



Diridon Real Estate Update

May 2022



Presentation Overview

- Site & Project Overview
- Policy & Planning Context
- Proposed Development Concept
- Real Estate Process & Timeline

SITE OVERVIEW



Norman Y. Mineta San Jose International Airport

VTA Light Rail

SAP Center

Guadalupe River

Downtown West (Google Plan)

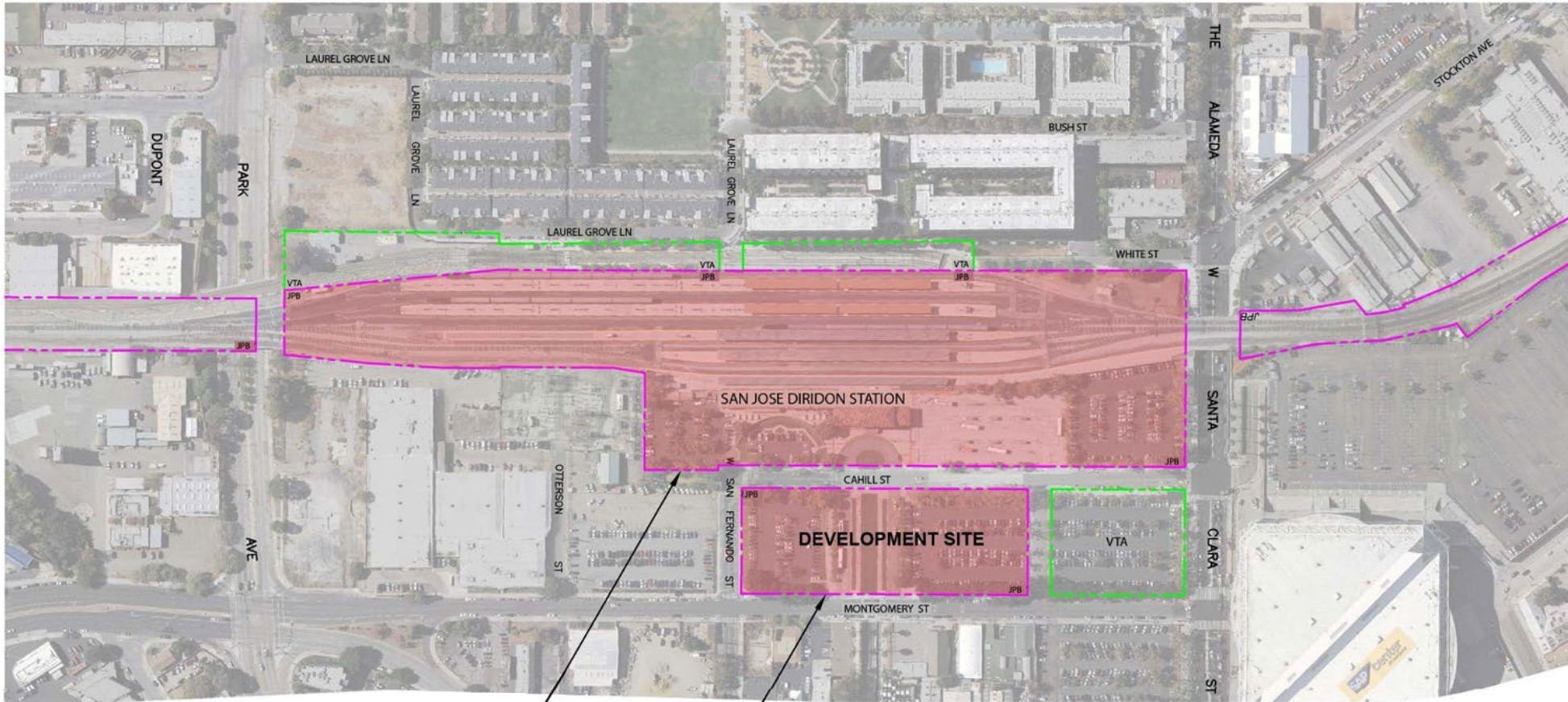
Site

CA-87

San Jose Downtown

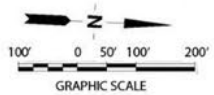
L-280

JPB Property Ownership



14.1 acres

3.1 acres



Project Overview

A TOD that will deliver **more than one million square feet of office** on Caltrain's high-profile site across from San Jose's main transit hub

