City of Sunnyvale

Sunnyvale

Agenda Item

22-0912 **Agenda Date:** 12/12/2022

REPORT TO PLANNING COMMISSION

SUBJECT

Proposed Project: Adopt a Resolution for a:

SPECIFIC PLAN AMENDMENT to modify Block 20 of the Downtown Specific Plan to allow additional residential units and office square footage, and associated modifications to design guidelines and development standards; and

GENERAL PLAN AMENDMENT to reflect increases in Projected Build-out in the Land Use and Transportation Element (LUTE).

Location : 510 and 528 S. Mathilda Avenue (APNs:209-29-060 and 061), and 562 and 568 S. Mathilda Avenue (APNs:209-29-057 and 067)
File #: 2018-7585
Zoning: DSP (Block 20)
Applicant / Owner: Shawn Karimi, Karimi Shahriar Trustee, (applicant and owner 510 and 528 S. Mathilda Avenue, and Shawn Taheri, Sam Cloud Barn LLC (applicant and owner 562 and 568 S. Mathilda Avenue)
Environmental Review: Addendum to the Downtown Specific Plan Amendments Final Environmental Impact Report for the Block 20 Area Project.
Project Planner: Margaret Netto, (408) 730-1221, mnetto@sunnyvale.ca.gov

REPORT IN BRIEF

General Plan: Downtown Specific Plan
Existing Site Conditions: Residential, commercial and offices
Surrounding Land Uses

North: Commercial uses across W. Olive Avenue
South: Restaurants and commercial uses across El Camino Real (Cherry Orchard Shopping Center)
East: Two-story apartment complex and a three-story office building
West: City of Sunnyvale offices across S. Mathilda Avenue

Issues: Height and Massing
Staff Recommendation: Recommend to City Council Alternative 1: 1) Accept the Environmental Checklist to the previously certified Environmental Impact Report Pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15162, and 2) Adopt a Resolution to amend the Downtown Specific Plan and General Plan.

BACKGROUND

On May 8, 2018, the City Council considered a General Plan Initiation (GPI) request by the property owners of 510 and 528 S. Mathilda Avenue (then Silicon Sage, now Shawn Karimi), and 562 and 568 S. Mathilda Avenue (formerly Silicon Sage, now Shawn Taheri) to allow additional residential units

and additional commercial uses on Block 20 beyond what was established in the Downtown Specific Plan (DSP). The City Council approved the GPI to study an Amendment to the Downtown Specific plan (RTC No. 18-0371) and provided direction to study/coordinate the following:

a) Include the entire Block 20 (which includes properties outside of the two applications)
b) Change of Primary Uses land use designation from High Density Residential/Office to Mixed-Use;
c) Increase in maximum number of residential units, before any allowed density bonuses from 51 to 103 and densities no greater than the DSP Transit Mixed-Use Designation (65 units to the acres);
d) Increase in maximum office/commercial area from 16,400 square feet to 36,500 square feet;
e) No increase in height limit;
f) Updated development standards and design guidelines for proposed changes;
g) Traffic analysis, market and fiscal analyses, environmental, public infrastructure and utility capacity, and parking, etc.;
h) Community outreach and engagement;
i) Revise design standards to ensure good architectural design and detailing, specifically at the ground floor pedestrian level;
j) Improve the overall streetscape design on Mathilda frontage along Block 20, including sidewalk width, tree wells, and plant selection to accommodate estate size trees and tree shading;
k) Remove parking from Mathilda Avenue.

The environmental review for the DSP Update had already been started and to add in these applicant proposals would have added increased costs and delayed the timing of the release of the DSP Draft Environmental Impact Report (DEIR). Approval of the DSP Update was a priority for the City and needed to keep on track. Therefore, the applicant had to wait till the DSP Update was approved. In addition to waiting for the DSP approval, one of the co-applicants (Silicon Sage) was ordered by a federal judge into Receivership, which further complicated the timing of this project.

Description of Applicants' Conceptual Projects and Amendments

The proposed Specific Plan and General Plan Amendments (SPA and GPA) are legislative policy actions that address intensity of development. The two applicants have provided conceptual projects that help to inform the Amendments. However, action on the Amendments does not pre-approve the applicants' conceptual projects. If the Amendments are approved, separate Special Development Permit (SDP) applications will be required for the two projects to evaluate site layout, architectural design, landscaping, and neighborhood impacts.

