

CITY COUNCIL STAFF REPORT

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|--------------------------|---|
| File Nos. | C19-035 & H19-045 |
| Applicant: | Hudson Metro Plaza, LLC |
| Location | Northwest corner of Metro Drive and North First Street (25, 101, & 181 Metro Drive) |
| Existing Zoning | A(PD) Zoning District (File No. PDC84-076) |
| Council District | 3 |
| Historic Resource | No |
| Annexation Date: | May 29, 1958 (Airport No. 3) |
| CEQA: | Determination of Consistency with the North San José Area Development Policy Final Environmental Impact Report (Resolution No. 72768), and the Envision San José 2040 General Plan Final Environmental Impact Report (Resolution No. 76041), the Envision San Jose General Plan Final Supplemental Environmental Impact Report (Resolution No. 77617), and addenda thereto. |

APPLICATION SUMMARY:

Conforming Rezoning from an A(PD) Zoning District to the IP Industrial Park Zoning District (File No. C19-035) and a Site Development Permit (File No. H19-045) to remove 14 ordinance-size trees, allow the conversion of approximately 37,974 square feet of ground floor commercial/retail space to office space, and allow for an approximately 26,088 square foot addition to an existing 448,295-square foot office building on an approximately 7.22-gross acre site.

RECOMMENDATION:

Staff recommends that the City Council:

1. Consider the Determination of Consistency with the North San José Area Development Policy Final Environmental Impact Report (Resolution No. 72768), the Envision San José 2040 General Plan Final Environmental Impact Report (Resolution No. 76041), the Envision San Jose General Plan Final Supplemental Environmental Impact Report (Resolution No. 77617), and addenda thereto, in accordance with CEQA.
2. Adopt an ordinance approving the Conforming Rezoning from an A(PD) Zoning District to IP Industrial Park on an approximately 7.22-gross acre site at 25, 101, & 181 Metro Drive; and

3. Adopt a resolution approving a Site Development Permit to remove 14 ordinance-size trees, allow the conversion of approximately 37,974 square feet of ground floor commercial/retail space to office space and allow an addition of approximately 26,088 square feet to an existing 448,295-square foot office building on an approximately 7.22-gross acre site.

PROJECT DATA

| GENERAL PLAN CONSISTENCY | | | |
|--------------------------|--------------------------------|---|-------------------------------------|
| General Plan Designation | | Industrial Park <input checked="" type="checkbox"/> Consistent <input type="checkbox"/> Inconsistent | |
| Consistent Policies | | Land Use Polices LU-1.7 and LU-6.1, Transportation Policy TR-8.6, and Implementation Policy IP-1.6, | |
| SURROUNDING USES | | | |
| | General Plan Land Use | Zoning | Existing Use |
| North | Industrial Park | CO(PD) (File No. PDC70-061), IP Industrial Park | Gas station, hotel, office building |
| South | Urban Village, Industrial Park | CO(PD) (File No. PDC70-061), IP Industrial Park | Office buildings |
| East | Transit Employment Center | CG (PD) (File No. PDC13-017 | Casino |
| West | Industrial Park | A(PD) (File No. PDC97-083) | Office buildings |

| RELATED APPROVALS | |
|-------------------|---|
| Date | Action |
| 01/29/1985 | Planned Development Zoning (File No. PDC84-076) located on the northwest corner of North First Street and Odell Drive (Metro Drive) and Planned Development Permit (File No. PD85-013) to allow a 460,000 square feet seven story office/commercial building with a multi-level parking garage on a 7.22-gross acre site. |
| 03/22/1985 | Site Development Permit Amendment (File No. PDA85-013-01) to allow a 500,00 square foot multi-level parking garage on a 7.22-gross acre site. |

PROJECT DESCRIPTION

On September 26, 2019, the applicant, Hudson Metro Plaza, LLC, applied for a Conforming Rezoning from an A(PD) Planned Development Zoning District to the IP Industrial Park Zoning District (File No. C19-035) and a Site Development Permit (File No. H19-045) to remove 14 ordinance-size trees, allow the conversion of 37,974 square feet of ground floor commercial/retail space to office space and allow an approximately 26,088 square foot addition

to an existing 448,295-square foot office building on an approximately 7.22-gross acre site at 25, 101, and 181 Metro Drive.

