



**Council Meeting: May 11, 2010**

**SUBJECT: 2010-7233 – Request to initiate a General Plan Amendment to change the land use designation for 920 De Guigne Drive Industrial and Service (MS) to Industrial-to-Residential Low Medium Density (ITRMED).**

**REPORT IN BRIEF**

The City received a letter from Equity Office requesting the Council initiate a General Plan Amendment study for 920 De Guigne (see Attachment A). The applicant proposes the General Plan designation for the site be changed from Industrial and Service to Industrial-to-Residential (Low Medium Density) in order to allow the redevelopment of the existing site with housing. The applicant is proposing a density based on current market demands. At the requested Low Medium Density Residential the subject Equity Office site on De Guigne could support up to 144 dwelling units.

In another RTC (1044 East Duane Avenue, also scheduled for May 11, 2010) City Council will consider a general plan amendment initiation request to study lower residential densities on a property (Taylor Morrison) about ½ mile from this subject site. In the case of the Taylor Morrison site, the property owner is requesting a density change that would decrease the currently permitted units from 304 to 132 (a reduction of 172 units).

**BACKGROUND**

The subject site has a General Plan designation of Industrial and Service and a Zoning designation of M-S. In 2007, the City Council considered General Plan Amendments to allow Industrial-to-Residential (ITR) for several parcels in the area, extending from Lawrence Expressway to Wolfe Road between Stewart Drive and East Duane Avenue. The area, know as the East Sunnyvale ITR, was comprised of approximately 130 acres including the subject property. An Environmental Impact Report was prepared for the 130 acre area. During the public notification of the proposed changes, a nearby company (Spancion) expressed concerns with additional residential development in close proximity to their operations and requested that City Council minimize the areas selected for the ITR designation. The Council decided not to change the general plan land use designation and zoning for this and several other industrial sites. Spancion is not currently operating the facility located across De Guigne Drive from the subject property.

## **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 would be subject to 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 and Service to Industrial-to-Residential (ITR) Low-Medium Density to allow for the conversion of office space to residential uses. The subject site could accommodate up to 144 dwelling units.

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

### **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 or modify current residential densities. An application was recently submitted for a General Plan Amendment Initiation on a nearby Taylor Morrison site located at 1044 East Duane Avenue to reduce the zoning density (GPI #2010-7143, also on the agenda for May 11, 2010). An industrial-to-residential conversion of the Equity site could assist in meeting the City's Regional Housing Needs Allocation (RHNA) goals and therefore could offset the impact of reduced density on the Taylor Morrison site.

The City Council may wish to also study the 10.2121 acre site to the south. This southern property is under the same ownership as the subject property, is also designated as Industrial on the General Plan Land Use map and was also part of the prior East Sunnyvale ITR study. Inclusion of the additional property would allow the land use for the entire area east of De Guigne (between Duane and Stewart) to be evaluated (see map). If the City Council includes the additional property staff would incorporate it into the analysis if a General Plan Amendment application is filed for the subject Equity Property. The southern property would permit up to 142 dwelling units.

### **Housing Element and Regional Housing Needs Allocation**

The General Plan Amendment study proposed by Equity Offices could provide up to 144 units. If the Council determines that that the additional site to the south should be included in the study, then the City could consider allowing an additional 142 units (assuming a Medium Density land use). If the City Council initiates a General Plan Amendment study for this site and the adjacent site to the south, it could provide a rationale for "downzoning" of the Taylor Morrison site in regards to meeting RHNA goals.

### **Neighborhood Compatibility**

The proposed changes would result in residential uses across the street from and adjacent to existing nonresidential (industry and office) uses. If the south parcel is not considered for a General Plan Amendment study, then nonresidential may abut the Equity Office site. However, if the property to the south is considered, the changes would not result in residential uses sharing a property line with nonresidential uses. These compatibility issues would be reviewed and disclosed through environmental review.

### **Applicant Justifications**

The applicant states that the buildings on the De Guigne property are now functionally obsolete and the applicant believes that it is more appropriate to see the site developed in the near term with residential uses rather than remain vacant industrial space. In addition, the applicant indicates that it does

not make sense to modernize the existing buildings or redevelop the site as industrial for industrial uses, given the residential development objectives of the City for the adjacent properties to the east. Equity Office would like to facilitate the transition of the De Guigne site from industrial to residential as envisioned by the original East Sunnyvale ITR study and to help master plan the neighborhood park desired by the City.

