

NORTH SAN JOSÉ RETAIL AND AMENITIES STRATEGY



PRESENTATION OUTLINE

- Council Direction
- Location
- History
- North San José Area Development Policy (NSJADP)
 - Transportation Investments
- NSJ Retail Strategy – Strategic Economics
- NSJ Amenities Strategy - Daniel Rose Fellowship
- Next Steps

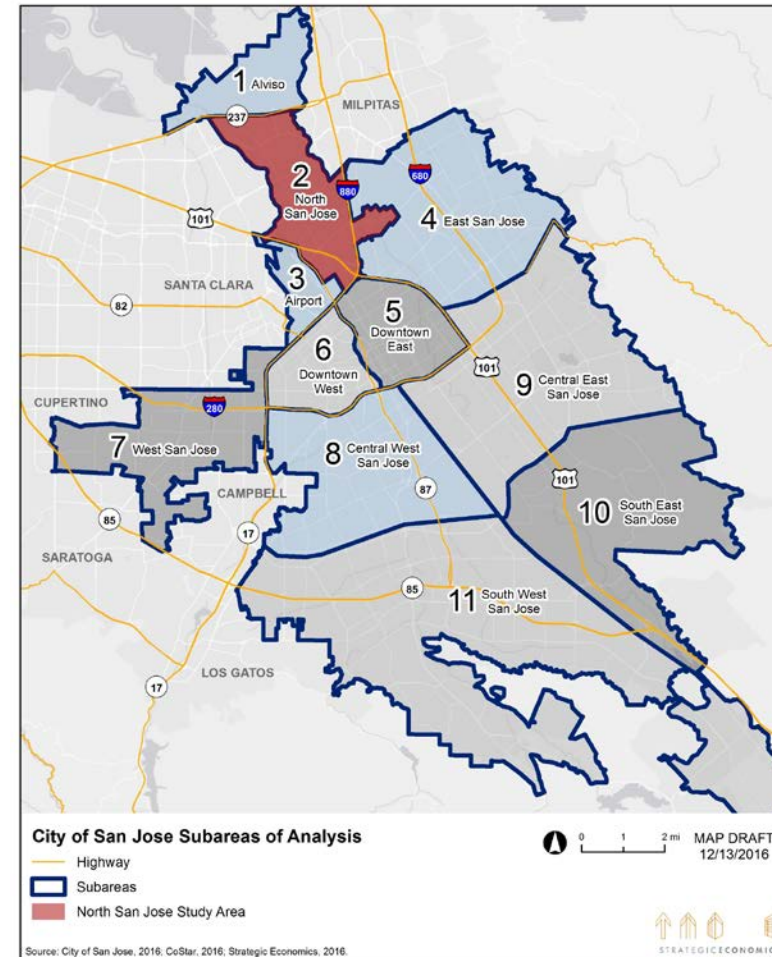


COUNCIL DIRECTION

- August 2016 Council Memo directed staff to:
 - Create a list of recommendations that will spur development of much needed amenities – retail, recreation, and athletic facilities – on or adjacent to corporate campuses



- Santa Clara County (1.9 million people)
- Shares borders with Milpitas and Santa Clara
- North San José
 - ~4,850 acres
 - Nicknamed “Innovation Triangle” and “Golden Triangle” due to its location between US 101, Hwy 237, I-880



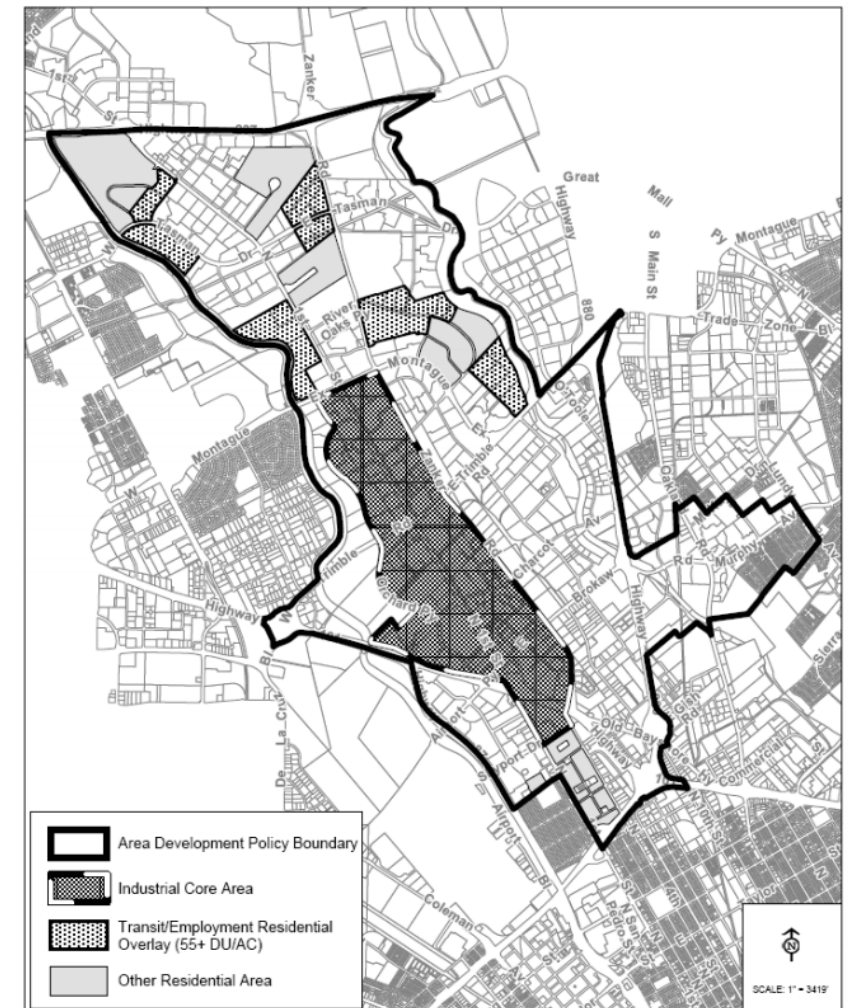
HISTORY

- Originally orchards and fields; organized effort to increase employment in San José
- Rincon De Los Esteros Redevelopment Plan (1974)
 - Stimulated new commercial, industrial, and office expansion
- Golden Triangle Task Force (1985)
 - **Members:** Santa Clara County, Milpitas, Santa Clara, Sunnyvale, Mountain View, Palo Alto, & San José
- NSJ Area Development Policy (1988)
- North San Jose Deficiency Plan (1988)



