



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Planning Commission

SUBJECT: SEE BELOW

DATE: August 1, 2007

COUNCIL DISTRICT: 4
SNI AREA: N/A

SUBJECT: PDC06-038. PLANNED DEVELOPMENT REZONING FROM (IP) INDUSTRIAL PARK TO A(PD) PLANNED DEVELOPMENT ZONING DISTRICT TO ALLOW UP TO 1,900 SINGLE-FAMILY ATTACHED RESIDENTIAL UNITS, UP TO 15,000 SQ. FT. OF RETAIL COMMERCIAL USES, UP TO 16,360 SQ. FT. OF LEASING OFFICE AND RESIDENT CLUBHOUSE USES, AND A 5-ACRE PUBLIC PARK, AT THE SOUTHEAST CORNER OF ZANKER ROAD AND RIVER OAKS PARKWAY ON A 38.7 GROSS ACRE SITE.

RECOMMENDATION

The Planning Commission voted 5-1-1 (Kamkar opposed, Jensen absent) to recommend that the City Council defer consideration of the proposed project until the completion of a "master plan" for the North San José area to identify the location of schools, parks and the needs for other essential services, including fire and police protection. The Planning Director recommends approval of the proposed Planned Development Zoning.

OUTCOME

Should the City Council approve the Planned Development Rezoning, up to 1,900 Single-family attached residential units, up to 15,000 sq. ft. of retail commercial uses, up to 16,360 sq. ft. of leasing office and resident clubhouse uses, and a 5-acre public park would be allowed on the site subject to the approval of Planned Development Permits by the Director of Planning, Building and Code Enforcement.

BACKGROUND

On June 27, 2007, the Planning Commission held a public hearing to consider the proposed Planned Development Rezoning. The Director of Planning, Building and Code Enforcement recommended approval of the proposed rezoning. The item had been deferred from the May 30, 2007 Planning

Commission hearing to allow for the election of a councilmember for District 4 to occur prior to the Planning Commission's consideration of the rezoning.

Subsequent to the Planning Commission meeting, the City of San Jose has begun to organize a twenty-one member Task Force composed of North San José residents, business owners and property owners to assist with planning for the development of new neighborhoods and neighborhood services as part of the implementation of the City's North San José Area Development Policy. The first Task Force meeting was held on Wednesday, July 25, 2007. The Task Force will provide input on various policy tools that will serve to implement the adopted policy.

Staff Presentation

Planning Staff made a presentation on the proposed project including information on the North San José Area Development Policy. The project is part of phase 1 of the policy that provides for the development of up to 8,000 of the total of 32,000 new residential dwelling unit proposed by the policy. In total, the policy includes the potential conversion of up to 285 acres of existing industrial lands to residential use at minimum densities of either 55 DU/AC (up to 200 acres) or 90 DU/AC (up to 85 acres). The City Council has approved three rezonings for high-density residential development within the North San José Policy Area totaling 717 units on 12.7 acres in area. Staff indicated that the primary intent of the policy was to allow housing in support of future economic development in North San José. Housing in close proximity to jobs has both regional and local traffic benefits by reducing commute lengths and internalizing trips. Staff emphasized that the project is in conformance with adopted City policy and that adequate public outreach had been conducted in order for the Planning Commission to consider the project at this time.

Applicant Presentation

Richard Lamprecht, a representative of the applicant, Irvine Apartment Communities, discussed how the project was consistent with the North San José Area Development Policy and that they were committed to the success of North San José. They indicated that they had done extensive community outreach and that the project had been modified to address neighborhood concerns. These modifications included: 1) reducing the height of a majority of the buildings on Technology Parkway from 4 to 3 stories, 2) minimizing the number of access points to River Oaks Parkway, 3) increasing set back areas in order to preserve existing mature trees on the project site, 4) and relocating the proposed park to a more central location. He indicated their desire to be actively involved in future North San José planning efforts. He described the Neighborhood Park "Master" Plan that was developed with staff and shared with the community at two separate meetings.

