

3.11 Population and Housing

This section identifies and describes existing trends in population, employment, and housing in the city of San José and Santa Clara County, and analyzes the effects that would be caused by development of the proposed project. The section contains: (1) a description of San José's existing population, employment data, and housing stock; (2) a summary of regulations related to population, employment, and housing; and (3) an analysis of the potential impacts associated with implementation of the proposed project.

The analysis in this section was developed based on project-specific information, along with population, employment, and housing characteristics for the city of San José. Sources of information for population, employment, and housing estimates include the U.S. Census; the Association of Bay Area Governments (ABAG) *Plan Bay Area 2040*¹; the California Department of Finance; and documents prepared by the City of San José Department of Planning, Building and Code Enforcement, such as the Downtown Strategy 2040 and its Final EIR.²

3.11.1 Environmental Setting

Existing Project Site Population, Housing, and Employment

The project site contains approximately 755,000 gross square feet (gsf) of building space. The largest occupied commercial land use is a nearly 200,000 gsf warehouse (587 Cinnabar Street) used for wholesale food distribution. The second largest occupied land use is an approximately 120,000 gsf storage facility (501 Cinnabar Street). Together, these two buildings make up about two-thirds of the occupied building space on the project site.

As shown in **Table 3.11-1**, existing project site employment is calculated based on occupied land uses on the project site. The number of square feet per employee is derived from an employment density table included in a review of the *Envision San José 2040 General Plan (General Plan)*.³ Occupied project site buildings are then classified according to this table and the occupied built gsf are multiplied by the corresponding square foot per employee defined in the review of the General Plan. Table 3.11-1 shows that existing employment at the project site is estimated to be 647. The project site contains 11 residential units, but only one is occupied and the applicant reports that the occupant has agreed to relocate prior to commencement of construction.

¹ Metropolitan Transportation Commission and Association of Bay Area Governments, *Plan Bay Area 2040*, final, adopted July 26, 2017. Available at http://2040.planbayarea.org/cdn/ff/buje2Q801oUV3Vpib-FoJ6mkOfWC9S9sgrSgJrwFBgo/1510696833/public/2017-11/Final_Plan_Bay_Area_2040.pdf.

² City of San José, *Downtown Strategy 2040 Integrated Final EIR*, December 2018.

³ Strategic Economics, *San Jose Market Overview and Employment Lands Analysis*, prepared for the City of San José Four-Year General Plan Review, January 20, 2016.

**TABLE 3.11-1
 ESTIMATED EXISTING PROJECT SITE POPULATION, HOUSING, AND EMPLOYMENT**

Land Use ^a	Occupied Built Area (gsf) ^a	Square Feet per Employee ^b	Occupied Housing Units	Existing Residents	Existing Employees ^c
Institutional/Other	32,892	1,000	—	—	33
Light Manufacturing	98,148	500	—	—	196
Retail (small)	25,695	250	—	—	103
Traditional Industrial	314,800	1,000	—	—	315
Residential	8,208	—	1	5	—
Total	479,743	—	—	5	647

NOTES:

gsf = gross square feet

^a Only occupied land uses are included. Other portions of the project site include vacant buildings, surface parking lots, or public rights-of-way. These uses have been omitted from this table because they do not generate residents or permanent employees.

^b The "Square Feet per Employee" column is from the 2016 San Jose Market Overview and Employment Lands Analysis cited below. A similar analysis is prepared every four years for the review of the General Plan for the City of San José.

^c The number of existing employees was derived by dividing occupied built area by square feet per employee.

SOURCES:

Data provided by Google LLC in 2019.

Strategic Economics, *San Jose Market Overview and Employment Lands Analysis*, prepared for the City of San José Four-Year General Plan Review, January 20, 2016.

Existing and Projected Downtown, Citywide, and Regional Population, Housing, and Employment

Population

According to federal and state data, the population of the city of San José has increased over the last two decades by less than 1 percent per year, from 894,943 in 2000 to an estimated 1,043,058 in 2019.^{4,5} As described in Section 3.11.2, *Regulatory Framework*, ABAG makes projections about housing, job, and population growth for the purposes of regional transportation planning and compliance with state law on housing needs. ABAG's *Plan Bay Area 2040* projects that the population of San José will continue to grow, at a somewhat faster rate than in the past, averaging 1.5 percent per year between 2020 and 2040.⁶ ABAG forecasts that the population will reach 1,189,660 people by 2030 and 1,377,145 people by 2040. The General Plan predicts somewhat less growth and a total population of 1,313,811 by 2040. The City's *Downtown Strategy 2040* projects the number of people residing in Downtown to grow from 12,548 people in 2015 to 40,926 in 2040 (an average annual growth rate of 9 percent).⁷ **Table 3.11-2** summarizes population growth in Downtown San José, the city of San José as a whole, and Santa Clara County, based on these data sources.

⁴ U.S. Census Bureau, 2000 Census. Available at <https://data.census.gov/cedsci/table?q=population&g=1600000US0668000&hidePreview=false&tid=DECENNIALSF12000.P001&vintage=2000&y=2000>. Accessed April 28, 2020.

⁵ California Department of Finance, E-5 Population and Housing Estimates for Cities, Counties, and the State—January 1, 2011–2019, Sacramento, CA, May 2019. Available at www.dof.ca.gov/Forecasting/Demographics/Estimates/e-5/.

⁶ Association of Bay Area Governments, *Projections 2040*, 2017. Available at projections.planbayarea.org/. Accessed September 24, 2019.

⁷ City of San José, *Downtown Strategy 2040 Integrated Final EIR*, December 2018.

**TABLE 3.11-2
POPULATION GROWTH IN SAN JOSÉ AND SANTA CLARA COUNTY (2000–2040)**

Downtown San José		City of San José				Santa Clara County		
Year	Population	General Plan Population (Citywide) ^a	Population	Population Growth ^b	Average Annual Percent Growth ^c	Population	Population Growth ^b	Average Annual Percent Growth ^c
2000 ^d	—	—	894,943	—	—	1,682,585	—	—
2010 ^d	—	—	945,942	50,999	0.6%	1,781,642 ^d	99,057	0.6%
2015 ^a	12,548	—	—	—	—	—	—	—
2019 ^e	—	—	1,043,058	97,116	1.1%	1,954,286	172,644	1.1%
2030 ^f	—	—	1,189,660	146,602	1.3%	2,217,750	263,464	1.2%
2040	40,926 ^a	1,313,811	1,377,145 ^f	187,485	1.6%	2,538,320 ^f	320,570	1.5%

NOTES:

General Plan = *Envision San José 2040 General Plan*

^a These data are sourced from the City of San José, *Downtown Strategy 2040 Integrated Final EIR*.

^b “Population Growth” considers the difference between the population for the listed “Year” row and the population listed in the prior “Year” row.

^c “Average Annual Percent Growth” is calculated by dividing population growth by the population of the prior comparison year to obtain the overall percent change. The overall percent change is then divided by the number of years this growth represents to present a comparable annual change.

^d 2000 and 2010 data are provided by the U.S. Census Bureau, 2000 and 2010 Census.

^e 2019 data are sourced from the California Department of Finance.

^f 2040 projected data for the Association of Bay Area Governments (ABAG) region are sourced from ABAG’s *Plan Bay Area 2040*.

SOURCES:

Association of Bay Area Governments, *Projections 2040*, 2017. Available at projections.planbayarea.org/. Accessed September 24, 2019.
California Department of Finance, E-5 Population and Housing Estimates for Cities, Counties, and the State—January 1, 2011–2019, Sacramento, CA, May 2019. Available at www.dof.ca.gov/Forecasting/Demographics/Estimates/e-5/.
City of San José, *Downtown Strategy 2040 Integrated Final EIR*, December 2018.
U.S. Census Bureau, 2000 and 2010 Census. Available at <https://data.census.gov/cedsci/>. Accessed September 24, 2019.

Santa Clara County experienced population growth at an average annual rate of 0.6 percent between 2000 and 2010. From 2010 to 2019, the average annual rate of population growth increased to 1.1 percent.⁸ According to ABAG, this growth rate is expected to increase to 1.2 percent per year from 2019 to 2030 and eventually to 1.5 percent per year between 2030 and 2040.⁹

Housing

Between 2000 and 2019, the number of housing units in San José grew by 54,046, from 281,841 to 335,887 (**Table 3.11-3**).^{10,11} ABAG projects that San José will grow by an additional 122,603 units over the next 20 years, resulting in 458,490 housing units by 2040.¹² The General Plan plans

⁸ U.S. Census Bureau, 2000 and 2010 Census. Available at <https://data.census.gov/cedsci/>. Accessed September 24, 2019.

⁹ Association of Bay Area Governments, *Projections 2040*, 2017. Available at projections.planbayarea.org/. Accessed September 24, 2019.

¹⁰ U.S. Census Bureau, 2000 and 2010 Census. Available at <https://data.census.gov/cedsci/>. Accessed September 24, 2019.

¹¹ California Department of Finance, E-5 Population and Housing Estimates for Cities, Counties, and the State—January 1, 2011–2019, Sacramento, CA, May 2019. Available at www.dof.ca.gov/Forecasting/Demographics/Estimates/e-5/.

¹² Association of Bay Area Governments, *Projections 2040*, 2017. Available at projections.planbayarea.org/. Accessed September 24, 2019.

for an additional 93,463 units over the 2019 level, for a total of 429,350 units by 2040.¹³ The number of housing units in Downtown San José was 7,327 in 2015.¹⁴ By 2019, 10,035 approved housing units were either already constructed or in the housing pipeline.¹⁵ By 2040, the number of housing units in Downtown is anticipated to increase by another 4,325 units, resulting in about 14,360 total housing units in 2040.¹⁶

The number of housing units in Santa Clara County is estimated to have grown from an estimated 579,329 units in 2000 to 671,439 units in 2019.^{17,18} The number of housing units in the county is projected to increase to by 210,226, resulting in about 881,655 units by 2040.¹⁹ In 2000, San José had about 48 percent of the total units in Santa Clara County; this share is projected to increase to 52 percent by 2040, based on ABAG projections.

