

**July 22, 2008**

SUBJECT: 2008-0667 Request to initiate a Specific Plan Amendment Study to the Downtown Specific Plan for an increase in the allowed number of stories from five to six stories for the new hotel only (no increase in height) and various amendments to increase the allowable signage.

REPORT IN BRIEF

The City has received a request to consider a Specific Plan Amendment (SPA) to the Downtown Specific Plan. In order for this request to proceed, the City Council would have to direct staff to accept a formal application and proceed with this study, similar to the process for a General Plan Amendment Study. This initiation review does not consider the specific implications or trade-offs in project level design of the Special Development Permit itself, which would be considered if the study is authorized.

Staff recommendation is to initiate a Specific Plan Amendment Study for the subject area in accordance with applicant's proposal. Staff has concluded the proposed Specific Plan Amendment would not require a Supplement to the existing Sunnyvale Downtown Environmental Impact Report (EIR).

BACKGROUND

The following is a summary of the Downtown Specific Plan (DSP) approvals and modifications:

- 1990 - Downtown EIR certified and General Plan amended.
- 1993 - DSP approved.
 - DSP included a hotel in the area north of Washington.
- 2003 - Revised DSP approved.
 - Removed a hotel due to concerns that there was not a strong market for hotels, and other uses were seen as more important in implementing the vision. There was no opposition at the time as other uses were preferred.
- 2004 - DSP Block 18 revisions approved.
 - Not all of the office square footage requested was approved.
- 2004 - SDP for Block 18 approved (except Bank of the West site).
- 2007 - New developer requests revisions to the 2003 DSP, and 2004 amendments.
- 2007 - SDP for Block 18 re-approved (except Bank of the West site).

- 2007 - SPA approved for an increase in office square footage and 200 room hotel.
- 2007 - SDP for architecture approved for sub-blocks 1-5 of the redevelopment area of DSP Block 18.

Project Description: The applicant a Specific Plan Amendment Study to the Downtown Specific Plan for two items; 1) an increase in the allowed number of stories from five to six stories for the new hotel only (no increase in height), and 2) various amendments to increase the allowable signage

Currently the DSP allows for a maximum of five stories and the applicant has requested to be allowed to have six stories. Included in the six stories will be five stories of hotel and one level of retail on the ground floor. The developer is not proposing to change the maximum height limit of 75 feet or increase in the number of hotel rooms beyond the current limit of 200. The new hotel will be located in sub-block 6 of the redevelopment area.

The applicant has also requested an increase in the maximum allowable sign area and types of signs for the DSP. A previous condition of approval requires the applicant to submit a master sign program for review and approval of the Planning Commission. Any changes to the allowed signage in the DSP will be reflected in the master sign program. While the applicant has requested some specific criteria in their General Plan Initiation letter, staff is suggesting flexibility in studying a variety of possible signage modifications. This may include sign area, types of signs (moving, blade, neon, A-frame), and heights.

EXISTING POLICY

Sunnyvale Municipal Code Section 19.92.020 authorizes only the City Council to initiate proceedings for the adoption of an amendment to the General Plan. As the DSP is part of the General Plan, the same procedure applies. City Code requires the City Council to first review a request to initiate a Specific Plan Amendment in order to determine if the request warrants further study. The approval of this initiation would allow a formal application to be submitted and allow staff to further assess the merits of the proposed Specific Plan Amendment. Approval of the initiation does not commit the City Council to approve a Specific Plan Amendment, nor any specific project proposal that may follow.

The following Goals, Policies, and Action Statements of the General Plan address issues that relate to the proposed Specific Plan Amendment study:

Downtown Specific Plan

Goal 2 - *Establish the downtown as the cultural, retail, financial and entertainment center of the community, complemented by employment, housing and transit opportunities.*

Land Use and Transportation Element

Goal C4 - *Sustain a strong local economy that contributes fiscal support for desired city services and provides a mix of jobs and commercial opportunities.*

Policy N1.2 - *Require new development to be compatible with the neighborhood, adjacent land uses and the transportation system.*

Action Statement N1.2.3 - *Develop specific area plans to guide change in neighborhoods that need special attention.*

Policy N1.13.2 - *Support convenient neighborhood commercial services that reduce automobile dependency and contribute positively to neighborhood character.*

Action Statement N1.1.3 - *Use density to transition between land use, and to buffer between sensitive uses and less compatible uses.*

Socio-Economic Element: Economy and Employment

Goal 5.1B - *Maintain and establish policies that promote a strong economy which provides economic opportunities for all Sunnyvale residents within existing environmental, social, fiscal and land use constraints.*

Goal 5.1C - *Endeavor to maintain a balanced economic base that can resist downturns of any one economic sector.*

Policy 5.1C.1 - *Support efforts to establish Sunnyvale's Downtown area as a strong commercial center for the City.*

Policy 5.1C.4 - *Promote business opportunities and business retention in Sunnyvale.*

Policy 5.1C.5 - *Support land use policies that provide a diversified mix of commercial/industrial development.*

Environmental Status: The initiation request is not a project under the California Environmental Quality Act (CEQA) since the initiation of a Specific Plan Amendment study has no possibility of creating a significant environmental impact (See CEQA Guidelines Article 5, Section 15061 (b)(3)). If a Specific Plan Amendment Study is initiated, environmental review will be conducted at the time an application for an amendment is under consideration by the City Council.

Staff has concluded that the changes proposed in the Specific Plan Amendment will not require an amendment to the existing Sunnyvale Downtown EIR.

