



**COMMUNITY DEVELOPMENT DEPARTMENT**

CITY HALL

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**CITY COUNCIL STAFF REPORT**

Meeting: January 15, 2019

Subject

Consider whether to authorize the formal submission of a General Plan Amendment application to increase height, revise building plane, and reduce setback for a modified General Plan Amendment Authorization application for a 155-room hotel to replace an existing 8,323 sq. ft. commercial building (Goodyear Tire.) A previous General Plan Amendment Authorization application (GPAAUTH-2017-01) was authorized to submit General Plan Amendment applications by the City Council in August 2017. (Application No.(s): GPAAuth-2018-01; Applicant: Sherly Kwok (De Anza Properties); Location: 10931 N. De Anza Boulevard; APN(s): 326-10-061)

Recommended Action

Adopt the Draft Resolution after determining if General Plan Amendment Authorization application (GPAAUTH-2018-01) is authorized to move forward to apply for General Plan Amendments.

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 procedures, the City Council evaluates General Plan Amendment proposals for authorization as follows (see Attachment B for adopted Council policy):

- GPA applications considered by the Council twice every year;

- The Council may re-consider applications at a continued hearing with submittal of revisions/additional information within 30 days.
- Applications that are rejected must wait for a year before re-applying (i.e. they would not be allowed to re-apply in the subsequent 6 month cycle).

The deadline to apply for consideration in the 2018 Second Cycle by the City Council was November 13, 2018. The City received one application for authorization for General Plan amendments – the Good Year Tire site. The Analysis section below reviews the project based on the evaluation criteria set forth in the procedures adopted by the Council.

An application to authorize the review of General Plan Amendments for a hotel project at the same location was made during the first cycle of applications of 2017 (GPAAuth-2017-01) in May 2017. The project was for a 58', five-story, and 156 room hotel with a restaurant lounge & conference facilities on the first floor, two levels of underground parking and community amenities. The General Plan amendments included:

- Building plane – increasing the building plan from 1:1 to .36:1.
- Height – allowing for an increased height to 58' where 45' is the maximum.
- Hotel rooms – Adding 156 rooms to the General Plan allocation.

The City Council authorized the applicant to formally submit General Plan amendment applications with a 5-0 vote on August 1, 2017.

On March 20, 2018, the applicant submitted for the General Plan Amendment and development permits (GPA-2018-01, DA-2018-01, DP-2018-01, ASA-2018-02, U-2018-02, and EA-2018-03). The scope of the application included a reduced room count of 124 but maintained the height and setback that was authorized for application by Council.

On November 13, 2018, the applicant modified the scope of the proposed hotel to add another story to the building to accommodate 155 rooms. The modified project increases the height from 58 feet to approximately 72 feet and reduced building planes that range from 0.18:1 to 0.22:1. Since the new proposal goes beyond what was authorized for height and setbacks by Council in 2017, the proposed project is being brought back to the Council for review.

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 for redevelopment of the Goodyear Tire site is to demolish 8,323 square feet of an automobile service station (a Goodyear Tire store) and construct a 155-room, six-story hotel, approximately 72' in height, with approximately 4,242 square feet of conference space



and restaurant (See Attachment C)

### *Project Location and Surrounding Uses*

The project site is located on a 1.29-gross-acre site on the west side of N. De Anza Boulevard between Hwy 280 and Homestead Road, in the North De Anza Gateway within the Homestead Special Area. The General Plan identifies the Homestead Special Area as a major mixed-use corridor that continues to be a predominantly mixed-use area with a series of neighborhood commercial centers and multi-family housing. The land uses allowed along N. De Anza Boulevard, between Interstate 280 and the shared city boundary with Sunnyvale, include residential and commercial (which allow hotel uses with a Conditional Use Permit).

As previously stated, the site currently has an 8,323-square-foot auto repair center. It is accessed via two driveways on N. De Anza Boulevard, both of which also provide access for the Homestead Shopping center, and its loading/service areas, located to the west. Other surrounding uses include a strip shopping center to the north, a 96-unit, three-story condominium complex to the southwest, the four-story Cupertino Inn (126 rooms) to the south and the 140-unit, three-story, Aviare apartment development to the east. Heights of the various buildings range from one story to four stories at a maximum of 45 feet.