PROGRAM:

North Tower

Office Space: ~ 542,000 GSF

Ground Floor Active Uses: ~28,000 GSF

South Tower

Office Space: ~ 512,000 GSF

Ground Floor Active Uses: ~18,000 GSF

Total GSF ~ 1.1M

Public Open Space ~ 1.1 acres



Rail Corridor Use Policy (RCUP)

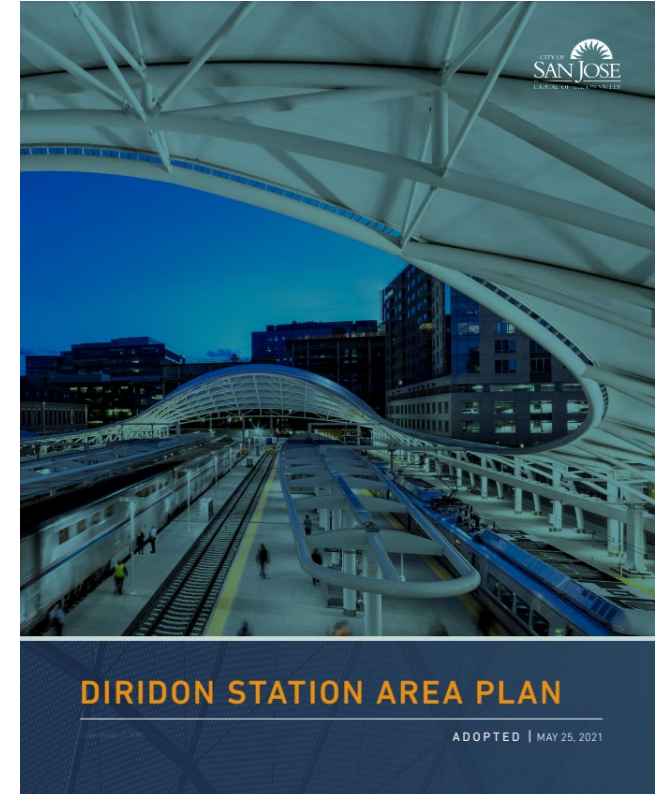
- RCUP guides the use of JPB Property and supports delivery of Caltrain's Long-Term Service Vision
- This site was designated "Property Use Zone 4: Special Study Area", because its use would be determined by a specific planning effort (the Diridon Station Area Plan)

Caltrain TOD Policy

- Adopted in 2020, the TOD Policy expresses JPB's goals and strategic objectives for TOD projects
- This project is expected to further TOD policy goals by:
 - Contributing to ridership
 - Generating a long-term revenue stream
 - Being consistent with local planning efforts and community input
 - Incorporating high-quality design standards that facilitate station access and support environmental sustainability
 - Providing over \$12M in linkage fees to fund affordable housing
 - Requiring prevailing wages for construction workers

Diridon Station Area Plan (DSAP)

- **May 2021:** San Jose approved the amended DSAP along with Google's Downtown West Development
 - Significantly increases allowable heights and densities
 - Incorporates equity considerations and an Affordable Housing Implementation Plan
- Caltrain parcels continue to be designated "Employment/Commercial"
 - Same as 2011 General Plan, 2014 DSAP



