



Memorandum

TO: HONORABLE MAYOR, CITY
COUNCIL AND REDEVELOPMENT
AGENCY BOARD

FROM: Les White
Harry S. Mavrogenes

SUBJECT: SEE BELOW

DATE: 9-6-06

COUNCIL DISTRICT: 3
SNI AREA: N/A

**SUBJECT: ACCEPTANCE OF REPORT ON JAPANTOWN CORPORATION YARD
COMMUNITY AMENITIES PRIORITIES**

RECOMMENDATION

It is recommended that the City Council and Redevelopment Agency Board accept a report on recommendations for community amenities related to a planned mixed-use residential development of City-owned properties located at the Japantown Corporation Yard and parking sites, generally bounded by 6th and 7th Streets and Jackson and Taylor Streets.

The recommended community amenities priorities are:

- The Corporation Yard should be a catalyst to revitalize Japantown with retail, urban plaza, performance space, and a strong historical connection.
- Secure a Japantown home for Taiko
- Establish a senior wellness and youth center at the Boys and Girls Club site
- Develop and implement a comprehensive Japantown Retail Strategy
- Develop and implement a Parking Strategy
- Historical and Cultural Preservation
- Revisit the Jackson Taylor Strategy

(See Attachment B for complete descriptions)

CEQA: Not a project.

OUTCOME

City Council acceptance of this report, developed in partnership with the Japantown Community Congress of San José Corporation Yard Community Focus Group, will represent a significant milestone in the Corporation Yard redevelopment and cultural preservation efforts in Japantown. These priorities will guide future work of the community, City, and Agency on the Corporation Yard site and throughout Japantown.

BACKGROUND

In June 2004, the Mayor and City Council directed the City Manager and Executive Director to develop a strategy and timeline to relocate the Japantown Corporation Yard and to issue a Request for Proposals/Qualifications for the redevelopment of the site. This project has two major components: 1) the build out of new facilities in the City's Central Service Yard and relocation of the operations in the Japantown Corporation Yard (also known as the Main Yard) to those new facilities; and 2) the reuse of the Japantown site as a mixed use development. In response to the first component, City departments and the San Jose Redevelopment Agency jointly developed a plan to relocate existing City operations from the Japantown Corporation Yard to the Central Service Yard on Senter Road. In November 2005, the City Council awarded a \$28.8 million design/build contract for relocated facilities at the Central Service Yard.

In response to the second component of the project, in June 2005 a Request for Qualifications (RFQ) was sent to the development community soliciting interest in the site. A review panel of four City/Agency staff and three community members interviewed development teams and recommended the team of Olson Urban Housing (Olson) and First Community Housing (FCH). This recommendation was based on their team's approach, proposed conceptual design and financial package to the City and community. In January 2006, the City Council/Redevelopment Agency Board approved an Exclusive Negotiations Agreement with the Olson and FCH team to develop the Corporation Yard and parking sites.

The financial strategy for the Corporation Yard development assumes that, in addition to funding a portion of Central Service Yard construction costs, Corporation Yard land sale proceeds will fund a set of community amenities. To define the specific amenities to be included in the Corporation Yard development, staff worked with the Japantown Community Congress of San José (JCCsj) to establish a community focus group as a resource and sounding board to provide input to the development team. The representation on the community focus group is listed on Attachment A.

Discussion with the community focus group made it clear that the process of defining Corporation Yard amenities needed to be viewed within the context of cultural preservation and community engagement that has transpired over many years, including:

- In 2001 the California Legislature passed Senate Bill 307 (Vasconcellos), creating a planning framework for the preservation of California's three remaining historic Japantowns.
- In 2002 the Japantown Community Congress of San José developed seven guiding principles that stressed the importance of the development of the Corporation Yard, and the involvement of the community in that development.

- In 2003 the City Council and Redevelopment Agency applied for State grants and designated the JCCsj for consultation on Japantown preservation as specified by SB 307.
- In 2004 the Mayor and Council directed development of a plan for the relocation of existing uses to the Central Service Yard (CSY) on Senter Road. This allowed for the redevelopment of the site as a central part of Japantown.
- In 2005 the community was deeply involved in crafting a Request for Qualifications and the subsequent selection of the Olson Company, and First Community Housing as Corporation Yard developers.
- In March 2006 the City and Redevelopment Agency, with the JCCsj, convened a Community Focus Group to define community amenity priorities.

