



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Hans F. Larsen
Joseph Horwedel
Kim Walesh

**SUBJECT: DIRIDON STATION
AREA PLAN**

DATE: April 15, 2011

Approved

Date

4/18/11

COUNCIL DISTRICTS: 3 & 6

SNI: Burbank/Del Monte;
Delmas Park

RECOMMENDATION

- A. Accept staff report and presentation on scope and status of the draft Diridon Station Area Plan (Plan), including follow up to Council actions from January 25, 2011.
- B. Accept the draft Diridon Station Area Plan as a maximum development strategy and project description for preparation of the Environmental Impact Report (EIR) for the Plan.
- C. Review the proposed mode-shift strategies and direct staff to develop policies for future consideration aimed at attaining long-term transportation mode-shift goals and ensuring the vitality of HP Pavilion.
- D. Approve preliminary goals and next steps for advancing the development of the Central Zone and Diridon Station.

OUTCOME

Following direction by the Council, staff and the consultant team will: 1) proceed with the preparation of the Environmental Impact Report to allow Council consideration of the draft Diridon Station Area Plan in early 2012, and 2) continue coordination with San Jose Arena Management (SJAM), Santa Clara Valley Transportation Authority (VTA), and Caltrain Joint Powers Authority (JPA) on area development strategies.

BACKGROUND

The City of San José has a unique opportunity to build an internationally prominent transportation center and a world-class destination in the Diridon Station area. The development of the Diridon Station and surrounding area is one of the 12 strategic goals in the City's "Economic Strategy 2010." The economic vitality of the Diridon Station area is currently anchored by the HP Pavilion, and the City and SJAM share a common interest in supporting the long-term success of HP Pavilion.

The Diridon Station Area Plan was initiated in June 2009 upon the City Council's acceptance of a \$750,000 planning grant from the Metropolitan Transportation Commission (MTC). Staff then spent many months collaborating with the community, stakeholders, and representatives from BART, VTA, Caltrain, and California High Speed Rail Authority (CHSRA), on the development and review of possible plan alternatives. Upon completion of the alternative analysis process, staff prepared a Draft Preferred Land Use Plan for the Diridon Station planning area which was informed by community and stakeholder input and was presented to Council on January 25, 2011.

At the January 25, 2011, meeting, the City Council adopted the following goals and guiding principles for the draft Diridon Station Area Plan:

- Create a great place at Diridon Station, both for the Station itself and adjacent land uses.
- Provide a variety of mixed-use development opportunities with maximum densities in accordance with the goals of the City's current and future General Plan. The Draft Preferred Land Use Plan proposed a maximum development scenario of 4,950,000 S.F of office/commercial; 420,000 S.F. of retail/restaurant; 2588 residential units; and 900 hotels rooms.
- Develop a multi-modal transportation system with convenient access for all users and with a plan to improve multi-modal connectivity between the station and adjacent land uses in Downtown and surrounding neighborhoods.
- Provide a long-range parking strategy to share use and reduce parking requirements as transportation options develop in accordance with Envision San Jose 2040 General Plan.
- Provide a near-term phasing plan for transportation and parking.

The City Council accepted staff's report and presentation of the Draft Preferred Land Use and gave additional direction (see Attachment A) regarding the following elements of the Draft Preferred Land Use Plan:

- Continue to maintain a collaborative approach with San Jose Arena Management (SJAM) toward ensuring that the Plan strengthens and does not impair the viability of the HP Pavilion.
- Reconsider the rigid segregation of land uses in the Central and Northern Zones

- Direct staff to prepare an EIR which accounts for both aerial and underground alignments for High Speed Rail.
- Schedule a Council Study Session to gain further Council and stakeholder input on the Plan.

The Draft Diridon Station Area Plan has been finalized and is available for review at the following link http://www.sanjoseca.gov/planning/diridon/Diridon_Station_Area_Plan.asp. The Plan includes all of the Council approved goals and guiding principles, and accommodates both the aerial and underground High Speed Train alignments. The Plan consists of a land use plan, station plan, landscape and open space, transportation and parking, public art, and other elements. An Executive Summary of the Plan is attached (see Attachment B). The key features of the Draft Preferred Land Use section are summarized below.

Draft Preferred Land Use Plan

The Diridon Station Area is broken up into three areas: the Northern Zone, the Central Zone and the Southern Zone (see Attachments C, D, E for area maps and land use designations). The Plan uses the same land use designations categories proposed for the Draft Envision San Jose 2040 General Plan and does not create its own unique designations. This approach creates a consistent land use policy framework for the Plan. The development potential proposed for the recommended Preferred Land Use Plan is described below for each of the three zones, and is summarized in Table 1.

Table 1: Proposed Maximum Development Potential

Zone	Commercial Industrial (S.F.)	Retail and/or Restaurant (S.F.)	Residential Units	Hotel Rooms
Northern	3,000,000	80,000	223	0
Central	1,150,000	140,000	0	250
Southern	800,000	200,000	2365	650
TOTALS	4,950,000	420,000	2588	900

Northern Zone – North of Santa Clara Street/The Alameda

The area north of Santa Clara Street and The Alameda, between Stockton Avenue and the Autumn Street extension, is envisioned as an Innovation Business District to attract green and high technology “driving industry” research and development and office type uses. The properties within the Northern Zone are within close proximity (½ a mile or less walking distance) to the existing Diridon Station and the proposed High Speed Train and BART Station. Therefore, these properties are proposed to be designated for Transit Employment Center uses which requires that new development orient buildings towards the public streets and include

features to provide an enhanced pedestrian environment. In addition to the employment uses, the Northern Zone proposal also provides for high density residential mixed use development, but only between the west side of Stockton Avenue and The Alameda. This area is designated Urban Residential and is planned to accommodate up to about 223 residential units, with a ground-floor retail focus along The Alameda street frontage.

