Diridon Real Estate Update

August, 25 2021
Overview

• Caltrain owns a 3-acre parcel directly adjacent to Diridon Station in San Jose

• The Diridon Station Area Plan amendment process, and the initial phase of Diridon Integrated Station Concept Plan (DISC) were recently completed. Both planning processes affect Caltrain’s parcel.

• Caltrain is interested in pursuing development on a portion of this land

• The following presentation provides background on the work staff is doing to obtain planning-level entitlements for the site

Agenda

• Site Context
• DSAP & DISC
• Concept Proposal
• Real Estate Process & Timeline
Context – Diridon Area
Context – JPB & VTA Ownership
Context – Development Parcels
Overview and Background on the Rail Corridor Use Policy

The Rail Corridor Use Policy is a policy that has been adopted by the Peninsula Corridor Joint Powers Board (JPB) to guide the use of its property and support delivery of Caltrain’s Long-Term Service Vision.

PROPERTY USE ZONE 4: SPECIAL STUDY AREA

Property Use Zone 4 Zone is the Special Study Area land use district, and it includes JPB property that is currently involved in a defined planning process that formally involves multiple stakeholders. Examples include areas of the corridor associated with the railroad terminal studies at San Francisco and San Jose. Land in Property Use Zone 4 is generally not available for non-railroad uses, except compatible utility uses, and future use of the property will generally be determined through the defined planning process in each area.
Amended DSAP

May 2021: San Jose Amended DSAP + Approved Google Development

2+ years of community engagement/input

Caltrain Parcels:
Same “Employment/Commercial” designation as 2014 DSAP and 2011 General Plan.

Designation prohibits housing on Caltrain parcel.

Allows a balanced mix of housing, office retail and hotel uses.

Also adopted equity considerations & Affordable Housing Implementation Plan

Heights, FARs, and development standards increased substantially throughout DSAP area
Land Use Balance & Affordable Housing

Table 2-3-1: Diridon Station Area Illustrative Build-Out Scenario Program

<table>
<thead>
<tr>
<th>Land Use</th>
<th>Googles Downtown West Mixed Use Plan (DTW)</th>
<th>Diridon Station Area Outside DTW</th>
<th>Complete Diridon Station Area*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>Total Up to 5,900 Units</td>
<td>Unit Up to 7,000 Units</td>
<td>Units Up to 12,900 Units</td>
</tr>
<tr>
<td>Office</td>
<td>Total Up to 7,300,000 SF</td>
<td>Unit Up to 6,400,000 SF</td>
<td>Units Up to 13,700,000 SF</td>
</tr>
<tr>
<td>Active Use/Retail</td>
<td>Total Up to 500,000 SF</td>
<td>Unit Up to 536,000 SF</td>
<td>Units Up to 1,036,000 SF</td>
</tr>
<tr>
<td>Hotel</td>
<td>Total Up to 300 Rooms</td>
<td></td>
<td>Units Up to 300 Rooms</td>
</tr>
</tbody>
</table>

*The estimated illustrative build-out outside of Googles Downtown West Mixed Use Plan is based on identified potential development sites.

Googles Downtown West Mixed Use Plan also contemplates other uses, such as Limited-term Corporate Accommodations, event center(s), Central Utilities, Plant(s), and logistics/warehouse.

Development Balance & Caps
Affordable Housing Implementation

25% Affordability Target for Diridon Area

City Adopted Commercial Linkage Fee in 2020 ($12/sf)

Linkage Fees are necessary to fund development of affordable housing in the DSAP area (tax credits, etc.)

3. Prioritize the use of Commercial Linkage Fee revenues generated in the Diridon Station Area for affordable housing projects within the Plan area. The City Council approved a new Commercial Linkage Fee in September 2020. Depending on the amount of commercial space approved in the DSA, this could produce tens of millions of dollars for affordable housing over the next two decades. Reinvesting fees generated through DSA development in the DSA will help align affordable housing development with job growth in both space and time.
Diridon Integrated Station Concept Plan

DISC involves the station itself, the approaches to the station, and station access (plazas, etc.).

Partner Agencies have made substantial progress over past two years.

Development will incorporate DISC principles, including active ground floor uses and public plazas.
Concept Proposal

Approx. 1.1M sq ft. of office Space.

Initial Parking Estimate: 710 underground vehicle parking spaces
Concept Proposal

Conceptual Building Elevation
West Elevation (along Cahill Street)

See Crandall St. section on page 28.
North Building
See W. San Fernando St. section on page 27.
South Building
Real Estate Process will engage private sector development after planning entitlements.

Caltrain & partner would enter into a long-term ground lease. Partner would own building and improvements, Caltrain would own the land.

Caltrain would collect rent based on the success of the development.
Timeline & Next Steps

City Preliminary Review
September 2021
4-6 weeks

City Formal Review (Q1 2022)
9-12 months

Real Estate Process (Q1 2023)
6+ months

Multiple Board Check-In Points During Entitlement and Real Estate Process