

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  
 P.C. 01-28-04 Item 4.d .  
 C.C. 02-03-04

File Number  
 PDC02-046

Application Type  
 Planned Development Rezoning

Council District  
 3 SNI  
 Park Delmas

Planning Area  
 Central

Assessor's Parcel Number(s)  
 259-38-036, -039-042, -044, -109-111, -128, -  
 131

## STAFF REPORT

### PROJECT DESCRIPTION

Completed by: Akoni Danielsen

Location: Area bounded by Guadalupe River, Los Gatos Creek, and East Santa Clara and East San Fernando Streets

Gross Acreage: 8.83

Net Acreage: 7.76

Net Density: up to 145 DU/AC

Existing Zoning: CN-Commercial  
 Neighborhood, LI-Light Industrial, and HI-  
 Heavy Industrial

Existing Use: San Jose Water Company offices, surface parking lot, single-  
 family dwelling

Proposed Zoning: A(PD) Planned Development

Proposed Use: up to 1.04 million square feet of commercial and retail uses and  
 up to 325 residential units

### GENERAL PLAN

Completed by: AD

Land Use/Transportation Diagram Designation: General Commercial and  
 Residential Support for the Core (25+ DU/AC)

Project Conformance:  
 Yes  No  
 See Analysis and Recommendations

### SURROUNDING LAND USES AND ZONING

Completed by: AD

North: Public Park

CO(PD), LI Light Industrial

East: State Route 87, Downtown Core

CG Commercial

South: Residential

LI Light Industrial

West: Commercial/Industrial

CN Commercial, LI Light Industrial

### ENVIRONMENTAL STATUS

Completed by: AD

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SJW Land Company, Attn: Janelle McCombs  
374 W. Santa Clara Street  
San Jose, CA 95196

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PUBLIC AGENCY COMMENTS RECEIVED

Completed by: AD

Department of Public Works

See attached memorandum

Other Departments and Agencies

See attached memoranda

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GENERAL CORRESPONDENCE

See attached

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ANALYSIS AND RECOMMENDATIONS

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## **BACKGROUND**

The SJW Land Company proposes a mixed-use commercial and residential development on an 8.83 gross acre site in the Diridon Station area at the western edge of downtown San Jose (refer to attached location map). The applicant proposes to rezone the site to allow the phased development of approximately one million square feet of commercial and retail uses, and up to 325 residential units.

The site is bounded by West Santa Clara Street to the north, West San Fernando Street and a Santa Clara Valley Transportation Authority (VTA) LRT station under construction to the south, and the riparian channels of Los Gatos Creek and the Guadalupe River to the west and east, respectively. The project site is located adjacent to and over proposed BART alternative routes through the downtown. The San Jose Arena (HP Pavilion) is located a short distance to the northwest of the site.

The project site is currently developed with the San José Water Company headquarters facility and a single-family residence, and the remainder of the 8.83-gross acre site is paved parking lots, and includes Delmas Avenue, which bisects the project site from north to south.

## **PROJECT DESCRIPTION**

The project proposes to rezone the entire site to A (PD) Planned Development District to allow a mixed use

parking podium (with one additional level below grade).

Retail uses will be over the below-grade parking and/or at the exterior edge of the structured parking. All of the other uses will be above the structured parking. The project proposes to construct townhouses west of Delmas Avenue at the exterior edge of structured parking fronting Los Gatos Creek with finished floor elevations one foot above the 100-year flood elevation. The project will conform to the requirements of San José's Flood Hazard Ordinance and the proposed buildings would not be subject to flood impacts. The project will retain the historic San Jose Water Works office building and the related Transformer House, and would remove all other structures present on the site. The Transformer House may be relocated on site within close proximity to the historic office building.

At this rezoning stage, project design details are very conceptual. An illustrative site plan of how the proposed land use plan might be developed on the site is attached. This plan is an illustrative example with respect to building massing, location and configuration, open space configuration, and pedestrian circulation. While the exact uses of the proposed project are not known at this time, it is anticipated that the project will accommodate approximately 3,000 employees, based upon a typical density of three employees per 1,000 square feet. More detail will be provided as actual buildings are proposed and reviewed with subsequent Planned Development Permit applications.

