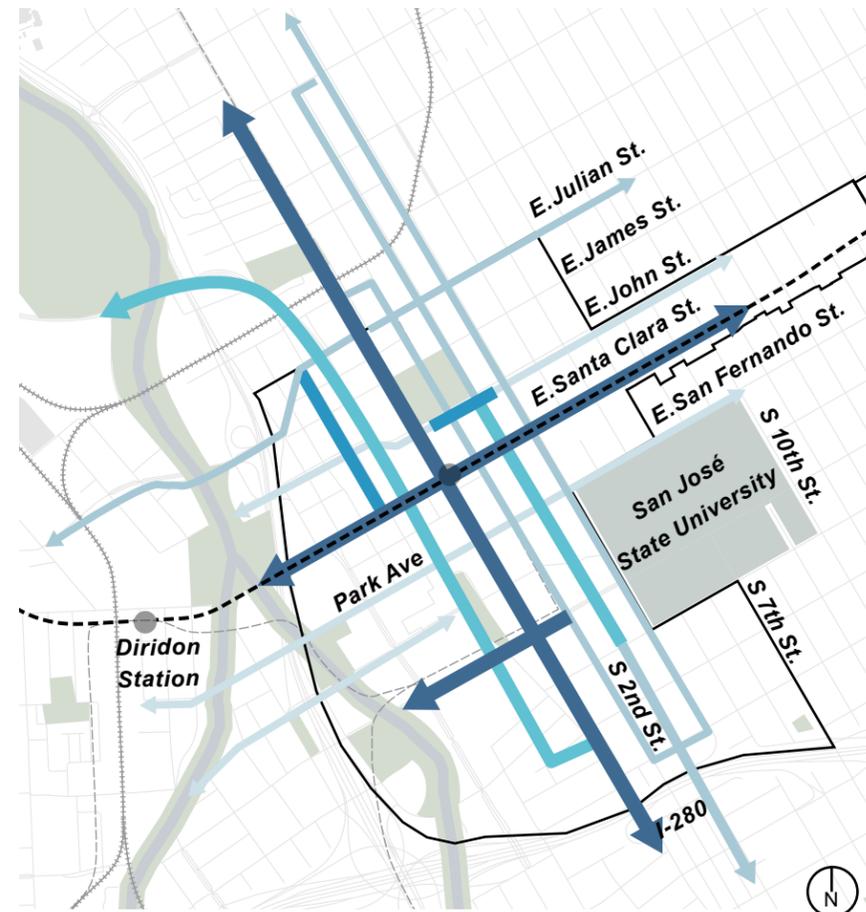
- Adopt transit oriented street typologies that are consistent with the City of San José's General Plan Complete Streets Design Standards and Guidelines.

Context

Due to its dense street grid with wide sidewalks, recent additions of protected bicycling infrastructure through the Better BikewaySJ project, and many transit options, the Downtown San José Station area is supportive of non-auto modes of travel. However, these non-auto modes are still constrained due to gaps in those facilities or a lower level of comfort because of conflicts with automobiles. These conflicts result from the large portion of the public right-of-way dedicated primarily to the movement or storage of private automobiles, with only a small portion exclusively set aside for travel by foot, bicycle, or transit.

Legend

- Grand Boulevard
- Main Street
- City Connector
- Local Connector
- On-street Bikeway



