



# City of Sunnyvale

## Agenda Item-No Attachments (PDF)

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File #: 21-0884, Version: 1

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### REPORT TO PLANNING COMMISSION

#### SUBJECT

**Proposed Project:** Related applications on a 1.5-acre site:

**USE PERMIT** to allow the construction of two new six-story hotel buildings totaling 274 hotel rooms, underground garage with mechanized parking, parking adjustment to allow valet parking, and installation of related site improvements.

**TENTATIVE MAP** to allow a lot merger and subdivision for condominium purposes.

**Location:** 247 and 295 Commercial St (APNs: 205-34-006 and 205-34-013)

**File #:** 2020-7478

**Zoning:** Manufacturing and Services (M-S)

**Applicant / Owner:** DOA Development (applicant) / Stepan Family Trust (property owner of 247 Commercial Street) and Huy Tu Trustee & Et Al (property owner of 295 Commercial Street)

**Environmental Review:** The project is consistent with the Land Use and Transportation Element (LUTE) of the City's General Plan and no additional environmental review is required pursuant to CEQA Guidelines Section 15183 and Public Resources Code Section 21083.3.

Project Planner: Cindy Hom, (408) 730-7411, Chom@sunnyvale.ca.gov

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#### REPORT IN BRIEF

**General Plan:** Industrial

**Existing Site Conditions:** The site is currently developed with multiple buildings and occupied with an automotive repair and service facility and a towing and salvage yard.

#### **Surrounding Land Uses**

**North:** Commercial and auto service uses.

**South:** Sunnyvale Public Works Corporation Yard

**East:** Industrial buildings and uses

**West:** Apple Campus

**Issues:** Architectural Design

**Staff Recommendation:** Alternative 1: Make the findings required to approve the California Environmental Quality Act (CEQA) determination that the project is exempt pursuant to CEQA Guidelines Section 15183 and Public Resources Code Section 21083.3 as noted in the checklist in Attachment 5, and approve the Use Permit and Tentative Map based on the Recommended Findings in Attachment 2, and Recommended Conditions of Approval in Attachment 4.

#### BACKGROUND

The item was continued from the June 14, 2021 Planning Commission to allow the applicant time to review and respond to a comment letter received on the day of the hearing. The comment letter was submitted by Michael Lozeau on behalf on Laborers International Union of North America (LIUNA), which is found in Attachment 11. The letter requested the City withdraw the Class 32 In-fill CEQA Exemption and prepare either an MND or EIR to analyze environmental impacts.

In response to the issues raised by LIUNA, staff prepared a CEQA checklist demonstrating the project's consistency with the EIR prepared for the General Plan. Further discussion is provided in the Environmental Review section below.

On August 31, 2021, a subsequent letter was submitted indicating LIUNA had an opportunity to discuss its comments with the applicant. In light of further information provided by the applicant and efforts to minimize formaldehyde emissions and bird impacts, LIUNA's comments have been resolved. LIUNA has no further comments and has no objection to the City's approval of the project. A copy of the letter is found in Attachment 12.

### **Description of Proposed Project**

The project proposes to demolish the existing one-story buildings and other improvements including the removal of 15 protected trees (as defined in the Sunnyvale Municipal Code) and construct two new six-story hotels over a one-level underground parking garage that provides a total of 274 hotel rooms. Site improvements include surface parking spaces, outdoor amenities for hotel guests, an entrance plaza, landscaping and new public sidewalk. See Attachment 1 for a vicinity map and mailing area for notices and Attachment 3 for the Data Table of the project. See Attachments 8 and 9 for project plans and project description.

### **Previous Actions on the Site**

Multiple Use Permits have been issued over time for the following uses:

- Sales and vehicle services (1972)
- Unenclosed storage (1989)
- Body shop and tow yard (1989)
- Auto repair and auto broker (1990)
- Auto pawn shop (1993)
- Auto towing and storage (1994)

### **EXISTING POLICY**

**General Plan Goals and Policies:** Key goals and policies from the General Plan Land Use and Transportation Element and Community Character which pertain to the proposed project are provided in Attachment 3.

