



## CITY ATTORNEY'S OFFICE

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## CITY COUNCIL STAFF REPORT

Meeting: June 18, 2019

### Subject

Study Session regarding Vallco Shopping District Special Area Initial General Plan Amendments.

### Recommended Action

That the City Council conduct the study session, receive this report and provide direction to staff regarding moving forward with initial Vallco Shopping District Special Area General Plan and Zoning Amendments to address height limits and office and residential development allocations.

### Discussion

#### *Background:*

The City's General Plan provides that the City Council will consider removing the Office and Residential development allocations in the Vallco Shopping District area if a Specific Plan for the area is not adopted by March 31, 2018. (See Table LU-1, General Plan, p. LU-13.) The General Plan also provides that height limits for the area will be set pursuant to a Specific Plan. (See Figure LU-2, General Plan, p. LU-17).

The Specific Plan that had been prepared for the Vallco area was the subject of a referendum and the City Council rescinded that Specific Plan at its May 7, 2019 meeting. Accordingly, staff seeks Council direction with respect to amendments to the General Plan to address these key objective standards (height, office, and housing allocations) at the Vallco site. Staff is presenting options for General Plan amendments that could move forward quickly at this time.

At its May 7, 2019 meeting, the City Council also directed staff to place on a future agenda a community process for future development of the Vallco site, which could result in more comprehensive development standards. Staff is currently developing options and cost estimates for that item and will return for

Council consideration at a future meeting. The Council also directed staff to determine the process to repeal the remaining two approvals adopted in connection with the Vallco Specific Plan. Staff will be bringing the repeal to the Planning Commission and then the City Council on an expedited basis.

Note that parcels comprising 50.82 acres of the Vallco Shopping District received a ministerial approval of a project pursuant to Senate Bill 35. That approval would not be affected by the General Plan and zoning amendments. Senate Bill 35 grants approved projects a vested right to proceed regardless of subsequent changes in the law. The amendments would apply to future project applications if the Vallco SB 35 project is not developed. There are two parcels in the Vallco Shopping District that are not a part of the Senate Bill 35 project. One parcel is the site of the soon-to-open Hyatt Hotel which would remain a permitted use under all the options above. The other parcel is the 5.16 acre Simeon parcel which is currently a parking lot associated with the mall. Future use of that site would be subject to any General Plan amendments adopted.

*Analysis:*

To facilitate Council discussion of initial General Plan and zoning amendments for the Vallco site, this report presents three general options available to the City. Of course there are many other options and variations on the options presented and Council has broad discretion in this area consistent with the requirements of the planning and zoning laws and environmental review.

The three options are:

1. Remove the Office and Residential land uses and associated allocations and set a height limit at Vallco and move forward with the "Scenario B" described in the Housing Element of the General Plan.
2. Remove the Office land use and associated allocation at Vallco, set a height limit, and amend the portion of the site to which the Residential land use designation is associated with to retain or increase the Residential allocation at the site.
3. Take no action.

The three options and related matters are discussed below.

*Existing Vallco Shopping District General Plan Provisions*

The General Plan Land Use map identifies the Vallco Shopping District as allowing the following land use: Commercial/Residential/Office. This would be amended with Options 1 and 2. For historic reference in amending the General Plan land use designation, the 2014 General Plan amendments added the "Office" land use to the existing land use designation. Prior to that, the 1993 General Plan the site had a land use designation of Commercial/Residential.

The General Plan further sets forth the development allocations for the Vallco Shopping District in Table LU-1 (at page LU-13 of the General Plan) as excerpted in Table 1 below:

**Table 1 - Current Vallco Development Allocation**

<b>Table LU-1: Citywide Development Allocation Between 2014-2040 (Excerpt)</b>												
	commercial (s.f.)			office (s.f.)			hotel (rooms)			residential (units)		
	current built (Oct 7,2014)	buildout	available	current built (Oct 7,2014)	buildout	available	current built (Oct 7,2014)	buildout	available	current built (Oct 7,2014)	build out	available
Vallco Shopping District**	1,207,774	1,207,774	-	-	2,000,000	2,000,000	148	339	191	-	389	389

\*\* Buildout totals for Office and Residential allocation within the Vallco Shopping District are contingent upon a Specific Plan being adopted for this area by May 31, 2018. If a Specific Plan is not adopted by that date, City will consider the removal of the Office and Residential allocations for Vallco Shopping District. See the Housing Element (Chapter 4) for additional information and requirements within the Vallco Shopping District.

This table would be amended as part of either Option 1 or 2.

The Community Form Diagram in the General Plan (Figure LU-1) sets a maximum residential density of 35 units per acre throughout the Vallco Shopping District. Option 1 would remove the references to residential density since this use would no longer be allowed. Option 2 would limit the land area where residential development may occur consistent with the residential allocation selected (the density would remain the same in accordance with State housing laws). For historic reference in considering removing or amending residential densities, the 2005 General Plan established a residential density of 35 dwelling units per acre at the site. Prior to the 2005 General Plan residential uses were allowed at the site but no residential density was specified but instead was expected to be determined/developed during project review and approval.

The Community Form Diagram also states that the maximum height allowed would be established via a Specific Plan. Both options 1 and 2 would include establishing a height limit in the General Plan itself. For reference in considering possible height limits, the height limit for the site in the 2005 General Plan was 45 feet, or 60 feet with retail. This is the current height limit in the adjoining South Vallco Park planning area. Prior to the 2005 General Plan, building heights ranging between 45 feet and 60 feet (with or without retail) were allowed, with a provision to allow landmark buildings to be up to 75 feet in height, within what is now known as the Vallco Shopping District. Landmark buildings had to have three out of four identified characteristics – located on a major street frontage, inclusion of cultural facilities such as art galleries, museums, performing arts center, support the addition of outdoor public space for public gatherings, or inclusion of uses that promote social gatherings such as restaurants or entertainment activities. Prior to 1993, building heights between 4 and 8 stories were allowed, with some exceptions to allow taller buildings, with final heights to be approved with development applications.