Map of Downtown San José Street Hierarchy

Create a tailored approach to streetscape improvements and transit connections

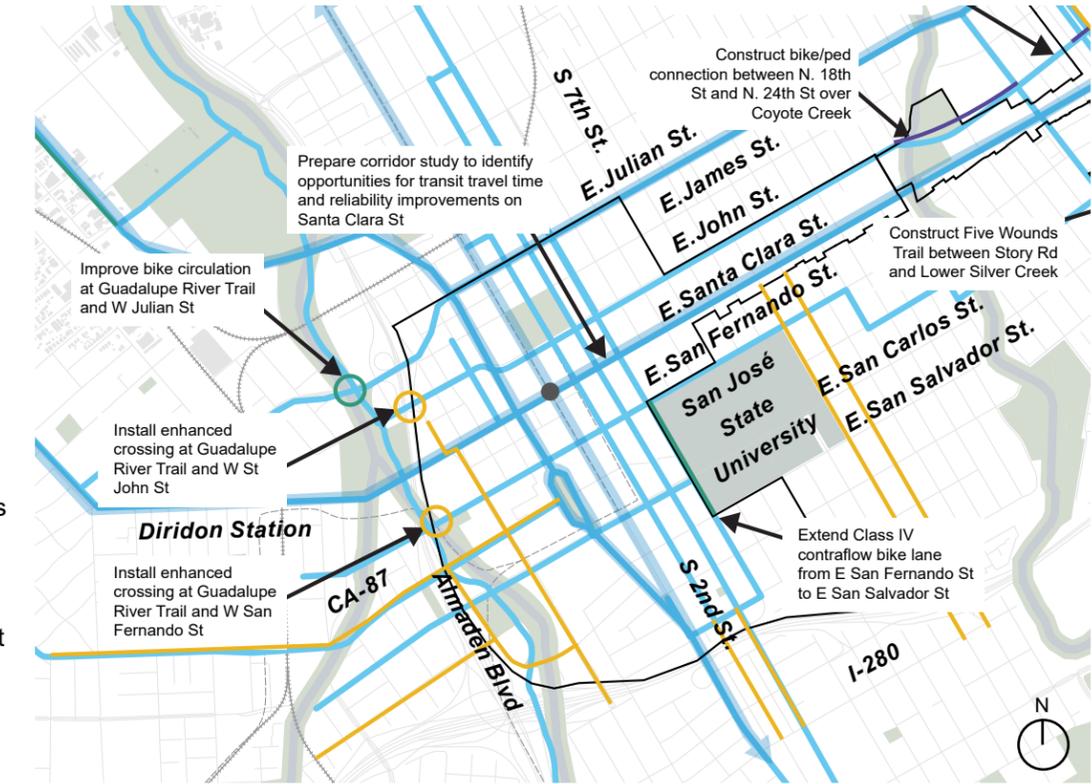
Phasing: Initiate within 12 months

Recommended Actions

- Install high quality walkways and bikeways on station access routes.
- Construct bulb-outs and install high visibility crosswalks within 1/4 mile of station walkshed.
- Improve curb ramps to current ADA standards within 1/4 mile walkshed.
- Improve conditions for people who walk and bike at key intersections adjacent to the station.
- Install wayfinding signage along station access routes.
- Improve and implement transit priority on East Santa Clara Street per General Plan to support the BART Station.

Context

To access the station from San José City Hall, San José State University, or San José Convention Center, pedestrians must traverse large surface arterials and high-speed traffic. There are also several low-stress facilities in the station area. Transit users also contend with their buses being delayed by auto congestion and facing difficulty reentering traffic after a stop.



Map of Recommended Downtown San José Street Improvements

Legend

- Enhanced crossing
- Improved bike circulation
- Planned bikeway
- Proposed bike lane
- Corridors



Prioritize Funding and Implementation

KEY STRATEGIES CHECKLIST

- Create a dedicated staff position within the City of San José to lead TOC implementation
- Establish a framework for ongoing collaboration between the City of San José and VTA to institute new TOC funding tools
- Establish a Community Facilities District to leverage contributions from new development
- Implement a Tax Increment Financing District, and consider sharing revenues across San José Station areas
- Work together to identify grants and other funding sources
- Engage with local partners to expand community and economic development activities



