

CITY OF SAN JOSÉ, CALIFORNIA
Department of Planning, Building and Code Enforcement
801 North First Street, Room 400
San José, California 95110-1795

Hearing Date/Agenda Number
PC June 6, 2005 Item: 7.a.1, 2, 3 & 6

File Number GP04-02-01, GPT04-02-01,
& PDC04-031

GENERAL PLAN AMENDMENTS AND PLANNED
DEVELOPMENT REZONING

Application Type
General Plan Land Use Amendments
and Planned Development Rezoning

Council District 2

STAFF REPORT

Planning Area Edenvale

Spring 2005 General Plan Hearing

Assessor's Parcel Number(s)
VARIOUS

PROJECT DESCRIPTION

Completed by: Elena Lee

Location: Generally bounded by Cottle Road to the west, Poughkeepsie Road/Boulder Boulevard to the north, Monterey Highway to the east, State Route 85 and Manassas Road to the south

Gross Acreage: 332

Net Acreage: 332

Net Density: N/A

Existing Zoning: IP Industrial Park

Existing Use: Industrial

Proposed Zoning: IP(PD) Planned Development

Proposed Use: Industrial, Residential and Commercial

GENERAL PLAN

Completed by: EL

Land Use/Transportation Diagram Designation

Existing: Industrial Park. Proposed: Mixed Use With No
Underlying Designation

Project Conformance:

Yes No

See Analysis and Recommendations

SURROUNDING LAND USES AND ZONING

Completed by: EL

North: Industrial, Commercial and
Residential

IP Industrial Park, A(PD) Planned Development, CN Commercial
Neighborhood, and R-MH Residential

East: Industrial, Commercial and
Residential

A(PD) Planned Development, IP Industrial Park, R_MH
Residential and R-1-8 (CL) Residential

South: Industrial, Hospital or
Institutional, and Residential

IP Industrial Park, A(PD) Planned Development and LI(PD)
Planned Development

West: Commercial, Industrial and
Residential

LI Light Industrial, A(PD) Planned Development, R-M Residential,
CN Commercial Neighborhood, CG Commercial General

ENVIRONMENTAL STATUS

Completed by: EL

Environmental Impact Report found complete (pending)

Negative Declaration circulated on

Negative Declaration adopted on

Exempt

Environmental Review Incomplete

FILE HISTORY

Completed by: EL

Annexation Title: Monterey Park No. 7,62,77; Oakgrove No. 58

Date: 2/1/55, 6/24/66, 8/15/75, 3/20/79

PLANNING DEPARTMENT RECOMMENDATIONS AND ACTION

Approval

Approval with Conditions

Denial

Date:

Approved by: _____

Action

Recommendation

APPLICANT/OWNER/DEVELOPER

Hitachi GST
 Attn: Kyle McElroy
 5600 Cottle Road
 San José, CA 95153

Ken Kay and Associates
 Attn: Jason Victor
 1045 Sansome Street, Suite 321
 San Francisco, CA 94111

PUBLIC AGENCY COMMENTS RECEIVED

Completed by: EL**Department of Public Works**

See attached memorandum

Other Departments and Agencies

San Jose Fire Department, Historic Landmarks Commission, Environmental Services
 Department, Parks and Recreation Commission, Housing Advisory Commission

GENERAL CORRESPONDENCE

San Jose Preservation Action Committee's comment letter on the Hitachi Environmental Impact Report

ANALYSIS AND RECOMMENDATIONS

BACKGROUND

This staff report covers two General Plan Land Use Amendments, along with an associated General Plan Text Amendments and a Planned Development Zoning for the subject 332-acre Hitachi campus site (formerly IBM campus). The property owner and developer, Hitachi GST, is requesting a General Plan Amendment to change the General Plan Land Use Designation from Industrial Park to Mixed Use With No Underlying Designation and inclusion of the project into the General Plan's Mixed Use Inventory Table F, to allow a mixed use project with residential, commercial and industrial uses. A General Plan Text Amendment was also filed to change the maximum height on the entire site from 50 feet to 120 feet. To facilitate the project, the applicant has also filed concurrently a Planned Development Rezoning from IP Industrial Park to IP(PD) Planned Development to allow the reconfiguration and entitlement of up to 3.6 million square feet of industrial park uses, up to 2,930 residential units, up to 460,000 square feet of commercial uses and up to 13 acres of public/quasi-public park and open space uses on a 332 gross-acre site. A staff initiated General Plan amendment is also being processed concurrently to designate one or more arterials on the General Plan Transportation network. A discussion of this General Plan amendment is included in a separate report.

On May 21, 2004, the City of San Jose and the applicant signed a Memorandum of Understanding (MOU) for the Cottle Road campus (see attached). The MOU acknowledged Hitachi's desired to reinvest and upgrade its existing campus to meet business needs. Hitachi proposes to reconfigure the campus by consolidating existing industrial square footage onto a smaller portion of the campus (core), generally located to the east and redesignating the western half of the campus (outer sub-area) to allow residential and commercial uses. The sale for development of the residential and commercial parcels would generate capital needed for Hitachi to modernize the campus to meet current and future business operation needs. The General Plan

Amendments, modification of the Edenvale Area Development Policy, a Development Agreement and Planned Development Zoning for the Hitachi campus are all scheduled to be heard concurrently at the June 6, 2005 Planning Commission hearing and the June 21, 2005 City Council hearing at 7:00 p.m.

Edenvale Area Development Policy

The Hitachi campus is located within the Edenvale Redevelopment area and within Area 2, as described in the existing Edenvale Area Development Policy (EADP). A modification to the Edenvale Area Development Policy is proposed in conjunction with these General Plan Amendments and Planned Development Rezoning. The General Plan allows the City Council to adopt an area development policy, establishing a special traffic level of service standards for a specific geographic area. The EADP was adopted in June 2000 for the purpose of allowing industrial development in the Edenvale Redevelopment Area. Through the EADP, the City Council adopted a regional infrastructure improvement plan (gateway improvements), necessary to provide access to the planned industrial development in the redevelopment area. A modification to the EADP in 2003 previously allowed for the inclusion of a commercial use (Lowe's project) to the adjacent property located to the north. Because the Policy only addressed industrial uses within the Hitachi campus portion of the redevelopment area, a modification is required to provide for the new residential and commercial uses. This modification of the policy, scheduled to be heard by the Planning Commission immediately before the General Plan amendments and rezoning, is fully addressed in a separate staff report.

Development Agreement (DA-Hitachi)

The applicant has also applied for a Development Agreement (File No. DA-Hitachi). City Ordinance No. 24297 establishes the City's ability to adopt development agreements for projects, which meet specific criteria. The applicant is requesting a Development Agreement to facilitate the reconfiguration of up to 3.6 million square feet of industrial uses, and the construction up to 2,930 residential uses and up to 460,000 square feet of commercial uses. A Development Agreement is a contract negotiated between a developer and a public agency that governs the land uses to be allowed for a particular project to benefit both the applicant and the public agency. In order to adopt a Development Agreement, the project must meet specific criteria established by the City's Development Agreement ordinance. The Development Agreement provides certainty for the applicant by creating a vested right to develop generally over many years and provides benefits for the City through the provision of extraordinary public improvements, facilities and services. The Development Agreement, scheduled to be heard by the Planning Commission immediately after the General Plan amendments and rezoning, is addressed in a separate staff report.

