



City of Sunnyvale

Agenda Item

24-0412

Agenda Date: 4/22/2024

REPORT TO PLANNING COMMISSION

SUBJECT

Proposed Project: Related applications on three sites totaling 1.74 acres:

GENERAL PLAN AMENDMENT: Amend the General Plan land use designation from Commercial to either Medium Density (15-24 du/ac) or High Density (25-36 du/ac) Residential.

REZONE: Rezone from Neighborhood Business with a Planned Development combining district (C-1/PD) to either Medium Density Residential (R-3) or High Density Residential (R-4) with a Mixed Use (MU) and Planned Development (PD) combining district.

File #: 2022-7146

Location: 1313 South Wolfe Road (APNs 309-10-026 and 309-10-027) and 898 East Fremont Avenue (APN 309-10-015)

Current Zoning: C-1/PD (Neighborhood Business with a Planned Development combining district)

Applicant / Owner: 4Terra Investments (applicant)/Desmond Family Real Estate Limited Partner (Owner)

Environmental Review: Mitigated Negative Declaration

Project Planner: Mary Jeyaprakash, (408) 730-7449, mjeyaprakash@sunnyvale.ca.gov

REPORT IN BRIEF

General Plan: Commercial (all properties)

Zoning: C-1/PD (all properties)

Existing Site Conditions: Automobile service station/gas station, with grocery sales (898 East Fremont Avenue, APN 309-10-015); vacant parcel (1313 South Wolfe Road, APN 309-10-026); drive-through restaurant, operated by Wendy's (1313 South Wolfe Road, APN 309-10-027)

Surrounding Land Uses:

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Surrounding Parcels	Existing Uses	Zoning	General Plan Designation
North	Medical Office (across East Fremont Avenue), <i>approved for redevelopment as private open space for "Butchers Corner" site redevelopment</i>	ECR-R-3 (El Camino Real-Medium Density Residential)	El Camino Real Specific Plan
West	Multi-family condominiums	R-4/PD (High Density Residential/Planned Development combining district)	High Density Residential
South	Multi-family apartments	R-3 (Medium Density Residential)	Medium Density Residential
East	Hotel (across South Wolfe Road)	ECR-C (El Camino Real-Commercial)	El Camino Real Specific Plan

Issues: Land use compatibility, future redevelopment potential

Staff Recommendation: Recommend to the City Council Alternative 1:

- a. Make the Findings required by CEQA (Attachment 3) and Adopt the Mitigated Negative Declaration (Attachment 10);
- b. Adopt a Resolution (Attachment 4) to Amend the General Plan Designation for the two parcels at 1313 South Wolfe Road from Commercial to Medium Density Residential;
- c. Make the Finding that the General Plan Amendment and Rezoning is deemed to be in the public interest (Attachment 3); and
- d. Introduce an Ordinance (Attachment 5) to Rezone 1313 South Wolfe Road (APN 309-10-026) from Neighborhood Commercial with a Planned Development Combining District (C-1/PD) to Medium Density Residential with a Mixed-Use Combining District (R-3/MU) and 1313 South Wolfe Road (APN 309-10-027) from C-1/PD to Medium Density Residential with a Planned Development Combining District (R-3/PD).

Detailed recommendations are listed in the Alternatives section of the Staff report.

The City Council is scheduled to consider this item on May 7, 2024.

BACKGROUND

On September 28, 2021, the City Council authorized a General Plan Amendment Initiation study (RTC No. 21-0821) for two parcels totaling 1.2 acres at 1313 South Wolfe Road to study a change from its General Plan land use designation of Commercial to Medium Density [15-24 dwelling units per acre (du/ac)] or High Density Residential (25-36 du/ac) with a nonresidential mixed-use component pursuant to the applicant’s proposal. Staff recommended the commercial component to be at least 10% floor area ratio (FAR), consistent with the minimum commercial FAR for the Village Center Mixed Use properties. The Council’s motion also included expanding the study area to the 0.54-acre parcel to the north at 898 East Fremont Avenue to result in a coherent long-term plan. The Council also discussed the lack of development interest in the vacant parcel at 1313 South Wolfe

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Road.

See Attachment 2 for the noticing and vicinity map showing the study area.

The applicant (representing the property owner of the two 1313 South Wolfe Road sites) subsequently applied for the General Plan Amendment (GPA) and Rezoning (RZ) on March 9, 2022.

