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### REPORT TO PLANNING COMMISSION

#### SUBJECT

**Proposed Project:** General Plan Amendment Initiation request to study changing the General Plan designation of the site from Low Medium Density Residential to High Density Residential.

**Location:** 828 Morse Avenue & 560 E. Ahwanee Avenue (APN: 204-08-027 & 204-08-029)

**File #:** 2019-7301

**Zoning:** R-3/PD

**Applicant / Owner:** FNZ Architects Inc. (applicant) / Sia Vassoughi (owner)

**Environmental Review:** The project is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378(a).

**Project Planner:** Ryan Kuchenig, (408) 730-7431, rkuchenig@sunnyvale.ca.gov

#### REPORT IN BRIEF

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. The process for considering a General Plan amendment begins with a written request from a property owner or applicant. If City Council approves the GPI, a formal application for a General Plan Amendment (GPA) can be filed by the property owner/applicant. While staff is processing the GPA application, the applicant may also file a project application and related items as applicable for concurrent processing. However, the City Council would need to approve the GPA and related rezoning before a project could be scheduled for a Planning Commission hearing.

Staff received a GPI request from the applicant on April 17, 2019 to change the General Plan designation from Low Medium Density Residential to High Density Residential to allow residential development at a maximum of 36 dwelling units per acre. Through the state's density bonus law, an additional 35% increase in units can be requested. And finally, an additional 5% density bonus may also be requested if the project meets the voluntary incentive requirements through the City's Green Building program.

Staff is recommending that the Planning Commission forward a recommendation to the City Council to initiate a General Plan Amendment to study a range of Residential Medium to High density provided a Development Agreement is filed at the same time as the formal General Plan Amendment application. As discussed further in the report, redevelopment would allow for reinvestment in the site. Additionally, the Development Agreement could be used to facilitate the applicant's commitment to allowing existing residents to remain on site as the new development is phased. Compatibility concerns of varying densities with adjacent properties could be addressed through appropriate building design and layout.

The City Council is scheduled to consider this item on August 13, 2019.

## **BACKGROUND**

In 1999, the site was rezoned from R-4/PD to R-3/PD through a Citywide rezoning study that changed the zoning designation of the subject property and several nearby properties (to the west) along E. Ahwanee. At the time, the General Plan designation of the properties remained at Residential High Density. In 2011, through the General Plan consolidation effort, the General Plan designation was modified to Low-Medium Residential. No history is available to explain the rationale of this General Plan land use map change. The Low-Medium designation was reaffirmed in 2017 through the Land Use & Transportation Element update.

The site includes two existing combined apartment complexes that total 124 units, (32.3 dwelling units per acre), which exceeds the allowable density under the current R-3 zoning (maximum 24 units per acre). Through the City's green building program incentives and state density bonus laws, a comparable density could be achieved as part of a redevelopment. The site was developed when the site was zoned R-4/PD; therefore, the current development is legal non-conforming for density.

## **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 recently adopted Land Use and Transportation 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.

## **LAND USE AND TRANSPORTATION CHAPTER**

**Goal LT-6: Protected, Maintained, and Enhanced Residential Neighborhoods** - Ensure that all residential areas of the City are maintained and that neighborhoods are protected and enhanced through urban design which strengthens and retains residential character.

*Policy LT-6.2: Limit the intrusion of incompatible uses and inappropriate development in and near residential neighborhoods, but allow transition areas at the edges of neighborhoods.*

**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-7.2: Determine the appropriate residential density for a site by evaluating the site planning opportunities and proximity of services (such as transportation, open space, jobs, and supporting commercial and public uses).*

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

*Policy LT-7.5: Consider the impacts of all land use decisions on housing affordability and on the housing needs of special needs groups within Sunnyvale.*

## **HOUSING ELEMENT CHAPTER**

**Goal HE-1: Adequate Housing** - Assist in the provision of adequate housing to meet the diverse needs of Sunnyvale's households of all income levels.

