



City of Sunnyvale

Agenda Item-No Attachments (PDF)

File #: 22-0614, Version: 1

REPORT TO PLANNING COMMISSION

SUBJECT

Proposed Project: Related applications on a 1.25-acre site:

DEVELOPMENT AGREEMENT (DA): Introduction of an Ordinance Approving and Adopting of a DA between the City of Sunnyvale and Gary Thon-Lon Hon and Nichole Ying Lin Hon, as trustees of the Hon Family Trust and Edward H. Leone Jr. LLC.

SPECIAL DEVELOPMENT PERMIT (SDP): to demolish the existing buildings and construct a new 125,128 square foot four (4) story office building with two (2) levels of underground parking.

Location: 480 & 490 S. Mathilda Avenue and 355 W. Olive Avenue (APNs:209-28-008 & 052)

File #: 2021-7281 (DA) & 2021-7280 (SDP)

Zoning: DSP Block 13

Applicant: Daniel Minkoff, Minkoff Group

Owners: Gary Thon-Lon Hon and Nichole Ying Lin Hon, as Trustees of the Hon Family Trust and Edward H. Leone Jr. LLC.

Environmental Review: A Mitigated Negative Declaration has been prepared in compliance with California Environmental Quality Act (CEQA) provisions and City CEQA Guidelines.

Project Planner: Shaunn Mendrin, (408) 730-7431, smendrin@sunnyvale.ca.gov

REPORT IN BRIEF

General Plan: Downtown Specific Plan (DSP)

Existing Site Conditions: Retail and Office

Surrounding Land Uses

North: Bank

South: Multi-Family

East: Single-Family Residential

West: Commercial and City Hall

Issues: Consistency with the Downtown Specific Plan

Staff Recommendation: Recommend to the City Council: Introduction of an Ordinance Approving and Adopting a Development Agreement between the City of Sunnyvale Gary Thon-Lon Hon and Nichole Ying Lin Hon, as trustees of the Hon Family Trust and Edward H. Leone Jr. LLC and associated Findings (Attachments 2 and 3) and to Make the required Findings to approve the CEQA determination and Adopt a Mitigated Negative Declaration and Mitigation, Monitoring and Reporting Program in Accordance with CEQA and approve the Special Development Permit based on the Recommended Findings in Attachment 4 and Recommended Conditions of Approval in Attachment 5.

BACKGROUND

This item was continued from the June 27, 2022, Planning Commission, and again from the July 12, 2022 Planning Commission meeting. See Attachment 6 for a map of the vicinity and mailing area for

notices and Attachment 7 for the Data Table of the project.

Description of Proposed Project

Amendments to the DSP were updated and approved by the City Council in August 2020 (RTC No. 20-0726). The 2020 DSP amendments allow increased height and development intensities to be considered through incentive programs or a Development Agreement (DA). The property owners are requesting a DA to allow development of additional office floor area and building height above what is permitted for the two parcels located in Block 13. The subject sites are currently permitted to be developed with 47,660 square feet of office space and a maximum height of 50 feet. The applicant is requesting (through the DA) an additional 77,467 square feet and a height of 68.5 feet. The applicant will be using the green building incentive for an additional 10 feet in height, leaving 8.5 feet needed through the DA. The DA would allow the additional floor area and height with a contribution of funds to the City's Community Benefit Fund.

The proposed project includes demolition of the existing structures and the construction of a new 125,128 square foot, four-story mass timber office building with two levels of underground parking. The exterior of the building will be clad with a glass curtain system on three sides of the building with extruded bay window elements used to add interest on the façades. The east façade, which faces single-family homes, would also have a curtain wall with wood cladding and smaller window openings. The pedestrian entrance would be located at the corner of S. Mathilda Avenue and W. Olive Avenue and would be enhanced with an exposed exterior stairwell and vertical supports for an arbor element above the fourth floor. Vehicle access to the underground parking garage would be via a driveway located on W. Olive Avenue. The rooftop would include open space for tenants of the building, landscaping, covered arbor area and space for mechanical equipment. The site would be landscaped and would include new sidewalks, driveway access, and other plantings (see Attachment 8 for project plans).

Previous Actions on the Site

The parcels are located in Block 13 of the DSP and the two parcels are designated with a total of 47,660 square feet of office and 5,683 square feet of commercial space. The DSP was amended in August of 2020 which included changes that allowed proposed development to exceed the designated square footages through Community Benefits and a Development Agreement (see discussion below).

