



City of Sunnyvale

Agenda Item-No Attachments (PDF)

File #: 21-1027, Version: 1

REPORT TO PLANNING COMMISSION

SUBJECT

Proposed Project:

SPECIAL DEVELOPMENT PERMIT to demolish an existing 19,440 square foot industrial building and construct a 176-unit multi-family housing development (174 affordable units plus two managers' units) within a seven-story building (five levels of housing on top of two levels of podium parking).

Location: 1178 Sonora Court (APN:205-50-013)

File #: 2020-7393

Zoning Flexible Mixed Use I (MXD-I)

Applicant / Owner MP Sonora Court Associates, L.P. (applicant)/City of Sunnyvale (owner)

Environmental Review: The project is exempt from California Environmental Quality Act (CEQA) review per CEQA Guidelines Section 15168 (c)(2) and (4) Public Resources Code Section 21094 (c). The project is within the scope of the Lawrence Station Area Plan Program EIR as no new environmental impacts are anticipated and no new mitigations are required

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

REPORT IN BRIEF

General Plan: Lawrence Station Area Plan, Mixed Use Transit Core

Existing Site Conditions:

Surrounding Land Uses

North: Single-story office buildings

South: Caltrain Station

East: Lawrence Expressway

West: Single-story office buildings

Issues: Parking and Traffic

Staff Recommendation: Alternative 1: Make the required Findings to approve CEQA determination that the project is consistent with the City's General Plan and no additional environmental review is required as noted in the checklist in Attachment 5 and Approve the Special Development Permit subject to recommended findings in Attachment 3 and recommended conditions of approval in Attachment 4.

BACKGROUND

Description of Proposed Project

The project site is 1.26 acres in size located at the corner of Sonora Court and San Zeno Way and is

currently developed with a 19,440 square foot single-story office building. The applicant proposes a Special Development Permit (SDP) to construct a seven story, 176-unit affordable housing project complex with five story residential levels over two-story podium parking partially wrapped with residential uses along Sonora Court. The project includes two (2) managers units, two levels of above grade parking, and amenity space on the third level. The project utilizes the State Density Bonus Law.

An SDP is required for site and architectural review on development projects located in the Lawrence Station Area Plan (LSAP). An SDP allows for consideration of deviations from specified zoning standards in exchange for superior design, environmental preservation, or public benefit.

See Attachment 1 for a map of the vicinity and mailing area for notices and Attachment 2 for the Data Table of the project.

Previous Actions on the Site

On November 15, 2019, a Notice of Funding Availability (“NOFA”) was issued for the construction or rehabilitation of affordable housing developments to be funded with the City’s Housing Mitigation Funds (“HMF”), Below Market Rate In-Lieu Funds (“BMR”), and Low Mod Income Housing Asset Funds (“LMI”). A total of \$26 million in HMF, BMR, and LMI funds was made available. Three applicants applied for the funding, and Council approved awards to all three applicants on February 25, 2020. MidPen Housing was one of the three recipients. A \$14 million HMF loan was approved for this development at 1178 Sonora Court. The loan would be used to offset the cost of the land and remainder used for pre-development.

On May 12, 2020, City Council approved the Purchase and Sale Agreement between the City of Sunnyvale and MP Land Holdings LLC (MidPen Housing) for the purchase of 1178 Sonora Court, and approved a Disposition and Development Agreement, to construct a new affordable housing development, and adopted a resolution to authorize the ground lease.

EXISTING POLICY

General Plan Goals and Policies: Key goals and policies from the Lawrence Station Area Plan (LSAP) Land Use and Housing Chapter which pertain to the proposed project are provided in Attachment3.

The purpose of the LSAP is to promote greater use of the Lawrence Caltrain Station and guide the development of a new urban neighborhood centered around the station with a mix of land uses that allow people to access their homes, jobs, recreational facilities, and neighborhood goods and services within proximity of one another, reducing their dependence on the automobiles. To support transit use, the plan allows the highest development intensity within walking distance of the station. The plan is based on guiding principles of allowing diverse and flexible land uses, dense station area development, improved connectivity, and establishing unique neighborhood character and identity.

