

CONSENT CALENDAR

MOTION: Commissioner Klein moved and Vice Chair Harrison seconded the motion to approve the Consent Calendar with modifications to the draft minutes.

The motion carried by the following vote:

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

No: 0

- 1.A** [16-0527](#) Approve Planning Commission Meeting Minutes of May 16, 2016
- 1.B** [16-0114](#) RECOMMEND CONTINUANCE TO JUNE 13, 2016
File #: 2015-7400
Location: 1184 Mathilda Avenue (APNs: 110-25-042, 110-25-49, and 110-25-55)
Zoning: Moffett Park Specific Plan Transit Oriented Development (MP-TOD)
Proposed Project: Related applications on a 19.31-acre site:
 SPECIAL DEVELOPMENT PERMIT: to demolish a portion of the existing surface parking and construct a new 248,259 square foot, five story office building over three stories of parking with additional rooftop and underground parking and reconfiguration of the surface parking lots within the existing office campus.
Applicant / Owner: FSP-Sunnyvale Office Park, LLC (applicant)
 /Jeffery Jacobsen, Commonwealth Partners (owner)
Environmental Review: Mitigated Negative Declaration
Project Planner: Margaret Netto, Project Planner, (408) 730-7628, mnetto@sunnyvale.ca.gov

PUBLIC HEARINGS/GENERAL BUSINESS

- 2** [16-0458](#) **FILE #:** 2016-7290
Location: 225 S. Taaffe Street (Block 18 of Downtown Specific Plan bounded by Mathilda, Washington, Sunnyvale and Iowa Avenues)
Proposed Project:
 SPECIAL DEVELOPMENT PERMIT to amend the Final Conditions of Approval for the Sunnyvale Town Center project,

including: allowing rental housing units with a ground floor leasing office; allowing temporary parking lot and landscaping improvements at Redwood Square; adding allowable ground floor uses; clarifying the expiration of Special Development Permit design approvals; and updating conditions of approval to meet current City policies and standards pertaining to, but not limited to, public improvements, green building and affordable housing.

Applicant/Owner: STC Venture, LLC (applicant)/REDUS SVTC, LLC (owner)

Environmental Review: No additional environmental review is necessary; the proposed amendments to the Special Development Permit Final Conditions of Approval are within the scope of the previous environmental analysis for the Downtown Program Improvement Update, pursuant to CEQA Guidelines Section 15168(c)(2) and in addition are categorically exempt pursuant to CEQA Guidelines Section 15304 and 15305.

Staff Contact: Hanson Hom, (408) 730-7450, hhom@sunnyvale.ca.gov

Chair Melton inquired if any Planning Commissioners needed to be recused from this item.

Senior Assistant City Attorney Rebecca Moon stated that in accordance with the regulations of the Fair Political Practices Commission (FPPC) two Planning Commissioners have conflicts of interest with this project due to the location of real property they own. She said the FPPC allows their participation in implementing decisions about changes to the Town Center project, but does not allow their participation in major policy decisions. She said the Public Hearing to consider the amendments to the Special Development Permit (SDP) can be segmented into two parts, the first relating to a change in the ownership structure of the housing units, and the second related to implementation of the SDP that are not major policy decisions. She said the two Planning Commissioners can recuse themselves for the first segment and that after a decision is made they can return and participate in the second segment.

Commissioner Klein said although he is beyond the 1,000 foot radius of the project, he is recusing himself from the first segment of this item.

Chair Melton confirmed with Commissioner Klein that he would be leaving the Council Chambers and returning for the second segment of this item.

Commissioner Rheume recused himself from the first segment of this item and said he would return for the second segment.

Chair Melton confirmed with Commissioner Rheaume that he would not be speaking as a member of the public during consideration of the first segment.

Assistant City Manager Hanson Hom provided information about the proposed project.

Vice Chair Harrison confirmed with Mr. Hom that the wellness areas of the conceptual site plan are residential amenities spaces, and discussed why the project was originally restricted to ownership housing. Vice Chair Harrison verified with Mr. Hom that the change from ownership to rental units applies to all 292 units as currently drafted and that the amendment would give the developer the option of developing the remaining 96 units as rental or for sale.

Commissioner Olevson confirmed with Mr. Hom that the City has a standard housing agreement with provisions for projects with a map filed if the projects are converted to condominiums in the future, and confirmed that the recreation facilities proposed on the first floor could be available to the general public or for residents only. Commissioner Olevson discussed with staff the number of assigned and unassigned parking spaces required for the project.

