

REPORT TO PLANNING COMMISSION

SUBJECT

Proposed Project:

SPECIFIC PLAN AMENDMENT: to amend the Downtown Sunnyvale Specific Plan.

ZONING CODE AMENDMENT: to amend Chapter 19.28 and make other related changes to Chapter 13 and Chapter 19 of the Sunnyvale Municipal Code.

REZONE: to designate a portion of Block 1a as Block 1.

WATER SUPPLY ASSESSMENT: to evaluate the proposed DSP amendment

Location: Downtown Sunnyvale

File #: 2017-8047

Zoning: DSP

Applicant/Owner: City of Sunnyvale

Environmental Review (SCH # 2018052020): Adopt a resolution to make findings required by CEQA, certify the Environmental Impact Report (EIR), and adopt a Statement of Overriding Considerations and Mitigation Monitoring and Reporting Program.

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REPORT IN BRIEF

General Plan: Downtown Specific Plan (DSP)

Existing Site Conditions: The DSP area includes multiple parcels and property owners. The area is developed with a mix of local and regional uses, residential units in multi-family buildings and single-family detached, office buildings and open spaces including Plaza Del Sol and Redwood Square.

DSP Boundary: The Downtown Specific Plan is generally bounded by Charles Avenue to the west, Sunnyvale Avenue to the east, the Caltrain tracks to the north, and Olive Avenue to the south (and to El Camino Real along the east side of Mathilda Avenue).

Issues: Allowing additional development intensity and height within the Commercial Core district Block 18, Block 1a and Block 22, for the provision of community benefits, transitions from the Downtown Core to adjacent lower intensity development, ensuring future development supports a cohesive public realm and contributes to a pedestrian-friendly Downtown.

Staff Recommendation: Planning Commission recommend that the City Council take the following actions:

- Adopt a Resolution (Attachment 4) to:
 - Approve the Water Supply Assessment prepared for the DSP Amendments (Appendix J2 of the EIR, see link to EIR in Attachment 5);
 - Certify the Environmental Impact Report (see link Attachment 5);
 - Make the Findings Required by CEQA and Approve a Statement of Overriding Considerations (included in the Resolution);

- Approve a Mitigation Monitoring and Reporting Program (MMRP) for the DSP amendments and future development projects (see link in Attachment 5); and,
 - Approve the amended Downtown Specific Plan (see link in Attachment 5).
- Introduce an Ordinance to rezone a portion of DSP Block 1a to DSP Block 1 (Attachment 12).
- Introduce an Ordinance amending Chapter 19.28 (Downtown Specific Plan) of the Sunnyvale Municipal Code and make related changes to Chapter 13 and Chapter 19 (Attachment 11).

BACKGROUND

This project includes a series of actions to consider an update to the Downtown Specific Plan. The desire for an attractive and vital downtown has been stated in many City policy documents over several decades. In the early 2000s the Sunnyvale Town Center mall, built in 1970, was demolished and a major redevelopment effort commenced; this effort was cut short by the impact of the 2008-2009 financial crisis on the major investor and a general downturn in the regional and national economy. It took many years of litigation until a new developer (STC Venture, LLC) could purchase the property and resume the halted progress on residential and retail development. Meanwhile, the retail environment nationwide has dramatically changed; property owners in the Downtown expressed interest in updating the plans to achieve the Dynamic Downtown described in the Community Vision of the General Plan. The ultimate goal of the study is to recreate a traditional downtown of shops, restaurants, offices and residences, as a common gathering place, central marketplace and symbolic center for the City of Sunnyvale.

See Attachment 2 for a map of the vicinity and mailing area for notices.

Downtown Specific Plan - Major Milestones

The Downtown Specific Plan (DSP) was initially prepared in 1993 and was substantially amended in 2004. The DSP received minor modifications in 2008 (changing allowable land uses on Block 18) and 2013 (expanding the boundary north of Evelyn and allowing residential uses; and, eliminating the carriage road concept on Mathilda Avenue).

Plaza del Sol Phase I improvements were completed in 2004. Phase II improvements are pending and may be constructed within the next few years.

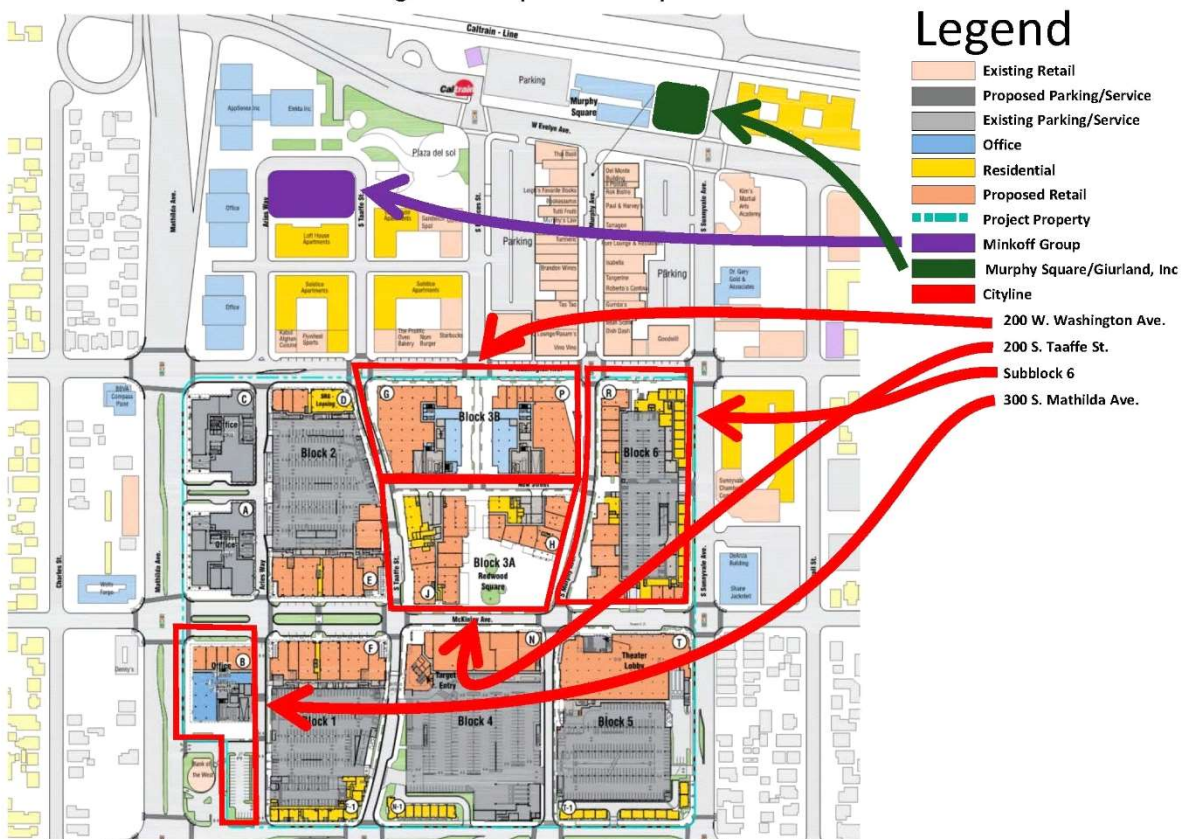
The 2009 recession resulted in delays in construction in the Commercial Core (Block 18) of the downtown. In 2009, Target demolished their building and constructed a new store on the second level with parking on the ground level and additional ground floor tenant spaces on McKinley. Two office buildings on Mathilda Avenue were completed in 2012. The remaining partially constructed mixed-use buildings were sealed up and vacant until the apartments were completed in 2018 and 2019. STC Venture, LLC assumed control of much of the land in the Commercial Core (Block 18) and: demolished the unfinished commercial buildings, completed partially constructed residential structures, and initiated construction of a grocery store and movie theater. Subsequent leasing of the residential units has been successful with high occupancy rates. Work is underway for additional apartments on Iowa and for tenant improvements in retail/commercial space along McKinley and Washington Avenues.

Redevelopment was completed on the former Town and Country site in 2014 and 2015, where the Solstice and the Lofts mixed use residential and commercial buildings are located.