*Policy HE-1.2: Facilitate the development of affordable housing through regulatory incentives and concessions, and/or financial assistance.*

*Policy HE-1.3: Utilize the Below Market Rate (BMR) Housing requirements as a tool to integrate affordable units within market rate developments, and increase the availability of affordable housing throughout the community.*

**Goal HE-4: Adequate Housing Sites** - Provide adequate sites for the development of new housing through appropriate land use and zoning to address the diverse needs of Sunnyvale's residents and workforce.

*Policy HE-4.1 Provide site opportunities for development of housing that responds to diverse community needs in terms of density, tenure type, location and cost.*

## **ENVIRONMENTAL REVIEW**

The decision to initiate a General Plan Amendment 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 Rezoning (RZ) would be subject to the provisions of CEQA.

## **DISCUSSION**

This is a request to amend the General Plan designation for two parcels located at 828 Morse Avenue and 560 E. Ahwanee Avenue from Low-Medium Density to High Density Residential (refer to Attachments 2 and 3). The subject site is bounded by E. Ahwanee (& 101) to the north, Morse Avenue to the west, single family residential to the south and a mobile home park (Fair Oaks Mobile Home Lodge) to the east. The City Council may approve a General Plan Amendment upon finding that the amendment, as proposed, changed, or modified is deemed to be in the public interest.

A property adjacent to the site on Morse Avenue, occupied by a single-family home, is also zoned R-3/PD and shares the same General Plan designation of Low-Medium. To the southeast, a vacant parcel (zoned R-4/PD), owned by the mobile home park, is located between a portion of the subject site and single family homes; however, this parcel maintains a Low Density General Plan designation.

The existing apartment buildings were constructed in the early 1960's and have been largely unchanged since that time. Only minor building permits and landscaping improvements occurred in the 1980s and 90s. The combined apartment developments include 10 one-story buildings and one two-story building. The applicant notes that the complex has provided low-cost housing for more than 40 years with 20% of the existing tenants living on the site for an average of ten years. As part of a potential future redevelopment, the owner intends to continue to provide low-cost housing for a new apartment development. As noted in the justification letter for the General Plan Initiation request, the applicant plans to relocate existing tenants interested in remaining in a new development. The plans also indicate that a density bonus would be requested through the provisions of state law for providing affordable housing. As part of a formal application, a below market rate development

agreement with the City would be required to ensure that moderate to very-low income housing is provided per the applicant's proposal.

The property at 828 Morse Avenue has 80 existing apartment units on approximately 2.42 acres (105,603 square feet, the Riviera Apartments), while the property at 560 E. Ahwanee has 44 existing apartment units on 1.42 acres (62,028 square feet - Eden Roc Apartments) The combined area of the two parcels is approximately 3.85 acres (167,618 square feet) and 124 units, which equals a density of approximately 32.3 units per acre. The current R-3 zoning allows up to 24 units per acre, or 92 units. It should be noted that a public right-of-way dedication for sidewalk and bicycle lane improvements may be required as part of future development applications for the site, which would slightly reduce the overall site area and ultimately decrease the maximum number of units the site could contain.

The existing site density is consistent with the requested High Density General Plan designation (R-4 zoning) that allows up to 36 units per acre. If the General Plan designation were High Density, further increases through density bonuses could allow about 50 units per acre.

### **Conceptual Development Proposal**

As part of the GPI proposal, the applicant has submitted a letter (Attachment 2), which describes a proposal to build a new higher density apartment development in phases. Phasing the project allows for the relocation of existing tenants that currently reside in the Riviera Apartments complex into the first phase of the new development once completed. The project design would attempt to address concerns of the interface between a new higher density project next to the existing single family neighborhood through appropriate building layout and massing. The project has been preliminarily designed with two stories along the southern half of the site, while three story construction would be positioned within the northern half of the site. A partially underground parking garage throughout the site would raise the building approximately four feet above the ground. The planned closest two-story building is located approximately 34 feet from the rear property line with most the development set further back from the south boundary (See Attachment 3 for Site and Elevation-Massing Plans).

