

EXCERPT

Planning Commission

Meeting Minutes - Draft

April 14, 2014

3 **14-0197** 2014 Quarterly Consideration of General Plan Amendment Initiation Requests: 915 De Guigne Drive - Industrial to Residential Medium Density

File #: 2014-7244 (associated with file #s: 2011-7021 & 2011-7017)

Location: 915 De Guigne Drive (APN: 205-21-001)

Proposed Project:

GENERAL PLAN AMENDMENT INITIATION Request to study a change from Industrial to Residential Medium Density and discussion of an Area Plan, Sense of Place Plan, Market and Fiscal Impact Analysis and parkland dedication.

Owner/Applicant: Watt Companies

Project Planner: Shaunn Mendrin, (408) 730-7429, smendrin@sunnyvale.ca.gov

Trudi Ryan, Planning Officer, described the General Plan Amendment Initiation (GPI) process, discussed the history of GPI requests on this site and in the area, and presented the staff report. She said that, while rare, staff is making no recommendation on this GPI request as there are many reasons to go either way.

Comm. Harrison discussed with Ms. Ryan the reasoning behind a small site within the larger area being the only site selected for the Industrial-to-Residential (ITR) zoning designation, and discussed ongoing clean-up activities on the site. Comm. Harrison and Ms. Ryan also discussed the factors affecting the cost of a Sense of Place Plan, an aerial plan and Market and Fiscal Impact Analysis, and Ms. Ryan clarified the phases of the GPI request and the staff recommendation to study the property if Council grants the GPI request. Comm. Harrison confirmed with Ms. Ryan that the Fiscal Impact Analysis started in 2011-2012 was never completed.

Vice Chair Olevson clarified with Ms. Ryan the ITR zoning designation, and discussed clean-up of the land for future park dedication.

Comm. Durham and Ms. Ryan discussed the generation of revenue from residential and industrial properties and to which residential services that revenue is applied. Comm. Durham discussed with Ms. Ryan and Kathryn Berry, Senior Assistant City Attorney, the soil and groundwater contamination at the site and various mitigation measures.

In response to Comm. Rheaume's inquiry Ms. Ryan clarified the differences between the ITR and medium density residential (R-3) zoning designations.

Chair Melton discussed with Ms. Ryan new information from the Environmental Protection Agency (EPA) regarding the level of risk from soil vapor, and confirmed

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that City Council could study both zoning designations simultaneously.

Comm. Harrison confirmed with Ms. Ryan the density of the site for the previous GPI request, discussed the typically unknown length of time to have a site removed from the superfund list, and that this site is a super fund site associated with its former use as an industrial site.

Chair Melton opened the public hearing.

Max Frank, Watt Companies Division President, gave a presentation on the site including proposed ownership units, site clean-up efforts, and paying the park in-lieu fee.

Comm. Harrison confirmed with Mr. Frank that Spansion is not interested in remaining on site in a renovated building, that the PG&E substation serves the 915 building but is not in current use and that the price of the for-sale units would range from the high \$600,000 to low \$1 million.

Comm. Simons discussed with Mr. Frank the other cities in which Watt Companies is developing, and confirmed that Watt Companies is flexible on the kind of architecture that will be used.

Comm. Rheame confirmed with Mr. Frank that the R-3 zoning designation is preferred.

Tara Martin-Milius, speaking as a resident of the San Miguel neighborhood, discussed her disappointment with the site not having the five acre park proposed in the previous application. She added that she appreciates less density and traffic in the current application and said she is concerned with suffering through another 7-8 years of no development on the site.

Chair Melton closed the public hearing.

Vice Chair Olevson commented on Cupertino having higher density developments with parks contained within them and discussed with Ms. Ryan that while this has been considered previously, it would not satisfy the public park dedication requirement.

Comm. Harrison confirmed with Ms. Ryan that City Council would have to create a new policy that would allow privately-owned properties with public access to count toward park land. Comm. Harrison and Ms. Ryan discussed the changes in market

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conditions for residential and non-residential uses since the draft study was prepared.

Vice Chair Olevson moved Alternative 1a to recommend to City Council to approve the GPI request allowing the applicant to submit a General Plan Amendment application to study changing the land use from Industrial to Medium Density Residential, including studying possible development standards or zoning regulations to buffer and minimize conflicts with adjacent office/industrial uses.

Comm. Harrison seconded.

Vice Chair Olevson said he appreciates the City Council's change of the process which provides an opportunity to judge zoning and potential rezoning independent of a specific project even though the Commission has in mind what it may look like. He said this area looks ripe for residential as surrounding areas are already residential, and that this study would give us information as to whether that trend should continue. He said the Commission should make decisions such as this potential rezoning on the basis of definitive data, and said he recommends the Planning Commission recommend to City Council to initiate this study.

Comm. Harrison said she agrees with staff and Vice Chair Olevson that it is 50/50 and may be a good thing or not, and that the only way to find out is with a study. She offered a friendly amendment to, in addition to Alternative 1a, add Alternative 3 to prepare a study, to be funded by the applicant and contracted by the City, to assess the market feasibility of office/industrial land uses in the study area and the relative fiscal impacts and benefits to the City of residential and non-residential land uses. Vice Chair Olevson accepted.