EXISTING POLICY

Downtown Specific Plan (DSP) Goals and Policies: The vision, key goals and policies from the Downtown Specific Plan which pertain to the proposed project have been included in the Findings in Attachment 3.

Applicable Design Guidelines: The DSP includes a Chapter of Design Guidelines for projects in the downtown and include General Design Guidelines, Building Type-Specific Guidelines and the Commercial Core Design Guidelines.

The City's Parking Structure Design Guidelines and Bird Safe Design Guidelines also apply to the project. The parking structure guidelines relate more to an above-ground structure and the key element of the guidelines that applies to the subject property is the garage ramp grade. The proposed project design is consistent with the Bird Safe Design Guidelines.

The project is consistent with the adopted design guidelines which are referenced in the Findings for the project in Attachment 3.

ENVIRONMENTAL REVIEW

A Mitigated Negative Declaration (MND) has been prepared in compliance with California Environmental Quality Act (CEQA) provisions and City CEQA Guidelines (see Attachment 10). The Initial Study determined that construction of the proposed project has the potential to result in significant effects on Air Quality (during construction), and Biological Resources (bird nesting season), Cultural Resources (possible discovery of resources during excavation), Hazardous Materials (resulting from existing equipment and materials), and Noise (construction noise). Implementing mitigation measures during the construction would reduce these impacts to a less than significant level and many of these mitigations are from the Land Use and Transportation Element Environmental Impact Report (EIR), since the Downtown Specific Plan EIR only evaluated six specific projects. Mitigation Measures have been incorporated into the Conditions of Approval (see Attachment 5).

DISCUSSION

Development Agreement (DA)

A DA is a tool used by some cities to assist in providing certain assurances for a developer and a city. A DA is essentially a contract between the City and the developer that the City Council approves through adoption of an ordinance. A DA outlines the obligations of the developer and must describe the benefit to both the developer and the City. The City has entered into DAs with other project sponsors; since 2015 DAs have included Landbank Investments (2015), Jay Paul (2014, 2016), STC Venture (Cityline - 2020), Kasik (Minkoff 100 Altair - 2020) and Intuitive Surgical (2021).

A DA is commonly used to guarantee development approvals to the landowner and to provide additional benefits to both the City and a developer that could not otherwise be obtained through standard land use approvals. The City has primarily used DAs for major development projects that may take longer to complete construction and more recently DAs have been used as a tool to correlate project size with appropriate community benefits.

The 2020 DSP amendments were written to enable additional housing units, additional square footage of non-residential uses, and greater height, subject to density bonus laws, incentive programs or a DA. Some increases in land use intensity would be possible without a DA; however, the total project proposed for the sites would not be possible without a DA.

The property owners are identified as “Landowners” in the DA, and the ground lessees who will develop the property are identified as the “Developers”. The term of the DA would be six years with a possible extension for up to five years for good cause, supported by substantial evidence. The DA identifies the terms and obligations of both parties, the general and vested entitlements, and identification of the mutual benefits to both parties. The full draft of the DA is found in Attachment 2. Below are summaries of the respective benefits outlined in the DA.

City Benefits

The DA includes the following benefits to the City:

- Community Benefit Fund Contribution - Payment of \$2,597,500.

- Point of Sale for Project Construction - Developers to designate the City as the point of sale for California sales and use tax purposes during Project construction.

Developer Benefits

Benefits to the developer contained in the DA:

- Density Bonus - Bonus office of 77,467 gross square feet over the maximum allowed in the 2020 updated Downtown Specific Plan.
- Additional Height - Additional 8.5 feet of height to the top of the parapet for a total height of 68.5 feet (excluding additional height allowed for mechanical equipment, penthouses, etc.).
- Additional time to exercise the permit (build the project).

Other Provisions

- The term of the DA is for six years with an additional five years subject to approval by the City Manager, for good cause.
- Protections against initiatives, referenda and moratoriums.
- The project would not be subject to any new taxes or impact fees for five years, except for citywide general and special taxes or certain area-wide assessment districts.
- Subsequent reviews required - A Miscellaneous Plan Permit (MPP) may be required for minor modifications, consistent with provisions in the zoning code. Other approvals such as a lot tie agreement, encroachment permits, etc. would also apply.
- General provisions regarding review, responsibilities of each party, procedures for default, etc.

