



# City of Sunnyvale

## Agenda Item

22-0823

Agenda Date: 10/10/2022

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### REPORT TO PLANNING COMMISSION

#### **SUBJECT**

**Proposed Project: General Plan Amendment Initiation** to consider amending the General Plan designation from Commercial to Medium Density Residential on a one-acre site.

**Location:** 665 South Knickerbocker Drive (APN: 198-08-036)

**File:** 2022-7477

**Zoning:** C-1/PD (Neighborhood Business with a Planned Development Combining District)

**General Plan:** Commercial

**Applicant / Owner:** Mandevilla LLC

**Environmental Review:** The project is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378(a)

**Project Planner:** Shila Bagley, (408) 730-7418, sbagley@sunnyvale.ca.gov

#### **BACKGROUND**

General Plan Amendment Initiation (GPI) requests are considered on a quarterly basis through a recommendation from the Planning Commission and then action by the City Council. The process for considering a General Plan Amendment (GPA) begins with a written request from a property owner or applicant (Attachment 2). If the City Council approves the GPI, a formal application for a GPA may be filed by the property owner/applicant. Approval of the GPA and related rezoning are typically required prior to scheduling a public hearing for an application for a development project.

Staff received a GPI request from the Applicant on July 28, 2022, requesting to change the General Plan designation of the subject one-acre property at 665 South Knickerbocker Drive from Commercial to Medium Density Residential to allow for a future 24-unit townhome development project. The Applicant submitted a site plan (Attachment 3) that shows the conceptual layout of 24 three-story townhomes at a density of 24 dwelling units per acre.

The City Council is scheduled to consider this GPI request on November 1, 2022.

#### **EXISTING POLICY**

The General Plan is the primary policy document that guides the physical development of the City. When used together with a larger body of City Council policies, it provides direction for decision-making on City services and resources. The 2017 adopted Land Use and Transportation (LUTE) Chapter within the General Plan created an integrated set of policies to guide land use, development, and transportation choices with a horizon year of 2035. The LUTE has several policies to improve the jobs-to-housing ratio, promote increases in housing development, support new office and industrial uses, and ensure coordinated development with community benefits. The Housing and Community Revitalization Sub-Element of the General Plan is the policy basis for Sunnyvale's current and future housing actions. Key goals and policies of each element are listed below.

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**LAND USE AND TRANSPORTATION ELEMENT Goal LT-4: An Attractive Community for Residents and Businesses**

*Policy LT-4.2:* Encourage nodes of interest and activity, public open spaces, well planned development, mixed-use projects, signature commercial uses, and buildings and other desirable uses, locations, and physical attractions.

**GOAL LT-7: Diverse Housing Opportunities-** Ensure the availability of ownership and rental housing options with a variety of dwelling types, sizes, and densities that contribute positively to the surrounding area and the health of the community.

*Policy LT-7.3:* Encourage the development of housing options with the goal that the majority of housing is owner-occupied.

*Policy LT-7.4:* Promote new mixed-use development and allow higher residential density zoning districts (medium and higher) primarily in village centers, El Camino Real nodes, and future industrial-to-residential areas.

**GOAL LT-12: A Balanced Economic Base**

*Policy LT-12.5:* Encourage land uses that generate revenue while preserving a balance with other community needs, such as housing.

**GOAL LT-14: Special and Unique Land Uses to Create a Diverse and Complete Community Benefits**

*Policy LT-14.8:* Ensure that development projects provide appropriate improvements or resources to meet the City's future infrastructure and facility needs, and provide development incentives that result in community benefits and enhance the quality of life for residents and workers.

**HOUSING AND COMMUNITY REVITALIZATION SUB-ELEMENT**

**GOAL HE-1: Adequate Housing**

*Policy HE-1.1:* Encourage diversity in the type, size, price and tenure of residential development in Sunnyvale, including single-family homes, townhomes, apartments, mixed-use housing, transit-oriented development, and live-work housing.