Evaluation of Project Proposal:

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

*Project Data*

Table 1 indicates the proposed project data along with General Plan amendments, or variances, requested and/or required.

**Table 1: Good Year Tire Project Data**

<u>Requirement/ Standard</u>	<u>Allowed/Required/ Existing</u>	<u>GPAAuth- 2017-01</u>	<u>Proposed</u>	<u>Comments</u>
General Plan designation	Commercial/Residential	No change	No change	-
Zoning designation	P (CG-rg) – Planned Development ( General Commercial) with special development conditions	No change	No change	<i>Hotel uses allowed in CG zoning districts with a Conditional Use Permit.</i>
Development allocation				
Hotel	None available	156 rooms	155 rooms	<b><i>GPA requested.</i></b>
Commercial	<i>Existing</i> - 8,323 s.f.	9,487 s.f.	6,507 s.f.	<i>Will transfer 2,980 s.f. to the citywide available commercial allocation.</i>
<i>Restaurant</i>	-	3,760 s.f.	2,265 s.f.	
<i>Conference Facilities</i>	-	5,727 s.f.	4,242 s.f.	
Height	45 feet	58 feet	72 feet	<b><i>GPA requested.</i></b>
Slope line (setback : height)	1 : 1	0.36 : 1	Range from 0.18:1 to 0.22:1	<b><i>GPA requested.</i></b>
Setbacks		Planned Development zoning allows some deviation from development regulations of the underlying CG zoning though projects strive to meet those standards, except those required by Ordinance 436.		

<u>Requirement/ Standard</u>	<u>Allowed/Required/ Existing</u>	<u>GPAAuth- 2017-01</u>	<u>Proposed</u>	<u>Comments</u>
<i>Front</i>	None required except to: – Ensure sufficient space for adequate light, air and visibility at intersections – Assure general conformity to yard requirements of adjacent or nearby zones, lot or parcels – Promote excellence in development	~ 5 feet	~ 5 feet	<i>Redevelopment at this site will necessitate a 15 foot dedication along N. De Anza Blvd for roadway or sidewalk. Additional setback may be required for aesthetics and landscaping/tree planting (typically a minimum of 5 feet) opportunities. However, with the new design, some of the building bulk toward the center of the building appears to have been setback.</i>
<i>Minimum side and rear</i>	None required	Varies between 30 & 40 feet	Varies between 20 & 43 feet	
Building area	<i>Existing</i> – 8,323 s.f.	119,271 s.f.	128,610 s.f.	-
Lot coverage	<i>Existing</i> – 15% (no max.)	53%	51%	-
Parking				
<i>Vehicles - 1/room + 1/employee</i>	175 spaces	144 spaces	211 spaces	<i>Possible Parking study needed to confirm that proposed parking supply can accommodate the combined uses on site. Other parking studies have indicated that fewer spaces than required by the Parking Ordinance is adequate.</i>
<i>Restaurant Facilities</i>	1/3 seats + 1/employee	0	0	
<i>Conference Facilities</i>	To be determined through parking study	0	0	
<i>Bikes - 1/20,000 square feet</i>	7	0	8	-

<u>Requirement/ Standard</u>	<u>Allowed/Required/ Existing</u>	<u>GPAAuth- 2017-01</u>	<u>Proposed</u>	<u>Comments</u>
Fiscal Impact	\$10,000 a year to the General Fund from the existing use	\$1 - 1.5 million to the City	No Change	-

### Evaluation Criteria Discussion

The following is a discussion of the project relative to the evaluation criteria established by City Council procedure for General Plan Amendment authorization requests.