Present Site Conditions

The project site consists of two parcels containing a commercial building and a two-story office building. The existing commercial building at the corner of Mathilda and Olive was constructed in 1976 as an office building, used as a financial institution and since 2007 as a retail store; it is approximately 7,201 square feet in size. The two-story office building on Olive was constructed in 1961 and provides multi-tenant small office spaces; it is 13,543 square feet. Together, the two buildings total 20,744 square feet. There have only been minor permits issued for either site and/or building maintenance. There is minimal existing landscaping on either property; mature trees are located on the Olive (south) side of the older building.

Special Development Permit (SDP)

The project applicant is seeking approval of a SDP to allow the construction of a new office building. The SDP includes requests for deviations to parking (parking adjustment) and the front setback on Olive Avenue as well as the height and intensity provisions included in the Development Agreement.

Development Standards

Floor Area Ratio (FAR): The DSP provides an allocation of floor area and dwelling units for each block. Block 13 contains a mix of uses including office, commercial and residential. Specifically, for these two parcels, the Block 13 allocation is 47,660 square feet of office space and 5,683 square feet of commercial space. Residential is not permitted on these two parcels. As noted above, the proposed four-story office building would be 125,128 square feet, which is 77,467 square feet over the standard office square footage allowed on the site. The applicant is requesting a DA, as enabled in the DSP, to accommodate the extra square footage above the allocation through a Community

Benefit contribution. The proposed additional square footage would result in a 2.28% FAR for the site. The DSP does not have a specific maximum FAR and allows consideration of the FAR through the SDP and DA process.

Lot Coverage: The DSP does not provide a maximum lot coverage; however, it allows lot coverage proposed with a project to be evaluated through the SDP process. The proposed development will be covering about 77% of the site. Since the site is located within the Downtown, it is expected that developments include a higher lot coverage to ensure active street frontages.

Architecture and Site Layout:

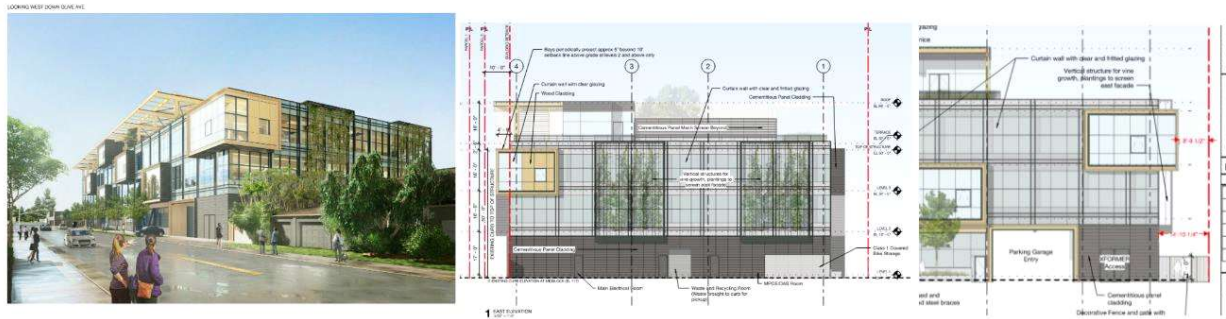
The proposed architecture is a modern mass timber building with the use of an open glass curtain wall system and wood accents. Several design elements help to create visual interest, such as bay window accents, exterior staircase and pedestrian entry at the corner, rooftop usable area and extruded arbor raising up from the main entry and providing shaded area on the south side of the roof. The rooftop would also include 24-inch boxed sized trees and plantings to soften the area. The color palate would include a lighter wood cladding to complement the interior mass timber, clear and translucent glazing with a dark trim to accent the windows and cementitious paneling in earth tones as accent elements at the entry and service areas.

The building would be sited towards S. Mathilda Avenue and would remove all existing driveways which will help reduce pedestrian/auto conflicts in the area. Vehicular access into the building would be on W. Olive Avenue towards the eastern edge of the building. This area would also include a utility area and solid waste storage/pick-up area. All existing trees would be removed. The perimeter of the site will include new sidewalks and new street trees on S. Mathilda and W. Olive Avenues and the northern side will be landscaped with shrubs and include additional bicycle parking. The east side of the site, facing single-family homes, will provide a greater setback of 25 feet, where none is required, and additional landscape screening would be used along the entire eastern property line to address privacy concerns (see discussion below).