NORTH SAN JOSE AREA DEVELOPMENT POLICY

- Updated in 2005
- Plans for:
 - 26.7 million sq. ft. of new office/R&D
 - 2.7 million sq. ft. of retail
 - 32,000 dwelling units
 - 1,000 hotel rooms
- 4 equal phases
 - 7 million sq. ft. of industrial
 - 8,000 dwelling units
 - No timeline; dependent on market/private sector
- Development funds series of major transportation improvements
- Intensification along light rail (N. 1st Street) and within Industrial Core (592 acres)
- Established Transit/Employment Residential Overlay
 - Conversion of 400 acres from industrial to residential



NORTH SAN JOSE AREA DEVELOPMENT POLICY

Land Use	Built-to-Date / Entitled	Phase I Threshold	Remaining Capacity
Office/R&D	2 million sq. ft.	7 million sq. ft.	24.7 million sq. ft.
Commercial/Retail	756,000 sq. ft.	Min. of 100,000 sq. ft.	1.94 million sq. ft.
Residential	8,000 units	8,000 units	24,000 units
Hotels	438 rooms	N/A	562 rooms

NSJ TODAY – RENOVATIONS AND IMPROVEMENTS



NORTH SAN JOSE – RETAIL STRATEGY

- Existing North San Jose Context
- Retail Demand
- Retail Supply
- Strategies

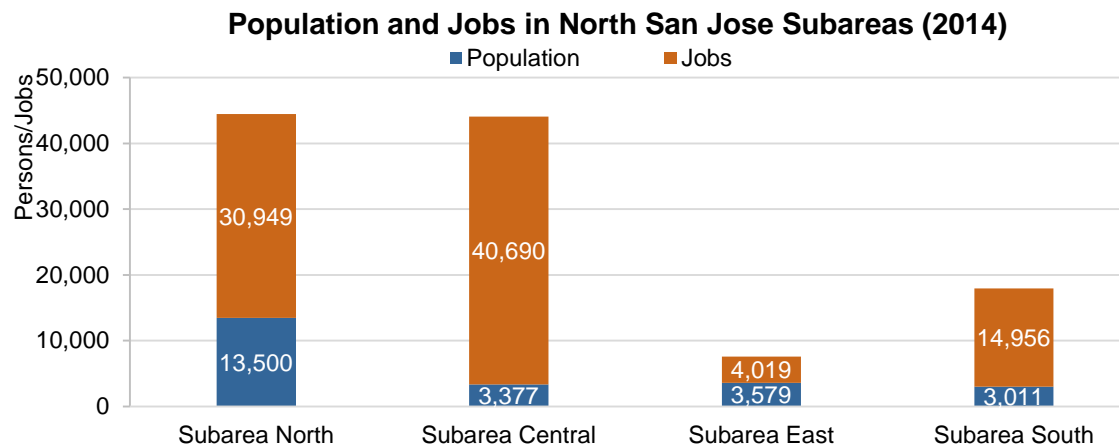
CONTEXT

- Based on Land Use Patterns, the Study Area Logically Divides into Four Subareas
 - Not equal sizes either based on either acres or jobs/population
 - Only three of the four have major freeway access
 - Overall, uses are relatively low density, especially compared to downtown employment districts such as San Jose, San Francisco, or Oakland

