



# City of Sunnyvale

## Agenda Item

21-0642

Agenda Date: 8/23/2021

### REPORT TO PLANNING COMMISSION

#### SUBJECT

##### **Proposed Project:**

Forward recommendations related to the Lawrence Station Area Plan (LSAP) to the City Council to:

1. **Adopt a Resolution to:**
  - a. Certify the Subsequent Environmental Impact Report;
  - b. Make the findings required by the California Environmental Quality Act;
  - c. Adopt the Statement of Overriding Considerations and Mitigation Monitoring and Reporting Program;
  - d. Adopt the Water Supply Assessment;
  - e. Amend the Lawrence Station Area Plan;
  - f. Amend the General Plan and update the General Plan Map;
  - g. Adopt the LSAP Sense of Place Plan;
  - h. Amend the LSAP Development Incentives Program.
2. **Adopt a Resolution to:**
  - a. Amend Resolution No. 1060-21 (Master Fee Schedule) to add the LSAP Plan Fee, LSAP Sense of Place Fee, LSAP Residential Wastewater Fee, and LSAP Transportation Impact Fee.
3. **Introduce an Ordinance to:**
  - a. Amend Sunnyvale Municipal Code (SMC) Section 19.16.020 (Zoning Districts-Creation), Chapter 19.35 (Lawrence Station Area Plan Specific Plan District), and make related changes to the SMC to implement the amended LSAP;
  - b. Amend the Precise Zoning Plan Districts Map and re-zone parcels within the LSAP district;
  - c. Add Chapter 3.52 (LSAP Transportation Impact Fee) to Title 3.50 (Revenue and Finance).

##### **Location:**

**Existing Plan:** Lawrence Station Area

**Proposed Boundary Expansion Sites:** 932 Kifer Road (APN 205-49-005), 950 Kifer Road (APN 205-49-012), 945 Kifer Road (APN 205-40-002), and 955 Kifer Road (APN 205-40-001)

##### **File nos.:**

2017-7082 (Lawrence Station Area Plan Amendment)

2018-7714 (Sense of Place Plan)

2018-7723 (General Plan Amendment/Rezoning for Boundary Expansion Sites)

##### **Zoning:**

**LSAP** - Various designations of Flexible Mixed-Use I (MXD-I), Flexible Mixed-Use II (MXD-II), Flexible Mixed-Use III (MXD-III), LSAP Industrial and Service (M-S/LSAP), Office/Retail (O-R), and High Density Residential and Office (R-5)

**Proposed Boundary Expansion Sites** - General Industrial (M-3) [932 and 950 Kifer Road] and Industrial and Service (M-S) [945 and 955 Kifer Road]

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**Applicants:** City of Sunnyvale (file #'s 2017-7082 and 2018-7714) and Intuitive Surgical, Inc. (file # 2018-7723)

**Environmental Review** (SCH # 2019012022): Adopt a resolution to make findings required by CEQA, certify the Subsequent Environmental Impact Report (SEIR), and adopt a Statement of Overriding Considerations and Mitigation Monitoring and Reporting Program.

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

## **REPORT IN BRIEF**

**General Plan:** Transit Mixed-Use (LSAP) and Industrial (Boundary Expansion Sites)

**Existing Site Conditions:** The Lawrence Station Area Plan (LSAP) district includes multiple parcels and property owners along the Caltrain rail corridor. The area is developed with a mix of commercial (including Costco) and office/R&D/industrial uses, a recently constructed residential mixed-use project, and a townhome development.

**Issues:** Allowing additional residential development intensity and height, particularly north of the railroad tracks; expanding the boundary which would allow a development project to use most of the remaining LSAP office/R&D capacity; restructuring of the development incentives program; significant and unavoidable environmental impacts; and ensuring a new Sense of Place Plan contributes to enhanced visibility of Lawrence Station and improved conditions for pedestrians, bicyclists, and transit users.

## **Staff Recommendation:**

Forward recommendations related to the Lawrence Station Area Plan (LSAP) to the City Council to:

- 1. Adopt a Resolution to:**
  - a. Certify the Subsequent Environmental Impact Report;
  - b. Make the findings required by the California Environmental Quality Act;
  - c. Adopt the Statement of Overriding Considerations and Mitigation Monitoring and Reporting Program;
  - d. Adopt the Water Supply Assessment;
  - e. Amend the Lawrence Station Area Plan;
  - f. Amend the General Plan and update the General Plan Map;
  - g. Adopt the LSAP Sense of Place Plan;
  - h. Amend the LSAP Development Incentives Program.
- 2. Adopt a Resolution to:**
  - a. Amend Resolution No. 1060-21 (Master Fee Schedule) to add the LSAP Plan Fee, LSAP Sense of Place Fee, LSAP Residential Wastewater Fee, and LSAP Transportation Impact Fee.
- 3. Introduce an Ordinance to:**
  - a. Amend Sunnyvale Municipal Code (SMC) Section 19.16.020 (Zoning Districts-Creation), Chapter 19.35 (Lawrence Station Area Plan Specific Plan District), and make related changes to the SMC to implement the amended LSAP;
  - b. Amend the Precise Zoning Plan Districts Map and re-zone parcels within the LSAP district;
  - c. Add Chapter 3.52 (LSAP Transportation Impact Fee) to Title 3.50 (Revenue and Finance).

The City Council is scheduled to consider this item on September 14, 2021.

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## **BACKGROUND**

### **Original Plan Adoption**

The City Council adopted the LSAP and certified the associated Environmental Impact Report (EIR) on December 6, 2016 (RTC No. 16-1108). The plan allowed for a buildout of 2,323 residential units and 1.2 million net new office/research and development (R&D) square feet. The plan was created to support flexible mixed-use office/R&D, residential and retail uses in the approximate half-mile radius around the Lawrence Caltrain Station. The land uses and circulation identified in the plan support transit ridership and promote improved access throughout the area for pedestrians, bicyclists, and motor vehicles. Adoption of the LSAP also included an implementation action to prepare a sense of place plan to address design criteria for streetscape elements and prepare implementation requirements for the plan elements.

### **Housing Study**

During the LSAP adoption hearing, the City Council discussed allowing a higher number of housing units for the plan area and adopted the LSAP without modifications and provided direction at the hearing for staff to start a new study that may increase the allowable number of housing units.

Following LSAP adoption, the City Council allocated \$200,000 from the General Fund to the LSAP Housing Study and Sense of Place Plan project (Project No. 833700, Budget Supplement #10) as part of the FY 2017/18 Adopted Budget. Additional funding from the General Fund (\$427,000) was included in the FY 2018/19 Budget to fund estimated consultant costs for the housing and sense of place studies. Contracts were awarded to Callander Associates for the Sense of Place Plan and graphic edits to the LSAP; Ascent Environmental for the environmental, economic, and engineering review; and Hexagon Transportation Consultants for preparation of a transportation impact analysis.

Staff presented the various Housing Study options to the Council on June 26, 2018 and the preferred option selected included the study of an additional 3,612 housing units within the plan area while also expanding the areas where housing is allowed. The Council also provided direction to study a pedestrian/bicycle route from the area east of Calabazas Creek to the Lawrence Caltrain Station.

### **Boundary Expansion/Intuitive Development Project**

In June 2018, Intuitive Surgical, Inc. ("Intuitive"), a robotic-assisted surgery company headquartered in Sunnyvale, and owner of multiple properties within the LSAP, filed a General Plan Amendment Initiation (GPI) application to expand the western and northern boundary of the plan area to include two sites on the south side of Kifer Road (932 and 950) and the private park site on the north side of Kifer Road (945-955) (see map in Figure 1 below). Intuitive stated their intent to redevelop these sites with new office/R&D/industrial uses under the higher floor area ratio (FAR) that can be considered in the LSAP with provision of community benefits. Intuitive also indicated that development of these sites would allow them to remain and grow in Sunnyvale and consolidate business operations to the west of Lawrence Expressway to create a more cohesive campus.

On August 14, 2018, the Council authorized a study to include these three sites into the LSAP boundaries and directed staff to include these amendments in the LSAP Housing Study. The timing of the GPI application with the selection of the LSAP Housing Study preferred alternative permitted the City to combine both amendments into an efficient review process with coordinated land use and environmental analysis. Additionally, Intuitive was responsible for their share of the consultant costs associated with amending the boundary to include their sites.

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Intuitive subsequently filed a General Plan Amendment and Rezoning application, followed by applications for a Development Agreement, Special Development Permit, and Vesting Tentative Parcel Map for their development project (“Intuitive Development Project”). The project consists of two new three-story office/R&D/manufacturing buildings totaling 1.211 million square feet. The Intuitive Development Project (Development Agreement, Special Development Permit, and Vesting Tentative Parcel Map) is included as a separate agenda item for discussion and consideration (Report to Planning Commission No. 21-0758); final approval of the Intuitive Development Project applications would be contingent on City Council action to certify the EIR and adopt the amendments to the LSAP.

