

STAFF REPORT
PLANNING COMMISSION

FILE NOs.: GP07-04-04 & GP06-04-05 Submitted: 12/18/07 & 7/10/06 respectively

GP07-04-04 PROJECT DESCRIPTION:
GENERAL PLAN AMENDMENT request to change the Land Use/Transportation Diagram designation from Industrial Park to Heavy Industrial on a 13.68-acre site.

LOCATION: Northeast corner of Junction Avenue and Dado Street (2256 Junction Avenue).

Existing General Plan Designation	Industrial Park
Proposed General Plan Designation	Heavy Industrial
Staff Recommendation	Heavy Industrial
Existing Zoning	HI-Heavy Industrial
Council District	4
Annexation Date	4/14/1964
SNI	N/A
Historic Resource	No
Redevelopment Area	Rincon de los Esteros
Specific Plan	N/A

GP06-04-05 PROJECT DESCRIPTION:
GENERAL PLAN AMENDMENT request to change the Land Use/Transportation Diagram designation from Light Industrial to Transit Corridor Residential (20+ DU/AC) on a 13.64-acre site.

LOCATION: Southeasterly side of Berryessa Road, approximately 770 feet southwesterly of the intersection of Berryessa Road and North King Road (1610 Berryessa Road).

Existing General Plan Designation	Light Industrial
Proposed General Plan Designation	Transit Corridor Residential (20+ DU/AC)
Staff Recommendation	Combined Industrial/Commercial
Existing Zoning	A (PD) Planned Development
Council District	4
Annexation Date	3/12/1968
SNI	N/A
Historic Resource	No
Redevelopment Area	N/A
Specific Plan	N/A

RECOMMENDATION

File No. GP07-04-04 — Planning staff recommends approval of the General Plan amendment request to change the Land Use/Transportation Diagram designation from Industrial Park to Heavy Industrial on a 13.68-acre site.

File No. GP06-04-05 — Planning staff does not support the applicant's proposal. Instead, staff recommends approval of a staff alternative to change the Land Use/Transportation Diagram designation from Light Industrial to Combined Industrial/Commercial on a 13.64-acre site.

BACKGROUND

On July 10, 2006, the applicant, UBS Realty Investors, filed a General Plan amendment request, File No. GP06-04-05, to change the San José 2020 General Plan Land Use/Transportation Diagram designation from Light Industrial to Transit Corridor Residential (20+ DU/AC) on a 13.64-acre site located on the southeasterly side of Berryessa Road (1610 Berryessa Road), approximately 770 feet southwesterly of the intersection of Berryessa Road and North King Road.

On October 23, 2007, the City Council adopted the *Framework for Preservation of Employment Lands* (Framework) to preserve remaining industrial and commercial lands in the City of San José, with a particular emphasis on preserving acreage for Light Industrial and Heavy Industrial operations in the City. The Framework states that cumulative changes to the General Plan should result in no net loss of employment capacity in the City of San José, and no net loss of acreage in the City that is designated for exclusively Light Industrial or Heavy Industrial uses. Proposals for changes in land uses on designated employment lands in San José are subject to the criteria in the Framework (see Attachment 1 and Attachment 2).

Because File No. GP06-04-05 proposes to change the land use designation on 13.64 acres in the City from Light Industrial to a non-employment land use designation, the Framework requires an off-setting conversion on at least 13.64 acres to maintain no net loss, citywide, of Light Industrial or Heavy Industrial designated acreage. Given the proximity of the site associated with File No. GP06-04-05 to the future Berryessa BART Station, the Framework also requires that the applicant's proposed conversion of Light Industrial to residential uses on the site include an Extraordinary Benefit from the project proponents to the City in the form of a Development Agreement or like mechanism for a significant portion of future housing on the site to be affordable, with a significant portion of the affordable housing to be allocated to Extremely Low Income (ELI) households (i.e., households that earn 30% of Area Median Income (AMI)). The Framework allows consideration of loss of employment capacity on sites in proximity to future BART Stations in the City if the provisions in the Framework, an offsetting conversion on an alternate site and Extraordinary Benefit from the project, are met (see Attachment 3).

