



COMMUNITY DEVELOPMENT DEPARTMENT

CITY HALL

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CITY COUNCIL STAFF REPORT

Meeting: March 7, 2017

Subject

Review and consider a development proposal submitted (Scandinavian Furniture Site), for consideration by the City Council, to authorize the proposed applicant to submit an application for a General Plan Amendment and staff to commence environmental and project review. (Application No.: GPAAuth-2016-01; Applicant: Kings Mill Group, Keith Fichtner; Location: 19900 Stevens Creek Boulevard; APN: 369-05-038)

Recommended Action

Staff recommends that the City Council adopt the Draft Resolution (Attachment A) after determining whether the application is authorized to move forward to apply for a General Plan Amendment.

Discussion

Background

On September 1, 2015, the City Council adopted procedures for considering future General Plan amendments. The new procedures provide the following benefits over the previous process whereby General Plan amendments were processed as they were received:

- Provide ability to achieve orderly development of the City through a managed process;
- Ensure that additional development can achieve/improve facility/service and quality of life standards for the community;
- Provide opportunity for early community input;
- Consider impact on staff and other resources.

Pursuant to the new procedures, the City Council will evaluate General Plan Amendment proposals for authorization as follows (see Attachment B for adopted Council policy):

- GPA applications would be considered by the Council twice every year;
- The Council may allow applications to be re-considered at a continued hearing by the City Council to submit revisions/additional information within 30 days.

- Applications that are rejected would wait for a year before re-applying (i.e. they would not be allowed to re-apply in the 6 month subsequent cycle).

The deadline to apply for consideration in the 2017 First Cycle by the City Council was November 14, 2016. The City received one application for authorization for General Plan amendments – the Scandinavian Furniture Site.

The item was on the City Council's February 21, 2017 meeting agenda; however, the applicant requested a postponement to March 7, 2017. The City Council on a 3-1-1 vote continued the item (Scharf voting no and Sinks absent).

The Analysis section below reviews the project based on the evaluation criteria set forth in the procedures adopted by the Council.

Analysis

Introduction

The proposal is a request to incorporate 1,790 sq. ft. of existing outdoor arcade area into the existing 26,239 sq. ft. retail space on site (Scandinavian Furniture) and convert it to an office use totaling 28,029 sq. ft. The applicant anticipates either an incubator or medical office use. Since the available office allocation balance in the General Plan is not adequate to allow this change of use, the applicant is requesting a General Plan Amendment needed to add office allocation to the Heart of the City Special Area (See Attachments C and D.) The applicant is requesting 16,000 sq. ft. of additional office allocation; however, the proposed project would only need an additional 10,916 sq. ft. of office allocation (*see details in Table 3 below*).

Evaluation Criteria

Based on the criteria in the policy adopted by the City Council on September 1, 2015, the project has been evaluated based on:

- General Plan goals achieved by the project:
 - Site and architectural design and neighborhood compatibility – does the project exhibit superior quality of site layout and project design? Is the project compatible with the surrounding uses?
 - Fiscal impacts, including a diverse economic base – would the project have positive or negative one-time and ongoing impacts to the City's fiscal base?
 - Provision of affordable housing – does the project provide or otherwise promote affordable housing above and beyond typical City requirements?
 - Environmental sustainability – to what extent does the project include features including green building, site design and project operation principles, that promote environmental sustainability above and beyond the City's typical requirements?

- General Plan amendments requested – number and type of General Plan amendments requested by the applicant.
- Proposed voluntary community amenities – what is the per-square-foot amount of community amenities offered by the applicant?
- Staff time and resources required to process the project – would the amount of staff time and resources require hiring of staff or consultants to process the project? It should be noted that applicants would be required to pay the full cost of processing the project, including staff and consultant time and materials.

Table 1 includes a high-level analysis of how this application addresses these criteria. A brief discussion of the project is provided later in this report.

Table 1: Summary Evaluation of the Development Proposal

Project	Site and architectural design and neighborhood compatibility	Fiscal impacts, including a diverse economic base	Provision of affordable housing	Environmental sustainability	General Plan amendments requested	Proposed voluntary community amenities	Staff time and resources (2)
1.Scandinavian Furniture	<div>a. Site and Architectural design – further review required for design, circulation, site planning and landscaping. (1)</div> <div>b. Neighborhood compatibility – generally compatible in terms of land use and building size.</div>	<div>a. Increase in service costs to the City’s General Fund \$33,000-\$36,000.</div> <div>b. The City’s Economic Development Specific Plan supportive of incubator or co-working uses.</div> <div>c. Moderate increase in property tax revenue.</div>	No affordable housing features other than statutorily required payment of Below-Market-Rate Program fees.	<div>Project will meet all statutorily required environmental sustainability features</div> <div>No additional sustainability features proposed</div>	Office allocation: 16,000 sq. ft.	<div>a. School resources – none</div> <div>b. Public open space – none</div> <div>c. Public Facilities – none</div> <div>d. Transportation Facilities – none</div> <div>Total - \$0/square foot.</div>	0.3FTE (full-time equivalent) of staff time and consultants for environmental review, etc.

