

**Council Meeting: May 11, 2010**

SUBJECT: 2010-7143 – Request to initiate a General Plan Amendment to change the land use designation for 1044 East Duane Avenue from Industrial-to-Residential High Density (ITRHI) to Industrial-to-Residential Medium Density (ITRMED).

REPORT IN BRIEF

The City received a letter from Taylor Morrison of California with a request to initiate a General Plan Amendment study for 1044 East Duane Avenue (see Attachment A). The applicant proposes the General Plan designation for the site be changed from Industrial-to-Residential High Density to Industrial-to-Residential Medium Density in order to allow submittal of a revised project with a reduction in proposed density. In 2007 the 7.3-acre site was approved for 304 dwelling units. The proposed General Plan designation would allow a density range of 103 to 197 units. If the General Plan amendment study is initiated, the applicant plans to also request a Rezoning, Special Development Permit, and Tentative Map to construct approximately 132 dwelling units.

The subject site is appropriate for the current high density residential designation due to its location along major transportation corridors and adjacent to other sites zoned for high density residential. The permitted density for the site has also been used to meet Regional Housing Needs Allocation requirements. However, it is also possible these needs could be met on other sites. Given market conditions preventing current development of the site, staff finds the applicant's proposal warrants further study. As a result, staff recommends the City Council initiate a General Plan Amendment study for the property.

BACKGROUND

The subject site has a General Plan designation of Industrial-to-Residential High Density and a Zoning designation of M-S/ITR/R-4/PD. These designations were approved by the City Council on May 22, 2007, as part of the East Sunnyvale ITR study (RTC# 07-084). At a subsequent meeting, the City Council approved a Special Development Permit and Tentative Map application for Taylor Woodrow (now Taylor Morrison) to develop 304 residential units on the subject site (RTC# 07-180). The approved project includes 236 condominium units in a five-story building and 68 three-story townhomes resulting in an overall density of 42 dwelling units per acre. R-4 Zoning allows densities ranging from 27 dwelling units per acre to 36 dwelling units per acre;

an affordable housing density bonus was used to achieve the approved density of 42 units per acre. The applicant obtained building permits in 2007 and demolished five industrial buildings on the site, but never commenced construction of the residential buildings.

Taylor Morrison would like to revise their proposal to eliminate the five-story condominium component and develop the entire site with three-story townhomes. This would result in approximately 132 units for an overall density of 18 dwelling units per acre. This density is not consistent with a General Plan designation of High Density Residential. In order to develop the site at the proposed density, a General Plan Amendment to Medium Density Residential and a Rezoning to M-S/ITR/R-3/PD would be required.

Surrounding properties have various General Plan Designations including Low Density Residential to the north, Industry to the southeast, Industrial-to-Residential High Density to the west and southwest, and Very High Density Residential to the east (see Attachment B for General Plan maps).

EXISTING POLICY

Only the City Council is authorized to initiate proceedings to consider an amendment to the General Plan (SMC Section 19.92.020). The City Council must first review a General Plan Amendment Initiation request in order to determine if the request warrants further study. The only notice of Council consideration of a General Plan Amendment Initiation is through the posting of the City Council agenda. Nearby property owners and tenants are not notified until a study has been initiated. The approval of an initiation request would allow a formal application to be submitted to further assess the merits of the proposed General Plan Amendment request. The approval of an initiation does not commit the City Council to approve the General Plan Amendment request, nor any specific project proposal. If a study is initiated, the applicant would be required to submit subsequent discretionary applications for a General Plan Amendment and Rezoning including payment of application fees and subsequent hearings by the Planning Commission and City Council.

The following are the key General Plan goals relating to this General Plan Amendment Initiation request:

Land Use and Transportation Element

Goal C2: Ensure ownership and rental housing options in terms of style, size and density that are appropriate and contribute positively to the surrounding area.

Housing and Community Revitalization Sub-Element

Goal A: Foster the expansion of the housing supply to provide greater opportunities for current and future residents within limits imposed by environmental, social, fiscal and land use constraints.

Additional related General Plan goals, policies, and action statements are listed in Attachment D.

DISCUSSION

The applicant is proposing to change the General Plan designation from Industrial-to-Residential High Density to Industrial-to-Residential Medium Density to allow for a reduction in the number of proposed units on the site. Staff has identified the following issues regarding this General Plan Amendment Initiation request.