### **ENVIRONMENTAL REVIEW**

The project is the subject of an Environmental Impact Report, which was available for public review and comment from June 23, 2003 through August 6, 2003. The project would result in the following significant, unavoidable impacts:

- ? Five I-280 and SR 87 freeway segments
- ? Regional ozone and PM10 air quality impacts
- ? Temporary noise impacts during project construction
- ? Shading impact on the Arena Green and Guadalupe River Park Trail during midday hours around the winter solstice from buildout of the maximum building envelope

Additionally, the project would contribute towards the following significant unavoidable cumulative impacts:

- ? Significant unavoidable cumulative traffic impacts
- ? Significant unavoidable near-term cumulative air quality impacts
- ? Significant unavoidable cumulative construction noise impacts

With the aforementioned General Plan land use designations and allowed heights, the subject site is planned to become a westward expansion of the Downtown Core. The subject site is part of the larger Diridon/Arena area anticipated to redevelop with high density commercial office/mixed-use development, with a strong emphasis on lively pedestrian activity, entertainment uses, and a vibrant mix of local and national retail, with high accessibility to local and regional transit.

Additionally, the preservation and reuse of the historic Water Company and Transformer House is consistent with the General Plan Historic, Archaeological and Cultural Resources Goal of the preservation of historically significant structures and districts in order to promote a greater sense of awareness and community identity and to enhance the quality of urban living.

### **ANALYSIS**

The primary project issues are consistency with the Diridon/Arena Strategic Plan, the Greater Downtown Strategy 2000, the residential and commercial design guidelines, and the Delmas Park SNI Neighborhood Improvement Plan, the adaptive reuse of the site's historic buildings, conformance with the Riparian Corridor Policy and the Guadalupe River Park & Gardens Urban Design Guidelines, and the project's compatibility with Arena operations.

**Diridon/Arena Strategic Plan.** The Diridon Strategy provides a conceptual strategy for the future development of the area and has been approved in form by the City Council but not formally adopted. The SJ Water Company property falls within the "Diridon Station Area: Transit Oriented/Downtown District (Downtown Extension District)". The Diridon Strategy, however, treats the development that would be permitted under this proposed rezoning as an existing condition (i.e. pre-dates the Strategy). Nevertheless, the project conforms to the Strategy in that the Downtown Extension District calls for the highest density of commercial/office and mixed use development in the entire Diridon Strategy Area. The primary goal of the Diridon Station Area is to establish a new commercial and mixed-use district as an extension of Downtown, embracing the Arena, parks and rivers. The proposed project implements this goal, as well as the particular strategy provisions related to open space, land use/density, setbacks, building massing and view corridor.

**Greater Downtown Strategy 2000.** The proposed rezoning supports many of the "First Priority Principles" of the Strategy in that it facilitates: a) development of retail in greater downtown, b) housing development with emphasis on high densities, c) completion of the Guadalupe River and Los Gatos Creek park, d) development of parking resources and alternatives, and e) streetscape improvements.

It also supports Urban Form & Buildings Strategies (see Strategies pages 62- 65), specifically: (e) design buildings with distinctive form (pg. 62); (k) downtown buildings can step down in height (pg. 63); and (p) housing types should be varied to include rental, ownership, lofts, townhouses, and flats, etc. (pg. 63).

Overall, the SJW Land Company PD zoning is consistent with the Greater Downtown Strategy.

**Residential and Commercial Design Guidelines.** The project is currently at a very conceptual stage of design, and so a detailed point-by-point analysis of its conformance with the relevant residential and commercial design guidelines is not yet possible. The exact placement and design of structures, open space, landscaping, and other planned improvements will be defined after City Council consideration of the proposed rezoning, at the PD Permit stage. When actual development is proposed on these sites with PD Permits, staff would perform the more-detailed review necessary to confirm conformance with the guidelines. The proposed development standards (Sheet 2 of the plan set) include a number of important urban design, architecture, and landscape development standards to be implemented with specific building and site design proposals at the PD Permit stage to ensure the project conforms to relevant residential and commercial design guidelines.

**Delmas Park SNI Neighborhood Improvement Plan.** The project site is on the northern periphery of the Delmas Park Neighborhood Action Plan study area. The proposed rezoning is consistent with the Plan in that the project will support its goals and objectives. Specifically, the project:

- (i) Facilitates the improvement of pedestrian and bicycle routes to major public facilities and transit centers and helps establish a neighborhood pedestrian network and creates the opportunity for a greater parking supply for Arena events (Neighborhood Circulation and Parking, No. 2, Neighborhood Parking, and No. 3, Pedestrian and Bicycle Circulation, a & b.)
- (ii) Improves neighborhood conditions and maintenance by expanding street lighting to increase pedestrian safety and adding trees to improve streetscape appearance. (Neighborhood Conditions and Maintenance, No. 1, Street Improvements, c & d.)
- (iii) Supports goal of neighborhood-oriented residential and commercial development. (Neighborhood Revitalization, No. 1, Land Use Policy.)
- (iv) Provides access to Los Gatos Creek Trail along western border of property with trail improvements. (Neighborhood Open Space, No. 3, Creek Trail Access.)