Conceptual Development Project at 1313 South Wolfe Road

If the GPA and RZ are approved, a Special Development Project (SDP) application and project-specific environmental review would be required for proposed redevelopment. The applicant's conceptual proposal consists of demolishing the existing drive-through restaurant and constructing a mixed-use development on the two parcels at 1313 South Wolfe Road with 2,000 square feet of commercial retail area (9.5% FAR of the vacant site) and 27 residential townhomes (22.5 du/ac across both sites). The proposal does not include development of the gas station site at 898 East Fremont Avenue. See Attachment 7 for the Applicant's Conceptual Site Plan.

The proposed townhomes would be in eight, three-story buildings with maximum building heights up to 33 feet. The commercial retail space would be in a detached one-story building. Consistent with Council policy, if the General Plan and Zoning designation are amended to allow residential development, the specific project would be considered at a separate public hearing (with additional opportunities for public review) through the SDP process.

History of the Study Area and Land Uses

All three parcels in the study area currently have a Commercial General Plan land use designation and a Neighborhood Business with a Planned Development combining district (C-1/PD) zoning designation. Site 1 is the parcel on the north (898 East Fremont Avenue) which has been developed with a gas station and minor vehicle repair since 1963. The convenience store at this site was added in 2008. Site 2 is the parcel in the middle (No address, but also designated as 1313 South Wolfe Road for this report, APN 309-10-026) and has been vacant since 2007; it was previously a surface parking lot for Site 3, the parcel on the south (also 1313 South Wolfe Road, APN 309-10-027), until Sites 2 and 3 were subdivided in 2007. Site 3 has been developed with a restaurant since 1979. The study area is bordered on the west side by high-density residential condominiums (5.6 total acres) and abuts medium-density residential apartments (3.8 total acres) to the south. The study area is at the intersection of East Fremont Avenue and South Wolfe Road. El Camino Real (State Route 82) is 0.1 mile north of the study area.

In 1963 the General Plan showed the area near Fremont Avenue as Neighborhood Commercial with high-density residential development to the west and south. The 1972 General Plan designated the gas station parcel and the parcel to the south (Sites 2 and 3) at 1313 South Wolfe Road as Commercial. In 1979, the parcels were rezoned from C-1 to C-1/PD. In 2007, 1313 South Wolfe Road was subdivided into two parcels (current Sites 2 and 3).

In 2015, Site 2 had an application for a two-story 8,973 sq. ft. commercial auto parts retail building that was withdrawn. Unrelated to the subject project, there is a development application proposed on Site 1 to redevelop the existing gas station into a new gas station with a convenience store and take out restaurant (Planning file # 2016-7978) which is estimated to be reviewed by the Planning Commission in spring/summer 2024. That project has required several rounds of resubmittals and has also taken additional time to provide a land dedication required for future Wolfe Road

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improvements.

EXISTING POLICY

The General Plan is the primary 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 General Plan Land Use and Transportation (LUTE) Element includes an integrated set of policies to guide land use, development, and transportation choices with a horizon year of 2035. The LUTE has several policies to improve the jobs-to-housing ratio, promote increases in housing development, support new office and industrial uses, and ensure coordinated development with community benefits.

See a full list of relevant General Plan policies in Attachment 8 with key goals and policies below:

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

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

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.

Policy LT-11.2: Support a full spectrum of conveniently located commercial, mixed-use, public, and quasi-public uses that add to the positive image of the community.

General Plan Land Use and Zoning Designations

The Commercial General Plan land use designation that applies to the study area supports retail and service uses, such as restaurants, entertainment, and small offices. The General Plan states that residential uses in the C-1 zoning district may be considered through a General Plan Initiation, or in some cases a rezoning, but only if the site is not isolated and when adequate residential services (e.g. retail, parks, and schools) are available nearby. The C-1 zoning designation allows low-scale neighborhood-serving commercial uses such as grocery stores, retail, personal services, recreational studios, and tutoring. Residential uses are not permitted in C-1, except caretaker residences, ancillary to a permitted use. Attachments 4 and 5 include General Plan land use and Zoning maps of this area.

