



City of Sunnyvale

Agenda Item

16-0458

Agenda Date: 5/23/2016

REPORT TO PLANNING COMMISSION

SUBJECT

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

REPORT IN BRIEF

General Plan: Downtown Specific Plan

Zoning: Downtown Specific Plan (DSP)

Existing Site Conditions: completed office buildings on Mathilda Avenue; partially completed residential/retail buildings; steel framing for future retail buildings; partially completed public parking structures and street improvements; and surface parking lots

Surrounding Land Uses

North: (across Washington Avenue) mixed-use developments and commercial businesses and restaurants on S. Murphy Avenue; (south side Washington Avenue) Macy's store

South: (across Iowa Avenue) commercial, office, and residential uses; (north side Iowa Avenue) Target store

East: (across Sunnyvale Avenue) commercial, office and residential uses

West: (across Mathilda Avenue) commercial, office and residential uses

Issues: Allowance for rental housing; temporary Redwood Square improvements; below market rate housing

Staff Recommendation: Find that the proposed amendments to the Special Development Permit Final Conditions of Approval for the Sunnyvale Town Center project are exempt from CEQA review,

subject to the findings in Attachment 7, and approve the findings and Amended Final Conditions of Approval pursuant to Attachments 8 and 9.

Proposed Project

The applicant proposes amendments to the Final Conditions of Approvals for the Special Development Permits that govern the Sunnyvale Town Center Project. At the present time, no amendments are proposed that would affect the amount, type, intensity or location of allowable land uses. After reviewing the Applicant's Statement (Attachment 2), staff is recommending various amendments to the Final Conditions of Approval to address the items identified by the applicant. Additionally, staff is recommending additions and updates to other conditions to meet current City policies and standards. Primary amendments consist of the following:

- a) Clarify conditions concerning the expiration and extension of the SDP design approvals;
- b) Remove the restriction that the residential units can be offered for-sale only and allow the units to be rental or ownership units;
- c) Subject to approval of a Miscellaneous Plan Permit by the Director of Community Development, allow:
 - i. Ground floor commercial/retail space incidental to and in combination with residential uses; and
 - ii. Ground floor recreational facilities that are open to the public;
- d) Exclude accessory restaurant uses located within a grocery store/supermarket from the maximum 90,000 square feet of restaurants;
- e) Allow temporary parking lot and Redwood Square landscaping improvements in Block 3 of the project;
- f) Comply with the City's Green Building Program to the extent feasible;
- g) Incorporate smart city technology or infrastructure into the project;
- h) Enter into a below market rate/affordable housing developer agreement to provide affordable housing units within the project; and
- i) Comply with Climate Action Plan measures for air quality.

BACKGROUND

The Sunnyvale Town Center project is located within Block 18 of the DSP bounded by Mathilda Avenue to the west, Washington Avenue to the north, Sunnyvale Avenue to the east and Iowa Avenue to the south. While Block 18 totals approximately 36 acres, the SDP amendment application only pertains to approximately 29 acres owned by the applicant/developer and includes the public parking parcels owned by the Successor Agency to the Former Sunnyvale Redevelopment Agency (Successor Agency). The existing Macy's and Target parcels are under separate ownership and are not covered by this SDP application. See Attachment 3 which indicates the properties covered by the SDP application.

Existing Land Use Entitlements

A master land use and site development plan for the Sunnyvale Town Center project that covers Block 18 of the DSP was approved on February 6, 2007 by the City Council (SDP 2007-0030). The land use plan envisioned a mixed use pedestrian oriented development with Block 18 divided into six sub-blocks (commonly referred to as Blocks 1-6) by extending McKinley Avenue, Murphy Avenue and Taaffe Street through the project site. A central open space would be created in the center of the project called Redwood Square where the existing Redwood trees are located, and these trees would be preserved. Subsequent amendments to SDP 2007-0030 were approved by the Planning

Commission which adjusted the allowable uses within Block 18. With these amendments, the approved uses for the Sunnyvale Town Center project currently consist of the following:

- a) Approximately 931,385 square feet of retail and restaurant uses, including a multiplex movie theater with up to 2,950 seats and a maximum of 90,000 square feet of restaurants (excluding outdoor seating).
- b) Approximately 315,000 square feet of office space.
- c) 292 residential units.
- d) Maximum 200-room hotel.
- e) Four multi-level parking structures to support the approved uses.

