



City of Sunnyvale

Excerpt Meeting Minutes - Draft Planning Commission

Monday, January 9, 2023

5:30 PM

Online Meeting: City Web Stream |
Comcast Channel 15 | AT&T Channel 99

Special Meeting: Study Session - 5:30 PM | Public Hearing - 7:00 PM

7 P.M. PLANNING COMMISSION MEETING

CALL TO ORDER

Pursuant to Government Code Subdivision 54953(e), the meeting was conducted telephonically; pursuant to state law, the City Council made the necessary findings by adopting Resolution No. 1089-21, reaffirmed on December 13, 2022.

Chair Pyne called the meeting to order at 7:30 PM.

ROLL CALL

Present: 7 - Chair Martin Pyne
Vice Chair Nathan Iglesias
Commissioner Daniel Howard
Commissioner John Howe
Commissioner Michael Serrone
Commissioner Neela Shukla
Commissioner Carol Weiss

PUBLIC HEARINGS/GENERAL BUSINESS

2. [23-0130](#) Forward Recommendation to City Council to Approve the Non-Residential Housing Mitigation Fee Nexus Study and Adopt a Resolution Amending the Housing Impact Fee for Non-Residential Development (Study Issue) and Find the Actions are Exempt from the California Environmental Quality Act pursuant to CEQA Guidelines Section 15378 (b)(4)

Housing Specialist Ryan Dyson and Stephanie Hagar, Principal at BAE Urban Economics, presented the staff report with a slide presentation.

Commissioner Weiss confirmed with Housing Specialist Dyson that the City Council already has the ability to approve alternative compliance options for mixed-use developments that incorporate affordable units in the project.

Commissioner Serrone questioned to what extent space per worker was considered, how current the data used for the study is, and to what extent remote work was incorporated into the study. Ms. Hagar answered that a variety of resources were used to examine employee density and noted that they were conservative when estimating the impact of new development when considering the fee amount to ensure that the maximum fee amount is legally justifiable.

Commissioner Serrone questioned the reason for two tiers for the mitigation fees. Housing Specialist Dyson responded that the lower tier fee is targeted for smaller developments.

Commissioner Serrone noted the high percentage of above-moderate-income employees in the Industrial/Warehouse land use category. Ms. Hagar explained that warehouses and industrial spaces are used for a wide variety of purposes and business types including tech start-ups. They considered the types of employees within each building type in the context of which industries occupy those spaces.

Commissioner Serrone proposed the idea of eliminating the housing mitigation fee for developments that serve as a strong source of revenue for the City. He added that doing so might encourage more of those development types within the City.

Commissioner Serrone inquired about whether it is concerning that retail, hotel, and industrial developments face feasibility challenges under the current fee structure and do not support a fee increase at this time. Housing Specialist Dyson and Ms. Hagar discussed other external economic and development factors that are posing challenges for retail, hotel, and industrial developments. These include increased land value and construction costs as well as uncertainty of the future due to the pandemic.

Commissioner Howe confirmed with Housing Specialist Dyson that fees for all land use categories are adjusted annually for inflation.

At Vice Chair Iglesias' request, Ms. Hagar explained income distribution across all land use categories and the impact this would have upon affordable housing need and the fee rate.

Vice Chair Iglesias confirmed with Housing Specialist Dyson that the mitigation fee rate does not intend to target a certain percentage of the affordable housing need.

Instead, the aim is to offset the affordable housing need.

Chair Pyne commented that only three developers participated in the developer focus group session described in page 13 of Attachment 3. Housing Specialist Dyson stated that a low response rate is fairly typical, but discussions with those developers allowed great insight into the budgets associated with non-residential development.

Chair Pyne opened the Public Hearing.

Mason Fong, author of the study issue, advised that more time is needed to effectively address the study issue and advocated for lower fees for retail, hotel, and industrial developments.

Commissioner Howard asked whether Mr. Fong has a call to action for the Planning Commission at this time. Mr. Fong advised the Planning Commission to defer the study issue to allow more time to address Commissioner questions and thoroughly educate the Commission on all aspects of the study issue.

Chair Pyne closed the Public Hearing.

Commissioner Shukla agreed that a more comprehensive study of developmental impacts may be needed before considering increasing the fee.

Vice Chair Iglesias also shared that he would like more time to review the information that has been provided since he has questions about the impacts that the fee rates may have.

Commissioner Serrone noted that the city of Santa Clara does not impose a fee on retail developments below five thousand square feet and that the city of San Jose does not impose fees on retail developments altogether. He also asked whether there is an urgency to complete the study issue and proposed the consideration of differentiating fees based upon City location or project type. Housing Officer Jenny Carloni responded by providing an overview of the nexus study, explaining why one is needed, and stated that this study includes the information and analysis required for a standard nexus study. Ms. Carloni noted that, historically, fees imposed by neighboring cities fall within a very comparable margin. She added that the urgency to adopt fees stems from the adoption of the Moffett Park Specific Plan in the near future.

Commissioner Howard spoke in overall support of recommending the staff recommendation to the City Council and explained why.

Chair Pyne stated that he is prepared to advocate for the recommendation that the Planning Commission approves when he attends the City Council meeting that is scheduled to review this study issue.

Commissioner Shukla voiced her support of staff's recommendations.

MOTION: Commissioner Shukla moved and Commissioner Weiss seconded the motion to recommend to City Council Alternatives 1 and 3: 1) Approve the Non-Residential Housing Mitigation Fee Nexus Study; 3) Adopt a Resolution Amending the Housing Impact Fee for Non-Residential Development for Office/R&D Development to Increase the Fee to \$11 per Square Foot for the First 25,000 Square Feet and \$22 per Square Foot for All Remaining Square Feet, Adjusted Annually for Inflation, with No Changes to the Fee Schedule for Retail, Lodging, and Industrial.

Commissioner Weiss spoke in support of the motion and urged her fellow Planning Commissioners to do the same.

Commissioner Howard expressed his support of the motion and shared his hope that the Planning Commissioners would arrive at a consensus.

Chair Pyne stated that he is in overall support of the motion.

The motion carried by the following vote:

Yes: 7 - Chair Pyne
Vice Chair Iglesias
Commissioner Howard
Commissioner Howe
Commissioner Serrone
Commissioner Shukla
Commissioner Weiss

No: 0

This recommendation will be forwarded to the City Council for consideration at the January 24, 2023 meeting.