The General Plan also contains a number of provisions concerning future planning for the Vallco Shopping District. These are included as Attachment A. At a minimum these would need to be revised to reflect the policy direction of the option selected. These provisions may be further amended as a result of a future community process regarding the site.

*Option 1 – Scenario B*

State law requires that a General Plan’s Housing Element identify priority housing sites that will be sufficient to satisfy a jurisdiction’s regional housing needs allocation (RHNA). (Gov’t Code Section 65583[a][3]).) Because the General Plan included the Vallco site as a Priority Housing Site with 389 units subject to adoption of a Specific Plan, the Housing Element identified alternative sites that could be designated to be Priority Housing sites at the densities identified in the Housing Element, and where necessary, be rezoned to allow housing uses, if a Specific Plan was not ultimately approved; this is called Scenario B. Accordingly, one option is to remove the Office and Residential land use designations and development allocations from the Vallco area and direct staff to initiate General Plan Amendments and rezoning actions to implement Scenario B.

The following table, Table 2, summarizes Scenario A (the existing housing allocations) and Scenario B:

**Table 2 - Scenario A vs. Scenario B**

Site	Scenario A			Scenario B		
	Density (DU/acre)	Acres	Realistic Capacity	Density (DU/acre)	Acres	Realistic Capacity
The Hamptons	85	12.44	600 (net new)	<b>99</b>	12.44	<b>750 (net new)</b>
Vallco Shopping District	35	58.7	389			
The Oaks Shopping Center	30	7.9	200	<b>35</b>	7.9	<b>235</b>
Marina Plaza	35	6.86	200	35	6.86	200
Barry Swenson	25	.55	11	25	.55	11
<i>Glenbrook Apartments</i>				<b>20</b>	<b>31.3</b>	<b>58</b>
<i>Homestead Lanes and Adjacency</i>				<b>35</b>	<b>5.1</b>	<b>132</b>
<b>Total:</b>		<b>86.51</b>	<b>1,400<sup>^</sup></b>		<b>64.24</b>	<b>1,386<sup>^</sup></b>

*Bold and Italics text indicates differences in the two Scenarios*

<sup>^</sup> The totals exceed the City’s RHNA of 1,064 because in certifying Housing Elements the State Department of Housing and Community Development seeks to ensure that the Element includes a healthy buffer to account for the possibility that some sites might not be developed during the planning period.

Option 1 would involve:

- Amending the General Plan to remove the Office and Residential land use designations and development allocations from the Vallco area;
- Establishing a height limit for the Vallco area;
- Making conforming zoning amendments and other Vallco-related amendments directed by Council;
- Amending the General Plan to implement Scenario B at the residential densities identified; and
- Rezoning the Homestead Lanes and Adjacency property to allow residential uses.

*Option 2 – Retain or Increase Housing Allocation*

The City is not required to adopt Scenario B. The General Plan provides that the City will consider the scenario but leaves open all options for satisfying State housing laws. An alternative to Scenario B would be to retain or increase the housing allocation and density at the Vallco site and providing that this level of housing could be developed without a Specific Plan.

This would involve removing the Office land use designation and development allocation at the site but retaining the residential land use designation and development allocation of 389 housing units. An allocation of 389 units at 35 dwelling units per acre would require just over 11 acres to be designated for residential use (which could include ground floor commercial). As a variant of this option the City could also increase the housing allocation at the site. Increasing the housing may require additional environmental review, and therefore time, to make the General Plan Amendment effective, although this amendment could be processed separately from the height and office allocation amendments.

Option 2 would involve:

- Removing the office land use designation and development allocation,
- Removing the specific plan requirement for housing development,
- Amending the zoning for the area to authorize housing by right as required by the State housing laws together with any other conforming amendments,
- Either identifying an area, or allowing a floating area, of sufficient size to accommodate the housing allocation at the existing 35 units per acre density; and
- Establishing a height limit for the Vallco area, ensuring that the adopted height can accommodate the proposed commercial and residential allocations.

*Option 3 – Do Nothing*

The City also has the option of taking no action at this time. As noted above, the Vallco Senate Bill 35 project is currently approved for the site. That project includes many times more residential units than had been contemplated for the Vallco site in the

Housing Element. Accordingly, no action is required to maintain an adequate number of housing sites as required by State law.

*Summary of Questions for Council to Address:*

In summary, direction is sought for the following:

- Does the Council wish to move forward with Scenario B, removing the housing allocation at Vallco and allocating it to other sites?
- Does the Council wish to remove the office allocation at the Vallco site?
- Does the Council wish to retain the existing housing allocation of 389 units at Vallco and allow those units to be developed in an approximately 11 acre area on the site?
- Does the Council wish to pursue the approach above but with an increased housing allocation? If the housing allocation is to be increased and additional CEQA review is required, would Council like staff to proceed with the other General Plan Amendments for the site first?
- What height limit(s) would Council like to set for the site?
- Does the City Council wish to consider policies in the General Plan to expressly allow additional development if a specific plan is prepared and approved in the future?

Public Outreach

The process to move forward with either options 1 or 2 must include notices to schools, tribes, neighboring cities and other agencies as required by State law in addition to noticed public hearings before the Planning Commission and City Council together with any environmental review required by State law.

Fiscal Impact

Any costs associated with technical consultants will be paid from funds set aside for General Plan updates related to adoption of objective standards.

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Reviewed by: Heather Minner, City Attorney

Approved for Submission by: Deborah Feng, City Manager

Attachments:

A – General Plan Policy LU-19