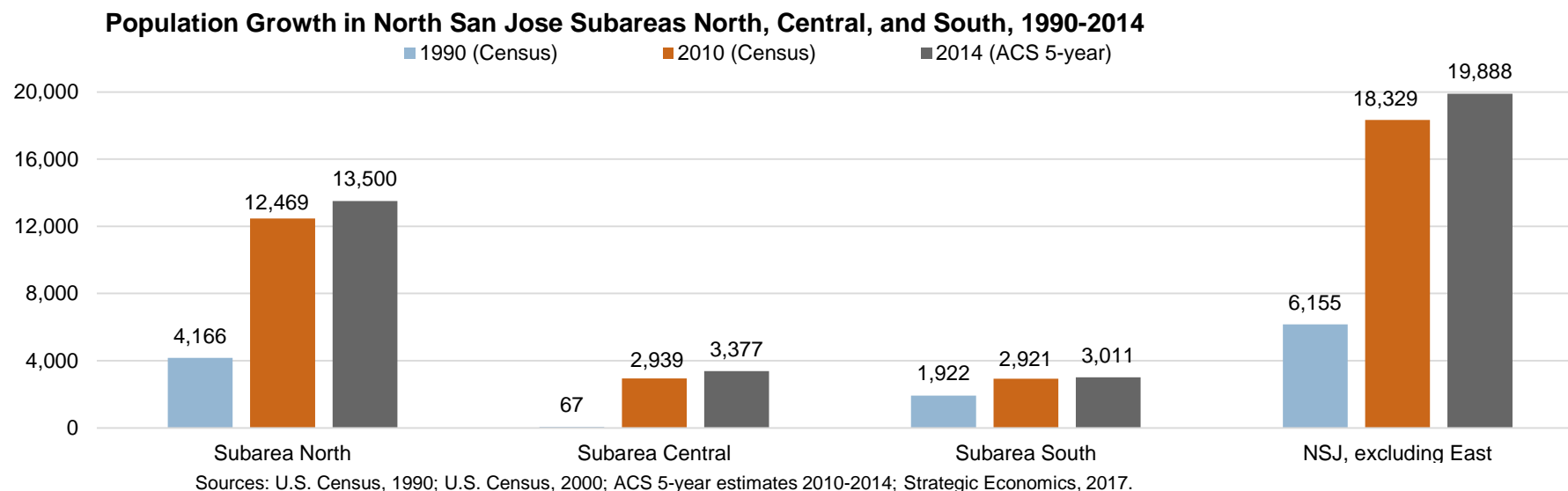


RETAIL DEMAND: POPULATION & EMPLOYMENT

Population, Households, and Employment in Study Areas (2014)				
	2014 Households	2014 Population	2014 Jobs	2014 Population + Jobs
Total North San Jose	9,648	23,467	90,614	114,081
Subarea North	5,221	13,500	30,949	44,449
Subarea Central	1,753	3,377	40,690	44,067
Subarea East	1,209	3,579	4,019	7,598
Subarea South	1,465	3,011	14,956	17,967
City of San Jose	310,584	986,320	382,266	1,368,586
Santa Clara County	614,714	1,841,569	963,099	2,804,668



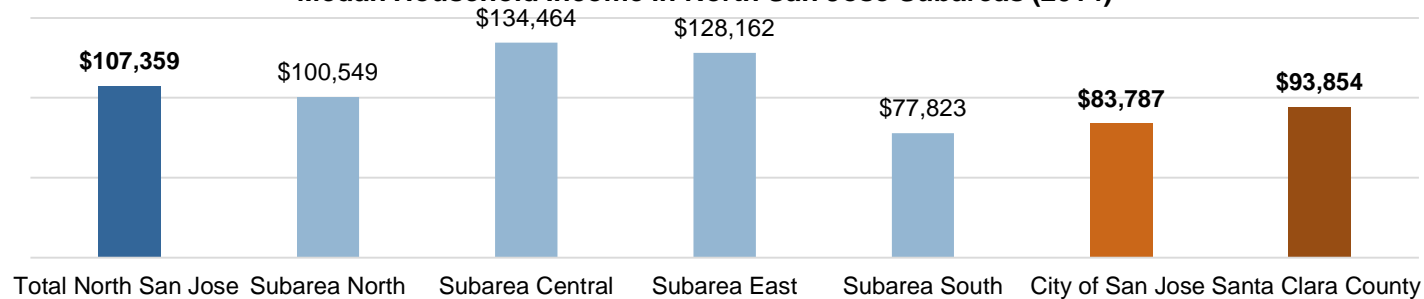
GROWTH IN NORTH SAN JOSE: POPULATION



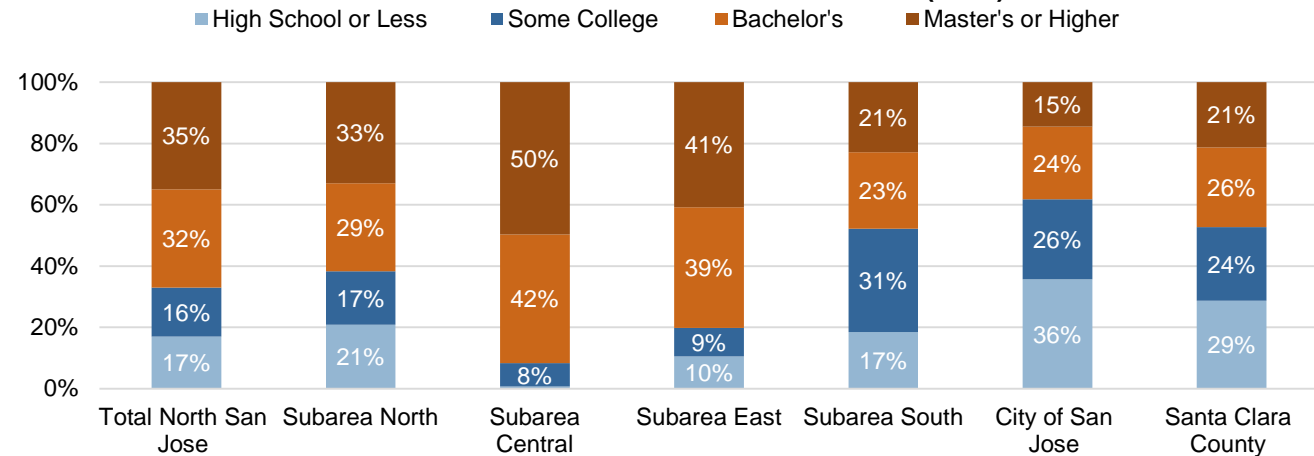
- Due to data limitations, population growth is shown for only three Subareas
- Overall, Subarea North had most growth over the past 20 years (a ten year comparison is not included due to changing census block group geographies)

RETAIL DEMAND: MEDIAN INCOME & EDUCATION LEVELS

Median Household Income in North San Jose Subareas (2014)