Housing Element and Regional Housing Needs Allocation

The Housing and Community Revitalization Sub-Element of the General Plan must be certified by the State every eight years. As part of the certification process, the City must demonstrate that current Zoning would allow a sufficient number of units to meet the City's Regional Housing Needs Allocation (RHNA) as established by the Association of Bay Area Governments (ABAG). Once the Housing Element is certified, the City is prohibited from reducing the permitted density of residential properties ("downzoning") unless the City can make several required findings related to ensuring the RHNA can still be satisfied.

Sunnyvale's current Housing and Community Revitalization Sub-Element was certified in July 2009. The approved 304-unit project for the subject site was used in the Housing Element to meet RHNA requirements. If the City Council initiates a General Plan Amendment study for this site, the study would need to examine whether the RHNA requirement can still be met given the proposed reductions in density for this site.

Relationship to Future Changes to Surrounding Properties

Staff has been contacted by several property owners and potential applicants who have expressed interest in requesting General Plan Amendment Initiations to convert other surrounding industrial properties to residential use. An application was recently submitted for a General Plan Amendment Initiation on a nearby site located at 920-950 DeGuigne Drive (GPI #2010-7233, also on the agenda for May 11, 2010). That application proposes a change from Industry to Industrial-to-Residential Low-Medium Density (with an intended Zoning designation of M-S/ITR/R-1.7/PD). Additional industrial-to-residential conversions in the area could assist in meeting the City's RHNA requirement and therefore could mitigate the impact of reduced density on the subject site.

Neighborhood Compatibility

A significant change in the density for this site has the potential to impact the character of the surrounding area. The existing San Miguel neighborhood to the north is zoned R-0 and is developed with low density single-family housing. During the public hearings for the approved Taylor Morrison high-density project, residents in the San Miguel area expressed concern about the compatibility of a high density housing product with their existing neighborhood and therefore may support a medium density product such as the current proposal. However, the subject site was selected for high density residential zoning, in part, because of its location adjacent to Lawrence Expressway and Highway 101. High density housing is recommended near existing major transportation corridors.

Applicant Justifications

The applicant states that it is economically infeasible to develop the project as approved due to current housing market conditions. The applicant states that approval of a revised project would benefit the City by allowing them to move forward with construction of a residential project at this time.

Conclusion

If the City Council chooses to initiate the requested General Plan Amendment study, consistency with the General Plan Sub-Elements will be further evaluated. At a minimum, the study will examine the following:

- Consider the appropriateness of medium density residential adjacent to the existing low density neighborhood to the north.
- Consider the appropriateness of medium density residential adjacent to major transportation corridors and adjacent to high density housing on the industrial-to-residential site across San Xavier Drive.
- Evaluate impacts on the City's certified Housing and Community Revitalization Sub-Element to ensure all legal requirements are met.
- Consider the relationship between the applicant's proposed density reduction and requests for new industrial-to-residential designations on surrounding properties.

FISCAL IMPACT

There is no fiscal impact to the City to either initiate or deny a General Plan Amendment study. If the City Council initiates the study, the applicant will be required to pay all appropriate fees to offset staff costs of preparing the study. Should subsequent applications be filed for this project, appropriate application fees will also be required for the processing of those requests. If a General Plan Amendment study is initiated, the study will include analysis of any potential additional fiscal impacts which could result from a change in General Plan or Zoning designation for this site.

ENVIRONMENTAL REVIEW

This action is not considered a “project” under the California Environmental Quality Act (CEQA) because initiation of a General Plan Amendment study has no potential to create a significant environmental impact (California Public Resources Code Section 21065). If a General Plan Amendment study is initiated, appropriate environmental review will be conducted as part of the study prior to any recommended action to modify the site’s General Plan or Zoning designation. An Environmental Impact Report (EIR) was prepared in 2007 for the approved East Sunnyvale Industrial to Residential Study. Staff does not anticipate a requirement for a full EIR associated with the proposed General Plan Amendment and Rezoning. A lower level of environmental review such as an EIR Addendum or Negative Declaration is likely for the proposed revised project.