Jobs

As shown in **Table 3.11-4**, the number of jobs in San José is estimated to have grown from 432,480 in 2000 to 435,218 in 2019; ABAG projects this growth to continue, with a net increase of about 119,657 new jobs by 2040. The General Plan plans for more job growth, providing a total capacity of 751,450 jobs in San José by 2040. However, based on data reviewed at the time, the 2019 General Plan Annual Performance Review projected that the number of jobs in San José would be approximately 660,000 in 2040, or about 91,450 fewer jobs than the 2040 planned capacity.²⁰ In Downtown specifically, there were 33,608 jobs in 2015 and 43,000 jobs in 2018.²¹ Downtown San José is planned to have 4,333 additional jobs in 2040, for a total of about 47,333 total jobs.²²

Job growth had been strong in Santa Clara County as a whole until the current COVID-19 crisis, increasing from 902,225 in 2010 to an estimated 1,120,420 in 2020. While ABAG expects this growth to continue over the long term, with an additional 169,450 jobs by 2040, the COVID-19 pandemic resulted in the loss of approximately 130,000 jobs between February to May 2020,²³ although approximately 31,000 jobs were added between May and June 2020.²⁴

¹³ City of San José, *Downtown Strategy 2040 Integrated Final EIR*, December 2018.

¹⁴ Robert Manford, Deputy Director–Planning, City of San José, email communication, October 3, 2019.

¹⁵ Jared Hart, City of San José, email communication regarding the number of housing units in Downtown San José, December 19, 2019.

¹⁶ Robert Manford, Deputy Director–Planning, City of San José, email communication, October 3, 2019.

¹⁷ U.S. Census Bureau, American FactFinder, 2000 and 2010 Census. Available at factfinder.census.gov/faces/nav/jsf/pages/index.xhtml. Accessed September 24, 2019.

¹⁸ California Department of Finance, E-5 Population and Housing Estimates for Cities, Counties, and the State—January 1, 2011–2019, Sacramento, CA, May 2019. Available at www.dof.ca.gov/Forecasting/Demographics/Estimates/e-5/.

¹⁹ Association of Bay Area Governments, *Projections 2040*, 2017. Available at projections.planbayarea.org/. Accessed September 24, 2019.

²⁰ City of San José, *Envision San José 2019 General Plan Annual Performance Review*, October 2019.

²¹ City of San José, *Envision San José 2018 General Plan Annual Performance Review*, October 2018.

²² City of San José, *Downtown Strategy 2040 Integrated Final EIR*, December 2018.

²³ California Employment Development Department: Labor Market Information Division. Santa Clara County. Historical Civilian Labor Force. July 17, 2020. Available at <https://www.labormarketinfo.edd.ca.gov/file/lfhist/santchlf.xls>. Accessed August 14, 2020.

²⁴ California Employment Development Department: Labor Market Information Division. Santa Clara County. Historical Civilian Labor Force. July 17, 2020. Available at <https://www.labormarketinfo.edd.ca.gov/file/lfhist/santchlf.xls>. Accessed August 14, 2020.

**TABLE 3.11-3
HOUSING UNITS AND HOUSING GROWTH IN SAN JOSÉ AND SANTA CLARA COUNTY (2000–2040)**

Year	Downtown San José	City of San José				Santa Clara County		
	Housing Units ^a	General Plan Housing Unit Capacity (Citywide)	Housing Units ^b	Housing Unit Growth ^c	Average Annual Percent Growth ^d	Housing Units ^b	Housing Unit Growth ^c	Average Annual Percent Growth ^d
2000 ^e	—	—	281,841	—	—	579,329	—	—
2010	—	—	314,038 ^e	32,197	1.1%	631,920 ^e	52,591	0.9%
2019 ^f	7,327 ^h	—	335,887	21,849	0.8%	671,439	39,519	0.7%
2030 ^g	—	—	390,415	54,528	1.5%	767,750	96,311	1.3%
2040 ^g	14,360	429,350 ^a	458,490	68,075	1.7%	881,655	113,905	1.5%

NOTES:

General Plan = *Envision San José 2040 General Plan*

^a These data are sourced from the City of San José, *Downtown Strategy 2040 Integrated Final EIR*.

^b “Housing Units” is equal to the sum of multi-family and single-family dwelling units expected in *Plan Bay Area 2040*.

^c “Housing Growth Rate” considers the difference between the number of housing units for the listed “Year” row and the number of housing units listed in the prior “Year” row.

^d “Average Annual Percent Growth” is calculated by dividing the housing unit growth value by the housing units for the prior comparison year to obtain the overall percent change. The overall percent change is then divided by the number of years this growth represents to present a comparable annual change.

^e 2000 and 2010 data are sourced from the U.S. Census Bureau, 2000 and 2010 Census.

^f 2019 data are sourced from the California Department of Finance.

^g 2040 projected data for the Association of Bay Area Governments (ABAG) region are sourced from ABAG’s *Plan Bay Area 2040 Projections 2040*.

^h These data are sourced from Robert Manford, Deputy Director–Planning, City of San José, email communication, October 3, 2019, and include existing and approved housing units.

SOURCES:

Association of Bay Area Governments, *Projections 2040, 2017*. Available at projections.planbayarea.org/. Accessed September 24, 2019.

California Department of Finance, E-5 Population and Housing Estimates for Cities, Counties, and the State—January 1, 2011–2019, Sacramento, CA, May 2019, Available at www.dof.ca.gov/Forecasting/Demographics/Estimates/e-5/.

City of San José, *Downtown Strategy 2040 Integrated Final EIR*, December 2018.

Robert Manford, Deputy Director–Planning, City of San José, email communication, October 3, 2019.

U.S. Census Bureau, 2000 and 2010 Census. Available at <https://data.census.gov/cedsci/>. Accessed September 24, 2019.

**TABLE 3.11-4
 JOB GROWTH IN SAN JOSÉ AND SANTA CLARA COUNTY (2010–2040)**

Year	Downtown San José	City of San José		Santa Clara County
	Jobs ^a	Job Capacity (General Plan)	Jobs (ABAG) ^b	Jobs ^c
2000			432,480	
2010	—	369,450	381,845	902,225
2015	33,608	359,128	—	—
2019	—	435,218 ^d	—	—
2020	—	—	470,625	1,120,420
2030	—	—	493,575	1,198,370
2040	47,333	751,650	554,875	1,289,870

NOTES:

ABAG = Association of Bay Area Governments; General Plan = *Envision San José 2040 General Plan*

^a These data are sourced from the City of San José, *Downtown Strategy 2040 Integrated Final EIR*.

^b Jobs data are sourced from ABAG’s *Plan Bay Area 2040 Projections 2040*.

^c 2000 and 2010 data are sourced from the U.S. Census Bureau 2000 and 2010 Census.

^d 2019 data are sourced from the 2019 General Plan Annual Performance Review.

SOURCES:

Association of Bay Area Governments, *Projections 2040*, 2017. Available at projections.planbayarea.org/. Accessed September 24, 2019.

City of San José, *Downtown Strategy 2040 Integrated Final EIR*, December 2018.

City of San José, *Envision San José 2019 General Plan Annual Performance Review*, October 2019.

U.S. Census Bureau, 2000 and 2010 Census. Available at <https://data.census.gov/cedsci/>. Accessed September 24, 2019.

Jobs/Housing Balance

San José uses the term “jobs/housing balance” to describe the ratio of employed residents to the number of jobs in the city.^{25,26} This ratio is used as one indicator of the potential degree of in- and out-commuting. When there are substantially more employed residents than jobs in a city, more people must drive to another jurisdiction, requiring longer commutes than if they worked locally (and vice versa). A well-balanced ratio (close to one employed resident to one job) is typically desirable for environmental, economic, and quality-of-life reasons, although many other factors influence average commute distance. Travel models provide more detailed data about the extent of commuting in a region than are indicated by the ratio.

San José has historically been “housing-rich/jobs-poor,” meaning that it has had significantly more employed residents than local jobs. The General Plan designates sufficient land for non-residential development to attain a jobs/housing balance. As shown in **Table 3.11-5**, the number of employed residents in San José grew by an average of 1 percent per year, from 456,641 in 2000 to 547,600 in 2019.^{27,28} The Downtown Strategy 2040 update to the General Plan projects that the number of

²⁵ The City calculates the jobs/housing balance for General Plan planning purposes by dividing the number of jobs by employed residents. The City uses a jobs-to-employed-residents ratio instead of a jobs-to-housing-units ratio because there can be more than one employed resident per housing unit. The ratio of jobs to employed residents is more accurate for assessing the overall amount of in- and out-commuting.

²⁶ Employed residents are residents of San José who have jobs, although those jobs may be outside the city, requiring commutes of varying distances.

²⁷ U.S. Census Bureau, American FactFinder, 2000 and 2010 Census. Available at factfinder.census.gov/faces/nav/jsf/pages/index.xhtml. Accessed September 24, 2019.

²⁸ California Employment Development Department, Labor Force and Unemployment Rate for Cities and Census Designated Places, September 2019. Available at www.labormarketinfo.edd.ca.gov/data/labor-force-and-unemployment-for-cities-and-census-areas.html. Accessed September 26, 2019.

employed residents in the city will continue growing by 1 percent per year between 2019 and 2040, resulting in approximately 665,493 employed residents in 2040, while job growth will occur at a faster rate, resulting in approximately 751,650 jobs in 2040.²⁹

**TABLE 3.11-5
 JOBS AND HOUSING BALANCE IN SAN JOSÉ (2000–2040)**

Year	Population	Households/ Dwelling Units	Employed Residents	Jobs	Jobs-to-Employed- Residents Ratio ^a
2000 ^b	894,943	281,841	456,641	432,480 ^c	0.9
2010 ^b	945,942	314,038	489,305	369,450	0.8
2019 ^e	1,043,058	335,887	547,600 ^f	435,218 ^g	0.8
2040 ^d	1,313,811	429,350	665,493	751,650	1.1

NOTES:

- ^a The jobs/housing balance is calculated by dividing the number of jobs by employed residents.
- ^b 2000 and 2010 data are sourced from the U.S. Census Bureau 2000 and 2010 Census.
- ^c These data are sourced from the City of San José, *Envision San José 2040 General Plan Draft Program EIR*.
- ^d 2040 projected estimate sourced from the City of San José, *Downtown Strategy 2040 Integrated Final EIR*.
- ^e 2019 data are sourced from the California Department of Finance.
- ^f 2019 employment data are sourced from the California Employment Development Department.
- ^g These data are sourced from the *Envision San José 2019 General Plan Annual Performance Review*.