Site Location and Previous General Plan Amendments

The 332-acre site located at 5600 Cottle Road is comprised of approximately 15 parcels. The previous IBM campus is now commonly known as the Hitachi campus after Hitachi purchased the site from IBM in 2003. The 15 parcels can be designated into two main areas: the core industrial campus area and the outer sub-areas that will be redeveloped with commercial and residential uses. The Hitachi campus also contains a Pacific Gas & Electric Substation along the southern edge of the core next to parcel O-5 on a 2.4 acre site. Transmission lines to the substation run along Endicott Boulevard to the parcel O-5. (See map)



The property is bounded by Monterey Highway and Union Pacific Railroad tracks to the north, Manassas Road to the east, State Route 85 to the south, and Cottle Road, Poughkeepsie Road and Boulder Boulevard to the west. The project site is located in the Edenvale Redevelopment Area. The Edenvale Redevelopment Area, which is approximately 2,312 acres in size, was established in 1979 and revised in 1981 to house driving industry, business support and industry business uses. The site, which is currently gated and closed to the public, is currently developed with approximately 3.7 million square feet of industrial space, much of it underutilized.

Two General Plan amendments were approved for the subject site in 1995 and 2002. General Plan amendment, File No. GP95-2-4 was approved to add a Non-Industrial Use Overlay to allow specific non-

industrial uses on the 88.5 acre portion of the former IBM campus located adjacent to Cottle Road to the west. The amendment was approved to provide clear direction regarding where non-industrial uses should be located. The non-industrial uses allowed on the site would be required to mirror the general retail uses located on the other side of Cottle Road and required to be compatible with the industrial uses on the remainder of the campus. A General Plan amendment, File No. GP02-02-04, was approved in 2000 on the same site to remove the Mixed Industrial Overlay from the majority of the site. The Mixed Industrial Overlay was retained only on the site of the approved Lowe's project. The intent of the removal of the Overlay was to eliminate the possibility of non-industrial uses locating in this area, which continues to be recognized as one of the City's Key employment center, the Edenvale Industrial Redevelopment Area.

Project Description

General Plan Amendment (GP04-02-01) and General Plan Text Amendment (GPT04-02-01) (Land Use Diagram)

These are privately initiated General Plan Amendments to change the General Plan Land Use Designation from Industrial Park to Mixed Use With No Underlying Designation to allow up to 3.6 million square feet of industrial uses, up to 2,930 residential units and up to 460,000 square feet of commercial uses on the 332-acre site. The existing Industrial Park land use designation is intended exclusively for a wide variety of industrial users, such as research and development, manufacturing, assembly/testing and industrial offices. The General Plan amendments would change the allowed uses on the western portion (outer sub-area) of the site to accommodate residential and commercial uses. The eastern portion (core) of the site will continue to be reserved for industrial uses. The General Plan Text amendments application request would amend the Mixed Use Inventory in Appendix F of the General Plan to reflect this proposal. The applicant has also filed General Plan Text amendments to change the maximum allowed height for all structures across the site from 50 feet to 120 feet. Because a majority of the site is located within 2,000 feet of a light rail or Caltrain station, most of the campus already has a maximum height of 120 feet per the General Plan Urban Design policies. The applicant is requesting that

the maximum height of 120 feet be extended to the entire site to give the maximum amount of flexibility and to take advantage of the project's transit orientation. Please refer to the discussion on the Planned Development Zoning for details of the proposed project.

Planned Development Zoning (PDC04-031)

In order to facilitate the proposed land uses, the applicant has also filed a Planned Development Rezoning from IP Industrial Park to IP(PD) Planned Development to allow the reconfiguration of up to 3.6 million square feet of industrial uses and the new entitlement for up to 460,000 square feet of commercial uses and up to 2,930 residential units. The proposed rezoning includes an approximately 10-acre active public park that will be located in the northern portion of the site. The applicant is also considering the donation of a three-acre site with a historic building (Building 9/11) for public/quasi-public uses. If an appropriate public/quasi-public use cannot be found, then the building would be retained for industrial uses as part of the core. Additional open space will be provided on the southern portion of the site, and a one-acre park rather than several pocket parks or open area below power lines would better meet the City's standards for park maintenance cost-effectiveness.

The applicant proposes to reconfigure and develop the site as a mixed use project with industrial, commercial and residential buildings that will take advantage of the property's proximity to Light Rail and Caltrain stations. Specifically, the applicant proposes to reconfigure and intensify up to 3.6 million square feet of the existing industrial uses and consolidate the square footage on the approximately 158-acre industrial core area, near Monterey Highway and U.S. Highway 101. The main entrance to the industrial building campus will be shifted from Cottle Road to Great Oaks Boulevard, which is the new General Plan designated street on the east side of the property adjacent to the train track to be built with the project. The project proposes a range of residential densities, commercial and vertical mixed uses on the approximately 126-acre outer sub-area generally located to the west, adjacent to Cottle Road. The highest densities of 40-60 dwelling units per acre (DU/AC), typically with ground floor commercial spaces, are proposed for the northern parcel of the outer sub-area located near the adjacent Caltrain station and in the center parcels adjacent to the Cottle Road. Attached housing with lower density range between 12-16, 16-25 and 25-40 dwelling units per acre are proposed for the residential area at the southern end of the outer sub-area. The applicant proposes to distribute up to 460,000 square feet for commercial uses within the outer sub-area. The majority of the commercial square footage will be built on the parcels located along Cottle Road and in the "Main Street" area located to the south. The remainder of the commercial square footage will be distributed to the mixed-use buildings located throughout the outer sub-area, in particular to the highest density mixed use building at the north end of the site to serve future residents as well as Caltrain riders. The project also includes the construction of a pedestrian crossing from the site to the Blossom Hill Caltrain Station. City staff and the applicant are currently working with Caltrain on design options for the proposed crossing.

Police Substation

The City of San Jose is currently in negotiations with Hitachi for the potential purchase of a 10-acre parcel (parcel O-6) located at the southeastern edge of the project site to construct a police substation. The police substation project has been analyzed through a previous environmental clearance process. Under the proposed zoning, if the parcel remains as part of the industrial campus, it can be potentially developed with up to 200,000 square feet of industrial. The

maximum allowed square footage of industrial uses would total to up to 3.6 million square feet. Should the parcel be developed as a police substation, the total square footage of industrial square footage will be reduced by 200,000 square feet for a total of up to 3.4 million square feet.

Inclusionary Housing

Because the site is located within the Edenvale Redevelopment Area, all new residential projects are required to adhere to the Redevelopment Project Area's Inclusionary Housing Policy by providing up to 20% of the units as units affordable to low or moderate income households. The applicant is working with the City's Department of Housing and the Redevelopment Agency to complete an affordable housing contract to ensure development of these units.

ENVIRONMENTAL REVIEW

An Environmental Impact Report (EIR), entitled *Hitachi Campus and Mixed-Use Transit Village Project*, was prepared for the proposed project and provides both a program level and project level environmental review appropriate to address and evaluate the environmental impacts of the project appropriate for the adoption of the proposed General Plan amendments, Planned Development (PD) rezoning, modification of the Edenvale Area Development Policy and Development Agreement. The Draft EIR was circulated for public review and comment from March 25, 2005 to May 9, 2005.

