



City of Sunnyvale

Meeting Minutes - Draft Planning Commission

Monday, July 24, 2017

6:00 PM

Council Chambers and West Conference
Room, City Hall, 456 W. Olive Ave.,
Sunnyvale, CA 94086

Special Meeting - Study Session - 6:00 PM | Special Meeting - Public Hearing 7 PM

6 P.M. STUDY SESSION

Call to Order in the West Conference Room

Roll Call

Study Session

- A. 17-0690** **File #:** 2017-7308
Locations: Citywide
Project Description: Single-Story Combining District Buffer Study
Project Planner: Kelly Cha, (408) 730-7408, kcha@sunnyvale.ca.gov

Public Comment on Study Session Agenda Items

Adjourn Study Session

7 P.M. PLANNING COMMISSION MEETING

CALL TO ORDER

Vice Chair Rheaume called the meeting to order at 7:00 PM in the Council Chambers.

SALUTE TO THE FLAG

Vice Chair Rheaume led the salute to the flag.

ROLL CALL

Present: 6 - Vice Chair Ken Rheaume
Commissioner Daniel Howard
Commissioner John Howe
Commissioner Ken Olevson
Commissioner David Simons
Commissioner Carol Weiss

Absent: 1 - Chair Sue Harrison

Status of absence; Chair Harrison's absence is excused.

ORAL COMMUNICATIONS

CONSENT CALENDAR

Commissioner Simons moved and Commissioner Olevson seconded the motion to approve the Consent Calendar. The motion carried by the following vote:

Yes: 4 - Vice Chair Rheaume
Commissioner Howard
Commissioner Olevson
Commissioner Simons

No: 0

Absent: 1 - Chair Harrison

Abstained: 2 - Commissioner Howe
Commissioner Weiss

1. A 17-0737 Approve Planning Commission Meeting Minutes of July 10, 2017

PUBLIC HEARINGS/GENERAL BUSINESS

- 2. 17-0639 DOWNTOWN SPECIFIC PLAN AMENDMENT INITIATIONS**
Three applications in the Downtown Specific Plan (DSP) area for DSP Blocks 18 and 22 include requests to study an increase in allowable office square footage and housing units and to decrease allowable retail square footage and hotel use:

File: 2017-7365

300 S. Mathilda Avenue, 2502 Town Center Lane, 200 W. Washington Avenue, 225 S. Taaffe Street / DSP Block 18 (APNs 209-34-019, 020, 021, 024, 025, 029, 030 / 209-35-002 / 209-35-013 thru 019, 023, 024, 029 / 209-39-001 thru 004 / 209-40-001 thru 004 / 209-41-001 thru 004)

Proposed Project: DOWNTOWN SPECIFIC PLAN AMENDMENT INITIATION

Request to initiate a study to consider modifications to DSP Block 18 to replace the allowable hotel with office space (up to 362,00 square feet), increase allowable housing from 292

units to 790 units, reduce allowable retail space from 1,007,876 square feet to 675,000 square feet, and replace established height limits with flexible height limits subject to approval by through a Special Development Permit.

Applicant / Owner: STC Venture LLC

File: 2017-7364

200 W. Washington Avenue / DSP 18 (APN 209-35-022)

Proposed Project: DOWNTOWN SPECIFIC PLAN AMENDMENT INITIATION

Request to initiate a study to consider modification to development standards for DSP Block 18 (Macy's site) to replace allowable ground floor retail of 88,500 square feet with flexible retail/office flex space, replace 88,500 square feet of second floor retail space with office space, and allow additional floors with approximately 210,000 square feet of office space, along with allowing a new bike/pedestrian connection between W. Washington Avenue and Redwood Square.

Applicant / Owner: Sand Hill Property Company/200 Washington LLC

File: 2017-7362

111 W. Evelyn Avenue / DSP Block 22 (APN 209-06-082)

Proposed Project: DOWNTOWN SPECIFIC PLAN AMENDMENT INITIATION

Request to initiate a study to replace an existing 1.46-acre corner parking lot with an approximately 69,000 square foot, three-story office building with underground parking resulting in a total of 111,000 square feet where 54,000 is currently allowed.

Applicant / Owner: Chang Architecture/Giurland, Inc

Environmental Review: The decision to initiate a Specific Plan Amendment study does not require environmental review under the California Environmental Quality Act (CEQA) because the initiation of a study does not constitute a project with the meaning of CEQA pursuant to CEQA Guidelines section 15378 (a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. If initiated, the proposed Specific Plan Amendment will be subject to the provisions of CEQA.

Project Planner: Gerri Caruso, (408) 730-7591,
gcaruso@sunnyvale.ca.gov

Vice Chair Rheaume recused himself due to the proximity of his home to the Downtown Specific Plan (DSP) area and selected Commissioner Olevson to take over as Chair for this item.

Commissioner Olevson advised that this first item consists of three different applications and that each application will be reviewed sequentially. Planning Officer Andrew Miner provided an overview of the General Plan Amendment Initiation process.

Principal Planner Gerri Caruso presented the staff report.

Commissioner Simons noted that priority was previously given to ownership housing to retain residents and asked for staff comments. Planning Officer Miner advised that tonight's discussion for this item pertains only to the Specific Plan Amendment Initiation but that the Planning Commission could request to include housing ownership as part of the study.

Commissioner Howe commented on the wording of Alternative 4 and asked staff to clarify why transit wasn't included. Planning Officer Miner provided details on what would be included in the parking study. Commissioner Howe confirmed with Planning Officer Miner that staff would accept the addition of transit to Alternative 4, if that is the Planning Commission's recommendation.

Commissioner Weiss asked staff for information about any additional required studies and the consultant selection process. Principal Planner Caruso and Planning Officer Miner provided details about the potential studies, consultant management and content vetting of the studies.

Commissioner Weiss asked staff about the timeline. Planning Officer Miner stated that if the DSP Amendment Initiation passes, one application with all initiated projects included would move forward and so a timeline cannot be imposed yet. Planning Officer Miner explained that the processing of that application doesn't preclude the applicant from continuing work on the already approved and programmed residential units, theatre and grocery store. Commissioner Weiss confirmed with Planning Officer Miner that there is the potential for the work to be completed within a year. Planning Officer Miner advised that if an environmental impact document is required it would likely extend the timeline.