SOURCES:

- California Department of Finance, E-5 Population and Housing Estimates for Cities, Counties, and the State—January 1, 2011–2019. Sacramento, CA, May 2019. Available at www.dof.ca.gov/Forecasting/Demographics/Estimates/e-5/.
- California Employment Development Department, Labor Force and Unemployment Rate for Cities and Census Designated Places, September 2019. Available at www.labormarketinfo.edd.ca.gov/data/labor-force-and-unemployment-for-cities-and-census-areas.html. Accessed September 26, 2019.
- City of San José, *Downtown Strategy 2040 Integrated Final EIR*, December 2018.
- City of San José, *Envision San José 2019 General Plan Annual Performance Review*, October 2019.
- U.S. Census Bureau, 2000 and 2010 Census. Available at <https://data.census.gov/cedsci/>. Accessed September 24, 2019.

With the policies to encourage further job growth discussed in Section 3.11.2, *Regulatory Framework*, General Plan Policy IE-1.4 plans for a jobs/housing balance increase from 0.8 in 2010 to 1.1 in 2040, changing San José from a “housing-rich/jobs-poor” city to a slightly more balanced city. Put differently, the City’s General Plan plans for slightly more jobs than employed residents in 2040. According to the General Plan, the purpose of this policy is to “attain fiscal sustainability.” At the same time, the General Plan seeks to focus economic growth to attain City goals with respect to “economic growth, fiscal sustainability and environmental stewardship and support the development of new, attractive urban neighborhoods” (Major Strategy #3) and “minimize [the City’s] impacts on resource consumption, reduce its contribution to global warming, and to preserve and enhance its natural environment” (Major Strategy #7). Specifically, the General Plan contains a Greenhouse Gas Reduction Strategy, and the General Plan’s land use and transportation scenario, which focuses growth in limited areas of the City, is intended to reduce environmental impacts while fostering transit use and walkability, thereby reducing vehicle miles traveled (Chapter 1, “Focused Growth—Planned Growth Areas”).

To provide context, many cities in Silicon Valley and throughout the Bay Area have more jobs than employed residents, including the neighboring cities of Santa Clara (2.14 jobs per employed resident), Sunnyvale (1.19 jobs per employed resident), and Mountain View (1.08 jobs per

²⁹ City of San José, *Downtown Strategy 2040 Integrated Final EIR*, December 2018.

employed resident).³⁰ According to ABAG, San José is the only jurisdiction in Santa Clara County with a population greater than 50,000 that has more employed residents than jobs. It should be noted that ABAG's job growth projections estimate that San José's ratio of jobs to employed residents would be about 0.83 in 2040, similar to the City's current ratio of 0.82 as stated in the 2019 General Plan Annual Performance Review.³¹ As described in Section 3.11.2, *Regulatory Framework*, the City's longstanding goal is to reach a balance of jobs and housing, and the General Plan designates sufficient land to accommodate both desired job growth and projected housing needs.

Socioeconomic Trends

While CEQA does not specifically require an analysis of socioeconomic impacts, socioeconomic trends provide important background information and are generally reflected in regional projections. By capturing these trends in regional projections, regional planning agencies ensure they are inherent in the regional transportation model, with which local models must be consistent.

The City received multiple comments in response to the notice of preparation (NOP) about the region's ongoing housing crisis, including the rate of new housing production compared to the rate of job growth and rising housing costs that can cause residents to look for less expensive housing outside the city and the region.

When looking at residential pricing data since the end of the 2007–2009 recession, both median sales prices and rents have increased in San José. These increases coincide with the strengthening economy region-wide and increasing housing demand resulting from the inability of regional housing supply to keep pace with demand. In 2010, the median home sale prices in Downtown San José and the city as a whole were \$374,000 and \$450,000, respectively. In November 2019, median home sale prices in Downtown and the city were \$824,000 and \$918,000, respectively. The same trend can be seen with rental housing prices. In 2012—the earliest year for which data are available from Zillow—the median rent in Downtown was estimated to be \$2,000 per month and the median rent in San José was estimated to be \$2,593 per month. In November 2019, the median rents in Downtown San José and the city as a whole were estimated to be \$3,000 and \$3,550 per month, respectively.³² These economic growth trends were sharply reversed in early 2020 due to the COVID-19 pandemic. As of July 2020, it was too early to determine the overall effect of the COVID-19 pandemic on regional economic shifts, including sales and rent prices. However, Zillow finds that home prices increased 2.6 percent over the previous year, but expects a decline of 0.7 percent between July 2020 to July 2021.³³

³⁰ Association of Bay Area Governments, *Projections 2040*, 2018 (last updated in 2019). Available at <https://data.bayareametro.gov/Demography/Projections-2040-by-Jurisdiction/grqz-amra>. Accessed May 7, 2020.

³¹ City of San José, *Envision San José 2019 General Plan Annual Performance Review: Executive Summary*, October 2019.

³² Zillow, San José Home Prices & Values. Available at <https://www.zillow.com/san-jose-ca/home-values/>. Accessed August 20, 2020.

³³ Zillow, San José Home Prices & Values. Available at <https://www.zillow.com/san-jose-ca/home-values/>. Accessed August 20, 2020.

The median household income in the city of San José has increased over the last decade. In 2010, the city’s median household income was \$79,405.³⁴ In 2017, the most recent year for which data from the U.S. Census Bureau are available, median household income increased to \$96,662.³⁵ In the project area, the three census tracts that overlap the project site (Census Tracts 5003, 5008, and 5019) had median household incomes of \$96,250, \$50,980, and \$54,083, respectively, in 2010; these median household incomes increased to \$116,447, \$88,333, and \$89,427, respectively, in 2017.^{36,37}

3.11.2 Regulatory Framework

No federal regulations related to population, housing, or employment apply to the proposed project. This section discusses applicable state, regional, and local regulations.

State

California Housing Element Requirement

California law (Government Code Section 65580 et seq.) requires cities and counties to include a housing element as part of their general plans to address housing conditions and needs in the community. Housing elements are prepared approximately every seven or eight years, following timetables set forth in the law. (Refer to *Regional Housing Needs Allocation* in the discussion of regional regulations below, and to *City of San José 2014–2023 Housing Element* in the discussion of local regulations, for a description of the regional and local requirements under the state mandate.) The housing element must identify and analyze existing and projected housing needs and “make adequate provision for the existing and projected needs of all economic segments of the community,” among other requirements. The City’s current Housing Element was adopted in January 2015 and will be updated in the next few years to focus on the period 2023–2030.

Senate Bill 375

Senate Bill 375, enacted in 2008, requires regions to prepare a sustainable communities strategy (or alternative planning strategy) to reduce greenhouse gas (GHG) emissions by linking growth to

³⁴ U.S. Census Bureau, 2006–2010 American Community Survey 5-Year Estimates, Table S1901. Available at https://data.census.gov/cedsci/table?q=1600000US0668000&hidePreview=false&tid=ACSST5Y2010.S1901&t=Income%20%28Households,%20Families,%20Individuals%29%3AHousehold%20and%20Family&vintage=2018&layer=VT_2018_160_00_PY_D1&cid=S1901_C01_001E. Accessed May 4, 2020.

³⁵ U.S. Census Bureau, 2013–2017, American Community Survey 5-Year Estimates, Table S1901. Available at https://data.census.gov/cedsci/table?q=san%20jose%20city%20median%20household%20income&g=0100000US_1600000US0668000&tid=ACSST5Y2017.S1901&vintage=2018&t=Income%20%28Households,%20Families,%20Individuals%29%3AHousehold%20and%20Family&hidePreview=false&layer=VT_2018_160_00_PY_D1&cid=S1901_C01_001E. Accessed May 4, 2020.

³⁶ U.S. Census Bureau, 2006–2010, American Community Survey 5-Year Estimates, Table S1903. Available at https://data.census.gov/cedsci/table?q=1600000US0668000_1400000US06085500300,06085500800,06085501900&t=Income%20%28Households,%20Families,%20Individuals%29&layer=VT_2010_140_00_PY_D1&cid=S1903_C01_001E&text=2010%20median%20income&tid=ACSST5Y2010.S1903&hidePreview=false&vintage=2010&mode=selection. Accessed May 4, 2020.

³⁷ U.S. Census Bureau, 2013–2017, American Community Survey 5-Year Estimates, Table S1901. Available at https://data.census.gov/cedsci/table?q=0400000US06_1600000US0668000_1400000US06085500300,06085500800,06085501900&layer=VT_2017_140_00_PY_D1&y=2017&cid=S1901_C01_012E&tid=ACSST5Y2017.S1901&hidePreview=false&vintage=2017&t=Income%20%28Households,%20Families,%20Individuals%29. Accessed May 4, 2020.

transit, resulting in a different distribution of jobs and housing growth than under pre-strategy projections. The strategy should result in the co-benefit of addressing congestion, which disproportionately affects lower income residents by burdening them with long commutes on crowded freeways, buses, or trains.

Regional

Plan Bay Area 2040

SB 375 necessitated the adoption of *Plan Bay Area 2040*. This plan serves as the Bay Area’s sustainable communities strategy and was prepared by ABAG and the Metropolitan Transportation Commission. Published in July 2017, *Plan Bay Area 2040* provides an update to the region’s long-range transportation plan and sustainable communities strategy. *Plan Bay Area* includes ABAG’s projections about housing, job, and population growth through 2040 based on historic and current trends, local land use plans, and the vision for housing construction to meet job demand within the region and support the Regional Housing Needs Allocation. The plan provides a road map for accommodating this projected growth and connects it all to a transportation investment strategy that strives to move the Bay Area toward key regional goals for the environment, economy, and social equity. The land use vision in *Plan Bay Area 2040* is advisory; adherence by each local jurisdiction is not compulsory. However, local transportation models must be consistent with the regional transportation model and some funding allocated by the Metropolitan Transportation Commission is based on consistency with *Plan Bay Area*.