The DEIR analyzed the project and its environmental setting, identified potentially significant environmental impacts, and proposed mitigation measures to reduce significant impacts to less than significant levels where possible, for the following issues:

- | | |
|--|-----------------------------------|
| 1. Land Use | 8. Geology and Soils |
| 2. Transportation | 9. Cultural Resources |
| 3. Noise | 10. Utilities and Service Systems |
| 4. Hydrology, Drainage and Water Quality | 11. Energy |
| 5. Biological Resources | 12. Public Services |
| 6. Hazardous Materials | 13. Growth Inducing Impacts |
| 7. Air Quality | 14. Cumulative Impacts |

The DEIR identifies impacts as "Less Than Significant with Mitigation" with applicant-proposed mitigation regarding Land Use, Geology and Soil, Hydrology and Water Quality, Air Quality (for Construction), Biological Resources (for the take of special-status species and loss of suitable habitat for special-status species), Noise, and Utilities and Service Systems.

"Significant Unavoidable Impact" assumes that if a project impact would exceed the City's significance thresholds even with changes or mitigations included in the project. The DEIR identifies as "Significant Unmitigated Impact" and "Significant Unavoidable Cumulative Impact" the project's impacts on Biological Resources, Cultural Resources, Air Quality, Cumulative Impacts, Transportation, Energy, and Hazards and Hazardous Materials Cumulative Impacts.

Biological Resources

The primary issue for the significant unavoidable impact for biological resources is the loss of up to 1,023 ordinance-size trees and up to 4,514 non-ordinance size trees on the site. Although the project is proposing to preserve a 500 year-old oak tree eligible for the City's Heritage Tree Inventory (#486 in the tree survey table of Appendix F of DEIR), the project would result in significant unavoidable biological impact because of the large number of trees that could potentially be removed. The 500 year-old tree identified to be saved measures 60 inches in diameter and is located in the northern portion of the outer sub-area site designated for the future 10-acre active recreation public park. For all other trees, the DEIR includes mitigations for replacement trees, including higher replacement ratios for native tree species, as well as protection measures for trees that are to be maintained. The DEIR also includes mitigation which includes a program to be implemented during the development permit phase which would require the developer to conduct a survey to identify the most valuable trees on the site and to either maintain or relocate those trees somewhere on site, if feasible. Although this program is incorporated into the conditions of approval of the zoning, the program will not reduce the biological resources impacts of the loss of trees to a less than significant level.

Cultural Resources

The DEIR also states that the project will result in a significant unavoidable impact for cultural resources for the loss of historic resources. For CEQA purposes, the City has considered resources eligible for or designated as City Landmarks as well as those resources eligible for or listed in the California Register of Historical Resources, the National Register of Historic Places, as the threshold of significance. The current Hitachi campus contains nine buildings constructed within the period of significance that contribute to a historic district that is deemed eligible for the California Register. The project proposes the retention of Building 9/11, which is one of the nine contributing buildings to the potential district, and the only one that is individually significant. The DEIR will provide environmental clearance for the demolition of these remaining buildings.

Based on the conclusions in the DEIR, the loss of any portion of the historic district is considered a "Significant Impact", as a historic district would be precluded. The DEIR identifies mitigations that will require that prior to the issuance of any permit that allows the demolition of the contributing structures, a survey would be taken to identify elements, such as sculptures or decorative tiles, which would warrant salvage for reuse in other locations. New buildings in the area that qualified as a historic district would also have to comply with a "build-to-line" to preserve the general feel of the existing pedestrian spine.

Cumulative Impacts

The DEIR identifies that implementation of the project would result in significant unavoidable impact to cumulative local and regional air quality, cumulative and local visual and aesthetic resources, cumulative local and regional traffic, cumulative historic resources and cumulative energy resources because of the magnitude of the project. The project will implement feasible measures identified in General Plan Policies to provide some mitigation. However, due to the size of the cumulative impacts, they will not be reduced to a less than significant level.

Mitigations Not Proposed by Project

The DEIR has identified mitigations not proposed by the applicant that would mitigate some of the above “Significant Unavoidable” impacts to a “Less Than Significant with Mitigations” level. Those impacts include Hazards and Hazardous Materials, Energy and Transportation.

Hazards and Hazardous Materials

As proposed, the project will create a significant unavoidable impact because child care or residential care facilities are allowed within the residential area in the outer sub-area and could result in the exposure of sensitive receptors to the hazardous materials that could be used in the industrial core in the event of an accidental chemical release. The DEIR identifies some mitigation measures that could reduce this impact to a less than significant level. The measures include a requirement that day care or residential care facilities be located at least 1,000 feet away from any hazardous materials use or storage, and that an emergency response plan be adopted to respond in the event of an accidental release. The property owner could also be required to record a deed restriction to preclude the use or storage of hazardous materials in an amount or location that could expose child care or other similar centers to an accidental release of hazardous materials. However, such a restriction would directly impact the goal of the project to facilitate the consolidation and continued operation of an industrial use on the core portion of the site. The site is in compliance with and will continue to work with the California Environmental Protection Agency (CalEPA) Department of Toxic Substance Control (DTSC) requirements. The developer will also be required to comply with City of San Jose Fire Department requirements for the use or storage for hazardous materials.

Energy

The project would also result in a significant unavoidable impact for energy resources because it proposes a significant amount of new residential and commercial square footage, in addition to maintaining the industrial uses, which would increase energy usage on the site. The DEIR identified mitigation measures, some of which are not currently proposed by the applicant that could reduce the impact to a less than significant level. The project will implement several measures required by State and City laws including the implementation of a waste management plan for the recycling of construction and demolition materials, compliance with the State Energy Code, implementation of water conservation irrigation systems, and use of recycled water for irrigation and industrial uses. Those measures not currently included are the requirement to design measures to use solar energy for heating, cooling and lighting; require that the building incorporate, where feasible, elements of the U.S. Green Building Council’s Leadership in Energy and Environmental (LEED) Rating System program checklist for new energy efficient buildings; and require that all new buildings utilize a photovoltaic/solar electric system on rooftops, solar heating for water, low flow showerheads/faucets and flow restrictors.

Transportation

The project as currently proposed will result significant transportation impacts at the following seven intersections:

- US Highway 101 and Blossom Hill Road
- US Highway 101 and Silver Creek Valley Road
- Cottle Road and Concord Drive

- Cottle Road and Poughkeepsie Road
- Great Oaks Boulevard and Via Del Oro
- State Route 85 and Great Oaks Boulevard (S)

Due to the complex and technical nature of the various proposed transportation mitigations, they are not described in this staff report, but are described in full in the DEIR for the project.

Intersection Mitigation Phasing

Because the proposed project is expected to be constructed over a five- to ten-year period, a phasing analysis was done to determine the timing of the required improvements. The traffic and phasing analysis took into account the existing industrial development on the Hitachi campus. For the purposes of determining appropriate transportation improvements and their phasing, the City credited all the current traffic from the site to the redeveloped industrial uses. Thus, the industrial core can redevelop utilizing the existing traffic capacity allocated to the Hitachi property. The new residential and commercial uses for the site will be tied to the traffic improvements and phasing described in the Transportation/Phasing discussion later in this report.

The project is conditioned to mitigate the identified transportation impacts, participate in the Edenvale Area Development Policy improvements financing project, and additionally construct transportation improvements serving the larger community. The two US Highway 101 intersections are also part of the Santa Clara County Congestion Management Program (CMP). Impacts to the highway system are also identified, but feasible project mitigation were not identified in the DEIR and are not conditioned with the project. The project has conditions of approval for the Zoning to implement transportation improvements to ensure conformance to the Citywide LOS and Edenvale Area Development Policies (as amended). The mitigations are discussed below.

