RESOLUTION NO. 1286-25

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SUNNYVALE TO ESTABLISH A RETAIL PRESERVATION INCENTIVE PROGRAM FOR CERTAIN VILLAGE CENTER SITES

WHEREAS, the City of Sunnyvale ("City") adopted the General Plan Land Use and Transportation Element ("LUTE") in 2017; and

WHEREAS, the LUTE established the Village Mixed-Use land use designation which is intended to provide neighborhood-serving commercial uses integrated with residential uses, to create an active, pedestrian-oriented place that supports a lifestyle with less reliance on a private automobile;

WHEREAS, a Village Center, as described in the LUTE, will not consist of any single new development, but is "intended to be a multi-acre, most likely multi-site or multi-corner area, typically at a major street intersection and strategically located near the crossroads of a neighborhood. Most areas identified to become Village Centers are occupied by existing older commercial uses with outdated, auto-oriented development forms. Development of the Village Centers will be market-driven over the lifespan of Horizon 2035 and beyond, but will be encouraged and facilitated by the zoning designations and development standards put in place by the City to implement the desired changes." (LUTE, p. 3-36); and

WHEREAS, the LUTE further emphasized the importance of maintaining retail uses on Village Mixed-Use sites: "Commercial uses are a critical component of these sites, and future mixed uses should include commercial components equal to a minimum of 10% of the lot area, up to a maximum of about 25%," together with residential uses "anticipated to achieve an average density of 18 dwelling units per acre (medium density)…." (LUTE, p. 3-88); and

WHEREAS, new State housing laws since 2017, together with State Density Bonus Law, allow developers to build housing without all of the envisioned features and amenities of Village Centers, including retail/commercial space; and

WHEREAS, in order to incentivize the preservation of retail/commercial uses when a Village Center site is redeveloped with housing, the City desires to create a program to allow such housing projects that include certain amounts of retail/commercial uses, to be approved with modified below-market-rate ("BMR") housing requirements and waivers of development standards, when proposed on smaller sites in neighborhoods with limited proximity to commercial/retail; and

WHEREAS, the proposed program is consistent with the previously certified environmental impact report for the Land Use and Transportation Element of the General Plan (LUTE EIR) and does not require additional environmental review pursuant to Section 15162 of the California Environmental Quality Act (CEQA) Guidelines; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SUNNYVALE HEREBY:

1. Adopts the Village Center Retail Preservation Incentive Program attached hereto as "Exhibit A."

2. Finds that the action is within the scope of and consistent with the previously certified LUTE EIR and does not require additional environmental review pursuant to CEQA Guidelines Section 15162.

3. This resolution shall be effective on the effective date of Ordinance No. 3239-25, introduced on March 18, 2025, concurrently with the adoption of this resolution.

Adopted by the City Council at a regular meeting held on March 18, 2025, by the following vote:

AYES:	KLEIN, SELL, CISNEROS, MEHLINGER, CHANG, LE
NOES:	NONE
ABSTAIN:	NONE
ABSENT:	SRINIVASAN
RECUSAL:	NONE

ATTEST:

DocuSigned by:
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DAVID CARNAHAN
City Clerk

APPROVED:

Signed by:
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LARRY KLEIN
Mayor

(SEAL)

APPROVED AS TO FORM:

DocuSigned by:
Rebecca Moon
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REBECCA L. MOON
City Attorney

EXHIBIT "A"

VILLAGE CENTER RETAIL PRESERVATION INCENTIVE PROGRAM

A. Qualifying Projects

Residential projects, including either ownership or rental units (or both), with a minimum residential density of 13 dwelling units per acre (for the entire project site), that provide commercial/retail uses greater than 5% of floor area (5% FAR), and are located on sites meeting all of the following criteria are Qualifying Projects under this program:

(1) The site has a General Plan land use designation of Village Mixed Use;

(2) The site is not identified in the Housing Element as available for lower income housing;

(3) The site is not located within 1,700 feet walking distance via public street from any C-1, C-2 or MP-AC zoned property (excluding properties in the same Village Center as the project site), as measured from the closest point of the C-1, C-2 or MP-AC zoned property to the farthest point of the project site;

(4) The site is located north of El Camino Real; and

(5) The site is located entirely within a Village Center, and that Village Center is no more than 6.0 acres in size.

B. Incentives

(1) Reduced BMR Requirements: Qualifying Projects shall comply with the following modified BMR requirements depending on the floor area ratio of the commercial/retail uses that will be included in the project:

a. Ownership housing projects:

Floor Area Ratio of Commercial / Retail uses	**BMR requirement**
Over 5% to 10% FAR	7.5% - affordable to Moderate income
Over 10% FAR	No requirement

b. Rental housing projects:

Floor Area Ratio of Commercial / Retail uses	**BMR requirement**
Over 5% to 10% FAR	5% - affordable to Low income; and 2.5% - affordable to Very Low income
Over 10% FAR	No requirement

(2) Waivers of Development Standards: Qualifying Projects may submit a proposal to waive or reduce any development standard that will have the effect of physically precluding the construction of the development. In approving a planning permit for such project, the director, planning commission or city council shall grant requested waivers or reductions of development standards that will have the effect of physically precluding the construction of the development.

(3) Concession: Qualifying Projects may submit a proposal for one (1) concession, which shall be considered and granted or denied with findings consistent with subdivision (d)(1) of Government Code Section 65915 (State Density Bonus Law). A "concession" as used herein shall have the same meaning as in subdivision (k) of the State Density Bonus Law. A concession shall not require the provision of direct financial incentives for the project, including the provision of publicly owned land, by the City, or the waiver of fees or dedication requirements. (Government Code Section 65915(l).)