

City of Milpitas

# Housing Opportunity Districts

General Plan Amendment and Proposed Zoning Changes  
to NCMU and TC



# Introduction

## About the Project

In response to California's pressing affordable housing shortage and homelessness crisis, Governor Newsom's 2019-20 Budget Act earmarked \$250 million for initiatives addressing these challenges. Notably, \$119 million was allocated to the Local Early Action Planning Grant (LEAP), an essential non-competitive program empowering cities and counties to update planning documents and expedite housing production.

In September 2020, the City of Milpitas applied for LEAP funding to establish Housing Opportunity Districts (HOD) in priority areas outlined in its General Plan. HODs are designed to incentivize housing by allowing increased density, relaxed standards, streamlined permitting processes, and financial support for affordable housing. Securing a \$300,000 LEAP grant, the city subsequently engaged Raimi and Associates through a professional services agreement to craft the HODs by June 2024, in tandem with other ongoing planning initiatives.

The Housing Opportunity Districts (HOD) project plays a critical role in implementing both the General Plan and the Housing Element to increase housing in the city while creating vibrant mixed-use neighborhoods.

## Purpose of this Memorandum

This Memorandum presents the proposed General Plan amendment and zoning standards that implement the Town Center (TWC) and Neighborhood Commercial Mixed-Use (NCMU) designations. It is intended for review and approval by City staff, the Planning Commission, and the City Council.

The document outlines the project goals, the process employed to update the TC zone, create new NCMU zones along with the amendment to their General Plan definitions, and the final zoning and development standards recommended for incorporation in the citywide zoning code update initiated in 2023.

The recommended zoning and development standards are the result of extensive technical, financial, and modeling analyses, complemented by input from the community, relevant stakeholders, and city staff gathered over the past two years. Additionally, the Memorandum includes the detailed zoning and development standards in Appendix A and 3D renderings in Appendix B.

## Project Goals

The HOD project was initiated with the primary objective of increasing the housing supply in the City of Milpitas while simultaneously reducing barriers associated with new housing construction. The overarching goals of the HOD project include:

- **Implementing General Plan policies**

The HOD is intended to implement several General Plan policies identified through an extensive public input process.

- **Meeting current and future regional housing needs (RHNA)**

The city fell short in meeting its very low-, low-, and moderate- income regional housing targets over the implementation phase of the previous Housing Element and needs to plan for more housing, especially affordable housing, to overcome its housing shortfall.

- **Incentivizing affordable housing**

Another goal is to incentivize affordable and special needs housing in the city. By creating tailored zoning regulations, these zones will help facilitate the production of all housing types. 100% affordable housing projects in NCMU and TWC are exempt from non-residential requirements.

- **Revitalizing aging shopping centers**

Many existing commercial centers are underperforming, and their redevelopment as mixed-use projects can revitalize public spaces while adding to the city's tax base.

## Project Summary

The HOD project introduces a comprehensive General Plan amendment and zoning update within the Neighborhood Commercial Mixed-Use (NCMU) and the Town Center (TC) areas of the City that allow for both horizontal and vertical mix of uses, enhancing the viability of mixed-use projects.

Based on the analysis completed for this HOD project, the proposed zoning adopts a place-based and flexible approach. It establishes three distinct NCMU zones (NCMU1, NCMU2, and NCMU3) and three TC zones (TC1, TC2, and TC3). These zones consider factors such as parcel size, location, current use, and future potential. Each zone permits increased residential density and a reduced minimum non-residential FAR, promoting versatility in development. Concurrently, the project outlines General Plan amendments to update the definitions associated with these land use designations.

The proposed NCMU Zones are:

1. NCMU1: includes big box retail and grocery stores with large surface parking lots. Parcels designated NCMU1 require a minimum 0.25 FAR of non-residential use for mixed-use developments.
2. NCMU2: includes smaller parcels with commercial uses along streets, which are ideal for mixed-use development. Parcels designated NCMU2 require a minimum of 0.1 FAR of commercial use, primarily on the ground floor with residential units above.
3. NCMU3: includes parcels that are less suitable for commercial use, such as those located on secondary streets, lacking street frontages, or adjacent to residential zones. NCMU3 would allow commercial, mixed-use, or residential-only development with no minimum commercial requirement.

The proposed TC Zones are:

1. TC1: includes some successful big box retail centers with long-term leases with large surface parking lots. Parcels designated TC1 require a minimum 0.35 FAR of non-residential use for mixed-use developments.
2. TC2: includes smaller parcels with commercial uses along streets, which are ideal for mixed-use development. Parcels designated TC2 require a minimum of 0.1 FAR of commercial use, primarily on the ground floor with residential units above.

3. TC3: includes parcels that are less suitable for commercial use, such as those located on secondary streets, lacking street frontages, or adjacent to residential zones. TC3 would allow commercial, mixed-use, or residential-only development with no minimum commercial requirement.

Furthermore, the HOD recommends a reduction in parking and open space requirements, aiming to enhance project feasibility. These proposed adjustments align with the overarching goals of the General Plan, specifically focusing on revitalizing aging shopping centers and fostering the creation of dynamic mixed-use neighborhoods.

## Plan and Policy Overview

### Milpitas General Plan 2040

The City of Milpitas adopted its General Plan 2040 in March 2021, outlining goals and policies to shape the future development of the city. The General Plan prioritizes the preservation of existing neighborhoods, channeling new housing growth to specific areas, and revitalizing some of the older neighborhood-serving commercial land use designations such as the NCMU and TWC.

Relevant General Plan goals and policies related to NCMU and TWC include:

*Goal LU-1: Accommodate a well-balanced mix of land uses that meet the diverse needs of Milpitas residents, businesses, and visitors with places to live, work, shop, be entertained and culturally enriched.*

*Goal LU-6: Support commercial centers that serve residential neighborhoods and provide for a variety of convenient, successful and attractive commercial uses throughout the city.*

*Policy LU 6-1 Ensure new development in Neighborhood Commercial Mixed Use (NCMU) areas includes adequate commercial components to retain commercial uses as the dominant use type, and that the redevelopment of aging centers results in no net loss of viable commercial space. The City Council may consider opportunities to waive commercial requirements in mixed use areas for 100% affordable projects that increase the affordable housing stock within Milpitas for "very low income" and "low income" categories.*

*Policy LU 6-4 Maintain viable neighborhood-serving commercial uses throughout the City in order to serve surrounding neighborhoods and minimize vehicle miles traveled. Encourage a diverse mix of commercial uses including retail, service, office, entertainment, and assembly uses.*

*Policy LU 6-5 Promote reinvestment in strip commercial and shopping centers and maintain, revitalize, and redevelop aging and underperforming centers.*

*Policy LU 6-6 Encourage redevelopment and intensification of mixed-use areas by allowing stand-alone vertical mixed-use, or integrated horizontal mixed-use projects in mixed use areas, consistent with the Land Use Map and policies and actions included in this element.*

While the General Plan designates the NCMU and TWC areas as mixed-use, the restrictive relationship between the non-residential and residential densities makes redevelopment in these areas unlikely to be feasible in practice. This limitation necessitates a critical review of the General Plan's definitions. The

HOD project reexamines these definitions and proposes a General Plan amendment to align them with the evolving needs and goals of the community.