### **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 low medium density residential adjacent to the industrial uses to the west and south.
- Consider the appropriateness of low medium density residential adjacent to medium-high density housing on the adjacent industrial-to-residential sites.
- Evaluate impacts on the City's certified Housing and Community Revitalization Sub-Element to ensure all legal requirements are met.
- Evaluate the economic impacts associated with the loss of industrial property
- Consider the relationship between the applicant's requests for new industrial-to-residential designations and proposed density reduction 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 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 as requested and study a general plan land use designation change from Industrial to Industrial to Residential, with emphasis on a low-medium residential density.
2. Initiate a General Plan Amendment (that includes both the subject property and the property to the south) and study a general plan land use designation change from Industrial to Industrial to Residential, with emphasis on a low medium residential density.
3. Initiate a General Plan Amendment study for a different residential land use density.
4. Do not initiate a General Plan Amendment study.

### **RECOMMENDATION**

Alternative 2 – Initiate a General Plan Amendment study for the subject site from Industrial Service to Industrial-to-Residential Low Medium Density, including the adjacent property to the south.

Reviewed by:

Hanson Hom, Director, Community Development Department  
Prepared by: Shaunn Mendrin, Senior Planner  
Reviewed by: Trudi Ryan, Planning Officer

Approved by:

Gary M. Luebbers  
City Manager

**Attachments**

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



March 26, 2010

Melinda Hamilton, Mayor  
Christopher Moylan, Vice-Mayor  
Anthony Spitaleri, Council Member  
Ron Swegles, Council Member  
Otto Lee, Council Member  
James Griffith, Council Member  
David Whittum, Council Member  
City of Sunnyvale  
456 West Olive Avenue  
Sunnyvale, CA 94086

RE: General Plan Amendment & Rezoning Request  
920-950 De Guigne Drive, Sunnyvale

Dear Mayor Hamilton & Council Members,

I am writing to you on behalf of Equity Office regarding the approximately 10.33 acre site located at 920-950 De Guigne Drive, Sunnyvale, APN 205-22-22. *See attached locator and parcel map attached.* (Title to the property is held by Blackhawk Parent, LLC, which is owned and controlled by Equity Office.)

As you may recall, this property is located in the East Sunnyvale Industrial-to-Residential Study Area which the City Council analyzed with the cooperation of Equity Office and many property owners in 2006. In early 2007, the City Council created the new East Sunnyvale ITR District but elected at the time to begin with a smaller initial area (including the AMD property immediately adjacent to the De Guigne site), leaving the option open to phase in additional properties in the future. Planning Staff originally proposed the De Guigne property be included in the ITR district, recommending a General Plan Amendment from Industrial (I) to Industrial-to-Residential(ITR)/Low Medium Density Residential and a rezoning from Industrial Service (M-S) to M-S/ITR(R-1.7).

The buildings on the De Guigne property are now functionally obsolete and Equity Office believes it is more appropriate to see the site developed in the near term with residential uses rather than remain vacant industrial space. Given the significant and continuing difficulties in the local real estate market, it makes little sense to modernize these buildings or redevelop the site for industrial uses, particularly given the long term residential development objectives of the City for adjacent properties to the west and likely others to the east. Equity Office would like to facilitate the transition of the De Guigne site from industrial to residential as envisioned by the original ITR Study and help master plan the adjacent central park desired by the City.

Mayor & City Council  
City of Sunnyvale  
March 26, 2010  
Page 2

We have been advised by the Planning Department that the filing of application for any General Plan Amendment (and associated Rezoning) must be formally authorized by the City Council before an applicant may file the applications. Equity Office requests that the City Council authorize the initiation of a General Plan Amendment and associated additional entitlements and development approvals consistent with the original staff recommendation for this site as follows: General Plan/Industrial-to Residential (ITR)/Low Medium Density Residential and a Rezoning/Industrial Service(M-S)/ITR(R-1.7).

