



City of Sunnyvale

Agenda Item

18-0183

Agenda Date: 4/9/2018

REPORT TO PLANNING COMMISSION

SUBJECT

Proposed Project: A request for a Downtown Specific Plan Amendment Initiation to study changes to the development intensities and standards for Block 20 of the Downtown Specific Plan to increase the number of allowable residential units, an increase to the square footage of office allowed, and an increase in building height to allow up to five stories.

File #: 2018-7034

Location: 510 and 528 S. Mathilda Ave. (APNs: 209-29-060 and 061) and 562 and 566 S. Mathilda Ave. (APNS: 209-29-057 and 067)

Zoning: DSP (Block 20)

Applicant / Owner: SiliconSage Builders, LLC (applicant and owner 562 and 566 S. Mathilda Ave.) and Shawn Karimi (applicant and owner 510 and 528 S. Mathilda Ave.)

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

Project Planner: Cindy Hom, (408) 730-7411, chom@sunnyvale.ca.gov

BACKGROUND

Two Specific Plan Amendment Initiations (SPI) requests were submitted pursuant to Sunnyvale Municipal Code section 19.92.040 (a) to allow changes to the development intensities and standards for Block 20 of the Downtown Specific Plan (DSP). The applicants have agreed to proceed with one amendment study moving forward, if initiated.

The Downtown Specific Plan (DSP) area comprises roughly 125 acres, generally bounded by the Caltrain tracks to the north, Bayview Avenue to the east (extends almost to Washington along Evelyn Ave), Olive Avenue to the south and Charles Street to the west. Preparation of the Downtown Specific Plan (DSP) was initiated in the mid-1980s; the first plan was adopted in 1993. The DSP was comprehensively updated in 2003 and was last amended in 2013 when the boundaries were expanded to include areas north of Evelyn Avenue by the addition of Blocks 21, 22 and 23. More recently, the City Council authorized a General Plan Initiation for four applications in the Downtown Specific Plan (DSP) area for DSP Blocks 1a, 18 and 22 that would allow an increase in allowable office space and residential units, elimination of the hotel use in Block 18, a reduction in allowable retail space and modified development standards including increased building height.

PROCESS

General Plan Amendment Initiation (GPI) requests are heard on a quarterly basis through a recommendation from the Planning Commission and then action by the City Council. This initiation process also applies to initiation of Specific Plan Amendments. The process for considering a Specific Plan Amendment (SPA) begins with a written request from a property owner or applicant. If City Council approves the SPI, a formal application for a SPA can be filed by the property

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owner/applicant. While the SPA application is in process, the applicant may also file development applications with the Planning Division, for concurrent processing. However, the City Council would need to approve the SPA and related rezoning before the project could be scheduled for a Planning Commission hearing.

The subject SPI request was submitted by two property owners, each of whom own two properties consisting of 1.15 acres of DSP Block 20, which is located on the east side of Mathilda Avenue between Olive Avenue and El Camino Real. The two sets of subject properties are not adjacent to each other. Attachment 2 is a map of the Downtown Specific Plan area showing all active applications; Attachment 3 is a map of the Downtown Specific Plan districts.

EXISTING POLICY

The General Plan is the primary policy plan 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 recently adopted Land Use and Transportation Chapter within the General Plan creates an integrated set of policies to guide land use, development, and transportation choices with a horizon year of 2035. Specific Plans and other area plans provide a finer level of detail than the General Plan, particularly regarding land use and development standards and typically these plans have unique design goals and standards for the area.

A few of the relevant Goals and Policies from the General Plan and Downtown Specific Plan are listed below. A more comprehensive list is in Attachment 4.

GENERAL PLAN: LAND USE AND TRANSPORTATION CHAPTER

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.*

GOAL LT-11: *Supportive Economic Development Environment - Facilitate an economic development environment that supports a wide variety of businesses and promotes a strong economy within existing environmental, social, fiscal, and land use constraints.*

DOWNTOWN SPECIFIC PLAN

The vision for the Downtown Specific Plan area is encapsulated into a single statement:

“An enhanced, traditional downtown serving the community with a variety of destinations in a pedestrian-friendly environment.”