Commissioner Howe confirmed with Principal Planner Caruso that the study of additional housing units refers to 750 additional units. Planning Officer Miner clarified that the DSP allows for 292 units and that the 750 units would be in

addition. Commissioner Howe commented on the mention of 790 units and confirmed with Principal Planner Caruso that the study would be 750 units in addition to the 292 units already allowed by the DSP.

Commissioner Olevson commented on previous Town Center timeline changes, noted the milestones that had to be met by the applicant and asked for staff comments. Senior Assistant City Attorney Rebecca Moon advised that some aspects of the current agreement may need to be amended and commented that the project is still in progress.

Commissioner Olevson opened the Public Hearing.

Deke Hunter and David Hopkins, representing STC Venture LLC, presented images and information about the proposed project.

Commissioner Simons commented on the safety guidelines for a pedestrian realm area and asked the applicant about their plans. Mr. Hopkins advised that they will meet with the Department of Public Safety (DPS) to ensure safe organization of the park and commented that the residential units would have visual access to the park. Commissioner Simons confirmed with Mr. Hopkins that visual access would only exist for two of the four sides of the park.

Steve Lynch, representing Sand Hill Property Company, and Kenneth Rodrigues, representing Kenneth Rodrigues & Partners, presented images and information about the proposed project.

Commissioner Weiss stated an understanding of the applicant's conceptual plan and commented that the office space will create a dead zone except during weekday business hours. Mr. Rodrigues advised that the pedestrian connection will be open 24 hours a day and commented that the retail stores will be open during evening hours.

Commissioner Weiss confirmed with Mr. Lynch that Sand Hill Property Company owns the Macy's building and has actively been in contact with them. Mr. Lynch advised that Macy's is weighing the market and that they will learn of any store closure at the same time as the public.

Commissioner Olevson clarified with Mr. Rodrigues that the existing building would be retained and repurposed with new windows and exterior, along with the pedestrian cut through, and three floors of office would be added above the ground floor. Mr. Rodrigues provided details about the pedestrian passageway.

Commissioner Simons commented on a previous demolition of Macy's parking and asked the applicant about their knowledge of the original building plans. Mr. Rodrigues stated that those plans are part of the preliminary review and that changes will require further study.

Benjamin Rowe, representing Chang Architecture, presented images and information about the proposed project on Evelyn Avenue.

Commissioner Weiss confirmed with Mr. Rowe that the existing restaurant will be retained.

Commissioner Simons confirmed with Mr. Rowe that they are amenable to potentially giving CalTrans passes to the future office tenant due to the proposed project's lower parking requirements.

Commissioner Howe stated an understanding that the proposed project would be architecturally similar to the existing office building and asked Mr. Rowe, and then staff, about the height of the current and proposed buildings. Mr. Rowe stated an understanding that it shouldn't be much taller and Principal Planner Caruso advised that staff could provide that data later during the public hearing.

Charles Wallin, Sunnyvale resident, stated an opinion that the City is willing to change the Town Center concept from a viable retail center to an office residential complex. Mr. Wallin noted his opposition to all three proposals, specifically the reduction in retail space, the inclusion of flexible height limits and the change from condominiums to rental apartment units.

Maro De Waal, Sunnyvale resident, stated an opinion that more offices are not needed. Ms. De Waal noted her support for the first application and asked the Planning Commission to consider the potential impact of additional housing on the school system.

Jeffrey Henson, Sunnyvale resident, commented on the increased traffic and the lack of home ownership opportunities in the City. Mr. Henson asked the Planning Commission to consider parking and traffic implications with these applications and requested additional retail space instead of office buildings.

Michael Turner stated his concern about the flexible height limits in Block 18B and the potential legal consequences of denying Sand Hill Properties in Block 18A. Mr. Turner noted his opinion that office space is not appropriate for the area and that

housing, especially affordable housing, would be better.

Kristie Moolenaar, Sunnyvale resident, stated an opinion that green space is important and noted that hopefully Redwood Space will be a gathering space. Ms. Moolenaar questioned the proposed reduction in retail space and cited the feasibility study. Ms. Moolenaar requested that the Planning Commission deny the use of office space on the ground floor of Block 18 and requested a safe route for bicycles if Macy's becomes a pedestrian passageway.

David Wessel commented on the need for housing and spoke in support of Alternative 8. Mr. Wessel stated an opinion that adding residential units with retail will increase downtown walkability and that residential units would mitigate the effect of dead zones. Mr. Wessel stressed the importance of including affordable housing above the retail space.

Tara Martin-Milius spoke in support of the three studies and stated an opinion that analyzing density, retail, office and parking in one study can address current needs such as housing affordability and diversity. Ms. Martin-Milius stated that parking should be analyzed, especially considering the current shared driving economy and potential disruption with future self-driving cars. Ms. Martin-Milius spoke in support of a design which plans for more open space and community gathering spaces and stressed the need to analyze parking policies and address housing needs.

Commissioner Howe asked Ms. Martin-Milius for her comments on the potential flex space for the first floor of Macy's. Ms. Martin-Milius stated that retail on the ground floor that is visible to pedestrians and follows a grid design is a positive possibility.

Mike Serrone, Sunnyvale resident, commented on the analysis which reduced retail and stated his opinion about the importance of a diverse retail environment to cultivate an active downtown. Mr. Serrone noted that office space is easier to rent than retail space and that it is the City's responsibility to ensure a connected downtown.

Sue Serrone, Sunnyvale resident, spoke about the adoption of the Land Use and Transportation Element and the need for an update on the jobs/housing balance. Ms. Serrone spoke in support of the first application and commented on the existing adequate supply of office space, the need for retail and the need for affordable housing. Ms. Serrone asked the Planning Commission to consider the existing uses in the City and manage an overall balance.