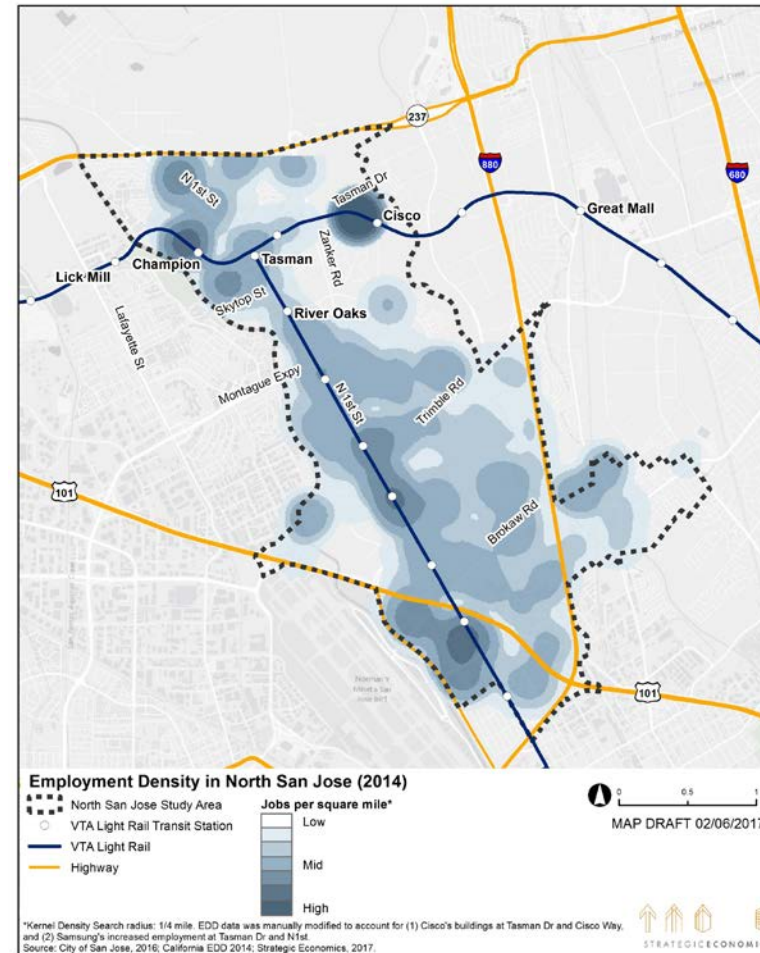
Educational Levels in North San Jose Subareas (2014)



Sources: ACS 2010-2014 5-year estimates; Strategic Economics, 2017. Income is expressed in 2014 dollars.

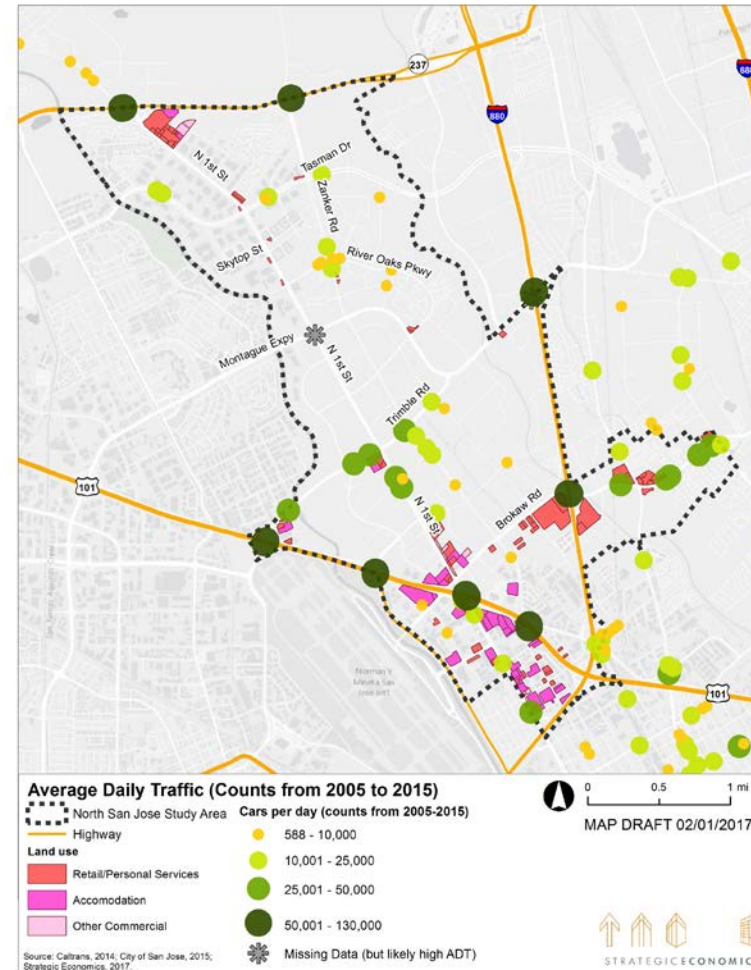
RETAIL DEMAND

- Employment (2014)



RETAIL DEMAND

Traffic Volumes (2005-2015)