The applicants' conceptual plans include the following:

- 510-528 S. Mathilda Avenue - redevelop two parcels totaling 0.72-acres with a four to five-story mixed-use building, including 10,230 square feet of ground floor office/commercial and 30 to 46 residential units above.
- 562-568 S. Mathilda Avenue - redevelop two parcels totaling 0.44 acres with a three to four-story mixed-use building, including 4,240 square feet of ground floor office space.

See Attachment 2 for a vicinity map and mailing area for notices.

Previous Actions on the Site

The property located at 510 S. Mathilda Avenue (Mezzetta building) consists of a two-story 8,883 square foot office building constructed in 1956; 528 S. Mathilda Avenue is an eight-unit apartment building constructed in 1950. Only minor building permits have been issued for both sites since they were constructed.

The property at 562 S. Mathilda Avenue consists of one single-family home constructed in 1953, which was previously listed as a Heritage Resource and removed in 2018. Staff notes that Figure 3-6 Historic Resources of the DSP has been updated to reflect removal of this resource in 2018. The site at 568 S. Mathilda Avenue contains a one-story 3,190 square foot office building and was previously a single-family home, prior to 2009.

None of the existing buildings are designated as a Heritage Resource, Local Landmark, or considered a historic resource as defined by CEQA.

EXISTING POLICY

The General Plan is the primary policy plan that guides the physical development of the City. When used together with a larger body of City Council policies, it provides direction for decision-making on City services and resources. The Land Use and Transportation Chapter within the General Plan (often referred to as the LUTE) was adopted in 2017 and has been amended to reflect changes in area plans (including Specific Plans) and changes in land use designations of smaller sites. The LUTE creates an integrated set of policies to guide land use, development, and transportation choices with a horizon year of 2035. Specific Plans and other area plans provide a finer level of detail than the General Plan, particularly regarding land use and development standards and typically these plans have unique design goals and standards for the area.

A few of the relevant Goals and Policies from the General Plan and DSP are listed below. A more comprehensive list is in Attachment 3.

GENERAL PLAN
LAND USE AND TRANSPORTATION CHAPTER

GOAL LT-7 : Diverse Housing Opportunities - Ensure the availability of ownership and rental housing options with a variety of dwelling types, sizes, and densities that contribute positively to the surrounding area and the health of the community.

GOAL LT-11 : Supportive Economic Development Environment - Facilitate an economic development environment that supports a wide variety of businesses and promotes a strong economy within existing environmental, social, fiscal, and land use constraints.

DOWNTOWN SPECIFIC PLAN

VISION: The vision for the Downtown Specific Plan area is encapsulated into a single statement:

> "An enhanced, traditional downtown serving the community with a variety of destinations in a pedestrian-friendly environment."

GOAL B: Establish the Downtown as the cultural, retail, financial and entertainment center of the community, complemented by employment, housing and transit opportunities.

> **Policy B.1** .Encourage mixed uses throughout the downtown when consistent with the district character.

GOAL D: Protect and enhance existing neighborhoods.
GOAL E: Improve the street character.

The objectives of the 2020 DSP Update include:

- Enhance the prominence of downtown as the center of the community with the addition of iconic and high-quality architecture.
- Maximize opportunities for higher-density housing to increase the number of new housing units that are affordable at a range of income levels and that serve a variety of household types to help address regional housing needs.
- Create a distinct and strong sense of place by providing enhanced connections and dynamic gathering places while accommodating taller buildings with larger community gathering spaces.
- Allow sufficient density and intensity to attract financially feasible private development that will support community benefits, such as parks, open space, and affordable housing accessible to lower- and moderate-income households.
- Create a district that promotes the use of a variety of sustainable transportation modes such as bikes, pedestrians, ride-share, and transit and discourages the use of single-occupancy/private automobiles.

South of Iowa District: Page 3-8 of the DSP states:

> *Much of the neighborhood east of Taaffe Street is envisioned to maintain its current uses and scale while continuing to support reuse of existing residential buildings for professional or medical offices and other small businesses, particularly along the higher volume traffic roadways of Sunnyvale and Iowa Avenues.* ***Along Mathilda Avenue, future land uses are expected to be composed of commercial, office, and higher density residences.*** (emphasis added)

DSP Design Guidelines: Chapter 6

The Design Guidelines are provided in three sections:

- *Section 6.2, "General Design Guidelines"* are applicable to all uses and address site layout and design; building form and articulation; architectural character and details; parking lots and parking structures; signage; open space and landscaping; streetscape; service facilities; and mechanical equipment. General Design Guidelines are indicated by the prefix "GG". These guidelines should be reviewed in conjunction with the Downtown District priorities (Chapter 5) and Circulation and Parking (Chapter 7).
- *Section 6.3, "Building Type-Specific Design Guidelines"* address low rise residential, mid- to high-rise residential, office, and ground floor retail development within mixed use buildings. Building Type-Specific Design Guidelines are indicated by the prefix "BT".
- *Section 6.4, "Commercial Core Design Guidelines"* address design guidelines for the Commercial Core district. These guidelines are to be addressed in addition to the General Design Guidelines in this chapter. The Commercial Core Design Guidelines are indicated by

the prefix “CC”.

There are no existing design guidelines for the moderate intensity mixed-uses contemplated for Block 20.

ENVIRONMENTAL REVIEW

On April 11, 2017, the City Council certified an Environmental Impact Report (State Clearinghouse No. 2012032003) for an update to the Land Use and Transportation Element of the General Plan Update (LUTE Update) that redesignated areas within the DSP (including the Block 20 area) for mixed-use development that would allow total development of the DSP area to accommodate up to 1,300 net new housing units and up to 2.15 million square feet of nonresidential uses.

In August 2020, the Downtown Specific Plan Amendments and Specific Development Projects EIR (State Clearinghouse No. 2018052020) was prepared and certified in compliance with California Environmental Quality Act (CEQA) provisions and City guidelines and adopted by the City Council.

Pursuant to CEQA Guidelines Section 15164, a lead agency may prepare an addendum to a previously certified EIR if some changes or additions are necessary but none of the conditions described in Section 15162 calling for preparation of a subsequent EIR have occurred. An addendum does not need to be circulated for public review but must be “considered” by the decision-making body prior to making a decision on the project.

When a project undergoes changes after the certification of an EIR, Section 15162 of the CEQA Guidelines outlines the requirements for a subsequent EIR. Essentially, a subsequent EIR is required if there are substantial changes to the project, the surrounding circumstances, or substantially new information not previously available, that will require “major revisions” to the EIR due to the involvement of new or more severe significant environmental effects, or the adoption of new mitigation measures.

The proposed amendments to the DSP have been reviewed using an Environmental Checklist. (Attachment 4; Link to Addendum to the Downtown Specific Plan Amendments Final Environmental Impact Report for the Block 20 Area Project with Appendices). This analysis in the Checklist concludes that the proposed amendments are not a substantial change from the previously studied intensities and the analysis of the impacts is within the scope of the analysis of the previously certified Program EIR. No new mitigation measures have been proposed.

DISCUSSION

Current DSP Overview

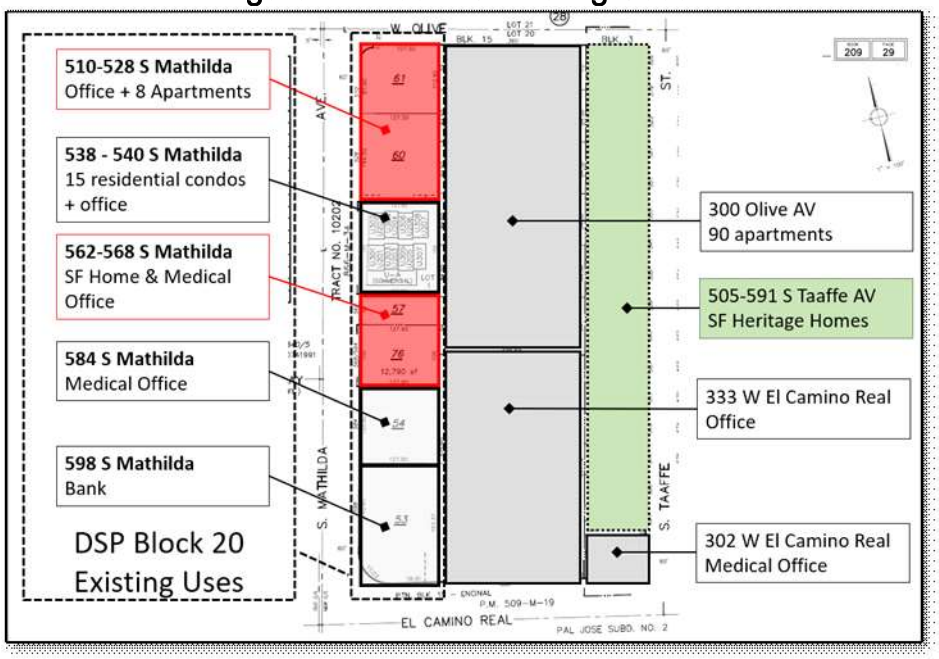
One purpose of the DSP is to strengthen the mix of uses through a series of districts. The DSP states that “promoting mixed uses in the districts is a key feature of the future downtown as it creates a lively street scene, increases walkability, reduces dependence on the automobile, and provides for higher density housing in proximity to mass transit.”