David Shreni stated his concern that the Sand Hill application includes up to 80% of the ground floor as office space. Mr. Shreni commented that retail rents are 50% below office rents. Mr. Shreni urged the Planning Commission to deny the Sand Hill application and noted that it won't improve the lives of residents or promote downtown walkability. Mr. Shreni asked the Planning Commission to recommend retail on the ground floor.

Commissioner Simons asked Mr. Shreni for his comments on any insufficient aspects of the current downtown. Mr. Shreni provided two examples of developments which are not inviting for pedestrians.

Benjamin Deming spoke in support of the study to modernize Macy's and shift the development mix. Mr. Deming spoke in support of a decrease in retail, increase in housing and noted the importance of ownership options. Mr. Deming stated that there is already adequate retail space, that office space is pertinent for the downtown and that it would support the goals of mixed use development and transit.

John Cordes, chair of the Bicycle and Pedestrian Advisory Commission and Sunnyvale resident, spoke to his concern regarding the addition of office space amid the current housing crisis. Mr. Cordes stated that residential units will support retail business and commented on the need for more open space and community gathering spaces. Mr. Cordes encouraged the implementation of separate and dedicated pedestrian walkways and bicycle paths. Mr. Cordes stated his preference that the hotel be retained and noted that it adds value and drives foot traffic to downtown.

Holly Lofgren commented on the planning process. Ms. Lofgren cautioned the Planning Commission to reduce office space and support retail and housing in the downtown. Ms. Lofgren spoke to the importance of designating housing ownership and commented on the issues with high tenant rates. Ms. Lofgren commented on the City's historical relationship with Sand Hill Properties.

Melissa Wibom, Sunnyvale resident, commented on the City's historical relationship with Sand Hill Properties.

Mehul Bastawala, Sunnyvale resident, commented on the increase in rents and the subsequent impacts on residents' health and wellbeing. Mr. Bastawala stated an opinion that downtown has an inconsistent look and feel and that residents would benefit from more outdoor space for events.

Jim Davis, Sunnyvale resident, stated an opinion that office space should be implemented as previously designed and noted that the independent retail study recommended a reduction in retail. Mr. Davis commented on the need for a balance between home ownership and apartments and encouraged the Planning Commission to retain the hotel. Mr. Davis recommended that the parking lot at the intersection of Evelyn Avenue and Sunnyvale Avenue be protected for downtown patrons.

Mr. Hopkins advised that they would support the study of 750 additional residential units as proposed by staff. Mr. Hopkins commented that the proposed parking would be underground and wouldn't remove existing parking. Mr. Hopkins asked the Planning Commission for flexibility regarding one application moving forward if all three applications are recommended for approval.

Commissioner Howe asked Mr. Hopkins about the potential ownership opportunities for their residential units. Mr. Hopkins advised that there would be a mix of housing units and stated that the townhomes proposed along Iowa Avenue could potentially be designated for home ownership.

Planning Officer Miner clarified that the Planning Commission can vote individually on each application and commented that the outcome of each vote results in which studies are recommended for approval to the City Council.

Mr. Lynch advised that they have not yet conducted retail studies and would need to refresh the data that analyzes jobs and housing. Mr. Lynch stated that they are open to examining residential units if the market demand supports it. Mr. Lynch commented that retail would be difficult on the ground floor but not impossible. Mr. Lynch provided details about the potential pedestrian passageway through Macy's.

Commissioner Olevson closed the Public Hearing.

Commissioner Howe asked staff for details on his earlier question regarding the building height in the third application. Principal Planner Caruso provided details on the existing and allowed building heights.

MOTION: Commissioner Howe moved File 2017-7365 (Town Center) and Commissioner Howard seconded the motion for Alternatives 2 a-d, 4, 5 and 8 with modifications –

2. Block 18 B (Town Center):

a) Initiate a Specific Plan Amendment study to consider reducing retail space, omitting the hotel use and allowing increases in office space and residential units;

- b) Create development standards in conjunction with the proposed land use changes, such as increased building height and design guidelines for street-facing retail space. Consider a modified vision for Redwood Square;
- c) Study alternative uses, such as additional housing **and specifically study a variety of housing sizes**;
- d) Coordinate special studies such as traffic analysis, market and fiscal analyses, environmental, infrastructure and utility capacity and conditions, water supply assessment, parking, etc.;
- 4. Study parking **and transit** for the Downtown Specific Plan considering alternative land use scenarios in recommendations 1, 2 and 3. **Include the study of a flexible parking design and improvements for the pedestrian realm with respect to the proposed changes in retail and office buildings**;
- 5. Coordinate outreach and community engagement on all sites; and,
- 8. Study a total of 750 units for all of Block 18 and Block 22 combined.

Commissioner Howe commented that the need for housing in the downtown has been reiterated throughout the public hearing and noted his agreement. Commissioner Howe expressed his hope that at least some of the housing units will be designated for ownership instead of rental and stated an opinion that the scope of this item is appropriate.

Commissioner Howard noted his agreement with Commissioner Howe's recommendations. Commissioner Howard commented on the importance of the ratio of owner occupied homes to rental units in the DSP and noted that additional consideration should be given to Below Market Rate (BMR) housing. Commissioner Howard thanked Commissioner Howe for including Alternative 8. Commissioner Howard commented on his appreciation of the high degree of public input. Commissioner Howard stated an opinion that a limited amount of commercial space not on the ground floor could compliment the downtown but noted his reservation due to building heights and the need to ensure successful retail and housing. Commissioner Howard noted an opinion that retaining the hotel would be beneficial.

Commissioner Simons clarified the motion and applicable requests with Commissioner Howe and Planning Officer Miner.

Commissioner Simons requested that multiple retail configurations be analyzed in the study and Commissioner Howe confirmed.

Commissioner Simons clarified with Planning Officer Miner that the additional housing unit sizes haven't been determined but that home ownership opportunities

will be included per the Planning Commission's request. Commissioner Simons requested that a variety of housing sizes be studied. Commissioner Howe and Commissioner Howard confirmed.

Commissioner Simons commented on the potential for future change in parking structures and requested the inclusion of a flexible parking design. Commissioner Howe and Commissioner Howard confirmed.