The current zoning of Flexible Mixed Use I (MXD-I) allows for high density residential (36 dwelling units per acre (du/ac) to 68 du/ac with incentives). The highest intensities of future development within the LSAP will be allowed in an area that is generally located within ¼-mile of the Lawrence Station, designated in the Mixed-use Transit Core.

The proposed use attains the objectives and purposes of the General Plan and the LSAP by

providing a transit and pedestrian oriented residential development that supports the diversified uses of the LSAP. The proposed project will have a residential density of 140 du/ac, which is above the density limit set in LSAP. This density is permitted by the Density Bonus Law and is therefore deemed to be consistent with the LSAP. Further, the project provides much needed affordable housing for a range of household incomes: Low (80% area median income) to Moderate (110% area median income). Staff has determined the project is generally consistent with the General Plan and LSAP.

Applicable Design Guidelines:

LSAP includes Design Guidelines which provide recommendations for site layout, architecture, and design. These guidelines are referenced in the discussion and analysis below as well as in Attachment 3.

ENVIRONMENTAL REVIEW

A program-level EIR was prepared for the LSAP which identified potential impacts resulting from the proposed development intensities in the Plan. Certification of the EIR included a Mitigation Monitoring and Reporting Program (MMRP) with provisions to reduce some of the potentially significant impacts to a less than significant level, although some impacts remain significant unavoidable after mitigation. Statements of Overriding Consideration were adopted in conjunction with the LSAP in acknowledgment of the presence of the remaining significant and unavoidable impacts. The adopted Statements of Overriding Consideration are deemed by the certification of the EIR to be applicable to subsequent projects that are consistent with or that implement the LSAP's goals and objectives. As the lead agency, the City of Sunnyvale implements the adopted MMRP for each subsequent project that includes the approved mitigation measures of the EIR (MMRP/Attachment 8).

The project is within the scope of the LSAP EIR and is therefore exempt from additional CEQA review per CEQA Guidelines section 15168(c)(2) and (4) and Public Resources Code Section 21094 (c). The City has completed a consistency checklist (Attachment 5) and determined that no new environmental impacts are anticipated to occur, and no new mitigation measures are required. The EIR MMRP is included by reference for this project. The LSAP EIR is available on the City's website: <https://sunnyvale.ca.gov/business/projects/lawrence.htm>

Vehicle Miles Traveled (VMT)

The City of Sunnyvale VMT Policy establishes screening criteria for developments that are expected to cause a less-than-significant transportation impact under the California Environmental Quality Act (CEQA) and are not required to prepare further VMT analysis. The proximity to transit screening criterion was developed based on the CEQA guidelines, which state that lead agencies generally should presume that certain projects proposed within one-half mile of an existing major transit stop or an existing stop along a high-quality transit corridor will have a less-than-significant impact on VMT.

The project is located immediately adjacent to the Lawrence Caltrain Station; and thus, is within one-half-mile of a major transit stop. Therefore, the project is expected to have a less-than-significant impact on VMT.

Noise

The project provided a Noise Study. Noise levels at the project's planned outdoor courtyard was modeled and revealed exterior noise levels from rail and traffic noise would be 62 dBA L_{dn} and exceed the normally acceptable standard of 60 dBA L_{dn} but would not exceed the conditionally

acceptable standard of 75 dBA L_{dn} . Therefore, noise levels at exterior use areas of the project would not exceed the City's 75 dBA L_{dn} conditionally acceptable exterior noise standard and would demonstrate compliance with City's noise standards.

However, the interior noise levels could exceed the noise standards but with the implementation of the LSAP EIR under Mitigation Measures 3.6.4, where exterior noise levels exceed 60 dBA L_{dn} , the City will require that a report be submitted with the building plans describing the noise control measures that have been incorporated into the design of the project to meet the noise limit (Attachment 4 COA BP-29).

Therefore, while interior noise levels would potentially conflict with the City's interior noise standard, the required interior-to-exterior noise reduction analysis would incorporate noise insulation features necessary to ensure compliance with interior noise standards. The project would be consistent with the City's interior noise level standards through implementation of existing regulations.

