



# City of Sunnyvale

## Agenda Item-No Attachments (PDF)

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File #: 14-0038, Version: 1

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### REPORT TO COUNCIL

#### SUBJECT

**File #:** 2013-7081 & 2013-7132

**Location:** 610 E. Weddell Drive (APN: 110-28-001) and 520-550 E. Weddell Drive (110-14-190 & 191).

**Proposed Project:** Discussion and possible actions on:

**GENERAL PLAN AMENDMENT** to change the land use designation from Industrial to Residential High Density for 610 E. Weddell Drive and 520 E. Weddell Drive (Parcel B only);

**REZONING** Introduction of Ordinances to Rezone from MS-PD (Industrial & Service/Planned Development for 610 E. Weddell Drive and M-S/POA (Industrial & Service/Place of Assembly) for 520 E. Weddell Drive (Parcel B only) to R-4/PD (High Density Residential/Planned Development) for both properties.

**Applicant / Owner:** Sares - Regis Group (610 E. Weddell Drive); Raintree / Kohl (520-550 E. Weddell Drive)

**Environmental Review:** An Environmental Impact Report (EIR) has been prepared in compliance with California Environmental Quality Act provisions and City Guidelines.

**Staff Contact:** Ryan Kuchenig, 408-730-7431, [rkuchenig@sunnyvale.ca.gov](mailto:rkuchenig@sunnyvale.ca.gov)  
<<mailto:rkuchenig@sunnyvale.ca.gov>>

#### REPORT IN BRIEF

**General Plan:** Industrial

**Zoning:** M-S/PD (Industrial and Service / Planned Development) for 610 E. Weddell Dr., M-S/POA (Industrial and Service / Place of Assembly) for 520 E. Weddell Dr., & M-S/ITR/R-3/PD (Industrial and Service / Industrial to Residential/Medium Density Residential/ Planned Development) for 550 E. Weddell Dr.

**Existing Site Conditions (610 E. Weddell):** Vacant - Industrial Light Manufacturing

**Existing Site Conditions (520 E. Weddell):** Multi-Tenant Industrial Light Manufacturing

#### **Surrounding Land Uses**

**North:** Mobile Home Park and PG&E Substation / Multi-Family Residential

**South:** Multi-Family Residential across Highway 101

**East:** Multi-Family Townhomes

**West:** Industrial & Multi-Family Townhomes

**Issues:** Land Use Compatibility, Density, Traffic, Economic Impacts

**Planning Commission Recommendation:** Approve a General Plan Amendment from Industrial to High Density Residential, and Introduce ordinances to rezone the two properties from MS-PD and MS-POA to R-4/PD.

**Staff Recommendation:** Approve a General Plan Amendment from Industrial to High Density Residential, and Introduce ordinances to rezone the two properties from MS-PD and MS-POA to R-4/PD.

## **BACKGROUND**

In July 2012, a General Plan Amendment Initiation study (RTC 12-163) was approved for 520 E. Weddell Dr. The action by the City Council authorized study of the site for a range of residential densities from Medium to Very High Density Residential. The applicant submitted a formal application that requests a General Plan Designation of High Density Residential and a zoning of R-4/PD.

A General Plan Amendment Initiation study (RTC 12-273) was approved for 610 E. Weddell Dr. in November 2012. The action by the City Council authorized study of the site for a range of residential densities from Medium to Very High Density Residential and that the study to be combined with the previously approved request at 520 E. Weddell Dr. The applicant subsequently submitted an application that requests a General Plan designation of High Density Residential and a rezoning to R-4/PD.

## **History of Land Uses in the Vicinity**

Both of the subject sites have had a General Plan Designation of Industrial since the first General Plan was adopted for Sunnyvale in 1955. Starting in the late 1970s and early 1980s, Sunnyvale initiated several programs to preserve and provide affordable housing and expand housing opportunities. In 1988, the City started a study called Futures, resulting in the designation of industrial lands for future residential uses; Futures was completed in 1993. The purpose of Futures was to study a number of different Futures for Sunnyvale, with a focus on providing greater opportunity for housing. Nine industrial and commercial areas were evaluated as potential residential areas; Futures 7 and 8 in the Tasman Fair Oaks area were designated as Industrial to Residential, Medium Density.

The Futures study areas 7 and 8 left properties located mostly south of the Hetch-Hetchy as Industrial. These remaining industrially zoned sites were considered an appropriate buffer from Highway 101 for the future new residential areas north of Hetch-Hetchy. In 2000, the Council asked staff to further study the Tasman Fair Oaks area which resulted in the General Plan designation of Industrial to Residential Medium to High Density with a floating 140,000 s.f. of retail/commercial (ITRMIX). The area north of Tasman was rezoned to R-4/PD; properties south of Tasman retained the MS/ITR/R-3/PD zoning; and two sites were subsequently approved for rezone to R-4/PD in 2005 and 2012 (see Attachment 1, Vicinity and Mailing Radius Map).

In 2004, as a result of a study on providing retail uses for the north part of the City, the two north corners of the Tasman/Fair Oaks intersection (close to the VTA Light Rail Train (LRT) station) were rezoned to C-2/PD to assure that retail/commercial uses were provided for the area. Mixed use with residential can be considered on those sites.

Over the last 10 years, staff has been approached several times with inquiries about residential use of the 610 E. Weddell Dr. site. Staff had consistently dissuaded developers interested in residential uses and urged motel and office developments instead. Both the 520 and 610 E. Weddell Dr. sites were considered more viable as industrial and less optimal for the type of residential development commonly built in Sunnyvale.

In 2006, the Council initiated a General Plan Amendment (GPA) study for Public Facility or Commercial for the place of worship sites to the west and the subject site at 520 E. Weddell Dr. No formal application was ever received for that GPA study. Later that year, the Council added the Place

of Assembly (POA) combining district to these same four properties.

## **EXISTING POLICY**

Policy LT-2.1: Recognize that the City is composed of residential, industrial and commercial neighborhoods, each with its own individual character; and allow change consistent with reinforcing positive neighborhood values.

