

**Council Meeting: October 26, 2010****SUBJECT: 2010-7454 – Reconsideration of City Council decision on initiation of a General Plan Amendment study for the East Sunnyvale ITR Area (continued from October 5, 2010).****DISCUSSION**

On May 11, 2010, the City Council initiated a General Plan Amendment study for two properties on the east side of De Guigne Drive owned by Equity Office Properties (RTC 10-102). The study will consider changing the land use designation for the 20.5-acre area from Industry to Industrial-to-Residential Medium Density, thereby expanding the existing East Sunnyvale ITR Area. On August 10, 2010, the City Council initiated a General Plan Amendment study to consider further expansion of the East Sunnyvale ITR Area to include six properties on the west side of De Guigne Drive totaling 34.4 acres, the largest of which is owned by Spansion (RTC 10-208). The City Council voted to incorporate both of the General Plan Amendment studies into the City's ongoing update of the Land Use and Transportation Element of the General Plan (the "Horizon 2035" process).

On August 23, 2010, the City Council received a letter from Equity Office Properties requesting reconsideration of the August 10<sup>th</sup> decision to coordinate the study with the Horizon 2035 process (see Attachment A). The letter requests that Equity Office's properties, particularly the northern site, be excluded from the Horizon 2035 process allowing them to proceed with an independent study. The intent of the request is to accelerate the process of the General Plan Amendment request. On August 31, 2010, the City Council voted to reconsider the decision to incorporate the General Plan Amendment studies into the Horizon 2035 process. Spansion provided a letter to the City Council on September 8, 2010, supporting reconsideration of the timing of the studies (see Attachment A). Spansion's letter requests that their property also be excluded from the Horizon 2035 process allowing them to proceed with an independent study.

Based on current schedules and the progress to date of the Council-appointed committee, the Horizon 2035 process is estimated to be completed in September 2011. At the City Council hearing on August 10, 2010, staff indicated that an independent study of the East Sunnyvale ITR Area could take less time, and provided an estimate of approximately six months. This potentially shorter time period is the primary justification for the applicants'

requests for reconsideration. Staff notes that the actual processing time may vary due to staff workload, timing and quality of applicant submittals, and potential unforeseen issues such as environmental impacts. If delays do occur, completion of an independent study may eventually coincide with the conclusion of the Horizon 2035 process.

Reconsideration of this item was initially scheduled for October 5, 2010; however, it was continued at the applicant's request.

**FISCAL IMPACT**

No change from May 11, 2010 (RTC 10-102) and August 10, 2010 (RTC 10-208).

**ENVIRONMENTAL REVIEW**

No change from May 11, 2010 (RTC 10-102) and August 10, 2010 (RTC 10-208).

**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. Property owners or their representatives for Spansion and Equity Office were contacted and advised of the hearing date.

**ALTERNATIVES:**

1. Confirm the City Council's August 10, 2010 decision. Initiate a General Plan Amendment study for all of the subject East Sunnyvale ITR properties and incorporate the study into the Horizon 2035 (Land Use and Transportation Element update) process. These properties consist of the Spansion site and additional properties on the west side of De Guigne and the Equity Office sites on the east side of De Guigne.
2. Modify the City Council's August 10, 2010 decision. Initiate a General Plan Amendment study for all of the subject East Sunnyvale ITR properties, but exclude the study for the Equity Office sites on the east side of De Guigne Drive from the Horizon 2035 process, allowing the property owner to request an independent General Plan Amendment study for these sites. Continue to incorporate the study for the properties on the west side of De Guigne Drive (including the Spansion site) into the Horizon 2035 process.
3. Modify the City Council's August 10, 2010 decision. Initiate a General Plan Amendment study for all of the subject East Sunnyvale ITR properties but

do NOT incorporate the study into the Horizon 2035 process, allowing property owners to request independent General Plan Amendment studies for the sites on both sides of De Guigne Drive.

**RECOMMENDATION**

Alternative 1 – Confirm the City Council’s August 10, 2010 decision. Initiate a General Plan Amendment study for all of the subject East Sunnyvale ITR properties and incorporate the study into the Horizon 2035 (Land Use and Transportation Element update) process. These properties consist of the Spansion site and additional properties on the west side of De Guigne and the Equity Office sites on the east side of De Guigne.