DISCUSSION

Present Site Conditions

The site was originally developed in the 1970's. The project site contains one parcel comprised of an existing single-story office building with surface parking and improvements. The project site is zoned MXD-1 and has a General Plan land use designation of Mixed-Use Transit Core. Light industrial and office uses are located to the north and west, Lawrence Caltrain Station is south, and Lawrence Expressway is east of the project site. Across Central Expressway to the south is a large mixed-use development currently under construction with 741 residential units, 1,500 square feet of commercial and 2.3 acres of publicly accessible open space. Residential development on Kifer Road is located approximately half-mile northwest of the project site.

The project site has driveway access from Sonora Court and is within a half mile of major transit, the Lawrence Caltrain Station.

Special Development Permit Use and Site Layout

The application is for the removal of the existing industrial building and the development of a seven-story, 176-unit affordable housing project. The units will include studio, one-, two-, and three-bedroom apartments on the top five floors over a two-story podium parking structure partially wrapped by residential uses. Five (5) two-story townhome style units are proposed along Sonora Court. The proposed apartment complex includes 39-studios, 47-one bedroom, 44-two bedroom, 44-three bedroom and a two- bedroom and a three-bedroom manager unit (two manager's units total).

The gross floor area is 115,210 square feet with apartment units that range in size from 330 square feet to 1,155 square feet. Two-story townhomes units, residential lobbies, management offices, service offices, and bike storage are located at the street level along Sonora Court and San Zeno Way to activate the street as well as screen the view of the garage from public view. Multiple large existing evergreen trees along Sonora Court and San Zeno Way frontages will be preserved and will maintain the unique character of the site. At the southeast corner of the site a residential lobby, bike room next to the pedestrian plaza and community terrace at the third level will serve to enhance and activate the project's visual and functional connection to Lawrence Caltrain Station.

There are two main pedestrian entrances to the project site, the south lobby facing the Caltrain Station and the north lobby on Sonora Court. There are pedestrian access points to the site from

sidewalks on all frontages. The driveway entrance to the garage will be located on Sonora Court. The surface driveway from Sonora Court also provides access for solid waste and recycling services and a loading zone for residential delivery and moving trucks. A new curb ramp from San Zeno Way will provide a connection to the Caltrain Station.

The development provides sufficient indoor and outdoor amenities for the future residents including an outdoor amenity space located in the internal courtyard and learning center and community rooms. The outdoor courtyard includes seating and a raised garden area, arbor, play structure and barbeque.

State Density Bonus Law

Density: This property is zoned MXD-1. This district allows 68 du/acre with the ability to reach a maximum of 85 units on the 1.25-acre site. Additionally, the California Density Bonus Law, as amended in 2019 by Assembly Bill (AB) 1763, allows affordable housing projects within a half-mile of a major transit stop to have unlimited density. The project site is directly adjacent to the Lawrence Caltrain Station. Therefore, the proposed density of 140 du/a is permitted on the site. The project provides 79% of the units as lower income, 20% as moderate income, and 1% as managers' units.

Concession: The California State Density Bonus Law also allows the project up to four concessions. Per Govt. Code 65915 (k), a concession is defined to include a reduction of development standards that exceed the minimum building code requirements, as well as other regulatory concessions proposed by project sponsor, that result in identifiable and actual cost reductions to provide for affordable housing costs. These concessions are not discretionary deviations (see Attachment 6 Applicant's letter).

The project requests one concession relating to the requirement of individual lockable storage for residents (SMC Section 19.38.040). This project is required to provide 200 cubic of individual storage per studio and one-bedroom, and 300 cubic feet of storage for each other unit. To provide individual lockable storage, the project will need to provide 44,200 cubic feet of lockable storage space. Given the high cost of construction in the Bay Area, it would be more efficient to focus on livable unit layouts that provide reasonable personal storage within each unit, as proposed. This concession will have no impact on public health and safety. This property will have two on-site property managers as well as other full-time maintenance and resident services staff that will assist residents in waste removal and bulk item pick-ups to prevent illegal dumping in the neighborhood or on the property.

This is a common concession granted for other affordable housing developments, including MidPen's development on Persian Street.