**FIGURE 1: LSAP Boundary expansion**



### LSAP Development Project Approvals since 2016

The adoption of the LSAP in 2016 included a buildout allowance of 1.2 million square feet of net new office/R&D development and 2,323 net new housing units. Since adoption, the following table details the development projects that have been approved or were recently completed:

Site	File No.	Net New Development Approvals	
		Residential Units	Office/R&D
1050 Kifer Road	2016-7212	N/A	392,465
1120-1130 Kifer Road	2016-7882	520	-100,843 (demolition)
1155-1175 Aster Avenue	2018-7513	741	N/A
<b>Remaining Development Potential</b>		<b>1,062</b>	<b>908,378</b>

### Formal Planning Applications Currently under Review

At the time of staff report production there are two formal LSAP multifamily residential planning projects under review (1202 Kifer Road and 1178 Sonora Court, a 100% affordable housing development). Both projects are in the MXD-I zoning district and are proposed under the current LSAP requirements. The projects are not yet deemed complete but have requested to build 205

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apartment units combined. If they are deemed complete prior to Council adoption of the LSAP, these projects will not be subject to new requirements in the LSAP Update, including, but not limited to, changes in permitted uses, new objective standards, and new impact fees.

## **EXISTING POLICY**

### **General Plan Goals and Policies**

There are many policies and statements in the General Plan which pertain to, and support, the proposed amendments to the LSAP. A detailed list of relevant General Plan Goals and policies is contained in Attachment 6.

The Community Vision Chapter of the General Plan summarizes the Values as:

*Sunnyvale is an attractive, safe, environmentally-sensitive community which takes pride in the diversity of its people, the innovation of its businesses and the responsiveness of its government.*

The Vision is summarized as:

It is the aspiration of the people of Sunnyvale to build upon the attributes which the City currently enjoys, so that Sunnyvale of the future will become ...

- A strong, diverse community ...
- A community with a vibrant and innovative local economy ...
- A regional leader in environmental sustainability ...
- A safe, secure and healthy place for all people ...
- A city managed by a responsible and responsive government ...
- A community with a distinctive identity ...

### **General Plan Land Use Map**

In addition to the policy statements contained in Attachment 6, General Plan Figure 3-10 identifies the Land Use Designation for the adopted LSAP district as Transit Mixed-Use, which allows a mix of residential uses at various densities, high intensity commercial uses, and office uses located near rail stops or other mass transit.

The proposed boundary expansion sites have an existing Land Use Designation as Industrial, which provides for R&D, manufacturing, office, and heavy industrial uses with some retail uses. See Attachment 25 for the existing General Plan Land Use Map.

## **ENVIRONMENTAL REVIEW**

The City is the lead agency under the California Environmental Quality Act (CEQA) and is responsible for preparing a Subsequent Environmental Impact Report (SEIR - State Clearinghouse No. 2019012022) for the proposed LSAP Update and Intuitive Development Project. The City certified the original LSAP Environmental Impact Report (EIR) upon adoption of the Plan in 2016. Due to the proposed LSAP amendments and inclusion of the Intuitive Development Project in the study, the preparation of a SEIR is the appropriate environmental review document for the project, per the requirements of CEQA Guidelines Section 15162.

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An EIR can be used to evaluate either a program that regulates future development, or a specific development project. In this case, the SEIR includes a program-level analysis of the LSAP Update, as well as a project-specific analysis of the Intuitive Development Project. The SEIR was prepared for the City by Ascent Environmental.

The SEIR's program-level analysis compares the environmental impacts of the LSAP Update with those disclosed in the certified 2016 LSAP EIR. The LSAP Update includes an increase in housing potential in the plan area (3,612 additional net new residential units), the expansion of the western plan boundary to include three sites, and the new Lawrence Station Sense of Place Plan (LSSOP). The SEIR's project-level analysis is for the specifics of the Intuitive Development Project, assuming the boundary expansion is adopted.

Attachment 7 contains the Draft SEIR (DSEIR) and associated appendices and the Final SEIR, which contains responses to comments and minor corrections/clarifications to the DSEIR, is Attachment 8.

### **SEIR Milestones**

The milestones in the SEIR process are listed below:

<b>Milestone</b>	<b>Date</b>
Notice of Preparation	January 11, 2019 to February 11, 2019
Native American Tribal Consultation Letters (AB 52 and SB 18)	January 11, 2019
SEIR Scoping Meeting	January 31, 2019
Notice of Availability of DSEIR and Public Review Period	May 26 to July 12, 2021
Planning Commission Public Hearing for Comments on the DSEIR	June 28, 2021
Final EIR minimum 10-day Public Review	August 18, 2021 to August 30, 2021
Planning Commission Public Hearing to Recommend SEIR Certification	August 23, 2021
City Council Public Hearing for SEIR Certification	September 14, 2021

### **Notice of Preparation Period and Scoping Meeting**

A Notice of Preparation (NOP) for the SEIR was distributed for a 30-day period on January 11, 2019 to neighborhood groups, neighboring cities, regional and state agencies, interested parties and organizations, and property owners and tenants within 2,000 feet of the plan area boundaries. In addition, a scoping meeting (required by CEQA) was held during the NOP period on January 31, 2019. The NOP provides notification that an SEIR will be prepared, and the scoping meeting was held to solicit input on the scope and content of the environmental document. Ten individuals attended the scoping meeting, and three members of the public gave verbal comments. Staff received four letters/e-mails from community members and organizations, two letters from neighboring cities, two letters from regional agencies, and one letter from a state agency. The NOP and scoping meeting comments are in Appendix A of Attachment 7.

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### **Notice of Availability and Public Review Period**

A Notice of Availability (NOA) to solicit comments on the DSEIR was released for public review on May 26, 2021. The NOA includes links to download the DSEIR and Appendices, the Draft Amended LSAP, and Draft LSSOP. Physical copies of the DSEIR were placed at the Sunnyvale Library, the One-Stop Permit Center, and the Community Center. The NOA was distributed to the same individuals, organizations, agencies as the NOP distribution plus an updated list of property owners and residents within 2,000 feet of the plan area boundaries, as well as additional persons and organizations that have participated throughout the process or provided comments during the NOP period.

The comment period ended on July 12, 2021. A Planning Commission public hearing was held on June 28, 2021 to allow for Planning Commissioners and members of the public to provide oral comments on the DEIR. No members of the public provided comments at that hearing. Also, during the public comment period, City staff presented the project to the Bicycle and Pedestrian Advisory Commission (June 17, 2021), Sustainability Commission (June 21, 2021), and Housing and Human Services Commission (June 23, 2021). A summary of commissioner and public comments is included in Attachment 9.

Fifteen agencies or individuals commented on the DSEIR including local agencies (i.e., County of Santa Clara and City of Santa Clara), regional agencies (i.e., VTA, Valley Water), State agencies (i.e., Caltrans), and ten individuals. All the written and oral comments (received at public hearings) were considered during the preparation of the Final SEIR and are included with a response in Section 2 of Attachment 8. The Final EIR was distributed for a minimum ten-day public review from August 18, 2021 to August 30, 2021. City Council consideration will be on September 14, 2021.

### **Less-than-Significant Impacts and Required Mitigation Measures**

The SEIR analyzed whether the LSAP Update and Intuitive Development Project would result in new significant effects or more severe construction and operational impacts than what were identified in the 2016 LSAP EIR. Except for two categories where significant and unavoidable impacts were found, all impacts were found to be either less-than-significant or less-than-significant with required mitigation measures, with most having no change in the impact determination from the 2016 LSAP EIR. See Attachment 10 for a summary of mitigation measures that would apply to future LSAP development and the Intuitive Development Project. The full Mitigation Monitoring and Reporting Program (MMRP) is in Appendix C of the Final SEIR in Attachment 8.

### **Significant and Unavoidable Impacts**

CEQA considers environmental impacts “significant and unavoidable” when there is no feasible way to substantially reduce the impacts to a less-than-significant level. The SEIR identified significant and unavoidable impacts in project-level and cumulative construction air quality for both the LSAP Update and Intuitive Development Project; and a cumulative impact on wastewater services for the LSAP Update. See Attachment 11 for a summary of the significant and unavoidable impacts.

### **Statement of Overriding Considerations**

The City Council may still approve the project if written findings can be made, based on information in the SEIR and other information in the administrative record that social, economic, or other benefits outweigh the significant and unavoidable environmental impacts. The document containing the reasons for the findings is called a Statement of Overriding Considerations. The project’s Statement

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of Overriding Considerations (see Exhibit E to the Resolution in Attachment 2) contains a list of the benefits that the project will bring to the City in line with General Plan and LSAP policies.

