



Metropolitan Transportation Commission (MTC)
Bay Area Metro Center
375 Beale Street San Francisco, CA 9410

DATE: 10/03/23

Dear Chairperson Pedroza and Commissioners,

The City of San José would like to thank MTC staff for recommending the allocation of \$30 million in Regional Measure 3 funding to advance the integrated Diridon Station project. This funding will enable the integrated project to move forward expeditiously, including with preliminary property acquisition critical to maintaining quality rail and transit service at the redeveloped station.

Equitable transit-oriented communities are a critical part of San José’s and the Bay Area’s future. **The City of San José is committed to the principles and aims of the Transit-Oriented Communities (TOC) Policy and appreciates the Commission’s role and responsibility to ensure quality transit investments.**

Although not required to come into compliance until 2026, the City has already made significant progress toward meeting MTC’s TOC Policy requirements – especially with the Diridon Station Area Plan (DSAP, adopted May 2021) and Parking and Transportation Demand Management (TDM) Ordinance (adopted December 2022).

That said, we acknowledge that there are areas in which San José is not yet fully in compliance. **The City of San José commits to reviewing policies not yet in compliance with the TOC Policy as well as any necessary policy changes with our City Council and community at large, prior to 2026.**

The purpose of this letter is to share existing policies applicable to the Diridon Station area and their alignment with MTC’s TOC Policy.¹ The following summarizes MTC goals and existing alignment, with a more detailed analysis of progress towards compliance available in Attachments 1 and 2.

In summary, the City of San José has *increased the housing supply*, especially affordable housing, in the Diridon Station area. The DSAP plans for up to 12,900 new homes – with 25% affordable, higher than our citywide 15% inclusionary requirement. The DSAP also includes an Affordable Housing Implementation Plan, focused on the production and preservation of affordable housing, as well as the protection of renters. The Affordable Housing Implementation Plan builds upon existing policies, programs, and strategies— including

¹ The City has not yet completed a comprehensive review to compare all 54 San José stations against the recently-released draft Administrative Guidance (September 2023). City staff have compared the TOC Policy to our adopted plans and policies near the Diridon Station – particularly the Diridon Station Area Plan (DSAP, updated May 2021) – and citywide policy regarding housing, community stabilization, complete streets, parking, and transportation demand management.



those in the adopted Citywide Residential Anti-Displacement Strategy and Housing Element. DSAP affordable housing recommendations were created after more than two years of deep listening and dialogue with those in the community most affected by displacement concerns and housing needs.

The City also greatly *increased the density of new commercial office development* near Diridon Station. The DSAP allows for up to 13.7 million square feet (MSF) of new office, and another 1MSF of active use and retail space. This equates to space for an estimated 44,000 new jobs in the area directly around Diridon Station. More than half (7.8MSF) of that development is part of Google's entitled Downtown West project, and another 1.1MSF is proposed by Caltrain on sites directly across from Diridon Station.

The DSAP and Downtown Transportation Plan also prioritize *bus transit, active transportation, and shared mobility*, particularly to *Equity Priority Communities*. Special attention was given to connections in and out of the station area across Highway 87 and Interstate 280, given that the historic downtown core and neighborhoods to the east and south are equity priority communities. Projects that specifically advance this and are in our adopted Capital Improvement Program include transit and pedestrian improvements to Santa Clara Street and bikeway priority improvements to San Fernando Street.

In December 2022, San José became the largest U.S. city to *abolish nearly all parking minimums citywide*. Instead, developments are required to reduce demand for driving through transportation demand management (TDM) – reducing housing and development costs, traffic, and greenhouse gas emissions. In the Diridon Station area, however, the City has a long-standing contractual agreement with the Sharks and SAP Center to ensure that parking is available for event patrons. To meet this legal obligation, the City retained relatively low commercial parking requirements, with incentives for private developments to share their parking (at market rates) with the public. Additionally, the DSAP calls for a Parking and Transportation Management District to effectively manage parking and improve TDM resources.

Finally, the City shares MTC's goal to *support and build partnerships* to create equitable transit-oriented communities. The redevelopment of Diridon Station is a partnership among the City, Caltrain, Valley Transportation Authority (VTA) and MTC with staff from all agencies helping the City create the DSAP and plans for the Station itself. Additionally, myriad partners – including the SAP Center, advocates, developers, and surrounding community and neighborhood associations – worked with the City to craft these plans. This includes a 38-member Station Area Advisory Group (SAAG) for the DSAP, as well as community-based organizations that partnered with the City to solicit diverse feedback over many years. These partnerships have laid the foundation for successful implementation of transit-oriented communities near Diridon Station.