GOAL B: *Establish the Downtown as the cultural, retail, financial and entertainment center of the community, complemented by employment, housing and transit opportunities.*

POLICY B.1. Encourage mixed uses throughout the downtown when consistent with the district character.

GOAL D: *Protect and enhance existing neighborhoods.*

GOAL E: *Improve the street character.*

ENVIRONMENTAL REVIEW

The decision to initiate a Specific Plan Amendment study does not require environmental review under the California Environmental Quality Act (CEQA) because the mere initiation of a study does

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

DISCUSSION

DSP Overview

One purpose of the DSP is to strengthen the mix of uses through a series of districts. The DSP states that “promoting mixed uses in the districts is a key feature of the future downtown as it creates a lively street scene, increases walkability, reduces dependence on the automobile, and provides for higher density housing in proximity to mass transit.” The City Council may approve a Specific Plan Amendment upon finding that the amendment, as proposed, changed, or modified is deemed to be in the public interest.

Block 20

Block 20 is the southern-most block of the DSP and is an important interface for the Downtown sites and El Camino Real, as a gateway to Downtown Sunnyvale as well as the current and future Civic Center. As shown in Attachment 7, Block 20 is separated from Taaffe Avenue, part of the Taaffe-Frances Heritage Housing District by a two-story apartment complex zoned R-4 and a 3-story office building (fronting El Camino Real) zoned Office/ El Camino Real (O/ECR). Any future development on Block 20 would need to be respectful of the residences to the east.

The DSP divides the land use on Block 20, with approximately 1.56 acres in the northern half of the block intended for high density residential and 0.93 acres in the southern portion intended for office and commercial uses. The block consists of seven developments, including one recently completed condominium (residential and office) site. The block is approximately 865 feet in length and 128 feet wide with an overall area of 2.5 acres. The block is bounded by S. Mathilda Avenue to the west, Olive Avenue to the north, two-story apartment complex and a three-story office building to the east, and El Camino Real to the south. The existing land uses include residential, commercial and offices.

All the properties in Block 20 have frontage on Mathilda Avenue which is a primary entrance corridor to Downtown. Mathilda Avenue is a major arterial for regional traffic as well as a gateway to Downtown. Mathilda Avenue is the widest street in the DSP.

- Building heights should step down from a maximum of 100 feet in Block 1 to 30 feet at the intersection of Mathilda and El Camino Real.
- Primary corners should retain retail spaces oriented towards Mathilda. These uses should wrap the corner a minimum of 20 feet.
- Additional vehicle access points on Mathilda are discouraged.

Existing Land Uses and DSP Block 20 Build-out

The following table lists the uses and building area or number of units for each property in Block 20 and shows total buildout for the Block:

Table 1: Summary: Block 20 Existing Office/Commercial Square Footage and Residential Units

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Address	Lot size (ac)	Existing Use	Existing Office (SF)	Existing Res. (Units)
*510	0.33	Office and commercial	8,883	0
*528	0.42	8-unit apartment	0	8
538-560	0.44	15 residential + one office condominiums	5,500	15
*562	0.15	Single family home	0	1
*566	0.29	Medical office	3,190	0
584	0.37	Professional/medical office	3,665	0
598	0.56	Bank	7,082	0
Total	2.56		28,32024	
		Current DSP Block 20 Limits	16,400	51

*Subject Properties

Although the existing office square footage appears to exceed the maximum allowed for Block 20, the DSP anticipated that existing offices in the northern half of the block would redevelop as residential. The original assumptions and analysis for Block 20 also did not include the bank building in the total square footage for office space. The bank is considered commercial/retail, and retail allowances were not included on the table.

Project Area 1: 510 and 528 S. Mathilda Avenue (southeast corner of S. Mathilda Ave. and Olive Ave). A redevelopment application for the 0.72-acre site at 510 and 528 S. Mathilda Avenue properties (SiliconSage) is under review; it includes demolition of the Mezzetta office building and adjoining eight-unit residential apartment complex and construction of a new 38-unit residential project with three-stories and underground parking (with no office space).