Commissioner Weiss confirmed with Mr. Hom that there is no time frame for when the developer might convert the rental units to condominiums, but that there is a standard for notification of rental tenants.

Chair Melton referred to the staff report and confirmed with Mr. Hom that items A-E are changes requested by the applicant and F-I are items the City is asking for both to modernize the agreement. Chair Melton confirmed with staff that CEQA findings would not need to be split into segments.

Chair Melton opened the Public Hearing for segment one.

Applicants Dave Hopkins, with Sares-Regis, and Deke Hunter, with Hunter Properties, provided information about the proposed project.

Vice Chair Harrison confirmed with Mr. Hopkins that the apartment community will have the same number of units as the existing entitlements with 12.5 percent at a low income level for 55 years.

Commissioner Simons verified with Mr. Hopkins that the amendment to provide rental rather than ownership units is requested so home owners would not have to deal with the potential issues that may arise from the buildings having sat

untouched for so long.

Kristie Moolenaar, Carroll Street resident, said she prefers for sale units, and discussed her concern with the leasing office taking up two thirds of retail space, the restriction of wellness spaces for residents only and the loss of green space on the south side of the Target parking lot.

Maria Pan discussed her concern with changing the housing to rental only.

Stan Hendryx, Sunnyvale resident, said he appreciates the rental BMR units, discussed the need for low income housing in Sunnyvale and said it is a good idea to rent the units until any potential issues with the building are addressed.

Mr. Hopkins addressed the concerns of the residents and provided additional information about the project.

Vice Chair Harrison confirmed with Mr. Hopkins and Assistant City Manager Hom that the interior finishes of the BMR units would be comparable to those in the market rate units.

Commissioner Simons verified with Mr. Hopkins that he would not be obtaining an insurance policy on the existing buildings.

Chair Melton closed the Public Hearing for segment one.

Chair Melton confirmed with Mr. Hom that there is a policy in the General Plan requiring a balance of ownership and rental housing, and that the latest statistics show a near 50 percent split.

Vice Chair Harrison discussed with Mr. Hom whether there will be green space or residential units to the southwest of Target. Mr. Hom said it will need to be confirmed.

MOTION: Vice Chair Harrison moved and Commissioner Olevson seconded the motion for Alternative 1 as it specifies for segment one: Find that the proposed amendments to the Special Development Permit Final Conditions of Approval for the Sunnyvale Town Center project are categorically exempt from environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15304 and 15305 and in addition that no additional environmental review is necessary as the proposed amendments are within the scope of the previous environmental analysis for the Downtown Program

Improvement Update, pursuant to CEQA Guidelines Section 15168(c)(2), subject to the findings in Attachment 7, and approve the findings and Amended Final Conditions of Approval pursuant to Attachments 8a and 9.

Vice Chair Harrison said she understands the applicant's predicament with regard to the conditions of the buildings and that she appreciates the provision of affordable housing for low income residents. She said she understands the request for flexibility and the difficulty of committing to what the townhouses may be when they will not be developed for another five years, but she encouraged ownership housing.

Commissioner Olevson said he appreciates and supports the need for ownership housing, but the reality is that we need more housing now. He said he appreciates the new developer changing the units to rental to get them up and running rather than waiting years to find out what condition the existing structure is in and then looking at sales. He said he supports the rental concept and is pleased that the BMR units will be comparable to the market rate units.

Commissioner Simons said he is not supporting the motion, and said the desire for positive housing ownership over rental remains. He said no housing is being generated one way or another, that the units will be built whether for rent or sale and there is no difference in the number of units. He said he understands the need for flexibility but the developer will do their due diligence regardless of whether units are for sale or rent, and that building conditions were taken into account when the project was taken on. He said the loss of retail space on the street is not desirable, and that downtown needs street space to make it a friendly space. He said there are already long structures on Washington without windows, and that we need places people walking through town can go to and participate in and that this detracts from that. He said we already have rental housing downtown and he does not see the modification as a benefit to the City.

Commissioner Weiss said she appreciates that the developer is taking over a very challenging situation and will be turning it around. She said she has every expectation the result will be a very positive one and that the variety of flexibility built into the project will serve us all very well. She noted that the plans include a first class grocery store and multiplex cinema and said she is heartened by the inclusion of BMR units and that we are finally recognizing this as something that should be part of our core values.

Chair Melton said he is supporting the motion, and that we have a policy for a balance of ownership and rental housing and he does not see any data indicating

that balance is so skewed that we need to mandate that the developer go one way or another. He stated that he can make findings.