The project includes the removal of 14 ordinance-size trees and 34 non ordinance-size trees and the conversion of 37,974 square feet of ground floor commercial/retail space to office space. The project includes the addition of approximately 26,088 square feet to the existing building. Of the square footage added, 6,010 square feet would be for lobby and lobby amenity space and 20,778 square feet would be utilized as office space. All office and lobby space would be added to the ground floor level of the existing building. The project would include landscaping and walkway improvements at the front and sides of the building along Metro Drive, North First Street, and Technology Drive.

The addition would require an additional 88 off-street vehicle parking spaces for a total of 1,612 parking spaces. The project would include a five percent parking reduction for a total of 1,524 required vehicle parking spaces. The site already has 1,524 spaces on-site and therefore no additional parking would be created to meet the parking requirement of the project. The project site has six existing access driveways; four on Metro Drive, one on North First Street, and one on Technology Drive. The four access driveways along Metro Drive would be reduced to two driveways, as the two parking lots connecting the driveways would be reconfigured. The two driveways along North First Street and Technology Drive, which provide access to the attached parking garage, would remain.

Site Location: The subject site is located on the northwest corner of Metro Drive and North First Street.

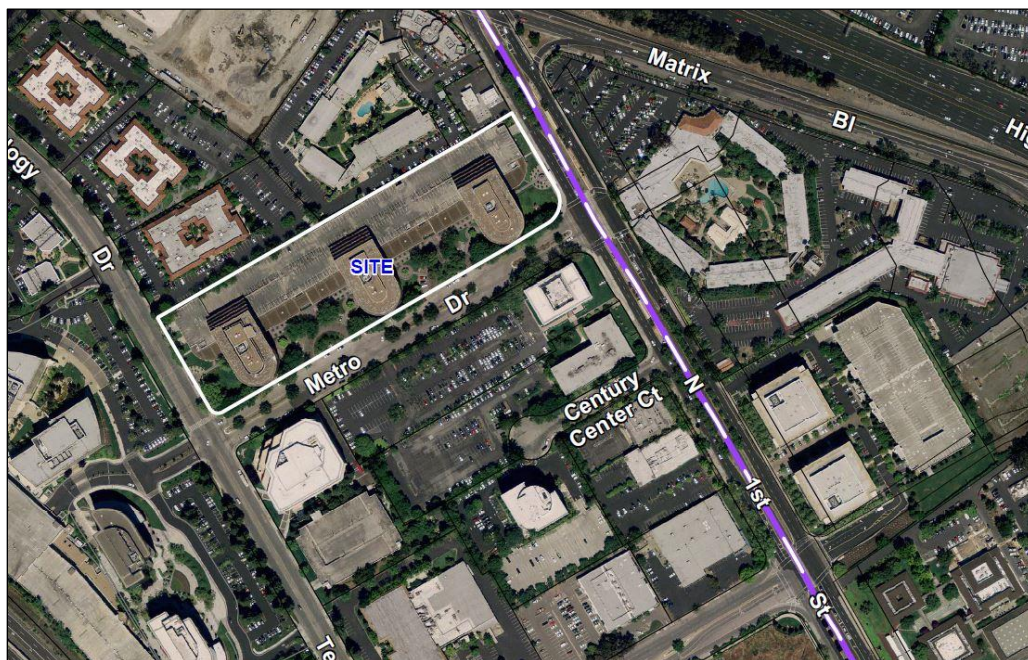


Figure 1: Aerial image of the subject site

ANALYSIS

The proposed project was analyzed for conformance with the following: 1) the *Envision San José 2040 General Plan*, 2) the Rincon South Specific Plan, 3) the North San Jose Area Development Policy, 4) the Zoning Ordinance, and 5) the California Environmental Quality Act (CEQA)

Envision San José 2040 General Plan Conformance

The subject site has an [*Envision San José 2040 General Plan*](#) Land Use/Transportation Diagram land use designation of Industrial Park (see Figure 2).

