



City of Sunnyvale

Agenda Item

25-0520

Agenda Date: 6/16/2025

REPORT TO PLANNING COMMISSION

SUBJECT

Proposed Project: Forward a recommendation to the City Council to take the following actions:

1. ADOPT A RESOLUTION TO:

- a. Adopt the Village Center Master Plan;
- b. Amend the General Plan Land Use and Transportation Element (LUTE) text to implement the Village Center Master Plan;
- c. Change the General Plan land use designation for certain sites in the seven General Plan Village Mixed Use areas throughout the City from Village Mixed Use to Village Center Master Plan;
- d. Change the General Plan land use designation for 1388-1390 Bremerton Drive (APN 323-01-017) from Village Mixed Use to Low Medium Density Residential;
- e. Change the General Plan land use designation for 901 Reed Ave. (APN 213-040-48) from Village Mixed Use to Commercial;
- f. Change the General Plan land use designation for 519 Borregas Ave. (APN 204-29-029), 206 East Arbor Ave. (APN 204-22-052), and 216 East Arbor Ave. (APN 204-22-053) from Village Mixed Use to Medium Density Residential;
- g. Change the General Plan land use designation for APN 110-23-104 (no address) from Village Mixed Use to Public Facilities; and,
- h. Amend the General Plan Land Use Map for the changes in land use designation for the parcels noted above.

2. INTRODUCE AN ORDINANCE TO:

- a. Rezone certain sites in the seven General Plan Village Mixed Use areas throughout the city from Neighborhood Business (C-1), Neighborhood Business/Planned Development (C-1/PD), Highway Business/Planned Development (C-2/PD), Office (O), or Office/Planned Development (O/PD) to Village Center Master Plan (VCMP);
- b. Rezone 1388-1390 Bremerton Drive from Neighborhood Business (C-1) to Low Medium Density Residential/Planned Development (R-2/PD);
- c. Rezone 206 and 216 East Arbor Ave. from Neighborhood Business/Planned Development (C-1/PD) to Medium Density Residential/Planned Development (R-3/PD);
- d. Rezone APN 110-23-104 (no address) from Neighborhood Business/Planned Development (C-1/PD) to Public Facilities (P-F);
- e. Amend the Zoning Districts Map for the zoning changes for the parcels noted above; and,
- f. Amend the following Sunnyvale Municipal Code (SMC) Chapters: 19.12 (Definitions), 19.16 (Precise Zoning Plans - Zoning Districts - Zoning Maps), 19.27 (Site and Project-Based Specific Plan Districts), 19.34 (Front, Side, and Rear Yards), 19.44 (Sign Code), and 19.54 (Wireless Communications Facilities).

3. ADOPT AN URGENCY ORDINANCE TO:

- a. Rezone certain sites in the seven General Plan Village Mixed Use areas throughout the city from Neighborhood Business (C-1), Neighborhood Business/Planned Development

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- (C-1/PD), Highway Business/Planned Development (C-2/PD), Office (O), or Office/Planned Development (O/PD) to Village Center Master Plan (VCMP); and
- b. Amend the Zoning Districts Map for the zoning changes for the parcels noted above; and
 - c. Amend the following Sunnyvale Municipal Code (SMC) Chapters: 19.16 (Precise Zoning Plans - Zoning Districts - Zoning Maps) and 19.27 (Site and Project-Based Specific Plan Districts).

Locations: Citywide

File #: 2021-7371

Zoning: C-1 (Neighborhood Business), C-2 (Highway Business) and O (Office)

Applicant: City of Sunnyvale

Environmental Review: An addendum to the 2017 Land Use and Transportation Element (LUTE) Update Environmental Impact Report (EIR) has been prepared pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15164.

Project Planner: Jeffrey Cucinotta, (408) 730-7424, jcucinotta@sunnyvale.ca.gov

REPORT IN BRIEF

General Plan: Village Center

Existing Site Conditions: Commercial, Retail and Office

Issues: Neighborhood Compatibility, Commercial Square Footage Retention, Residential Density

Staff Recommendation: Alternative 1: Forward a recommendation to the City Council to approve related actions associated with adoption of the Village Center Master Plan:

- A. Consider the Addendum to the LUTE EIR and find that it was prepared in compliance with the requirements of CEQA and no additional environmental review is required pursuant to CEQA Guidelines Section 15164."
- B. Adopt a Resolution (Attachment 2 to this report) to make required CEQA findings; adopt the Village Center Master Plan (VCMP); change the General Plan land use designation for certain sites and amend the General Plan Land Use Map; and amend the General Plan LUTE text to implement the Village Center Master Plan.
- C. Introduce an Ordinance (Attachment 3 to this report) to rezone certain sites and amend the Zoning Districts Map; and amend several Sunnyvale Municipal Code (SMC) chapters.
- D. Adopt an Urgency Ordinance (Attachment 4 to this report) to rezone certain sites designated VCMP and amend the Zoning Districts Map; and amend Sunnyvale Municipal Code (SMC) chapters 19.16 and 19.27.