### **Project Alternatives**

CEQA requires EIRs to describe a range of alternatives that would feasibly attain most of the basic objectives of the project but would avoid or substantially lessen any of the significant effects of the project. Chapter 5 of the DSEIR (Attachment 7) evaluated three alternatives: (1) no project; (2) residential increase of 1,764 units and the Intuitive Development Project as proposed; and (3) residential increase of 1,075 units and the Intuitive Development Project.

CEQA Guidelines require that an EIR identify the environmentally superior alternative to the proposed project from the alternatives analyzed. If the No Project Alternative is found to be the environmentally superior alternative, the EIR also identifies an environmentally superior alternative from among the other alternatives. Alternative 2 is the environmentally superior alternative as it would reduce impacts to the greatest extent while allowing the highest amount of additional residential development potential among the alternatives.

### **Water Supply Assessment**

State Law (SB 610 and SB 221 from 2001) requires the preparation of a Water Supply Assessment (WSA) for amended specific plans to ensure that water supply planning has been conducted, and that planned water supplies are adequate to meet both existing demands and demands of planned development. The WSA for the LSAP Update and Intuitive Development Project is found in Appendix G of the DSEIR in Attachment 7. The WSA found that the LSAP Update and Intuitive Development Project would increase water demand within the City, but currently projected water supplies will be sufficient to meet the projected annual water demands of existing and previously approved uses, and the implementation of both projects during normal, single dry, and multiple dry years.

### **Determination of Adequacy**

The "rule of reason standard" is applied to judicial review and EIR contents. This standard requires that an EIR show that an agency has made an objective, good-faith attempt at full disclosure. The scope of judicial review does not extend to correctness of the conclusion found in an EIR, but only the sufficiency of the EIR as an informative document for decision-makers and the public.

Staff finds that the proposed Final SEIR, consisting of the DSEIR, comments received on the DSEIR, response to comments received, the MMRP, and a list of persons and public agencies commenting on the DSEIR meets the requirements of CEQA both in content and format. Should it be determined that the Final SEIR is not adequate, the Planning Commission or City Council may identify those areas where the document is deficient and recommend that additional analysis be prepared prior to certification.

Any changes to the mitigation measures in the Final SEIR may affect the accompanying determination of significance. However, the Planning Commission may proceed with recommendations on the project subject to completing additional work on the Final EIR. No project-related actions may be taken (by the Council) until the Final EIR is certified. Certification of the Final SEIR does not automatically adopt the LSAP Update or approve the Intuitive Development Project.

## **DISCUSSION**

### **OVERVIEW OF AMENDMENTS**

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The project consists of three main amendments to the LSAP and two related actions to help implement the LSAP:

1. Increase residential potential within the plan area;
2. Expand the boundary to include three additional sites;
3. Remove residential development potential from three properties (Costco and two adjacent properties);
4. Revised Incentive Program; and
5. Adopt a new sense of place plan.

Incorporating these components resulted in many edits made to the adopted LSAP for consistency, clean-up, and to update policies and information that has changed since the 2016 adoption. Recent changes in State law, particularly SB 330 (Housing Crisis Act of 2019), also required revisions to the residential density structure, development capacity language, and introduction of objective standards and design guidelines. The update also results in other modifications to the General Plan, Sunnyvale Municipal Code, Zoning Maps, and the LSAP Incentives Program.

Although many text and graphic edits were made, the core purpose of the LSAP remains the same. The purpose of the LSAP is to promote greater use of the Lawrence Caltrain Station and guide the development of a new urban neighborhood with a mix of land uses that allow people to access their homes, jobs, recreational facilities, and neighborhood goods and services within proximity of one another, reducing their dependence on the automobile. The plan is based on guiding principles of allowing diverse and flexible land uses, dense station area development, improving connectivity, and establishing unique neighborhood character and identity.

## INCREASE IN HOUSING

### Existing Residential Potential

Currently, the LSAP area has a total of six zoning designations. Residential development is allowed in four of the zoning districts:

- Mixed-use zoning designations:
  - MXD-I and MXD-II (the area north of the railroad tracks from the western boundary to Calabazas Creek); and
  - MXD-III (1155-1175 Aster Avenue - the former Calstone/Peninsula Building Materials site south of the railroad tracks).
- High density residential: Two R-5 sites located on Willow Avenue.

In the other two zoning districts, residential is currently **not** allowed:

- Industrial: M-S/LSAP (all property north of the railroad tracks between Calabazas Creek and Uranium Drive);
- Mixed-use office/retail: O-R (the properties north of Reed Avenue between Willow Avenue and Lawrence Expressway).

Refer to Attachment 25 for the existing zoning map showing residential allowances and the table below for existing density allowances.

Zoning District	Minimum Density (du/ac)	Maximum Density (without Incentives)	Maximum Density (with Incentives)
MXD-I	36	45	68

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MXD-II	24	36	68
MXD-III	24	36	54
R-5	Densities are determined by lot area on a sliding scale per Table 19.30.040 of the Zoning Code. Generally, one unit for every 950 square feet of lot area.		

Properties in the MXD-I, MXD-II, and MXD-III zoning districts currently have a flexible mixed-use zoning designation that allows residential or nonresidential uses, or both. This type of zoning is responsive to potential market changes and provides the opportunity for people to live and work in the same general area.

The current LSAP includes a voluntary incentive program that can be used to maximize the buildout of properties in exchange for providing community benefits that advance the vision and goals of the plan, such as improving access to Lawrence Station. Projects that incorporate incentive elements can increase the density allowed on a given parcel up to the specified maximum allowable density with incentives. See Attachment 12 for the current LSAP Incentive Program.

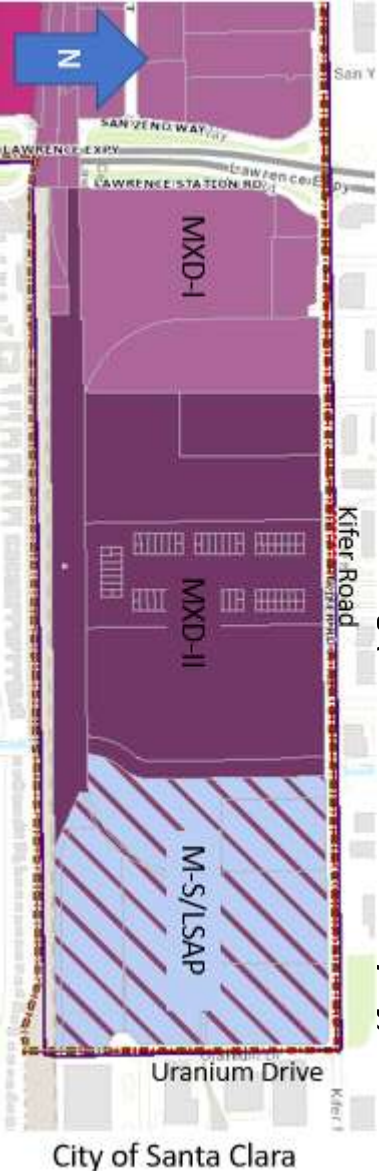
**INCREASE IN RESIDENTIAL POTENTIAL  
Boundary Expansion - Residential Development**

The preferred alternative selected by the Council in 2018 expands the boundaries of where residential could be allowed. Rezoning M-S/LSAP and O-R properties is one method of providing more residential uses in the plan area. At the time, the Council authorized study of a maximum allowable density of 54 du/ac with incentives on the O-R properties and 100 du/ac on the M-S/LSAP properties.

The LSAP Update follows the Council's preferred alternative by proposing to rezone these two areas to flexible mixed-use zoning designations that would introduce residential as an allowable use while retaining the existing allowance for industrial and commercial development.

The properties currently zoned as M-S/LSAP would be rezoned to MXD-II (see Figure 2 below). These properties consist of approximately 34 acres and are bounded by Calabazas Creek to the west; Kifer Road to the north; Uranium Drive to the east; and the railroad tracks to the south. MXD-II densities are lower than MXD-I because they are further away from Lawrence Station.