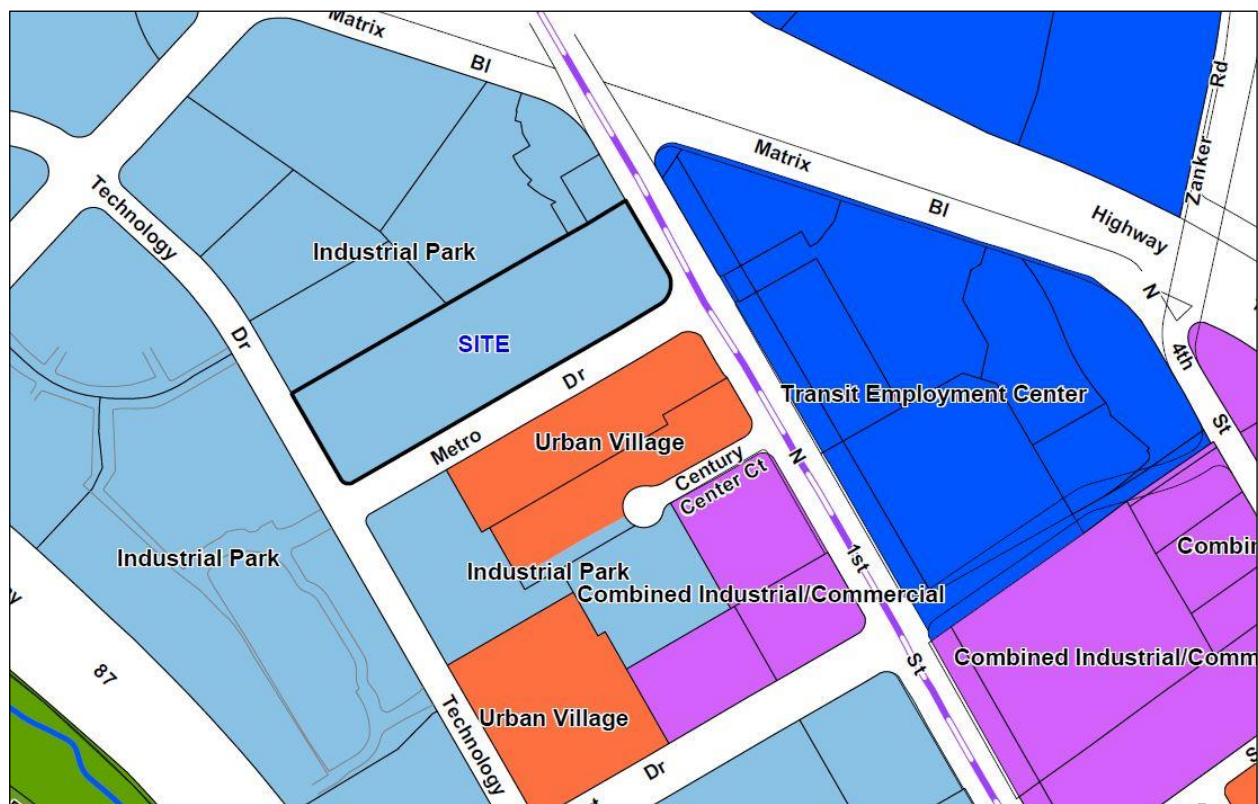


Figure 2: General Plan Land Use/Transportation Diagram

The Industrial Park designation is an industrial designation intended for a wide variety of industrial uses, such as research and development, manufacturing, assembly, testing and offices. This designation is differentiated from the Light Industrial and Heavy Industrial designations in that Industrial Park uses are limited to those for which the functional or operational characteristics of a hazardous or nuisance nature can be mitigated through design controls. Hospitals may be appropriate within this designation, if it can be demonstrated that they will not be incompatible with Industrial Park uses or other nearby activities. Areas identified exclusively for Industrial Park uses may contain a very limited number of supportive and compatible commercial uses, when those uses are of a scale and design providing support only to the needs

of businesses and their employees in the immediate industrial area. These commercial uses should typically be located within a larger industrial building to protect the character of the area and maintain land use compatibility. Additional flexibility may be provided for retail and service commercial uses, including hotels within the North San José Development Policy area, and the Edenvale Development Policy area through the City's discretionary review and permitting process. One primary difference between this use category and the "Light Industrial" category is that, through the Zoning Ordinance, performance and design standards are more stringently applied to Industrial Park uses. The proposed Conforming Rezoning and Site Development Permit are consistent with the Land Use and the following General Plan policies:

1. Land Use Policy LU-1.7: Locate employee-intensive commercial and industrial uses within walking distance of transit stops

Analysis: The project would facilitate additional employment by expanding the existing office use to allow for an additional 26,088 square feet of ground floor office space and the conversion of 37,974 square feet of ground floor commercial retail space to office space. The subject site is located approximately 75 feet to the west of the Metro/Airport VTA Light Rail Station on North First Street. The site is also located adjacent to the First Street & Metro Route 60 VTA bus stop.

