



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Planning Commission

SUBJECT: SEE BELOW

DATE: June 1, 2006

COUNCIL DISTRICT: 3
SNI AREA: None

SUBJECT: FILE # GP05-03-05. Tentative Denial of General Plan Amendment request to change the Land Use/Transportation Diagram designation from Light Industrial to High Density Residential (25-50 Dwelling Units/Acre) on an approximately 23-acre site located on several parcels on the westerly side of North 10th Street, and the easterly side of North 7th Street between Commercial and Hedding Streets approximately 900 feet northwesterly of Hedding Street (922 and 1080 North 7th Street and 999 and 1045 North 10th Street).

RECOMMENDATION

The Planning Commission voted 3-2-1 (Commissioners Campos and Pham opposed; Platten absent) to recommend denial of the General Plan amendment request to change the *San Jose 2020 General Plan* Land Use/Transportation Diagram designation from Light Industrial to High Density Residential (25-50 Dwelling Units/Acre) on an approximately 23-acre site located on several parcels on the westerly side of North 10th Street, and the easterly side of North 7th Street between Commercial and Hedding Streets, approximately 900 feet northwesterly of Hedding Street. Because a quorum was not reached, this vote is deemed a negative recommendation from the Planning Commission on this proposed General Plan amendment pursuant to SJMC 18.08.100D.

BACKGROUND

On May 24, 2006, the Planning Commission held a public hearing for early consideration of a privately-initiated General Plan Amendment request to change the Land Use/Transportation Diagram designation from Light Industrial to High Density Residential (25-50 Dwelling Units/Acre). The early consideration process is intended to provide an opportunity early in the process for the Planning Commission and City Council to determine (1) whether such an application should be denied based upon substantial inconsistencies with adopted Council policies prior to completion of environmental review, or (2) whether the application should be directed for complete processing, including environmental review. The Director of Planning, Building and Code Enforcement recommended denial of the General Plan amendment.

June 1, 2006

Subject: GP05-03-05

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Chair Dhillon asked for a staff report and Planning staff explained the purpose of the early consideration process, public notification for the proposal, as well as reasons why staff recommended denial of the proposal. Paul Krutko, Director of the Office of Economic Development (OED) commented that the area of the project site has active businesses that provide key support services and jobs for an important sector of the City's economy. The OED Director added that the conversion of this site to housing would create pressure for the conversion of surrounding industrial properties as seen in many instances involving industrial conversions to housing elsewhere in the City. Commissioner Zito asked whether there would be a domino effect from the conversion and the OED Director responded in the affirmative. The OED Director noted that the mid-tier jobs currently provided in the area are especially important to retain.

The applicant Mark Lazzarini requested the Planning Commission allow the continued processing of the application so that it can be considered based on a complete record. Lazzarini added that the project would show a net benefit upon completion of the environmental review process. He added that his proposal was consistent with the Industrial Conversion Framework and the type of development proposed represents smart growth and would encourage walkability. The applicant's representative Tom Armstrong argued that the early consideration hearing came months after the application submittal and after commitment of a considerable amount of time and resources. He asked the Planning Commission to be fair and recommend continued processing of the application. There were no public speakers on this item.

The Planning Commission closed the public hearing and asked staff to respond to the applicants' remarks. Planning staff noted that despite the timing of the early consideration hearing, the applicants were notified early in the process that the proposal is substantially inconsistent with City policies. Staff added that the early consideration hearing did not take place immediately after application submittal because of staff's efforts to communicate the process to the City Council and the Building Industry including the Developers' Roundtable and the Council Rules Committee.

Chair Dhillon applauded staff's initiation of the early consideration process and acknowledged that the applicants have committed time and resources to the proposal. Commissioner Levy agreed that the early consideration process could help protect the light industrial areas of the city and that the site is located in the middle of a viable light industrial area. Commissioner Campos stated that he does not support staff's recommendation because the applicants have not been afforded due process to present all information about the proposal. Acting Planning Director Horwedel responded that the applicant's opposition to the early consideration process has caused delays in holding the early consideration hearing. Chair Dhillon stated that he did not want to send a wrong signal that the property is appropriate for conversion if the Planning Commission decides to recommend continued processing.

The Planning Commission voted 3-2-1 (Commissioners Campos and Pham opposed; Platten absent) to recommend denial of the General Plan amendment request to change the *San Jose 2020 General Plan* Land Use/Transportation Diagram designation from Light Industrial to High Density Residential (25-50 Dwelling Units/Acre) on the approximately 23-acre site. Because a quorum was not reached, this vote is deemed a negative recommendation from the Planning Commission on this proposed General Plan amendment pursuant to SJMC 18.08.100D.

ALTERNATIVES

Not applicable.

PUBLIC OUTREACH

Public notification for this early consideration process followed the City's Public Outreach Policy and included two mailings of public notification letters to more than 650 properties in the immediate vicinity of the project, on-site signage, and announcements on the City's website. Another 186 members of the public were notified through the email notification subscription service, in addition to discussions at the Developer's Roundtable and the City Council Rules Committee. If Council decides not to consider the General Plan amendment unless environmental clearance is completed, then Planning staff will continue to coordinate with the applicant, Council District 3 staff, and neighborhood group representatives to schedule community meetings and additional public outreach.

Subsequent to the distribution of the Planning Commission staff report, staff received telephone calls from two members of the public in opposition to the proposal, including an industrial property owner adjacent to the project site, and the president of the Japantown Neighborhood Association. In addition, the Director of the Office of Economic Development submitted a letter to the Commission to address the economic issues related to the proposal.

COORDINATION

Preparation of this report has been coordinated with the City Attorney's Office, Housing Department, Office of Economic Development, and the Redevelopment Agency.

COST IMPLICATIONS

Not applicable.

BUDGET REFERENCE

Not applicable.

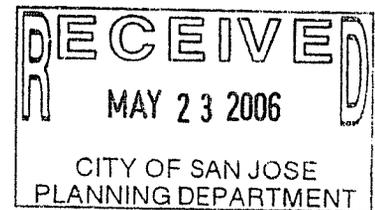
CEQA

Incomplete. Preparation of an Environmental Impact Report would be required for continued processing of this application.


for JOSEPH HORWEDEL, SECRETARY
Planning Commission

For questions please contact Allen Tai in the Planning, Building and Code Enforcement Department at (408) 535-7866.

Attachment: Letter from the Director of the Office of Economic Development



Office of Economic Development

May 22, 2006

San Jose Planning Commission
City of San Jose
200 East Santa Clara Street
San Jose, CA 95113

Re: General Plan Amendment (File No. GP05-03-05)
The site consists of several parcels on the west side of
North 10th Street, east side of North 7th Street between
Commercial and Hedding Street

Dear Planning Commissioner:

The Office of Economic Development opposes the proposed General Plan Amendment that would convert approximately 23 acres of Light Industrial property to residential use and is home to approximately 1,000 jobs. The area contains many industrial suppliers ranging from engineering firms to tool and dye manufacturing. These firms provide needed goods and services to many of San Jose's driving industries. The existence of a vibrant industrial supplier base considerably enhances San Jose as a prime location for driving industries.

