



Agenda Report

21-1114

Agenda Date: 12/7/2021

REPORT TO COUNCIL

SUBJECT

Patrick Henry Drive Specific Plan Study Session

COUNCIL PILLAR

Promote and Enhance Economic, Housing and Transportation Development

EXECUTIVE SUMMARY

In July 2017, the City Council directed staff to begin preparation of a Specific Plan in the Patrick Henry area of North Santa Clara. Since then, the Council has provided a significant amount of direction to staff at key steps in the preparation of the Specific Plan to guide the development of Specific Plan contents. Preparation of the Patrick Henry Drive Specific Plan is entering the final phase and a Draft of the Specific Plan has been released for public review (Attachment 1). A [Draft Environmental Impact Report](https://www.santaclaraca.gov/Home/Components/BusinessDirectory/BusinessDirectory/352/3649?npage=2) (<https://www.santaclaraca.gov/Home/Components/BusinessDirectory/BusinessDirectory/352/3649?npage=2>) (EIR) for the Specific Plan (Attachment 5) has concluded its public circulation period and staff is currently working to respond to comments received on the EIR. The Draft Specific Plan aligns with the direction provided by the City Council (Attachment 2) as well as public input received through community meetings and through a series of meetings with a property owner stakeholder group.

The purpose of the study session is to provide the City Council with an overview of the Draft Patrick Henry Drive Specific Plan's land use framework, circulation and affordable housing requirements and to provide updates on the development of the Specific Plan since the last City Council Study Session on April 20, 2021 regarding additional proposed parks; public amenities; and, the establishment of a community shuttle. City Council consideration for adoption of the Draft Specific Plan is scheduled for early next year.

BACKGROUND

The Patrick Henry Drive Specific Plan Area is approximately 76 acres, located at the western boundary of the City of Santa Clara at Calabazas Creek, bounded generally by the Hetch-Hetchy right-of way to the north, Great America Parkway to the east, and Mission College Boulevard to the south. The City of Sunnyvale lies to the west, across Calabazas Creek. Immediately to the north of the Hetch-Hetchy right-of-way is the former Yahoo! Campus, now owned by Kylli. The Tasman Drive light rail line is approximately ten minutes walking distance from any portion of the Patrick Henry Plan Area, and public transit is also available on Great America Parkway. The Patrick Henry Drive area contains 17 light industrial properties and three public streets, with access to Great America Parkway and Mission College Boulevard. The building stock in the Patrick Henry Drive area consist mostly of one and two-story concrete tilt-up industrial buildings built in the late 1970s and early 1980s, with a series of distinctive four-story concrete buildings along the east side of Old Ironsides Drive.

The City formally commenced preparation of a Specific Plan for the Patrick Henry Drive (PHD) area following direction to begin preparation of the Plan in 2017 and the City Council's approval of a contract on August 22, 2018 with planning consultants, Moore Iacofano Goltsman, Inc. (MIG). Development of the contents of the Specific Plan has been guided through direction provided by the City Council at key steps in the Plan's preparation. The contents of the Specific Plan have also been informed through the City's experience with the development and implementation of the Tasman East Specific Plan, which is guiding development in a similar area also in North Santa Clara.

The Specific Plan will serve as an implementation tool for the City's 2010-2035 General Plan. The Patrick Henry Drive Specific Plan area is designated as a Phase III Future Focus Area for high-density residential development in the General Plan. Preparation of the Specific Plan will establish new General Plan land use designations, land use and urban design policies, amenities, and infrastructure to support the redevelopment of the PHD area from low-intensity office and industrial park use into a high-density, mixed use neighborhood.

Preparation of the Specific Plan has been informed by the input of Plan area property owners, community members and other stakeholders. Input was most recently received from community members at a community meeting on March 11, 2021. Staff have also been meeting regularly with a stakeholder group composed of property owners and proposed developers to work through details of the Plan contents and its implementation.

DISCUSSION

The following discussion highlights seven topic areas of particular Council interest and identifies changes to the Plan since the last City Council review, including changes made to address recent Council input. As previously directed by Council, the Specific Plan should incorporate the following:

- Flexibility in terms of allowable land uses and densities consistent with the development interests of each property owner.
- Measures to support quality of life for future residents.