BACKGROUND

The General Plan Land Use and Transportation Element (LUTE) was updated and adopted in 2017. The LUTE identified Village Centers as areas that would change over the following 20 years due to population growth, changing demographics, the need for newer buildings and homes, and an ever-changing economy. Seven Village Centers were identified throughout the City. Three are located on the south side of the City and the other four are on the north side of the City with Central Expressway being the dividing line (see Map on page 2 of the Draft VCMP in Attachment 2, or through the link in Attachment 6). Village Centers were intended to create an identity and "Sense of Place" for residential neighborhoods, provide neighborhood gathering places, and allow a vibrant mix of public, commercial, and residential activities. The 2017 LUTE indicates that redevelopment in the Village Center sites would include mixed-use with three to four stories in height, a 10 to 25 percent commercial floor area ratio (FAR) requirement, and average residential densities of 18 dwelling units

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per acre (du/ac).

The LUTE also specified a public outreach process for the development of a Village Center Master Plan. However, coordinating the process was complicated for private property owners of the Village Centers and the requirement for the process was not consistent with State housing laws focused on streamlining proposals for “housing development projects” under the Housing Accountability Act (HAA) and Housing Crisis Act (SB 330), which includes mixed-use development consisting of residential and nonresidential uses with at least two-thirds of the square footage designated for residential use. The HAA prohibits local agencies from denying or imposing conditions on a housing development project that is consistent with applicable “objective standards.” The HAA defines “objective” to mean, *“involving no personal or subjective judgement by a public official and being uniformly verifiable by reference to an external and uniform benchmark or criterion available and knowable by both the development applicant or proponent and public official.”* The requirement of such an outreach process and preparation of a plan was not “objective” within the meaning of the HAA as it would involve subjective decision-making not externally defined and knowable to the property owners. When a project complies with all objective standards, cities are prohibited from reducing units or denying the project unless a preponderance of evidence finds there is a specific, adverse impact on public health or safety where there is no feasible method to mitigate or avoid.

The City received a Local Early Action Planning (LEAP) grant to hire a consultant (Ascent Environmental, Inc.) to develop a master plan for all the Village Centers, which allowed the City to conduct the public engagement process instead of individual property owners. The LEAP grant of \$250,000 was expended and an additional budget modification and contract amendment were approved by the City Council on May 20, 2025. The budget modification will cover the remaining work needed for the project.

EXISTING POLICY

A full list of relevant General Plan Goals and Policies is included in Attachment 5. Key items are identified below:

CHAPTER 2: Community Vision

GOAL II. ATTRACTIVE COMMUNITY: To maintain and enhance the appearance of Sunnyvale, and to distinguish it from surrounding communities, through the promotion of high quality architecture, the preservation of historic districts and structures, the maintenance of a healthy urban forest, and the provision of abundant and attractive open space.

CHAPTER 3: LAND USE AND TRANSPORTATION ELEMENT

GOAL LT-5 CREATION, PRESERVATION, AND ENHANCEMENT OF VILLAGE CENTERS AND NEIGHBORHOOD FACILITIES THAT ARE COMPATIBLE WITH RESIDENTIAL

NEIGHBORHOODS: Support the development of Village Centers that create an identity and “sense of place” for residential neighborhoods, provide neighborhood gathering places, and allow a vibrant mix of public, commercial, and residential activities. Through development review and other permitting processes, ensure adequate protection is provided to residential neighborhoods when new uses and development projects are considered.

GOAL LT-11 SUPPORTIVE ECONOMIC DEVELOPMENT ENVIRONMENT: Facilitate an economic development environment that supports a wide variety of businesses and promotes a strong

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economy within existing environmental, social, fiscal, and land use constraints.

GOAL LT-13 PROTECTED, MAINTAINED, AND ENHANCED COMMERCIAL AREAS, SHOPPING CENTERS, AND BUSINESS DISTRICTS: Achieve attractive commercial centers and business districts, achieve buildings that are maintained, and allow a full spectrum of businesses that operate unencumbered.