To address the "no net loss of Light or Heavy Industrial acreage" Framework criterion, on December 18, 2007, the applicant submitted an off-setting conversion under General Plan amendment File No. GP07-04-04, which is a General Plan amendment request to change the Land Use/Transportation Diagram designation from Industrial Park to Heavy Industrial on a 13.68-acre site at the northeast corner of Junction Avenue and Dado Street (2256 Junction Avenue). To be consistent with the Framework, the City Council would adopt this reverse conversion proposal prior to consideration of any loss of exclusively Light Industrial designated acreage proposed under File No. GP06-04-05. For these reasons, this staff

report first analyzes General Plan amendment request File No. GP07-04-04, and then analyzes File No. GP06-04-05.

PROJECT DESCRIPTION AND ANALYSIS

GP07-04-04

The General Plan amendment request File No. GP07-04-04, to change the land use designation from Industrial Park to Heavy Industrial on 13.68 acres on the northeast corner of Junction Avenue and Dado Street, will allow industrial uses with nuisance or hazardous characteristics which, for reasons of health and safety, environmental effects, or welfare, are best segregated from other uses. Traditional industrial activities such as heavy and light manufacturing and warehousing are encouraged under this designation.



The subject site is currently zoned HI-Heavy Industrial, which is consistent with the proposed Heavy Industrial land use designation and the existing use on the property, operated by Univar Corporation.

GP07-04-04 Existing General Plan land use designations for subject site and surrounding parcels



GP07-04-04 Existing zoning for subject site and surrounding parcels



Framework Consistency

When the City Council adopted the Framework in 2007, the City Council accepted the staff recommendation that the area bounded by East Trimble Road, Zanker Road, Brokaw Road, and Interstate 880, in which the site is located, be considered as a viable location for off-setting Light Industrial and Heavy Industrial conversions under the Framework. A significant portion of this area is designated Industrial Park in the General Plan, but is zoned HI-Heavy Industrial and allows existing heavy industrial uses to continue operations. Amending the General Plan to reflect the existing Heavy Industrial uses on the site may prolong these uses. Under the current Industrial Park land use designation, many of these uses could be phased out over time and replaced with Industrial Park uses, which would result in a net loss of Heavy Industrial uses in the City. Amending the site with a Heavy Industrial land use designation limits this possibility. Therefore, the proposed General Plan amendment furthers the City's goals and policies to retain Light Industrial and Heavy Industrial lands in the City.

General Plan Major Strategies, Goals, and Policies

The proposed General Plan amendment from Industrial Park to Heavy Industrial supports the Economic Development and Growth Management Major Strategies and Economic Development goals and policies and the Industrial Land Use goals and policies in the San José 2020 General Plan. These Major Strategies, goals, and policies seek to maximize the economic potential of the City's industrial land resources for expansion of the City's tax base while providing economic opportunities and urban services to San José's residents.

Industrial land capacity is a critical component for economic development, and a fundamental priority for San José's future growth. The City's industrial base includes industrial suppliers/services that are linked to the region's high technology manufacturing sector, which drives the City's economy. Preserving these industrial areas is essential to the City's economic viability. The amendment proposed by File No. GP07-04-04 is consistent with the Economic Development Major Strategy in that it supports preservation and retention of industrial land.

The Growth Management Major Strategy encourages infill development as a measure to satisfy demand for urban services and ultimately, to assist in balancing the City's budget. All land use decisions have an effect on future City tax revenues, on the cost of delivering services, and on the quality of life that residents and workers experience in San José. This amendment supports the intent and goals of growth management, as it supports the City's commitment to delivering services to residents through tax generation from industrial uses on a site in a location already supplied by City services.

North San José Area Development Policy

The subject site is within the boundary of the North San José Development Policy Area, which is considered an area of industrial support for the Industrial Core Area. The existing uses on this site are primarily industrial, and many of them include hazardous materials as part of their operations. Existing uses in the neighborhood are also not reflective of the Industrial Park designation. Because the amendment request proposes a designation that is consistent with, and supportive of, the Industrial Core Area, the proposed amendment, File No. GP07-04-04, is consistent with the North San José Area Development Policy.

