

February 23, 2016

Shirley Lewis & David Pandori, Co-Chairs  
San Jose General Plan Task Force  
City of San Jose  
200 E. Santa Clara Street  
San Jose, CA 95125

**RE: February 25, Task Force Meeting - Urban Village Policy Modifications  
Request for Changes to Signature Project Policies to Support New Retail Opportunities**

Dear Co-Chairs Lewis and Pandori,

As you may be aware, Weingarten Realty purchased the Cambrian Park Plaza Shopping Center last year.

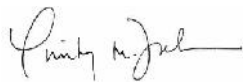
Over the last few months, we have been working with City staff to advance a potential mixed-use development that achieves many important objectives, including one of the City's highest priorities of creating new retail opportunities to generate general fund revenue from sales tax. The site, which is currently within the County's jurisdiction, does not generate any revenue for the City. Its redevelopment with a mix of uses in the short term would trigger annexation and a significant new revenue source for the City.

Unfortunately, the City's current Signature Project policies, which are tied to a high density office jobs square footage metric, practically foreclose lower density retail development within a mixed use project and so precludes the opportunity for new retail mixed use economic development opportunities. We believe that it would benefit the entire City to ensure the General Plan is updated to provide this type of retail development in Urban Villages in a shorter time horizon.

We ask that the Task Force consider modifications to the Urban Village Strategy policies to support signature project opportunities that can deliver a significant retail component in support of important City economic development objectives throughout all urban village planning areas. Attached is a position paper we previously provided to City staff that explains this policy challenge as it relates to the Cambrian Park Plaza site, along with suggested General Plan Text modifications to facilitate mixed use redevelopment of the site with a strong retail component.

We hope that you will consider them and ask that staff include the proposed modifications for subsequent consideration by the Task Force.

Sincerely,



Timothy Frakes  
Vice President / Senior Regional Director

**People-to-People. Coast-to-Coast.**

**WEINGARTEN REALTY INVESTORS**

**SAN JOSE GENERAL PLAN 2040 TASK FORCE**

**CAMBRIAN PARK PLAZA SHOPPING CENTER REDEVELOPMENT OPPORTUNITY**

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Weingarten Realty Investors (WRI) desires to reinvest in and revitalize the Cambrian Park Plaza Shopping Center (the property) in the near term for the benefit of current and future retail customers, the Cambrian Park community, and the City, provided a viable redevelopment approach can be identified.

Redevelopment of the property would increase the City's tax revenue, with the maximum amount of tax revenue coming from a mixed-use residential, commercial/retail project. Currently, the property is in the County and generates no tax revenue for the City. Redevelopment would trigger the need for annexation, which would bring the property and the revenue it generates into the City.

WRI's studies indicate that the market and the community would support redevelopment of the property with updated retail buildings, but not at a density that would effectively use the entire property or maximize the City's tax revenue. Rather than pursue a retail-only redevelopment that would underutilize the property, WRI's preferred approach is to redevelop the property with a mix of uses, including neighborhood retail and residential, that supports the City's vision for an Urban Village and is appropriate in scale for the Cambrian Park community. WRI currently is targeting a project that would consist of approximately 230,000 square feet of commercial, roughly comprised of an estimated 140,000 square feet of retail and a projected 90,000 square feet of assisted living; community gathering areas; and approximately 220 rental apartments and for-sale townhomes. This program is responsive to community concerns and would maximize the sales-tax and property-tax revenue available to the City. After completing a thorough market assessment, WRI is confident there is a strong demand for the mix of uses at the density range proposed, but that the property cannot support more intense retail redevelopment.

A project at the property that includes residential uses could only proceed in the near future if it meets the General Plan's Signature Project requirements. Unfortunately, the City's existing Signature Project requirements do not readily accommodate retail projects. In order to meet the City's fiscal goals, the existing Signature Project requirements require achievement of job-generation targets. These targets, however, are based on office metrics that do not translate into viable retail metrics, as described below. These targets also do not account for the significant sales tax revenue generated by retail projects.

*Job Density.* Under the existing requirements, Signature projects must provide new jobs in excess of the average job density for the commercial area of the Urban Village. As calculated by the City, these new job requirements are converted into square footage requirements using an office-based jobs density of one employee per 300 square feet. Retail projects, however, typically have an average job density of one employee per 450 square feet. Thus, in order to achieve the same new job generation, a retail project would have to provide 50 percent more square footage than an office project.