Plan Bay Area 2040 estimates that the city of San José will add approximately 113,825 housing units and 84,250 jobs from 2020 to 2040. This housing unit growth in San José would equate to roughly 20 percent of growth in the region (the nine-county Bay Area), while this job growth would equate to roughly 15 percent of the total employment growth anticipated for the region.³⁸ It should be noted that *Plan Bay Area 2040* estimates that there will be more housing units and fewer jobs in San José in 2040 than assumed by the General Plan and Downtown Strategy 2040. This is because the City’s estimates are based on buildout of its land use plan, whereas ABAG projections are based on economic trends and a regional vision.

Plan Bay Area 2040 establishes a plan for most of the region’s growth to occur in priority development areas (PDAs), as identified by local governments. The central portion of the project site, between Julian Street on the north and Park Avenue on the south, is located in the “San José: Greater Downtown” PDA, which is classified by ABAG as a “Regional Center.” The remaining portions of the project site are located in the Downtown “Frame” PDA, classified by ABAG as a “City Center.”

Regional Housing Needs Allocation

The regional housing needs allocation process is mandated by state housing law and is a precursor to the periodic process of updating local housing elements of general plans. The State of California

³⁸ Metropolitan Transportation Commission and Association of Bay Area Governments, *Plan Bay Area 2040*, final, adopted July 26, 2017. Maps 4.2 and 4.3, p. 47. Available at http://2040.planbayarea.org/cdn/ff/buje2Q801oUV3Vpib-FoJ6mkOfWC9S9sgrSgJrwFBgo/1510696833/public/2017-11/Final_Plan_Bay_Area_2040.pdf.

determines what the region’s total housing need will be for the planning period, and ABAG distributes that need among local jurisdictions in the Bay Area, initiating each jurisdiction’s housing element update. The City’s 2014–2023 Housing Element is discussed under *Local* below.

Local

Envision San José 2040 General Plan

The General Plan is anchored by 12 “Major Strategies.” Several of the strategies are relevant to consideration of population and housing effects in the Downtown area:

- **Major Strategy #3: Focused Growth.** This strategy reflects the City’s desire to focus growth in identified “Growth Areas,” including Downtown, and to provide for additional growth capacity by converting older commercial areas to mixed use.
- **Major Strategy #4: Innovation/Regional Employment Center.** This strategy emphasizes economic development in San José, particularly Downtown, near regional and local transit facilities and on existing employment lands citywide. This strategy reflects the City’s desire to achieve a jobs-to-employed-residents ratio of 1.1 to 1 by the year 2040.
- **Major Strategy #9: Destination Downtown.** The City plans to focus growth Downtown to support the General Plan’s economic, fiscal, environmental, and urban design/placemaking goals.

To further these Major Strategies, the General Plan contains the following relevant policies related to population and housing:

- **Policy IP-2.4:** Conduct a Major Review of the *Envision General Plan* by the City Council every four years to evaluate the City’s achievement of key economic development, fiscal and infrastructure/service goals, greenhouse gas emission reduction goals and targets, water conservation and recycling goals, availability and affordability of housing supply, Healthful Community goals, and to review changes and trends in land use and development. Based on this review, determine the City’s readiness to begin the next *Envision General Plan* Horizon or to modify the number of “pool” residential units available for non-specific Urban Village areas within the current Plan Horizon. Amend the Land Use/Transportation Diagram and/or *Envision General Plan* goals, policies, and actions accordingly.
- **Policy IP-3.2:** As part of the General Plan Annual Review, carefully monitor the jobs-to-employed resident ratio and, as a minimum, consider the following current development trends:
 - Vacant land absorption;
 - Amount of residential and economic development;
 - Amount and value of non-residential construction;
 - Number and types of housing units authorized by building permit, including number of affordable units, and development activity level in zonings, development permits, annexations and building permits;

- Status of current capacity of major infrastructure systems which are addressed in General Plan Level of Service policies (transportation, sanitary sewers, and sewage treatment);
 - Transit-ridership statistics and other measures of peak-hour diversion from single occupant vehicles;
 - Status and implementation of Green Vision, *Envision General Plan* policies, and other greenhouse gas reduction strategy measures, including greenhouse gas emission reductions compared to baseline and/or business-as-usual; and
 - Levels of police, fire, parks and library services being provided by the City.
- **Policy IP-19.1:** Through a Major General Plan Review or, as needed, through the Annual General Plan review process, evaluate the Plan’s consistency with housing development goals as determined by the State and regional agencies and take actions as necessary to address their requirements.

The General Plan supports and promotes future growth, development, and the provision of municipal services for the city of San José. In particular, the General Plan supports the development of up to 382,000 new jobs³⁹ and 120,000 new dwelling units, supporting a population of approximately 1.3 million people by 2040. These projections include adding 37,333 jobs and 10,360 housing units in the Downtown Growth Area. As stated in the *Downtown Strategy 2040* section below, these projections were subsequently increased to 47,333 jobs and 14,360 housing units in the Downtown Growth Area by 2040.

City of San José 2014–2023 Housing Element

Table 3.11-6 shows the 2014–2023 Regional Housing Needs Allocation by income level for the city of San José and the region. Based on its allocation, the City was required to identify sites sufficient to accommodate a total of 35,080 new housing units at the specified levels of affordability. Downtown San José was identified in the City’s Housing Element as a growth area with a capacity of more than 10,000 new units. The City will receive its final Regional Housing Needs Allocation for the period 2023–2030 in mid-2021.

**TABLE 3.11-6
 FINAL REGIONAL HOUSING NEEDS ALLOCATION, 2014–2023**

Income Level	San José	Bay Area
Very Low (0–50% AMI)	9,233	46,680
Low (51–80% AMI)	5,428	28,940
Moderate (81–120% AMI)	6,188	33,420
Above Moderate (+120% AMI)	14,231	78,950
Total Housing Units	35,080	187,990

NOTE: AMI = area median income

SOURCE: Association of Bay Area Governments, *Final Regional Housing Need Plan, San Francisco Bay Area: 2014–2023*, 2013.

³⁹ When it was adopted in 2011, the *Envision San José 2040 General Plan* provided capacity for 470,000 new jobs. The jobs capacity was amended to 382,000 in 2016 as part of the General Plan Four-Year Review.

As shown in Map V-1 in the City's 2014–2023 Housing Element,⁴⁰ the Downtown Growth Area, which includes the project site, is a primary location for planned housing during the current Regional Housing Needs Allocation reporting period.

Downtown Strategy 2040

The Downtown Strategy 2040 was adopted in December 2018, as amendments to the General Plan, and represents the City's most-recent planning vision for the Downtown Growth Area, which encompasses the project site. The strategy focuses on revitalizing Downtown San José by supporting higher density infill development and replacement of underused properties. The Downtown Strategy 2040 extends the horizon year from 2010 to 2040, expands the boundaries of Downtown San José, and increases the allowed number of residential units to 14,360 and office uses to 14.2 million square feet (sf).

Retail-use square footage and the total number of hotel rooms remained the same in the Downtown Strategy 2040 as in the General Plan (1.4 million sf of retail and 3,600 hotel rooms). The Downtown Strategy 2040 did not increase the planned service population (residential plus employment population) in the city of San José. Instead, the Downtown Strategy 2040 planned for growth through transfers:

- 3 million sf of office space were transferred from office development (or jobs) included in the General Plan for North Coyote Valley to the Downtown area.
- 4,000 dwelling units were transferred from outlying (beyond the general vicinity of Downtown) Urban Villages and other Growth Areas identified in the General Plan to areas within Downtown.

Most of the project site is within the Diridon Station Area Plan (DSAP), as described below. The Downtown Strategy 2040 did not include any changes to the land use regulations and policies established in the DSAP. As described in Chapter 2, *Project Description*, the proposed project would require a General Plan amendment, including changes to the site's land use designation, text amendments, and reallocation of growth to Downtown sufficient to accommodate the project.

Diridon Station Area Plan

Most of the project site is within the Diridon Station Area. The DSAP is a subarea of the larger Downtown area evaluated in the Downtown Strategy 2040, with the exception of two triangle-shaped areas that are considered outside the Downtown: one by Stockton Avenue and The Alameda and another south of West San Carlos Street in the DuPont/McEvoy.

The DSAP, approved by the City in 2014, establishes a vision for the Diridon Station Area in response to the planned extension of Bay Area Rapid Transit (BART) and high-speed rail service to San José. The purpose of the plan is to combine past and present plans into one vision, guiding future development that takes full advantage of the high level of connectivity that the Diridon

⁴⁰ City of San José, *City of San José 2014–2023 Housing Element*, adopted January 27, 2015. Map V-1, p. Chapter V-4.

Station Area affords. The plan establishes maximum development capacities for residential, commercial, retail, and hotel uses.

As described in Chapter 2, *Project Description*, the proposed project would require amendments to the DSAP as part of the proposed General Plan amendment. The land use amendments to the DSAP would allow residential uses on the project site; currently, almost the entire site is designated for non-residential uses. The amendments to the height limits would allow for taller buildings and increased density near Diridon Station and other transit services. The amendments would also increase the development capacity within Downtown to accommodate the project's development program.

3.11.3 Impacts and Mitigation Measures

Significance Criteria

For the purposes of this EIR, a population and housing impact would be significant if implementing the proposed project would:

- Induce substantial unplanned population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure); or
- Displace substantial numbers of existing people or housing, necessitating the construction of replacement housing elsewhere.

Approach to Analysis

The information in the *Approach to Analysis* subsections in Chapter 3 of this EIR is used as a basis for the analysis of project-level and cumulative impacts in the respective technical sections in this EIR chapter. However, changes in population and housing, in and of themselves, are social and economic effects, and are not physical effects on the environment under CEQA. CEQA provides that economic or social effects are not considered significant effects on the environment unless those effects are connected to physical environmental effects. A social or economic change related to a physical change may serve as a linkage between the proposed project and a physical environmental effect, or may be considered in determining whether the physical change is significant (CEQA Guidelines Section 15382). CEQA Guidelines Section 15131(a) provides the following direction regarding the treatment of economic and social effects:

Economic or social effects of a project shall not be treated as significant effects on the environment. An EIR may trace a chain of cause and effect from a proposed decision on a project through anticipated economic or social changes resulting from the project to physical changes caused in turn by the economic or social changes. The intermediate economic or social changes need not be analyzed in any detail greater than necessary to trace the chain of cause and effect. The focus of the analysis shall be on physical changes.

