



Council Meeting: February 15, 2011

SUBJECT: 2010-7839 – Application to Initiate a General Plan Amendment study to change the Land Use Designation for 740, 750 and 760 San Aleso Avenue from Industrial to Low-Medium Density Residential.

REPORT IN BRIEF

Classic Communities submitted a letter on December 22, 2010 (See Attachment A), requesting consideration of a General Plan Amendment study (GPA) to allow for a land use designation change from Industrial to Low-Medium Density Residential (7-14 dwelling units per acre) for three lots that combine for a total of 3.6 acres at 740, 750 and 760 San Aleso Avenue.

The subject site is zoned M-S (Industrial & Service) and is currently occupied by three industrial buildings in the middle of a block of industrial sites. Dollinger Properties (owner) and Classic Communities also propose changing the zoning designation for the sites from M-S (Industrial and Service) to a Medium Density Residential designation (R-2, R-1.5 or R-1.7/PD).

Staff recommends that the City Council deny the request to initiate the General Plan Amendment Study. Staff finds that there is not sufficient justification to indicate that the proposed land use designation is compatible with the existing surrounding land uses and with the land use goals for the area. If the City Council finds sufficient justification to initiate the request, staff recommends the initiation of an enlarged residential study area, beyond the applicant's request, for the entire industrial block on the east side of San Aleso Avenue.

BACKGROUND

The applicant is requesting that the Council initiate a study for a General Plan land use designation change from Industrial to Low-Medium Density Residential. The three sites are currently zoned M-S (Industrial and Service). The existing buildings at the project site are typical for an M-S Zoning District and include general office, research and development, product assembly and warehousing. Surrounding industrial uses include general office, hotel, auto repair, and other light industrial uses.

The sites are located mid-block on San Aleso Avenue. There are two industrial lots to the north and two to the south of the project site. San Aleso Avenue is located between an existing single-family neighborhood to the east and Futures Site B which is an industrial intensification area to the west.

Futures Site B is located south of the intersection of Mathilda Avenue and Hwy. 101 and includes the west side of San Aleso Avenue. This area is identified as a City gateway in the Community Design Sub-element and allows Floor Area Ratios up to 100% in order to establish distinctively scaled architecture at the entrance to the City.

Council granted a similar General Plan Amendment initiation request in April 2006 (RTC 06-097) to Dollinger Properties for a Low-Medium Density Residential (7-14 dwelling units per acre) designation for the three subject properties including the other four lots on the block. Staff recommended denial of that application given a concern over compatibility with the existing surrounding land uses and with the land use goals for the area.

In April 2007 (RTC 07-119), the City Council again heard a request (Taylor Woodrow Homes) for consideration of a General Plan Amendment study to allow for a land use designation change from Industrial to Medium Density Residential (14-27 dwelling units per acre). The Council authorized the initiation of the study and asked the staff to review a range of densities (Low-Medium to Medium Density), for all seven industrial parcels on the east side of San Aleso Avenue.

In 2008 the City Council authorized a study issue for the Peery Park Specific Plan. Due to budget constraints, that project has not proceeded. The study area for the Peery Park Specific Plan includes the industrial properties on the east side of Mathilda, including the subject parcels. The Specific Plan would examine potential reinvestment opportunities in the area to support emerging industries. While the Specific Plan itself is on hold, the Horizon 2035 Advisory Committee is considering a general growth policy for the Peery Park area as part of the update to the Land Use and Transportation Element and the Climate Action Plan.

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

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

Action Statement N.1.1.1: Limit the intrusion of incompatible uses and inappropriate development into city neighborhoods.

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

Action Statement N1.3.1: Review development proposals for compatibility within neighborhoods.

Policy N1.6: Safeguard industry’s ability to operate effectively, by limiting the establishment of incompatible uses in industrial areas.

Community Design Sub-Element

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

Housing and Community Revitalization Sub-Element

Goal A: Foster the expansion of 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.

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

DISCUSSION

The request for a General Plan Amendment from Industrial to Residential Low-Medium Density would likely result in a single-family home product, similar to those developed at Fremont Ave./Pome Ave. (Classic Communities) and Alberta

Ave./Reston Terrace (Centex Homes). The applicant submitted a preliminary concept for this site and additional details would be provided at the formal application stage (Attachment E).