Block 20 is the southern-most block of the DSP and is an important interface for the Downtown sites and El Camino Real, as a gateway to Downtown Sunnyvale as well as the current and future Civic

Center. As shown in Attachment 7, Block 20 is comprised of properties on the east side of S. Mathilda Avenue between W. Olive Avenue and El Camino Real. A row of two-story apartments and a three-story office building separate Block 20 from the existing single-family homes along Taaffe Avenue. This block of Taaffe Avenue is part of a Heritage Housing District.

The DSP divides the allowable land uses on Block 20, with approximately 1.56 acres in the northern half of the block intended for high density residential and 0.93 acres in the southern portion intended for office and commercial uses. The block consists of seven developments, including one recently completed condominium (residential and office) site. The block is approximately 865 feet in length and 128 feet wide with an overall area of 2.5 acres. The block is bounded by S. Mathilda Avenue to the west, W. Olive Avenue to the north, a two-story apartment complex and a three-story office building to the east, and El Camino Real to the south. The existing land uses include residential, commercial and offices (see Figure 1 - Block 20 Uses).

Figure 1 - Block 20 Existing Uses



As noted above Block 20 is separated into high density residential for the northern portion and commercial and office for the southern portion. The number of units or amount of square footage for commercial/space is based on the proportional area each site occupies in the block. Table 1 below provides a breakdown for the existing uses and the designated units and square footage for each site in Block 20. One thing to note (which is also noted in the table) is that the lot size for 598 S. Mathilda has been corrected due to an error from the 2003 DSP.

Table 1 - Block 20 Existing Uses and Allocations

Existing							Current DSP Allocation	
	Site Address	Land Use Designation	Land Area s.f.	% of Block 20	Comm. s.f.*	Resid. Units	Comm. s.f.*	Resid. Units
Taherni Site	510 S Mathilda	High Density Residential	14,309	24.6%	7,400	0	0	12.52
Taherni Site	528 S Mathilda	High Density Residential	18,424	31.6%		8	0	16.13
	538-560 S Mathilda	High Density Residential	19,185	32.9%	5,157	15	5,157	16.79
Karimi Site	562 S Mathilda	High Density Residential	6,350	10.9%		1	0	5.56
	TOTAL- Residential Land Uses		58,268	100%	12,557	23	5,157	51
Karimi Site	566 S Mathilda	Office	12,749	23.9%	3,000	0	3,918	0
	584 S Mathilda	Office	16,042	30.1%	3,771	0	4,930	0
	598 S Mathilda**	Office	24,569	46.0%	6,950	0	7,551	0
	TOTAL-Office Uses		53,360	100%	13,721	0	16,400	0.00
	Totals		111,628		26,278	23	21,557	51

*Total lot ssize exceeds amount in published DSP due to a 2003 error.
**Commercial square footage for 510 is Legal Non-Conforming and 538-560 Was approved through SDP.

Applicants' Conceptual Projects

510-528 S. Mathilda Avenue (corner of W. Olive and S. Mathilda) : The conceptual plans include demolition of the existing office building and apartment development and redeveloping the 0.72-acre site with a four to five-story mixed-use building (Attachment 4, Appendix B). The ground floor includes a 10,230 square foot office area with a possible café at the corner of S. Mathilda Avenue and W. Olive Avenue. Multifamily housing units have been proposed on the stories above containing between 30 to 46 units and a rooftop deck and garden along the access alley and a maximum proposed building height of 60 feet. Residential density would be 42-64 units per acre.

562-568 S. Mathilda Avenue : The conceptual plans include demolition of the existing office building and single-family home and redeveloping the 0.44-acre site with a four-story mixed-use building with underground parking (Attachment 4, Appendix C). A total of 25 residential units are located on the second and third floors. A partial fourth floor is proposed for one double floor unit with a private deck, which is located towards the S. Mathilda Avenue frontage and at least 50 feet away from the rear property line. The ground floor would contain a minor expansion of the existing imaging center for a total of 4,240 square feet of office/commercial space. A maximum height of 46 feet is proposed. Residential density would be 42-64 units per acre.