**Applicable Design Guidelines:** The City's design guidelines provide recommendations for site layout, architecture, and design. The project's consistency with Citywide and Bird Safe Design Guidelines are provided in Attachment 3.

### **ENVIRONMENTAL REVIEW**

Under Section 15183 of the CEQA Guidelines, projects that are consistent with the development density established by existing zoning or general plan policies for which an environmental impact report (EIR) was certified do not require additional environmental review, except as might be necessary to examine whether there are project-specific significant effects which are peculiar to the project or its site. The consistency checklist prepared for the project provided in Attachment 5 demonstrates that all the project's significant impacts were either studied in the EIR that was adopted for the City's Land Use and Transportation Element (LUTE) or can be substantially mitigated by

uniformly applied development policies or standards. Technical studies are provided in Attachments 6. The LUTE environmental documents are available for review via the City of Sunnyvale web site: <https://sunnyvale.ca.gov/civicax/filebank/blobdload.aspx?BlobID=27089>.

Preparation of the Section 15183 checklist has addressed the issues raised in the comment letter received on June 14, 2021. The purpose of CEQA Guidelines Section 15183 is to streamline environmental review of projects that are consistent with an existing general plan for which an EIR was certified. Under Section 15183(c), an additional EIR does not need be prepared to address project-specific impacts as long as those impacts:

- (a) are not “peculiar” to the project, or
- (b) were addressed as significant effects in the prior EIR, or
- (c) can be “substantially mitigated by the imposition of uniformly applied development policies or standards.”

Section 15183(f) further provides that an effect of the project is not “peculiar” to the project if it can be mitigated by uniformly applied development policies or standards that may be found within other planning documents or ordinances.

With regard to the site’s environmental contamination, the LUTE disclosed the potential that development would occur on contaminated sites. As discussed on page 34 of the checklist (Attachment 5), the LUTE concluded that with implementation of the regulatory mechanisms in place that address hazardous materials contamination (including remediation, site controls to reduce exposure, and regulatory oversight by agencies such as Santa Clara County, the DTSC, or the San Francisco Bay Regional Water Quality Control Board), and conformance with existing General Plan policies, impacts would be less than significant. Pages 34-36 of the checklist discuss the environmental analysis of the Project site and the measures that will be taken to address site contamination issues.

Although the LUTE EIR did not discuss formaldehyde as an indoor air contaminant, it did identify the potential that future development could result in new sources of indoor toxic air contaminants (TACs) and imposes mitigation measures, such as indoor air filtration systems, to address any health or cancer risks that are identified by the Bay Area Air Quality Management District (BAAQMD) (LUTE Mitigation Measure 3.5.6). The project will be required to comply with BAAQMD regulations, as incorporated through the City’s adoption of CalGreen Building Code, that will substantially mitigate the potential health effects associated with formaldehyde air contamination.

Section 3.9.4 of the LUTE specifically addressed the potential for bird collisions with buildings and found that this impact would be less than significant with implementation of the City’s Bird Safe Design Guidelines, which were adopted in 2014. The Bird Safe Design Guidelines require developers to minimize reflective surfaces and glass walls, reduce nighttime lighting, discourage the placement of large water features, and avoid landscape design that places tall landscaping next to reflective surfaces. Therefore, the impact of development on birds was directly addressed in the LUTE EIR and can also be substantially mitigated by application of the Bird Safe Design Guidelines.

Therefore, use of the Section 15183 checklist is appropriate for this Project because there are no

environmental impacts that are peculiar to the project, were not addressed as significant impacts in the LUTE EIR, or which cannot be substantially mitigated by the imposition of uniformly applied development policies and standards.