## Milpitas Housing Element 2023-2031

In January 2023, the City of Milpitas approved its 6th Housing Element, which outlines programs and actions the City will undertake to fulfill its regional housing growth obligations (RHNA). In the current RHNA cycle (2023-2031), the City of Milpitas has been allocated 6,713 units, which is more than double the allocation from the previous cycle. Furthermore, 3,786 of the units must be affordable (i.e., below market rate) with 2,655 of those units at the low- or very-low-income affordability level, which the City has historically struggled to provide.

Relevant Housing Element goals and policies related to NCMU and TWC include:

*Goal HE-3: Continually assess the barriers to new housing production and proactively mitigate the governmental constraints to new housing development.*

*Policy HE 3.3: Implement recommendations in the Housing Opportunity Zone (HOZ) study to reduce barriers to new affordable housing production, while balancing the need for convenient neighborhood-serving retail stores and services for existing and future residents.*

*Policy HE 3.7: Support the adaptive reuse, renovation, conversion, or redevelopment of economically underutilized properties or buildings for residential or mixed-use development.*

The Housing Element identified the existing General Plan definitions of NCMU and TWC as restrictive and as potential barriers to new housing development. The NCMU designation also falls short of the minimum density threshold deemed effective for contributing to low-income housing, as stipulated by the Housing and Community Development (HCD) department guidelines to accommodate RHNA in the Housing Element. To overcome this constraint, the Housing Element identified an action to establish Housing Opportunity Districts with higher residential densities, flexible commercial and development requirements, and incentives for affordable housing.

## Comprehensive Zoning Code Update

In order to implement the General Plan, the city must update its zoning to ensure consistency with the land use designations.

In 2023, the City of Milpitas launched a separate effort to comprehensively update the Zoning Ordinance. This Zoning update will not only implement the changes in the General Plan but also ensure compliance with recent state laws aimed at fostering the production and preservation of housing throughout California. The new NCMU and updated TC zoning and development standards will be adopted separately, and later integrated with the citywide zoning code update..

## Other Relevant Documents

The City of Milpitas adopted the Metro Specific Plan in March 2023 and is currently preparing an update to the Gateway/Main St. Specific Plan. These Specific Plans allow higher residential densities and a mix of commercial uses to create complete neighborhoods near transit stops. The City also approved its Objective Design Standards (ODS) in December 2022 which apply to all new residential and mixed-use developments in the City of Milpitas including projects in the NCMU and TC zones.

# Community Engagement and Outreach

The consultant team performed outreach during various phases of the HOD project. The team with support from City staff focused outreach efforts citywide and locally around each of the NCMU and TC planning areas. The community engagement was conducted in two distinct phases: initially, at the project's outset, efforts were focused on creating awareness about the project through factsheets and conducting stakeholder interviews to gain insights into challenges related to housing construction. Subsequently, during the second half, the team produced informational videos to present the draft NCMU and TC zone recommendations to the community and facilitated focus group discussions with stakeholders. The valuable inputs gathered during these engagements were incorporated into the final draft of the zoning standards. A concise summary of these engagement efforts is provided below.

## Factsheets

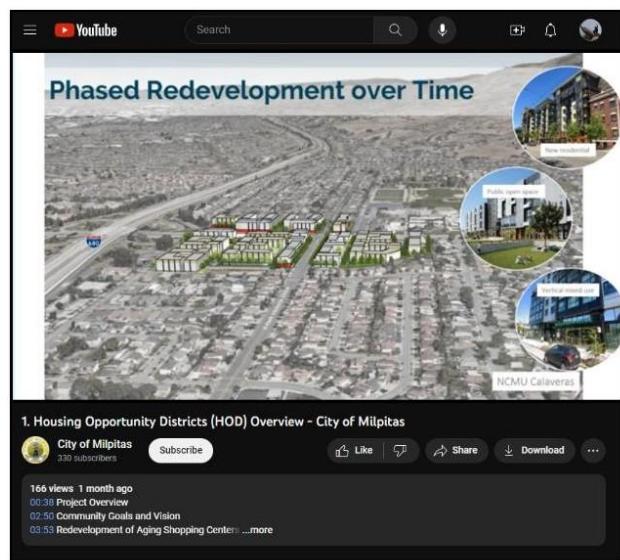
The consultant team prepared factsheets for both NCMU and TWC designations, explaining the project goals and what the HOD project aimed to achieve. These factsheets were made publicly accessible on the city website and distributed at various events throughout the city.

## Stakeholder Interviews

The team conducted stakeholder interviews at two critical junctures in the project. Initially, interviews were focused on understanding the goals and challenges faced by stakeholders in housing development. Subsequently, stakeholders were engaged to present and gather feedback on draft changes to zoning and development standards. This approach extended to participation in the Community Development Roundtable. Engaged stakeholders included market-rate housing developers, affordable housing developers, and property owners.

## Video presentation and survey

Recognizing the technical nature and limited geographic scope of the project, the team produced a series of informative videos outlining the project's intricacies and presenting draft recommendations. The videos were published on the city website and were followed by an open-ended survey asking the viewers to give feedback on the draft recommended standards for the NCMU and TC areas. (link to videos)



## Pop-up Stations

Four dedicated pop-up events were hosted by the City, one at each location, which allowed City staff an opportunity to explain the project in person. Visitors, business owners, and property owners were directed to watch the informative videos and take part in the survey to provide feedback.

## Planning Commission and City Council

The consultant team actively engaged with the City Council in August 2022 and October 2023 to present the analyses and draft recommendations. The project's progress will also be shared with the Planning Commission.

# Geographic Context

## Neighborhood Commercial Mixed-Use

The Neighborhood Commercial Mixed-Use or NCMU land use designation covers many of the smaller aging shopping centers around the City. The map in Figure 1 identifies three NCMU locations along Dixon Road in the North, Calaveras Blvd in the center, and Landess Ave in the south.

