

3.        [20-0276](#)        **Proposed Project:** General Plan Amendment Initiation request to consider amending the General Plan designation from Commercial to Medium Density Residential on two sites totaling 1.2-acres.  
**Location:** 1313 S. Wolfe Road (APN: 309-10-026 and 309-10-027)  
**File #:** 2020-7031  
**Zoning:** C-1 (Neighborhood Business)/PD (Planned Development)  
**General Plan:** Commercial  
**Applicant / Owner:** 4Terra Investments (applicant) / Desmond Family Real Estate Limited Partner (owner)  
**Environmental Review:** The project is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378(a).  
**Project Planner:** Mary Jeyaprakash, (408) 730-7449, [mjeyaprakash@sunnyvale.ca.gov](mailto:mjeyaprakash@sunnyvale.ca.gov)

Associate Planner Mary Jeyaprakash presented the staff report and a slide presentation. She noted a correction to the staff report so that page three under the General Plan Land Use Map and Zoning section reads Attachments 5 and 6 instead of Attachments 6 and 7.

Associate Planner Jeyaprakash clarified for Commissioner Harrison that the Fremont Avenue and South Wolfe Road intersection is not designated as a village center.

Vice Chair Simons asked if adding housing to the top of a commercial building in a commercial zone is an option. Assistant Director Andrew Miner stated that vertical mixed-uses can be seen in places throughout the city. Principal Planner Amber Blizinski added that vertical mixed-uses are not common in the C-1 zone and that staff suggests studying a 10% minimum commercial Floor Area Ratio if the Commission recommends initiating a General Plan Amendment study.

Commissioner Rheume asked staff to explain the C-1 zone. Assistant Director Miner answered that the C-1 zone consists of smaller, neighborhood-type uses and does not include residential uses. Assistant Director Miner further explained what the C-2 zoning district allows. Assistant Director Miner noted the possibility of converting the site to a C-2 zone but emphasized the neighborhood's need for the neighborhood-type uses and the concern about more intense uses allowed in the C-2 district. Commissioner Rheume asked about height limitations and Associate Planner Jeyaprakash stated that the C-1 height limitation is 40 feet and the C-2

height limitation is 75 feet.

Commissioner Harrison confirmed with Assistant Director Miner that this property is not included in the El Camino Real Specific Plan node.

Commissioner Olevson asked if residential and commercial components are possible for the site. Principal Planner Blizinski stated that the Commission can recommend any study parameters and noted some suggested alternatives. Assistant Director Miner commented that the applicant has proposed maintaining retail with an added residential component and that it is possible to rezone a portion of the site to residential and keep the rest a C-1 designation. Commissioner Olevson voiced his concern for the loss of potential sales taxes if the site is completely rezoned from C-1.

Commissioner Howe asked about previous actions on the site. Associate Planner Jeyaprakash and Assistant Director Miner stated that in 2015 staff received a Special Development Permit application for an auto parts store that was eventually withdrawn. Assistant Director Miner added that there have been efforts to redevelop the site as a commercial use that have not been successful and suggested asking the applicant for more information about their experience with the site.

Chair Howard asked if there are General Plan ramifications to changing the site to commercial mixed-use. Assistant Director Miner stated that there is not a commercial mixed-use zone but that the zoning code includes a mixed-use combining district which requires commercial uses in a residential project. Assistant Director Miner pointed out a section in the staff report that discusses the importance of maintaining the site's commercial designation. Chair Howard asked about village center zoning designations. Principal Planner Blizinski explained that the Village Center Mixed-Use zoning designation does not apply to the subject site and the Land Use and Transportation Element update in 2017 did not include the project site as a Village Center. Assistant Director Miner noted that if the site were changed to a C-2 zone, the applicant could pursue any use for the site allowed in that zone and encouraged the Commission to consider the implications of shared driveways and parking areas that a residential element would add. Chair Howard asked about staff's availability to work on General Plan Amendment studies. Principal Planner Blizinski stated that it is not a priority for staff considering the current workload and that if it were recommended to pursue the amendment, work would not be able to begin for several months.

Commissioner Harrison confirmed with Principal Planner Blizinski that the purple section of the General Plan Map in Attachment 5 labeled as commercial mixed-use represents the El Camino Real Precise Plan area and that the Village Center Mixed-Use designation requires a 10% - 25% commercial element and the El Camino Real Precise Plan policy is a fixed 25% commercial element. Assistant Director Miner added that El Camino Real is intended as a primarily commercial corridor.

Chair Howard opened the Public Hearing.

Amir Massih, Director of East Beach Capital LLC, shared a slide presentation and information about the General Plan Amendment Initiation request and a slide presentation.

Commissioner Harrison asked the applicant about the history of redevelopment on the site and if the adjacent gas station owner has been approached about incorporating the lot into the General Plan Amendment Initiation request. Mr. Massih and Brady McGuinness, attorney, responded that there has been interest in office, hotel, and auto repair store uses that did not progress because there were financial and lot efficiency concerns. Mr. Massih and Mr. McGuinness also stated that they internally discussed incorporating the gas station into the request and understand that the gas station owner is pursuing a redevelopment of the site. Mr. Massih added that they are open to combining the lots to the request.

Vice Chair Simons asked the applicant about the possibility of a development where people live and work with commercial use on the bottom floor. Mr. Massih explained the constraints of configuring the working commercial space and enforcing tenants to use the commercial space for work only which becomes more difficult as developments move farther away from arterial roads.