2. Land Use Policy LU-6.7: Encourage supportive and compatible commercial and office uses in industrial areas designated for those uses.

Analysis: The subject site is designated Industrial Park on the Land Use/Transportation Diagram of the General Plan. The existing use is office space. The project would expand existing office space in an area that allows a mixture of industrial and commercial uses. The additional office space would be compatible with the surrounding area as the existing building is in an area largely surrounded by office buildings. Office uses are located to the south, west, and north.

3. Transportation Policy TR-8.6: Allow reduced parking requirements for mixed-use developments and for developments providing shared parking or a comprehensive transportation demand management (TDM) program, or developments located near major transit hubs or within Urban Villages and other Growth Areas.

Analysis: The project includes a five percent parking reduction in the number of off-street vehicle parking spaces. The subject site is located within the Rincon South Urban Village and is located within 75 feet of the Metro/Airport VTA Light Rail Station. As the project does not include a parking reduction of twenty percent or greater, TDM measures are not required.

4. Implementation Policy IP-1.6: Ensure that proposals to rezone and prezone properties conform to the Land Use/Transportation Diagram, and advance Envision General Plan vision, goals and policies.

Analysis: The project includes a Conforming Rezoning from an A(PD) Zoning District (File No. PDC84-076) to the IP Industrial Park Zoning District. The subject site is

designated Industrial Park on the Land Use/Transportation Diagram of the General Plan.

Rincon South Specific Plan

The Rincon South Specific Plan outlines a vision for the redevelopment of an area of San José that is almost fully developed with a large variety of land uses. The Rincon South area also acts as a conduit for large volumes of traffic related to Silicon Valley jobs, the Airport, and the presence of three freeways. In addition, the VTA Light Rail runs through the area, along North First Street. The project is consistent with the following key objectives of the Rincon South Specific Plan:

1. Support Transit Use and Create a Pedestrian Friendly Environment

Analysis: The project would add approximately 26,088 square feet of office space at a site approximately 75 feet to the west of the Metro/Airport VTA Light Rail Station on North First Street. The project would include pedestrian improvements including the widening of sidewalks along Metro Drive to 10 feet and the widening of sidewalks on North First Street to 12 feet. Additional pedestrian improvements include updating existing walkways at the frontages of the site along Metro Drive, North First Street and Technology Drive.

2. Promote and Maintain High-quality Office Development

Analysis: The subject site is an existing 448,295 square foot office building. The project would maintain the existing office use as well as add approximately 26,088 square feet of office space. Additionally, the project would convert approximately 37,974 square feet of vacant ground floor retail space to office space. The addition to the building would accommodate additional tenants or the expansion of space for existing tenants.

3. Promote Economic Development

Analysis: The project would preserve existing office area within the plan area, as well as facilitate the expansion of office space. The project would add approximately 26,088 square feet of office space as well as convert approximately 37,974 square feet of ground floor retail space to office space. The entrances to the building, landscaping, and walkways would be updated to create a more attractive street presence along all three project frontages.

4. Minimize Traffic Impacts and Encourage Transit Use

Analysis: The project would minimize traffic impacts by utilizing a five percent parking reduction in the number of required off-street parking spaces. The subject site is located approximately 75 feet to the west of the Metro/Airport VTA Light Rail Station. Additionally, the project is providing the required 101 bicycle parking spaces as well as widening sidewalks along North First Street and Metro Drive.

North San José Area Development Policy

The North San José Area Development Policy establishes a policy framework to guide the ongoing development of the North San José area as an important employment center for San José. The North San José land area is a critical resource for San José in its continued efforts to grow industrial activity and to add well-paying jobs within the City. The policy supports economic activity in the North San José area by encouraging the creation of up to 80,000 new jobs along the North San José First Street corridor.