Photo Credit: Sergio Ruiz for SPUR

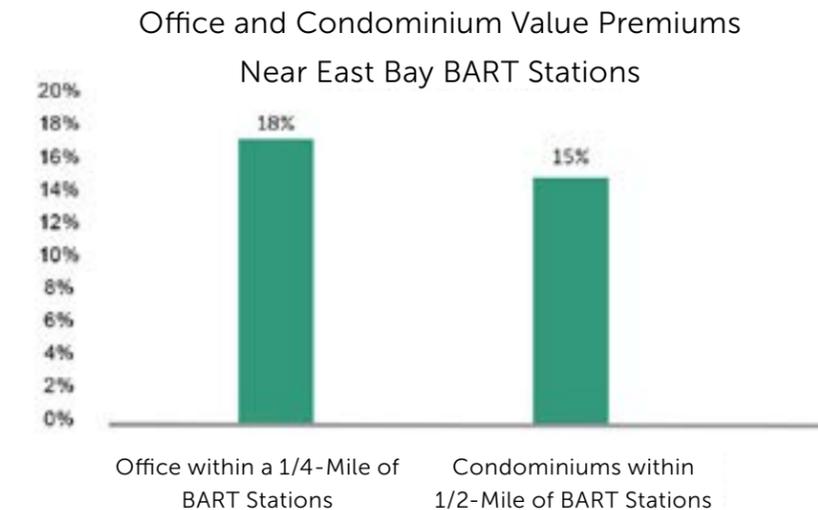
Why is this 'Big Move' essential for Transit Oriented Communities

Great TOCs require government agencies, community-based organizations, and private sector partners to make a long-term commitment to invest in public infrastructure, affordable housing, and local economic development. Successfully implementing the TOC priorities will require dedicated City staff time, ongoing collaboration among agencies and local stakeholders, and new funding strategies.

While each station area has its own set of implementation and funding needs, each will benefit from a corridor-level approach to implementation. A corridor-level approach will maximize resources, prioritize the most critical investments across station areas, enable access to a broader range of funding sources, and bring a wider range of partners to the table. *Appendix O provides a comprehensive funding and implementation strategy for the corridor, including more details on all the strategies discussed in this section.*

Easy Access to Everyday Needs ✓	Housing Choices for Everyone ✓	Active Street Life ✓
Safe Spaces for People ✓	Local Businesses and Services ✓	Community Supporting ✓

Premiums for transit near East Bay BART stations:



Experience from the East Bay (Alameda and Contra Costa Counties) shows that properties near BART can command a significant price premium. By establishing TOC financing districts as soon as possible, the City can capture some of the value that BART will create in order to pay for infrastructure improvements, affordable housing, and other public investments.

Percentage difference in office rents/condominium values, compared to locations more than 1/2 road miles from a BART station for office and more than 5 road miles from a BART station for multi-family residential.

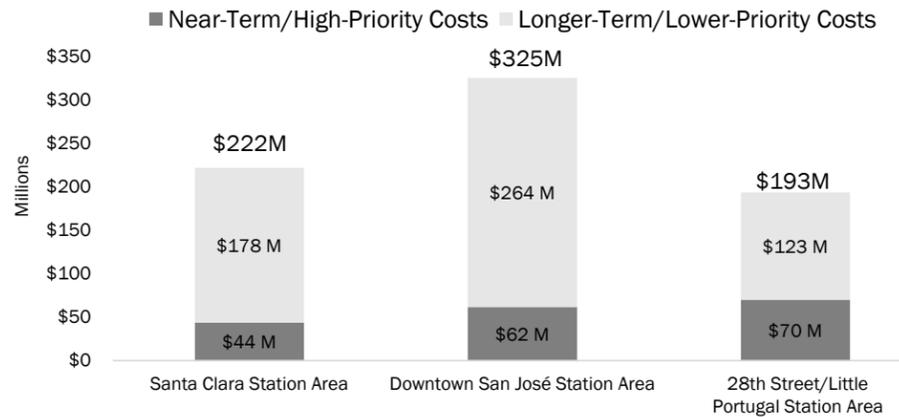
Source: Strategic Economics, 2015.

Investing in Public Infrastructure and Facilities to Maximize Benefits and Realize Value

Targeted investments are needed to implement successful TOCs, including improvements to provide excellent access to transit and accommodate future growth. This big move focuses on identifying funding for access, streetscape, storm drain, and public space improvements.