CHAPTER 5: HOUSING ELEMENT

GOAL H-6: NEIGHBORHOOD QUALITY: Maintain sustainable neighborhoods with quality housing, infrastructure, and open space that fosters neighborhood character and the health of residents.

ENVIRONMENTAL REVIEW

In 2017, the City certified a program-level environmental impact report (EIR) for the LUTE Update (State Clearinghouse No. 2012032003; see Attachment 6 to this report for a link to the current LUTE EIR on the City website) per the California Environmental Quality Act (CEQA). The LUTE EIR evaluated the environmental impacts associated with development of land uses and implementation of transportation planning efforts in Sunnyvale as regulated and guided by the LUTE. Certification of the LUTE EIR included a mitigation monitoring program (MMRP) and a Statement of Overriding Considerations for significant and unavoidable transportation, air quality, cultural resources, and noise impacts.

CEQA Guidelines Section 15164(a) provides that “The lead agency or a responsible agency shall prepare an addendum to a previously certified EIR if some changes or additions are necessary but none of the conditions described in Section 15162 calling for preparation of a subsequent EIR have occurred.” Consistent with the process described, the City evaluated the proposed VCMP to determine what type of additional environmental review would be required. This analysis was conducted using an environmental checklist to determine whether any additional environmental review would be required to consider adoption of the VCMP. This analysis considers whether there are changes proposed in the previously certified LUTE EIR or changed environmental conditions that are of sufficient magnitude to result in new or substantially more severe environmental impacts, as compared to those evaluated in the LUTE EIR, and whether there is new information of substantial importance showing that new or substantially more severe environmental impacts would occur compared to those evaluated in the LUTE EIR.

Based on the CEQA analysis, the VCMP does not result in substantial change, or result in new or substantial more severe environmental impacts than disclosed in the LUTE EIR. The EIR Addendum containing the checklist is provided in Attachment 7. All the applicable mitigation measures from the LUTE EIR would continue to be implemented with future VCMP projects.

DISCUSSION

Since the adoption of the 2017 LUTE and the start of the Village Center Master Plan preparation, various housing-related State Laws have gone into effect that have resulted in the loss of more commercial space than what was anticipated with the LUTE. Per State laws, if the zoning or General Plan permits residential uses on a site, then a developer could propose an entirely residential project if the project qualified for a density bonus by requesting a waiver of the commercial requirement. The decrease in commercial area is a concern for staff and the community. To address the concern, the proposed VCMP identifies defined areas for commercial-only uses instead of providing one mixed-

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use zoning district for all VCMP properties. The VCMP defines the allowed development types and land uses and separates the zoning districts into residential mixed-use (“VCMU”), which allows residential and non-residential uses, and non-residential (commercial and office or “VCC” and “VCO,” respectively), which do not allow any residential uses as a way to preserve commercial uses.

The Village Center Master Plan

In the spring of 2022, the City engaged the consulting services of Ascent Environmental, Inc. to assist with the VCMP preparation, including associated environmental review. The project team first conducted an existing conditions survey to better understand the opportunities and constraints of each of the village centers. A virtual workshop and survey were conducted in May 2022. Over 500 responses with feedback were received. Responses highlighted the importance of commercial retention, and encouraged pedestrian-scale, mixed-use development and public realm improvements. Village Center concepts were developed and presented at public workshops in January 2023. A study session was held with the Planning Commission in March 2023 to present these concepts and public comments. In August 2023, staff provided the City Council with an overview of the Village Center concepts and provided a project status. An Administrative Draft of the VCMP was finalized late 2024 and staff finished the review of the administrative document and added enhancements to the plan features to better support commercial development. The proposed draft is attached to this report in Exhibit F of Attachment 2 (Draft Resolution); also, a link to the draft VCMP is provided in Attachment 6.

The VCMP chapters cover the following plan elements:

- **Chapter 1: Introduction**
Chapter 1 identifies the intent of the VCMP, defines the Village Center concept, and discusses the geographic context of each Village Center, including 2025 land uses and City Planning permit approvals since adoption of the LUTE in 2017.
- **Chapter 2: General Plan Context**
This chapter provides the context for the VCMP as it relates to the LUTE and Housing Element of the General Plan.
- **Chapter 3: Community Vision, Goals, and Policies**
This chapter summarizes the community outreach efforts conducted since 2022, the public input received throughout the outreach process, and consolidates the overall themes into a vision statement for the future development of Village Center sites as well as goals and policies that shall be adhered to as development applications are submitted to the City in the future.
- **Chapter 4: Zoning and Development Standards**
This chapter provides the zoning overview for all VCMP properties, including establishing the zoning districts and map, Planning permitting requirements for specific development and land use types, and objective development standards and requirements for project components such as residential density, non-residential floor area ratio, property frontage and buildable area limitations, pedestrian realm thresholds, ground floor active uses, driveway approaches, off-street parking, usable open space, gathering space, and landscaping. Some important associated considerations include the following:

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- **Zoning Map/Boundaries:**
 - The VCMP establishes three new Village Center-specific zoning districts, including:
 - Village Center Mixed-Use (VCMU)
 - Village Center Commercial (VCC)
 - Village Center Office (VCO).
 - Five Village Center sites include parcels that are recommended for split-zoning, meaning that the proposed zoning boundary does not follow existing parcel boundaries, which includes site numbers VC1A, VC1B, VC2A, VC3A, and VC4A.
- **Residential Density:**
 - Residential mixed-use development will only be permitted in the VCMU zoning districts; standalone residential is not permitted. Sites may include “horizontal” mixed use with some of the housing in buildings that do not include commercial uses; the site has a minimum commercial requirement overall.
 - Staff prepared an approach to residential density that delineates a required “base maximum density” for residential mixed-use development projects. The base maximum density is the allowable dwelling units per acre (du/acre) for residential mixed-use development in the VCMU zoning districts.
 - The base maximum density for VCMU properties ranges from 22 to 56 dwelling units per acre, depending on the property and as identified by the zoning maps in Chapter 4 of the VCMP. Each village center will achieve an average residential density of 18 du/acre.
 - All new residential mixed-use development will be required to build to at least 85% of the zoning district’s base maximum density.
 - Note that additional units, above the base maximum, can be achieved through the City’s Green Building Incentive program. Additional housing units are also possible using State Density Bonus law provisions.
- **Non-Residential Floor Area Ratio (FAR):**
 - Commercial-only development will continue to be permitted in all VCMP zoning districts.
 - Additionally, all development types will be required to provide a minimum non-residential floor area, which may include commercial, personal service, office, or other land use types, subject to the minimums identified in Table 1.

Table 1: Non-Residential Floor Area Ratio Requirements

Zoning District	Minimum Required Non-Residential FAR
VCMU	Mixed-Use Development: 10%
	Non-Residential Development: 25%
VCC	25%
VCO	25%

- **Ground Floor Active Use Requirements:**

The VCMP requires a minimum “active use area” to be provided for all developments in the VCMU and VCC zoning districts and for developments in the VCO zoning district that introduce ground floor commercial area/uses. Active use areas are portions of the

ground floor along the property frontage that maintain visual transparency between the street and the building's interior on the ground floor and which provides and encourages foot traffic at the street frontage.

- **Pedestrian Realm Enhancements:**

- As VCMP sites redevelop over time, a new “pedestrian realm” will be required, which is the area along a property frontage (a newly established “build-to line”) and public right of way that includes urban streetscape design improvements that are intended to enhance the safety and experience for pedestrians, cyclists, and other users (residents, employees, visitors, as well as other patrons).
- The VCMP outlines dimensional requirements as well as required, permitted, and prohibited streetscape elements such as trees, lighting, landscaping, street furniture, and other amenities.

- **Objective Development Standards for Protecting Existing Neighborhoods:**

In order to minimize the potential visual impacts that redevelopment in the village centers may have on existing adjacent/nearby low density residential neighborhoods, the VCMP provides the following objective development standards for new construction:

- **Maximum Height:** Maximum building height for all development types on all VCMP sites is four stories (50 feet), which may be increased to 5 stories (65 feet) along corner building elements (for portions of the building within 200 feet in each direction of the intersection of two public rights-of-way).
- **Daylight Plane:** Daylight plane is a vertical angle that, along with maximum building height, establishes part of the allowable building envelope. It applies to VCMP properties that are adjacent to non-VCMP properties and is measured along the lot line (shared between the VCMP and non-VCMP properties) from a point six feet above grade.
- **Ratio of Building Frontage Width to Lot Width:** A minimum of 60% of a site's lot width will be required to be lined with building frontage for the first 15 feet of lot frontage depth along the build-to line. This standard helps orient building forms along the major public rights-of-way and away from the rear of VCMP properties when they are adjacent to non-VCMP properties.

- **Chapter 5: Circulation and Streetscape Improvements**

This chapter discusses the applicable required circulation and streetscape improvements as identified in various citywide plans and studies (such as the Active Transportation Plan, Roadway Safety Plan, and Vision Zero Plan) and sense of place plans that apply to specific Village Center neighborhoods (such as the East Sunnyvale Area Sense of Place Plan for Village Center 5 and the Tasman and Fair Oaks Area Pedestrian and Bicycle Circulation Plan for Village Center 7). This chapter also provides mapping that visually depict each of the required improvements identified in the various referenced plans and studies.