*Action Statement LT-2.1c* Require appropriate buffers, edges and transition areas between dissimilar neighborhoods and land uses.

Policy LT-3.1: Provide land use categories for and maintenance of a variety of residential densities to offer existing and future residents of all income levels, age groups and special needs sufficient opportunities and choices for locating in the community.

Policy LT-4.1: Protect the integrity of the City's neighborhoods; whether residential, industrial or commercial.

*Action Statement LT-4.1a* Limit the intrusion of incompatible uses and inappropriate development into city neighborhoods.

*Action Statement LT-4.1c* Use density to transition between land use, and to buffer between sensitive uses and less compatible uses.

Policy LT-4.2: Require new development to be compatible with the neighborhood, adjacent land uses, and the transportation system.

Policy LT-4.4: Preserve and enhance the high quality character of residential neighborhoods.

Policy LT-5.9: Appropriate accommodations for motor vehicles, bicycles, and pedestrians shall be determined for City streets to increase the use of bicycles for transportation and to enhance the safety and efficiency of the overall street network for bicyclists, pedestrians, and motor vehicles.

Policy LT-5.10: All modes of transportation shall have safe access to City streets.

Policy LT-5.11: The City should consider enhancing standards for pedestrian facilities.

Policy HE-1.1: Encourage diversity in the type, size, price and tenure of residential development in Sunnyvale, including single-family homes, townhomes, apartments, mixed-use housing, transit-oriented development and live-work housing.

Policy HE-4.2: Continue to direct new residential development into specific plan areas, near transit, and close to employment and activity centers.

## **ENVIRONMENTAL REVIEW**

An Environmental Impact Report (EIR) has been prepared in compliance with California Environmental Quality Act provisions and City Guidelines. The projects are separate proposals but a single EIR was prepared since the projects are located in close proximity to each other and were

submitted at about the same time. The EIR studied the individual impacts of each project as well as the combined impacts of both. A related staff report (Planning file 2013-7240) includes analysis of the EIR that was prepared for all of the related development actions for the two development projects. The environmental effects of the proposed General Plan Amendments for 610 E. Weddell and for 520 E. Weddell and the amendments to the Precise Zoning Plan and Zoning District Map for each site were analyzed in the East Weddell Residential Projects Environmental Impact Report (the "EIR"), SCH #2013052010. The City Council reviewed the EIR and found that it reflects the independent judgment of the City Council and its staff, and is an adequate and extensive assessment of the environmental impacts of the proposed amendments. The City Council certified the EIR as having been prepared in compliance with the requirements of the California Environmental Quality Act ("CEQA"), approved a Resolution of Findings, and adopted a Mitigation Monitoring and Reporting Program.

For clarification, the EIR describes rezoning of the north parcel (550 E. Weddell Dr.) associated with the Raintree Partners development, to R-4/PD; this rezoning is no longer requested and the current MS/ITR/R-3/PD zoning would remain. Action on the subject rezoning and General Plan Amendments cannot be taken until after consideration and certification of the EIR.

## **DISCUSSION**

This report includes an evaluation of two requests for General Plan Amendments and Rezoning of two properties by separate applicants. Due to their proximity to each other, one Environmental Impact Report was prepared. The decisions of each request can be made independent of each other.

Although there are two residential developments proposed and reviewed in the project EIR, those developments are contingent on the City modifying the General Plan and the Zoning. The two development applications will not be considered if the amendments to General Plan and zoning are not approved. Review of the two related residential projects (Special Development Permit and Vesting Tentative Map) will occur as separate actions pending the outcome of the General Plan Amendments and Rezoning discussed in this report. In addition, the projects include a modification to the Tasman/Fair Oaks Area Pedestrian and Bicycle Circulation Plan. The applicants are concurrently requesting approval from the San Francisco Public Utilities Commission (SFPUC) for improvements to the John W. Christian Greenbelt.

The General Plan Initiations for the two sites, approved in 2012, identified the following topics of discussion in the Report to Council:

1. Consider all possible environmental impacts associated with the new development, including impacts on traffic, parks, and schools.
2. Review the economic development implications of reducing available industrially zoned property, and the implications of eliminating five acres of land zoned M-S/POA that allows places of assembly.
3. Examine the opportunity to provide additional affordable housing units.
4. Consider the advantages and disadvantages of increased residential opportunities.
5. Evaluate the project's ability to integrate into the surrounding area.

Before evaluating the above topics, a brief description of each site and respective proposals are provided:

**610 E. Weddell Dr.:** The proposed development is located on a 4.04 acre site and would consist of 205 residential apartment units within a four-story building. The existing 62,442 s.f. one-story vacant industrial building would be demolished.

Prior to the current development which was established in 1984, a residential project was considered for 610 E. Weddell Dr. in 1982. The project consisted of 168 units (about 42 units per acre) and was recommended for approval by the Planning Commission, but was ultimately denied by the City Council. Subsequently the current industrial/research and development (R&D) building was proposed, approved and built for the site.

This site is a lone industrial parcel at the end of a cul-de-sac, at the northeast corner of Fair Oaks Road and US Highway 101 (US 101). It was successfully operated as an industrial site for over two decades, but has now been vacant for over four years. The site is separated from the El Dorado Mobile Home Park to the north by the Hetch-Hetchy right-of-way and a PG&E sub-station. It is separated from a townhouse development to the east development by a PG&E high voltage right-of-way.

**520- 550 E. Weddell Dr.:** The proposed development by Raintree Partners consists of 465 residential apartment units on two parcels totaling approximately 12.04 acres. A 1.1-acre parcel that is owned by the SFPUC for the Hetch-Hetchy right-of-way runs between the two parcels. The site is west of North Fair Oaks Avenue. The site is currently developed with 15 single-story light manufacturing and office buildings that were constructed between 1976 and 1978 (approximately 183,000 square feet). The buildings are occupied by about 70 small businesses. All of these buildings would be demolished for the proposed new construction.