- **Bicycle, pedestrian, and transit access improvements** to allow existing and future residents and workers to take full advantage of BART service. Access improvements are discussed in more detail in the *Unlock the Value of Mobility For All Stakeholders* section of this Playbook.
- **Streetscape enhancements** such as street trees, lighting, and bike racks that reflect the distinct identity of each station area, better connect the community to BART, and help make the station areas more attractive for TOD.
- **Storm drain improvements** to reduce flooding in the streets during major storm events.
- **Parks, plazas, paseos, trails, and other open space** to create community spaces and connect destinations within the station areas.

Access, Streetscape, and Storm Drain Costs through 2040



Note: Assumes costs are phased over time and that costs escalate by 4.2% a year. Costs are estimated in the year in which they are projected to occur (in nominal dollars).

Estimated Costs & Project Prioritization

The total cost of needed access improvements, streetscape enhancements, and storm drain improvements in the Downtown San José station area is estimated at \$325 million. This assumes improvements are phased in over time and that costs escalate by 4.2% a year on average.

The near-term/high-priority improvements – those that should be made in advance of or concurrently with the introduction of BART service – are estimated to cost \$62 million.

Appendix S provides more information on specific improvements, cost estimates, and project prioritization.

Funding and Implementation Framework

The City of San José, VTA, and other partners can capture the tremendous value created from the BART investment and advance realization of the TOC by pursuing the following funding and implementation actions:

- **Create and Capture Value.** The City should consider district-based mechanisms (such as Community Facilities Districts and Tax Increment Financing districts) to help pay for infrastructure and affordable housing. A TOC district could also help coordinate funds from different sources and implement projects and programs.
- **Leverage Multiple Sources.** No single funding source will cover the cost of implementation. The City, VTA, and other partners must work together to pursue multiple funding sources and act opportunistically to take advantage of grants and other sources as they become available.
- **Collaborate.** Strong leadership within the City, as well as ongoing collaboration between the City, VTA, and other key stakeholders, is needed to maintain focus and continuity over time.
- **Break Down the Silos.** Work across departments and agencies to accomplish multiple goals, including the City and VTA's goals related to affordable housing, economic development, and reduced greenhouse gas emissions.
- **Engage.** Potential implementation partners include community-based organizations, private and non-profit developers, local businesses, and major “anchor” institutions such as San José State University that have a strong interest in the success of the station area.

It should be noted that recent state legislation (AB 3194) limits the ability of cities to require rezoning for housing projects, which could impact the ability of the City to incentivize participation in a CFD. Consequently, VTA and the City should collaborate closely to identify ways to address this and other challenges.

■ Create a dedicated staff position within the City of San José to lead TOC implementation

Phasing: Initiate within 12 months

Recommended Actions

- Establish a senior level staff position (e.g. TOC Manager) dedicated to TOC implementation. The specific responsibilities of the TOC Manager will change over time, but may include:
 - Leading implementation of TOC funding strategies.
 - Ensuring implementation of land use, parking, design, and other policy changes to support good TOCs.
 - Working across departments to prioritize TOC implementation.
 - Engaging with partner agencies to support TOC implementation throughout the corridor.

Context

Implementation of successful TOCs will require staff time and commitment from the City of San José involving multiple departments (e.g., Planning, Economic Development, Housing, Public Works, Building/Code Enforcement, Transportation, etc.). The City of San José should determine the department or office where the position should be housed in order to maximize the staff person's capacity to lead implementation efforts and coordinate efforts across departments. Over time, additional staff may be required to support implementation.

Case Study: City of Denver TOD Manager



Photo Credit: Confluence Denver

In 2014, the City of Denver adopted a citywide TOD Strategic Plan. Multiple departments were involved in the plan, including Community Planning and Development, the Office of Economic Development, Public Works, Parks and Recreation, and Finance. The plan emphasized that implementing TOD would require actions that cut across multiple departments. The City created a new citywide TOD Manager position in 2014. In 2015, the City hired a TOD Manager who has experience in municipal politics and a familiarity with the local development and advocacy communities. The TOD Manager works across departments to expedite approval of TOD projects and ensure that new development contributes to infrastructure improvements required to support TOCs. The TOD Manager sits on the West Line Corridor Collaborative Board and was instrumental in the formation of the cross-jurisdictional West Corridor Transportation Management Association. The TOD Manager is officially housed in the Community Planning and Development department. However, other cities have found that placing this position in the Economic Development department can be more effective in facilitating cross-departmental efforts.*

* Most of the information included in this case study was obtained from personal communication with Chris Nevitt, Citywide TOD Manager for the City of Denver, and Mike Hughes, Executive Director of the West Corridor Transportation Management Association, May 2019.