**Historic Resources.** The project site contains two areas of development where historic resources of varying

significant in that they either are modern structures (entry/lobby, data processing building and breezeway built in 1984-85) or were extensively remodeled (pump house most recently in 1984-85), and thus lack historic integrity.

The San Jose Water Works building will remain with the proposed project and will have commercial and/or retail uses, subject to market demand. The design and construction of new development in proximity to this structure is a key project consideration. While no specific project design is proposed as part of the Planned Development Rezoning (it would appear at PD Permit stage), the future development will be subject to specified design guidelines that are proposed as part of the project. A key requirement with respect to historic issues is a 40-foot primary setback zone for new construction from the San Jose Water Works building. No new structures are allowed in this zone, intended to be developed as a landscaped plaza.

There are two additional setback zones intended to maintain compatibility of scale with the existing building. In the secondary setback zone, extending from 40 to 55 feet from the San Jose Water Works building, new construction will not exceed 45 feet in height, and in the third zone, between 56 and 100 feet from the historic building, new construction will not exceed 70 feet in height. Beyond 100 feet, new construction will be allowed subject to FAA requirements, as described above. Construction in the second setback zone will be consistent with the architecture, materials, color and other important features of the San Jose Water Works building. PD Permit plans for new construction in proximity to the San Jose Water Works building would be referred to the Historic Landmarks Commission for review and comment.

All other buildings, excluding the 1913 Transformer House, will be removed from the site. The 1913 Transformer House will either be retained in its current location or relocated on site within an area behind or to the side of the main office building that would retain the association between the two historic structures. The Transformer House will be rehabilitated according to the Secretary of the Interior's Standards and Guidelines for Rehabilitating Historic Buildings.

45 Delmas Avenue. The house located at 45 Delmas Avenue is a one-story, high basement Queen Anne style house built in 1892. The house was determined to be ineligible for the National Register in 1999 and does not appear eligible for the California Register. The house is listed on the San Jose Historic Resources Inventory as an "Identified Structure." Based on an historic evaluation prepared for the project, the house received a score of 57 points under the City of San Jose Historic Evaluation Criteria, and therefore would qualify as a Structure of Merit on the City's Inventory. A Structure of Merit is not considered a significant historic resource under City or CEQA guidelines, therefore, removing the house is not a significant issue. The house at 45 Delmas will be offered for relocation with assistance from the applicant equal to the cost of its demolition. If not accepted for relocation, the house would be demolished following salvage operations and photo documentation.

The proposed rezoning was referred to the Historic Landmarks Commission (HLC) August 6, 2003. The HLC

The City of San José's Riparian Corridor Policy generally requires that new developments be set back 100 feet from the edge of the riparian corridors. However, the Riparian Policy provides for setback exceptions for "locations in or near downtown San Jose and urban infill projects." The minimum setback distance allowed under this exception is "no less than 30 feet." The Guadalupe River Park & Gardens Urban Design Guidelines provide a general requirement of a 50 foot set back with respect to the Guadalupe River for the west side of the property. These development setbacks are typically measured from the top of bank or edge of the riparian corridor, whichever is closer to the proposed development. The existing development on the site currently extends to the top of bank of both Los Gatos Creek and Guadalupe River, with no setback. The edge of the riparian corridor, therefore, is the top of the bank.

The project proposes a minimum 50-foot riparian setback from the top of bank of the Los Gatos Creek and the Guadalupe River riparian corridors. Based on the existing biological conditions of the riparian corridors adjacent to the site, the presence of paved parking lots up to the edge of the riparian vegetation canopies, and the presence of urban land uses on both sides of these waterways, the proposed minimum 50-foot setback is considered sufficient by the City's consulting biologist to protect sensitive species and buffer the habitat from impacts resulting from the operation of the proposed project.

No permanent building structures, other than landscaping structures, will be included within the 50-foot setback. The proposed 50-foot riparian setback will be divided into three zones, described as follows, and illustrated in the attached plan set.

Zone 1: a 10-foot wide zone measured from the top of bank, will be densely planted with native riparian trees and shrubs. Public access will be prohibited within Zone 1.

Zone 2: a 30-foot wide zone (includes Zone 1), measured from the top of bank, will comprise the Santa Clara Valley Water District's maintenance and access easement.

Zone 3: a 40-foot wide zone beginning at the outer edge of Zone 1, will comprise a City Parks and Recreation easement. Uses within Zone 3 may include landscaping, pedestrian trails, and seating and picnic areas. The pedestrian trails will conform to the County's trail standard, which is a minimum of 12 feet in width with two-foot wide shoulders on either side.