PUBLIC CONTACT

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

ALTERNATIVES

1. Initiate a General Plan Amendment study for the subject site from Industrial-to-Residential High Density to Industrial-to-Residential Medium Density.
2. Initiate a General Plan Amendment study for a broader study area including the subject site and additional properties.
3. Deny the request for initiation of a General Plan Amendment study and maintain the current General Plan designation of Industrial-to-Residential High Density.

RECOMMENDATION

Alternative 1 – Initiate a General Plan Amendment study for the subject site from Industrial-to-Residential High Density to Industrial-to-Residential Medium Density.

Reviewed by:

Hanson Hom, Director, Community Development Department
Prepared by: Mariya Hodge, Associate Planner
Reviewed by: Trudi Ryan, Planning Officer

Approved by:

Gary M. Luebbbers
City Manager

Attachments

- A. Applicant's letter of request
- B. General Plan land use maps for surrounding area
- C. Zoning maps for surrounding area
- D. General Plan goals and policies

TaylorMorrison

ATTACHMENT A
Page 1 of 4

TAYLOR MORRISON
OF CALIFORNIA, LLC

Northern California Division

1180 Iron Point Road, Suite 100
Folsom, CA 95630

p. (916) 355-8900
f. (916) 608-7586

taylor Morrison.com

March 4, 2010

Sunnyvale City Council
456 West Olive Avenue
Sunnyvale, CA 94088.

RE: 1044 East Duane Avenue Request for Initiation of General Plan Amendment and Rezone

Honorable Sunnyvale City Council:

Please consider this letter as a formal request on the part of Taylor Morrison of California, LLC for the City of Sunnyvale to initiate a General Plan Amendment and Rezone of the 1044 East Duane Avenue (APN: 205-23-001) property from Residential/High Density to Residential/Medium Density and/or Residential/Low-Medium Density. Initiation of this request will allow Taylor Morrison to proceed forward with the planning and design work necessary to bring forward a housing project which is financially viable in today's challenging economy.

Background:

On May 22, 2007 the Sunnyvale City Council approved Special Development Permit 2006-0610 authorizing development of 304 condominium units on the approximately 7 acre 1044 East Duane Avenue site. This project included the construction of 12 3-story townhouse style buildings (75 units) along with a 5-story podium style condominium building (229 units). Taylor Woodrow (currently named Taylor Morrison) proceeded with the preparation of improvement plans and construction plans for the project from 2007 until 2009. In April 2009 the Special Development Permit and Parcel Map approval was extended until May 2010.

Discussion:

In early 2009 Taylor Morrison determined the historic changes in the housing market had rendered the project financially infeasible as approved. This infeasibility is due to the high cost of construction of the podium style building and the relatively low sales prices associated with mid-rise condominium units (e.g. the cost to build the building is greater than the value of the units). Given the new market, Taylor Morrison determined that a fundamental re-examination of the site was warranted. Meetings were held with City

Taylor
Woodrow
Communities 

taylor
morrison
Humans Inspired by You 

Northern California Division

1180 Iron Point Road, Suite 100
Folsom, CA 95630p. (916) 355-8900
f. (916) 608-7586

taylormorrison.com

staff, our consultant team, and with many others to determine what would best fit on the site and how this would fit into the City's overall desires for residential development. Out of these meetings it appears that modifying the project to eliminate the large 5-story podium building and replacing it with more townhouse style units would be the best fit for the site and the surrounding neighborhood.

Proposal:

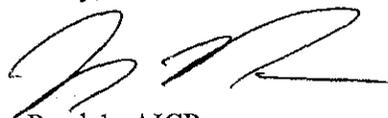
In order to facilitate moving forward with the project Taylor Morrison is proposing to seek the following approvals from the City:

1. General Plan Amendment changing the designation from very High Density to Medium Density and/or Low Density;
2. Rezone of the site from R-4 to R-3; and
3. A new Special Development Permit to eliminate the 5-story podium building and to allow construction of 24 +/- townhouse style buildings reducing the total unit count from 304 units to 132 units (See Attached Draft Site Plan and Conceptual Building Elevation).

The first step towards moving the revised project forward is obtaining City Council approval to initiate the required General Plan Amendment. These modifications to the project are necessary to allow for development of the site at a density better suited to the site's unique constraints and today's market conditions.