General Plan Growth Reallocation

As described in Chapter 2, *Project Description*, the City is currently updating the DSAP. As part of this update, the City is considering increasing the number of residential units and commercial/office uses projected in Downtown San José by the year 2040 by reallocating up to 12,619 housing units and 14,144,154 gsf of commercial/office uses from other General Plan growth areas in the city to the Downtown. The additional 12,619 Downtown housing units would likely be transferred from the Horizon 2 and 3 Urban Village growth areas. The commercial/office uses would be shifted primarily from other General Plan–designated employment areas, such as the North Coyote Valley growth area.⁴¹ Because enough retail and hotel capacity remains available Downtown to accommodate the retail and hotel growth identified in the DSAP, no reallocation related to these uses would be required. The final growth allocation, including the precise numbers of dwelling units and jobs transferred from each growth area, will be determined by the San José City Council via adoption of a General Plan amendment following a public planning process and a public hearing.

The General Plan amendment for the proposed project would reallocate a subset of the total residential and office capacity reallocation being considered for the DSAP as a whole to ensure that Downtown has more than enough capacity for the project. Specifically, because the proposed project is anticipated to come before the City Council for approval in advance of the DSAP amendment, the project applicant proposes a project-specific General Plan amendment to reallocate up to 5,575 housing units and 6,306,000 gsf of commercial/office uses from other General Plan growth areas outside of Downtown to the Downtown. This reallocation would be a subset of the overall DSAP reallocation described in the preceding paragraph, and would not be in addition to that total. This total proposed reallocation is also less than the overall development program for the proposed project because one portion of the project site—the former San Jose Water Company site (Blocks E1, E2, and E3 of the proposed project)—was entitled previously, and because there is sufficient retail and hotel development capacity within Downtown. With this reallocation, the total amount of growth anticipated under the General Plan would not change, but instead would shift to the more transit-rich Downtown area.

Employment Density

Employment calculations for the proposed project, identified under *Impact Analysis* below, are based on a number of factors, including information provided by the project applicant and Table V-9 of the *San Jose Market Overview and Employment Lands Analysis* prepared by Strategic Economics in 2016 as part of the City’s Four-Year General Plan Review. The applicant’s core objective is to accommodate company growth, and the development of up to 7.3 million sf of office space would largely be for the applicant’s own use. Google anticipates that approximately 28,000–30,000 company employees and contractors would work on the site. As the end user of the office buildings, the project applicant would design buildings based on its

⁴¹ In November 2019, the City Council voted to purchase 937 acres of the North Coyote Valley. The transaction, in which the Peninsula Open Space Trust and the Santa Clara Valley Open Space Authority also participated financially, involved most of the land in the North Coyote Valley employment growth area. With the purchase, the North Coyote Valley land will be preserved for open space and conservation purposes, rather than developed.

design criteria and the specific workspace needs of the business units occupying the buildings. Office buildings would be a mix of mid- and high-rise buildings, with a range of floorplate sizes.

Worldwide, Google’s existing work spaces have employment densities ranging from 180 to 300 sf per employee. In low-density, suburban environments, Google has historically backfilled generally abundant “spec” office buildings, or buildings otherwise previously built for other occupants, and has designed amenity-rich environments that include a variety of meeting spaces and work area options to make use of excess space. As a result, these types of environments generally have lower employee density. In Google’s urban offices, spaces are typically designed with fewer internal amenities and higher efficiencies. As Google’s workplace design evolves, it is anticipated that the urban mixed-use plan at Downtown West would accommodate a mix of elements that emphasizes a variety of collaborative spaces, both internal and external to the workplace, and that may serve a variety of user groups that have different needs and uses for the space. Although offices for some groups may be designed with a higher density layout, others may be more similar to traditional office or high-tech research and development.

Based on this information, this EIR assumes an employment density of 250 sf per employee for the office uses proposed as part of the project, which results in an office employment estimate of 29,200. That density is within the range presented in the Strategic Economics Analysis, which identified a range from 175 sf per employee for creative/high-tech offices to 300 sf per employee for traditional offices. The density of 250 sf per employee is also similar to the 243 sf per employee for office uses in the City’s Downtown Strategy 2040 EIR, which was based on the assumption that 14.2 million sf of office uses was expected to accommodate roughly 58,500 jobs in the Downtown area. The density of 250 sf per employee is also more dense than the 300 sf per employee assumed in the General Plan EIR. In addition, the City’s recently completed *Commercial Linkage Fee Analysis* assumed 300 sf per employee for “High-Tech Office” employment.⁴² This figure was increased 30 percent from 225 sf per employee to account for a potential long-term trend toward lower density workplaces in light of COVID-19.⁴³ This EIR’s estimate of 250 sf per employee is denser (i.e., more conservative) than this most recent analysis.

To calculate employment generation for other (non-office) commercial uses proposed as part of the project, the development program (square feet for each land use) was multiplied by the employment density assumptions in Table V-9 of the Strategic Economics report. Given the wide variety of employment-generating land uses proposed, calculating employment by land use type was determined to portray non-office commercial employment more accurately than simply applying an average employment density for all non-office commercial uses. Calculations are shown in **Table 3.11-7**. While the development program allows for flexibility so uses may vary from those shown in the table, these calculations provide a reasonable estimate and give a sense of the overall non-office commercial employment.

⁴² Keyser Marston Associates Inc., *Commercial Linkage Fee Nexus Analysis*, July 2020.

⁴³ Keyser Marston Associates Inc., *Commercial Linkage Fee Nexus Analysis*, July 2020.

**TABLE 3.11-7
 PROPOSED PROJECT NON-OFFICE COMMERCIAL EMPLOYMENT**

Non-Office Commercial Development Program	Employment Density (gsf per Employee)	Employees
350,000 gsf of retail/restaurant/large retail	250-650	1,038
20,000 gsf of co-working/small neighborhood office/non-profit	250	80
130,000 gsf of arts and culture/theater/education/fitness	1,000	130
200,000 gsf of hotels	2,000	100
640,000 gsf of limited-term corporate accommodations	2,000	320
100,000 gsf of event center	1,000	100
130,000 gsf of utilities	1,000	130
100,000 gsf of logistics/warehouse	1,000	100
Total Employees		1,998

NOTES:

gsf = gross square feet
 Employment densities shown here are based on Table V-9 of the *San Jose Market Overview and Employment Lands Analysis* prepared by Strategic Economics.

SOURCES:

Data provided by Google LLC in 2020.
 Strategic Economics, *San Jose Market Overview and Employment Lands Analysis*, prepared for the City of San José Four-Year General Plan Review, January 20, 2016.

Household Size

The analysis below assumes an average of 2.2 persons per dwelling unit in the project area, based on the following considerations:

- Both the General Plan and the Downtown Strategy 2040 assume that there will be 34,104 residents and 15,890 households within the Downtown Growth Area boundaries in 2040, which would equal 2.15 persons per household.
- Three census tracts cover the project site: Census Tracts 5003, 5008, and 5019. The most-current U.S. Census Bureau data estimate 3.2 persons per household in the city of San José and an average of 2.2 persons per household in the three Downtown census tracts.⁴⁴

Impact Analysis

Impact PH-1: The proposed project would not induce substantial unplanned population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure). (Less than Significant)

Construction Impacts

The proposed project would generate temporary employment opportunities during its three construction phases. On average, project construction would generate approximately 1,100 construction jobs per year. Construction jobs generated by the proposed project would likely be filled by employees in the construction industry in San José and greater Santa Clara County.

⁴⁴ U.S. Census Bureau, 2013–2017 American Community Survey 5-Year Estimates, Table DP04. Available at <https://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>. Accessed September 13, 2019.

Construction industry jobs generally have no regular place of business and many construction workers are highly specialized (e.g., crane operators, steel workers, masons). Thus, construction workers commute to job sites throughout the region that may change several times a year, as dictated by demand for their specific skills. The work requirements of most construction projects are also highly specialized, and workers are employed on a job site only as long as their skills are needed to complete a particular construction phase. Because there could be a lag between the end of one construction phase and the start of another, it is highly unlikely that construction workers would relocate to the vicinity for construction of the proposed project.

In 2017, approximately 31,501 residents were employed in the construction industry, out of 517,250 employed residents citywide (6 percent).⁴⁵ Thus, many of the 1,100 construction jobs per year could be filled by existing San José residents. However, even if all 1,100 jobs were filled by construction employees relocating to the region (an unlikely scenario), ABAG projects that the number of Information, Government, and Construction jobs in San José will increase by 16,455 jobs by 2040. Therefore, the approximately 1,100 construction jobs per year induced by the proposed project would be within the total amount of construction jobs anticipated by ABAG by 2040, and would not result in unplanned population growth. This impact would be **less than significant**.

Operational Impacts—Direct Population, Housing, and Employment Growth

As shown in Table 3.11-1, the project site contains 11 residential units, but only one occupied unit. The proposed project would demolish these units and create 3,000–5,900 dwelling units, which, based on an average of 2.2 persons per household,⁴⁶ would yield up to 12,980 permanent residents at the project site (**Table 3.11-8**). In addition, construction and operation of the proposed project would eliminate the current uses at the project site, which provide an estimated 647 jobs. The proposed project would generate approximately 31,198 jobs, or a net increase of approximately 30,551 jobs.⁴⁷

Table 3.11-8 shows the project's projected increase in jobs and housing in the context of the total development capacity of the Downtown Strategy 2040 and the General Plan. The development capacity of the Downtown Strategy 2040 is shown both with and without the growth reallocation proposed as part of the project's General Plan amendment.