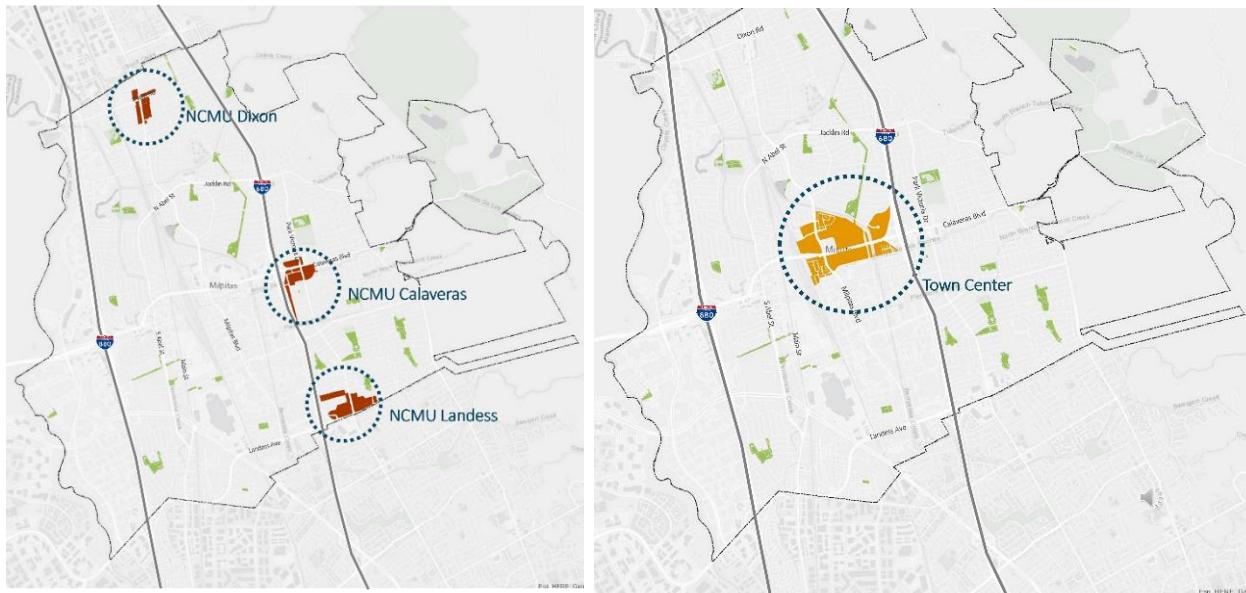
Dixon Road currently hosts a diverse array of establishments, including restaurants, storage facilities, a gas station, the Lion supermarket, and some vacant parcels, along with surface parking. Calaveras Blvd. hosts the Ocean supermarket, Executive Inn hotel, restaurants, a smaller shopping center, vacant parcels, an event center, and surface parking. Meanwhile, Landess Avenue features banks, supermarkets, gas stations, Bowlero, storage facilities, restaurants, and surface parking.

Overall, these areas exhibit a high potential for redevelopment into mixed-use communities with neighborhood-serving retail and amenities to enhance the overall community experience.

### Existing uses in NCMU



Figure 1: NCMU and TC areas in the city



## Town Center

The Town Center includes the commercial areas north and south of Calaveras Boulevard in the heart of the city. Currently, the Town center hosts multiple supermarkets, smaller shopping centers, restaurants, banks, professional offices, gas stations, cultural amenities, and surface parking lots. While certain well-established commercial entities are unlikely to undergo redevelopment in the near future, there is notable potential for transformation, particularly in the properties located south of Calaveras Blvd. These areas present an opportunity for mixed-use development with additional housing opportunities and neighborhood-serving retail and amenities.

### Existing uses in Town Center



Currently, the NCMU and TC areas include shopping centers and small businesses that cater to the everyday needs of the local community. However, some of the buildings are aging and have underutilized commercial spaces. They are generally characterized by large surface parking lots and few vacant parcels. Overall, these areas present opportunities for mixed-use redevelopment.

# Implementing HOD Goals and Vision

## Vision

The HOD envisions transforming the NCMU and TWC neighborhoods into mixed-use communities that prioritize placemaking which involves creating public spaces, supporting local businesses, improving public health, and providing amenities and housing that align with the community's goals and vision. Accordingly, the proposed zoning and development standards would allow higher residential densities within mixed-use buildings in these zones, while certain parcels will allow residential-only projects with a strong emphasis on affordable housing throughout. Additionally, the redevelopment will be complemented by streetscape and other improvements that are contextual to the local area.

As a result, the city will stand to benefit from increased revenue, heightened demand for retail services and business, additional housing options, and increased availability of amenities for residents.

Figure 2: Conceptual phased redevelopment of NCMU at Calaveras Boulevard



## Neighborhood Commercial Mixed Use

The General Plan allows for up to 0.75 FAR of non-residential commercial space which can accommodate a 5-8 story office building. The designation allows for residential mixed-use projects but has a restrictive ratio on the amount of housing that is possible. The maximum density allowed is approximately 21 dwelling units per acre, but it requires that you maximize the non-residential use to get there. This density falls below the threshold (approximately 30 dwelling units per acre) deemed effective for contributing to low-income housing, as stipulated by the California Department for HCD for the Housing Element. This mix of non-residential FAR and residential density is atypical and unlikely to be feasible in practice. The designation also allows 100% affordable residential-only projects but those require approval of the City Council which also may not be consistent with State law.

Moreover, the challenge is compounded by the fact that a 0.75 commercial FAR equates to the potential construction of an 8-story office building, a scenario deemed unlikely and economically unviable within the NCMU areas. The mismatch between the prescribed density and the associated development potential underscores the need for a reassessment and adjustment of the current land use designation to better align with both housing affordability objectives and the practical realities of development in the NCMU zones.

Based on the analysis completed for this HOD project, the proposed zoning utilizes a place-based and flexible approach by establishing three distinct NCMU zones (NCMU1, NCMU2, and NCMU3), based on the parcel size, location, current use, and future potential. Each zone allows a higher residential density along with a reduced minimum non-residential FAR that will help implement the General Plan goal to increase vibrancy and incentivize the redevelopment of aging strip retail centers into new mixed-use projects.

The new NCMU zones would apply to the Dixon Road (Sunny Hills), Calaveras and North Park Neighborhood, and Landess neighborhood commercial areas, which are currently designated NCMU in the 2040 General Plan. Currently, there is no NCMU zone in the Zoning Code. Parcels designated NCMU in the General Plan are currently assigned C1 (Neighborhood Commercial), C2 (General Commercial), or MP (Industrial Park) zones of the Zoning code.

## General Plan Amendment

To implement the vision outlined in the HOD, the City must undertake a General Plan amendment to refine the definition of the NCMU land use designation.