## **GENERAL PLAN AND ZONING**

### **Industrial General Plan Designation**

Land used for industrial purposes occupies approximately 2,500 acres or about 25% of Sunnyvale's developable land area. The industrial land use category is implemented by two general zoning districts - the M-S, Industrial and Service District, and the M-3, General Industrial District as well as by the Moffett Park Specific Plan zoning categories. Office support area, research and development, product assembly, and warehousing are considered "light" industrial uses and are usually found in the M-S Zoning Districts. These uses are typical for businesses such as advanced electronics, computers, communication manufacturing, and biotech research. Development occurs on medium to small lots or as part of a campus-style complex with landscaping as a significant feature. Excluding the ITR sites, industrial properties are essentially Moffett Park, Peery Park, Lawrence Station Area, The Woods (north of Tasman, east of Lawrence Expressway), Oakmead (east of Lawrence) and a large area west of Lawrence Expressway referred to as Oakmead West.

The following table summarizes the existing General Plan, Zoning and development for each site:

<b>Project Site</b>	<b>General Plan</b>	<b>Zoning</b>	<b>Lot Area (s.f.)</b>	<b>Existing Building Area (FAR)</b>
610 E. Weddell Dr.	Industrial	M-S/PD	301,871	104,080 (34.5%)
520 E. Weddell Dr.	Industrial	M-S/POA	222,592	78,908 (35.5%)

550 E. Weddell Dr.*	Industrial to Residential Medium to High Density	M-S/ITR/ R-3/PD	175,982	62,442 (35.5%)
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\* There is no request for a General Plan Amendment or Rezoning of this property.

### Residential General Plan Designations

The following table demonstrates the number of units that are possible, with and without a state density bonus for affordable housing at three different general plan categories and their companion zoning districts.

#### DWELLING UNITS PER ACRE OF VARIOUS RESIDENTIAL DESIGNATIONS

General Plan	Zoning	Minimum (75% of Zoning Max.)	Maximum w/o Density Bonus	Maximum w/ 35% Density Bonus <sup>1</sup>	Maximum w/ 5% Green Bldg. Bonus <sup>2</sup>
Medium	R-3	18	24	32	33
High	R-4	27	36	49	50
Very High	R-5	34	46	57	59

1. Maximum allowable State Density Bonus (see discussion in staff report)
2. A density bonus of up to 5% may be approved through the City's Green Building Program if additional green points are incorporated into a residential project.

**Very High Density Residential (RVH):** this is the City's highest density General Plan category and allows 42 to 65 units per acre. The R-5 zoning is the companion zoning district for this General Plan category, as well as several Specific Plan zoning categories that support this density. The R-5 zoning district allows office, retail and hotel uses as well as residential development at 45 units per acre. Other than six blocks in the Downtown Specific Plan, there are four sites in the City with this General Plan designation. All of these sites are located near a freeway interchange and are adjacent to the freeway (see Attachment 8).

- **Lawrence 101 Specific Plan.** In 1989, the Council approved the Lawrence/101 Site Specific Plan for the site at the southeast corner of Lawrence Expressway and US 101 and in 1999 a 702 unit apartment project was completed (about 42 units per acre). An EIR was prepared for the Specific Plan. Noise mitigation was required for upper unit balconies facing the freeway and no specific air quality mitigation was required.
- **Borregas Inn.** This property at the corner of Weddell and Borregas is developed with a single room occupancy facility. The zoning and General Plan were modified in 1996 to support the development of this use. A Mitigated Negative Declaration was prepared for the project and construction measures were required to assure interior noise levels complied with State and City standards. No air quality mitigations were required.
- **Lakeside Specific Plan.** In 2005, the Council adopted the Lakeside Specific Plan for an area east of the above Lawrence 101 Specific Plan area that allows hotel and high density residential (maximum 45 units per acre). An EIR was prepared, but a previously approved entitlement has expired.
- **Lawrence Station Apartments.** In 2012, construction at the site at Lawrence Expressway and

State Route 237 (SR237) was completed consistent with 2008 Council action. As mitigation, these dwellings are shielded from highway noise and air quality impacts with large setbacks from the freeway and multi-story parking garages along the edge.

The Lawrence Station Area Plan is considering a range of residential densities and may include the ability to achieve up to 65 units per acre. In the past few years, property values have increased and higher density housing with structured parking has become more acceptable in the region. This density typically supports four or more story apartments or condominium flats with structured parking (either in a freestanding structure or subterranean). This density would not support townhouse style development.

**High Density Residential (RHI):** This is the City's second highest density category and allows 27 to 42 units per acre and in some cases is combined with office uses. The corresponding R-4 Zoning District allows up to 36 dwelling units per acre and is developed primarily for apartments; it has been applied to approximately 4% of Sunnyvale's land area. High density housing is located in a number of areas of the City, with some of the earliest high density developments completed in 1958. The majority of the R-4 sites were built in the 1970s and later in the early 1990s. High Density is also permitted in the Downtown Specific Plan area. R-4 properties are located near: the Community Center; Old San Francisco Road and Fair Oaks Avenue; El Camino Real and Wolfe Road; Mathilda Avenue and Central Expressway; in the Tasman/Fair Oaks area north of the subject properties; and several other isolated sites (see map in Attachment 8).

This density of housing is typically three to four stories of apartments or condominium flats. Parking is likely to be at least partially underground with some surface spaces for guests. Older R-4 developments have very small units and only one parking space per unit and probably do not have structured parking. Tuck-under spaces were common for projects built in the 1970s.

**Medium Density Residential (RMED):** This General Plan category allows 14 to 27 units per acre and is implemented by the R-3 Medium Density Zoning District which allows up to 24 dwelling units per acre. It has been used for condominiums, townhomes, and apartments, and constitutes over 6% of Sunnyvale's land use. Building heights are typically two or three stories.

In recent years many townhouse style developments have been constructed in this zoning district. R-3 developments appear throughout the City and are typically located near major arterial streets. The largest neighborhoods of R-3 development include: the area west of Bernardo Ave., north of El Camino Real; the area south of Alberta Ave., west of Sunnyvale-Saratoga Rd.; along Evelyn Ave. from west of Fair Oaks Ave. to Lawrence Expressway; and, the Tasman Crossing area (the subject properties are south of this area). Attachment 8 shows these medium density areas in the City.