Thank you for your commitment to equitable transit-oriented communities like those we are endeavoring to build in San José. Your support of \$30 million in Regional Measure 3 funding will ensure we can preserve precious rail right-of-way and continue moving forward with the integrated Diridon Station project in a timely and cost-effective manner.

Sincerely,

A handwritten signature in black ink that reads "Matt Mahan".

Mayor Matt Mahan
City of San José



Attachment 1: Initial Summary of Compliance with MTC’s TOC Policy near Diridon Station

Transit Oriented Communities (TOC) Policy Requirements	Status
Section 1: Density for New Residential & Commercial Office Development	
Minimum Zoning (Residential): Average of 100 units/net acre or higher	
Maximum Zoning (Residential): Average of at least 150 units/net acre	
Minimum Zoning (Commercial): Average of 4 Floor to Area Ratio (FAR) or higher	
Maximum Zoning (Commercial): Average of 8 FAR or higher	
Section 2: Affordable Housing Production, Preservation, and Protection Policies and Commercial Stabilization Policies	
At least two affordable housing production policies	
At least two affordable housing preservation policies	
At least two affordable housing protection and anti-displacement policies	
At least one commercial stabilization policy	
Section 3: Parking Management	
No minimum parking requirements <i>*Other than targeted exception to meet existing contractual obligation</i>	
Parking maximum of 0.375 spaces per unit (residential) and 0.25 spaces per 1,000 sf (commercial) or lower	
TDM Policy for New Development	
Section 4: Station Access and Circulation	
Complete Streets	
Project Prioritization / Implementation	
Access Gap Analysis	
Mobility Hubs	

Compliant

In Progress



Attachment 2: Details of Compliance with MTC’s TOC Policy near Diridon Station

Diridon Station – Compliance towards Transit Oriented Communities Policy

Status as of September 2023

Section 1: Density for New Residential & Commercial Office Development²

<i>Required</i>	<i>Status (September 2023)</i>
Minimum Zoning (Residential): Average of 100 units/net acre or higher	 <p>Minimum density requirements would need to be raised (and/or imposed) to align with the TOC Policy.</p> <p>Currently, the DSAP includes three residential land use designations within a ½ mile of the Station:</p> <ol style="list-style-type: none"> 1. The majority is “Downtown”, a mixed-use designation without minimum residential density requirements to allow for a wide range of uses. 2. A sizable portion is “Transit Residential,” allowing for a minimum of 65 dwelling units (du)/acre. 3. A small portion is designated “Urban Residential” with a minimum of 30 du/acre.
Maximum Zoning (Residential): Average of at least 150 units/net acre	 <p>Maximum density requirements align with the new TOC Policy guidance:</p> <ol style="list-style-type: none"> 1. “Downtown” allows for up to 800 dwelling units/acre or 30 FAR. 2. “Transit Residential” allows for up to 450 du/acre. 3. “Urban Residential” allows for up to 95 du/acre. <p>*The Diridon Station area is subject to height and land use restrictions related to the Norman Y. Mineta International Airport. In 2019, in anticipation of the DSAP update, the City increased height limits through a change to its “One Engine Inoperable” policy, which added millions of square feet of new development potential to the Diridon Area. Proximity to the Airport remains the most significant limit on density in the Diridon Station area.</p>
Minimum Zoning (Commercial): Average of 4 Floor to Area Ratio (FAR) or higher	 <p>Minimum density requirements would need to be raised (and/or imposed) to align with the TOC Policy. Currently, the DSAP includes three commercial land use designations within a ½ mile of the Station (Downtown, Commercial Downtown, and Transit Employment Center); all are intended for intensive job growth, but none have minimum density requirements.</p>

² Calculations in accordance with new (September) draft Administrative Guidance have yet to be completed, as significant technical work is required to complete those.



