Title
The San Jose metropolitan area: a region in transition

Permalink
https://escholarship.org/uc/item/0480d36p

Author
Rothblatt, Donald N.

Publication Date
1990
THE SAN JOSE METROPOLITAN AREA:
A REGION IN TRANSITION

BY

Donald N. Rothblatt

Urban and Regional Planning Department
San Jose State University

and

Institute of Governmental Studies
University of California, Berkeley

Working Paper 90-22
THE SAN JOSE METROPOLITAN AREA: 
A REGION IN TRANSITION

by

Donald N. Rothblatt

Urban and Regional Planning Department
San Jose State University

and

Institute of Governmental Studies
University of California, Berkeley

A Paper
for presentation at the
American Planning Association Conference
Denver, Colorado
April 1990

Working Paper 90-22

Working Papers published by the Institute of Governmental Studies provide quick dissemination of draft reports and papers, preliminary analyses, and papers with a limited audience. The objective is to assist authors in refining their ideas by circulating research results and to stimulate discussion about public policy. Working Papers are reproduced unedited directly from the author's pages.
INTRODUCTION

From its beginnings in 1777 as Spain's first civil settlement in California, San Jose was recognized for its agricultural potential. The settlement was placed near the southern end of the San Francisco Bay in the heart of a great 300 square mile valley, called "Santa Clara", with excellent top soil, reliable aquifer water supply, a mild marine climate and a year-round growing season. By the 1790's, this agricultural potential was being realized as the San Jose area's livestock and produce not only met its own needs, but also those of the settlements in San Francisco and Monterey (Garr 1976).

San Jose continued to prosper during the first half of the 19th century and played a key role in California's transition from Mexican to American rule by serving as the state's first capital from 1849-51. By 1864 the railroad linking San Jose to San Francisco and beyond opened up vast markets for the region's agricultural products. With the shifting away from grain fields to the more profitable fruit orchards and the introduction of mechanized canneries, San Jose's economy took off. By the late 1870's, San Jose had become the leading fruit shipping center in California. Canneries became the city's major industry and remained so until the 1950's when the high technology transformation was underway. Indeed, in 1942 half the city's
difficult matter to transfer defense related technology applications to domestic consumption. Companies, such as Sylvania, Fairchild, FMC, Admiral, Kaiser, General Precision and Lockheed made their move into the area and San Jose managed to attract facilities of a few firms like Ford, General Electric and IBM. This industrial pattern, consolidated in the post-World War II years, continued to develop in the 1950's and beyond and provided the structural underpinnings of future developments. The entrepreneurial and scientific vigor of local researchers spawned the aerospace industry and then a burgeoning of electronics and other related high technology enterprises. Mergers and acquisitions further increased the number of significant operations (Saxenian 1983).

By 1950 the county's population had grown to 290,000, an increase of two-thirds since 1940. The lush farmlands on the Valley floor were being sold for development and attendant residential services followed in rapid order. Unable to attract the industrial base which tended to cluster around Palo Alto area agglomerations, San Jose initially cast its lot as the bedroom community for individuals working in the North County technology belt. Perceiving this aggressive posture on the part of San Jose, officials of other communities moved to secure their share of the prosperity through enlargement or incorporation. Thus, Campbell, Milpitas and Cupertino, adjacent localities directly threatened by the expansion of San Jose, carved out their spheres of influence. It had been forty years since the last incorporation had occurred in the county (Rothblatt and Garr 1986).
center of technological innovation called "Silicon Valley."

SPATIAL AND ECONOMIC DEVELOPMENT OF THE SAN JOSE AREA

As the San Jose area was transformed into Silicon Valley, it became the most dynamic engine of economic development for the entire San Francisco Bay Region as it generated nearly one half of the Regions' total employment growth between 1970 and 1980 (See Figure 3) (Schoop 1986).

During the 1975-85 period, employment in the electronics sector increased with a brisk annual growth rate of 9.2 percent, with software development having the highest rate of 28.8 percent (see Table 1). By 1985 nearly one third of all the 787,300 jobs in the San Jose area were in the high tech activities of electronics, defense and aerospace activities (Employment Development Department 1987). By 1988 the San Jose metropolitan area was home to 2,884 high technology companies employing about 240,000 people (San Jose Metropolitan Chamber of Commerce 1990).

