



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Planning Commission

**SUBJECT:** SEE BELOW

**DATE:** February 3, 2020

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**COUNCIL DISTRICT: 6**

**SUBJECT: GP18-013, C18-039, & SP18-060. GENERAL PLAN AMENDMENT (GP18-013) TO CHANGE THE LAND USE DESIGNATION FROM RESIDENTIAL NEIGHBORHOOD TO NEIGHBORHOOD COMMUNITY COMMERCIAL ON AN APPROXIMATELY 0.2-GROSS ACRE SITE (623 STOCKTON AVENUE); CONFORMING REZONING (C18-039) FROM THE CN COMMERCIAL NEIGHBORHOOD ZONING DISTRICT TO THE CP COMMERCIAL PEDESTRIAN ZONING DISTRICT ON AN APPROXIMATELY 0.59-GROSS ACRE SITE (615 AND 623 STOCKTON AVENUE); AND SPECIAL USE PERMIT (SP18-060) TO DEMOLISH AN APPROXIMATELY 4,400-SQUARE FOOT COMMERCIAL BUILDING, RE-LOCATE AND RE-PURPOSE THE EXISTING HISTORIC STRUCTURE ON-SITE, AND CONSTRUCT A 120-ROOM, FIVE-STORY HOTEL INCLUDING OUTDOOR USES (OUTDOOR GUEST AREAS INCLUDING A ROOF DECK) WITHIN 150 FEET OF RESIDENTIAL USES ON AN APPROXIMATELY 0.59-GROSS ACRE SITE LOCATED ON THE NORTHWESTERLY CORNER OF STOCKTON AVENUE AND SCHIELE AVENUE.**

## **RECOMMENDATION**

The Planning Commission voted 4-3-0 (Allen, Ballard, and Caballero opposed) to recommend that the City Council take all of the following actions:

1. Adopt a resolution adopting the 615 Stockton Avenue Hotel Project Mitigated Negative Declaration and associated Mitigation Monitoring and Reporting Plan, for which an Initial Study was prepared, in accordance with the California Environmental Quality Act, as amended (CEQA).
2. Adopt a resolution approving an amendment to the Envision San José 2040 General Plan Land Use/Transportation Diagram designation from Residential Neighborhood to Neighborhood Community Commercial on a 0.2-gross acre site at 623 Stockton Avenue.

3. Approve an ordinance of the City of San José rezoning the approximately 0.59-gross acre project site generally located at the northwest corner of Stockton Avenue and Schiele Avenue (615 and 623 Stockton Avenue) from the CN Commercial Neighborhood Zoning District to the CP Commercial Pedestrian Zoning District.
4. Adopt a resolution approving, subject to conditions, a Special Use Permit to demolish an approximately 4,400-square foot commercial building, re-locate and re-purpose the existing historic 1,292-square foot structure, and construct a 120-room, five-story hotel including outdoor uses (outdoor guest area including a roof deck) within 150 feet of residential uses on an approximately 0.59-gross acre site.

### **OUTCOME**

If the City Council approves all the actions listed above, the entire project site (615 and 623 Stockton Avenue) would have a General Plan Land Use designation of Neighborhood Community Commercial, a Zoning District designation of CP Commercial Pedestrian, and the applicant would be able to move forward with the building permit process to demolish the 4,400-square foot commercial building and accessory storage structures on-site and construct a 5-story hotel with 120 guest rooms and an outdoor roof deck and balconies within 150 feet of residential uses.

### **EXECUTIVE SUMMARY**

The Planning Commission considered and recommended approval of the 615 Stockton Hotel Project at a Public Hearing held on January 29, 2020. Nineteen community members stated their opposition to the project during the public hearing. The Planning Commission debated the appropriateness of a hotel in the Neighborhood Community Commercial General Plan land use designation and discussed the implications of future development along Stockton Avenue.

After discussion and an initial motion to recommend denial that failed, the Planning Commission voted (4-3-0) to recommend that the City Council approve the project.

### **BACKGROUND**

On January 29, 2020, the Planning Commission held a Public Hearing to consider the adequacy of the 615 Stockton Avenue Hotel Project Mitigated Negative Declaration and the proposed hotel project including the General Plan Amendment, Conforming Rezoning, and Special Use Permit on a project site located on the northwest corner of Stockton Avenue and Schiele Avenue.

#### *Staff Presentation*

Staff provided an overview of the project and its conformance to the General Plan goals and policies, Zoning Ordinance, Commercial Design Guidelines, and City Council development

policies. Staff noted the addition of Condition of Approval number 13 to the Special Use Permit resolution to include the Federal Aviation Clearance condition to require the project to obtain a Federal Aviation Administration Determination of No Hazard prior to building permit and to comply with all airspace safety determinations from the Federal Aviation Administration.

### *Public Hearing*

The project's architect, Ruairi O'Connell, representing the applicant, Infinite Investment Realty Corporation, presented the project's site context located along Stockton Avenue. He highlighted changes made to the project in response to public comments including the elimination of rooms on the upper floors to provide a larger hotel setback, changing the window angles to direct hotel guests view away from the residential neighborhood, and enlarging the parking garage to accommodate additional parking spaces for a total of 82 parking spaces.