### Current Definition

Below is the definition for Neighborhood Commercial Mixed Use (NCMU) from the Milpitas General Plan 2040, Page LU-6-

*"The Neighborhood Commercial Mixed-Use (NCMU) designation is intended to accommodate a mix of commercial and residential uses with an emphasis on commercial activity as the primary use, and residential uses, hotel, and office development allowed on a limited basis. The NCMU designation encourages active neighborhood serving uses at the ground level, including grocery stores, specialty retail, restaurants, plazas, or walk-in personal services such as banks and salons at FARs up to 0.75.*

*This designation also provides opportunities for vertical or horizontal mixed-use residential development to provide for area vibrancy and to encourage the redevelopment of aging commercial centers by allowing Multifamily dwelling units at a rate of 1 unit per 1,500 square feet of new or rehabilitated neighborhood-*

*serving retail and commercial services. The City Council may consider the approval of residential-only projects in the NCMU land use designation, provided the project is 100% affordable to the "low" and "very low" income categories, in order to increase the stock of affordable housing in Milpitas.*

*Projects with a residential component are subject to additional policy direction (Policy LU 6-1) to ensure that NCMU areas continue to primarily serve surrounding neighborhoods with commercial services."*

#### **Proposed Definition (changes are *italicized* and underlined and deleted text shown as strikethrough)**

The Neighborhood Commercial Mixed-Use (NCMU) designation is intended to accommodate a vertical and horizontal mix of commercial and residential uses with an emphasis on neighborhood commercial activity. Residential uses, hotel, and office development are allowed on upper floors. The NCMU designation encourages active neighborhood-serving uses at the ground level, including grocery stores, specialty retail, restaurants, plazas, or walk-in personal services such as banks and salons at FARs up to 0.75.

This designation provides opportunities for vertical and horizontal mixed-use residential development to provide for area vibrancy and to encourage the redevelopment of aging commercial centers by allowing multifamily dwelling units up to 65 dwelling units per acre for mixed-use and residential only projects. Redevelopment of larger neighborhood commercial centers shall provide a minimum of 0.25 FAR of new or rehabilitated neighborhood-serving retail and commercial services. Parcels fronting major streets shall provide a minimum 0.10 FAR of neighborhood-serving retail and commercial services. Other parcels do not require any minimum non-residential FAR. The zoning map implements the NCMU zones and their locations.

~~Multifamily dwelling units at a rate of 1 unit per 1,500 square feet of new or rehabilitated neighborhood-serving retail and commercial services. The City Council may consider the approval of residential-only projects in the NCMU land use designation, provided the project is 100% affordable to the "low" and "very low" income categories, in order to increase the stock of affordable housing in Milpitas.~~

~~Projects with a residential component are subject to additional policy direction (Policy LU 6-1) to ensure that NCMU areas continue to primarily serve surrounding neighborhoods with commercial services.~~

### **Proposed Zoning**

To implement the vision outlined in the HOD, the NCMU land use designation will be implemented by three distinct NCMU zones defined below.

#### **NCMU1**

Areas designated NCMU1 are currently characterized by big box retail and grocery stores with large surface parking lots. The goal of NCMU1 is to preserve the commercial uses while allowing for mixed-use development. This new zone would require 0.25 minimum non-residential FAR and allow up to 65 dwelling units per acre residential density. The proposed height limit is 75 feet or 6 stories.

#### **NCMU2**

NCMU2 includes smaller parcels with commercial uses along streets, which are ideal for mixed-use development with commercial establishments on the ground floor and residential units above. This new zone would require 0.10 minimum non-residential FAR and allow up to 65 dwelling units per acre residential density. The proposed height limit is 75 feet or 6 stories.

## NCMU3

NCMU3 pertains to larger parcels that are unsuitable for commercial use, such as those located on secondary streets, lacking street frontages, or adjacent to residential zones. These sites have been classified as NCMU3 and would allow for residential-only projects, without precluding commercial development. This new zone would require no minimum non-residential FAR and allow up to 65 dwelling units per acre residential density. The proposed height limit is 75 feet or 6 stories.

Table 1: Proposed NCMU Zones

	Current Zones	Proposed Zones		
	C1, C2, MP	NCMU1	NCMU2	NCMU3
Non-residential FAR	0.35 (C1) 0.5 (C2 and MP)	0.25 minimum 0.75 maximum	0.10 minimum 0.75 maximum	No minimum 0.75 maximum
Residential Density	n/a	65 du/ac	65 du/ac	65 du/ac
Height	35 feet (C1 and MP) 75 feet or 6 stories with CUP (C2)	75 feet or 6 stories	75 feet or 6 stories	75 feet or 6 stories

