



City of Sunnyvale

Agenda Item

25-0138

Agenda Date: 2/13/2025

2025 COUNCIL STUDY ISSUE

NUMBER

CDD 24-04

TITLE Peery Park Specific Plan Amendment (area east of Mathilda Avenue)

BACKGROUND

Lead Department: Community Development

Support Departments: Office of the City Manager
Office of the City Attorney
Department of Public Works
Finance Department

Sponsor(s): Councilmembers: Mehlinger, Klein, Cisneros, Srinivasan, Sell

History: 1 year ago: Ranked Below the Line
2 years ago: N/A

Council Strategic Priority: No
(At time of sponsorship)

SCOPE OF THE STUDY

What precipitated this Study?

The City continues to face a serious shortage of housing, a challenging Regional Housing Needs Assessment (RHNA), and a shortage of neighborhood retail. In addition, there have been numerous instances of crime originating in some of the motels currently located in the northeast portion of the Peery Park Specific Plan (PPSP) area, which are substantially incompatible with the adjacent residential uses. Replacing the motels in this portion of the PPSP with mixed-use development could provide additional retail and dining opportunities to Sunnyvale Neighbors of Arbor Including LaLinda (SNAIL) residents and Peery Park workers, improve nearby quality of life and property values, and provide badly needed housing.

Note that some parcels that have been recently renovated or constructed are included in the potential study area to maintain consistency and contiguity. Such parcels would not necessarily be the subjects for rezoning.

What are the key elements of the Study?

This Study Issue would examine amending the portion of the PPSP located East of Mathilda, most of which is zoned Peery Park Mixed Commercial Edge, between Mathilda Avenue and San Aleso Avenue. The current intent of this area is to provide services for Peery Park office uses, including hotels, office, and some neighborhood retail. The requested Study Issue is to study mixed-use housing and retail in this area (Attachment 1). There is also a site in the potential study area on the east side of San Aleso zoned Peery Park Neighborhood Transition (which allows 16-21 dwelling units

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per acre). As of November 2024, this site is used for the Pacific Autism Center for Education. An amendment to the PPSP could be based on the adopted El Camino Real Specific Plan (ECRSP), emphasizing stacked flat rental or ownership units with optional ground floor restaurant/retail space. As with the ECRSP, heights toward the “rear” of the area would be stepped down to ensure a smooth transition with existing nearby residential development.

Rezoning a property is a valuable tool to incentivize redevelopment, however there is not a guarantee that a site will redevelop or when redevelopment might occur. The study would try to explore the current lease terms for several of the properties in the potential study area and if there is interest from the property owners in future site redevelopment. The study would include a fiscal analysis of the potential loss of Transient Occupancy Tax (TOT) from redeveloped motels into residential-commercial mixed uses.

The work program would include:

- Refinement of the study area
- Market and fiscal impact analyses (including changes to TOT)
- Environmental review
- Transportation analysis
- Identification of appropriate residential densities and minimum retail
- Potential revisions to PPSP design and development standards
- Airport Land Use Commission (ALUC) review of additional height/intensity
- Community outreach (nearby property owners/tenants, SNAIL neighborhood association as well as other Citywide neighborhood associations, Peery Park TMA (if activated), and other interested parties)

Estimated years to complete study: 2 years

FISCAL IMPACT

Cost to Conduct Study

Level of staff effort required (opportunity cost):	Major
Funding Required for Non-Budgeted Costs:	\$375,000
Funding Source:	Will seek budget supplement - General Fund

Project funding is required to complete environmental analysis associated with a change in planned land use and to have a financial feasibility/cost impact analysis prepared.

Cost to Implement Study Results

Minimal or no cost expected to implement.

EXPECTED CITY COUNCIL, BOARD OR COMMISSION PARTICIPATION

Council-Approved Work Plan: Yes
Council Study Session: Yes
Reviewed by Boards/Commissions: Housing and Human Services Commission, Sustainability Commission, Planning Commission

STAFF RECOMMENDATION

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Defer. This policy issue merits discussion at a future Study Issues Workshop.

The Community Development Department (CDD) has many existing Study Issues to work on in addition to numerous Housing Element Programs that are mandated to be completed or our Housing Element could become out of compliance. There are also myriad new CDD-related state laws that require General Plan, Specific Plan, Municipal Code, and permit process revisions, follow-up activity on prior studies and evaluation of property owner requested general plan amendment applications. Some of these pending studies, including those that may increase the number of housing units that could be built could help further define the scope of the study. There are concerns city-wide about retaining sufficient area for commercial activity exacerbated by state housing laws that increase the challenges of retaining commercial on sites zoned for mixed use. Deferring the study could provide more information about how best to strike a good balance.