General Plan Amendment Initiations

The process of amending the DSP began on May 3, 2016 with Council approval of a General Plan Amendment Initiation (GPI) request from the property owner (Kasik) for property that is in Block 1a and is located on Altair Way between Aries Way and S. Taaffe Street. Kasik subsequently allowed the Minkoff Group to take the lead on the formal applications (including a Development Agreement); the project is referred to as 100 Altair. Three additional GPI requests to amend the DSP were approved by the Council on August 15, 2017; two of the sites on Block 18 are now under one ownership (STC Venture, commonly referred to as CityLine); the third site is Block 22 (Giurland, Inc., commonly referred to as Murphy Square). The following is a summary of the Council's direction. Figure 1, below, shows the Development Locations on a map of the DSP area. Excerpts from the City Council minutes of May 3, 2016 and August 15, 2017 are provided in Attachment 14.

Figure 1 – Proposed Development Locations



- Kasik/Minkoff Group (100 Altair):**

This property is part of DSP Block 1a and is bordered on three sides by public streets: Taaffe Street on the east, Aries Way on the west, and Altair Way on the north. The site is currently developed with 20 residential units, retail, small offices and previously included a U.S. Post Office.

The Council directed staff to study an amendment to this portion of Block 1a to change the primary land use designation to office and consider a possible increase in the height limit. The Council also directed staff to:

- a. Prepare draft development standards;
- b. Evaluate impacts to the Downtown parking district;
- c. Evaluate project alternatives and prepare related Zoning Code amendments; and
- d. Study an alternative land use scenario for a mixed use residential, office and retail use including evaluating impacts to the Downtown parking district. (A separate study on the parking district will be considered prior to action on the items in this report.)

DSP Block 1a of the DSP includes the subject site, plus two mixed-use commercial and residential projects (Solstice and The Lofts).

DSP Block 1 is located across Altair Way and Aries Way from Block 1a, and currently includes three five- and six-story office buildings to the north and west of the subject site and Plaza del Sol to the north and east of the subject site. Staff studied adjusting the DSP Block 1 boundary to include the subject site, which could allow for higher intensity office uses with increased building height and re-designate the subject property to Block 1, the same designation as the adjacent office buildings.

The Minkoff Group (applicant) is also requesting a Development Agreement (DA) (Planning Application No. 2020-7216) with the City to allow bonus office development and increased height, which would be allowed through a new process proposed in the 2020 DSP. The requested DA is included as a separate agenda item for discussion and consideration. The DA would be between the City and the current owners of the property (Martin A. Kasik and Sharon K. Kasik, as Trustees of the Kasik Family 1990 Living Trust, Kelly Kasik and Kerry Cathleen Kasik).

The Minkoff Group has submitted a Planning Application for a Special Development Permit (SDP No. 2016-7438) based on the requested proposal. The proposed project has been reviewed against the proposed 2020 DSP and final project review and public hearings could occur after DSP changes are adopted.

- **Giurland, Inc/Murphy Square (111 W. Evelyn):**

The Murphy Square site is Block 22 of the DSP and currently includes a Spanish-influenced office building (and restaurant) built in 1983, and a surface parking lot on the east. The City and Murphy Square entered into a DA in 2000 to exchange properties on either side of the office building. The exchange of property was desired to allow the City to build the Caltrain parking structure. The DA allows parking for Murphy Square in the Caltrain parking structure. The property owner requested a GPI to study additional office construction on their surface parking lot on the east.

The Council approved the GPI to consider increasing the amount of allowable office use, to evaluate potential housing and to study allowing private parking on this site to be made available to the public after business hours. The proposed DSP amendment would allow for additional office within DSP Block 22. Eventually, the property owner could submit a request for a DA to allow for bonus office square footage.

- **STC Venture, LLC/CityLine (generally areas of DSP Block 18 adjacent to Mathilda, Washington, Sunnyvale and McKinley Avenues)**

The Council approved two separate GPIs, one for the Macy's site on Washington Avenue (between Taaffe and the Murphy Avenue extension) and one for the area now referred to as CityLine (STC Venture now owns both sites). The applicants requested adjustments to the previously approved plans to address current market conditions by reducing retail space, eliminating the hotel use, and adding both housing and office uses. Council directed that in addition to the requests by the applicants, the study also consider:

- Creation of a pedestrian and bicycle path from Washington Avenue to Redwood Square with attention to the uses, treatment and feel in the passageway.
- Development standards in conjunction with the proposed land use changes, such as increased building height and design guidelines for street-facing retail space.
- Consider a modified vision for Redwood Square.
- Study alternative uses, such as additional housing and specifically study a variety of housing sizes.
- Study allowing private parking on this site to be made available to the public after business hours.

STC Venture has purchased the Macy's property and has submitted three SDP Planning Applications for development proposals within Block 18 (Commercial Core). Additional applications would be required for remaining development proposed for the property. Per Council direction, the SDP Planning Applications will not be considered until a decision has been made on the 2020 DSP. In addition, STC Venture has also requested to enter into a Development Agreement (Planning Application No. 2020-7182) to allow for bonus housing and office development and increased height through the process outlined in the proposed 2020 DSP. The proposed Development Agreement with STC Venture and related entities is included as a separate agenda item for discussion and consideration.

- **200 W. Washington (Block 18, Subblock 3B)**
The DSP amendment would allow additional office and residential uses, with ground-floor commercial uses, in buildings up to five stories. Consistent with the preliminary concepts in the GPI, the applicant has submitted a Planning Application (SDP No. 2020-7110) for office use with ground floor retail, underground parking, and the extension of Frances to Redwood Square (a portion of which is pedestrian only). The requested additional height to seven-stories (above five-stories) and additional office square footage are being requested through the Development Agreement noted above.
- **200 S. Taaffe St (Block 18, Subblock 3A - Redwood Square)**
The DSP amendment would allow additional office and residential uses, with ground-floor commercial uses, in buildings up to five stories. Consistent with the preliminary concepts in the GPI, the applicant has submitted a Planning Application (SDP No. 2020-7262) for residential uses over ground floor retail, underground parking and improvements to Redwood Square. The requested additional height, above 75 feet, and additional housing units are being requested through the Development Agreement noted above. The proposal would preserve five of the six heritage redwood trees in Redwood Square, which were planted at various times in Sunnyvale history. Removal or relocation of the northernmost heritage redwood tree may be necessary to achieve the ideal layout of the below grade

parking and decrease the amount of excavation and expense to build the project's parking. The proposed layout would assure the remaining five trees are protected from excavation and construction activity by not disturbing the roots or soil in and around the trees. The removal of the northernmost tree also facilitates the layout of buildings to achieve larger, more usable open space that extends to the corner of McKinley Avenue and Murphy Avenue, which will also ensure that the remaining five heritage trees have sufficient space and sunlight for their survival and continued healthy growth. It will also provide public access and visibility of Redwood Square from two directions (south and east). The northernmost redwood tree was planted in 1978 at the groundbreaking of the Sunnyvale mall and is the smallest and most recently planted of the six trees.

○ **Block 18 Subblock 6**

The Draft DSP proposes Subblock 6 to include ground floor retail with residential above. Additional height above 75 feet on the southern portion of this Subblock and additional housing units are being requested through the Development Agreement noted above; the applicant has not filed a formal application for this site. The applicant has submitted Preliminary Review requests for conceptual of residential over retail uses and has engaged in several discussions of site design with staff.

○ **300 S. Mathilda (Block 18, Subblock 1)**

The DSP amendment would allow additional office and residential uses, with ground-floor commercial uses, in buildings up to five stories. The applicant has submitted a Planning Application (SDP No. 2019-7923) for a six-story office building, underground parking and ground floor retail and small tenant space along Mathilda Avenue (which is consistent with the land use concept in the GPI). The requested additional height above 75 feet, and additional office square footage, are being requested through the Development Agreement noted above.

