



Memorandum

TO: MAYOR AND CITY COUNCIL

FROM: Mayor Chuck Reed
Councilmember Sam Liccardo
Councilmember Pierluigi Oliverio

SUBJECT: DIRIDON STATION AREA
PLAN AND PLAN
AMENDMENT

DATE: June 13, 2014

APPROVED:

Chuck Reed
Pierluigi Oliverio
Sam Liccardo

DATE: 06/13/14

RECOMMENDATION:

Approve the recommendations in the staff report dated May 15, 2014, and the supplemental staff reports dated June 6, 2014, with the following direction and clarification:

- 1) Approve the recommendations outlined in Mayor Reed's memo dated June 10, 2014;
- 2) Adopt Staff's Alternative Recommendation contained within its June 12, 2014 memorandum, consistent with Council's January 21, 2011 direction, to amend the General Plan to change the land use designation on the 5.9 acre site generally located between Stockton Avenue, Julian Street, the Union Pacific Railroad and the Alameda to "Urban Village," with a minimum requirement for inclusion of 0.5 Floor Area Ratio (FAR) of commercial space within projects that include residential uses, so as to encourage lot assembly prior to any mixed-use development;
- 3) Incorporate a policy in the implementation plan that encourages lot assembly for larger development opportunities;
- 4) Study the benefits of forming and implementing a Transportation Management Association;
- 5) Clarify public art financing mechanisms;
- 6) Direct staff to incorporate affordable housing goals as funding mechanisms are developed citywide;
- 7) Designate a single "point of contact" within the City Manager's office or relevant departments to coordinate implementation of the Diridon Station Area Plan.

DISCUSSION

The Diridon Station Area Plan has been developed over several years with significant input and collaboration from neighborhood leaders and community stakeholders. We extend our thanks to all of the neighborhood groups and stakeholders that have spent time providing staff with valuable input through the Diridon Good Neighbor Committee and the many meetings and study sessions on this topic. We also thank the team of City employees that has facilitated dialogue on this plan. The

Diridon Station Area Plan will transform the western edge of the greater Downtown, offering a unique opportunity for a dense, urban area, rich with multi-modal transportation options, turning the area into a regional hub of housing, transportation, employment and entertainment, all in Downtown San José.

Recommendations 2-6 are discussed further below:

Urban Village

We support staff's recommendation in a memo dated June 12, 2014 that calls for a General Plan Amendment that creates a consistent "Urban Village" designation along the land fronting The Alameda corridor. The transformation along The Alameda, coupled with the current construction of a Whole Foods Market and continuity of retail along The Alameda, offers an opportunity to extend the pedestrian friendly avenue along The Alameda towards the Arena.

The proposed alternative allows for that. It comports with Council's unanimous direction in 2011, made in response to widespread concerns that staff had too rigidly separated uses throughout the northern portion of the Diridon Area. It permits housing above retail and jobs-generating office uses where parcels have been consolidated by a master developer, but consistent with Council's October 22, 2013 direction, it will not allow Urban Village designations to become a mechanism for reduction in employment capacity on employment lands. By adopting this alternative with a minimum 0.5 FAR for the commercial component of any development, the City can benefit from more job-generating development than currently exists on the site. The 0.5 FAR minimum requirement matches that of the four other previously-adopted Urban Village plans surrounding the future Five Wounds Area BART station, and is in keeping with the Chandler Pratt project. Best of all, it provides an incentive for redevelopment toward a transit-oriented, mixed-use vision of sites currently occupied by auto-serving uses (a car wash and auto repair business) ironically perched adjacent to the region's largest transit station.

Lot Assembly

At the June 10 Council meeting, Councilmember Oliverio commented on the need to encourage lot assembly wherever possible to provide development opportunities of a greater scale than can be achieved on small parcels. Staff should explore ways to allow and encourage investors and property owners to facilitate such assemblage of properties. Special emphasis should be given to parcels located at key intersections and gateway areas in the Diridon area.

Transportation Management Association

Transportation Management Associations (TMAs) encourage transportation coordination among multiple stakeholders. Through the creation of a special district, a TMA can manage traffic and transportation options, juggle competing uses and parking demands, and encourage use of alternative modes of transportation in the area. The Mission Bay TMA that includes AT&T Park, for example, has been reported to have boosted the use of non-auto trips to Ballpark events to more than 50% of attendees.

We support the creation of a TMA that includes but is not limited to the Diridon Area, and want to ensure that the SAP Center is a key stakeholder in any TMA. Staff should reach out to Mountain View, Palo Alto and San Francisco to assess "best practices" in development of TMAs throughout

the Bay Area, and prepare a scope and schedule for the development of a TMA as an element of the overall implementation plan.

Public Art

We recognize the critical role of public art in supporting a vibrant City core, and support the implementation of the Public Art Master Plan as an important element of the Diridon plan. While publicly-funded projects can include public art as a design element, additional analysis is required to identify mechanisms that could generate funding from private development projects. Staff should continue to work with the arts community to better inform the implementation of the Diridon Plan.

Housing

Supplying housing for all income levels is a key strategy of the General Plan. Throughout the development of the Diridon Station Area Plan, many stakeholders have recommended incorporating affordable housing goals in the area, similar to levels established under former redevelopment law. We concur with the City Attorney's advice on this matter. We also concur with the staff recommendation that affordable housing goals determined at the implementation stage will meet at minimum a 15% goal, but encourage staff to consider increasing the minimum threshold to a 20% goal consistent with any Citywide policy that may be implemented in the future.

Conclusion

The General Plan's Major Strategy #5 promotes the development of Urban Villages to provide active, walk-able, bicycle-friendly, transit-oriented, mixed-use urban settings for job growth and new housing opportunities that are attractive to an innovative workforce and consistent with the Plan's environmental goals. The future implementation of the Diridon Area Plan will strengthen this key corridor further and build upon past public and private investments in the area.

Our focus now ought to be on implementing the overall vision and goals expressed within the Plan. We appreciate that Council, staff, property owners, developers, brokers and the community will remain committed to the goals of this Plan to assure that our aspirations to create a thriving central San José are realized.