### 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 2 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 2: Summary Evaluation of the Development Proposal**

<b>Site and architectural design and neighborhood compatibility</b>	<b>Fiscal impacts, including a diverse economic base</b>	<b>Provision of affordable housing</b>	<b>Environmental sustainability</b>	<b>General Plan amendments requested</b>	<b>Proposed voluntary community amenities</b>	<b>Staff time and resources (2)</b>
<p>a. Site and Architectural design – further review required for design, circulation, site planning and landscaping. <b>(1)</b></p> <p>b. Neighborhood compatibility – surrounding buildings range in height between one and four stories.</p>	<p>a. Increase in revenues to the City's General Fund of \$1-1.5 million.</p> <p>b. Moderate increase in property tax revenue.</p>	<p>No affordable housing features other than statutorily required payment of Below-Market-Rate Program fees.</p>	<p>Project will meet all statutorily required environmental sustainability features</p> <p>No additional sustainability features proposed</p>	<p>a. Hotel rooms – 155</p> <p>b. Building height – 72 feet</p> <p>c. Slope line – Range from 0.18:1 to 0.22:1</p>	<p>a. School resources – none</p> <p>b. Public open space – none</p> <p>c. Public Facilities – none</p> <p>d. Transportation Facilities – none</p> <p>Total - \$0/square foot.</p>	<p>0.25 FTE (full-time equivalent) of staff time and additional consultant costs for environmental review, etc.</p>

(1) Ordinance no. 436 requires certain access widths to be available on the sites zoned CG-rg. These need to be maintained.

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

## ***General Plan Goals Achieved by Proposal***

### *Site and Architectural Design and Neighborhood Compatibility:*

- The site layout is generally satisfactory with active uses including the conference room and restaurant along N. De Anza Boulevard and the vehicular entry to the underground basement at the rear of the site. Ancillary uses such as restrooms have been moved away to the interior of the building while a pre-function area, the restaurant, conference room, and other active spaces, including an entrance, has been provided along the street. Parking is located underground to reduce the height of the building.
- The size of the project as compared with the site size does not allow for landscaping or large setbacks along De Anza Boulevard. The project proposes between 15 to 20 feet from the curb, which would allow for 5 feet of sidewalk and 5-10 feet of landscaping/tree planting. A minimum setback of 5 is recommended to allow for tree planting. The increased height of the amended application as compared with the proposed setback would create some incompatibility in the streetscape as compared to other projects in the vicinity and would require additional tree planting and architectural setbacks to minimize the visual bulk of the building.
- The site placement of the hotel does conform to the required 30-foot driveway along the north of the property per the conditions of approval of the established zoning for the property (Zoning Ordinance No. 436.) The ordinance requires the driveway at this location to be “three car widths,” which is estimated to be 30 feet since travel lanes for a single car is 10 feet at a minimum.
- The proposed design of the hotel as presented in this application is reflective of the proposal submitted as part of the General Plan Amendment and Development Permit submitted in March of this year. The architecture and design quality has been reviewed by staff and the City’s architectural consultant. The style and quality of materials, as well as the general layout of the building, appears to be consistent with the recommendations from Staff and the City’s architectural consultant. As noted earlier, the massing of the building and additional tree planting would be reviewed to minimize the visual bulk of the building to the extent feasible.

Additionally, the edge of the roofline, and potentially the balconies, encroach into the public right-of-way along N. De Anza Blvd. These architectural features will need to be setback to be totally confined within private property.



### *Net Fiscal Impacts*

- An analysis of fiscal impacts to the City has been prepared by Economics and Planning Systems, Inc. (EPS), a third-party consulting firm. The report estimates a net revenue of between \$1 - 1.5 million to the City based on a 80% occupancy rate and an average room rate of \$200-300 a night (see Attachment E) Existing uses on the site create a net positive fiscal impact to the City's General Fund of about \$10,000 a year.
- While the applicant states that this would be the only full-service hotel in Cupertino upon construction, Juniper Hotel (formerly Cypress Hotel) is considered a full-service hotel. However, the proposed project could diversify the City's economic base by adding a second full-service hotel in Cupertino.

### *Provision of affordable housing*

- The proposal does not include any affordable housing. However, the applicant will be required to pay any applicable affordable housing fees as a project requirement.