Council also directed staff to:

- Coordinate special studies (such as traffic analysis, market and fiscal analyses, environmental, infrastructure and utility capacity and conditions, water supply assessment, parking, etc.) for all proposed projects;
- Study up to 250 additional residential units for Blocks 18 and 22 combined. The Council also directed that an additional 250 housing units (above the 500 requested by STC Venture) be studied for Blocks 18 and 22 such that the net increase in housing would be 750 residential units. In keeping with this spirit, the study also includes the “reallocation” of the 43 allowable housing units from the Altair site to Block 18;
- Study parking and transit for the Downtown Specific Plan;
- Consider alternative land use scenarios;
- Study flexible parking design;
- Study improvements for the pedestrian realm with respect to the proposed changes in retail and office buildings;
- Coordinate outreach and community engagement on all sites; and,

- Include the Sunnyvale Downtown Association (SDA) in all discussions.

EXISTING POLICY

General Plan Goals and Policies

There are many policies and statements in the General Plan which pertain to, and support, the proposed amendments to the DSP. A detailed list of relevant General Plan Goals and policies is contained in Attachment 3.

General Plan Land Use Map

In addition to the policy statements contained in Attachment 3, General Plan (GP) Figure 3-10 identifies the GP Land Use Designation for the downtown as Transit Mixed-Use, which is described as:

This land use designation allows for a wide variety of uses and densities near rail stops or other major forms of mass transit. High-density residential is desirable closest to transit stops/stations; densities greater than 65 dwelling units per acre may be compatible with this designation. Other residential densities are also desirable in Transit Mixed-Use areas. High-intensity commercial and office uses should be expected. Buildings may be up to eight stories. In the Downtown area, regional commercial is allowed. Densities and intensities in each Transit Mixed-Use area will be further refined and implemented with a specific plan or area plan and a toolkit of development standards and design guidelines.

ENVIRONMENTAL REVIEW

The City of Sunnyvale is a lead agency under the California Environmental Quality Act (CEQA) and is responsible for preparing an Environmental Impact Report (EIR - State Clearinghouse No. 2018052020) for the proposed Downtown Specific Plan Amendments. An EIR can be used to evaluate either a program that regulates future development, or a specific development project. In this case, the EIR includes a program-level analysis of the DSP amendments, as well as a project-specific analysis of six specific development projects (the four projects proposed by STC Venture/CityLine as well as the Kasik/Minkoff project and the Giurland/Murphy Square project) - collectively the "Project." The EIR was prepared for the City by David J. Powers & Associates.

The EIR's program-level analysis includes a larger scope of development than is proposed by the developers of the six specific projects. The program-level development evaluated in the EIR, if approved by the City, could result in an additional 849,737 square feet of office uses, 750 additional dwelling units, one fewer hotel (200 rooms), and 545,898 fewer square feet of commercial uses compared to what is currently allowed (on the subject sites) under the adopted DSP. For the six specific projects, the EIR evaluated slightly less office (4,399 square feet) and less commercial (71,123 square feet) development. During preparation of the Final EIR, staff discovered that the Draft EIR understated the adopted DSP allowance for commercial development in the Block 18 sites, which resulted in slightly overstating the differences in the current and proposed DSP in the cumulative condition. The corrected numbers for retail/commercial are included in the Final EIR (see link in Attachment 5). This change has the effect of lowering the project's net increase in the cumulative condition as referenced in the Final EIR, and therefore is not significant new information that requires re-circulation of the EIR under Section 15088.5 of the CEQA Guidelines.

For the full text of the Draft and Final EIR, including the Appendices to the EIR, use the link in

Attachment 5. The Final EIR contains responses to comments and minor corrections and clarifications to the Draft EIR.

Public Review and Comment Period

The DEIR was released for public review and comment on November 22, 2019. The comment period ended at 5 p.m. on January 6, 2020. In addition, a public hearing was held on December 16, 2019 to allow for the public to provide verbal comments on the DEIR. Several commenters expressed concern with the changes to the downtown but did not provide specific comments or concerns on the adequacy of the DEIR.

Eighteen agencies or individuals commented on the DEIR including Santa Clara County (Department of Roads and Airports), one regional agency (Santa Clara Valley Transportation Authority (VTA)), and 16 individuals. No State agencies provided comments on the DEIR. Agency and public comments are included in the Final EIR. Most of the individual comments focused on the specific projects or the proposed DSP amendments. All of the written and verbal comments (received at the public hearing) were considered during the preparation of the Final EIR (FEIR).

Milestone	Date
Notice of Preparation	May 7, 2018 to June 6, 2018
EIR Scoping Meeting	May 23, 2018
Notice of Availability of Draft EIR (Required 45-day public review period)	November 22, 2019 to January 6, 2020
Planning Commission Public Hearing for Comments on Draft EIR	December 16, 2019
Community Meeting	February 11, 2020
Final EIR minimum 10-day public review	July 10, 2020 to August 11, 2020
Planning Commission Public Hearing	July 27, 2020
City Council Public Hearing	August 11, 2020

Significant and Unavoidable Impacts

The EIR evaluates the potential environmental effects of the Project on a list of subjects required by CEQA and identifies any mitigation measures that could reduce the impact of the project to a less-than-significant level. If there is no feasible way to substantially mitigate the impact, it is considered “significant and unavoidable.” The EIR identified significant and unavoidable impacts to the environment in four categories:

- Cultural/Heritage Resources. Future development of the Macy’s and Redwood Square site

could result in the relocation/removal of one of the six heritage redwood trees in Redwood Square.

On July 22, 2020 the Heritage Preservation Commission is scheduled to consider and make a recommendation to the City Council on the adequacy of the EIR concerning cultural/heritage resources; this recommendation will be forwarded to the Planning Commission for its consideration.

Consideration of the actual tree relocation or removal will be subject to Heritage Preservation Commission review during the Special Development Permit phase of the entitlement process. Certification of the EIR will allow the City to approve the relocation or removal of the tree without undertaking further environmental review.

- Construction Noise. Persons near construction sites will experience significant noise associated with construction that cannot be fully mitigated even with standard methods to minimize noise.
- Traffic and Transportation. Traffic generated by the Project will have significant impacts on one freeway segment and seven intersections where all of the possible mitigations are infeasible or not under the City's control.
- Utilities and Service Systems. The project would add additional wastewater flow to the wastewater treatment plant that may result in the need to construct additional treatment or flow management facilities.

In order to approve the project, the City Council must find that there are specific benefits of the project that outweigh the environmental effects. The Statement of Overriding Considerations for the Project (see Exhibit B to the Resolution in Attachment 4) contains a list of the benefits that the Project will bring to the community of Sunnyvale and the supporting policies in the General Plan. The redevelopment of downtown Sunnyvale, particularly Block 18 (formerly Sunnyvale Town Center), has been a high priority for the City since the closure of the Sunnyvale mall twenty years ago, which left major parts of the downtown core in a vacant and under-utilized state that continues to the present day. As stated in Community Vision Goal IX of the General Plan, creating a strong downtown is one of the City's fundamental goals: "The vitality and attractiveness of Sunnyvale are not reflected in its Downtown today. Vacant storefronts and a shuttered mall suggest a distressed community, lacking in positive identity. It is clear that both the desire of the public and the demand of the market are to recreate a traditional downtown of shops, restaurants, offices and residences, as a common gathering place, central market-place and symbolic center for the City of Sunnyvale."

Although the City has never made a full accounting of the sales tax, property tax, and other revenue lost as a result of the failure of previous projects in the Downtown, over the last twenty years it undoubtedly totals in the millions of dollars. In the meantime, changing economic and societal conditions have provided an opportunity to re-envision the future of the downtown as a vibrant, pedestrian and bike-friendly urban neighborhood that combines housing, jobs, entertainment, recreation, and open space in close proximity to high-quality public transit. In order to ensure the economic feasibility of this goal, while ensuring that development will serve the needs of Sunnyvale residents, the amended DSP authorizes the City Council to approve, through development agreements, additional height and density in the downtown in return for community benefits such as affordable housing and publicly-accessible open space, among other benefits. These community

benefits, as well as the overall economic, social, and cultural benefits of creating a lively, inclusive, and successful downtown district in the heart of Sunnyvale, offset the significant and unavoidable environmental effects of the Project. The Downtown is an ideal location for intense, transit-oriented residential and office development. The Project will provide a substantial amount of housing to help address the ongoing housing crisis, including a large number of affordable units, promote use of transit, help reduce greenhouse gas emissions, and provide construction jobs for local residents.