**Surrounding General Plan and Zoning - 610 E. Weddell Dr.:** Multi-family residential development, Lakehaven Townhomes, is located east of the site. This development does not share vehicular access to the subject site and is separated by a six to eight-foot wall. These homes are accessed from Lakehaven Dr. which runs through an established single-family neighborhood known as Lakewood. The townhomes lie within an R-0 zoning district (up to seven dwelling units per acre). Single-family detached homes further to the east are also located in this R-0 Zoning District. The El Dorado Mobile Home Park, zoned MHP (Mobile Home Park), lies north of the subject site across the John W. Christian Greenbelt and a PG&E electrical substation. To the west, lies properties zoned MS-POA (Industrial and Service / Place of Assembly) and MS-ITR-R-3 and (Industrial & Service /

Industrial to Residential - Medium Density Residential). As noted earlier, these two properties are also requesting a change in the General Plan and Zoning district designation. Northwest of the site are several properties zoned MS-ITR, which mostly contain newer townhouse development. The following table provides the number of units possible for the 4.04 acre site at 610 E. Weddell Dr.:

**DWELLING UNITS PER ACRE OF SARES-REGIS SITE**

GP	Zoning	Minimum (75% of Zoning Max.)	Maximum w/o Density Bonus	Maximum w/ 35% Density Bonus	Maximum w/ additional 5% Green Bldg. Bonus
Medium	R-3	73	97	131	135
High	R-4	109	146	198	205
Very High	R-5	138	185	250	259

**Surrounding General Plan and Zoning - 520 E. Weddell Dr.:** West of the Raintree Partners site, along Weddell Dr., are institutional, industrial, and office buildings with uses such as UPS Freight, New Hope International Church, Sunnyvale Health & Fitness, and other non-residential uses. The future Seven Seas Park farther west on Morse Ave. is currently under design as a 4.3-acre neighborhood park and is anticipated for completion in 2014. A recently completed three-story townhome development is immediately west and north of the Raintree site.

The area north and west of the Raintree site has been transitioning from one-story industrial uses to mostly three-story medium- and high-density residential uses. Other uses north of the site include a restaurant and office buildings and medium- to high-density residential development. Due to the fact that the industrial zoned properties immediately to the east are used as places of worship, the 520 E. Weddell Dr. property is fairly isolated from other industrial uses (once the 550 E. Weddell site, zoned ITR, is converted to residential uses).

The following table provides the number of units possible for the 5.1 acre site at 520 E. Weddell Dr.:

**DWELLING UNITS PER ACRE OF RAINTREE (southern) SITE**

GP	Zoning	Minimum (75% of Zoning Max.)	Maximum w/o Density Bonus	Maximum w/ 35% Density Bonus	Maximum w/ 5% Green Bldg. Bonus
Medium	R-3	92	123	167	173
High	R-4	139	185	250	259
Very High	R-5	175	234	316	327

The Weddell frontage west of Fair Oaks Ave. has a variety of industrial, motel and place of worship uses. The Hetch-Hetchy right-of-way borders these frontage properties to their north, with residential uses just to the north of the Hetch-Hetchy. At Weddell Dr. and Borregas Ave. there is the Borregas Inn, a single-room occupancy residential facility. 510 E. Weddell Dr. is owned by the same owner as 520 E. Weddell Dr. and the site is north of the Hetch-Hetchy, where Weddell Dr. turns north from the freeway.



## ANALYSIS

The following analysis describes several factors for consideration of appropriate land use of the subject sites. The EIR also studies a Full Buildout option, which included a more intense development on each site, but which neither of the project proponents seek. The key policy questions include: environmental impacts specific to the site (including noise, air quality and traffic/transit); economic demand and impacts; housing needs; and, land use compatibility with the surrounding area. These factors are described in more detail in the following sections.

### 1. Environmental Impacts

The EIR identifies significant environmental impacts related to transportation, noise, air quality, hazards and hazardous materials, biological resources, recreation, and utilities. Each of these impacts can be mitigated to a less than significant level through mitigation measures. These measures will be required with the permits for redevelopment. There are no impacts considered significant and unavoidable. These impacts are more clearly described in the EIR and related staff report (Planning file 2013-7240).

In summary, notable mitigation measures include the use of certain filtration systems, and construction phasing and management to address air quality. Sampling and clean-up with regulatory oversight during demolition and construction address existing hazardous soils on each site. Noise conditions that would affect new residents are mitigated through certain construction methods and design. Noise associated with construction is mitigated through suppression devices and specific equipment as well as a logistics plan to address hours of operation for certain activities. Improvements to existing public pedestrian infrastructure and bicycle facilities mitigate transportation impacts. Impacts related to schools and parks are mitigated through school impact fees and park dedication or in-lieu fees.

### 2. Traffic/Accessibility to Transit

Changes to the land use of these sites would result in increased traffic in the vicinity. These increases relate to the intensification of use on the sites as well as the fact that one site is currently vacant and not generating any traffic. The traffic analysis prepared for these projects was based on average traffic generation rates for each of the evaluated scenarios. No reduction in trips was taken for proximity to public transit or the implementation of more pro-active Transportation Demand Management (TDM) measures, both of which would reduce vehicle trips. The amount of trip reduction would depend on many factors however a conservative reduction is 5% for proximity to transit and up to 30% for an extremely aggressive TDM program. It is unlikely that an aggressive program could be achieved for residential uses at this location; staff and the traffic consultant estimate that 10-15% reductions are possible. Traffic and accessibility to transit are discussed in more detail below; in summary, the traffic analysis concludes that vehicle trips from the site would be higher with most residential uses vs. industrial/office uses.

The following table shows a comparison of total and peak hour trips for several land use scenarios, including if the sites for which the General Plan Amendments are requested were redeveloped with office uses as allowed by the current General Plan and zoning (and the northern Raintree site is redeveloped as R-3 residential as permitted with the current General Plan and Zoning).