NSJ RETAIL DEMAND: SUMMARY FINDINGS

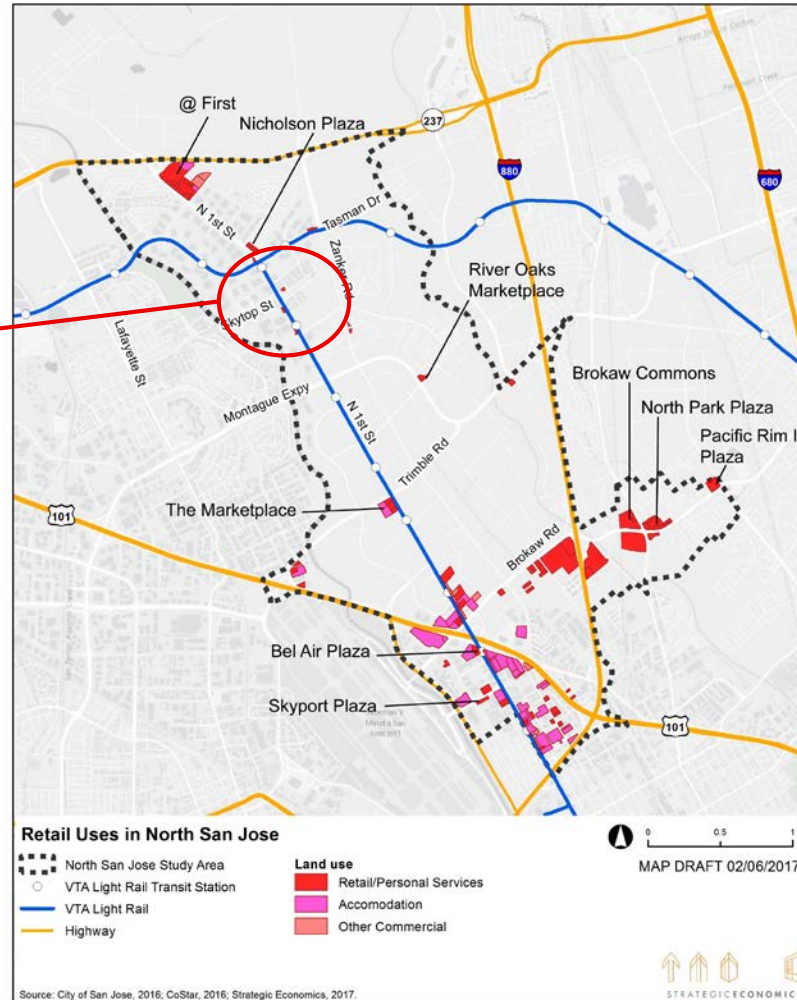
- Although there has been considerable new residential construction in North San Jose, the area as a whole has a modest population (9,600 households), and a large day-time worker population (90,600 jobs).
- Subarea North has the most households (5,200) and the highest proportion of high density employment nodes in the Study Area (see slide 16).
- Subarea Central has more jobs than Subarea North, but the jobs are more diffuse with no particularly high density nodes and there are only about 1,800 households.
- Residents in all subareas in NSJ have high median incomes and high educational levels, although there are some pockets of older housing in Subarea North that may also represent more modest income households.
- The Study Area as a whole has a higher share of 1- and 2-person HHs to San Jose or Santa Clara County, however 25% of households residing in NSJ are families with children.
- Traffic volumes, a key demand metric for retailers, is highest at the intersections with freeway off-ramps; and on Brokaw and Trimble Roads, both of which provide direct connections between Highways 880 and 101.

REGIONAL RETAIL TRENDS

- **Retail rents and vacancy rates are strong in the Silicon Valley, due to a combination of strong economic growth and limited new construction.**
 - Demand for retail space is particularly strong in Santa Clara and San Mateo Counties, driven by rapid job growth, household growth, and strong demographics.
 - The delivery of new supply has lagged behind demand, leading to rapidly rising rents and historically low vacancy rates.
 - The San Francisco Bay Area region in particular has added very little new inventory in recent years, recently ranking 17th out of 19 primary markets for retail construction, despite having the lowest vacancy rate in the country (JLL, United States Retail Outlook, Q2 2015)

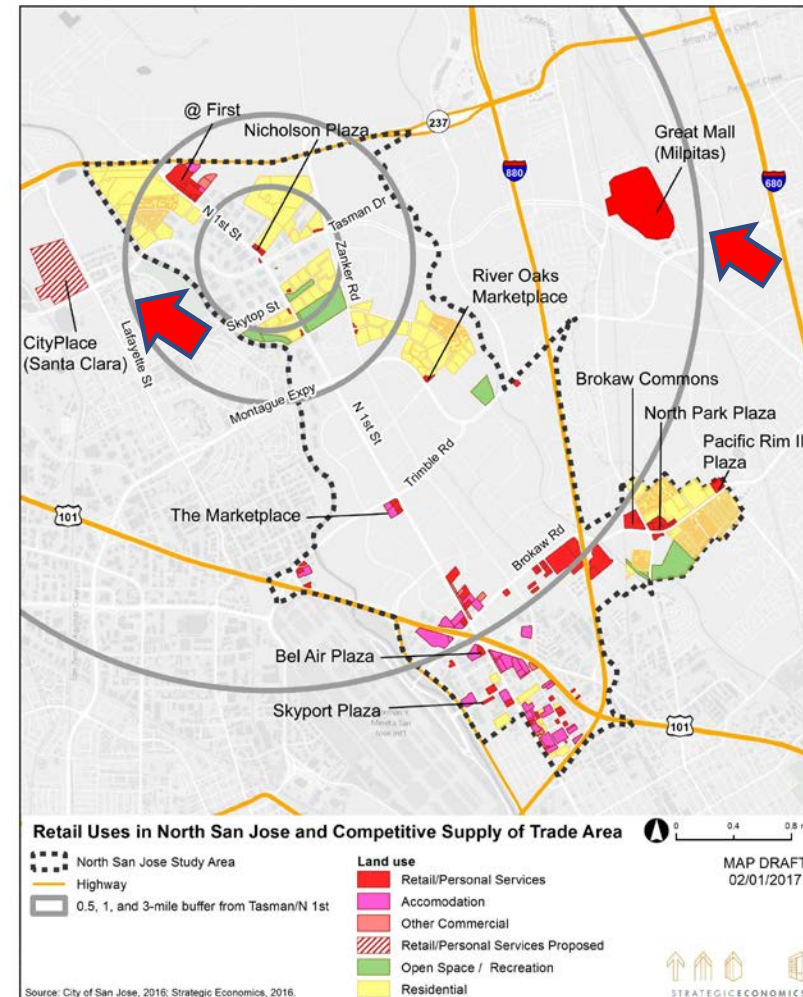
NSJ EXISTING RETAIL SUPPLY

Small amounts to retail spaces in mixed use projects



RETAIL SUPPLY

- Current and Future major retail uses not in San Jose, but within NSJ's trade area



