



## Agenda Report

24-122

Agenda Date: 10/23/2024

### REPORT TO PLANNING COMMISSION

#### SUBJECT

PUBLIC HEARING: Action on an Environmental Impact Report and Mitigation Monitoring and Reporting Program, General Plan Amendment, Planned Development Rezone, Vesting Tentative Subdivision Map, and Development Agreement for the Mission Point by Kylli Mixed-Use Project Located at 3005 Democracy Way to Allow the Development of up to 1,800 Multi-Family Residential Units; 3 million Square Feet of Office/Research-and-Development (R&D); up to 100,000 Square Feet of Commercial Retail; and Open Space

#### COUNCIL PILLAR

Promote and Enhance Economic, Housing and Transportation Development

#### EXECUTIVE SUMMARY

The applicant, Kylli Inc., proposes to redevelop the existing 48.6-acre site with up to 4,913,000 gross square feet of new development, including:

- 1.8 million square feet of residential uses (up to 1,800 units)
- up to three million square feet of office/research-and-development (R&D)
- up to 100,000 square feet of commercial retail
- approximately 10,000 square feet of childcare facilities

An 18,000 square-foot electrical substation would also be constructed on-site.

The project includes a General Plan Amendment from High-Intensity Office/Research-and-Development (R&D) to newly created Urban Center Mission Point and Urban Center Mixed Use designations, a Rezoning from HO-RD High-Intensity Office/Research and Development to PD - Planned Development, a Vesting Tentative Subdivision Map, and a Development Agreement. Subsequent Architectural Review approvals would be required for the design of specific components of the project. These applications are submitted pursuant to Santa Clara City Code Chapters 18.142 (Amendments), 18.54 of the "Classic" Code (Regulations for PD and Combined Zoning Districts), 17.05 (Subdivisions) and 17.10 (Development Agreements).

A Final Environmental Impact Report (EIR) was prepared for the proposed project as required under the California Environmental Quality Act (CEQA). Except for two air quality and noise impacts that are significant and unavoidable even with mitigation, all of the significant and potentially significant impacts of the proposed project would be reduced to less than significant level with the incorporation of mitigation measures. A detailed discussion of the potential impacts and mitigation measures to be applied to the project are specified in the environmental document.

## **BACKGROUND**

The project site is located on nine parcels totaling approximately 46 acres, as well as the Democracy Way right-of-way, a privately owned street that is subject to an existing public right-of-way easement that covers approximately 2.6 acres, for a combined total project area of 48.6 acres. The project site is bounded by Tasman Drive to the north, Old Ironsides Drive to the east, the right-of-way associated with the Hetch Hetchy aqueduct to the south, and Patrick Henry Drive to the west. The Patrick Henry Drive Specific Plan area is located directly to the south beyond the Hetch Hetchy right-of-way. The site is within walking distance of multiple Santa Clara Valley Transportation Authority (VTA) light rail stations as well as Great America station, which is served by Amtrak's Capital Corridor and Altamont Corridor Express.

The project site is currently occupied by four light industrial buildings on the northern portion of the site. The current primary use of the site is temporary parking for Levi's Stadium, providing 3,300 parking spaces for stadium events. The remaining parking spaces are used by Amazon as a drivers' training ground. Prior to use as a temporary parking lot, the site had six single-story office and industrial buildings. The previous owner demolished the buildings to prepare the site for redevelopment (former planned Yahoo! campus).

### Project History

The subject General Plan Amendment (GPA) application was submitted on October 17, 2017. In accordance with the City Council's Early Consideration Policy for General Plan Amendment Applications in effect at that time, the City Council considered the potential General Plan Amendment at a public hearing on January 23, 2018. Following a public hearing, the City Council directed staff and the applicant to continue processing the GPA application, which contemplated building heights up to 600 feet and land uses including up to:

- 3.5 million square feet of office/R&D
- 400,000 square feet of office amenity/hotel
- 6.1 million square feet of residential uses (approximately 6,000 dwelling units)
- 600,000 square feet of residential amenity space and retail

The applicant submitted a Planned Development Rezoning Application in July 2018 and also started the environmental review process in accordance with CEQA. The City released the Environmental Impact Report (EIR) Notice of Preparation (NOP) in July 2018 and a revised version on October 1, 2018. The City of San Jose Airport Department subsequently provided NOP comments identifying inconsistencies with the proposed project heights and Federal Aviation Administration (FAA) regulations. In September 2019, Kylli submitted a letter to the Community Development Department indicating they were taking time to work with the FAA on the project and were likely to significantly reduce the height and overall density in a subsequent project resubmittal.