This robust economic activity has enabled Santa Clara County to have relatively low unemployment rates and very high incomes. For examples, in 1988 the county had a lower unemployment rate (4.0 percent) than both for the state (5.3 percent) and the nation (5.5 percent); and it ranked first in 1988 median household effective buying income ($41,717) among all U.S. metropolitan areas (Sales and Marketing Magazine 1989).

While most projections indicate declines in production employment associated with maturing semiconductor activities, expectations for overall high tech employment are positive for the
to continue, not only because of global economic forces of dispersion (Castells 1985; Hall and Markusen 1985), but also because of the 1978 proposition 13 tax change in California which encourages in-lying local governments to capture the more fiscally desirable commercial and industrial activity and push service demanding residential development to the periphery of metropolitan areas (Dowall 1984). In addition, this pressure for decentralization is being reinforced further by the large numbers of baby boomers who are now entering the low-density single family housing market.

During the past two decades, the expanding Bay Area economy has been generating employment opportunities at a substantially faster rate than new housing, and reasonably affordable housing has been located at increasing distances from centers of employment. This trend is especially pronounced in Santa Clara County. Most of the electronics-related employment opportunities in the Bay Area have developed in the northern portion of the county near the original centers of technological innovation of Stanford University and the National Aeronautics and Space Administration (NASA), while the bulk of the housing has been provided increasingly in the southern part of the county or in adjacent counties where land is most readily available and is relatively less expensive. This widening supply-spatial gap has been bidding up the cost of housing dramatically and has resulted in severe traffic congestion, air pollution and fiscal inequities in the region (Saxenian 1985; Cervero 1989).
dependent on public services (see Table 3).

Third, due to rapid and often unpredictable technological and market shifts, high technology areas like San Jose may be intrinsically more difficult to plan for. Indeed, many of the high tech firms themselves are uncertain about their future space needs because of unexpected innovations and market changes (Markoff 1990). As two observers of Silicon Valley have related, "problems happen more quickly in Santa Clara County than elsewhere" (Rogers and Larsen 1986). Consequently, many communities are overwhelmed by the rapid development and often are unable to provide adequate services such as parks and infrastructure facilities (Saxenian 1985; Barneby et al. 1988). Fourth, the aggressive entrepreneurial spirit so prevalent in the very competitive high technology industries seems to make collective planning and action unusually difficult to organize in a place like Silicon Valley (Malone 1985). Some observers see this tendency of excessive entrepreneurial self interest as a major obstacle to the solution of metropolitan-wide problems (Rogers and Larsen 1986).

Fifth, this competitive spirit also exists among the cities and county vying to capture revenue enhancing commercial and industrial activities. In the absence of a metropolitan-wide tax sharing mechanism, such as that in the Minneapolis - St. Paul area, it is difficult to convince the "tax poor" communities to forgo the potential revenues from commercial and industrial activity and accept the much needed, but less tax rewarding, residential development (Rothblatt and Garr 1986). A key reason
Saxenian 1985; Gordon and Kimball 1986). For example, in 1975, there were 501,600 jobs in Santa Clara County and 411,500 housing units (Rothblatt 1982). During the 1975-85 period, about 318,000 new jobs were created while only 74,850 new homes were constructed in the county (Association of Bay Area Governments 1987). This gap between the number of jobs generated and the number of housing units supplied has created an enormous shortage of housing in Silicon Valley that affects people at every economic level, particularly low and moderate income families. As Figure 4 indicates, while typical families had to pay less than 20 percent of their income for housing in 1970, nearly 50 percent of their income was needed in 1987 because salaries have generally not increased as rapidly as inflationary housing costs. And Santa Clara County became the fourth most expensive metropolitan housing rental market in the United States (McLoed 1987). Unfortunately, this jobs/housing imbalance is expected to worsen in the decades ahead, impacting the social, environmental and economic functioning of this metropolitan community (Association of Bay Area Governments 1987; Rothblatt and Garr 1986; Brady 1989).

