



City of Sunnyvale

Agenda Item

20-0276

Agenda Date: 8/10/2020

REPORT TO PLANNING COMMISSION

SUBJECT

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

BACKGROUND

General Plan Amendment Initiation (GPI) requests are considered on a quarterly basis through a recommendation from the Planning Commission and then action by the City Council. The process for considering a General Plan Amendment (GPA) begins with a written request from a property owner or applicant (Attachment 2). If the City Council approves the GPI, a formal application for a GPA may be filed by the property owner/applicant. The City Council must approve the GPA and related rezoning before the specific project is considered.

Staff received a GPI request from the applicant on January 15, 2020 requesting to change the General Plan designation for two commercial sites totaling 1.2 acres from Commercial to Medium Density Residential to allow a mixed-use project. For purposes of discussion regarding this GPI request, the applicant has submitted a site plan (Attachment 3) that shows conceptually how 27 three-story townhomes could be designed at a density of 22.5 dwelling units per acre in conjunction with a detached 2,000 sq. ft. commercial building on the site.

Staff understands the importance of balancing an increase in the housing supply in the City as well as the need to preserve neighborhood business sites for retail commercial shopping and service facilities within existing neighborhoods. Additionally, it is important to note that the City is taking several steps in other locations in the city to increase the number of units. The following are current and past efforts to increase the housing supply in the City:

- The 2017 Land Use and Transportation Element (LUTE) planned for growth of **12,800** housing units throughout the city.
 - There are currently over **5,000** net new housing units in the development pipeline (inclusive of applications with pending approval of Planning permits, projects which

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recently were approved, applications in building permit plan and projects under construction);

Several area plans located at significant transit locations are under review that will further increase the number of residential units in the City, especially at transit-rich locations. The maximum number of units being considered for addition to the plans (above the currently adopted 12,800 in the General Plan and Specific Plans) include:

	2017 LUTE	Current Studies and Recent Amendments	TOTAL
Downtown Specific Plan	<i>included below</i>	750	750
Lawrence Station Area Plan	2,323	3,607	5,930
El Camino Real Specific Plan	4,200	2,700	6,900
Moffett Park Specific Plan	0	**	**
Village Centers	900		900
Elsewhere in City (includes DSP)	5,377		5,377
Pipeline	-5,000		
TOTAL	7,800	7,057	>14,857

**The Moffett Park Specific Plan update will consider allowing residential development in the plan area; however, the number of units to be studied has not been established

The City Council is scheduled to consider this General Plan Initiation request on September 15, 2020.

EXISTING POLICY

The General Plan is the primary policy plan that guides the physical development of the City. When used together with a larger body of City Council policies, it provides direction for decision-making on City services and resources. The 2017 adopted Land Use and Transportation (LUTE) Chapter within the General Plan created an integrated set of policies to guide land use, development, and transportation choices with a horizon year of 2035. The LUTE has several policies to improve the jobs-to-housing ratio, promote increases in housing development, support new office and industrial uses, and ensure coordinated development with community benefits. Finally, although some C-1 properties were anticipated to change from commercial to mixed-use in the LUTE adoption (Village Centers), the subject properties were not included.

LAND USE AND TRANSPORTATION CHAPTER

Goal LT-4: An Attractive Community for Residents and Businesses

Policy LT-4.2: Encourage nodes of interest and activity, public open spaces, well-planned development, mixed-use projects, signature commercial uses, and buildings and other desirable uses, locations, and physical attractions.

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Goal LT-7: Diverse Housing Opportunities- Ensure the availability of ownership and rental housing options with a variety of dwelling types, sizes, and densities that contribute positively to the surrounding area and the health of the community

Policy LT-7.3: Encourage the development of housing options with the goal that the majority of housing is owner-occupied.

Goal LT-11: Supportive Economic Development Environment

Policy LT-11.3: Promote business opportunities and business retention in Sunnyvale.

Goal LT-12: A Balanced Economic Base

Policy LT-12.4: Attract and retain a diversity of commercial enterprises and industrial uses to sustain and bolster the local economy and provide a range of job opportunities.

Policy LT-12.5: Encourage land uses that generate revenue while preserving a balance with other community needs, such as housing.

GOAL LT-14: Special and Unique Land Uses to Create a Diverse and Complete Community Community Benefits

Policy LT-14.8: Ensure that development projects provide appropriate improvements or resources to meet the City's future infrastructure and facility needs, and provide development incentives that result in community benefits and enhance the quality of life for residents and workers.

General Plan Land Use Map and Zoning

The property has a General Plan designation of Commercial and has a base zoning of C-1. The C-1 zoning district allows for retail and commercial service types of uses. Except caretaker residences, ancillary to a permitted use, residential uses are not permitted. Attachments 6 and 7 include vicinity maps of General Plan land use and Zoning Districts of this area.