Waivers: The California State Density Bonus Law also allows for unlimited waivers from development standards. Per Govt. Code 65915 (e)(1), waiver or reduction of development standards that will have the effect of physically precluding the construction of a development meeting the criteria of subdivision (b) at the densities or with the concessions or incentives permitted under this section. The project is requesting two waivers. (see Attachment 6 Applicant's letter).

1. Waiver from Front Yard Setback Requirement: The project site has two frontages. The minimum front yard setback along Sonora Court is 35 feet and 15 feet on San Zeno. This project is compliant with the required setback on San Zeno Way. However, the building along Sonora Court extends into the required front yard setback. The proposed setback on Sonora Court is 25'-3" on the first and second floors. The upper floors do not comply and are set back 23' from the Sonora

Court front property line (see upper floor setback waiver below).

This extension into the front setback is required to create units that meet the minimum unit sizes as required by the California Tax Credit Allocation Committee (CTCAC), a major funding source for this affordable housing project. The proposed unit proportions and layouts efficiently allocate square footage to create well-functioning, livable space. The extension into the front setback also provides visual interest along this façade, particularly at visible portions between trees. A strict adherence to the front setback requirement would result in a loss of several affordable units per floor, rental income and tax credit subsidy to fund this affordable housing project. On this side of the building, the remaining units would also need to increase in square footage to maintain functionality, due to the loss of efficiency in proportion and layout. These less efficient units increase the cost of construction per unit. The setback encroachment will not have any adverse impact on existing tree roots along Sonora Court.

2. Waiver from 5-foot setbacks at stories above the 3rd floor on Sonora Court and San Zeno Way: LSAP requires residential buildings over three stories in height, located on residential streets to step back a minimum of five feet for stories above three floors. The building does not provide 5-foot setbacks at upper floors along San Zeno Way or Sonora Court. Sonora Court provides 23 feet on floors three through seven where 40 feet is required and 15 feet on San Zeno Way where 20 feet would be required. Similar to the front yard setback requirement, the requirement to provide a 5-foot setback at the upper floors would result in the loss of several affordable housing units at each floor, critical rental income and project subsidy, since it would reduce unit square footages below those required by funding sources. The units that remain will need to utilize less efficient unit proportions, layouts, and sizes to maintain functionality, which increases the cost per unit.

Reduced Parking: The State Density Bonus law automatically allows reduced parking. Based on the Density Bonus Law, a minimum of 88 parking spaces are required at 0.5 spaces per unit. The project proposes 134 parking spaces in the above grade parking garage which exceeds the parking requirement. These spaces include 17 stalls for electric vehicle charging stations (EVCS) 12.7% of total spaces. The residential parking would be located above grade with access from Sonora Court. The project proposes 200 secured bicycle parking spaces, on the ground floor in the parking garage and along San Zeno Way next to the south lobby for the residents and 12 bicycle racks on the property for guests. Overall, the project exceeds the vehicle parking requirement by 46 parking spaces which will help to reduce potential spillover parking onto adjacent public streets.

Building Height/Stories: The proposed 85-foot building height complies with 85-foot height limit for LSAP.

Architecture

The building architecture features a contemporary design with distinct massing, embracing timeless colors and materials. The architectural approach is to translate these traditional elements into a more modern and abstract style. The design is further enhanced with variations in materials, building forms, offset planes, and accent colors. The base, middle and top are expressed through changes in color, material, and fenestration.

The elevation on Sonora Court includes two-story style townhomes and office to create the base. The townhomes give the elevation a pedestrian feel with the warm vintage wood cedar material base. The elevation has varying projections with material and color block changes which break up the vertical

massing. The parapet with a distinct roofline creates the top along with an angled roofline at the northwest corner. One of the main entrances to the development is located on the main level adjacent to the mail room and townhomes. It is distinguished with large windows and wood canopy. The driveway entrance to the garage is also located on the western end on this elevation.

The San Zeno Way elevation provides one of the main entrances to the development on the ground floor, which is distinguished with large storefront windows and vintage wood cedar under a wood canopy. The canopy projection helps to break up the plane and massing along the street elevation creating a base. The building base is differentiated with the wood canopy that supports a pedestrian oriented streetscape along with two levels of decorative screening/green wall that screens the garage. The color and material alternate between vertical and horizontal with variations in width and depth. The southwest corner has an angled roof line adding visual interest to the roof line. The 3rd level has a terrace to add to the variation in wall planes.