Analysis: The project site is within the First Street Corridor and is adjacent to the Metro/Airport VTA Light Rail Station. The project includes the conversion 37,974 square feet of ground floor retail space to office space, as well as the addition of 26,088 square feet of office space to the building. The conversion and additional square footage are designed to attract large corporations to this area of the City by allowing denser commercial and industrial development. Consistent with the North San José EIR, the project is required to pay a traffic impact fee. The 2019 fee is \$16.45 per square foot of Industrial or Office/R&D buildings and is subject to an annual escalation of 3.3% on July 1, 2020. The next fee escalation will occur on July 1, 2021. Credits for existing structures on site are applied to the residential traffic impact fee consistent with the North San José Development Policy and are prorated with each building permit issued.

Zoning Ordinance Conformance

The proposed rezoning conforms with [Table 20-270, Section 20.120.110](#) of the San José Municipal Code, which identifies the IP Industrial Park Zoning District as a conforming district to the Industrial Park General Plan Land Use/Transportation Diagram land use designation. The project conforms to the development standards as set forth in the IP Industrial Park Zoning District. The Industrial Park zoning designation is an exclusive designation intended for a wide variety of industrial users such as research and development, manufacturing, assembly, testing, and offices. Industrial uses are consistent with this designation as any functional or operational characteristics of a hazardous or nuisance nature can be mitigated through design controls. Areas exclusively for industrial uses may contain a very limited amount of supportive commercial uses, in addition to industrial uses, when those uses are of a scale and design providing support only to the needs of businesses and their employees in the immediate industrial area. These commercial uses should be located within a larger industrially utilized building to protect the character of the area and maintain land use compatibility. In addition, warehouse retail uses are allowed where they are compatible with adjacent industrial uses and will not constrain future use of the subject site for industrial purposes. When located within an area with a combined industrial/ commercial general plan designation, a broader range of uses, both free-standing and in combination with others, will be considered including uses such as retail, church/religious assembly, social and community centers, recreational uses, or similar uses but only when the non-industrial use does not result in the imposition of additional constraints on neighboring industrial users in the exclusively industrial areas.