(1) ASA-2016-13 & TR-2016-35 to permit parking lot modifications to improve landscaping and ensure parking count conforms to retail standards (1 space/250 sq. ft.) on the site was approved on November 10, 2016. The ASA entitlement does not affect the land use however the design will provide enough parking for either retail or incubator office use.

(2) All staff time and resources will be paid for by applicant.

Evaluation of Project Proposal:

The following is a high-level evaluation of project proposal related to compliance with the City's General Plan.

Location – 19900 Stevens Creek Boulevard

Project Description - The proposal for the Scandinavian Furniture site is to incorporate 1,790 sq. ft. of existing outdoor arcade area into the existing 26,239 sq. ft. retail space on site and convert it to either an incubator office or medical office use totaling 28,029 sq. ft.



Project Location and Surrounding Uses

The 1.92 acre project site is located on the south side of Stevens Creek Boulevard, approximately 350 feet east of the intersection of South Blaney Avenue and Stevens Creek Boulevard. The site contains a 26,239 sq. ft. standalone retail building, occupied by Scandinavian Furniture, and associated parking. The project site is in the Central Stevens Creek Boulevard subarea of the Heart of the City (HOC) Specific Plan Area.

Surrounding uses include a mix of retail, office, and a mixed-use condominium development (Travigne) to the north, a townhome development (Portal Plaza) to the east, a standalone restaurant (Arya) and other commercial uses to the west, and single family homes to the south.

Application Overview

Table 2 contains project data along with General Plan amendments or variances requested and/or required.

Table 2: Scandinavian Furniture Site Project Data

<u>Requirement/Standard</u>	<u>Existing/Allowed/Required</u>	<u>Proposed</u>	<u>Comments</u>
General Plan designation	Commercial/Office/Residential	No change	<i>Primary use: Commercial/ Commercial office Secondary uses: Office above ground level</i>
Zoning designation	P (CG,Res) – Planned Development (General Commercial) with special development conditions	Amend to allow office uses.	
Lot Coverage	Existing – 33.5% Allowed - No Maximum	No change	
Floor Area Ratio	Existing – 31% Allowed - No Maximum	33.5%	
General Plan Development allocation			
Office	Existing (on site) - 0 sq. ft.	28,029 sq. ft.	<i>Office allocation in HOC available – 17,113 sq. ft. Additional office allocation required – 10,916 sq. ft. Additional office allocation requested – 16,000 sq. ft.</i>
Commercial Retail	Existing - 26,239 sq. ft.	0 sq. ft.	<i>Existing sq. ft. does not include 1,790 sq. ft. of new interior space proposed.</i>
Heart of the City (HOC) Specific Plan			
Direct Retailing Uses	Required – Front - 75% Rear – 50% Existing – 100%	Proposed – 0%	<i>Project will require an HOC Exception to allow proposed uses.</i>
Height	Allowed – 45 ft Existing – 20.5 ft	No change	
Slope line (setback to height ratio)	1 : 1	No change	
Setbacks			
Front	Required – 35 foot from curb Existing – 40 feet to arcade	No change	
Side	Required – Greater of: One-half (1/2) bldg. height, or ten (10) ft. Existing – West: 12 ft; East: 72 ft	No change	
Rear	Required – Greater of: One and one-half (1.5) bldg. height or 20 ft. Existing – 117.5 ft	No change	

<u>Requirement/Standard</u>	<u>Existing/Allowed/Required</u>	<u>Proposed</u>	<u>Comments</u>
Parking			
Vehicular Parking			
Office use - 1 space/285 sq. ft.	Required - 98 spaces Existing – 78 spaces	107 spaces (approx.)	<i>Adequate parking available for office uses.</i>
Medical and Dental Office - 1 space/175 sq. ft.	Required - 161 spaces Existing – 78 spaces		<i>Proposal does not meet Parking Ordinance standard for medical office uses. However, the Parking Ordinance allows the preparation of a parking study to determine an appropriate, alternative parking requirement.</i>
Bike Parking			
<i>Office - 1/1,250 sq. ft. or 1/15 employees, whichever is more restrictive.</i>	23 <u>Class I</u> spaces	23 <u>Class I</u> spaces	
<i>Medical - 1/1,250 sq. ft.</i>	23 <u>Class II</u> spaces		

Site and Architectural Design and Neighborhood Compatibility:

- The proposed addition to the existing building and site treatments will need further review. Preliminarily, the design has the main (only) entry along the side (east) elevation. Typically, the main entrance should be facing the right-of-way, in this case on the north elevation, along Stevens Creek Boulevard in order to activate the street and as encouraged in the General Plan.
- The plans propose a small patio along the front with a seating wall for users of the building. The City has in the past required new developments along Stevens Creek Boulevard to incorporate outdoor seating elements that allow for access directly from the right-of-way and interaction with the public.
- The current parking supply on site (indicated on plans) does not conform to retail parking standards (1 space/250 sf) and the site has a deed restriction to limit its occupancy to furniture retail operators. In November 2016, the applicant obtained approval to increase the parking on the site to meet the retail parking standards. However, this construction work is on hold pending a decision on the General Plan Amendment application. In addition, the applicant made an application in January 2017 with the City, to remove the requirement for a deed restriction on the property, to allow other complying retail uses to operate from the site. This was approved by the Planning Commission at its February 14, 2017 meeting.