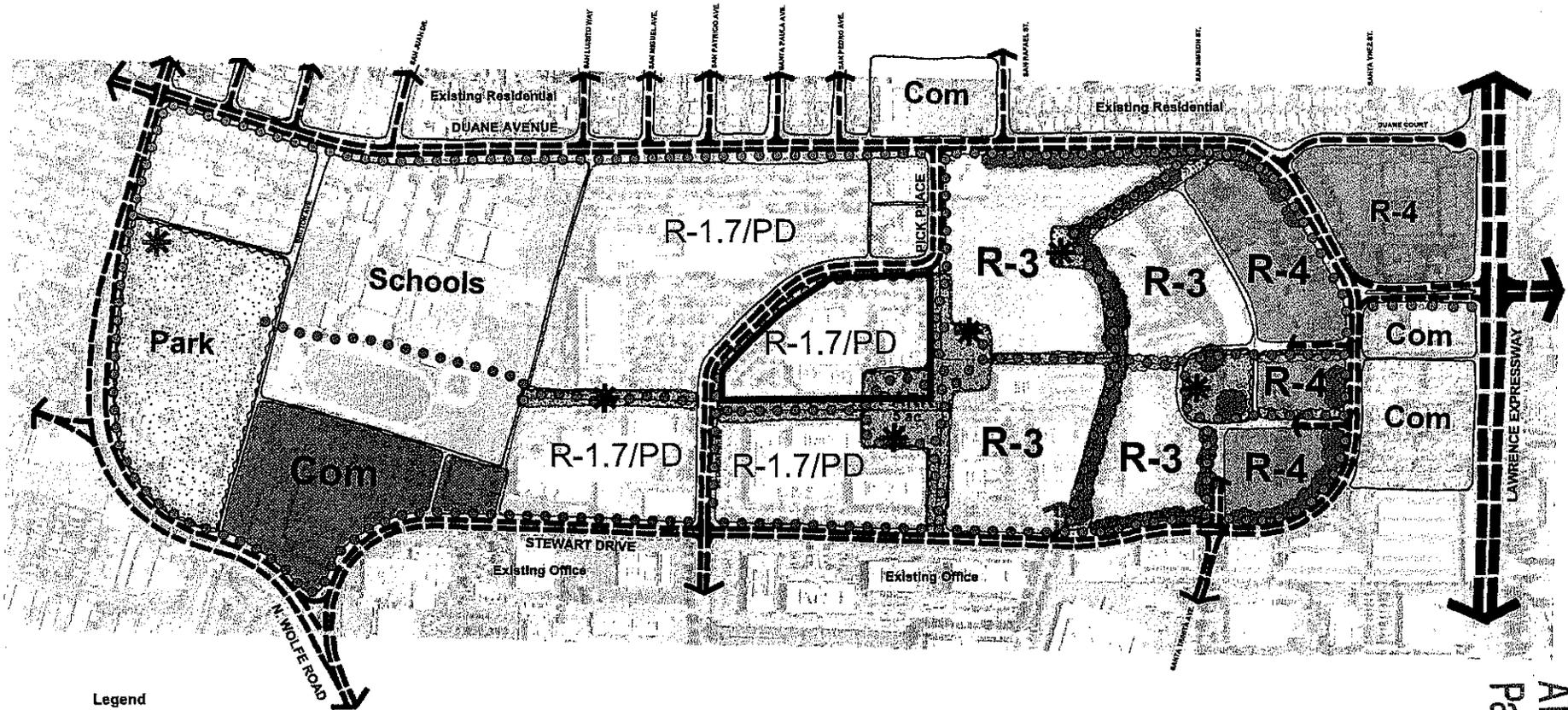
We would like to submit formal applications as soon as possible and look forward to a cooperative planning process with the City with the hope that the public hearing process will occur in late Summer. If you should have any questions, please feel free to contact me at the number below or Pat Castillo who is working with Equity Office on this project.

Sincerely,



Matthew K. Edwards  
Director of Development  
Equity Office Properties  
800 Bellevue Way NE, Suite 400  
Direct: 425-462-6796  
Email: matt\_edwards@equityoffice.com