Figure 3: Proposed NCMU Zones at Calaveras Blvd

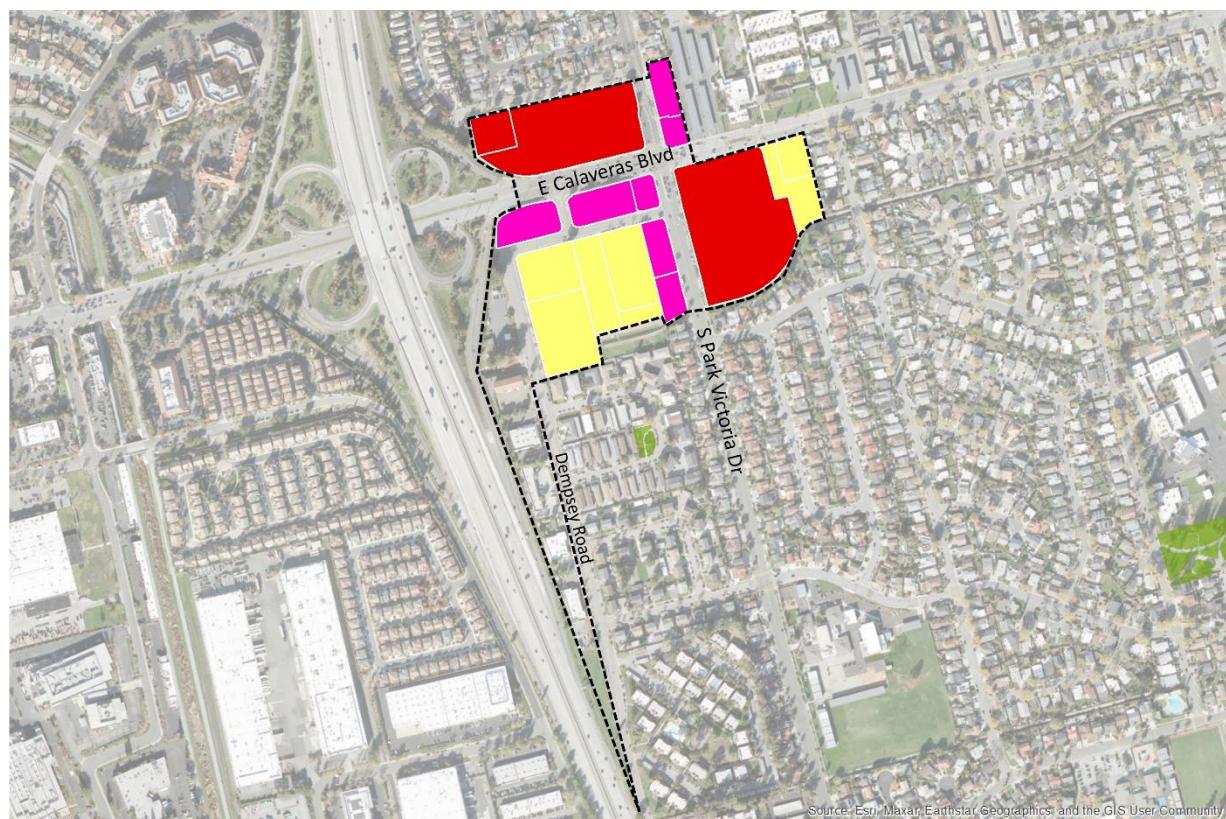


Figure 5: Proposed NCMU Zones at Landess Ave

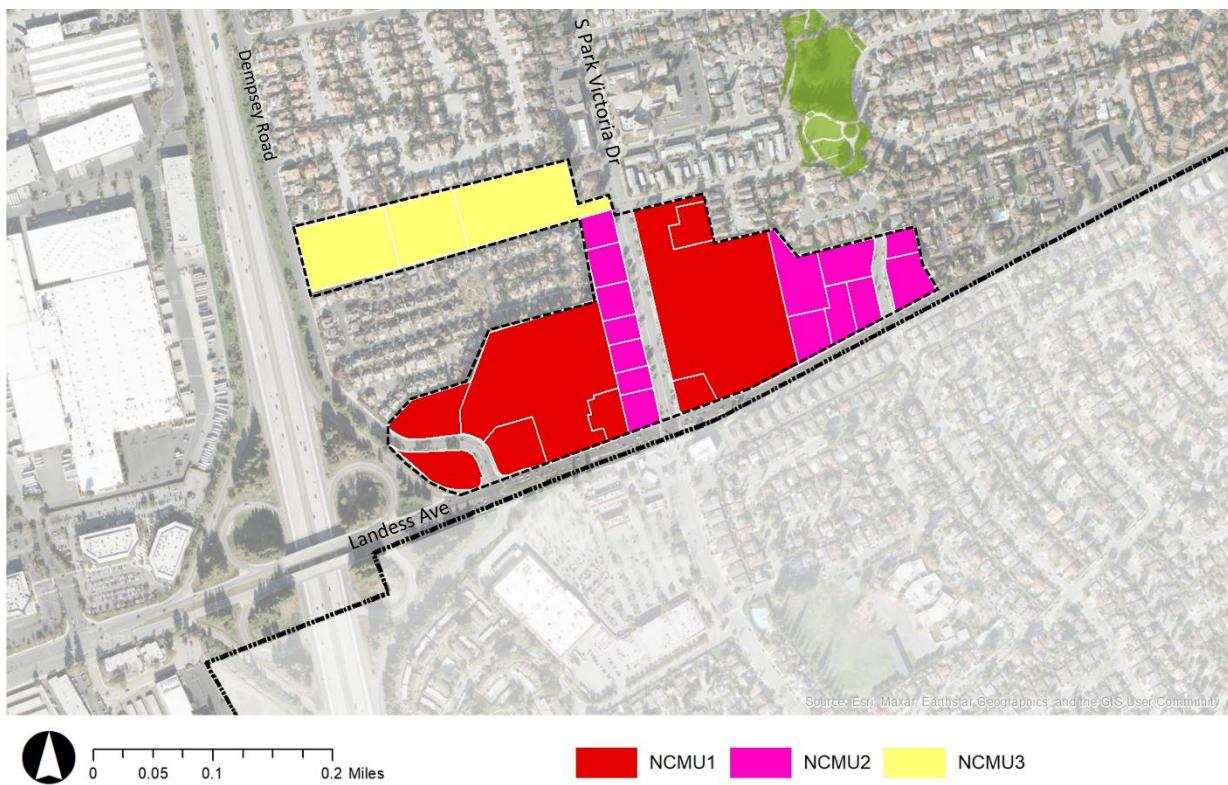
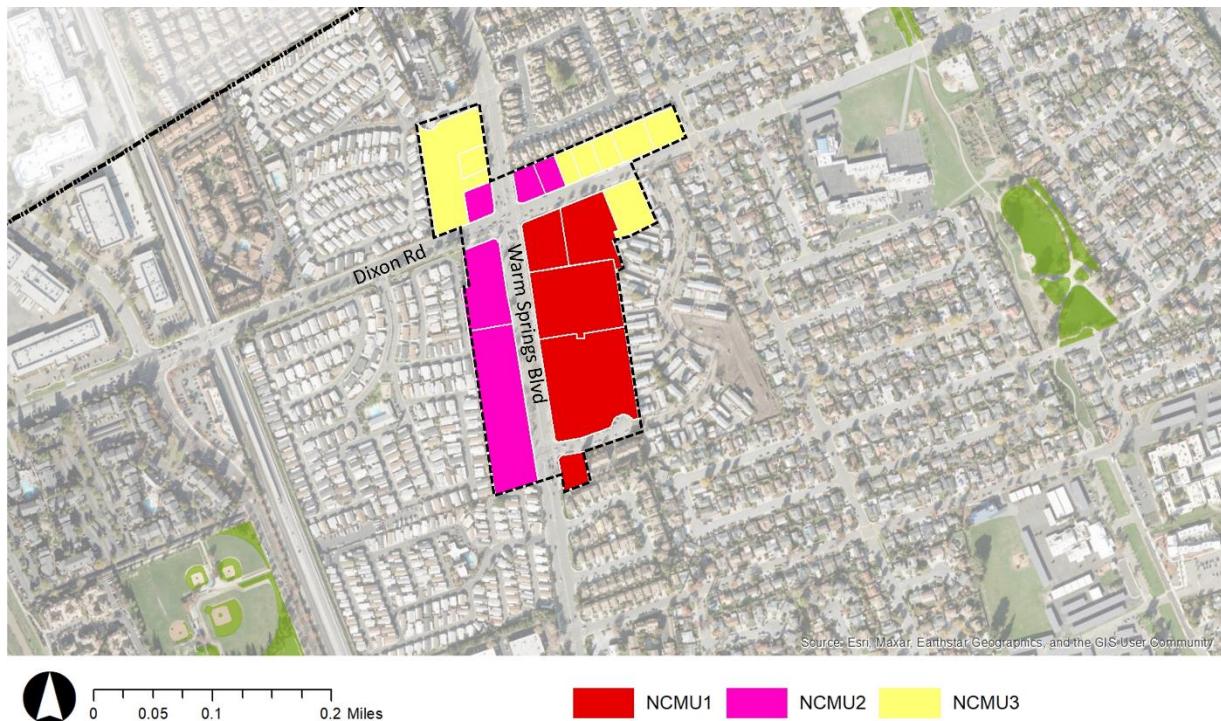


Figure 4: Proposed NCMU Zones at Dixon Rd



## Town Center

The TWC designation of the General Plan allows for up to 40 dwelling units per acre and a FAR up to 0.85. Developers wanting to maximize the residential component of the parcel are required to provide a minimum FAR of 0.35 for the non-residential component which is higher than what is typically observed in mixed use buildings. Residential only projects are not permitted under any circumstance. The redevelopment potential of underutilized parcels in the TWC underscores the need for a reassessment and adjustment of the current TWC land use designation.

