



**December 16, 2008**

**SUBJECT: 2008-1144** Request to initiate a Specific Plan Amendment Study for Block 18 of the Downtown Specific Plan for an increase in the maximum amount of allowed office square footage from 322,000 up to 442,000.

### **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 SPA Study for the subject area in accordance with applicant's proposal.

Staff has concluded the proposed Specific Plan Amendment would require a Supplement to the existing Sunnyvale Downtown Environmental Impact Report (EIR) to address changes of use within Block 18.

### **BACKGROUND**

The following is a summary of the Downtown Specific Plan (DSP) approvals and modifications starting in 2007:

- 2003 - Adoption of New Downtown Specific Plan and Title 19 Zoning Code Amendments.
- 2004 - DSP Block 18 revisions approved for the following:
  - 292 housing units, an increase from 200 (Forum Group requested 300 units)
  - 282,000 square feet of office, an increase from 202,000 square feet (Forum Group requested 300,000 square feet)
- 2007 - DSP Block 18 revisions approved for the following:
  - 200 room hotel (Sand Hill Property Company requested 150, staff recommended 200)
  - 322,000 square feet of office, an increase from 282,000 square feet (Sand Hill Property Company requested 322,000 square feet)
- 2008 - DSP Block 18 revisions approved for the following:
  - Up to six stories allowed, an increase from five
  - Increase in signage area and types of signs

## **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**

#### ***The City***

**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 C4.1** - *Maintain a diversity of commercial enterprises and industrial uses to sustain and bolster the local economy.*

**Policy C4.3** - *Consider the needs of business as well as residents when making land use and transportation decisions*

#### ***The Neighborhoods***

**Goal N1** - *Preserve and enhance the quality character of Sunnyvale's industrial, commercial, and residential neighborhoods by promoting land use patterns and related transportation opportunities that are supportive of the neighborhood concept.*

**Policy N1.1** - *Protect the integrity of the City's neighborhoods; whether residential, industrial or commercial.*

#### **Residential**

**Policy N1.4** - *Preserve and enhance the high quality character of residential neighborhoods.*

### **Commercial/Office**

**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.*

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

**Policy N1.10** - *Provide appropriate site access to commercial and office uses while preserving available road capacity.*

**Policy N1.12** - *Permit more intense commercial and office development in the downtown, given its central location and accessibility to transit.*

**Policy N1.13** - *Promote an attractive and functional commercial environment.*

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

### **Community Design Sub-element**

**Goal 2.5A** - *Promote Sunnyvale's image by maintaining, enhancing and creating physical features which distinguish Sunnyvale from surrounding communities and by preserving historic buildings, special districts and residential neighborhoods which make the City unique.*

**Policy 2.5A.2** - *Ensure that new development is compatible with the character of special districts and residential neighborhoods.*

### **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.*

**Fiscal Sub-element**

**Goal 7.1A** - *Maintain and enhance the city's revenue base.*

**Policy 7.1A.1** - *Revenue base: Maintain a diversified and stable revenue base for the City.*

**Noise Sub-element**

**Goal 3.6A** - *Maintain or achieve a compatible noise environment for all land uses in the community.*

**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.

Staff has concluded that the changes proposed in the Specific Plan Amendment would require a Supplement to the existing Sunnyvale Downtown Environmental Impact Report (EIR) to address changes of use within Block 18. The cost to prepare a Supplement would be paid for by the applicant.

**DISCUSSION**

Block 18 is currently allowed to 322,000 square feet of office area. The applicant, Sand Hill Property Company, is requesting an increase of 120,000 square feet. This would make the Block 18 total office area 442,000 square feet.

The Sand Hill project covers all of Block 18, except for the 0.48 acre Bank of the West site that is currently developed with a 7,000 square foot building. The Sand Hill project would contain up to 435,000 square feet of office, with the Block 18 total at 442,000 square feet.

A conceptual site plan has been submitted with the SPA initiation request showing the additional office would be located in one building (B), on the southwest side of the intersection of McKinley and Mathilda Avenues. The building would be five stories high with retail uses located on the ground floor, similar to office buildings A and C that are currently under construction. The parking would be located underground and in Block 6.

The additional office square footage would not necessarily reduce the minimum required retail square footage (991,761 sf.). Building B is proposed to accommodate the increase in office area but there may be a net effect on the minimum required retail area in the project, since the second floor may change from retail to office square footage.