DISCUSSION

The applicant cites the following reasons why the proposal is beneficial for the City Council to consider:

- Hotel provides support for Sunnyvale businesses and diversifies the use mixture in the Downtown.
- A variety of signage will continue to create the downtown area as a unique place in Sunnyvale.
- A variety of signage will also help the Town Center Project be competitive with other downtown areas and larger projects.
- The combination of requests increases the financial viability of the project and tax revenues for the City.

If the City Council decides to initiate the requested Specific Plan Amendment study, consistency with the General Plan Elements such as the Downtown Specific Plan, Housing and Community Revitalization, Fiscal Sub-Element, and Land Use and Transportation Element would be evaluated. At a minimum, the study would examine the following:

- Examine the appropriateness of six stories.
- Consider the appropriateness of different sign sizes, types, and locations.
- Consider whether sign modifications should be limited only to Block 18 of the DSP or be applied throughout the DSP area.
- Examine the fiscal impact/benefit, if any, of the proposed changes to the City.

The Specific Plan Amendment study is expected to take two to three months to complete. During this time staff anticipates a study session with the Planning Commission and City Council, as well as a separate public outreach meeting. The study and possible changes to the Downtown Specific Plan will not have an effect on the timetable in the Amended and Restated Disposition and Development and Owner Participation Agreement (ARDDOPA).

FISCAL IMPACT

There is no fiscal impact to the City to initiate an amendment study. If the Council initiates the study, a formal application with applicable fees would need to be submitted.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official notice bulletin board outside City Hall, in the Council Chambers lobby, in the Office of the City Clerk, at the Library, Senior Center, Community Center and Department of Public Safety; posting the agenda and report on the City's Web site; and making the report available at the Library and the Office of the City Clerk.

ALTERNATIVES

1. Authorize the initiation of a Specific Plan Amendment Study for an increase in the allowed number of stories from five to six stories for the new hotel and various amendments to increase the allowable signage.
2. Authorize the initiation of a Specific Plan Amendment with a modified scope of review.
3. Do not authorize the initiation of further study for the subject area.

RECOMMENDATION

Staff recommends Alternative 1: Authorize the initiation of a Specific Plan Amendment Study for an increase in the allowed number of stories from five to six stories for the hotel and various amendments to increase the allowable signage.

Staff believes an additional story for a new hotel, while not included in the 2003 DSP, could have many beneficial impacts for the approved redevelopment project and the greater downtown area. In particular, the additional story will allow for flexibility in the configuration of the hotel that will provide a variety of other spaces/uses in the hotel.

Similar to the additional hotel level, staff believes the signage modifications could have beneficial impacts for the downtown area including unique business identification and additional business revenue jobs.

In recommending approval of the Specific Plan Amendment study, staff does not prejudge the merits of the proposed changes, and, if initiation of the study is approved, City Council does not commit to any amendment to the downtown Specific Plan.

Reviewed by:

Hanson Hom
Director of Community Development

Reviewed by: Trudi Ryan, Planning Officer
Prepared by: Steve Lynch, Project Planner

Approved by:

Amy Chan
City Manager

Attachments:

- A. Applicant's letter requesting initiation of a Specific Plan Amendment study
- B. General Plan Map of project vicinity

June 18, 2008

Mr. Hanson Hom
Community Development Director
City of Sunnyvale
456 W. Olive Avenue
Sunnyvale, California 94088

Re: Request to Initiate a General Plan Amendment

Dear Mr. Hom:

Please accept this letter as our request for the City Council to initiate a General Plan Amendment to (1) amend the General Development Standards of the Downtown Specific Plan (2003) with respect to Block 18 to increase the Maximum number of stories from 5 to 6 (the maximum height would remain 75 feet) to allow for the construction of the previously-approved hotel within Block 18, and (2) amend the commercial sign regulations of Chapter 4, Signs, of the Community Design Sub-Element (December 1990) of the General Plan, as such commercial sign regulations are set forth in the General Plan and the Chapter 19.44 of the Municipal Code.

Specifically, we request the following changes to the commercial signage provisions with respect to Block 18.

- Commercial Tenant Sign Area – A maximum of 1.5 square feet of sign area per linear foot of tenant frontage. The area of any individual tenant sign would be limited in accordance with following table.

| <u>Tenant Frontage (Linear Feet)</u> | <u>Area of Individual Tenant Sign (Square Feet per Linear Foot)</u> |
|--|---|
| 1 to 40 | 1.50 |
| 41 to 60 | 1.25 |
| 61 to 100 | 1.00 |
| 101 to 225 | 0.75 |
| 226 and larger | 0.66 |

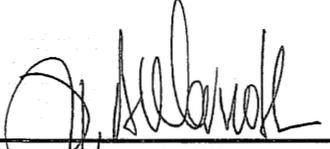
These amended commercial tenant sign area regulations will apply to all first and second floor street frontages, Redwood Square frontages, and paseo frontages within Block 18. Theatre marquee signage and movie posters may exceed the above-referenced sign area limitations, provided that the appropriate miscellaneous plan permit is received from the Community Development Director for such signage.

Allowable Sign Types - The following sign types shall be allowed in Block 18: moving graphic signs for certain uses in Block 18 - neon signs (as allowed in the Downtown Specific Plan); portable signs (sandwich boards, A-frames, menu boards); and, blade signs projecting above the roofline; provided that the appropriate miscellaneous plan permit is received from the Community Development Director for such signage.

Thank you in advance for your continued professional assistance in this matter.

Regards,

Downtown Sunnyvale Mixed Use, LLC
By: Sand Hill Property Company


By: Jeffrey A. Warmoth,
Development Partner

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Attachment B

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