Nineteen community members spoke during the public hearing stating their opposition to the project. Specific concerns included:

- The hotel use is inconsistent with the Neighborhood Community Commercial general plan land use designation.
- The design of the building would clash with its surroundings and is too modern.
- The hotel would be better suited in the Downtown, the Alameda Specific Plan area or Diridon Station Area Plan area.
- The hotel would not benefit nor serve as a neighbor to the community.
- Housing is needed instead of a hotel.
- Traffic, on-street parking, and traffic speeds are a concern with this project.
- There is a proposed hotel guest pick-up and drop-off location on Stockton Avenue but there is no crosswalk planned.
- The project would not be a buffer to the neighboring community. The hotel height is too tall and the setbacks are too minimal.
- The project will adversely impact the neighborhood.
- Trash loading, hotel guest loading, and vehicles on Schiele Avenue will impact the neighborhood.
- The hotel and bar would cause problems and illegal activities. Concerns regarding smoking near neighbors.
- The neighborhood is a historic neighborhood with houses built in the late 1800's through the 1930's. The project would not be appropriate for this neighborhood.
- A parking reduction is not appropriate.
- An archeological report was submitted indicating significant likelihood to encounter archaeological resources. The environmental analysis did not address cultural resources adequately.

The applicant's representative responded to the speakers' concerns indicating the project's intent to fit in with neighborhood and that it will be an asset to the neighborhood. The applicant's team stated the project was designed with consideration to the surrounding neighborhood's architectural

styles but it intentionally did not mimic a specific style to avoid appearing like a poor imitation. They indicated the project and its location was of interest to several hotel brands and the project team is partnering with EVEN hotels which emphasizes health and wellness.

The Commission asked clarifying questions regarding the decision and market feasibility for proposing a hotel on the site. The applicant, Alan Nguyen on behalf of Infinite Investment Realty Corporation, indicated the existing commercial building has been vacant for some time and he found that the market has a high demand for hotels on this site. He noted a new residential use would be difficult to construct due to the proximity of the project site to industrial uses on the other (east) side of Stockton Avenue. Also, he noted that a school was proposed by previous owners which was rejected by the community.

#### *Planning Commission Discussion and Staff Response*

After Chairperson Ballard closed the public hearing, Commissioner Allen made a motion to recommend that the City Council deny the project. Commissioner Caballero second the motion and discussion continued between the Commissioners.

The appropriateness of a hotel use in the Neighborhood Community Commercial General Plan land use designation and the development potential of the Transit Employment Center land use designation east of Stockton Avenue, were the primary items discussed among the Planning Commission.

Staff stated a hotel use is consistent with the Neighborhood Community Commercial land use designation which allows a broad range of commercial uses. The General Plan land use designation establishes a framework which is implemented through the Zoning Ordinance, the conforming Zoning Districts to the Neighborhood Community Commercial land use designation all have a hotel use as a permitted use. Although the Neighborhood Community Commercial's land use designation emphasizes community serving uses, it does not require them for consistency. Additionally, the project's design was found to be consistent with the intent of the Neighborhood Community Commercial land use designation's emphasis on encouraging walkability, transit uses, and public interaction.

Staff noted the commercial use of the site could serve as a buffer for the residential neighborhood from the high intensity Transit Employment Center Land Use Designation, east of Stockton Avenue, which allows development with up to a 12:1 Floor Area Ratio (FAR). The proximity of Stockton Avenue to Diridon Station and Downtown is anticipated to continue the development demand in this area, and Stockton Avenue is envisioned for significant change and development in the future. Additionally, it was noted that while the existing Neighborhood Community Commercial General Plan land use designation of 615 Stockton Avenue may seem unusual, commercial uses within residential neighborhoods is typical of many neighborhoods and can serve as a buffer to more intensive uses.

Commissioner Yesney asked for clarification on the street designation of Stockton Avenue and the reason as Special Use Permit is needed. Commissioner Allen asked for clarification on why the

project's review had lasted over a year. Staff responded, Stockton Avenue is a minor collector street. A hotel is an allowed use in the Commercial Pedestrian Zoning District, the special use permit is requested to allow the proposed hotel's balconies and roof deck which are commercial outdoor uses within 150 feet of a residential use. Since the project includes a General Plan Amendment which was submitted in October 2018, the project needed to be reviewed during the 2019 General Plan Amendment review cycle which resulted in a review timeline lasting over a year.

Commissioner Griswold noted the Planning Commission should be considering suitability of the proposed General Plan Amendment and Rezoning request in addition to the proposed Special Use Permit because the proposed development may never be constructed by the General Plan designation and zoning district would remain. Commissioner Griswold asked what analysis should be considered for the General Plan Amendment.

The Senior Deputy Attorney clarified that the Planning Commission is advisory to City Council on this project and its decision would be a recommendation to City Council. Further, he clarified that a General Plan Amendment is a legislative act and that the Planning Commission has the discretion to weigh a number of different factors in its decision, as there are no findings required for a General Plan Amendment.