*Policy HE-4.3:* Require new development to build to at least 75 percent of the maximum zoning density, unless an exception is granted by the City Council.

**General Plan Land Use Map and Zoning**

The subject property has a General Plan designation of Commercial and has a base zoning of C-1/PD, or Neighborhood Business with a Planned Development Combining District. The C-1/PD zoning district allows low-scale neighborhood-serving commercial uses such as grocery stores, retail, personal services, recreational studios, and tutoring. Residential uses are not permitted, except caretaker residences ancillary to a permitted use.

**ENVIRONMENTAL REVIEW**

The decision to initiate a GPA study does not require environmental review under the California Environmental Quality Act (CEQA) because the mere initiation of a study does not constitute a project under CEQA pursuant to CEQA Guidelines Section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect

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physical change in the environment. If initiated, the proposed GPA and associated Rezoning (RZ) would be subject to the provisions of CEQA, and environmental analysis would be conducted.

## **DISCUSSION**

### **Existing Site and Vicinity**

The subject property was developed in 1957 with a one-story medical office building. The site is bounded by an assisted living facility to the north; the Cherry Chase shopping center and Citra Apartments across South Knickerbocker Drive to the east; residential condominiums to the south; and the Crestview Condominiums to the west in the City of Mountain View. The border between Sunnyvale and Mountain View runs along the west side of the subject property. The subject property is also across the street from the boundary of the El Camino Real Specific Plan (ECRSP) at the Cherry Chase Shopping Center. The surrounding land uses are summarized in Table 1 below:

Table 1 - Existing Surrounding Land Uses			
Surrounding Parcels	Existing Use	General Plan Designation	Zoning
633 S. Knickerbocker Drive (North)	Assisted living facility	Commercial	C-1/PD and C-2/PD (Split zoning)
Cherry Chase Shopping Center (East, across S. Knickerbocker)	Shopping center	El Camino Real Specific Plan	ECR-C
Citra Apartments, 745 South Bernardo Avenue (East, across S. Knickerbocker)	Residential apartment	Commercial	C-1/PD
695 South Knickerbocker Drive (South)	Residential condominiums	Commercial	C-1/PD
Crestview Condominium (West, in the City of Mountain View)	Residential condominiums	City of Mountain View Medium High-Density Residential (26 to 35 du/ac)	City of Mountain View R3-1.25 (Multiple Family)
Cuernavaca Subdivision	Residential - Single-Family	City of Mountain View Low-Density Residential (1 to 6 du/ac)	City of Mountain View P-30 (Planned Community/Precise Plan)

Attachments 5 and 6 include site and vicinity maps of the current General Plan land use designations and zoning districts.

### **Applicant's Request**

The Applicant submitted a conceptual site plan (Attachment 3) to illustrate the requested land use

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potential with a residential designation. The Applicant envisions an R-3 density of 24 dwelling units per acre (du/ac) that could result in 24 three-story residential townhomes.

In the Applicant's GPI request letter (Attachment 2), they note several reasons in support of changing the General Plan land use designation from Commercial to Medium Density Residential:

- Would further City's goals to provide more owner-occupied housing, with some deed-restricted affordable housing units.
- Commercial development is not viable on the subject property.
- Medium Density Residential is the most compatible land use designation with the surrounding neighborhood.

### **Staff Review**

The City's General Plan and zoning designations seek a balance of the types of uses needed for the community to be well-served. Therefore, considerations for changing the General Plan are typically reserved for situations where there is an imbalance of uses or a need not anticipated at the time the General Plan was adopted.

Staff acknowledges the importance of retaining C-1 zoning districts to allow for commercial needs within proximity to residential neighborhoods. However, the viability of future commercial redevelopment, and the subject property's proximity to the Bernardo Gateway Node within the newly adopted ECRSP should be considered when evaluating this GPI request.