- **Chapter 6: Conceptual Design Renderings**

This chapter helps visualize the community priorities, vision statement, goals, and policies outlined in Chapter 3 through hypothetical/example renderings and plans of site layout configurations that may be possible based on the requirements for zoning, development, and objective design standards provided in Chapter 4 and circulation/streetscape improvements provided in Chapter 5.

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Land Use and Transportation Element Changes

The 2017 LUTE established the Village Center concept for seven sites throughout the City with a build-out horizon of 2035. Staff has prepared recommended changes to the LUTE text to better implement the VCMP.

The proposed changes to the LUTE include increasing the commercial and office minimum requirement to a Floor Area Ratio (FAR) of 25% for non-residential development types and maintaining a 10% minimum FAR for residential mixed-use development types. This change increases the originally planned commercial intensity for mixed-use development of “*a minimum Floor Area Ratio (FAR) of 10% of the entire site area, up to a maximum FAR of about 25%.*”

The LUTE also previously established a public outreach process to develop a separate/distinct plan for each site-specific Village Center area. Preparation of the VCMP document addresses this LUTE requirement.

Zoning Code Updates

Staff has prepared revisions to several sections of the Sunnyvale Municipal Code (SMC) Title 19 Zoning, as discussed below, associated with the preparation of the Village Center Master Plan.

- **Site and Project-Based Specific Plan Districts (SMC 19.27)**

Establishes the “Village Center Master Plan” zoning district, which includes the following three implementing zoning districts:

- Village Center Commercial (VCC)
- Village Center Office (VCO)
- Village Center Mixed-Use (VCMU)

- **Definitions (SMC 19.12)**

Staff updated several sections of the zoning definitions, which include zoning terms that apply to properties in the VCMP, other Specific Plan areas in the City, and/or citywide, including:

- New definitions for:
 - Development standards such as:
 - active use
 - base maximum density
 - daylight plane
 - gathering space
 - parking lot landscaped area
 - pedestrian realm (including “furniture zone,” “through zone,” and “frontage zone”)
 - setback
 - Development/land use types, including
 - commercial
 - industrial
 - public facilities
 - residential mixed-use
 - office

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- Modified/refined definitions for terms that already exist in SMC 19.12, including:
 - Development standards such as
 - build-to line
 - open space
 - usable open space
 - Development/land use types, including:
 - affordable housing
 - residential
 - laundry/cleaning business
 - personal service business

- **Minor Updates to Existing SMC Chapters**

To ensure consistency with the VCMP, staff has proposed minor edits to the following chapters of the SMC:

- **Precise Zoning Plans - Zoning Districts - Zoning Maps (SMC 19.16.020):** Updated to list the new VCMP implementing zoning districts.
- **Vision Triangles (SMC 19.34.060):** Updated to include an exemption from the vision triangle requirement for intersections and driveways controlled with a traffic light or four-way stop within the VCMP.
- **Sign Code (SMC 19.44.040):** Updated to list the VCMP implementing zoning districts in the defined district types relative to signage standards.
- **Wireless Communications Facilities (SMC 19.54):** Updated table 19.54.080 to list the VCMP implementing zoning districts per permit type required.

Plan Implementation Items

Staff has identified the following implementation plans/programs, which should be addressed over time (as required and/or necessary) as the City implements the overall VCMP and as sites redevelop:

- **Housing Element Implementation Program H3 (Increase affordable housing opportunities in high resource areas):** This program aims to create additional capacity for high density residential and thereby facilitate more opportunities for the development of affordable housing for lower-income households in areas of high resources such as the Village Centers in the central and southern parts of the City. Increasing the allowed density in the Village Centers to a minimum of 30 dwelling units per acre could qualify as creating affordable housing opportunities. As part of the State's certification of the Housing Element, the City is required to implement this program by the end of 2026. Staff will return with implementation of this program with recommendations on whether to use the VCMP as partial satisfaction of Program H3.
- **Zoning Boundary Flexibility on Split-Zoned Properties:** As stated above, five VCMP sites are proposed to be split-zoned. Plan flexibility on split-zoned properties would include the ability to slightly revise the location of the portion of the zoning boundary that does not run along existing property boundaries. This would also allow for more flexibility with the distribution of residential density across a site through clustering/de-clustering residential units accordingly, to the extent that the overall aggregate density for the site complies with VCMP requirements. Changing the zoning boundaries would require an amendment to the VCMP and, however, it would not require an amendment to the General Plan which is a more

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complex process. Redevelopment could also combine these parcels together and/or subdivide the lots to align with zoning district boundaries. In either case, the City will work with developers to achieve a project that meets the intent of the plan.