**FIGURE 2: LSAP Current Zoning (East of Lawrence Expwy)**



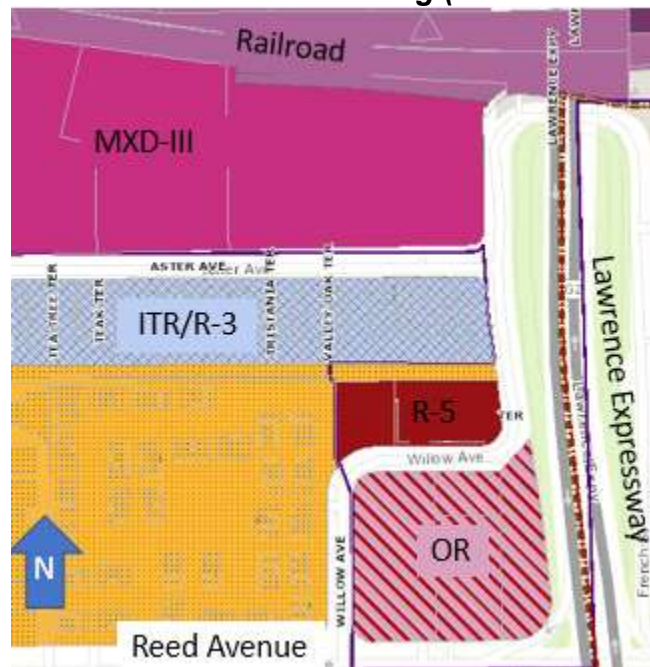
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There is a history of heavier industrial uses in this area that have been served by a rail spur that bisects the district. A key consideration for introducing residential uses in this area is the concern of the compatibility of residential uses adjacent to heavier industrial uses which may present noise, air quality, and aesthetic concerns. Although the current LSAP allows residential and industrial uses to be located adjacent to each other, the expectation is that the newer office uses will be cleaner and quieter in nature. Industrial to Residential Transition guidelines have been added in the amended LSAP (see Chapter 6 of Attachment 21) to address this compatibility concern.

The properties currently zoned as O-R (see Figure 3 below for current zoning south of the railroad) would be rezoned to MXD-IV, a new zoning designation. As such, the O-R zoning designation would be eliminated. This designation applies to four properties totaling approximately three acres that are bounded by Willow Avenue to the west and north; Lawrence Expressway to the east; and Reed Avenue to the south. MXD-IV densities are the same as the densities proposed for MXD-III given the location amongst an existing residential neighborhood south of the railroad tracks.

**FIGURE 3: LSAP Current Zoning (South of Railroad)**



The adopted LSAP excluded residential uses in this area due to the County of Santa Clara's plans for the Lawrence Expressway Grade Separation Project, which is anticipated to require a land dedication along Lawrence Expressway and that would potentially constrain residential development. Although this consideration still exists, residential uses are beneficial in this area because of the direct access to the station via Willow Avenue. Residential development would also incorporate needed streetscape improvements and provide other community benefits, depending on the applicant's participation in the LSAP Development Incentives Program.

The MXD-IV sites currently include neighborhood-serving commercial uses at the high-traffic intersection of Lawrence Expressway and Reed Avenue. Allowing the potential for residential development may result in removal of the existing commercial uses that are of convenience to the local community. To address this concern, the amended LSAP includes a minimum retail FAR

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requirement of 25% of lot area in this zoning district upon redevelopment.

#### Increase to Residential Development Capacity

The adopted LSAP allows for a buildout of 2,323 residential units. Since the adoption of the LSAP, a total of 1,261 out of the 2,323 units included in the adopted LSAP have been approved (two development projects referred to in the Background section of this report). A balance of 1,062 units currently remains. The proposed LSAP Update would substantially increase the residential capacity by adding the potential for 3,612 additional new units to the originally adopted 2,323 units for a total buildout of 5,935 units within the plan area.

The LSAP update would no longer impose a maximum housing cap on development in the plan area because it is no longer allowed per recent State legislation. The development capacity referenced in the LSAP Update is for purposes of environmental review where it is now considered a threshold. If 5,935 new units are reached, subsequent development proposals can still move forward in the planning process but may need to conduct additional environmental analysis per CEQA.

Also, in accordance with recent state legislation, the LSAP Update removes the growth monitoring requirement for the Council to periodically review development progress to ensure a balance of land use types and that the development capacity is not exceeded. Although maintaining a diverse mix of land uses is important, the City can no longer limit the amount of residential development if the General Plan and zoning would allow it.

#### LSAP Organization- Revised Residential Density

A new residential density organization is proposed because of changes in State legislation. Chapter 19.35 of the Sunnyvale Municipal Code (LSAP district) currently lists a minimum density, maximum density without incentives and maximum density with incentives for each zoning district. A concern with the current structure is that the “maximum density with incentives” may be construed to mean the maximum allowable residential density that is used as the base density for the purposes of calculating a state density bonus. For example, currently in the MXD-I zoning district, the minimum density is 36 du/ac and the maximum density with incentives is 68 du/ac. A developer might make a legal challenge that the state density bonus percentage can be applied to 68 du/ac and not the minimum density of 36 du/ac. If a developer’s project in this district is entitled to a 20% state density bonus, they could argue that the allowable du/ac is increased by 14 to 82 du/ac (20% of 68 du/ac) rather than by 7 to 43 du/ac (20% of 36 du/ac). The intent of the current structure is to add the state density bonus on the minimum density.

Below is an outline of the current and proposed densities for the MXD-I zoning district.

#### CURRENT LSAP MXD-I

1. **Minimum** (36 du/ac)
2. **Maximum *without incentives*** (up to 45 du/ac)
3. **Maximum *with incentives*** (up to 68 du/ac which was intended to be inclusive of State density bonus)

#### PROPOSED LSAP MXD-I

1. **Base Maximum** (45 du/ac)
2. **Density with Incentives** (80 du/ac or up to 82 du/ac if Green Building incentive included)
3. **Density with State Density Bonus** (depends on affordability and percent of units - up to 50%)

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density bonus [which would be up to 123 du/ac])

To clarify the base density for purposes of state density bonus calculation, new base maximum residential densities are established for each MXD zoning district, ranging from 28 to 54 du/ac. From the base maximum density, development project densities can be increased through voluntary participation in the City's Green Building Program, LSAP Development Incentives Program, and State Density Bonus.

Depending on the total number of incentive points a project achieves through provision of community benefits in the LSAP Development Incentives Program, a project may achieve densities ranging from 45 to 80 du/ac, depending on the zoning district. Additionally, if an applicant proposes affordable units under the State Density Bonus Law, the bonus percentage that must be provided under state law is added to the highest density obtained with incentive points for the project or to the base maximum density if the applicant does not propose to use incentive points through the LSAP Development Incentives Program. Refer to Attachment 13 for the base maximum densities in each zoning district and the total available incentive points allowed. The additional densities achieved through the State Density Bonus Law are not listed because of the voluntary nature of the program and varying percentages by participating projects.

The highest base maximum densities were assigned to zoning districts closest to Lawrence Station on the north side of the railroad tracks. Zoning districts south of the tracks have lower base maximum densities for compatibility with existing nearby residential uses. In addition, a new policy in the LSAP also requires new development to build to at least 85% of the zoning district's base maximum density due to the proximity of the station. This policy would take precedence over the Housing Element's Policy HE-4.3 which requires new development to build to at least 75% of the maximum density.

#### New Sonora Court Zoning Designation

Sonora Court is a cul-de-sac located one block north of the railroad tracks, just northwest of Lawrence Station, and is currently zoned MXD-I. The street is notable for its mature redwood and cedar trees that are the focal point of the streetscape. A short segment of San Zeno Way links Sonora Court to the train station.

Sonora Court sites are significantly smaller than other sites north of the tracks, averaging 1.2 acres in size. Because of Sonora Court's direct proximity to the station and smaller parcel sizes than other MXD-I properties, staff found it was appropriate to create a new zoning district for properties on this street - Flexible Mixed-Use I/Sonora Court (MXD-I/S). This designation would retain the flexible mixed-uses allowed under the existing MXD-I zoning but with higher base maximum densities than other MXD-I properties. The smaller size of these properties has fewer opportunities as the larger Kifer Road parcels to propose development incentives for higher densities.

Moreover, the plan envisions a recently constructed segment of the loop road known as Santa Vittoria Terrace to connect through private property to Sonora Court, which would provide a direct connection to Kifer Road. Also, at the end of the cul-de-sac, there is a Class I shared-use path on private property (recently constructed as part of an Intuitive Surgical, Inc. project at 1050 Kifer Road) that connects Kifer Road to Sonora Court. Higher densities on Sonora Court would support the use of these recent multimodal improvements.

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### Revised Residential Density Structure Comparison to 2018 Preferred Alternative

The preferred land use alternative selected by the Council in 2018 included maximum densities with incentives ranging from 54 to 100 du/ac, depending on zoning district. These were selected before recent state legislation went into effect in January 2020. As described in the previous section, the base maximum density is proposed to replace the existing maximum density with and without incentives. The base maximum density values are lower than the density range in the preferred alternative, but it is still possible to reach those densities through voluntary participation in the Green Building Program, LSAP Development Incentives Program, and State Density Bonus.