Cumulative Local and Regional Traffic

As stated above, due to the size of the project and the number of other proposed projects in this region, the project will contribute to a cumulative long-term transportation impact. The project would also result in congestion on the US 101 segment between Blossom Hill Road/Silver Creek Valley Road and Hellyer Avenue. However, improvements to US 101 through lanes to address the cumulative regional traffic impact are beyond the cope of a single development project.

Alternatives

The CEQA Guidelines require that an EIR analyze alternatives that would avoid or substantially lessen any of the significant effects of the project and would achieve most of the project objectives. The DEIR identifies several project alternatives: a no project alternative, a reduced scale alternative, a reduced development alternative, a reduced residential density, a historic preservation alternative, alternative site and a mixed industrial overlay alternatives. None of these alternatives would meet the project's objectives of consolidating the industrial square footage to create a new mixed-use development and to enable the applicant to redevelop and modernize the existing campus. One alternative that deserves special note is the historic preservation alternative that would preserve the historic district. This alternative would retain all of the buildings that contribute to the district, the central spine of the campus, and the primary spatial relationships between the buildings, the reflecting pools, statuary and landscaping. No new construction, substantial exterior alterations or demolitions would be permitted within the preservation area boundary that was identified through the EIR. The existing buildings could be

adapted for new uses in accordance with the *Secretary of Interior Standards*, allowing only minimal changes to the exterior of the buildings and spaces within the district. Although this alternative would preserve the historic district, it would not meet the goal identified by the applicant to allow the redevelopment and intensification of a substantial portion of the core industrial campus. Limiting the development potential of the historic core would remove 58 acres or 37% of the site from redevelopment. This change would potentially reduce approximately 440,000 square feet in the industrial capacity of the core campus. Additionally, the preservation of Building 10 and surrounding elements, would potentially conflict with the proposed 10-acre active park. The 10-acre park was proposed for the current location because of its proximity to a roadway network that would serve the region, and the ability to have lighted ball fields in a site proximate to commercial uses.

Based on the conclusions in the DEIR, there are 19 significant unavoidable/unmitigated impacts including, biological, cumulative, historic, traffic, hazards and hazardous materials and energy resources. The DEIR includes feasible mitigations for biological and historic impacts. However, those mitigations *will not* reduce the impact to a less than significant level.

The DEIR identifies additional potentially feasible mitigations not proposed by the applicant for traffic, hazards and hazardous materials and energy that *will* reduce the impacts to a less than significant levels. The proposed PD Zoning conditions incorporate implementation of mitigation measures typically found for similar projects to lessen potentially significant impacts. City Council can require the implementation of the additional mitigations that will reduce the impacts to a less than significant level, for the approved General Plan amendments and rezoning. In order for the City Council to approve the General Plan amendments and Planned Development Rezoning as proposed, they will need to adopt a “statement of overriding considerations” for those impacts that cannot be mitigated to a less than significant level.

GENERAL PLAN CONFORMANCE/ANALYSIS

As indicated above, the site is also the subject of a General Plan Amendment to change the Land Use Transportation Diagram/Land Use Designation from Industrial Park to Mixed Use With No Underlying Designation. An associated General Plan Text amendment was filed to incorporate this proposed project in the Mixed-Use Inventory, Appendix F. The proposed rezoning can only be approved if the General Plan Amendments are approved first. The proposed mixed-use project does not conform to the subject site’s current San Jose 2020 General Plan Land Use/Transportation Diagram designation of Industrial Park. If the proposed General Plan amendment were to be approved, the proposed mix of industrial, commercial and residential uses would be in conformance with the new site- tailored Mixed Use with No Underlying Designation.

General Plan Amendments for Land Use (File No. GP04-02-01 and GPT04-02-01)

“Framework, as a Guideline, to Evaluate Proposed Conversions of Employment Lands to Other Uses”

With the downturn in the economy, the number of vacant and underutilized industrial sites in San Jose has increased. In April 2004, City Council adopted the “Framework, as a Guideline, to Evaluate Proposed Conversions of Employment Lands to Other Uses”, which includes criteria for evaluation for proposed industrial conversion. The City currently has approximately 10,978 acres of lands designated for industrial land uses. Staff is in the process of reviewing 26 General

Plan amendments requesting conversions from industrial designations to non-industrial designations. Specifically, approvals of these General Plan amendments could potentially convert 936 acres of industrial designations to non-industrial designations and 41 acres to industrial designations with a Mixed Industrial Overlay. In conformance to the Framework, staff has identified key issues that need to be evaluated for each conversion proposal. The criteria assess a range of factors including:

1. Consistency with the City's Policies, Goals and Strategies.
2. The contribution to San Jose's economy of the applicable sub-area
3. Proximity to compatible and incompatible land uses
4. Proximity to neighborhood services and transit
5. Potential for inducement of additional conversions to residential uses.

A discussion of each of these factors is included below.

1. Consistency with the City's Policies, Goals and Strategies

The *San Jose 2020 General Plan* has identified seven Major strategies that provide for the "vision" of San Jose, particularly related to its future growth and development. Three of the seven Major Strategies are Economic Development, Growth Management and Housing.

Economic development is a fundamental priority for the future growth of the City. Since 1975, San Jose's General Plan continues to emphasize the importance of economic development through the Economic Development Major Strategy. The Economic Development Major Strategy calls for identifying opportunities for expanding the community's economic base, promoting the balance between "driving" industries and the service/supplier firms that support them, while actively marketing San Jose as a location for a wide range of businesses. The proposed project is consistent with this strategy in that it is not proposing to decrease the amount of industrial square footage. In fact, one of the project's goals is to allow the applicant to reconfigure the property, to maintain the viability of the site for industrial uses by meeting future business needs. The development would allow the applicant to use the immediate profit gained from the sale of the outer sub-area to invest in consolidating and upgrading up to 3.6 million square feet in the industrial core sub-area. It is important to note that although the project proposes the development of up to 3.6 million square feet of industrial square feet, the amount of land proposed to be devoted to industrial uses will decrease by 126 acres. The loss of acreage is not completely mitigated by the increase in square footage because not all industrial uses do not need. However, based on the fact that the applicant is proposing a zoning for up to 3.6 million square feet of industrial uses and up to 460,000 square feet of commercial uses, the proposed project is substantially in conformance with the Economic Development Major Strategy.

The Growth Management Major Strategy strives to find a balance between the need to house new population and the need to balance the City's budget, while providing acceptable levels of service. The amendment site is located within an area where urban facilities and services are already available. The project is proposing to place homes near places and employment, which allows for shorter commutes for residents if they were to work at the site. The project is also proposing to place new attached housing within close proximity to transit stations, consistent with City policies. Infill development on this site supports the intent of the Growth Management Major Strategy.

The Housing Major Strategy encourages facilitating housing opportunities all types and price ranges to create a well-balanced community for the City's residents. The need for housing in San Jose and the greater Bay Area continues to be important. This Major Strategy can be achieved by planning for residential land uses at appropriate locations and densities. The project proposes a variety of attached housing types, such as attached row houses to taller podium residences and at densities that range from 12-16 and 40-60 dwelling units per acre. The construction of new housing on the parcels closest to Cottle Road would be consistent with the existing residences located across Cottle Road and would achieve the goal of the Housing Major Strategy.