Residential Allocation

Senate Bill (SB) 330 took effect on January 1, 2020, which, among other things, further strengthened the Housing Accountability Act (HAA) and enhanced the State Density Bonus Law. The GPI was approved in 2018, prior to adoption of SB 330. Staff's analysis considers this recent housing legislation.

Although the GPI recommended studying up to 103 dwelling units on Block 20 (exclusive of Density Bonus), this direction was provided before the adoption of major changes to the State Density Bonus Law, which includes additional density bonuses and other development related provisions. If 103

dwelling units were approved for the block (allocated per parcel), and an applicant utilizes the State Density Bonus and other Housing Accountability Act provisions in state law, the project may result in greatly exceeding a 40-foot height limit that Council authorized. Therefore, staff is recommending a total of 70 dwelling units for the block, allocated per parcel based on the parcel size and percentage it occupies on the block (with no residential allocation and no change in the zoning designation for the two commercial properties in the south portion of Block 20). Additional housing units could be achieved through use of the City's Green Building incentive program and State Density Bonus provisions, which could result in more than 103 units. Even without a density bonus, an applicant may be able to justify more height, through provisions in State law.

Table 2 below is a summary of the Block 20 existing conditions, pending requests by the applicants and staff recommended residential and commercial allocations. The first column notes the existing land use designation, land area per site and percent of block based on the land use designation. The second column notes the current request by the applicants as noted above in the report. Mr. Taheri is requesting 10,230 square feet of commercial space with a range of 30-46 units and Mr. Karimi is requesting 4,240 square feet of commercial space and 25 units. The last column is staff's recommended allocation of 70 dwelling units and a reduced amount of commercial square footage for Mr. Taheri's site of 8,899 for both of his parcels; Mr. Karimi's two parcels would be allocated 5,192 square feet, slightly higher than his request.

Table 2 - Block 20 Residential and Commercial Allocations

Existing						Pending Requests / *Exiting Conditions*		Staff Recommendation		
Site Address		Land Use Designation	Land Area s.f.	% of Resid or Comm	% of Whole Block 20	Comm. s.f.*	Resid. Units	Land Use Designation	Comm. s.f.	Resid. Units
Taherni Site	**510 S Mathilda**	High Density Residential	14,309	20.1%	12.8%	10,230	30-46	Downtown Mixed-Use	3,890	14
Taherni Site	**528 S Mathilda**	High Density Residential	18,424	25.9%	16.5%			Downtown Mixed-Use	5,009	18
former Silicon Sage	**538-560 S Mathilda**	High Density Residential	19,185	27.0%	17.2%	*5,157*	*15*	Downtown Mixed-Use	5,216	19
Karimi Site	**562 S Mathilda**	High Density Residential	6,350	8.9%	5.7%	4,240	25	Downtown Mixed-Use	1,726	6
Karimi Site	**566 S Mathilda**	Office	12,749	18.0%	11.4%			Downtown Mixed-Use	3,466	13
	TOTAL - Mixed-Use Land Uses		**71,017**	**100.0%**	**64.0%**	19,627	**103**		**19,307**	**70**
Dental Office	**584 S Mathilda**	Office	16,042	39.5%	14.4%	*3,771*	0	Office	4,361	0
Bank	**598 S Mathilda****	Office	24,569	60.5%	22.0%	*6,950*	0	Office	6,680	0
	TOTAL-Office Uses		**40,611**	**100.0%**	**36.0%**	10,721	**0**		**11,041**	**41.84**
	Totals		**111,628**			30,348			**30,348**	**70**

*Total lot size exceeds amount in published DSP due to a 2003 error.
**Commercial square footage for 510 is Legal Non-Conforming; and 538-560 was approved through SDP.

It is possible to achieve a higher density with the State Density Bonus Law that gets closer to the 103 dwelling units for the block originally noted in the GPI. The total residential unit allocation for Mr. Taheri's property would be 32 and Mr. Karimi would be 25; they would be able to use the Sunnyvale Green Building Incentive Bonus of 5%, plus the State Density Bonus to achieve near their goal amounts noted in Table 2 above and as illustrated in Table 3 below. Additional office and commercial

space is available in the Downtown Specific Plan area through use of the City's Green Building incentive, or with a Development Agreement. However, these options would be up to the applicant to develop a proforma that accomplished their goals.

