



---

File #: 19-0557, Version: 1

---

### REPORT TO PLANNING COMMISSION

#### SUBJECT

**Proposed Project:** General Plan Amendment Initiation request to study changing the General Plan designation from Commercial to Medium Density Residential on a 2.3 acre site (Sunnyvale Lumber)

**Location:** 870 W. Evelyn Street (APN:165-16-004)

**File #:** 2019-7298

**Zoning:** C4 (Service Commercial)

**General Plan:** Service Commercial

**Applicant / Owner:** Trumark Homes

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

**Project Planner:** Margaret Netto, (408) 730-7628, mnetto@sunnyvale.ca.gov

#### REPORT IN BRIEF

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

Staff received a GPI request from the applicant on April 15, 2019 requesting to change the General Plan designation for the 2.3 acre Sunnyvale Lumber site at 870 West Evelyn Avenue from Service Commercial to Medium Density Residential to allow a residential development at a maximum of 24 dwelling units per acre. For purposes of discussion regarding this GPI request, the applicant has submitted a site plan (Attachment 3) that shows conceptually how 50 three-story townhomes could be designed at a density of 21.36 dwelling units per acre on this site.

Staff understands the importance of balancing an increase in the housing supply in the City and the need to preserve service commercial and industrial zoning for smaller service businesses. The City has taken several steps to increase the number of units in the City. The following are current and past efforts to increase the housing supply in the City:

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

- Several area plans located at significant transit locations are under review that will further increase the number of residential units in the City, especially at transit-rich locations. The maximum number of units being considered for addition to the plans (above the currently adopted 12,800 in the General Plan and Specific Plans) include:
  - **Downtown Specific Plan** update: **750** additional units
  - Lawrence Station Area Plan update: 2,323 units allowed in adopted plan and LUTE, plus an additional **3,607** being studied for a total of 5,930;
  - **El Camino Real Specific Plan** update: The 2017 Land Use and Transportation Element (LUTE) would allow an additional 4,200 housing units over existing along El Camino Real; the “Residential Plus” alternative will consider a potential of **2,700** additional residential units along this transit corridor;
  - **Moffett Park Specific Plan** update: will consider adding residential units to the plan area.

Staff is recommending that the Planning Commission forward a recommendation to the Council not to initiate the requested GPI. As discussed further in this report, it is important to maintain a balanced economic base and encourage land uses that may have a difficult time relocating within the City while also being sensitive to preserving a balance with other community needs, such as housing. Staff recommends maintaining the C-4 zoning district, which would allow the existing and similar uses.

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

## **BACKGROUND**

In August 2014, the Council approved a GPI request to allow for consideration of changing the General Plan land use designation for the stretch of Evelyn Avenue west of the proposed site between Mary Avenue and Bernardo Avenue. That study would have considered residential densities from Low-Medium Density Residential (RLM 7-14 dwelling units per acre) to Medium Density Residential (RMED 14-27 dwelling units per acre). As part of the approval motion, Council directed staff to analyze opportunities for affordable housing within the subject area, to explore opportunities for streetscape improvements, and to evaluate opportunities for new public open space and/or increased park in-lieu fees. Additionally, the Council directed staff to include a market analysis study to evaluate the impact on the City due to displacement of the existing businesses.

In 2014 the Council considered expanding the study area to the east to include all properties along W. Evelyn Avenue between Bernardo Avenue and Pastoria Avenue; however, the Council did not include that block of properties in the approval of the prior GPI request. The current application for a GPI is within the eastern area that was not included as part of the prior study initiation.

In March 2016, a formal General Plan Amendment (GPA) application was submitted for the 2014 GPA initiation, but was withdrawn shortly afterwards by the applicant; the 2014 GPI has since expired.