### *Environmental Sustainability*

- The Green roof at mezzanine level would reduce air quality impacts, increase energy efficiency, increase roof longevity, and facilitate stormwater/clean water control measures. However, this is likely to be a project requirement, and not an enhanced sustainability measure, since the site is not very large and, as previously stated, not many opportunities exist for landscaping which would help the site meet stormwater control requirements.
- Additional measures and analysis regarding landscape, water and energy use, stormwater management, greenhouse gas emissions and waste management would be refined and expanded at the formal application stage. However, it does not appear that these measures would go above and beyond statutory requirements. The current ordinance requires projects of this size to meet LEED Silver. The project could additionally be required to meet higher LEED goals by Council. However, this is not clear at this time.

### *General Plan Amendments Requested*

The applicant is requesting General Plan Amendments for the following:

1. Hotel Allocation of 155 rooms (where none are available)
2. An increase in maximum allowable height (from 45 feet to 72 feet)
3. A reduction in the required building slope line (setback to height ratio) on N. De Anza Boulevard (from 1:1 to a range from 0.18:1 to 0.22:1 )

### ***Voluntary Community Amenities Proposed***

The applicant in his letter dated December 1, 2018, provided that since there had been project delays, project costs have increased 15-20%. As such, the prior approval's community benefits package will not be offered. Table 3 below provides a comparison between the previous and current proposals.

**Table 3: Proposed Voluntary Community Amenities**

<b>Categories</b>	<b>GPAAuth-2017-01</b>	<b>Beneficiary</b>	<b>Proposed</b>	<b>Value</b>	<b>Comments</b>
School resources	Complementary use of conference facilities for the Cupertino Union School District, City of Cupertino, and Cupertino non-profits for up to 12 days per year.	Cupertino Union School District, City of Cupertino, and Cupertino non-profits	None	\$0	-
	Free rooms for the use of the Cupertino Union School District for visiting speakers, scholars, and school business activities.	Cupertino Union School District	None	\$0	-
Public open space	None	N/A	None	\$0	-
Public facilities	None	N/A	None	\$0	-
Transportation facilities	Reduced rate for use of hotel shuttle for Cupertino residents for airport transportation needs on the hotel's schedule.	Cupertino Residents	None	\$0	The value of this proposed amenity cannot accurately be quantified due to lack of details
	Increase complimentary shuttle services to include San Francisco airport	Hotel Guests	Same		
	Participation in citywide shuttle service pending	Cupertino Residents	None		

Categories	GPAAuth-2017-01	Beneficiary	Proposed	Value	Comments
	participation of other hotels and businesses.				
Community Amenity Funding	Community Amenity Funding to the City. One-time payment of \$10,000 a room or \$1,560,000.	City of Cupertino	None	\$0	-
	Total Value of Qualified Community Amenities			\$0	
	Total Value/square-foot of Qualified Community Amenities			\$0 per s.f.	

### ***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 approximately 0.25 FTE hours will be required for processing this application. Staff time and consultant costs will be paid for by the applicant.

### ***Public Noticing and Outreach***

The following table indicates the public noticing and outreach conducted on the General Plan authorization process as required by the procedures adopted by the City Council.

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

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

### ***Environmental Impact***

The California Environmental Quality Act (CEQA) does not apply since the City Council's action, consideration and authorization of formal applications, is not a project as defined by CEQA. However, project level environmental review will be conducted for the projects that are authorized to move forward with applications for General Plan Amendments.

### Fiscal Impact

The project net fiscal impact to the City's budget has been discussed previously in the "Net Fiscal Impacts" section above.

### 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 this Council meeting. These modifications would be presented at a subsequent meeting.

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Approved for Submission by: Timm Borden, Interim City Manager

### Attachments:

- A – Draft Resolution
- B - City Council policy for GPA application procedures
- C - Goodyear Tire site project plans
- D - Project Description
- E - Preliminary Fiscal Impact Analysis prepared by EPS, Inc., dated 12/14/2018