



**COMMUNITY DEVELOPMENT DEPARTMENT
PLANNING DIVISION**

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CITY COUNCIL STUDY SESSION STAFF REPORT

Meeting: June 4, 2018

Subject

Study Session regarding Vallco Specific Plan.

Recommended Action

Conduct study session regarding Vallco Specific Plan and provide direction to staff.

Discussion

The study session creates a format in which City Council and members of the community give comments and questions, continue a dialogue for future decisions, and shape the focus of the specific plan team's remaining work, prior to the preparation of the draft specific plan and formal public hearings. Attachments A through E of this report summarizing key meetings of the process so far include kick-off meeting notes, interview notes, guiding principles, charrette 1 summary report, and real estate market assessment. During the study session, the city's specific plan consultant, Opticos Design, will present the charrette 2 summary. Additional economic analysis will follow after the team receives comments from City Council. Once the development program mix and community benefits are determined, the recommended General Plan amendments would also be presented along with the public review draft specific plan.

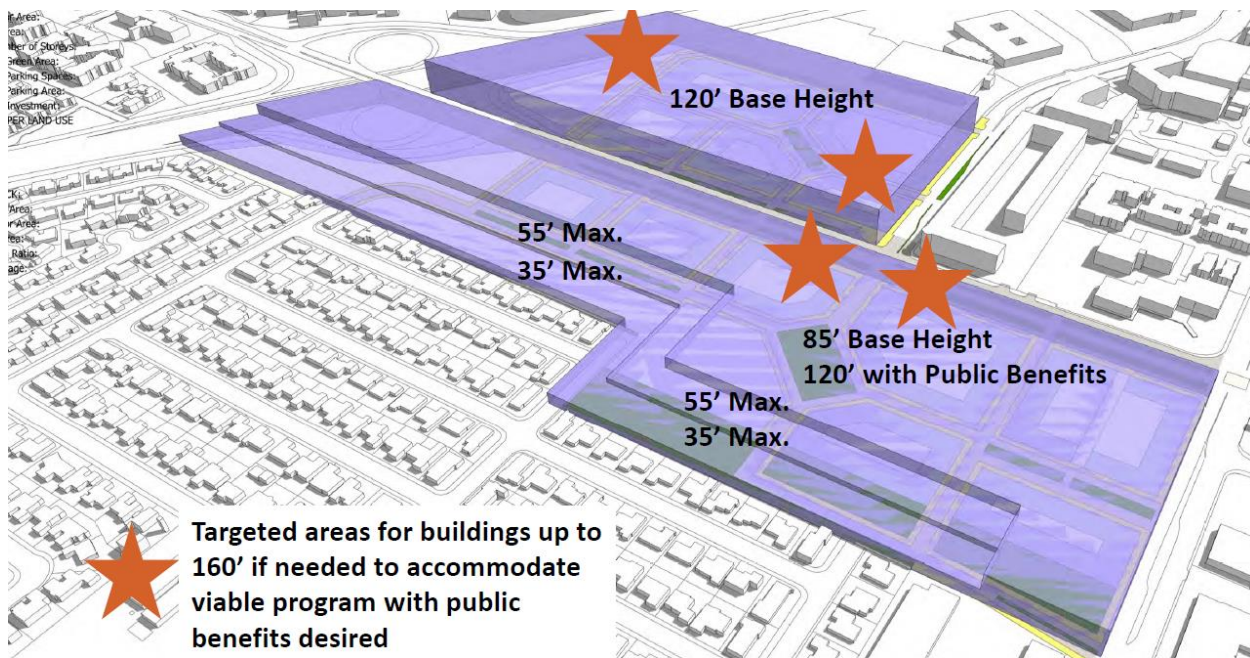
While creating the options for City Council's future decision, these five broad categories have guided the work and reflect the broader community input:

1. **Aesthetics.** Careful attention must be paid to massing, scale and transitions between the site and the adjacent neighborhoods and the streetscape.
2. **Mobility.** A realistic and robust transportation demand management program must be included and implemented, which offers both choices and results in the reduction of automobile trips to and from the site.
3. **Parks and open spaces.** Parks and open spaces with public access must activate the public areas and complement retail and civic components. Opportunities for private open space may be identified to serve residents, employees, and visitors.
4. **Community amenities/benefits.** The size and location of the project site offers a rare opportunity to include a combination of various amenities that contribute to the community interest and quality of life. The study session provides an opportunity to identify key components of amenities that are desirable.