GP06-04-05

General Plan amendment request File No. GP06-04-05 proposes to change the San José 2020 General Plan land use designation from Light Industrial to Transit Corridor Residential (20+ dwelling units/acre) on 13.64 acres on the southerly side of Berryessa Road adjacent to the easterly side of the Union Pacific Railroad Right-of-Way and the future BART Station. A land use designation of Transit Corridor Residential (20+ DU/AC) allows entirely residential development or vertical mixed-use development with the first and second floors for commercial uses and residential uses on floors above: a commercial component is allowed, but not required, under the applicant's proposed land use designation.



Consistency with Framework for Preservation of Employment Lands

The Framework was adopted to maintain a viable economy for the City and provide services to residents at levels consistent with City of San José policies. The City has a strong interest in preserving the City's remaining employment land acreage and building floor area capacity for various business operations. The Framework applies to any General Plan amendment that includes the conversion of any category of

employment lands, including industrial or commercial lands, to non-employment uses; the conversion of employment lands to a mix of uses that includes both employment and non-employment uses; or land designated for exclusively Light or Heavy Industrial uses changed to land designated for other industrial or non-industrial uses. Both the applicant's proposal and staff's alternative proposal for a change to the General Plan land use designation on the GP06-04-05 amendment site will potentially result in the loss of exclusively Light Industrial land uses on site; therefore, both the applicant's and staff's proposals are subject to the provisions of the Framework.

The Framework establishes a strategy of "no net loss" to deal with such proposals. Ideally, existing Light and Heavy Industrial acreage should be preserved. If it is not feasible to preserve the acreage and job capacity of existing Light or Heavy Industrial employment lands, then changing non-employment or other employment acreage to Light or Heavy Industrial acreage should offset the impacts of conversion of Light or Heavy Industrial acreage to other uses so that there is no net loss. The applicant's General Plan amendment application (File No. GP07-04-04), as discussed previously in this staff report, addresses this off-setting requirement for both the applicant's and staff's proposals by proposing to change an existing parcel that is designated Industrial Park to Heavy Industrial.

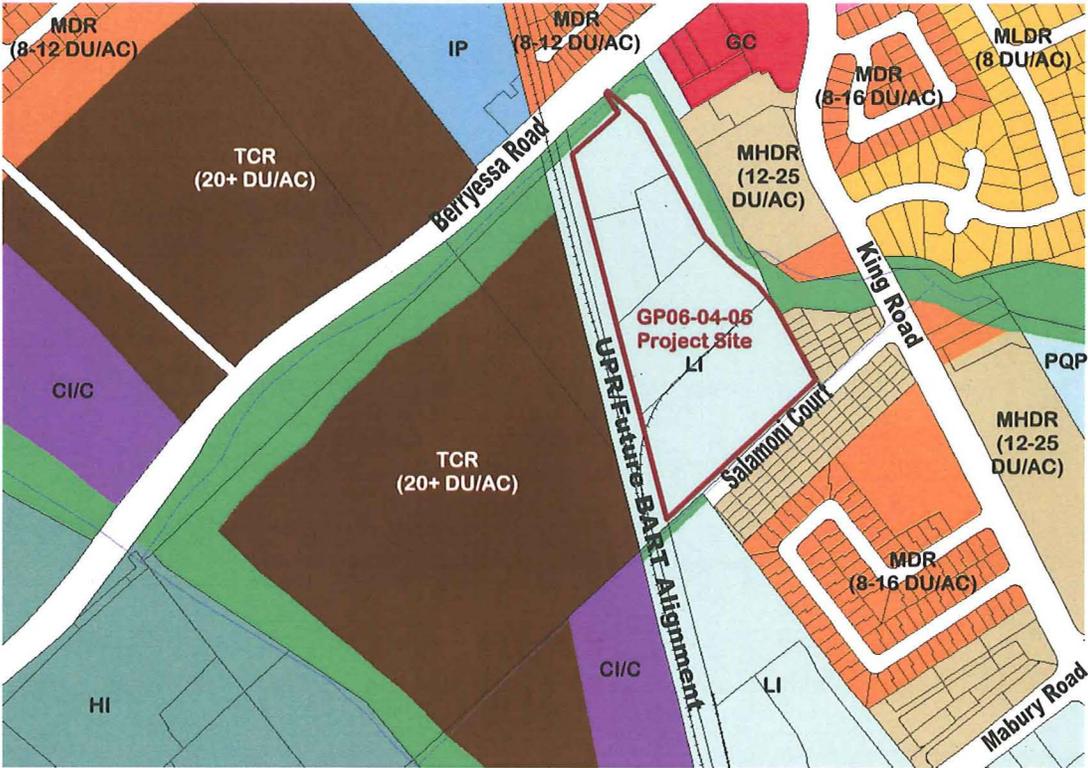
Because the applicant proposes conversion of an employment site to a residential use in proximity to BART, an Extraordinary Benefit with a significant affordable housing component, including a significant portion of ELI housing, is required for File No. GP06-04-05, as proposed by the applicant for Transit Corridor Residential (20+ DU/AC), to be consistent with the Framework. Staff's proposal, because it recommends conversion of an employment use to another employment use, Light Industrial to Combined Industrial/Commercial, is not subject to this requirement.