POLICY CONTEXT

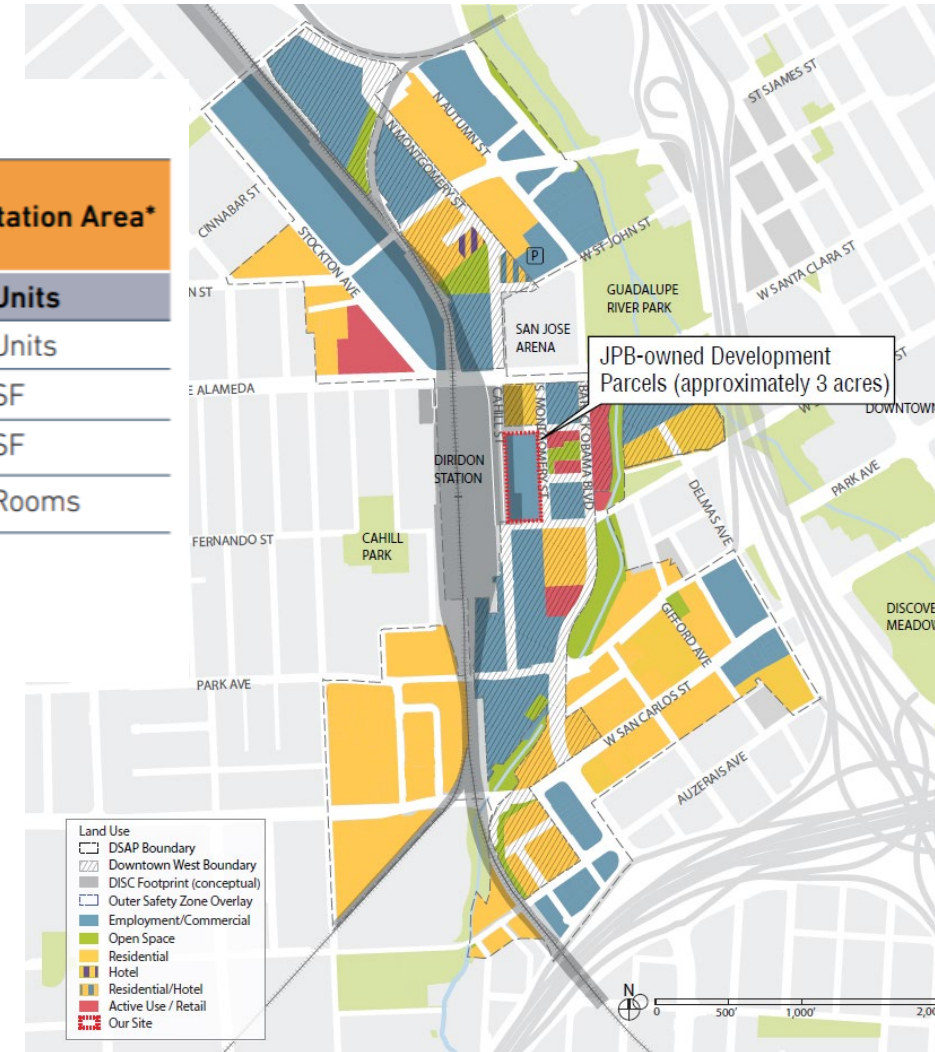
Land Use Balance & Development Caps

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

Land Use	Google's Downtown West Mixed Use Plan (DTW)		Diridon Station Area Outside DTW		Complete Diridon Station Area*	
	Total	Unit	Total	Units	Total	Units
Residential	Up to 5,900	Units	Up to 7,000	Units	Up to 12,900	Units
Office	Up to 7,300,000	SF	Up to 6,400,000	SF	Up to 13,700,000	SF
Active Use/Retail	Up to 500,000	SF	Up to 536,000	SF	Up to 1,036,000	SF
Hotel	Up to 300	Rooms	–	–	Up to 300	Rooms

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

Google's 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



Affordable Housing Implementation Plan

- ✓ 25% Overall Affordability Target
- ✓ City Adopted Commercial Linkage Fee in 2020 (\$12/sf)
 - Could produce tens of millions of dollars for affordable housing contributions in this area and >\$12M from this Caltrain development
- ✓ Linkage fees will be used to fund affordable housing development in the DSAP area