Net Fiscal Impacts:

- The applicant's financial justification for allowing the change in use, is a higher assessed property tax value (\$263,087) due to his purchase of the property in 2016, and other property improvements contemplated with the proposal. An analysis of fiscal impacts to the City has been prepared by Economic & Planning Systems (EPS), a third-party consulting firm, which indicates that a more conservative estimate of assessed property tax is \$141,700, with the City's share (allocated to the General Fund) being \$8,199. (See Attachment E.)
- An increase in sales tax as a result of office workers spending within the City boundary is justified by both the applicant and EPS.
- EPS's fiscal impact report found that, overall, both start-up incubator and medical office uses would generate more service costs to the City's General Fund, and result in a deficit of \$36,000 and \$33,000 respectively.
- The City's Economic Development Specific Plan (EDSP) includes policies that support the conversion of underutilized ground floor retail space to incubator or co-working uses (Strategy 4.1) (see Attachment F.)

Provision of affordable housing:

- The proposal does not include a residential component and the applicant has not proposed to provide any alternatives. However, the applicant will be required to pay any applicable housing mitigation fees as a project requirement.

Environmental Sustainability:

- None indicated. The project would be required to comply with statutory requirements.

Voluntary Community Amenities Proposed:

The applicant has not proposed any community amenities with this project as indicated in Table 3 below.

Table 3: Proposed Voluntary Community Amenities

Categories	Proposed	Beneficiary	Value	Comments
School resources	None	N/A	\$0	
Public open space	None	N/A	\$0	
Public facilities	None	N/A	\$0	
Transportation facilities	None	N/A	\$0	
Total Value			\$0	
Total Value/square foot			\$0	

Staff Time and Resources

The Planning Division will dedicate a project manager (either staff or consultant based on availability) to guide the project through the entitlement process appropriate environmental and city related reviews. It is estimated that about 0.3FTE of staff time would be required to process the project. Staff time and consultant costs will be paid for by the applicant.

PUBLIC NOTICING & OUTREACH

The following table (Table 4) indicates the public noticing and outreach conducted on the General Plan authorization project.

Table 4: Noticing and Outreach

Noticing, Site Signage	Agenda
<ul style="list-style-type: none">▪ Postcard mailed (<i>at least 10 days prior to meeting</i>) to:<ul style="list-style-type: none">○ All postal customers in the City of Cupertino and○ If subject property within 500 feet of city boundary, to properties (even if in adjacent cities) within 500 feet of it	<ul style="list-style-type: none">▪ Posted on the City's official notice bulletin board (<i>at least five days prior to the hearing</i>)
<ul style="list-style-type: none">▪ Site signage on subject property (<i>at least 10 days prior to meeting</i>)	<ul style="list-style-type: none">▪ Posted on the City of Cupertino's Web site (<i>at least five days week prior to the hearing</i>)

Additional outreach has been conducted on the City's Social Media platforms and advertising on the City Channel.

As of publication of this staff report on January 27, 2016, staff has received one comment (Attachment G).

ENVIRONMENTAL IMPACT

The California Environmental Quality Act (CEQA) does not apply since the City Council's action, consideration and authorization to allow, or not allow, formal applications, is not a project as defined by CEQA.

FISCAL IMPACT

Fiscal impact analysis for the project is included in Attachment E.

- The fiscal impact analysis indicates that the full service hotel currently proposed by the applicant provides the City with a net fiscal negative revenue of \$33,000 - \$36,000.

NEXT STEPS

Projects authorized by the Council to move forward will enter the formal development review process including necessary environmental analysis. The timeline for the projects will begin when the applications are complete and are expected to run about 7-9 months. Projects additionally have the option to resubmit their application with minor adjustments based on Council input within 30 days of the Council meeting. The applications will be brought back to a subsequent meeting later in Spring 2017.

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Reviewed by: Aarti Shrivastava, Assistant City Manager

Approved for Submission by: David Brandt, City Manager

Attachments:

A – Draft Resolution

B – City Council policy for General Plan Amendment application procedures

C – Scandinavian Furniture project plans

D – General Plan Amendment Request Application: Comprehensive Project Description

E – Fiscal Analysis of 19900 Stevens Creek Boulevard General Plan Amendment Application, prepared by Economics and Planning Systems, Inc., dated February 10, 2017

F – Relevant policies from the Economic Development Strategic Plan (EDSP) adopted by the City Council on October 4, 2016

G – Email from Darrel Lum, dated February 26, 2017