The materials include stucco, Nichiha siding in vintage cedar and white, glass metal railing, decorative screens and green wall (see Attachment 7, Page A4.0).

Staff finds that the proposed architectural design is consistent with the guidelines contained in the LSAP through use of high-quality materials, attention to detail at focal points, urban forms that vary in height and depth, varying wall and roof planes and interesting pedestrian-scale elements that help to promote street activity.

Development Standards

Except for the permitted State Density Bonus concession, waivers, and reduced parking, the project complies with the remaining applicable development standards in the SMC, such as the interior side and rear setbacks, landscaping, open space, height and solar access. The Project Data Table in Attachment 2 summarizes the project's compliance with Sunnyvale Municipal Code development standards. Therefore, no deviations are requested through the SDP.

Setbacks: The project site has two frontages. According to LSAP the minimum front yard setback on Sonora Court is 35-feet and 15-feet on Sonora Court. The project is compliant with the required setback on San Zeno Way for the first and second floors. The proposed setback on Sonora Court is 25-feet 3-inches on the first and second floors. The applicant is requesting a waiver to allow the reduced front setback. The project meets the required interior side yard and rear setbacks

Landscaping and Tree Preservation: The project is required to provide a minimum of 20% landscaping per SMC Section 19.28.110. The project proposes 25% or 13,710 square feet of landscaping. Landscaping is also provided in the open space in the courtyard.

The existing site contains 11 “protected” trees (38 inches in circumference as measured 3.5 feet from the ground). The proposed project includes removal of two protected trees, which are considered to be in poor condition are located on San Zeno Way. Staff finds that the removal of the protected trees is reasonable due to poor health. Per the City’s Tree Replacement Policy, a total of 17 new trees will be planted. New trees include Japanese Maple, Strawberry Trees, Forest Pansy Redbud and Brisbane Box.

The majority of the Cedar trees along Sonora Court and San Zeno Way will be preserved, which currently form a dense canopy screening the site from the street. The new driveway has been placed in a location to avoid removal of these trees. New sidewalks will also be strategically placed around

the trees. Retaining these trees create a unique, character-defining environment while also protecting this unique resource.

Solid Waste and Recycling Access: Recycling and solid waste is collected on the ground floor (Main Trash Room) on the southwest side of the building by maintenance staff and regular trash pick-up will be scheduled on the driveway from Sonora Court. The main trash room will be located in the parking level and will not be visible from adjoining streets or properties.

Green Building: A minimum of 90 points on the GreenPoint Rated checklist are required for new multi-family residential construction. A preliminary GreenPoint Rated checklist was prepared by the applicant with 95.4 points targeted. The project does not propose to utilize the Green Building incentive to increase allowable density, lot coverage or height.

Transportation Demand Management (TDM): The SMC requires all new multi-family residential uses to participate in a TDM program. A minimum of 9 points is required from the menu of strategies in the City's TDM program. The project attains 13 points based solely on the project's proximity to the Caltrain station and 100% affordable housing project.

Usable Open Space and Amenities: Usable open space is provided within the courtyard in the center of the project on the third floor. The project exceeds the minimum requirement by providing 78 square feet average per unit where 50 square feet minimum is required. The development will provide sufficient indoor and outdoor amenities for the future residents including a learning center, community room, kitchen, laundry, terrace, and an outdoor courtyard that includes seating and a raised garden area.

Easements and Utilities: Existing curb, gutter, sidewalks, curb cuts, and driveway on all frontages would be removed, and new curb, gutter, sidewalks, driveway approaches, street trees and streetlights will be installed in the public right-of way per City standard specifications. San Zeno Way and Sonora Court will be upgraded per LSAP Standard Detail requirements. San Zeno Way and Sonora Court will require a 6-foot sidewalk in most places as the sidewalk meanders through the existing trees. Standard water, sewer, storm drain, and dry utility upgrades will be provided as required by the SMC. Overhead utilities on the San Zeno Way and Sonora Court frontage will be required to be undergrounded or relocated.