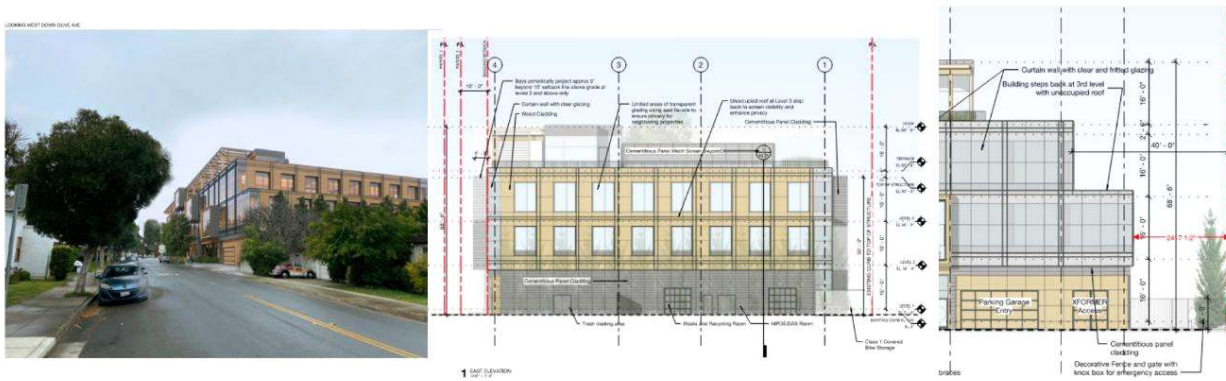
Neighborhood Comments/Concerns:

The three residential properties to the east and some residents of the Taaffe-Frances Heritage District have voiced concerns regarding privacy, building size, height, proposed landscape screening and proximity to their properties. The project applicant has met with the residents several times to develop options to address their concerns. The applicant has incorporated the following design changes to address the neighbors' concerns (images have been provided below for reference).

- **Privacy and Proximity** - The initial submittal included a 14-foot setback from the east property line and included a clear glazing curtain wall with two green wall elements to provide some privacy. The applicant worked with the neighbors and increased the first and second floor setback to 25 feet and pushed the third floor back to 40 feet from the east property line. In addition, the corner bay window element was removed, and the curtain wall on the east façade was changed to mainly wood cladding with punched windows with fritted glass. Lastly, the size of the building was reduced by 3,356 square feet due to the additional setbacks on the east elevation. The below images illustrate the change from the original proposal to the current plans.

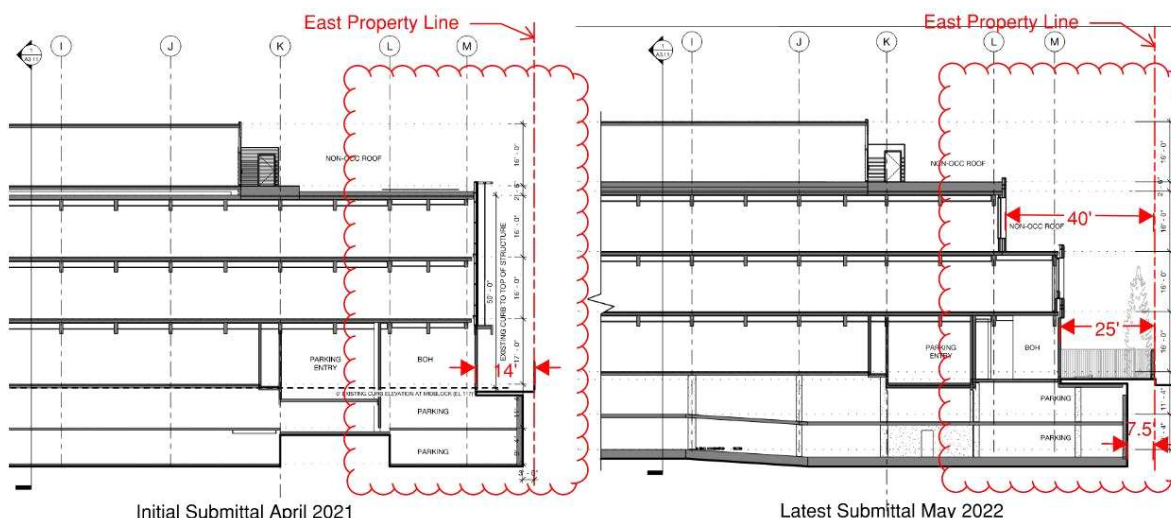


Initial Submittal April 2021



Latest Submittal May 2022

- Landscape Screening** - As noted above, the initial submittal included a 14-foot setback from the east property line with minimal space for landscaping and the underground garage was within five feet of the east property line. There was concern regarding privacy screening and having enough room for the plantings to become established. The applicant worked with the adjacent neighbors and pulled the parking garage away from the east property line to allow for more soil area for the plantings. In addition, the applicant and residents selected an evergreen tree species (*Arborvitae Green Giant*, a faster growing and dense evergreen tree from the cypress family) that was suitable for the area and the building was pulled back from the property line to provide more privacy.