## **DISCUSSION**

### **Present Site Conditions**

The project site is located on two 0.75-acre properties (1.5-acres total) located near the southwest corner of E. Arques Avenue and Commercial Street. The subject property consists of two parcels that are developed with three industrial buildings with a total square footage of 9,720 square feet, and hardscape and various trees around the perimeter. Properties in the vicinity of the subject property include restaurants, auto repair/collision centers, the Apple Campus, Sunnyvale Public Works Corporation Yard, and various other commercial and industrial facilities. The project site and abutting properties have the same Industrial General Plan designation and the Manufacturing and Services Zoning (M-S) designation as the subject properties. A Tentative Map is proposed that will merge the two lots into one and to create new air space lots for each hotel and one common lot. A Use Permit is required for a hotel use in the M-S zoning district and the use of mechanized parking. The findings for the Use Permit are included in Attachment 3.

### **Use Permit**

**Use:** The project proposes two new six-story hotels over an underground parking garage. The proposed building at the back of the site is an “Extended Stay Hotel” with 144 rooms, a 629 square foot fitness room and lobby space. An extended stay hotel offers longer term accommodation for guests and typically includes self-serve laundry and in-suite kitchens. The proposed building at the front of the site is a “Select Service Hotel” with 130 rooms, a full-service restaurant with outdoor dining patio, 803 square foot fitness room, and 865 square feet of meeting space. The Select Service hotel generally provides a limited degree of services and amenities compared to full-service hotels. For example, most select-service hotels do not contain banquet or conference meeting space, recreational and retail facilities. Both hotels would include alcoholic beverage service in conjunction with the hotel operations.

### **Site Layout:**

The two hotels are “L” shaped and parallel to each other to allow creation of interesting and functional outdoor spaces along the street frontage, plaza space for the hotel entries and guest courtyard while maintaining required setbacks, fire and trash truck access, and minimizing shadows cast on the properties to the north. The frontage of the Select Service Hotel is designed with an activated storefront consisting of entry elements, enhanced landscaping, and an outdoor dining patio, which help to activate the frontage along Commercial Street. Good interface and connectivity is achieved by having the hotel lobby entrances face each other and linked by an entry plaza that is designed with decorative paving, enhanced landscaping, seat walls and artwork that also help orient guest with a visual point of arrival. A guest courtyard is provided in the northwest corner of the site and is intended to provide longer term guests with an amenity area that includes shaded seating and dining areas equipped with grills, activity spaces, and a fire pit. New landscaping will be installed throughout the site, as well as an entry plaza.

### **Access and Circulation**

Primary vehicle access is provided by a two-way driveway on the northeast corner of the site along Commercial Street. Internal site circulation is provided by a U-shaped driveway that connects to a non-exclusive Emergency Vehicle Access (EVA) lane located along the southern property line.

Pedestrian circulation is provided by a public sidewalk along Commercial Street and on-site walkways that connect from the street to the hotel entries. Decorative permeable pavers are utilized at the main entry driveway and outdoor dining patio. Differentiating accent pavers would be utilized for the pedestrian walkways.

The site is located near Bus Route 20 and ACE Gray line, which are located along E. Arques Avenue, approximately 500 feet away. The site is also served by a bike lane on Commercial Street. The project would provide secured bicycle parking facilities within the hotel buildings as well as bicycle rack along the Commercial street frontage.

### **Architecture and Design**

The proposed architectural style is considered contemporary with some Art Deco elements. The building forms include curvilinear lines and rounded edges. The building components for both hotels include ground level articulation with a mix of fiber cement panels, storefront glazing, awnings, and stucco. The upper five levels are defined with a combination of multi-level protruding bays and custom Glass Fiber Reinforced Concrete panels (GFRC) panels to create different textures and movement around the façade. The corners of the buildings are emphasized with a curved metal mesh wrap over the walls. Windows are expressed with metal shrouds that project 1'-1" from the wall plane, adding depth and shadows on the Select Service hotel and 2'-2" on the Extended Stay hotel. The building top is simpler, using colored stucco and reveals to de-emphasize the level so it does not visually compete with the levels below. Finally, the building is capped by a curved parapet edge to add variation and interest to the top of the buildings. The base treatment on the front elevation of both hotels consists of two different shades of fiber cement composite panels which appears busy. Staff recommends Condition PS-1 to create a more uniform base treatment. The condition requires extension of the dark brown fiber cement composite panel to the top of first floor wall plate on the front elevation on the Extended Stay Hotel (rear hotel) and utilize the dark gray fiber cement composite panels along the base of the building on the east, north and south elevations. As conditioned, the hotels are architecturally cohesive, but also provide some diversity and individuality with different color schemes.