The motion carried by the following vote:

Yes: 4 - Chair Melton
Vice Chair Harrison
Commissioner Olevson
Commissioner Weiss

No: 1 - Commissioner Simons

Recused: 2 - Commissioner Klein
Commissioner Rheaume

Planning Officer Miner announced that this decision is final unless appealed to, or called up for review by the City Council within 15 days.

Commissioners Klein and Rheaume returned to the Council Chambers.

Assistant City Manager Hanson Hom noted that previous plans show townhouses in the area to the southwest of Target and current plans show it as green space. He said he would have to research the change and bring that information back to the Planning Commission. Mr. Hom presented the staff report for segment two.

Commissioner Klein and Mr. Hom discussed the proposed number of parking spaces and Mr. Hom said it is not a firm number and there is a Condition of Approval (COA) that requires 50 percent of the Redwood Square area be for landscaping improvements. Commissioner Klein discussed with Mr. Hom adding Class II bicycle parking to Redwood Square, and discussed why a Miscellaneous Plan Permit (MPP) is required for ground floor recreational facilities greater than 7,500 square feet on Aries Way.

Commissioner Rheaume verified with Mr. Hom that the Special Development Permit includes extending south Murphy from Washington to McKinley and that it would coincide with the construction of the movie theater. Commissioner Rheaume confirmed with Mr. Hom that the unused parking structure would be completed along with the theater, and that the applicant is proposing 100 parking spaces in Redwood Square.

Commissioner Weiss verified with Mr. Hom that the MPP time period for the temporary parking lot at Redwood Square could be extended if decided by the Planning Commission and discussed why reclaimed water would not be used for irrigation. Commissioner Weiss clarified with Mr. Hom what twinkle lights are as

specified in the COAs, and discussed the requirement for the developer to pay a fair share of the cost for transportation improvements at a Cupertino intersection, which this project would impact.

Commissioner Olevson referred to a previously considered project and noted that mitigation was not required for traffic impacts at the intersection of Benton and Lawrence, and he discussed with staff why the developer is required to pay for improvements at a Cupertino intersection that is out of our jurisdiction.

Commissioner Olevson discussed with Mr. Hom why another alternative for the second level retail space was not considered if it could be challenging to attract tenants to the second floor. Commissioner Olevson discussed with Mr. Hom the risk of introducing smart technology into the project that could potentially become obsolete in several years. Commissioner Olevson clarified with Mr. Hom the credit owed to the project developer for previously paid impact fees, and confirmed the location of pedestrian bridges.

Vice Chair Harrison confirmed with Mr. Hom that the payment to the developer of tax increment financing is not an amendment related to the SDP and means the developer would not be eligible for future Transportation Impact Fee (TIF) payments. Vice Chair Harrison verified with Mr. Hom that the developer would be eligible for a park dedication credit if Redwood Square is dedicated to the City as park space in the future and that the developer has already played the park in-lieu fee for 198 dwelling units.

Chair Melton opened the Public Hearing for segment two.

Applicant Deke Hunter presented information about the application.

Commissioner Simons discussed with Mr. Hunter whether Macy's and Target are amenable to the plans for Redwood Square and if the proposed improvements are intended to be permanent.

Commissioner Klein discussed with Mr. Hunter whether a driveway through Redwood Square is a requirement and other options for traffic into the area, and clarified with Mr. Hopkins that construction of Block 6 has not been considered along with the completion of construction of the Murphy Avenue extension. Commissioner Klein also clarified with Mr. Hunter the upgrade to and construction of Block 5 and the existing parking structure.

Commissioner Rheaume discussed with Mr. Hunter the issues that would be alleviated by the temporary parking in Redwood Square, and confirmed that the

legal agreement between the developer and Macy's and Target is to remove the current structure and replace it with landscaping and parking. Commissioner Rheume commented on the mulch and asphalt proposed in Redwood Square being inferior improvements, to which Mr. Hunter responded that they are temporary. Commissioner Rheume confirmed with Mr. Hunter that he would be amenable to adding benches along Redwood Square.

Vice Chair Harrison discussed with Mr. Hunter whether 1,200 square feet is large enough for a fitness center, and verified with Mr. Hom that the developer would need to submit bicycle parking plans that meet current VTA standards.

Stan Hendryx, Sunnyvale resident, said extensive public outreach has demonstrated a desire for a community activity center open to the general public located downtown.

Applicant Dave Hopkins provided additional comments about the proposed project.

Chair Melton closed the Public Hearing for segment two.

Commissioner Klein discussed with Mr. Hom whether a community activity center current is feasible and confirmed that if one is over 3,000 square feet it would require a MPP.