The consideration of additional ITR conversion involves broad land use policy issues including housing supply and the sufficiency of office/industrial land. Additional ITR conversion would be most appropriately evaluated as part of the overall review of the City’s land use policies. While the applicants are concerned with the timing of this review, the difference in timing between the Horizon 2035 process and an independent study is estimated to be 6 months or less. Staff believes that it serves the City’s best interest to consider such significant land use policy changes with the Horizon 2035 process.

Staff does not recommend splitting the area into two studies (Alternative 2) as this approach would be less efficient and would result in duplicative and incremental studies.

If the City Council chooses Alternative 3 to allow the study of these sites independent of the Horizon 2035 process, staff recommends that General Plan Amendment applications must be filed prior to November 15, 2010; otherwise the timing would be coordinated with the Horizon 2035 process.

Reviewed by:

Hanson Hom, Director, Community Development Department

Reviewed by: Trudi Ryan, Planning Officer

Prepared by: Mariya Hodge, Associate Planner

Approved by:

Gary M. Luebbbers  
City Manager

**Attachments**

- A. Letters requesting reconsideration of 8/10 City Council decision
- B. General Plan land use map for surrounding area
- C. Zoning map for surrounding area

## **Attachment A**

### **Letters Requesting Reconsideration of 8/10 City Council Decision**

August 23, 2010

Mayor Melinda Hamilton  
City Council  
City of Sunnyvale  
456 W Olive Ave.  
Sunnyvale, California 94806

Sent via email [council@melinda.org](mailto:council@melinda.org)

Re: 2010-7454 Exclusion from the Land Use and Transportation Study for the East Sunnyvale ITR.

Dear Mayor Hamilton:

On behalf of Equity Office Properties (EOP) and the Pulte Group, I am writing to respectfully ask the Sunnyvale City Council to re-consider the recent inclusion of Equity Office Properties' DeGuigne property into the Land use and Transportation Study for the East Sunnyvale ITR. We regret that our company was unable to adequately represent itself at the August 10<sup>th</sup>, 2010 City Council meeting wherein a vote took place to include this and another of our properties (Oak Mead) into this study.

We are asking that a vote to exclude the DeGuigne Property from this study be placed on the August 31, 2010 City Council agenda.

EOP started working on a General Plan update for the DeGuigne property at the end of 2009. We received Council approval to submit a formal application in May 2010. During this same time period, we entered into a purchase and sale agreement with The Pulte Group for the DeGuigne and Sunnyvale Tech Center property on Stewart Avenue. At the request of City staff, we have been expediting our site planning efforts on our Sunnyvale Tech Center and Oak Mead properties to create a harmonious site plan that includes a combined central park at the intersection of these three properties. This multiple-site planning effort has resulted in un-planned delays in the submittal process for the GPU application for our DeGuigne property. It is due to these delays that have now been included in Spansion site, area-wide Land use and Transportation study.

We can readily comply with the inclusion of our Oak Mead property into this study. However, the inclusion of the DeGuigne property will cause a delay in rezoning this property until approximately the fall of 2011. We face considerable difficulties with this time frame. This also imposes additional hardships to us at a time when we have been working in good faith with City Staff to bring all three projects in for a comprehensive review of the overall area.

Thank you for your consideration to include this matter in the Council's August 31, 2010 agenda. Please let me know if this item will be included on the agenda so that I can be in attendance. Please contact me if you have any questions or require additional information on this issue.

Sincerely,



Matthew K. Edwards  
Director of Development  
Equity Office Properties

cc: Trudi Ryan & Hansom Hom, City of Sunnyvale  
Pat Castillo, Castillo & Castillo  
Dan Carroll, The Pulte Group

September 8, 2010

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

**Re: Request for Reconsideration; Acceleration of General Plan Amendment and Rezoning Study; 915 DeGuigne Drive**

To the Honorable Mayor and Councilmembers:

On behalf of Spansion, Inc. ("Spansion"), owner of the approximately 24.5-acre property ("Property") at 915 DeGuigne Drive, Sunnyvale, this letter is to request that the City Council accelerate the study relating to General Plan Amendment and Rezoning of the Property from its current "MS" industrial zone district to an "MS-ITR-R3" residential zone district in conjunction with other properties evaluated pursuant to the 2007 Environmental Impact Report (the "EIR") for the area.