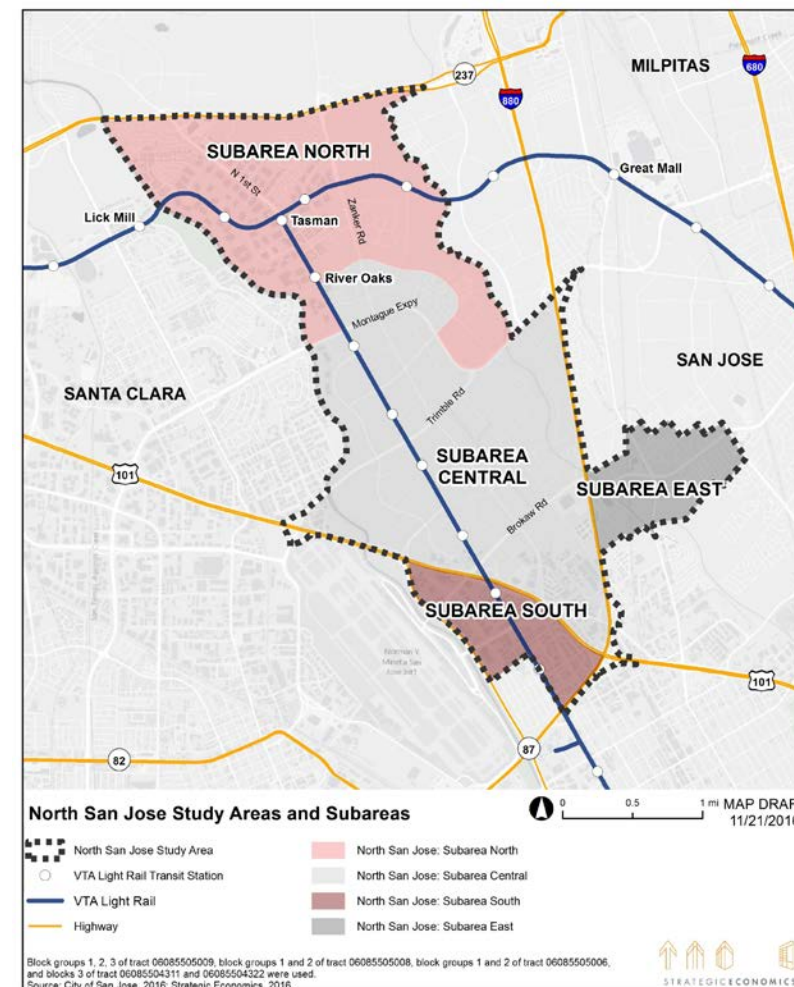
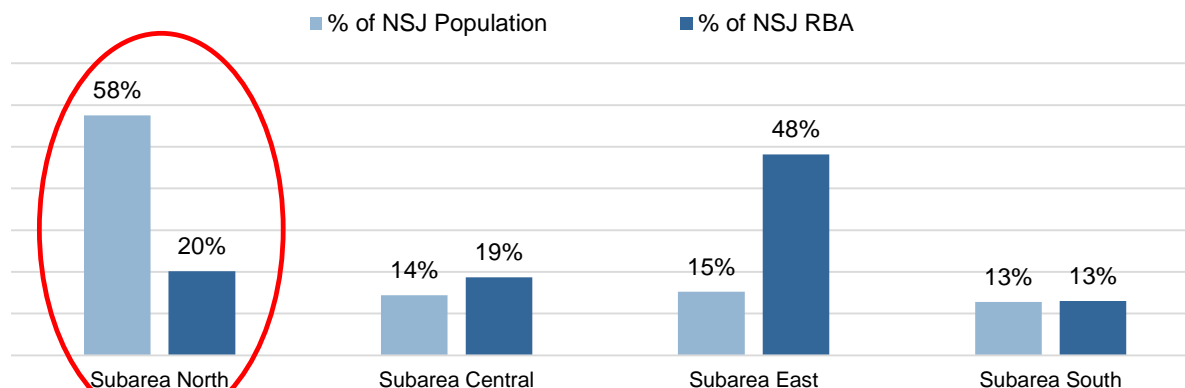
RETAIL INVENTORY BY SUBAREA (2016)

	Population 2014*	% of NSJ Population	% of San Jose Population	RBA (sq. ft.)	% of NSJ RBA	% of San Jose RBA	RBA per capita*	RBA per sq mi
Total North San Jose	23,467	100%	2.4%	1,224,547	100%	3.5%	52	163,273
Subarea North	13,500	58%	1.4%	246,933	20%	0.7%	18	95,710
Subarea Central	3,377	14%	0.3%	228,544	19%	0.6%	68	62,615
Subarea East	3,579	15%	0.4%	589,368	48%	1.7%	165	983,920
Subarea South	3,011	13%	0.3%	159,702	13%	0.5%	53	263,970
City of San Jose	986,320	/	100%	35,191,096	/	100%	36	194,857
Santa Clara County**	1,841,569	/	/	72,372,109	/	/	39	55,500

*The subarea boundaries do not line up perfectly with their selected matching block groups: mainly, Subarea East block groups represent a smaller area than its subarea boundaries, and the North Subarea block groups are larger than its subarea boundaries. This reinforces even more what is already seen in the table: Subarea North is relatively undersupplied in retail based on its population and size. **Santa Clara RBA is from CoStar, 2015.

Sources: ACS 2011-2014 5-year estimates; CoStar, 2016; Strategic Economics, 2017.

Population and Retail Rentable Building Area in Study Subareas as a Share of North San Jose (2014 and 2016)



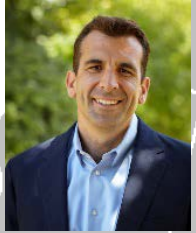
STRATEGIES FOR INCREASING RETAIL SUPPLY

- Continue to focus on “nodal” retail development at key intersections.
- Plan for higher density development nodes that include retail tenants at the intersection of River Oaks Parkway and Zanker Road.
- Plan for smaller scale retail “pods” at:
 - N 1st Street and West Tasman Drive
 - N 1st Street and Montague Expressway
 - N. 1st Street and Trimble Road
 - Zanker Road and West Tasman Drive
- Test potential for “pop up” retail venues, including storage container buildings on street corners currently occupied by private parking.