Availability of good jobs is central to the health and vitality of the City. San Jose's jobs to employed resident ratio is far lower than surrounding communities. In recognition of this the Economic Development Strategy calls for the city to Diversify San Jose's Economic Base and preserve/Create Middle-income jobs. The average wage in the area is approximately \$41,000 and the mean wage in the area is \$41,000. The continued loss of industrial land will have a long-term fiscal impact on the City's economy due to the loss of tax revenue generated by businesses. As a result the City will have less capacity to maintain parks, and provide police and fire services.

The proposed General Plan amendment would juxtapose residential and industrial uses. The General Plan Industrial Land Use Policy No. 1 states that because of the importance of retaining viable industrial supplier/service lands and the inherent incompatibility between residential or

non-industrial uses and industrial uses, new land uses that may restrict development of land exclusively for industrial uses should not be allowed to locate adjacent to these areas of the City. Recent experience shows that once a substantial area of land is converted from industrial to residential uses, the area surrounding the conversion is much more likely to also convert to residential or non-industrial uses. Rock Avenue is an example in which a single conversion, of less acreage, has led to several other nearby General Plan amendment requests for additional conversions.

San Jose's dwindling supply of heavy and light industrial land will weaken the City's ability to retain and attract industrial suppliers. Approximately 1,000 acres of Light Industrial land remain in San Jose. Of that, there are only 208 acres of vacant Light Industrial land exists (as of July, 2005). San Jose has thousands of new homes in production, in the permitting process, or in design. Housing is important, but it must be located in the right places to support desirable living environments. Housing should not be placed where it will negatively impact San Jose's job base and create a less than desirable environment for new residents.

I encourage the Planning Commission to reject the proposed General Plan Amendment. Thank you for your consideration.

Sincerely,



Paul Krutko, Director
Office of Economic Development



COUNCIL AGENDA: 06-13-06
ITEM: 10.2

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Joseph Horwedel

SUBJECT: SEE BELOW

DATE: May 22, 2006

TRANSMITTAL MEMO

COUNCIL DISTRICT: # 3
SNI AREA: None

SUBJECT: FILE # GP05-03-05. Tentative Denial of General Plan Amendment request to change the Land Use/Transportation Diagram designation from Light Industrial to High Density Residential (25-50 Dwelling Units/Acre) on an approximately 23-acre site located on several parcels on the westerly side of North 10th Street, and the easterly side of North 7th Street between Commercial and Hedding Streets approximately 900 feet northwesterly of Hedding Street (922 and 1080 North 7th Street and 999 and 1045 North 10th Street).

The Planning Commission will hear this project on May 24, 2006. The memorandum with Planning Commission recommendations will be submitted under different cover. We hope the submittal of this staff report is of assistance in your review of this project.


for JOSEPH HORWEDEL, ACTING DIRECTOR
Planning, Building and Code Enforcement

For questions please contact Planning, Building and Code Enforcement at (408) 535-7800.



Department of Planning, Building and Code Enforcement
200 East Santa Clara Street
San José, California 95113-1905

**GENERAL PLAN AMENDMENT
STAFF REPORT
SPRING 2006 HEARING**

Hearing Date/Agenda Number:
P.C. May 24, 2006 Item: 7b

File Number:
GP05-03-05

Council District and SNI Area:
3

Major Thoroughfares Map Number:
67

Assessor's Parcel Number(s):
APNs 235-14-001, -002, -011,
235-15-001, -002, -038, and -041

Project Manager:
Jenny Nusbaum and Allen Tai

PROJECT DESCRIPTION:

General Plan amendment request to change the Land Use/Transportation Diagram designation from Light Industrial to High Density Residential (25-50 dwelling units/acre) on an approximately 23-acre site.

LOCATION:

The site is located on several parcels on the westerly side of North 10th Street, and the easterly side of North 7th Street between Commercial and Hedding Streets approximately 900 feet northwesterly of Hedding Street (922, 950 and 1080 North 7th Street and 999 through 1045 North 10th Street).

ACREAGE:

Approximately 23 acres

APPLICANT/OWNER:

Charles W. Davidson Co., Dal Properties LLC, William Lyons, Applicant/Goodwill Industries, Owner

GENERAL PLAN LAND USE / TRANSPORTATION DIAGRAM DESIGNATION:

Existing Designation: Light Industrial

Proposed Designation: High Density Residential (25-50 DU/AC)

EXISTING ZONING DISTRICT(S):

LI-Light Industrial on approximately 22 acres and R-M Multiple Residence on approximately one acre.

SURROUNDING LAND USES AND GENERAL PLAN DESIGNATION(S):

North: Light Industrial; Light Industrial

South: Single Family Residential; Light Industrial; Heavy Industrial

East: Light Industrial; Heavy Industrial

West: Multi-family residential, single-family residential, commercial, and industrial; Light Industrial, Medium Density Residential (8-16 DU/AC) and Medium Low Density Residential (8 DU/AC).

ENVIRONMENTAL REVIEW STATUS:

Incomplete.

PLANNING STAFF RECOMMENDATION:

No change to the existing Land Use/Transportation Diagram designation of Light Industrial.

Approved by:

Date:

Stan Vetter
May 18, 2006

PLANNING COMMISSION RECOMMENDATION:

CITY COUNCIL ACTION:

CITY DEPARTMENT AND PUBLIC AGENCY COMMENTS RECEIVED:

Correspondence from various City departments addressing specific development issues regarding the future residential use of the property are contained in the project file and will be considered if the project continues through the process. A memo and information regarding the current employment on the amendment site and in the surrounding industrial area is included as an attachment and discussed in this report.

GENERAL CORRESPONDENCE:

In March 2006, staff received a phone call from Vince Polizzi, a property owner of 911 North 9th Street, who stated that there was a lot of speculation among tenants and property owners in the area as to when and how businesses would have to move out, and when the new housing would occur. Mr. Polizzi asked for clarification regarding the City's position on the proposed General Plan amendment. Planning staff stated that this was an application initiated by a private entity, that the City staff was opposed to the proposal, that the Planning Commission would make their own recommendation on the proposal at a public hearing, and that the City Council would make a decision on the proposal at a second public hearing. Staff invited Mr. Polizzi to provide written comments and attend the public hearings.

Introduction

When City departments determine that proposed land use amendments to the *San Jose 2020 General Plan* are inconsistent with adopted Council policies, the Administration may bring those amendments to the Planning Commission for consideration of a denial recommendation to the City Council at the first available General Plan hearing. This approach provides an opportunity at the earliest point in the process for the Planning Commission and City Council to consider identified policy issues and to determine (1) whether such an application should be denied based upon those inconsistencies prior to completion of environmental review, or (2) whether any such application should be directed for complete processing, including environmental review.

A Planning Commission recommendation and Council direction early in the processing of such amendments could potentially save applicants and the City time and money in the continued processing of such proposals. A Council decision to direct staff to complete processing for later consideration during a General Plan Amendment public hearing would in no way indicate how the Council might ultimately vote upon that amendment during that hearing – such a decision would indicate only that the Council is not opposed to considering such a proposal with complete environmental review at a later date.

RECOMMENDATION

Denial without Environmental Clearance

Staff recommends no change to the General Plan Land Use/Transportation Diagram designation of Light Industrial on the subject site (i.e., denial of the proposed General Plan amendment) because the proposal to change the land use designation to High Density Residential (25-50 DU/AC) is substantially inconsistent with adopted policies in the *San Jose 2020 General Plan* and the *City's Economic Development Strategy*.