On July 27<sup>th</sup>, staff issued a report to the Mayor and Council recommending initiation of a General Plan Amendment for the Property and five additional properties totaling 34.4 acres in response to a request for the analysis on behalf of Spansion. Staff recommended that this analysis be completed concurrently with the General Plan Amendment study already approved for two properties owned by Equity Office Properties ("EOP") located at 920 DeGuigne Drive and 935 Stewart Drive, thus including all of the properties covered by the EIR that had yet to be rezoned. Following Spansion's request for a two week deferral in hearing this request, on August 10<sup>th</sup> the City Council voted to initiate the General Plan Amendment study in conjunction with the ongoing "Horizon 2035" process to update the larger Land Use and Transportation Element of the General Plan, which is not expected to be completed until September of 2011, at the earliest. Consistent with staff's recommendation that all of these properties be reviewed concurrently, the Council included the two EOP properties in the broader analysis.

We concur with EOP's request that the City Council reconsider its decision to study residential redevelopment of this area as part of a city-wide General Plan Element study. We respectfully request that the City Council adopt the timing initially recommended in the July 27<sup>th</sup> staff report. Please consider the following:

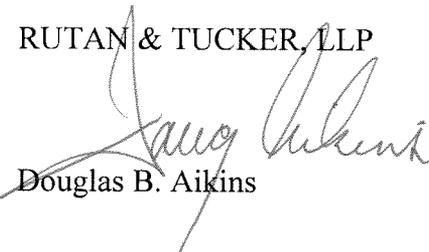
City Council  
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- This planning area is sufficient in size and provides significant housing to help meet the city's job/housing balance objectives, and therefore it warrants priority consideration without delay.
- Study of the area as a single discrete planning area is justified by its location, by its uniquely large parcels, by its proximity to employment centers and thoroughfares, and by its ability to deliver immediately much-needed housing resources for Sunnyvale.
- By studying the area all together, variations in housing unit types, graduated densities and shared amenities can be worked into a comprehensive master plan.
- By starting now, the master-planning of this area can be completed in time for a housing market turnaround.

We appreciate your consideration of this request. Spansion's management team and consultants will be happy to answer any questions about it.