The amount of allowed retail and restaurant uses includes the existing Macy's and Target stores (on parcels under separate ownership). The approved site plans for the ground level and second floor uses are shown in Attachments 4 and 5.

The subsequent SDPs also approved architectural plans for the various office, retail and residential buildings within the project and conceptual site and landscaping plans for the six-block project area, including Redwood Square. The following summarizes the approvals covered by the subsequent SDPs:

- a) SDP 2007-0611 (July 9, 2007) - addition of 40,000 square feet of office space on Block 1 and a reduction in second-floor retail space of approximately 60,000 square feet on Blocks 1 and 6.
- b) SDP 2007-0516 (July-August 2007) - master landscaping plan, Redwood Square site and landscaping plans, and architectural plans for the residential, office, theater and retail buildings (including new Target store), and parking structures located within Blocks 1-5 of the development.
- c) SDP 2008-0097 (March 8, 2008) - revised site and landscaping plans for Redwood Square.
- d) SDP 2008-0637 (October 21, 2008) - exclusion of outdoor seating from the maximum restaurant square footage and elimination of the maximum 425-seat limit for any one auditorium in the movie theater; architectural plans for the ground floor retail spaces, hotel and parking structure on Block 6.

Disposition and Development and Owner Participation Agreement

Along with Council approval in 2007 of the Master SDP for the Sunnyvale Town Center project, the Council acting as the Redevelopment Agency also approved an *Amended and Restated Disposition and Development and Owner Participation Agreement (ARDDOPA)*. Owner participation agreements are a legal mechanism to regulate development in redevelopment areas. The ARDDOPA described the required scope and mix of land uses and sets forth the respective duties and obligations of the developer and the Redevelopment Agency/Successor Agency). The ARDDOPA was further amended in 2010 when Wachovia Bank (later Wells Fargo Bank) assumed ownership of the property. The current agreement, *2010 Amended Disposition and Development Owner Participation Agreement (ADDOPA)*, is assigned to the Court-Appointed Receiver representing Wells Fargo Bank. The ADDOPA addresses a number of development issues that reinforce or extend beyond the SDP approvals, including: a) schedule for commencement and completion of a defined "Minimum Project"; b) potential liquidated damages for non-performance; c) future annual payments to the developer through tax increment financing to complete the public improvements and parking structures; d) restriction that the residential units shall be for-sale units mapped for condominiums; e) joint responsibility for environmental remediation; f) developer's obligation to include affordable units within the project; and g) ability for the Redevelopment Agency/Successor Agency to review and

acknowledge the transfer of the property to a new owner.

While the state dissolved redevelopment agencies in 2011 (effective January 2012), successor agencies were formed to assume the transitional obligations and administrative responsibilities of former redevelopment agencies, which includes overseeing existing owner participation agreements such as the ADDOPA. The City Council serves as the Sunnyvale Successor Agency. Further amendments and updates to the ADDOPA are in the discussion stage between staff and prospective property owner, STC Venture, LLC. The amended owner participation agreement is anticipated to be considered by the Successor Agency at the end of June 2016.

Status of Project

Considerable progress to develop the project occurred in the initial years following approval of land use entitlements in 2007. While substantial construction occurred on the office buildings on Mathilda Avenue and the mixed use residential/retail buildings on Washington and McKinley, none of these buildings were completed for occupancy at that time. The former developer lost its financing during the 2008 economic crisis and halted construction, and the Project was eventually taken over by its lender, Wachovia Bank (later acquired by Wells Fargo) via foreclosure. However, Target chose to move forward in 2009 to construct its planned new store on Block 5. Wells Fargo Bank also secured tenants (Nokia and Apple) for the two Mathilda Avenue office buildings on Block 2 and completed the outstanding work to allow occupancy of these buildings. Additionally, street improvements and the parking structures on Blocks 1 and 2 were substantially completed to serve Target, Macy's and the two office buildings. Further progress to complete the project was delayed by litigation between the former developer, Wells Fargo and other parties. This litigation was finally resolved in August 2015. Attachment 6 provides an exhibit that depicts the current status of the project.

Following the conclusion of litigation, Wells Fargo Bank began actively marketing the property and provided notice to the Successor Agency on November 2015 that it had selected a prospective developer team to purchase the property. The developer team is STC Venture, LLC, a joint venture composed of J.P. Morgan Asset Management Fund, Sares Regis Group of Northern California, and Hunter Properties, Inc. Pursuant to the ADDOPA, staff, with the assistance of financial and economic development experts, conducted an in-depth review of the financial capabilities and professional background of the proposed developer team. In December 2015, the Successor Agency acknowledged that the proposed team was highly qualified to acquire and complete the Town Center project. J. P. Morgan will provide the substantial financing for the project, while Sares Regis and Hunter Properties will bring considerable expertise in residential, retail and office development with a strong South Bay and Bay Area presence.