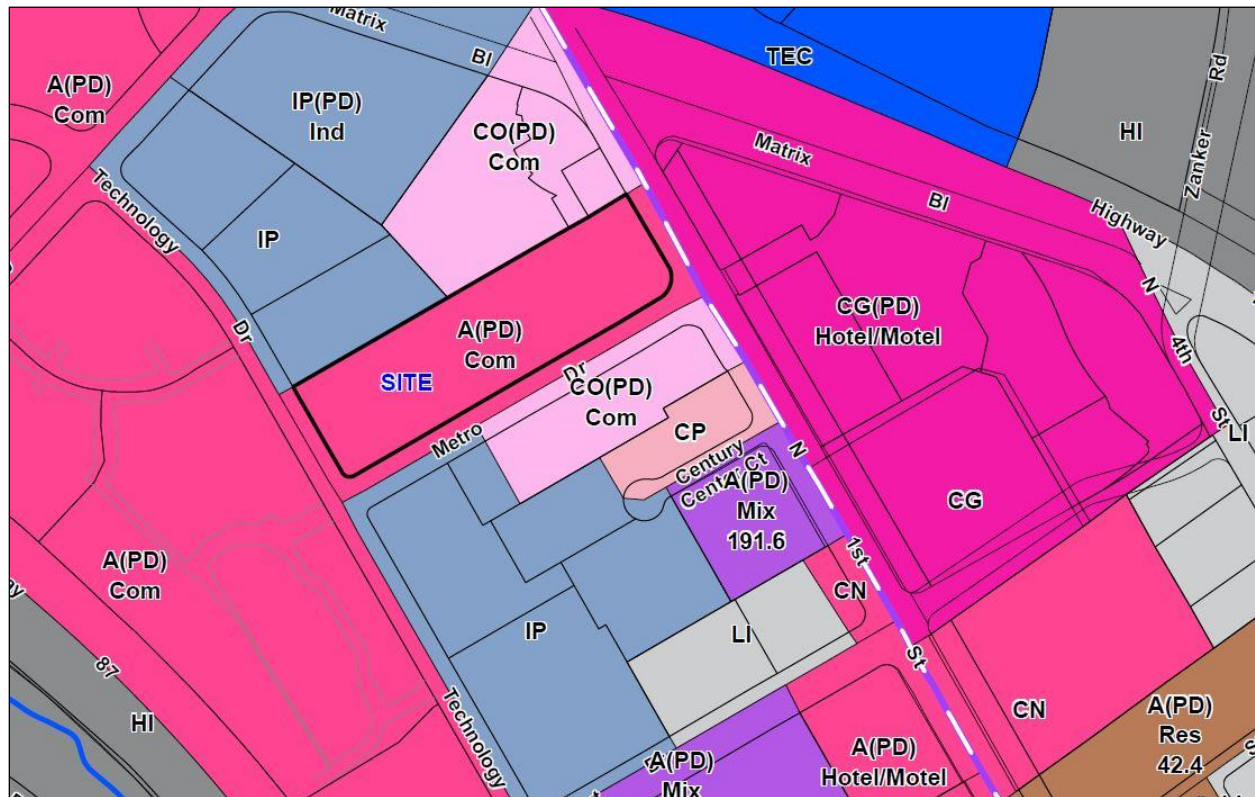


Figure 3: Zoning Map

The Industrial Park Zoning District would allow the property to be used and developed in accordance with the allowable uses in [Table 20-10](#), including office uses. This rezoning was filed concurrently with a Site Development Permit to allow the addition of 26,088 square feet on a 21.23-gross acre site.

Setbacks and Heights

The development standards for the IP Industrial Park Zoning District require a 15-foot building front setback, with zero-foot side and rear setbacks. The existing building and addition would maintain a zero-foot front setback on Metro Drive. The addition would not result in any changes to the existing front setback. The addition to the building would result in a 20-foot side setback. There would be no change to the existing four-foot rear setback. The maximum allowed height in the IP Zoning District is 50 feet. However, the existing building was built in 1985 (File No. PD85-013) and has a maximum height of 152 feet, 8 inches. There would be no change in height to the existing building. Any future redevelopment at the site would require conformance with the development standards for the IP Industrial Park Zoning.

| Building Setbacks | Required | Proposed |
|---------------------------------------|-----------------|-------------------------------|
| Front (South 10 th Street) | 15 feet | 0 feet (existing) |
| Side | 0 feet | 20 feet |
| Rear | 0 feet | 4 feet |
| Maximum Height | 50 feet | 152 feet, 8 inches (existing) |

Vehicle Parking Requirements

The existing office building currently provides 1,524 vehicle parking spaces. Pursuant to [Section 20.90.060](#) of the Zoning Ordinance, the total required vehicle parking, including the addition, is 1,613 parking spaces. The project includes a five percent reduction in the number of vehicle parking spaces to allow for no increase in the existing number of parking spaces. The reduction in required off-street parking spaces is outlined below:

| Use: Office, general business | Vehicle Parking | Bicycle Parking |
|---|---|--|
| Ratio | 1 per 250 sq. ft. of floor area (403,225 sq. ft./250 sq. ft.) | 1 per 4,000 sq. ft. of floor area (403,225 sq. ft./4000 sq. ft.) |
| Required with a 5% reduction for vehicle parking | 1,524 vehicle parking spaces | 101 bicycle parking spaces |
| Provided | 1,524 vehicle parking spaces | 101 bicycle parking spaces |

Bicycle Parking Requirements

Pursuant to [Section 20.90.060](#) of the Zoning Ordinance, the project requires 101 bicycle parking spaces. A total of 101 bicycle parking spaces will be provided on-site: 29 long term and 72 short term long-term bicycle parking spaces would be provided.

Reduction in Required Off-Street Parking Spaces

Pursuant to [Section 20.90.220](#) of the Zoning Ordinance, the project proposes a five percent reduction in the required number of off-street parking spaces. The required number of vehicle parking spaces is 1,613. The proposed number of vehicle parking spaces would be 1,524.

1. A reduction in the required off-street vehicle parking spaces of up to fifty percent (50%) may be authorized with a development permit or a development exception if no development permit is required, for structures or uses that conform to all the following and implement a total of at least three TDM measures as specified in the following provisions:
 - a. The structure or use is located within two thousand (2,000) feet of a proposed or an existing rail station or bus rapid transit station, or an area designated as a neighborhood business district, or as an urban village, or as an area subject to an

area development policy in the City's General Plan or the use is listed in [Section 20.90.220](#) G; and

Analysis: The subject site is located approximately 75 feet to the west of the Metro/Airport VTA Light Rail Station. The site is also located in the Rincon South Urban Village and within the boundaries of the North San José Area Development Policy.