- 5. **Economic feasibility.** The plan must balance items 1-4 listed above, while acknowledging market conditions and establishing a development mix and parameters that would ensure that existing property owners are enabled to reinvest in Cupertino, and that the city continues to attract new businesses, investment and revenue.

The city team requests additional feedback and discussion as follows:

- ***Aesthetics.*** The specific plan recommends reduced heights of 35’ along the western edge of the site adjacent to single family homes, increasing to 55’ in a transitional area, and then a maximum base height of 85’ throughout the project site west of Wolfe Road. Additional heights up to 120’ could be allowed with appropriate transitions if certain community amenities are provided. Additionally, some key areas at the intersections of Vallico Parkway and Wolfe Road as well as the northeastern port in east of Wolfe Road are recommended for additional height up to 160’ with appropriate transitions to allow for architectural interest and to accommodate the development while ensuring appropriate transitions to the single family developments to the west. The graphic below shows the range of heights recommended for discussion, which places additional heights on the side of the plan area east of Wolfe Road adjacent to 280 (up to 160’) and allows heights at 120 feet or less for the plan area west of Wolfe Road.



Question 1 – Does the Council have additional comments/direction related to the recommended heights?

- ***Development mix/program.*** The following range of uses are recommended in the plan area to ensure economic feasibility:
Hotel – 191 rooms (allowed in the General Plan (“GP”))

Retail – 400,000 to 600,000 square feet (GP allows a minimum of 600,000 square feet, of which 30% would be entertainment)

Residential – 2,640 to 3,250 units (2,640 units with the maximum density bonus allowed by state law for the entire plan area. Hyatt House property, under construction, not assumed to be developed with residential uses. GP amendment recommended for increase of units.)

Office – 750,000 to 1.5 million square feet (GP currently allows up to 2 million square feet; GP amendment recommended for reduction of office)

Civic spaces – 45,000 to 65,000 square feet
(GP amendment recommended for civic use)

The recommended retail at 400,000 to 600,000 square feet would ensure the creation of a downtown format with a mix of various retail, entertainment and service uses. Recommended commercial uses include those that are typical to a shopping center, such as those located at Valley Fair/Santana Row. Uses such as the bowling alley and ice rink are considered entertainment amenities since they are costs to development rather than revenue generators. However, some level of flexibility is recommended to allow Cupertino retailers to remain competitive to choices at other locations within the Bay Area. Retail has evolved from traditional formats and definitions, in response to online competition. Recent reports from the International Council of Shopping Centers identify “experiential retail” and food halls as top retail center trends. Residents have shared examples seen in other cities of successful experiential retail/food halls, such as Eataly in Boston, The Ferry Building, and China Live in San Francisco, all offering smaller footprints (which invites small business investment) combined with a larger distinct, retail marketplace. Other national retailers are offering services and amenities in order to maintain unique retail identities and competitive differentiation from the online or traditional retail experiences. Those offerings may include spas, salons, entertainment or classes related to the retailer’s expertise, blended with the ability to make purchases.

Question 2 - *Would the City Council consider:*

A. reduction of retail from 600,000 to 400,000 as a trade for increased affordable housing units and/or civic spaces?

B. for the retail component:

i. flexibility in allowed uses such as salons and spas?

ii. flexibility on the 30% entertainment criterion?

C. increase of housing units for a decrease of office to ensure economic feasibility?

D. expanding flexibility in the definition of office to include and allow a certain percentage of service offices and medical offices?

- *Parks/open space.* Depending upon the final unit count and the percentage/number of affordable units, the Park Land Dedication ordinance requires that approximately 13 acres to 18 acres of park land be provided on the site either as park space, in in-lieu fees or a combination of the two, at the discretion of the City Council. Reducing the park requirement for affordable units per the City's BMR mitigation Manual and Housing Element would require between 11 acres and 14 acres for the 2,640-3,250 unit range. In-lieu fees would allow for improvements to existing parks and/or development of new parks in residential neighborhoods that are in need of park space, such as Rancho Rinconada or other neighborhoods developed prior to incorporation under Santa Clara County.

Modeling has been completed for various options that study 5, 8 and 12 acres of grade level parks. In order to accommodate the same land use mix, an increase of in the size of grade level parks requires an increase in building heights. The General Plan envisions the Vallco Special Area as an active downtown-like environment, which would be difficult to accomplish with large parks on site. Existing town centers with successful, actively-used spaces range between 1-2 acres, with smaller areas for pocket parks and greenways throughout the plan area.