ENVIRONMENTAL REVIEW

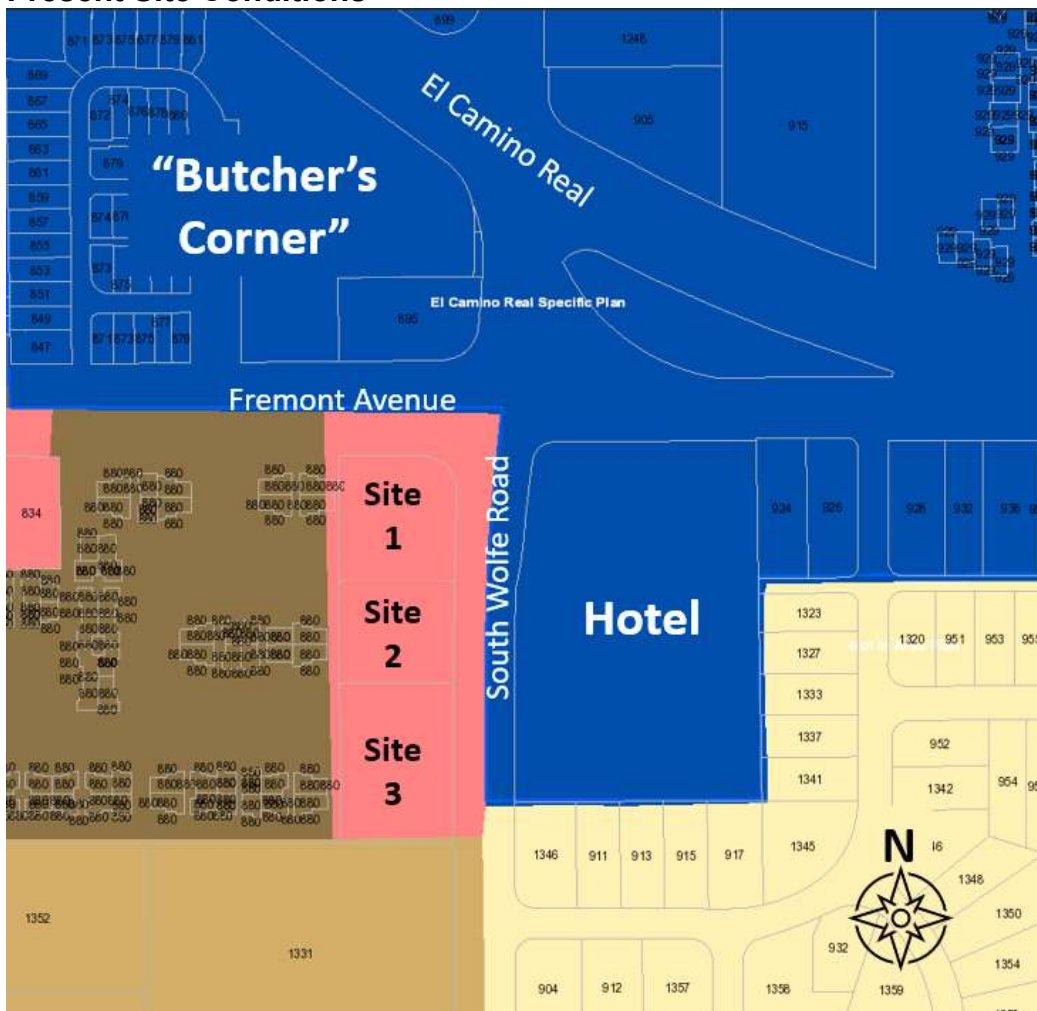
A Mitigated Negative Declaration has been prepared and published in compliance with California Environmental Quality Act (CEQA) provisions and City guidelines (see Attachment 10). The City's environmental consultant, David J. Powers & Associates, Inc., prepared an initial study and determined that the proposed GPA/ RZ and construction of the reasonably foreseeable development project would have a potentially significant impact for construction noise. Implementing standard noise control mitigation measures during construction would reduce these impacts to a less than significant level. These measures will be required as conditions of approval for the future development permit. The City's General Plan also includes policies to protect a development project from existing conditions, such as existing traffic noise, air quality, and soil contamination from

previous agricultural uses. The policies include requirements for interior and exterior noise controls, air filtration systems within units, and soil remediation. These measures will also be required as conditions of approval as part of the future development permit.