Thank you in advance for your thoughtful consideration of our request. If you have any questions or need any additional information please give me a call at 916/343-1992.

Sincerely,



Jay Pawlek, AICP
Director of Land

BKF ENGINEERS
 1510 S. GARDNER AVE.
 SUITE 200
 SANTA CLARA, CA 95050
 408-253-7100 (Fax)
 408-253-7100 (Cell)



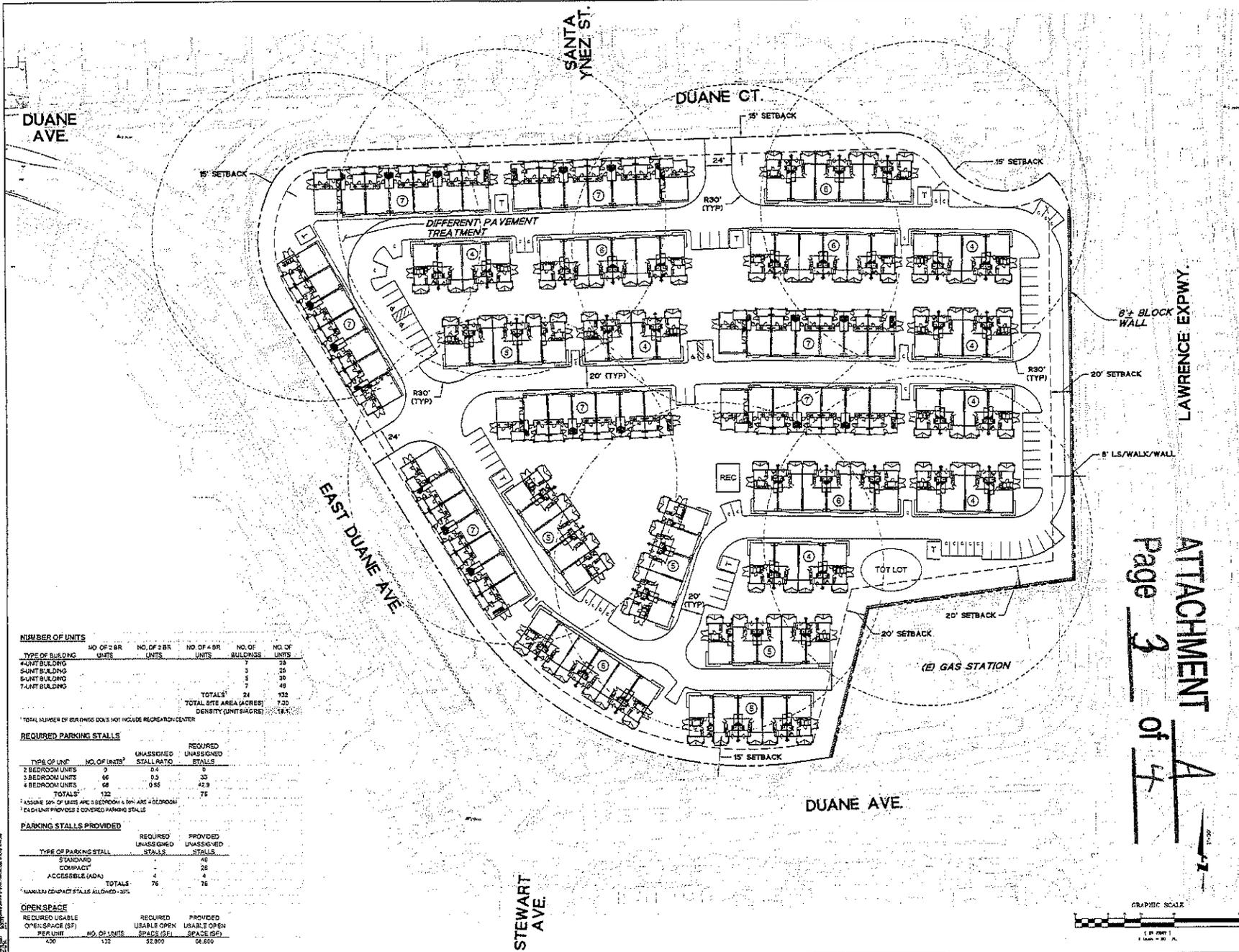
CALIFORNIA

DUANE COURT
 OPTION 6 - 132 UNITS
 CONCEPTUAL SITE PLAN
 SANTA CLARA COUNTY

SAN JOSE

DATE	DESCRIPTION

C6.0



NUMBER OF UNITS

TYPE OF BUILDING	NO. OF 2 BR UNITS	NO. OF 3 BR UNITS	NO. OF 4 BR UNITS	NO. OF BUILDINGS	NO. OF UNITS
4 UNIT BUILDING	7	0	0	7	28
5 UNIT BUILDING	5	0	0	5	25
6 UNIT BUILDING	5	0	0	5	30
7 UNIT BUILDING	7	0	0	7	49
TOTALS¹	24	0	0	24	132
TOTAL SITE AREA (ACRES)					7.30
DENSITY (UNITS/ACRE)					18.2

¹ TOTAL NUMBER OF BED ROOMS DOES NOT INCLUDE RECREATION CENTER

REQUIRED PARKING STALLS

TYPE OF UNIT	NO. OF UNITS ¹	UNASSIGNED STALL RATIO	REQUIRED UNASSIGNED STALLS
2 BEDROOM UNITS	0	0.4	0
3 BEDROOM UNITS	66	0.6	33
4 BEDROOM UNITS	66	0.66	42.9
TOTALS¹	132		76

¹ ASSUME 50% OF UNITS ARE 3 BEDROOM & 50% ARE 4 BEDROOM
² CALCULATED PROVIDES 2 COVERED PARKING STALLS

PARKING STALLS PROVIDED

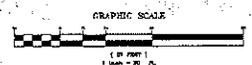
TYPE OF PARKING STALL	REQUIRED UNASSIGNED STALLS	PROVIDED UNASSIGNED STALLS
STANDARD	-	48
COMPACT ²	-	28
ACCESSIBLE (ADA)	4	4
TOTALS	76	76