The number of residential units that may be constructed is based on the area and density. The applicant's three subject parcels have an area of 3.6 acres. The number of allowable units under the proposed General Plan designation would range from 25 to 50 units. Under the proposed R-2/PD zoning designation, the number of units would range from 32 to 43 units. These numbers do not include the allowable density bonus for lower income Below Market Rate (BMR) housing. BMRs would be required at a rate of 12.5% for ownership units.

If the City Council decides to initiate the requested General Plan Amendment study, consistency with the General Plan Elements such as the Housing and Community Revitalization 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 new development.
- Examine the appropriateness of new residential uses in a predominately industrial neighborhood of the City.
- Review the economic development implications of reducing available industrially zoned property.
- Consider the advantages of increased residential opportunities.
- Examine the opportunity to provide additional affordable housing units.
- Evaluate the project's ability to integrate into the surrounding area.

Housing Element and Regional Housing Needs Allocation

According to the Housing and Community Revitalization Sub-element, despite being over 86% built-out, Sunnyvale has identified adequate sites to accommodate its "fair share" of regional housing needs. The Community Development Strategy also stresses the need to appropriately locate sites where housing opportunities should be pursued. The largest source of available land for new housing is found in the City's Industrial to Residential (ITR) Zoning District. The City has already pre-identified ITR zones in which specific industrial sites are recommended for the eventual conversion to residential housing. These ITR areas are the intended residential growth zones. In addition to the previously adopted ITR areas, currently pending is a General Plan Amendment study of an approximately 55-acre industrial area along De Guigne Drive south of Duane Avenue (near AMD).

Neighborhood Compatibility

The proposed General Plan Amendment would result in the development of a residential neighborhood mid-block in an industrial area. There would be no interface with the existing residential neighborhoods to the east. Immediately to the west, across San Aleso Avenue, the City allows “gateway” industrial and office development up to 100% FAR. There are City General Plan policies noting the importance of appropriately locating residential neighborhoods within the City and the need to preserve certain industrial areas. Approval of this request would allow the applicant to proceed with filing an application to consider low-medium density residential uses. Denial of this request for a General Plan Amendment study would preserve the industrial land use designation for the project sites.

FISCAL IMPACT

There is no fiscal impact to the City to initiate a General Plan Amendment study. If the Council initiates the study, a formal application with appropriate fees would need to be submitted. These fees off-set the cost of doing the study.

ECONOMIC DEVELOPMENT IMPLICATIONS

Competition for industrially zoned land in Sunnyvale is high at this time; industrial buildings in the City have one of the lowest vacancy rates in the region, remaining consistently at or below ten percent. The supply of these job-producing areas is becoming scarce as non-industrial uses such as residential encroach on industrial land. The subject area currently has six businesses that together employ about 85 employees.

The diverse economy of Sunnyvale is increasingly home to many types of “new economy” jobs that are considered industrial. These types of industries include light manufacturing, biomedical device manufacturing, and clean technology. Moreover, Sunnyvale provides opportunities for start up businesses; industrial zones such as the subject area offer the conditions needed for entrepreneurs and small businesses to grow and expand, as well as transition to full production. In addition to directly supporting job-producing uses, industrial zoned land is crucial to many services essential to Sunnyvale’s business and residential communities including, distribution, recycling, construction and automobile repair. These businesses are also linked to other business sectors that rely on goods and services – produced in industrial zones.

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, staff has determined that an Environmental Impact Report (EIR) may be necessary.

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. Do not authorize the initiation for a General Plan Amendment study for Low-Medium Density Residential on the subject sites.
2. Authorize the initiation of the General Plan Amendment study to consider a change from Industrial to Residential, with a range of densities (Low-Medium to Medium Density), for the eastern side of San Aleso Avenue (seven industrial parcels).
3. Authorize the initiation of a General Plan Amendment study from Industrial to Residential with a range of densities (Low-Medium to Medium Density), for just the subject sites (three industrial parcels).
4. Defer study of appropriate land use along San Aleso Avenue to the preparation of the Peery Park Specific Plan.