ANALYSIS

The primary intent of the community amenities is to support the preservation of cultural and artistic activities in Japantown and to protect surrounding residential areas such as the Hensley, Vendome, 13th Street, and Japantown neighborhoods. The work of the Community Focus Group to define the priorities was built on the goals stated in the RFQ approved by the City Council/Agency Board:

The Overall Objective: The City and Agency seek a financially viable development that will create a lively, walkable and interesting place with: community gathering spaces, homes for seniors and young families, active retail, and cultural and artistic activities. The design and function of the Site will honor the rich heritage and history of the Site and the community and connect the past and future of Japantown.

Principal Objectives: The principal objectives (in no particular order) are:

Create a “Great Good Place” in the heart of Japantown: The Site should create distinctive, informal gathering places. These “Great Good Places,” are venues for people to be, to hang out, and to experience Japantown and each other. Successful public “third spaces” are an essential component of any development on the Site.

Honor seniors: The Japantown community sees its seniors as living treasures. The famously long-lived Japanese-American elders provide a tangible link to the past. The desire to provide a home that honors and respects them is deeply rooted in the values of the culture.

Attract young people and families: The demographics of Japantown are changing, and once again, young people and young families are calling the neighborhood home. The Site should beckon them and include uses and spaces that encourage them to come, to stay, and to enjoy Japantown.

Activate the Site with retail: The Nihonmachi Business District is central to the identity of Japantown. The walkable, small town feel of the Nihonmachi should be continued and reinforced with any new retail. The Site should feel and be a part of the business district with uses that complement existing businesses and activate the neighborhood with commercial activity.

Weave in cultural space and activities: Cultural activities and events should be part of the regular life of Japantown. The developer should seek to create spaces that intentionally support fertile cultural and artistic life on the Site. The Site should complement existing spaces used for cultural activities. The design and function of the site should visibly connect with the culture of Japantown and explicitly honor the history of the community.

Staff has worked with the Community Focus Group to translate these goals to specific recommendations, resulting in the community amenities priorities provided on Attachment B. Seven community amenity priorities are presented. The first priority deals with the Corporation Yard site itself and the remaining six focus on strengthening assets and institutions in the existing fabric of Japantown. These priorities reflect a package, and therefore are not in priority order. In brief these priorities are:

- ❑ The Corporation Yard should be a catalyst to revitalize Japantown with retail, urban plaza, performance space, and a strong historical connection.
- ❑ Secure a Japantown home for Taiko
- ❑ Establish a senior wellness and youth center at the Boys and Girls Club site
- ❑ Develop and implement a comprehensive Japantown Retail Strategy
- ❑ Develop and implement a Parking Strategy
- ❑ Historical and Cultural Preservation
- ❑ Revisit the Jackson Taylor Strategy

Finalization of the community amenities priorities is a critical step in the redevelopment of the Corporation Yard, given that several of the stated priorities have direct impacts on the land uses and layout of the development site. With these priorities in mind, Olson/FCH will submit a conceptual site plan for City review, leading into the entitlement and environmental review processes.

POLICY ALTERNATIVES

Alternative 1: Limit discussion of priorities to the Corporation Yard development site.

Pros: Focuses the discussion solely on the property currently in development, requires less City Agency resources and staff time to implement, and provides clear direction to developers.

Cons: Views the site in isolation from the surrounding neighborhood and business district, would be unacceptable to many community organizations and leaders, would not provide a comprehensive approach to supporting the revitalization of Japantown, and would make the entitlement process more difficult.

Reason for not recommending: The full set of priorities both on and off the Corporation Yard was developed in close collaboration with community groups and neighborhood leaders and provides a solid foundation for revitalizing Japantown. They are understood to be complementary and mutually reinforcing. To limit the recommendations to only the Corporation Yard development site would be viewed as incomplete by the community and likely result in a contentious entitlement process.

Alternative# 2: Proceed with development planning without City Council approval of community priorities.

Pros: Would provide greater flexibility to developer in the entitlement process, would require less City and Agency resources and staff time,

Cons: Would provide no direction to developers on community amenities and no framework for supporting the revitalization of Japantown, would increase uncertainty for the community and developers, and would make the entitlement process more difficult.

Reason for not recommending: These recommended priorities were developed in close collaboration with community groups and neighborhood leaders and provide a solid foundation for both the entitlement process of the Corporation Yard site and revitalizing Japantown. To proceed with development without approval of these priorities would be viewed by the community as lacking a community-oriented approach for a key project in Japantown and for Japantown as a whole. This would likely result in a difficult entitlement process.