Central Zone – “Core” Area between HP Pavilion and Proposed Ballpark

The Core area in front of the Diridon Station is the centerpiece of the proposed draft Diridon Station Area Plan. This Core Area is proposed as a sports-related entertainment destination, with 7 to 9 story office buildings with ground-floor entertainment and retail uses, including restaurants, sports bars, and entertainment venues. This mixed-use core ties the HP Pavilion, the proposed Ballpark and the Diridon Station area together, and is intended to energize Montgomery Street as a lively and constantly active entertainment-focused spine between the HP Pavilion and the Ballpark. While an exact location or size will not be determined in this Plan, a public plaza is proposed within the Core to provide a distinguishing location for outdoor festivals, cinema, performances, and informal gatherings. Given the small proposed block size and desire to balance parking, building mass and open spaces, the building heights in this area would be limited to between 7 and 9 stories, or roughly the height of the existing HP Pavilion.

Southern Zone – South of Park Avenue

The southern portion of the Diridon Station area is proposed for a new high density residential community with ground floor pedestrian-oriented and neighborhood-serving retail stores along West San Carlos. Densities would range from 40 to 150 dwelling units to the acre, and heights would range from 4 to 11 stories depending on adjacent uses, block size, and desirable urban form. The portion of the Plan area east of Bird Avenue overlaps with the Delmas Park Neighborhood Strong Neighborhoods Initiative Neighborhood Improvement Plan. The heights, land uses and density of development proposed for this area are consistent with the Neighborhood Improvement Plan.

While the Southern Zone is currently predominately residential, hotels are planned adjacent to the intersection of Bird Avenue/Autumn Street and West San Carlos to accommodate visitors to the Diridon Area and the greater Downtown. Furthermore, most of the properties located south of West Carlos and east of Bird Avenue are proposed to be designated with a Combined Industrial/Commercial land use designation allowing a wide variety of non-residential/employment uses. It is noted that the potential elevated high speed rail train would likely bisect this Combined Industrial/Commercial area according to existing draft plans for that rail system.

ANALYSIS

Staff has considered the Council's prior direction from the January 25th meeting and reviewed the Plan to make appropriate recommendations for the next steps in the draft Diridon Station Area Plan process. Prior to moving forward in the preparation of the EIR and other area development strategies, further Council action or direction is needed on the following:

- Draft Diridon Station Area Plan - Approve the Plan as a maximum development strategy and project description for preparation of the EIR.
- Transportation Mode Shift and HP Pavilion Vitality - Review the proposed strategies to attain long-term mode shift goals and ensure the continuing vitality of HP Pavilion.
- Developing the Central Zone - Approve preliminary goals and next steps to facilitate and advance the development of the Central Zone and Diridon Station.

The following provides additional discussion on the key issues for each recommendation.

Draft Diridon Station Area Plan

The Draft Diridon Station Area Plan sets a maximum development potential for the Diridon Area. The specific nature of the ultimate development projects will be driven by a number of factors including market forces parking needs, and overall growth in San Jose. Through community and stakeholder outreach, the majority of the Plan elements have received a high level of support.

The proposed land uses in the Central and Northern Areas provide flexibility for most types of urban development, except for residential. Based on Council feedback from the January 25, 2001, meeting, two land use questions remain: whether to allow for additional residentially designated areas in the Plan and whether to create additional housing capacity within the Central and Northern zones of the Plan.

Northern Zone

In the Preferred Land Use Plan that Council considered on January 25, 2011, Stockton Avenue provides the western edge of the proposed Innovation Business District north of the HP Pavilion. West of Stockton, the Plan accommodates Urban Residential development with an anticipated range between 30 to 90 dwelling units per acre, although ground floor and second-story commercial is encouraged. Generally, staff, community members and other stakeholders, through the Alternatives Analysis process, determined that the focus for lands in the Northern Zone should be on employment and business innovation uses because these uses would:

- 1) Maintain the amount of industrially-designated lands in the City,
- 2) Support the Council approved Regional Employment Center Key Concept in the proposed Envision San Jose 2040 General Plan, and

- 3) Be consistent with the proposed Envision 2040 growth strategy which has focused significant employment growth at regional transit facilities such as planned BART stations, and focused urban residential growth along Light Rail and Bus Rapid Transit stations and corridors.

In addition, high intensity employment will be more supportive of existing and planned transit investments at Diridon Station, including High Speed Rail, BART and Caltrain, because, as research has shown, high intensity employment adjacent to transit generates more ridership than even high density housing. Staff is not recommending any changes to the proposed employment land uses previously memorialized and reflected in the Draft Preferred Land Use Plan considered by Council last January.

The Plan does, however, recognize the very important contribution nearby housing makes toward creating a vibrant Diridon Station area. Therefore, the Draft Diridon Station Area Plan focuses 2,500 high density housing units within the Plan area within walking distance of the station. In addition to these planned 2,500 housing units, it should be noted that the proposed Envision San Jose 2040 General Plan provides for an additional 400 housing units in The Alameda Urban Corridor between the Diridon Station Area and Hanchett Avenue.

Central Zone – “Core Area”

As previously discussed, the Core Area in front of the Diridon Station is the centerpiece of the proposed Plan. This Core Area is proposed as a sports-related entertainment destination, with 7 to 9 story office buildings with ground floor entertainment and retail uses, including restaurants, sports bars, and live music and entertainment venues. Staff and stakeholder groups had a number of discussions regarding the possibility of including residential uses within the Core Area and explored this option as part of the Alternatives Analysis process. As a result of recent experiences with downtown residential development, and as a result of outreach with major destination developers in the Western United States, staff determined that residential uses would not be compatible with an intense destination entertainment center envisioned adjacent to the HP Pavilion and the proposed Ballpark. As described by one developer, “Residents don’t want to live next to a party.”

Allowing residential development within the Core Area could conflict with the successful operation of the Arena and the Ballpark, and would conflict with the overall goal of creating a successful entertainment and sports destination by limiting the types of uses and events that occur, as well as their hours of operation. Given the limited acreage in the area, it is important to maximize the development of retail and entertainment uses as the priority development in this location. Staff recommends that developing destination office space in combination with destination retail and possible hotels, supported by the Arena and the proposed Ballpark, creates the highest probability for success through supporting proximate, compatible, and synergistic land uses. The Midtown area and the Southern Zone of the Diridon Plan anticipate approximately 4,000 new housing units, in addition to the 2,000 existing housing units within an approximately half mile distance of the Core Area west of SR 87. The City’s Downtown

Strategy Plan provides for approximately 10,000 dwelling units generally east of SR 87, with some potential housing locations within a half mile distance of the Core Area.