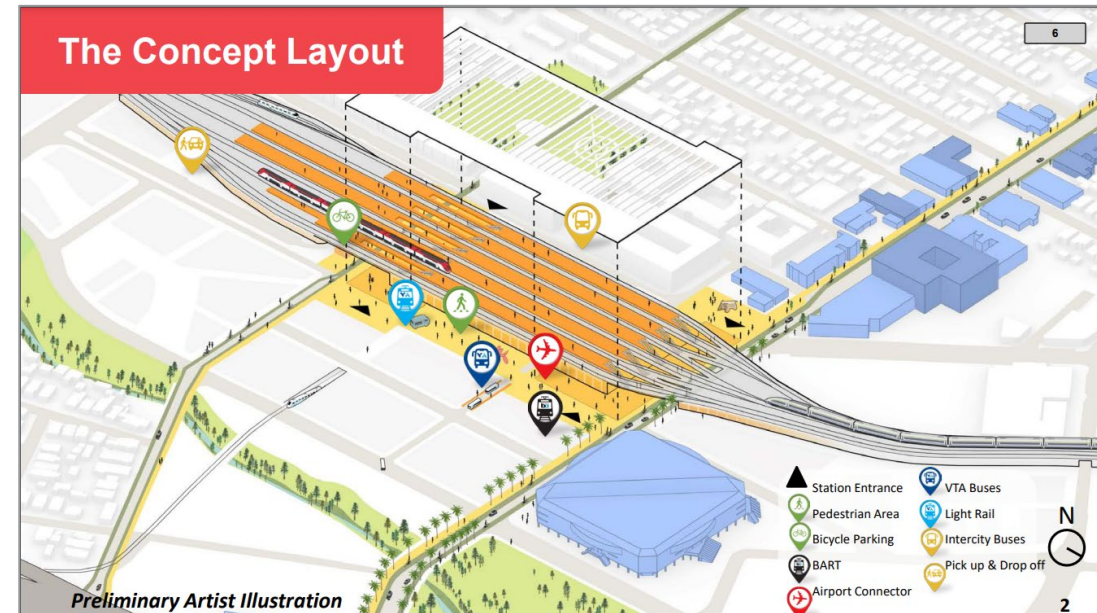
Coordination with Downtown West

- The development parcel is located directly adjacent to Google's Downtown West
- Caltrain staff and consultants are coordinating closely with Google to ensure that the design complements surrounding uses



Diridon Integrated Station Concept Plan (DISC)

- DISC envisions a world-class transportation hub in the Diridon area
 - The concept plan addresses the station itself, as well as approaches to the station, access and other elements
 - Partner Agencies are now embarking upon a business case analysis that will help advance the project toward implementation
 - An in-depth study to identify options for the future of the historic depot is also planned
- Development will be designed to incorporate DISC principles, including active ground floor uses and public plazas



Changing Context for Development Over Time

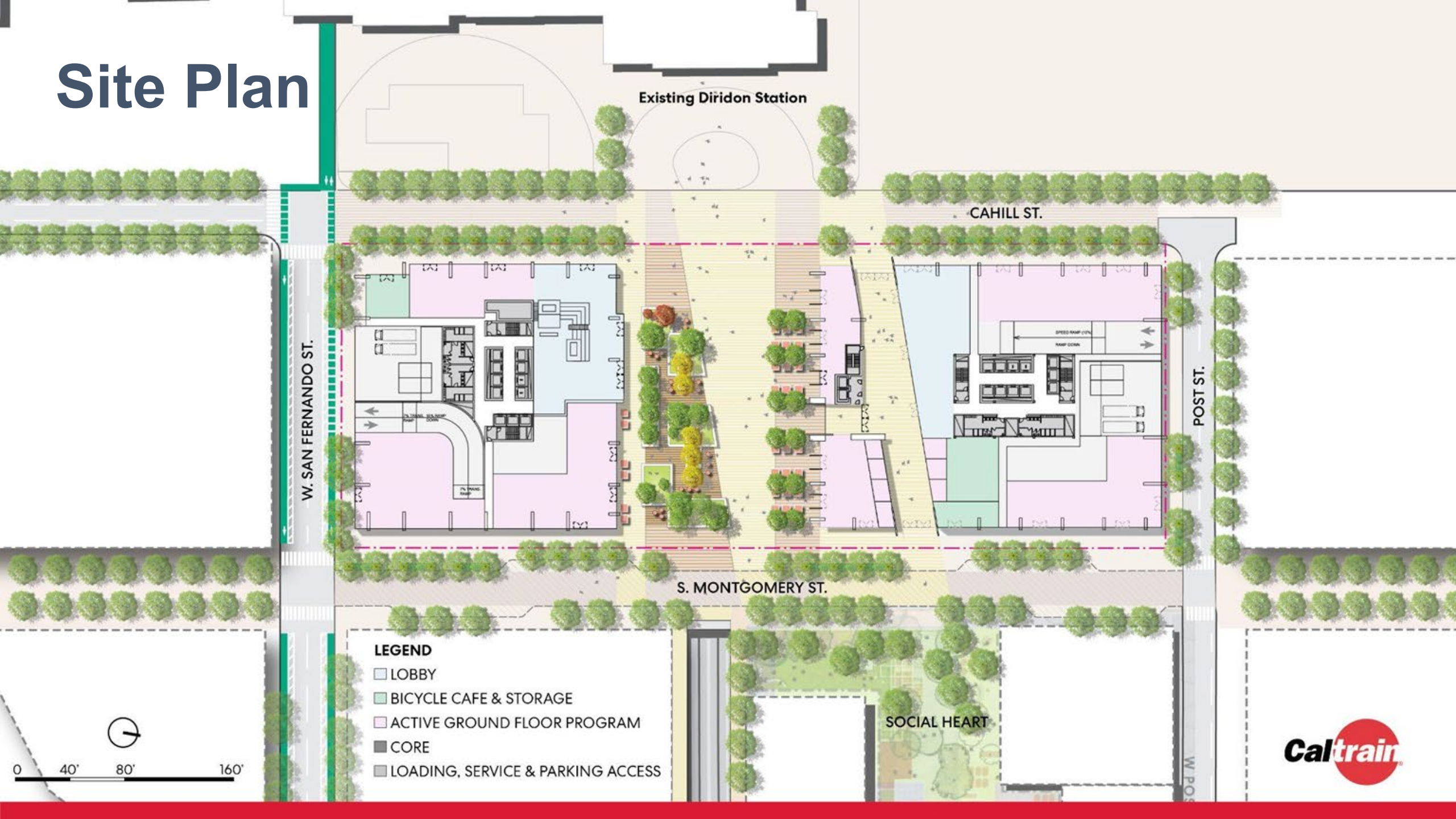
Major changes are coming to the Diridon Station area, including:

- **Downtown West (Google):** Phase 1 will break ground within 12-18 months; construction will be ongoing for years
- **DSAP Build-out:** Per DSAP, an additional 6.4M sq. ft of office and 7,000 housing units are permitted
- **BART Station:** The BART station will be located adjacent to the development
- **Cahill & Other Bike/Ped improvements:**
 - Cahill will eventually be closed to automobiles
 - Additional bike, ped and other right-of-way improvements in the DSAP area
- **DISC:** Significant station and station access improvements will be made as a result of DISC build-out

Proposed Development Concept



Site Plan



Existing Diridon Station

CAHILL ST.

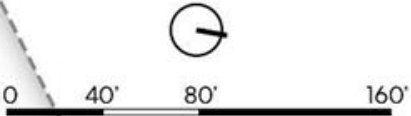
W. SAN FERNANDO ST.

POST ST.

S. MONTGOMERY ST.

- LEGEND**
- LOBBY
 - BICYCLE CAFE & STORAGE
 - ACTIVE GROUND FLOOR PROGRAM
 - CORE
 - LOADING, SERVICE & PARKING ACCESS

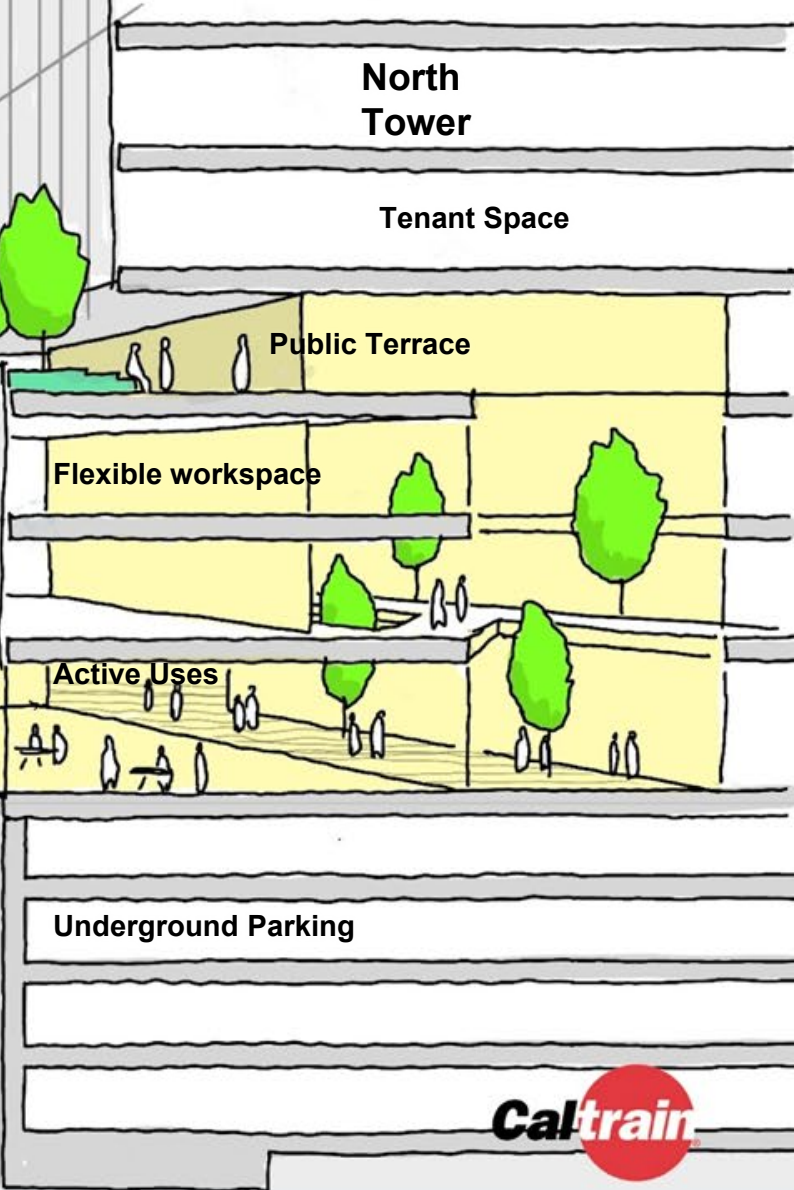
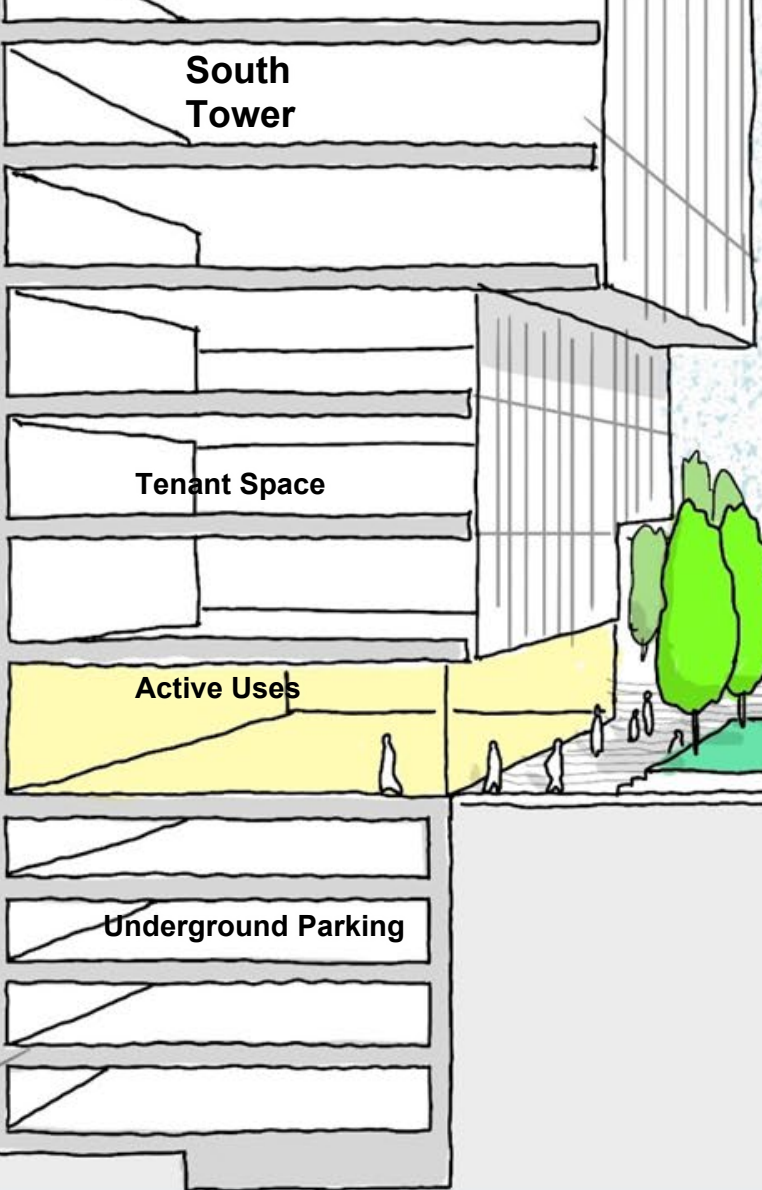
SOCIAL HEART