Commissioner Simons discussed with Commissioner Howe appropriate language that could be added to Alternative 4 to include improvements for the pedestrian realm. Commissioner Simons requested to include improvements for the pedestrian realm with respect to the proposed changes in retail and office buildings. Commissioner Howe and Commissioner Howard confirmed.

Commissioner Olevson commented that the downtown has been vacant for too long, that the previous plan is now outdated and cited that transportation and methods of shopping have changed. Commissioner Olevson stated an opinion that it is appropriate to reevaluate the uses without changing the time line for already programmed project completion. Commissioner Olevson stated that he will be supporting the motion.

Commissioner Weiss commented that she is not comfortable with the reduction in retail space, omission of the hotel use or increase in the allowable office space. Commissioner Weiss advised that she does support the study of additional housing units of different sizes and affordability, as well as home ownership. Commissioner Weiss stated an opinion that this motion would ignore much of the public comment received throughout this process and noted that she will not be supporting the motion.

The motion failed by the following vote:

Yes: 3 - Commissioner Howard
Commissioner Howe
Commissioner Olevson

No: 2 - Commissioner Simons
Commissioner Weiss

Absent: 1 - Chair Harrison

Recused: 1 - Vice Chair Rheaume

Commissioner Olevson stated that without four affirmative votes the Planning Commission can't make a recommendation.

Commissioner Weiss advised that the removal of Alternative 2a would enable her to support the motion. Commissioner Weiss clarified the motion with Commissioner Olevson. Commissioner Howe noted that Alternative 2a is critical for Alternatives 2 b-d and clarified with Commissioner Weiss what language could be retained in Alternative 2a. Planning Officer Miner clarified the modifications made to Alternative 2a with Commissioner Weiss. Commissioner Howard clarified the motion with Commissioner Olevson and Commissioner Howe.

MOTION: Commissioner Howe moved File 2017-7365 (Town Center) and Commissioner Weiss seconded the motion for Alternatives 2 a-d, 4, 5 and 8 with modifications –

2. Block 18 B (Town Center):

- a) Initiate a Specific Plan Amendment study to consider allowing an increase in residential units;
- b) Create development standards in conjunction with the proposed land use changes, such as increased building height and design guidelines for street-facing retail space. Consider a modified vision for Redwood Square;
- c) Study alternative uses, such as additional housing **and specifically study a variety of housing sizes**;
- d) Coordinate special studies such as traffic analysis, market and fiscal analyses, environmental, infrastructure and utility capacity and conditions, water supply assessment, parking, etc.;
- 4. Study parking **and transit** for the Downtown Specific Plan considering alternative land use scenarios in recommendations 1, 2 and 3. **Include the study of flexible parking design and improvements for the pedestrian realm with respect to the proposed changes in retail and office buildings**;
- 5. Coordinate outreach and community engagement on all sites; and,
- 8. Study a total of 750 units for all of Block 18 and Block 22 combined.

The motion carried by the following vote:

Yes: 5 - Commissioner Howard
Commissioner Howe
Commissioner Olevson
Commissioner Simons
Commissioner Weiss

No: 0

Absent: 1 - Chair Harrison

Recused: 1 - Vice Chair Rheaume

MOTION: Commissioner Howe moved File 2017-7362 (Murphy Square) and

Commissioner Howard seconded the motion for Alternatives 3 a-c with modifications – 3. Block 22 (Murphy Square):

- a) Initiate a Specific Plan Amendment study to consider increasing the allowed office area;
- b) Study alternative uses, such as additional housing; and,
- c) Coordinate special studies such as traffic analysis, market and fiscal analyses, environmental, infrastructure and utility capacity and conditions, water supply assessment, parking, etc. **Study how the removal of the surface parking lot affects parking in the downtown area. Coordinate the completion of all studies with the other applicants.**

Planning Officer Miner clarified that Alternative 8 to add up to 750 residential units was included in the previous motion.

Commissioner Howe stated an opinion that this application can increase office or housing with a chance for additional parking that is needed for the downtown area. Commissioner Howe advised that the studies for this application will need to be coordinated with the other two applications.

Commissioner Simons clarified the parking component of the motion with Commissioner Howe.

Commissioner Olevson stated that he will be supporting the motion.

The motion carried by the following vote:

Yes: 5 - Commissioner Howard
Commissioner Howe
Commissioner Olevson
Commissioner Simons
Commissioner Weiss

No: 0

Absent: 1 - Chair Harrison

Recused: 1 - Vice Chair Rheume

MOTION: Commissioner Howard moved File 2017-7364 (Sand Hill) and Commissioner Howe seconded the motion for Alternative 1 a-e with modifications –

1. Block 18 A (Sand Hill):

- a) Initiate a Specific Plan Amendment study to consider reducing the existing 177,000 s.f. of retail area and allow increased square footage and up to five stories of flexible uses including office and/or retail uses **and/or housing**;

- b) Consider creation of a pedestrian and bicycle path from Washington Avenue to Redwood Square. **Emphasize the treatment and feel in creating the internal pedestrian passageway, with a focus on retail services in that passageway;**
- c) Create development standards in conjunction with the proposed land use changes, such as increased building height and design guidelines for street-facing retail space. Consider a modified vision for Redwood Square;
- d) Study alternative uses, such as additional housing; and,
- e) Coordinate special studies such as traffic analysis, market and fiscal analyses, environmental, infrastructure and utility capacity and conditions, water supply assessment, parking, etc.

Commissioner Howard commented on his appreciation for the creation of the pedestrian walkway and noted that the plans for conversion were not entirely clear. Commissioner Howard stated that the concerns raised regarding the retention of retail and implementation of housing are worth studying.

FRIENDLY AMENDMENT: Commissioner Howe offered a friendly amendment that the ground floor of Macy's be comprised of retail or personal services but not office space. Commissioner Howard accepted the friendly amendment.

Commissioner Howe stated that he will be supporting the motion.

Commissioner Weiss clarified the addition of housing in Alternative 1a with Commissioner Howard.