Transportation Mode Shift and HP Pavilion Vitality

The Plan proposes to pursue mode-shift changes consistent with the proposed Envision San Jose 2040 General Plan goals and policies for Citywide reductions in Vehicle Miles Traveled (VMT) and a shift in individual travel behavior away from driving alone to riding transit, walking, and bicycling. The strategies for achieving long term mode-shift goals are multi-tiered and include a combination of new transit such as BART and the High Speed Train, Transportation Demand Management, and new parking policies. However, it is clear that to ensure the continued vitality of HP Pavilion and the success of new entertainment land uses, mode shift changes will need to occur incrementally over time as individual behaviors change and as additional transit is implemented. As such, the recommendation for the Plan is to develop goals and policies for future mode-shift changes and also to develop transportation and phasing plans for parking that take into account current short-term needs of uses in the area.

Proposed Parking Plan

The draft Diridon Station Area Plan does not propose to include maximum parking ratios for new development in the area (i.e. an upper limit for the maximum amount of parking that could be provided by a development). Development projects could be built with more parking than the amount identified in the Plan, with the result that this additional parking would then displace some additional development and would likely result in less overall growth in the Diridon Station area. The proposed parking ratios in the Plan will be used to estimate the maximum development capacity in the Diridon Station Area, which will then be analyzed in the DEIR.

To achieve the Plan's proposed parking ratios, a parking strategy has been developed as part of the Plan. As discussed with the Council on January 25, 2011, and in the Draft Diridon Station Area Plan, these strategies include a number of long-term recommendations, such as:

- Promoting "unbundled parking," in which the sale or rental price of housing units or commercial square footage does not necessarily have to include the cost or rent of parking spaces
- Providing shared parking facilities, in which uses that have different peak parking periods are encouraged to share the same parking facilities
- Promoting car share programs
- Reducing or eliminating minimum parking requirements for the Diridon Station Area land uses in the zoning code
- Providing satellite long-term parking facilities for High Speed Rail, and both reduced and shared parking for other transit providers

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- Implementing Transportation Demand Management programs to promote use of transportation modes other than driving alone

A number of the strategies such as the reduction of parking ratios or unbundled parking will require future Council actions prior to implementation.

HP Pavilion Vitality

To ensure the vitality of HP Pavilion and near-term development, City staff is working with SJAM staff to develop a phasing plan that will analyze anticipated near-term (10 years) development of the Area. The Phase I analysis includes:

- Full development of the Central Zone
- Construction of the proposed Ballpark
- Construction of the BART Station box (although not BART line itself)
- Development of the former San Jose Water Company (Adobe) site. Although this site is outside of the Plan area, its development has parking implications for HP Pavilion operations.

In partnership the City and SJAM have developed a work scope for the transportation and parking analysis for both Phase I and ultimate buildout of the Plan. Both staffs are currently developing appropriate analysis criteria, such as minimum Transportation Levels-of-Service, near-term parking ratios, parking needs and location, and other items to ensure the continuous success of HP Pavilion.

Summary of Strategy

As part of the DEIR for the Diridon Station Area Plan and future development of the area, staff will continue to work in partnership with SJAM to achieve the City's and SJAM goals regarding transportation, parking, and mode-shift. The strategy includes:

- Continuing to work with SJAM in the development of a near-term phasing plan with agreed upon criteria that address near-term transportation and parking needs
- Maintaining the City's commitments regarding parking per the City and SJAM agreement
- Developing parking flexibility for the long-term buildout of the Plan by applying the proposed goals and policies per the proposed General Plan update Envision 2040
- Implementing new transit services such as BART and High Speed Rail
- Developing possible future phasing plans to account for changes and updates to the transportation system in the area.

Developing the Central Zone (Core Area)

With the HP Pavilion, proposed Ballpark, and expanded Diridon Station as cornerstones, the Core Area provides a unique opportunity unlike any other in San Jose or the Bay Area. With the proposed project, Downtown San Jose will strengthen its role as the creative, culture, and entertainment center of Silicon Valley.

City staff, in partnership with staff from VTA and Caltrain, held a special workshop with developer experts to determine the best approach to guide and facilitate future development. As part of the workshop, developers expressed supportive feedback regarding the Plan and its key goals and policies but also expressed some concerns and questions that should be addressed (see Attachment F). One unanimous comment from all four developers was that for the area to be successful, it should be developed through a master developer process. A master developer would allow for a comprehensive approach to the entire Core to best assure that the goals of the Plan are achieved. This development process would affect not only the initial development itself, but ultimately the future operations of the retail/entertainment district.

To achieve this comprehensive approach, staff is recommending a joint development partnership between the City, VTA, and Caltrain, the three largest property owners in the Core. Staff from all three agencies are working together to determine the best approach to implement this partnership and are currently reviewing best practices from similar projects around the country. Ultimately it is expected that the agencies will need to develop a Joint Powers Authority with the goal of using a Master Developer for development of the Core and possibly other adjacent parcels. While staff has just recently begun this process, preliminary high level goals and next steps have been developed for the Core Area and the new Diridon Station for Council consideration as outlined in Table 2:

Table 2 – Goals and Next Steps for Diridon Station Area Development

<p><u>Goals</u></p> <ul style="list-style-type: none">• Develop Diridon Station as an iconic gateway to Downtown San Jose, Silicon Valley, and the Bay Area• Develop a highly functional, high density office and entertainment destination development• Create a highly active and lively pedestrian environment• Develop high intensity land uses that support high ridership levels on existing and planned public transportation investments• Develop a land use plan that provides financial benefit to all three agencies <p><u>Next Steps</u></p> <ul style="list-style-type: none">• Provide a briefing presentation to VTA and Caltrain executive staff and Board of Directors

- Research best practices from other similar development projects including governance structures and financial models
 - Consider formation of a Joint Powers Authority between City, VTA, and Caltrain
 - Issue a Request for Interest for selecting a Master Developer
 - Seek funding to continue the design of the expanded Diridon Station
- Coordinate with VTA to pursue early construction of the BART station box at Diridon Station to facilitate development opportunities.