The Riparian Corridor Policy states that multi-use trails can be located 10-feet from the riparian edge and that passive use areas may be located immediately adjacent to the riparian corridor. The project includes measures to protect the riparian corridors from lighting impacts, and water quality impacts during construction and operation

and design themes of 1) promoting the ecology of the rivers, 2) expanding the rivers, and 3) extending the City. Promote the Ecology. As evidenced by its conformance with the Riparian Corridor Policy, the project does acknowledge the rivers as important natural resources deserving enjoyment of future generations. The project will preserve and enhance the ecological function of the rivers, and protect and restore riparian habitat, as discussed in the Riparian Corridor Policy section. It respects flood control efforts. The proposed buildings would cast shadows on the Guadalupe River channel in the afternoon and the Los Gatos Creek channel in the morning. The amount and duration of shading has been analyzed and will not adversely affect riparian vegetation or wildlife species within the channels. On the contrary, some shading is considered beneficial to the riparian corridors, since it will keep the water temperature cool in summer. The riparian corridors will receive enough sunlight in the midday, and for Guadalupe River in the morning and Los Gatos Creek in the afternoon, to continue to thrive.

Expand the River. By providing significant setback zones and dedicating creek trails along both rivers, the development will create new open space opportunities and reinforce visual connections to the rivers.

Extend the City. The project achieves this goal by a) providing creek trails along both rivers, thereby extending the fabric of the City into the riverpark and enhancing public connections to the rivers, and b) by providing an urban, downtown character to what is now an underutilized site immediately west of Downtown.

**Compatibility with Arena Operations.** The project site is within short walking distance of the Arena (HP Pavilion), and SJW Land Company has elected to allow it to serve as a primary parking lot for Arena patrons. Given this proximity and functional relationship, staff has considered the project's compatibility with Arena parking and traffic operations. The site currently provides approximately 730 spaces for Arena patron use. At full build out of the project, the site will contain between 2,075 and 3,075 spaces, providing the potential for additional Arena parking.

Both the San Jose Arena Authority and the San Jose Sharks have expressed concerns that redevelopment of the site with the proposed mixed-use project will reduce available Arena parking. The parking lots are privately owned and operated and the SJW Land Company has no legal obligation to provide parking for Arena events. Rather, the private property has been permitted to operate as an off-street parking establishment and provide parking for Arena events. With or without the project, the owner could choose to close the parking lots at its discretion without need for City approval, so approval of the project would not change existing conditions. The proposed rezoning is structured to continue to allow the property owner to provide parking for Arena patrons, subject to operational controls, but the City can not require that parking be provided as a condition of land use approval. As described in detail in the EIR, sufficient parking exists near the Arena, even without the project parking lots, for the City to meet its contractual obligation to provide parking for Arena events.

With regard to Arena traffic operations, a pre-event traffic conditions operational analysis (attached) was prepared

### **COMMUNITY OUTREACH/SCHEDULE**

A public EIR scoping meeting was held in 2002. A Notice of Availability for the project EIR was published in a local newspaper and mailed to all property owners and tenants within 1000 feet of the subject site. The project was referred to the Guadalupe River Task Force in June 2003. In August 2003, the project was referred to the Historic Landmarks Commission and the Airport Land Use Commission. A community meeting was also held for the surrounding neighborhood in August 2003. A public hearing notice for the project was published in a local newspaper and mailed to all property owners and tenants within 1,000 feet of the subject site.

### **RECOMMENDATION**

Planning staff recommends the Planning Commission forward a recommendation of **approval** and the City Council **approve** the project for the following reasons:

- . The residential portion of the project, at a density of 145 DU/AC, conforms to General Plan Land Use Designation of Residential Support for the Core (25+ DU/AC).
- . The proposed commercial portion of the project is consistent with the site's General Plan Land Use Designation of General Commercial.
- . The proposed project is consistent with the goals of the Delmas Park Strong Neighborhoods Improvement Plan.
- . The proposed project is consistent with the goals of the Diridon/Arena Strategic Plan.
- . The proposed project provides high-density housing to support the Downtown Core.
- . The proposed project provides high-density housing, employment, and retail opportunities in close proximity to transit.
- . The proposed project is consistent with the Riparian Corridor Policy, and implements the Guadalupe River Park & Gardens Master Plan.
- . The proposed project incorporates and adaptively reuses the historic San Jose Water Works Building and the Transformer House.
- . The proposed project is compatible with the operations of the Arena (HP Pavilion) and provides the potential for additional Arena patron parking.