Environmental clearance is incomplete for this application. The Planning Commission has the options to recommend to the City Council: (1) denial of the General Plan amendment, or (2) direct staff to continue processing the application and complete environmental review for consideration of the amendment at a later General Plan hearing.

PROJECT DESCRIPTION

This is a privately initiated General Plan amendment request to change the *San José 2020 General Plan* Land Use/Transportation Diagram designation from Light Industrial to High Density Residential on an approximately 23-acre site located on several parcels on the westerly side of North 10th Street, and the easterly side of North 7th Street, between Commercial and Hedding Streets, approximately 900 feet northwesterly of Hedding Street (922 and 1080 North 7th Street and 999 and 1045 North 10th Street).

The existing land use designation on the site of Light Industrial is an exclusive industrial designation typified by warehousing, wholesaling, and light manufacturing. Uses with unmitigated hazardous or nuisance effects are excluded.

The proposed High Density Residential (25-50 DU/AC) land use designation that is proposed for the site is typified by three- to four-story apartments or condominiums over parking. A mixture of housing types, subject to overall density limits, is also allowed. This density is planned primarily near the Downtown Core Area, near commercial centers with ready access to freeways or expressways, and in the vicinity of rail stations within the Transit-Oriented Development Corridors Special Strategy Areas. Approval of the proposed General Plan amendment would potentially allow between 575 and 1,150 residential units on this site.

BACKGROUND

Description of Site

The site consists of several parcels totaling approximately 23 acres. The westerly portion of the site, consisting of approximately 16 acres located at 1080 North 7th Street, is currently used by Goodwill Industries. The easterly approximately 7-acre portion (999-1045 North 10th Street) is used by various tenants for warehousing and assembly uses, contracting, and wholesaling (see

Attachment No. 1). Existing developed land uses on the subject site include light industrial buildings for warehousing and distribution with ancillary offices for Goodwill Industries.

Surrounding Uses and Context

The area around the site is light industrial to the north and east, predominantly light industrial with some industrial park and single-family residential to the west of the site, and a mix of small-lot residential, commercial, and light industrial to the south. Union Pacific Railroad borders the site along its easterly boundary at the terminus of Horning Street. The site is located within a State designated economic Enterprise Zone, which is a historically economically depressed geographic area that has been designated by the State of California to encourage and stimulate business growth, development, and investment in the area. Taxpayers that conduct business activities within the boundaries of an Enterprise Zone may qualify for special tax incentives.



Fig.1. Aerial Photograph of the site and the surrounding area, taken in 2001

Previous General Plan Amendments for Removal of a Mixed Industrial Overlay to Protect the Industrial Designations on the Site and Surrounding Properties

To address impacts of losing Heavy and Light Industrial land to other uses, in June 2001, the City Council initiated eleven amendments to the San Jose General Plan Land Use/Transportation Diagram to remove the Mixed Industrial Overlay (MIO) to protect these key industrial lands

from encroachment of incompatible non-industrial uses. These areas were chosen due to their proximity to major transportation routes and their high potential for future industrial development. One of the eleven sites was comprised of Light Industrial designated properties on 83 acres and Heavy Industrial designated properties on 344.5 acres within the area bounded by Brokaw Road, Highway 880, and Highway 101, with the southernmost portion extending to Hedding Street (see map below). This larger area included the easterly portion of the subject site (see map of area affected by GP01-04-05). The removal of the MIO from this area was intended to support preservation of the entire surrounding industrial area for purely industrial uses.

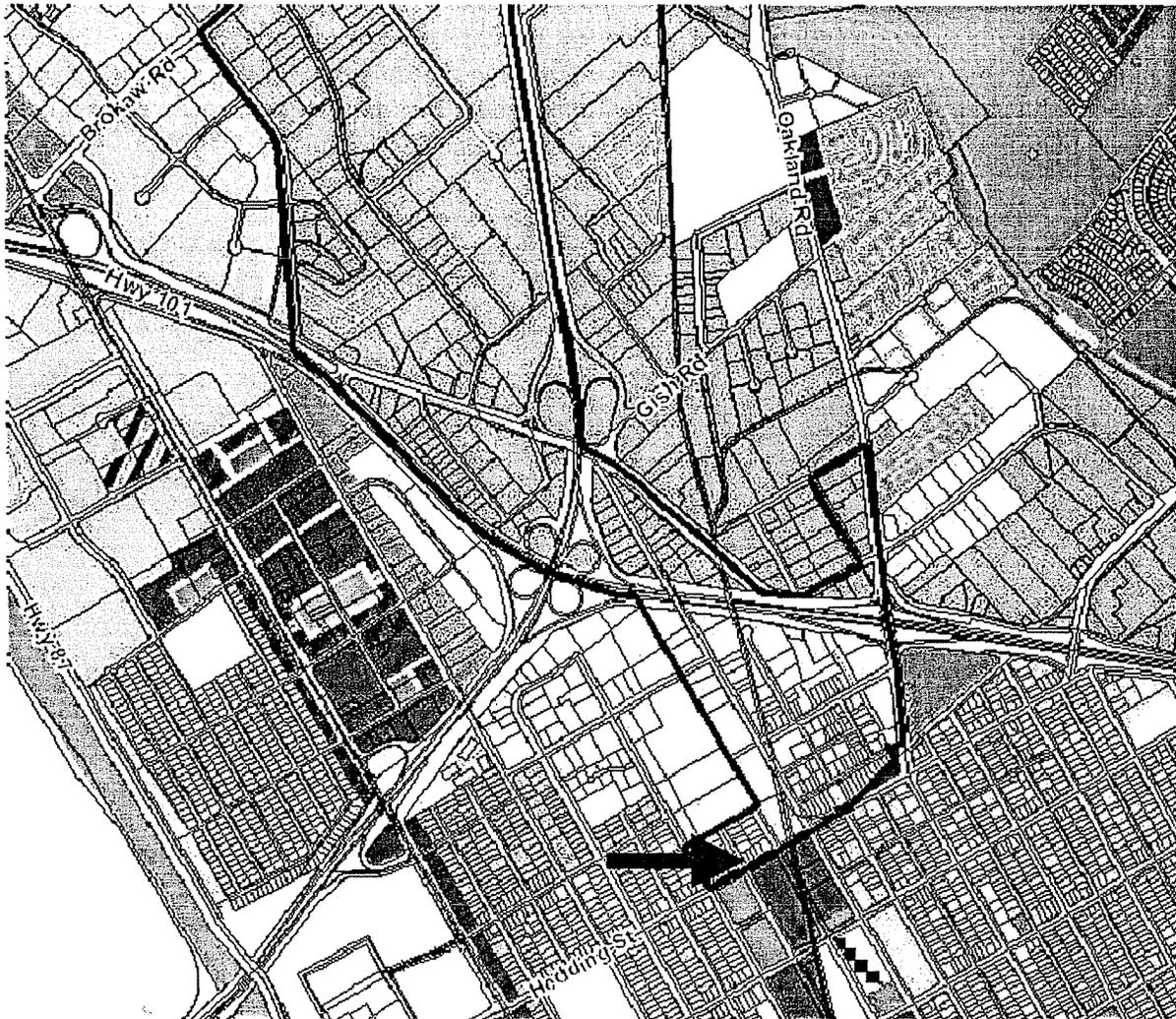


Figure 2. Area subject to GP01-04-05 to Remove the Mixed-Industrial Overlay designation

ANALYSIS

The following points summarize the basis for staff's recommendation for no change to the General Plan:

1. Inconsistency with adopted Economic Development Strategy

One of the 15 Strategic Initiatives included in the Economic Development Strategy, adopted by the City Council on November, 2005, is to **Diversify San Jose's Economic Base and Preserve/**

from encroachment of incompatible non-industrial uses. These areas were chosen due to their proximity to major transportation routes and their high potential for future industrial development. One of the eleven sites was comprised of Light Industrial designated properties on 83 acres and Heavy Industrial designated properties on 344.5 acres within the area bounded by Brokaw Road, Highway 880, and Highway 101, with the southernmost portion extending to Hedding Street (see map below). This larger area included the easterly portion of the subject site (see map of area affected by GP01-04-05). The removal of the MIO from this area was intended to support preservation of the entire surrounding industrial area for purely industrial uses.