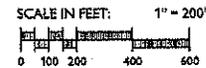
# EAST SUNNYVALE ITR AREA - 2007 STAFF RECOMMENDATION



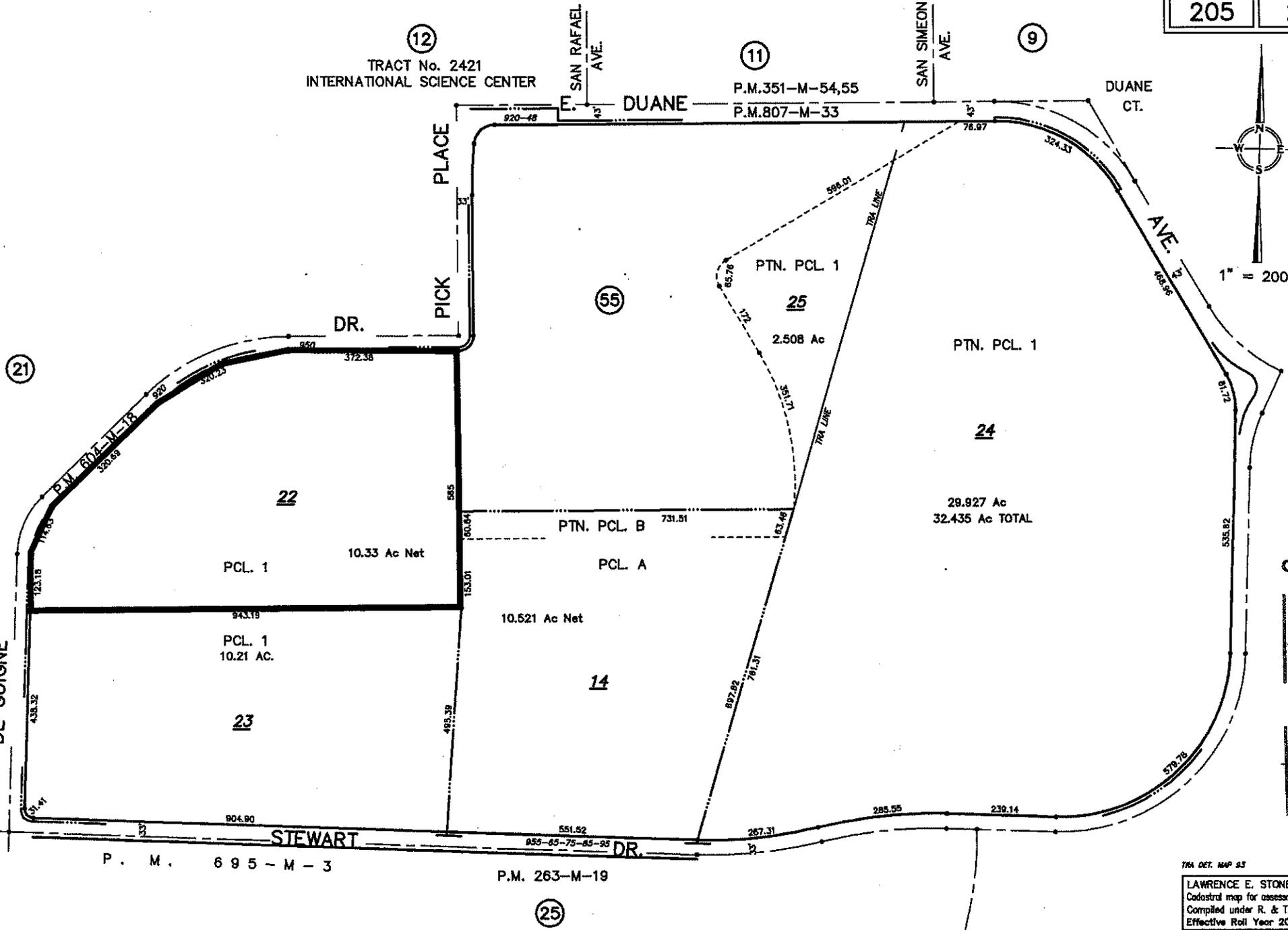
**Legend**

- Pedestrian Path
- \* Children's Play Area
- 🌳 Existing Trees

## Residential Development Master Plan Sunnyvale, California Land Use Plan

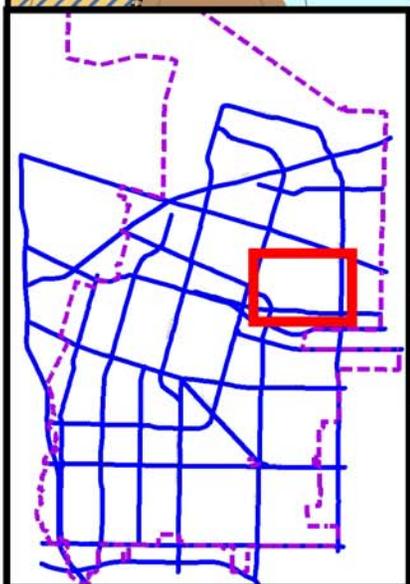