2. The Contribution to San Jose's Economy of the Applicable Sub-area

The subject site is located with Edenvale Sub-area 1 as shown in the report titled, "Toward the Future: Jobs, Land Use and Fiscal Issues In San Jose's Key Employment Areas 2000-2020". The Framework identifies Edenvale 1 as an appropriate sub-area to consider for conversion to housing, retail, mixed use or other Household Serving Industries in certain circumstances. As stated earlier, the applicant is proposing to consolidate up to 3.6 million square feet of industrial uses and does not intend to reduce the industrial capacity. The proposal will allow the applicant to redevelop and intensify the site to better address future needs, thus maintaining the viability and contribution of the site for Hitachi's specific industrial uses. The project will also propose more housing and commercial uses, which will contribute to the existing needs of area residents and the economic growth of this sub-area.

3. Proximity to Compatible and Incompatible Land Uses

The project proposes higher intensity industrial uses and new commercial and residential uses in a larger area that is already developed with a mix of uses. The applicant proposes to place the new residential and commercial uses on the western parcels along Cottle Road, which is near existing residential and commercial uses to the north and the west. The industrial uses would be located at the eastern area of the property and adjacent to the new Great Oaks extension, Monterey Highway and the Caltrain railroad tracks. The residences located on the other side of Monterey Highway would continue to be buffered from the redeveloped industrial uses by the Caltrain tracks. However, the applicant proposes to place new housing directly adjacent to the relocated industrial core. The proximity of the industrial uses to the new residences would introduce land use compatibility conflicts, such as the use of hazardous materials. To mitigate for these potential impacts, the project includes conditions identified in the DEIR and the City's Design Guidelines to buffer the new residents from these uses. The industrial campus will also include substantial landscaped buffers, walls and fences between it and the new residential villages.

4. Proximity to Neighborhood Services and Transit

General Plan policies state that public and private development should be located and designed to improve the character of the existing neighborhood and provide places and opportunities for interaction among residents. New residential developments should be located where it is supportive and can relate to existing neighborhoods. The subject proposal would integrate with the existing neighborhoods directly to the west.

One of the measures of the quality of life is access to services and facilities, including neighborhood-serving retail, parks, libraries, schools, public transportation, and other civic and

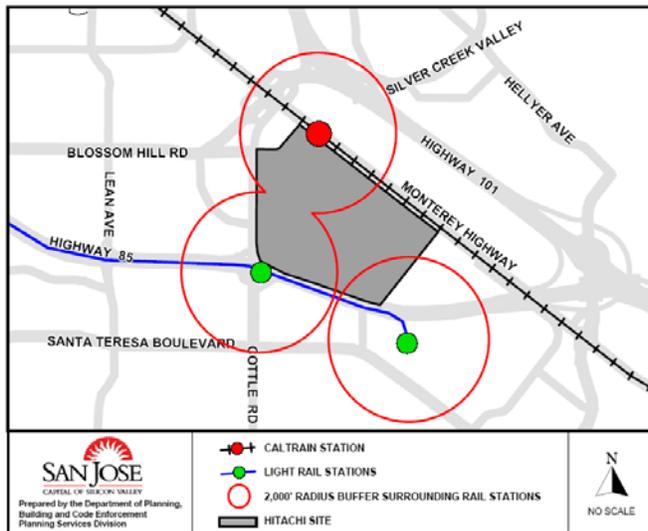
cultural amenities. Additionally, there should be adequate service levels for public safety, such as police and fire services. The new development will be located in a fully developed area with existing job center, housing and residential support uses. The project is proposing an approximately 10-acre public park as part of the development at the north edge of the site and smaller neighborhood parks in the residential village in the south. The closest fire station, Fire Station No. 27, is located approximately 1.2 miles southeast of the site. Additionally, a new fire station, Station No. 35, is proposed to be built across from the site at Cottle Road and Poughkeepsie Road, Station No. 35 is scheduled to be operational by July 2007. Police services are provided from the police headquarters and the project would not require the construction of new facilities to meet the needs generated by this project. However, as previously discussed, a new police substation is being proposed for parcel O-6. The nearest library to the site is Santa Teresa Branch Library, located approximately 0.3 miles from the site. The Santa Teresa Branch Library is also planned and funded to be remodeled and expanded by 10,140 square feet by 2007. Anderson Elementary, Davis Intermediate and Oak Grove High schools, which are all within 1.1 miles of the site. Students from the new housing will likely attend Baldwin Elementary and Davis Intermediate schools due to the number of students currently enrolled at Anderson Elementary. Once more specific development plans are submitted, the Oak Grove School District will modify the school boundaries to address the specific needs.

The site is located in close proximity to both the Cottle Road light rail station and the Blossom Hill Caltrain station. The project is proposing to build a direct pedestrian crossing to the Caltrain station across Monterey Road on the north end of the site. The applicant is also providing shuttle services for employees to the transit stations, which is conditioned to continue. Santa Clara Valley Transportation Authority (VTA) also operates bus routes 27, 68 and 501 along the project frontage on Cottle Road. The project also includes sidewalks to provide pedestrian connections throughout the area. Additionally, the applicant will install pedestrian gates along the campus edges to facilitate access by employees to new commercial service, minimizing auto trip by industrial workers during the day.

5. Potential for Inducement of Additional Conversions to Residential Uses.

The proposed conversion of the 332-acre site from Industrial Park to Mixed Use With No Underlying Designation is also being analyzed in context of the larger surrounding area, including the potential for further conversions of nearby sites. As discussed above, the site is already adjacent to residential areas along Cottle Road to the west. Residential uses are also located along Monterey Highway to the east. The only industrial area adjacent to the site is the iStar property located directly to the south, across Manassas Road. The property owner of this site has also filed a General Plan amendment to change the land use designation from Industrial Park to Mixed Use With No Underlying Designation for industrial and commercial uses. Approval of the proposed General Plan amendment request for the subject site could potentially provide additional inducement for the conversion of the iStar property as indicated by the pending General Plan amendment request, GP03-02-05 for the iStar site. However, industrial uses are proposed along the frontage adjacent to the Hitachi campus.

Based on the above discussion, staff has determined that the proposed conversion from Industrial Park to Mixed Use With No Underlying Designation to allow industrial, commercial and residential uses is appropriate per the Framework as adopted by City Council.

General Plan Amendment for Height Limit Change (File No. GPT04-02-01)

The project proposes a General Plan Text amendment to change the maximum height allowed on the site from 50 feet to 120 feet. Construction to a maximum of 120 feet would result in approximately 10-12 story buildings. The General Plan already allows for maximum building heights of 120 feet for properties within 2,000 feet of an existing or planned passenger rail station. The diagram to the left shows the areas in the project site that are within 2,000 feet of a transit station. A substantial portion of the site is within 2,000 feet of either the Cottle Road light rail station to the southwest or the Blossom Hill Caltrain station to the

northeast. As a result, a majority of the site already has a maximum allowed height of 120 feet. The applicant is requesting the maximum height of 120 feet to be expanded to the remainder of the site to provide design flexibility is needed to accommodate not only the new housing and commercial uses, but to be able to consolidate up to 3.6 million square feet within a smaller geographic area.

The proposed change would bring consistency for maximum building heights within the site and would not create any new visual issues for neighboring residences across Cottle Road or Monterey Highway because the project will conform to the City's Residential, Commercial and Industrial Design Guidelines. In addition, the Industrial, Commercial and Residential Design Guidelines would be implemented to provide appropriate interfaces and transitions between areas with different types of land uses. Staff believes that the proposed height increase to 120 feet is consistent with the policies of the General Plan that support height increases where appropriate to provide for intensification, especially near transit.