In December 2015, J. P. Morgan acquired sole ownership of the two parcels on Block 2 that contains the two office buildings. Sale of the remainder of the property to STC Venture, LLC, is contingent on approval of both the amended ADDOPA and amended SDP.

EXISTING POLICY

The following City goals and policies are relevant to the proposed application:

General Plan Land Use and Transportation Chapter:

Policy LT-3.2 Encourage the development of ownership housing to maintain a majority of housing in the City for ownership choice.

Policy LT-4.12 Permit more intensive commercial and office development in the downtown,

- given its central location and accessibility to transit.
- Policy LT-7.4 Create a strong, identifiable central business district that provides regional and citywide shopping opportunities.

General Plan Housing Element:

- Policy A.1 Encourage diversity in the type, size, price and tenure of residential development in Sunnyvale, including single-family homes, townhomes, apartments, mixed-use housing, transit-oriented development, and live-work housing.
- Policy A.3 Utilize the Below Market Rate (BMR) Housing requirement as a tool to integrate affordable housing units within market rate developments, and increase the availability of affordable housing throughout the community.

Downtown Specific Plan:

- Goal B** Establish the Downtown as the cultural, retail, financial and entertainment center of the community, complemented by employment, housing and transit opportunities.
- Policy B.1 Encourage mixed uses throughout the downtown when consistent with the district character.
- Policy B.2 Encourage below-market-rate housing in all residential neighborhoods.

ENVIRONMENTAL REVIEW

Adoption of the proposed amendments to the Final Conditions of Approval for the SDP for the Sunnyvale Town Center Project is considered a "project" for purposes of the California Environmental Quality Act, Public Resources Code § 21000, et seq. ("CEQA"). However, as explained in more detail in Attachment 7, in accordance with CEQA Guidelines Section 15168(c)(2), the Project is within the scope of previous environmental analysis, and subsequent environmental review is not required. In addition, the Project is categorically exempt from CEQA pursuant to CEQA Guidelines Sections 15304 and 15305, and none of the exceptions to the exemptions specified in CEQA Guidelines Section 15300.2 have occurred. Therefore, no additional analysis is required to comply with CEQA before the City takes action regarding the proposed amendments to the Final Conditions of Approval for the SDP.

DISCUSSION

The primary amendments to the Final Conditions of Approval for the SDP for the Town Center Project involve the following proposed revisions (Attachment 9 is a clean version of the proposed amended conditions and Attachment 10 is a redlined version):

Standard Conditions (Conditions SC1-SC5)

Conditions of approval have been added covering indemnification, notice of fee protest, Department of Alcohol Beverage Control (ABC) use compliance, and tenant lease agreements. When applicable, these standard conditions are added to current permits.

Expiration and Extension of Permits (Condition G3)

The Zoning Code (Sunnyvale Municipal Code Sections 19.98.110 and 19.98.120) defines regulations for expiration and extension of discretionary permits. A permit expires if it is not exercised within two years; a permit is generally considered exercised if a building permit has been issued and substantial construction has commenced. If not exercised, the permit may be extended by the Director of Community Development upon request for a maximum of two years (maximum one year for each extension.) The SDPs for the Sunnyvale Town Center project are discretionary permits that are

subject to these provisions.

There are unique circumstances pertaining to these entitlements and the project that require a further interpretation of the Zoning Code provisions:

- a) The project involves multiple parcels covering six downtown blocks that are separated by public streets.
- b) The project involved a Master SDP that approved an overall land use and site development plan for the complete project. Four subsequent SDPs were approved that covered: amendments to the Master SDP; the conceptual architectural design plans for the office, mixed use and retail buildings; landscaping and site improvement plans for the six-block area; and design plans for Redwood Square.
- c) Significant portions of the project, including public improvements, have been completed or partially completed, but other portions have not commenced construction; thus, portions of the SDP approvals have been exercised, while other portions have not been exercised.
- d) While a phased project is not unusual, the project was substantially delayed due to the severe economic downturn in the economy and prolonged litigation between the former developer and Wells Fargo Bank.