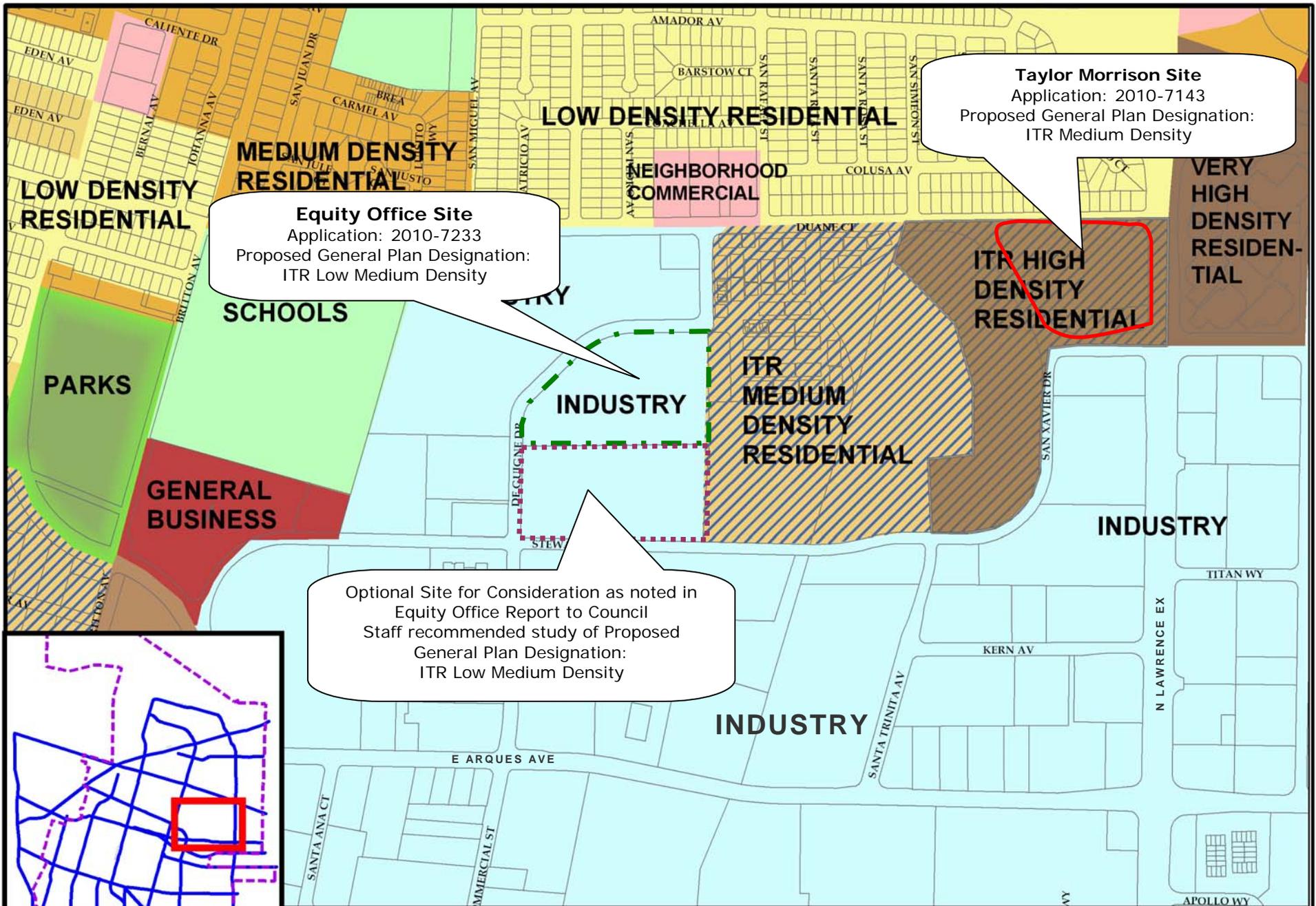


ATTACHMENT A  
 Page 3 of 4



ATTACHMENT  
Page 4 of 4  
A

LAWRENCE E. STONE - ASSESSOR  
Cadastral map for assessment purposes only.  
Compiled under R. & T. Code, Sec. 327.  
Effective Roll Year 2008-2009



# East Sunnyvale ITR Area General Plan 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.