A traffic study was not required since the proposed land use changes would not result in a significant increase in net new peak hour vehicle trips (less than the threshold of 100 AM and PM peak hour trips per the City's Transportation Analysis Guideline). A vehicle miles traveled (VMT) analysis is also not required per Council Policy 1.2.8 because the project site is located in the area where average VMT/capita is 15% below the Countywide VMT Baseline Average. However, a survey of the adjacent roads and intersection will be required during the development project review to determine the required right-of-way dedication that is needed along South Wolfe Road and East Fremont Avenue for the streetscape and intersection improvements, per the South Wolfe Road Corridor Traffic Study.

DISCUSSION

Present Site Conditions



Site 1 (898 East Fremont Avenue, APN 309-10-015): This parcel is developed with an automobile service station/gas station with eight fueling stations and a convenience store located at the north edge of the study area. The parcel is a corner lot at the southwest corner of South Wolfe Road and

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East Fremont Avenue. The lot size is 23,752 square feet (0.54 acres). There is an existing masonry wall along the west property line. Vehicular access is from both South Wolfe Road and East Fremont Avenue. There is no separate onsite pedestrian pathway connecting the gas station to the public sidewalks.

The parcel is bounded by two and three-story multi-family condominiums to the west; Site 2 to the south; a hotel across South Wolfe Road to the east and medical offices across East Fremont Avenue to the north. The medical offices are due to be demolished and used as open space as part of the “Butcher’s Corner” redevelopment.

Site 2 (1313 South Wolfe Road [north parcel], APN 309-10-026): This is a vacant parcel, bordering the south side of Site 1 and South Wolfe Road. The lot size is 20,909 square feet (0.48 acres). There is a masonry concrete wall along the west property line. The parcel has no direct vehicular access from South Wolfe Road due to an existing Santa Clara Valley Transportation Authority (VTA) bus stop and duck-out along the South Wolfe Road frontage.

The parcel is bounded by two and three-story multi-family condominiums to the west; Site 3 to the south; a hotel across South Wolfe Road to the east; and Site 1 to the north.

Site 3 (1313 South Wolfe Road [south parcel], APN 309-10-027): This parcel is developed with an approximately 2,600 square foot drive through restaurant, bordering the south side of Site 2 and along South Wolfe Road. The restaurant building is located towards the northeast portion of the site. The lot size is 31,363 square feet (0.72 acres). There is an existing masonry wall along the west and south property lines. There are two vehicular access points along South Wolfe Road and there is no separate pedestrian pathway from the public sidewalk.

The parcel is bounded by two and three-story multi-family condominiums to the west; two-story multi-family apartments to the south; a hotel across South Wolfe Road to the east; and Site 2 to the north.

The study area contains 29 trees, including 15 protected trees that have trunk circumferences of 38 inches or greater as measured 4.5 feet above grade. There are no City street trees along South Wolfe Road or East Fremont Avenue for any of the parcels.

Transit and Neighborhood Services

A VTA bus stop (Route 56) is located in front of Site 2 along South Wolfe Road. A VTA bus stop for Frequent Route 22 and Rapid Route 522 bus lines along El Camino Real are approximately 0.1 miles away. The nearest VTA light rail station (Fair Oaks) is located 3.9 miles to the north at Fair Oaks Avenue and Tasman Drive. The study area is also served by bicycle lanes along East Fremont Avenue and South Wolfe Road, which connect the study area with major roads in the immediate vicinity.

The nearest neighborhood shopping is located within 0.1 miles walking distance at East Fremont Avenue and Kingfisher Way. There is also neighborhood shopping located within 0.2 miles walking distance at El Camino Real and South Wolfe Road. There are community serving retail uses along El Camino Real within a half mile of the study area.

Economic Evaluation Summary

The City’s economic consultant, Strategic Economics, prepared market, feasibility, and fiscal impact

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analyses for the proposed land use and zoning amendments (Attachment 9). Retail and residential market demands for the study area are based on an analysis of local market trends and input from local brokers and developers. The feasibility analysis is based on the costs of construction, the rents that tenants would pay, property layout and accessibility, and the types of tenants that the property is expected to attract. The fiscal impact analysis measures the impact of new development and associated municipal services on the City's General Fund.

The City commissioned Cannon Design Group to prepare initial land use and site plan options to help Strategic Economics evaluate the market demand, development feasibility, and fiscal impacts of each of the following options.