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

- Additional office square footage will help to strengthen Downtown and support the nearby businesses, as well as continue to enliven the City's economic base with additional jobs.
- The combination of uses in the Downtown 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 and related documents such as the Downtown Specific Plan, Housing and Community Revitalization Sub-element, Fiscal Sub-element, and Land Use and Transportation Element would be evaluated. At a minimum, the study would examine the following:

- Consider all possible environmental impacts associated with the proposed increases to the project, including potential impacts on traffic.
- Examine the urban design implications of additional office square footage on Block 18 and in the Downtown area.
- Consider the appropriate location(s) for the office square footages.
- Examine the fiscal impact/benefit of the proposed changes to the City.
- Examine a jobs/housing capacity for the Downtown area.
- Examine the remaining development potential for the Bank of the West site.

The Specific Plan Amendment study is anticipated to require several months to complete. If a traffic study or other environmental study is required, the anticipated study time will increase. During this time staff anticipates a study session with the Planning Commission and City Council. The study and possible changes to the Downtown Specific Plan would not require an amendment to 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 to increase the maximum allowed office square footage from 322,000 to 442,000 for Block 18.
2. Authorize the initiation of a Specific Plan Amendment with a modified scope of review (increase or decrease in the office square footage).
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 maximum allowed office square footage from 322,000 to 442,000 for Block 18.

Staff finds that there is merit in studying the allowable office square footage in Block 18. With the current state of the economy in flux, it may be prudent to consider all potential enhancements to the vitality of Downtown. In particular, the study would examine the potential economic benefits such as the potential for new jobs, activity and vitality and the associated revenue to the City's Redevelopment Project Area (RDA). The study would also review the environmental and community character implications of additional development in Block 18.

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:

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Hanson Hom  
Director of Community Development

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

Approved by:

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Gary Luebbers  
City Manager

Attachments:

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

October 7, 2008

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

**Re: Request to Initiate a General Plan Amendment**

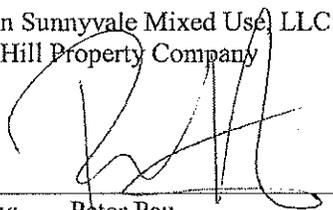
Dear Mr. Hom,

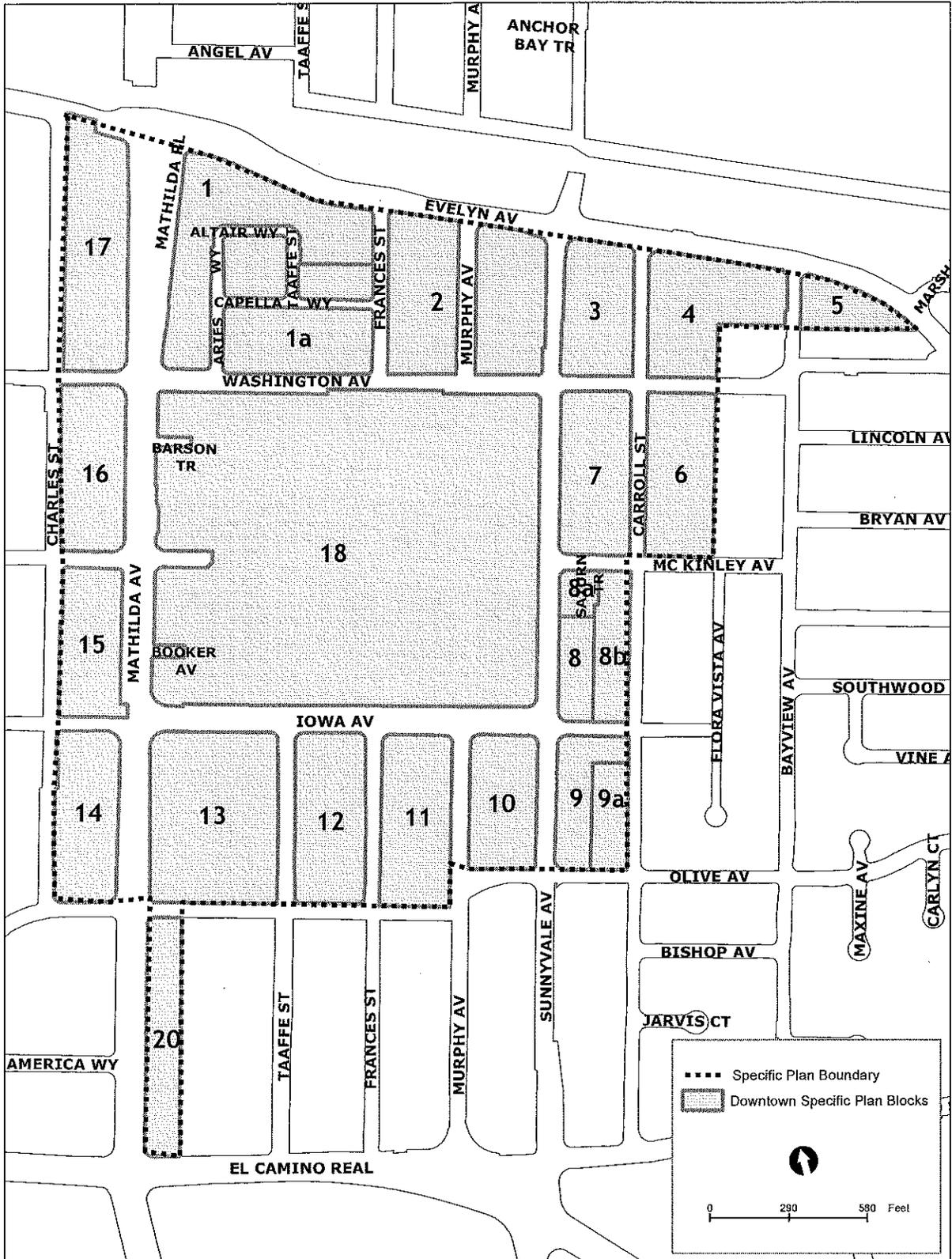
Please accept this letter as our request for the City Council to initiate a General Plan Amendment to amend the General Development Standards of the Downtown Specific Plan (2003) with respect to Block 18 to increase the maximum amount of office-use floor area to 435,000 square feet to allow for the expansion of the office- and retail-use building at the southeast corner of S. Mathilda Avenue and W. McKinley Avenue previously approved under the February 6, 2007 SDP site plan (commonly known as "Building B") and the construction of associated parking (above- and below-grade) at a ratio of 4 parking stalls per 1,000 square feet. The proposed Building B would be of a design similar to the office and retail building at the northeast corner of S. Mathilda Avenue and W. McKinley Avenue previously approved under the February 6, 2007 SDP site plan (commonly known as "Building A").