In March 2022, Kylli resubmitted the General Plan Amendment and Planned Development Rezoning applications with a reduced project scope, along with a Tentative Subdivision Map application. The scope of the March 2022 project resubmittal is substantially consistent with the current proposal presented for consideration.

### Site Design

The project site is divided into four development areas with the following approximate acreages: Area A (13.3 acres), Area B (8.9 acres), Area C (12.7 acres), and Area D (13.7 acres). As shown in the Land Use Table (Attachment 1), areas would vary with respect to size, proposed development type, building area, floor area ratio (FAR), and maximum building height.

Approximately 7.6 acres of public parkland is included in the project. This includes a 1.1-acre Gateway Park adjacent to Tasman Drive, a 2.1-acre Central Park, and a 4.4-acre South Park Area on the southern border of the project site. The South Park Area includes a dedicated east-west trail alignment north of the Hetch Hetchy right-of-way to help connect the Calabazas Creek Trail and San Tomas Aquino Creek Trail.

### Access, Circulation and Parking

The Project site would include several access points from existing roadways, realigned roadways, as well as a new network of sidewalks and bike lanes. Democracy Way, an existing public street easement, would be vacated. The street would be privatized and relocated south of the existing alignment, providing access to the site in an east-west direction. In the new alignment, the street would not connect Patrick Henry Drive and Old Ironsides Drive. The new access is referred to in the project plans as Kylli Drive East and Kylli Drive West.

Underground and aboveground parking is proposed, with a total of approximately 9,400 parking spaces. Vehicular travel between Areas A and D, as well as Areas B and C from Kylli Drive would be provided by ramps to the below-grade parking garage. Drivers could travel to different areas of the Project site using the interconnected, below-grade parking garage.

### Planning Commission Actions

Pursuant to the Santa Clara City Code, the Planning Commission will conduct a public hearing to make recommendations to the City Council on five actions related to the Mission Point by Kylli Mixed-Use Project:

- 1) Certification of the Environmental Impact Report (EIR) prepared to analyze the potential environmental impacts for the project and an associated Mitigation Monitoring and Reporting Program
- 2) Adoption of 2 new General Plan Land Use Designations: Urban Center Mixed-Use (UCMU) and Urban Center Mission Point (UCMP), and a Change of the Land Use Designation for the Project Site from High Intensity Office/Research & Development to the Two New Designations
- 3) Approval of a Rezoning from HO-RD - High-Intensity Office/Research and Development to PD - Planned Development
- 4) Approval of a Vesting Tentative Subdivision Map
- 5) Approval of a Development Agreement

### DISCUSSION

The primary issues for the Planning Commission to consider in evaluating the proposed project are consistency with the General Plan and proposed design standards, development plan and development schedule associated with the Planned Development Zoning. The Planning Commission, and subsequently the City Council, can review these standards and development plan and identify areas where they may be enhanced, modified, or further developed to address City objectives and priorities.

### General Plan Amendment

The project proposes two new land use designations (1) a high-density residential mixed-use designation called Urban Center Mixed-Use requiring a residential density range of 60 to 250 dwelling units per acre and (2) Urban Center Mission Point allowing office and R&D uses, light manufacturing, and neighborhood-supporting retail requiring a minimum FAR of 1.5. The following language, which is proposed to be incorporated into the General Plan, outlines the allowed uses for each new land use category:

#### Urban Center Mixed Use

The Urban Center Mixed Use designation is intended for pedestrian-oriented, high-intensity and very high-density mixed-use development in a transit-rich area. It permits high-rise commercial office and residential development (in either mixed-use or stand-alone buildings), subject to Federal Aviation Administration height restrictions; ground-level neighborhood-serving retail; and landscaped areas for employee and resident activities. Permitted uses include multi-family residential and co-living, office and R&D uses, light manufacturing, and neighborhood-supporting retail and services that serve local employees, residents, and visitors. Parking is typically structured or below grade. Townhomes are only permitted as follows: (1) designed and integrated as a part of a multi-family building in which multi-family units are included above the townhome units (entire building must achieve a minimum 60 du/ac) or (2) integrated as part of a multi-family building without multi-family units above, not to exceed 25% of the buildable land area (must achieve a minimum aggregate residential density of 60 du/ac). Standalone townhomes without a multifamily component and single family detached units are prohibited. The residential density range is 60 - 250 dwelling units per acre.

#### Urban Center Mission Point

The Urban Center Mission Point designation is intended for pedestrian-oriented, high-intensity and very high-density mixed-use development in a transit-rich area. It permits high-rise commercial office development, subject to Federal Aviation Administration height restrictions; ground-level retail; and landscaped areas for employee and resident activities. Permitted uses include office and R&D uses, light manufacturing, and retail and services that serve local employees, residents, and visitors. Parking is typically structured or below grade. The minimum FAR is 1.5.

On balance, the project is consistent with the following General Plan land use goals and policies:

- Policy 5.3.1-P13: Support high density and intensity development within a quarter mile of transit hubs and stations and along transit corridors.
- Goal 5.3.1-G3: Development that minimizes vehicle miles traveled, capitalizes on public investment in transit and infrastructure, and is compatible with surrounding uses.

The project qualifies as a transit supportive project because it meets the criteria established by the City related to proximity to transit, density, multimodal transportation networks, transit-oriented design elements, parking, and affordable housing. The site is within walking distance of multiple VTA light rail stations as well as Great America station, which is served by Amtrak's Capital Corridor and Altamont Corridor Express. The Project is largely consistent with surrounding uses, including Levi's Stadium, the Hilton Santa Clara Hotel, Convention Center, California's Great America Amusement Park, and the Patrick Henry Specific Plan adjacent to the site. Overall, given the adjacency of public transit and

compatibility with surrounding uses, the Project would be largely consistent with this policy and goal.

- Policy 5.3.1-P14: Encourage Transportation Demand Management strategies and the provision of bicycle and pedestrian amenities in all new development greater than 25 housing units or more than 10,000 non-residential square feet, and for City employees, in order to decrease use of the single-occupant automobile and reduce vehicle miles traveled consistent with the CAP.

Consistent with this policy, the project would implement parking and Transportation Demand Management (TDM) programs and strategies, which would help reduce the number of vehicle trips to/from the Project site and encourage alternatives to single-occupancy vehicle travel. In addition, bicycle and pedestrian connections and amenities would be constructed throughout the Project site to encourage alternate modes of transportation.

- Goal 5.3.4-G3: Mixed-use development that maximizes accessibility to alternate transportation modes and integrates pedestrian, bicycle, transit, open space and outdoor uses to encourage active centers.

Consistent with this goal, the project is mixed-use and would emphasize accessibility to alternative transportation modes. Bicycle and pedestrian networks would be integrated into the site, including onsite bicycle lanes and sidewalks that would connect to offsite bicycle lanes and sidewalks. The Project would include retail, office/R&D, childcare, and community uses that would be concentrated around open spaces.

- Goal 5.9.1-G2: Parks, trails and open space located within a ten-minute walk to residential neighborhoods and employment centers.
- Goal 5.9.1-G3: New parks, open space and recreation provided with new development so that existing facilities are not overburdened.
- Policy 5.9.1-P3: Provide trails along creeks and other rights-of-way to link parks, open spaces, bicycle facilities, and transit services with residential neighborhoods and employment centers.

Consistent with these goals and policy, publicly accessible parkland and open space areas at the project site would cover up to 16 acres and provide a range of landscape types, including gathering spaces and recreational. In addition, the project would construct a multi-use trail along the southern edge of the site adjacent to the San Francisco Public Utilities Commission right-of-way.

The project's proposed pedestrian and bicycle circulation would facilitate connections to nearby parks, open spaces, bicycle facilities, transit services, neighborhoods, and employment centers.