Table 3 provides an example of the use of the City Green Building incentive and possible State Density Bonus (a small amount of density bonus can be triggered just by the standard City BMR requirements for rental projects). Since the City has received concerns about intensification and privacy for new development along S. Mathilda, staff has proposed reduced numbers for the dwelling units and commercial floor area to help moderate the height. Lastly, for a point of clarification, no residential units have been assigned to the two remaining Office parcels, 584 and 598 S. Mathilda Avenue.

Table 3 - Block 20 Potential Residential Densities Using Applicable Densities

Site Address		Staff Recommendation						Example Uses of Density Increases	
		Land Use Designation	Land Area s.f.	% of Block 20	Comm. s.f.	Resid. Units	Total Residential Allocation	Staff Recommended Allocation + Green Building + Possible State Density Bonus	Applicant Proposal
Taherni Site	**510 S Mathilda [2]**	Downtown Mixed-Use	14,309	12.8%	3,890	14	32	32+1+8 =41	30-46
Taherni Site	**528 S Mathilda [2]**	Downtown Mixed-Use	18,424	16.5%	5,009	18			
Former Silicon Sage	**538-560 S Mathilda [1]**	Downtown Mixed-Use	19,185	17.2%	5,216	19	19	15[1]	
Karimi Site	**562 S Mathilda [3]**	Downtown Mixed-Use	6,350	5.7%	1,726	6	19	19+1+6 =26	25
Karimi Site	**566 S Mathilda [3]**	Downtown Mixed-Use	12,749	11.4%	3,466	13			
	TOTAL - Mixed-Use Land Uses		**71,017**	**64%**	**19,307**	**70**	**70**	**86**	
Dental Office	**584 S Mathilda**	Office	16,042	14.4%	4,361	0	-	-	-
Bank	**598 S Mathilda**	Office	24,569	22.0%	6,680	0	-	-	-
	TOTAL - Office Uses		**40,611**	**36%**	**11,041**	**42**			
	Totals		**111,628**	**100%**	**30,348**	**70**		**86**	

1. Site already built with 15 units. No redevelopment plans at this time.
2. Based on 15% BMR, with 1 VLI unit and 3 low income (LI) units (23% density bonus).
3. Based on 15% BMR, with 1 VLI unit and 1 LI unit (27.5% density bonus).

Commercial/Office Square Footage Allocation

As noted in Table 3 above, adjustments in the allocation of office/commercial space has been made based on the either existing conditions, the parcel's proportional size within Block 20 and the correction for lot size at 598 S. Mathilda. Although several parcels are owned by one owner, they remain legal separate parcels at the current time. The allocations have been provided by parcel instead of grouped by owner just for clarity in the future. The current DSP allows up to 16,400 square

feet total of office use for Block 20 in Table 5-1 in the DSP. As noted above there was a clerical error in the one parcel size for Block 20 and there is one legal non-conforming office building predating the DSP. Based on current calculations, the total office space on Block 20 is at 26,278 (as shown in Table 1). However, the adopted DSP made assumptions that existing office space in the High-Density Residential zones of Block 20 would be redeveloped to residential in the future. The original assumptions accidentally omitted the bank building in the total square footage for office space. The bank is considered commercial/retail, and retail allowances were not included in the table. Based on staff's recommendation the commercial and office space would increase from 16,400 to 30,348 square feet and this would correct the prior errors and allow for a net new buildout of approximately 4,070 square feet of commercial/office as shown in Table 3.

Building Height

The City Council's GPI direction was to maintain the existing height limits. Additional building height, beyond what is identified in Table 5-1 of the DSP, may be approved through the provision of open space and increased building setbacks around open space, as a concession associated with the State Housing Density Bonus provisions, Community Benefits, other citywide development incentive programs (such as a Green Building Program), or a combination of any of these techniques.

The property located at 510-528 S. Mathilda Avenue is currently designated as High Density Residential with a height limit of 40 feet. The applicant's concept project includes a maximum height of 60 feet which would exceed the height limit by 20 feet.

The property at 562-568 S. Mathilda Avenue is currently designated as Office with a height limit of 30 feet. The applicant's concept project includes a maximum height of 46 feet, which would exceed the proposed height of 40 feet by 6 feet for the requested Downtown Mixed-Use Land Use Designation.