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

Regards,

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

  
By: Peter Pau  
Development Manager











PROJECT TITLE  
**SUNNYVALE TOWN CENTER**  
 Sunnyvale, California



THE GUZZARDO PARTNERSHIP INC.  
 Landscape Architects - Land Planners  
 226 Montgomery Street  
 San Francisco, CA 94111  
 415.392.4472  
 415.433.2863

DEVCON  
 DEVCON  
 DEVCON  
**DEVCON CONSTRUCTION**

REEF  
 127 California Street, Suite 2000  
 San Francisco, CA 94111  
 415.392.7718

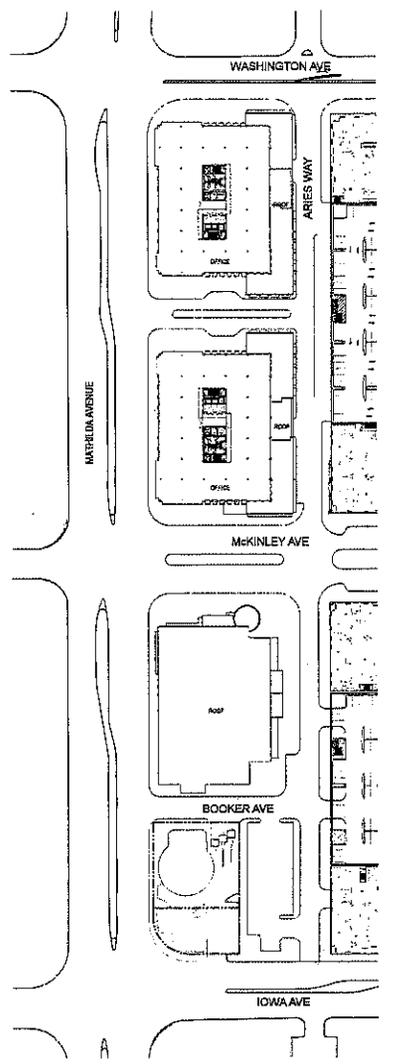
SAND HILL PROPERTY COMPANY  
 408 S. El Centro  
 San Mateo, CA 94402  
 650.344.1950

SHEET NO.	PROJECT NO.
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	21.551