### Planned Development Rezoning

The PD Development Plan is broken up into eight chapters and includes the designated land uses, open space, street design, and design guidelines and parking. The plan also outlines the implementation process (development schedule) for the project.

### *Land Use*

As discussed above, the project site is divided into four development areas with the following approximate acreages:

- Area A (13.3 acres): Primarily office and retail uses
- Area B (8.9 acres): Primarily office and retail uses
- Area C (12.7 acres): Primarily office and retail uses
- Area D (13.7 acres): Primarily residential with ancillary retail and childcare uses

Should a substation be required based on the phasing and timing of development, it is proposed to be located in Area C adjacent to Old Ironside Drive.

The PD Development Plan outlines a Development Transfer allowance, which would allow density transfers of floor area between Areas A, B, C, and D. The developer may elect to transfer up to five percent of the maximum allowed non-residential square footage of each of the individual Areas to one or more of the other Areas. As a result, the total amount of development in these Areas could increase or decrease proportionally, while not exceeding the maximum build-out for the entire project.

Table 02.3 (“Land Use Table”) within the PD Development Plan identifies permitted, conditional, and disallowed uses within the project area. Multi-family residential is an allowed use, while single-family and duplex uses are disallowed. Although townhomes are allowed in Area D, they must be integrated into a larger multifamily building. Various retail and commercial uses are allowed by right, while bars and nightclubs would require Use Permits.

### *Parkland and Open Space*

The project proposes three main publicly accessible park areas.

- Gateway Park Area (up to 1.1 acres): Located in the northern portion of the site, this park is intended to provide east-west connectivity. Public use programs may include a turf field, seating areas, and/or family gathering and picnic area.
- Central Green Area (up to 2.1 acres): Located at the center of the Project site, this park would include multiple activity lawns that could support a variety of uses, such as large- or small-scale events, performances, movie screenings, or ice skating.
- South Park Area and South Trail (up to 4.4 acres): This area is intended for recreation by those at the residential development as well as neighboring users and visitors. The trail alignment is directly north of the SFPUC right of way and is intended to connect Calabazas Creek and San Tomas Aquino Creek Trail.

In addition to public parkland, the project includes up to 6.6 acres of privately-owned publicly accessible open space, approximately 4.8 acres of residential private open space, and 6.1 acres of commercial private open space.

### *Street Design*

The PD Development Plan identifies street typologies, including vehicular lane widths, bicycle lane classifications, on-street parking standards, and standards for the pedestrian realm. The intent is for the streets to be designed as complete streets serving as an extension of the surrounding street grid.

The project proposes a new street, shown as Kylli Drive East and Kylli Drive West on the plan set. Located on either side of the central park (the street does not bisect the park), each entry way includes three lanes of traffic, with additional areas for drop-off and short-term parking at the sides.

These lanes provide access to the parking garages within each area, public access ramps for underground parking for visitors and drop-off areas. The proposed curb to curb dimension allows for any emergency vehicle to access, turn, and drive through the project to access any podium level building footprint. The bike path and pedestrian walkway would continue past the end of Kylli Drive East and Kylli Drive West to connect Patrick Henry Drive and Old Ironsides Drive for pedestrians and bicyclists

### *Design Guidelines and Parking*

Allowed heights differ between the four development areas. The maximum height proposed in the plan area is 192 feet in Area D.

- Area A: 33'-123'
- Area B: 47'-153'
- Area C: 33'-123'
- Area D: 22'-192'

Building setbacks (distance between a structure, parking area, or other development feature and the property line) are only required for standalone residential uses at 10 feet for the side, rear, and front.

In addition, the PD Development Plan provides guidance on ground floor heights for residential and non-residential uses, as well as required upper story building setbacks.

The project will provide up to 9,400 parking spaces, including approximately 3,000 spaces in underground parking structures. Due to AB 2097 (2022) and the site's proximity to transit, no parking spaces could be required in the absence of a Development Agreement. However, the Santa Clara City Code would typically have required approximately 11,900 parking spaces. Here, the developer has declined to commit to a specific number of parking spaces. At the Architectural Review application phase of the project, the applicant will specify their proposed parking. Typically, reductions in parking spaces can be achieved through the parking and TDM programs and strategies proposed, which will take advantage of the project site's mix of uses and bicycle and pedestrian circulation and services, transit rich location, reduced parking demand, and would encourage alternatives to single-occupancy vehicle travel.