The table below shows how maximum participation in all the various density bonuses can achieve project densities as high, or higher than those studied in the 2018 preferred land use alternative. Densities are increased in the table from right to left, with a comparison to the 2018 preferred study density on the last column on the right.

Zoning District	Revised Residential Density Structure (a bonuses from right to left)				2018 Preferred Study Density (du/ac)
	Base Maximum Density (du/ac)	Density w/ 5% Green Building Bonus	Density w/ Total Available Incentive Points	Density range with State Density Bonus (7-50%*)	
MXD-I	45	47	82	88 to 123	100
MXD-I/S	54	56	82	88 to 123	100
MXD-II	36	37	69	74 to 104	100
MXD-III	28	29	46	50 to 69	54
MXD-IV	28	29	46	50 to 69	54

\* Density bonuses of 50% are uncommon. State law grants a 50% bonus when a project proposes 15% very low income units, 24% low income units, or 44% moderate income units.

### Rezoning to Remove Residential Development Potential

Properties with existing flexible mixed-use zoning (MXD designations) will retain their allowance to construct residential, except for three contiguous MXD-I sites at the southeast corner of Kifer Road and Lawrence Expressway/Lawrence Station Road. The largest and most visible site is 150 Lawrence Station Road, currently owned and occupied by Costco. Costco also owns the property at 1210 Kifer Road, formerly occupied by Sweet Tomatoes. The parcel at the intersection is 1202 Kifer Road, where, as noted in the Background section there is an active planning application to construct a multi-family housing development consisting of 28 units under the current LSAP regulations.

From an economic development standpoint, there is interest in retaining a commercial presence at this high-traffic location with protection of one of the City's largest sales tax producers (Costco) from residential development. The LSAP Update proposes to rezone these three sites from MXD-I to M-S/LSAP to ensure that nonresidential uses remain at this location. M-S/LSAP is an existing

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designation in use for the area east of Calabazas Creek that generally permits office, R&D, limited manufacturing, hotels, restaurants, financial uses, retail and personal services, and professional services. Residential uses are prohibited. Also proposed for this designation is a minimum retail FAR requirement of 25% upon redevelopment. For reference, the existing Costco building's FAR is approximately 25%.

Another reason for the rezoning is the Lawrence Expressway Grade Separation project. The County of Santa Clara has yet to adopt a final design but has provided conceptual drawings that show the need for right-of-way dedications on the Costco site and 1202 Kifer Road site. Prohibiting residential development on these sites would prevent a sensitive land use from conflicting with regional transportation improvements.

The Housing Crisis Act of 2019 ("SB 330") (Government Code Section 66300) contains a general prohibition against "downzoning" residentially-zoned parcels; however, Section 66300(i) provides that a city may change a land use designation or zoning ordinance to a less intensive use if the city "concurrently changes the development standards, policies, and conditions applicable to other parcels within the jurisdiction to ensure that there is no net loss in residential capacity." The proposed amendments to the LSAP significantly increase the overall housing capacity of the LSAP district, which is consistent with the state legislation.

### Rezoning

The increases in residential potential throughout the plan area require rezoning of many parcels. There are also new flexible mixed-use (MXD) zoning designations that were referenced above. See Exhibit A of Attachment 3 for the amended zoning map.

All the parcels within the adopted LSAP boundary have a General Plan designation of Transit Mixed-Use and no change would be required with the LSAP Update. The list below details the high-level zoning changes:

- New MXD-I/S zoning district applies to all parcels that front on Sonora Court.
- New MXD-IV zoning district replaces the previous O-R district that governs the parcels at Willow Avenue and Reed Avenue and contains a provision of retail at a minimum FAR of 25%.
- Rezoning of existing M-S/LSAP sites to MXD-II to allow the potential for housing in the current M-S/LSAP district located east of Calabazas Creek.
- Rezoning of Kifer Road/Lawrence Expressway/Lawrence Station Road parcels to M-S/LSAP to retain commercial uses in this location. As with MXD-IV, provision of retail at a minimum FAR of 25% is also a requirement in this district.
- Expansion of the MXD-I zoning district east of Lawrence Expressway. With this change, the MXD-I boundary would end at Calabazas Creek, a better-defined boundary. These sites are still within walking distance to the station and more direct access will be provided over time with circulation improvements identified in the plan.
- Correction to zoning for "sliver" rail parcels. Two sliver-shaped rail parcels on the northeast side of 1155-1175 Aster Avenue (former Calstone/Peninsula Building Materials site), were erroneously zoned as MXD-I upon original LSAP adoption. Since these parcels adjoin the 1155-1175 Aster Avenue MXD-III, they are proposed to be rezoned to MXD-III to form a contiguous zoning district.

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### Height Increase

The increase in residential potential and the potential for higher density residential and mixed-use buildings warrants an increase in the existing height allowance north of the tracks. The existing height limit is 85 feet and is proposed at 100 feet under the LSAP Update. There are no limits on stories provided the total height is not exceeded. There are no proposed increases to the 55-foot height allowance south of the tracks where to ensure better compatibility with nearby residential developments. The area north of the tracks is physically separated from the existing southern residential neighborhood by a wide railroad right-of-way. Moreover, there are new objective guidelines that address height impacts when buildings are proposed near the height limit. For comparison, building heights in Santa Clara's Lawrence Station Area Plan across Kifer Road are allowed up to 100 feet.

### Incentive plan

The increases in residential development potential, the new density structure, and objective standards imposed by recent State legislation prompted a major overhaul of the existing LSAP Development Incentives Program (Attachment 12). The proposed incentive program (Attachment 14) is now focused on residential development, and a new provision in the LSAP and incentive program requires a Development Agreement for higher office/R&D/industrial development. The core intent of the program remains the same. Because the LSAP is an incentive-based plan, applicants that choose to incorporate program incentives that advance the goals of the LSAP in their project would be awarded density bonus points above the base maximum densities. The program is a separate document from the Plan and is designed to be updated over time by resolution of the City Council as City priorities change.

A list of defined incentives is available for residential development. There is a specified amount of density points for each defined incentive, as well as the criteria that must be met to obtain the density points, including timing checkpoints in the different parts of the development process. The project's conditions of approval will also require the physical provision of identified incentives. The list of development incentives is broken down by category with maximums for all but one category (transportation) to ensure a more balanced provision of incentives. There is also a maximum number of total achievable incentive points for a project, specified by zoning district.

The program explains the revised density structure where all new residential development can build to the base maximum density and additional voluntary tiers may be used to gain additional units through the City's Green Building Program, the program incentives, and the State Density Bonus. Examples of density calculations are provided in the program to help illustrate potential project unit counts.

## **OFFICE/INDUSTRIAL**

### **Boundary Expansion- Office and Industrial**

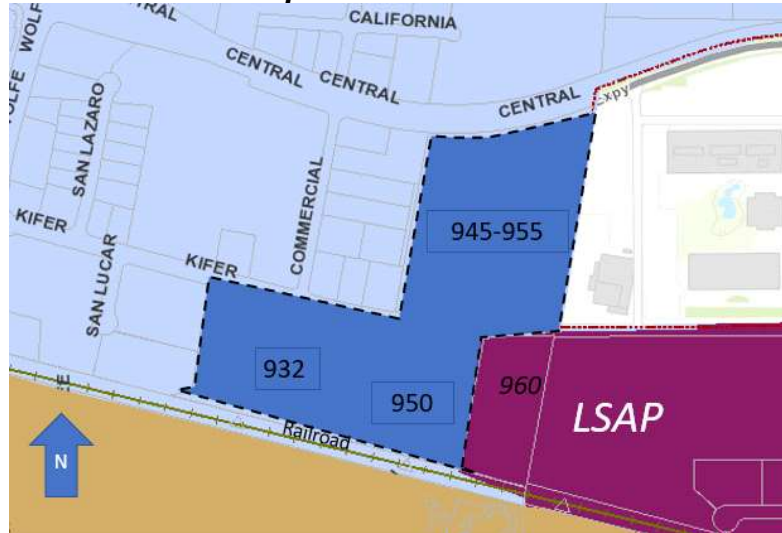
In addition to increasing housing potential, the LSAP Update proposes to expand the western and northern plan boundary north of the railroad tracks to include three sites (containing four assessor parcels) totaling 32.4 acres on both sides of Kifer Road, near Commercial Street (see Figure 4 below). The two sites on the south side of the street are 932 and 950 Kifer Road, which are adjacent to 960 Kifer Road, the current western boundary of the LSAP. The inclusion of the 945-955 Kifer Road site would jog the LSAP boundary to Central Expressway to the north, the City of Santa Clara boundary on the east, and the rear of properties fronting Commercial Street to the west. The north site warrants inclusion in the LSAP boundaries because of its location across the street from the

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existing LSAP boundary and similar proximity to the station as the south site.