With consideration of the above unique factors, staff recommends a clarification of the expiration provisions for the project SDPs as follows:

- a) The Master SDP that approved the overall land use and site development plan, including subsequent amendments, has been exercised since building permits for portions of the project have been issued and substantial construction has commenced;
- b) SDP architectural design approvals have been exercised for structures that have been completed or have commenced construction (e.g., office buildings A and C on Block 2, and residential/retail buildings D, E and F on Blocks 1 and 2); and
- c) SDP architectural design approvals for the buildings that have NOT commenced construction are still valid, but shall expire if construction activity on the overall project lapses or ceases for more than two years; a total extension of two years may be granted by the Director of Community Development or the SDP design approvals can be reapproved by the Planning Commission.

Permitted Uses (Conditions G10)

- a) Allowance for Rental or For-Sale Housing: The current SDP condition restricts the dwelling units to for-sale housing only. This condition reflects the current ADDOPA that also requires "for-sale residential units mapped for condominiums." Revising this provision in the ADDOPA to allow for rental or for-sale housing will be considered by the Successor Agency in June along with other proposed amendments. Amendments to both the SDP and ADDOPA will be necessary to allow for rental housing in the project. The applicant believes that allowing the flexibility for rental housing is essential for moving the project forward, especially to finish the partially completed residential buildings. They also believe that a mixed used project with considerable commercial uses, common areas and cost-sharing responsibilities would be more complex to manage and introduce potentially greater conflicts if a homeowners association with multiple owners were involved in ongoing management. One institutional owner for the residential units is preferred for this reason. Amendment of the condition to allow rental units would not preclude the future conversion of the units to condominiums or prevent the introduction of a for-sale product in later phases of the project.

- b) **Allowance for Other Ground Floor Uses:** With the proposal to allow for rental units with the project, the applicant is also requesting the ability to locate a leasing office and incidental residential uses within a portion of the ground floor retail space. A second proposed amendment pertains to allowing a recreational facility that is open to the public within the ground floor retail space. Staff is supportive of allowing both amendments subject to approval of a Miscellaneous Plan Permit (MPP) by the Director of Community Development. The review would allow staff to ensure that the storefront improvements will preserve the commercial integrity of the street and that the incidental residential uses are active uses that will complement the retail businesses. Attachment 11 shows a preliminary concept for a combination leasing office, exercise facility and storefront retail uses in about 7,700 square of the ground floor retail space at the corner of Washington Avenue and Taaffe Street.

A third proposed amendment would exempt accessory restaurant uses within a grocery store/supermarket from the 90,000-square-foot limit on total restaurant space within the project. Staff believes this amendment is acceptable as supermarkets are evolving to introduce more convenient food services for customers.

Temporary Redwood Square Landscaping and Parking Lot Improvements (Condition RS6)

The applicant/developer is proposing to demolish the existing two-story steel framing in Block 3 and install temporary landscaping and parking lot improvements in the area south of the Macy's store bounded by Murphy, McKinley and Taaffe. The existing steel framing represents currently approved plans for two-story retail buildings totaling about 132,000 square feet that would be oriented around the future Redwood Square public plaza.

In October 2015, staff obtained Keyser-Marston, an economic development consultant, to assess the retail market potential in downtown Sunnyvale. (The consultant's report can be viewed at <http://sunnyvale.ca.gov/HotTopics/DowntownDevelopment.aspx>.) The report indicates that retail tenants can be attracted to second level retail space (e.g. entertainment uses and fitness facilities). In follow-up discussion with the consultant, however, it was cautioned that the market and financial viability of such space should be further evaluated. While the consultant did not specifically examine the configuration of the retail buildings on Block 3, it was indicated that such space would generally be more expensive to construct (including elevators for ADA access) than ground floor space, and is not prime for retail tenants as most prefer a street level location with higher visibility and good foot traffic. Servicing second-story retail space (e.g. solid waste collection and deliveries) would also be more challenging. Additionally, while the market for expanding retail, restaurant and entertainment uses in downtown Sunnyvale is strong, the report concluded that the Town Center project has an ambitious amount of planned retail space when compared to the potential market capture. This could affect the ability to attract viable tenants to second level space given the ample supply of street level space.