EVALUATION AND FOLLOW-UP

Following Council direction, staff and the consultant team will prepare the DEIR for this policy-level plan document and Phase I analysis of Core Area traffic operations circulation and parking needs for Council consideration in early 2012. With Council direction, staff will continue to explore the development of the Central Zone Area per the established goals and next steps.

POLICY ALTERNATIVES

1. Housing in Northern Zone – East of Caltrain Railroad Tracks and North of the HP Pavilion

Alternative: Allow housing as a stand alone use or in mixed-use development in the Northern Innovation Zone east of the existing Caltrain railroad tracks, just north of the HP Pavilion.

Pros: Allowing housing in the Northern Zone would create more pedestrian and retail activity in this area on nights and weekends when high tech and office businesses would not typically be in operation.

Cons: Allowing housing in this portion of the Northern Innovation Zone would reduce the amount of available land for the driving industry businesses that are desired in this area to create Diridon as an innovative and regional employment destination. Furthermore, allowing housing could discourage desired clean and high tech industrial users from locating in this area because certain industrial practices or uses could be infeasible if located adjacent to residential uses. In addition, new housing development would not be integrated within an existing or new neighborhood, given the area's location in an Industrial Zone between the Arena, freeways and railroad tracks.

Reason for not Recommending: Staff is not recommending allowing residential development in the Northern Innovation Zone east of the Caltrain railroad tracks because housing development would be relatively isolated and would detract from the goal of creating a regional innovation zone easily accessible from the Diridon Station. Ample new housing opportunities

exist in the immediate vicinity of the Core Area in the current San Jose 2020 General Plan (more than 1,600 dwelling units) and additional opportunities are proposed in the Envision 2040 Plan to increase that number to 2,000 dwelling units. In addition, the Envision Plan provides for almost 10,000 new dwelling units within the Downtown, with some potential housing locations east of SR 87 within a half mile of the Core.

2. Housing in Northern Zone – Between Stockton Avenue and the Caltrain Railroad Tracks

Alternative: Allow housing as a stand alone use or developed in a mixed-use format on the east side of Stockton Avenue between the future High Speed Rail Station and Lenzen Avenue.

Pros: Assuming that the housing market in the Downtown improves faster than the commercial/office/R & D market, allowing housing in the portion of the Innovation Zone between Stockton Avenue and the Caltrain tracks may result in more new development sooner in the Diridon Station Area and may contribute, in the short run, to more activity in the Station Area including support for businesses along The Alameda.

Cons: As discussed in the Alternative above, housing would reduce the amount of available land for the driving industry type businesses that are desired in this area to create Diridon as an innovative and regional employment destination. Housing, including high density housing, would be less supportive of the existing and planned major transit investments at Diridon, given that employment uses generate higher transit ridership than housing at comparable densities, in locations adjacent to transit.

Reason for not Recommending: Staff is not recommending allowing residential development in the Northern Innovation Zone because housing development would detract from the goal of creating a regional innovation zone adjacent to Diridon Station, and because an employment destination adjacent to the Diridon Station would generate higher transit ridership than housing development. Ample new housing opportunities exist in the immediate vicinity of the Core Area in the current San Jose 2020 General Plan (more than 1,600 dwelling units) and additional opportunities are proposed in the Envision 2040 Plan to increase that number to 2000 dwelling units. In addition, the Envision Plan provides for almost 10,000 new dwelling units within the Downtown, with some potential housing locations east of SR 87 within a half mile of the Core.

3. Housing in Central Zone – “Core Area” East of Caltrain Railroad Tracks

Alternative: Allow housing to be mixed into the entertainment, commercial office and hotel uses in the Central Zone adjacent to Diridon Station

Pros: Allowing housing in the Central Zone would create more activity in this area on days when events were not occurring at the HP Pavilion, the Ballpark, or within the zones envisioned central plaza, and/or on weekend morning and daytime hours when restaurants and entertainment venues are not open and office buildings are typically closed.

Cons: All of the activity associated and anticipated with events at the HP Pavilion and the Ballpark, as well as with entertainment venues and outdoor community events, would likely create conflicts with residents living within this entertainment zone and could result in limits and restrictions on events and businesses operations.

Reason for not Recommending: Staff is not recommending allowing residential development in the Central Zone because housing development would detract from the goal of creating a regional entertainment destination in the Diridon Station area and could create operation challenges for the Ballpark and the HP Pavilion. Ample new housing opportunities exist in the immediate vicinity of the Core Area in the current San Jose 2020 General Plan (more than 1,600 dwelling units) and additional opportunities are proposed in the Envision 2040 Plan to increase that number to 2000 dwelling units. In addition, the Envision Plan provides for almost 10,000 new dwelling units within the Downtown, with some potential housing locations east of SR 87 within a half mile of the Core.

PUBLIC OUTREACH/INTEREST

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

This report will be posted on the City's website before the Council meeting and emailed to study stakeholders. Additional community engagement will occur throughout the duration of this planning effort.

COORDINATION

Preparation of this memorandum was coordinated with the City Attorney's Office and the Redevelopment Agency.

FISCAL/POLICY ALIGNMENT

The draft Diridon Station Area Plan has been developed to support the City’s Council Adopted Economic Development Strategy 2010, Strategic Goal #8 “Advance the Diridon Station Area as a Key Transportation Center for Northern California.” The Plan also aligns with the proposed Envision San Jose 2040 strategy to transform San Jose into a regional job center and to focus new employment and business adjacent to major existing and planned transit facilities.

CEQA

Not a project. The proposed action will allow staff and the consultants to proceed with the completion of the draft Diridon Station Area Plan and the analysis of potential environmental impacts of the Plan in the Draft Environmental Impact Report, as required under CEQA.