### **Development Standards**

The project complies with most applicable development standards in the Sunnyvale Municipal Code (SMC) as provided below and summarized in the Project Data Table in Attachment 2. The project is utilizing a Green Building incentive to allow additional building height and parking adjustment to allow valet parking.

### **Building Height/Stories**

The height of the proposed Extended Stay Hotel is approximately 81 feet and 9 ½ inches measured from top of curb to the top of roof screen and 82 feet and 7 ½ inches for the Select Hotel. Both hotels exceed the 75-foot height limit for the M-S Zone. However, the proposed project achieves LEED gold with USGBC Certification and utilizes an all-electric building design. As such, the project can utilize the Green Building Program incentive that enables an additional 10 feet in height. Therefore, staff finds the additional height to be consistent with the Green Building Program.

**Parking:** SMC Section 19.46.100 requires a minimum of 0.80 parking spaces per hotel room, which results in a minimum of 219 required parking spaces. The project provides the minimum required parking spaces, with 213 spaces with the underground parking garage consisting of mechanized and standards spaces as well as six (6) parking spaces on the ground level.

Mechanized parking is allowed per SMC 19.46.100 with a Use Permit. The applicant requests a parking adjustment pursuant to SMC Section 19.46.160 to allow the use of valet services which are typical with a hotel use and when mechanized parking is provided. As a Standard Condition of Approval, the applicant would be required to provide a Parking Management Plan, which outlines operating standards that allow hotel operators to manage parking safely and efficiently. The parking management plan would be reviewed and approved by staff and implemented at all times.

### **Floor Area Ratio and Lot Coverage**

The proposed gross floor area for both hotel buildings is 146,355 square feet. The City does not apply FAR standards to hotels. The lot coverage is 37% which is consistent with the 45% maximum allowed.

### **Landscaping**

A preliminary landscape plan has been submitted which indicates compliance with the standards for landscaping specified in SMC Section 19.37.040. The Project complies and provides the following:

- 31% (20,010 square feet) of the lot area is landscaped where a minimum of 20% is required.
- 28% (640 square feet) of the surface parking area is landscaped where a minimum of 20% is required.
- 13% (19,370 square feet) of other landscaping area is provided where a minimum of 10% is required.

### **Tree Preservation**

An Arborist Report dated June 2020 was prepared by Kielty Arborist Services for the project and evaluated 20 trees consisting of shamel ash (*Fraxinus uhdei*), raywood ash (*Fraxinus oxycarpa*), flowering pear (*Prunus calleryana*), red gum eucalyptus (*Eucalyptus camaldulensis*), silver dollar (*Eucalyptus polyanthemos*), and one California-native Modesto ash (*Fraxinus velutina*). There are fifteen (15) trees that are on-site which includes three (3) street trees and five (5) trees that are located on the neighboring property. The project proposes to remove all fifteen (12) trees on-site and three (3) street trees to accommodate the proposed hotel buildings and site improvements. Thirteen (13) out of the fifteen (15) trees are deemed protected. The applicant proposes to install forty-two (42) 24-inch box trees and nine (9) 36-inch box trees consisting of coral bark Japanese maple, red elder, beefwood, desert willow, chitalpa, California Hazelnut, white champaca, plane tree, shumardii oak and frontier elm trees to name a few. As proposed, the project complies with the tree replacement standards and landscaping enhances the overall appearance of the site and anchors the buildings to the ground.

### **Parking Lot Shading**

One of comments received at the Planning Commission Study in February 2021 was to comply with parking lot shading requirement. SMC Section 19.37.070 states that at least 50% of the parking area must be shaded within 15 years after establishment of the lot. The project was redesigned and now demonstrates compliance with the shading requirements by providing 51% within 15 years of tree establishment.