The applicant is proposing an Affordability Restriction Agreement (Attachment 4), which requires that in future residential development on the subject site 5% of the units be affordable to those making 30% or less of the Area Median Income (ELI), 8% of the units be affordable to those making 50% of the Area Median Income (VLI), and 12% of the units be affordable to those making 60% of the Area Median Income (LI) within the residential development. The applicant has no development plans on file, but the restriction has been drafted in such a way that the restriction is tied to the fee of the property, thus binding the owner, or future owner, to the restriction. This Affordability Restriction is applicable only to residential development. Should staff's alternative be approved, the Affordability Restriction would not apply.

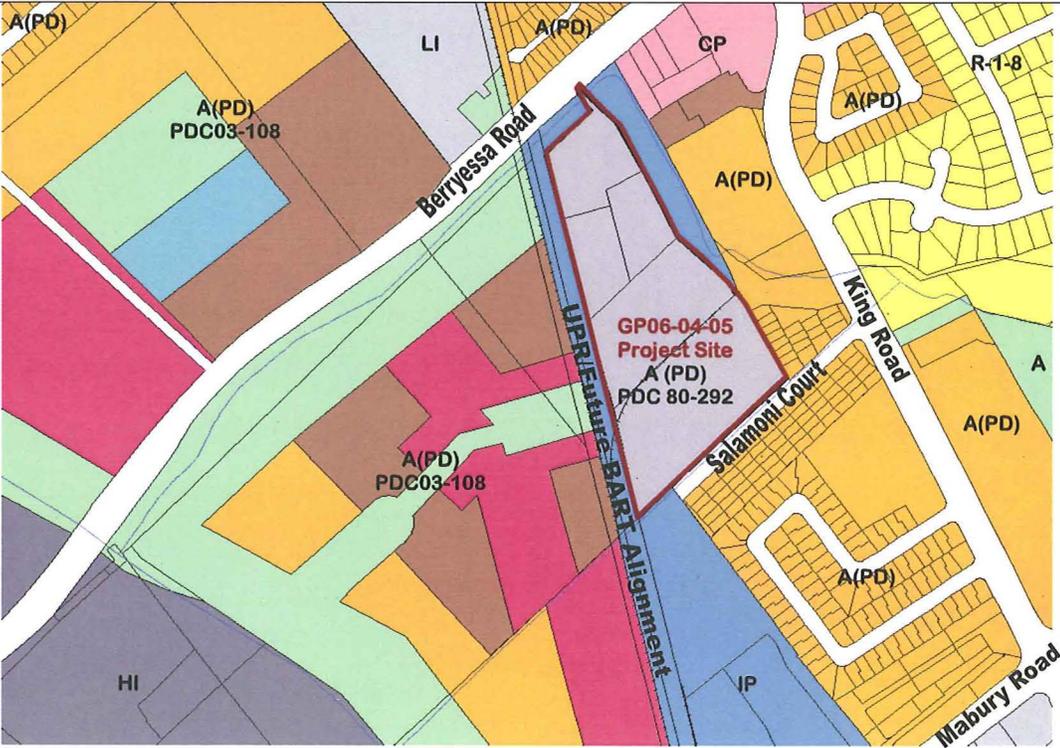
Land Use Compatibility

Staff's recommended land use designation of Combined Industrial/Commercial enables development of commercial, industrial park or light industrial uses such as shopping centers, offices, industrial parks, or selected low-intensity industrial uses that could be compatible with the surrounding industrial, commercial, and residential uses of the subject site.

