



City of Sunnyvale

Agenda Item-No Attachments (PDF)

File #: 16-0613, Version: 1

REPORT TO COUNCIL

SUBJECT

File #: 2016-0613

Location: 225 S. Taaffe Street (Block 18 of Downtown Specific Plan bounded by Mathilda, Washington, Sunnyvale and Iowa Avenues)

Proposed Project: Appeal by a member of the public of a decision by the Planning Commission to approve:

SPECIAL DEVELOPMENT PERMIT to amend the Final Conditions of Approval for the Sunnyvale Town Center project to allow for rental housing units with a ground floor leasing office and an agreement to provide affordable housing within the project.

Applicant / Owner: STC Venture, LLC (applicant) / REDUS SVTC, LLC (owner)

Environmental Review: No additional environmental review is necessary; the proposed amendments to the Special Development Permit Final Conditions of Approval are within the scope of the previous environmental analysis for the Downtown Program Improvement Update, pursuant to CEQA Guidelines Section 15168(c)(2) and in addition are categorically exempt pursuant to CEQA Guidelines Section 15304 and 15305.

Staff Contact: Hanson Hom, (408) 730-7450, hhom@sunnyvale.ca.gov
<<mailto:hhom@sunnyvale.ca.gov>>

SUMMARY OF PLANNING COMMISSION ACTION

The amendments to Final Conditions of Approval for the Special Development Permit (SDP) were considered by the Planning Commission in two separate actions. Part A pertained to allowing for rental housing within the project, a leasing office with incidental residential uses within the ground floor retail space, and an agreement to provide below market rate (BMR) affordable housing units within the project. Part B pertained to all other amendments to the Final Conditions of Approval, including installing temporary landscaping and parking lot improvements within Redwood Plaza. This appeal applies to Part A only and specifically pertains to Conditions G10.b, G10.d.4e, A23.10 and BMR1. (See Attachment 17 for an excerpt of these conditions.) The Planning Commission approved Part A on a vote of 4:1 with one Commissioner expressing concern with the allowance for rental housing. The Report to the Planning Commission can be found in Attachment 13. Minutes of the Planning Commission hearing are Attachment 14.

APPEAL

On June 7, 2016, the project was appealed by a member of the public. The letter of appeal is included as Attachment 15. The primary reason for the appeal as stated by the appellant is that the revised condition to allow for both rental and for-sale housing is too open ended and does not ensure a certain amount of for-sale housing within the project. The appellant would like to retain the restriction on for-sale housing only.

STAFF COMMENTS ON APPEAL

The current SDP condition restricts the dwelling units to for-sale housing only. This condition parallels a provision in the 2010 Amended Disposition and Development Agreement (ADDOPA) which also requires “for-sale residential units mapped for condominiums.” A similar revision to the ADDOPA to allow for rental or for-sale housing will be considered by the Successor Agency on June 28.

Amendments to both the SDP and ADDOPA will be necessary to allow for rental housing in the project. The applicant believes that allowing the flexibility for rental housing is essential for moving the project forward, especially to finish the partially constructed residential buildings. Based on the Developers’ experience with other similar projects, they also believe that a mixed-use project with considerable commercial uses, common areas and cost-sharing responsibilities would be more complex to manage and introduce potentially greater conflicts if a homeowners association with multiple owners were involved in ongoing management. One institutional owner for the residential units is preferred for this reason. Amendment of the condition to allow rental units would not preclude the future conversion of the units to condominiums or prevent the introduction of a for-sale product in later phases of the project.

ALTERNATIVES

1. Deny the appeal and affirm the decision of the Planning Commission:
 - a. Finding that the proposed amendments to the Special Development Permit Final Conditions of Approval for the Sunnyvale Town Center project are categorically exempt from environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15304 and 15305 and that no additional environmental review is necessary as the proposed amendments are within the scope of the previous environmental analysis for the Downtown Program Improvement Update pursuant to CEQA Guidelines Section 15168(c)(2), subject to the findings in Attachment 7; and
 - b. Approving the findings and Amended Final Conditions of Approval pursuant to Attachments 16 and 17.
2. Deny the appeal and modify the decision of the Planning Commission:
 - a. Finding that the proposed amendments to the Special Development Permit Final Conditions of Approval for the Sunnyvale Town Center project are categorically exempt from environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15304 and 15305 and that no additional environmental review is necessary as the proposed amendments are within the scope of the previous environmental analysis for the Downtown Program Improvement Update pursuant to CEQA Guidelines Section 15168(c)(2), subject to the findings in Attachment 7; and
 - b. Approving the findings and Amended Final Conditions of Approval pursuant to Attachments 16 and 17 with modifications.
3. Grant the appeal, reverse the determination of the Planning Commission and do not find that proposed amendments to the Special Development Permit Final Conditions of Approval for the Sunnyvale Town Center project are categorically exempt from environmental review and do not adopt the CEQA findings, and do not approve the findings and Amended Final Conditions of Approval and provide direction to staff.

STAFF RECOMMENDATION

Alternative 1 (a and b): Deny the appeal and affirm the decision of the Planning Commission:

- a. Find that the proposed amendments to the Special Development Permit Final Conditions of Approval for the Sunnyvale Town Center project are categorically exempt from environmental

review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15304 and 15305 and in addition that no additional environmental review is necessary as the proposed amendments are within the scope of the previous environmental analysis for the Downtown Program Improvement Update pursuant to CEQA Guidelines Section 15168(c) (2), subject to the findings in Attachment 7 to the report; and

- b. Approve the findings and Amended Final Conditions of Approval pursuant to Attachments 16 and 17.

Staff supports the Planning Commission action to allow rental housing within the project. Rental housing will not diminish the quality of the overall development and will allow for completion of partially constructed residential buildings that have sat dormant for over five years. The complexity of having multiple condominium owners involved in the administration of a complex mixed use development raises legitimate management issues. The developer has also committed to reserving 12.5 percent of all rental units for low-income households, which will be guaranteed for 55 years. For the three partially constructed buildings, this represents 25 units. The allowance for rental housing does not preclude the future opportunity for condominium conversions or the construction of for-sale housing such as along Iowa Avenue.

Prepared by: Hanson Hom, Assistant City Manager/Chief of Downtown Planning

Reviewed by: Trudi Ryan, Director of Community Development

Reviewed by: Kent Steffens, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

Attachments to Report to Planning Commission:

1. Public Noticing Radius Map
2. Applicant's Statement
3. Project Boundary Map
4. Sunnyvale Town Center Site Plan (Ground Level)
5. Sunnyvale Town Center Site Plan (Second Floor)
6. Project Status Aerial Photo - December 2015
7. CEQA Guidelines Findings and Analysis
8. Findings for Approval of Amendments to Special Development Permit
9. Amended Final Conditions of Approval (as amended by Planning Commission)
10. DRAFT Amended Final Conditions of Approval (redlined version) **(not included)**
11. Concept Plan - Residential Leasing Office and Incidental Uses
12. Redwood Square Temporary Improvements

Additional Attachments for Report to Council:

13. **Planning Commission Report of May 23, 2016** (without attachments)
14. **Planning Commission Minutes of May 23, 2016**
15. **Appeal Letter, dated June 7, 2016**
16. **Findings for Approval of Amendments to Special Development Permit** (pertaining to Conditions G10.b, G10.d.4.e, A23.10 and BMR1 only)
17. **Excerpt of Amended Final Conditions of Approval, Part A**