Commissioner Howe asked for staff comments on the types of uses that would be studied on the ground floor of Macy's if this motion passes. Planning Officer Miner advised that retail, restaurants and personal services would be studied.

Commissioner Simons thanked Commissioner Howe for his friendly amendment and stated that he will be supporting the motion.

Commissioner Olevson stated that he will be supporting the motion and commented that he is in favor of obtaining current data for the decision-making process. Commissioner Olevson noted that the Planning Commission has shaped a recommendation to the City Council to ensure that the studies include ground floor retail and ownership housing, reflecting what residents have stated is important.

The motion carried by the following vote:

Yes: 5 - Commissioner Howard
Commissioner Howe
Commissioner Olevson
Commissioner Simons
Commissioner Weiss

No: 0

Absent: 1 - Chair Harrison

Recused: 1 - Vice Chair Rheaume

Planning Officer Miner advised that this item goes to the City Council on August 15th.

- 3. 16-1122** El Camino Real Corridor Plan: Forward a Recommendation to the City Council for a Preferred Land Use Alternative and Review the Draft Vision Statement
Project Planner: Rosemarie Zulueta, (408) 730-7437, rzulueta@sunnyvale.ca.gov

Acting Principal Planner Rosemarie Zulueta presented the staff report.

Commissioner Howe clarified with Acting Principal Planner Zulueta that the El Camino Real Corridor Specific Plan (ECR Plan) will not expand the existing plan area. Planning Officer Andrew Miner advised that considering a larger area in relation to the plan boundary will allow for the determination of potential impacts on adjacent properties.

Commissioner Olevson commented that per the staff report all three scenarios exceed what could be realistically expected in the next 20 years and asked staff why these scenarios were selected. Acting Principal Planner Zulueta provided details about the ECR Corridor Market Study and the potential for a community benefits program. Planning Officer Miner explained that a long-range plan must accommodate for unknown future potential change and advised that the suggested maximums could exceed the predicted needs. Planning Officer Miner stated the importance of addressing the potential use that could occur based on the land uses, property characteristics and adjacent properties.

Commissioner Olevson commented on the fiscal impact of the three alternatives on the City's long-range budget and asked staff why Alternative R is recommended when it predicts less future revenue for the City. Kristi Bascom, representing Metropolitan Planning Group, advised that all three alternatives have a positive net

fiscal benefit to the City. Commissioner Olevson commented that the alternatives are optimistic, the projections are speculative and spoke to the sales tax income revenue from ECR.

Commissioner Olevson asked staff about the vetting process for Alternative R Plus. Planning Officer Miner provided details about the selection of sites in Alternative R Plus that could potentially support higher residential densities. Planning Officer Miner stated that the origin for Alternative R Plus was based on the direction from the City Council to staff to study more housing as part of other policy plans, such as the recently adopted Land Use and Transportation Element. Planning Officer Miner commented that the economic study could be refreshed but noted that Alternative R Plus wouldn't reduce any commercial use.

Commissioner Weiss discussed the number of stories for a density of 45 units per acre with Planning Officer Miner.

Commissioner Weiss asked staff for details about the flexible use designation for Alternative R Plus. Planning Officer Miner provided details and noted that Alternative R could be used as a minimum and Alternative R Plus as a maximum in conjunction with incentive zoning.

Commissioner Weiss asked staff for details about the net fiscal revenue calculation for Alternative R. Planning Officer Miner advised that conversion of retail to residential means a lower sales tax revenue but that staff's goal is to have mixed use opportunities. Acting Principal Planner Zulueta stated that the revenues are net additional to the current revenue generation and provided additional details about Alternative R's potential fiscal benefits.

Commissioner Weiss asked staff about the input from school district representatives. Acting Principal Planner Zulueta stated that school district representatives have been included in the process but didn't support or oppose any specific alternative.

Commissioner Howard asked staff about the possibility of an alternative which increases residential units but where the cost of providing services to those residents isn't offset by new retail development. Planning Officer Miner provided details about a study completed for the Grand Boulevard Initiative which concluded that converting retail to residential doesn't have the expected negative economic ramifications. Commissioner Howard confirmed with Planning Officer Miner that Alternative R may be less fiscally advantageous to the General Fund but wouldn't set the City up for failure. Planning Officer Miner commented that staff's goal is to

protect existing retail businesses along ECR while finding opportunities to expand residential developments.

Commissioner Howard commented on the high market demand for residential units and asked staff about the ECR Corridor Market Study analysis of 2,100 units as the high estimate for the Multi-Family Residential Units. Ms. Bascom explained the methodology for the ECR Corridor Market Study analysis.

Commissioner Howard asked staff for details about Alternative R Mixed-Use 24 as opposed to a residential density of 24 units per acre. Planning Officer Miner advised that mixed-use doesn't have a separate designation for the commercial component but that the ground floor could have retail use.

Commissioner Simons commented on the potential cost of high density residential to the quality of the pedestrian experience and asked staff about incorporating an enhanced pedestrian realm. Planning Officer Miner stated that this would be included in the Design and Streetscape Guidelines and noted that the current focus is the land use designation but that it will be a future priority.

Commissioner Simons commented on the zoning differences with districts that abut high density zoning along ECR and the need to reduce this friction. Planning Officer Miner advised that staff identified properties without immediate zoning frictions and provided additional details about those locations. Planning Officer Miner stated that any existing conflicts could be corrected after the study analysis and that a new zoning code would be created that would apply specifically to ECR.

Vice Chair Rheame reiterated the retail strategy as outlined in the staff report and asked for staff comments about the corresponding demand for retail services. Acting Principal Planner Zulueta advised that the market study was based on the projected demand in conjunction with the addition of residential housing and the changing landscape of retail.

Vice Chair Rheame asked staff for details about the residential housing costs and ratio of home ownership to rental units. Acting Principal Planner Zulueta stated that the Affordable Housing and Anti-Displacement Strategy analyzed how to encourage more affordable housing through community benefits and incentive zoning. Vice Chair Rheame commented that the City needs affordable housing but not more high end housing. Planning Officer Miner advised that with incentive zoning applicants can attain a higher number of units per acre if they exceed a percentage of affordable units.

