



# Memorandum

**TO:** City Council  
**FROM:** Mayor Ron Gonzales  
Councilmember Chuck Reed  
**SUBJECT:** GP Amendment and PD Rezoning of industrial property at Lundy and McKay (GP03-04-04)  
**DATE:** September 15, 2004

---

**APPROVED:**

**DATE:**

---

## **RECOMMENDATION:**

Approve the General Plan amendment to change the land use designation from Industrial Park to Medium High Density Residential.

Approve the Planned Development Zoning to allow the construction of up to 304 single-family attached residences as proposed by the applicant.

## **BACKGROUND:**

This is one of nearly 20 sites in District 4 that could be converted from industrial to residential uses. Most of the sites do not appear to qualify for conversion under the Framework Guidelines, but this one does, as described below. This site can also be analyzed by comparison to potential conversion sites elsewhere in the city, and this site ranks high in comparison to the other sites.

1. It is not a likely location for Driving Industry or Business Support Industry expansion.
2. Its conversion would transfer industrial development rights to other areas in North San Jose and expand opportunities there.
3. Its conversion would not have a negative impact on existing industrial users.
4. It has substantial community support.
5. It has school district support.
6. It is near an existing retail center and other services that residents want.
7. It is next to an existing residential area.
8. Its design enhances the quality of life for the existing residential community by adding a new public turnkey park.
9. Its location in the northern part of San Jose means its residents can get to work without having to travel north in the 101 corridor through the rest of San Jose.

## **ANALYSIS:**

This is an industrial land conversion that warrants approval under the Framework Guidelines for Conversion of Employment Lands to Other Uses. The project is in the North San Jose 5 subarea, which is evaluated under the Framework Guidelines as follows:

**Framework Element 2. Subareas to consider for conversion to housing, retail, mixed use, or other Household Serving Industries in certain circumstances.**

- *North San Jose 5 subarea (east of I-880):* Consider housing in areas that are close to existing residential area and areas that can be integrated into a neighborhood framework.

The site is part of a block that is already about 25 percent residential and there are large residential areas to the west and south of the site. It meets the basic screening criteria because of its relationship to the existing residential areas. There are 13 factors to consider under the Framework Guidelines:

**A. *Economic contribution of the subarea:*** *What is the economic contribution of the subarea to the San Jose and Silicon Valley economy and job base? How would this economic contribution be enhanced or reduced by the proposed conversion?*

Because of its location, this site is not a strong candidate for new industrial development and it is not nearly as valuable for industrial uses as other areas in North San Jose. Because this site is covered by the North San Jose Development Policy, the potential for industrial development will be transferred to a development pool that will allow development to occur along North First Street or other areas that have a market demand for new development. Thus, the loss of industrial land will probably not result in the loss of any future jobs.

**B. *Consistency with City Policies and Strategies:*** *How does the proposed conversion and specific proposed use(s) and intensities advance the City's policies and strategies as contained in the General Plan, Specific Plans, and other strategic documents?*

This project allows housing development to occur to meet market demands and helps implement the General Plan's Housing Major Strategy. As we have heard many times in our Getting Families Back to Work study sessions, building more housing is crucial to creating and supporting new jobs.

**C. *Proximity to existing neighborhoods and areas in transition:*** *How would the new residential/mixed use knit with adjacent existing or planned residential and/or retail uses, and/or fill-in gaps in areas already partially converted or transitioning to residential use? Does the proposed conversion eliminate small islands or peninsulas of industrially designated/zoned land that would be suitable for conversion to residential to make them consistent with surrounding uses?*

The site is part of a block that is already about 25 percent residential and there are large residential areas to the west and south of the site.