Commissioner Olivero stated this project serves as a reminder that the future of the City is important and this project could serve as a buffer for future development to come. He noted that individually projects may seem overwhelming but when the future development of the area is also considered the projects align more.

Commissioner Yesney acknowledged the neighborhood's unease with nearby construction and noted that in her experience new development has not destroyed her neighborhood.

Commissioner Griswold noted that the definition of neighborhood could include the San José airport which is not too far from the site. Therefore, the hotel would also benefit the broader neighborhood including the airport.

Chair Ballard stated Stockton Avenue is changing for the better and any new development on the project site would most likely bring increased traffic and parking to the area since this is an urban area. Chair Ballard requested to consider the impact of curb cuts to bicyclists as curb cuts are added along Stockton.

Commissioner Allen stated the industrial land use on Stockton Avenue should not require the further intensification of the project site. He shared that while he does not agree that the future hotel patrons would be a neighborhood nuisance, he does not support a change in the General Plan land use from residential to NCC and believes the hotel use is incompatible to the neighborhood. Specifically, he cited concerns with the project's consistency to Land Use Policy LU-4.3 and the use of the College Park Train Station for a parking reduction.

The Planning Commission voted on the motion from Commissioner Allen to recommend denial of the project to the City Council. The motion did not pass on a vote of 3-4-0 (Commissioners Bonilla, Griswold, Oliverio, and Yesney were opposed).

Commissioner Griswold then made a motion to recommend to the City Council the adoption of the 615 Stockton Hotel Mitigated Negative Declaration and the approval of the Rezoning Ordinance and the resolutions approving the General Plan Amendment and Special Use Permit, as recommended by Staff with the addition of Condition of Approval number 13 to the Special Use Permit Resolution. Commissioner Oliverio seconded the motion. The motion passed on a vote of 4-3-0 (Commissioners Allen, Ballard, and Caballero opposed).

### **ANALYSIS**

Analysis of the proposed CEQA clearance, General Plan Amendment, Conforming Rezoning, and Special Use Permit, including conformance with the General Plan, and City Council policies are contained in the attached staff report.

### **EVALUATION AND FOLLOW-UP**

Should the City Council approve the project, the entire project site would have a General Plan Land Use designation of Neighborhood Community Commercial, a Zoning District designation of CP Commercial Pedestrian, and the applicant would be able to move forward with the building permit process to demolish the 4,400-square foot commercial building and accessory storage structures on-site and construct a 5-story hotel with 120 guest rooms and an outdoor roof deck and balconies within 150 feet of residential uses.

### **CLIMATE SMART SAN JOSÉ**

The recommendation in this memorandum aligns with one or more Climate Smart San José energy, water, or mobility goals. The project would facilitate mobility options other than single-occupancy, gas-powered vehicles to the site through the implementation of a Transportation Demand Management Plan.

### **PUBLIC OUTREACH**

Staff followed Council Policy 6-30: Public Outreach Policy, whereby, the project is considered a large development proposal. Following City Council Policy 6-30, the applicant posted the on-site sign to inform the neighborhood of the proposed project. A community meeting was held on August 29, 2019. Comments received during the community meeting and project review are detailed in the

attached Planning Commission Staff Report. The community meeting was coordinated with Council District Office 6 and Council District staff attended the community meeting. Staff contact information have also been available on the community meeting notices and on the project webpage. The staff report is also posted on the City's website. Staff has been available to respond to questions from the public.

## **COORDINATION**

Preparation of this memorandum has been coordinated with the City Attorney's Office.

## **CEQA**

An Initial Study (IS) and Mitigated Negative Declaration (MND) were prepared by the Director of Planning, Building, and Code Enforcement for the subject rezoning. The documents were circulated for public review between October 9, 2019 to October 30, 2019.

Comment letters in response to the circulated Initial Study and MND (IS/MND) were received from the two public agencies and 22 community members for a total of 24 comment letters/emails. The comments related to concerns regarding traffic, historic significance of the neighborhood, inconsistencies with the existing neighborhood characteristics, safety, privacy intrusion, and overall inconsistency with the General Plan designation.

The primary environmental issues addressed in the Initial Study includes potential impacts on the physical development of the site on: air quality, biological resources, cultural resources, and noise. The MND includes mitigation measures that would reduce any potentially significant project impacts to a less-than-significant level. The mitigation measures will be included in the project in the form of development standards for the Planned Development Zoning, as well as, in a Mitigation Monitoring and Reporting Program. The entire MND, Initial Study, associated technical studies, and Response to Comments (responses to public comments during the MND public circulation period) are available for review on the Planning web site at:  
[www.sanjoseca.gov/negativedeclarations](http://www.sanjoseca.gov/negativedeclarations).

/s/

ROSALYNN HUGHEY, SECRETARY  
Planning Commission

For questions, please contact Robert Manford, Deputy Director, at (408) 535-7900.

Attachments: Planning Commission Staff Report