Similar to the NCMU areas, the proposed zoning utilizes a place-based and flexible approach by establishing three distinct Town Center zones (TC1, TC2, and TC3) based on their size, location, current use, and future use. While all Town Center zones would allow for a maximum density of 55 dwelling units per acre and maximum building height of 75 feet or 6 stories, each Town Center zone would provide a different minimum commercial FAR requirement.

Currently, the TWC General Plan designation corresponds to the TC zone in the zoning code. But with the updated General Plan definition, the TC zoning and development standards will be revised for the same geographic area.

## General Plan Amendment

To implement the vision outlined in the HOD, the City must undertake a General Plan amendment to revise the TWC land use designation definition.

### Current Definition

Below is the definition for Town Center (TWC) from the Milpitas General Plan 2040, Page LU-6-

*"This designation provides for a variety of commercial, professional, civic, restaurants, hotels, residential, and entertainment uses. Projects may consist of a wholly non-residential development, or a mixed-use residential project that integrates residential and nonresidential uses vertically or horizontally. Residential-only projects are not permitted. Residential developments up to 40 units per acres may be permitted within the Town Center as part of a mixed-use development project to increase economic support for the commercial uses. Developers wanting to maximize the residential component of the parcel are required to provide a minimum FAR of 0.35 for the non-residential component. Sites developed with a mix of uses, or non-residential uses, must adhere to a FAR maximum of up to 0.85."*

### Proposed Definition (changes are *italicized* and underlined and deleted text shown as strikethrough)

*The Town Center (TWC) designation provides for a variety of commercial, professional, civic, restaurants, hotels, residential, and entertainment uses in a vertical and horizontal mixed-use neighborhood.*  
*Residential developments up to 55 units per acre are permitted within the Town Center to increase economic support to the commercial uses. To maintain the importance of the Town Center area as a center for commercial, professional and civic uses, a minimum of 0.35 FAR of non-residential uses is required for redevelopment of major shopping centers and a minimum of 0.10 FAR of non-residential ground floor uses is required along major streets. All non-residential development must adhere to a FAR maximum of up to 0.85. The zoning map implements the TC zones and their locations.*

~~Projects may consist of a wholly non-residential development, or a mixed use residential project that integrates residential and nonresidential uses vertically or horizontally. Residential-only projects are not permitted. Developers wanting to maximize the residential component of the parcel are required to~~

~~provide a minimum FAR of 0.35 for the non-residential component. Sites developed with a mix of uses, or non-residential uses, must adhere to a FAR maximum of up to 0.85.~~

## Proposed Zoning

To implement the vision outlined in the HOD, the TWC land use designation will be implemented by three distinct TC zones defined below.

### TC1

Areas designated TC1 are currently characterized by big box retail and grocery stores with large surface parking lots. The goal of TC1 is to preserve commercial uses while allowing for mixed-use development. These include some successful shopping centers with long-term leases and are unlikely to redevelop anytime soon. This new zone would require 0.35 minimum non-residential FAR and allow up to 55 dwelling units per acre residential density. The proposed height limit is 75 feet or 6 stories.

### TC2

TC2 includes smaller parcels with commercial uses along the streets, which are ideal for mixed-use development with commercial establishments on the ground floor and residential units above. This new zone would require 0.10 minimum non-residential FAR and allow up to 55 dwelling units per acre residential density. The proposed height limit is 75 feet or 6 stories.

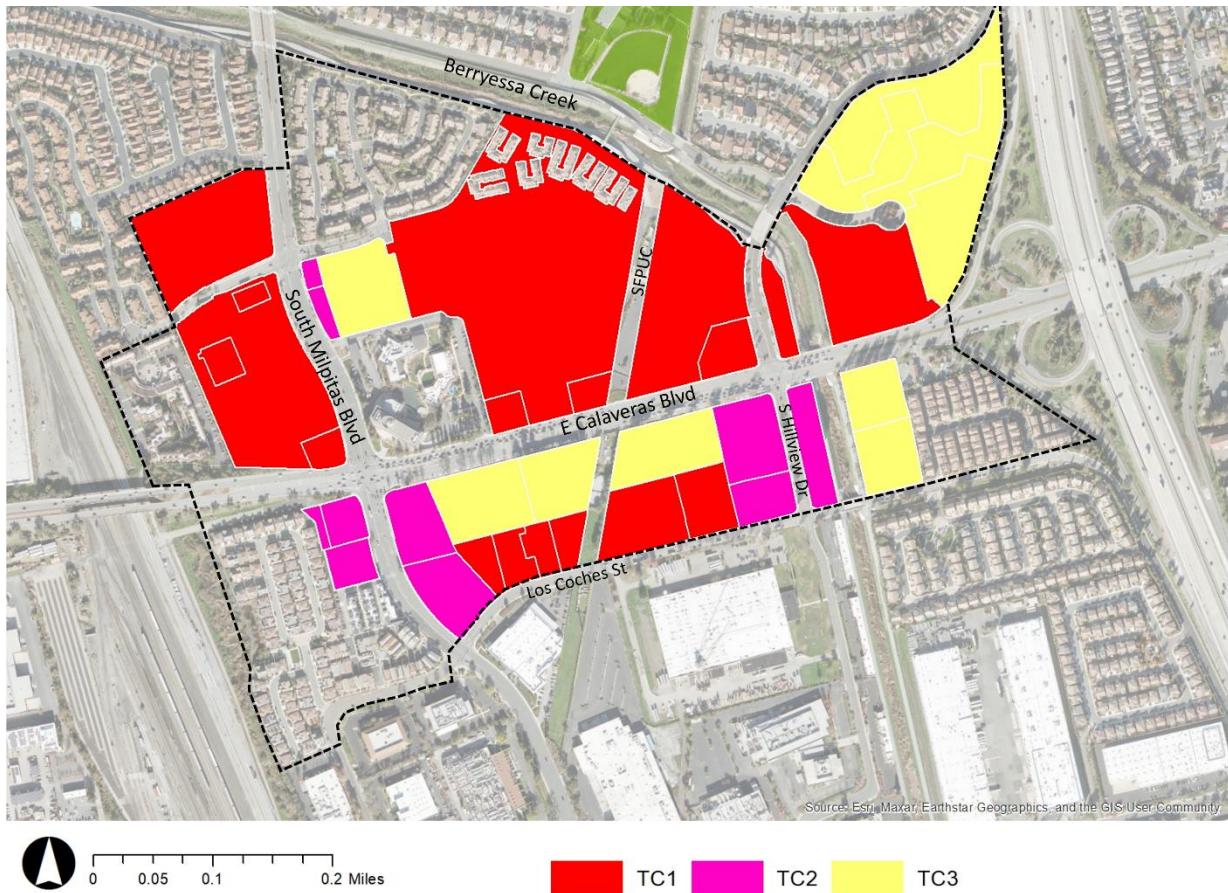
### TC3

TC3 pertains to larger parcels that are more suitable for residential-only use, such as those where property owners have expressed interest, are located on secondary streets with minimal street frontage, or are adjacent to existing residential developments. These sites have been classified as TC3 and would allow for residential-only projects, without precluding commercial development. This new zone would require no minimum non-residential FAR and allow up to 55 dwelling units per acre residential density. The proposed height limit is 75 feet or 6 stories.