**D. *Proximity to incompatible employment uses (e.g., manufacturing, recycling, etc.):*** *Where are the nearest incompatible industrial areas which might generate impacts due to hours of operation, deliveries, noise, odors, hazardous materials, etc.? How might the new residential use put pressure on the existing industrial uses to modify their operations?*

Major manufacturing uses (semiconductor wafer fabrication) that once were located in the area have left. The types of remaining uses have proved to be compatible with nearby residential neighbors in many other areas of North San Jose. The most recent addition to the neighborhood is Teikoku Pharma, a biotechnology company that routinely locates near residential neighborhoods in Japan and does not foresee any problems with its existing residential neighbors or any new ones. Phillips Semiconductors is across the street and has concluded that their operations would not be negatively impacted by residential development.

***E. Potential inducement of additional conversions to residential use? How might the proposed residential use induce or pressure adjacent or nearby properties to convert to residential use?***

There are underutilized properties between this site and the commercial uses on the southeast corner of the block that may seek conversion to residential.

***F. Proximity to transit service: Is the proposed housing site within 3000 feet of a planned BART Station or 2000 feet of an existing, funded or planned Light Rail Station?***

No.

***G. Proximity to compatible employment uses (e.g., office/R&D): Where are the nearest existing or planned employment areas with compatible land use characteristics, thereby creating potential alternate commute (walk/bike to work) opportunities?***

The site is next to the International Business Park with many compatible characteristics. According to the manager of the adjacent apartment complex, Willow Lake, the neighborhood is very walkable and some of their residents walk to work. It is also walking distance to the post office and to retail shops at Lundy and Hostetter.

***H. Availability of neighborhood services, and residential and commercial mixed use drivers: Where are the nearest existing and/or planned neighborhood serving retail, parks, libraries, schools, open space/trails, etc.? How would the proposed conversion potentially enhance city services (e.g., by creating or improving neighborhood parks)? How would the proposed residential conversion potentially strengthen neighborhood and general commercial uses in the area by adding resident population? Does the proposed conversion involve a mixed residential and commercial development on the site?***

The project will build a turnkey public park. It is near neighborhood retail shops. It is close to San Jose Municipal Golf Course and Townsend Park and is within biking distance of future trails along Coyote Creek. The local retail businesses support the project.

***I. Public Benefit: Does the proposed conversion offer or facilitate a unique and significant public benefit (e.g., the delivery of or significant contribution toward public facilities, public improvements, infrastructure, or affordable housing beyond what would be required to serve the proposed development associated with the conversion)? Would the conversion result in improvements to a***

*blighted area or contribute to the variety of housing types, including rental or ownership, in areas that have predominantly one or the other? Are there any other means to obtain this extraordinary public benefit without the conversion?*

The project will build a turnkey public park.

***J. Adequacy of Fire/Police service levels:*** *What are the anticipated service levels or other public safety performance measures to serve the proposed housing area?*

This subarea has been identified as having sufficient fire station capacity to allow additional housing without building another station. The revenues to the General Fund will more than pay for additional police officers needed to cover the project.

***K. Utilization of bicycle and pedestrian facilities, and promote pedestrian access:*** *Where are the nearest existing and planned bicycle and pedestrian facilities? How does the proposed residential/mixed use development support nearby jobs and commercial lands by promoting pedestrian access and minimizing vehicle trips?*

The future Coyote Creek trail is in biking distance.

***L. Potential environmental impacts and mitigation measures, including adequacy of other public infrastructure:*** *What are the potential environmental impacts and are mitigation measures included in the proposal? What public improvements are necessary to serve the new housing area?*

Public infrastructure in the area is adequate. The project will build a turnkey public park.

***M. Potential fiscal impact:*** *What is the potential fiscal impact on city revenue and service costs?*

The project will generate a positive cash flow to the General Fund as described in detail in its fiscal analysis report.

### **CONCLUSION:**

This project substantially meets Council's criteria for converting industrial land, it provides benefits for housing and future industrial development, and it strengthens an existing neighborhood. It is a good example of how our Framework Guidelines should work.

cc: Lee Price, City Clerk