Accordingly, the Plan will support a significant amount of new housing growth as proposed by individual property owners while maximizing the incorporation of community amenities in a manner that shares their costs over multiple projects.

1) Land Use Plan, Roadway Alternatives and Urban Design Framework (Amenities)

The Land Use Plan and Urban Design Framework (Attachment 3) identifies the locations for proposed residential and flex land use designations within the Specific Plan to align with the two potential development scenarios previously reviewed by the City Council and under analysis for the EIR. Generally, the most intense land uses are located at the center of the Plan area. The High-Density Flex designation is proposed for the property fronting Great America Parkway, where either high-intensity office uses or high-density residential are appropriate land uses. Ground floor retail square footage and public uses are distributed among several properties fronting onto Patrick Henry Drive to foster a new pedestrian-oriented street with active ground floor uses and amenities to support the development of a complete neighborhood.

The plans also identify proposed locations for public facilities and amenities such as neighborhood and mini parks, trail connections, indoor space for a new public library, gym and community center, and activity space and other outdoor open spaces. The Land Use Plan supports the development of the segment of Patrick Henry Drive perpendicular to Great America Parkway as a new "Main Street"

for the Patrick Henry neighborhood, with civic uses and open space areas arranged along this east-west axis. Land dedication to benefit the broader Plan area will be borne by multiple property owners in the Specific Plan, with many contributing land for roadways, parkland, greenways, library and/or community spaces. Some properties will also be required to incorporate space for retail to support the implementation of the Main Street.

In addition, each diagram has two alternatives (Attachment 4), one with and one without a roadway connection to Mission College Boulevard. The roadway alternatives are discussed further below.

2) Proposed Land Use Designations

The proposed Specific Plan land use plan would utilize four residential land use designations and one flexible residential/commercial designation:

- Very High Density (51-100 du/ac)
- Village Residential (60-150 du/ac)
- Urban Village Residential (100-150 du/ac)
- Urban Center Residential (120-250 du/ac); and
- High Density Flex designation (60-150 du/ac or up to a 2.0 floor area ratio of commercial development).

These densities correspond to the input provided by the Patrick Henry Drive area stakeholders and are reflected on the Land Use diagram. Maximum allowable building heights would range from five stories at the lowest allowed density designation to 25 stories at the highest density designation. The tallest building heights are allowed at the center of the plan area with more restrictive, lower building heights in place closest to the western edge of the plan area, which is closest to other existing residential uses. Buildings will also be generally limited by the Federal Aviation Administration (FAA) airport height limits.

The proposed land use designations and allowable densities were previously reviewed by the City Council, but the proposed Land Use diagram has two changes since that review. The Village Residential designation has been added, reflecting new input from the property owner (Marriott Center Owners Association), requesting greater flexibility than what they had previously indicated. Walnut Hill acquired their property from The Sobrato Organization after the City Council's review of the NOP and the designation for the property has also been adjusted at their request to allow a higher density.

3) Circulation and Roadway Network

The Land Use Plan makes use of the existing street rights-of-way but also identifies a limited amount of new vehicular and multimodal circulation roads and/or paseos throughout the plan area. These new circulation routes will allow additional routes of travel within the Plan area, promote pedestrian and bicycle use, and break up the existing superblocks to support intensified land use. The new roads are intended for low-speed vehicular use, emphasizing shared facilities where pedestrians, bicycles and cars all have an equal ability to use the rights-of-way. New greenway connections are also proposed in the interior of the central block to promote pedestrian and bicycle circulation and break up the massing of future development.

As part of the proposed Roadway Network, a new connection would be added from the southern portion of the Plan area to Mission College Boulevard just to the south of the Plan area. Mission

College Boulevard is a private road that runs around the perimeter of the Mission College campus. While this roadway connection will provide a significant benefit by providing greater connectivity with a more direct and alternative route of travel for some trips, it will also require the cooperation of Mission College to implement as a portion of the roadway would be their private property. Mission College has wanted to continue to explore the option for the roadway connection and has not yet confirmed support or concern about the connection to their campus and use of their private roadway. If there are any changes to Mission College's position, staff will report our verbally at the City Council meeting.