/s/

HANS F. LARSEN
Director of Transportation

/s/

JOSEPH HORWEDEL
Director of Planning, Building and
Code Enforcement

/s/

KIM WALESH
Director of Economic Development

For questions, please contact Manuel Pineda, Acting Deputy Director of Transportation at (408)975-3295.

Attachments

ATTACHMENT A

COUNCIL AGENDA: 01-25-11
ITEM: 9.3



Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Mayor Chuck Reed,
Councilmember Sam
Liccardo, Councilmember
Pierluigi Oliverio

SUBJECT: DIRIDON STATION MASTER PLAN

DATE: January 21, 2011

APPROVE

Sam Liccardo *Chuck Reed 1/21/11*
1-21-11

Recommendation:

Pierluigi Oliverio

Accept Staff's report and presentation of the Diridon Station Area Plan (the Plan) and approve the preparation of an EIR for the variety of commercial/mixed use development opportunities as described in Table 1 of the Staff Report, with the following direction:

1. Continue to maintain a collaborative approach with the San José Arena Management (SJAM) toward ensuring that the City's plan strengthens and does not impair the viability of the HP Arena as a world class sports and entertainment venue, by:
 - a. Re-emphasizing the City's commitment to honor its longstanding agreement with SJAM to make a reasonable effort to maintain a minimum of 3,175 and 6,350 parking spaces within a 1/3 mile and 1/2 mile radius of the Arena, respectively;
 - b. Providing that any reduction in the aggregate parking total beneath that number occur only with the concurrence of SJAM, and that it occur incrementally as transportation infrastructure develops;
 - c. Consult with SJAM in establishing the scope for the circulation and parking study performed for the purposes of the Environmental Impact Report;
 - d. Ensure that the "phasing analysis for near-term development," as described in staff recommendation D.4, preserves the adequacy of circulation and parking for the Arena as a key objective for at least the first decade of the Plan.

2. Reconsider the rigid segregation of land uses in the proposed plan in Central and Northern Diridon, with an eye toward enabling a master developer to have the requisite flexibility to implement a successful, vibrant, mixed-use development. Specifically, take a more flexible approach to land uses north of Santa Clara Street, but outside of the Airport's "Outer Safety Zone."

3. Direct staff to prepare an EIR which accounts for both an aerial and underground alignment for High Speed Rail.

4. Schedule a Council Study Session prior to the completion of the EIR and the Plan, so as to gain Council, and stakeholder input prior to the completion of the EIR and Plan.

Background:

A. The Arena

Since its opening some two decades ago as the home of the San José Sharks, the HP Arena has consistently ranked among the 10 busiest indoor facilities for non-sporting entertainment events. Preserving the extraordinary success of Downtown's "anchor tenant" appears paramount as we plan for the future.

Although densities will increase, and parking ratios will drop over time, we need to ensure that Diridon's development occurs in a coordinated fashion with its transportation infrastructure, so as to avoid choking the Arena with parking and traffic problems. We acknowledge staff's focus on alternative strategies that focus on demand and time management, shifting parking to secondary lots, and pricing. Nonetheless, we cannot ignore that inadequate parking supply can have severe consequences on the success of the venue, regardless of the strategy employed, until additional transit develops.

B. Flexibility In Central and North Diridon

Currently, the nearly exclusive focus is on employment uses in Northern and Central Diridon seems challenging to implement. For example, staff has indicated a preference for 440,000 square feet of retail in its tentative plan. The staff's consultants, however, articulated a host of reasons (see pp. 2-47 to 2-49) for concluding that "[t]here are simply too many competing market forces and policy interest for this limited area to become successful as a major retail destination for Central San José." (p. 2-50). Moreover, the contemplated 5.3 million square feet in office, research & development, and industrial space represents a nearly 70% increase in such space for a downtown that has long suffered from higher office vacancy rates than the rest of the region.

Many credible organizations, with no financial interest in the outcome—including the Urban Land Institute, Greenbelt Alliance, and the Silicon Valley Leadership Group—have urged staff to abandon an overly rigid approach to land use in the area. We agree; it appears likely that the best development in the Diridon area will occur under the guidance of a master developer, who will want to maximize flexibility to meet the uncertainties in the market, in transit infrastructure development, in stadium construction, and the like. The Study Session should be an opportunity at which the Council, neighborhood groups and other stakeholders can weigh in on the merits of the specific details on the Plan.

C. High Speed Rail

According to the Staff Report, the Station Expansion Plan "assumes that the HST line will be elevated." This is inconsistent with the direction given to staff by council on December 7, 2010; both the elevated and underground alignments remain viable. Until council and the California High Speed Rail Authority decide the matter, both alignments should undergo analysis in the EIR.

ATTACHMENT B

Diridon Station Area Plan Executive Summary

The Diridon Station Area Plan proposes to transform the Diridon Area into a regional entertainment and employment destination with an iconic High Speed Rail Station, creating a positive image for the City of San Jose. The Plan envisions a mix of vibrant uses that builds off the synergy and activity of the HP Pavilion, the proposed Ballpark, and a Diridon Station that will become an internationally prominent transportation center.

Major Assumptions

- The High Speed Rail is accommodated in both an elevated and underground alignment
- The Ballpark is assumed to be developed
- Autumn Parkway will be extended northward across the Union Pacific Railroad tracks to connect with Coleman Avenue

Land Uses

Northern Zone – North of Santa Clara Street/The Alameda

- Envisioned as an Innovation Business District with green and high technology “driving industry” office and R & D uses
- High density residential development planned west of Stockton Avenue with ground floor retail uses along The Alameda

Central Zone – “Core” Area between HP Pavilion and Proposed Ball Park

- Envisioned as a sports-related entertainment destination with 7 to 9 story office buildings with ground floor entertainment and retail uses, including restaurants, sports bars and entertainment buildings
- Montgomery Street envisioned as a lively and constantly active entertainment focused spine between HP Pavilion and the Ball Park

Southern Zone – South of Park Avenue

- Planned for a new high density residential community, with building heights ranging from 4 to 11 stories
- Ground floor pedestrian oriented neighborhood serving retail uses planned along West San Carlos

Access and Circulation

- Plan provides for significant pedestrian, bicycle and transit access and circulation improvements
- Street rights of way planned as “complete streets” to equally accommodate pedestrians, bicycles and motor vehicles

- The San Jose Diridon transit center is expanded into an integrated station hub with services including Caltrain, ACE, Amtrak, the Capitols, VTA LRT and bus, regional bus, and future BART and High Speed Rail.