The project is subject to the General Guidelines and Building Type Guidelines in the DSP. A table has been included in the Findings for Approval in Attachment 4. Based on the proposed project and Design Guidelines listed in Chapter 6 of the DSP of the 108 Design Guidelines, the project complied with 60 and the remaining 48 were not applicable either due to specific site references or land use typology. Staff was able to make the applicable design guideline findings for the proposed project (refer to Attachment 4 for an explanation).

Setbacks:

The required minimum setbacks for this block are zero on the rear (east), side (north) and S. Mathilda Avenue. The required setback on W. Olive Avenue is ten feet. The proposed building provides a 3.5-foot setback on S. Mathilda, a 25-foot setback on the rear (east) property line and a 9-foot setback on the side (north) property line. On the W. Olive Avenue façade, the proposed project is requesting a deviation for only the picture frame architectural elements to provide an 8.5-foot setback where 10 feet is required (i.e. the ground floor and most of the rest of the building will be setback 11 feet). The primary façade wall on W. Olive Avenue is located 10.5 feet from the property line. As noted above, the project has provided additional upper floor setbacks from the rear (east) property line to address privacy concerns.

Building Height:

The maximum building height allowed for this side of Block 13 is 50 feet. The project may access an

additional 10 feet in height with the Green Building Incentive (100% Electric and LEED Gold level with a minimum of 75 points), allowing up to 60 feet. The proposed project is at 68.5 feet tall at the top of the fourth-floor amenity space. The additional 8.5 feet is proposed to be included in the DA.

Parking:

The DSP requires a minimum of 251 spaces and a maximum of 501 spaces. The proposed development includes 272 parking spaces. Of the 272 parking spaces, 76 spaces would be self-parked tandem spaces that cannot count towards the parking requirement. Adjustments to parking requirements may be considered through the SDP. The project design also includes interior garage ramps of 16-18%, which exceeds the 12% standard in the Parking Structure Design Guidelines.

- **Parking Adjustment**

Sunnyvale Municipal Code (SMC) Section 19.46.130(d) requires one or more of the following findings to be made to support a parking adjustment:

- (A) There are parking agreements with off-site properties; or
- (B) There is a parking management plan that includes valet parking, off-site employee parking, parking agreements, or other demand management tools; or
- (C) The uses on a site have complementary peak hours; or
- (D) The use is commercial in nature and is intended to serve adjacent employment centers. The use provides adequate pedestrian connections to the site from nearby properties and businesses; or
- (E) The use is within one-half mile of a walk from a rail station, light rail station, or major bus stop. A major bus stop is defined as a stop where six or more buses per hour from the same or different routes stop during the peak period in core, corridor or station areas; or
- (F) The proposed use has an unusual characteristic that results in less parking demand. This characteristic shall be described and limited in applicable conditions of approval for a discretionary land use permit. Land uses that are permitted by right may not apply for adjustment because of this criterion of unusual characteristic.

Minimum Required Parking

The proposed project provides 196 code-compliant parking spaces, where 251 minimum parking spaces are required. Therefore, the applicant proposes a parking adjustment for 55 parking spaces.

The Parking Adjustment allowance requires the Commission to make only one finding specified in SMC Section 19.46.130 (d), which has been demonstrated by the project plans and description. Staff recommends that the Commission make finding B in SMC Section 19.46.130 (d). The applicant is utilizing two parking management tools. First, the additional 76 tandem parking spaces help to absorb the parking demand. The tandem spaces are intended to be self-parked; however, the project would have an on-site staff to provide assistance with moving of tandem cars if needed. Second, a transportation demand management (TDM) plan will be provided to help reduce vehicular trips. In support of alternative modes of transportation, the project includes 114 bicycle parking spaces where a minimum of 21 are required [16 Class 1/ 6 Class 2]. (See Attachment 7 for details).

Although staff cannot recommend that the Commission make Finding E it should be noted that the site is within 0.63 miles walking distance of the Downtown Caltrain Station and 0.53 miles

walking distance of the VTA Rapid Bus Line (#522).

- **Slopes of Garage Ramps**

City staff evaluated the proposed interior garage ramp slopes as they relate to the Citywide Parking Structure Design Guidelines. Specifically, Guideline PL-3 which states the following:

PL-3. Maximum vehicle ramp grade should be 12 percent with minimum 10-12-foot-long transitions at the top and bottom of the ramp.