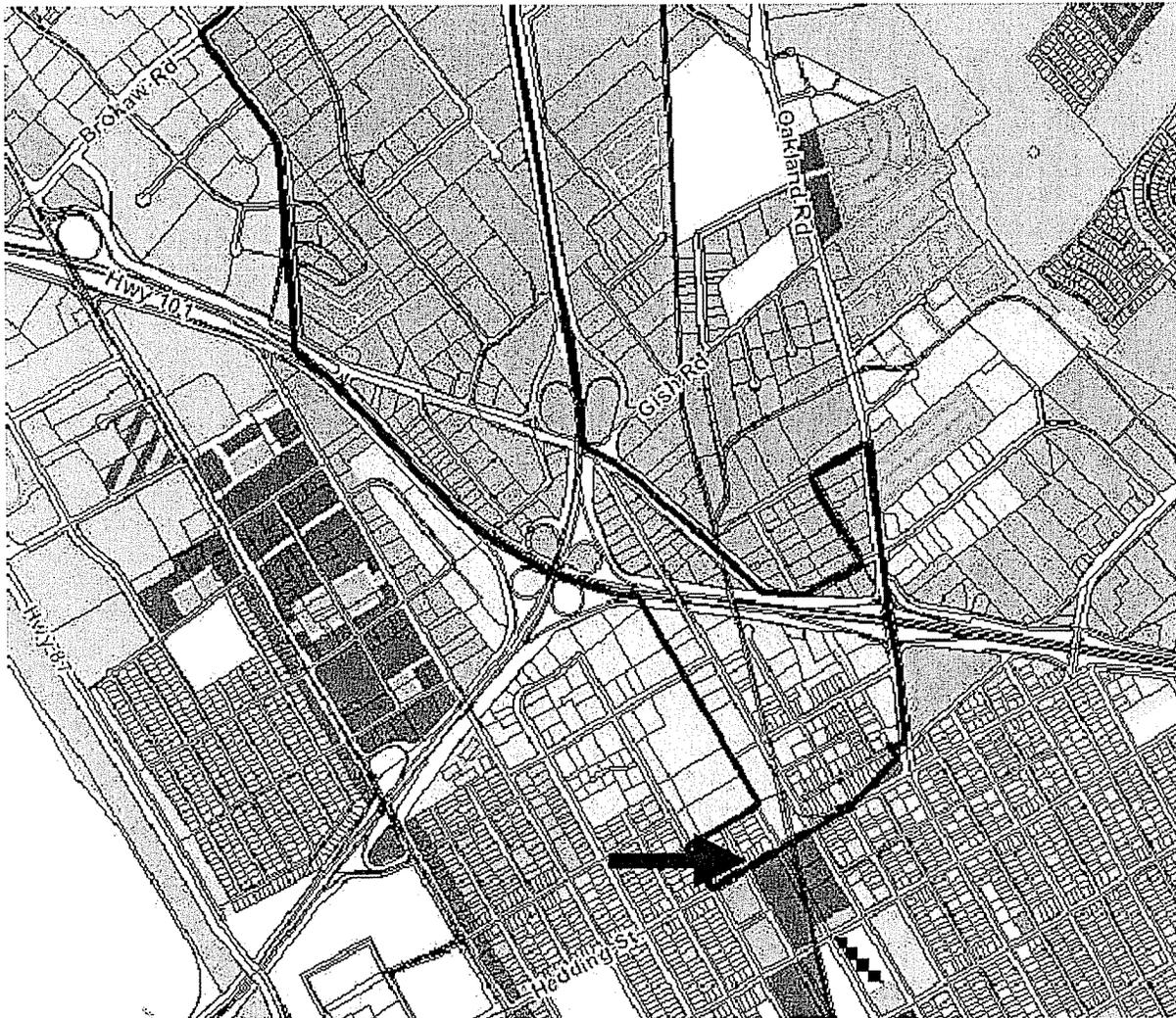


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One of the 15 Strategic Initiatives included in the Economic Development Strategy, adopted by the City Council on November, 2005, is to **Diversify San Jose's Economic Base and Preserve/**

Create Middle-Income Jobs. Key Sectors to be focused upon include industrial suppliers, distribution and construction. This initiative further recommends the City should "preserve sufficient land in "industrial sanctuaries" and other locations for light/heavy industrial uses, including production support, distribution, building and repair and miscellaneous manufacturing."

The proposed amendment site is located within a functioning, viable Light Industrial area of the City comprised of many of the types of industrial supplier businesses mentioned above. **These businesses supply other local businesses with goods and services, and play an essential role in San Jose's larger economy** by providing high technology and other Driving Industries in other areas of the City with necessary services and materials for their operations. Goodwill Industries has historically provided educational and vocational training at the site, as well.

As shown in data provided by the City's Office of Economic Development (see attached), businesses currently employing over 1,000 employees exist in the area bounded by North Fourth Street, Highway 880, State Highway 101, and North Tenth Street. **The approval of this General Plan amendment would likely trigger future conversion of surrounding industrial lands, resulting in the permanent loss of between approximately 400 and 1,100 jobs.**

Also attached is a summary of the average wages for the various industrial supplier employment categories represented by the companies located in the area surrounding the amendment site. Wages range from a low of \$14,300 for wholesale workers to \$65,000 for construction workers. **The average wage is approximately \$41,400, clearly qualifying as the types of middle-income jobs the Economic Development Strategy seeks to preserve.**

2. Inconsistency with San Jose 2020 General Plan Economic Development Major Strategy

The cumulative loss of employment from future industrial conversions in this industrial area would contribute to the continuing long-term loss of employment further exacerbating San Jose's jobs/housing imbalance. Light Industrial land is extremely scarce not only in San Jose, but throughout the Bay Area. Only approximately 1,000 acres with the Light Industrial land use designation remain in San Jose. Of that, there are 208 acres of vacant land designated Light Industrial (as of July, 2005). Even with the current economic climate, **there is an approximately five percent (5 %) vacancy rate for business operations that fall within the Light Industrial land use category in San Jose, compared to approximately 22% for R&D/Office space.** As recent economic studies for the City have noted, San Jose suppliers who are located on land that is designated Heavy Industrial and Light Industrial serve computer equipment manufacturers, semiconductors, instrument manufacturers, custom computer programmers, construction firms and military needs. The business customers being served by these local suppliers have stated their need to be located in close proximity to suppliers, subcontractors, and packaging firms. These industries also need access to shippers and transportation centers at railroads, airports and freeways for efficient and cost-effective business operations. These studies have emphasized the importance and dependence of San Jose's economy on light industrial suppliers and services.