The city team is recommending a range of between 6 to 7 acres of parks and open space at the ground level in the form of neighborhood parks, plazas, pocket parks, greenways, children's play area, etc. and minimum sizes for each of those that are open to the public. These ground level parks/open space provide visual relief, sustainable natural areas maintained over the long-term, gathering spaces, and activated spaces that complement retail and civic spaces. The suggested acreage of parks would also keep heights at a reasonable range. An increase of grade level parks increases heights, as shown in Attachment D.

If the Council wishes to have more parks/open space on site, the specific plan could allow that the additional space be provided in green roof formats, including roof gardens and roof top terraces. Plants or solar panels as roofing material would also be allowed, but should be noted as different from spaces that provide public access. Where private open space is provided for residents use only, fifty percent credit is given against the requirement of land dedication or payment of in lieu fees, subject to the standards of Cupertino Municipal Code 13.08.080 (Credit for Private Recreation or Open Space), included as Attachment F.

Some members of the community have brought to staff's attention other proposals that show a 30-acre green roof that allows public access by connecting the roof-top park space via a walk way between buildings. There is both community support and community concern for such a proposal and how the specific plan would or would not accommodate such a design. The city team's role is to ask and vet the questions as raised by the Cupertino community with respect to general urban design principals, implications on community aesthetics/form, long-term maintenance/flexibility/adaptability of each building, and the implications of how park in-lieu fees are calculated. With City Council direction on these issues, the city team can adapt the specific plan as necessary to reflect the desired outcomes and accommodations within the development standards.

Question 3:

- A. Should the specific plan consider allowing a combination of park land dedication and in-lieu fees? If so, what combination of on-site space vs in-lieu fees should the Specific Plan require?***

- B. Should the specific plan include an increase in the maximum height limits for more than a base amount of grade level parks?***

- C. What size and format of parks and open spaces should be required or allowed, including requirements for public access?***

- D. What types of roof top parks and open spaces should be expected or allowed, including public access and bridging of buildings, and those dedicated for private use only? What percentage may be included as a credit toward the in-lieu fee if applicable?***

- ***Community amenities/benefits.*** The modeling for the specific plan has so far included programming for some community amenities. Before generating a draft specific plan, Council's direction is requested on the items that should be considered or included. These amenities/benefits are a cost to the developer and may require additional development components to make it feasible. Once the team receives the desirable list of components, the recommended development mix will be included in the specific plan.

Question 4 - Which of these community amenities would the City Council wish to direct staff to prioritize?

- Affordable housing (more than 15% typically required). The preliminary economic analysis has included an even mix of 20% low and very low units. There has been

some community discussion about moderate income and extremely low income (supportive housing) categories.

- Schools/education space
 - Business incubator/innovation center
 - City Hall or other civic space. The specific plan diagrams have included a mix of about 45,000 to 65,000 square feet of civic space for City and school use.
 - Performing arts theater
 - Contributions to mobility/transit choices: such as trails, off-site improvements, autonomous vehicles, community shuttles.
- *TDM Program.* An appropriate and complementary mix of uses allowed on the site will contribute to traffic reduction. For example, office uses can provide a day time population that would support local businesses and serve as a location for potential employers or services, such as medical office, to local residents. The location of retail stores, entertainment and services within reasonable distance to where people live can also reduce traffic, either through reduction of miles traveled by car or through the opportunity to utilize other modes of transit. Residential units would increase both housing supply and diversity of housing choices within Cupertino, reducing the in-bound traffic of those who already work in Cupertino. Like office use, residential use would support the commercial/retail businesses and likely have different peak hours of use (weekend use rather than weekday), which distributes the traffic volumes.
 - a. Target reduction for the project – 30% to 35% as a basic requirement for the office component.
 - b. The team will work on program elements that could help get to the target:
 - i. Reduced or unbundled parking
 - ii. Performance measures
 - iii. Community shuttle or pilot program for autonomous vehicles
 - iv. Parking cash out

Question 5 - Are there any other program provisions or considerations that the City Council would like to add?

Sustainability Impact

Not applicable.

Fiscal Impact

Not applicable for this study session. City consultants will be preparing a fiscal study once City Council provides comments on the development mix to be included in the draft specific plan.

Next steps: The city team will receive City Council feedback and focus the subsequent efforts on the specific direction to complete a draft specific plan for public review by July. Additional economic analysis will likewise focus on the aspects emphasized by City Council during the study session to be completed with the draft specific plan.

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Attachments:

- A- Kick-off meeting notes
- B – Interview notes
- C – Guiding principles
- D – Charrette 1 summary report
- E – Real estate market assessment
- F – Cupertino Municipal Code Chapter 13.08