If the site was to be rezoned to R-4, the maximum base density for the overall site would allow up to 138 units. Through the state density bonus law for providing moderate to very-low income units, a 35% density bonus could be achieved along with the potential for an additional 5% density bonus if the project meets the voluntary incentive requirements of the City's green building program. These density bonuses could allow up to 55 additional units (193 units total). Staff would need to further evaluate a formal development application in accordance with all applicable zoning standards and design guidelines, which could result in changes to the layout and reduction to the maximum number of units. Furthermore, necessary public right-of way dedications for street improvements may reduce the site area and development potential. A full development review of the proposal through a Special Development Permit application would be conducted if the GPI request is approved. Necessary environmental and traffic review would be conducted with the General Plan Amendment and project applications.

### **Potential General Plan Designations**

Based on the existing land use patterns and General Plan goals and policies, there are several General Plan designations that could be considered, including studying the proposed High Density Residential designation (R-4 zoning designation) as proposed by the applicant. Other alternatives include: changing the designation to Medium Density (R-3 zoning) or Very High Density residential

designation (R-5 zoning).

The following densities and number of dwelling units would be allowed for Low Medium, Medium and High Density Residential zoning designations for the site:

Zoning District	Max. Units/Acre	Max units based on site	w/ 35% Density Bonus	w/ 5% Green Building Bonus
R-1.5 (low-medium)	10	38	52	53
R-1.7/PD (low-medium)	14	53	72	74
R-2 (low-medium)	12	46	63	65
R-3 (medium)	24	92	125	129
R-4 (high)	36	138	187	193
R-5 (high w/ office)	45	173	233	241

*Unit yields are based on the approximate current site area (3.85 acres). Potential public right-of-way dedication for sidewalk and bicycle lane improvements could decrease development area thereby reducing allowable units.*

**Low-Medium Density Residential**

This designation typically includes small lot single-family, duplex, and smaller multi-family neighborhoods, designed around parks or schools, and located along neighborhood streets. There are three zoning districts under the Low-Medium density residential general plan designation: R-1.5, R-1.7/PD, and R-2. The current site’s designation of Low-Medium Residential provides a transition to the Low Density residential uses to the south; however, only up to 53 units (74 w/ density bonus) could be built if the site was redeveloped. This designation is not consistent with the current zoning and existing uses on the property; which is legal as Sunnyvale’s City charter does not require consistency in Zoning and the General Plan and consequently it is exempt from any statutory consistency requirements.

**Medium Density Residential**

The current development is zoned R-3/PD, which falls under the Medium Density General Plan designation. 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. The subject site is bordered on the west by similarly zoned R-3 properties; however, these parcels maintain a High Density General Plan designation (see Attachments 5 and 6). The current development exceeds the maximum number of units allowed for this designation; however, a similar number of units could be achieved through available state density and green building bonuses.

**High Density Residential (Proposed Request)**

The proposed designation of High Density Residential would allow for increased density over current conditions, as illustrated in the table above. 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. High density designated uses are located across Morse Avenue along E.

Ahwanee Avenue and across 101 to the northeast along E. Weddell Avenue. This designation typically supports the R-4 zoning district; however, the General Plan acknowledges that the R-5 zoning district could also apply. The applicant intends to apply to rezone the site to R-4/PD zoning if the General Plan Initiation is approved. As stated previously, the subject site was zoned R-4 prior to 1999 and was originally developed as an R-4/PD zoned property. Due to the location of the site near single family uses, specific design attention would need to be given to address the compatibility of architectural massing and privacy impacts of any new redevelopment. Since the project is adjacent to U.S. Highway 101, there is ample opportunity to position taller buildings to the north end of the site.

### **Very High Density Residential**

A designation of Very High Density Residential would allow up to 45 units per acre or more as approved in a specific plan. This designation provides for densities consistent with large-scale apartments or condominiums typically found in the downtown, transit or corridor mixed-use areas and can also be implemented with the R-5 zoning district. Such very high density areas are primarily located within specific plan areas. This site does not meet those characteristics.