STRATEGIES FOR INCREASING AMENITIES IN NORTH SAN JOSE

- Establish a bicycle/pedestrian path or trail that would connect major retail nodes with Coyote Creek and the Guadalupe River.
 - Could include art installations, small parks, and play areas
- Add more community facilities geared towards young children such as a branch library, a day care center, etc.
- Look for a location for health clinic.
- Improve VTA Light Rail service including increasing speed and frequency.
- Consider creating some kind of assessment district to create a mechanism for private property owners to help pay for new public amenities.

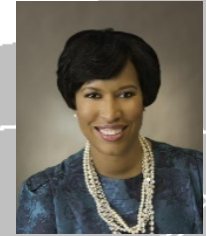
Daniel Rose Fellowship: class of 2017



San José



Grand Rapids



Washington



Anchorage

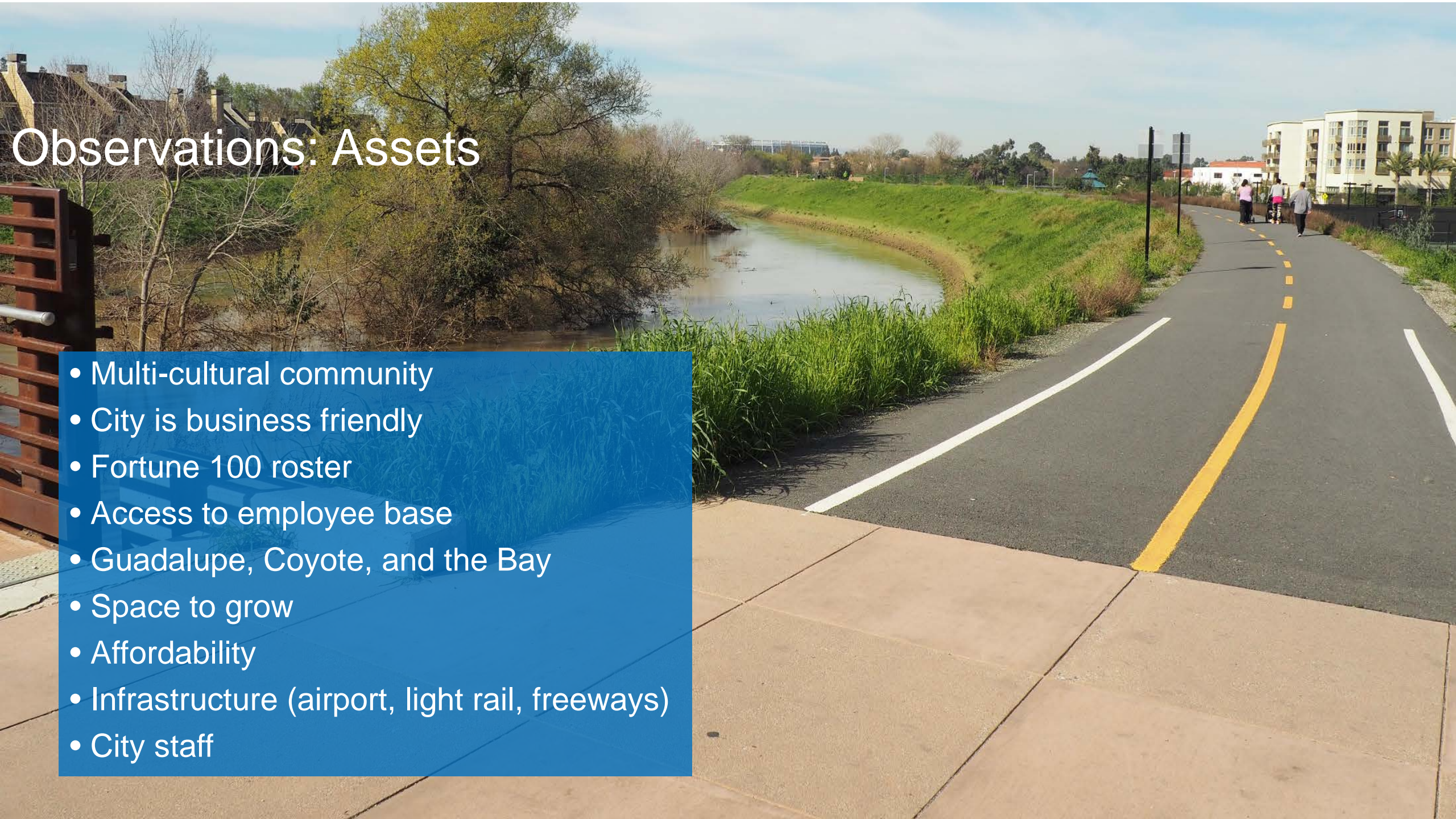
The Challenge



How can retail and other amenities be used to transform North San José into a vibrant, urban, mixed-use employment district?