The property owner of the site in the Specific Plan area that includes the potential new roadway connection to Mission College Boulevard, O2 Micro, has expressed that they do not want the roadway connection on their site as a roadway connection would reduce the land area available for future redevelopment on the site. While new roadways are often centered along property lines to distribute the impact of the dedication to multiple property owners, as proposed the roadway would be entirely on the O2 Micro property in order to align at the intersection with Mission College and the Mission College driveway. Staff has determined that the proposed alignment is the best design option for the roadway network, and represents a proportional contribution for the property owner in comparison to the impact of contributions required for other properties within the Plan area. It should also be noted that 30-feet of the 60-foot road right of way is already of limited development potential due to the presence of a 20-foot wide utility easement located 10 feet interior to the property and running along the same orientation as the proposed roadway.

In the event that Mission College does not agree in the near-term to a roadway connection to their private road, the proposed easement area would instead be designated as open space, so that the subject property has a comparable dedication as other Plan area properties while also preserving the opportunity in the future to create the roadway connection should conditions change. The Plan includes an alternative land use diagram, which was also studied in the project EIR, that omits this new roadway connection.

4) Parkland and Open Space

As previously discussed with the City Council, public parkland or publicly accessible privately maintained open space is proposed to constitute a minimum of 22% of the land area available within the Specific Plan area, consistent with the approach taken with the adopted Tasman East Specific Plan. The Patrick Henry Specific Plan will provide public parkland and accessible open space amenities through two strategies: 1) dedication of parkland to the City through the City's Parkland and Recreational Amenities Dedication Ordinance (PDO); and 2) the incorporation of private open space areas, including privately owned public open space areas (POPOS). At least 11% of the net site area of the Plan area will be dedicated Parkland and in combination with, other various types of private open space a minimum of 22% of the Plan area will be open space. The net site area of a parcel is the area after roadway dedications and public sidewalk easements are excluded from the total.

The proposed dedicated Parkland includes a centrally located neighborhood park running north/south through the center of the new neighborhood and three smaller parks distributed within the Specific Plan area. Additional open space may also be provided adjacent to the creek trail connection at the northwest corner of the Plan area and adjacent to the proposed community room on the Summerhill development site. POPOS include greenways and plazas that are designed, built, and maintained by private property owners to include high quality landscaping and amenities that are accessible to the

public. These areas were selected to distribute the dedication requirement over multiple projects to the extent practical while also combining the Parkland dedications of multiple projects into four larger park areas to form a cohesive park program strategy. It should be noted that as a result, some projects would be more impacted by the requirement for land dedication while other projects would fulfill their PDO obligations to a greater degree or entirely through fees due in lieu of Parkland dedication.

The net site area of the Specific Plan area is 61.9 acres, and 22% is 13.62 acres. The Land Use Plan previously shared with the City Council depicted three dedicated parkland areas, totaling 8.52 acres in size. On April 20, 2021, the City Council provided feedback emphasizing the importance of dedicated park lands. Staff subsequently worked with the Plan area property owners to identify additional park land on the Land Use Plan. Specifically, new parkland areas have been added to the plan as follows:

- A new 1.25 acre park has now been added on the southeast corner of the plan area, split proportionally between properties owned by Dollinger and New Hope Church.
- Summerhill, located along the center southern portion of the plan area also now is providing a 9,250 square feet area of dedicated parkland along the western border of their site, adjacent to a proposed public use community room;
- Drawbridge on the northeast corner of the plan area has offered approximately 13,000 square feet of land that staff is analyzing for the feasibility of Park use.

Assuming the Drawbridge land dedication is feasible, the added areas would create a total of 429,864 square feet which is 9.87 acres of dedicated parkland. The remaining private open space obligation provided in part through POPOS, is 3.75 acres. At full build-out of the Land Use Plan, the amount of POPOS will likely exceed this amount.