■ Establish a framework for ongoing collaboration between the City of San José and VTA

Phasing: Initiate within 12 months

Recommended Actions

- The City of San José and VTA should develop a framework for continued coordination. Other partners such as BART and community organizations should be involved either regularly or on specific issues. Key topics to cover include the following:
 - Implementing TOC financing districts.
 - Identifying and pursuing grant funding opportunities.
 - Implementing shared mobility districts.
 - Coordinating land use policy and zoning, especially in the 28th Street/Little Portugal Station area.

Context

As part of the TOCs Strategy Study, VTA organized regular meetings with staff of both the Cities of San José and Santa Clara, as well as quarterly meetings with a broader technical advisory group comprised of additional staff from the City, VTA, and BART. This level of coordination should be continued with monthly staff meetings and quarterly meetings with department directors. This framework has proven successful for the Cities of Denver and Lakewood and their respective housing authorities to form the West Line Corridor Collaborative.

■ Work together to identify grants and other upfront funding sources

Phasing: Initiate within 12 months

Recommended Actions

- Prioritize key station area projects in the City's plans and Capital Improvement Programs (CIPs).
- Work together to identify and pursue eligible projects for competitive grant programs, and collaborate on grant applications that are critical to the success of transit and TOCs.
- Integrate active transportation, environmental justice, and housing projects together to leverage multiple funding sources.
- Identify projects that may be eligible for VTA's upcoming Valley Transportation Plan (VTP) 2050 update.

Context

While CFDs and TIF districts would contribute substantial resources to TOC implementation, additional funding will still be needed. In particular, there will be a need to identify upfront funding sources to make the highest priority improvements in the station area, which would ideally be completed before BART service begins. The City, VTA, and other partners should work together to monitor funding availability for grant programs, provide letters of support, and identify projects that can help move TOC priorities forward. See Appendix N for a list of potential grant sources.

Establish a Community Facilities District (CFD) to leverage contributions from new development

Phasing: Initiate within 12 months

Recommended Actions

- The City of San José should establish policies that incentivize new development to participate in a CFD by making participation in a CFD a condition of approval for projects that exceed the heights, densities, or other requirements that are allowed by right.
- The City of San José should work with VTA to establish CFDs on the agency's joint development sites as a way to accelerate the formation of a district.

Context

A Mello-Roos Community Facilities District (CFD) is a special taxing district formed to finance improvements to public facilities. CFDs would apply only to new development and would not result in a tax increase for existing properties. CFD revenues could be used to pay for access, streetscape, or other infrastructure improvements in the station areas, as well as for specified services which could include transit operations and maintenance.

A CFD special tax in the Downtown San José station area could generate approximately \$40 million in total revenues through 2040 (in 2019 dollars), assuming all new development envisioned in the TOC development scenario were subject to the special tax. This includes \$8 million to help pay for transit operations and maintenance, assuming that 20 percent of revenues were allocated for this purpose. One of the advantages of establishing a CFD is that it may be used to finance upfront improvements by issuing bonds against future revenues. Based on preliminary assumptions about financing, a CFD could support \$101 million in bond issuances and excess pay-as-you-go revenues through 2040.

This estimate is based on conservative assumptions about special tax rates and bond issuances, and assumes that 20 percent of revenues would be set aside to help pay for operations and maintenance of the BART extension. See Appendix Q for discussion of methodology and key assumptions.

Case Study: The Central SoMa Plan, San Francisco



The Central SoMa Plan is intended to accommodate growth around the future Central Subway extension. The plan allows for 16 million square feet of new housing and employment space; it is accompanied by a \$2 billion public benefits package that includes affordable housing (33 percent of new housing) open space, street and infrastructure improvements, cultural preservation, and community services.

