

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

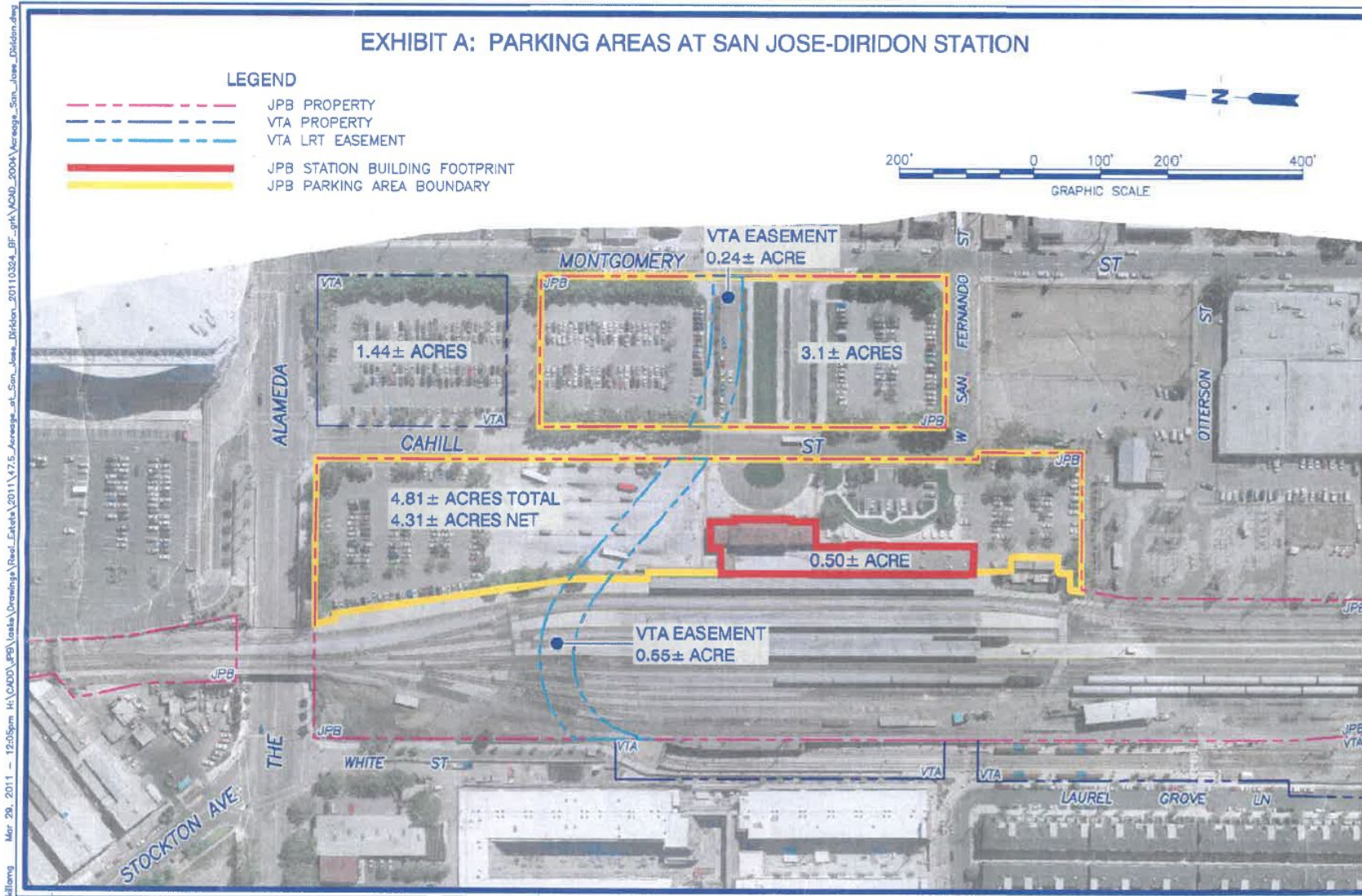
Agenda

- **Site Context**
- **DSAP & DISC**
- **Concept Proposal**
- **Real Estate Process & Timeline**

