



## Agenda Report

19-712

Agenda Date: 8/27/2019

### REPORT TO COUNCIL

#### **SUBJECT**

Discussion and Direction on the Freedom Circle Specific Plan and General Plan Amendment for the Greystar Development Application

#### **BACKGROUND**

On August 22, 2018, the City commenced the planning process for the Freedom Circle and Patrick Henry Drive Specific Plans with consultants, MIG, Inc. (MIG), to establish a land use plan and policies for the redevelopment of low-intensity office and industrial parks in northern Santa Clara into high-density mixed-use residential and commercial neighborhoods. The City conducted independent Request for Proposals (RFP) processes for the two Specific Plan areas, but concluded at the end of those processes to hire a single consultant, MIG, to prepare both Specific Plans. The selection of a single consultant enables the City to conduct coordinated public outreach and technical analyses for both Specific Plan efforts.

The Specific Plan process for the 136-acre Freedom Circle area was initiated in response to a General Plan Amendment application submitted by Greystar Development (Greystar) to allow a high-density, mixed-use project on a property they own on Freedom Circle. In July 2017, the City Council considered Greystar's request to proceed with their General Plan amendment application independent of a Specific Plan process but determined that it would best meet the City's objectives to prepare a Specific Plan prior to taking action on the Greystar application and directed staff to proceed with preparation of the Freedom Circle Specific Plan. Correspondence was submitted at that time from the Irvine Company, owner of a nearby parcel, requesting that the City prepare a Specific Plan for the larger area.

The City initiated preparation of the Specific Plan with the expectation that Greystar would provide funding for the Specific Plan process consistent with the City's General Plan (Policy 5.4.7 P3). Greystar invited two other major Freedom Circle property owners to share in funding the Specific Plan process and in 2018 the City entered into an agreement with Greystar Development; Irvine Company (Irvine) and the Sobrato Organization (Sobrato), with each providing a deposit of \$300,000 to fully fund the City's consultant costs.

Since the initiation of the Freedom Circle Planning process in 2018, the work completed so far has included two stakeholder steering group meetings in November 2018 and January 2019, a community workshop on February 25, 2019 and a City Council study session on April 9, 2019. At the April 9, 2019 study session, the City Council provided input on aspects of the Specific Plan including neighborhood character, density, parks and open space and community amenities. Work products include a preliminary land use diagram that was shared with the three developer stakeholders at the January 2019 stakeholder steering group meeting.

However, in May and June 2019, Irvine and Sobrato respectively submitted letters to the City to withdraw their participation in the Freedom Circle Specific Plan and to receive a refund of the unused balance of their funding contributions (Attachment 1 and 2). Irvine and Sobrato both also requested that their properties be withdrawn from the Freedom Circle Specific Plan Boundaries.

The Irvine property is approximately 25.74 acres and is located directly in the center of the Specific Plan Area. The Sobrato Organization properties are approximately 38.6 acres along the northern boundary of the Specific Plan Area, extending west toward Great America Parkway, across from the proposed Patrick Henry Drive Specific Plan Area. The Greystar property is approximately 16.6 acres and located along the easternmost boundary of the Specific Plan Area, between Freedom Circle and San Tomas Aquino Creek.

### **DISCUSSION**

Staff is now seeking direction from the City Council on one of the following three options for continued land use planning in the Freedom Circle area and processing of the formal development application submitted by Greystar Development:

- 1) Consistent with prior City Council direction, proceed with preparation of the Specific Plan funded by Greystar with the scope of the Specific Plan updated to reflect the most recent property owner interest.
- 2) As an alternative to preparation of the Specific Plan, evaluate the potential designation of the Freedom Circle area as a Phase III Future Focus Area in the General Plan with incorporated review of the Greystar General Plan Amendment.
- 3) Discontinue preparation of the Specific Plan and proceed independently with review of the Greystar General Plan Amendment application.

#### **Alternative #1: Proceed with Specific Plan**

The preparation of a Specific Plan for the Freedom Circle area would continue to implement prior City Council direction that is consistent with the City's current contracts with MIG. Adoption of a Specific Plan would enable near-term implementation of new land use plan and policies for the area. Preparation of the Specific Plan would provide a complete and comprehensive analysis of proposed land use changes and facilitate coordinated planning for multiple land use changes, as well as demonstrating the City's commitment to those changes, directing redevelopment of the existing corporate office and hotel commercial area to a mixed-use office, residential and retail neighborhood. Preparation of the Specific Plan would allow development of specific zoning and design standards to guide future development in a comprehensive manner, design and sizing of infrastructure and identification of funding mechanisms to finance public improvements. Some portions of the Specific Plan area may be identified as high-density residential sites, but unlike the recently adopted Tasman East and Lawrence Station Specific Plans, the intent of this Specific Plan would continue to be to accommodate a mix of higher intensity commercial uses as well as residential uses.

The Specific Plan would facilitate preparation of prerequisite studies to identify infrastructure and public services necessary to accommodate future intensification including a specific amount and form of residential development in the area. A Specific Plan would also allow the City to proactively identify mobility improvements and future connections for residents between the Freedom Circle area and the rest of the City.