*Square Footage.* Under existing requirements, a Signature Project must replace existing commercial square footage and provide new commercial square footage sufficient to achieve the job density target. Even using the one employee per 300 square feet office metric, these square footage requirements often result in floor-area ratios ("FAR") in excess of .40 FAR, and even higher FAR when using the one employee per 450 feet retail metric. While office projects can viably achieve these FARs

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by providing structured parking, retail projects cannot viably achieve these FARs (except in extremely dense urban environments not typical of San Jose).

Exhibit A summarizes these challenges as applied to the property. As demonstrated in Exhibit A, even with City staff's proposed reduced jobs target for the Camden/Hillsdale Urban Village Area, a retail-based Signature Project on the property would have to provide 350,100 square feet of retail space, which equates to a 0.65 FAR. This retail density simply is not feasible in the market, nor would it be consistent with the desires of the Cambrian Park community. The lack of consideration of retail in the Signature Project policy formula places that policy in conflict with one of the City's economic development strategy's highest priorities, which is to encourage the development and expansion of new retail centers to generate sales tax for the City's General Fund.

If the City wants to encourage the development and expansion of new retail in the short term within Urban Village areas, the City's General Plan policies related to Urban Villages and Signature Projects should be revised to make the development of retail feasible in Urban Village areas and especially in Signature Projects. The revisions necessary to support new retail development as part of a Signature Project are shown in "Exhibit B." WRI respectfully requests that the City administration initiate these General Plan changes in order to advance retail development in Urban Village Areas, including WRI's intended redevelopment plan, through the General Plan 2040 Major Review process.

**EXHIBIT A**

**Signature Project Redevelopment Table**

	Existing General Plan			Proposed General Plan		
	Entire Urban Village (Existing GP)	Site – Existing	Signature Project	Entire Urban Village (Proposed GP Update)	Signature Project <sup>1</sup>	Proposed WRI Signature Project
Total Size (acres)	90	17.24	17.24	90	17.24	17.24
Land designated for employment uses (acres)	--	17.24	86.5	--	86.5	86.5
Estimated Existing Jobs	--	379	379	--	379	-- (eliminated)
New Jobs	3,500	--	698	2,000	399	401
<b>Total Jobs</b>	<b>--</b>	<b>379</b>	<b>1077</b>	<b>--</b>	<b>778</b>	<b>401</b>
Existing Retail (gsf)	--	170,427	170,427	--	170,427	-- (demolished)
All New Jobs Office (gsf)	<b>1,050,000</b>	--	209,400	600,000	119,700	--
All New Jobs Retail (gsf)	--	--	314,100	--	179,550	140,000 (all new jobs retail except those associated with assisted living)
New Assisted Living (gsf)	--	--	--	--	--	90,000

**EXHIBIT A**

	Existing General Plan			Proposed General Plan		
	Entire Urban Village (Existing GP)	Site – Existing	Signature Project	Entire Urban Village (Proposed GP Update)	Signature Project <sup>1</sup>	Proposed WRI Signature Project
<b>Total Commercial (gsf)</b>	<b>1,050,000</b>	<b>170,427</b>	<b>379,827 existing retail + new office</b> <b>Equates to: 323,100 office only or 484,650 retail only</b>	<b>600,000</b>	<b>290,127 existing retail + new office<sup>2</sup></b> <b>Equates to: 233,400 office only or 350,100 retail only</b>	<b>230,000 new retail and assisted living</b>
New Housing Units <sup>3</sup>	1,000		190 (11 du/acre)	1,000	190 (11 du/acre)	220 (12.8 du/acre)
If 50 du/acre	1,000	--	862	--	862	--
Residential Density on Residential Portion of Site (du/acre) <sup>4</sup>			40		40	46
Office Only FAR <sup>5</sup>			.60		.43	--
Retail Only FAR			.90		.65	.31
Senior Housing FAR <sup>6</sup>			--		--	.93

Methodology

- Allocation of Density:
  - Jobs are distributed based on the ratio of the acreage of the Property to the acreage of commercially designated land in the entire Urban Village.
  - Housing units are distributed based on the ratio of acreage of the Property to the acreage of the entire Urban Village.