Finally, the bifurcated labor force characteristic of high tech areas is split between the affluent white male professional and managerial staff, and low wage predominantly female ethnic production workers (Saxenian 1985). This pattern is spatially manifested by the increasingly socially separated residential areas in Silicon Valley (See Figure 5) (United Way of Santa Clara County 1987). When we consider that in Santa Clara County the high school dropout rate for Hispanic youth approached 50 percent
Supervisors considered approaches to countywide problems. The ICC, an informal group composed of officials from each of the cities and the county, began work on a metropolitan-wide traffic plan in 1957. By 1967 it had spawned the Planning Policy Committee (PPC) -- a new regional institution composed of elected and planning officials from each of the governmental units in the county to examine county planning issues. The PPC was largely responsible for the Urban Development/Open Space Plan adopted by Santa Clara County in 1973. This plan described the rapid growth in the Santa Clara Valley which contributed to "scattered, uncontrolled urbanization", and contained county policies specifically aimed at preserving open space resources and at establishing urban development policies to guide future growth. Yet during the 1970s, urban areas continued to expand while agricultural-bearing acreage declined by more than 50 percent in the San Jose metropolitan area.

In 1976 the Intergovernmental Council (IGC) was established to supercede the PPC with a broader mandate to study and deal with regional issues. This metropolitan-wide organization representing the cities and the county, sponsored several important studies, such as Living With Our Limits (Santa Clara County Industry Housing Management Task Force 1979) which represented the first public-private comprehensive study of the growth issues in the region. While direct results from this study were not immediately apparent, it had long-term significance for three reasons: it raised the level of awareness in the county about serious environmental and social problems, such as the jobs/housing
Guadalupe Corridor light rail line presently under construction; the 1984 passage of Measure A, a half cent county sales tax which is expected to generate nearly one billion dollars to improve several major highways in the region; and the county's comprehensive regional Transportation 2000 study begun in 1984.

Yet, despite the long-term utility of general purpose regional institutions in Santa Clara County, such as IGC and ABAG, land use and transportation problems in the area continue to worsen and significantly threaten the future economic viability and quality of life in Silicon Valley (Demoro 1987; Dowall 1984; Santa Clara County Transportation Agency 1986). This is mostly because these institutions are like their counterparts in other areas -- they are voluntary representative councils of government with very limited power to directly implement broad region-wide development policies since they are only advisory in nature. At best, these institutions could only be partially effective, as their boundaries do not even encompass most of the areas surrounding Santa Clara County (e.g., San Benito, Monterey, and Santa Cruz counties). Yet these regional institutions deserve support because they raise the level of regional consciousness through their studies and related activities, they foster communication among many local jurisdictions, and they could provide the basis for regional government in the long run. However, they cannot be realistically relied upon to deal effectively and comprehensively with the pressing transportation, housing and environmental problems facing the San Jose area in the near future because of the unwillingness of the diverse public and
exceedingly well (Rothblatt 1982). For example, they helped contending interests in Santa Clara County to agree on needed improvements, such as the 20-mile long Guadalupe Corridor light rail line presently being completed. In addition, almost all the regional actors recently interviewed expressed a strong desire to increase the role of regional planning agencies in resolving area-wide problems, despite economy drives on local government in the post-proposition 13 era (Rothblatt 1989). Indeed, as studies in other parts of the nation suggest, these economy drives may actually encourage local governments to seek the economies of coordination and scale that regional institutions can provide (Stein 1980). Since regional planning agencies exist in almost every American metropolitan area, they could be used to quickly provide supportive institutional settings for establishing multiple advocacy processes.

It is even feasible to have a new intermediation process conducted by some of the actors (private as well as public) involved with a particular issue (Kramer 1983; Moore 1983; Forester 1987). While not as desirable with regard to fairness as using neutral facilitators, recent actor-initiated efforts have been extremely effective in dealing with several pressing problems in Silicon Valley. This seems to be the case when economically or politically powerful actors can use their influence on others to encourage agreement on selective issues of particular importance (Goldstein and Bergman 1986; Weaver and Dennert 1987). Outstanding examples of this activity are the Santa Clara Valley Manufacturing Group, which represents the major high technology
transportation options, should lessen some of the traffic congestion in Silicon Valley's heartland (Santa Clara County Golden Triangle Task Force 1987). As San Jose Mayor Tom McEnery said when approving this important sub-regional agreement, "You've seen history made today" (Robison and Cassidy 1986).