<p>Maximum Zoning (Commercial): Average of 8 FAR or higher</p>	<p> Maximum density requirements align with the new TOC Policy guidance:</p> <ol style="list-style-type: none"> 1. “Downtown” allows for up to 30 FAR. 2. “Commercial Downtown” allows for up to 15 FAR. 3. “Transit Employment Center” allows for up to 12 FAR. <p>*Per the above, proximity to the Airport limits achievable densities in some areas.</p>
<p>Section 2: Affordable Housing Production, Preservation, and Protection Policies and Commercial Stabilization Policies</p>	
<p>At least two affordable housing production policies</p>	<p> Affordable Housing Production Policies</p> <ul style="list-style-type: none"> - Inclusionary Zoning (15% citywide) - Affordable Housing Funding <ul style="list-style-type: none"> o Commercial linkage fee o Inclusionary in-lieu fee o Measure E (voter-approved property transfer tax) - Affordable Housing Overlay Zones (in adopted Housing Element) - Ministerial Approval (in adopted Housing Element)
<p>At least two affordable housing preservation policies</p>	<p> Affordable Housing Preservation Policies</p> <ul style="list-style-type: none"> - Funding to Preserve Unsubsidized Affordable Housing - Condominium Conversion Restrictions - Public/Community Land Trusts - Funding to Support Preservation Capacity - Mobile Home Preservation (policy and funding for repair)
<p>At least two affordable housing protection and anti-displacement policies</p>	<p> Affordable Housing Protection Policies</p> <ul style="list-style-type: none"> - Just Cause Eviction and Tenant Anti-Harassment Protections - No Net Loss and Right to Return to Demolished Homes (Ellis Act) - Legal Assistance for Tenants - Emergency Rental Assistance Program - Rent Stabilization - Mobile Home Rent Stabilization - Fair Housing Enforcement
<p>At least one commercial stabilization policy</p>	<p> Commercial Stabilization Policy</p> <ul style="list-style-type: none"> - Small business advocate office



Section 3: Parking Management

<p>No minimum parking requirement allowed</p>	<p> In December 2022, San José became the largest U.S. city to abolish nearly all parking minimums citywide.</p> <ul style="list-style-type: none"> - Instead, developments are required to reduce demand for driving through TDM – reducing housing and development costs, traffic, and greenhouse gas emissions. - TDM “credit” is provided to developments that unbundle and/or share parking to incentivize those parking management strategies. <p> - In the Diridon Station area, however, the City has a long-standing contractual agreement with the Sharks and SAP Center to ensure that parking is available for event patrons. To meet this legal obligation, the City retained relatively low commercial parking requirements (1 parking space per 1,000 sf), with incentives for private developments to share their parking (at market prices) with the public.</p> <ul style="list-style-type: none"> - Additionally, the DSAP called for a Parking and Transportation Management District to effectively manage parking and improve TDM resources. - This combination of policies minimizes the total amount of parking to be provided in the Diridon Station area, while meeting the City’s contractual obligation.
<p>Parking maximum of 0.375 spaces per unit (residential) and 0.25 spaces per 1,000 sf (commercial) or lower</p>	<p> Based on community engagement and stakeholder feedback, the City did not adopt parking maximums in the 2022 Parking and TDM Ordinance. Instead, the City incentivizes lower parking ratios by providing TDM “credit” to developments with smaller amounts of parking proposed (referred to as a “soft maximum”).</p>
<p>TDM Policy for New Development</p>	<p> The City’s 2022 Parking and TDM Ordinance requires the provision and enforcement of transportation demand management for new developments.</p>

Section 4: Station Access and Circulation

<p>Complete Streets</p>	<p> The City of San José adopted Complete Street Standards and Guidelines in 2018 https://www.sanjoseca.gov/home/showpublisheddocument/33113/636771160514830000</p>
<p>Project Prioritization / Implementation</p>	<p> The City recently completed the following CIP projects near Diridon Station:</p> <ul style="list-style-type: none"> - Safe Pathways to Diridon Station - Park Avenue Multimodal/Green Streets



	<ul style="list-style-type: none"> - St. John Street Multimodal/Bikeway - The Alameda Beautiful Way; and - Quick-Build Downtown Bikeways. <p>The following CIP projects near Diridon Station are currently underway:</p> <ul style="list-style-type: none"> - San Fernando Better Bikeway (ATP and locally-funded) - Santa Clara Street Transit/Pedestrian Priority (planning project, locally funded) and - “Hardening” Quick-Build Downtown Bikeways (MTC Quick-Strike funded).
<p>Access Gap Analysis</p>	<p> The Diridon Station Area Plan (DSAP, adopted 2021) can be accessed at https://www.sanjoseca.gov/home/showpublisheddocument/74711/637596294579770000; the Mobility Chapter is pages 118-163.</p> <ul style="list-style-type: none"> - The Downtown Transportation Plan (adopted 2022) further expands the geography of the DSAP, including to many nearby Equity Priority Communities; it can be accessed at https://www.sanjoseca.gov/your-government/departments-offices/transportation/projects-planning/downtown-transportation-plan.
<p>Mobility Hubs</p>	<p> The Downtown Transportation Plan includes Mobility Hubs as a strategy and plans specific locations within the Downtown and Diridon areas. (See pages 103-105, https://www.sanjoseca.gov/your-government/departments-offices/transportation/projects-planning/downtown-transportation-plan)</p>