3. Inconsistency with the Adopted Industrial Conversion Framework

The proposed amendment site is located in the Central San Jose 2 Subarea, as identified in the *Framework, as a Guideline, to Evaluate Proposed Conversions of Employment Lands to Other*

Uses. The Central San Jose 2 Subarea is identified as intended for preservation for Driving and Business Support Industries. The Framework further states that **“Potential conversions should generally be discouraged, and only be considered for approval in subareas where conversions of industrial lands” meet the following criteria. The proposed General Plan amendment to residential use would not meet any of the above criteria.** Each criteria and staff’s response are noted below:

- Complete a transition to existing neighborhoods within or adjacent to the subarea. **The area is a viable industrial area and is not in any form of transition.**
- Buffer and provide uniformity to existing neighborhoods within or adjacent to toe subarea. **The proposed residential use would not buffer or provide uniformity to the existing surrounding neighborhoods, to the contrary, the proposed residential use would be clearly inconsistent with, and create conflicts with existing surrounding industrial businesses.**
- Further the City’s smart growth policies. The City’s smart growth policies encourage managed growth, fostering economic and housing development and open space preservation. Although the proposed General Plan amendment proposes housing within an existing urban area, it could deter future economic development of surrounding industrial properties. **Residential uses in this area could stifle future industrial development of nearby industrial properties, thereby impacting the ability to continue to attract, retain and expand industrial uses in the area.**
- Aid in revitalizing declining neighborhoods within or adjacent to the subarea. **The proposed amendment does not aid in revitalizing declining surrounding neighborhoods which are comprised of viable industrial supplier businesses.**

4. Inconsistency with the San José 2020 General Plan Goals and Policies

The proposed General Plan amendment is inconsistent with the following General Plan goals and policies:

Economic Development Policy No. 1: *Allowing residential uses on the site would permanently remove the potential for uses on the site that could provide employment, inconsistent with Economic Development Policy No. 1* which recommends preserving and increasing San Jose’s share of industrial lands to foster economic development that helps generate employment opportunities for its residents and tax revenue to support City services. **The continued loss of industrial land would have a long-term fiscal impact on the City’s economy due to the loss of tax revenue from sales tax and business to business taxes.** As noted previously, conversion of the site would likely induce further conversion in the vicinity, resulting in a cumulative impact on the economy.

Industrial Land Use Policy No. 1 states that because of the importance in retaining viable industrial supplier/service lands and the inherent incompatibility between residential or non-industrial uses and industrial uses, **new land uses that may restrict development of land reserved exclusively for industrial uses should not be allowed to locate adjacent to these areas of the City, and, in particular, sensitive receptors should not be located near primary industrial areas.** The residential use of the site could subject future residents to nuisances including hazardous materials use and storage, generation of noise, dust, and odors from the numerous light industrial uses in the area and accelerate the conversion of industrial land to

residential use. In addition, **conversion of the site to residential use could result in future limitations being imposed on the industrial uses in the immediate vicinity of residential uses on the subject site**, thereby potentially compromising the future viability of industrial businesses.

5. Inconsistency with Previous City Council Action to Remove Mixed Industrial Overlay from Surrounding Area.

In response to previous losses of heavy and light industrial land, in 2001, the City Council approved the removal of the Mixed Industrial Overlay on a larger industrial area that included a portion of the subject site. **The intent of that action was to preserve the area for purely industrial uses.** Approval of the current General Plan amendment request would reverse the direction taken by the City Council in 2001.

6. Inconsistency with State-Designated Enterprise Zone.

The site is located within a State designated economic Enterprise Zone, which is a historically economically depressed geographic area that has been designated by the State of California to encourage and stimulate business growth, development, and investment in the area. Taxpayers that conduct business activities within the boundaries of an Enterprise Zone may qualify for special tax incentives. **Elimination of the industrial uses on the site and the potential future elimination of additional industrial lands will remove the business growth, development and investment incentives provided by the Enterprise Zone to existing and potential future businesses.**

7. Property not Required for Support of General Plan Housing Major Strategy

San Jose continues to plan, approve, and issue building permits for more housing than any other city in the Northern California. The City has continued to be proactive in its efforts commitment to meet the community's housing needs through a variety of innovative development strategies, including proactively planning for mixed-use and transit-oriented development. In particular, the recent approval of the North San José Area Development Policy will facilitate the addition of up to 24,700 units of new, high-density residential in the North First Street Transit-Oriented Development Corridor. **Through this and other efforts, the existing General Plan contains a residential holding capacity of over 75,000 dwelling units of future development capacity. The subject site and surrounding industrial area do not meet Transit-Oriented Development criteria and are more valuable to the City to support economic development than for additional residential development.**

Conclusion

The proposed General Plan amendment request to change the General Plan Land Use designation from the existing Light Industrial to High Density Residential (25-50 DU/AC) designation is inconsistent with the City's Economic Development Strategy and fundamental major strategies, goals and policies of the General Plan. Approval of this General Plan amendment would likely trigger future conversion of surrounding industrial lands, resulting in the permanent loss of between approximately 400 and 1,100 jobs likely result in the cumulative long term loss long-established businesses in San Jose that provide key services to other businesses in San Jose.

Further erosion of scarce Light Industrial designated land within a State designated Enterprise Zone diminishes the City's ability to provide employment opportunities for low, medium and high skilled workers, maintain a diverse economy, and provide long-term growth potential for a needed tax base.

ENVIRONMENTAL REVIEW

Pursuant to Section 15270 of the CEQA Guidelines, CEQA does not apply to projects which a public agency rejects or disapproves. An Environmental Impact Report would be required for completion of environmental clearance under CEQA for the City Council to consider approval of this General Plan amendment request.