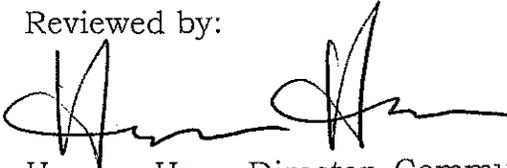
RECOMMENDATION

Alternative 1 – Do not authorize the initiation for a General Plan Amendment study for Low-Medium Density Residential on the subject sites.

Although the request indicates new residential opportunities for the area, staff does not believe the conversion of the three mid-block sites to residential uses is warranted. Staff believes that the existing industrial zoning should be maintained. Although the sites are located adjacent to a residential neighborhood, the two areas are not integrated or connected by the street grid. Additionally, if the properties are rezoned, new residential uses would be located adjacent to a Futures Industrial Intensification area that allows up to 100% FAR and this could create land use compatibility issues. Further, rezoning just the three requested parcels would create an inappropriate mix of industrial and residential uses along San Aleso Avenue.

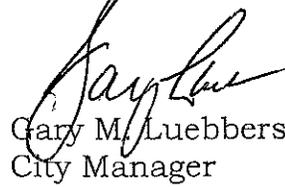
Although not recommended by staff, alternatively, the City Council could consider deferring any study to the preparation of the Peery Park Specific Plan (Alternative 4). However, funding for the Specific Plan study is not available so a completion date is uncertain.

Reviewed by:



Hanson Hom, Director, Community Development Department
Prepared by: Steve Lynch, 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 maps for surrounding area
- C. Zoning maps for surrounding area
- D. General Plan goals and policies
- E. Preliminary Site Plan



ATTACHMENT A
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December 22, 2010

Mayor Melinda Hamilton and Members of the City Council
City of Sunnyvale
456 West Olive Avenue
Sunnyvale, CA 94088

RE: 740, 750 and 760 San Aleso Avenue (APNs: 204-01-007, -015 and -016)

Dear Mayor Hamilton and Council Members:

The purpose of this letter is to inform you that Classic Communities, Inc. (CCI) has entered into an agreement with DPM San Aleso LLC to purchase the property referenced above and to request that the letter, dated November 29, 2010, seeking City Council consideration of a General Plan Amendment and Rezoning study of the property be modified to study the property for Low Medium Density Residential (7-14 dwelling units per acre) with a rezoning to Low Density Medium Density Residential (R-2/PD). If you have any questions or would like additional information regarding this letter, please contact us at 650+496-4496. Thank you for your consideration.

Sincerely,
CLASSIC COMMUNITIES, INC.

