



# Memorandum

TO: City Council

FROM: Mayor Chuck Reed  
Councilmember Chu  
Councilmember Liccardo  
Councilmember Pyle

SUBJECT: PROPOSED SECOND  
AMENDMENT TO THE NORTH  
SAN JOSE DEVELOPMENT  
POLICY

DATE: June 4, 2010

APPROVED:

*Chuck Reed*

DATE:

*6/4/10*

*[Handwritten signatures]*

*Nancy Pyle*

## RECOMMENDATION

Approve staff recommendations with the following direction:

1. Adopt a resolution amending the North San Jose Area Development Policy to:
  - a. Allow up to 1 million square feet of regional retail: Five opportunity sites are identified in Figure 2 on Page 7 of the Neighborhoods Plan. We recommend that sufficient flexibility be afforded to the development community such that market forces dictate where the regional centers would best be located. Staff is directed to be aggressive about positioning North San Jose for such use and to return to the CED Committee twelve months from now with a status report on efforts undertaken and any success achieved.
  - b. Allow up to 1000 rooms outside the Core Area with no more than 250 rooms in any given hotel except those sites designated as preferred hotel sites in the General Plan: It is assumed that the PD Zoning for Garden City Casino that was recently approved which provided for a 600 room full-service hotel will be included within the 1000 room limit if and when a development permit application is submitted by the developer.
2. Accept the North San Jose Urban Design Guidelines

At the Charrette hosted in November 2008 and subsequent meetings with the NSJ stakeholders, developers expressed concern about the interpretation of the

proposed Urban Design Guidelines and the references to the Grid Street System. We recommend that the language provided below be inserted into the Draft Addendum dated April 2, 2009 as well as on Pages 7 and 17 of the North San Jose Urban Design Guidelines (Draft #4 dated 9/19/08) to assure the development community of our intentions in this regard.

b. Urban Design Guidelines

**In Section 1a of the Addendum and Page 7 of the North San Jose Urban Design Guidelines (Introduction: Purpose and Intent of this Document) please include the following:**

The key economic development strategy for San Jose is to encourage driving industry companies to stay in San Jose and expand in San Jose. The North San Jose Area Development Policy was developed to allow and encourage that to happen in North San Jose.

The Guidelines represent a long-term vision and they are intended to facilitate development in a reasonable fashion that is financially viable and achieves the goals of the Policy. The Guidelines are not intended to be rigid or treated as a zoning code, and the Director of Planning, Building and Code Enforcement has substantial flexibility in applying the Guidelines. Capturing development opportunities for expansion of driving industry companies requires flexibility, creativity and timeliness to be competitive in the ever changing market for growing companies. Each development has unique challenges and the Director of Planning, Building and Code Enforcement is expected to exercise flexibility in solving those challenges to facilitate the development of sites to meet the needs of driving industry companies.

**In Section 2 of the Addendum and Page 17 of the North San Jose Urban Design Guidelines (Urban Design Guidelines) please include the following:**

The key economic development strategy for San Jose is to encourage driving industry companies to stay in San Jose and expand in San Jose. The North San Jose Area Development Policy was developed to allow and encourage that to happen in North San Jose.

The Guidelines represent a long-term vision and are intended to facilitate development in a reasonable fashion that is financially viable. The Guidelines are not intended to be rigid or treated as a zoning code, and the Director of Planning has substantial flexibility in applying the Guidelines. Capturing development opportunities for expansion of driving industry companies requires flexibility, creativity and timeliness to be competitive in the ever changing market for growing companies. Each development has unique challenges and the Director of

Planning is expected to exercise flexibility in solving those challenges to facilitate the development of sites to meet the needs of driving industry companies.

**From page 11 of the May 25<sup>th</sup> staff report please insert**

Given the nature of the Guidelines and that they are accepted by City Council and not adopted through ordinance or other means, additional flexibility is provided at the discretion of the Director of Planning, Building and Code Enforcement, to deviate from particular Guidelines as appropriate to meet the goals and intents of the Guidelines and the Policy. The intent of the document is to encourage creativity, in which case departure from Guidelines may be appropriate, particularly when it results in a higher quality design and project. In cases such as these, staff uses professional judgment to weigh the competing requirements of the development to design, the orientation of the site, the intent of the Guidelines and Policy, and the ability of the development to provide appropriate alternatives to promote a mutually acceptable solution so as not to create an impediment to development.

c. Grid Street System

The Grid Street System was adopted as part of the Policy and the Program EIR in 2005. This and other proposed transportation improvements are based on traffic counts from the year 2000 when traffic volumes peaked. As stated in the 2005 Program EIR "the use of peak year counts tends to overstate current traffic volumes in an effort to provide a reasonably conservative analysis. This analysis method also minimizes the adverse effects of planning based on what may be a temporary recessionary state." While our efforts to attract and grow the driving industry base in North San Jose have been successful in the past few years, we don't believe that traffic volumes will return to the 2000 peak year levels any time soon considering that almost 8.3 million square feet of R&D/office space is currently available for occupancy.

Our hope is that this proposed Grid Street System will not preclude redevelopment of underdeveloped existing industrial sites and new industrial development on vacant sites in the Core Area. We would like to remind the development community of a specific provision in the Policy that allows industrial projects which construct a Grid Street as part of the development project, to receive credit for the project's Traffic Impact Fee (TIF) equivalent to the projected cost of the construction of the Grid Street (page 27 of the June 2010 Policy). As an incentive to encourage industrial development, we direct staff to explore and develop a strategy to reduce the TIF payments and seek alternate sources of funding for the proposed transportation improvements to support the industrial densities that are envisioned in the Policy.

**In Section 3 of the Addendum and in the appropriate pages in the North San Jose Urban Design Guidelines we direct staff to make the following changes to the current language:**

Grid Streets are mandatory in the Core Area, except for single-user campuses, but their alignment may vary when indicated on the North San Jose Grid System Master Plan. The street may be private for a single user campus but should match public street design and be encouraged to be open to the public.

Other Streets used to divide large blocks shall meet the requirements of the Guidelines for the Streetscape chapter. The street may be private for a single user campus but should match public street design and be encouraged to be open to the public.

3. Accept the North San Jose Neighborhoods Plan

We wish to thank the North San Jose Neighborhoods Planning Taskforce for their dedication and contributions to the creation of Guiding Principles and Guidelines for the development of retail, schools, parks and library services in North San Jose. We recommend accepting the Neighborhoods Plan as a document that provides additional supplemental guidance and support to further the goals of the Policy and the General Plan which are the two primary documents for guiding future land use decisions for North San Jose. We recommend that the Neighborhoods Planning Taskforce be convened annually to be given status reports as appropriate regarding the implementation of the Policy.

We acknowledge with thanks the past and on-going efforts and commitment on the part of the City and Redevelopment Agency team to steadfastly position the North San Jose area as the Silicon Valley's premier innovation center. Our recommendations above are provided in the same spirit and with those same goals in mind.