Public Hearing

Roger Barnes, Business Administrator for the Santa Clara Unified School District (SCUSD), spoke at the Public Hearing and asked that the Planning Commission not take action on the project until the City and the District reach agreement on the number of students (and resultant number of schools) that would be generated from all of the planned residential development in North San José. He indicated that the District was not opposed to this project or the development allowed under the North San José Policy but was concerned about the impact of not having completed the planning for schools in advance of the proposed new development projects. He cited the results of a new draft

Student Generation Report that indicates that without build-out of the new North San Jose residential areas, there could eventually be 3,500 to 4,700 new students within the boundaries of the Santa Clara Unified School district, resulting in the need for the District to build 5 to 7 additional schools. The report assumes that half (16,000) of the 32,000 new residential units planned in North San José will be built within the current boundaries of the school district. He estimated that the proposed rezoning could be expected to yield up to 500 students (using the 0.25 student generation rate from the draft Student Generation Report) in spite of the fact that the approximately 2,300 units at Irvine's nearby Northpark development currently generate only 18 school children. He indicated that the demand for higher income units (such as those at Northpark) would not continue and that the remaining units in North San José will consequently be developed as affordable and family-oriented units with higher student generation rates. He was concerned that if the City did not act now to provide for the funding of more schools, the District will have inadequate facilities to serve the number of students when these affordable units are eventually built. He also indicated that time was needed to coordinate with all potential developers to come up with a mutually agreed upon approach for the funding of schools.

Staff responded by reiterating that the City has adopted clear policy direction regarding the timing for development of a schools strategy, incorporating direction provided by the Council at the time of the policy's adoption as well as the terms negotiated as part of the legal settlement entered into by the City with the City of Santa Clara, the County of Santa Clara, and the City of Milpitas. Per the adopted North San José Area Development Policy, the City is obligated to plan for a school site (or pursue other strategies) prior to the addition of 50 students within North San José. As it will be two years or more before any of the new residential units are complete in North San Jose, staff stated that development of a school strategy any time during the next two years would clearly be consistent with the specific direction given in the policy. Therefore it is not necessary for the City to delay rezoning requests deemed in compliance with the policy, as there is adequate time to meet the policy requirement on the School Planning issues well in advance of the occupancy of the proposed units.

Numerous individuals (primarily residents of the adjoining River Oaks neighborhood) spoke in opposition to the proposed project. The most commonly cited concerns given during the public hearing from neighborhood residents were as follows:

- The project should not proceed in advance of the "master planning" requirement specified in the North San José Area Development Policy. The public repeatedly referenced language in the North San José Policy which states that "*Master planning to identify sites for parks, schools and other public facilities as necessary must be completed within each of the seven new residential areas prior to any proposed conversion within that area.*"
- The proposed park should be larger and located closer to the existing River Oaks neighborhood at the eastern end of the subject site.
- The neighborhood residents had not been sufficiently involved in the preparation of the proposed plan.
- The proposed project is too dense to be compatible with the adjacent neighborhood and will cause a significant impact upon existing traffic conditions.

A representative of the River Oaks Neighborhood Association indicated that if the Planning Commission decides to recommend approval of the project, that it include direction to the City Council that: 1) the maximum allowed density be reduced to 55 du/ac; 2) the park be relocated to the corner of River Oaks Parkway and Technology Drive; and 3) staff be directed to prepare a Master Plan in conjunction with a neighborhood task force prior to the issuance of permits for the development. Possible Council action to implement each of these options is discussed in the Analysis and Policy Alternatives section below.

Staff indicated in response that the City should not delay projects that are found to be substantially consistent with currently adopted City policies. Staff recommended that the Planning Commission recommend approval of the project, because the applicant has worked with staff through the permit entitlement process to address all of the issues raised by the community in conformance with the adopted policy.

In response to the community request for deferral of the project to allow for preparation of a "master plan", staff indicated that the intent was not to require that Specific Plans be developed for each of the north San José area neighborhoods. The policy requires master planning to be done as a part of the City staff's review of individual development proposals, in coordination with the community through community meetings and other forms of public outreach included within the development review process. The policy, as noted above, sets specific timeframes for planning for schools and other services, providing staff with a clear framework to follow in decisions regarding the readiness of a project for hearing.