The subject property was developed over 65 years ago and has been utilized as a medical office building ever since. Although this use is still allowable in C-1 zoning district, it attracts customers from beyond the neighborhood, and many patients drive to this destination. Further, the likelihood of redeveloping the subject property to a small retail commercial shopping center is low considering the location of the more established Cherry Chase Shopping Center across the street that offers many neighborhood services. The subject property's location midblock on South Knickerbocker Drive also does not have the visibility and traffic necessary for successful retail. Therefore, this is not a critical site for the City's C-1 inventory.

The subject property is 600 feet south of El Camino Real and is across the street from the ECRSP's Bernardo Gateway Node which allows for mixed-use development with residential densities up to 54 du/ac. A high-frequency bus stop is located at the southeast corner of South Knickerbocker Drive and E. El Camino Real. A General Plan Amendment and rezoning to allow residential uses at the subject property would locate more residents within walking distance to the ECRSP corridor, supporting nearby businesses and potentially reducing greenhouse gas emissions with less need for automobile trips.

### **Options to Consider**

#### Residential

If the Council decides to allow a GPA application for this site, direction should be given on the residential study parameters. The subject property is near existing medium and high-density residential uses. General Plan land use designations of Medium Density Residential (15-24 du/ac) and High Density Residential (25-36 du/ac) may be considered for consistency with surrounding residential uses. Table 2 below details existing conditions for the surrounding residential uses.

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Table 2 - Surrounding Residential Uses

Surrounding Parcels	Existing Use	Year Built	Number of Stories	Number of Units	Parcel Size (acres)	Density (DU/acre)
695 South Knickerbocker Drive (South)	Residential condominiums	1986	3	24	0.79	30
Citra Apartments, 745 South Bernardo Avenue (East, across S. Knickerbocker)	Residential apartments	1968	4	147	4.96	30
Crestview Condominiums (West, in the City of Mountain View)	Residential condominiums	1969	4	90	2.7	33
Cuernavaca Subdivision	Residential - Single-Family	1986	2	173	29.9	6

For the subject property, the potential unit yield within the two possible study densities would range from 15 du/ac (the lowest Medium Density) to 36 du/ac (the highest High Density). Opportunities to increase those numbers may be available through the state's density bonus law and/or the City's Green Building Program.

#### *Medium Density Residential*

Townhomes, apartments, and condominiums are typical within the Medium Density Residential General Plan land use designation. Medium density developments are appropriate along arterials (such as El Camino Real) and residential collector streets (such as Knickerbocker Drive) and may also be located near industrial or commercial areas. The typical zoning district is R-3, Medium Density Residential, which allows up to 24 du/ac and three stories in height. In the past 5-10 years this zoning district has primarily yielded townhome developments at 18 units per acre.

#### *High Density Residential*

This designation also provides for densities consistent with apartments or condominiums but at higher densities than the medium density designation. High density developments are typically located next to expressways, major arterial roads, or freeways. Mixed-use projects are also encouraged when sites are located near public transit and where commercial uses would be beneficial to meet a need for service in a residential neighborhood. The typical zoning district is R-4, High Density Residential, which allows up to 36 du/ac and four stories in height. In the past 5-10 years this zoning district has primarily supported apartment developments exceeding the zoning maximum of 36 units per acre through state and local density bonus provisions resulting in an average of 45 dwelling units per acre. The highest density achieved was 52 units per acre.