- **Reducing Barriers for Small Businesses:** To help small businesses during redevelopment of Village Center sites, proposed VCMP Policy #(b)(4) suggests reducing barriers for existing small businesses that may need to relocate. This could include offering first right of refusal, relocation assistance (temporary or permanent), or other similar support. However, the policy does not directly address tenancing requirements, and the City does not have an established program in place to provide this assistance. Also, the City cannot require this type of assistance of potential future developers. As redevelopment moves forward, the City may consider creating a program (or programs) that helps both property owners and tenants.
- **Community Benefits and Incentives Program for VCMP Sites:** Other specific plans that the City Council has adopted in recent years have included a Community Benefits and Incentives Program, which is a voluntary incentive-based plan that allows property owners to develop their properties beyond the maximum residential densities permitted in exchange for providing community benefits. Such community benefits in other plan areas have included provision of additional commercial/retail floor area, below market rate (“very low income”) units, and useable open space that is privately owned and publicly accessible, for example. When the City addresses the Housing Element Implementation Program H3 stated above, it may be appropriate to adopt a community benefits and incentives program that aligns with the consideration of increased residential density allocations.
- **Sense of Place Plan:** A sense of place plan could build on the goals and policies of the VCMP and provide recommendations to shape the future character of the public realm and improve the streetscape. This type of plan would result in identifying specific elements and the establishment of a Sense of Place fee.

Adopting Ordinances and Resolution

Important date considerations regarding the proposed ordinances and resolution are as follows:

- **Resolution:** The proposed resolution would go into effect immediately on July 1, 2025, if adopted by City Council.
- **Regular Ordinance:** The proposed ordinance requires two readings (second reading by the City Council on July 29, 2025), and would go into effect 30 days after the second reading and final adoption (effective on August 28, 2025).
- **Urgency Ordinance:** An urgency/emergency ordinance supported by urgency findings is proposed to effectuate the VCMP, specifically the rezonings to VCMP and related code amendments, pursuant to the Government Code and City Charter Section 701. If adopted by the City Council by a 4/5 vote on July 1, 2025, it would be in effect immediately.

FISCAL IMPACT

The proposed Village Center Master Plan and the modifications to the SMC as described in this report will have no direct or immediate fiscal impact on the City.

However, the VCMP is expected to encourage development of additional housing units in different product types with ranging densities on Village Center sites with a residential mixed-use zoning designation, which may increase property values and result in higher property tax revenue for the City over time.

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Under the current provisions of the City's General Plan and Zoning Ordinance, some Village Center sites previously developed as shopping centers have become subject to Planning permit applications to redevelop the site in a way that has resulted in a net loss of commercial/retail floor area, which affects the City's commercial sales tax base. Adoption of the VCMP would ensure that some Village Center sites will retain commercial-only zoning and would help to limit further losses to the commercial tax base.

Unlike other area or specific plans that the City Council has adopted in recent years, there are no new Village Center-specific development or impact fees proposed at this time.

PUBLIC CONTACT

The notice of the City Council and Planning Commission public hearings as well as availability of the staff report and agenda were made available in the following ways:

1. Notice published in the San Jose Mercury News on May 23, 2025, and the Sunnyvale Sun newspaper on May 30, 2025.
2. Notice mailed to all properties within 1,000 feet of affected properties (see Attachment 9 for the Site and Vicinity Map).
3. Posted on the City of Sunnyvale's Website (see Attachment 6 for a link to the project website).
4. Email to subscribers to the project website.
5. Agenda posted on the City's official notice bulletin board.

Comments received before the date of publication of this staff report are included in Attachment 9. Based on feedback received, staff may consider proposing modifications to some of the development standards.