⁴⁵ U.S. Census Bureau, American Community Survey (ACS), Table S2405: Industry by Occupation for the Civilian Employed Population 16 Years and Over, 2017 American Community Survey 5-Year Estimates. Available at https://data.census.gov/cedsci/table?q=San%20Jose%20City%20Industry%20by%20Occupation%20S2405&g=1600000US0668000&tid=ACSST5Y2017.S2405&t=Occupation%3AIndustry&layer=VT_2018_160_00_PY_D1&vintage=2018. Accessed May 4, 2020.

⁴⁶ Population data from the three Downtown San José census tracts that overlap the project site (Census Tracts 5003, 5008, and 5019) were used to calculate 2.2 persons per household. Census data for these census tracts were retrieved from the U.S. Census Bureau, 2013–2017 American Community Survey 5-Year Estimates, Table DP04. Available at factfinder.census.gov/faces/nav/jsf/pages/index.xhtml. Accessed September 13, 2019.

⁴⁷ To calculate the number of employees for all proposed land use types except office space, square footage from the proposed project's development program summarized in Table 2-1 in Chapter 2, *Project Description*, are multiplied by the employment density by land use type included in Table V-9 of the *San Jose Market Overview and Employment Lands Analysis* prepared by Strategic Economics in 2016. Employment density for office uses is 250 sf per employee and is based on a variety of factors, including information from the project applicant and a memorandum from Environmental Science Associates to David Keyon, City of San José, titled *Downtown West Mixed-Use Plan Draft EIR—Employment Density and Persons per Household Assumptions*, dated September 16, 2019.

**TABLE 3.11-8
PROPOSED PROJECT, DOWNTOWN, AND CITYWIDE PLANNED GROWTH BY 2040**

	Dwelling Units	Residential Population	Commercial/ Office (sf)	Retail (sf)	Hotel (rooms)	Jobs
General Plan Growth by 2040 (Citywide) ^a	120,000	342,000 ^b	N/A	N/A	N/A	382,000
Remaining Capacity Citywide	83,274 ^c	237,331 ^b	N/A	N/A	N/A	306,000 ^d
Planned Growth in Downtown San José by 2040 ^{a,e,f}	14,360	40,926 ^e	14,200,000	1,400,000	3,600	N/A
Proposed Project (maximum)	5,900	12,980 ^g	7,300,000	500,000	1,100	31,198
Previous Project Site Entitled Growth (San Jose Water Company Site—Project #PDC15-051)	325	N/A	994,000	31,000	0	N/A
Planned Growth in Downtown San José + Project-Specific General Plan Amendment by 2040 ^h	19,935	N/A	20,506,000	1,869,000	4,700 ⁱ	N/A

NOTES:

General Plan = *Envision San José 2040 General Plan*; N/A = not applicable; sf = square feet

^a Numbers in these rows do not include built, entitled, or pending projects.

^b This was calculated by multiplying dwelling units by 2.85, the number of persons per household used in the Downtown Strategy 2040 Environmental Impact Report.

^c Based on a November 2019 memorandum to the Planning Commission, 36,726 dwelling units have been entitled since adoption of the General Plan. The total number of planned dwelling units in the General Plan was 120,000.

^d Based on the 2019 General Plan Annual Performance Review, 76,000 jobs were added after the General Plan was adopted. The General Plan had planned for a total of 382,000 jobs.

^e While the Downtown Strategy 2040 estimated that the Downtown population would be 40,926 at buildout, the City is considering reallocating growth to Downtown, which would increase the Downtown capacity to 26,979 dwelling units, resulting in a buildout population of 76,890 (26,979 X 2.2 = 59,354). This growth reallocation is described under *Approach to Analysis* and its impacts are analyzed under *Cumulative Impacts* below (refer to Impact C-PH-1).

^f Data for the number of dwelling units, commercial, and retail square footage is from the Downtown Strategy 2040 Integrated Final EIR.

^g The residential population per household is estimated to be 2.2, based on the average persons per household in the three census tracts that overlap the project site (Census Tracts 5003, 5008, and 5019).

^h Data in this row is the sum of planned growth in Downtown San José by 2040 as identified in the Downtown Strategy 2040 Integrated Final EIR plus the proposed project less previously entitled development on the project site.

ⁱ Neither the proposed project's general plan amendment or the City-initiated DSAP amendment would shift additional retail and hotel capacity to downtown because there is sufficient remaining retail and hotel capacity available to accommodate the proposed project and planned growth.

SOURCES:

City of San José, *Downtown Strategy 2040 Integrated Final EIR*, December 2018.

City of San José, *Envision San José 2019 General Plan Annual Performance Review*, October 2019.

City of San José, *DSAP Amendment—Maximum Capacity for CEQA Analysis*, April 17, 2020.

City of San José, Director of Planning, Building and Code Enforcement, Memorandum to Planning Commission regarding General Plan amendments, November 6, 2019.

Robert Manford, Deputy Director—Planning, City of San José, email communication, October 3, 2019.

The proposed increase in dwelling units, residents, and jobs would not be considered a substantial adverse impact in and of itself because the project site is:

- Located near a major transit hub (San José Diridon Station) and highways (Interstate 280 and State Route 87), and served by existing transportation infrastructure such as streets, local and express bus service, and light and heavy rail (Caltrain, Altamont Corridor Express, Santa Clara Valley Transportation Authority light rail, and Amtrak);
- Located near major employment centers (e.g., the project site itself, the adjacent SAP Center, and Downtown San José); and
- An infill development in an area served by existing and planned utilities infrastructure.

These locational characteristics make the project site desirable for planned growth from an environmental perspective. The physical effects of the proposed development are analyzed in detail elsewhere in this chapter, in Section 3.1, *Air Quality*; Section 3.6, *Greenhouse Gas Emissions*; Section 3.9, *Land Use*; Section 3.13, *Transportation* (refer to the analysis related to vehicle miles traveled [VMT]); and Section 3.14, *Utilities and Service Systems*.

The projected increase in housing resulting from the project represents 41 percent of the planned capacity for residential uses in the Downtown Strategy 2040. In addition, the proposed project's employment-generating land uses (commercial/office, retail, hotel) would not exceed the amount of planned employment-generating land uses under the Downtown Strategy 2040.

The proposed project, including the General Plan amendment to shift growth allocations to Downtown from other parts of San José, would be consistent with overall planned growth in the city and region. Specifically, the project would represent up to 7.1 percent of the remaining citywide housing capacity⁴⁸ and up to 10.5 percent of remaining citywide job capacity under the General Plan.⁴⁹ The project would represent approximately 4.8 percent of the housing unit growth that ABAG projects will occur in San José between 2019 and 2040, and approximately 3.9 percent of the population growth during the same time frame in San José. Net job growth from the proposed project would represent up to 37 percent of the job growth that ABAG projects to occur in San José between 2019 and 2040.

Moreover, the proposed project would be consistent with the City's Housing Element and General Plan policies related to the regulation of planned growth. For example, the project would shift planned growth from Tier 2 and Tier 3 growth areas to a Tier 1 growth area (Downtown), which is a primary location for planned housing during the current Regional Housing Needs Allocation reporting period and is a priority for new residential growth under General Plan Policy IP-2.10.

The project would also conform with *Plan Bay Area*, as the project site is within two PDAs served by existing and planned transit and infrastructure. The "San José: Greater Downtown" and Downtown "Frame" PDAs are intended to accommodate a substantial proportion of future growth in San José and is one of the city's most strategic locations for advancing regional environmental goals. For example, focusing job growth within walking distance of the city's most significant transit hub would best support non-car commuting, compared to job growth in other parts of the region.

In summary, although operation of the proposed project would cause the population of the project vicinity to increase, this growth would be consistent with City and regional plans for growth and would not represent substantial unplanned growth. Furthermore, the proposed project would help the City meet its regional housing needs goal and would advance the City's long-term vision for

⁴⁸ These data are from a memorandum to the Planning Commission regarding General Plan amendments dated November 6, 2019. Based on this memorandum, 36,726 dwelling units have been entitled since adoption of the General Plan. The total number of planned dwelling units in the General Plan was 120,000.

⁴⁹ These data are from the City of San José, *Envision San José 2019 General Plan Annual Performance Review*, October 2019. As stated in this report, as of December 2018, 76,000 jobs had been created since the adoption of the General Plan, and the overall job capacity planned for in the General Plan was 382,000 jobs.

Downtown San José as a priority area for accommodating planned growth. Therefore, the direct growth impact induced by the proposed project would be **less than significant**.

Induced Unplanned Population Growth

Indirect or secondary unplanned growth generally refers to the population associated with development that could occur as infrastructure is expanded to previously unserved or underserved areas. The term can also refer to unplanned growth resulting from unmet housing demand associated with new job growth, which may include new job growth induced by the project, often thought of in terms of an economic multiplier of new jobs or housing in an area.⁵⁰ Secondary growth associated with utility/infrastructure investments typically occurs in suburban and rural areas adjacent to or near undeveloped lands and is not applicable to the project site, which is in a built-up urban environment that is already largely served by existing infrastructure. The discussion below thus considers whether the proposed project would result in induced unplanned growth as a result of unmet housing demand.

The proposed project would develop commercial space to accommodate up to approximately 31,198 jobs and would develop up to 5,900 dwelling units. While many of the employees on-site would already be existing Bay Area residents and would not seek new housing, some of the employees could create new demand for housing, some of which could be met on-site through the proposed project's market rate and affordable housing components. Any new housing demand that is not met on-site would likely be met in other parts of the city and the region, particularly given the project site's transit accessibility, which would allow new employees to access transit-served areas throughout (and in the case of Altamont Corridor Express service, outside) the region.

The number of new jobs and amount of housing demand induced by the injection of project-related spending into the economy can be estimated using a model that combines economic factors, multipliers, and demographic statistics to predict economic outcomes. Although any such estimate, particularly in the context of economic effects caused by the 2020 COVID-19 pandemic, are simply that—an estimate—an analysis of the proposed project by Economic & Planning Systems (**Appendix N1**) indicates that project employment would result in labor income and spending increases such that more than 80,000 new jobs could be indirectly created or induced.⁵¹ This is largely consistent with similar data that was released in advance of the MOU date of December 4, 2018.⁵² Many of these jobs could be undertaken by residents of the San Jose population, but any of these new jobs that are filled by employees who are new to the region would result in new housing demand. However, it would be speculative to determine with any specificity how much

⁵⁰ This refers to the potential for a project to cause increased activity in the local or regional economy. Economic effects can include such effects as the multiplier effect. A “multiplier” is an economic term used to describe inter-relationships among various sectors of the economy. The multiplier effect recognizes that the on-site employment and population growth of each project may not be the complete picture of growth caused by the project.