To realize this vision, the Central SoMa Plan's Implementation Strategy called for a CFD which was officially approved in January 2019. The CFD is expected to generate up to \$350 million, or 17 percent of the total cost of the public benefits package. Participation in the CFD is required for commercial development and for-sale residential development that exceed certain height and density limits, as defined in the San Francisco Planning Code. The San Francisco Board of Supervisors exempted rental housing due to concerns over financial feasibility.

Source: City and County of San Francisco, Central SoMa Plan.

Implement a Tax Increment Financing District (TIF), and consider sharing revenues across San José station areas

Phasing: Initiate within 12 months

Recommended Actions

- Establish a TIF district that encompasses both Downtown San José and 28th Street/Little Portugal so that revenues could be used across both station areas.
- Require that at least 20 percent of TIF revenues are set aside for affordable housing.
- Work with Santa Clara County to create a Public Financing Authority (PFA) to establish a Enhanced Infrastructure Financial District (EIFD).

Context

A tax increment financing (TIF) district redirects incremental increases in property tax revenues that occur within a designated geographic area to help fund infrastructure, other public facilities, and affordable housing. TIF does not add any new fee or tax obligations to property owners. Instead TIF reallocates money from future revenues generated by the existing property tax rate, above and beyond that which taxing entities currently receive. Cities, counties, and other taxing entities may choose to contribute to a TIF district. California State law currently authorizes the use of several TIF tools, of which Enhanced Infrastructure Financial Districts (EIFDs) are the most flexible and widely used.

Based on preliminary assumptions, a TIF district in the Downtown San José station area could generate \$30 million in total revenues through 2040 (in 2019 dollars), including slightly less than \$6 million for affordable housing if 20 percent of revenues were allocated for this purpose. Like a CFD, a TIF district may be used to finance upfront improvements by issuing bonds against future revenues. Based on preliminary assumptions, a TIF district could support \$75 million in bond issuances and excess pay-as-you-go revenues through 2040. See Appendix Q for more information about the revenue estimates and key issues for implementation.

Case Study: City of La Verne Metro Gold Line TOD Enhanced Infrastructure Financing District (EIFD)



The City of La Verne, located in Los Angeles County, adopted an EIFD that covers 46 acres surrounding the City's future Metro Gold Line light rail station and an additional non-contiguous 65-acre subarea near the University of La Verne's West Campus. Transit service to the station is expected to begin in 2026.

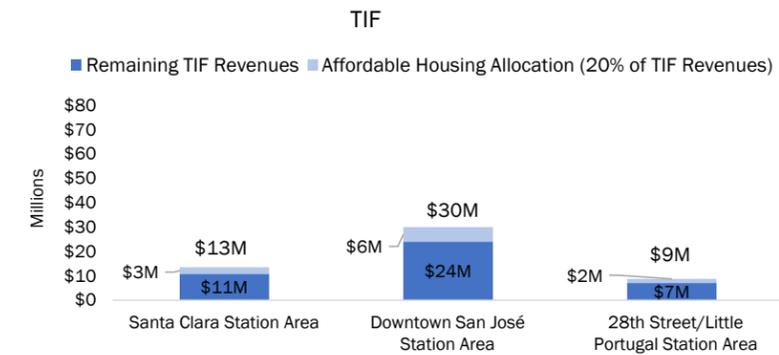
Leading up to the adoption of the EIFD, the City completed an extensive planning process for the area surrounding the future station which included a Specific Plan that called for higher density, mixed-use TOD. In order to enable TOD in a low-density, car-oriented environment, significant infrastructure and access improvements would be necessary.

The EIFD Financing Plan includes 14 projects with a total cost of \$33 million, including a pedestrian bridge, traffic and streetscape improvements, and various utility improvements (sewer, water, and wastewater). If and when projects identified in the Financing Plan are fully funded, the share of tax increment diverted is set to return to the City's General Fund. The City of La Verne is in discussion with Los Angeles County about joining the EIFD.