ALTERNATIVES

Forward a recommendation on related items associated with the Village Center Master Plan to the City Council:

1. Approve related actions associated with adoption of the Village Center Master Plan: Adopt a Resolution, introduce an Ordinance, and adopt an Urgency Ordinance (Attachments 2, 3, and 4 to this report)
 - A. Consider the Addendum to the Land Use and Transportation Element (LUTE) Environmental Impact Report (EIR) and find that it was prepared in compliance with the requirements of the California Environmental Quality Act (CEQA) and no additional environmental review is required pursuant to CEQA Guidelines Section 15164."
 - B. Adopt a Resolution (Attachment 2 to this report) to:
 - i. Adopt the Village Center Master Plan;
 - ii. Amend the General Plan LUTE text to implement the Village Center Master Plan;
 - iii. Change the General Plan land use designation for certain sites in the seven General Plan Village Mixed Use areas throughout the city from Village Mixed Use to Village Center Master Plan;
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- vi. Change the General Plan land use designation for 519 Borregas Ave. (APN 204-29-029), 206 East Arbor Ave. (APN 204-22-052), and 216 East Arbor Ave. (APN 204-22-053) from Village Mixed Use to Medium Density Residential;
 - vii. Change the General Plan land use designation for APN 110-23-104 (no address) from Village Mixed Use to Public Facilities; and,
 - viii. Amend the General Plan Land Use Map for the changes in land use designation for the parcels noted above.
- C. Introduce an Ordinance (Attachment 4 to this report) to:
- i. Rezone certain sites in the seven General Plan Village Mixed Use areas throughout the city from Neighborhood Business (C-1), Neighborhood Business/Planned Development (C-1/PD), Highway Business/Planned Development (C-2/PD), Office (O), or Office/Planned Development (O/PD) to Village Center Master Plan (VCMP); and more specifically, to one of the VCMP implementing districts, Village Center Mixed Use (VCMU), Village Center Commercial (VCC) or Village Center Office (VCO);
 - ii. Rezone 1388-1390 Bremerton Drive from Neighborhood Business (C-1) to Low Medium Density Residential/Planned Development (R-2/PD);
 - iii. Rezone 206 and 216 East Arbor Ave. from Neighborhood Business/Planned Development (C-1/PD) to Medium Density Residential/Planned Development (R-3/PD);
 - iv. Rezone APN 110-23-104 (no address) from Neighborhood Business/Planned Development (C-1/PD) to Public Facilities (P-F);
 - v. Amend the Zoning Districts Map to reflect the zoning changes for the parcels noted above;
 - vi. Amend SMC Chapters:
 - a. Chapter 19.12 (Definitions);
 - b. Chapter 19.16 (Precise Zoning Plans - Zoning Districts - Zoning Maps);
 - c. Chapter 19.27 (Site and Project-Based Specific Plan Districts);
 - d. Chapter 19.34 (Front, Side, and Rear Yards);
 - e. Chapter 19.44 (Sign Code); and,
 - f. Chapter 19.54 (Wireless Communications Facilities).
- D. Adopt an Urgency Ordinance (Attachment 4 to this report) to:
- i. Rezone certain sites in the seven General Plan Village Mixed Use areas throughout the city from Neighborhood Business (C-1), Neighborhood Business/Planned Development (C-1/PD), Highway Business/Planned Development (C-2/PD), Office (O), or Office/Planned Development (O/PD) to Village Center Master Plan (VCMP); and more specifically, to one of the VCMP implementing districts, Village Center Mixed Use (VCMU), Village Center Commercial (VCC) or Village Center Office (VCO); and
 - ii. Amend SMC Chapters 19.16 and 19.27.
2. Alternative 1 with modifications.
3. Take no action on the Village Center Master Plan and provide direction on desired changes.

STAFF RECOMMENDATION

Alternative 1: Forward a recommendation on related items associated with the Village Center Master Plan to the City Council:

- 1. Approve related actions associated with adoption of the Village Center Master Plan: Adopt a resolution, introduce an Ordinance and adopt an Urgency Ordinance (Attachments 2, 3, and 4 to this report)
 - A. Consider the Addendum to the Land Use and Transportation Element (LUTE)

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Environmental Impact Report (EIR) and find that it was prepared in compliance with the requirements of the California Environmental Quality Act (CEQA) and no additional environmental review is required pursuant to CEQA Guidelines Section 15164."