If the SPA is initiated to allow more office space and residential units in Block 20, the applicant would revise the pending residential project to allow the following:

- 5-story building with four residential floors and 52 dwelling units (70 units/acre)
- 10,000 square feet of ground floor office use

Project Area 2: 562 and 566 S. Mathilda Avenue (midblock and current location of a medical office and single family home)

The applicant for 562 and 566 S. Mathilda Avenue (Shawn Karimi) proposes to remove the existing MRI office building and adjoining single family dwelling on the 0.43-acre site and redevelop the properties with the following:

- 5-story building with 36 units (82 units per acre)
- 10,000 square feet of office use

The DSP amendment initiation request is prompted by two property owners who would like to maximize their properties but also increase their existing office area. Both proposals would require changes to the allowable intensities and development standards. There are three parts to the SPI request:

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1. Increase the allowable office/commercial space;
2. Increase the allowable number of residential units; and,
3. Modify the development standards to address changes in land use, including an increase in allowable height.

Remainder of Block 20: 538-560, 584 and 598 S. Mathilda. It is not expected that there is any interest to redevelop the recently completed mixed office/residential site at 538-560. There may, however be interest in the two southern properties (dental office building and a bank), which have somewhat modest floor Area ratios (FAR) of 28% and 23%. A Specific Plan Amendment study could include an analysis of the entire block, including these two sites.

Summary of Requested Specific Plan Initiation: The resulting request to accommodate the two proposals are:

- Increase the number of allowable residential units from 51 to 103 (buildout of additional 52 net new units)
- Increase to the square footage of office/commercial allowed to from 16,400 to 36,500 (buildout of additional 20,000 and net new of 8,000 square feet); and,
- Allow an increase in building height to allow up to five stories, currently limited to three stories and 30 feet (northern portion of block) or 40 feet (southern portion of block).

Options

The Downtown area is undergoing dynamic changes that are responsive to the current market conditions. Based on the objectives of the property owners to expand their existing office, general inquiries to relocate existing small offices or find suitable locations for small incubator businesses, as well as general feedback to provide more housing, there is a demand for change in Block 20. A study could be helpful to review and evaluate the market demand and potential for this area and determine what the appropriate mix of retail, office, housing and parking would be for Block 20.

Option 1. Study Applicants' request

- a) Change Primary Uses land use designation from High Density Residential/Office to Mixed Use;
- b) Increase maximum number of residential units from 51 to 103;
- c) Increase maximum office area from 16,400 square feet to 36,500 square feet;
- d) Allow additional residential units consistent with the DSP Transit Mixed Use Designation (65 units to the acres);
- e) Increase height limit from three stories and 40 feet maximum to five stories and 50 feet;
- f) Create development standards and design guidelines for proposed changes;
- g) Coordinate associated studies such as traffic analysis, market and fiscal analyses, environmental, public infrastructure and utility capacity, and parking, etc.; and,
- h) Coordinate community outreach and engagement.

Option 2. Expand the study area to all of Block 20 Study Applicants' request

- a) This option would look at all of the items listed in Option 1; however, the entire block would also be considered for potential changes in allowable residential and office/commercial land uses.

Option 3. Study an increase in office square footage but not residential units:

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- a) This option would look at all of the items listed in Option 1; however only office/commercial land uses will be studied;
- b) This option would still allow a three story 38-unit residential project on the north end of Block 20 and could also include an office component;
- c) The option would consider allowing the property at 562 and 566 S. Mathilda Avenue to redevelop with increased office area (with no residential units).
- d) This option could include the expanded area in Option 2.

Option 4. Study an increase in residential units but not office square footage:

- a) This option would look at all of the items in Option 1 however only additional residential uses will be studied;
- b) This option could result in additional housing throughout Block 20;
- c) The option could not allow the property at 562 and 566 S. Mathilda Avenue to redevelop to additional office area.
- d) This option could include the expanded area in Option 2.

Option 5. Study an increase in office area and residential units, but no increase in height:

- a) This option would modify any of the above options and maintains the current three story and 30-40 -foot height limit;
- b) This would allow additional redevelopment.