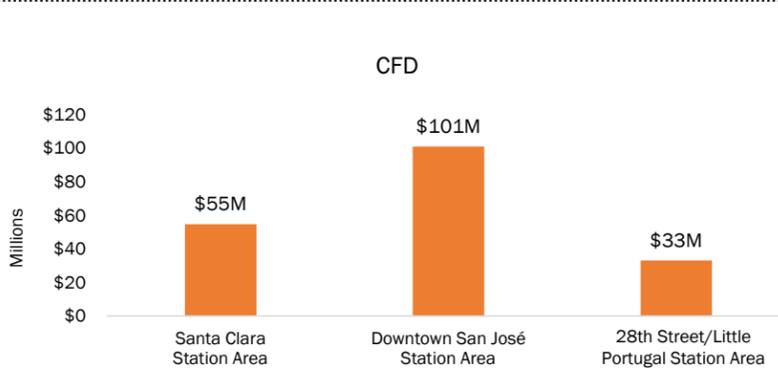
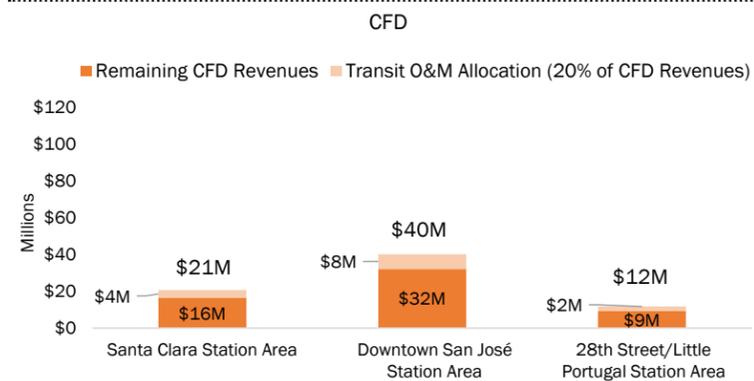
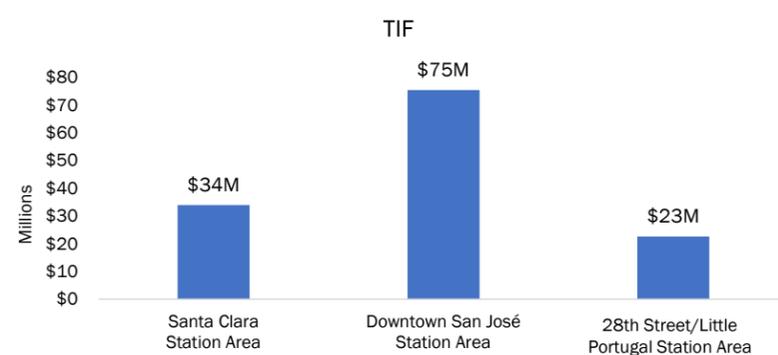
Source: Metro Gold Line Foothill Extension Construction Authority.

Estimated District-Based Revenues by Station Area

Net Present Value of Potential Revenues through 2040
Assuming no Bond Financing



Potential Financing Capacity through 2040
Assuming Bond Issuances



Notes

- Due to rounding, subtotals may not add up to total revenues.
- Graphs show total gross revenues before administrative expenses or debt service.
- Assumes 20% of TIF revenues are allocated to affordable housing, and 20% of CFD revenues are allocated to transit operations and maintenance.
- 2040 is the planning horizon for the TOC Strategy Study. Revenues are discounted to 2019, assuming a 5% discount rate.

Source: Strategic Economics, 2019.