Context – Diridon Area

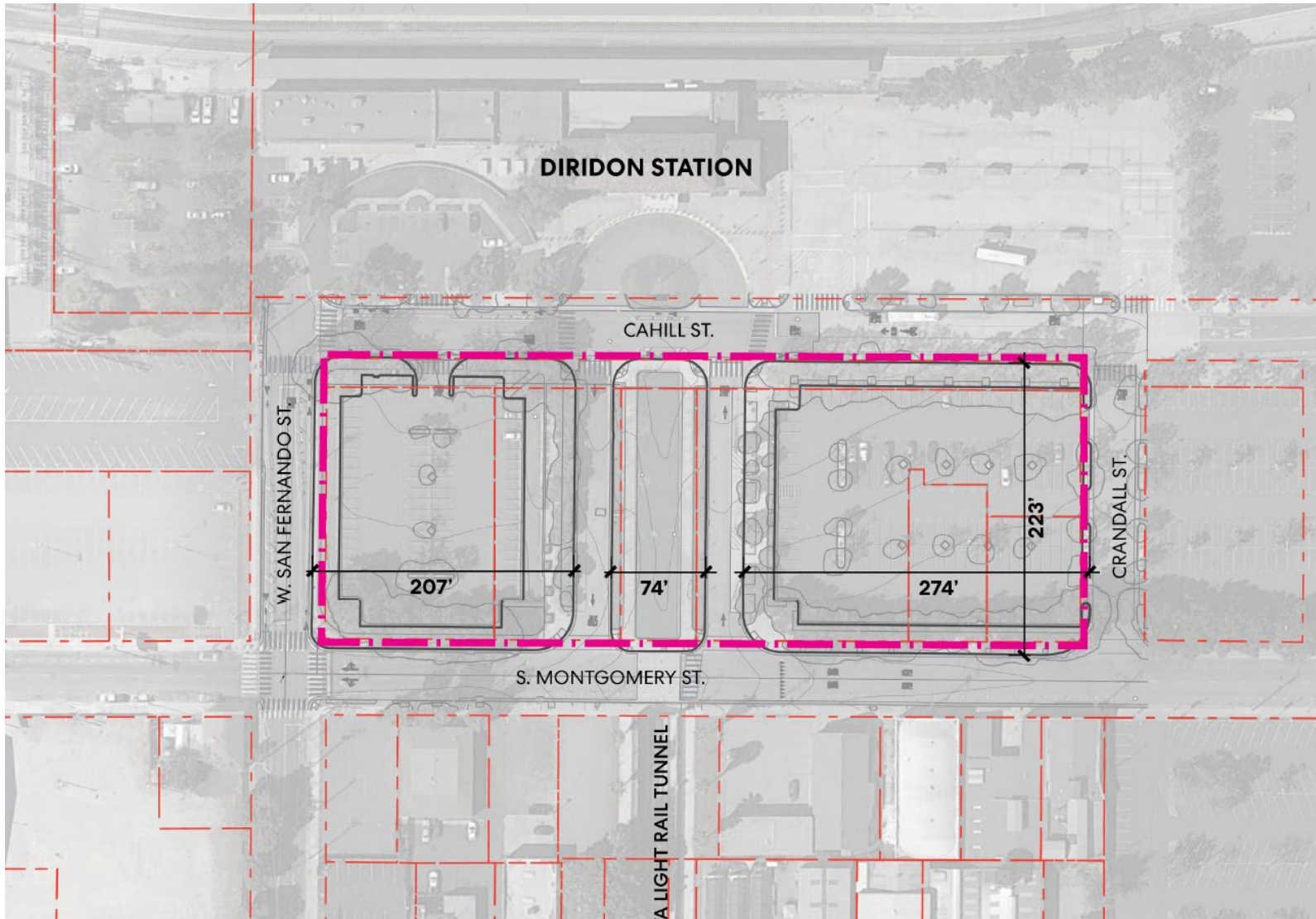


Context – JPB & VTA Ownership



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Context – Development Parcels



Context – Rail Corridor Use Policy

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.