ENVIRONMENTAL REVIEW

The decision to initiate a GPA study does not require environmental review under the California Environmental Quality Act (CEQA) because the mere initiation of a study does not constitute a project under CEQA pursuant to CEQA Guidelines Section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. If initiated, the proposed GPA and associated RZ would be subject to the provisions of CEQA.

DISCUSSION

The two subject sites consist of a fast food chain, Wendy's, and a vacant parcel. The site is bounded by a gas station to the north, Cupertino Villas (condos) to the west, Olive Tree Apartments to the south, and the Wild Palms Hotel across Wolfe Road to the east. The surrounding land uses are summarized in Table 1 below:

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Table 1 - Surrounding Land Uses

Surrounding Parcels	Existing Uses	Zoning	General Plan Designation
North	Gas Station	C-1 (Neighborhood Business)	COM (Commercial)
West	Multi-family Dwelling (Condos)	R-4 (High Density Residential)	RHI (High Density Residential)
South	Multi-family Dwelling (Apartments)	R- 3 (Medium Density Residential)	RMED (Medium Density Residential)
East (across South Wolfe Road)	Hotel	C-2 (Highway Business)	CMU (Corridor Mixed Use)

See Attachment 5 for the General Plan Map and Attachment 6 for Zoning Map showing the site and vicinity.

Applicant's Request

The applicant proposes a mixed-use development with retail and residential development at an R-3 density. The proposed residential density is defined as Medium Density Residential in the General Plan. According to the applicant's letter (Attachment 2), they, "originally looked at developing neighborhood commercial but after canvassing neighbors . . . and anticipating concerns over increased traffic, felt that a mixed-use project . . . is the best fit for the neighborhood." Should the Council initiate this request, and ultimately allow the GPA, a rezoning from C-1/PD to R-3/PD would be studied for the two parcels.

The applicant submitted a conceptual project proposal to illustrate the requested land use potential (Attachment 3), with a residential designation. The proposal depicts 27 three-story townhomes at a density of 22.5 dwelling units per acre and a detached commercial building of 2,000 sq. ft. The

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applicant's preliminary design proposal considers a three-story massing along S. Wolfe Road with building heights reaching up to 33-feet.

Staff Review

The General Plan and zoning for the City seek a balance of the types of uses needed for the community to be well served. Considerations for changing the General Plan are typically reserved for situations where there is an imbalance of uses or a need not anticipated at the time the General Plan was adopted. In the subject request case, a key aspect to consider is whether the City has enough properties with a neighborhood commercial designation, and if the need for housing is greater than the need for uses that support housing and other uses in the City.

The City has a long-standing record of increasing the number of housing units in the City; updates to area plans near quality transit options support that commitment. The City also has strived to maintain a balance of land uses in the City. The City has over 5,000 housing units that are either under review, approved, in building plan check, or under construction. The types of units range from single family homes to multifamily projects in all sizes, densities, and income levels. Currently, Sunnyvale is on target to meet the total housing unit goals outlined in the Housing Element of the General Plan. Attachment 7 contains a list of the most recently approved residential projects - it does not include those under review or planned as part of area plan updates.

The two subject sites are surrounded by residential and commercial uses. Though the applicant indicates that mixed-use development is a viable use, the proposal would remove the potential for development of the entire site with neighborhood businesses to serve the surrounding neighborhoods. Additionally, there are a limited number of C-1 sites in Sunnyvale; therefore, it is important to consider retaining that designation in order to keep some local trips (which can also be accessed by foot or bicycle) within a resident's existing neighborhood.

Additionally, the property is currently limited to two access points on the Wendy's site and none for the vacant site, with all access to the properties from Wolfe Road. The undeveloped property does not have direct driveway access to Wolfe Road, mainly due to an existing bus duck-out and stop along the Wolfe Road frontage of the vacant property. Any future commercial use on the vacant property would benefit from access through an adjacent property. If a GPA is approved, staff will work with the applicant on a reconfiguration of the preliminary site layout to modify the driveway locations.

Residential Options to Consider

If the Council decides to allow the GPA application for these sites, direction should be given on the residential study parameters. The two subject sites are adjacent to Medium Density Residential and High-Density Residential uses. In addition to Medium Density Residential (RMED 14-27 dwelling units per acre), High Density Residential (RHI 27-45 dwelling units per acre) may also be considered for the sites as either zoning designation would be consistent with surrounding residential uses. The potential range of units within the two possible study densities would range from 29 to 43 units; however, opportunities to increase those numbers may be available through the City's Below Market Rate program, the State's density bonus allowances or Green Building Program incentives

The following densities and number of dwelling units could be considered for the Medium and High-Density residential zoning designation for the subject sites.

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Zoning District	Zoning Max. Units/Acre	Max. Units Allowed (for Subject Sites)
R-3 (medium)	27	29
R-4 (high)	45	43

Medium Density Residential

Townhomes, apartments, and condominiums are typical within the Medium Density Residential General Plan designation. Medium density neighborhoods and developments are appropriate along arterials and residential collector streets and may also be located near industrial or commercial areas.

