

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 Rheaume

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