San Jose Planning
Processes



Amended DSAP

DISC

Amended DSAP

May 2021: San Jose Amended DSAP + Approved Google Development

2+ years of community engagement/input

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

Also adopted equity considerations & Affordable Housing Implementation Plan

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

Designation prohibits housing on Caltrain parcel.

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

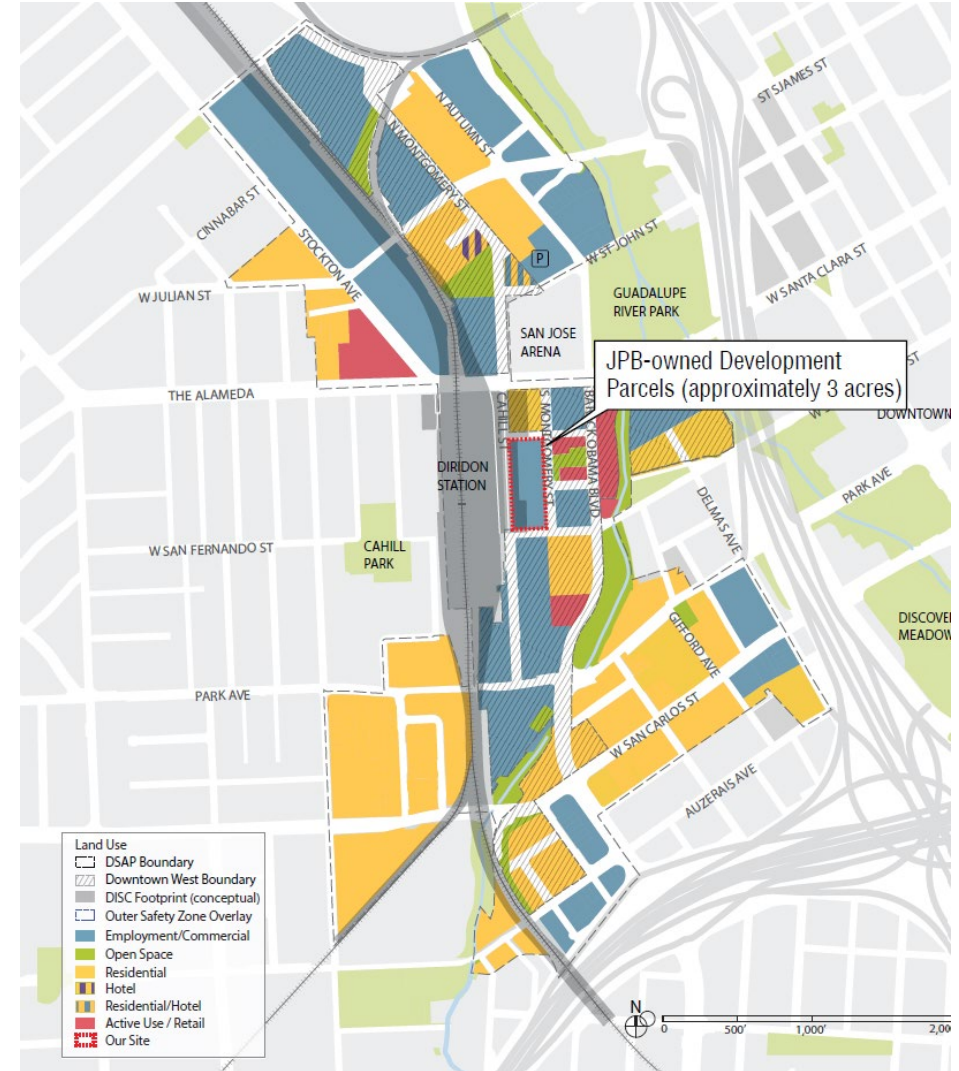
Land Use	Google's Downtown West Mixed Use Plan (DTW)		Diridon Station Area Outside DTW		Complete Diridon Station Area*	
	Total	Unit	Total	Units	Total	Units
Residential	Up to 5,900	Units	Up to 7,000	Units	Up to 12,900	Units
Office	Up to 7,300,000	SF	Up to 6,400,000	SF	Up to 13,700,000	SF
Active Use/Retail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



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

Ground Level Plan



Approx. 1.1M sq ft. of office Space.