The improvements to Redwood Square will ensure the preservation of five of the six heritage redwood trees, while creating publicly-accessible open space that will increase opportunities for passive recreation, encourage walking and biking in the Downtown and reduce the need for nearby workers and residents to drive elsewhere to enjoy parks and recreation. The redwood grove is a symbol of Sunnyvale's history and its preservation is a high priority. Removal or relocation of the northernmost heritage redwood tree may be needed to avoid conflicts with underground parking. Certification of the EIR and adoption of the Statement of Overriding Considerations will allow the City Council, at the time that it reviews the developer's application for a Special Development Permit, to consider the relocation or removal of the northernmost tree if necessary to achieve the best design for this essential corner of the Town Center. See Attachment 19 for arborist's report on the redwood tree.

Other Significant Impacts

In addition to the above significant and unavoidable impacts, the EIR identifies significant impacts to the following categories, all of which can be mitigated to a less-than-significant level: air quality (demolition/construction and vehicle trips), biological resources (birds), archaeological resources, energy, greenhouse gas emissions, hazardous materials, hydrology and water quality, noise and vibration (project mechanical equipment), traffic and transportation (six intersections), and utilities (storm drain system). There are no significant impacts in other CEQA categories.

Project Alternatives

CEQA requires the EIR to describe a range of alternatives that would feasibly attain most of the basic objectives of the project but would avoid or substantially lessen any of the significant effects of the project. The EIR for this Project evaluated five alternatives: (1) no project-no new development, (2) no project-new development consistent with the existing DSP, (3) reduced housing and office, (4) alternative design (preserve all the heritage redwood trees), and (5) hotel and reduced office. The alternative with the least impact on the environment would be (1), no project/no new development. Among the other alternatives, the environmentally superior alternative would be (3), reduced housing and office. This alternative would include 520 residential units, 260,063 square feet of commercial uses, and 408,000 square feet of office. It would meet some of the Project objectives but would not meet the City's objectives to maximize employment opportunities and high-density housing near transit.

Water Supply Assessment

State Law (SB 610 and SB 221 from 2001) requires the preparation of a Water Supply Assessment (WSA) for new or amended general or specific plans. For this project the WSA is an analysis to verify that the water supply (already provided by the City) is available to support the proposed project.

Determination of Adequacy

The "rule of reason standard" is applied to judicial review and EIR contents. This standard requires

that an EIR show that an agency has made an objective, good-faith attempt at full disclosure. The scope of judicial review does not extend to correctness of an EIR's conclusion, but only the EIR's sufficiency as an informative document for decision-makers and the public. Legal adequacy is characterized by:

- All required contents must be included;
- Objective, good-faith effort at full disclosure;
- Absolute perfection is not required;
- Exhaustive treatment of issues is not required;
- Minor technical defects are not necessarily fatal;
- Disagreement among experts is acceptable.

Staff believes that the proposed Final EIR, consisting of the Draft EIR, comments received on the Draft EIR, response to comments received on the Draft EIR, a list of public agencies commenting on the Draft EIR, and MMRP meets the requirements of CEQA both in content and format. Should it be determined that the Final EIR is not adequate, the Planning Commission or City Council may identify those areas where the document is deficient and recommend that additional analysis be prepared prior to certification.

Any changes to the mitigation measures in the Final EIR may affect the accompanying determination of significance. However, the Planning Commission may proceed with recommendations on the project subject to completing additional work on the Final EIR. No project related actions may be taken (by the Council) until the Final EIR is certified. Certification does not approve or deny any element of the Project.

DISCUSSION

The purpose of the update to the Downtown Specific Plan is to reflect changes in the retail market and to consider allowing more housing and jobs near the Sunnyvale Caltrain Station. An initial Draft DSP Update was released in November 2019. The November draft was further refined through discussions with property and business owners in the Downtown and surrounding area and with other community members.

Amendments to the Downtown Specific Plan

The DSP amendment study commenced with City Council initiation and was followed by formal applications for a General Plan amendment by the property owners/applicants (applicants). Staff convened a meeting with the applicants for initial conversations about land uses, studies, outreach, etc. The applicant list was refined when STC Venture purchased the Macy's property and a new developer partnered with the property owner of the Kasik (Altair) site. A series of special studies and analyses were also initiated and informed the potential impacts of various land use scenarios, impacts on city services, and value added to property if the land uses were changed.

Coordinated Special Studies. All studies such as traffic analysis, market and fiscal analyses, environmental, infrastructure and utility capacity and conditions, water supply assessment, parking, etc. were coordinated for all proposed development projects.

Market and Fiscal Analyses. The City hired Keyser Marston Associates, Inc. (KMA), a real estate advisory firm that specializes in fiscal analysis and municipal services financing, to prepare a Market

Analysis and a Fiscal Analysis of the proposed land use changes. The Market analysis was required to assess the potential market demand for various land uses and the Fiscal Analysis was needed to ensure new development generates enough revenue to fund needed services.

KMA prepared a market analysis (Attachment 6) so that City staff would understand the potential market demand in the upcoming five years for currently allowed land uses and for proposed land uses in the DSP. The market analysis focused on the collective ability of the project area to accommodate near-term market demand for retail, residential, office, and hotel uses. Market demand recommendations were used by staff to formulate the appropriate development potential in the next five years under existing DSP entitlements versus proposed DSP amendments.

The five-year analysis resulted in market support for up to 1,000 residential units, up to 225,000 square feet of retail, and up to one million square feet of office. While the market analysis shows that there is still a long-term opportunity to develop a 200-room, select-service hotel as allowed by the DSP, the City's current pipeline of planned and proposed hotels is more than enough to meet demand over the next five years. The mix and size of the land uses proposed by the DSP amendments fall within the range of near-term development potential. There appears to be market support for slightly more retail development than proposed, but significantly less than current entitlements.

KMA also conducted a fiscal impact analysis (Attachment 7) to evaluate the fiscal impacts on the City's General Fund by land uses with the potential to be developed over the next five years under existing DSP entitlements and proposed DSP amendments. Key findings from the fiscal impact report is that retail and office uses are estimated to generate a fiscal surplus to the City's General Fund, while residential land uses are estimated to be fiscally neutral. As a result, near-term development potential under both scenarios is anticipated to generate an annual fiscal surplus to the City.

Allowed and proposed land use scenarios reflect near-term development potential comparing the development permitted by current entitlements and the development under proposed amendments. Office development potential in the proposed scenario is greater than in the allowed scenario, while retail development potential is less in the proposed scenario versus in the currently allowed scenario. As both office and retail uses are anticipated to generate a net fiscal surplus, the positive impact on net General Fund revenues due to the large increase in office development potential between proposed and allowed scenarios outweighs the negative impact on net General Fund revenues associated with the small decrease in retail development potential between proposed and allowed scenarios.

Housing

Applicants prepared more detailed conceptual plans and met jointly to determine interest in including housing on their sites. Ultimately, only the STC Venture applicant expressed interest in housing and desired the 500 they had first requested and the entire 250 additional units that City Council requested for study. Further they requested the "transfer" of housing allocation from the Kasik property (43 units would be permitted by the existing DSP). As crediting the units to another location was in keeping with the spirit of studying a net of 750 housing units, the study also includes the "reallocation" of the 43 allowable housing units from the Altair site to Block 18.

Staff did a quick analysis of lost opportunities for housing at Block 1a (Kasik/Minkoff) and Block 22

(Giurland) and determined that a better range of housing sizes and amenities could be provided with the units located in one project. The STC Venture site includes retail/commercial uses which would benefit from having the housing in closer proximity. Further, studies have shown that jobs closer to transit (such as the Kasik/Minkoff and the Giurland sites) typically have higher transit use than residential uses located as close to transit. Residential units closer to the train will be slightly more expensive to construct to meet interior noise attenuation requirements.