⁵¹ Economic & Planning Systems, Inc., Economic Impact of Operations at Downtown West, EPS #201019, Memorandum to Lendlease, July 14, 2020.

⁵² Applied Development Economics, Preliminary Fiscal/Economic Impact Analysis of Development Capacity on Google and City Lands, Memorandum to Kim Walesh, Deputy City Manager, November 21, 2018.

demand for new housing the new jobs would create,⁵³ where that demand would be met, and whether local jurisdictions have planned for such demand, because they could occur at locations throughout the region.

Depending on its location and design, potential effects of induced growth in the region could include: increased traffic congestion; increased air pollutant emissions; loss of open space; loss of habitat and associated flora and fauna; increased demand on public utilities and services, such as fire and police protection (potentially leading to a need to develop additional public service facilities), water, recycled water, wastewater, solid waste, electricity, and natural gas; and increased demand for housing. In turn, an increase in housing demand could cause significant environmental effects from new residential development and required governmental services, such as schools, libraries, and parks. Induced employment and population growth could further contribute to the loss of open space because it could encourage conversion to urban uses for housing, commercial space, and infrastructure.

The physical effects of reasonably foreseeable cumulative development are analyzed in detail elsewhere in this chapter, in Section 3.1, *Air Quality*; Section 3.4, *Energy*; Section 3.6, *Greenhouse Gas Emissions*; Section 3.9, *Land Use*; Section 3.11, *Biological Resources*; Section 3.12, *Public Services*; Section 3.13, *Transportation* (refer to the analysis related to VMT); and Section 3.14, *Utilities and Service Systems*.

Plan Bay Area projects growth based on regional economic trends and accounts for induced job growth resulting from new development. In addition, local governments throughout the region are planning for additional residential and employment-generating land uses, some of which could meet the demands created indirectly by the proposed project. Through their planning and decision making processes, the future actions of those local agencies would be subject to environmental review under CEQA, and would be required to be consistent with state and regional plans and regulations. The General Plan also accounts for induced job growth and allows for significant housing construction through 2040.

As described above, the proposed project would be consistent with the General Plan and *Plan Bay Area 2040*, including the associated growth projections and visions to concentrate new growth around transit. For these reasons, the impact of induced population growth associated with the project would be **less than significant**.

Mitigation: None required.

⁵³ While it would be speculative to estimate how many of these new jobs would be filled by existing residents, it should be noted that the region's unemployment rate rose dramatically due to the 2020 COVID-19 pandemic and a substantial portion of the lost jobs are in the service industries that make up a significant portion of the estimated 80,000 new jobs. Although the project will build out over a long time period and any economic recovery cannot be predicted, the metropolitan region currently has significantly more unemployed residents than the number of new jobs that will be induced. Source: [https://www.labormarketinfo.edd.ca.gov/file/1fmonth/sjos\\$pd.pdf](https://www.labormarketinfo.edd.ca.gov/file/1fmonth/sjos$pd.pdf).

Impact PH-2: The proposed project would not displace substantial numbers of existing people or housing, necessitating the construction of replacement housing elsewhere. (Less than Significant)

Direct Displacement

The project site currently contains 11 dwelling units, one of which is occupied. The proposed project would demolish this residential dwelling unit, and the applicant reports that its residents have agreed to relocate before construction begins. However, as described in Impact PH-1, the proposed project would construct up to 5,900 dwelling units at various affordability levels to be defined via a Development Agreement that is consistent with the Memorandum of Understanding the applicant entered into with the City in December 2018. The proposed project's new dwelling units would substantially exceed the number of displaced housing units, eliminating the need to construct replacement housing elsewhere. Therefore, displacement caused by the proposed project would not necessitate the construction of replacement units beyond the units proposed as part of the development.

Several existing businesses would be displaced. The existing businesses' up to approximately 647 employees are reasonably assumed to have housing in San José or the region. Based on the availability of retail, office, and warehouse space suitable for relocation, these businesses should be able to relocate to existing buildings elsewhere in the city or the region. For this reason, there is no evidence that the proposed project would directly displace substantial numbers of existing people or housing units, necessitating the construction of replacement housing elsewhere. This impact would be **less than significant**.

Indirect Displacement

Several comments on the NOP requested that the City consider the potential for the proposed project to indirectly cause involuntary displacement of housing and residents resulting from increased housing costs in San José. One commenter, the Law Foundation of Silicon Valley (Law Foundation), referred to a study completed by Beacon Economics that was commissioned by Working Partnerships, which purported to quantify the proposed project's effects on the rental housing market and the amount of housing needed to offset the rent increases.⁵⁴ The report concludes that Google, in partnership with the City of San José, should address housing needed to achieve a ratio of 1.35 jobs per housing unit, compared with an existing countywide ratio of 1.5 jobs per housing unit.

In general, CEQA does not require an analysis of socioeconomic issues such as gentrification, cost of living, or effects on "community character." The CEQA Guidelines state, however, that while the economic or social effects of a project are not appropriately treated as significant effects on the environment, it is proper for an EIR to examine potential links from a project to physical effects as a result of anticipated economic or social changes.

This section discusses the challenges of attributing indirect displacement impacts and mitigation to a specific project, based on a memo prepared by HR&A Advisors (**Appendix N2**). The HR&A

⁵⁴ Working Partnerships USA, *The Google Rent Hike: What Google's San José Mega-Campus Could Cost Renting Families—and What Google Can Do About It*, June 2019.

Advisors memo assesses the validity of the Beacon Economics study, the conclusions made by Working Partnerships, and claims made in the Law Foundation’s NOP comment letter.

For the purposes of this EIR, *indirect displacement* is defined as the process that occurs “when any household is forced to move from its residence by conditions that affect the dwelling or immediate surroundings, and which:

1. Are beyond the household’s reasonable ability to control or prevent;
2. Occur despite the household’s having met all previously imposed conditions of occupancy; and
3. Make continued occupancy by that household impossible, hazardous or unaffordable.”⁵⁵

Certain indirect displacement of residents is occurring as a result of regional housing and economic trends, and could result from additional real estate and infrastructure investments. However, predicting the extent to which displacement may occur as a result of planned growth is extremely difficult. Also, according to the University of California, Berkeley Displacement Project, there is not currently a credible methodology for attributing displacement to specific projects.⁵⁶ It would be speculative to determine with any specificity the amount of a housing price increase or indirect displacement that could be attributed to any single project aligned with planned growth, particularly as the region as a whole experiences the challenges discussed as socioeconomic trends earlier in this section.⁵⁷

The HR&A Advisors memo found that the Beacon Economics analysis and the Law Foundation’s interpretation of the study are not credible for identifying the environmental impacts of and mitigation measures for the proposed Google project, for several reasons. First, it is not possible to establish a specific causal relationship between a single project on the one hand, and regional displacement and rent increases on the other.⁵⁸ In addition, the Beacon Economics analysis makes several erroneous analytical assumptions that greatly overestimate the housing price increases that would result from the project, resulting in unreliable conclusions. For example, the Beacon Economics analysis assumes labor market growth that is more aggressive than employment projections developed by the ABAG without providing an explanation for why. It also assumes all Google employees would be new residents in Santa Clara County when in fact many Google employees are already residents of the county. Finally, the Law Foundation’s letter misquotes and misinterprets the findings of the Beacon Economics analysis to further overstate the potential impacts attributable to the proposed project.

⁵⁵ Zuk, M., A. H. Bierbaum, K. Chapple, K. Gorska, and A. Loukaitou-Sideris. Gentrification, Displacement, and the Role of Public Investment. *Journal of Planning Literature*, 33(I), 2018. Available at <https://journals.sagepub.com/doi/abs/10.1177/0885412217716439>.

⁵⁶ Chapple, K., and M. Zuk, Miriam. Forewarned: The Use of Neighborhood Early Warning Systems for Gentrification and Displacement. *Cityscape: A Journal of Policy Development and Research* 18(3), 2016. Available at <https://www.huduser.gov/portal/periodicals/cityscpe/vol18num3/ch5.pdf>.

⁵⁷ HR&A Advisors, Inc., Response to Law Foundation Letter regarding Displacement and the Google Project, Memorandum to Environmental Science Associates, June 26, 2020.

⁵⁸ Email from Dr. Karen Chapple, “Methodology to Attribute Market Effects,” March 1, 2020. As cited in HR&A Advisors, Inc., Response to Law Foundation Letter regarding Displacement and the Google Project, Memorandum to Environmental Science Associates, June 26, 2020.

The Bay Area has undergone and continues to undergo significant socioeconomic shifts. As described in Section 3.11.1, *Environmental Setting*, under the heading *Socioeconomic Trends*, both median sales prices and rents have increased in San José since the end of the 2007–2009 recession. These increases coincided with the strengthening economy region-wide, and with increasing housing demand that resulted from the inability of regional housing supply to keep pace with demand. These changes were not caused by a single project; rather, they were associated with the country’s macroeconomic recovery since the end of the 2007–2009 recession.

These economic growth trends were sharply reversed in early 2020. In March 2020, the Santa Clara County Health Officer issued a “shelter-in-place” order to slow the spread of the novel coronavirus 2019 disease (aka COVID-19) to the maximum extent possible. The COVID-19 pandemic reversed the trend of economic growth, resulting in lower sales tax revenue for the City. As of May 10, 2020, the City projected a \$45 million budget shortfall in the 2020 fiscal year, and a \$65 million shortfall in the 2021 fiscal year compared to an annual budget of \$4.5 billion.⁵⁹

As of July 2020, it was too early to determine the overall effect of the COVID-19 pandemic on regional economic shifts, including sales and rent prices. However, Zillow finds that home prices increased 2.6 percent over the previous year, but expects a decline of 0.7 percent between July 2020 to July 2021.⁶⁰ The effects of the COVID-19 pandemic on job losses are more apparent. The unemployment rate in the San Jose–Sunnyvale–Santa Clara metropolitan area increased from 2.7 percent in February 2020 to 11.2 percent in May 2020.⁶¹ Although unemployment dropped to 10.8 percent in June 2020, the unemployment rate is expected to stay high for an extended period of time. The reversal of nearly a decade of economic growth despite the announcement of the proposed project demonstrates that regional socioeconomic trends cannot be attributed to a single project.