- Option 1: Commercial (C-1) on all three sites (existing zoning);
- Option 2: Freestanding commercial (C-1) on Sites 1 and 2, and townhomes on Site 3 (R-3, at 18 units per acre);
- Option 3: Medium-density rental apartments (24 units per acre) and ground-floor commercial (R-3/MU) on all three sites;
- Option 4: High-density ownership condominiums (30 units per acre) and ground-floor commercial (R-4/MU) on all three sites; and
- Option 5: High-density rental apartments (R-4 at 36 units per acre) on all three sites.

Key findings are as follows:

- **Commercial Use:**
 - The sites are best suited for convenience-based retail uses (fast-food, coffee shops, salons), due to the high visibility and traffic along East Fremont Avenue and South Wolfe Road and new households onsite.
 - A strip center or drive-through retail would more likely succeed than ground-floor retail, due to the automobile-oriented nature of this location.
 - Despite demand, future retail uses would likely generate a net loss and are not financially feasible to develop on their own.
 - The existing uses (Option 1) generate the highest positive net fiscal impact on the City's General Fund because there are not currently any residential service demands onsite.
- **Residential Use - Medium Density Residential:**
 - The sites are desirable for residential development due to the quality of nearby schools and access to employment centers.
 - Townhomes are the most financially feasible residential uses, due to higher sale prices, lower construction costs, and more flexible placement on site.
 - Townhomes with freestanding commercial (Option 2) would generate a positive impact on the City's General Fund.
- **Residential Use - High Density Residential:**
 - Site constraints such as soil remediation needs for Site 1 and overall site size (less than 2 acres) and layout (linear with narrow width) makes the study area unsuitable for the podium construction type associated with High Density Residential (Options 4 & 5).
 - Housing projects built above podium parking (Options 4 & 5) would be successful if built at higher densities than allowed by High Density Residential zoning (currently 36 du/ac).
 - Rental apartments (Options 3 & 5) are not financially feasible to develop, due to limitation in achievable rents, greater affordability requirements, and higher construction costs than townhomes.

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- Ownership condominiums (Option 4) would generate a neutral impact and rental apartments (Option 5) would generate a negative impact on the City's General Fund.

The economic evaluation report concludes that evidence of demand for retail uses does not imply that a new standalone retail development would be financially feasible to develop on the study area sites. The evaluation supports limited retail area due to its low development feasibility. The evaluation also supports medium density townhomes and not rental or podium style homes typically associated with Higher Density Residential zoning, due to combination of factors such as low development feasibility and negative fiscal impact to the City's General Fund.

Residential Land Use

The following questions are typically used in evaluating proposed land use amendments from nonresidential to residential.

Does the City desire the sites to stay commercial to meet General Plan goals for a healthy and diverse economy?

The applicant, who owns Sites 2 and 3, has noted challenges with leasing and redeveloping their sites to commercial-only uses, evidenced with Site 2 being vacant since 2007. There were approvals for additions to the drive-through restaurant in 1989 and 2016, that were never built. There was an approval for a new office building on the vacant site in 2001 but it was never built. In 2015, the City received an application for a new retail building on the vacant site, but the application was later withdrawn.

The existing commercial area within all three sites is approximately 5,000 square feet (2,600 square feet of drive-through restaurant area at Site 3 and 2,400 square feet for the gas station/convenience store at Site 1). If the proposed GPA and RZ are approved, the applicant intends to demolish the existing drive-through restaurant and construct a new mixed-use development. If a mixed-use combining district is applied to Site 2 as proposed, the required commercial component could consist of approximately 2,090-5,220 square feet (10-25% FAR of Site 2). The commercial component would be comparable in size to the loss of the existing restaurant. Staff finds that changing the land use from commercial-only to residential with a mixed-use commercial component would not be detrimental to General Plan goals for a healthy and diverse economy.

Are the sites suitable for residential uses?

Phase I Environmental Site Assessments (ESAs) were conducted to evaluate whether the sites have contamination from previous uses. The Phase I ESA for study area concluded that Sites 2 and 3 are suitable for residential use. However, Site 1 is currently used as a gas station and any future redevelopment would necessitate health risk assessment and mitigation measures, due to the potential for presence of petroleum hydrocarbons and volatile organic compounds in the soil, soil vapor, and/or groundwater. There are recommended site cleanup measures for Site 1 that would be required as conditions of approval for a subsequent development permit.