The stretch of C-4 zoned land between S. Mary Avenue and S. Pastoria Avenue are the only properties that are zoned C-4 in the City. In 2007, Council considered rezoning selected M-S (Industrial and Service) property to C-4 (Service Commercial) zoning designation to preserve opportunities for necessary service uses (such as auto repair, machine shops and assembly shops)

because of economic and real estate market trends and redevelopment of other sites which had previously contained these uses. After conducting research, the Council decided not to rezone any new properties to C-4; Council acknowledged the fact that these types of commercial service businesses are limited in where they are permitted in the City.

### **EXISTING POLICY**

The General Plan is the primary policy plan that guides the physical development of the City. When used together with a larger body of City Council policies, it provides direction for decision-making on City services and resources. The 2017 adopted Land Use and Transportation LUTE Chapter within the General Plan created an integrated set of policies to guide land use, development, and transportation choices with a horizon year of 2035. The LUTE has several policies to improve the jobs-to-housing ratio, promote increases in housing development, support new office and industrial uses, and ensure coordinated development with community benefits. The subject property was not considered an opportunity site for residential uses.

### **LAND USE AND TRANSPORTATION CHAPTER**

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

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

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

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

#### **Goal LT-11: Supportive Economic Development Environment**

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

#### **Goal LT-12: A Balanced Economic Base**

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

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

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

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

### **General Plan Land Use Map and Zoning**

The property has a General Plan designation of Service Commercial and is zoned C-4. The C-4

zoning district allows for commercial service types of uses. Attachments 6 and 7 include vicinity maps of General Plan land use and Zoning Districts of this area.

### **ENVIRONMENTAL REVIEW**

The decision to initiate a 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 RZ would be subject to the provisions of CEQA.

### **DISCUSSION**

The subject site is bounded by W. Evelyn Avenue to the north, Sunset Drive to the west, Muender Drive to the south, and currently operates as a lumber yard. The site has two frontages, one on W. Evelyn Avenue and one on Muender Drive. The surrounding land uses are summarized in Table 1 below:

**Table 1-Surrounding Land Uses**

<b>Direction</b>	<b>Existing uses</b>	<b>Zoning</b>	<b>General Plan Designation</b>
<b>North</b> (across Evelyn Avenue)	Caltrain corridor	N/A	Industrial
<b>West</b>	Single-family houses	C4	Commercial
<b>South</b> (across Muender Drive)	Single-family houses	R-2	Low Medium Density Residential
<b>East</b>	Auto Repair	C4	Commercial

### **Applicant's Request**

The applicant has indicated a desire to pursue a residential development at R-3 density, which is consistent with a General Plan designation of Medium Density Residential. Should the Council initiate this request, a rezoning to R-3 would be considered at the same time. It is likely the applicant will request a Planned Development (PD) combining district, which allows modifications to zoning standards to meet special conditions and situations concerning properties within such zoning districts that cannot otherwise be handled satisfactorily. This combining district is also intended to provide opportunities for creative development approaches and standards that will achieve superior community design, environment preservation and public benefit such as deviations from development standards (see Attachment 2 and 3).

A conceptual project proposal was submitted with the GPI application to illustrate the requested land use (see Attachment 4). The applicant's preliminary design proposal considers a 4-story massing along W. Evelyn Avenue to allow building heights to reach 55-feet where deemed appropriate. The R-3 zoning district limits townhouse heights to 35-feet or 3-stories. The PD combining district could allow for a greater height, typically based on either hardship or superior project design. An additional five feet in height is also possible with the Green Building incentives.

The block is also located between two train stations (0.89 mile to Sunnyvale and 2.2 miles to Mountain View). Although not considered within standard walking distance, these transit sites are conveniently located for potential new commuters who have drop-off or who may bicycle the distance.

The site is near business centers in both Sunnyvale and Mountain View. Peery Park is located less than half a mile to the north. Moffett Park is approximately 1.5 miles and is north of Peery Park. Downtown Sunnyvale is located one mile east (see Attachment 5).

There may be merit to evaluating residential uses in the project area as the site is already bordered by other residential uses and new residential uses may be a more compatible neighbor to the existing residents. Although it is near the railroad, the City has permitted other residential projects along the railroad corridor with appropriate mitigation for noise.