Due to the shape of the site, ramp angles have been challenging without losing additional parking. Driveway ramps are typically 16% with transition slopes of 6%. Steeper ramps are not uncommon in downtown situations with tighter shaped lots. The applicant has been working with staff to ensure that the entrance into the garage is level for 30 feet from back of sidewalk to ensure maximum visibility of cars exiting the structure, which would reduce the possibility of pedestrian and automobile conflicts. Overall, due the site constraints, staff can support the request of increased ramp slopes within the interior of the garage and a compliant slope at the exit of the building (included in the Findings in Attachment 3 - Design Guidelines Table).

Traffic:

As noted above, the applicant has indicated draft TDM measures for the proposed project which include the following noted below.

- **TDM Measures**

- Community Ridematching Service
- Preferential Carpool Parking
- Incentive Program for Sustainable Transportation
- Transportation Coordinator
- Subsidized Transit Passes
- Provide Showers and Change Rooms
- Secure Bicycle Storage
- Bicycle Repair Facilities
- Transportation Information Center Board/Screen
- New Employee Orientation Package
- High-Quality Pedestrian Connections
- Transit Accessibility.

Many of the measures are either already implemented in the design of the building, such as secure bike lockers, showers, and gym. Other TDM measures would be implemented upon tenant improvements and occupancy. In addition, staff has included a condition requiring the project to participate in a Downtown Transportation Management Agency (TMA) when one is formed. This was one of the long-term recommendations in the City Council Study Issue, Downtown Parking Study (Study Issue CDD 11-02 and RTC No. 20-0723). Lastly, a Final TDM plan is required in the Recommended Conditions of Approval in Attachment 4.

Landscaping and Tree Preservation:

The site currently has 23 trees located on the site with 15 meeting the dimensional requirements as

“protected trees” (truck circumference that is at least 38 inches as measured 4.5 feet from the ground). The conditions of the trees range from poor to good, with most not being in the best condition. All existing trees are proposed to be removed as part of the project construction due to construction of the underground garage and other site improvements. Replacement plantings would include 23 new trees with 9 trees along the frontage and 14 trees along the east property line for screening. Other landscape areas will include planter beds at grade adjacent to the building and plantings on the roof top.

Green Building Requirements:

The proposed project will be LEED Gold with *Well Certification* and 100% electric. *Well Certification* addresses the overall health of the occupants as it relates to several elements of building. The project is requesting an additional 10 feet in height as part of the Green Building Program. The additional 8.5 feet may be achieved through the DA.

In addition, the project would be constructed using Mass Timber technology. Mass Timber construction is an energy-efficient alternative with a lighter carbon footprint than steel or concrete.

Solid Waste:

Solid Waste pick-up will occur on W. Olive Avenue. The site will be using compactors and the bins will be moved out onto the service area on the east side of the building and the solid waste truck will pick them up on site. The proposed location, while close to residential, is the safest place on the site for solid waste pick up since its furthest from the intersection and on a less busy street.

Bird Safe Design:

The Mitigated Negative Declaration included an analysis of the project against the City’s Bird Safe Design Guidelines (See Table 4.4-1, in Attachment 10). The analysis found that the proposed project design is consistent with the City’s adopted Bird Safe Design Guidelines.

Lot Tie Agreement:

As part of the proposed project and DA, the project will be using a Lot Tie Agreement to bind the two parcels together to allow the proposed structure to be built across a property line. The Lot Tie Agreement is a recorded document that uses a single entity to hold title over the two parcels while still allowing retention of the two legal lots (preserves individual ownership of the two parcels for future if the building is not built or demolished). The Lot Tie Agreement would be allowed through the DA and required as a condition of approval and would have to be recorded prior to building permit issuance. The Lot Tie Agreement would have to remain in effect for the life of the building. The Lot Tie Agreement may be removed in the future either through demolition of the building or through a lot merger.

REQUIRED PLANNING COMMISSION FINDINGS

Findings for the Special Development Permit have been included in Attachment 4. Separate Findings for the Development Agreement are required under the City’s procedures for review of DAs (Resolution No. 371-81) (Attachment 3). In order for the Planning Commission to recommend adoption of the DA, the Planning Commission must find that the DA is:

- 1) Consistent with the objectives, policies, general land uses and programs specified in the general plan and any applicable specific plan;

- 2) Compatible with the uses authorized in, and the regulations prescribed for, the land use district in which the real property is located;
- 3) In conformity with public convenience and good land use practice;
- 4) Not detrimental to the public health, safety and general welfare;
- 5) Of a beneficial effect on the orderly development of property and the preservation of property values; and
- 6) Consistent with the requirements of the resolution.