Vice Chair Rheaume asked staff for details about the composition of mixed use development and retail development. Planning Officer Miner explained the potential for these developments and noted that policies and development standards would be in effect in regards to height, bulk and mass limitations.

Vice Chair Rheaume commented on the need for flexibility in the ECR Plan so that it doesn't become quickly outdated. Planning Officer Miner noted staff's agreement and commented on the options to manage development expectations and ensure that the long-range plan stays current.

Vice Chair Rheaume opened the Public Hearing.

David Wessel, Sunnyvale resident and member of Livable Sunnyvale, commented on the need for housing in the Bay Area and the City's goal to retain residents. Mr. Wessel stated an opinion that additional residential development will support more retail development.

Richard Kolber, Sunnyvale resident, spoke in support of Alternative R Plus and commented on the City's projected population and the lack of housing. Mr. Kolber commented on rent increases and noted that an increase in residential development will support an increase in retail revenue for the City.

Tara Martin-Milius, Sunnyvale resident, spoke in support of Alternative R or Alternative R Plus. Ms. Martin-Milius commented that higher densities should be added at nodes that can support those densities. Ms. Martin-Milius stated an opinion that ECR should be walkable and create a positive pedestrian experience and commented that residential densities would support commercial areas. Ms. Martin-Milius spoke to the need for affordable housing and a variety of housing choices.

Mike Serrone, Sunnyvale resident and member of Livable Sunnyvale, spoke in support of Alternative R Plus. Mr. Serrone commented on the housing shortage, the need for affordable housing and the imbalance of the jobs/housing ratio. Mr. Serrone stated an opinion that residential development supports retail and transportation alternatives and is a critical component of ECR's ecosystem.

Sue Serrone, Sunnyvale resident, spoke in support of Alternative R Plus and commented on the affordable housing crisis and inability to attract employees. Ms. Serrone stated an opinion that the bigger issue is the City's economic viability and commented on the disappearance of small businesses. Ms. Serrone asked the Planning Commission to consider incentives for other uses such as non-profits or

cultural centers and reiterated the need for housing, especially affordable housing.

John Cordes, Sunnyvale resident and Bicycle and Pedestrian Advisory Committee Chair, spoke in support of Alternative R Plus. Mr. Cordes commented that Alternative R Plus will increase residential density along ECR, which will improve transit along ECR and thus improve the quality of life for residents.

Kiyomi Honda Yamamoto, regional representative for Greenbelt Alliance, spoke in support of Livable Sunnyvale's platform to increase residential development through Alternative R Plus. Ms. Yamamoto commented on the need for affordable housing, the increased reliance on cars and increased traffic. Ms. Yamamoto commented on the need to make ECR safer and more inviting for pedestrians and bicyclists.

Zachary Kaufman cited information from the ECR Alternatives Fiscal Impact Analysis and commented on page nine of Attachment 9. Mr. Kaufman commented on the addition of Alternative R Plus and that the impact on retail and associated services should be considered.

Marisa Menicucci, Sunnyvale resident, commented on the need for affordable housing. Ms. Menicucci noted her concern regarding auto dealerships in regards to an inviting pedestrian realm and walkability.

Mehul Bastawala, Sunnyvale resident, commented on the effect of high rents on residents in regards to stress. Mr. Bastawala commented that ECR needs housing to meet modern challenges and stated an opinion that there should be limits on rents or home prices.

Franz-Josef Decker commented on previous subsidies for rental units and the imbalance in the housing market.

Vice Chair Rheame closed the Public Hearing.

Commissioner Weiss confirmed with Planning Officer Miner that a motion could use Alternative R as the minimum and Alternative R Plus as the maximum for a flexible use program.

Vice Chair Rheame asked staff about development flexibility in Alternative R. Acting Principal Planner Zulueta advised that Alternative R's range includes mixed-use and residential opportunities outside of the nodes. Vice Chair Rheame confirmed with Acting Principal Planner Zulueta that there is more planned

residential development in Alternative R than Alternative M.

MOTION: Commissioner Olevson moved and Commissioner Simons seconded the motion for Alternative 3 – Select land use Alternative C.

Commissioner Olevson commented that all the alternatives will add housing to the City and noted his concern about the City's future finances. Commissioner Olevson stated that the analysis outlines that residents utilize three times as many City services as new employees and commented on resident support of Alternative C in the City survey. Commissioner Olevson commented that Alternative R and Alternative R Plus would reduce future income for the City and explained that Alternative C would add housing and has the most potential fiscal benefit for the City.

Commissioner Simons commented that this motion has impacts outside of housing, such as on schools. Commissioner Simons stated the long-term costs and benefits should take precedence over short term development benefits. Commissioner Simons stated that additional housing, while needed, will raise the cost of living in the City. Commissioner Simons commented that the City has been financially astute and will need to meet future funding obligations. Commissioner Simons stated his concern regarding the quality of housing and need for ownership opportunities, which will lower rents. Commissioner Simons stated that he will not be supporting the motion.

Vice Chair Rheume stated that he will not be supporting the motion. Vice Chair Rheume commented that he would support Alternative M and noted his agreement regarding costs for the City, the need for affordable housing and the need for mixed-use development along ECR.

The motion failed by the following vote:

Yes: 2 - Commissioner Howe
Commissioner Olevson

No: 4 - Vice Chair Rheume
Commissioner Howard
Commissioner Simons
Commissioner Weiss

Absent: 1 - Chair Harrison

MOTION: Commissioner Weiss moved and Commissioner Howard seconded the motion for Alternative 2 – Alternative R with modifications –
Utilize Alternative R as the minimum and Alternative R Plus as the maximum for a

flexible use program.

Commissioner Weiss stated an opinion that the flexible use designation will allow the City to meet realities. Commissioner Weiss stated that Alternative R allows for new retail and commercial developments and commented that residential development along ECR will support these businesses. Commissioner Weiss stated that this is a chance to add significant housing along a transit corridor and commended staff's work in selecting additional opportunities for housing in Alternative R Plus.