The above factors raise questions concerning the economic feasibility of completing the unfinished two-story retail buildings in Block 3. At the study session on May 9, the Planning Commission asked for more information about the viability of these buildings and the alternative plans for development of this block. While the applicant/developer has not submitted a proposed development concept for Block 3, staff believes that a fresh evaluation is warranted given that the approved plan is almost ten years old. Meanwhile, the uncompleted structures detract from the overall appearance of the project. Staff has also discussed with the applicant/developer the potential of enlarging Redwood Square beyond the current approval to create a more attractive community gathering space. The

applicant/developer is aware of the Commission's questions and can elaborate at the May 23 public hearing regarding their reasons for demolishing the steel structures.

Block 3 is critical to the success of the Town Center project, and creating uses that activate and integrate well with Redwood Square and surrounding uses is an important success criterion. Revised plans for the future development of this block have not been submitted to staff at this time. Revised plans would require a future SDP application and possibly an amendment to the DSP. As an initial measure, the applicant/developer is proposing to demolish the steel structures by the end of this year and install interim parking lot and landscaping improvements immediately thereafter. These temporary improvements would provide additional close-in parking for Macy's and Target customers, but perhaps more importantly, would open up public access to Redwood Square. While an amendment to the SDP to allow the temporary improvements is subject to review and approval by the Planning Commission, the issuance of a demolition permit does not require Commission action.

A conceptual plan for the temporary improvements is shown on Attachment 12. This plan shows 100 parking spaces and approximately 75,000 square feet of landscaped area consisting of turf, bark/gravel and pathways. The existing Redwood trees would be preserved. The recommended condition of approval requires allocating approximately 50 percent of the area for open space/landscaping (i.e. not devoted to temporary parking.) A Miscellaneous Plan Permit (MPP) application with detailed plans is required to be submitted for review and approval by the Directors of Community Development and Public Works and Fire Marshal. The recommended term for the MPP is two years, with the ability for an extension by the Planning Commission.

Green Building Update and Building Code Compliance (Condition GB1)

When the project was approved in 2007, the City had not adopted its Green Building Program. Staff discussed with the applicant/developer the strong desire for the project to meet the City's green building standards to the extent feasible recognizing that some of the buildings are already partially constructed so this may be difficult. The applicant/developer analyzed the existing building plans and agreed that with modifications, the residential components would be able to meet the City's current GreenPoint Rated standard of 80 points. However, meeting the City's current LEED Silver standard for the ground floor retail spaces in the existing buildings will be challenging and, in some situations, infeasible for certain tenants. The recommended condition requires individual storefront and tenant improvements in these buildings to incorporate green building features to the extent feasible with a goal of LEED Silver. However, it is understood that a "hardship or infeasibility exemption" can be warranted pursuant to the City's Green Building Regulations (Sunnyvale Municipal Code Section 19.39.060) when achieving the desired LEED standard is not possible or realistic.

For future buildings that have not been constructed, such as the future theater-retail building, the recommended condition requires compliance with the City's Green Building Program that is currently in effect, as follows:

- a) GreenPoint Rated 80 points for residential components of buildings;
 - b) LEED Gold for non-residential buildings or portions of buildings over 100,000 square feet, and LEED Silver of non-residential buildings or portions of building from 5,000 to 100,000 square feet (USGBC certification is not required); Alternatively, LEED Gold may be applied to an entire mixed use building; and
- State CALGreen mandatory measures and Title 24 energy efficiency requirements.

Smart City Technology/Infrastructure (Condition GB3)

A condition has been added to require the applicant/developer to work with the City to develop a proposal for City review and approval to introduce smart city technology or infrastructure into the project. Technology to be explored includes smartphone apps, kiosks, signage and/or Wi-Fi that provide convenient information for downtown customers and workers. Incorporating technology into the required public art program is also a possible opportunity. The applicant/developer is already required to install an electronic system that monitors and provides realtime information on available spaces in the parking garages. Smart infrastructure technologies are emerging very quickly and generally inherent in such technologies are elements of sustainability and environmental benefits. The added condition will allow the project to capture the advancing technology and incorporate such features into the project where practical. Combined with the Green Building Program and Climate Action Plan provisions, the project will achieve a higher level of sustainability and innovation than previously required. Additionally, introducing smart technology into the project will assist in distinguishing downtown Sunnyvale from other shopping/entertainment districts, and respond to the public's growing expectations for technology conveniences.