For these reasons, the environmental review for the total housing units were studied at the STC Venture location. Staff presented the location of housing to the City Council in a study session in March 2019. City Council did not request any modifications to the siting of the residential units.

Alternative land use scenarios

Land Use alternatives were studied at a high level in the EIR; while some of the environmental impacts are reduced through reduction in the scope of the individual development projects, there would still be environmental impacts that cannot be fully mitigated.

The EIR evaluated the concept of “flex-space” that could be used either for office or retail uses. For EIR purposes, the use expected to have a greater impact was evaluated, however there was not an appreciable difference between the two. Understanding the interest of the community in maximizing retail opportunity, the DSP includes the ability to flex office space into publicly accessible retail/commercial uses with a staff level review. Sites designated for retail which are proposed for office use require a public hearing to consider that change.

The land use table in the DSP (Table 5.1) indicates a lower amount of development than requested by the applicants. The DSP allows consideration of additional height or of additional office or housing units through state and local incentive programs or by the provision of community benefits (or both). With this modification to the DSP, other Downtown property owners can also request higher levels of development through these provisions, which would then be subject to environmental review and City approval.

Parking and Transit

Parking is of interest to almost all members of the Sunnyvale community; however, the motivation for that interest can be very different: from never enough to way too much.

Commercial establishments in the Downtown desire parking to be easily found and of sufficient quantity to make it easy for patrons to find parking and get to their destination. Offices need enough parking for their employees and yet are frequently required to implement programs to reduce single-occupant automobiles, thus reducing required parking. Residents in a downtown may take public transit to get to work, and still desire to have and park a personal vehicle, which they use for other trips. Nearby residents and businesses want to avoid spillover parking into their neighborhoods and private parking lots.

On the other end of the spectrum of parking interest are community members promoting less dependence on automobiles and encouraging alternative modes of travel (bicycle, walking, public transit, shared vehicles, etc.). These individuals prefer less parking to discourage auto use. They point out that fewer parking spaces will lower the cost of development. These advocates also support

designing streets and sidewalks to provide better safety to bicyclists and pedestrians, and to provide easy access to transit (train, bus) facilities and shared rides pick-up and drop-off areas.

Unlike all other commercial areas of the City, many Downtown merchants rely on shared public parking. City-owned public parking in the Downtown is managed by the Parking Management Assessment District which is funded by payments from property owners/businesses. The fee is based on the benefit a business receives from the public parking (translated into parking deficit) and those fees get reflected in the rents and then on the costs of services and products. This cost to businesses in the Downtown is similar to a business location in a shopping center where, through the rent or other provisions, a merchant pays the cost of maintaining the property, including on-site parking. The business will in turn need to determine whether to adjust their prices to pay the property owner for the use of the parking. In some downtown areas, public parking is provided by requiring direct payment from a patron (meters, lot fees), often based on the amount of time in a parking space and on the location of the space. In any of these scenarios, the customer is paying for parking.

In addition to on-street parking, other publicly available parking in the Downtown includes the parking under Plaza del Sol (maintained by the owners of the adjacent office buildings) and the garage and surface spaces on Block 18 (maintained by STC Venture).

Shared parking will typically result in fewer parking spaces in a mixed-use environment such as a downtown. If a site has only one use, the parking to be provided for the peak demand of that one use, however as different uses may have different peak demand, the parking can be shared which reduces the total parking needed. A companion report has been prepared that reviews the need for parking in the Downtown parking district. The study concludes that with existing and planned uses and parking, the Downtown will have sufficient parking. Some attention to managing the use of the parking spaces may be desirable in the future.

The proposed DSP addresses future bus needs (based on feedback from VTA and provides policy direction and guidelines for pick-up and drop-off for shuttles and passenger vehicles. Parking for bicycles is addressed by referencing VTA's Bicycle Technical Guidelines in the DSP and requiring bicycle parking (in the Zoning Code) based on the VTA Guidelines.

Downtown Sunnyvale is fortunate to have a train station that provides regional rail service and connections to other longer distance rail. Higher intensity office is contemplated closer to the train station. The train station provides support for a variety of uses and is an important tool to encourage residents and employees of downtown businesses not to rely on their single-occupant vehicles.

Flexible Parking Design

Flexible parking design is a concept that parking needs may change over time and that accommodating future needs should be designed into parking requirements, facilities and management. Much of the literature on this topic focuses on preparing for a decreased demand for parking over time, but also acknowledges temporary changes in demand may also need accommodation. Following are some of the key elements for flexible parking design which include staff comments and related policies in the General Plan and recommended update to the DSP:

- *Provide Variable Parking types*

- This idea includes concepts referenced below (such as structures that can be adapted), using areas for temporary parking to support annual events or seasonal fluctuations; providing some parking off-site to delay parking garage construction (phasing in parking).

Staff Comment

- Downtown Sunnyvale includes requirements for some of the private parking to be available for special events.
 - **Proposed DSP Policy C-1.3** As development occurs, require shared use easements for parking in the Downtown to minimize the amount of land devoted for parking areas and manage parking so it does not dominate mode choice decisions or the built environment.
 - **Proposed DSP Policy C-1.4** Provide adequate access to parking in the Downtown while promoting trip reduction through parking management practices.
 - **General Plan Policy LT-3.13** Move progressively toward eliminating direct and hidden subsidies of motor vehicle parking and driving, making the true costs of parking and driving visible to motorists.
- *Adaptable parking structures: construct them to facilitate conversion to alternative uses in the future*
 - Creating parking structures with taller ground floor heights, high floor to floor heights, flat slab construction, and widths that could allow for the insertion of courtyards would increase the options available for future uses of these structures. The structures could also include conduit for future electrical and plumbing needs.

Staff Comment

- Adaptation is typically not practical for parking located underground or surrounded by buildings as natural lighting and emergency exits are more difficult to achieve. Ramp areas may end up being unusable.
- Constructing for adaptation could significantly increase the cost of structured parking.
- **General Plan Action LT-3.23c** Consider transforming public on-street parking spaces into pocket parks in locations with the potential for use of such spaces.

- *Not locating parking under or in a building*

Staff Comment

- As noted above, underground garages may be more difficult to convert. Parking provided as floors within a building, particularly on lower levels may be more easily converted.
- Underground parking is more costly to build (per space) than other structured parking.
- In a downtown area, above ground parking can detract from the pedestrian experience and the visual enjoyment.
- Smaller sites may be able to support higher densities if below ground parking can be provided.
- **Proposed DSP Policy C-1.3** (shown above)
- **Proposed DSP Guideline GG-D.1** Within a parking structure, parking intended for commercial retail and service uses and visitors to the Downtown should be located

primarily on the ground floor. Parking for residents and office employees should be located either below grade or on upper floors.

- *Locate parking to be responsive to project phasing*
 - This concept primarily applies to larger areas that may undergo many phases of development. Once precise uses and their peak hours needs are understood, additional parking can be provided to optimized shared parking.

Staff Comment

- This suggestion may overlap the ideas of variable parking types and generally promotes a wait and see approach on how much to provide.
 - In a related report (STC Venture Development Agreement) staff has negotiated the preservation of a portion of the surface parking (“subblock 6”) during construction on adjacent area (“Redwood Square and Macy’s”).
 - **Proposed DSP Policy C-1.3** (shown above)
 - **Proposed DSP Policy C-1.4** (shown above)
 - **Proposed Policy C-1.6** Encourage and promote flexibility in land use and streetscape standards to accommodate new and emerging transportation technologies, including options for ridesharing pick-up and drop-off.
 - **Proposed Policy C-1.7** Require new non-residential developments and multifamily residential developments of 10 or more units to implement a transportation demand management (TDM) program to reduce the impact of single-occupancy automobile trips. Encourage existing employers to participate in TDM programs.
 - **Proposed Policy C-1.8** Provide comprehensive wayfinding and directional signage for public and private parking facilities in the downtown.
- *Designing structures for the most efficient use*
 - Allowing valet parking or parking lifts and puzzle parking allows more vehicles in the same space as less space is needed for aisles.
 - Fleet vehicles can more easily be dispatched.