Option 6. Do not initiate a SPA study:

The City Council is scheduled to consider these SPI requests on May 8, 2018. If the City Council's action is to initiate the SPA, it would authorize staff to accept formal applications and to commence the study. The formal application will allow staff to analyze several aspects of the proposals, including environmental, market and fiscal analyses. Community outreach and engagement are also necessary to assess the community feedback regarding for these changes.

FISCAL IMPACT

Initiating a Specific Plan Amendment study does not have a fiscal impact on the City. All technical reports related to the study will be paid for by the applicants. Staff recommends that if the SPA is initiated there should include a market analysis and a fiscal analysis to help determine the long-term costs and benefits to the City if there are land use changes or intensification. The potential for community benefits would also be evaluated as part of the studies.

PUBLIC CONTACT

Public contact was made through posting of the Planning Commission agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available in the Reference Section of the City Library, the Office of the City Clerk and on the City's website. A display ad was placed in the Sunnyvale Sun Newspaper. Notices were sent to property owners and tenants within 1,000 feet of DSP Block 20. The Downtown Association was also advised of this request.

ALTERNATIVES

Recommend to City Council that City Council:

1. Initiate a Downtown Specific Plan Amendment study to consider amending the Downtown

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Specific Plan and provide direction to study/coordinate:

- a) Entire Block 20
 - b) Change to Primary Uses land use designation from High Density Residential/Office to Mixed Use;
 - c) Increase in maximum number of residential units, before any allowed density bonuses from 51 to 103 and densities no greater than the DSP Transit Mixed Use Designation (65 units to the acres);
 - d) Increase in maximum office/commercial area from 16,400 square feet to 36,500 square feet;
 - e) No increase in height limit;
 - f) Updated development standards and design guidelines for proposed changes;
 - g) Traffic analysis, market and fiscal analyses, environmental, public infrastructure and utility capacity, and parking, etc.; and,
 - h) Community outreach and engagement.
2. Alternative 1, with modifications, such as applicants' requests for additional height or that the land uses to be studied would only apply to their properties.
 3. Do not initiate a Specific Plan Amendment study and leave the current development capacity, land uses and development standards in place.

STAFF RECOMMENDATION

Alternative 1: Initiate a Downtown Specific Plan Amendment study to consider amending the Downtown Specific Plan and provide direction to study/coordinate:

- a) Entire Block 20
- b) Change to Primary Uses land use designation from High Density Residential/Office to Mixed Use;
- c) Increase in maximum number of residential units, before any allowed density bonuses from 51 to 103 and densities no greater than the DSP Transit Mixed Use Designation (65 units to the acres);
- d) Increase in maximum office/commercial area from 16,400 square feet to 36,500 square feet;
- e) No increase in height limit;
- f) Updated development standards and design guidelines for proposed changes;
- g) Traffic analysis, market and fiscal analyses, environmental, public infrastructure and utility capacity, and parking, etc.; and,
- h) Community outreach and engagement.

Staff is supportive of studying additional housing opportunities in Block 20 and to consider small increase in allowable office/commercial redevelop to allow existing businesses to expand and to increase housing availability. Staff is concerned that buildings five stories and up to 55 feet in height may not be compatible with the nearby residential development; staff is concerned with the residential densities requested from the applicants. The adjoining residential neighborhood includes two-story apartments less than 30-feet in height and east of that the Taaffe-Frances Heritage neighborhood with one and two-story heritage homes. Further staff finds that considering the remaining two properties closest to El Camino would provide a more cohesive review of the land uses on this block.

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Reviewed by: Gerri Caruso, Principal Planner

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Reviewed by: Andrew Miner, Assistant Director, Community Development
Reviewed by: Trudi Ryan, Director of Community Development
Approved by: Kent Steffens, City Manager

ATTACHMENTS

1. Reserved for Report to Council
2. Map of Active Downtown Specific Plan Projects
3. Downtown Specific Plan Block Map
4. Relevant General Plan and DSP Policies
5. Applicant's request Letter
6. Conceptual plans
7. Nearby Land Uses Block 20