### Tentative Subdivision Map

The proposed Vesting Tentative Subdivision Map would subdivide the property into five lots and includes the vacation of Democracy Way. The proposed Vesting Tentative Subdivision Map was reviewed by the City's Subdivision Clearance Committee and determined to be complete on January 16, 2024. Staff confirmed that the proposed subdivision is consistent with the proposed General Plan designation, Planned Development Zoning, Building Code, and other applicable requirements.

Approval of the requested Subdivision Map will facilitate the development of a project consistent with the City Code and General Plan, thereby advancing the establishment of a new, transit-oriented residential neighborhood in proximity to jobs and in partial fulfillment of the City's goals for the production of new housing. Findings for approval are provided in Attachment 7. Conditions of Approval are provided as Attachment 8.

### Development Agreement

The project proposal includes a Development Agreement (DA) between the City and the property owner, Kylli, Inc. The purpose of the DA is to establish the terms and obligations of development by both parties, as well as the order and timing of these obligations. The Development Agreement includes a term of up to 25 years to develop the Project. This includes an initial 10-year term with up to three five-year extensions. Each extension can be earned either through delivery of community benefits or through an extension payment option that is based on the remaining maximum allowed square feet of the Project. The extension payment option allows for the extension of the term of the agreement but does not change the developer's obligations to provide the community benefits required under the DA. As proposed, the DA contemplates the provision of several community benefits which includes a grocery store, childcare center, public park maintenance, park improvements, and arts and cultural programming. In addition, funding will be provided for a regional traffic fee for traffic intersection improvements and fire station equipment. Developer has committed to deliver 15% of the units at a maximum average AMI level of 80% rather than the required 100% as provided under the City's Affordable Housing Ordinance. The Developer will also ensure that all contractors and subcontractors establish a job-site sub-permit for sale and use tax collection from the Project.

### **ENVIRONMENTAL REVIEW**

An Environmental Impact Report (EIR) was prepared in accordance with the California Environmental Quality Act (CEQA) and circulated for a 45-day public review between November 17, 2023 and January 2, 2024. A total of eight comments were received during the comment period. Seven were from local/regional agencies: Caltrans, California Department of Toxic Substances Control, Santa Clara Unified School District, Santa Clara Valley Water District, San Jose Mineta International Airport, San Francisco Public Utilities Commission, and Santa Clara Valley Transportation Authority. The eighth letter received was from a law firm representing Silicon Valley Residents for Responsible Development. None of the comment letters provided substantial evidence that the CEQA analysis is otherwise inadequate and recirculation of the EIR is therefore not required. Responses to the Draft EIR comments, as well as minor text changes and clarifications, in the form of a Final EIR, were made available to the public through the City's website on March 13, 2024 and have been forwarded on to any commenters on the Draft EIR. A website link to the Final EIR, Mitigation, Monitoring and Reporting Program (MMRP), CEQA Findings, and Response to Comments is provided in Attachment 2 to this report.

The EIR identified potential environmental impacts associated with project and identified traffic, greenhouse gas, energy, biology, geology and soils, cultural resources, tribal cultural resources, utilities, water quality, and hazards and hazardous materials as having impacts that with the incorporation of mitigation measures would be reduced to less than significant. The EIR also identified air quality and noise as having a significant unavoidable impact with mitigation incorporated. Attachment 3 includes a Statement of Overriding Considerations regarding impacts that cannot be mitigated.

A detailed discussion of the potential impacts and mitigation measures to be applied are specified in the EIR and would be implemented through project conditions of approval and the MMRP for the proposed project.

### **FISCAL IMPACT**



There is no fiscal impact to the City other than administrative staff time and expense to prepare this report.

### **COORDINATION**

This report has been coordinated with the City Attorney's Office.

### **PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email [clerk@santaclaraca.gov](mailto:clerk@santaclaraca.gov) <mailto:clerk@santaclaraca.gov> or at the public information desk at any City of Santa Clara public library.