Respectfully submitted,

RUTAN & TUCKER, LLP

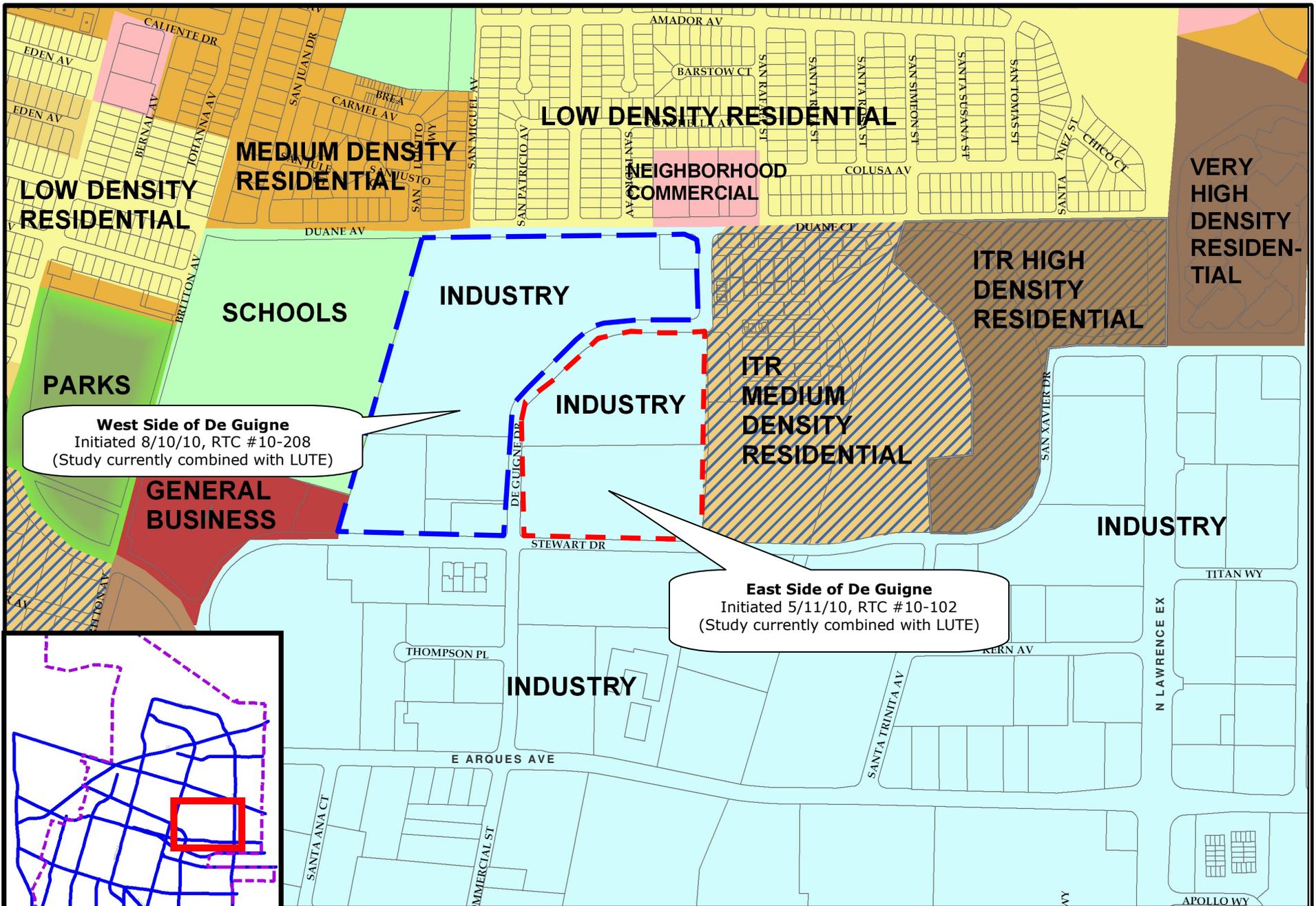
  
Douglas B. Aikins

DBA:mtr

cc: Mr. Ajay Changaran; Spansion, Inc.  
Mr. George Uribe; Spansion, Inc.  
Allan Manzagol, Esq.; Spansion, Inc.  
Mr. Craig Kammerer; Jones Lang LaSalle