Table 2: Proposed TC Zones

	Current Zones	Proposed Zones			
		TC	TC1	TC2	TC3
Non-residential FAR	0.85	0.35 minimum 0.85 maximum	0.10 minimum 0.85 maximum	No minimum 0.75 maximum	
Residential Density	40 du/ac	55 du/ac	55 du/ac	55 du/ac	
Height	35 feet or 3 stories 75 feet or 6 stories with CUP	75 feet or 6 stories	75 feet or 6 stories	75 feet or 6 stories	

Figure 6: Proposed TC Zones



## Additional Standards

### Parking

Parking standards in Milpitas are generally high, except in Specific Plan areas. Accommodating a greater number of parking spaces would require substantial surface area or large structured parking garages, consequently increasing the cost of the project. Thus, to enhance the feasibility of housing development in the NCMU and TC zones, the HOD proposes a reduction in the residential parking requirement.

- Lower parking ratios will apply to areas designated NCMU and TC. For projects located in NCMU and TC
  - The number of parking spaces required for residential uses shall be 1 space per unit.
  - The number of parking spaces required for commercial use shall be 1 space per 300 square feet of commercial use.

## Parks and Open Space

To allow housing or mixed-use developments in the NCMU and TC zones, the HOD recommends a reduction in the park land requirement compared to the citywide standard. Nevertheless, considering heightened population densities, it is crucial to emphasize the significance of high-quality open spaces in contributing to placemaking for both existing and future residents.

For projects located in the NCMU and TC zones, the following standards shall apply.

- **Park Land.** All residential projects in the NCMU and TC areas shall provide park land at a ratio of three and one-half (3.5) acres per one thousand (1,000) population. This is a reduction from the citywide requirement of five (5) acres per one thousand (1,000) population.
- **Publicly Accessible Parks and Open Spaces.** All mixed-use or residential-only projects on sites between 3 acres and 5 acres shall dedicate 5% of total site area to publicly accessible parks and open space. All mixed-use or residential-only projects greater than 5 acres shall dedicate 10% of total site area to publicly accessible parks and open space. Publicly accessible parks and open spaces provided to meet the requirement below may be counted towards the park land requirement above.
- **Usable Open Space.** A minimum of twenty-five percent (25%) of the total site shall be usable open space or recreational facilities. Usable open space may be provided as Common Open Space or Private Open Space.

## Conclusion

This place-based and practical land-use approach to the NCMU areas and Town Center would allow for mixed-use redevelopment and more market-rate and affordable housing. It would implement the General Plan goals, revive aging shopping centers, and increase housing supply in the City. Additionally, increased housing would increase the demand for retail businesses. Overall, the HODs would also result in a net increase in the City's total revenue, which is further discussed below.

## Transition to Single-family Neighborhoods

Some NCMU and TC parcels are adjacent to single-family neighborhoods (currently zoned R1-6). The Objective Design Standards will apply to all new residential and mixed-use developments to ensure these projects have smooth transitions to lower-density neighborhoods.

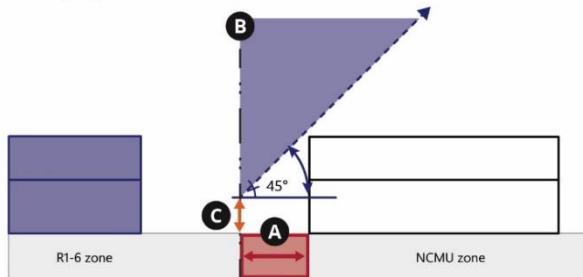
Section 2.9.1 of the ODS outlines specific transition standards to achieve this:

- Buildings greater than 2 stories in height shall have an interior and rear yard setback greater than or equal to the required setback of the adjacent zone along the shared property line(s).
- Portions of the building with a height greater than 40 feet shall be set back a minimum of 40 feet from the shared rear property line and a minimum of 30 feet from a shared interior property line.
- No portion of a building shall be within a 45-degree daylight plane measured perpendicularly from the shared rear property line from a height of 10 feet for the full length of the property line.

Figure 7 illustrates these transition standards for different building heights within the NCMU and TC zones.

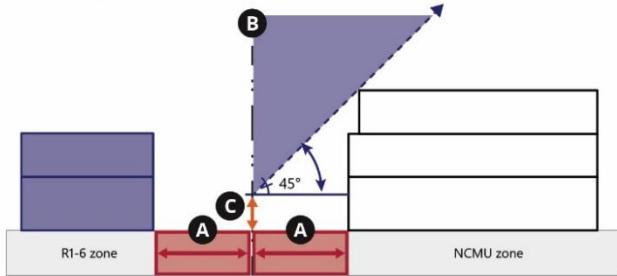
Figure 7 Transition Standards to Single Family Neighborhoods

Buildings up to 2 stories



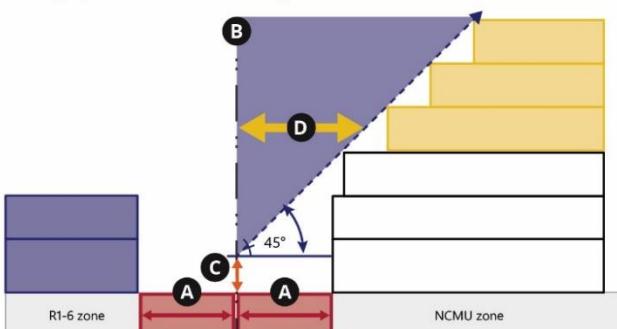
- A** | Minimum 15 feet rear yard setback      Building in residential zone
- B** | Shared property line      Dashed line - Daylight plane
- C** | 10 feet height at property line

Buildings greater than 2 stories but less than 40 feet in height



- A** | Minimum rear yard setback greater than or equal to the required setback of the adjacent zone      Building in residential zone
- B** | Shared property line      Dashed line - Daylight plane
- C** | 10 feet height at property line

Buildings greater than 40 feet in height



- A** | Minimum rear yard setback greater than or equal to the required setback of the adjacent zone      Building in residential zone
- B** | Shared property line      Dashed line - Daylight plane
- C** | 10 feet height at property line
- D** | Minimum 40 feet setback from property line      Portions of building ≥ 40 feet tall