### **Stormwater Management**

A preliminary Stormwater Management Plan has been submitted to show proposed drainage patterns and conceptual treatment techniques to minimize surface runoff and pollution. Low Impact

Development (LID) measures are proposed throughout the site and include bioretention areas that can retain water onsite and allow treated overflow in the storm drain system. The landscaped bioretention areas are located at the corners of the buildings and within the private common areas.

### **Solar Access and Shadow Analysis**

SMC Chapter 19.56 limits shading caused by proposed buildings to a maximum of ten percent of the roof area of nearby properties during the hours of 9:00 a.m. to 3:00 p.m. during the solar cycle. If over 10%, an additional analysis which calculates shading between 9:00 a.m. to 3:00 p.m. Pacific Time throughout the entire 365-day solar cycle. The project was required to conduct a shadow study for the entire 365-day solar cycle and it demonstrated that the proposed buildings would not shade more than 10% of the adjacent roof areas.

### **Green Building Requirements**

Green building standards require non-residential construction that exceeds 5,000 square feet to attain a minimum of LEED Silver requirements. The project proposes to meet the LEED Gold standard. The hotel incorporates Green Building Design features including installation of solar photovoltaics systems on the roof, all-electric building design, low-flow fixtures, stormwater retention for landscaping, and a full building greywater reuse system. All of these measures contribute to the project meeting green building standards and incentive for building height.

### **Trash and Recycling Access**

Each hotel provides a solid waste collection room on the ground floor. There would be a designated staging area for solid waste servicing that would occur along the EVA lane. As proposed, the design and layout of the solid waste rooms and staging areas comply with the required access widths, sizing, and servicing requirements.

### **Vesting Tentative Map**

The project includes a lot merger for condominium purposes resulting in two air spaces for the hotels and one common area.

### **Easements**

The development includes several easements to enable ingress/egress and emergency vehicle access. In addition, public utility easements, a public storm drain and sanitary sewer easement are also provided for private utility access, storm drain access and sanitary sewer access. Per the Conditions of Approval in Attachment 4, the developer is required to execute a maintenance agreement for perpetual maintenance of certain improvements within these easements.

### **Improvements in the Public Right-Of-Way**

The project would be required to improve the sidewalks and replace existing street trees along Commercial Street. The sidewalk is designed to be 10 feet wide (including the curb) with a six-foot sidewalk and four-foot tree wells that would accommodate three Shumardii Oak Trees and the installation of a new streetlight.

### **Art in Private Development**

The SMC requires that all new development on sites over two acres in size include public artwork. The artwork would be considered by the City's Arts Commission for approval at a later date.

### **ABC Licensing**

The applicant is planning on providing on-site sale of alcohol with the hotel operations. The sale of alcohol in the State of California is regulated by the Alcoholic Beverage Control Act (California Business and Profession Code Sections 23000-25762). The State of California Department of Alcoholic Beverage Control (ABC) regulates the type of spirits sold and ages allowed into an establishment. Each hotel is programmed differently and will need to submit a separate use permit based on the permit type requested by ABC.

**Expected Impacts on the Surroundings:** The proposed project is compatible with more recent projects approved and constructed within the vicinity and along South Fair Oaks Avenue, both in terms of architecture and massing. The contemporary architectural style includes interesting building forms and high-quality materials, similar to those found in the vicinity.

### **FISCAL IMPACT**

The proposed project is anticipated to have a positive fiscal impact on the City in the long term. The estimated transient occupancy tax is projected to generate \$1,175,491.00 for the Extended Stay Hotel based on the anticipated nightly rate of \$258 and approximately \$1,356,048.00 for the Select Hotel based on the anticipated nightly rate of \$239 per night.

The transportation impact fee for this project is estimated to be \$532,317.24 and the housing impact fee to be \$1,238,342.00. These impact fees must be paid prior to issuance of a building permit. The amount is subject to fees in place at the time of payment.