Accordingly, staff reviews projects for consistency with the North San José Policy, which requires that projects conform to the Parkland Dedication Ordinance in a manner that results in the creation of a park of a minimum of 5 acres in each neighborhood. The policy also states "*Staff will determine the most suitable site for a new park within the contiguous overlay area with the intent of identifying a centrally located and accessible park site.*" In this case, staff and the applicant prepared a neighborhood master plan for the overlay area including the subject site. This master plan includes the proposed 5-acre park and depicts how it might be expanded to 6 to 7 acres in size through the relocation of River Oaks Parkway as additional residential projects move forward. The relocation of River Oaks Parkway is desirable to reduce potential non-residential traffic through the River Oaks neighborhood and allow a larger park spread over the surrounding parcels. This proposal was presented at two community meetings for the project specifically as well as at community meeting to discuss the proposed North San José Area Design Guidelines. Staff has also concluded that the project includes an appropriate amount of retail space to provide services to local residents. Staff has determined based upon direction included within the policy that the project site is not viable for a school and that planning for other facilities is not "necessary" at this time.

Concerns were expressed by both the Planning Commission and the public regarding the usability of a park with the proposed "half-moon" shape and the difficulty of including sports fields in this configuration. Parks Planning staff indicated that the size of the proposed park would allow for the development of active and passive uses consistent with the park uses requested by the local community.

In making their recommendation, members of the Planning Commission expressed agreement with the community members who advocated for a citizen-based (task force) master planning effort to be

completed prior to approval of the proposed project. One member of the Commission suggested that deferral until completion of the school strategy or school needs assessment would be adequate, but overall the Commission recommended completion of the task force process prior to project approval. Members of the Planning Commission also advocated for use of "green building" techniques in the construction of this project, as well as all future projects within San Jose. While some Commissioners indicated a desire to reduce the project density or to change the park size and configuration, no specific comments on the project design were included in the motion. The Commission recommended that the Council defer the item because the Commission was not able to defer it past the August City Council hearing date.

ANALYSIS

Approval of the proposed project will further the goals of the Vision North San Jose project, is consistent with the adopted North San Jose Area Development Policy and is generally consistent with the key elements of the design guidelines under preparation. The issues raised at the public hearing (e.g. "master planning", school needs, public process, provision of retail and other residential supporting services) have all been thoroughly discussed in the original staff report (previously distributed) prepared for the May 30th Planning Commission hearing.

Per the Planning Commission's recommendation, the City Council could defer consideration of the project until completion of the pending planning efforts, including planning for schools and parks, within North San José. This planning effort is anticipated to require 6 to 12 months. The Commission and various members of the public stated that "master planning" of the North San José area should occur before this project proceeds further and that it is a requirement of the adopted Policy. Staff however recommends that the City Council approve this project while the Task Force planning process is ongoing, because the project conforms with all existing policies and the "master planning" process has been met per the intent of the Policy. This issue is extensively discussed in the prior staff report and summarized above. The issues raised by the community (school planning, retail, etc.) were all discussed during the development and adoption of the NSJ Policy and the Policy incorporates specific direction on how to address them, allowing the City to move forward with project approvals. Furthermore, the development of a school strategy and other policy implementation planning efforts underway will be completed before units are constructed as part of this project approval. Waiting for the Task Force to complete its efforts would cause an undue delay and economic impact for the project developer of a project that has been found in conformance with the North San José Policy and other City policies. Deferral of this project would also suggest the need to delay the ongoing review of other projects in North San José should the Council determine that the "master planning" effort must be completed prior to decisions on those other projects.