**FIGURE 4 - LSAP Expansion Parcels 932-955 Kifer Road**



The proposed inclusion of 932 and 950 Kifer Road would bring the LSAP boundary to the rear of the properties that front San Lucar Court, a small industrial cul-de-sac on the south side of Kifer Road. This is an appropriate boundary because the San Lucar Court properties relate more to San Lucar Court than Kifer Road and the distance of these properties from Lawrence Station is less supportive of the Transit Mixed Use designation. The existing land uses in the immediate vicinity are industrial and office/R&D, with medium density residential uses across the railroad tracks to the south. The site at 932 Kifer Road is vacant and was historically used as a chemical storage facility. The site at 950 Kifer Road consists of a single-story office/R&D building currently occupied by Intuitive. The site at 945-955 Kifer Road is a private park for Intuitive's employees, notable for its substantial open space and mature trees.

#### Office/R&D Development Capacity Available in the LSAP

The adopted LSAP allows for a maximum development capacity of 1.2 million net new square feet of office/R&D development. The LSAP Update is not proposing an increase to this capacity, noting that the 35% FAR potential of these Kifer Road properties allowed under current zoning is "added" to the LSAP and no longer counted toward the rest of the city buildout. There is sufficient capacity available for the Intuitive Development Project's proposed net new square footage when factoring in the existing balance available and addition of allowable 35% FAR potential on the boundary expansion sites. With implementation of the proposed LSAP boundary expansion and associated Intuitive Development Project, a remaining balance of 191,209 sf net new office/R&D development would be available within the LSAP capacity.

It should be noted that access to the balance in the development capacity is granted on a first-come, first-serve basis as individual projects are granted entitlement approvals. If other properties convert from an existing office/R&D/industrial to a residential use, the square footage of the existing use would be returned to the LSAP office/R&D development reserve for use elsewhere in the plan area.

#### Rezoning

- M-S/LSAP 60% zoning district applies to north site office/industrial expansion parcels on Kifer

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Road

- M-S/LSAP 120% zoning district applies to south site office/industrial expansion parcels on Kifer Road

## **AMENDMENTS**

The LSAP Update's increased residential potential, boundary expansion, and Lawrence Station Sense of Place plan (LSSOP) required extensive edits to the text, figures, and tables of the existing adopted LSAP, not only to integrate the amendments, but also for clean-up and consistency, and updates in City policies/practices and State law since 2016. SB 330 alone required significant changes to the residential density structure and required new and modified residential design guidelines to have objective, quantifiable standards.

The draft amended LSAP was released for public review along with the DSEIR and LSSOP on May 26, 2021. Based on feedback and further staff review, a final draft has been prepared (August 2021) for the Planning Commission and City Council to consider, which is in Attachment 21. A summary of changes made to the May 2021 public draft LSAP and LSSOP are included in Attachment 24.

Although a substantial number of edits were made to the adopted plan, the purpose, vision elements, and core goals and objectives of the plan are still the same. Attachment 22 includes a comparison of the changes in goals, policies, and guidelines between the adopted 2016 plan and 2021 plan amendments. The links to the adopted 2016 plan redlines and associated 2015 public draft are available in Attachment 23.

## **Amendments to Lawrence Station Area Plan**

A chapter-by-chapter summary of the substantive changes to the LSAP are provided in Attachment 26. A link to the full amended plan is Attachment 21.

## **General Plan Amendments**

Text amendments to the City's LUTE in the General Plan are required to implement references to the LSAP Update. Revisions were made to the Horizon 2035 buildout scenario numbers, dates referencing when plan amendments were made, and several different maps to show the LSAP boundary expansion and associated land use designation change to match the rest of the adopted LSAP. See Exhibit B of Attachment 2 for a redlined version of the LUTE indicating the changes.

The inclusion of the boundary expansion sites in the LSAP boundary require an amendment to the General Plan Land Use Map to change the land use designation from Industrial to Transit Mixed Use. This change would make sites consistent with the General Plan designation for the rest of the sites within the LSAP. See Exhibit B of Attachment 2 for the amended General Plan Land Use Map.

## **Sunnyvale Municipal Code Text Amendments**

Amendments to Title 19 Zoning of the Sunnyvale Municipal Code are proposed to provide consistency with the updated LSAP. These amendments are summarized below with the full zoning text found in Attachment 3.

The major proposed amendments to the Sunnyvale Municipal Code include the following:

Chapter 19.16 (Precise Zoning Plans - Zoning Districts - Zoning Maps)

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- Add new zoning districts (MXD-I/S, MXD-IV, M-S/LSAP 60%, M-S/LSAP 120%), remove a zoning district that would no longer be in use (O-R), and remove a zoning district that was never used (LSAP).

#### Chapter 19.35 (Lawrence Station Area Specific Plan District)

- Make the chapter consistent with the proposed LSAP amendments.
- Add new zoning districts and remove zoning districts that would no longer be in use.
- Refinements to the table of permitted, conditional, and prohibited uses.
- Added clarifying text for Not Permitted Uses that existing legal uses shall remain as legal conforming uses with the ability to grow and expand per LSAP policy LU-P2.
- Add clarifying text for the residential density structure and nonresidential FAR.
- Replace density and height table (Table 19.35.060) with new table based on the proposed LSAP amendments.
- Add a maximum lot coverage requirement of 80 percent to clarify that the remaining 20 percent of the lot is the minimum landscaped area that is required.

#### Chapter 19.56 (Alternative Energy Systems)

- Update Section 19.56.020 (Solar Energy Systems - Impairment of Solar Access by Structures) to include LSAP zoning districts as exempt from a solar shading analysis, which is what is currently allowed for DSP properties. This is due to increased densities and building heights in the LSAP.

#### LSAP Transportation Impact Fee

- As discussed below under Transportation Impact Analysis, add a new Chapter 3.52 to Title 3 (Revenue and Finance) to add a Transportation Impact Fee that will be imposed on new residential development after the first 2,323 residential units in the LSAP district (the number authorized by the 2016 LSAP) have been built or approved. Pursuant to state law, traffic impact fees must be imposed by ordinance, whereas other fees can be adopted by resolution.

### **ASSOCIATED STUDIES**

#### Market study and fiscal analysis

Increased residential potential in the LSAP may result in more nonresidential properties redeveloping to residential, which could lead to a loss in sales tax revenue and relocation of smaller companies out of the City. The City hired Economic & Planning Systems (EPS) to conduct market research, a fiscal impact analysis, and residual land value analysis to study the economic impacts of increasing residential potential. The market study (Attachment 15) researched housing demand in the area and assessed the viability of converting existing land uses to housing. The fiscal impact analysis indicated how the proposed residential buildout would affect the City's General Fund and residual land value analysis determined whether redevelopment to residential is a higher land value than existing nonresidential uses (Attachment 16).

The key findings in the market study and major findings in the fiscal impact analysis/residual land value analysis are detailed in Attachment 17. Overall, the studies indicate the increased residential potential is supported by market conditions and will not lead to a mass conversion of existing nonresidential space and loss of employment sources. Rising employment growth leads to a strong

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demand in multifamily rental housing. Established businesses are expected to remain in the near- to mid-term, because their existing value exceeds that of redevelopment to residential. Residential is in high demand, but in the near term is likely limited to older properties that do not command top market pricing for nonresidential use.

#### Utility infrastructure analysis

The City consulted with BKF to prepare a utility infrastructure impact analysis for the increase in residential potential under the LSAP Update (Attachment 18). See Report to Planning Commission no. 21-0758 for the Intuitive Development Project's analysis. Water supply and service, wastewater treatment and disposal, and stormwater impacts were studied. The findings of the study are summarized below:

- The existing potable water supply system is sufficient to meet the maximum daily demand plus required fire flows.
- Increased residential development would require upgrades for three pipe segments to accommodate increased wastewater flows.
- Due to current requirements for stormwater management and landscaping area, increased residential development is not expected to increase stormwater runoff to the existing storm drain system.

A new Residential Sewer Impact Fee (see Attachment 4 for fee resolution) is proposed to fund future upgrades for the three pipe segments identified for improvement. The fee is based on the total cost estimate for the pipe segment upgrades and is assessed on a per net new residential unit basis. A project applicant may be able to construct the improvements and receive fee credits.