Prepared by: George Schroeder, Principal Planner

Reviewed by: Shaunn Mendrin, Planning Officer

Reviewed by: Trudi Ryan, Director, Community Development Department

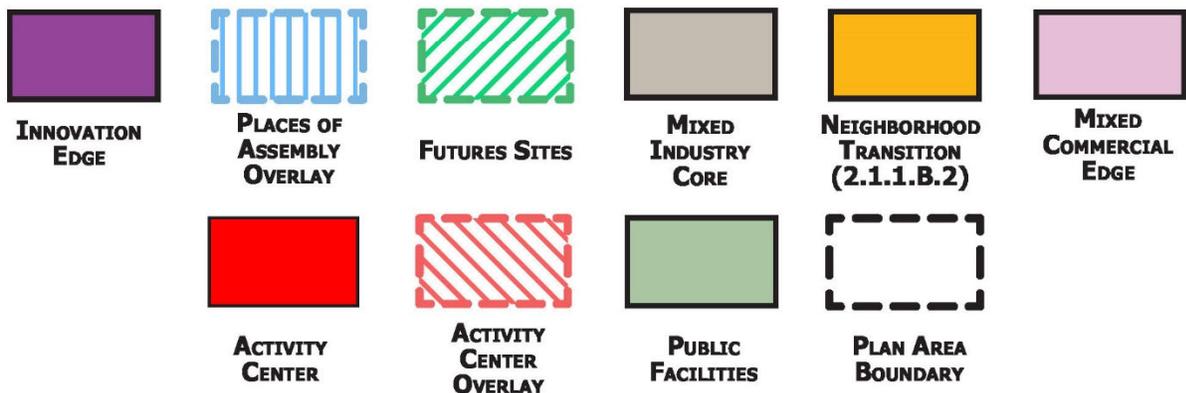
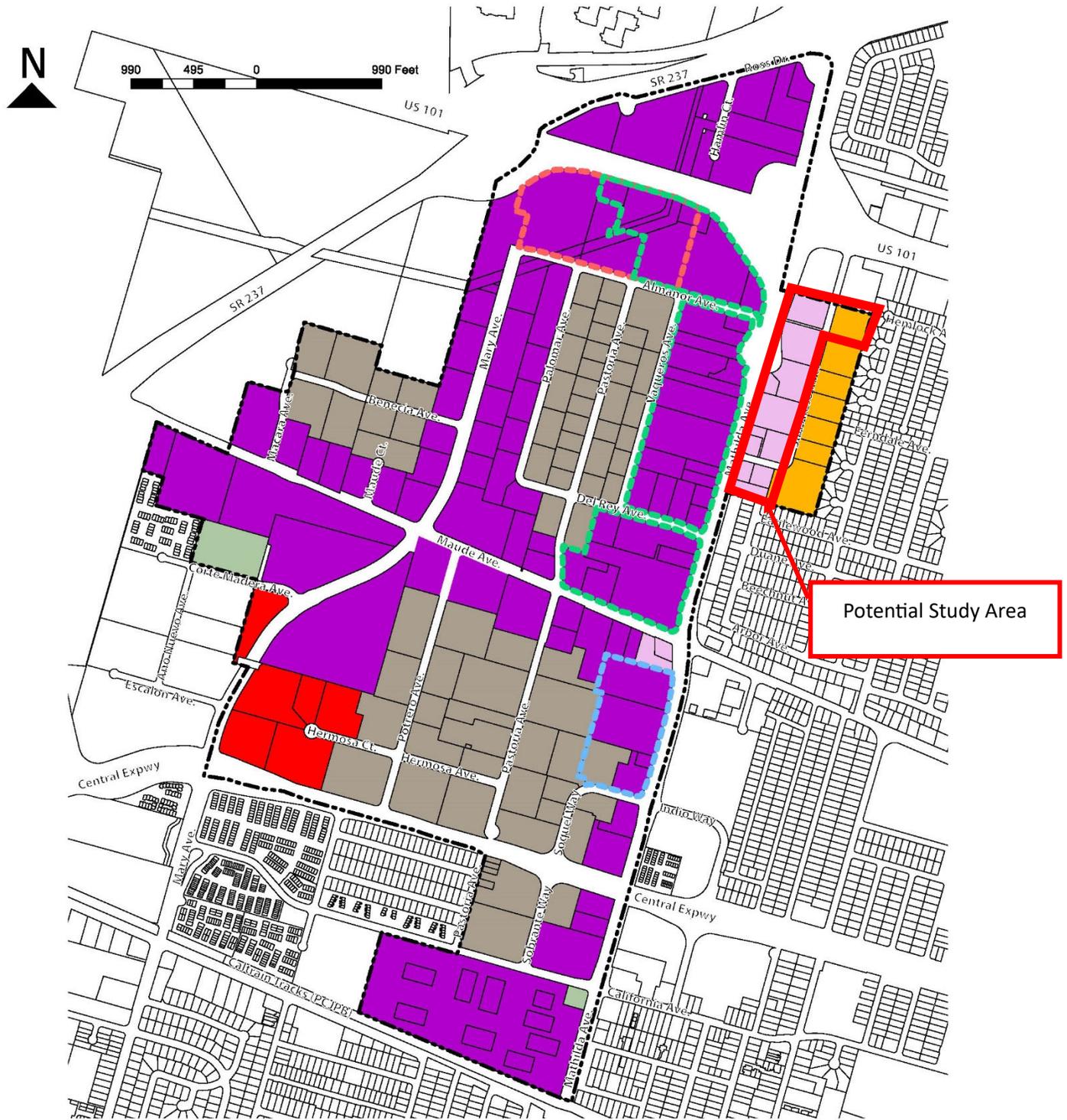
Reviewed by: Connie Verceles, Deputy City Manager