Commissioner Howard commented on the concerns raised by other Commissioners. Commissioner Howard stated that the City is moving towards services and experiences and that you need residents nearby to support those services, which subsequently provides more tax revenue and economic opportunity. Commissioner Howard commented that residential development might seem counterintuitive to financial security but stated an opinion that it will help secure the City's economic future. Commissioner Howard stated that he will be supporting the motion and thanked Commissioner Weiss for the motion.

Vice Chair Rheume stated that he will not be supporting the motion but would support Alternative M.

The motion failed by the following vote:

Yes: 2 - Commissioner Howard
Commissioner Weiss

No: 4 - Vice Chair Rheume
Commissioner Howe
Commissioner Olevson
Commissioner Simons

Absent: 1 - Chair Harrison

MOTION: Commissioner Howe moved and Commissioner Simons seconded the motion for Alternative 3 – Select land use Alternative M.

Commissioner Howe commented on the City's need for housing and to be fiscally responsible. Commissioner Howe stated that potentially the balance of developments could be reviewed and configured as needed in the future.

Commissioner Simons stated that he will be supporting the motion and commented on the fact that certain future requests for modifications along ECR would come before the Planning Commission. Commissioner Simons stressed the importance

of public review in regards to the aesthetic quality of a project and the amount of public housing provided by the project.

Commissioner Howard commented on Commissioner Weiss's proposal of a flexible use program and stated that he would support Alternative M to Alternative R Plus as the designations for a flexible use program.

Commissioner Olevson commented that Alternative M will add substantial fiscal support for the City, give the City flexibility and enable ECR as a retail designation while adding housing. Commissioner Olevson stated that he will be supporting the motion.

FRIENDLY AMENDMENT: Commissioner Weiss offered a friendly amendment to include flexible use designation of maximums and minimums for commercial and residential developments in Alternative M. Planning Officer Miner provided context and clarified the friendly amendment. Commissioner Howe respectfully declined the friendly amendment.

FRIENDLY AMENDMENT: Commissioner Howard offered a friendly amendment to include the additional housing opportunities as identified by staff in Alternative R Plus. Planning Officer Miner clarified the friendly amendment and provided additional details about the alternatives. Commissioner Howe respectfully declined the friendly amendment.

Commissioner Olevson commented that the Planning Commission has rejected Alternative R, Alternative R Plus and Alternative C. Commissioner Olevson stated that the Planning Commission is trying to rewrite the studies from the dais and that to reach a compromise Alternative M should be supported as proposed.

FORMAL AMENDMENT: Commissioner Howard moved and Commissioner Weiss seconded the motion to include the additional housing opportunities as identified by staff in Alternative R Plus.

Commissioner Howard commented that staff has identified additional housing opportunities per the direction of the City Council and that the result is Alternative R Plus. Commissioner Howard stated an opinion that these identified housing opportunities should be added to Alternative M.

Commissioner Weiss spoke to her respect for the need for compromise and commented that this motion will increase both commercial and residential developments.

The motion for the formal amendment failed by the following vote:

Yes: 3 - Vice Chair Rheaume
Commissioner Howard
Commissioner Weiss

No: 3 - Commissioner Howe
Commissioner Olevson
Commissioner Simons

Absent: 1 - Chair Harrison

The original motion carried by the following vote:

Yes: 5 - Vice Chair Rheaume
Commissioner Howard
Commissioner Howe
Commissioner Olevson
Commissioner Simons

No: 1 - Commissioner Weiss

Absent: 1 - Chair Harrison

Planning Officer Miner advised that this item goes to the City Council on August 15th.

- 4. 17-0640** **File #:** 2017-7140
Location: 603 Old San Francisco Road (APN: 209-19-020)
Proposed Project:
GENERAL PLAN AMENDMENT INITIATION: A request to initiate a General Plan Amendment study to change the land use designation from Neighborhood Commercial to Residential High Density for an existing 0.74-acre parcel located at 603 Old San Francisco Road.
Applicant / Owner: Carrasco & Associates (applicant) / GORUBA LLC (owner)
Environmental Review: The project is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378 (a).
Project Planner: Cindy Hom, (408) 730-7411, chom@sunnyvale.ca.gov

Associate Planner Cindy Hom presented the staff report.

Abha Nehru, representing Carrasco & Associates, presented images and

information about the proposed project.

Commissioner Weiss commented on the social, economic and neighborhood activity at the proposed project's area. Commissioner Weiss asked the applicant about the analysis and site cleanup. Ms. Nehru stated that the water district has compiled reports, that the proposed project would not have any underground parking and that the applicant has experience developing sites in former gas stations.

Vice Chair Rheaume opened the Public Hearing.

Zach Brown spoke to his concerns for the wellbeing of his children and stated that a high density residential development in this area would be detrimental to the nearby school system. Mr. Brown spoke about the local traffic and noted that the proposed project would cause safety concerns for pedestrians and bicyclists. Mr. Brown advocated for the two food trucks and local businesses at the site.

Maria Hamilton spoke in opposition of the proposed project and stated an opinion that the proposed project is not aligned with the General Plan or in the public interest. Ms. Hamilton commented on the impacts of the building heights, traffic and congestion and advocated for the existing neighborhood commercial services.

Jim Davis stated an opinion that high density residential is not desirable for the proposed site and noted his support of the staff recommendation to deny a zoning change.

Mehul Bastawala, Sunnyvale resident, commented on his uncertainty about the authenticity of the site's cleanup and the potential impacts of the gas station on a residential development.

Ashok Killer, owner, presented information about the proposed project.

Commissioner Howard confirmed with Mr. Killer that the adjacent parcel has a different owner.

Vice Chair Rheaume closed the Public Hearing.

Commissioner Howard asked staff for details about a potential GPA study and if additional mitigations would be required. Associate Planner Hom provided details about the GPA study and the potential subsequent CEQA analysis. Commissioner Howard confirmed with Associate Planner Hom that the applicant would pay

additional fees if they wanted to expand the GPA study area.