October 12, 2023

**Re: October 13, 2023 Joint MTC Planning Committee with the ABAG Admin Committee Meeting
Item 7.a: Transit-Oriented Communities (TOC) Policy**

Dear MTC Chair Spering, MTC Vice Chair Ahn, ABAG Chair Arreguin, and ABAG Vice Chair Ramos:

We appreciate the Commission and staff for the thoughtful work given to planning for the implementation of MTC's Transit-Oriented Communities (TOC) Policy. Our organizations have been engaging with staff on designing an effective TOC policy since the process began almost two years ago, and we are eager to see the TOC Policy move closer to implementation so that jurisdictions across the region can take steps towards the goals of the TOC Policy and Plan Bay Area 2050. The TOC policy is a critical tool in our toolbox to start making a meaningful impact towards achieving our goals to tackle climate change, housing affordability and racial and social inequities. These are problems that continue to get worse without coordinated regional and local action, and we are grateful to the Commission and staff for drafting a policy that could set a national example. Now is the time to take action: our converging crises of housing unaffordability, climate change, and racial and economic inequities have deepened in scale and urgency.

While we recognize that local participation and progress is integral to the TOC Policy's success, we are concerned with proposed amendments that delay and lower thresholds for compliance - weakening the policy in the process and undermining its purpose of helping the region achieve its goals under Plan Bay Area. We are particularly concerned that the proposed changes could significantly undermine the climate and equity goals of the policy.

We strongly recommend that the Committee move forward with TOC Policy implementation with the following three amendments:

- **Preserve the integrity of the TOC Policy by incorporating flexibility through an exemption process for specific policy components, rather than establishing an arbitrary 85% threshold for compliance.** As a

way to create appropriate flexibility in the policy, we urge MTC to develop an exceptions process for specific TOC policy provisions that do not fit local contexts. This would be consistent with the direction this Joint Committee provided during the September 8 meeting: to require 100% compliance and incorporating flexibility through the development of an exemptions policy. Such a policy should require a jurisdiction to demonstrate that a particular provision will be infeasible for their local context and/or counterproductive for the TOC goals, and then offer an alternative approach to deliver the same desired outcomes.

The staff proposal of an 85% compliance threshold with a yet to be determined methodology and reliance on a "kitchen cabinet" of local elected officials to help arbitrate will create less certainty for jurisdictions, introduce more politics to what should be policy-oriented decisions, and inappropriately focuses on an arbitrary threshold of policy mechanisms, rather than a reasonably flexible roadmap to the *outcomes* the policy was intended to achieve.

- **Don't delay project endorsement requirements until after 2026:** Endorsements for transit extension projects should have the same requirements as staff have proposed for regional funding in the "Project Development/Environmental Review" stage. We should not wait until 2026 to have any TOC Policy conditions for such endorsements. Success of the TOC Policy is contingent on funding conditioning and jurisdictions need MTC to provide powerful incentives to help overcome challenging local politics. Strong funding conditioning is not easy, but it is essential for the policy to be effective.
- **Make TOC commitments real and incorporate accountability:** Wherever MTC ultimately requires jurisdictions to commit to TOC Policy compliance, that commitment needs to be real and there should be consequences that ensure jurisdictions stick to those commitments. We encourage MTC to determine how to hold jurisdictions accountable for failing to follow-through on their commitments.

Thank you again for your time, engagement, and consideration.

Respectfully,

Jack Fleck, Transportation Committee Co-coordinator
350 Bay Area

Justin Hu-Nguyen, Co-Executive Director of Mobility
Justice
Bike East Bay

Aaron Eckhouse, Local & Regional Policy Program
Director
California YIMBY

Jordan Grimes, Resilience Manager
Greenbelt Alliance

Rev. Sophia DeWitt, Senior Director of Programs
East Bay Housing Organizations

John Minot, Co-Executive
East Bay for Everyone

Justine Marcus, Senior State & Local Policy Director
Enterprise Community Partners

Adina Levin, Executive Director
Friends of Caltrain

Calum Weeks, Policy Director
Generation Housing

Ken Chan, Senior Organizer
Housing Leadership Council of San Mateo County

Laura Tolkoff, Interim Chief of Policy
SPUR

Regina Celestin Williams, Executive Director
SV@Home

Amy Thomson, Policy and Programs Manager
TransForm