PUBLIC OUTREACH/INTEREST

The proposed action does not meet any of the criteria for added outreach efforts. However, from the time that the Council/Board approved of the Exclusive Negotiations Agreement to today, Agency/City staff and the developer have met 12 times with the community to gather their input into the project. There have been a total of 20 meetings in the last 21 months discussing this project.

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

The draft list of community amenities priorities is the direct result of feedback from the Community Focus Group. After a series of meetings on individual issues, a comprehensive draft of this document was presented for validation and refinement to the Community Focus Group on June 28, 2006, and subsequently to the broader community at a Town Hall meeting on July 15, 2006. The Community Focus Group convened again on August 9, 2006 to review the feedback from the Town Hall, made final recommendations for changes, and by consensus recommended approval of the priorities as presented.

Next steps and implementation of the stated priorities will continue to require extensive outreach and community engagement. In order to facilitate continued involvement, staff anticipates holding regular community meetings to report on implementation progress, specifically to the Hensley, Vendome, 13th Street and Japantown neighborhoods, as well as through the organizations represented on the Community Focus Group.

COORDINATION

This report has been coordinated with following departments/offices: Economic Development; General Services; Housing; Parks, Recreation and Neighborhood Services; Planning, Building and Code Enforcement; Public Works; Transportation; and the Agency's General Counsel.

COST IMPLICATIONS

Primary funding available for the implementation of the priority community amenities will be provided by the developer from a portion of land sale proceeds, specifically \$7.4M and approximately one acre of land described in the Exclusive Negotiating Agreement. However, based on initial cost estimating it is clear that the recommended amenities will cost significantly more than \$7.4 M. As such, it will not be possible to implement these amenities without identifying additional resources, scaling back or both. Because of this funding gap, the choice of what is constructed on the Corporation Yard will have a significant impact on the availability of funds for other priorities. In particular, the proposed performance space will likely require the entire budget available for amenities. Therefore, additional sources must be pursued. Since several community-based organizations have been identified as potential participants, achieving multiple priorities will also require that these organizations contribute to capital as well as operating costs of the proposed facilities.

BUDGET REFERENCE

Not applicable.

MAYOR, CITY COUNCIL, AGENCY BOARD

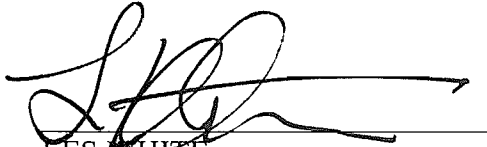
9-6-06

Subject: Acceptance of Report on Japantown Corporation Yard Community Amenities Priorities

Page 7

CEQA

CEQA: Not a project.



LES WHITE
City Manager



HARRY MAVROGENES
Executive Director

For questions please contact Ed Shikada, Deputy City Manager, at 535-8190, or Kip Harkness, Project Manager, at 535-8501.

ATTACHMENT A

JAPANTOWN CORPORATION YARD - COMMUNITY FOCUS GROUP

#	Organization	Representative
1	Japantown Community Congress - President	Jerry Hiura
2	Japantown Community Congress - Vice President	John Ristow
3	Japantown Community Congress - ENA Panelist	Helen Hayashi
4	Japantown Community Congress - JFACT	Tamon Norimoto
5	Japantown Neighborhood Association	William Lamson
6	Japantown Neighborhood Association	Victoria Taketa
7	Hensley Neighborhood Association	Jonathan Miller
8	Vendome Neighborhood Association	Mark Gerhardt
9	Japanese American Museum of San Jose	Joe Yasutake
10	San Jose Taiko	Roy Hirabayashi
11	Contemporary Asian Theatre Scene	Neil Kozuma
12	Nikkei Matsuri	Warren Hayashi
13	Fuji Towers	Jimi Yamaichi
14	Yu-Ai Kai	Wes Mukoyama
15	C.A.S.L.	Stan Satake
16	Community Youth Services	Stu Nakashima / Elvia Hashimoto
17	Japantown Business Association	Kathy Sakamoto
18	Japanese American Citizens League	Leon Kimura
19	Prayer Garden Church	Pastor Bates
20	San Jose Buddhist Church Betsuin	Gail Sueki / Tom Nishikawa
21	Wesley Methodist Church	Roy Takeuchi
22	Chinese Historical and Cultural Project	Dr. Rodney Lum

ATTACHMENT B

JAPANTOWN CORPORATION YARD COMMUNITY AMENITIES PRIORITIES

1. The Corporation Yard should be a catalyst to revitalize Japantown with retail, urban plaza, performance space, and a strong historical connection.