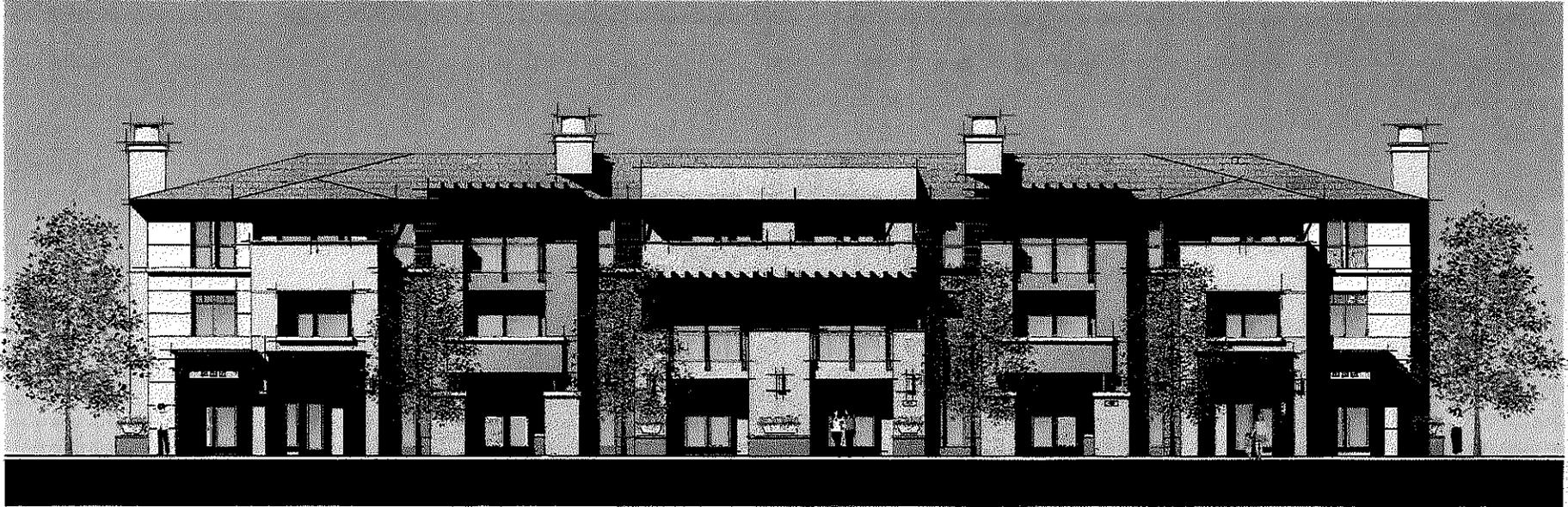
² NUMBER COMPACT STALLS ALLOWED - 20%

OPEN SPACE

REQUIRED USABLE OPEN SPACE (SF)	REQUIRED USABLE OPEN SPACE (SF)	PROVIDED USABLE OPEN SPACE (SF)
PER UNIT	NO. OF UNITS	SPACE (SF)
430	132	52,800
		64,600