## EXHIBIT A

- Conversion of Jobs to Square Footage: Jobs are converted to square footage based on the following ratios, taken from *San Jose Market Overview and Employment Lands Analysis / January 20, 2016*, which was distributed at the January 28, 2016 General Plan Task Force meeting:
  - Traditional Office/Tech R&D/Manufacturing: 1 job/300 gsf
  - Retail: 1 job/450 gsf (average of 1 job/650 gsf for large retail and 1 job/250 gsf for small retail)
  - Senior Housing: 1 job/1,000 gsf

### Notes:

<sup>1</sup> Based in part on calculations provided by City Planner Jared Hart on February 10, 2016. Calculations were modified to reflect the fact that the site is 17.24 acres rather than 17.09 acres.

<sup>2</sup> 288,910 gsf is the minimum Signature Project commercial gsf indicated in the calculations provided by Mr. Hart. The square footage in the table above is different than that calculated by Mr. Hart because Mr. Hart used 17.09 acres rather than 17.24 acres for the size of the property.

<sup>3</sup> Using the entire Urban Village acreage, we calculate the Property's allocation of dwelling units to be 19% of the 1,000 dwelling units, or 190 dwelling units.

<sup>4</sup> Assumes 11 du/acre, with 4.78 acres (208,216.8 sf) dedicated to residential uses.

<sup>5</sup> Assumes 12.46 acres (542,757.6 sf) are dedicated to office, retail, or other commercial uses.

<sup>6</sup> Assumes 2.22 acres (96,911 sf) are dedicated to senior housing, leaving 10.24 acres (446,054.4 sf) for retail uses.

## EXHIBIT B

### SAN JOSE 2040 GENERAL PLAN MAJOR REVIEW

#### RECOMMENDED STAFF-INITIATED GENERAL PLAN AMENDMENTS

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#### **Text Change No. 1 – Urban Village Land Use Designation, Chapter 5, Page 8 and Urban Village Area Boundary, Chapter 5, Pages 22–23**

Change the text under Urban Village Area Boundary to read as follows by moving the italicized text from Chapter 5, Page 8, to this section and adding the underlined text:

#### **Urban Village Area Boundary**

Properties within an Urban Village Area Boundary have an underlying General Plan designation, and new development must conform to the underlying designation for the property, subject to the Urban Village Planning Guidelines and Urban Village Planning policies of the General Plan. Most sites within areas designated as within the Urban Village Area Boundary, planned for full redevelopment in a later Plan Horizon, have a Neighborhood/Community Commercial or other non-residential designation, so that new residential development is planned only to occur when the City commences the identified Plan Horizon for that Urban Village area. (see Chapter 7 – Implementation for a description of Planning Horizons and Urban Village Planning). Prior to implementation of the Urban Village through preparation of an Urban Village Plan and/or development of a mixed-use project as permitted by the Urban Village Planning Guidelines and Urban Village Planning policies of the General Plan, the underlying General Plan designation determines the appropriate use and application of General Plan land use policies for the property. Specific allowable uses within the Boundary Area may be further evaluated and identified through the Urban Village planning process and may result in amendments to the Land Use/Transportation Diagram.

As part of the decision to commence a new Plan Horizon, the City will change the underlying designations to Urban Village or another designation that supports subsequent implementation of the Urban Village. In some cases limited housing growth is allowed on sites within a future Horizon Urban Village Area Boundary when explicitly consistent with the goals and policies in this General Plan. Specifically, it is possible to find conformance with the General Plan Land Use / Transportation Diagram for residential or residential-mixed use development projects on sites with a commercial or other designation, provided that those projects meet the Signature Project, incidental residential or residential Pool project criteria established within the General Plan Implementation chapter policies or conform to the uses identified for the site within an Urban Village Plan that has been accepted by the City Council. *For Signature Projects, the appropriate minimum density is the density needed to be consistent with the Signature Project policies. The allowable density for this designation is further defined within the applicable Zoning*

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*Ordinance designation and may also be addressed within an Urban Village Plan or other policy document. The height and building form of development within the Urban Village areas can vary significantly depending upon the type and character of the Urban Village, consistent with the Urban Village policies provided within Chapter 6 of this Plan. Medical offices, as well as full-service hospitals, could be appropriate near-term or long-term uses within an Urban Village.*

### **Text Change No. 2 – Policy IP-2.11, Chapter 7, Implementation, Page 9**

Change Policy IP-2.11 to read as follows with the addition of underlined text:

Provide a “Pool” of residential unit capacity which may be allocated to allow entitlement of residential projects within Urban Village Areas not included within the current Plan Horizon. This pool is initially established as 5,000 units, and may be replenished as part of a General Plan Major Review. Projects receiving allocation must conform to the Land Use / Transportation Diagram, subject to the Urban Village Planning Guidelines and Urban Village Planning policies of the General Plan. Preparation of an Urban Village Plan for the subject Urban Village is necessary prior to allocation of these units unless the project qualifies as a Signature Project.