Staff Comment

- Sunnyvale has allowed these practices, typically requiring a parking management plan and transportation demand management program.
 - **Proposed DSP Guideline GG-D.1** (shown above).
 - **Proposed DSP Guideline GG-D.6** The ground floor of a parking structure should be enriched with decorative elements or retail uses to soften the appearance of the structure and maintain the quality of the pedestrian realm.
- *Pre-wiring parking facilities to add or expand electric vehicle charging stations*

Staff Comment

- The Sunnyvale Municipal Code requires prewiring for electric vehicle chargers in new construction of all single-family dwellings; twelve percent of multi-family dwellings and three percent of the total parking provided in office uses (if more than 100 total spaces are provided).

- **Climate Action Playbook Play 3.3 Increase zero-emission vehicles** Addresses improving availability of alternative fueling stations (e.g., EV charging facilities, etc.).

Coordinated outreach and community engagement on all sites

Soon after initiation of the study, the applicants had a table at Downtown events such as the Summer Music series to present their design concepts and get early feedback on the general concepts for the Downtown.

Outreach has also been done through community workshops at Washington Park (2019, 2020) and broad advertising of the availability of materials. A webpage on the Downtown Specific Plan Amendment provides quarterly updates on the progress, and is the location for documents, details and background of the study. The final documents were posted on this webpage and links to staff email were provided to facilitate feedback and comments. Results of the public comments will be provided prior to the public hearings.

By invitation, applicants attended neighborhood, SDA and advocacy group meetings to present their specific projects.

Include the Sunnyvale Downtown Association. The SDA was contacted after the background work had progressed. Staff made presentations at an SDA meeting (as did some of the applicants) and staff received helpful information about their concerns. Staff and the SDA also met three times after the publication of the November 2019 Draft DSP and staff modified or added several policies to address many of their concerns. Some of their input was less about the specific land uses and design guidelines being evaluated and more about addressing and promoting Downtown Sunnyvale, being mindful about construction related impacts, and having sufficient quantity and management of parking spaces.

The SDA reviewed the draft DSP and provided comments and questions in December 2019 and February 2020. Many of their comments focused on implementation of the DSP and how the City could better assist the membership of the SDA. Their primary concerns were the need for improved wayfinding, parking management and the need for the City to provide more financial support to the SDA. The Association also indicated that Implementation Measures Action 2.B (Wayfinding Signage) and Action 3.F (Organizational Changes), in DSP Section 9.10, should be high priority, short-term actions.

Regarding land use, there was a concern expressed about allowing office developments to have private services for employees that could reduce the support for Downtown commercial businesses. The draft DSP includes this policy statement (which was updated to include references to additional on-site services, based on SDA feedback):

Proposed Policy A-1.7 (A.8 in the Nov 2019 Draft) Support local restaurant and retail businesses in the Downtown by discouraging private employee cafeterias and other on-site retail, medical and personal services.

The SDA would prefer that these uses be disallowed; staff proposes to address the concern through conditions of approval for development applications as there may be circumstances that warrant consideration of imbedded services in an office environment.

The SDA also provided input on the prioritization and desirability of Downtown improvements such as wayfinding, gateway features and the medians on Washington and Sunnyvale Avenues.

SDA encourages a prioritization on the Wayfinding Program to benefit all businesses in the Downtown. This City project was put on hold after the 2008/2009 economic downturn.

The SDA sees Washington Avenue at Mathilda Avenue as a primary gateway to the Downtown; it provides easy access to the Downtown Core (North of Washington and the Commercial Core-Block 18 south of Washington) as well as to the Sunnyvale/Carroll District east of Sunnyvale Avenue. Most of the merchants and services of the Downtown are located in these districts. Staff updated the draft DSP to highlight this gateway as a high priority location.

Separate Council action is needed to fund these projects (Wayfinding and Gateways). Chapter 9 of the DSP addresses implementation, including these two projects.

A major concern of SDA is to assure adequate protection for open businesses during construction of projects. Chapter 9 also has a section on Construction Management plans for larger construction projects; these construction management plans should include at minimum:

- Point of contact for construction;
- Community outreach plan to inform businesses and neighbors of construction impacts;
- Parking plan to ensure sufficient parking for active uses and construction personnel during construction;
- Wayfinding when streets or sidewalks are closed;
- Coordinated hours of operation;
- Coordinated truck routes;
- Dust control measures;
- Noise control measures;
- Enclosing the project site through appropriate fencing; and
- Other measures as determined by the developer and/or City staff.

Based on SDA feedback, the bullet for wayfinding when streets and sidewalks are closed was added.

The SDA concern with medians is that they provide less flexibility when hosting special events, such as the Chamber of Commerce annual Art and Wine Festival or the music events hosted by SDA. While the desire for siting flexibility is understandable, staff has a higher concern about the day to day safety provided by medians on higher volume streets. The median on Washington Avenue would be in the block between Mathilda Avenue and Taaffe Street, only. The median on Sunnyvale Avenue would be south of Washington and would be needed to offer safe access to and from development (including future redevelopment of sites) on the west side of Sunnyvale Avenue.

Description of Downtown Specific Plan update

A draft update to the DSP was posted on the Downtown webpage in November 2019 (when the Draft EIR was also posted). Based on feedback and further staff review, a new draft has been prepared (July 2020) for Commissions and the City Council to consider. The proposed land use changes to make downtown development more dynamic, urban, provide more employment and housing opportunities, and to create a strong sense of place through improved connections and design (as discussed above).

The Draft DSP contains additional design guidelines and a process to allow additional housing units and additional office square footage as well as additional building height through incentive programs or the provision of community benefits. The plan also supports a modified design for Redwood Square. The Draft DSP provides updated land use requirements for:

- **Block 18** - reduced retail, increased office and housing and elimination of hotel as a preferred use, and introduces land use priorities for the subblocks;
- **Block 1a and Block 1** - the boundaries are shifted and reductions in housing and retail are reflected for Block 1a and increased office is reflected in Block 1 (which has a higher height limit than Block 1a); and
- **Block 22** - additional office.

The current amendment is intended to strengthen the adopted Vision Statement of the DSP and to update the DSP through:

- A comprehensive reorganization of the DSP;
- Policy changes to reflect the changing role of downtowns and Downtown Sunnyvale's evolving mixed-use character;
- Strengthened design guidelines to address the height and mass of new development and the design of public spaces and adding object standards;
- Updated information relating to the transportation and utility systems; and,
- An updated Implementation Chapter.

The proposed amendment allows consideration of additional office square footage and residential units through incentive programs for affordable housing and Green Buildings and through provision of Community Benefits. A Development Agreement may be required. The plan also provides for the conversion of office space to retail/commercial uses if it is publicly accessible. As the development and zoning standards for the DSP are in Title 19 of the Sunnyvale Municipal Code, associated amendments are also proposed. The draft Downtown Specific Plan (2020) is available through a link provided in Attachment 5 and a draft ordinance to modify Chapter 19.28 of the Sunnyvale Municipal code is included in Attachment 11. To simplify future amendments and to aide in the understanding of the standards, the updated DSP and zoning provisions will have many fewer overlapping requirements.

The proposed revisions involve both the reorganization of the document and changes to the development requirements of the DSP. The overall order of the chapters has been adjusted to guide the user from the general vision, to the goals and policies, to the zoning and design guidelines. A chapter by chapter summary of the changes to the DSP are provided below.

Chapter 1 - Executive Summary. The changes reflect the amendments contained elsewhere in the amended DSP.

Chapter 2 - Preface. No substantial changes.

Chapter 3 - Downtown Vision (previously contained in Chapter 4-Downtown Design Concept). Much of this Chapter has been updated to reflect current conditions. While the vision for Downtown Sunnyvale has not changed, this Chapter has been expanded to provide clearer guidance for future redevelopment in the Downtown. These changes include the following.