During the same period, an even broader approach to the transportation problems of Silicon Valley has been undertaken by the Santa Clara County Transportation Agency in formulating the Transportation 2000 plan. This planning process was established in 1984 to generate a broad consensus about a comprehensive transportation plan to meet the county's needs in Year 2000. Accordingly, a public opinion survey on community transportation preferences was conducted, and representatives of all 15 cities in the county, regional institutions, and over two dozen organizations participated in the decision-making process. This was accomplished through the use of numerous workshops and public hearings which enabled the participants to create a mutually acceptable plan for expanded highway, transit, and ridesharing, as well as related implementation actions and financing (Santa Clara County Transportation Agency 1985b). The plan is currently being finalized and should provide a workable intermediate-range framework for providing adequate transportation facilities in the San Jose area (Santa Clara County Transportation Agency 1988).

On another front, the Santa Clara County Planning Department has helped negotiate acceptance by the county and two south county cities (Morgan Hill and Gilroy) of a comprehensive plan for their portion of the metropolitan area (Santa Clara County Planning
fact, in January 1990 the Task Force adopted a transportation
demand ordinance which will attempt to guide the entire county in
controlling the excessive use of automobile commutation
(Miller 1990).

SAN JOSE'S DOWNTOWN: A CHANGING IMAGE

Like many sunbelt cities which developed primarily since
World War II in a highly dispersed automobile oriented manner, San
Jose had an underdeveloped downtown. That is, it still had the
remnants of a Central Business District (CBD) for a city of 95,000
in 1950 even though it had grown nearly sixfold during the 1950-
1980 period. In fact, the downtown had actually declined in
viability as all major retail stores such as Penneys and Sears
were pulled away to outlying shopping centers in the late 1950s.
In addition, during the 1960s other economic activities as well as
the civic center, containing city hall and county office
buildings, were relocated away from the downtown through urban
renewal clearance projects. Much of the land that had being
cleared by urban renewal remained vacant for more than a decade.
Consequently, during most of the 1960s and 70s the historic role
of San Jose's downtown as Santa Clara County's commercial and
trade center had declined greatly (Muller 1988). At the same
time, several new outlying shopping centers emerged, such as
Eastridge in South San Jose and the Pruneyard in Campbell, with
their major department stores, numerous shops, plazas,
restaurants, theaters and office buildings, began to assume most
of the traditional economic, cultural and social functions of a
developed by aerospace and computer companies, are expected to generate $276 million of tax increment revenues for downtown redevelopment during 1980-92, and in turn trigger an estimated $800 million of private investment during the same period (Tessler 1983).

Thus, in the 1980s under the leadership of its young and dynamic Mayor, Tom McEnery, San Jose began to transform its downtown from a depressed underdeveloped area to a vibrant center for business and the arts for the entire region. Articulated in the city's general plan, Horizon 2000 (1987), the city's downtown revitalization strategy is:

...a public investment program acting as a catalyst to create a prominent and attractive Downtown will draw new investment, residents, business visitors and life to the center city...

Specific strategy elements allow for a mix of land uses which contribute to a pedestrian-oriented "24-hour" Downtown. These land uses include high-rise offices, restaurants, entertainment centers, speciality retail stores, cultural and convention facilities, and high density residential uses. Central to these developments is the preservation of historic structures and the provision of public open space areas. A multi-faceted Downtown transportation system is designed to serve the area.

With the public and private investment pumped into the downtown many of city's objectives are being realized. By January 1990 the following major downtown public projects were completed or were nearing completion:

San Jose Convention Center (425,000 square feet)
makes a significant contribution to a "24-hour" Downtown by supporting restaurant, hotel, entertainment and other retail uses.
Accordingly, the study concludes:

Downtown San Jose is likely to continue to grow in its distinct role as an important business services center to the Silicon Valley economy, linking Silicon Valley to national and international business interests.