A minority opinion of the Planning Commission was that the City should defer consideration of the project until further study of the demand for schools is completed. Discussion of a school strategy will likely be an early agenda item for the new Task Force. Student generation rates and resulting school needs, based upon data provided from the respective school districts, were included and analyzed in the EIR for the approved policy. As mentioned above, a new analysis of student generation rates, paid for by the City of San Jose, is underway as one of the elements of the legal settlement for the policy. City staff are in the process of commenting on the first draft of this study, but staff's initial assessment is that the study will need to be significantly revised in order to provide

useful analysis and projections for North San Jose. The first draft of the study is based upon data collected at low density residential projects and unsubstantiated presumptions about future economic and demographic trends. City staff will be asking for revisions to the study, including reference to other residential projects that meet the 55 dwelling units per acre minimum as a source of data for student generation rates. As noted above, the study suggests a significantly higher student generation rate than has historically been documented for high-density projects. The Commission and various members of the public expressed concern that appropriate student generation rates should be resolved and potential school locations should be identified prior to approval of this project. Staff recommends that the Council approve this project since occupancy of the units to be created by this project is two years away, and the remaining school issues can be resolved before then. Waiting for the resolution of school generation rates and potential school locations would delay a project that has been found in conformance with the North San José Policy and other City policies. Regardless of the outcome of the school needs assessment, staff does not recommend nor consider it feasible to extract land dedication from the subject site for a school. Development of a school strategy is a broad effort and should not be tied to a particular project.

The City Council could approve the project with revisions to address concerns regarding the location, size and/or configuration of the proposed park. Staff supports the proposed park size and location as consistent with the adopted policy, appropriate within the neighborhood context and consistent with a reasonable level of obligation to be placed upon the project developer under the City's Parkland Dedication Ordinance. The proposed park size fulfills the policy requirement to locate a 5-acre park within the project overlay area. The proposed location will result in a park located centrally within the new Transit Employment Residential overlay neighborhood area and maximize the number of units fronting the park. The proposed park shape will act as a formal urban design element to organize the new residential development and meet the expressed community program preferences for passive activities.

The City Council could deny or recommend revisions to the proposed project to address concerns regarding the proposed density of the development, since the project would result in a net density of up to 78 dwelling units per acre. The General Plan designation for the site requires a minimum density of 55 dwelling units per acre. The policy supports development at higher densities where appropriate in order to minimize the amount of land conversion needed to deliver the 24,700 new residential units provided for within the policy. Staff considers the proposed density to be appropriate and compatible in this case because: 1) the nearby River Oaks neighborhood ranges in density between 18 and 50 dwelling units per acre with the most dense areas being in proximity to the project site; 2) the proposed project decreases in density and height (predominantly 3-story) along the edge closest to River Oaks; 3) the two residential developments are separated by a public street with adequate setbacks; and 4) such transitions in density have been successfully implemented throughout the City. Comparable densities are anticipated for other new residential development on adjacent properties within the same overlay area.

As noted above, the incorporation of "green building" techniques was also discussed at the Planning Commission hearing. The North San Jose Policy contains the following language:

"Sustainable development practices and use of "green" building techniques are critical to the long-term success of the North San José area. North San José should be a showcase of sustainable building practices, consistent with the area's role as a technology leader.

- *New industrial and residential development should incorporate site design and green building architectural design treatments that reduce energy use, promote water conservation and otherwise reduce impacts environmental impacts. Participation in City resource conservation programs is strongly encouraged*
- *New development should utilize recycled water to the extent feasible, particularly to irrigate landscape areas. Landscaping materials with low irrigation needs should be used in areas without access to recycled water."*

Because green building technologies and related policies are rapidly evolving, the Policy is intended to provide the basis for the City to require projects to make use of the best, practicable measures available. Staff anticipates that the City will adopt Leadership in Energy and Environmental Design (LEED) green building standards as a requirement for private development sometime within the next couple of years. LEED standards for multi-family housing were not yet established when the Policy was adopted, but are now available. If this project is approved by the Council, it is anticipated that the first phase of development would be issued Building Permits prior to the City's potential adoption of the LEED standards. However, subsequent phases of development would likely occur after the Council has taken action. Staff recommends that the project approval be conditioned to require phases 2 and 3 to be constructed according to the City's LEED green building standards in place at the time of development of those phases.

EVALUATION AND FOLLOW-UP

This is the first time that this item is presented to the City Council. If approved by the City Council, this project will be brought back to the City Council for a second reading within two to four weeks from this hearing date.

POLICY ALTERNATIVES

As stated earlier in this memo, staff recommends approval of the proposed zoning with the addition of a requirement to incorporate LEED standards in phases 2 and 3. Community and Planning Commission members discussed additional possible modifications to the project that the City Council may want to consider.