Approved by: Tim Kirby, City Manager

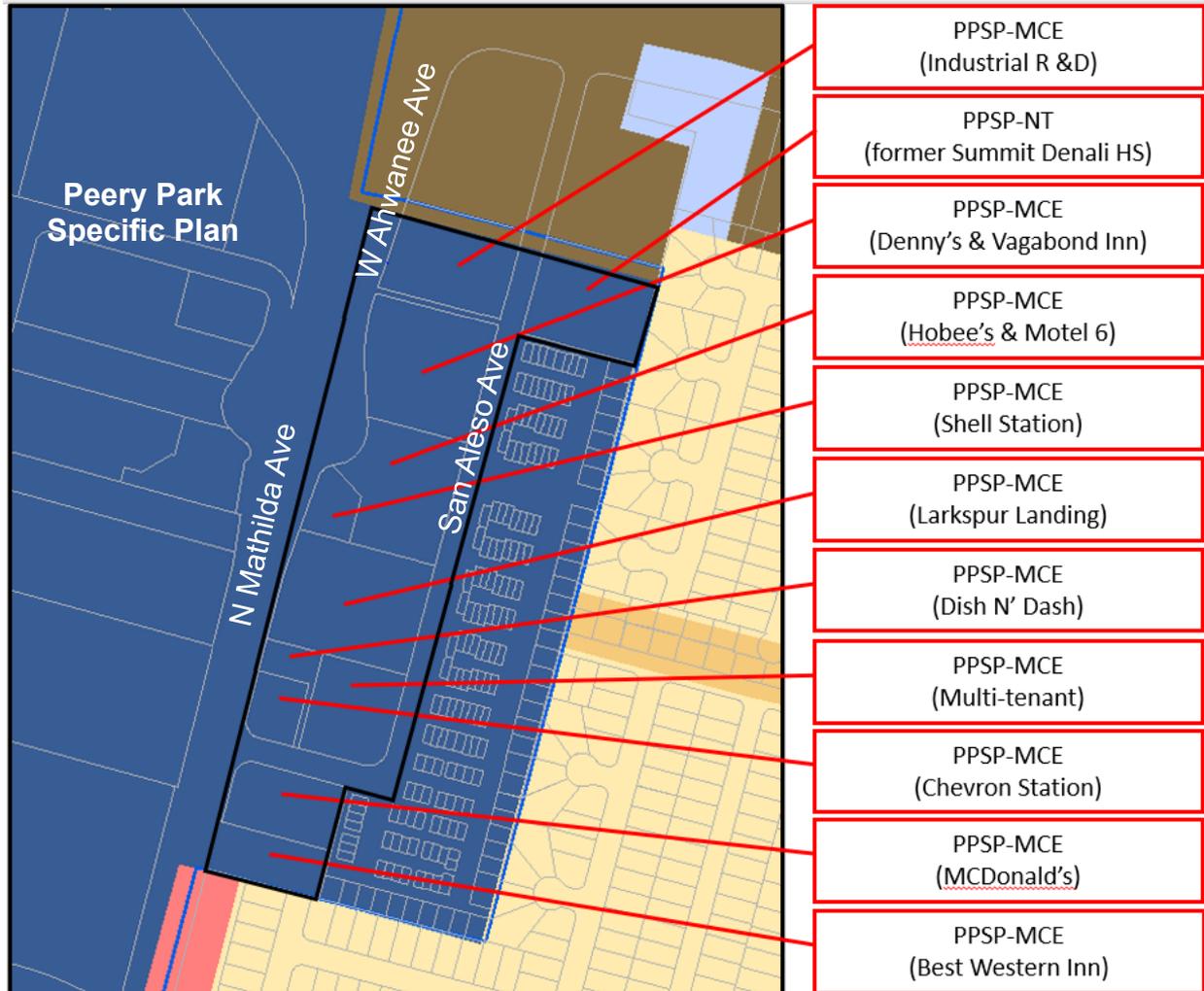
ATTACHMENTS

1. Peery Park District Maps: Potential Study Area and Land Use & Zoning

FIG. 2.1.1. DISTRICTS MAP



Potential Study Area – Current Zoning and Land Uses



Legend:

PPSP	Peery Park Specific Plan
MCE	Mixed Commercial Edge
NT	Neighborhood Transition