Initial Parking Estimate: 710 underground vehicle parking spaces

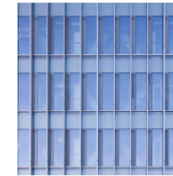
Concept Proposal

CALTRAIN DIRIDON STATION SITE | PLANNING PRELIMINARY REVIEW PLANS
08/13/21

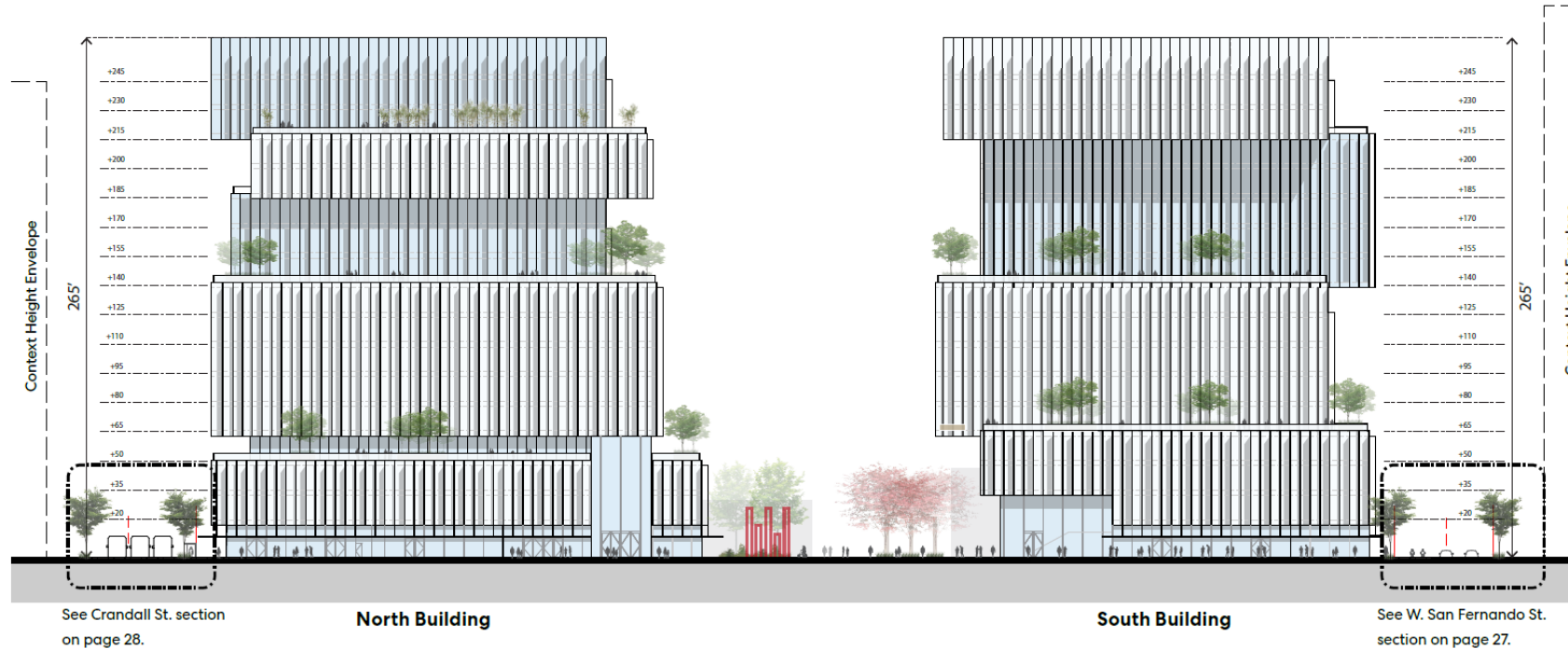
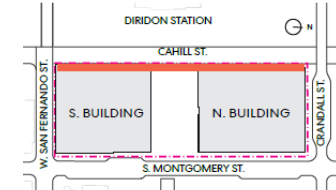
Conceptual Building Elevation West Elevation (along Cahill Street)



Vertical Aluminum Louvers on West Facades



Aluminum & Glass Curtain Wall



Real Estate Process

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



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