FISCAL IMPACT

The project is subject to payment of a transportation impact fee (TIF) and school impact fees to the Sunnyvale School District. Other standard fees and taxes apply. Affordable rental development is exempt from park in lieu and rental housing mitigation fee requirements.

The project will not impact the City's General Fund. The City has conditionally committed \$26 million from the Housing Mitigation Fund and Low- and Moderate-Income Housing Asset Funds (LMIHAF) to this project for a period of up to three years. This fund exists for the purpose of funding affordable housing projects of this type.

Public Contact

Neighborhood Outreach Meeting

The applicant facilitated a community outreach meeting on April 5, 2021. Property owners and residents within 1,000 feet of the site, interested parties, community organizations, and neighborhood

associations were notified. The meeting was held online and covered topics including an introduction of the project and developer, overview of the LSAP goals, design visioning, project schedule, and design feedback. Meeting attendees expressed their support for affordable housing at this location, the project design, preservation of existing trees, bike parking, and vehicle parking ratio. Concerns were related to impact on traffic and parking, connectivity of pedestrian and bike paths, and noise. In addition to the neighborhood outreach meeting, the applicant also conducted direct outreach to local school districts, the local neighborhood association, immediate neighbors on Sonora Court, and local community organizations. The applicant presented the project design and answered questions for groups and individuals who responded.

Planning Commission Study Session

A study session was held with the Planning Commission on July 12, 2021. At the study session, Commissioners provided comments related to the site layout and architecture of the project. Comments related to the design were mixed with some Commissioners expressing support of the unique design, curved elevations, and angled corners. Some Commissioners expressed that there were inconsistencies with the elevations. All Commissioners agreed that there were too many colors used on the elevations. The final design set has been modified to reflect input from the Planning Commission, including a more refined color palette and the incorporation of wood accent materials. The palette includes more natural tones with the Nichina siding that complements the tones and provides a pedestrian feel.

Notice of Public Hearing

- Published in the *Sun* newspaper
- Posted on the site
- 1592 notices mailed to property owners and residents within 2,000 feet of the project site

Staff Report

- Posted on the City's website
- Provided at the Reference Section of the City's Public Library

Agenda

- Posted on the City's official notice bulletin board
- Posted on the City's website

Public Contact: Staff has not received any correspondence or phone calls from neighbors at the time of writing of this report.

ALTERNATIVES

1. Make the findings required to approve the CEQA determination that the project is exempt from CEQA review pursuant to CEQA Guidelines Section 15168 (c)(2) and Public Resources Code Section 21094 (c) as it is within the scope of the Peery Park Specific Plan (PPSP) Environmental Impact Report (EIR) and no additional environmental review is required as noted in the checklist in Attachment 5 and approve the Special Development Permit based on the findings in Attachment 3, and recommended conditions of approval in Attachment 4.
2. Make the findings required to approve the CEQA determination that the project is exempt from CEQA review pursuant to CEQA Guidelines Section 15168 (c)(2) and Public Resources Code Section 21094 (c) as it is within the scope of the Peery Park Specific Plan (PPSP)

Environmental Impact Report (EIR) and no additional environmental review is required as noted in the checklist in Attachment 5 and approve the Special Development Permit based on the findings in Attachment 3, and modified conditions of approval.

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 required Findings to approve CEQA determination that the project is exempt from CEQA review pursuant to CEQA Guidelines Section 15168 (c)(2) and Public Resources Code Section 21094 (c) as it is within the scope of the Peery Park Specific Plan (PPSP) Environmental Impact Report (EIR) and no additional environmental review is required as noted in the checklist in Attachment 5 and Approve the Special Development Permit subject to recommended findings in Attachment 3 and recommended conditions of approval in Attachment 4.

Prepared by: Margaret Netto, Senior Planner

Reviewed by: Noren Caliva-Lepe, Principal Planner

Approved by: Andrew Miner, Assistant Director of Community Development

ATTACHMENTS

1. Site, Vicinity and Public Notice Mailing Map
2. Project Data Table
3. Recommended Findings
4. Recommended Conditions of Approval
5. CEQA consistency checklist with the LSAP EIR
6. Letter from Applicant
7. Proposed Site and Architectural Plans
8. LSAP MMRP
9. Technical studies