Observations: Assets

- Multi-cultural community
- City is business friendly
- Fortune 100 roster
- Access to employee base
- Guadalupe, Coyote, and the Bay
- Space to grow
- Affordability
- Infrastructure (airport, light rail, freeways)
- City staff




Observations: Challenges

- Disjointed community
- Auto-oriented/congested
- Weak identity
- Non-activated
- Little access to natural environment
- Few housing choices
- Competitive jurisdictions



What We Heard

- 
- “The price was right.”
 - “There’s no ‘Cheers’ here”
 - **“Jobs first is not people first.”**
 - “We’d do mixed use if we could get the zoning.”
 - “You can’t get retail without the rooftops.”
 - **“The City wants retail on scholarships.”**
 - “We just want a place where we can walk.”
 - “We love to cycle but it’s not safe.”
 - **“Not even Seal Team 6 can get a parking space at lunch.”**

People Oriented Development (POD)

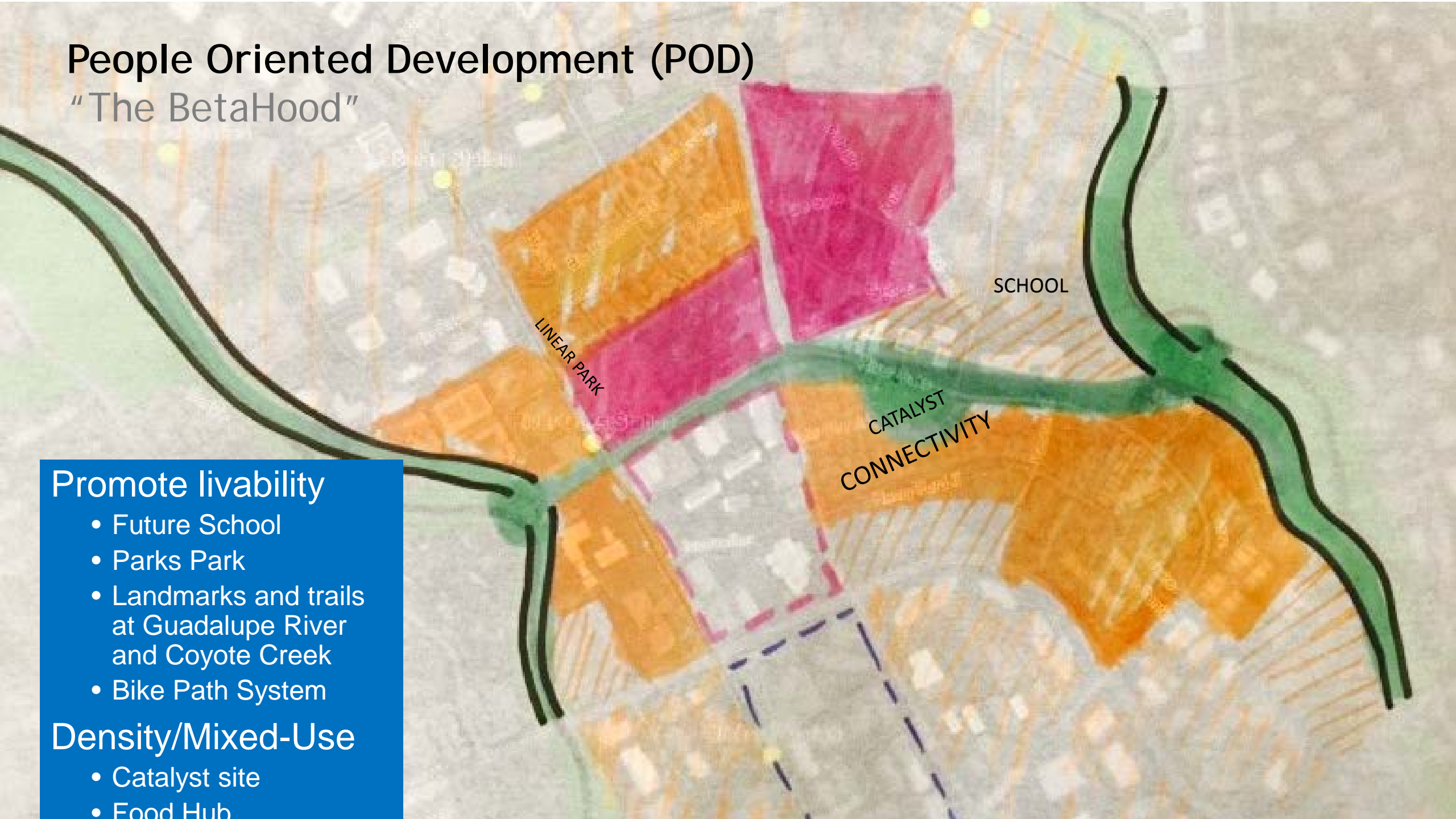
"The BetaHood"

Promote livability

- Future School
- Parks Park
- Landmarks and trails at Guadalupe River and Coyote Creek
- Bike Path System

Density/Mixed-Use

- Catalyst site
- Food Hub



STAFF RECOMMENDATIONS – NEAR-TERM (6-12 MONTHS)

- Consider making changes to the Zoning Ordinance to allow for a broader range of local serving uses throughout North San Jose, this may include but is not limited to:
 - convening key stake holders to explore collaboration opportunities including a Transportation Management Association (TMA) utilizing existing assets such as corporate shuttles, or an organization that would curate placemaking activities in NSJ (food trucks, concerts, outdoor movies, farmer's markets etc.)
 - increasing the allowable area of supporting retail on appropriate sites,
 - creating an overlay district that allows a higher amount and broader mix of uses,
 - focuses on developing opportunities for temporary retail and restaurant uses such as food trucks, container parks, and events, such as outdoor movies, concerts, farmer's markets, etc.
 - explores ways to encourage local restaurant or food related uses to focus into a central destination.

STAFF RECOMMENDATIONS – MID-TERM (12-24 MONTHS)

- Focus on connecting the disparate amenity assets across North San Jose by utilizing different modes of transportation including:
 - engaging with VTA to speed up light rail service,
 - explore grant funding and expansion of the bike share network,
 - connecting the Coyote Creek and the Guadalupe River Trails through a “green corridor” along River Oaks,

NEXT STEPS:

- Refine findings
- Assign staff to implement strategy and coordinate internal team
- Cross reference to City Council in last April