PUBLIC OUTREACH

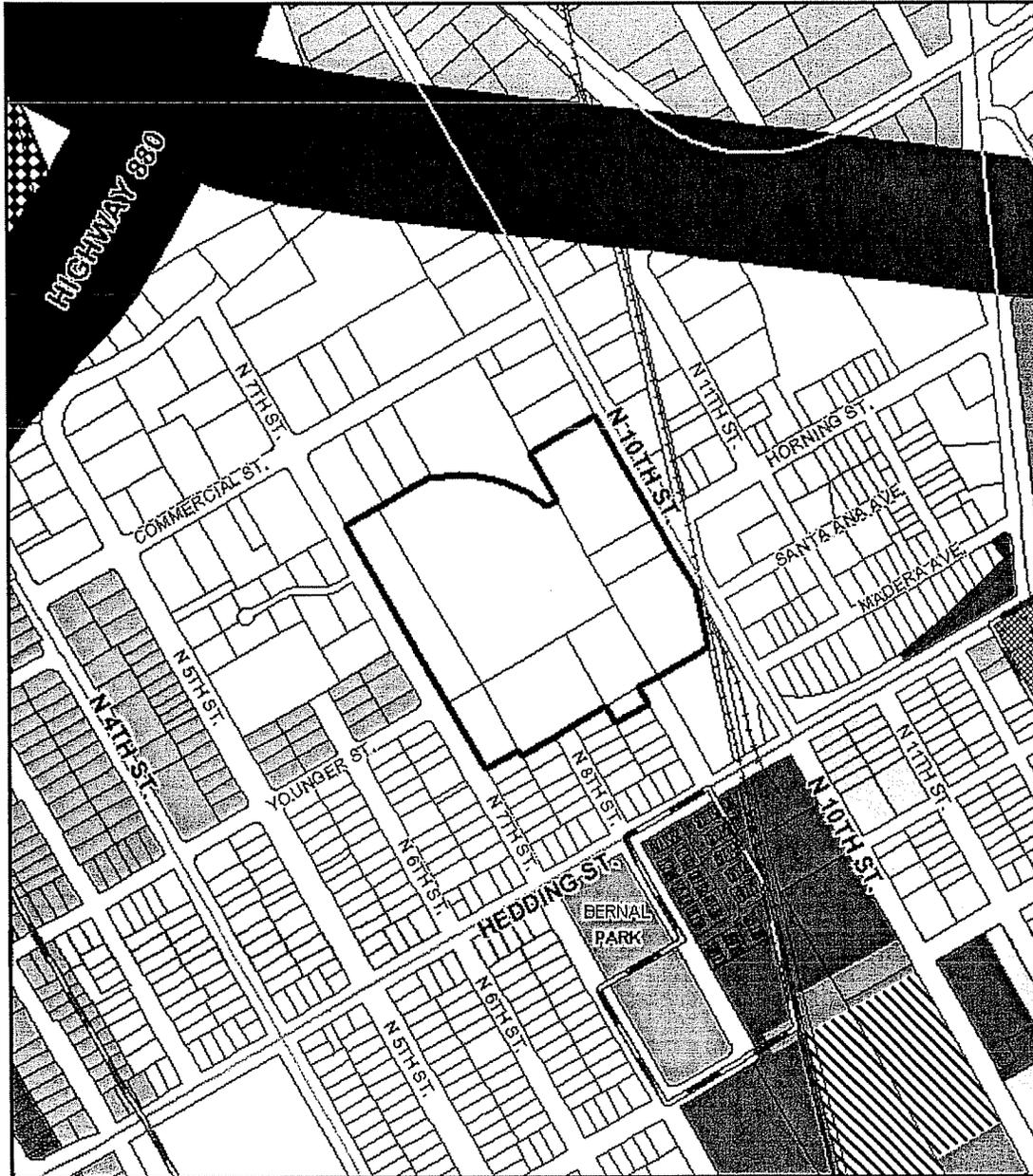
A joint notice of the public hearings to be held on the subject General Plan amendment before the Planning Commission on May 24, 2006 and City Council on June 13, 2006 was circulated to the property owners and residents within a 1000 foot-radius of the subject property. The Planning Department web site contains information regarding the General Plan process, amendments, staff reports, and hearing schedules. This web site is available to any member of the public and contains the most current information regarding the status of the General Plan amendments.

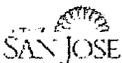
If Council directs staff to continue processing the General Plan amendment application, then Planning staff will continue to coordinate with the applicant and neighborhood representatives to schedule community meetings consistent with the City Council Public Outreach Policy, prepare an Environmental Impact Report, and schedule new public hearings when environmental clearance is complete.

COORDINATION

Preparation of this memorandum has been coordinated with the City Attorney's Office, Office of Economic Development, and Department of Housing.

GP05-03-05



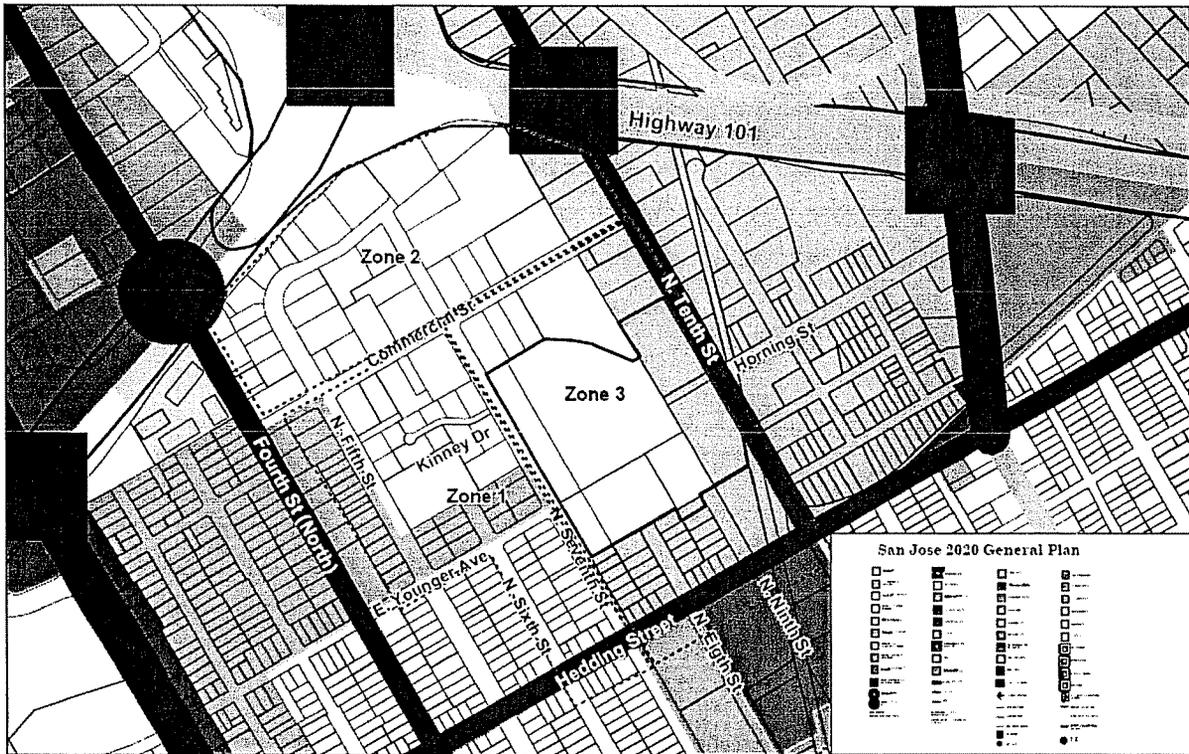

CITY OF SAN JOSE
PLANNING SERVICES DIVISION
Department of Planning, Building
and Code Enforcement
Planning Services Division

	SITE
	Mixed Use Overlay


NORTH
Scale: 1" = 100'
Quad: 67

Employment Statistics for Companies in the Surrounding Industrial Area

Source: City of San Jose, Office of Economic Development



All Three Zones

Sector	Firms	Number of Employees
Services	32	429
Construction	15	204
Manufacturing	13	162
Retail	18	138
Wholesale	12	112
Branch Locations	6	28
Transportation/Utilities	4	12
FIRE/Exempt	2	2
Totals	102	1,087

Zone 1

Sector	Firms	Number of Employees
Services	12	324
Manufacturing	8	114
Construction	3	65

Retail	5	31
Wholesale	3	12
Branch Locations	2	11
FIRE/Exempt	1	1
Totals	34	558

Zone 2

Sector	Firms	Number of Employees
Retail	3	52
Manufacturing	2	35
Construction	3	24
Wholesale	2	24
Services	3	9
Totals	13	144

Zone 3

Sector	Firms	Number of Employees
Construction	9	115
Services	17	96
Wholesale	7	76
Retail	10	55
Branch Locations	4	17
Manufacturing	3	13
Transportation/Utilities	4	12
FIRE/Exempt	1	1
Totals	55	385

