

# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Planning Commission

**SUBJECT:** SEE BELOW

**DATE:** November 10, 2020

**COUNCIL DISTRICT: 5**

**SUBJECT: PDC18-021 & PD18-016. A PLANNED DEVELOPMENT ZONING FROM THE CG COMMERCIAL GENERAL, CP COMMERCIAL PEDESTRIAN, AND R-2 TWO-FAMILY RESIDENCE DISTRICT TO A CP(PD) COMMERCIAL PEDESTRIAN PLANNED DEVELOPMENT ZONING DISTRICT; AND PLANNED DEVELOPMENT PERMIT TO ALLOW DEMOLITION OF EXISTING ON-SITE RESIDENTIAL BUILDINGS AND CONSTRUCT A SIX-STORY, MIXED-USE DEVELOPMENT CONSISTING OF 123 APARTMENT UNITS AND 13,650 SQUARE FEET OF GROUND-FLOOR RETAIL SPACE WITH TWO UNDERGROUND PARKING LEVELS ON AN APPROXIMATELY 0.9-GROSS ACRE SITE LOCATED ON THE NORTH SIDE OF ALUM ROCK AVENUE APPROXIMATELY 400 FEET EASTERLY OF SOUTH KING ROAD (1661, 1663, 1665 ALUM ROCK AVENUE).**

## **RECOMMENDATION**

The Planning Commission voted 7-0-0 to recommend that the City Council take the following actions:

1. Adopt a resolution adopting the Little Portugal Gateway Mixed-Use Project Mitigated Negative Declaration and related Mitigated Monitoring and Reporting Program, for which an Initial Study was prepared, all in accordance with the California Environmental Quality Act (CEQA);
2. Approve an ordinance of the City of San José rezoning an approximately 0.9-gross acre site on that certain real property located on the north side of Alum Rock Avenue from CG Commercial General, CP Commercial Pedestrian, and Two-Family Residence zoning districts to CP(PD) Planned Development Zoning District for a mixed-use development; and;
3. Adopt a resolution approving, subject to conditions, a Planned Development Permit to allow demolition of an existing one-story, seven-unit apartment building and ancillary structures and three commercial buildings totaling approximately 5,500 square feet and the construction of a six-story, mixed-use building consisting of approximately 13,650 square feet of ground floor retail and 123 residential units, and two levels of underground

parking, and the removal of 38 on-site trees, six of which are ordinance-size trees on an approximately 0.9-gross acre site.

## **OUTCOME**

If the City Council approves all the actions listed above, the subject 0.9-gross acre site would be rezoned from CG Commercial General, CP Commercial Pedestrian, and Two-Family Residence Zoning Districts to CP(PD) Planned Development Zoning District, and the applicant would be able to proceed with the building permit process for the demolition of the seven-unit apartment building and ancillary structures and three commercial buildings totaling approximately 5,500 square feet, construction of a six-story, mixed-use building consisting of approximately 13,650 square feet of ground floor retail and 123 residential units and two levels of underground parking, and removal of six ordinance size trees.

## **BACKGROUND**

On October 28, 2020, the Planning Commission considered the project on the Public Hearing agenda. Staff introduced the project and six members of the public spoke during the public hearing. Most of the public comments were in favor of the project highlighting the project's design and ground-floor commercial concept to support local businesses. Speakers raised questions regarding:

- The removal of an existing billboard on-site;
- Whether enough parking would be provided given street parking constraints (patrons, construction workers);
- Affordability of units; and
- The project's compliance with the Americans with Disabilities Act (ADA).

Commissioners Lardinois, Bonilla, Torrens, and Chair Caballero asked the applicant questions relating to:

- The parking ratio and specific Transportation Demand Management (TDM) measures for the project;
- Community outreach;
- Future opportunity for existing commercial tenants to occupy ground-floor commercial space;
- Affordability of units and the affordable housing in-lieu fee amount;
- Number of replacement trees; and
- Programming of the project's proposed shared parking.

The applicant and staff provided the following responses to the questions raised by the public and Planning Commission:

- The existing billboard would be removed as part of the project and would not be incorporated into the proposed development.
- The project includes a proposed parking reduction and would provide 170 vehicle parking spaces on-site. A Transportation Demand Management Plan would support the 27 percent parking reduction pursuant to San José Municipal Code Section 20.90.220. The project's TDM plan includes installation of an on-site kiosk managed by a transit coordinator, provision of VTA Smartpasses, and unbundled parking.
- The project proposes an on-site shared parking arrangement between the commercial retail uses and residential uses on-site. The shared parking arrangement would allow parking spaces to be shifted between the commercial and retail uses during off-peak hours resulting in additional parking during the day for commercial use and additional parking during the evening for residential use.
- The project will comply with all applicable Building Code requirements, including ADA.
- Beyond the Planning-sponsored community meetings, the applicant engaged with several community groups including the Alum Rock Business Association and SOMOS Mayfair.
- The applicant will comply with the Housing Compliance Plan and will pay the in-lieu fee instead of providing on-site affordable units.
- The project would provide 36 24-inch box replacement trees. Staff noted, a 24-inch size tree is counted as two 15-gallon replacement trees and therefore the proposed project would comply with the City's replacement requirements.
- The commercial floor plan is designed with smaller retail spaces which would provide opportunities for small businesses to occupy the site at a more affordable rate. The intent is for this space to serve as an incubator for small and local businesses. The applicant noted their efforts to engage with the local business community.
- Existing residential tenants have been provided relocation assistance and the project would pay the in-lieu fee under the Affordable Housing Impact Fee (AHIF) Transition Process.

