



City of Sunnyvale

Agenda Item-No Attachments (PDF)

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REPORT TO CITY COUNCIL

SUBJECT

FILE #: 2016-7068

Location: 160 Aries Way (APN 209-07-007)

Proposed Project: **DOWNTOWN SPECIFIC PLAN AMENDMENT INITIATION:** Request to study a change to the land use designation of a portion of Block 1a of the Downtown Specific Plan from very high density residential to retail and office, as well as increase the allowable height from 85 feet to 100 feet.

Applicant/Owner: Andy Kasik

Environmental Review: Exempt from the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15061 (b) (3) because the mere initiation of a study is not a project with the potential to cause a significant impact on the environment.

Project Planner: Gerri Caruso (408) 730-7591

BACKGROUND

General Plan Amendment Initiation (GPI) requests are heard on a quarterly basis through a recommendation from the Planning Commission and then action by the City Council. A Specific Plan Amendment initiation (also referred to as GPI) and Specific Plan Amendment are processed in the same manner as a General Plan amendment. The process for considering a General Plan or Specific Plan amendment begins with a written request from a property owner or applicant. If the Council approves the GPI, a formal application for a General Plan Amendment (GPA) or Specific Plan Amendment (SPA) can be filed by the property owner/applicant. While staff is processing the GPA/SPA application, the applicant may also file a project application and related items for concurrent processing. Current City Council practice is to consider the GPA/SPA before the project is scheduled for a Planning Commission hearing.

Staff received a GPI request from the applicant on January 29, 2016. The applicant is requesting a change to the Downtown Specific Plan (DSP) land use designation for the portion of Block 1a that has not yet been redeveloped (DSP Map/Attachment 1). The site is 22,030 s.f. (approx. 0.51 acres) and is the current location of a U.S. Post Office and other related small commercial tenants (approximately 13,600 s.f. total) as well as 20 rental apartments.

The entire Block 1a of the DSP is 5.54 acres and includes the existing Solstice and Carmel Loft mixed use projects (the former Town and Country site). It is part of the Commercial Core district of the DSP. Block 1a was adopted with a primary use of very high density residential and allows up to 450 dwelling units and a maximum of retail/restaurant/entertainment of 52,500. After construction of the Solstice and Carmel Lofts mixed use projects the remaining development allocation for Block 1a is a total of 44 dwelling units (24 net new units). There is currently 12,600 s.f. available for retail/restaurants/entertainment in Block 1a. The property currently has approximately 13,600 s.f.

(resulting in a net decrease of 1,000 s.f. in available commercial development).

EXISTING POLICY

Sunnyvale General Plan:

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 General Plan contains long-term goals and policies for the next ten to 20 years and strategic actions for the next five to ten years. The General Plan has a number of policies that support the development of Downtown along with higher intensity development (both housing and commercial) near transit such as bus lines and rail.

Policy LT-2.2 Encourage nodes of interest and activity, such as parks, public open spaces, well planned development, mixed use projects and other desirable uses, locations and physical attractions.

LT-2.2a Promote downtown as a unique place that is interesting and accessible to the whole City and the region.

Policy LT-3.4 Determine appropriate density for housing based on site planning opportunities and proximity to services.

LT-3.3.4a Locate higher-density housing with easy access to transportation corridors, rail transit stations, bus transit corridor stops, commercial services and jobs.

Policy LT-4.12 Permit more intense commercial and office development in the downtown, given its central locations and accessibility to transit.

Downtown Specific Plan:

The goals and policies of the Downtown Specific plan create the basic priorities for implementing the downtown vision. Goals are intended as high-level outcomes desired for the community and policies are definite courses of actions to guide the present and future decisions. The primary goals for the Downtown Specific Plan are:

1. Develop land uses in the General Plan adopted by the City Council in June 2003 in an attractive and cohesive physical form that clearly identifies Sunnyvale's downtown.
2. Establish the downtown as the cultural, retail, financial and entertainment center of the community, complemented by employment, housing and transit opportunities.
3. Promote a balanced street system that serves all users well regardless of their mode of travel.
4. Protect and enhance existing neighborhoods.
5. Improve street character.

In the Downtown Specific Plan the vision for Downtown Sunnyvale was encapsulated into this statement:

"An enhanced, traditional downtown serving the community with a variety of destinations in a pedestrian-friendly environment"

To achieve the vision the following building blocks were identified:

- Variety of Uses
- Downtown Districts
- Connections
- Gateways
- Historical Buildings and Heritage Resources
- Plazas and Open Spaces

ENVIRONMENTAL REVIEW

The decision to initiate a General Plan study does not require environmental review under the California Environmental Quality Act (CEQA) because the mere initiation of a study is not a project with the potential to cause a significant impact on the environment. (CEQA Guidelines Section 15061 (b)(3)). If initiated, the proposed Specific Plan Amendment and associated Rezoning and Special Development Permit applications will be subject to the provisions of CEQA. If the applicant proceeds with the project concept as currently envisioned, a preliminary determination is that a Mitigated Negative Declaration may be appropriate, which will include a traffic analysis and other technical studies. If significant impacts are identified during the Specific Plan Amendment study then an EIR may be required.