The City of San José, Redevelopment Agency, and Olson Company should ensure that the Corporation Yard development provides the following community amenities on site:

- 1.1. A community building (or space in a mixed use building) with associated parking, providing space for performances that activate the area with performing arts and links to the Pan-Asian past and future of the neighborhood. A roughly 250-seat, 10,000 square foot facility has been proposed by the Contemporary Asian Theatre Scene (CATS). The City/Redevelopment Agency should analyze the sustainability of such a facility prior to negotiating an implementation agreement with CATS, and reflect the group's responsibility for capital contributions as well as operating self sufficiency.
- 1.2. Vibrant retail that strengthens the existing retail along Jackson and serve as a catalyst for the Japantown Neighborhood Business District. The Community Focus Group believes that on-site retail should be significantly larger than the 8,000 square feet reflected in Olson's initial proposal and should not draw from community amenities funding.
- 1.3. An Urban Plaza that connects Corporation Yard visitors to Jackson Street, enhancing street level dining and pedestrian activity, and support events and should not draw from community amenities funding.
- 1.4. Storefront or other exhibit space that informs visitors of the nearby Japanese American Museum of San José (JAMsj) and other sites, as well as opportunities to tell the stories of prior residents of this historic block.

2. Secure a Japantown home for Taiko

The City/Redevelopment Agency should pursue options to assist San José Taiko secure a permanent home in Japantown as the first Taiko Conservatory in the United States. The City/Redevelopment Agency should analyze the sustainability of such a facility prior to negotiating an implementation agreement with Taiko, and reflect the group's responsibility for capital contributions as well as operating self sufficiency

3. Establish a senior wellness and youth center at the Boys and Girls Club site

The City/Redevelopment Agency should partner with Yu-Ai Kai (senior services), CYS (Community Youth Services), and the Boys and Girls Clubs of Silicon Valley to develop the City's property at 110 E. Jackson Street as a community organization-based senior wellness and youth activities center. This senior wellness and youth center would serve as the western anchor of Jackson Street while the new Corp Yard development would serve as the eastern anchor. The City/Redevelopment Agency should analyze the sustainability of such a facility prior to negotiating an implementation agreement with Yu-Ai Kai, CYS, and the Boys and Girls Club, and reflect the groups' responsibility for capital contributions as well as operating self sufficiency.

4. Develop and implement a comprehensive Japantown Retail Strategy

Recognizing that the Corporation Yard retail alone cannot revitalize the commercial district, the Redevelopment Agency and the community should develop a strategy to activate retail within the boundaries for the Japantown Business District through measures such as:

- 4.1. Identify priority market segments and strategies for the long term vitality of Japantown retail
- 4.2. Analyze existing structures to determine Code deficiencies for retail reoccupancy and develop strategies to correct
- 4.3. Modify parking requirements to allow and encourage new retail uses
- 4.4. Improve facades to improve the appearance and function of existing buildings
- 4.5. Seismically retrofit buildings to permit them to be safely occupied
- 4.6. Proactively work with property owners and brokers to find tenants for vacant spaces
- 4.7. Upgrade signage within Japantown and “wayfinding” to Japantown to connect the business District to the freeway, major arterials, and Light Rail
- 4.8. Upgrade streetscapes including refreshing banners and reducing clutter

5. Develop and implement a Parking Strategy

The City should increase the availability of public parking to meet business and institutional needs, and avoid negative impacts to neighborhoods, by:

- 5.1. Ensuring that the Corporation Yard development meets its parking demand on-site, and to the extent possible provides excess parking for the district
- 5.2. Pursuing options to maximize on-street parking in the Japantown District.
- 5.3. Pursuing a Transportation for Livable Communities (TLC) grant to fund an improved pedestrian, transit, and cycling environment in addition to parking, signage, and streetscape upgrade
- 5.4. Working with land owners to ensure compatibility between off-street parking uses and the surrounding neighborhood

6. Historical and Cultural Preservation

The City should continue to work with the Japantown community to ensure that the history and culture of Japantown is preserved by;

- 6.1. Exploring the creation of a historical district and preserving key historic buildings and cultural institutions.
- 6.2. Continuing the work of creating historical markers and locations that evoke the culture and history of Japantown such as the 5th and Jackson Landmark and Ikoi-No Ba (resting places)

7. Revisit the Jackson Taylor Strategy

The Jackson Taylor Strategy has guided the community through the conversion of most of the nearby industrial land to residential and retail. The City should review the Jackson Taylor plan to determine the next steps for long range planning of the area.