In contrast to the Working Partnerships report’s approach and conclusion, it is more appropriate to plan for new jobs and housing and address potential displacement at the citywide and regional levels, which enable consideration of induced housing demand and regional economic trends. As described above, the proposed project would be consistent with planned growth under *Plan Bay Area* and the General Plan. The project would also support the General Plan policies for balanced jobs/housing growth and for focusing new development in transit-rich areas such as Downtown San José.

To address displacement concerns, Mayor Liccardo’s housing plan aims to build 10,000 affordable housing units by 2022;⁶² and the City has designated land to accommodate more than 95,000 new housing units, prepared housing work plans to encourage residential development, and adopted regulatory changes to encourage affordable housing and increase renter protections. It is currently preparing a citywide anti-displacement strategy, building upon a report prepared by the San José

⁵⁹ Fracassa, D., and R. Swan. Bay Area Cities Face Grim Financial Outlook amid Budget Slashing. Here’s What They Are Planning to Cut. *San Francisco Chronicle*, May 10, 2020. Available at <https://www.sfchronicle.com/bayarea/article/Bay-Area-cities-face-grim-financial-outlook-amid-15259394.php>.

⁶⁰ Zillow, San José Home Prices & Values. Available at <https://www.zillow.com/san-jose-ca/home-values/>. Accessed August 20, 2020.

⁶¹ California Employment Development Department: Labor Market Information Division. San Jose–Sunnyvale–Santa Clara Metropolitan Statistical Area (MSA) (San Benito and Santa Clara Counties). Construction Reported the best job improvement. Available at [https://www.labormarketinfo.edd.ca.gov/file/lfmonth/sjos\\$pds.pdf](https://www.labormarketinfo.edd.ca.gov/file/lfmonth/sjos$pds.pdf).

⁶² City of San José. Housing. Available at <https://www.sanjoseca.gov/your-government/departments-offices/city-council/members/mayor-s-office/our-work/housing>. Accessed August 14, 2020.

Anti-Displacement Policy Network team; exploring additional funding sources for affordable housing and programs; and working at the regional level, such as through the Committee to House the Bay Area. The City's anti-displacement activities are related to social and economic effects and under CEQA are not physical effects on the environment. CEQA provides that economic or social effects are not considered significant effects on the environment unless the social and/or economic effects are connected to physical environmental effects. Thus, the City's anti-displacement activities are not discussed further in this EIR.

From a CEQA perspective, the relevant inquiry is whether there are reasonably foreseeable secondary, physical effects of indirect displacement, such as additional VMT, GHG emissions, and air pollutant emissions as displaced residents are forced to locate replacement housing elsewhere and have longer commutes. However, as discussed above, attributing a certain amount of indirect displacement to a specific project, and then attributing secondary impacts of increased VMT, GHG, and air pollutant emissions, would be speculative and thus is beyond the requirements of CEQA. The project's impacts on these resource areas are analyzed in Section 3.1, *Air Quality*; Section 3.6, *Greenhouse Gas Emissions*; and Section 3.13, *Transportation*. (Refer to the VMT analysis based on the City's travel demand model, which incorporates growth projections as the context for analyzing direct growth [i.e., land uses] as part of the proposed project.)

Also, as stated above, the proposed project would develop the Diridon Station Area in a way that is consistent with City expectations and desires for growth and new development. It would provide a mix of housing and employment, and is intended to take full advantage of the high level of transit connectivity that the Diridon Station Area affords, responding to plans like *Plan Bay Area 2040* and the General Plan, which call for transit-oriented development. Secondary environmental effects associated with cumulative citywide and regional growth are addressed in Impact C-PH-1 below. For these reasons, the environmental impacts of indirect displacement are speculative and not discussed further.

For these reasons, the impact related to potential indirect displacement would be **less than significant**.

Mitigation: None required.

Cumulative Impacts

The geographic scope of the analysis of cumulative impacts related to population, employment, and housing includes the city of San José and the region. Cumulative planned growth in the city is reflected in City projections, which are based on planned population, employment, and housing growth in San José as a whole, including Downtown. In this context, the growth reallocations currently being considered by the City as part of the ongoing DSAP amendment planning process and described under *Approach to Analysis* above are considered a reasonably foreseeable future project. Cumulative planned growth in the region is reflected in ABAG's *Plan Bay Area 2040*.

Impact C-PH-1: The proposed project would result in a cumulatively considerable contribution to the citywide significant and unavoidable cumulative impact related to the jobs/housing imbalance identified in the 2040 General Plan EIR. (Significant and Unavoidable)

The 2040 General Plan (as amended in 2016) establishes as one of its “major strategies” to “support San José’s growth as a center of innovation and regional employment.” A “core objective” of that strategy is to achieve a jobs-to-employed-residents ratio of 1.1 to 1 by the year 2040 if the land use plan was fully built out.⁶³ As of 2019, San José is a “housing rich” city with a jobs-to-employed-residents ratio of 0.82.⁶⁴ The relatively low ratio produces a lower tax base compared to the city’s neighbors, and the city’s services to its residents have historically been strained as a result. It should be noted that it is unlikely that San José will reach the goal articulated in the General Plan by 2040, given that ABAG projects the City to have a jobs-to-employed-residents ratio of 0.88 in 2040. However, to achieve its stated goal, the General Plan plans for clustered growth in a series of “urban villages.” The most ambitious growth, particularly job growth, is planned for Downtown, including the Diridon Station area. Strengthening San José as a regional employment center that is “jobs rich” necessarily requires more job growth than housing growth, and the General Plan anticipates 120,000 net new dwelling units and 382,000 new jobs in San José from 2010 to 2040. According to the 2040 General Plan EIR, this new development would not induce growth beyond what is included in the regional projections included in *Plan Bay Area 2040* and would thus represent planned population growth.

However, if achieved, the desired jobs/housing ratio citywide included in the General Plan could have the secondary effect of inducing population growth outside of San José by creating demand for new housing to serve the new workers in San José. In addition, the shift in jobs/housing would result in a substantial new quantity of employment-intensive land uses that may generate more jobs than can be met by the San José workforce, causing out-of-area workers to commute to Downtown San José. If the General Plan were fully built out, insufficient housing opportunities would be available in San José for future San José workers.⁶⁵ As described in the DSAP, Downtown Strategy 2040, and General Plan EIRs, this cumulative growth would increase VMT per service population in the Bay Area, resulting in significant cumulative environmental impacts, including air pollution, noise, GHG emissions, and impacts on biological resources (e.g., nitrogen deposition). For this reason, the prior EIRs concluded that the General Plan policy to move to a jobs-to-employed-residents ratio of 1.1 is considered a significant and unavoidable cumulative impact.

The ongoing DSAP planning process and the proposed project would shift some of the growth projected in the General Plan from other areas of the city to Downtown. Given that Downtown generally and the DSAP area specifically is significantly better served by transit than other areas, this shift would tend to reduce VMT and other impacts resulting from automobile traffic, but would not change the General Plan goal of achieving a jobs-to-employment ratio, and would therefore not eliminate the previously identified significant and unavoidable cumulative impact.

⁶³ When originally adopted in 2011, the *Envision San José 2040 General Plan* provided capacity for 839,450 jobs and assumed 665,493 employed residents, which would result in 1.3 jobs per employed resident.

⁶⁴ City of San José, *Envision San José 2040, 2019 Annual General Plan Performance Review, Executive Summary*, 2019.

⁶⁵ City of San José, *Envision San José 2040 General Plan Draft Program EIR*, June 2011, p. 772.

The proposed project would make a cumulatively considerable contribution to this citywide cumulative impact if it would contribute to the jobs/housing ratio (expressed as a ratio of jobs to employed residents) of 1.1 and the resulting significant cumulative environmental impacts. In terms of the jobs/housing balance, the proposed project would develop 3,000 to 5,900 dwelling units, which would result in up to approximately 12,980 permanent residents at the project site. If the maximum potential of 5,900 dwelling units are produced, the project would yield approximately 8,850 employed residents,⁶⁶ who would have jobs in the city or the region. The proposed project would also generate 31,198 jobs at the project site, or a net increase in employment of up to 30,551 new jobs. Because the proposed project would produce more jobs than employed residents, it would assist the City in implementing its major strategy of growing as a regional job center and help to achieve the jobs-to-employed-residents ratio of 1.1 citywide.

The proposed project itself would have less-than-significant VMT impacts and would represent planned growth in the Downtown area consistent with the City's vision for the project site. Moreover, as stated in the proposed project's Environmental Leadership Development Project Application pursuant to Assembly Bill 900, the project meets the requirement for no "net additional emission of GHGs" because the project applicant has committed to measures to offset the increase in GHG emissions from construction and operation of the proposed project from 2021 to 2062. The proposed project would, however, result in significant air pollutant emissions, associated in part with commute-related trips. In addition, the DSAP, Downtown Strategy 2040, and General Plan EIRs concluded that in light of the statewide and region-wide jobs/housing balance issues and associated potential for unplanned growth in certain locations, the potential exists for significant and unavoidable impacts associated with implementation of the City's General Plan, Downtown Strategy 2040, and DSAP policies.

Therefore, despite the absence of project-specific VMT and GHG emissions impacts, the proposed project would result in a cumulatively considerable contribution to the previously identified citywide **significant and unavoidable impact**.

Mitigation: As described in the EIRs for the General Plan and Downtown Strategy 2040, no feasible mitigation is available.

⁶⁶ This calculation and the ratios presented below use the ratio of approximately 1.5 employed residents per dwelling unit for four Downtown census tracts (5008, 5009.1, 5009.2, and 5010), including the tract that includes the project site (5008).