Staff has not identified any concerns with the ability of existing infrastructure to support residential development. The developer would be responsible for off-site improvements as identified through the SDP review process. Water and sewer capacity analyses were conducted for the study area to analyze impacts from the proposed land use amendments and concluded there is sufficient capacity, not resulting in any deficiencies. A consistency analysis based on the details of specific development project(s) will be conducted during the SDP stage. Anticipated improvements include providing a new

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curb, gutter, sidewalk, tree wells, and street dedication for intersection and streetscape improvements; upgrading existing streetlight fixtures along the project frontage; undergrounding utilities; and providing new domestic water, sewer, and fire service lateral lines.

Are the adjacent uses compatible with residential and at what density?

The adjoining land uses of the study area sites are high-density condominiums to the west, and medium-density apartments to the south. Medium or high-density residential land uses would be compatible with the overall neighborhood consisting of a variety of residential densities.

Medium Density Residential/R-3: The Medium Density Residential General Plan land use category allows 15 to 24 du/ac, and is implemented by the R-3 zoning district, which allows up to 24 du/ac. The category is typically used for condominiums, townhomes, and apartments, constructed at heights up to three stories and 35 feet. Preliminary calculations of the maximum allowable residential units without a state density bonus under this designation would be 29 (12 units for Site 2 and 17 units for Site 3). General Plan Policy HE-4.3 requires new developments to build to at least 75% of the maximum density, which would be 21 total units. See Attachment 6 for the R-3 development standards.

Staff finds that R-3 density is compatible with the neighborhood because the multi-family apartments to the south of the study area and row of duplex homes across Kingfisher Way, are also zoned R-3. Out of the two residential densities considered, R-3 would also be more fitting due to limitations with the shape and size of the study area parcels. The sites are linear with narrow widths (150') which are more appropriate for medium density residential product types with flexible layouts, such as townhomes. This density also ranked high in the economic evaluation for providing highest development feasibility while providing a positive fiscal impact to the City's General Fund. The study also states that development feasibility will decrease considerably when the density increases beyond R-3 density.

High Density Residential/R-4: The High Density Residential General Plan category allows 25 to 36 du/ac, and is implemented by the R-4 zoning district, which allows up to 36 du/ac. The category is typically used for condominiums and apartments, constructed at heights up to four stories and 55 feet. Preliminary calculations of the maximum allowable residential units without a state density bonus under this designation would be 44 (18 units for Site 2 and 26 for Site 3). Seventy-five percent of the maximum allowable units would be 33 total units. See Attachment 6 for the R-4 development standards.

The multi-family condominiums to the west of the study area are R-4, and there is a mix of R-3 and R-4 multi-family residential across East Fremont Avenue. If the interest is maintaining high density for the study area, R-4 density zoning may be considered. However, the linear and narrow width of the study area sites would pose site planning challenges to comply with parking, open space, and landscaping requirements. In addition, the economic evaluation indicates that high density apartments would not be feasible for development and would negatively impact the City's General Fund. For these reasons, staff does not recommend the High-Density Residential designations.

Mixed Use Combining District

Are the sites suitable for mixed-use?

In 2008, the City adopted an ordinance to create the Mixed Use (MU) combining district (Section 19.26.220 of the Sunnyvale Municipal Code) to be combined with R-3, R-4, and R-5 zoning districts.

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At the time of ordinance adoption, the City concurrently rezoned a mixed-use development site at 1275 and 1287 Lawrence Station Road. To date, the MU combining district has not been applied to other properties in the City.

The key provisions of the MU combining district are site distance within one-half mile to a major expressway or major transit stop (VTA light rail or Caltrain station); and lot sizes of at least two acres. Although the study area is located approximately 1.6 miles away from the nearest Caltrain station (Lawrence), it is located at the arterial intersection of South Wolfe Road and East Fremont Avenue, with a VTA bus stop along the South Wolfe Road frontage and pedestrian and bicycle connections to other VTA bus routes on El Camino Real. The El Camino Real corridor is also designated as a Transit-Rich and High-Resource Area in the regional Plan Bay Area 2050. Although the parcels are less than two acres, staff finds that the MU designation is suitable, as it is the only zoning designation outside of a specific/area plan and identified village center that would allow residential uses and require at least a 10% FAR commercial component.

The MU combining district would also require a minimum 10% and maximum 25% FAR of the site for commercial/office use, following the uses permitted in the C-1 zoning district. Limited commercial and office uses may be considered with a discretionary permit in standalone multi-family zoning districts, but are not required to be provided. The MU combining district is appropriate because it would ensure limited commercial area continues to be provided.