ATTACHMENT
 Page 3 of 4





Front Elevation

Elevation - B1 Townhouse Building
Duane Court
 Sunnyvale, CA

Taylor-Woodrow Homes, Inc.

ATTACHMENT A
 Page 4 of 4

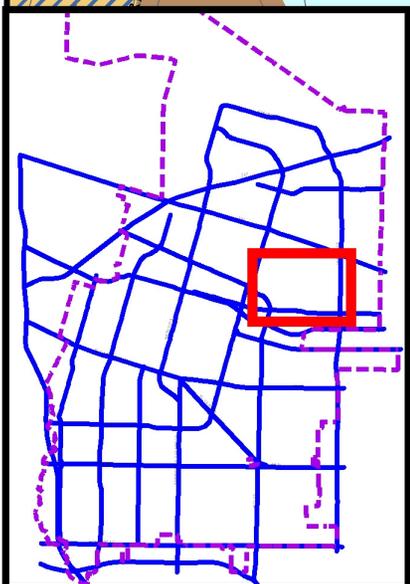
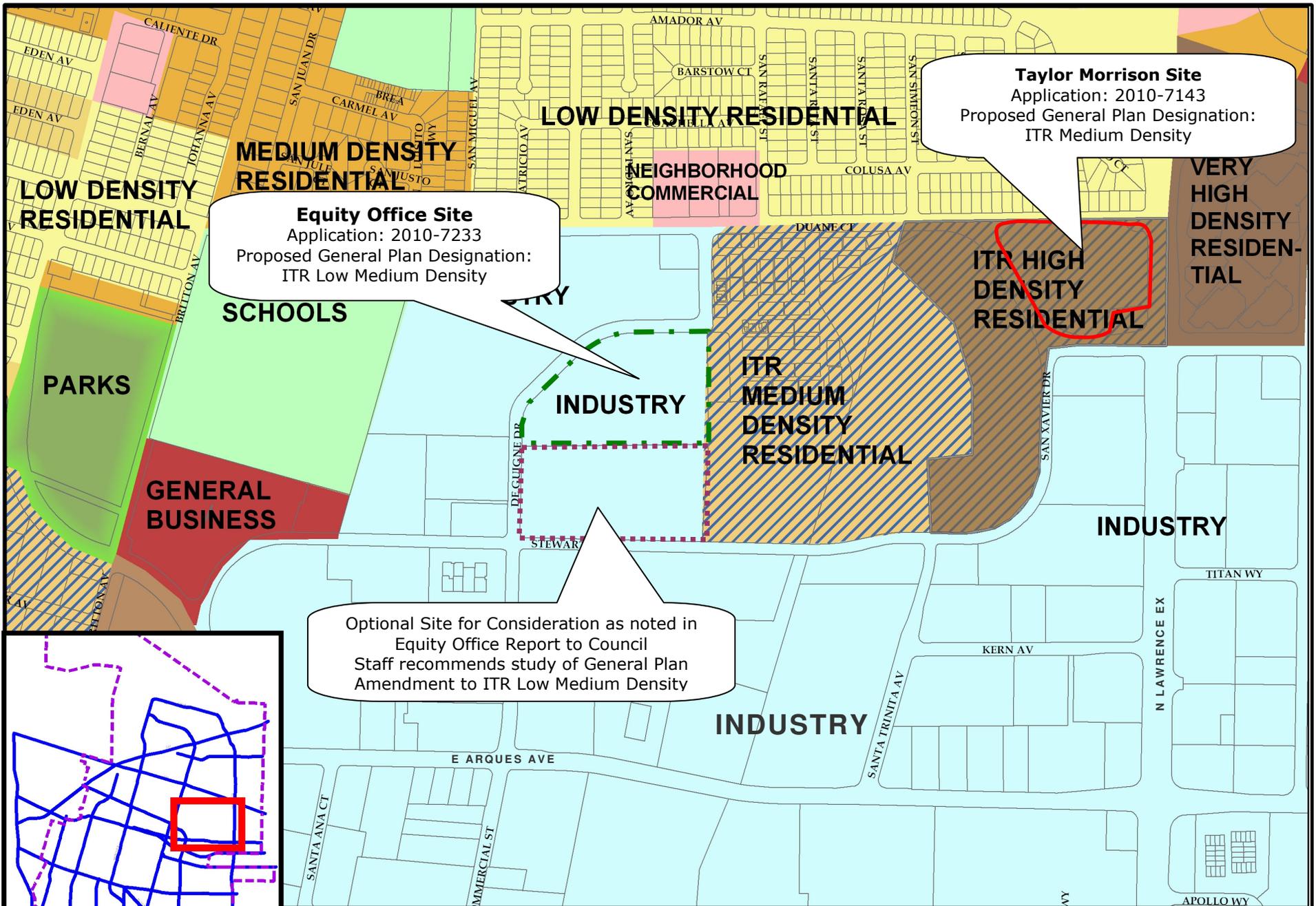