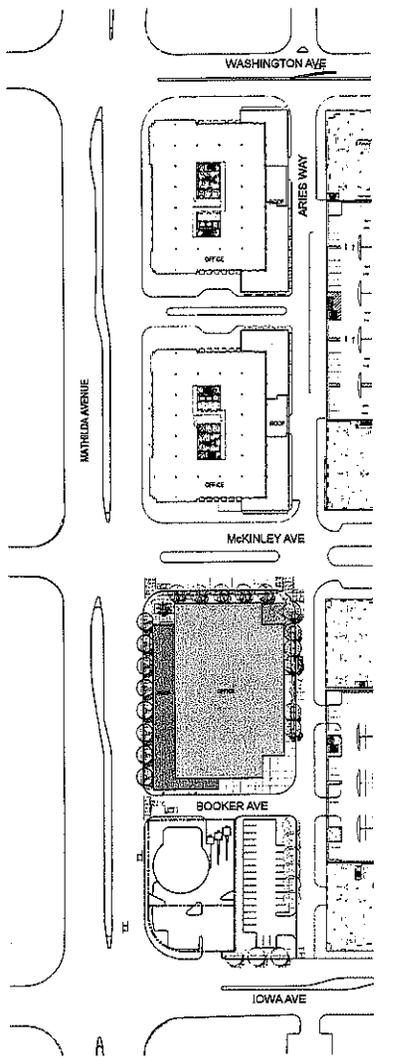
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SHEET TITLE  
**FOURTH LEVEL FLOOR PLAN**  
 SHEET NO.  
**10.04**



2 **PREVIOUSLY APPROVED FOURTH LEVEL PLAN**  
 SCALE 1"=30'-0"



1 **PROPOSED FOURTH LEVEL PLAN**  
 SCALE 1"=30'-0"

ATTACHMENT 5 of 7

PROJECT TITLE  
**SUNNYVALE TOWN CENTER**  
 Sunnyvale, California



REGISTERED ARCHITECTS

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DEVELOPER

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DEVELOPER

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 650.344.1500

ISSUE DATE: PROJECT NO.:  
 11.03.08 40-00052.08

ISSUE DATE: PROJECT NO.:  
 11.03.08 21.851

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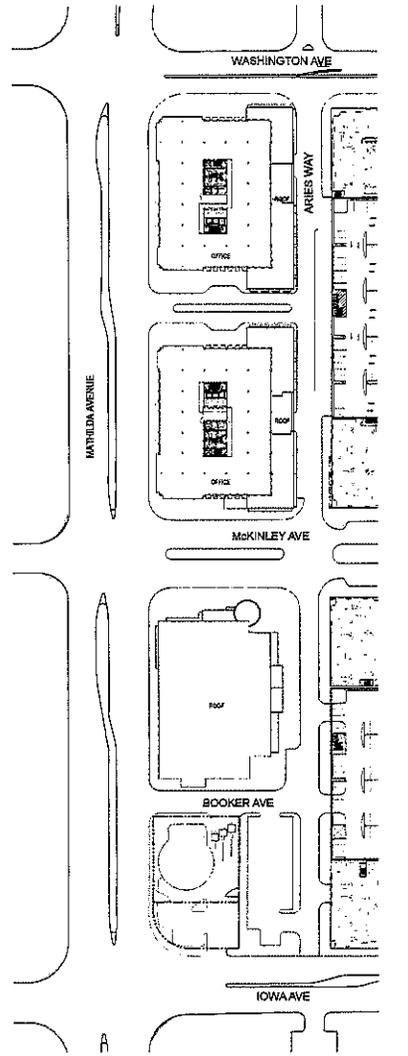
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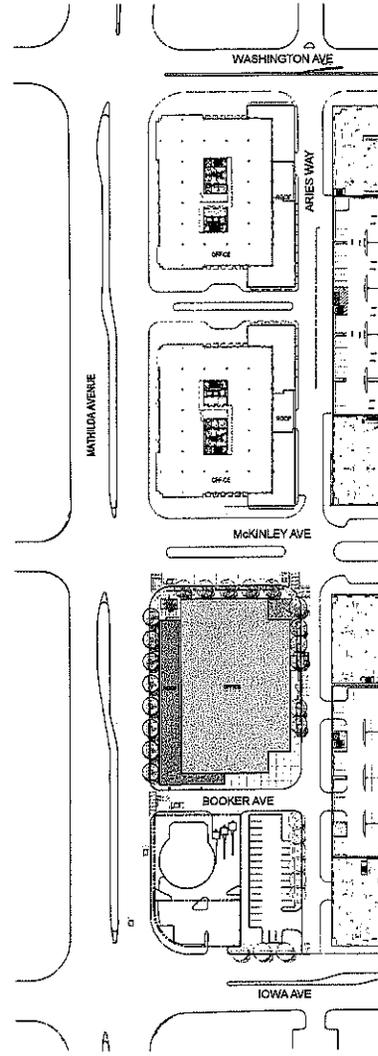
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- OFFICE CORE

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- OFFICE CORE

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ATTACHMENT  
 Page 6 of 7

SHEET TITLE  
**FIFTH LEVEL FLOOR PLAN**  
 SHEET NO.  
**10.05**