Are the adjacent uses compatible with mixed-use and at what intensity?

The existing gas station and drive-through restaurant have been providing services to the surrounding neighborhood for decades. The proposed residential density would mirror adjoining residential land uses and the MU combining district would require commercial/office area to continue to serve the surrounding area.

Proposed General Plan Amendment and Rezoning

Staff has studied potential land use scenarios for all three study area sites in accordance with City Council direction for the General Plan Amendment Initiation. Staff and the applicant have worked together to propose an appropriate General Plan and Zoning designation to meet mutual objectives. The proposed amendments to the General Plan land use designation for Sites 2 and 3 are from Commercial to Medium Density Residential with Rezoning from C-1/PD to R-3/MU (Site 2) and C-1/PD to R-3/PD (Site 3). The existing Planned Development combining district for Site 3 would be retained, which provides flexibility in development standards to help achieve superior community design and public benefit. The Planned Development combining district also allows the City to modify, add or make other limitations to the underlying zoning standards to better address site-specific and neighborhood conditions and to ensure neighborhood compatibility. Staff finds that the proposed General Plan and Zoning designations would create a more cohesive long term development plan for the study area.

No changes are proposed for Site 1. This site is currently owned and operated by a different owner. Site 1 has an active redevelopment application with the City to upgrade the fueling canopy, expand the convenience store, and add restaurant space. The Environmental Site Assessment states that due to possible ground contamination, Site 1 is not suitable for residential use without extensive mitigation. For these reasons, staff recommends Site 1 to retain the current Commercial General Plan and C-1/PD zoning designation.

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The proposed GPA and RZ for Sites 2 and 3 would facilitate future redevelopment proposals. If approved, residential uses with mixed-use (commercial) would be permitted and new all-commercial uses would be prohibited. The land use change would not be considered “spot zoning” because the amendments would be contiguous and nearly identical with the apartment site to the south of the study area.

FISCAL IMPACT

Changing the General Plan and Zoning of the two recommended parcels may encourage their redevelopment and/or sale. This would result in an increase in property tax revenues to the City, school districts and the County and could also result in a corresponding increase in demand for services. New construction would also provide construction tax. Though the proposed land use change to residential may seem to eliminate potential sales tax revenue, the commercial component from the mixed-use combining district could provide this revenue. In addition, the new residents would generate sales tax revenue by patronizing retail and restaurants in the area. Redevelopment with residential uses would also provide below market rate units.

Potential redevelopment to residential uses would be subject to park dedication in-lieu and transportation impact fees in addition to school fees and normal permit fees and taxes.

PUBLIC CONTACT

Neighborhood Outreach Meeting

The applicant held a community outreach meeting on January 18, 2024. Property owners and tenants within 1,000 feet of the study area were notified. The applicant introduced their proposal with conceptual plans and City staff explained the review process.

Approximately 15 community members attended the meeting. There was general support for the change in land use from commercial to residential with a mixed-use component. There were mixed opinions on the appropriate residential density, concerns about ongoing construction on South Wolfe Road, and a desire for pedestrian safety measures due to concerns with existing higher rates of traffic.

Staff received three emails from members of the public after the neighborhood meeting (Attachment 11). One commented that this proposal would increase on-street parking demand in the adjacent neighborhoods. Another was concerned about the loss of commercial space for additional housing. The third felt that a mixed-use project would be the most appropriate for the project area.

Environmental Review

The City posted a Notice of Intent (NOI) to Adopt a Mitigated Negative Declaration (MND) from February 16 to March 18, 2024, in compliance with the provisions of CEQA. No comments were received as of the date of the staff report preparation.

Native American Tribal Outreach per State of California SB 18 and AB 52

As required by state law and CEQA, the City sent consultation letters to local Native American tribes on September 13, 2023. No requests for consultation were received.

Notice of Public Hearings, Staff Report, and Agenda

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- Published in the *Sun* newspaper;
- Posted on the City of Sunnyvale's website;
- Agenda posted on the City's official notice bulletin board;
- Notice boards posted at the 1313 South Wolfe Road and 898 East Fremont Avenue sites;
- 2,174 notices were mailed to property owners and tenants within 1,000 feet of the project as shown in Attachment 2; and
- Provided at the Reference Section of the City of Sunnyvale's Public Library.

As of the date of staff report preparation, staff has not received any additional letters/emails from the public.