#### **Summary of Total Average Weekday Trips**

*(All three residential parcels, including the one for which no General Plan Amendment and Rezoning*

are requested)

Scenario	Average Daily Trips	AM Peak Hour Trips	PM Peak Hour Trips
Existing Uses ( <i>vacant building = 0 trips</i> )	1,276	168	177
Existing General Plan ( <i>No Project</i> )*	2,108	214	245
R-3 Medium Density Residential	2,469	193	231
R-4 High Density Residential	3,650	289	338
R-5 Very High Density Residential**	5,808	463	534
Mitigated Alternative ( <i>in EIR</i> )	2,617	255	291
Applicants' Proposed Projects**	4,307	335	405

\*assumes 35% FAR office uses for the Industrial sites and R-3 density on the northern Raintree site

\*\* includes a Density Bonus for Affordable Housing

The direction of the trips is different for residential and industrial uses (more AM trips are outbound from residential and inbound for industrial, and vice versa for PM trips).

The traffic analysis in the TIA focused the analysis on peak hour trips Monday through Friday. Weekend trips were not evaluated. Typically, the average daily trips at industrial and office sites on Saturdays and Sundays is less (80-100% less); Sunnyvale does not impose restrictions on the hours of industrial uses therefore it is possible that an office or industrial use could be active on the weekend. Residential uses would generate fewer vehicle trips on weekend days and the peak hour is not as dramatic of a difference from other hours as is the case on weekdays. Total weekday trips would be about 75% of weekday trips

Traffic: The proposed projects would result in increases to peak AM and PM traffic under each scenario but do not cause a significant impact to LOS (Level of Service) of identified intersections and freeway segments. As stated in the analysis, the combined projects generate vehicle trips of less than the 1% to the studied freeway segment capacity, which meets VTA criteria for less than significant impact. If the Industrial designation were retained as the General Plan land use (Sares-Regis site and southern Raintree Site), an increase in traffic would still occur with redevelopment of the sites.

Each of the scenarios considers existing (baseline) conditions and background conditions that include existing traffic volumes and a 2-year growth factor as derived from the City of Sunnyvale travel demand model, plus expected traffic generated from approved developments in the study area that are not yet built or occupied. Certain identified intersections are also studied for background conditions. A cumulative condition scenario with the same factors through the year 2023 is also analyzed.

The analysis determined that the only significant traffic impacts are to emergency vehicle access, bicycle and pedestrian facilities and construction related traffic. Each of these impacts can be reduced to less than significant with mitigation that include review and approval from the Fire Marshal, construction management, and modifications to site layout.

The identified "No Project Alternative" scenario in the EIR would allow the retention of the existing land use designations, and trip generation would depend on the exact uses proposed (an office use

was assumed for the table above).

Under a “Mitigated Alternative” scenario identified in the EIR, up to 352 apartments would be built on the northern Raintree site. On the Sares Regis site, the current 62,442-square foot industrial use would be converted to office use and office use would be built on the southern Raintree site. More trips can be expected from the sites due primarily to the occupancy of the vacant building, but also due to office uses generating more trips than the current uses. Since this level of vehicle trips would be less than that expected from the other scenarios, the Mitigated Alternative is expected to have the least transportation impacts of all alternatives.

Any project that generates net new peak hour trips is required to pay a Traffic Impact Fee. This fee is used for identified transportation improvements throughout Sunnyvale. The fee serves as appropriate mitigation for project impacts associated with the needed transportation system improvements.

Accessibility to Transit: The project sites are served by a bus stop at the corner of E. Weddell Drive and N. Fair Oaks Avenue which is less than 0.25 mile from the furthest locations on each of the sites. The nearest VTA light rail station is approximately 0.5 to 0.7 miles to each site. The nearest commercial shopping center is located adjacent to the same light rail location. Each of the sites is positioned approximately one mile from job centers within the Moffett Park Specific Plan Area, which is home to many of the City’s high tech and industrial companies. Tenants at the site (either residential or industrial) could walk or ride a bicycle to the bus or LRT stops. Both residential projects would include pedestrian pathways on-site that would provide access to the public sidewalk or future East Channel trail (it is further described in the EIR that there is currently casual pedestrian and bicycle use of the channel and that formal trail improvements are planned). Gaps in the public sidewalk would be filled in with these projects. In addition, both projects are requesting approval from SFPUC to allow the Hetch-Hetchy right-of-way to be used by the general public for pedestrian/bicycle access. Alternative public access through the development sites can be addressed with consideration of the development plans for each project. These additional access routes would benefit the general public in the vicinity of the sites. There would be a greater challenge to providing access through the industrial sites as most industrial uses do not require a discretionary planning permit where conditions can be imposed.

### **3. Economic Impact**

The property at 610 E. Weddell Dr. has been unoccupied for over four years. Competition for industrially zoned land has been high in recent years and is expected to continue in the near term. Although located near a major arterial, the site could be considered unattractive to prospective tenants due to its relatively isolated location adjacent to residential uses and other properties that have transitioned away from industrial uses. Under the current zoning, the site could also be occupied by non-manufacturing uses such as a hotel or self-storage use (with approval of a Use Permit).

The City has seen a transition of industrial since its early agricultural days when canneries were located along the railroad, to the era of defense related businesses and later high tech businesses of a wide variety. Sunnyvale still has a number of traditional research and development facilities with labs for manufacturing small quantities of a product desiring one or two-story buildings, and has seen an increase in research and development businesses supporting high-tech internet and computing activities. Over time, Sunnyvale, like many other communities, has decreased the land designated for industrial uses. The decrease has not typically resulted in an overall decrease in potential jobs as

sites are developed with taller buildings and higher density.

If the property at 520 E. Weddell Dr. were rezoned from MS-POA, a reduction to the amount of area available for places of assembly use would result. The site was originally identified due to its perimeter location within an industrial neighborhood and proximity to a major arterial. These sites were considered more appropriate for transitional uses. Since the 2006 POA rezoning, five properties (12.6 acres) along N. Mathilda Ave. were added to the pool (2007 and 2010). The MS-POA zoning currently is comprised of approximately 158 acres within the City. Less than 15% of this area is currently occupied by place of assembly uses. Additional locations within the Commercial, Public Facility and the Downtown Specific Plan zoning also allow consideration of such uses. The proposed rezoning of 5.1 acres would not significantly decrease the amount (approx. 3%) of available area within the MS-POA zoning or opportunities citywide for such uses.