- b. The structure or use provides bicycle parking spaces in conformance with the requirements of Table 20-90.

Analysis: The subject site would provide the required 101 bicycle parking spaces.

- c. For any reduction in the required off-street parking spaces that is more than twenty percent, the project shall be required to implement a TDM program that contains but is not limited to at least one of the following measures:

Analysis: The project would require a five percent reduction in the number of vehicle parking spaces. Therefore, the project does not require additional TDM measures.

Tree Removals

The project includes the removal of 48 trees to facilitate the addition to the office building and parking lot reconfiguration. There are 14 ordinance-size trees and 34 non-ordinance size trees to be removed. The trees to be removed are a combination of non-native trees including London plane, crape myrtle, Evergreen ash, Chinese tallow, Japanese maple, Chinese hackberry, and Callery pear trees. No native trees would be removed as part of this project. The removal of the 48 trees results requires the on-site replacement of 65 24-inch box trees to be planted. Based on the plans provided, there would be 68 trees re-planted on-site. The trees to be replanted on site include a combination of Thornless honeylocust, white crape myrtle, Chinese pistache, London plane, Scarlet Oak, and Green Vase zelkova trees.

Required Findings for Site Development Permit

Chapter 20.100.630 of the Zoning Ordinance establishes required findings for approval of a Site Development Permit. Based upon an analysis of the facts, the City Council must be able to find that:

1. The site development permit, as approved, is consistent with and will further the policies of the general plan and applicable specific plans and area development policies.

Analysis: The existing and proposed office uses would be consistent with the Industrial Park General Plan Land Use designation. The project would facilitate additional employment by expanding the existing office use to allow an additional 26,088 square feet of ground floor office space and the conversion of 37,974 square feet of ground floor commercial retail space to office space. Additionally, the project would be consistent

with the Rincon South Specific Plan and North San José Area Development Policy in that it would maintain and expand office uses in close proximity to transit.

2. The site development permit, as approved, conforms with the zoning code and all other provisions of the San José Municipal Code applicable to the project.

Analysis: The project does not include any change to the zero-foot front setback. The project would conform with the side and rear setbacks of the IP Industrial Park Zoning District. There would be no change to the existing maximum height of the building. The project would meet the required number of off-street vehicle parking spaces through a five percent parking reduction (1,524 vehicle spaces). The project would also provide the required number of bicycle parking spaces (101 bicycle spaces). Additionally, the project requires the removal of 48 trees to facilitate the addition, reconfiguration of the parking lots, and reconstruction of the walkways. The 48 trees to be removed requires replanting 65 trees on site. The trees to be removed are a combination of non-native trees including London plane, Crape myrtle, Evergreen ash, Chinese tallow, Japanese maple, Chinese hackberry, and Callery pear trees. Based on the plans provided, 68 trees would be planted on site. The trees to be planted on-site include a combination of Thornless honeylocust, white crape myrtle, Chinese pistache, London plane, Scarlet Oak, and Green Vase zelkova trees.

3. The site development permit, as approved, is consistent with applicable city council policies, or counterbalancing considerations justify the inconsistency.

Analysis: The project is consistent with the North San José Area Development Policy as it is within the First Street Corridor and is adjacent to the Metro/Airport VTA Light Rail Station. The project includes the conversion 37,974 square feet of ground floor retail space to office space, as well as the addition of 26,088 square feet of office space to the building. The conversion and additional square footage are designed to attract large corporations to this area of the City by allowing denser commercial and industrial development.

4. The interrelationship between the orientation, location, and elevations of proposed buildings and structures and other uses on-site are mutually compatible and aesthetically harmonious.

Analysis: The office building has existed with the same building footprint since it was constructed in 1985. There is no change in the front or rear setbacks. There would be no change to the maximum height of the building. The additional square footage would be constructed on the ground floor at the side setback area as well as the ground floor portion of the middle tower. There is adequate space at the side setback area to allow the building to expand without encroaching on the required setbacks. The primary use as an office building would not change. The addition would retain the primary architectural elements and materials of the existing building. A new glass curtainwall system at the new lobby entries would match the existing glass throughout the building. The new metal panel façade system and concrete base wall along the front and sides of

the ground floor addition would also match the color and materials of the existing building.