Parking

- With ultimate build out of the Plan, fewer parking spaces are proposed to be provided than the current zoning code would require
- A parking strategy is proposed that will reduce parking demand and maximize the efficient utilization of the parking supply
- No restrictions or parking maximums are proposed that would limit the amount of parking that could be built by a developer
- Sufficient parking would be ensured for the continued successful operation of the HP Pavilion

Station Concept and Layout

- The High Speed Rail Station is envisioned to be an iconic structure that provides a positive visual and mental image of San Jose
- The primary station building, in both the below-grade and above-grade High Speed Rail Alignment, would be located north of the existing Diridon Station east of Cahill Street.
- The High Speed Rail Station would be functionally integrated with the existing historic Diridon Station, while preserving the existing station building as a stand-alone structure

Parks and Open Space

- Plan proposes a wide range of public spaces in the Station area, including
 - Creek trails
 - Neighborhood squares or plazas
 - Completion of parks currently planned
 - Green streets or pedestrian connectors with a canopy of street trees, drought-tolerant landscaping and permeable pavement
- A primary public plaza is envisioned in the Central Zone, adjacent or proximate to Diridon Station that would serve as a gathering and celebratory space for a wide variety of events and activities

Public Art

- Public Art in the Diridon Station Area is proposed to be organized around three thematic approaches:
 - “Crossroad of Innovation” in the Northern Zone,
 - “Crossroads of Engagement” in the Central and Southern zones
 - “Crossroads of Environment” for the parks and open spaces
- Implementation strategies are proposed in the Draft Diridon Station Area Art Master Plan, to be considered by Council in early 2012

ATTACHMENT C

PREFERRED PLAN - GENERAL DESCRIPTION

FIGURE 2-2-1: PRIMARY ZONES

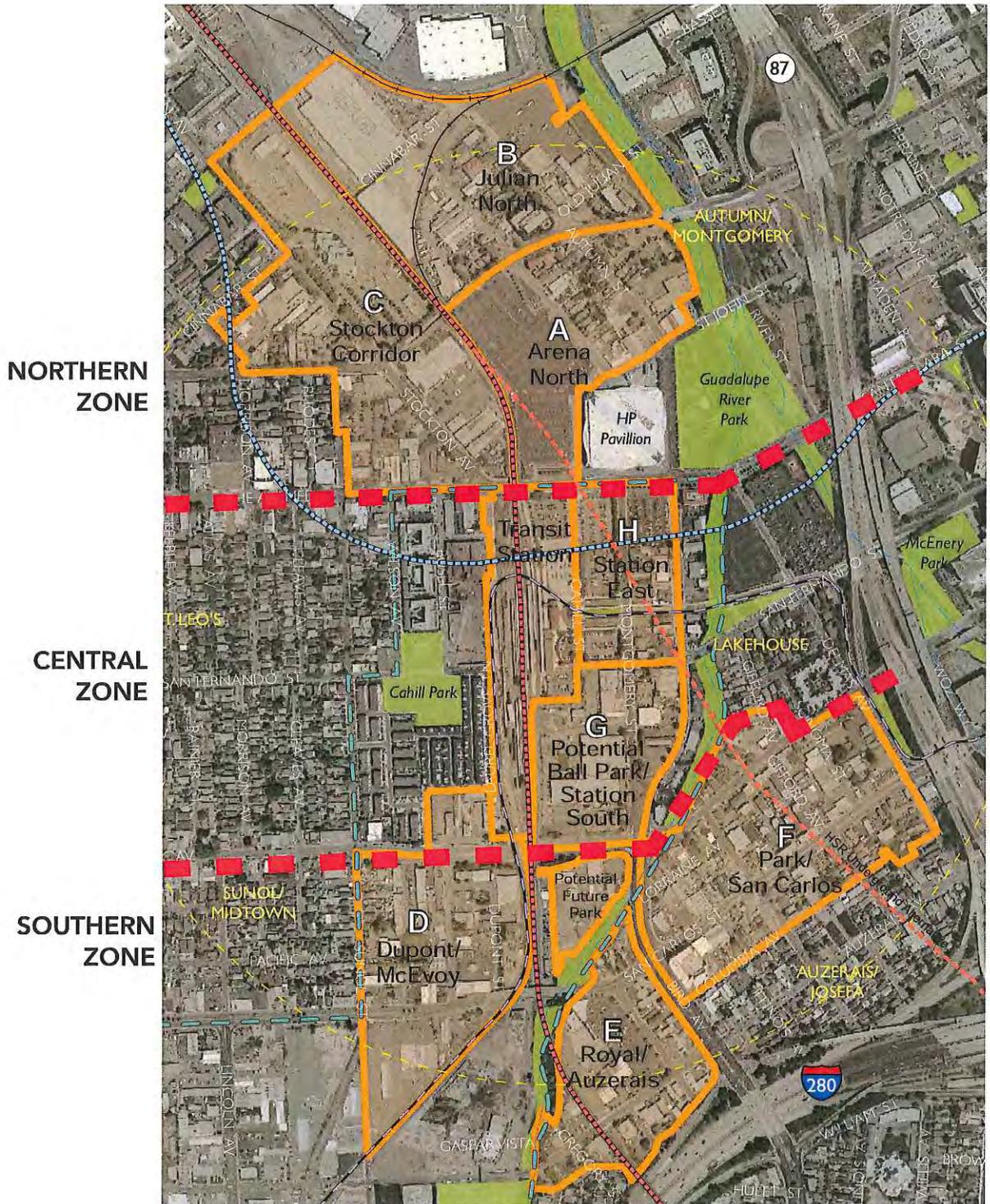
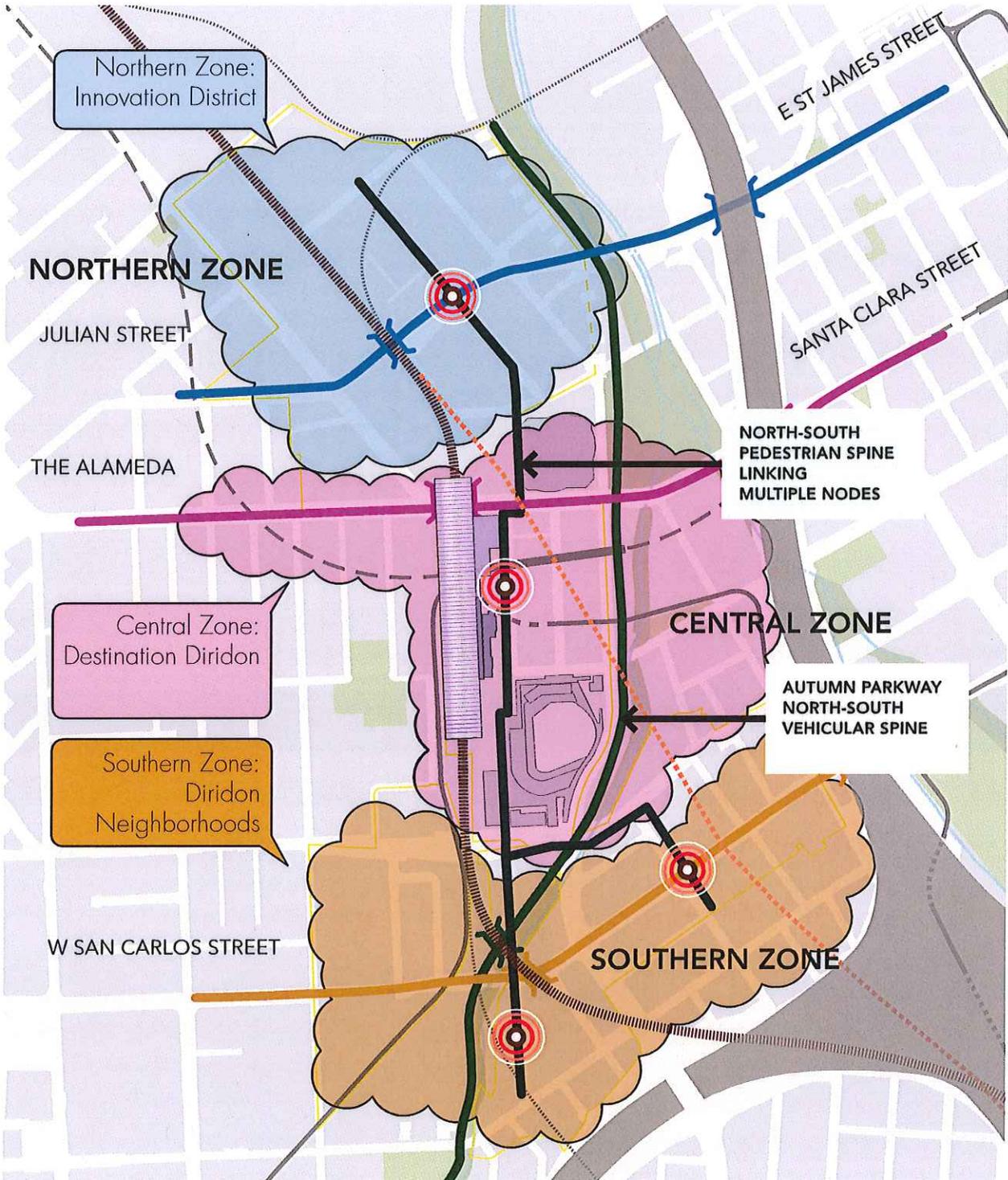