Commissioner Simons discussed with Mr. Hom if consideration was given to using the second story retail for a recreation space.

Commissioner Rheume disclosed that he met with the applicant.

MOTION: Commissioner Klein moved and Commissioner Simons seconded the motion for Alternative 2 as specified for segment two: Find that the proposed amendments to the Special Development Permit Final Conditions of Approval for the Sunnyvale Town Center project are exempt from environmental review, subject to the findings in Attachment 7, and approve the findings and Amended Final Conditions of Approval pursuant to Attachments 8b and 9 with modifications:

- 1) For COA G10.d.4f remove the requirement of MPP approval for ground floor recreational facilities open to the public with individual location greater than 7,500 square feet along Aries Way;
- 2) Add to COA G10.d.4f the concept of an education-recreation and enrichment area, that over 3,000 square feet would require a MPP; and,
- 3) Regarding Redwood Square: reduce the number of parking spaces to 50; remove the passthrough driveway to have two parking areas of 25 spaces with

the final design approved by the Director of Community Development; add benches along Taaffe and Murphy; and, add Class I and Class II bicycle parking spaces with direction from staff as to the number of spaces.

Commissioner Klein disclosed that he met with the developer, and said it was disheartening to see Redwood Square sit half completed when the downturn occurred and that it was difficult to see all the effort to create a good design go away. He said he looks forward to the additional retail which would generate more sales tax dollars, and noted that we are trying to ensure we have something that can quickly take shape for residential and retail. He said it is important to add Redwood Square and the cinema to the list of amusement and leisure spaces in the City, and said even with reduced parking in Redwood Square it is still a destination location. He said as the rest of the project opens and Murphy is extended there will be other places to provide temporary parking and that he worries that creating a driveway and parking there now would make it harder to change in the future.

FRIENDLY AMENDMENTS: Commissioner Simons offered a friendly amendment to specify that there be a minimum of six Class I and 24 Class II bicycle parking spaces. Commissioner Klein accepted.

FRIENDLY AMENDMENTS: Commissioner Simons offered a friendly amendment to add a review period of five years to determine obsolescence of any installed smart technology, to be reviewed by the Director of Community Development. Commissioner Klein accepted.

FRIENDLY AMENDMENTS: Commissioner Simons offered a friendly amendment to require that any new landscaping for trees be native large species trees appropriate for the local plant zone. Commissioner Klein accepted.

Commissioner Simons said he supports the motion and can make the findings. He said his main concern with Redwood Square was that the temporary improvements would become so functional that they become a disincentive to move forward on it. He said he is concerned with how this project will be completed block by block, but he is supporting this project with the expectation that short term improvements will be completed quickly and he is hoping that the project can get up and moving. He said he is hoping the housing along the sides will be completed in a short amount of time.

Commissioner Rheame said he is supporting the motion and can make the findings. He said he agrees with the modifications to Redwood Square, but that

ideally he would prefer no parking there. He said he appreciates that the applicant is moving forward on the downtown area and that he is anxious about getting this done, but he wants to make sure we are doing a quality job. He said he hopes consideration is given to making Redwood Square an area where people can walk through and enjoy.

Commissioner Olevson said he is supporting the motion, and that generally he does not prefer to approve a project before everything is completed, but that in this case we have been waiting many years to achieve that. He said he appreciates the risk the developer is taking by restructuring a partially completed project, and that the developer has worked with the City in the past and shown a reputation for quality construction while living up to the intent of our agreements and not just the law.

Commissioner Weiss said she is supporting the motion and can make the findings. She said the COAs take into account the existing situation and represent serious and thoughtful discussion between the developer and staff. She said she likes the added modifications which strengthen the proposal, and that everyone in Sunnyvale has been waiting a long time for forward motion on the downtown plan.

Chair Melton said he will be supporting the motion and can make the findings.

Yes: 7 - Chair Melton
Vice Chair Harrison
Commissioner Olevson
Commissioner Klein
Commissioner Rheume
Commissioner Simons
Commissioner Weiss

No: 0

Planning Officer Miner announced that this decision is final unless appealed to, or called up for review by the City Council within 15 days.

3 [16-0529](#) **File #:** 2013-7653
Location: Peery Park District Area
Applicant: City of Sunnyvale
Proposed Project:
**PUBLIC COMMENTS ON THE DRAFT ENVIRONMENTAL
IMPACT REPORT AND DRAFT PEERY PARK SPECIFIC
PLAN** for the Peery Park Specific Plan.
Project Planner: Amber Blizinski, (408) 730-2723,
ablizinski@sunnyvale.ca.gov