Alternative #:1 Defer consideration of project until completion of NSJ Task Force Work Plan per Planning Commission recommendation

Pros: Satisfies community request for deferral to allow more opportunity for community input.

Cons: Delay causes significant cost increase to the project developer who has developed a project consistent with existing policies and ordinances.

Reason for not recommending: As discussed above, the current policies adequately address these issues to allow approval of development projects. The project conforms to the adopted policies. Deferral of the project will cause an undue cost to the project developer without providing any clear benefit towards the furtherance of the City goals and vision for North San Jose.

Alternative #:2 Defer consideration of project until completion of the school needs assessment

Pros: Partially satisfies community desire for deferral; less delay than Alternative #1

Cons: Delay causes significant cost increase to the project developer who has developed a project consistent with existing policies and ordinances. Results of school needs assessment will not have any impact upon the proposed project design.

Reason for not recommending: Deferral of the project will cause an undue delay and financial cost to the project. Regardless of the outcome of the school needs assessment, staff does not recommend nor consider it feasible to extract land dedication from the subject site for a school. Development of a school strategy is a broad effort and should not be tied to a particular project.

Alternative #:3 Approve project with revisions to the proposed park size and location

Pros: Would provide for a greater community amenity (larger park) and satisfy residents of the River Oaks neighborhood who would like a park located in close proximity to their homes.

Relocation could also provide an increased buffer between the new and existing housing.

Cons: Increasing the size of the park would likely decrease the number of units and increase cost to the developer. Relocation of the park would decrease the number of new units with park frontage and likely eliminate the potential for expansion of the park in the future.

Reason for not recommending: Staff concludes that the project applicant has made a sufficient effort to address community concerns by relocating the park to the center of the project site and by providing a wide, landscaped walkway trail along the northern edge of the project site connecting the park to the existing neighborhood. The proposed park configuration facilitates preservation of the existing trees along River Oaks Parkway, would be central to the new residential area, and would be roughly equidistant between the existing Moitozo park and a park planned for the property to the southeast of the River Oaks neighborhood. The park size and shape are appropriate in terms of meeting the project developer's obligation under the City's Parkland Dedication Ordinance.

Alternative #:4 Approve project with reduction in density to 55 DU/AC

Pros: Partially satisfies community concern over traffic impacts and compatibility of the new development with existing development densities.

Cons: Reduces the number of units, potentially leading to more conversion of industrial lands and may impact project feasibility.

Reason for not recommending: Higher density residential development is consistent with the goals of the North San Jose Area Development Policy. Reducing the unit count on this site would create more development potential for other sites within the residential overlay and thereby contribute toward additional conversions. The proposed interface provides more than adequate transition between densities and otherwise meets all applicable City policies.

PUBLIC OUTREACH/INTEREST



Criteria 1: Requires Council action on the use of public funds equal to \$1 million or greater. (Required: Website Posting)

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- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

Although this item does not meet any of the above criteria, staff followed Council Policy 6-30; Public Outreach Policy. A notice of the public hearing was distributed to the owners and tenants of all properties located within 1,000 feet of the project site and posted on the City website. The rezoning was also published in a local newspaper, the Post Record. This staff report is also posted on the City's website. Staff has been available to respond to questions from the public.

COORDINATION

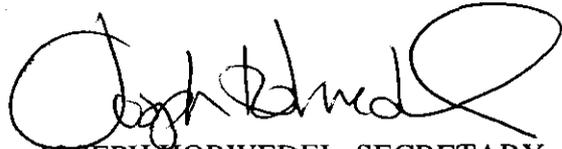
This project was coordinated with the Department of Public Works, Fire Department, Police Department, Environmental Services Department and the City Attorney.

FISCAL/POLICY ALIGNMENT

This project is consistent with applicable General Plan policies and City Council approved design guidelines as further discussed in attached staff report.

CEQA

CEQA: North San José Policy Update EIR certified June 21, 2005 per City Council Resolution No 72768.



JOSEPH HORWEDEL, SECRETARY
Planning Commission

For questions please contact Andrew Crabtree at 408-535-7800.