On September 25, 2024 a notice of the public hearing scheduled for October 11, 2024 was published in *The Weekly*, a newspaper of general circulation, and on August 29, 2024, a notice of public hearing of this item was posted on the project site and in three locations within the City and was mailed to property owners within a quarter mile of the project site. The Planning Commission opened the public hearing on October 11 and voted to continue the hearing to the October 23, 2024 meeting.

The project applicant held a total of 11 community meetings and workshops between November 2017 and June 2023. Several of the meetings were specific to different neighborhood groups (Adobe Wells residents and Rivermark residents), while others focused on specific topics such as parkland and open space.

Most recently, a community meeting was held at Mission College on February 29, 2024 to show the plan to the community as it would be presented to the Planning Commission and City Council for their consideration. There were approximately 35 attendees. The audience asked questions about bicycle connectivity, affordable housing, stadium events, and project funding.

### **ALTERNATIVES**

1. Adopt a resolution to recommend the City Council certify the Final EIR prepared for the Mission Point Project (SCH # 2018072068) and adopt a Mitigation Monitoring and Reporting Program, CEQA Findings, and a Statement of Overriding Considerations.
2. Adopt a resolution to recommend the City Council approve a General Plan amendment to add 2 new land use designations, Urban Center Mixed-Use (UCMU) and Urban Center Mission Point (UCMP), and to change the land use designation for the project site from High Intensity Office/Research & Development (HI O/R&D) to UCMU and UCMP.
3. Adopt a resolution to recommend the City Council approve the Planned Development Rezoning from HO-RD - High-Intensity Office/Research and Development to PD - Planned Development.
4. Adopt a resolution to recommend the City Council approve a Vesting Tentative Subdivision Map.
5. Adopt a resolution to recommend the City Council adopt an ordinance approving the Development Agreement.
6. Recommend the City Council deny a General Plan Amendment to add 2 new land use

designations Urban Center Mixed-Use (UCMU) and Urban Center Mission Point (UCMP), and decline to change the land use designation for the project site from High Intensity Office/Research & Development (HI O/R&D) to UCMU and UCMP.

7. Recommend the City Council deny the Planned Development Rezoning from HO-RD - High-Intensity Office/Research and Development to PD - Planned Development.
8. Recommend the City Council deny a Vesting Tentative Subdivision Map.
9. Recommend the City Council decline to adopt an ordinance approving the Development Agreement.

### **RECOMMENDATION**

1. Adopt a resolution to recommend the City Council certify the Final EIR prepared for the Mission Point Project (SCH # 2018072068) and adopt a Mitigation Monitoring and Reporting Program, CEQA Findings, and a Statement of Overriding Considerations.
2. Adopt a resolution to recommend the City Council approve a General Plan amendment to add 2 new land use designations, Urban Center Mixed-Use (UCMU) and Urban Center Mission Point (UCMP), and to change the land use designation for the project site from High Intensity Office/Research & Development (HI O/R&D) to UCMU and UCMP.
3. Adopt a resolution to recommend the City Council approve the Planned Development Rezoning from HO-RD - High-Intensity Office/Research and Development to PD - Planned Development.
4. Adopt a resolution to recommend the City Council approve a Vesting Tentative Subdivision Map.
5. Adopt a resolution to recommend the City Council adopt an ordinance to approving the Development Agreement.

Reviewed by: Lesley Xavier, Planning Manager

Reviewed by: Alexander Abbe, Assistant City Attorney

Approved by: Reena Brilliot, Acting Director of Community Development

### **ATTACHMENTS**

1. Land Use Table
2. Web Links to the PD Rezoning, Final Environmental Impact Report, Mitigation, Monitoring, and Reporting Program, CEQA Findings, Response to Comments
3. Final EIR Resolution
4. CEQA Findings and Statement of Overriding Considerations
5. General Plan Amendment Resolution
6. PD Rezoning Resolution
7. PD Rezoning Conditions of Approval
8. Tentative Subdivision Map Resolution
9. Tentative Subdivision Map Conditions of Approval
10. Development Agreement Resolution
11. Development Agreement
12. PMM - Memo from Assistant City Attorney