- B. Adopt a Resolution (Attachment 2 to this report) to:
 - i. Adopt the Village Center Master Plan;
 - ii. Amend the General Plan LUTE text to implement the Village Center Master Plan;
 - iii. Change the General Plan land use designation for certain sites in the seven General Plan Village Mixed Use areas throughout the city from Village Mixed Use to Village Center Master Plan;
 - iv. Change the General Plan land use designation for 1388-1390 Bremerton Drive (APN 323-01-017) from Village Mixed Use to Low Medium Density Residential;
 - v. Change the General Plan land use designation for 901 Reed Ave. (APN 213-040-48) from Village Mixed Use to Commercial;
 - vi. Change the General Plan land use designation for 519 Borregas Ave. (APN 204-29-029), 206 East Arbor Ave. (APN 204-22-052), and 216 East Arbor Ave. (APN 204-22-053) from Village Mixed Use to Medium Density Residential;
 - vii. Change the General Plan land use designation for APN 110-23-104 (no address) from Village Mixed Use to Public Facilities; and,
 - viii. Amend the General Plan Land Use Map for the changes in land use designation for the parcels noted above.
- C. Introduce an Ordinance (Attachment 3 to this report) to:
 - i. Rezone certain sites in the seven General Plan Village Mixed Use areas throughout the city from Neighborhood Business (C-1), Neighborhood Business/Planned Development (C-1/PD), Highway Business/Planned Development (C-2/PD), Office (O), or Office/Planned Development (O/PD) to Village Center Master Plan (VCMP), and more specifically, to one of the VCMP implementing districts, Village Center Mixed Use (VCMU), Village Center Commercial (VCC) or Village Center Office (VCO);
 - ii. Rezone 1388-1390 Bremerton Drive from Neighborhood Business (C-1) to Low Medium Density Residential/Planned Development (R-2/PD);
 - iii. Rezone 206 and 216 East Arbor Ave. from Neighborhood Business/Planned Development (C-1/PD) to Medium Density Residential/Planned Development (R-3/PD);
 - iv. Rezone APN 110-23-104 (no address) from Neighborhood Business/Planned Development (C-1/PD) to Public Facilities (P-F);
 - v. Amend the Zoning Districts Map to reflect the zoning changes for the parcels noted above;
 - vi. Amend SMC Chapters:
 - a. Chapter 19.12 (Definitions);
 - b. Chapter 19.16 (Precise Zoning Plans - Zoning Districts - Zoning Maps);
 - c. Chapter 19.27 (Site and Project-Based Specific Plan Districts);
 - d. Chapter 19.34 (Front, Side, and Rear Yards);
 - e. Chapter 19.44 (Sign Code); and,
 - f. Chapter 19.54 (Wireless Communications Facilities).
- D. Adopt an Urgency Ordinance (Attachment 4 to this report) to:
 - iii. Rezone certain sites in the seven General Plan Village Mixed Use areas throughout the city from Neighborhood Business (C-1), Neighborhood Business/Planned Development (C-1/PD), Highway Business/Planned Development

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- (C-2/PD), Office (O), or Office/Planned Development (O/PD) to Village Center Master Plan (VCMP); and more specifically, to one of the VCMP implementing districts, Village Center Mixed Use (VCMU), Village Center Commercial (VCC) or Village Center Office (VCO); and
- iv. Amend SMC Chapters 19.16 and 19.27.

The VCMP responds to the City's need for a zoning framework on Village Center sites that enables: 1) more housing production of different density and product types and, 2) more neighborhood-serving non-residential and commercial space. Adoption of the VCMP (and associated ordinances and resolution) would ensure the General Plan is consistent with objective development standards that apply to residential mixed-use developments. The proposed zoning approach of designating certain Village Center sites for residential mixed-use and others only for non-residential (commercial/office) land uses will allow for a clustered density approach in which residential units could be constructed close to neighborhood-serving commercial/retail uses.

LEVINE ACT

The Levine Act (Gov. Code Section 84308) prohibits city officials from participating in certain decisions regarding licenses, permits, and other entitlements for use if the official has received a campaign contribution of more than \$500 from a party, participant, or agent of a party or participant in the previous 12 months. The Levine Act is intended to prevent financial influence on decisions that affect specific, identifiable persons or participants. For more information see the Fair Political Practices Commission website: www.fppc.ca.gov/learn/pay-to-play-limits-and-prohibitions.html

An "X" in the checklist below indicates that the action being considered falls under a Levine Act category or exemption:

SUBJECT TO THE LEVINE ACT

- ☒ Land development entitlements (affects specific parcels)
☐ Other permit, license, or entitlement for use
☐ Contract or franchise

EXEMPT FROM THE LEVINE ACT

- ☐ Competitively bid contract*
☐ Labor or personal employment contract
☐ Contract under \$50,000 or non-fiscal
☐ Contract between public agencies
☐ General policy and legislative actions

* "Competitively bid" means a contract that must be awarded to the lowest responsive and responsible bidder.

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Approved by: Tim Kirby, City Manager

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ATTACHMENTS

1. Reserved for Report to Council
2. Draft Resolution
3. Draft Ordinance
4. Draft Urgency Ordinance
5. Relevant General Plan Goals and Policies
6. Link to Project Webpage and LUTE EIR
7. LUTE EIR Addendum
8. Site and Vicinity Map
9. Public Comment Letters/Emails