GP06-04-05 Existing General Plan land use designations for subject site and surrounding parcels



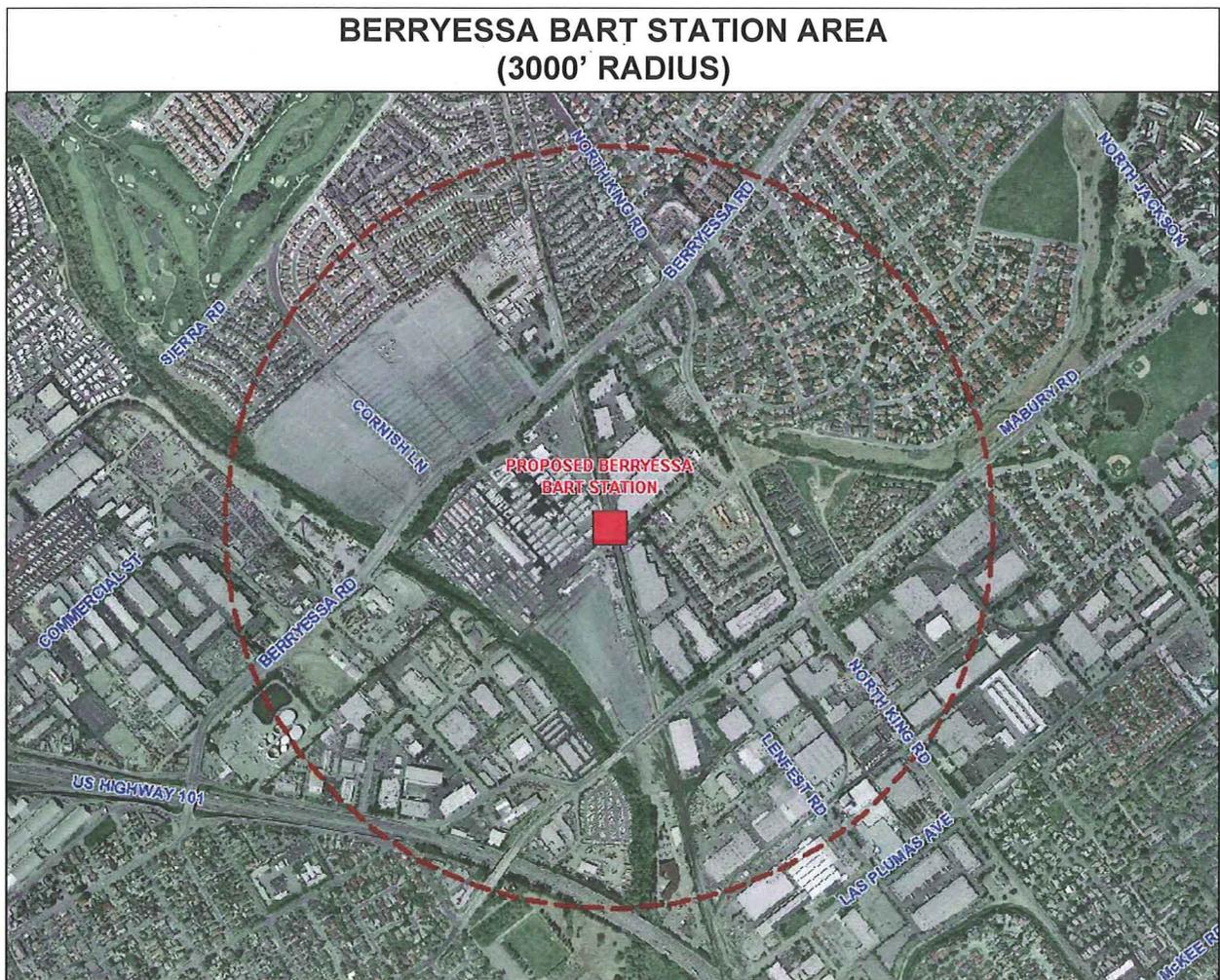
GP06-04-05 Existing zoning for subject site and surrounding parcels



General Plan Consistency

Berryessa BART Station Area Node

BART Station Area Nodes are identified as Special Strategy Areas in the General Plan. They encompass the areas within a 3,000-foot radius of future BART Stations, and are intended for mixed-use intensification in support of transit ridership and the efficient delivery of City services. The General Plan outlines a strategy for the Berryessa BART Station Area Node that identifies a goal of job-generating land uses, supportive commercial uses, and parks/open space *in combination* with high density residential, with a minimum average density of 55 dwelling units per acre for sites adjacent to the Berryessa BART Station. The General Plan also specifically states that these varied uses should be phased together to encourage fluid transitions for new development into the greater community, and specifically discourages residential development previous to development of other uses.