### **Text Change No. 3 – Policy IP-3.5, Chapter 7, Implementation, Page 11**

Change Policy IP-3.5 to read as follows with the addition of underlined text:

Annual Review may include consideration of required General Plan Amendments for proposals to modify identified Urban Village Growth Areas, including creation of new Urban Villages, removal of existing Urban Villages or modification of a Growth Area’s boundaries, or to modify the identified Plan Horizon for an Urban Village. Creation of a new Urban Village may be considered to facilitate development of an exceptional project that meets standards and objectives comparable to those identified for Signature Projects, including exceeding minimum densities for employment or creating a major new source of sales-tax revenue for the City, and exceeding minimum densities for residential uses, and consistency with site and architectural design guidelines. Creation of a new Urban Village area will require transfer of the planned amount of housing growth capacity from some other identified Growth Area that has housing growth capacity.

### **Text Change No. 4 – Policy IP-5.10, Chapter 7, Implementation, Page 18**

Change Policy IP-5.10 to read as follows with the addition of underlined text:

Allow non-residential development to proceed within Urban Village areas in advance of the preparation of an Urban Village Plan. In addition, a residential, mixed-use “Signature” project may also proceed ahead of preparation of a Village Plan. A Signature project clearly advances and can serve as a catalyst for the full implementation of the Envision General Plan Urban Village strategy. A Signature project may be developed within an Urban Village designated as part of the current Plan Horizon, or in a future Horizon Urban Village area by making use of the residential Pool capacity. A residential, mixed-use Signature project may proceed within Urban



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Village areas in advance of the preparation of an Urban Village Plan if it fully meets the following requirements:

1. Conforms to the Land Use/Transportation Diagram. Within the Urban Village areas, Signature projects, including residential mixed-use Signature projects, are appropriate on sites with an Urban Village, residential, or commercial Land Use/Transportation Diagram designation, even if the commercial designation does not have a residential density requirement or list residential uses as typical uses of that designation.
2. Incorporates job growth capacity above the average density of jobs/acre planned for the developable portions of the entire Village Planning area or creates a major new source of sales tax revenue by providing significant commercial retail development square feet in the City (including through annexation), and, for portions of a Signature project that include housing, those portions incorporate housing density at or above the average density of dwelling units per acre planned for the entire Village Planning area.
3. Is located at a visible, prominent location within the Village so that it can be an example for, but not impose obstacles to, subsequent other development within the Village area.

Additionally, a proposed Signature project will be reviewed for substantial conformance with the following objectives . . . .

### **Text Change No. 5 – Appendix 6, Urban Village Planning Guidelines, Page 7**

Change text under the *Signature Projects* heading to read as follows with the addition of underlined text:

General Plan Implementation Policy IP 5-10 establishes criteria for the consideration of “Signature Projects” which may receive Planning entitlements (e.g., zoning and/or site development permits) prior to the preparation of an Urban Village Plan. Part 2 of Policy IP 5-10 states that Signature Projects must:

“Incorporate job growth capacity above the average density of jobs/acre planned for the developable portions of the entire Village Planning area or create a major new source of sales tax revenue by providing a significant commercial retail development in the City (including through annexation), and, for portions of the Signature project that include housing, those portions incorporate housing density at or above the average density of dwelling units per acre planned for the entire Village Planning area.”

Because of the wide variety of existing conditions that can be found within planned Urban Village areas, careful consideration needs to be given to the determination of average density for jobs and housing. The area of developable portions should be calculated by excluding any areas within the Urban Village Area boundary that have been recently entitled and/or which are

## EXHIBIT B

already developed at a density consistent with the Urban Village designation. Similarly, parcels which are partially developed at Urban Village densities should only count partially toward the calculation of available land area (e.g., only the undeveloped half of a parcel that is developed on 50% of the site area with a 4-story building would be considered as a developable portion of the Urban Village area).