### **Site Redevelopment Concerns and Development Agreement Option**

A portion of the site was originally developed for military housing. The units are small and offer lower (more affordable) rents. Based on the age and original purpose of the units, it may be time for significant reinvestment in the site. Redevelopment of the site could place 124 households without a place to live. This situation has been discussed with the property owner who had indicated a desire to relocate tenants on site as units are vacated or rebuilt. This program would result in less disruption to tenants. It was further discussed with the property owner that a way to allow this long-term implementation and better assure tenant protection could be with a formal Development Agreement with the City.

### **FISCAL IMPACT**

There are no fiscal impacts associated with a General Plan Initiation request.

### **PUBLIC CONTACT**

Public contact regarding this item was made through the following ways:

1. Posting the Agenda for the Planning Commission on the City's official-notice bulletin board outside City Hall and by making the agenda and report available at the Sunnyvale Public Library and on the City's website;
2. Publication in the Sun newspaper, at least 10 days prior to the hearing;
3. 392 notices mailed to property owners and residents within 300 feet of the project site; and
4. E-mail notification of the hearing dates sent to all interested parties and neighborhood associations.

### **ALTERNATIVES**

Recommend that the City Council:

1. Initiate the GPI request to analyze changing the land use designation from Low Medium Density to Medium or High Density Residential for the subject properties located at 828 Morse Avenue and 560 E. Ahwanee Avenue, provided an application for a Development Agreement is filed at the same time as the General Plan Amendment application. Applicant to pay all application fees and for any studies.
2. Initiate the GPI request to analyze changing the land use designation from Low Medium

Density to High Density Residential for the subject properties located at 828 Morse Avenue and 560 E. Ahwanee Avenue (applicant's original request).

3. Initiate the GPI request to analyze changing the land use designation from Low Medium Density to Medium Density Residential for the subject properties at 828 Morse Avenue and 560 E. Ahwanee Avenue.
4. Deny the GPI request and retain the land use designation for the subject properties as Low Medium Density.

### **STAFF RECOMMENDATION**

Alternative 1: Recommend that the City Council initiate the GPI request to analyze changing the land use designation from Low Medium Density to Medium or High Density Residential for the subject properties located at 828 Morse Avenue and 560 E. Ahwanee Avenue, provided an application for a Development Agreement is filed at the same time as the General Plan Amendment application.

Staff supports the study of the site up to High Density Residential. The site is already developed at the high-density range and modifying the General Plan could reduce the potential for a net loss of units if the site were to be redeveloped. If approved, it would allow for increased housing opportunities for a site at the edge of a residential neighborhood that is also in close proximity to transit (within 0.4 miles of a major bus route along N. Fair Oaks Ave.). A potential redevelopment would allow for reinvestment of a site that has largely remained in its original form since the early 1960s. Staff has previously communicated concerns about the current workload and the capacity to work on other General Plan Amendment studies. The requested General Plan land use density is the same as the current use of the property (over 36 dwelling units per acre), this is a small site comparatively speaking and the study would not require as many specialized studies (such as fiscal and market analysis). As this study is a legislative action and not subject to State permit streamlining requirements, the study could be subject to delays to assure other applications are processed within State required timelines.

Staff has significant concerns about the displacement of existing tenants at the complex, especially given the lower cost for rent at the property and longevity of some tenants. Staff supports the applicant's commitment to offer affordable units to new and existing tenants within the existing development. A Development Agreement to ensure that existing residents are provided the opportunity to relocate within the planned new development should be considered as part of the formal development application to ensure tenant protections are provided. As demonstrated with the tentative plans, appropriate site design and building massing can help mitigate visual and privacy impacts of a higher density project adjacent to lower density properties.

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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 GPI Request Letter

3. Applicant's Conceptual Site and Massing Plans
4. Vicinity and Noticing Map
5. General Plan Map of the Site and Vicinity
6. Zoning Map of the Site and Vicinity