The existing area within 3,000 feet of the proposed Berryessa BART station is becoming disproportionately residential in character. The station area clearly has residential capacity in excess of the targets established by the BART project. Preserving employment capacity and encouraging the intensification of employment uses will better meet the General Plan goals for this BART station area. Since 2002, several General Plan amendments within the Berryessa Station Area Node converted industrial land to non-industrial uses, including a significant portion of residential uses. As shown on the table below, 139 acres of industrial land were converted to other uses resulting in a gain of over 115 acres of residentially designated land. If the applicant's proposal for Transit Corridor Residential (20+ DU/AC) is approved, another 13.6 acres of industrial land will be converted to residential uses.

General Plan Land Use Changes from 2002 to 2008 within the Berryessa BART Station Area Node			
General Plan Amendment	Land Use Changes	Industrial Acreage Lost	Residential Acreage Gained
GP02-04-02 Flea Market approved Fall 2002	From Combined Industrial/Commercial and Light Industrial to Transit Corridor Residential (20+ DU/AC) on 69.4 acres; Medium Density Residential (8-16 DU/AC) on 8 acres; and Riparian Corridor/Private Open Space on 22.8 acres.	-100.2	+77.4
GP04-04-03 King & Mabury approved Summer 2004	From Light Industrial to Medium High Density Residential (12-25 DU/AC) on 4 acres.	-4	+4
GP06-03-01 King & Dobbin approved Fall 2006	From Light Industrial to Transit Corridor Residential (20+ DU/AC) on a 24.8 acres.	-24.8	+24.8
GP06-04-01 Flea Market approved Spring 2007	From 10 acres of Combined Industrial/Commercial to 9 acres of Transit Corridor Residential (20+ DU/AC) and 1acre of Public Park & Open Space.	-10	+9
	Total Acreage Lost/Gained:	-139	+115.2
GP06-04-05 as proposed by applicant.	From 13.64 acres of Light Industrial to Transit Corridor Residential (20+ DU/AC)	-13.6	+13.6
	New Total Acreage Lost/Gained:	-152.6	+128.8

General Plan Major Strategies, Goals, and Policies

The Growth Management, Sustainable City, Housing, and Economic Development Major Strategies in the General Plan apply to the applicant's proposal and staff's alternative for File No. GP06-04-05.

Both staff's and the applicant's proposals encourage infill development that supports the Growth Management Major Strategy, which seeks to find the balance between the need to house new population and the need to balance the City's budget in an area where urban facilities and services are already available. However, the Growth Management Major Strategy also states a distinct need to balance housing and budget revenues, something the applicant's proposal does not address.

The Sustainable City Major Strategy seeks to reduce traffic congestion, pollution, wastefulness, and environmental degradation of the living environment. Having a balance of both housing and employment opportunities adjacent to a BART station contributes to sustainability by shortening trip lengths and

providing for the availability of different modes of transportation such as public transit, biking, and walking. This in turn helps to conserve energy and improve air quality.

The applicant's proposal to allow transit-oriented housing on this site with a significant portion allocated to affordable housing including an ELI component, is consistent with the General Plan Housing Major Strategy, as well as housing goals and policies for providing a variety of opportunities to meet the housing needs of all residents in the City. However, the applicant's proposal results in a potential net loss of job capacity on the subject site that is inconsistent with the General Plan Economic Development Major Strategy as well as several goals and strategies in the General Plan related to economic development.

The Economic Development Major Strategy encourages expanding the community's economic base and actively marketing San José as a location for a wide range of businesses. The main goal outlined by the Economic Development Major Strategy in the General Plan is to foster a more balanced community by encouraging more commercial and industrial growth to address the service delivery and employment needs created by existing residential development. San José has many more employed residents than it has jobs. This jobs-housing imbalance creates challenges to producing enough revenue to provide adequate urban services for its residents, since residential uses alone do not generate sufficient revenues to cover service needs. Estimates from ABAG's jobs/housing study indicate that San José's current ratio of jobs to housing is below one. Economic development is a fundamental priority for future growth to improve the City's financial position and to provide employment opportunities for San José's residents. The applicant's proposal for a land use designation of Transit Corridor Residential (20+ DU/AC) would potentially worsen the City's jobs/housing imbalance by resulting in a net loss of employment land, whereas staff's alternative of Combined Industrial/Commercial would maintain the existing employment land inventory in the City.