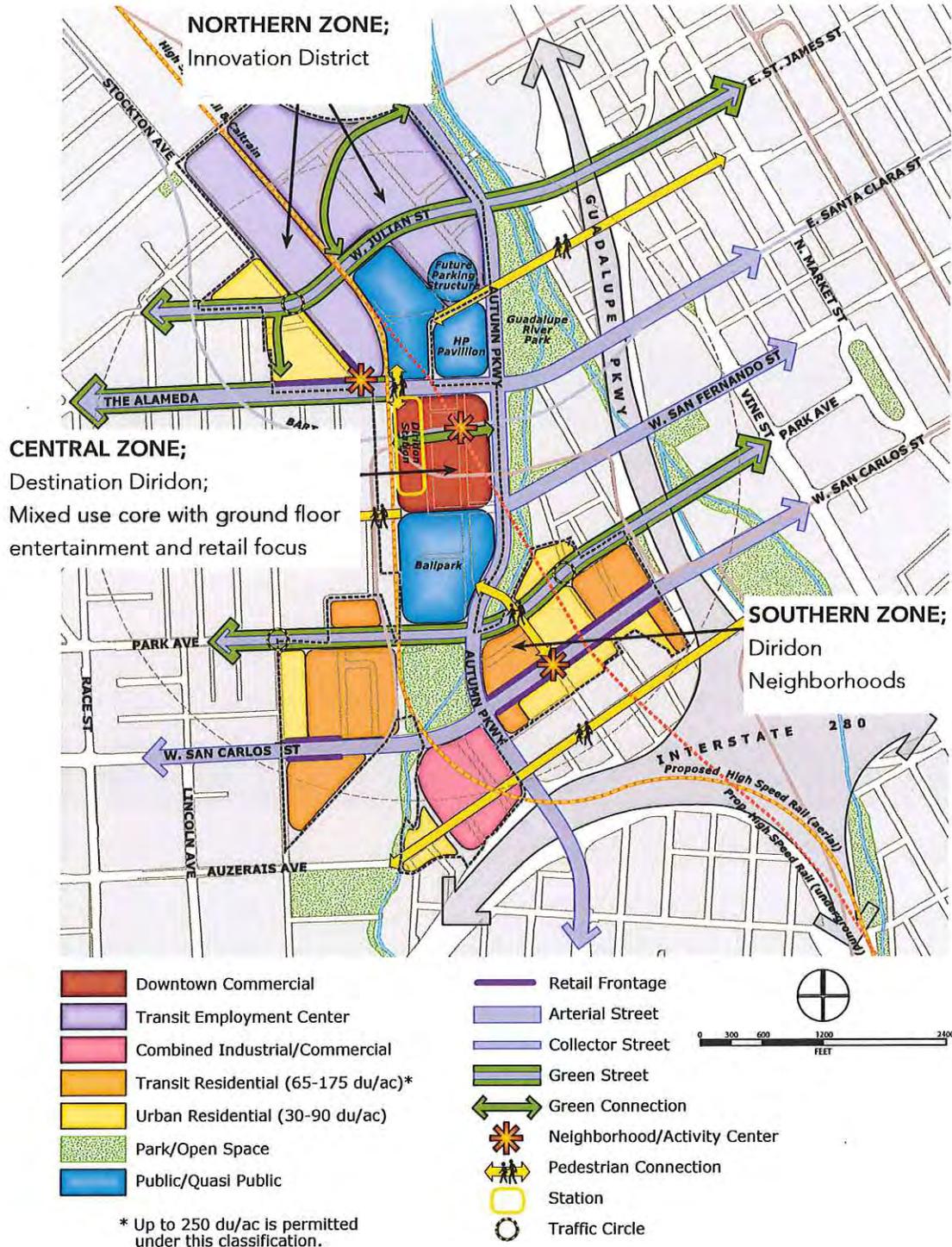
FIGURE 2-2-2: IDENTITY ZONES



ATTACHMENT E

PREFERRED PLAN - GENERAL DESCRIPTION

FIGURE 2-1-1: DIRIDON STATION LAND USE PLAN



Summary of Developer Focus Group San Jose Diridon Area Plan

November 18, 2010

Purpose of Focus Group

To secure feedback on the proposed Diridon Station Area Plan from developers with proven success building/operating major transit-oriented, high-density development projects that include major league sports, entertainment and office uses

Participating Developers

- Seth Bland, Partner, Wilson Meany Sullivan
- Port Telles, Development Director, The Cordish Company
- Jan Sweetnam, Vice President - Western Region Chief Operating Officer, Federal Realty Investment Trust
- Ted Tanner, Executive Vice President, AEG Real Estate

Observing Organizations

Department of Transportation, Office of Economic Development, Redevelopment Agency, VTA, Caltrain

Major Themes By Discussion Question

Question #1: Mix of Uses

Does the Plan envision the right mix and amount of uses? Is the Plan viable?

- Agree that this is an extraordinary opportunity for San Jose and the region, but did not feel that the plan in its current form really set a clear vision of what was needed to succeed.
- Express overarching concern that the Plan is 'trying to do too much' in one place for the size of the area,
- The fundamental priority must be "getting the transportation right"--making the site work first as a major transportation hub with appropriate access and ability to support significant in/out activity. The intent is not to plan just for transportation, but to realize that for the desired development to succeed, the transportation network absolutely has to work, and to work well.

- They see the project area adjacent to the station as ripe for destination entertainment/retail—not neighborhood retail. In particular saw “high-energy retail” as being symbiotic with Office in terms of parking and use, and with the Arena and a Ballpark.
- Destination entertainment/retail is very compatible with office use—due to complimentary nature of day/night uses and opportunity for shared parking
- They would not plan housing over the destination entertainment/retail—people do not want to ‘live over a party’
- A hotel would be attractive here; mentioned that hotels are filled with people who want to go out and explore the nearby area—is compatible with destination entertainment/retail
- They encouraged even more housing just outside of the immediate area to the south; emphasized that San Jose needs a lot more people living in the general Downtown area.
- Some expressed concern that the location of the Ballpark feels like a big barrier to accessing the Diridon station area from the neighborhood south. (Like HP Pavilion is barrier to the area north.)
- One developer expressed the concern that an elevated alignment for High Speed Rail could create a significant East-West barrier and that the existing rail line in effect divides the area already.
- Pointed out that this feels like it should be approached not as one plan, but as plans for 6-7 subareas...there are some barriers that inhibit natural flow between subareas that need to be recognized (stadium, elevated HS rail, HP Pavilion, train station).
- They are concerned about that the current plan, with its series of tight evenly spaced buildings, will a) feel like an urban tunnel and make it difficult to find/access the transit station....b) does not differentiate this area sufficiently from other office development areas to make development want to happen here rather than elsewhere in the region

Question #2: Public Plaza

What is the value and desirability of a public plaza or other central outdoor gathering space?

- A high-quality, sufficiently scaled public plaza is absolutely essential. Based on experience with similar projects nationally and internationally, they see the plaza located right in front of the station. A public plaza enhances the value of the overall development and should be maintained, managed, and programmed privately by a single operator.
- Public space/amenity-rich is important to create distinct value that developers will see in rents and tenant interest vs. other office locations.

Question #3: Parking

How should we think about the amount and location of parking?

- They support the approach of distributed parking, similar to methods used in LA Live, AT&T Park in SF, Baltimore, etc. Support the idea of 1/1000 ratio in the immediate area, and attaining 3/1000 within up to a mile. Dispersed parking helps aggregate and disperse people more quickly. Expensive, more limited parking close-in that encourages people to walk/ shuttle/transit in from outlying areas works for their projects. Do not propose parking maximums as part of the plan and provide flexibility.
- For parking it was recommended that developments be able to meet minimum demand on site with shared parking further out.

Question #4: Financing

Please describe relevant strategies you have employed in financing complex developments requiring the assembly of many parcels under the control of many owners.

- Emphasized that we must treat the core area as one project and work with a single developer. Effective development would require a single entity in control of the property who could deliver the land at a write off to a single developer/owner. They were clear that attempts to maximize the short term financial return any individual property owner will undermine the ability of this project to happen.
- They were very clear that the initial phases of development would require public subsidy in addition to the contribution of land, and that assembly of the land into single ownership was essential (and therefore eminent domain may be required.)
- Since development in the core will not pencil out by itself in the first phase, developer needs control of a larger land area to recapture increase in value from the initial development.