However, this option would be inconsistent with the recent requests from Irvine and Sobrato to be

excluded from the Specific Plan. Preparation of a Specific Plan may be opposed by Irvine and Sobrato and furthermore may not be beneficial if most of the affected property owners are not interested in redevelopment in the near term. Greystar continues to be interested in residential development of their property. The 16.6 acre Greystar property accounts for approximately 12 percent of the overall 136-acre Freedom Circle Specific Plan area and is generally adjacent to the Irvine and Sobrato properties. Planning additional residential uses on those properties or a portion of those properties would allow for more comprehensive neighborhood planning, but also likely not be supported by those property owners.

Alternative #2: Designation of a Freedom Circle Future Focus Area and continued processing of the Greystar General Plan Amendment

One alternative to the preparation of a Specific Plan would be to explore designation of the Freedom Circle area as a Phase III General Plan Future Focus Area, while concurrently proceeding with review of the Greystar General Plan Amendment. A General Plan Future Focus Area differs from a Specific Plan in that it allows the City to designate an area for more intense commercial and residential development subject to a future comprehensive planning effort, without changing existing land use designations. While the General Plan can include high-level land use objectives and policies for the Focus Area, the process to develop those would be considerably less resource intensive than preparation of a Specific Plan.

General Plan policies included as part of the future focus area could identify City goals for the future transformation of the area and establish requirements for additional prerequisite studies to identify infrastructure and public service improvements necessary for future redevelopment that would be components of a future comprehensive Specific Plan.

By pursuing this option the City could engage in comprehensive planning for the area in anticipation of future residential development, but avoid potential conflict with stakeholders not interested in participating in a Specific Planning process. Preparation of a Specific Plan in the future could possibly take advantage of the next round of Metropolitan Transportation Commission (MTC) funding, which the City has been able to utilize for the El Camino Real and Santa Clara Station Area planning work.

Option #3: Process the Greystar General Plan Amendment independent of a larger area planning process

A third, simplified alternative would be to discontinue the Specific Plan process and continue review of the Greystar General Plan Amendment application independent of a larger planning process. If the development project is entitled without further comprehensive planning and a completion of thorough prerequisite studies that identify necessary infrastructure and public services, it would potentially create residential development that would remain isolated from the necessary City services the City's residents currently enjoy, including libraries, parks and trails.

**ENVIRONMENTAL REVIEW**

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(5) in that it is a governmental organizational or administrative activity that will not result in direct or indirect changes in the environment.

Preparation of the Freedom Circle Specific Plan, designation of the area as a Future Focus Area, or

independent review of the Greystar General Plan Amendment would each require preparation of an Environmental Impact Report (EIR) in accordance with the California Environmental Quality Act (CEQA) to inform key decision-makers and the general public of the potential environmental effects that would arise from implementation of the project. The City's intent is to prepare a single EIR to address both the Freedom Circle and Patrick Henry Specific Plans along with the Santa Clara City North Vision Plan Specific Plans and Vision Plan. Should the City proceed with designation of a Future Focus Area, this effort would likely be incorporated into the same EIR. Should the City proceed with independent consideration of the Greystar General Plan Amendment application, a separate CEQA process would be conducted for that project.

### **FISCAL IMPACT**

On August 24, 2018, the City entered into a funding agreement with three property owners for preparation of the Freedom Circle Specific Plan. Under the terms of the Agreement, any of the three parties can voluntarily withdraw at which point remaining parties meet and determine how to proceed. The City is currently processing refunds of \$247,240 each for Sobrato and Irvine based on their initial deposits less payments to the consultant for work to date. The City has communicated with Greystar Development, and they have indicated that they are potentially willing to fully fund the Specific Plan process provided that the process allows for the consideration of their requested General Plan Amendment. It would not be necessary to modify the current Agreement to proceed with the Freedom Circle Specific Plan fully funded by Greystar.

There would be no additional cost to the City other than staff time and expense involved with any of the above-described development review options if funded by Greystar.

### **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.

### **ALTERNATIVES**

1. Direct staff to proceed with preparation of the Specific Plan funded by Greystar with the scope of the Specific Plan updated to reflect the most recent property owner interest.
2. Direct staff to evaluate the potential designation of the Freedom Circle area as a Phase III Future Focus Area in the General Plan with incorporated review of the Greystar General Plan Amendment.
3. Discontinue preparation of the Specific Plan and proceed independently with review of the Greystar General Plan Amendment application.

**RECOMMENDATION**

Alternative 2:

Direct City Manager to evaluate the potential designation of the Freedom Circle area as a Phase III Future Focus Area in the General Plan with incorporated review of the Greystar General Plan Amendment.

Reviewed by: Andrew Crabtree, Director of Community Development

Approved by: Deanna J. Santana, City Manager

**ATTACHMENTS**

1. Irvine Company - Freedom Circle Specific Plan Withdrawal Letter
2. Sobrato Organization - Freedom Circle Specific Plan Withdrawal Letter