### Other Residential Options to Consider

In-lieu of medium density, a range of General Plan residential densities could be considered for the site during this study, including Residential Low Medium Density (RLM 7-14 dwelling units per acre), Residential Medium Density (RMED 14-27 dwelling units per acre, proposed) and Residential High Density (RHI 27-45 dwelling units per acre). The range of units within the three possible study densities would range from 27 to 81 units for the proposed property. Opportunities for affordable units would be available either through the City’s Below Market Rate program or because of the state density bonus law. It is typically easier to mitigate noise impacts from the railroad through building design with higher densities.

The following densities and number of dwelling units would be allowed for each Low Medium, Medium, High and Very High residential zoning designation for site.

Zoning District	Max. Units/Acre	Units Allowed (for entire site)
R-2 (low-medium)	12	27
R-3 (medium)	24	54
R-4 (high)	36	81
R-5 (very-high)	45	104

#### *Low-Medium Density Residential*

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 Low-Medium Residential General Plan designation supports small lot single-family, duplex, and smaller multi-family neighborhoods, designed around parks or schools, and located along neighborhood streets or residential collector streets. The R-2 district is often thought of as a duplex district but can also result in small lot single-family homes, and lower density townhouse developments. The subject site is bordered on the north, west and south by properties with Low Medium Density (see Attachment 6 and 7).

#### *Medium Density Residential*

Townhomes, apartments, and condominiums are typical within the Medium Density Residential

General Plan designation. Medium density neighborhoods and developments are appropriate along arterials and residential collector streets and may also be located near industrial or commercial areas.

#### *High Density Residential*

This designation also provides for densities consistent with apartments or condominiums but at higher densities than the medium density designation. High density neighborhoods and developments are typically located next to expressways, major arterial roads, or freeways. The primary purpose of this designation is to provide for high-density residential uses; however, mixed-use development (combining commercial with residential) is encouraged when sites are located near public transit (e.g., Santa Clara Valley Transportation Authority light rail, Caltrain, or a major bus route) and where commercial uses would be beneficial to create a Village Center or meet a need for service in a residential or commercial neighborhood.

#### *Very High Density Residential*

The very high density residential category is supported by the R-5 high density residential and office zoning district and is reserved for the construction, use and occupancy of not more than forty-five dwelling units per acre alone or in combination with hotels or motels.

#### *Mixed Use Residential and Commercial*

Both R-4 and R-5 zoning districts allow (but do not require) retail. If mixed use is desired, then the Mixed Use combining district could be considered (and could be combined with R-3, R-4 or R-5 zoning districts), which would then require that at least 10% FAR (or up to 25% FAR) of commercial uses be provided. Most C-4 uses would not be permitted.

### **Modified Study Area Options**

GPI requests for a specific property that is a part of a larger area with the same General Plan and zoning designations are usually included in a General Plan Amendment study to maintain a consistent and cohesive plan. Three options are described below:

#### *Muender Study Area*

This option would maintain the C-4 zoning district along W. Evelyn Avenue (the 1.15-acre north portion of the property), and consider changing the south portion of the subject site along Muender Avenue to residential uses. This study could result in enabling 13 to 41 dwelling units (depending on the residential density studied) on the site adjacent to existing residential uses, while still preserving the other half of the site (1.15 acres) for Service Commercial uses (See Attachment 8 for a map of this option). A 1.15-acre property would allow an approximately 35,000 square foot building which meets the zoning code standards. This option would promote the City's General Plan Policy of encouraging a diversity of residential development in Sunnyvale while also preserving some of the Service Commercial property.