ENVIRONMENTAL REVIEW

An Environmental Impact Report (EIR) was prepared and is scheduled for certification as complete and in conformance with the California Environmental Quality Act (CEQA) on April 9, 2008. The EIR provides program-level environmental review appropriate for the consideration of amendments to the *San José 2020 General Plan*. In consideration of the adopted Framework, the EIR also provides a program level environmental analysis of the related off-setting General Plan amendment File No. GP07-04-04. The EIR identified the following significant unavoidable impacts as resulting from the proposed General Plan amendments:

- Transportation (project and cumulative)
- Regional Air Quality (cumulative)

Both significant unavoidable impacts are resulting from the housing conversion site (File No. GP06-04-05). This amendment would result in significant and unavoidable long-term traffic impacts. According to the City's traffic analysis, PM Peak hour trips resulting from the project exceed the City's significance thresholds and no mitigation is available. In other words, the applicant's proposed amendment File No. GP06-04-05 would worsen the commute pattern during the evening for several major streets already projected to operate below the City's Level of Service policy standard ("D").

In addition to significant traffic impacts, the housing conversion site's impact on air quality is also considered significant and unavoidable because the additional residential units and population are not included in the Bay Area Air Quality Management District (BAAQMD) Regional Clean Air Plan. The

implementation of identified mitigation measures would reduce the impacts on regional air quality, but not to a less than significant level due to the project's size and potential to generate a substantial increase in air pollutant emissions. In sum, there will be significant and unavoidable impacts occurring in the areas of transportation and air quality under the applicant's requested scenario.

Staff's recommendation of Combined Industrial/Commercial would not create either significant unavoidable impact listed above. The number of PM Peak Hour trips for the staff proposed land use is below the exemption threshold established for the project area, leading to a less than significant traffic impact. The reduction of trips, and therefore the reduction of air quality impacts arising from increased automobile trips, for Combined Industrial/Commercial uses also reduce the air quality impact to a less than significant level. Therefore, the staff recommended alternative is environmentally superior to the applicant's proposal.

PUBLIC OUTREACH

A community meeting was held for File No. GP06-04-05 on June 21, 2007. Only one community member was present, who requested information only. A community meeting was held for File No. GP07-04-04 on April 1, 2008. A representative of the property owner of the subject site was the only attendant, and he came for information only. A sign was posted on both sites to notify neighbors of the proposed General Plan amendments. Notice of the Spring 2008 hearings on the General Plan was published in the San José Post-Record. A description of the proposed General Plan amendment was posted on the Planning Division web page. The General Plan amendments were presented at the Neighborhood Roundtable on February 12, 2008 and at the Developers Roundtable on February 15, 2008 for review and comment. No comments were received from the public regarding the proposed amendments. This staff report will be posted on the City's website. Staff has also been available to answer questions.

State of California Tribal Consultation Guidelines

These General Plan amendments are subject to the State of California Tribal Consultation Guidelines. File No. GP06-04-05 was referred to the tribal representatives on March 14, 2008; and File No. GP07-04-04 was referred on January 23, 2008. To date, staff has received no response to the letters mailed to the tribal representatives.

Project Manager: Licinia McMorrow **Approved by:** Andrew C. Breece **Date:** 4-2-08

Owner/Applicant:	Attachments:
UBS Realty Investors, LLC 455 Market Street San Francisco, CA 94105 Walter Cohen The Enterprise Group 651 12 th Avenue San Francisco, CA 94113	<ol style="list-style-type: none"> 1. Framework for Preservation of Employment Lands 2. Council Memo dated October 19, 2007 on the Framework 3. Flowchart for General Plan amendments that propose conversion of Light or Heavy Industrial land to Residential uses. 4. Draft Affordability Restrictions Agreement. 5. Correspondence from City departments, other agencies, and the public.