- Expanded the concept of the “District” within the DSP by refining each district description and proposed a new North of Washington District.
- Reallocates Blocks from the former Commercial Core district.
 - The revised DSP designates all of DSP Block 18 as the Commercial Core district.
 - The other former Commercial Core blocks located north of Washington Avenue and west of Sunnyvale Avenue are now part of a new North of Washington District.
 - The Commercial Core and North of Washington Districts together are referred to as the Downtown Core in the DSP.
 - Block 3 is now part of the Sunnyvale/Carroll District. The current and proposed configurations are shown in Attachment 9.
 - Blocks 13 and 20 from the Commercial Core District to the South of Iowa District to reflect its transitional character between the Downtown Core and the adjacent residential areas.
 - These changes have been made throughout the DSP.
- Adjusted the boundary between DSP Blocks 1a and 1 to move the Kasik/Minkoff site into DSP Block 1, allowing office development on the site. This change has been made throughout the DSP.
- Incorporated the commonly used Sub-district numbers (1-6) of DSP Block 18 to better reflect the organization of the various land uses within Block 18.
- Incorporated an enhanced pedestrian circulation system concept called “The Loop”. The Loop concept is intended to create a pedestrian priority path along Frances Street (including its extension through the Macy’s site) and Murphy Avenue between the Caltrain Station and Redwood Square. Note that the Macy’s building is proposed to be demolished and new buildings would be constructed on either side of an extension of Frances Street.

Chapter 4 - Goals and Policies (previously contained in Chapter 3). Changes to the goals of the Specific Plan reflect moving from a downtown mall concept to a more traditional downtown. Additional information on the changes to the goals and policies is contained in Attachment 8, DSP Goals and Policies Comparison.

The proposed DSP also includes modifications to existing policy statements. Two of the existing policy statements are proposed for deletion while 16 new policy statements are being proposed. The

deleted policy statements refer to the mix of tenants at the former regional mall and the use of level of service to evaluate traffic impacts within the DSP area. The new policy statements focus on encouraging a high-quality active street environment, supporting local businesses, and respecting the character of the Murphy Station Heritage District (the 100 Block of S. Murphy Avenue). Attachment 8, DSP Goals and Policies Comparison, contains a comprehensive list of the deleted and added policies.

Chapter 5 - Downtown Districts (previously contained in Chapter 6). The changes to this Chapter include the following.

- Updated descriptions of the DSP land uses to better align with land uses contained in the General Plan.
- Updated the Land Use Plan to reflect the adjustments in district boundaries.
- Added DSP land use designations to the project build-out summary table.
- Updated the project build-out summary table for each DSP Block to reflect additional development potential based on adjustment to district boundaries.
- Added provisions to allow increased building height, floor area and dwelling units through State Density Bonus (currently allowed by State Law), local incentive programs and/or Community Benefit through a Development Agreement with the City. Added guidance for Community Benefit options for a project proposal.
- Deleted the zoning and development standards that will be provided in Sunnyvale Municipal Code Chapter 19.28.
- Reorganized and updated detailed district-by-district vision and design guidance.

Chapter 6 - Design Guidelines (previously contained in Chapter 5, General Design Guidelines). The changes to this Chapter are the most extensive changes to the DSP and will guide future development toward achieving the vision and goals for Downtown Sunnyvale. The proposed Design Guidelines now include objective standards to allow for more clear review of future residential projects and includes additional design criteria, related to project location, open space and plazas, landscaping, architectural design and building types, and the functions of adjacent streets to support a pedestrian-friendly Downtown. The proposed DSP also references the Murphy Station Heritage District as there are separate design guidelines for the historic block of Murphy Avenue. Special criteria are included to address the interface and transition of higher intensity development with the existing lower-scale development within the Heritage Housing Districts and other adjacent residential districts. A high-level comparison of the guidelines between the current DSP and the proposed 2020 DSP is included in Attachment 10, Summary of the DSP Guideline Changes.

Chapter 7 - Circulation and Parking. The changes to this Chapter include an update of the street type classification and the incorporation of the street standards (previously located in Attachment A to the 2003 DSP) into the body of the Chapter. Also added is a discussion of downtown parking needs and programs.

Chapter 8 - Utilities. As part of the DSP update process, detailed assessment of the water and sewer networks were conducted. The results of the studies have been used to update this Chapter and are

also included in Chapter 9.

Chapter 9 - Implementation. The changes to this Chapter represent updated information and requirements and include an updated implementation program based on the proposed DSP changes.

Public comments on the Draft 2020 DSP (and related projects) are contained in Attachment 18. This Attachment will be updated prior to the public hearings to reflect additional comments received.

Outside Review of Draft DSP

Valley Transportation Authority. On May 1, 2019, City staff walked DSP Block 18 with representatives from VTA to discuss how an amended specific plan could better reflect VTA's transit and facility needs. The key issue was the need to provide enhanced bus stop amenities in the downtown. VTA has requested that language addressing bus stops be included in Section 7.1. This request has been incorporated into the 2020 DSP in section 3.4.2.

Santa Clara County Airport Land Use Commission (ALUC). The November 22, 2019 draft Downtown Specific Plan was submitted to the Airport Land Use Commission (ALUC) and considered by the ALUC at its December 18, 2019 meeting. DSP Blocks 17, 21 and 22 are located within the Airport Influence Area for Moffett Federal Airfield. The ALUC determined that the proposed amendments to the DSP are consistent with the Comprehensive Land Use Plan (CLUP) for Moffett Federal Airfield. Their determination of consistency included a recommendation for aviation easements and noise studies for new development in DSP Blocks 21 and 22. DSP Block 17 is a low-medium density residential block with a two-story height limit and no easement would be necessary.

Amendments to the Sunnyvale Municipal Code (SMC)

The proposed changes would bring SMC Chapter 19.28 into conformance with the amended DSP. The revisions to the DSP and SMC Chapter 19.28 focus on leaving plan-level requirements in the DSP and the majority of physical development standards in the Zoning Code. Land use intensity (number of residential units, square feet of primary non-residential uses) and height would remain in the DSP and be eliminated from the Zoning Code. The proposed amendments to SMC Chapter 19.28 will do the following:

- Make the Chapter consistent with the proposed amendments to the DSP;
- Remove redundant provisions (there are already contained in either the DSP or elsewhere within the Chapter); and
- Clarify that development within the downtown is required to comply with both the DSP and the Chapter, Title 19 and other chapters of the SMC.

While the changes to SMC Chapter 19.28 may appear to be numerous in the redline version staff finds that most of the changes are non-substantive and are being recommended for deletion since the plan-level discussions are contained in the DSP. Staff recommends deleting and replacing all the provisions of Chapter 19.28 that are reflected in the draft Ordinance (Attachment 11). A redline version is Attachment 13. The following is a summary of the other Zoning Code changes.

- Deleted Table 19.28.050 (Designated Primary Uses and Development Intensities in DSP Blocks); this information is contained in DSP Table 5-1 and in the Tables 19.28.090(a) through

(e).

- Deleted Table 19.28.090 (Lot Area, Building Height and Lot Coverage); this information is contained in the new Tables 19.28.090(a) through (f). These tables were previously located in Section 19.100 and were duplicative.
- Modified the parking requirement section to better describe how parking will be addressed in the downtown. This includes adjusting the parking standards in Table 19.28.100 (previously identified as Table 19.28.140); parking requirements are proposed to be similar to (but not the same as) the standards contained in the approved Lawrence Station Area Plan.
- Minor changes to the permitted use tables for the DSP (i.e., Tables 19.28.070 and 19.28.080) and the DSP Block development standards (Tables 19.28.090(a) through (e)). The existing development standards (lot coverage, building height, and setbacks) and the lists of allowable and prohibited uses are receiving only minor changes and are virtually unchanged. The land use tables terminology was updated to be consistent with citywide practices. The level of discretionary approvals for a few uses was adjusted to better support the fundamental character of land uses desired on those areas. Office uses are now listed as above the ground floor, ground floor dependent, and non-ground floor dependent. Medical clinics in Block 18 would now require a SDP vs. the current staff level MPP; personal service uses can be approved with a MPP vs. a SDP (DSP Blocks 1 and 13); and restaurants with beer and wine service were simplified to the staff level MPP vs. a SDP.
- Deleted redundant provisions for signage that are contained in SMC Chapter 19.44, Signs.
- Deleted unnecessary sections which indicated that the DSP contains architectural guidelines.