#### Transportation Impact Analysis

The City contracted with Hexagon Transportation Consultants to prepare a Transportation Impact Analysis (TIA) for the increase in residential potential of 3,612 housing units (Attachment 19). Although a project's effect on level of service (LOS) is no longer considered an impact under CEQA, Council Policy 1.2.8 requires a LOS operational analysis to ensure intersection and roadway efficiency and to comply with the VTA's Congestion Management Program (CMP) for both the near-term/background conditions and cumulative conditions. For this LSAP Update TIA, only the cumulative conditions have been evaluated. Therefore, subsequent residential development projects when they come forward for development would still need to be studied under near-term/background conditions per VTA's CMP requirements. If adverse effects are triggered by project trips to CMP facilities and major intersections are identified for the near-term/background conditions in the future, subsequent residential development projects will be required to make financial contributions towards improvements or construct physical improvements at the affected facilities. See Report to Planning Commission no. 21-0758 for the Intuitive Development Project's TIA.

The LOS operational analysis identified potential improvements to address LOS deficiencies resulting from new residential projects under the LSAP Update. Proposed residential buildout would result in adverse effects at 19 intersections within Sunnyvale and Santa Clara. Improvements to six of the nineteen adversely affected intersections are included in the City's adopted Transportation Impact Fee (TIF) and no feasible improvement could be identified for one of the affected intersections. For the remaining 12 intersections with adverse effects, the fair share contribution for the intersection improvements to address Cumulative LOS deficiencies caused by the LSAP Update is \$2,537,685, or \$703/dwelling unit. Improvements for these intersections were identified in the County's

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Countywide Expressway Planning Study and the City of Santa Clara's Multimodal Improvement Plan for Related Development.

The TIA also found that eight freeway segments would be adversely affected by full residential buildout during the AM peak hour and three freeway segments would be impacted during the PM peak hour. The TIA recommends that the LSAP Update shall require future residential projects within the proposed plan area to participate in VTA's Voluntary Freeway Contribution Program and contribute their fair share payments towards the VTA's Express Lane Projects along US-101 and SR 237 and I-880 as identified in the VTA's Valley Transportation Plan (VTP) 2040 in the vicinity of Sunnyvale. The fair share contribution for the regional freeway improvements to address Cumulative deficiencies caused by the LSAP Update is \$2,143,736, or \$594/dwelling unit.

Based on the TIA, Department of Public Works staff have prepared an LSAP Transportation Impact Fee Nexus Study (Attachment 27), which explains the basis of and calculation of the proposed LSAP Transportation Impact Fee.

### **Lawrence Station Sense of Place Plan (LSSOP)**

Adoption of the original LSAP in 2016 included an implementation action to prepare a Sense of Place Plan for the area. The City has adopted similar plan documents in the past such as the East Sunnyvale Sense of Place Plan, Fair Oaks Junction Sense of Place Plan, and Tasman and Fair Oaks Area Pedestrian and Bicycle Circulation Plan. The City's consultant, Callander Associates, prepared the LSSOP (Attachment 20) in concert with City staff direction; comments from outside agencies such as the City of Santa Clara, the County of Santa Clara, VTA, and Caltrain; input received at a community workshop in March 2019; and comments received during the public draft review period. The LSSOP is a standalone policy document from the LSAP and builds off its goals, policies and guidelines to shape the character of the streetscape experience around Lawrence Station. The LSAP's revised circulation chapter is consistent with the LSSOP.

The purpose of the LSSOP is to reduce the impacts of the higher intensity development authorized by the LSAP update and enhance the quality of life for residents in the area by promoting a vibrant street life through multimodal and wayfinding improvements, with an emphasis on a safer and more inviting environment for pedestrians, bicyclists, and transit users.

The plan includes improvements to the existing public right-of-way as well as new circulation improvements through private property with public access. Key components include:

- Streetscape enhancements to public streets while retaining existing travel lanes. Enhancements include a new landscaped median on Kifer Road, wider bicycle lanes with buffers and a consistent sidewalk design with street trees and street lighting.
- Vehicular and pedestrian-scale wayfinding signage to increase the visibility and access to the station.
- The Loop Road, which would provide multimodal access from Kifer Road to Lawrence Station via new streets on private property and portions of existing public streets.
- Primary Class I shared-use paths for pedestrians and bicyclists with direct access to Lawrence Station from the east and west ends of the plan area north of the railroad tracks.
- New secondary bicycle/pedestrian pathways or streets to reduce large block sizes with connections to other circulation elements.

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### Implementation and Funding

Most of these Sense of Place improvements would be implemented by development project applicants upon time of site redevelopment. Applicants will be required to construct frontage improvements along their project site in accordance with the plan, including but not limited to curbs, gutters, sidewalks, street trees, and streetlights. Street frontage dedications on private property may also be required if additional right-of-way is needed for the street improvements identified in the plan, such as on Kifer Road, Uranium Drive, and Willow Avenue. If a new circulation route (loop road, primary/secondary paths) is identified near or within an applicant's property, the minimum requirement is to record a public access easement on private property for future access. The public access easement does not result in a loss of land area (as in the case of a dedication) that affects density. Development incentives are awarded if the circulation route is constructed across the entirety of the project site. There are also other incentives available that reflect improvements in the LSSOP, such as installing gateway and wayfinding signage.

Funding for common improvements that span across multiple frontages, such as bicycle lanes, as well as larger scale improvements like grade-separated crossings would be funded through a new Sense of Place fee. The Sense of Place fees would help fund future capital improvement projects for these larger priority improvements. Grant funding opportunities will also be pursued. The fee is based on the total cost estimate of the larger priority projects and is assessed on a per net new residential unit and office/R&D square foot basis (see Attachment 4). A project applicant may be able to construct improvements such as the Kifer Road median along their project site in lieu of fee payment.

### Council Directives from the GPI for Sense of Place

The Council's GPI authorization of the boundary expansion in 2018 included direction to study a pedestrian/bicycle route from the subject properties to Lawrence Station and analyze methods to maximize the existing tree canopy, preserve the existing trees, and maintain the open space within the 945-955 Kifer Road site.

The LSSOP includes a new primary Class I shared-use path on the 932 and 950 Kifer Road sites which extends to the rear of the site and eastward parallel to the railroad tracks in the direction of the station. This new shared-use path will connect with a recently constructed shared-use path on the Intuitive headquarters site with direct access to Sonora Court.

Consistent with the plan, Intuitive Surgical proposes to build this new primary Class I shared-use path as part of their project. The applicant is also preserving a substantial portion of the existing private park area on the 945-955 Kifer Road site in conjunction with the proposed development of an office building. Most of the existing trees will also be preserved.

### **FISCAL IMPACT**

The LSAP Update will assist the City in formulating additional potential revenue and new fees. Due to the potential new development from the residential and commercial projects, an increase of City's revenue, such as property tax, sales tax, construction tax, etc. may be realized. Most of these revenues are General Fund revenues, which could be used to support services provided to the City as a whole. The fiscal impact analysis shows a net increase in revenue to the City associated with the proposed increase in residential development potential.

New development would pay Transportation Impact Fees (TIF) for net new trips, Housing Mitigation Fees for net new nonresidential development, and Park Dedication or payment of In-Lieu Fees for

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residential uses when building permits are issued. Fair share TIF may also be paid if the project triggers operational impacts.

Three new fees are proposed to be collected at building permit issuance under the LSAP Update (Attachment 4). The total expected revenue from these new fees is unknown at this time. However, to provide some order of magnitude perspective of potential fees, with additional 3,612 residential units, the potential revenue that would be collected from the Residential Wastewater Fee would be about \$2.7M and the Sense of Place Fee would be about \$7.7M. Additionally, a plan maintenance fee of 0.17% of total construction valuation is proposed to apply to subsequent building permits that will be used to reimburse the City for the cost of preparing the LSAP Update and staff time involved in the upkeep of the document during its lifetime. Applicants of new residential development would also pay fees to the Sunnyvale School District and the Fremont Union High School District.

Subsequent development projects are anticipated to provide community benefits in line with the LSAP Development Incentives Program, which include physical construction of publicly accessible improvements in the area. Applicants proposing office/R&D/industrial projects above the base maximum FAR would enter into formal Development Agreements with the City, which may include financial benefits, such as the case with the Intuitive Surgical development project.

The plan is structured to preserve and increase the non-residential development potential in the area.

### **PUBLIC CONTACT**

Public contact was made by posting the Commission agenda on the City's official-notice bulletin board outside City Hall and on the City's website. Notice of the hearing was also published in the *Sun* newspaper and notices mailed to property owners and tenants within 2,000 feet of the LSAP boundary and proposed boundary expansion area (see the Vicinity and Noticing Map in Attachment 5). Public contact efforts are listed below.

