



CITY HALL
10300 TORRE AVENUE
CUPERTINO, CA 95014-3255
WWW.CUPERTINO.ORG

PRESS RELEASE

FOR IMMEDIATE RELEASE
September 21, 2018

CONTACT: Brian Babcock, PIO
TELEPHONE: (408) 777-3262

City of Cupertino Sends Letter to Sand Hill Property Company Approving SB 35 Application

CUPERTINO, CA - The City of Cupertino has sent a letter informing Sand Hill Property Company that its application under SB 35 has been approved.

“While the SB 35 application has been approved, the City continues to move forward with the Vallco Special Area Specific Plan, which was approved by the City Council on Wednesday,” said Interim City Manager Amy Chan. “The Specific Plan has been the City’s preferred path from the beginning. Unlike SB 35, that traditional planning process has allowed for community dialogue, discussion of priorities, critique of plans, and negotiation of community benefits.”

On March 27, 2018 Sand Hill Property Company filed a project application under SB 35, which allows for a streamlined, ministerial review for qualifying affordable housing projects. The project application covers the 50-plus acre former Vallco shopping center site and proposes 2,402 residential units (50% affordable to very low and low income households), 1.8 million square feet of office space, and 400,000 square feet of retail. The project proposes 50% of the total units as affordable, which qualifies it for a 35% density bonus and three concessions under the State of California’s Density Bonus Law. While the City’s General Plan would allow a “base” density of 1,779 units, the 35% density bonus results in 623 additional units.

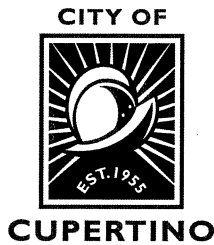
On June 22, 2018 the City sent a letter informing Sand Hill that the application met the qualifying requirements under SB 35 and requested additional clarification information to assist the City in its continued review of the application. Since then, the City has been reviewing plans and supporting materials submitted for the proposed project.

Sand Hill Property Company may now proceed with making applications to obtain building and other permits required to construct the SB 35 project.

For additional information, visit www.cupertino.org/vallcosb35. To stay up-to-date on the Vallco Special Area Specific Plan project, visit www.cupertino.org/vallco.

Note: The City of Cupertino's letter to Sand Hill Property Company is attached on the next page.

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CITY MANAGER'S OFFICE

CITY HALL
10300 TORRE AVENUE • CUPERTINO, CA 95014-3255
TELEPHONE: (408) 777-3223 • FAX: (408) 777-3366
CUPERTINO.ORG

September 21, 2018

Via Electronic and Regular Mail

Reed Moulds, Managing Director
Vallco Property Owner LLC
965 Page Mill Road
Palo Alto, CA 94304

SUBJECT: APPROVAL LETTER – VALLCO TOWN CENTER SB 35 PROJECT APPLICATION

This letter serves as ministerial approval (“Approval”) of the “Vallco Town Center SB 35 Application” (“Application”) pursuant to Government Code Section 65913.4, one of the new statutes enacted under SB 35. The Application, which included four requested project entitlements, was submitted to the City by Vallco Property Owner, LLC (“Applicant”) on March 27, 2018 for the 50.82-acre Vallco Mall property located between Interstate 280 and Steven’s Creek Boulevard and on both sides of North Wolfe Road.

This Approval is based on the Application and the additional clarifying information requested by the City submitted by the Applicant on June 1 and 19, July 31, August 17 and 24, and September 7. Consistent with the processing of all development applications, the Applicant provided a cumulative (“clean”) package including a plan set dated September 15, 2018 and the additional information provided as noted above and which is referred to as the “Project Application.”

I. Project Approval

The following entitlements are approved:

- a. Development Permit - Major
- b. Architectural and Site Approval - Major
- c. Tentative Subdivision Map for Condominium Purposes
- d. Tree Removal Permit

Under the State's and City's Density Bonus Laws, the Applicant has requested a 35% density bonus in its Application. The Applicant is allowed up to a maximum of three concessions under the Density Bonus Laws, due to the amount of affordable housing proposed in the Project Application.

The Applicant requested the following two concessions:

1. Relief from the requirement in Cupertino Municipal Code section 19.56.050.G for affordable units to be of an identical design as the market rate units; and
2. Relief from the minimum amount of retail square footage required in the General Plan of 600,000 square feet (the project proposes 400,000 sq. ft.).

In addition, the project description in the Application states for the third concession that, "If the City properly identifies an inconsistency with an objective zoning standard and waiving that standard would achieve cost reductions, this final concession is reserved for such purposes."

Based on the supplemental information submitted on June 1 and 19, 2018 wherein a more detailed explanation was provided regarding the concession relating to the affordable units, the City determined that two separate concessions are required for the affordable units. Thus, the City has determined a total of three concessions are required for the Project. These concessions are as follows:

1. A concession to allow the affordable units to be studios and one bedroom units instead of a mix of units comparable to the units within the development pursuant to BMR Housing Mitigation Procedure Manual Section 2.3.4 (A);
2. A concession to allow the studio and one bedroom affordable units to be smaller in size than the studio and one bedroom market rate units pursuant to BMR Housing Mitigation Procedure Manual Section 2.3.4 (B); and
3. A concession to allow 400,000 square feet of retail, a reduction of 200,000 square feet, where 600,000 square feet is required in the General Plan pursuant to Strategy LU-19.1.4.

The City has determined that these three concessions: a) will result in identifiable and actual costs to provide for affordable housing costs; b) will not result in specific, adverse impacts upon public health or safety or the physical environment or any property that is listed in the California Register of Historical Resources; and c) will not be contrary to state or federal law. Government Code Section 65915(d)(1) (A) – (C).