Pursuant to Attachments 3 and 4, staff recommends that the Commission make the required findings.

FISCAL IMPACT

In addition to the specific benefits outlined in the DA, the project would be expected to pay normal fees and taxes including increased property taxes, utility user tax, retail sales tax indirectly from employee and business purchases from other Sunnyvale businesses.

A direct economic benefit for the proposed project would be the fees the developer would pay as part of the permitting process which are required development impact fees (even without a DA). The amount is expected to be slightly more than \$2.8 million dollars in one-time revenue: housing mitigation fees (\$1.7 million), traffic impact fees (\$525,000), construction taxes (\$585,000), and general plan maintenance fees (\$35,000). School impact fees would be paid directly to the Sunnyvale School District and the Fremont Union High School District. The fees would be based on a fixed cost per net new square footage. Lastly, the project will also register all construction sales tax for the project with the State which will direct that revenue back to the City of Sunnyvale.

PUBLIC CONTACT

Environmental Review

- Notice of Intent to Adopt a Mitigated Negative Declaration, June 3, 2022, through June 27, 2022.
- Planning Commission Public Hearing, June 27, 2022
 - Formally continued to hearing of July 12, 2022
 - Formally continued to hearing of July 26, 2022
- City Council Public Hearing, July 26, 2022
 - To be requested for continuance to August 16, 2022

Notice of Public Hearing

- Published in the Sun newspaper
- Posted on the site
 - Updated to reflect new meeting dates
- 2,796 notices mailed to property owners and residents within 1,000 feet of the project site, the Charles Street 100, Sunnyvale West and Heritage District Neighborhood Associations and the Downtown Sunnyvale Associations.
 - Second notices sent to same mailing list advising of revised hearing dates.

Staff Report

- Posted on the City's website

Agenda

- Posted on the City's official notice bulletin board
- Posted on the City's website

Public Contact: Staff has received several letters in opposition from residents to the east and south of the project site. The letters are included in Attachment 11. Many concerns expressed in the opposition items have been addressed above. One additional request from the neighbors is to construct story poles, this is not a Sunnyvale practice. Staff requested that photo-simulations be prepared to show a view of the proposed building from W. Olive Avenue, east of the site and from S. Taaffe Avenue south and east of the site. Neighborhood comments are noted in the discussion above. Several additional letters in support were also received and are included in Attachment 12. No additional comment letters have been received as of the preparation of this report.

Planning Commission Study Session

On November 8, 2021, staff presented the proposed project to the Planning Commission for comments. Site and architectural plans were discussed. The Commission noted concerns and questions about the following:

- Scale of the building with a preference to move mass toward the Mathilda Avenue frontage
- East elevation and privacy impacts
- Unclear if the size of the trellis element and exterior stairs enhance the entrance
- Considering the recent pandemic, is the interior air circulation sufficient for the health and safety of the occupants?
- Trash collection and site access on Olive and proximity to residential is a concern.
- Will the building be used by single or multiple tenants?
- Will the Mass Timber material be sustainably harvested?
- Will there be Mathilda noise impacts on open space on roof?

Public Comments included the following items:

- Concern about building size, height and privacy impacts
- Shifting height to Mathilda would be better
- Landscaping on east property line needs a larger soil volume
- Increased setbacks from the east property line
- Request for story poles
- Construction noise and traffic on Olive Avenue

The Planning Commission noted overall concern about privacy impacts to the adjacent residential neighborhood and rear setbacks. Specific comments were not provided about the architecture. Since the study session the applicant has continued to work with the residents to address privacy concerns. The rear walls have been pulled back significantly to add more privacy and the window curtain wall type has been modified to provide more solid area and smaller window openings with fritting. Although a comment was provided about shifting the height towards Mathilda, the applicant wanted to retain the rooftop open space and instead reduced the floor area and pulled the building back on the east elevation. In addition, the basement parking garage was also shifted away from the east property line to allow ample soil volume for screening trees. The applicant has worked with the neighbors regarding an appropriate evergreen tree species. Due to the narrow frontage on S.