A1

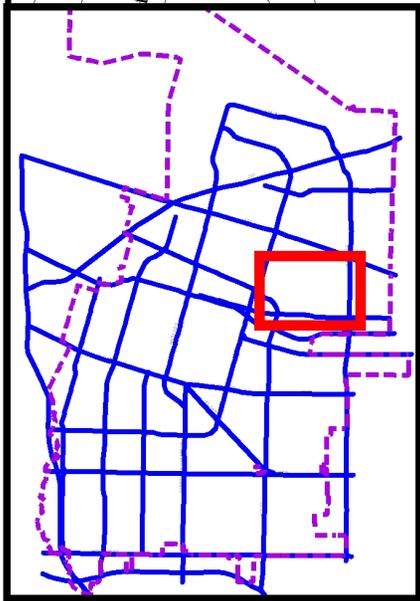
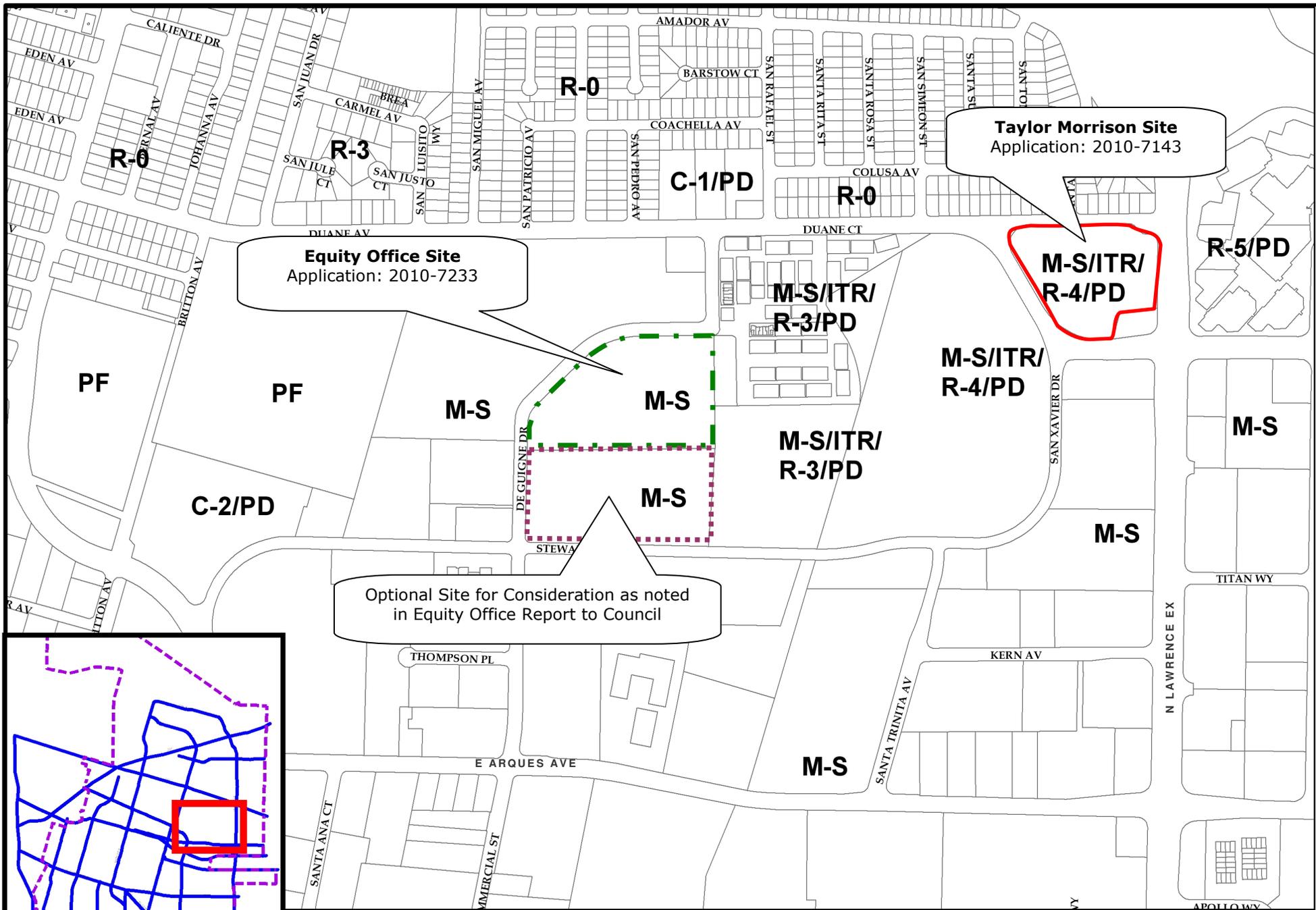
February 22, 2010