Concurrent with all the economic and physical development of downtown has been a flowering of cultural activities. Recent and increasing community support for the arts has transformed San Jose's Repertory Theatre, Light Opera Company, Symphony Orchestra, Ballet and expanding Art Museum into major cultural resources not only for Silicon Valley but for the entire Bay Area and beyond. The San Jose area has even been trying to lure the San Francisco Giants to the South Bay.

And while there has been some criticism that redevelopment funds supporting downtown activity have been used at the expense of social neighborhood needs, such as affordable housing, the city is trying to respond by spending 20 percent of all redevelopment revenue on low- and moderate lost housing (which is required by law) (Tessler 1988). In addition, since 1987 the city has been developing an "Enterprise Zone" which includes all of the downtown core plus much of the low income areas in east San Jose. The Zone, which is the only one establish by the State of California in the Bay Area, provides local and state tax incentives for expanding business activities, especially for firms hiring persons from job training programs (San Jose 1987).

Thus, while much remains to be done, the city's downtown renaissance is clearly moving San Jose toward greater prominence -- toward becoming the capital of Silicon Valley.
San Jose's future success may have as much to do with improving old regional policies as creating new global technologies.


Gilbert, Benjamin F. 1979. Santa Teresa Laboratory: A Place in History. San Jose, CA.: International Business Machines.


Santa Clara County Board of Education. 1986. 1987 and Beyond: Choices for the Future. San Jose, CA. The Center for Educational Planning.


Santa Clara County Planning Department. 1986. South County Joint Planning Program. San Jose, CA.


<table>
<thead>
<tr>
<th>Electronics Activity</th>
<th>Jobs 1975 000s</th>
<th>Jobs 1985 000s</th>
<th>Jobs 1995 000s</th>
<th>75-85 %</th>
<th>85-95 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computers</td>
<td>21.4</td>
<td>54.9</td>
<td>74.1</td>
<td>9.9</td>
<td>3.0</td>
</tr>
<tr>
<td>Communication equipment</td>
<td>10.2</td>
<td>25.2</td>
<td>32.8</td>
<td>9.5</td>
<td>2.7</td>
</tr>
<tr>
<td>Semiconductors</td>
<td>19.6</td>
<td>45.5</td>
<td>43.2</td>
<td>8.8</td>
<td>-0.5</td>
</tr>
<tr>
<td>Other electronics components</td>
<td>13.4</td>
<td>35.8</td>
<td>39.4</td>
<td>10.3</td>
<td>1.0</td>
</tr>
<tr>
<td>Instruments</td>
<td>16.9</td>
<td>31.8</td>
<td>44.5</td>
<td>6.5</td>
<td>3.4</td>
</tr>
<tr>
<td>Wholesale electronics</td>
<td>2.5</td>
<td>6.6</td>
<td>9.9</td>
<td>10.2</td>
<td>4.1</td>
</tr>
<tr>
<td>Wholesale computers</td>
<td>1.6</td>
<td>8.2</td>
<td>12.3</td>
<td>17.8</td>
<td>4.1</td>
</tr>
<tr>
<td>Software development</td>
<td>.5</td>
<td>6.3</td>
<td>18.9</td>
<td>28.8</td>
<td>11.6</td>
</tr>
<tr>
<td>Research and development</td>
<td>6.1</td>
<td>8.1</td>
<td>16.2</td>
<td>2.9</td>
<td>7.2</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>92.2</strong></td>
<td><strong>222.4</strong></td>
<td><strong>291.3</strong></td>
<td><strong>9.2</strong></td>
<td><strong>2.7</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>City</th>
<th>Population</th>
<th>Property and Sales Tax Revenue Per Capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>Palo Alto</td>
<td>56,831</td>
<td>$306.0</td>
</tr>
<tr>
<td>Santa Clara</td>
<td>90,274</td>
<td>303.4</td>
</tr>
<tr>
<td>Mountain View</td>
<td>62,160</td>
<td>252.0</td>
</tr>
<tr>
<td>Sunnyvale</td>
<td>114,334</td>
<td>241.4</td>
</tr>
<tr>
<td>San Jose</td>
<td>717,312</td>
<td>125.7</td>
</tr>
</tbody>
</table>

FIGURE 2 THE SAN JOSE METROPOLITAN AREA (SANTA CLARA COUNTY): 1987

[Map showing the San Jose metropolitan area with city boundaries and spheres of influence marked.]