High Density Residential

This designation also provides for densities consistent with apartments or condominiums but at higher densities than the medium density designation. High density neighborhoods and developments are typically located next to expressways, major arterial roads, or freeways. The primary purpose of this designation is to provide for high-density residential uses.

Mixed Use Residential and Commercial

High Density Residential zoning districts allows (but do not require) retail. If mixed combining district (MU) is considered (and could be combined with R-3, R-4, or R-5 zoning districts), then at least 10% FAR (or up to 25% FAR) of commercial uses must be provided.

Commercial Study Option Parameters

In addition to choosing study parameters for residential uses, staff would need direction from the Council on the GPA study, if allowed, for the appropriate minimum FAR for commercial uses in the mixed-use development. The closest and most relevant General Plan Designation for mixed-use development with commercial and residential uses is the Village Mixed-Use, which requires a minimum of 10% FAR for commercial uses, up to a maximum of 25%. All of the designated Village Mixed use areas are at least 4 acres in size. The applicant's preliminary design proposal includes a 2,000 sq. ft. detached commercial building on two lots totaling 52,499 sq. ft., or 3.8% FAR. One option would be to allow the residential, but in conjunction with a larger commercial component of at least 10%, or 5,250 sq. ft.

Economic Development Impact

Of all types of commercial space, retail is by far the most location sensitive. As such, it is critically important to retain retail zoned properties located on major streets such as Wolfe Road. Businesses located on Wolfe Road benefit from the visibility offered to the many drivers using the road daily. Retail businesses prefer to locate on busy roads such as arterials versus local roads. Residential uses do not necessarily need to locate on major roads and are able to locate on less traveled streets (although higher density residential uses can be successfully located on major roads). The City's existing commercially zoned properties accommodate a wide range of businesses and are an important source of space for small businesses, such as restaurants. To protect the availability of commercially zoned properties, the City should preserve its commercially zoned properties to retain these uses. If the City allows too extensive conversion from commercial to residential, the City's existing commercial businesses are forced to move out of the City as they are unable to find an appropriate location.

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FISCAL IMPACT

There are no fiscal impacts associated with a GPI request.

PUBLIC CONTACT

As of the date of staff report preparation, staff has received no comments on the item.

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
- Notices mailed to property owners and tenants within 300 feet

See Attachment 4 for Vicinity and Noticing Map.

ALTERNATIVES

Recommend that the City Council:

1. Initiate a General Plan Amendment study to analyze amending the General Plan designation from Commercial to Medium Density Residential including a commercial component, per the applicant's proposal and Find that the Action is Exempt from CEQA Pursuant to CEQA Guidelines Section 15378(a).
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.
3. Initiate a General Plan Amendment study to include High Density Residential or intensified commercial FAR with direction on the study parameters and Find that the Action is Exempt from CEQA Pursuant to CEQA Guidelines Section 15378(a).

STAFF RECOMMENDATION

Recommend to the City Council: 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 and Find that the Action is Exempt from CEQA Pursuant to CEQA Guidelines Section 15378(a).

Sunnyvale is experiencing change in many areas of the city, and some change results in the loss or relocation of businesses utilized by community members. Any change to the General Plan must consider the services the community uses and the need to maintain a balanced economic base. This consideration must be balanced by the need for more housing in the city.

Staff finds that the City of Sunnyvale is doing an excellent job of planning for and increasing the housing numbers in the city. As noted in the report, there are over 5,000 net new residential units in the development pipeline in the city (Attachment 7) and another 7,800 units still possible under the currently adopted General Plan. In addition, over 7,000 housing units are being considered as part of area plan updates (Downtown, El Camino Real and Lawrence Station) and an unknown number in Moffett Park. Staff finds it important to maintain the C-1 zoning district, and the important uses within this district as they have limited ability to relocate to other zoning districts in the City.

Given the value to the community, limited number of properties with the Neighborhood Business

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designation, and the number of residential units currently in the pipeline, staff does not recommend the GPI request. Additionally, attention for future residential options should be focused on locations closer to transit.

If the City Council finds that a study is desirable, it should be noted that staff time available to work on the study is limited and that applications for projects that comply with existing zoning and general plan designations may delay the progress of any new GPA study.

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Reviewed by: Andrew Miner, Planning Officer
Reviewed by: Trudi Ryan, Director of Community Development
Reviewed by: Teri Silva, Assistant City Manager
Approved by: Kent Steffens, City Manager

ATTACHMENTS

1. *Reserved for Report to Council*
2. Applicant's Project Description and GPI Letter
3. Applicant's Conceptual Site Plan
4. Vicinity and Noticing Map
5. General Plan Map of Site and Vicinity
6. Zoning Map of Site and Vicinity
7. Recently Approved Large Residential Projects