#### **4. Affordable Housing**

Cities in California need to prepare a Housing Element that shows that sufficient land and programs are available to allow the development of housing at several affordability levels. The City has a certified Housing Element and is preparing an update to address the most recent Regional Housing Needs Allocation (RHNA). Previously, the City had an inclusionary zoning requirement for new development to provide affordable housing; California cities currently cannot require below market rate units for rental residential projects. Rezoning the sites would not guarantee the provision of affordable housing; however, given the current market for higher density housing, there is an opportunity to attract developers interested in availing the State Density Bonus) through the provision of units affordable to lower income households. The State requires cities to grant a density bonus for projects that include affordable housing units. A developer may receive a density bonus from 5% to 35% based on the percentage of affordable units and level of affordability provided with the project. The law also includes incentives or concessions, such as reduced setbacks or parking requirements.

Both developers propose to include affordable units. Based on the proposed R-4 zoning of these two sites and the current R-3 equivalent zoning of the 550 E. Weddell Dr., the applicants have indicated the developments would provide 43 affordable units (16 for the 610 E. Weddell Dr. site and 27 for the 520-550 E. Weddell Dr.). The applicant for 520 and 550 E. Weddell Dr. modified their project to use the R-3 zoning and include a request for increased density through affordable units.

#### **5. Compatibility with Surrounding Neighborhood**

A modification to the General Plan and Zoning of the site would allow multi-family residential uses to replace sites that have historically been occupied by industrial uses. The character of the site and neighborhood would change. If conditioned appropriately new development could allow for further integration within the surrounding neighborhood.

The sites are located near a major arterial and freeway, which provides convenient vehicle access to the site. However, the site's proximity to high-volume roadways is also likely to result in increased exposure of residents to noise and air quality impacts and may impact traffic on nearby roads. Potential traffic, noise, and air quality impacts of a new residential development are studied within the EIR. The EIR mitigation measures would be included through Conditions of Approval with the Special Development Permit for each project. Through appropriate mitigation (including citing of buildings and construction techniques) it is possible to locate residential uses close to freeways. Staff notes that a similar residential project was approved in 2008 adjacent to SR237 at Lawrence Expressway (BRE's "Lawrence Station" mixed-use development).

Industrial/R&D uses could involve higher levels of hazardous material use or operational noise, which could be incompatible with adjacent residential uses and generate complaints from residential neighbors. Some industries may also not want to locate near residential uses as use restrictions could affect their operations. Alternatively, a traditional office use could be an appropriate neighbor to residences, with minimal operational noise, less likelihood of hazardous materials use and little to no use on the weekends.

Currently, the industrial building at 610 E. Weddell Dr. is isolated from other industrially zoned properties across N. Fair Oaks Ave. Although higher density than neighboring uses, redevelopment to a residential use could improve compatibility with neighboring uses to the north, east and south (across Highway 101). Redevelopment and possible improvements to the neighboring Hetch-Hetchy property could activate an area that has gradually deteriorated over time. The proposed use is expected to increase traffic to the area over current conditions (this building has been vacant for over four years), but not to a significant level as described in the traffic analysis of the EIR.

The Planning Commission will review each development through separate Special Development Permits, if the General Plan and Zoning are amended. Meanwhile the applicants have submitted development plans for staff review. Staff has worked with the applicant to modify the design of the four-story structure, so that the architectural massing and scale for locations facing residential uses to the north and east are reduced. These changes help buffer the visual appearance of the site to the nearby lower density neighborhood. If approved by the SFPUC, landscape improvements to the Hetch-Hetchy property adjacent to the site will further buffer and improve the visual aesthetics of the development. This area would also serve the larger area by improving the connection to the neighborhood.

The existing and potential zoning districts are summarized in Attachment 9.

**Impact on Schools:** New residential development also raises neighborhood concerns about the impacts on public schools. Clearly residential development is going to generate more students than industrial development. The projected student population from all of the sites is estimated as 73 additional students K-12. As the northern Raintree site is already zoned for residential development, the net difference in would be 47 additional students (K-5 = 31; 6-8 = 8; and, 9-12 = 8). Both residential and industrial/office developments would pay one-time school impact fees at the building permit stage. Property tax revenue to the school districts would increase through redevelopment by any private user. Community members have raised concerns about the cumulative increase in students from developments that could collectively be more significant. Sunnyvale staff meets regularly with the school district staffs and their consultants to share information on potential growth and change. This information can assist the schools in planning for potential long-term changes in student population.

## **6. Non-residential vs. Residential Land Use**

Staff believes that from a city-wide perspective sufficient land is planned and zoned for new industrial/office development (as previously noted approximately 2,500 acres) even though the Balanced Growth Profile shows that industrial/office development in the last several years has exceeded historic patterns and recent projections. The key policy issue is whether the subject properties are more appropriate to be retained for non-residential land uses or are suitable for conversion to residential uses. Based on the staff analysis, there are several acceptable land uses for the two sites: office, hotel, and residential. The current General Plan designation and zoning

would enable office development, which can be a good residential neighbor, although office uses can also present challenges to a neighborhood. The site at 610 E. Weddell Dr. has been vacant during a boom time for new office development. The current building has not attracted tenants for over four years while many other sites have been occupied.

More active industrial sites are less good neighbors to residential than office primarily due to noise and vibration from site activity and equipment. The amount of traffic associated with an active office/industrial use is similar to the amount of traffic from medium density residential uses, although industrial/office sites typically have lower traffic on the weekends. Both sites might also be appropriate for hotel use. Staff has suggested these sites to a number of hotel developers looking for suitable locations, however, no interest has been shown in either site. Residential development, if appropriately sited would also be compatible with neighboring residential development. All new development that intensifies the use on these sites would require appropriate mitigation measures to fit in the neighborhood.

The applicants for both sites at 520 and 610 E. Weddell Dr. first presented plans at the lower end of the very high density residential (~50 du/acre). In response to consultations with staff, both applicants amended their requests to high density residential with use of the State Density Bonus for the provision of affordable housing. In effect, the projects are in the very high density range at 50 units per acre.