MOTION: Commissioner Howe moved and Commissioner Olevson seconded the motion for Alternative 1 – Deny the request to initiate a General Plan Amendment (GPA) study and retain the subject property as Neighborhood Commercial.

Vice Chair Rheume stated that he will not supporting the motion. Vice Chair Rheume commented on length of time since the previous denial and noted that he would have supported Alternative 3.

Commissioner Simons stated that he will be supporting this motion. Commissioner Simons commented on the importance of undisturbed parks and commercial space for residents and noted an opinion that it's not appropriate to change this zoning designation.

Commissioner Howard stated that he will not be supporting this motion. Commissioner Howard reiterated the applicant's belief that the site is not commercially viable and commented that consideration to change the zoning would be worthwhile. Commissioner Howard noted that he would have supported Alternative 3.

The motion carried by the following vote:

Yes: 4 - Commissioner Howe
Commissioner Olevson
Commissioner Simons
Commissioner Weiss

No: 2 - Vice Chair Rheume
Commissioner Howard

Absent: 1 - Chair Harrison

Planning Officer Miner advised that this item goes to the City Council on August 15th.

- 5. 17-0642 File #:** 2017-7382
Locations: 893-909 Kifer Road (APN 205-42-011), 905 Kifer Road (APN 205-42-009)
917 Kifer Road (APN 205-42-008), 133-135 Commercial Street and
919-921 Kifer Road (APN 205-42-007), 155 Commercial Street (APN 205-42-006), 165 Commercial Street (APN 205-42-010), 167-171
Commercial Street (APN 205-42-012), 181 Commercial Street (APN

205-42-003), 183 Commercial Street (APN 205-42-004), 193 Commercial Street (APN 205-42-002), No address (APN 205-42-001)

Proposed Project: General Plan Amendment Initiation: to consider a 100% FAR combining district on 11 parcels in the M-S zoning district totaling 17.85 acres.

Applicant / Owner: ARC TEC, Inc. (applicant) / Fortinet (owner)

Environmental Review: The project is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378 (a).

Project Planner: George Schroeder, (408) 730-7443, gschroeder@sunnyvale.ca.gov

Senior Planner George Schroeder presented the staff report.

Commissioner Olevson asked staff about the cost to the applicant if the Planning Commission supports an expanded study area. Senior Planner Schroeder provided details about what would be required for an expanded study area. Planning Officer Andrew Miner stated that the applicant is already committed to the cost for one site and that expanding the study area is an incremental cost by comparison.

Vice Chair Rheaume opened the Public Hearing.

Larry Burnett, Senior Director with Fortinet, presented images and information about the proposed project.

Commissioner Howard confirmed with Mr. Burnett that the current industrial activity is comprised of research and development labs. Commissioner Howard asked about industrial use in the new headquarters. Mr. Burnett stated that it would mainly be research and development labs and a new data center but that it would not house manufacturing.

Commissioner Olevson reiterated the applicant's concern that an expanded study area would impact their timing and asked for the applicant's input. Mr. Burnett stated that they must prioritize their growth needs and that the first building is required for their near-term growth.

Commissioner Howard asked the applicant if they would consider using another site. Mr. Burnett stated that their best option is to stay and grow on this site since they own it and are committed to it.

Vice Chair Rheaume closed the Public Hearing.

Commissioner Howe asked for staff comments on the difference in timing between the alternatives, the standard cost for this study and the expected cost increase if

the study area is expanded. Planning Officer Miner provided details about the application with and without an expanded study area. Planning Officer Miner advised that staff recommends expanding the study area to create a specific plan.

Commissioner Howe confirmed with Planning Officer Miner that the applicant hasn't submitted a plan for their current building. Planning Officer Miner provided details about the potential analyses that could be required.

Commissioner Howard asked for staff clarification about the use of M-S (Industrial and Service) zoning. Planning Officer Miner stated that it is the most common industrial zoning in the City and advised that usually large high Floor Area Ratio (FAR) projects are within specific plans.

MOTION: Commissioner Howard moved and Commissioner Simons seconded the motion for Alternative 3 – Initiate a General Plan Amendment study of a larger study area (bounded by Central Expressway to the north, Kifer Road to the south, the private park to the east, and Wolfe Road to the west) as an industrial intensification site in the General Plan to allow 100 percent FAR with the preparation of a Specific, Area, or Precise Plan.

Commissioner Howard commented that he supports the applicant's proposed project and noted that there are no community objections. Commissioner Howard spoke to the potential increase in tax revenues and the importance of keeping businesses rooted in the community. Commissioner Howard noted his agreement with the staff recommendation that the adjacent parcels should be evaluated in regards to the overall zoning. Commissioner Howard noted his respect for the applicant's concern regarding timing and stated a belief that the applicant should be able to accommodate their office space needs in the interim.

Commissioner Simons commented that grouping this land together will allow for a more effective review of any impacts and noted that a specific plan is appropriate for this site. Commissioner Simons stated that he will be supporting the motion.

The motion carried by the following vote:

Yes: 6 - Vice Chair Rheaume
Commissioner Howard
Commissioner Howe
Commissioner Olevson
Commissioner Simons
Commissioner Weiss

No: 0

Absent: 1 - Chair Harrison

Planning Officer Miner advised that this item goes to the City Council on August 15th.

6. 17-0717 Selection of Chair

Vice Chair Rheume was selected as the new Chair for the Planning Commission.

7. 17-0718 Selection of Vice Chair

Commissioner Weiss was selected as the new Vice Chair for the Planning Commission.

8. 17-0721 Selection of Seats

Seats were selected by the Planning Commissioners in order of seniority.

STANDING ITEM: CONSIDERATION OF POTENTIAL STUDY ISSUES

Commissioner Weiss commented on the potential for a safe exchange area for goods purchased online, such as through Craigslist, and asked staff about a study session on this topic. Planning Officer Miner advised that this would go through the Department of Public Safety (DPS) and that staff would obtain information for the Planning Commission.

NON-AGENDA ITEMS AND COMMENTS

-Commissioner Comments

-Staff Comments

ADJOURNMENT

Vice Chair Rheume adjourned the meeting at 12:38 AM.