5. The orientation, location and elevation of the proposed buildings and structures and other uses on the site are compatible with and are aesthetically harmonious with adjacent development or the character of the neighborhood.

Analysis: The project consists of a minor expansion of the building footprint to allow an addition to the ground floor of the east and west sides of the building and ground floor of the middle tower. The orientation, location, and elevation of the building would not change. The primary use as an office building would remain. The existing building and proposed addition would be aesthetically harmonious with the surrounding neighborhood as the neighborhood is comprised of primarily office buildings of a similar scale, as well as supporting hotel and retail uses. The surrounding office buildings range from 6 to 12 stories with surface parking in the front as well as parking garages in the rear or side of the building.

6. The environmental impacts of the project, including but not limited to noise, vibration, dust, drainage, erosion, storm water runoff, and odor which, even if insignificant for purposes of the California Environmental Quality Act (CEQA), will not have an unacceptable negative affect on adjacent property or properties.

Analysis: The project site is in an area where all public services and facilities are available. All new development would be located within the existing developed lot. All impacts related to noise, vibration, and dust would be temporary in nature and would only be related to construction. The project is not expected to have any negative effects on drainage, storm water runoff, and odor. Pursuant to Section 15168 of the CEQA Guidelines, the City of San José under a determination of consistency, has determined that the project is pursuant to or in furtherance of the North San José Area Development Policy Final Environmental Impact Report (Resolution No. 72768), the Envision San José 2040 General Plan Final Environmental Impact Report (Resolution No. 76041), the Envision San José 2040 General Plan Final Supplemental Environmental Impact Report (No. 77617), and addenda thereto, and does not involve new significant effects beyond those analyzed in the Final EIRs.

7. Landscaping, irrigation systems, walls and fences, features to conceal outdoor activities, exterior heating, ventilating, plumbing, utility and trash facilities are sufficient to maintain or upgrade the appearance of the neighborhood.

Analysis: The project includes upgrading the existing walkways and landscaping along North First Street, Metro Drive, and Technology Drive. The pedestrian pathways would be repaved. New landscaping, lighting, bollards, bicycle racks, bus shelter, tables, chairs, benches, trash receptacles, and other amenities would be added. There would be no change in the location of the trash facilities or the rooftop equipment screening. The landscaping and trees to be removed would be replaced at the required ratios. Street trees would also be added along Metro Drive.

8. Traffic access, pedestrian access and parking are adequate.

Analysis: The two front parking lots would be reconfigured to allow for a single curb cut with a two-way driveway. The existing parking garage at the rear of the building would remain, with no change to ingress and egress to the garage. The pedestrian pathways would be repaved and upgraded to allow safer access from the street to the building. The project would allow a five percent parking reduction to meet the existing vehicle parking space requirements.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

Pursuant to Section 15168 of the CEQA Guidelines, the City of San José has determined that the proposed project is pursuant to, in furtherance of, and within the scope of the North San José Area Development Policy Final Environmental Impact Report (Resolution No. 72768), Envision San José 2040 General Plan Final Environmental Impact Report (Resolution No. 76041), Envision San José 2040 General Plan Supplemental Environmental Impact Report (Resolution No. 77617), and Addenda thereto.

No new or more significant environmental impacts beyond those identified in the North San José Area Development Policy Updated Final Environmental Impact Report, the Envision San José 2040 General Plan Final Environmental Impact Report (FEIR), the Envision San José 2040 General Plan Supplemental Environmental Impact Report (SEIR) and Addenda thereto, have been identified, nor have any new mitigation measures or alternatives which are considerably different from those analyzed in the FEIR, SIER and Addenda been identified.

PUBLIC HEARING NOTIFICATION

Staff followed Council Policy 6-30: Public Outreach Policy. The on-site sign has been posted at the subject site since November 1, 2019. A notice of the public hearing was distributed to the owners and tenants of all properties located within 500 feet of the project site and posted on the City website. The staff report is also posted on the City's website. Staff has been available to respond to questions from the public.

/s/

ROSALYNN HUGHEY, Director
Planning, Building and Code Enforcement

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

Attachments: Legal Description and Plat Map
Plan Set
Determination of Consistency