PLANNED DEVELOPMENT REZONING (PDC04-031)

The primary issues associated with this proposal are transportation improvement phasing, the proposed demolition of historic buildings and consistency of the project design with the City's Design Guidelines.

Transportation/Phasing Improvements

A transportation improvement phasing plan was developed because it is anticipated that it will take 5-10 years to build out the project. The phasing plan ensures that the project will appropriately mitigate potential impacts during the various stages of development. The campus is currently served only by private roads. The transportation phasing plan identifies 17 transportation improvements and the project-proposed Caltrain pedestrian crossing. Phase One consists of the construction of up to 460,000 square feet of commercial uses only. Phase Two includes the construction of up to 460,000 square feet of retail and up to 940 residential units. Phase Three includes the construction of the previous phases plus the construction of up to 2,080 dwelling units. The final fourth phase would be triggered by the redevelopment of the industrial

core. Attached below is a table showing the proposed improvements of each phase. Detailed explanations of the improvements are discussed in the DEIR.

Location	Phase 1	Phase 2	Phase 3	Phase 4	Details
1. Great Oaks (2 lane)	x				Construction of a 2 lane Great Oaks Boulevard through iStar
2. Concord and Cottle	x				Reconstruct signalized intersection to improve circulation
3. Cottle and Poughkeepsie	x				Major access- reconstruct signalized intersection, based on City design
4. Cottle and Beswick	x				Major project access requires full signal reconstruction and curb line alignment
5. Blossom Hill and Poughkeepsie	x				Construct second right turn lane
6. Rochester Road	x				Extend median island along Cottle Road to prevent cut through traffic
7 Endicott/Great Oaks Extension to Cottle (Boulder to Cottle)					Construct 2 inbound EB lanes and 1 outbound WB lane connecting Cottle Road to Great Oaks Boulevard
8. Beswick Avenue		x			Construct Median Island along Beswick for traffic calming and install traffic signal at Bangor for the school traffic
9. Hayes Avenue		x			Install traffic signal at Blossom Hill loop for safety
10. Expansion of Great Oaks to four lanes (from Manassas to 85 ramp)			x	x	Expand new Great Oaks Boulevard from 2 to 4 lanes
11. Expansion of Great Oaks to four lanes (from Boulder to Manassas)			x		Expand new Great Oaks Boulevard from 2 to 4 lanes
12. Great Oaks and Via Del Oro			x		Add second west bound left on Great Oaks

In addition, there are four other improvements that are identified within the Edenvale Area Development Policy that are not listed above. Please refer to the staff report on the modification of the Edenvale Area Development Policy (EADP) for more details. Although the four improvements have been identified as required mitigations for this report, the timing of those improvements will be determined by the EADP. These improvements include:

- Construction of the northbound Cottle Road loop ramp for northbound 85
- Bridge widening to four lanes for 101 and Silver Creek Valley Road
- Construction of a triple right turn for southbound 101 off-ramp at 101 and Blossom Hill

- Installation of a second eastbound right turn at the off-ramp at southbound 85 and Great Oaks Boulevard.

The EADP recognizes that it may take time beyond what is typically allowed under standard City practice for the implementation of mitigation due to the complexity of improvements and the cooperation needed from outside agencies such as Caltrans. As a result, a different set of timelines will be applied to these improvements. The timeline for the freeway improvements will require that the improvements be completed by the time the final 430 residential units are constructed.

Although not a required traffic mitigation, the Caltrans pedestrian crossing is also incorporated in the phasing plan. A preliminary engineering study will be required prior to the issuance of a building permit for the 100th dwelling unit. This will allow the City to work with Caltrans on the design. A financial agreement for funding and guaranteeing completion of the crossing and the commencement of construction will be required prior to the issuance of a building permit for the 2,500th residential unit. If Caltrans does not agree to the construction of the pedestrian connection, an alternative improvement would be implemented by Hitachi with the approval of the City.

The applicant will be required to identify and implement Transportation Demand Management (TDM) measures at the Planned Development Permit stage. Transportation Demand Management measures include a variety of measures to improve the effectiveness and efficiency of planned and existing transportation systems. Measures include vanpool programs, special carpool or vanpool parking spaces, and subsidies for transit fees. Measures this project will implement to help mitigate potential traffic impacts include the provision of employee shuttles and pedestrian gates for the industrial core to the new commercial service areas. The Planned Development Zoning will require that the industrial core provide a shuttle for employees to transit stations and the inclusion of pedestrian gates at various points in the campus to facilitate pedestrian movement from the core to the new mixed-use areas. This shuttle requirement may be met in the future if a broader area shuttle is implemented. The project will incorporate wide sidewalks and walkways throughout the site to maximize pedestrian activity.

Conformance to Historic Resources Policy

The Historic, Archaeological and Cultural Resources Goals and Policies of the General Plan call for consideration of preservation in the development review process. An alternative for historic building preservation is discussed in the Draft EIR and is analyzed further below.

The project proposes to demolish 30 out of 31 buildings and the reflecting pool on the site to develop up to 3.6 million square feet of industrial uses, up to 2,930 residential units and up to 460,000 square feet of commercial uses. The applicant proposes to keep only one structure, Building 009/011, on the site. The project will dedicate up to 10 acres of land for park and community center uses in the northern area of the site. The three acre site with Building 009/011 can also be added to the park site if an agreement with the City on long-term funding for building maintenance can be reached. The remainder of the site, including the reflecting pool and other structures, are proposed for demolition in order to facilitate the build-out of the project.

A historic report, entitled, "Historic Resource Evaluation Hitachi Campus, San Jose" has been completed by Carey and Company on September 8, 2004 and is included in the Draft EIR. Please

refer to the DEIR for a complete description. The report states that there are nine historically significant buildings on the campus as noted in the table below. The period of significance was between 1956-1965. The nine historically-significant buildings were designed as part of the original 210-acre campus.

Existing Buildings		
Building	Date of Construction	Use and Historic Significance
001	1957	Manufacturing (Historic District)
005	1956	Manufacturing (Historic District)
006	1965	Manufacturing (Historic District)
007	1965	Warehouse (Historic District)
009/011	1957	Office/Cafeteria (Historic District and Individually Significant)
010	1957	Office (Historic District)
013	1957	Development (Historic District)
014	1962	Development (Historic District)
015	1959	Development (Historic District)

As noted in the Historic Resource Evaluation, Appendix G, the IBM campus designed by architect John Savage Bolles with its geometric forms, cold materials, sculptural components, sophisticated spatial relationships, and integrated landscape design by landscape architect Douglas Baylis, appears to be eligible for the California Register of Historic Resources (CRHR) under Criterion 1 for its association with IBM's role in the region's overall development and under Criterion 3 for its distinctive characteristics of Mid-Century Modern architecture. The nine buildings possess both historic significance and adequate integrity. The potential district is eligible for listing as a district on the CRHR. Building 009/011 alone possesses historic significance and adequate integrity to be individually eligible for listing on the CHRH.