### **SEIR**

- Notice of Preparation: January 11, 2019 to February 11, 2019
- SEIR Scoping Meeting: January 31, 2019
- Notice of Availability: May 26, 2021 to July 12, 2021
- Draft EIR: Physical copies provided at the Reference Section of the City's Public Library, Community Center, and the City's One Stop Permit Center
- Bicycle and Pedestrian Advisory Commission: June 17, 2021
- Sustainability Commission: June 21, 2021
- Housing and Human Services Commission: June 23, 2021
- Planning Commission public hearing on DSEIR: June 28, 2021
- Final EIR (FEIR) was released for public review on August 18, 2021

### **Outreach/Announcements**

- Housing Study Community Outreach Meeting at Ponderosa Park: April 11, 2018
- Native American Tribal Consultation under SB 18 and AB 52: letters sent by certified mail on January 11, 2019. No tribes requested consultation.
- LSSOP Community Outreach Meeting at Ponderosa Park: March 6, 2019
- Online posting of Draft Amended LSAP, Draft LSSOP, and Draft SEIR (May 2021)

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- Online posting of Final SEIR, Final Draft Amended LSAP, Final Draft LSSOP, General Plan and Municipal Code text amendments, and staff report (August 2021)
- Mail and e-mail notification to list of interested parties and property owners/residents within 2,000 feet of the plan area boundaries
- Update Sunnyvale announcements
- LSAP webpage updates

### **Planning Commission Study Session: March 9, 2020**

Commissioners offered comments on trees, development incentives, school access, and pedestrian and bicycle improvements. They also gave preferences for wayfinding signage and street light design as requested by staff. There was mixed support for the Kifer Road diet, and a concern for impacts to public safety. Public comments consisted of support for housing increases beyond the study densities, support for the Kifer Road diet, and concerns about the LSSOP's impacts on private property.

### **City Council Study Session: June 9, 2020**

Councilmembers were generally supportive of the proposed housing and boundary expansion amendments. They discussed the Kifer Road diet, particular densities, zoning at the Costco site, and gave preferences for gateway signage and street light design. A councilmember cautioned increasing residential without providing areas for retail and employment. Several members of the public spoke at the study session including local property owners and residents, most of which who commented at the Planning Commission study session. Comments consisted of support for the Kifer Road diet, housing increases, and questions on how the LSSOP would affect their property.

### **Planning Commission Public Hearing**

#### **Notice of Public Hearing, Staff Report and Agenda:**

- Published in the Sun newspaper.
- Posted on the City of Sunnyvale's Web site.
- Agenda posted on the City's official notice bulletin board.
- 5,153 notices were mailed to property owners and tenants within 2,000 feet of the LSAP boundary.
- Email notices sent to interested parties, outside agencies, and the Ponderosa Park Neighborhood Association.

As of the date of staff report preparation, staff has not received letters/e-mails from the public on the draft amended LSAP and Draft LSSOP. Environmentally-related comments received during the public review period of the DSEIR are included in Section 2 of the Final SEIR (Attachment 8).

### **ALTERNATIVES**

**Alternative 1:** Forward recommendations related to the Lawrence Station Area Plan (LSAP) to the City Council to:

- 1. Adopt a Resolution (Attachment 2) to:**
  - a. Certify the Subsequent Environmental Impact Report;
  - b. Make the findings required by the California Environmental Quality Act;
  - c. Adopt the Statement of Overriding Considerations and Mitigation Monitoring and

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- Reporting Program;
- d. Adopt the Water Supply Assessment;
- e. Amend the Lawrence Station Area Plan;
- f. Amend the General Plan and update the General Plan Map;
- g. Adopt the LSAP Sense of Place Plan;
- h. Amend the LSAP Development Incentives Program.

**2. Adopt a Resolution (Attachment 4) to:**

- a. Amend Resolution No. 1060-21 (Master Fee Schedule) to add the LSAP Plan Fee, LSAP Sense of Place Fee, LSAP Residential Wastewater Fee, and LSAP Transportation Impact Fee.

**3. Introduce an Ordinance (Attachment 3) to:**

- a. Amend Sunnyvale Municipal Code (SMC) Section 19.16.020 (Zoning Districts-Creation), Chapter 19.35 (Lawrence Station Area Plan Specific Plan District), and make related changes to the SMC to implement the amended LSAP;
- b. Amend the Precise Zoning Plan Districts Map and re-zone parcels within the LSAP district.
- c. Add Chapter 3.52 (LSAP Transportation Impact Fee) to Title 3.50 (Revenue and Finance).

**Alternative 2:** Recommend the Actions in Alternative 1 with modifications provided the modifications are with the scope of the environmental review.

**Alternative 3:** Do not take any action and provide direction on desired changes.

**STAFF RECOMMENDATION**

Alternative 1: Forward recommendations related to the Lawrence Station Area Plan (LSAP) to the City Council to:

**1. Adopt a Resolution (Attachment 2) to:**

- a. Certify the Subsequent Environmental Impact Report;
- b. Make the findings required by the California Environmental Quality Act;
- c. Adopt the Statement of Overriding Considerations and Mitigation Monitoring and Reporting Program;
- d. Adopt the Water Supply Assessment;
- e. Amend the Lawrence Station Area Plan;
- f. Amend the General Plan and update the General Plan Map;
- g. Adopt the LSAP Sense of Place Plan;
- h. Amend the LSAP Development Incentives Program.

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The LSAP Update responds to the need for more housing in Sunnyvale with increased residential development near transit, fulfilling City priorities to increase transit use, reduce single-occupant vehicle trips, and lessen greenhouse gas emissions. With the increased residential potential, there is still the ability to construct flexible mixed-use development with other types of land uses, such as retail and office/R&D. Residential development would provide needed community benefits such as open space and circulation in exchange for higher densities. The promotion of the State Density Bonus in the plan area's density structure may also result in more affordable housing than required by the City's standard inclusionary affordable housing requirements.

The new LSSOP would support the multimodal transportation network with new and improved pedestrian, bicycle, transit, and automobile facilities that would have safer, more direct access to Lawrence Station. Over time, the plan would help to establish a neighborhood identity with an improved aesthetic character as the area transitions from auto-oriented industrial to a compact, transit-oriented, mixed-use neighborhood.

Expanding the LSAP boundary to include the additional parcels owned by Intuitive would lead to a more consistent approach in planning for the Kifer Road corridor. Inclusion in the plan boundary would allow a Sunnyvale-based company to expand and provide additional office/R&D/industrial development to balance the increase in residential potential. Additional employment opportunities would be provided in a mixed-use environment within close proximity to Lawrence Station, increasing the potential for employees to use transit or live nearby.

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Reviewed by: Andrew Miner, Assistant Director of Community Development  
Reviewed by: Trudi Ryan, Director of Community Development  
Reviewed by : Chip Taylor, Director of Public Works  
Reviewed by: Tim Kirby, Director of Finance  
Reviewed by: Connie Verceles, Assistant to the City Manager  
Reviewed by: Teri Silva, Assistant City Manager  
Approved by: Kent Steffens, City Manager

## **ATTACHMENTS**

1. *Reserved for Report to Council*
2. Draft Resolution for Certification of the SEIR; CEQA Findings; Mitigation Monitoring and Reporting Program; Statement of Overriding Considerations; Water Supply Assessment; General Plan Amendments; LSAP Amendments; Lawrence Station Sense of Place Plan; and LSAP Development Incentives Program
3. Draft Ordinance Amending Sunnyvale Municipal Code Chapters 19.16, 19.35, 19.54, and 19.56; Adding Chapter 3.52

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4. Draft Fee Resolution for Proposed LSAP-Specific Fees
5. Noticing and Vicinity Map
6. Relevant General Plan Goals and Policies
7. Links to Draft SEIR and Appendices
8. Links to Final SEIR and Appendices
9. Summary of Commission Hearing Comments during the Public Review Period
10. Summary of SEIR Mitigation Measures
11. Summary of SEIR Significant and Unavoidable Impacts
12. Existing LSAP Development Incentives Program
13. Proposed Density and Height Table
14. Proposed LSAP Development Incentives Program
15. Market Study
16. Fiscal Impact Analysis and Residual Land Value Analysis
17. Summary of Market Study, Fiscal Impact and Residual Land Value Analysis Findings
18. Residential Infrastructure Impact Study
19. Residential Transportation Impact Analysis
20. Link to Final Draft of the Lawrence Station Sense of Place Plan
21. Link to Final Draft of the Amended Lawrence Station Area Plan
22. Link to LSAP Goals, Policies, and Design Guidelines Comparison
23. Links to 2016 Adopted LSAP Redlines and 2015 Public Draft Plan
24. Link to Summary of Revisions to Public Drafts of the 2021 Amended LSAP and Sense of Place Plan
25. Existing General Plan Land Use and Zoning Maps
26. Summary of Substantive Amendments to the LSAP by Chapter
27. LSAP Transportation Impact Fee Nexus Study