In addition to the changes to SMC Chapter 19.28, the proposed Ordinance would make minor changes to Chapter 19.46 (Parking) to remove a paragraph that deals with parking in the DSP that is now included in SMC Section 19.28.100, and to SMC Chapter 19.82 (Miscellaneous Plan Permit) to allow consideration of outside eating areas (including on the public sidewalk) in areas in addition to DSP Block 2, the Murphy Station Heritage District. Corresponding updates to SMC Chapter 13.08 (Right-of-Way Encroachments) are also proposed.

FISCAL IMPACT

The amendments to the Downtown Specific Plan and the Zoning Code themselves will not have a direct fiscal impact on the City. However, redevelopment of sites could result in increases to property tax which would be used to provide City services to residents, employees and visitors. An increase in employees and residents in the area is expected to support existing and future businesses in the Downtown, and other parts of Sunnyvale, which would result in additional sales tax revenue. These revenues plus a construction tax paid at the time of building permit issuance are general fund revenues. Services paid for with general fund include library, parks, and public safety. The Fiscal Impact Analysis shows a net increase in revenue to the City associated with the proposed uses.

New development, including three main projects associated with this amendment would pay Transportation Impact Fees for net new trips, Housing Mitigation Fees for net new non-residential development and Park Dedication In-Lieu Fees when building permits are issued. New development would also pay fees to the Sunnyvale School District and the Fremont Union High School District.

Subsequent development projects would be evaluated on the merits of each proposal. As noted

above, the proposed DSP Amendment incorporates provisions that allow for increased height, floor area and unit count through incentive programs and/or Community Benefits through a Development Agreement. Currently the City is considering two separate Development Agreements (DA) within the DSP for Kasik/Minkoff (File No. 2020-7216) and STC Venture/CityLine (File No. 2020-7182). Both Development Agreements are on this same agenda with accompanying staff reports that provide an analysis on the merits of each proposal. A Development Agreement is also anticipated for the Murphy Square (Giurland) site.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall and on the City's website. Notice of the hearing was also published in the *Sun* newspaper and notices mailed to property owners and tenants within 2,000 feet of the Downtown Specific Plan (see the Vicinity and Noticing Map in Attachment 2). The notices and meetings are listed below.

EIR

- Notice of Preparation: May 7, 2018 to June 5, 2018
- EIR Scoping Meeting: May 23, 2018
- Notice of Availability: November 22, 2019
- Draft EIR: Provided at the Reference Section of the City's Public Library, Community Center, and the City's One Stop Permit Center
- Planning Commission public hearing on DEIR: December 16, 2019
- Final EIR (FEIR) was released for public review on July 10, 2020

Outreach/Announcements

- Sunnyvale Downtown Association: September 4, 2019
- Community Outreach Meeting at Washington Park: March 13, 2019 (See meeting summary in Attachment 15)
- Community Outreach Meeting at Washington Park: February 11, 2020 (See meeting summary in Attachment 16)
- On-line posting of Draft EIR and Draft DSP (November 2019)
- On-line posting of Final EIR, updated Draft DSP, zoning code amendments, and draft staff reports for related Downtown actions (July 2020)
- Notification to list of interested parties and general availability of information via social media and Update Sunnyvale were provided along with a link to Downtown Specific Plan web pages
- Downtown Specific Plan web pages: On-line posting of Final EIR, updated Draft DSP, zoning code amendments, four related Draft Reports to Planning Commission

Planning Commission Study Sessions

- Development Projects: March 11, 2019; March 25, 2019; April 8, 2019; May 13, 2019; and, June 10, 2019
- DSP: January 28, 2019 and August 26, 2019

City Council Study Sessions

- March 5, 2019
- January 7, 2020

Planning Commission Public Hearings

• Notice of Public Hearing, Staff Report and Agenda:

- Published in the Sun newspaper.
- Posted on the City of Sunnyvale's Web site.
- Agenda posted on the City's official notice bulletin board.
- 10,272 notices were mailed to property owners and tenants within 2,000 feet of the DSP boundary.
- Email notices sent to Sunnyvale Downtown Association, Sunnyvale Chamber of Commerce, and all of the Sunnyvale Neighborhood Associations.

As of the date of staff report preparation, staff has received three letters in support of the project and two comment letters on the environmental review (See Attachment 17). Comments received during the review of the Draft EIR are included in the Final EIR (see link in Attachment 5).

ALTERNATIVES

Recommend that the City Council:

1. Adopt a Resolution (Attachment 4 to the report) to:
 - a. Approve the Water Supply Assessment prepared for the DSP Amendments (Appendix J2 of the EIR, see link to EIR in Attachment 5);
 - b. Certify the Environmental Impact Report (see link Attachment 5);
 - c. Make the Findings Required by CEQA and Approve a Statement of Overriding Considerations (included in the Resolution);
 - d. Approve a Mitigation Monitoring and Reporting Program for the DSP amendments and future development projects (see link in Attachment 5); and,
 - e. Approve the amended Downtown Specific Plan (see link in Attachment 5)
2. Adopt a Resolution as outlined in Alternative 1 with modifications to the Downtown Specific Plan, provided the modifications are within the scope of the environmental review.
3. Do not adopt a Resolution and provide direction on desired changes.
4. Introduce an Ordinance amending the Sunnyvale Municipal Code Chapters 19.28, 13.08, 19.46, and 19.82, as contained in Attachment 11 to the report.
5. Introduce an ordinance to amend the Zoning Map for a portion of DSP Block 1a to DSP Block 1, as contained in Attachment 12 to the report.
6. Introduce ordinances with modifications.
7. Do not introduce any ordinances and provide direction on desired changes.

RECOMMENDATION

Recommend to City Council Alternatives 1, 4 and 5: 1) Adopt a Resolution (Attachment 4 to the report) to: a. Approve the Water Supply Assessment prepared for the DSP Amendments (Appendix J2 of the EIR, see link to EIR in Attachment 5); b. Certify the Environmental Impact Report (see link Attachment 5); c. Make the Findings Required by the California Environmental Quality Act and Approve a Statement of Overriding Considerations (included in the Resolution); d. Approve a Mitigation Monitoring and Reporting Program for the DSP amendments and future development projects (see link in Attachment 5); and, e. Approve the amended Downtown Specific Plan (see link in

Attachment 5); 4) Introduce an Ordinance amending the Sunnyvale Municipal Code Chapters 19.28, 13.08, 19.46, and 19.82, as contained in Attachment 11 to the report; and 5) Introduce an ordinance to amend the Zoning Map for a portion of DSP Block 1a to DSP Block 1 as contained in Attachment 12 to the report.

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Reviewed by: Connie Verceles, Assistant to the City Manager

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Reviewed by: Teri Silva, Assistant City Manager

Approved by: Kent Steffens, City Manager

ATTACHMENTS

1. *Not Used, Reserved for Report to Council*
2. Noticing and Vicinity Map
3. Relevant General Plan Goals and Policies
4. Draft Resolution for Water Supply Assessment, Certification of EIR, Statement of Overriding Considerations, Mitigation Monitoring and Reporting Program; and Downtown Specific Plan
5. Link to Online Documents (also available at:
<https://sunnyvale.ca.gov/news/topics/dsp/default.htm>)
6. Market Analysis by KMA
7. Fiscal Analysis by KMA
8. DSP Goals and Policies Comparison
9. DSP District Boundary Changes
10. Summary of the DSP Guideline Changes
11. Draft Ordinance Amending SMC Chapters 19.28, 13.08, 19.46, and 19.82
12. Draft Rezoning DSP Block 1a and Block 1 Boundary
13. Redline Amendments to SMC Chapters 19.28
14. Excerpts of City Council Minutes of May 3, 2016 and August 15, 2017
15. Summary of March 13, 2019 Community Outreach Meeting
16. Summary of February 11, 2020 Community Outreach Meeting
17. Public comments on Draft DSP
18. Link to Final EIR, Response to Comments and MMRP
19. Arborist Report