As noted above in the Residential and Commercial Allocation discussion, staff is not in support of the increased height and has recommended the reduced number of allowed units and commercial square footage for the sites to address the massing and height. As noted above some additional height may be requested through incentives or even through the Special Development Permit (SDP) process. However, additional height may only be allowed for a slight increase in ground floor retail to adjust the pedestrian scale. The applicants will need to consider a height reduction or explore options to exceed the height as part of the State Density Bonus Program or other incentives. Staff would evaluate the proposed building heights and neighborhood impacts as part of formal SDP applications. One additional item of note is that the apartment complex directly to the east of Block 20 actually has a 50-foot height limit. The likelihood of these sites redeveloping is reduced due to other complications with State Laws and existing affordability and relocation.

Design Guidelines

Specific Design Guidelines have been developed for Block 20 to address the following:

- Design standards to ensure good architectural design and detailing, specifically at the ground floor pedestrian level; and
- Improve the overall streetscape design on Mathilda frontage along Block 20, including sidewalk width, tree wells, and plant selection to accommodate large trees and tree shading.

The existing DSP Design Guidelines formed the basis of the proposed Design Guidelines for Block 20. Block 20 is slightly unique in that it is adjacent to existing low intensity multi-family development,

located on a busy avenue and the lots are relatively shallow. A brief summary of these design guidelines is included below and is detailed in Attachment 4, Appendix A, Downtown Specific Plan Amendments for Block 20.

- Building Mass and Articulation:
  - Active building frontages on the street, such as ground level commercial and residential amenity spaces;
  - Variation of building setback to support pedestrian amenities, such as landscaping and seating; and
  - Articulation and variation of the building façade with pedestrian-oriented architectural elements and details; and
  - A required building step back above the 4th story on W. Olive and S. Mathilda Avenues.
- Design Transitions from Residential Districts:
  - Require development to set back an additional 10 feet from the rear property line for projects exceeding the maximum allowed height; and
  - Design windows and outdoor spaces to respect adjacent neighborhood privacy through use of screen trees and design (e.g. shape, obscured glass) and placement of windows.
- Public and Private Open Space:
  - Usable open space standards to allow private balconies with minimum dimension of 5 feet in any direction within private property and minimum area of 50 square feet; podium level or central courtyards of multifamily unit with minimum average width of 25 feet in any direction and a minimum area of 1,000 square feet; open space that is open to the sky.

Specific Plan Amendment

Staff is proposing the following amendments to the DSP; these amendments would accommodate the applicants' conceptual projects (see Attachment 4, Appendix A for more detail).

- Change the High Density Residential and Office land use designations in the northern 1.63-acres of Block 20 to Downtown Mixed-Use (Figure 2-3).
- In Chapter 5 of the DSP, update Block 20 in *Table 5-1, Land Uses and Development Intensities*, to reflect the following:
  - Change High Density Residential to Downtown Mixed-Use.
  - Update Downtown Mixed-Use acreage from 1.49 acres to 1.63 acres.
  - Update Figure 3-6 HISTORIC RESOURCES to remove reference to 568 S. Mathilda Avenue.
  - Update allowable residential units on Block 20 from 51 units to 70 units (*with corresponding update to Table A-1 Allocated Housing Units by Block and Parcel Number*).
  - Change maximum allowable Office/Commercial from 16,400 to 36,500 square feet.

  - Maintain the maximum building height for Downtown Mixed-Use in Block 20 at 40 feet (refer to Figure 2-4 for allowable building heights within the adopted DSP).
- In Appendix A of the DSP, update Table A-1, Allocated Housing Units by Block and Parcel Number, to reflect the following:
  - Change County lot size of APN 209-29-076 from 6,993 to 12,790 square feet.
  - Change all numbers in "% of Block" and "Allocated Units" column to reflect a unit allocation of 31.7 for 510-528 S. Matilda Avenue and a unit allocation of 18.7 for 562-568 S. Matilda Avenue.
- Add an appendix to the DSP, Appendix B (included in Attachment 4, Appendix A), Design Guidelines for Block 20, that provide design guidelines as summarized above.

General Plan Amendment

The Land Use and Transportation Element (LUTE) of the General Plan contains Figure 3-2 which is a buildout scenario comparison from 2014 to Horizon 2035 (see page 3-8 of the LUTE). The figure should be updated to reflect the approved additional buildout included in the El Camino Real Specific Plan (2,700 units) approved in June 2022 and the additional units recommended in this amendment to Block 20 of the DSP (19 units added to the base). The following table reflects those changes as well as the recalculation of population and the jobs-to-housing units ratio. Since the adoption of the LUTE in 2017 the projected job/housing ratio at buildout with the amendment to the DSP will have decreased from 1.73 to 1.55.