#### **Expanded Study Area**

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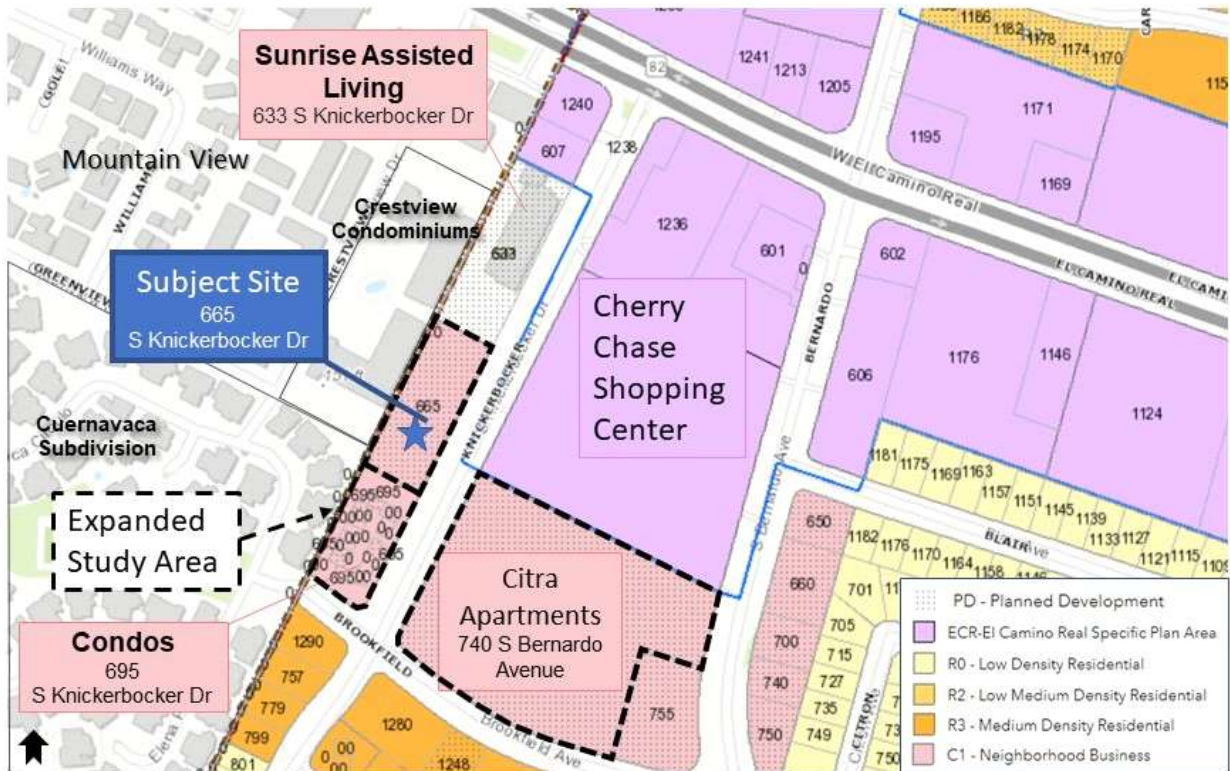
The subject property is located in between a residential care facility with a General Plan land use designation of Commercial and split zoning of C-1/PD on the southern half and C-2/PD on the northern half; and a residential condominium development with a General Plan land use designation of Commercial and C-1/PD zoning. Across the subject property on the east side of South Knickerbocker Drive are a shopping center with a General Plan land use designation of Commercial and ECR-C zoning; and apartments with a General Plan land use designation of Commercial and C-1/PD zoning. South of the block where these properties are located are parcels with a Medium Density Residential General Plan designation and R-3 zoning.

Although the requested change in General Plan and zoning designations does not directly or indirectly result in spot zoning, to prevent the subject property from being the only parcel on the block with a residential General Plan designation. Staff recommends that a larger study area be considered. It would be appropriate to include the adjacent condominium site to the south at 695 South Knickerbocker Drive and apartment parcel at 745 South Bernardo Drive to the east and across the street. These parcels also have Commercial General Plan and C-1/PD zoning designations but are developed with residential uses and are not expected to redevelop to neighborhood-serving commercial uses. Study of these additional sites would allow the opportunity to adjust the General Plan and zoning designations to align with the current uses. No changes are recommended for the adjacent parcel to the north (assisted living facility at 633 South Knickerbocker Drive) and the other parcel to the east and across the street (Cherry Chase Shopping Center) due to existing commercial uses. This expanded study creates a more uniform and contiguous General Plan and zoning pattern and would avoid potentially spot zoning the subject property.