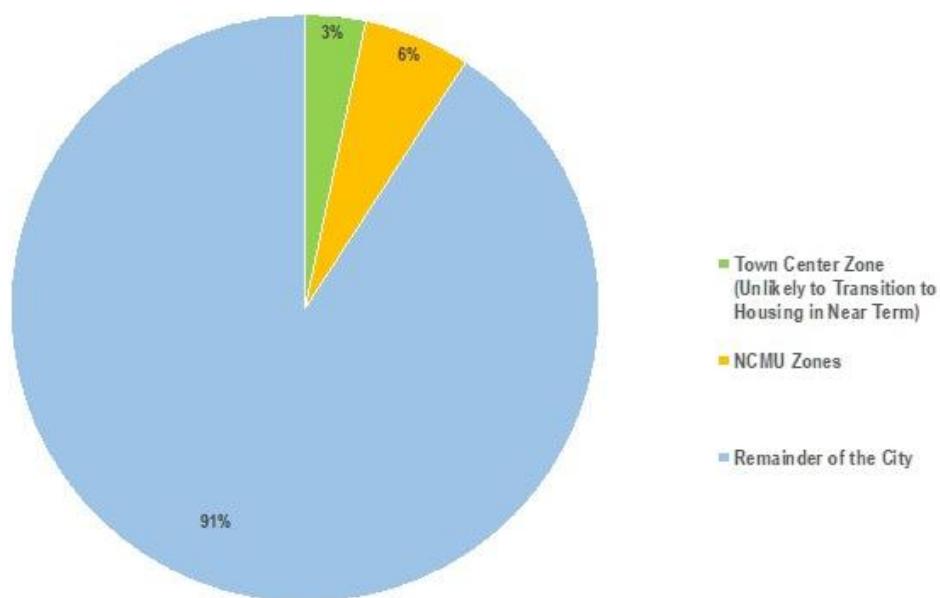
## Fiscal analysis

Seifel Consulting was retained by the City of Milpitas to perform a fiscal analysis regarding proposed land use changes that would allow additional residential development to occur within the Town Center (TC) and Neighborhood Commercial Mixed-use (NCMU) zones. This analysis investigates the contribution of NCMU and TC areas to the overall sales tax revenues in the City, assessing the potential impact of the zoning updates on the City's sales tax revenue. Additionally, the study analyzes a prototypical redeveloped site within the NCMU, evaluating the cost-to-revenue ratio in various NCMU scenarios to provide insights into the financial implications of such redevelopment.

### Sales Tax Revenues from HODs

Based on an evaluation of existing sales tax revenues in the City, the study highlighted that TC and NCMU areas only represent 9% of total City Sales Tax Revenue currently- with TC accounting for 3% and NCMU accounting for 6%. Overall, Sales Tax revenue is only about 30% of general fund revenues and the NCMU and TC zones only account for a small portion of that revenue category.

Figure 8: Proportion of Annual Sales Tax Revenue (2022), City of Milpitas



### Fiscal Impact for Typical HOD Redevelopment Opportunity

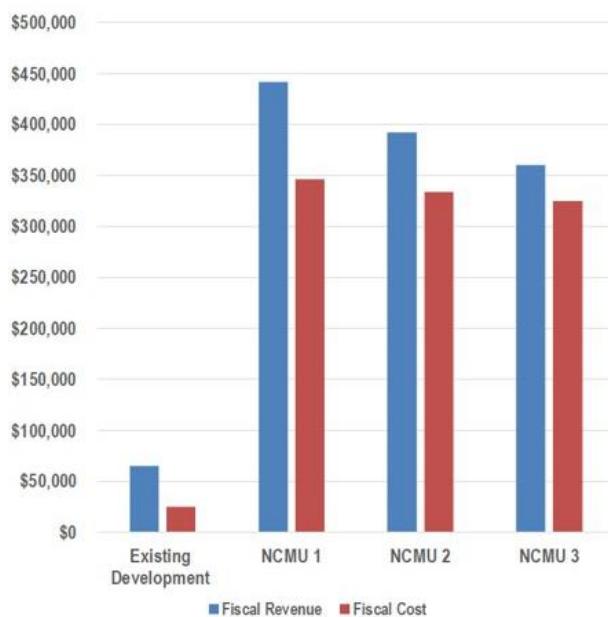
The potential fiscal impact was analyzed by evaluating alternative development scenarios for a typical property in the NCMU zone because several properties within this area are currently underutilized and have vacant commercial space. The fiscal analysis evaluated what could occur if a typical property were to be redeveloped to include housing.

The key findings of the analysis are below:

- If no zoning changes are made, no redevelopment is likely as the current General Plan commercial to residential ratios are infeasible.

- Even with the implementation of a place-based strategy, which maintains a robust minimum commercial floor area requirement for much of the HODs, only small portions of the HODs are likely to redevelop in the near future.
- Projected total General Fund revenues from new development is anticipated to exceed the total fiscal costs of providing services to future residents and employees for each of the development scenarios. This analysis indicates that new infill mixed-use and residential development is likely to have a positive fiscal impact on the City of Milpitas.

Figure 9: Potential Fiscal Impact from Typical HOD Development opportunity in FY 2022/23 Constant Dollars



# Next Steps

## General Plan Amendment

The proposed zoning change will require a General Plan Amendment to update the definitions of NCMU and TWC land use designations. The proposed language of the updated definitions in the General Plan Amendment is included in this memo.

## EIR Consistency Memo/Addendum

The EIR Consistency Memo/Addendum analyzes the proposed zoning and its potential impact on the environment compared to the scenario analyzed as part of the General Plan EIR. The HOD would not result in new impacts not addressed or analyzed in the General Plan EIR nor present new information that indicates that impacts would be more significant than those described in the General Plan EIR. Therefore, the impacts of the HOD would be within the scope of the General Plan EIR and no additional environmental assessment of aesthetics is required.

## Integrate Zoning within Citywide Zoning Update

Once approved, the proposed zoning updates, both map and text edits, for the NCMU and TC zones will be integrated into the citywide zoning code.

# Appendix A: Renderings of Phased Implementation

**NCMU at Calaveras Boulevard Phase 1**



**NCMU at Calaveras Boulevard Phase 2**



**NCMU at Calaveras Boulevard Phase 3**



**NCMU at Calaveras Boulevard Phase 4**



## NCMU at Landess Ave Phase 1



## NCMU at Landess Ave Phase 2



### NCMU at Landess Ave Phase 3



### NCMU at Landess Ave Phase 4



## NCMU at Dixon Landing Phase 1



## NCMU at Dixon Landing Phase 2



### NCMU at Dixon Landing Phase 3



### NCMU at Dixon Landing Phase 4



## Town Center Phase 1



## Town Center Phase 2



### Town Center Phase 3



### Town Center Phase 4