Staff has begun working with the stakeholder group to further develop the design, treatment and amenities to be included within the publicly accessible, private open space areas. Private open space areas include a greenway along Patrick Henry Drive that would utilize an existing gas line easement that does not allow structures, and other internal greenways that will help to break up the massing of buildings, support pedestrian and bicycle circulation, and provide amenity space.

5) Public Facilities & Recreational Amenities - New Library, Gymnasium, Community and Senior Center

The City Council previously reviewed objectives for the Patrick Henry Drive Specific Plan that included measures to support the quality of life for future residents by providing a new branch library as part of the Specific Plan. At the subsequent City Council meeting on December 17, 2019, during review of the proposed Notice of Preparation for the Plan, the Council, noting that one of the Plan area developers, Z&L, was proposing to develop at a density significantly higher than otherwise allowed within the Plan, suggested that the addition of a library within the project could be tied to the Z&L proposal as a "community benefit" justification for granting the increased density.

Staff subsequently met several times with Z&L to discuss the incorporation of a library space of up to 40,000 square feet within their project. While Z&L initially expressed an openness to this approach and hired an architect to explore it with the City, Z&L has since indicated that due to evolving market conditions they have reconsidered the project's feasibility and will not be moving forward with a high-rise project in the near-term or with a library within their project. At the same time, staff considered

that it would be appropriate to develop a joint library-community center as a stand-alone facility that would be located within the new central neighborhood park within the Plan area.

Staff has conducted a preliminary analysis of the funding and feasibility of developing a new joint public facility containing space for library, gymnasium, community and senior serving recreation programs and parking as part of the Plan's implementation. Conceptually, based on a total combined space allowance of 47,000 square feet and design/construction costs of \$2,000 / square foot, the project is estimated to cost approximately \$94 million to develop.

The conceptual cost for the library portion of the project is approximately \$33 million in current year dollars of the \$94 million total estimated cost. While the Council has discussed the need to add amenities to North Santa Clara with the build out of more dense housing development, embedded in this discussion is whether to propose 100% of first phase park fees, and identify additional funds for the proposed library from other funding sources, to assume these amenities in the Patrick Henry Specific Plan. This does not include the on-going operational costs associated with maintaining these new amenities.

As background, based on the application of current fees due in lieu of Parkland Dedication and expected credits for park dedication and private recreation, the \$94 million project will require 100% of the park fees anticipated in the first phase (4,008 residential units) of the Plan's implementation.

Funding for the project would come from fees collected from new development through the City's PDO (Chapter 17.35 of the City Code). While fees in lieu of parkland dedication can be used for initial development of a joint facility, a separate funding source is necessary for the library portion (\$33 million) of the project in order to repay any funds loaned from parkland dedication funds. As stated already, no funding source has been identified for the library and a funding source to cover both capital and on-going operational costs would be required.

The payment of fees toward the design and construction of the library could be identified in the Plan as a "community benefit"; that would allow the City to approve, through a Development Agreement, potential additional density for a project in exchange for a contribution of payment toward the library portion of the project. However, currently staff is not aware of any projects that will request additional density beyond the what the plan is proposing or will require a Development Agreement. Other options could be including the library as part of a future bond project, a General Fund contribution or identification other funding source. It is likely that the City will need to consider multiple funding sources to repay the \$33 million to the PDO and, therefore, a Council approved feasible financial strategy would need to be developed to justify advancing PDO funds for a library before the dollars are committed.

Staff will continue to analyze the feasibility of the proposed project. The 47,000 SF facility should be considered the maximum project and could be reduced to address financial feasibility. Future modifications could include decreasing the size or removing certain elements. Council will also need to make future policy decisions to commit all of the \$94 million to this project and not other park priorities (such as the swim center, the new northside park, and other park needs) that are currently unfunded. Staff is continuing to evaluate both the appropriate allocations of program space and further facility design development would be based upon financial feasibility and a public process at a future date.

Given the central location, access, adjacent roadways and compatible uses, a site identified for the public facility (library/community center) would be provided on land shown as dedicated public parkland to accompany future development of the Z&L and Sares Regis properties.