**Figure 1 - Surrounding Uses, Zoning Designations and the Expanded Study Area**

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## Recommended Designations for Study

### *Residential*

Two key considerations for determining a residential density to study are the existing residential densities in the vicinity and proximity to transit and the higher densities allowed in the ECRSP. As noted in Table 2, existing residential densities are in the High-Density Residential range (25 to 36 du/ac). The ECRSP boundary is across the street from the subject property and about 600 feet from El Camino Real. ECRSP properties along El Camino Real have a mixed-use zoning designation of ECR-MU54, which permits base maximum densities of 54 du/ac. As reflected in Alternative 2, staff recommends studying a High-Density Residential General Plan designation for the subject property and expanded study area for consistency with the existing residential densities and to transition from the existing medium residential designations south of Brookfield Avenue to higher mixed-use densities within the subject block of Knickerbocker.

Staff's recommendation differs from the Applicant's request of a Medium Density Residential General Plan designation (Alternative 1). Townhome densities typically range from 18 to 27 du/ac. While townhomes could be built under a High Density Residential designation, they are generally found in Medium Density Residential. If the subject property was reclassified to High Density Residential, a townhome development of 27 du/ac could still move forward, as General Plan Housing Chapter

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policy HE-4.3 requires new development to build to at least 75 percent of the maximum zoning density (36 du/ac for High Density Residential). This would require three more units in the applicant's conceptual townhome development proposal.

Below Market Rate (BMR) units are required for new development. Ownership developments require 15% of the units affordable to Moderate income households; rental developments are required to provide 15% of the units affordable to Very Low (5%) and Low (10%) households. As the site is relatively small the number of BMR units would only vary slightly (3.6 vs 5.4) with a High Density General Plan and zoning designation. All density category/zoning districts are eligible for higher densities through local and state density bonus provisions.

There would be consistent General Plan and zoning designations on the block if the subject property were reclassified to Medium Density Residential. However, reclassifying the subject property and the expanded area to Medium Density Residential would make the other two existing residential parcels nonconforming in terms of density, because they are already built at high density.

Staff's recommended study for High Density Residential would regularize the existing residential developments and result in a cleaner and consistent General Plan/zoning pattern and would appropriately transition neighborhood residential densities to the ECRSP.

#### *Commercial (No Change)*

If the Council does not authorize the GPI request (Alternative 4), the subject property would continue to retain its commercial designation and could only redevelop to uses consistent with the C-1/PD zoning district (e.g., retail commercial, restaurants, personal services, ground floor dependent office). Residential uses would continue to be prohibited. There are a limited number of C-1-zoned properties in the City and retaining this type of zoning district continues to accommodate a wide range of neighborhood-serving businesses such as restaurants and retail. However, staff believes that this is not a commercially viable site and attracting a commercial use may be difficult.

Even though the subject property, Citra Apartments at 740 South Bernardo Avenue, and condominiums at 695 South Knickerbocker Drive all have Commercial General Plan and C-1/PD zoning designations, they are not located on highly-visible arterials necessary for successful retail. South Knickerbocker Drive is a residential collector street where existing residential uses of varying densities are located. Changing the General Plan land use and zoning designations of the subject property and expanded study area properties would not negatively impact the City's inventory of viable commercial sites. Moreover, two of these properties are already developed with residential uses and will not likely redevelop to commercial uses. These properties are also within walking distance to the ECRSP, the ECR-C (El Camino Real - Commercial) zoning district, which is reserved for the use of commercial-only development and does not permit residential development.

#### **Staffing Limitations**

The City is experiencing a very high level of development activity, including very large residential and office projects, in addition to major work efforts on the Moffett Park Specific Plan, update to an expanded Arques Specific Plan, amendments to Block 20 of the Downtown Specific Plan, another General Plan Amendment study for a site on Wolfe Road, and a large number of policy study items in process. The combination of the studies and planning applications creates a limitation of project staffing and management to complete additional tasks; however, staff is recommending approval of the GPI, but suggests that the GPA applications are not submitted until the Moffett Park Specific Plan



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update is completed which would assure the appropriate staffing is available to participate General Plan amendment study.