DISCUSSION

Project Description

The applicant is requesting that the City consider changing the land use designation for DSP Block 1a to Office. Office is currently not the primary use for Block 1a, which is envisioned for very high density residential and retail/restaurant/entertainment uses (see Applicant's Request/Attachment 2).

A conceptual project was submitted with the GPI application in order to illustrate the request. The actual project would require separate permit consideration if the GPI is initiated and a DSP amendment is ultimately approved. The conceptual project is an approximately 103,000 s.f, 6-story office building with some ancillary ground floor commercial. The Floor Area Ratio (FAR) would be 4.7. The project would require 415 parking spaces. The plans indicate four levels of below grade parking with 171 parking stalls. Through consideration of a Special Development Permit the applicant would also request use of the City's downtown parking district to accommodate between 200 and 243 additional offsite parking spaces (Conceptual Plans/Attachment 3).

The current Downtown Specific Plan allows for 1.13 million s.f. of office space in the entire plan area. There are office uses in the immediate vicinity of the project site in DSP Block 1.

Block 1 is occupied by 5- and 6-story Class A office buildings (approximately 460,000 s.f. and formerly called the Mozart buildings) located west across Aries Way. The applicant proposes a Class A office project to make use of the transit oriented location near the bus and rail multi-modal hub located across Plaza del Sol at Evelyn Avenue and Frances Street.

Although the DSP Block 1 development standards allow 6 stories and a 100 foot height limit, DSP Block 1a allows 6 stories but limits the maximum height to 85 feet (including rooftop equipment and elevator shafts). The applicant is asking to study a height limit of 100 feet as part of the GPI request.

Proposed DSP Amendments

Amendments to the Downtown Specific Plan follow the same procedure for a General Plan Amendment. If initiated by the City Council, appropriate studies would be completed. A recommendation hearing would be conducted by the Planning Commission and the final determination on a Specific Plan Amendment and any related Rezoning is made by the City Council. The following finding is required:

The city council may approve a general plan or zoning amendment upon finding that the amendment, as proposed, changed or modified is deemed to be in the public interest.

In this case the DSP could potentially be amended to modify the allowable uses and development and design standards for a portion of Block 1a. Related standards in the Zoning Code would need to be amended accordingly.

A DSP Amendment is required to make office the primary use in this portion of DSP Block 1a and to change the related development standards to allow an increased height limit.

Table 6.1 of the DSP lists Block 1a as having a primary land use of Very High Density Residential (total 450 d.u.) with some commercial potential (52,500 s.f.). Some office is permitted by the zoning code in Block 1a, but not as a primary use.

There is not enough office development potential left in Block 1a to meet the applicant's project objectives of 100,000 s.f. of office space at 100 feet in height. Block 1a also includes the new mixed use apartment communities along Washington Avenue and Olson Way. Attachment 4 is a table of Downtown Specific Plan Development status by block.

There is current information that indicates that housing is needed in Sunnyvale and that housing near transit is in high demand. There is also demand for transit oriented office development in the City and the south bay in general.

In order to study the applicant's proposal, the City would analyze the benefits of leaving the site designation for a primary residential use (44 units before factoring any potential density bonuses for affordable housing or green buildings and approximately 12,000 s.f. of commercial). The current designation would be compared with the benefits of changing the site to allow a primary office use. The study would look at the pros and cons of a daytime employment population (office) verses a day/night resident population (housing) and how each benefits or impacts the existing and planned uses in the DSP. Traffic implications and other environmental impacts including visual impacts would be evaluated. Impacts to and benefits from local transit uses would also be discussed.

The study would also include recommendations on development standards if the site changes to office use including height, setbacks, and design standards regarding how an office building would relate to the street, Plaza del Sol and adjacent residential neighbors.

As alternatives, the study could consider the benefits and impacts of the following:

- A reduced office project that could self-park on site (after factoring credit to the parking district); or
- An office mixed use project with a ground floor retail, restaurant or entertainment component that could self-park on site (after factoring credit to the parking district).

Parking

The applicant contemplates satisfying the requirements through an on-site underground parking garage and use of the City's parking district (up to 200 spaces within the District). The Downtown Specific Plan and the Parking District require that new development provide any net new parking spaces on-site. As part of a Block 1a DSP amendment study, a parking assessment would need to be conducted to determine the net increase in parking that would be needed and the possible effect on the parking district.