ZONE	BNAM	SSNUM	SSDIR	SSNAM	NB
1	MOODY'S, RICK PAINTING	909	N	5TH	PAINTER
1	AMELIA/GUILLE HOUSECLEANING	947	N	5TH	HOUSECLEANING
1	PIRARO, KENNY RACING	970	N	5TH	RACING PART SALES
1	COME AND SEE	1010	N	5TH	E-COMMERCE
1	SAFE H2O SYSTEMS INC	1050	N	5TH	WATER SOFTENER MANUF
1	ANTRON MANUFACTURING	1050	N	5TH	ELECT ASSEMBLY
1	SERVICE PERFORMANCE CORP	1050	N	5TH	BLDG MAINTENANCE
1	SIMPLE SOLUTION, THE	1052	N	5TH	COMPUTER CONSULTANT
1	SO LITE CORPORATION	1060	N	5TH	MANUFACTURING PLASTI
1	SILICON VALLEY LAND SURVEY	1093	N	5TH	LAND SURVEYING
1	COAST ENGRAVING CO	1097	N	5TH	ENGRAVING
1	ASCENT MFG CO	1099	N	5TH	DIE CAST PARTS
1	EVERGREEN GROUP CO. LTD	1045	N	7TH	WHOLESALE
1	CONCORD LUGGAGE CORPORATION	1045	N	7TH	WHOLESALE LUGGAGE
1	SCHEIDTS, RAY ELECTRIC INC	1055	N	7TH	ELECTRICAL CONTRACTI
1	LORD/NEWCOMB SUPPLY	1085	N	7TH	MACHINE SHOP
1	ADVERTISERS DIRECT INC	1155	N	7TH	DIRECT MAILING
1	MO PRINTS	1155	N	7TH	PRINTING BROKER
1	SON MFG CO	190		COMMERCIAL	DIE CAST PARTS
1	FERGUSON ENTERPRISES	206		COMMERCIAL	WHOLESALE HVAC
1	TITAN-PME EQUIPMENT SALES	232		COMMERCIAL	INDUSTRIAL SALES
1	COMPEL BEHAVIOR ENV SERVICE	260		COMMERCIAL	PROP MGT
1	CASPER CANVAS	322		COMMERCIAL	AWNING & CANVAS PROD
1	EDT ELECTRONIC DEVICES TRADI	254		KINNEY	WHOLESALE ELECTRONIC
1	D & D COMPRESSOR INC	258		KINNEY	AIR COMP/SALES-SERV
1	A & A COMMERCIAL INTERIORS	270		KINNEY	CONSTRUCTION
1	L K PRODUCE INC	271		KINNEY	VEG WHOLESALE
1	CONTROL EQUIPMENT CORP	282		KINNEY	CAR WASH EQUIPMENT
1	CURRENCY X-CHANGE SYSTEMS IN	282		KINNEY	RTL/SRVC CURRENCY SY
1	CARWASH UNLIMITED	282		KINNEY	CAR WASH
1	NORTHWEST LANDSCAPE MAINT	283		KINNEY	LANDSCAPE MAINT
1	AM DRYWALL, INC.	295		KINNEY	DRYWALL CONST
1	VIET NAM THUONG MAI NIEN	295		KINNEY	ADVERTISING AGENCY
1	GOMEZ, FRANCISCO JANITORIAL	295	E	YOUNGER	JANITORIAL
2	BURKE ENGINEERING CO	1102	N	5TH	WHOLESALE DISTR
2	FIRST CHOICE AUTO GLASS	1138	N	5TH	AUTO GLASS/AUDIO/SPO
2	AMTEK ELECTRONIC INC	1150	N	5TH	MFG

2	P 2000 AUTO BODY	1165	N	5TH	BODY SHOP
2	THEDY AUTO REPAIR	1169	N	5TH	AUTO REPAIR
2	BABBITT BEARING CO	1170	N	5TH	RECONDITIONING
2	TERRY'S IAP	1181	N	5TH	IMPORT AUTO PARTS
2	KMA CONCRETE CONSTRUCTION	1191	N	5TH	CONCRETE CONTRACTOR
2	SYNCHRONEX	1199	N	5TH	TRAFFIC CONTLS
2	CONSOLIDATED ELECTRIC	255		COMMERCIAL	WHOLESALE ELECTR SUP
2	STATEWIDE SAFETY & SIGNS INC	323		COMMERCIAL	ROAD SAFETY
2	FREEWAY ELECTRIC INC	345		COMMERCIAL	ELECTRICAL CONTR
2	LSG/SKY CHEFS	385		COMMERCIAL	FOO CATERER
3	OMLIFE USA, INC.	960	N	10TH	VITAMINS
3	PILIPINAS AUTO BODY/PAINT IN	990	N	10TH	AUTO BODY & PAINT
3	DOUGLAS GLASS	990	N	10TH	AUTO GLASS REPAIR
3	ORTIZ PRODUCTS	999	N	10TH	MEXICAN PRODUCTS
3	OFFICE & COMPUTER RELOCATION	999	N	10TH	TRANSPORTATION BROKE
3	RAMOS FURNITURE	999	N	10TH	FURNITURE SALES
3	LEGACY TRANSPORTATION SVCS	999	N	10TH	TRANSPORTATION
3	PREMIUM PLATING & POLISH	1026	N	10TH	PLATING SHOP
3	SAN JOSE METALS INC	1032	N	10TH	RECYCLING
3	T & A SUPPLY INC.	1045	N	10TH	HEAT/AIR SUPPLY
3	AIR PRODUCTS GROUP INC	1045	N	10TH	A/C PRODUCTS&DIST
3	SAN JOSE AIR CONDITIONING	1045	N	10TH	CONTRACTOR
3	ROYAL BRASS INC	1048	N	10TH	WHLS/DIST
3	T & M TRADING	1067	N	10TH	COSMETICS/BARRETT'S
3	AIM SPRAY	1068	N	10TH	SPRAY PAINT CONTRACT
3	SILICON VALLEY WHOLESALE	1071	N	10TH	WHOLESALE/GIFTS/HOUS
3	IRELAND SAN FILIPPO LLP	1075	N	10TH	ACCOUNTING/CONSULTIN
3	CREEGAN & D ANGELO	1075	N	10TH	ENGINEERING SVCS
3	MOUNTFORD, S D INSURANCE	1075	N	10TH	INSURANCE SALES
3	AIR COOLED ENGINES INC	1076	N	10TH	SALES/SRV ENGINES
3	ABBOTT, J N DISTRIBUTOR INC	1090	N	10TH	PETROLEUM-JOBBER
3	DAHL'S EQUIPMENT RENTALS INC	1110	N	10TH	EQUIPMENT RENTAL
3	LOTUS GLASS INC	1120	N	10TH	AUTO/RES GLASS
3	GUARDINO, SALVATORE ET AL	1140	N	10TH	COMMERCIAL PROPERTY
3	SAFETY KLEEN SYSTEMS, INC	1147	N	10TH	WAREHOUSE
3	BEACON FIRE & SAFETY LP	946	N	7TH	SRVC FIRE EQUIPMENT
3	EAZY BEAN	1080	N	7TH	DESIGN/MANUFACTURING
3	KWW KITCHEN CABINETS & BATH	1090	N	7TH	REATIL WHOLE SALE
3	K & R EQUIPMENT INC	1110	N	7TH	DESIGN/MFG
3	AMERICAN ACE SUPPLY SJ INC	1128	N	7TH	ELEC/PLMBG/HVAC SUPP