### **PUBLIC CONTACT**

#### **Planning Commission Study Session**

Staff presented the project to the Planning Commission at its Study Session on February 8, 2021. The Planning Commission comments were generally supportive of the architectural style, building height, mechanical parking lifts and the hotel use at this site, but conveyed concerns over deviations required for parking lot shading, insufficient parking, minimal landscaping, lack of identifiable entries, and connectivity.

In response to the comments, the applicant redesigned the site layout to comply with the parking lot shading requirements by providing additional trees along the surface parking area and along the EVA lane. Additional parking lifts were added to help meet the required parking requirements. The landscaped roundabout was removed, and the parking spaces were reconfigured to accommodate an entry plaza. Landscaping was enhanced throughout the site. To help improve the street activation, the restaurant entry was redesigned to add clerestory glass and double doors to provide a connection to the hotel lobby from Commercial Street. The main walkway was widened to 8 feet for better pedestrian experience and connectivity. Further refinements to the buildings included more pronounced entries, and revised GFRC and spandrel panel patterns to help modulate and create movement on the building façade.

#### **Community Outreach Meeting**

The applicant held a virtual community outreach meeting on April 21, 2021 between the hours of 7:00 -8:00 PM. No one from the public attended meeting. No comments were received.

#### **Notice of Public Hearings**

- Published in the Sun newspaper;



- Posted at the site; and
- Notices were mailed to property owners and tenants within 2,000 feet of the project as shown in Attachment 1

### **Staff Report**

- Posted on the City of Sunnyvale's website.

### **Agenda**

- Posted on the City's official notice bulletin board; and
- Posted on the City of Sunnyvale's website

As of the date of staff report preparation, there were two comment letters received. The comment letters were from LIUNA, which are described in the background section of the staff report.

### **ALTERNATIVES**

1. Make the findings required to approve the California Environmental Quality Act (CEQA) determination that the project is exempt pursuant to CEQA Guidelines Section 15183 and Public Resources Code Section 21083.3 as noted in the checklist in Attachment 5 and approve the Use Permit and Tentative Map based on the Recommended Findings in Attachment 2, and Recommended Conditions of Approval in Attachment 4.
2. Make the findings required to approve the California Environmental Quality Act (CEQA) determination that the project is exempt pursuant to CEQA Guidelines Section 15183 and Public Resources Code Section 21083.3 as noted in the checklist in Attachment 5 and approve the Use Permit based on the Findings in Attachment 3, and modified Conditions of Approval in Attachment 4.
3. Do not make the required Findings and direct staff where changes should be made.
4. Deny the project.

### **STAFF RECOMMENDATION**

Alternative 1: Make the findings required to approve the California Environmental Quality Act (CEQA) determination that the project is exempt pursuant to CEQA Guidelines Section 15183 and Public Resources Code Section 21083.3 as noted in the checklist in Attachment 5 and approve the Use Permit and Tentative Map based on the Recommended Findings in Attachment 2, and Recommended Conditions of Approval in Attachment 4.

The proposed hotel project implements the General Plan by promoting business and employment opportunities, bolstering the local economy with transit occupancy tax revenue and providing a high quality design that enhances the city's image. The project is consistent with Zoning regulations in terms of land use and complies with applicable development standards. The proposed hotel development adds vitality to the area and complements the neighboring commercial uses and employment centers.

Prepared by: Cindy Hom, Associate Planner

Reviewed by: Shaunn Mendrin, Principal Planner

Reviewed by: Noren Caliva-Lepe, Principal Planner

Reviewed by: Andrew Miner, Assistant Director, Community Development

## ATTACHMENTS

1. Noticing and Vicinity Map
2. Project Data Table
3. Recommended Findings
4. Recommended Conditions of Approval
5. LUTE EIR Consistency CEQA Checklist
6. Links to Technical Studies
7. LUTE Mitigation Monitoring and Reporting Program
8. Site and Architectural Plans
9. Project Description
10. List of Active ABC Permits
11. LIUNA comment letter dated 6/14/21
12. LIUNA comment letter dated 8/30/21