For several years the Council has deferred a potential Study Issue (CDD 11-02) titled *Downtown Development Policies for Parking*. This study issue involves a broader assessment of parking policies for the entire downtown area, whereas the parking assessment for this DSP amendment study would focus on the effects of changing the land use designation on Block 1a. The study issue summary paper notes that:

Downtown parking is a potential barrier to the redevelopment of smaller individual sites in the downtown, which may be more constrained in their options for locating the required on-site parking facilities. One such property owner has contacted staff on numerous occasions to request staff support for a deviation to the parking requirements or payment of an in-lieu fee.

This study would examine the City's downtown development policies to identify and explore alternative solutions for meeting future downtown parking needs, including alternative ways to achieve effective off-site parking downtown, including shared and joint-use parking and use of smart technology to manage public parking. It could also examine the potential for providing additional parking supply in the Parking District, including a current needs assessment, exploration of financing options, and consideration of legal issues.

If the Council were interested in exploring the broader parking issues described in the Study Issue paper, this broader study could be prepared at the cost of the Block 1a applicant, although the Council could consider allocating a portion of the funds since the scope extends beyond the vicinity of Block 1a. Whether limited or broader in scope, the study would include outreach and coordination with Parking District property owners, downtown businesses and nearby residents.

FISCAL IMPACT

There are no fiscal impacts associated with initiating a General Plan or Specific Plan Amendment study. All fees and costs for development processing, related special studies and CEQA analysis would be covered by the applicant.

PUBLIC CONTACT

Prior to the Planning Commission hearing both hearing dates were noticed. Public contact was made through posting the agenda on the City's official-notice bulletin board and on the City's website and the agenda and report was made available in the Reference Section of the City Library. Notices were sent to all property owners and tenants within 2,000 feet of the site (3,363 notices) (Map Attachment 5); email messages with notices were sent to the Heritage Neighborhood Association, Chamber of Commerce and the Downtown Association.

Additionally, for the City Council hearing, 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.

The Planning Commission held a public hearing on April 11, 2016 for this GPI request. In addition to the applicant's team, two members of the public spoke about the project (Planning Commission Minutes, Attachment 6).

The Planning Commission discussed with the applicant if residential development was considered as an alternative to office. Members of the public encouraged residential development and requested that efforts be made to keep a post office in the downtown. A commissioner inquired if a fiscal analysis, comparing the impacts of office and residential Downtown and citywide should be required (Planning Commission Minutes, Attachment 6).

ALTERNATIVES

1. Initiate a study to consider amending a portion of Block 1a of the Downtown Specific Plan to change the primary land use designation to office including a possible increase in the height limit, prepare draft development standards, evaluate impacts to the Downtown parking district, evaluate project alternatives and conduct appropriate environmental review. Prepare related Zoning Code amendments.
2. Study an alternative land use scenario for a mixed use residential, office and retail use with potential R3 and R4 residential density including evaluating impacts to the Downtown parking district.
3. Do not initiate a Downtown Specific Plan amendment study and leave the current land use designation as Very High Density Residential (with up to 12,000 s.f. of retail use).

STAFF RECOMMENDATION

Alternatives 1 and 2: 1) Initiate a study to consider amending a portion of Block 1a of the Downtown Specific Plan to change the primary land use designation to office including a possible increase in the height limit, prepare draft development standards, evaluate impacts to the Downtown parking district, evaluate project alternatives and prepare related Zoning Code amendments; and 2) Study an alternative land use scenario for a mixed use residential, office and retail use with potential R3 and R4 residential density including evaluating impacts to the Downtown parking district.

Other project alternatives to be evaluated include:

- A reduced office project that could self-park on site.
- An office mixed use project with ground floor retail, restaurant or entertainment uses that could self-park on site.

Staff finds that the GPI study is appropriate because the subject site is located in the Downtown Specific Plan in close proximity to transit where both office and residential uses are in demand. The proposal to establish an office development on the property could be consistent with the purpose of the Downtown Specific Plan.

PLANNING COMMISSION RECOMMENDATION

The Planning Commission recommended that the City Council initiate a study to consider amending a portion of Block 1a of the Downtown Specific Plan to evaluate the applicant's request for office use with an alternative to also study mixed use residential at a density of R-3 (14-27 d.u./acre) or R-4 (27-45 d.u./acre). Mixed use could include housing, office and retail. The study should include a parking needs assessment for the Downtown parking district.

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Reviewed by: Hanson Hom, Assistant City Manager
Reviewed by: Kent Steffens, Assistant City Manager
Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Downtown Specific Plan Map
2. Applicant's GPI Request Letter
3. Applicant's Conceptual Development Plan
4. Downtown Specific Plan Table of Build out Status by Block
5. 2,000 Foot Radius Noticing Map
6. Planning Commission Minutes, April 11, 2016