Mathilda, the site access and service area needed to be located near the east property for safety. Automobiles would be exiting the site in a forward manner and the exit has been designed to allow ample visibility for pedestrians and automobiles. The applicant has also clarified that the project will seek LEED *Well Certification* which relates to the overall health of the occupants. Lastly, the neighbors have requested the use of story poles to demonstrate the building outline. However, story poles are not required in the City of Sunnyvale and generally project renderings and the use of streetscape elevations and photo-simulations provide sufficient information to demonstrate what the proposed building will look like.

ALTERNATIVES

Recommend that City Council:

1. **Approve the DA and Special Development Permit**
 - a) Make the findings required by Resolution No. 371-81 (Attachment 3 to the Report).
 - b) Recommend that City Council Introduce an Ordinance Approving and Adopting a Development Agreement between the City of Sunnyvale and Gary Thon-Lon Hon and Nichole Ying Lin Hon, as trustees of the Hon Family Trust and the Edward H. Leone Jr. LLC (Attachment 2 to the Report).
 - c) Make the required Findings to adopt the Mitigated Negative Declaration and Mitigation, Monitoring and Reporting Program in accordance with CEQA, and approve the Special Development Permit based on the Recommended Findings in Attachment 4 and Recommended Conditions of Approval in Attachment 5.
2. **Approve the DA and the Special Development Permit with Modifications**
 - a) Make the findings required by Resolution No. 371-81 (Attachment 3 to the Report).
 - b) Recommend that the City Council Introduce of an Ordinance Approving and Adopting a Development Agreement between the City of Sunnyvale and Gary Thon-Lon Hon and Nichole Ying Lin Hon, as trustees of the Hon Family Trust and Edward H. Leone Jr. LLC (Attachment 2 to the Report) with modifications.
 - c) Make the required Findings to adopt the Mitigated Negative Declaration and Mitigation, Monitoring and Reporting Program in accordance with CEQA, and approve the Special Development Permit based on Recommended Findings in Attachment 4 and Recommended Conditions of Approval in Attachment 5 subject to modified Conditions of Approval with modifications.
3. **Deny the DA and Special Development Permit**
 - a) Do not make the findings required by Resolution No. 371-81.
 - b) Do not recommend that City Council Introduce the Ordinance and provide direction to the staff and developer regarding desired modifications.
 - c) Deny the Special Development Permit and provide direction to staff and applicant regarding desired modifications.

STAFF RECOMMENDATION

Alternative 1:

- a) Make the findings required by Resolution No. 371-81 (Attachment 3 to the Report).
- b) Recommend to City Council the Introduction of an Ordinance Approving and Adopting a Development Agreement between the City of Sunnyvale and Gary Thon-Lon Hon and Nichole Ying Lin Hon, as trustees of the Hon Family Trust and Edward H. Leone Jr. LLC (Attachment 2 to the Report).
- c) Make the required Findings to adopt the Mitigated Negative Declaration and Mitigation, Monitoring and Reporting Program in accordance with CEQA, and approve the Special Development Permit based on the Recommended Findings in Attachment 4 and Recommended Conditions of Approval in Attachment 5.

Staff recommends approval of the DA and SDP. The project would support community expectations for greenhouse gas reduction and an enhanced pedestrian environment in the downtown area. The site is appropriate for additional office development due to proximity to the Caltrain station and the VTA bus transfer area and proximity to Mathilda Avenue. Employees at the site would also help support downtown businesses. The project design, while modern, would provide an anchor on the northeast corner of Olive and Mathilda Avenues and would complement the architecture of the new City Hall. In addition, the building design has been adjusted to address privacy concerns of the adjacent neighborhood.

Prepared by: Shaunn Mendrin, Planning Officer

Reviewed by: Noren Caliva-Lepe, Principal Planner

Reviewed by: Trudi Ryan, Director, Community Development

Reviewed by: Connie Verceles, Deputy City Manager (Economic Development)

Reviewed by: Jennifer Ng, Assistant Director, Public Works/City Engineer

Reviewed by: Chip Taylor, Director, Public Works

Reviewed by: Teri Silva, Assistant City Manager

Approved by: Kent Steffens, City Manager

ATTACHMENTS

1. Reserved for Report to Council
2. Draft Ordinance and Development Agreement
3. Draft Planning Commission Findings for the Development Agreement
4. Recommended SDP Findings
5. Recommended SDP Conditions of Approval
6. Site and Vicinity Map
7. Project Data Table
8. Proposed Site and Architectural Plans
9. Project Description
10. Mitigated Negative Declaration (MND) and Appendices
11. Letters in Opposition
12. Letters in Support