- City Spheres of Influence
- Proposed Sphere of Influence

OABAG
ASSOCIATION OF BAY AREA GOVERNMENTS
FIGURE 4  MONTHLY HOUSING COSTS AS A PERCENTAGE OF GROSS MONTHLY INCOME IN SANTA CLARA COUNTY: 1965 - 87

% INCOME SPENT ON HOUSING

YEAR

$\text{Monthly Cost of Owning an Average Priced Home \div Average Monthly Household Income}$

Source: Records of Santa Clara County Planning Department, and the San Jose Real Estate Board. 1987.
IGS Working Papers
($2.50 each plus tax and handling)

1990

90-22 The San Jose Metropolitan Area: A Region in Transition, Donald N. Rothblatt
90-21 The Demand for Referendums in West Germany "Bringing The People Back In?", Wolfgang Luthardt
90-20 Sunset As Oversight: Establishing Realistic Objectives, Cynthia Opheim, Landon Curry, and Pat Shields
90-19 Government Expenditure Levels: Alternative Procedures for Computing Measures, Brian Stipak
90-18 Paradox of the Age of Liberalism: An Analysis of the Political Consequences of Radical Upsurge and Liberal Reform, Ichiro Sunada
90-17 The Politics of Policy "Political Think Tanks" and Their Makers in the U.S-Institutional Environment, Winand Geiiner
90-16 CAUTION Excessive Use of Government Statistics May be Injurious to the Health of the Body Politic, Randy H. Hamilton
90-15 Thermidor In Land Use Control? Paul van Seters
90-14 Taxation For a Strong and Virtuous Republic: A Bicentennial Retrospective, W. Elliott Brownlee
90-13 How the Cases You Choose Affect the Answers You Get: Selection Bias in Comparative Politics, Barbara Geddes
90-12 Counterfactuals and Hypothesis Testing in Political Science, James D. Fearon
90-11 Pat Crashes The Party: Reform, Republicans, and Robertson, Duane M. Oldfield
90-10 The Acquisition of Partisanship by Latinos and Asian-Americans: Immigrants and Native-Born Citizens, Bruce E. Cain, D. Roderick Kiewiet, Carole J. Uhlner
90-9 New Perspective on the Comparative Method, David Collier
90-8 California Agency Reconnaissance Project: Teaching Public Administration Through Field Research, Todd R. La Porte and David Hadwiger

90-7 Earthquake Safety For New Structures: A Comprehensive Approach, Stanley Scott
90-5 Dominance and Attention: Images of Leaders in German, French, and American TV News, Roger D. Masters, Siegfried Frey, and Gary Bente
90-4 Nonverbal Behavior and Leadership: Emotion and Cognition in Political Information Processing, Roger D. Masters and Denis G. Sullivan
90-3 The Dredging Dilemma: How Not to Balance Economic Development and Environmental Protection, Robert A. Kagan
90-2 Turning Conflict Into Cooperation: Organizational Designs for Community Response in Disaster, Louise K. Comfort
90-1 The Effect of Campaign Spending, Turnout, and Dropoff on Local Ballot Measure Outcomes and The Initiative and California's Slow Growth Movement, David Hadwiger

1989

89-27 On Campaign Finance Reform: The Root of All Evil is Deeply Rooted, Daniel Hays Lowenstein
89-26 Toward A Dispersed Electrical System: Challenges to the Grid, Jane Summerton and Ted K. Bradshaw
89-25 Top Bureaucrats and the Distribution of Influence in Reagan's Executive Branch, Steven D. Stehr
89-23 Learning From Risk: Organizational Interaction Following the Armenian Earthquakes, Louise K. Comfort
89-22 The Elusiveness of Rural Development Theory and Practice: Domestic and Third World Perspectives Joined, Ted K. Bradshaw
89-21 Saints and Cardinals in Appropriations Committees: Academic Pork Barreling and