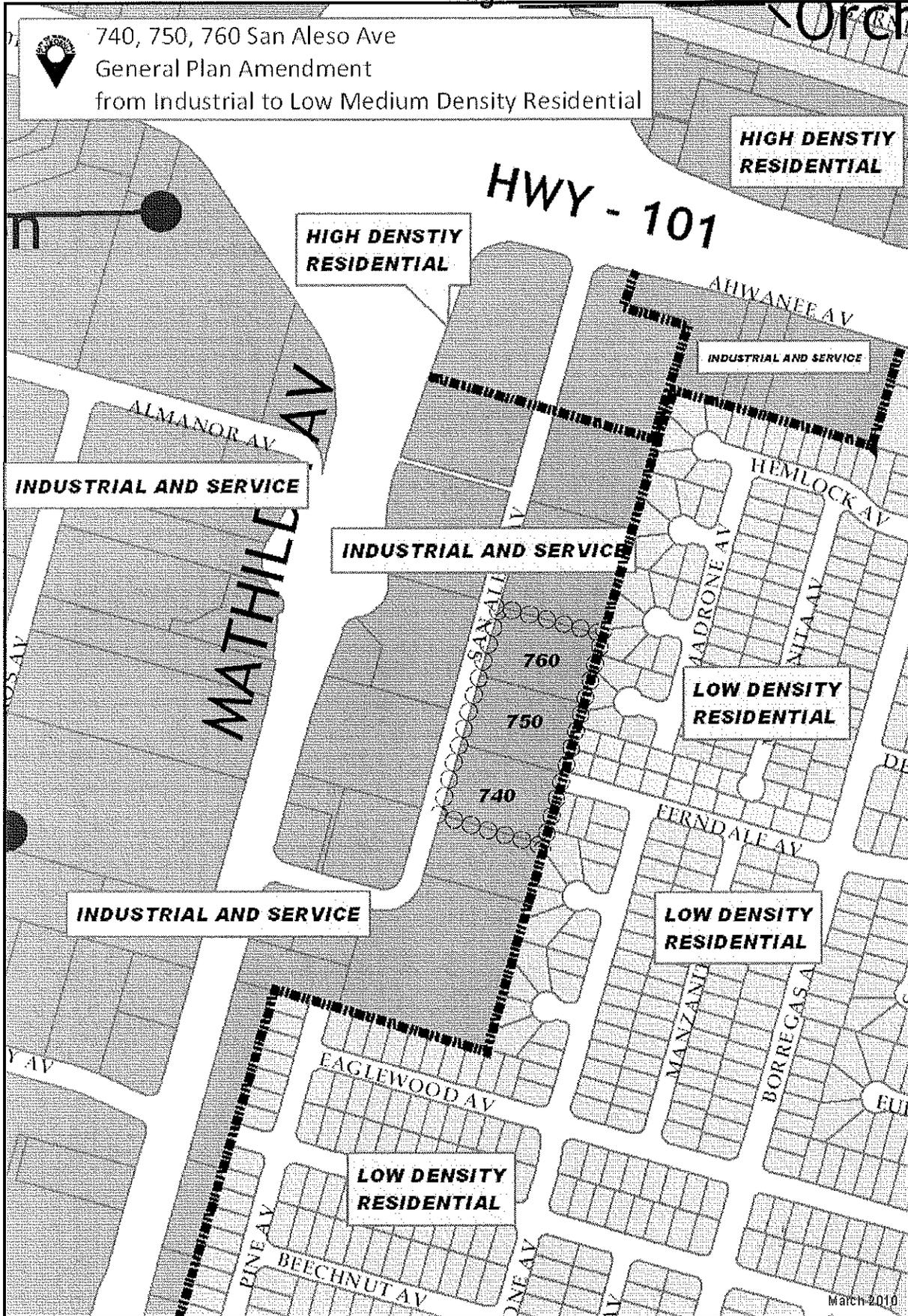
Scott Ward
Vice President

cc: Dave Dollinger, DPM San Aleso LLC
Hanson Hom
Steve Lynch

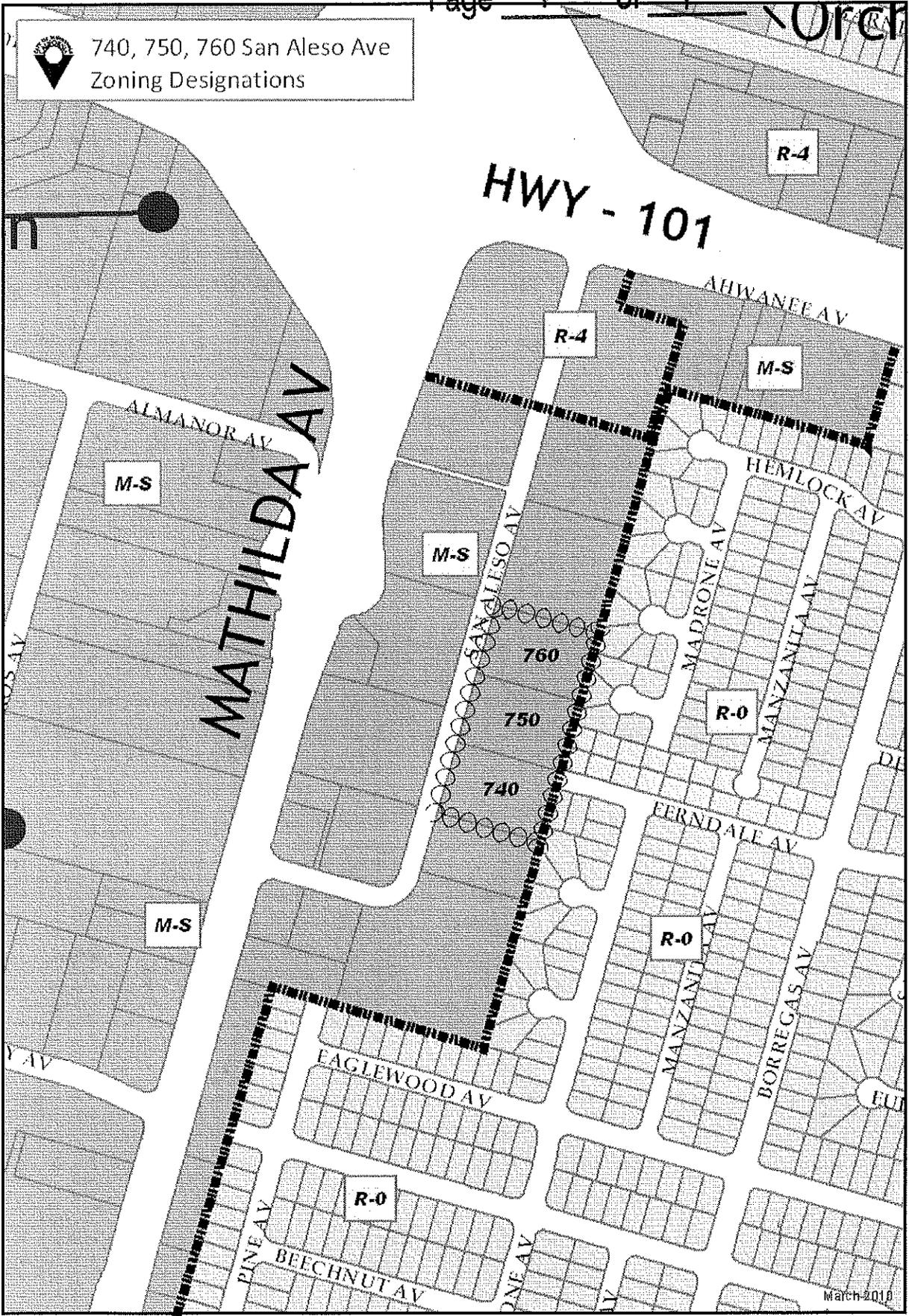




740, 750, 760 San Aleso Ave
General Plan Amendment
from Industrial to Low Medium Density Residential



 740, 750, 760 San Aleso Ave
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.

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 N1.4: 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.