Key Changes Based on Preliminary City Feedback

- Re-oriented North Building access to Post Street (formerly Crandall Street)
- Re-oriented South Building access to West San Fernando Street
- Reduced height of South Building
- Added significant detail to plaza design

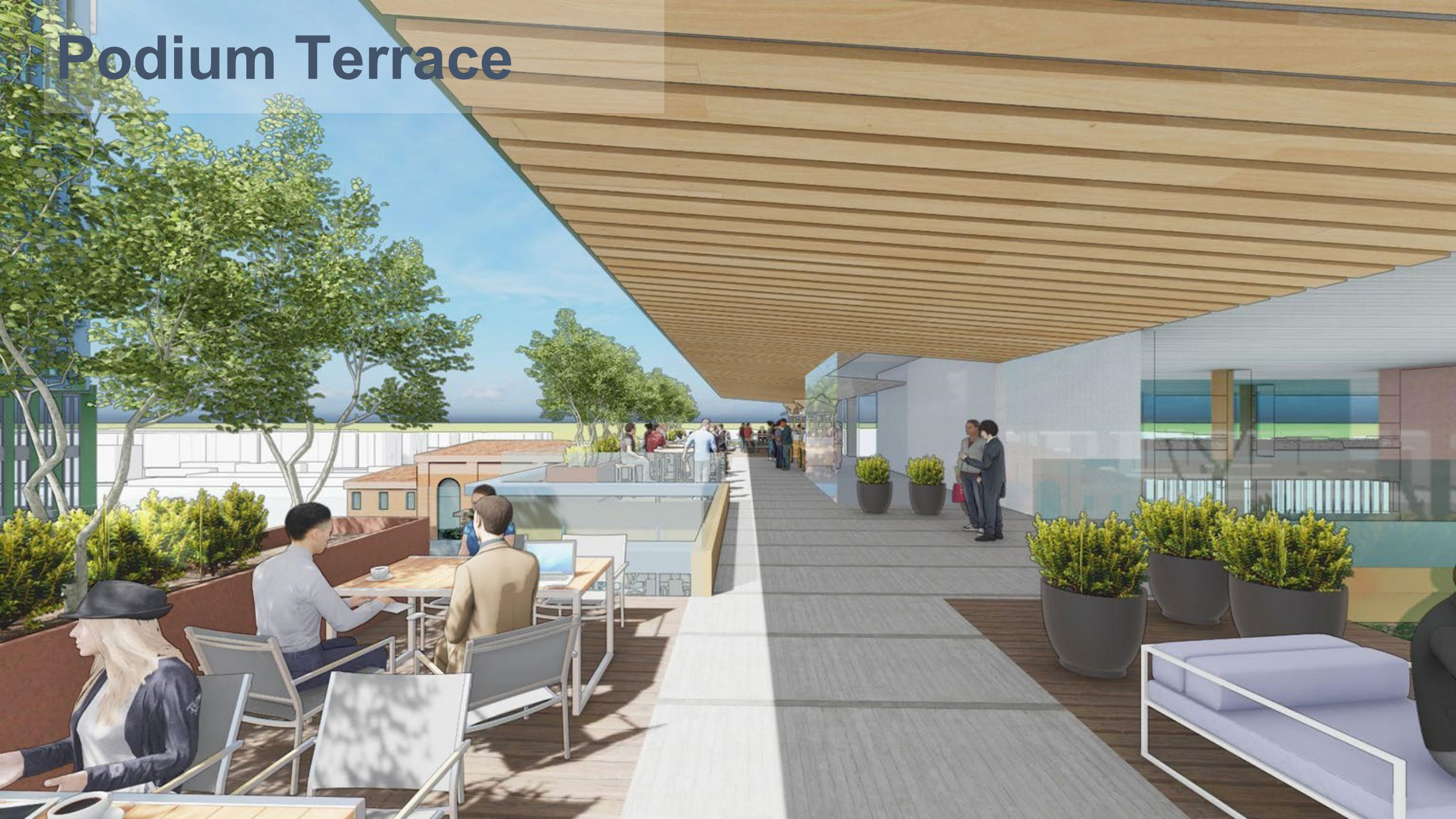
Public Plaza and Gateway to Station



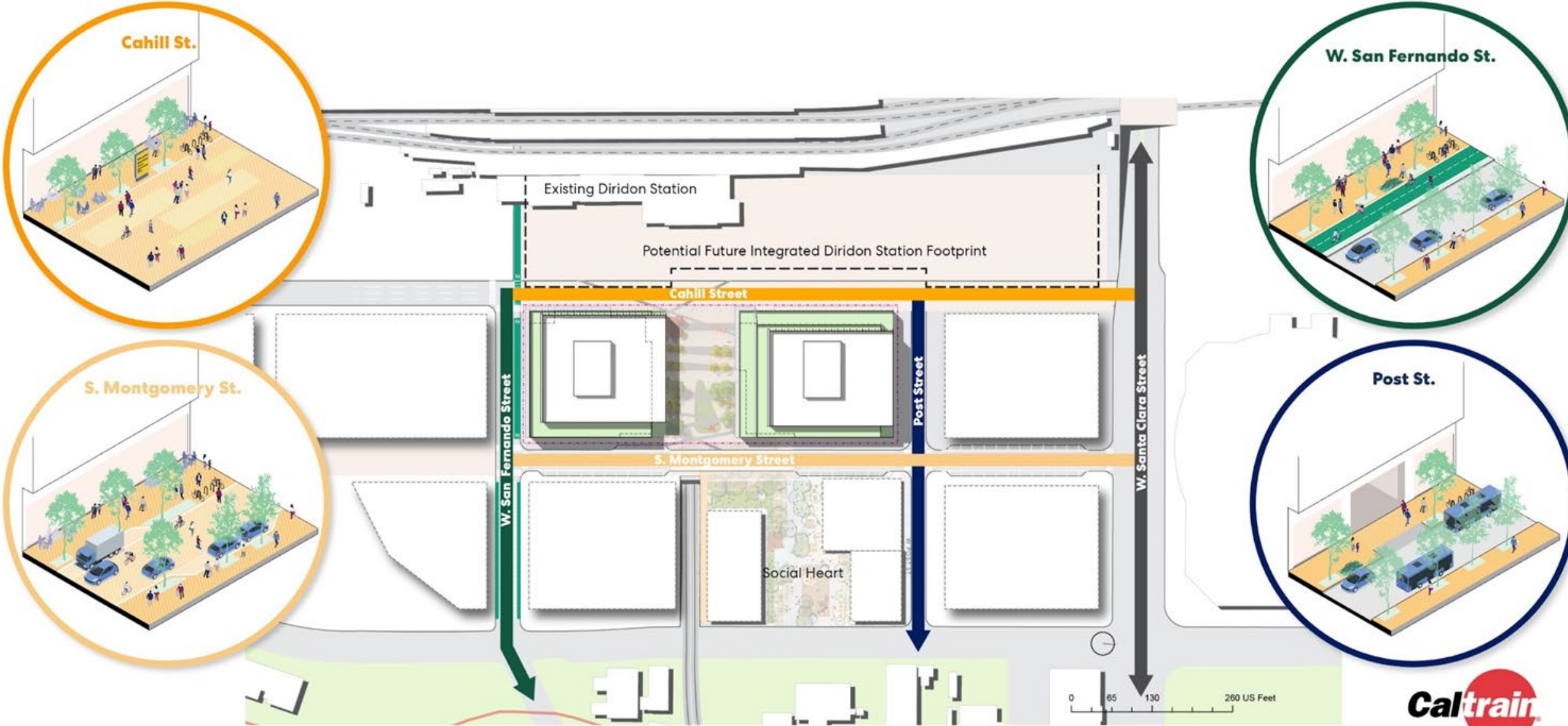
Podium Terrace



Podium Terrace



Street Character



View from Station



Community Engagement

- **Community Outreach Meetings:** host community outreach meetings per City of San Jose requirements (separate from public hearing process)
- **Stakeholder Meetings:** Meet directly with key stakeholders including neighborhood groups, historic preservation advocates and others

Timeline & Next Steps

City Preliminary Review
(completed)

Proceed with Real Estate
Process
(Q2 2023, potentially later
depending on market)

City Formal Review
(Q2 2022)

9-12 Months

Real Estate Process

Secure planning entitlements

Assess market and meet legal and procedural requirements

Obtain Board input on business terms and RFQ contents

Engage private sector development partner through RFQ process

Enter into a long-term ground lease where partner would construct building and improvements while Caltrain would maintain ownership of the land

Collect ground lease rent tied to the success of the development

Questions?