Vice Chair Bonilla made a motion to approve staff recommendation, and Commissioner Lardinois seconded the motion. The motion passed unanimously (7-0-0).

## **ANALYSIS**

Analysis of the issues regarding the Mitigative Negative Declaration prepared for the proposed project, pursuant to CEQA, Planned Development Zoning and Planned Development Permit including General Plan conformance, are contained in the attached Planning Commission Staff Report.

## **CONCLUSION**

The Planning Commission recommended that the City Council adopt a resolution approving the Mitigated Negative Declaration: Little Portugal Gateway Mixed-Use Project and related

Mitigated Monitoring and Reporting Program, and approve the Planned Development Zoning, and Planned Development Permit for the subject property.

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

If the recommendations are approved, the applicant may apply for permits for the demolition of existing buildings and construction of a six-story mixed-use building, subject to the conditions of approval.

### **CLIMATE SMART SAN JOSE**

The recommendation in this memorandum aligns with one or more Climate Smart San José's mobility goals. Specifically, the construction of the mixed-use project in an Urban Village adjacent to a VTA Bus Rapid Transit (BRT) line would create and provide access to local jobs and residences in a live/work environment.

### **PUBLIC OUTREACH**

Staff followed Council Policy 6-30: Public Outreach Policy to inform the public of the project. A notice of public hearing was distributed to the owners and tenants of all properties located within 1,000 feet of the project site and posted on the City website. This staff report is also posted on the City's website. Staff has been available to respond to questions from the public. This memorandum will be posted on the City's Council Agenda website for the November 17, 2020 Council Meeting.

### **COORDINATION**

This project was coordinated with the Department of Public Works, Housing Department, and the City Attorney's Office.

### **CEQA**

The City of San José, as the lead agency for the proposed project, prepared a Mitigated Negative Declaration: Little Portugal Gateway Mixed-Use Project and related Mitigated Monitoring and Reporting Program for the subject Planned Development Zoning and Planned Development Permit. The documents were circulated for public review and comments from July 28, 2020 through August 17, 2020. Impacts to air quality, biological resources, hazards and hazardous materials, and noise were identified; however, impacts identified would be reduced to less than significant with the implementation of mitigation measures.

Staff received letters from Pacific Gas and Electric (PG&E), Santa Clara County Parks Department, and the California Department of Transportation acknowledging receipt and review of the environmental document with no additional comment. One email was received from the public during the circulation period, and two other emails were received outside of the circulation period (after August 17, 2020). Based on the comments received, demolition of the existing residential structures was a concern due to the displacement of existing residents, as was the status of the project review and whether the environmental document included cumulative project effects (i.e., neighboring Quetzal Gardens project). Adequate parking was another concern for the proposed project. The comments did not result in any substantial changes to the project description, analyses, and/or impacts that were previously disclosed in the IS/MND. Responses to comments can be found on the Planning Division's website at [www.sanjoseca.gov/NegativeDeclarations](http://www.sanjoseca.gov/NegativeDeclarations).

The public comments on the IS/MND have been addressed by staff in a formal Errata document containing a Responses to Public Comments section published on the City website on October 16, 2020.

As stated in the IS/MND, the primary environmental issues that required mitigation measures are air quality, biological resources, hazards and hazardous materials, and noise. The IS/MND includes mitigation measures that would reduce the identified potentially significant project impacts to a less-than-significant level. In addition to the mitigation measures, other permit conditions with regards to construction dust controls and equipment of the site are included in the Planned Development Permit as standard permit conditions to ensure all potential impacts have been addressed.

The entire IS/MND and Responses to Comments, and other related environmental documents are available on the Planning Division's website at: [www.sanjoseca.gov/NegativeDeclarations](http://www.sanjoseca.gov/NegativeDeclarations).

/s/

Rosalynn Hughey, Secretary  
Planning Commission

For questions, please contact Deputy Director, Robert Manford, at [Robert.Manford@sanjoseca.gov](mailto:Robert.Manford@sanjoseca.gov) or (408) 535-7900.

Attachments: [Planning Commission Packet including the Staff Report](#)