### **FISCAL IMPACT**

There are no fiscal impacts associated with a GPI request. All fees and costs for development processing, related special studies and CEQA analysis would be covered by the Applicant. A GPA study would include a fiscal impact analysis.

### **PUBLIC CONTACT**

As of the date of staff report preparation, staff has not received any public comments on this item.

### **Notice of Public Hearing, Staff Report and Agenda:**

- Published in the *Sun* newspaper
- Posted on the City of Sunnyvale's Web site
- Agenda posted on the City's official notice bulletin board
- Notices mailed to property owners and tenants within 1,000 feet
- Courtesy letter sent to property owners of the expanded study area parcels

See Attachment 4 for the Vicinity and Noticing Map.

### **ALTERNATIVES**

Recommend that the City Council:

1. Initiate a General Plan Amendment Study to analyze amending the General Plan designation from Commercial to Medium Density Residential on 665 South Knickerbocker Drive, pursuant to the Applicant's proposal and find that the Action is Exempt from CEQA Pursuant to CEQA Guidelines Section 15378(a).
2. Initiate a General Plan Amendment Study to analyze amending the General Plan designation from Commercial to High Density Residential at an expanded area including the Applicant's property at 665 South Knickerbocker Drive and adjacent properties at 695 South Knickerbocker Drive and 740 South Bernardo Avenue and find that the Action is Exempt from CEQA Pursuant to CEQA Guidelines Section 15378(a).
3. Alternative 1 or 2 with modifications to density and/or study area and find that the Action is Exempt from CEQA Pursuant to CEQA Guidelines Section 15378(a).
4. Commence the General Plan Amendment study after the update to the Moffett Park Specific Plan is completed.
5. Deny the General Plan Amendment Initiation request to consider amending the General Plan designation from Commercial to Medium Density Residential at 665 South Knickerbocker Drive.

### **STAFF RECOMMENDATION**

Recommend to the City Council: Alternatives 2 and 4: 2) Initiate a General Plan Amendment Study to analyze amending the General Plan designation from Commercial to High Density Residential at an expanded area including the Applicant's property at 665 South Knickerbocker Drive and adjacent properties at 695 South Knickerbocker Drive and 740 South Bernardo Avenue and find that the Action is Exempt from CEQA Pursuant to CEQA Guidelines Section 15378(a); 4) Commence the General Plan Amendment study after the update to the Moffett Park Specific Plan is completed.

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Staff's recommendation for an expanded study area at a High Density Residential land use designation would make densities more consistent with existing neighborhood densities, lead to a better transition to higher densities in the nearby ECRSP, and result in a cleaner General Plan/zoning pattern. Although changing the existing designations would result in a loss of commercially-designated properties, these properties are not located along a high-traffic arterial necessary for successful retail, and two of the three study properties are already developed with residential uses. The expanded study area is located adjacent to the ECRSP mixed-use corridor that includes a bus transit stop at El Camino Real and South Knickerbocker Drive. More residential units in this area supports transit ridership and existing and future community-serving retail on the ECRSP corridor. The recommended deferred application submittal date is to better manage already assigned work items.

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Reviewed by: Shaunn Mendrin, Planning Officer

Reviewed by: Trudi Ryan, Director of Community Development Department

Reviewed by: Teri Silva, Assistant City Manager

Approved by: Kent Steffens, City Manager

#### **ATTACHMENTS**

1. *Reserved for Report to Council*
2. Applicant's Project Description and GPI Letter
3. Applicant's Conceptual Site Plan
4. Vicinity and Noticing Map
5. General Plan Map of Site and Vicinity
6. Zoning Map of Site and Vicinity