3	CUPERTINO ELECTRIC INC	1132	N	7TH	CONTRACTOR
3	NASER DISTRIBUTORS	1135	N	7TH	WHLS TOBACCO/FOOD PR
3	FU-JOW KUNG-FU ASSOCIATIO	901	N	8TH	KARATE
3	T & F CONSTRUCTION	905	N	8TH	SWIMMING POOK CONT
3	BEN S AUTO DETAIL	907	N	8TH	CLEANING AUTO
3	DAMART INC	948	N	8TH	TRENCHING
3	BAY BREAKERS, INC	903	N	9TH	CIRCUIT BREAKER SALE
3	ARTIFICIAL STONE WORK	911	N	9TH	CONTRACTOR
3	INDOOR AIR DESIGN INC	922	N	9TH	HEATING & A/C
3	O'NEIL RECYCLING CO INC	922	N	9TH	HVAC RECYCLERS
3	BASELINE MOLD INVESTIGATION	926	N	9TH	MOLD INVESTIGATION
3	POLIZZI, VINCENT	929	N	9TH	RANGE 918-930
3	FISHER DRYWALL, INC	930	N	9TH	DRYWALL CONSTRUCTION
3	HENRYS AUTO CLINIC	935	N	9TH	AUTO REPAIR
3	JT QUALITY MUFFLER&AUTOMOTIV	935	N	9TH	AUTOMOTIVE/MUFFLER
3	NGUYEN, THUAN FOOD CATERING	940	N	9TH	CATERING TRUCK
3	MUSEUM WEST FN ART&FRMG INC	332		COMMERCIAL	PICTURE FRAMES
3	RC GRAFIX	338		COMMERCIAL	SVC EQUIP
3	REDZONE PERFORMANCE	398		COMMERCIAL	AUTOMOTIVE PERFORMAN
3	BILLIE'S BARBER SHOP	349	E	HEDDING	BARBER SHOP
3	UNCLE TOMMY'S	351	E	HEDDING	ICE CREAM
3	ANTHONY INTERIOR	401	E	HEDDING	FLOORING
3	A1 ELECTRIC	421	E	HEDDING	ELECTRICAL CONTR

Goodwill Surrounding Area Survey

A survey of 100 businesses surrounding the Goodwill site produced some insight as to the effect of residential infusion into an industrial area. Seven business were chosen to analyze their contribution to the economy.

Bus Name **Service Performance** www.servperf.com **Zone: 1**
 Start date
 No of employee 176
 Type of employee
 Customers: American Airlines Children's Discovery Museum
 Air New Zealand Cushman & Wakefield
 AOL Netscape eBay
 Cadence Design City of Phoenix
 City of San Mateo Roche
 PIMA County Bioscience
 San Diego International Airport John Wayne Orange County Airport
 Airport Digital

Affiliated Companies SPC Airport Services
 Midwest Services
 Swift Airport Services

Bus Name **Simple Solution, The** www.simplesol.com **Zone: 1**
 Start date 1989
 No of employee 6
 Type of employee
 Customers: Companies with Computers and no IT staff
 Companies that need internet connection and backup capabilities

Affiliated Companies Novell
 Citrix
 Cisco
 Microsoft

Bus Name **Cupertino Electric** **Zone: 3**
 Start date 1954
 No of employee 50
 Type of employee engineers, equipment evaluation, maintenance
 Customers: Intel Adobe
 Microsoft AMD
 Oracle Hitachi
 Apple Expansion Cupertino Fijitsu

	Metromedia Fiber Network	Juniper Networks
	MCI Worldcom San Francisco	Marvell
	Yahoo Sunnyvale	
	Kaiser Walnut Creek	
Affiliated Companies		
Competitors	Emcor	
	Intergrated Electrical Services	
	Rosendin Electric	
Bus Name	<u>Babbitt Bearing</u>	www.bbcmachine.com Zone: 2
Start date	1945	
No of employee	26	
Type of employee	Machine shop, chrome plating	
Customers:	Applied Materials	
	Ball Metal Container	
	BART	
	Chemetal	
	Crown, Cork & Seal	
	Davey Tree Surgery Co.	
	Ebara International	
	Edwards Enterprises	
	FMC Food Processing	
	Hewlett-Packard	
	J M Manufacturing	
	National Airmotive	
	New United Motors	
	Quebecor Printing	
	Reynolds Metals	
	The Scotts Company	
Bus Name	<u>Burke Engineering Co</u>	Zone: 2
Start date	1949	
No of employee	3	18 locations
Type of employee		
Customers:	Barbber-Colman	
	Honeywell	
	Siemens	
	McDonnell & Miller	
	Robert Shaw	
	Johnson	
	Incenses	
	260 other manufactures	

Bus Name	<u>Creegan & D'Angelo</u>	Zone: 3
Start date	1956	
No of employee		
Type of employee	Civil Engineers, Structural engineers	
Customers:	Lockheed Missiles and Space SCC Traffic Authority Santa Clara Valley Transportation Parking Structures in San Jose Numerous Bridge Projects (HYWY 85 & Blossom Hill Grade Separation City of SJ (SJ Convention Center)	
Bus Name	<u>Ireland San Filippo LLP</u>	Zone: 3
Start date		
No of employee	21	
Type of employee	Accounting	
Customers:		
Community Involvement	San Jose Children' s Center San Jose Homeless Santa Clara University Second Harvest Food Bank Silicon Valley Parks Foundation Notre Dame High School and Foundation	

File No. GP05-03-05 Attachment No. 2

Average Wage Statistics for Surrounding Industrial Area

Source: City of San Jose, Office of Economic Development

All Three Zones

Sector	Average Wage	Firms	Number of Employees
Services	\$35,200	32	429
Construction	\$49,000	15	204
Manufacturing	\$42,200	13	162
Retail	\$39,000	18	138
Wholesale	\$36,200	12	112
Branch Locations	\$31,000	6	28
Transportation/Utilities	\$26,000	4	12
FIRE/Exempt	\$78,000	2	2
Totals		102	1,087

Total Sales Tax Revenue Generated from firms in all three zones was \$601,100

Zone 1

Sector	Average Wage	Firms	Number of Employees
Services	\$30,000	12	324
Manufacturing	\$35,500	8	114
Construction	\$56,000	3	65
Retail	\$38,500	5	31
Wholesale	\$14,300	3	12
Branch Locations	\$31,000	2	11
FIRE/Exempt	-	1	1
Totals		34	558

Total Sales Tax Revenue Generated from Zone 1 firms was \$215,500

Zone 2

Sector	Average Wage	Firms	Number of Employees
Retail	\$40,000	3	52
Manufacturing	\$41,500	2	35
Construction	\$65,000	3	24
Wholesale	-	2	24
Services	\$19,000	3	9
Totals		13	144

Total Sales Tax Revenue Generated from Zone 2 firms was \$87,600

Zone 3

Sector	Average Wage	Firms	Number of Employees
Construction	\$42,500	9	115
Services	\$42,000	17	96
Wholesale	\$51,000	7	76
Retail	\$38,000	10	55
Branch Locations	-	4	17
Manufacturing	\$58,000	3	13
Transportation/Utilities	\$26,000	4	12
FIRE/Exempt	\$78,000	1	1
Totals		55	385

Total Sales Tax Revenue Generated from Zone 3 firms was \$298,000