444 S Flower Street - Suite 120
 Los Angeles, California 90071
 213.614.8000
 213.614.8005 fax
 www.tsmrinc.com



East Sunnyvale ITR Area General Plan Designations



East Sunnyvale ITR Area Zoning Designations

EXISTING POLICY (continued)

The following General Plan goals, policies, and action statements relate to this General Plan Amendment Initiation request:

Land Use and Transportation Element

Policy C1.1: Recognize that the City is composed of residential, industrial and commercial neighborhoods, each with its own individual character; and allow change consistent with reinforcing positive neighborhood values.

Action Statement C1.1.3: Require appropriate buffers, edges and transition areas between dissimilar neighborhoods and land uses.

Goal C2: Ensure ownership and rental housing options in terms of style, size and density that are appropriate and contribute positively to the surrounding area.

Policy C2.1: Provide land use categories for and maintenance of a variety of residential densities to offer existing and future residents of all income levels, age groups and special needs sufficient opportunities and choices for locating in the community.

Policy C2.2: Encourage the development of ownership housing to maintain a majority of housing in the city for ownership choice.

Policy C2.3: Maintain lower density residential development areas where feasible.

Policy C2.4: Determine appropriate density for housing based on site planning opportunities and proximity to services.

Action Statement C2.4.1: Locate higher density housing with easy access to transportation corridors, rail transit stations, bus corridor stops, commercial services, and jobs.

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

Action Statement N1.2.1: Integrate new development and redevelopment into existing neighborhoods.

Action Statement N1.2.2: Utilize adopted City design guidelines to achieve compatible architecture and scale for renovation and new development in Sunnyvale's neighborhoods

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

Action Statement N1.4.1: Require infill development to complement the character of the residential neighborhood.

Goal N1: Preserve and enhance the quality character of Sunnyvale's industrial, commercial, and residential neighborhoods by promoting land opportunities that are supportive of the neighborhood concept.

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

Housing and Community Revitalization Sub-Element

Goal A: Foster the expansion of the housing supply to provide greater opportunities for current and future residents within limits imposed by environmental, social, fiscal and land use constraints.

Action Statement A.1.d: Study increasing the density of residential areas near transit stops and along major transportation corridors in conjunction with regional transportation plans.

Policy A.2: All new residential developments should build at least 75 percent of permitted zoning density.