Comm. Durham said he lives near, and is familiar with, the goings on in the area, and that while it is a good idea to initiate a study, he is not sure that he wants a huge housing development or office park at the site. He said it is a good idea to study the issue especially since Montessori School, Kings Academy and housing are along the west side. He said he thinks we should do the study and will be voting for the motion and amendment.

Comm. Simons offered a friendly amendment to add Alternative 2a to study a possible General Plan change for the Watt Companies property only (approximately 25 acres), and prepare a Sense of Place Plan for transit, pedestrian, bicycle and automobile circulation for an expanded East Sunnyvale area as shown on Attachment 1 to be funded by the applicant. Vice Chair Olevson and Comm. Harrison accepted.

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Comm. Simons said this was definitely on the edge for him and said it seems bad when someone asks for a friendly amendment causing one to vote against the original motion. He said this area is now 23 acres when in the past the whole project was much larger, including all of AMD which was 80 or more acres. He said at that time it was a huge opportunity for Sunnyvale for the development of corporate headquarters and that potential is gone now. He said it is a smaller project at 23 acres whether it is turned into an ITR area or maintained as industrial, and that he realizes that in the long run the economic engine that builds a city is consistency in zoning, regardless of industrial going away or residential becoming hot momentarily. He said in that view he would vote against the study, but he supports it because the project will be for-sale residential and there is potential for it being a nice development for the City of Sunnyvale. He reiterated that it is on the edge for him because space issues are huge and will need to be looked into in the future, but he will be supporting the motion.

Comm. Rheume said he believes he will be supporting the motion and is glad Comm. Simons added the Sense of Place Plan. He said the Market and Fiscal Impact Analysis will help him figure out which way to go, and his only concern is going for the R-3 rather than ITR zoning designation because he does not want to see the site vacant for seven years like Sunnyvale's downtown. He said he does not see the advantage to the City of going straight to R-3 if the applicant begins building as soon as proposed. Comm. Rheume offered a friendly amendment to change the zoning from R-3 to ITR.

Chair Melton clarified Comm. Rheume's friendly amendment with Ms. Ryan to include in the language "from industrial to medium density residential with the potential of an ITR designation." Vice Chair Olevson said he is concerned that we are specifying the results of the study prior to its initiation, but with staff's clarification of the inclusion of the ITR possibility, he accepted. Comm. Harrison said she accepts the friendly amendment with ITR as an option.

Comm. Klein said he will be supporting the motion and was on the Planning Commission when this area was first being looked at by the City. He said there was a question about residential going here and that the vision at the time was that a larger portion of buildings would be converted into residential and that this application continues that vision. He said it is time to study the area, and that providing Alternatives 1a, 2a and 3 allows staff to look at that again. He said the needs as far as City is concerned include the issue brought up by multiple Commissioners about a lack of parks in area, and is hoping that when the studies are being done the level of intensity of the chemicals in ground are looked at

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closely along with other options to improve the site. He said when residential was added to the east of the site the addition of a park was critical and made sense. He said he looks forward to seeing how the studies move forward, and thinks the proposed project will be a good move in the future.

Chair Melton said he will be supporting the motion and thinks the new GPI process of allowing the Planning Commission to provide advise is great. He said the applicant has probably heard and taken notes on what the potential project might look like or what the study might talk about, including what is going on in the ground, the superfund, parks, architecture, and added low-income housing. He said the City has a real imbalance in terms of housing and said the Balance Growth Profile demonstrates that the City is a million miles ahead in terms of industrial space and is behind on residential. He said the entire concept of what is going on here passes the smell test and he said if you look at a map of what adjacent properties are doing and what this could do depending on the results of the study you can see how it makes sense and is a worthy topic to study. He said will paraphrase Mayor Griffith, as he has heard him say a number of times during past requests to study zoning changes, that he loves to study things especially if the applicant is paying for it, so he thinks this is a good opportunity to study something intriguing and makes sense but still has a lot of question marks. He said he looks forward to seeing the results of the study if that is what Council decides to pursue.

MOTION: Vice Chair Olevson moved Alternatives:

- 1a) To recommend to City Council to approve the GPI request allowing the applicant to submit a General Plan Amendment application to study changing the land use from Industrial to Medium Density Residential with the potential for an Industrial to Residential designation, including studying possible development standards or zoning regulations to buffer and minimize conflicts with adjacent office/industrial uses;
- 3) To prepare a study, to be funded by the applicant and contracted by the City, to assess the market feasibility of office/industrial land uses in the study area and the relative fiscal impacts and benefits to the City of residential and non-residential land uses; and
- 2a) To study a possible General Plan change for the Watt Companies property only (approximately 25 acres), and prepare a Sense of Place Plan for transit, pedestrian, bicycle and automobile circulation for an expanded East Sunnyvale area as shown on Attachment 1 to be funded by the applicant.

And the modification to include in the zoning change language "from industrial to medium density residential with the potential of an ITR designation."

Comm. Harrison seconded. Motion carried by the following vote:

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Yes: 7 - Commissioner Durham
Commissioner Harrison
Commissioner Klein
Chair Melton
Vice Chair Olevson
Commissioner Rheaume
Commissioner Simons

No: 0