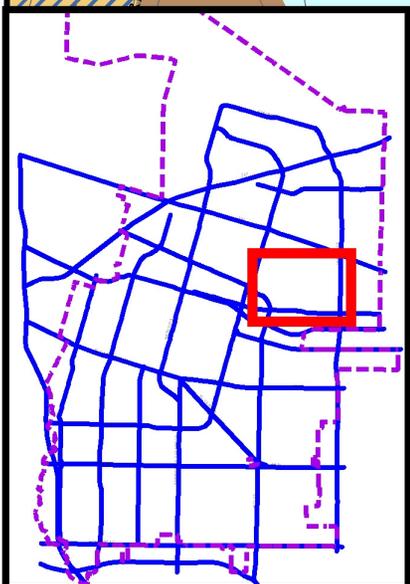
# **Attachment B**

## **General Plan Land Use Map**



**West Side of De Guigne**  
 Initiated 8/10/10, RTC #10-208  
 (Study currently combined with LUTE)

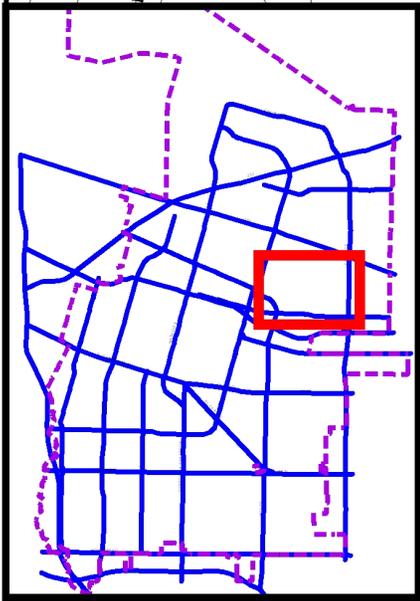
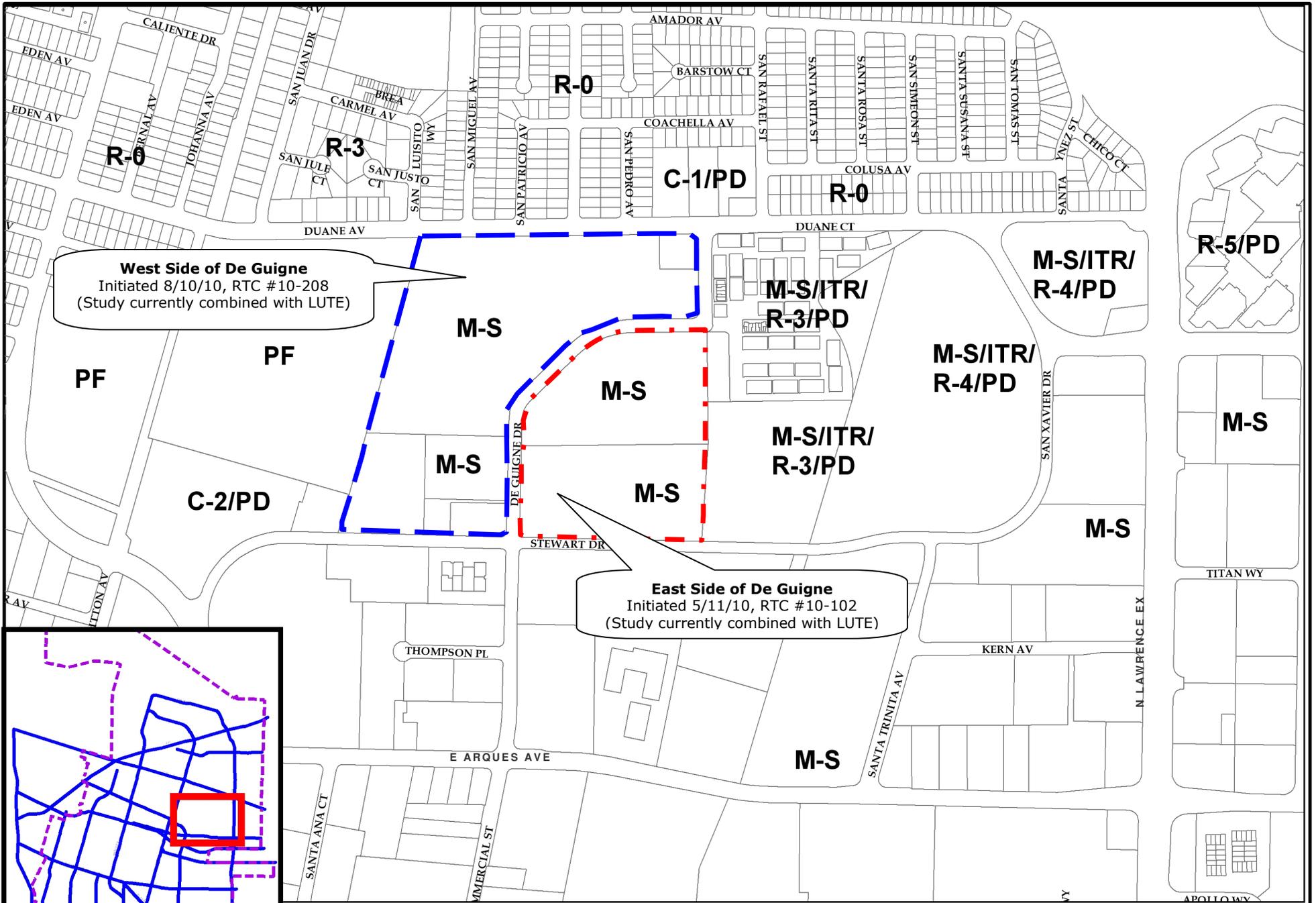
**East Side of De Guigne**  
 Initiated 5/11/10, RTC #10-102  
 (Study currently combined with LUTE)



# East Sunnyvale ITR Area General Plan Designations

# **Attachment C**

## **Zoning Map**



# East Sunnyvale ITR Area Zoning Designations