Land Use and Transportation Chapter
Revised Figure 3-2: Comparison 2014 to Horizon 2035 + Approved General Plan Amendments (up to November 2022)

	2014 Existing Conditions	Horizon 2035 Buildout
Population	147,055	181,100
Housing Units	57,000	79,374
Industrial/Office/Commercial (million s.f.)	47.3	59.2
Jobs	82,000	123,010
Jobs-to-Housing Units Ratio	1.44	1.55

PUBLIC CONTACT

Neighborhood Outreach Meeting: A virtual neighborhood outreach meeting was hosted by the applicants on July 14, 2021. The meeting was attended by 40 participants. Attendees' comments/questions related to the redevelopment of Block 20, height and massing, future bike lanes on Mathilda and impacts on traffic, and schools. There was an overall concern about massing and privacy impacts to the adjacent dwelling units.

Planning Commission Study Session: Planning Commission reviewed the DSP changes that affect future development on Block 20 at their November 21, 2021 Study Session. Comments included privacy issues, building height transition to existing residential, and utilizing state density

bonus units as part of the DSP.

Notice of Public Hearing, Staff Report and Agenda:

- Notice of public hearing published in the *Sun* newspaper
- Agenda and staff report posted on the City of Sunnyvale's web site and at the Public Library
- Agenda posted on the City's official notice bulletin board

As of the date of staff report preparation, staff has received no comments from the public apart from the comments at the neighborhood outreach meeting.

FISCAL IMPACT ANALYSIS

No formal fiscal analysis was completed for the GPA and SPA. The proposed Amendments are replacing and increasing office space by a small amount and will not have a major impact in the overall office supply in the DSP.

ALTERNATIVES

Recommend that the City Council:

1. Accept the Addendum to the previously certified 2020 DSP EIR Pursuant to CEQA Guidelines Section 1516 (Attachment 4 to the report).

2. Adopt a Resolution to amend the General Plan and Downtown Specific Plan (Attachment 5 to the report); Approve the DSP Amendments for Block 20 (Attachment 4, Appendix A, to the report); and Adopt a Resolution to amend Figure 3-2 in the Land Use and Transportation Element of the General Plan (Attachment 6 to the report).

3. Alternative 2, with modifications to the allowed residential densities in the proposed DSP and General Plan Amendments.

4. Deny the DSP and General Plan Amendments and leave the current Block 20 development capacity, land uses and development standards in place.

STAFF RECOMMENDATION

Recommend to City Council Alternatives 1 and 2: 1) Accept the Addendum to the previously certified DSP EIR Pursuant to CEQA Guidelines Section 1516 (Attachment 4 to the report); 2) Adopt a Resolution to amend the General Plan and Downtown Specific Plan (Attachment 5 to the report); and Adopt a Resolution to amend Figure 3-2 in the Land Use and Transportation Element of the General Plan (Attachment 6 to the report).

The proposed Amendments to the DSP are consistent with the General Plan and DSP policies by providing additional housing opportunities and office/commercial space along the Mathilda Avenue corridor. The applicability of the City’s Affordable Housing requirements and the potential use of Green Building Incentive and State Density Bonuses would provide the City with additional affordable units. All future development would be evaluated against the existing or amended DSP.

Prepared by: Margaret Netto, Senior Planner
Reviewed by: Noren Caliva-Lepe, Principal Planner
Reviewed by: Shaunn Mendrin, Planning Officer
Reviewed by Trudi Ryan, Director of Community Development
Reviewed by: Teri Silva, Assistant City Manager
Approved by: Kent Steffens, City Manager

ATTACHMENTS

1. Reserved for Report to Council
2. Vicinity Map and Noticing
3. Relevant General Plan and DSP Policies
4. Link to Addendum to the Downtown Specific Plan Amendments Final Environmental Impact Report for the Block 20 Area Project with Appendices
   - Appendix A: Downtown Specific Plan Amendments for Block 20
   - Appendix B: Project Details for 510-528 South Mathilda Avenue
   - Appendix C: Project Details for 562-568 South Mathilda Avenue
   - Appendix D: Air Quality, Energy, and Greenhouse Gas Modeling Data
5. Resolution to Amend the DSP and the General Plan Land Use and Transportation Chapter
6. Map of Block 20 within the DSP