Notes

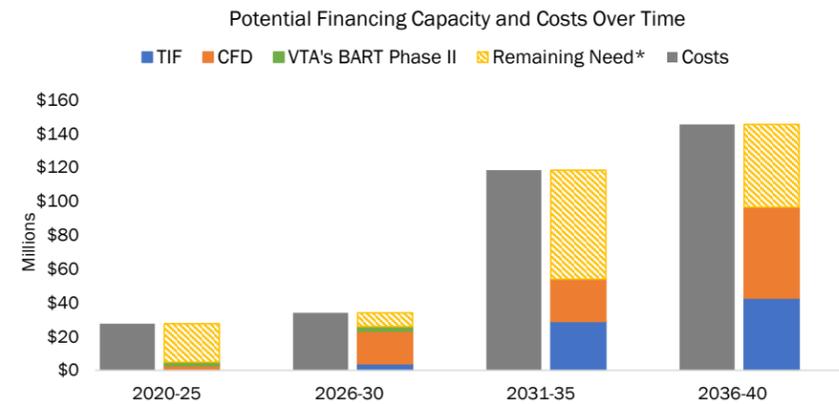
- Includes net bond proceeds (net of administrative costs, issuance costs, and allocation for affordable housing or transit O&M) and excess pay-as-you-go revenues.
- Dollars are nominal (in year in which bonds are issued/revenues accrue).
- See Appendix Q for more information on methodology and key assumptions.

Source: Strategic Economics, 2019.

Summary of Costs and Potential Funding & Financing Sources

Estimated Cost	\$325.3
Funding/Financing Sources	
CFD	\$101.0
TIF	\$75.4
VTA's BART Phase II	\$4.8
Remaining Need*	\$144.2

Total Costs	Santa Clara Station Area	Downtown San José Station Area	28th Street/Little Portugal Station Area	Total
Bicycle, pedestrian, transit access	\$92,974,997	\$73,181,735	\$115,562,495	\$281,719,228
Streetscape	\$78,553,391	\$198,642,245	\$63,063,150	\$340,258,785
Storm drain	\$50,323,780	\$53,514,850	\$14,865,236	\$118,703,866
Total	\$221,852,168	\$325,338,830	\$193,490,881	\$740,681,879



Notes

- *Potential sources to cover the remaining need could include grants, developer contributions (above and beyond CFD special tax payments), and the Cities' Capital Improvement Programs (CIPs).
- TIF and CFD bars includes net bond proceeds (net of administrative costs, issuance costs, and allocation for affordable housing or transit O&M) and excess pay-as-you-go revenues.
- Dollars are nominal (in year in which bonds are issued/revenues accrue).
- See Appendix Q for more information on methodology and key assumptions.

Source: Strategic Economics, 2019.

The figures on page 65 shows the total potential revenues that could be raised from implementing a CFD and TIF district in the Downtown San José station area, and the potential financing capacity based on preliminary assumptions about bond issuances. VTA will contribute access and streetscape improvements that are part of the BART Phase II project. The remaining gap in funding would need to be covered by other sources such as grants, developer contributions (above and beyond CFD special tax payments), and the City's Capital Improvement Programs (CIPs).

The figure to the left illustrates how costs might be phased over time, compared to when funding and financing are expected to be available. The biggest need is for upfront financing to pay for the near-term/high-priority improvements that will enhance access to the stations and accelerate new development. Even assuming that TOC financing districts are put in place quickly, they will not generate substantial revenues (or allow for the issuance of bonds) until significant development has already occurred.

Engage with local partners to expand community and economic development activities

Phasing: Initiate within 12 months

Recommended Actions

- Expand services and coordination among agencies to address homelessness, pedestrian and bicycle safety, and quality-of-life issues (e.g., late night noise, parking management) as recommended in the Downtown San José Retail Strategy.
- Create and promote a strong brand identity for Downtown San José to help attract new businesses, residents, and visitors.
- Consider opportunities to expand services such as street and sidewalk cleaning, beautification, events, and marketing with the formation or expansion of, for example, a Business Improvement District (BID) and/or Property-Based Business Improvement District (PBID).

Context

Creating successful TOCs requires ongoing investment in programs and services that create opportunities and benefits for local residents and businesses. Community and economic development activities in Downtown San José can capitalize on the introduction of BART service to support Downtown's emergence as the central business district of Silicon Valley.

Community-based organizations - like Business Improvement Districts (BIDs), Property-Based Improvement Districts (PBIDs), Community Development Corporations (CDCs), and Downtown Development Corporations can provide services and programming that go above and beyond standard municipal services that are tailored to meet local needs. Community-based organizations can access funding sources such as foundation funds, grants, or loans from banks meeting their Community Reinvestment Act requirements.

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