Commissioner Weiss asked the applicant about the possibility of a grocery store on the site to service the anticipated housing development at Butcher's Corner. Mr. Massih answered that the development would most likely not generate enough demand for a grocery store and the lot would not support enough parking for the use. Commissioner Weiss suggested an underground parking option and stated that the site would get visibility from traffic on South Wolfe Road. Mr. Massih acknowledged the option but added that a grocery store might add more traffic to the increased traffic that is expected with the Butcher's Corner development. Commissioner Weiss commented that there would be an increase in traffic

regardless of the use.

Christophe LaBelle, Sunnyvale resident, spoke in favor of the General Plan Amendment Initiation request with support for housing on the site.

Leia Mehlman, Bicycle and Pedestrian Advisory Commission Vice Chair speaking on her own behalf, expressed support for a vertical mixed-use site or retail-only property and noted concerns about a lack of Below Market Rate units and limited parking.

Coleen Hausler, Sunnyvale resident, expressed support for any housing that could be built on the site.

Mr. Massih shared additional information about the General Plan Amendment Initiation request.

Chair Howard closed the Public Hearing.

Chair Howard asked staff if housing is possible on the site with a Use Permit. Principal Planner Blizinski stated a change was made to certain zones as a result of SB 330 to prevent the filing of residential applications where density had not been set. Assistant Director Miner clarified that when residential was allowed with a Use Permit in those zones in the past it was typically for an ancillary unit and not an entirely residential project. Chair Howard confirmed with Principal Planner Blizinski that there is a possibility for housing in a C-2 zone, but staff would not support the request.

Commissioner Olevson asked staff if a study parameter that incorporates the adjacent gas station is appropriate. Principal Planner Blizinski responded that helpful parameters include, but are not limited to, what parcels to study, a density range to explore, and a commercial minimum or maximum threshold, if recommended. Assistant Director Miner added that the gas station has a pending application to add food service, mentioned potential considerations for adding a residential element, discussed the current state of the immediate area, and recommended adding the gas station as a study parameter if the Commission decided to move forward with the request.

Vice Chair Simons asked how to make new developments in C-1 zones more successful or if the better option is to add housing to a C-1 property. Principal

Planner Blizinski acknowledged that some C-1 properties are more successful than others and stated that it is important to maintain C-1 properties that could reduce vehicle trips. Assistant Director Miner stated that C-1 properties are rare throughout the city but important and that staff is committed to the long-term goals of the General Plan that was adopted just three years ago.

Commissioner Harrison asked about the possibility of second floor office space which could increase the height and viability of a site in a C-1 zone. Assistant Director Miner and Principal Planner Blizinski stated that smaller offices that serve neighborhoods are appropriate but not larger offices that would require employees to commute farther to get to, with Assistant Director Miner adding that he understands second floor commercial uses to be more difficult to lease.

MOTION: Commissioner Howe moved and Vice Chair Simons seconded the motion for Alternative 2 - Deny the General Plan Amendment Initiation request to consider amending the General Plan designation from Commercial to Medium Density Residential to allow mixed-use residential and commercial, with a modification.

The modification is as follows:

1.) Revise the staff report so that page three under the General Plan Land Use Map and Zoning section reads Attachments 5 and 6 instead of Attachments 6 and 7.

Commissioner Howe stated his belief that it is important to maintain the property as a C-1 site to serve the community, particularly the surrounding higher density residential areas.

Vice Chair Simons agreed with Commissioner Howe and stated that he will support the motion. He added that he is interested in staff exploring how to make C-1 sites more successful, considering that many neighborhood commercial uses are now obsolete in Silicon Valley. He commented on other potential uses for the site, including a parking lot.

Commissioner Olevson stated that he will not support the motion. He appreciated the C-1 properties' neighborhood-serving purpose but recognized that part of the site has been vacant for a long time and the existing business is underperforming. As a result, he stated that he believes the applicant should have the opportunity to explore viable options for the site and can support study parameters of R-3 with a commercial component and the addition of the adjacent gas station.

Commissioner Rheume stated that he will not support the motion and agreed with Commissioner Olevson. He commented that developing the property with a C-1 use, as important as the uses are, is not economically feasible as evidenced by the vacant lot that has been there for many years. He added that it would be worthwhile to pursue a study just to explore the options.

Commissioner Weiss stated her support for the motion. She commented that the General Plan should not be changed during this challenging economic time and stated her belief that a re-evaluation could be done during a more stable time. She stressed the importance of neighborhood commercial uses and the importance of the intersection and the site that would serve Butcher's Corner when it is developed, further remarking that the right commercial use will be found for the site.

Commissioner Harrison stated that she is conflicted but will ultimately not support the motion because the current zoning designation is not appropriate. She acknowledged the importance of neighborhood-serving businesses but commented that the lot has been vacant for at least 30 years and the owners' multiple efforts to develop the site have been unsuccessful. She advocated for a study that explores vertical mixed-use such as small offices and housing above more active uses, even if it takes more time to study.

Chair Howard stated that he will support the motion but has conflicting thoughts. He commented on his continuous support for more housing in the city but understands the importance of neighborhood-serving businesses, mentioning the likelihood of a property owner obtaining tenants with a low cost, low density commercial development. Chair Howard also stated that he does not believe it is the Commission's responsibility to determine what is economically feasible. He added that he would prefer studying a more significant property considering staff's workload constraints and the permanency of the potential change. If the Commission voted to pursue a study, he stated he would recommend studying all three lots and a mixed-use development similar to a village center or when housing is allowed in a C-2 zone with a Use Permit.

The motion carried by the following vote:

**Yes: 4 -** Chair Howard  
Vice Chair Simons  
Commissioner Howe  
Commissioner Weiss

**No: 3 -** Commissioner Harrison  
Commissioner Olevson  
Commissioner Rheaume

Assistant Director Miner stated that this recommendation will be forwarded to the City Council for consideration at the Tuesday, September 15, 2020 meeting.