The project proposes to demolish the remaining eight buildings and other elements that contribute to the potential historic district. The applicant is proposing to maintain most of the reflecting pools and landscaping that define the historic spine. However, the removal of any part of a potential historic district would destroy the historic nature. Therefore, the project would result in significant impacts to a historic resource. The proposed Planned Development Zoning would preserve the individually significant building 009/011, the central pedestrian spine, as well as the primary spatial relationships between buildings which define the campus layout. The spatial relationships would be maintained by establishing specific setbacks or "build-to-lines" that would be similar to the original buildings' setbacks and maintaining the landscaped treatments. The "build-to-lines" would ensure that the spatial relationship of the pedestrian spine be maintained and would also provide architectural definition. The applicant is also proposing to maintain some of the reflecting pools on the site.

Additionally, the demolition is proposed to accommodate the construction of a 10-acre active park. The 10-acre park was proposed for the current location because of its proximity to a roadway network that would serve the region and the ability to have lighted ball fields, as the location proximate to mostly commercial uses.

Consistency with City's Design Guidelines

The project proposes industrial, commercial and residential uses. The following analysis will discuss conformance to the appropriate design guidelines.

Industrial

The applicant proposes to reconfigure 3.6 million existing square feet of industrial uses onto a smaller portion of the campus. The project proposes to conform to the uses and setbacks of the IP Industrial Park Zoning District. The project will also conform to the City's Industrial Guidelines, especially at the commercial and residential interfaces, for site and architectural design. The applicant has provided conceptual site plans that show buildings with a maximum height of 4 stories, but with the potential for up to 120 feet in height. The applicant has also publicly stated that the tallest buildings that are currently being considered would be 4 stories. The project will also be required to have buildings oriented to the future General Plan public streets. The project will be conditioned to provide appropriate transition areas between mixed uses by providing a combination of landscaped setbacks, walls and fences. Additionally, as discussed previously, the industrial core area within the historic spine will be required to maintain the spatial relationships of the existing buildings. This particular "build-to-line" will ensure that the historic pedestrian spine will be maintained.

Parking for the industrial core will conform to the ratios established by the Zoning Ordinance. The Rezoning will also allow a parking reduction of up to 10% subject to the approval of a development permit by the Director of Planning. This reduction from typical Zoning Code requirements recognizes the site's proximity to transit stations and mixed-use character. Because high-pressure gas lines are located along Cottle Road and Monterey Highway, any development on the site would be required to conform to the City's High Pressure Gas Line Policy and use setbacks and appropriate construction techniques.

Commercial

The applicant proposes to develop up to 460,000 square feet of commercial uses. The majority of the commercial square footage will be built in parcels O-2 and O-3 as a combination of stand alone retail stores, such as grocery stores or other general retailers and as part of a mixed use with ground floor commercial and residential units above. A smaller percentage of commercial square footage is proposed along the main street in parcel O-4. The retail uses envisioned for this area include neighborhood support businesses, such as dry-cleaners. The remainder of the commercial uses will be placed in parcel O-1, the north or transit village. Ground floor commercial uses with residences above will be placed near a transit plaza designed to connect to the Blossom Hill Caltrain station through the proposed pedestrian crossing. The project will be designed to have a transit orientation and a pedestrian scale.

The project will also conform to the Commercial Design Guidelines for site design, setbacks and architecture. The development will be conditioned to meet the standards of the Commercial Design Guidelines and will meet at least the minimum setbacks of 10 feet along the public roads. The 10-foot setback corresponds to the setbacks identified in the Commercial Design Guidelines for a variety of more urban commercial developments. The project will also incorporate a "build-to-line" along the main street to ensure architectural definitions appropriate in an urban setting. This standard sets the location of the building walls that provide architectural definition

appropriate to the urban setting and important spaces. Seventy percent (70%) of the building elevation is required to be along the “build-to-line”. The remaining thirty percent (30%) of the elevation must be within a 15-foot setback from the “build-to-line”. The buildings are currently envisioned to be four stories, but retain the ability to go up to 120 feet. The commercial uses will also conform to the City’s High Pressure Gas Line Policy. The applicant proposes to meet the parking requirements for commercial uses in the Zoning Ordinance. However, a 10% reduction in parking given the proximity of transit may be possible at the discretion of the Planning Director with the approval of a Planned Development Permit.

Residential

The project proposes a variety of attached residential buildings with a wide density range. Density ranges vary from 12-16, 12-25 and to 40-60 dwelling units per acre. The density ranges are provided on page L-6 and L-8 of the plan set. The buildings are envisioned to be four stories, with the ability to go up to 120 feet. The highest density units, with a range of 40-60 dwelling units per acre, are located closest to the Cottle Light Rail Station and the Blossom Hill Caltrain stations, in conformance to General Plan policies. The applicant is proposing to conform to the Residential Design Guidelines for common and private open space, site design and architecture. The development standards include minimum setbacks of 10-15 feet along public streets, consistent with the Residential Design Guidelines, the urban character of the project, and the types of buildings they govern. However, those represent the minimum setbacks. The project will be required to conform to the Design Guidelines, which could require greater setbacks in some locations to provide appropriate interfaces to adjacent uses. The residential units will also conform to the City’s High Pressure Gas Line Policy. The residences will be incorporated into an overall design that will link residents to a strong pedestrian circulation system with new sidewalks and substantial landscaping because of the proximity of transit rail stations.

The applicant proposes a reduced parking ratio for podium residential developments and residences as part of mixed uses, provided that the parking will be provided as open parking of: 1.2 spaces per unit for a studio; 1.3 spaces for a one-bedroom unit; 1.5 spaces for a two-bedroom unit and 1.7 spaces for a three-bedroom unit. This ratio is consistent with other higher density developments located near transit, such as the North Park (Moitozo) Development on North First Street. Staff believes that this ratio, which is equivalent to an approximately 15% reduction, is appropriate because the higher density developments are located within 2,000 feet of the passenger rail stations. The applicant proposes to meet the requirements of the Residential Design Guidelines for the other attached housing types, such as rowhouses and courthomes.

Park

The project includes the construction of a 10-acre active recreation park to the north of the site. The applicant has engaged in on-going discussions with the Department of Parks, Recreation and Neighborhood Services in the design of the future park. This location was chosen due to its proximity to streets with regional access. The park would be large enough to provide amenities for both new and existing residents. Additionally, the location would also be appropriate for lighted ball fields because it is farther away from other residences. The applicant will also be required to provide additional smaller parks close to the residential villages located to the south of the site, with a one-acre park preferable for park maintenance than pocket parks. The applicant is also investigating the possible donation of Building 9/11 and the three-acre site around it for public/quasi-public uses. If a suitable use cannot be found, then the building could be used for

the industrial campus. The project will be required to conform to the appropriate design guidelines to ensure an appropriate interface with the new park.

PUBLIC OUTREACH

Due to the size and scope of this project, for the purposes of the City Council Policy on Public Outreach, the project was considered a "Significant Community Interest Proposal". In conformance to the Policy, early notification postcards were mailed out to property owners, tenants, neighborhood groups, community organizations and other interested parties. Notices of the public hearing before the Planning Commission and City Council have been published, posted on the City of San Jose web site and distributed to the owners and tenants of all properties of an expanded mailing radius of 3,000 feet of the project site. Given the size of the property, staff utilized a very large mailing radius to ensure that all interested parties would receive notices. Staff has also maintained a "frequently asked questions" website and an email list for those outside of the mailing radius who expressed interested in the project. In conformance with the outreach policy, the applicant has posted on-site noticing of the project description and contact numbers on the project site. This staff report is posted on the City of San Jose website. Staff has also been available to answer questions from members of the public. Additionally, copies of the Draft Environmental Impact Report have been available for public review in both the Dr. Martin Luther King Jr. Library and the Santa Teresa Library.