Below Market Rate (BMR) Program (Condition BMR1)

The Town Center project was required to meet the City's BMR ordinance that was in effect in 2007, and the BMR condition was based on the residential units being limited to ownership or condominium units. The original requirement was to provide 12.5 percent for-sale BMR units affordable to moderate income households for a minimum of 30 years. This translates to 36.5 of the total 292 condominium units in the approved project. If the project is allowed to offer both rental and for-sale units, the BMR condition needs to be amended to reflect both options. The applicant/developer has agreed that in exchange for permitting rental housing, they would enter into an Affordable Housing Developer Agreement with the City to provide BMR rental units instead of paying a rental housing impact fee pursuant to the City's current ordinance. The Agreement will stipulate that 12.5 percent of all housing units within the project shall be BMR rental or for-sale units, and that any BMR rental units shall be affordable to low-income households for 55 years.

The applicant/developer is proposing to complete the three existing residential building on Blocks 1 and 2 as rental housing (198 total units). No changes to the number, size or configuration of the units are proposed, and the ability to convert the units to condominiums in the future would still be available. Because the units were originally designed as spacious condominiums, they will be quite large for apartments. The average size is about 850 square feet for one-bedroom units and 1,100 to 1,450 square feet for two bedroom units, which are the majority of the units in these buildings, and over 1,500 square feet for the few three-bedroom units. Comparatively, the sizes of recently constructed market rate apartments are typically about 600 feet for one-bedroom units and 800-900 square feet for two-bedroom units. Given this size disparity, staff supports allowing a larger proportion of the BMR rental units within these buildings (25 total) to be the smaller one-bedroom and two-bedroom units. The precise distribution of the units (location and bedroom sizes) will be specified in the Affordable Housing Developer Agreement.

Climate Action Plan Compliance and Dust Control (Conditions CM3 and CM4)

Standard conditions have been added to address Climate Action Plan compliance and dust control for construction activity. The applicant/developer is also proposing to pre-wire a portion the dedicated residential parking spaces in the parking structures to accept EV charging stations. Additionally, staff is in the midst of assessing new areas to advance implementation of the CAP and, to the extent feasible, will work to advance emerging practices that suit the downtown business needs (e.g. EV charging stations, accommodations for autonomous vehicles, etc.) and sustainable innovation.

PUBLIC CONTACT

Public contact was made through placing a public notice in the Sunnyvale Sun on May 13, posting the agenda on the City's official notice bulletin board and the City's website and having the agenda and report available in the Reference Section of the City Library. In addition, notice boards were posted along the project boundary. Notices were sent to all property owners and tenants within 1,000 feet of the site (2,506 notices) (Attachment 2); email messages with notices were also sent to all neighborhood associations, Sunnyvale Chamber of Commerce, Sunnyvale Downtown Association, Auto Dealer Association, and the Moffett Park Business and Transportation Association.

ALTERNATIVES

1. 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 8 and 9.
2. 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 8 and 9 with modifications.
3. Do not approve the Amended Final Conditions of Approval and provide direction to staff.

RECOMMENDATION

Alternative 1: 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 8 and 9.

Staff believes that the proposed amendments are consistent with the goals and policies in the Downtown Specific Plan. Approval of the SDP amendments will facilitate restarting construction of the long stalled Sunnyvale Town Center project, with construction anticipated to begin by spring 2017 or possibly earlier by the new developer team. The sale of the property is contingent on approval of the proposed SDP amendments by the Planning Commission and the approval of an amended ADDOPA by the Successor Agency. The allowance for rental housing within the project is contingent on approval of a parallel revision in the ADDOPA. Staff supports the allowance for rental housing with the agreement by the applicant to commit 12.5 percent of the rental units within the project for low-income households. Additionally, many of the amendments update conditions of approval that are almost ten years old that do not reflect the current project status or current City policies and requirements.

Prepared by: Hanson Hom, Assistant City Manager/Chief of Downtown Planning

Reviewed by: Trudi Ryan, Director of Community Development

Approved by: Deanna Santana, City Manager

ATTACHMENTS

1. Public Noticing Radius Map
2. Applicant's Statement
3. Project Boundary Map
4. Sunnyvale Town Center Site Plan (Ground Level)
5. Sunnyvale Town Center Site Plan (Second Floor)
6. Project Status Aerial Photo - December 2015
7. CEQA Guidelines Findings and Analysis
8. Findings for Approval of Amendments to Special Development Permit
9. DRAFT Amended Final Conditions of Approval (clean version)
10. DRAFT Amended Final Conditions of Approval (redlined version)
11. Concept Plan - Residential Leasing Office and Incidental Uses
12. Redwood Square Temporary Improvements