These Approvals, including the density bonus and the three concessions identified above, are collectively referred to as the "Project," and are reflected in the plan set included in Attachment "A."

Specifically, this Approval does not cover encroachments or other improvements within the public right-of-way, such as the proposed intersection located between Vallico Parkway and Highway 280 (right of way encroachments are subject to the City's permitting review process) or proposed tree removals within the public right of way. In addition, this Approval does not cover signage, sign programs, construction permits, or final map(s). Subsequent applications for these permits will be reviewed prior to approval, consistent with the City's permit approval processes.

II. Basis for Approval

Government Code Section 65913.4 sets forth a streamlined, ministerial approval process for certain housing developments in jurisdictions that have not made sufficient progress toward meeting their affordable housing goals for above-moderate and lower income levels as mandated by the State. The California Department of Housing and Community Development ("HCD") determined that the City made sufficient progress toward its above moderate income housing goals but made insufficient progress toward its lower (very low and low) income housing goals. Therefore, HCD determined that the City is subject to the streamlined, ministerial review and approval provisions in Government Code Section 65913.4 for very low and low income housing projects.

The Applicant submitted the Application to the City on March 27 pursuant to Government Code Section 65913.4. Since the Application included more than 150 units, the City had 90 days from the date of Application to determine whether the Application met the eligibility criteria in Government Code Section 65913.4. Upon preliminary review of the Application, the City requested clarifying information which was submitted by the Applicant on June 1 and 19. Within the prescribed 90-day time frame, the City determined that the Application met the eligibility criteria set forth in Government Code Section 65913.4 and on June 22, 2018 issued a letter informing the Applicant that the Application was subject to the streamlined, ministerial process ("June 22 letter"). The June 22 letter also requested clarifying information to enable the City to determine if the Application, as it relates to the

applicable objective planning standards, could be properly implemented. This letter is included as Attachment B.¹

In response to the June 22 letter's request, the Applicant provided clarifying information that enabled the City to determine that the proposed project, as it relates to the applicable objective planning standards, could be properly implemented. The City determined that the information adequately addressed and clarified the items raised in the June 22 letter and did not change or modify the Application in such a way that would cause the City to find that the clarifying information resulted in a new application.

In addition to the Project Plans, below is a list of the Project Application supporting information the City reviewed in making this determination. All this information is located on the City's website.

1. Project Description and Appendices
2. Fiscal Impact Analyses
3. Geotechnical Investigation
4. Preliminary Affordable Housing Plan
5. Preliminary LEED checklists
6. Preliminary Waste Management Plan
7. Third Party Conditional Approval of Preliminary Stormwater Management Plan
8. Stormwater C.3 Data Form
9. Title Reports and Supporting Documentation
10. Water Efficiency Landscape Checklist

As mandated by Government Code Section 65913.4, the City has 180-days from the date the Application was filed to make a decision on the Project. In issuing this Approval, Government Code Section 65913.4 prohibits the City from conducting public hearings or, discretionary architectural or site plan design review.

This letter, which serves as notice of the Approval of the Project, is being issued within that 180-day time period. By law, failure to issue this letter within the 180-day time frame would result in the Project being automatically approved.

¹ In the June 22 letter at page 8 in Section I(9) entitled "Hazardous Waste Site" the citations to the various code sections should read as follows: "Yes, the site is outside a hazardous waste site. SB 35 references CA Government Code Section 65962.5 and Health and Safety Code Section 25356. The sites listed pursuant to CA HSC Section 25356 are a subset of the sites listed pursuant to CA Government Code Section 65962.5." The remainder of the section remains unaltered.

III. Standard Project Requirements and Project Implementation Requirements

The Project Application is approved subject to the Standard Project Requirements and Project Implementation Requirements (collectively "Requirements") set forth in Attachment C. These Requirements identify objective General Plan, zoning and/or objective design review standards that were in effect at the time the Application was submitted to the City on March 27, 2018. These Requirements are uniformly applied to similar entitlement applications and are within the City's rules and regulations, including its General Plan, General Plan Environmental Impact Report, Municipal Code (including the zoning, subdivision and density bonus provisions), BMR Housing Mitigation Procedural Manual, and other applicable permit application forms and approvals.

Further, Government Code Section 65913.4 contains specific requirements and criteria for a project to be subject to the streamlined, ministerial review and approval process. In order to assure the Approval is implemented as required by Government Code Section 65913.4, the City has included those in the Requirements in Attachment C.

IV. California Environmental Quality Act

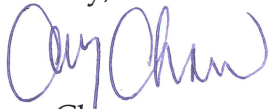
This Approval is exempt from the California Environmental Quality Act ("CEQA") due to its ministerial nature. Government Code Section 65913.4 (a); Public Resources Code §21080(b)(1).

V. Term of Approval.

As mandated by Government Code Section 65913.4(e)(3), this Approval shall remain valid for three years from the date of this letter (September 21, 2021) and shall remain valid so long as vertical construction of the Project has begun and is in progress as determined in Municipal Code Sections 19.12.180, 15.02.150 and the California Building Code Section 105.

The Project proponent may request, and the City has discretion to grant, an additional one-year extension to the original three-year period. The City's action and discretion in determining whether to grant the extension shall be limited to considerations and process set forth in Government Code Section 65913.4.

Sincerely,



Amy Chan
Interim City Manager

cc: Aarti Shrivastava, Assistant City Manager
Rocio Fierro, Acting City Attorney
Timm Borden, Director of Public Works
Chad Mosley, City Engineer
Piu Ghosh, Principal Planner

Enclosures:

Attachment A – Approved Plans dated September 15, 2018 (due to size, copies are available at the Community Development Department Planning Division)

Attachment B – 90-day Determination Letter dated June 22, 2018

Attachment C – Standard Project Requirements and Project Implementation Requirements