#### *Pastoria Avenue to Sunset Avenue Study Area*

The applicant's proposed 2.3-acre study area represents only a portion of the Pastoria Avenue to Mary Avenue block (all of which is currently zoned C-4), the result of which would create a residential pocket in between properties zoned C-4. A study option would expand the study area to include all properties along Evelyn Avenue from Pastoria Avenue to Sunset Avenue. The total land area would be approximately 3.5 acres. If ultimately approved, the expanded area would include requirements to

ensure that new residential development in this block would be planned with the appropriate amenities such as improved sidewalks and bike lanes as well as other residential-focused improvements. Attachment 8 shows the study area this expanded option would cover. A drawback of this expanded study area is that it includes several very small properties which may not be feasible for redevelopment unless combined with other properties.

#### *Pastoria Avenue to Mary Avenue Study Area*

This more extensive option would include all properties along West Evelyn Avenue with the Service Commercial General Plan designation (and the C-4 zoning district designation). The total area of this portion of West Evelyn Avenue is approximately 5.2 acres, which would allow between 103-310 residential units depending on the land use designation. Studying the entire stretch of Service Commercial along West Evelyn Avenue would ensure a consistent land use pattern along the street, but could remove all service commercial-type uses in this portion of the city. If Council initiates this expanded area (see Attachment 8), staff recommends requiring the applicant to pay for a fiscal and marketing study to evaluate whether sufficient land is available, citywide, for commercial service uses and whether or not these existing uses could relocate in Sunnyvale.

#### **Current City-wide Planning Efforts to Increase Housing Units**

The City has a long-standing record of increasing the housing numbers in the City; updates to area plans near quality transit options supports that commitment. The City also has strived to maintain a balance of land uses in the City. The City has over 5,000 housing units that are either under review, approved, in building plan check, or under construction. The types of units range from single family homes to multifamily projects in all sizes, densities, and income levels. Currently, Sunnyvale is on target to meet the goals outlined in the Housing Element of the General Plan. See Attachment 9 for the most recently approved residential projects and does not include those under review or planned as part of area plan updates.

#### **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. 663 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.

Staff has not received any correspondence or phone calls from members of the community at the time of report preparation.

See Attachment 5 for Vicinity and Noticing Map.

#### **ALTERNATIVES**

Forward a Recommendation to the City Council:

1. Initiate the General Plan Amendment study for the property at 870 West Evelyn Avenue for a Residential Medium Density designation and require the applicant to pay for all studies associated with the request, including marketing, economic, noise, air quality, environmental, and traffic studies (*applicant's request*).
2. Alternative 1, except initiate a General Plan Amendment study for the property at 870 West Evelyn Avenue to study only the southern half of the project fronting Muender Avenue as Residential Medium Density and maintain the northern portion fronting West Evelyn Avenue as Service Commercial.
3. Alternative 1, except initiate the General Plan Amendment study for an expanded study area and specify the boundaries of the study area.
4. Any of the above alternatives to include a range of residential densities with direction on what densities to study.
5. Do not initiate the General Plan Amendment study.

### **STAFF RECOMMENDATION**

Recommend to the City Council, Alternative 5: Do not initiate the General Plan Amendment study.

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

Staff notes that the City of Sunnyvale has been doing an excellent job of increasing the housing numbers in the city. As noted in the report, there are over 5,000 net new residential units in the development pipeline in the city, along with nearly 7,000 units being considered as part of area plan updates (Downtown, El Camino Real and Lawrence Station) and an unknown number in Moffett Park. Staff finds it important to maintain the C-4 zoning district, and the important uses within this district as they have limited ability to relocate to other zoning districts in the City.

Given the value to the community and limited number of properties with the Service Commercial designation as well as the number of residential units currently in the pipeline, staff does not recommend the General Plan Initiation request. Additionally, attention for future residential options should be focused on locations closer to valuable transit locations.

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

#### Staff

Prepared by: Margaret Netto, Project Planner

Reviewed by: Amber Blizinski, Principal Planner

Reviewed by: Andrew Miner, Assistant Director of Community Development

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 Letter
3. Applicant's Justification Letter
4. Applicant's Conceptual Site Plan
5. Vicinity and Noticing Map
6. General Plan Map of site and vicinity
7. Zoning Map of site and vicinity
8. Study Area Map
9. Recently Approved Large Residential Projects