Although neither applicant was initially requesting the state density bonus for their developments, staff concern is that should these applicants not complete the process, the density bonus would need to be granted on whatever zoning is determined for the site. An R-5 zoning would allow about 59 units per acre if the project qualifies for the maximum state housing density bonus of 35% and green building bonus of 5%. The differential between this density and surrounding land uses was not considered by staff to be consistent with City policy.

**610 E. Weddell Dr. (Sares-Regis):** Given the number of years this property has been vacant, it appears less likely that hotel or office uses are attracted to the site, especially noting the current high demand for Class A office in Sunnyvale. The isolation from other offices may play a role in the viability of the site, limiting expansion of successful businesses. Staff further finds that high density residential is more appropriate than a medium density as they would provide the opportunity for structured parking to act as a barrier to noise and air pollutants. Usable space for residents can be clustered in protected areas, where townhouse uses, more common for medium density, are more difficult to site adjacent to a freeway. The site is somewhat lower than the freeway, which makes sound walls more expensive due to the height needs to effectively mitigate noise. Staff recommends a high density designation for 610 E. Weddell Dr.; the total possible units with the state density bonuses could be within the Very High range are consistent with the type of housing densities envisioned in the General Plan.

**520 E. Weddell Dr. (Raintree):** The site is separated from its companion site at 550 E. Weddell Dr. by the Hetch-Hetchy right-of-way. If approved for development, the applicant would seek approval from the SFPUC to improve the site with landscaping and trails. Similar to the 610 E. Weddell Dr. site, staff finds that high density residential is more appropriate than medium density, as the site is along a major arterial and can provide as a buffer to lower densities further north. Nearby commercial uses and mass transit located within .5 miles can support a higher density use at the site. Staff supports high density with the ability for state density bonuses to increase housing densities within the Very High range. Through appropriate site and architectural design, a higher density development can

blend in with the surrounding residential area. More details about the development proposal would be considered later, if the General Plan is modified.

### **Tasman/Fair Oaks Area Pedestrian and Bicycle Circulation Plan**

The Tasman/Fair Oaks Area Pedestrian and Bicycle Plan pertain to an area now called Tasman Crossing. The plan applies to the area located between SR237 and the Hetch-Hetchy to the north and south and Morse Ave. and the East Channel/Fair Oaks Ave. to the west and east. This area plan, adopted in 2004, was created to encourage growth in the area while promoting the use of public transit (Fair Oaks Light Rail Station) and encouraging pedestrian activity. As the area transitions from industrial to multi-family residential uses, the need for pedestrian amenities and public improvements has increased.

Public and private street improvements are detailed in the plan as well as transit oriented design guidelines. The guidelines provide direction for sidewalk and streetscape design as well building and site layout to create a more safe and pedestrian friendly environment. New residential development has paid a Sense of Place fee to support pedestrian and bicycle improvements in the area. These fees have been used to secure grant funding for a project on Fair Oaks Ave. and the vicinity that included new decorative lighting, sidewalks, and place-making icons.

The respective staff reports of the Special Development Permits will include a more detailed analysis of how these guidelines and policies are met. Conditions of Approval would ensure that public improvements are implemented so that the developments are more fully integrated into the plan area.

The property at 550 E. Weddell Dr., which is not part of the General Plan or Rezoning request, is already within the Tasman/Fair Oaks plan area. Due to the location of the development proposals, a logical extension of the plan area to the south and east is under consideration. Each of the subject parcels are within 1/2 - 3/4 miles of the Fair Oaks Light Rail Station. 610 E. Weddell Dr. could connect to Tasman through future trails along the East Channel. Both sites may be able to provide additional pedestrian amenities, if approved by the SFPUC, on the Hetch-Hetchy right-of-way.

### **BALANCED GROWTH PROFILE (BGP)**

The City has a Balanced Growth Profile (BGP) that tracks the changes to seven indicators; it is updated at least annually. Attachment 6 shows the BGP including residential units and industrial/commercial/office square footage approved and not constructed projects, as well as pending projects scheduled for public hearings, through February 2014.

### **FISCAL IMPACT**

The project is subject to fees such as Park In-lieu, Sense of Place, school, sewer and water connections, and building permits. The projects would be subject to a Transportation Impact Fee, due to an increase in net peak hour trips to the site. Fees will be required through Conditions of Approval as part of the Special Development Permit.

Changing the General Plan and Zoning may encourage the sale and earlier redevelopment of the sites. The sale and redevelopment of the site would result in an increase to property tax revenues to the City, school districts and the County. New construction would provide construction tax. Non-residential uses could generate sales taxes for the city, so the proposed land use change to residential would eliminate this potential revenue. Alternatively, new residents generate sales taxes for the city through retail and restaurant expenditures.

## **PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website.

Project notices were mailed to an expanded 1,000 foot radius; with 1,342 notices being mailed as noted in the Vicinity and noticing Map (Attachment 1).

## **Notice of Public Hearings on General Plan Amendments and Rezonings**

- Published in the *Mercury News and Sun* newspapers
- Posted on each site
- 1,342 notices were mailed to property owners and tenants within 1,000 ft. of the project site as shown on Attachment 1.
- Notices were emailed to the following Neighborhood Associations: Lakewood, Morse Park, SNAIL, and San Miguel

## **Staff Report**

- Posted on the City of Sunnyvale's Web site
- Provided at the Reference Section of the City of Sunnyvale's Public Library

## **Agenda**

- Posted on the City's official notice bulletin board
- Posted on the City of Sunnyvale's Web site

**Planning Commission Study Sessions:** Three study sessions were held with the Planning Commission. On August 5, 2013, each of the development applications was reviewed. More discussion of the study session will be included in the staff reports of the Special Development Permits. On September 9, 2013, a study session with the Planning Commission was held regarding the Draft EIR. This study session introduced and noted the primary topics of analysis in the document. Discussion at the Study Session related to traffic, noise and the general document format. On February 24, 2013, a study session was held to introduce the projects to the four new Planning Commissioners.