Community meetings were held on June 30, 2004, February 28, 2005 and May 12, 2005. The first and third meetings were held at the Southside Community Center. The second meeting was held at the Santa Teresa Library. An Environmental Impact Report Public Scoping Meeting was also held on August 5, 2004. Topics and issues discussed at those meetings included the following: traffic, urban design and timing for the development. Most of the concerns regarding the project were about the traffic generated by the project. Staff and the applicant responded that the project will be required to meet all City requirements and would have to mitigate for the impacts. At the final community meeting in May, the majority of attendees expressed support for the project and particularly the enhanced selection of retail providers coming to the area to serve existing residents.

In conformance to the City Council Policy on the Preservation of Historic Landmarks, the project was brought to the Historic Landmarks Commission as an informational item at the August 4, 2004 Historic Landmarks Commission (HLC) hearing. A tour of the site was given for members of the Landmarks Commission on November 3, 2005 and the project was reviewed by the Design Review Committee (DRC) on January 19, 2005. The DRC stated that the Buildings 9/11 and 10, the reflecting pools and art should be preserved. The DRC also stated that the tiles and some of the building elements should be preserved and re-used at other places on the campus. The HLC recommended certification of the EIR and recommended that Building 10 be saved. The Planned Development Zoning will be reviewed at the June 1, 2005 Historic Landmarks Commission. Comments from the hearing will be forwarded to the Commission in a separate memo.

The General Plan Amendment was also discussed at the May 11th Parks Commission Meeting. The Commissioners expressed support of the 10-acre park. However, they recommended that the project provide a minimum one-acre park in the southern residential area. The Commission believed that a one-acre park, or larger, would provide more efficient services and uses than a number of smaller pocket parks that had been proposed by the applicant.

The Hitachi project was presented at the May 24th Housing Advisory Commission. The Commissioners expressed that the project should provide a greater number of affordable units for Very Low Income and Extremely Low Income households. The Commissioners stated that they support the project because of the economic, planning and transportation benefits to the City. The Commission recommends to City Council to increase affordability of all units with a full range of affordability options from Extremely Low Income, Very Low Income and Low Income in order to meet the twenty percent (20%) requirement.

The applicant also implemented a comprehensive community outreach program, in addition to the three community meetings. Since June 13, 2004, the applicant has been meeting with a variety of neighborhood groups, including the Edenvale/Great Oaks Neighborhood Advisory Committee (NAC), Santa Teresa Mobile Home Park, Haven Neighborhood Association, Santa Teresa Citizens Action Group, Terrace Villas Home Owners Association and the Edenvale Roundtable Community Association among others. The applicant also contacted other non-profits and interests groups such as the Preservation Action Council of San Jose, the Greenbelt Alliance and the Silicon Valley Manufacturing group. The applicant has also posted and maintained a project information page on the company website.

RECOMMENDATION

Planning staff recommends that the Planning Commission forward a recommendation to the City Council to change the Land Use/Transportation Diagram designation from Industrial Park to Mixed Use With No Underlying Designation and to allow a change of the maximum allowed height to 120 feet under the General Plan.

Furthermore, Planning staff recommends that the Planning Commission forward a recommendation to the City Council, that should the General Plan be amended, to approve the proposed Planned Development Zoning.

1. The proposed project conforms to the site's General Plan Land Use Transportation Diagram designation of Mixed Use with No Underlying Designation.
2. The proposed project, as conditioned, conforms to the City's Residential, Commercial and Industrial Design Guidelines.
3. The proposed project will be compatible with surrounding residential, commercial and industrial uses.
4. The project proposes to retain up to 3.6 million square feet of industrial development and a major corporate entity in conformance with the Economic Development Strategies of the General Plan
5. The project proposes to maintain Building 9/11, identified as a historic resource, and the City of San Jose Heritage Tree eligible 500 year-old oak tree. The preservation of these historic resources conforms to the Historic Resources Policies of the General Plan
6. The proposed infill development of the 332-acre site conforms to the General Plan's Sustainable City Strategy of the General Plan



Memorandum

TO: PLANNING COMMISSION

FROM: Stephen M. Haase

SUBJECT: SEE BELOW

DATE: June 3, 2005

COUNCIL DISTRICT: 2

SUPPLEMENTAL

SUBJECT: PDC04-031. PLANNED DEVELOPMENT REZONING FROM IP INDUSTRIAL PARK ZONING DISTRICT TO IP(PD) PLANNED DEVELOPMENT ZONING DISTRICT TO ALLOW THE RECONFIGURATION AND ENTITLEMENT OF UP TO 3.6 MILLION SQUARE FEET OF INDUSTRIAL PARK USES, ALLOW UP TO 2,930 RESIDENTIAL UNITS, UP TO 460,000 SQUARE FEET OF COMMERCIAL USES AND UP TO 13 ACRES OF PUBLIC/QUASI-PUBLIC PARK AND OPEN SPACE USES ON A 332 GROSS-ACRE SITE, LOCATED AT A SITE GENERALLY BOUNDED BY COTTLE ROAD TO THE WEST, POUGHKEEPSIE ROAD/BOULDER BOULEVARD TO THE NORTH, MONTEREY HIGHWAY TO THE EAST, STATE ROUTE 85 AND MANASSAS ROAD TO THE SOUTH.

BACKGROUND

As indicated in the staff report, the Historic Landmarks Commission held a hearing on June 1, 2005 to review and make a recommendation on the Planned Development Zoning, PDC04-031 for the Hitachi redevelopment project. The purpose of this supplemental memorandum is to provide the Planning Commission with the comments of the Historic Landmarks Commission for the Hitachi Planned Development Rezoning.

SUMMARY OF DISCUSSION

The Historic Landmarks Commission opened the public hearing on the proposed rezoning. Judith Henderson, Vice President of PAC SJ, stated that PAC SJ was disappointed that the qualified California Register of Historical Resources Historic District, including Building 010, was proposed for demolition. Secondly, PAC SJ was concerned about the status of preserving the individually significant Building 09/011, given the City's current budget situation. Finally, PAC SJ requested that any development of the park not preclude a pathway that could link to IBM Building 025 in the future.

Chair Polcyn stated that he did not oppose the rezoning, and noted that it was a good mixed-use project. He asked about the viability of retaining Building 025, 09/011 and 010 as a potential

Historic District. Planning Staff noted that the Historic Consultant evaluated the potential for a smaller historic district and concluded that only preservation of the entire identified district would result in a less-than-significant impact to historic resources.

Chair Polcyn then asked whether Building 010 would qualify individually for the California Register. Planning Staff noted that the Historic Resource Evaluation stated that Building 010 did not appear to be eligible for the California Register because its function was not unique, its architectural design did not embody distinctive characteristics, and the integrity of the building's art program had been compromised through the removal of the original art and the infilling of the sculpture pools.

Commissioner Colombe asked for clarification that the reflecting pools and the pedestrian spine would be retained in the General Development Plan. The applicant responded that while a section of the reflecting pool in front of Building 09/011 might be impacted by the construction of a wall, the pools and the pedestrian spine would be retained. Chair Polcyn agreed that it was unclear from the current plans that the pools would be saved, and recommended the plans be revised to clarify that the pools would be preserved.

STEPHEN M. HAASE
Secretary, Historic Landmarks Commission