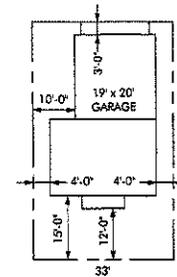
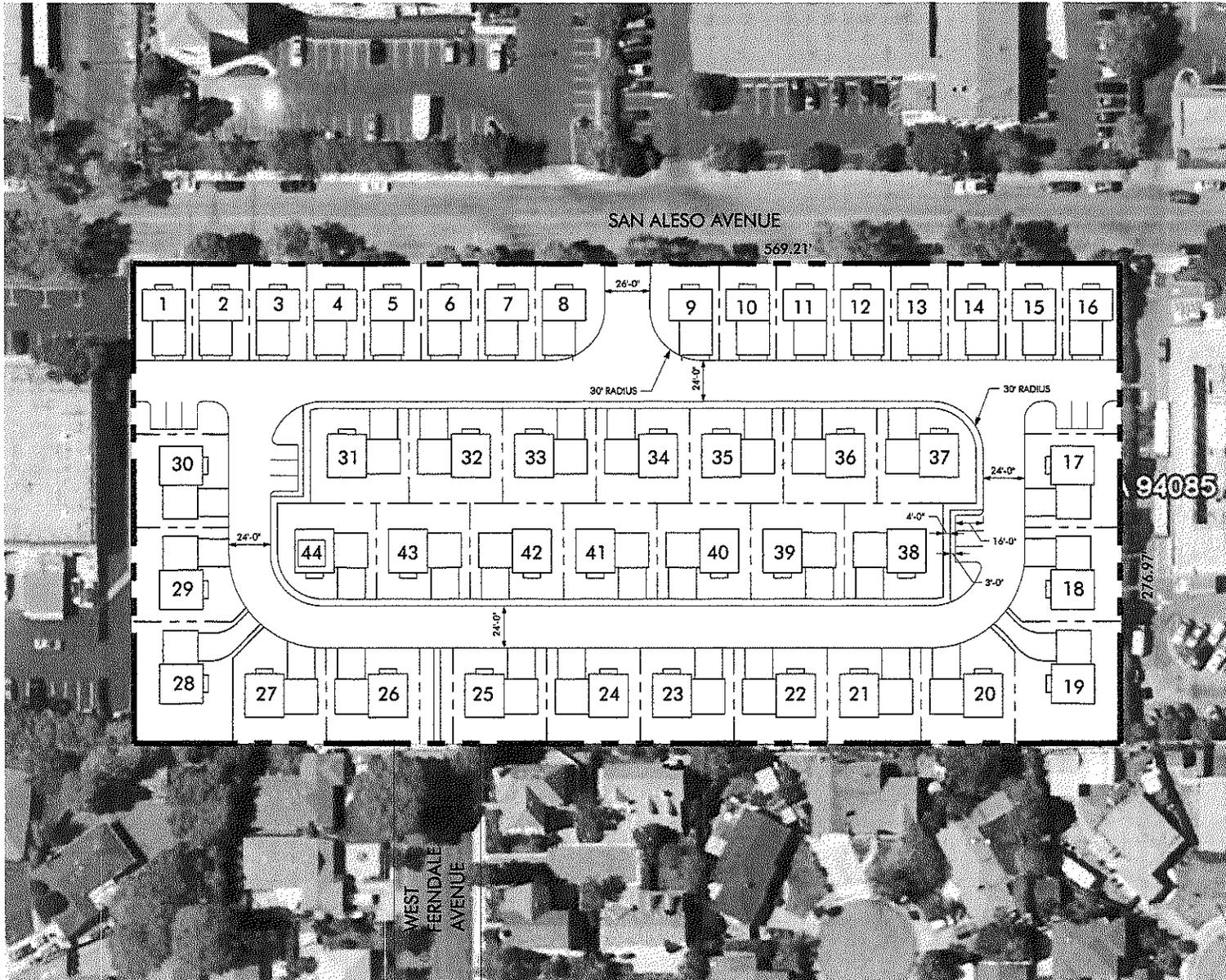
Housing and Community Revitalization Sub-Element

Goal D: Provide adequate sites for the development of new housing through appropriate land use and zoning to address the diverse needs of Sunnyvale's residents and workforce.

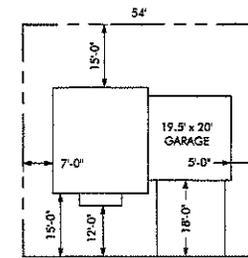
Policy D.6 Provide expanded areas for higher density housing through the conversion of underutilized industrial areas to residential use, if the sites are consistent with General Plan standards for residential uses (i.e., no health hazards exist).

Goal F: Maintain sustainable neighborhoods with quality housing, infrastructure and open space that fosters neighborhood character and the health of residents.

Policy F.1 Continue efforts to balance the need for additional housing with other community values, including preserving the character of established neighborhoods, high quality design, and promoting



33' X 56' LOTS



54' X 55' LOTS

LOT COUNT

33' X 51' LOTS

PLAN 1:	8
PLAN 2:	8
TOTAL:	16

55' X 55' LOTS

PLAN 3:	14
PLAN 4:	14
TOTAL:	28
TOTAL LOTS:	44

SCHEMATIC SITE PLAN
OPTION 3



PROJECT NO: 376.009

ARCHITECTURE
PLANNING

JANUARY 14, 2011

THE CLASSICS AT SAN ALESO AVENUE
BY CLASSIC COMMUNITIES IN SUNNYVALE, CA

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ATTACHMENT
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