In addition to the joint library-community center facility, the Specific Plan includes a proposed 5,000 square foot visual arts center for the public incorporated within the Summerhill project located at southern center of the plan area. Summerhill would provide a cold shell space within the ground floor of their project that would be dedicated to the City to program for classroom, studio, and gallery space. The City would manage this visual arts space, which would be adjacent to Summerhill's dedicated parkland, and which could function as an area for periodic outdoor art displays curated by the City.

6) Local Shuttle

Based on Council feedback at the Study Session on November 20, 2020 and on other land use items, staff has been working to develop requirements for a privately funded local shuttle program to be funded by all projects in Patrick Henry Drive Specific Plan. The shuttle operation would be able to be incrementally expanded with other development in North Santa Clara such as Tasman East, Kylli, Menlo Equities, and Greystar's Freedom Circle project. Staff is establishing a trigger for when the local shuttle would commence based on the timing of development in Patrick Henry Drive. Once established, participation in the shuttle could also be expanded by voluntary participation of other key North Santa Clara destinations such as Related Santa Clara, Mission College, and Great America.

7) Affordable Housing

As previously reviewed by the City Council, the Specific Plan would increase the affordable housing inclusionary requirement for new development above the City's adopted Ordinance level. The proposed affordable housing requirements for the Specific Plan area is 15% of units affordable to households at an average of 80% Area Median Income (AMI) level. This represents an increase over the current Citywide standard of 15% of units at an affordability level of 100% AMI. The proposal is intended to better align with the City's need to produce affordable units at a variety of income levels (not just moderate income), not impair project feasibility, and align with legal requirements.

The Specific Plan's affordable housing proposal was developed early in the plan process and presented to the City Council at a Study Session on April 9, 2019. Early in 2021, the City received its draft Regional Housing Needs Allocation (RHNA) of 11,632 housing units for the Sixth RHNA Cycle from the Metropolitan Transportation Commission/Association of Bay Area Governments. Approximately 56% of RHNA units assigned to Santa Clara are designated to be affordable. As the City considers whether to update the citywide affordable housing ordinance as a potential strategy to address our future RHNA requirements, the Specific Plan could incorporate a pipeline provision and require potentially greater affordability requirements for later development, should the citywide affordable housing ordinance be updated. Such a provision would subject projects in the Specific Plan that are not deemed complete or do not receive Architectural Review approval by a certain date to be required to meet any future new citywide affordable housing requirements.

Planning Commission Feedback

The Draft Patrick Henry Drive Specific Plan was presented at a study session to the Planning Commission on October 28, 2020. The Commission provided comments and asked questions about the proposed building heights, density, and transit access. In response to a Commission question, staff clarified that school uses are being analyzed in the EIR so should a property be acquired for a

school in the Specific Plan area, no additional environmental review would be necessary for the proposed use.

Next Steps

The remaining tasks in the Specific Plan work program include completing the Final Environmental Impact Report (EIR) and Response to Comments in accordance with CEQA. In January 2021, the Final EIR and Final Draft Plan will be presented to the Planning Commission for their recommendation to the City Council.

ENVIRONMENTAL REVIEW

The action being considered is a study session only and does not constitute a “project” within the meaning of the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15378(a), as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

A Draft EIR was prepared for the Specific Plan. The Final EIR will be brought to the City Council for consideration when the Specific Plan is brought forward for a decision on adoption.

FISCAL IMPACT

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

COORDINATION

This report has been coordinated with the City Attorney’s Office, Parks & Recreation Department, the Library Department, and the City Manager’s Office.

PUBLIC CONTACT

A virtual community meeting was held on March 11, 2021 to present the draft plan to the community. There were approximately 70 attendees. Speakers at the meeting expressed concern with traffic impacts, the potential roadway connecting the plan area to Mission College Boulevard, and planning for future pandemics.

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>>.

Reviewed by: Andrew Crabtree, Director, Community Development Department

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Draft Patrick Henry Drive Specific Plan
2. Prior Council direction on the Patrick Henry Drive plan
3. Land Use Plan and Urban Design Framework diagrams
4. Alternative Land Use Plan and Urban Design Framework Diagrams (no Mission College Boulevard connector road)
5. Draft Environmental Impact Report