## **Planning Commission Public Hearing:**

A public hearing was held with the Planning Commission on March 10th. One member of the public spoke in support of the General Plan Amendments and Rezoning for both projects. The Commissioners discussed the appropriateness of the site for high density residential uses, environmental factors, public improvements, and inclusion of the sites into the Tasman Fair Oaks Pedestrian and Circulation Plan. The Planning Commission voted unanimously (6-0) to approve the General Plan Amendments and Rezoning of each site. The draft Minutes of the Planning Commission public hearing are included in Attachment 10.

**Outreach Meetings:** Outreach meetings have been held separately by the developers with several members of the nearby community in attendance. Each applicant has presented information at neighborhood and homeowners association meetings. The applicants have also met with many



property owners and residences individually within the area.

Several of the letters from the public note concerns with traffic and density related to the project. Staff has received letters of support from neighboring Lakehaven Townhome Homeowners Association and Lakewood Neighborhood Association. A letter of support has also been provided by the Silicon Valley Leadership Group.

Staff has received 28 letters from the public regarding the proposal. Many of the letters include references to the concurrently proposed projects that are covered in the EIR. The Final EIR document responds to many of the concerns related to environmental factors such as traffic, hazardous soil and materials, air quality, and impacts to public safety and schools. Specific concerns related to the design of the project will be included with the staff reports of the Special Development Permits. Staff has included letters in Attachment 7.

## **ALTERNATIVES**

### 1. For 610 E. Weddell Dr. (Sares - Regis):

- a. Find that the City Council analyzed the environmental effects of the General Plan Amendment and the proposed amendment to the Precise Zoning Plan and Zoning District Map in an Environmental Impact Report, made the necessary findings and adopted the Mitigation Monitoring and Reporting Plan.
- b. Adopt the Resolution Amending the General Plan from Industrial to Residential High Density
- c. Introduce an Ordinance to Rezone from M-S/PD (Industrial and Service/Planned Development) to R-4/PD (High Density Residential/Planned Development)
- d. Adopt the Resolution Amending the General Plan from Industrial to Residential Medium Density
- e. Introduce an Ordinance to Rezone from M-S/PD (Industrial and Service/Planned Development) to R-3/PD (Medium Density Residential/Planned Development)
- f. Do not Adopt a Resolution Amending the General Plan from Industrial to Residential High Density leaving the project area designated as Industrial
- g. Do not introduce an Ordinance to Rezone from its current M-S/PD (Industrial and Service/Planned Development) designation

### 2. For 520 E. Weddell Dr. (Raintree Partners):

- a. Find that the City Council analyzed the environmental effects of the General Plan Amendment and the proposed amendment to the Precise Zoning Plan and Zoning District Map in an Environmental Impact Report, made the necessary findings and adopted the Mitigation Monitoring and Reporting Plan.
- b.. Adopt the Resolution Amending the General Plan from Industrial to Residential High Density
- c.. Introduce an Ordinance to Rezone from M-S/POA (Industrial and Service/Place of Assembly) to R-4/PD (High Density Residential/Planned Development)
- d.. Adopt the Resolution Amending the General Plan from Industrial to Residential Medium Density
- e. Introduce an Ordinance to Rezone from M-S/PD (Industrial and Service/Planned Development) to R-3/PD (Medium Density Residential/Planned Development)
- f. Do not Adopt a Resolution Amending the General Plan from Industrial to Residential High Density leaving the project area designated as Industrial

- g. Do not introduce an Ordinance to Rezone from its current M-S/PD (Industrial and Service/ Place of Assembly) designation
- 3. Extend the Boundaries of the Tasman / Fair Oaks Area Pedestrian and Bicycle Circulation Plan to include 520 E. Weddell Dr. and 610 E. Weddell Dr.

### **PLANNING COMMISSION/STAFF RECOMMENDATION**

Alternatives: 1.a. and b., 2.a. and b. and 3.

- 1. For 610 E. Weddell Dr.:
  - a. Recommend to the City Council to Adopt the Resolution Amending the General Plan from Industrial to Residential High Density
  - b. Recommend to the City Council to Introduce an Ordinance to Rezone from M-S/PD (Industrial and Service/Planned Development) to R-4/PD (High Density Residential/Planned Development)
- 2. For 520 E. Weddell Dr.:
  - a. Recommend to the City Council to Adopt the Resolution Amending the General Plan from Industrial to Residential High Density
  - b. Recommend to the City Council to Introduce an Ordinance to Rezone from M-S/POA (Industrial and Service/Place of Assembly) to R-4/PD (High Density Residential/Planned Development)
- 3. Extend the Boundaries of the Tasman / Fair Oaks Area Pedestrian and Bicycle Circulation Plan area to include 520 E. Weddell Dr. and 610 E. Weddell Dr.

Staff finds that a High Density general plan and R-4 zoning designation are appropriate for both sites. The viability of the sites for industrial uses has waned as other industrial sites have disappeared from this neighborhood. Some currently allowed industrial uses could also conflict with adjacent residential uses. Higher density residential provides opportunities to buffer new residents from freeway related air quality and noise impacts. New developments can be designed to fit into the neighborhood. Through architectural design, building mass and heights can be adjusted to minimize intrusion on the neighborhood.

Prepared by: Ryan Kuchenig, Associate Planner

Reviewed by: Trudi Ryan, Planning Officer

Reviewed by: Hanson Hom, Director, Community Development

Approved by: Robert A. Walker, Interim City Manager

### **ATTACHMENTS**

- 1. Vicinity and Mailing Radius Map
- 2. Findings for Approval - 610 E. Weddell Drive
- 3. Findings for Approval - 520 E. Weddell Drive
- 4. Draft General Plan Amendment Resolutions
- 5. Draft Rezoning Ordinances
- 6. Balanced Growth Profile
- 7. Letters from Interested Parties
- 8. Maps of General Plan Areas: Residential Very High Density; Residential High Density; Residential Medium Density; Industrial

- 9. Definitions of Existing and Potential Residential Zoning Districts
- 10. Planning Commission Draft Minutes, dated March 10<sup>th</sup>, 2014