ALTERNATIVES

Recommend to the City Council actions related to the General Plan Amendment and Rezoning:

1. Take the following actions:
 - a. Make the Findings required by CEQA (Attachment 3) and Adopt the Mitigated Negative Declaration (Attachment 10);
 - b. Adopt a Resolution (Attachment 4) to Amend the General Plan Designation for the two parcels at 1313 South Wolfe Road from Commercial to Medium Density Residential;
 - c. Make the Finding that the General Plan Amendment and Rezoning is deemed to be in the public interest (Attachment 3); and
 - d. Introduce an Ordinance (Attachment 5) to Rezone 1313 South Wolfe Road (APN 309-10-026) from Neighborhood Commercial with a Planned Development Combining District (C-1/PD) to Medium Density Residential with a Mixed-Use Combining District (R-3/MU) and 1313 South Wolfe Road (APN 309-10-027) from C-1/PD to Medium Density Residential with a Planned Development Combining District (R-3/PD).
2. Make the Findings required by CEQA and Amend the General Plan Designation for the two parcels at 1313 South Wolfe Road from Commercial to High Density Residential; and Rezone 1313 South Wolfe Road (APN 309-10-026) from C-1/PD to High Density Residential with a Mixed-Use Combining District (R-4/MU) and Rezone 1313 South Wolfe Road (APN 309-10-026) from C-1/PD to High Density Residential with a Planned Development Combining District (R-4/PD).
3. Make the Findings required by CEQA and Amend the General Plan Designation of all three parcels in the study area from Commercial to Medium Density Residential and Rezone from C-1/PD to R-3/PD.
4. Make the Findings required by CEQA and Amend the General Plan Designation of all three parcels in the study area from Commercial to High Density Residential and Rezone from C-1/PD to R-4/PD.
5. Do not amend the General Plan Amendment or Zoning for the study area.
6. Do not make the CEQA Findings and direct staff as to where additional environmental review is required.

STAFF RECOMMENDATION

Alternative 1: Recommend to City Council to take the following actions:

- a. Make the Findings required by CEQA (Attachment 3) and Adopt the Mitigated Negative Declaration (Attachment 10);
- b. Adopt a Resolution (Attachment 4) to Amend the General Plan Designation for the two parcels at 1313 South Wolfe Road from Commercial to Medium Density Residential;
- c. Make the Finding that the General Plan Amendment and Rezoning is deemed to be in the

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- public interest (Attachment 3); and
- d. Introduce an Ordinance (Attachment 5) to Rezone 1313 South Wolfe Road (APN 309-10-026) from Neighborhood Commercial with a Planned Development Combining District (C-1/PD) to Medium Density Residential with a Mixed-Use Combining District (R-3/MU) and 1313 South Wolfe Road (APN 309-10-027) from C-1/PD to Medium Density Residential with a Planned Development Combining District (R-3/PD).

Staff recommends no land use changes for Site 1 and approval of the proposed medium-density residential General Plan and Zoning designations for Sites 2 and 3, as it would provide a contiguous General Plan land use designation and nearly identical zoning designation with the adjacent site to the south. The conversion of commercial to medium-density residential on these sites is appropriate because the sites are physically suitable for residential use, and the future uses would be compatible with the neighborhood. The proposed land use change will increase development feasibility without negatively impacting the City's General Fund. The proposed Mixed-Use combining district for Site 2 would result in new commercial areas comparable to the size of the existing commercial area, thereby supporting the General Plan goals for creating a diverse and balanced community. The Planned Development combining district is retained for Site 3 to help the project achieve superior design and provide community benefits. In addition, there are adequate controls in the Sunnyvale Municipal Code, Citywide Objective Design Standards, and the public discretionary review process to ensure neighborhood compatibility is properly addressed with future site-specific development proposals.

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Reviewed by: Christine Velasquez, Economic Development Manager
Reviewed by: Sarah Johnson-Rios, Assistant City Manager
Approved by: Kent Steffens, City Manager

ATTACHMENTS

1. Reserved for Report to Council
2. Noticing and Vicinity Map
3. Recommended Findings
4. Draft Resolution and Map
5. Draft Ordinance and Map
6. Table with Comparison of Development Standards
7. Applicant's Conceptual Site Plan
8. General Plan Goals and Policies
9. Economic Evaluation Report
10. Initial Study - Mitigated Negative Declaration
11. Public Comments