



MEMORANDUM

COMMUNITY DEVELOPMENT DEPARTMENT

To: North 40 Advisory Committee

From: *WR* Wendie R. Rooney, Director of Community Development

Subject: North 40 Advisory Committee Meeting Report

Date: August 9, 2012

BACKGROUND:

This memo outlines the review material (exhibits to the staff report) and anticipated outcomes for the August 15, 2012, North 40 Advisory Committee (AC) meeting.

On June 5, 2012, the AC completed its discussion and reached consensus on the six general land use categories for the North 40 Specific Plan. The general land use categories are: (1) retail, (2) hotel, (3) office, (4) residential, (5) recreation/entertainment, and (6) restaurants. Consensus was also reached on using the Town's Commercial Highway (CH) Zone District development standard (setbacks, height, lot coverage, etc.) as a starting point, and adjustments to these standards would be considered based on the overall design goals and principles, unique site characteristics, and use needs for the Specific Plan. These standards are included with this report in Exhibit 1, Attachment A.

Furthermore, at the June 5, 2012, meeting, the AC discussed the next steps for providing input to staff and the consultants on the drafting of the Specific Plan. The AC discussed the types of materials that would help them better understand the components and content of the plan. Ultimately it was decided that staff would provide to the AC an outline of the Specific Plan with a summary of each section; land use tables with ranges; supporting policies for controlling land use and size; and a summary of possible development standards building off of the Town's existing CH Zone development standards.

Exhibits 1 through 8 of this report address the aforementioned materials. A description of each of these exhibits and the any applicable anticipated outcomes for AC input on these documents are provided in the following "DISCUSSION" Sections.

Finally, two AC meetings have been scheduled for August. The second meeting, on August 21, was scheduled in case the AC was not able to complete its review of the materials and provide sufficient input at the August 15 meeting to allow staff/consultants to proceed with creating the draft Specific Plan for the AC's review in early 2013.

DISCUSSION:

Exhibits 1 through 8 serve two principle purposes for the AC's review. Exhibits 1 through 4, 7, and Page 2 of Exhibit 8 provide background information to support the recommendations in Exhibits 5, 6, and 8 (Page 1). Staff is requesting specific AC input on Exhibits 5, 6, and 8 (Page 1), which will serve as the foundation on which the plan is developed. Staff has underlined the requested input to assist during AC's review of the materials. The AC will be reviewing the draft Specific Plan early next year; consequently, additional input will be requested in the future regarding the applicable background materials, such as the goals and policies. Exhibit 9 is a letter from Don Capobres with Grosvenor regarding building height and CUP processes. A summary of each of these exhibits is as follows:

- **Exhibit 1**

The North 40 Advisory Committee Land Use Discussion Summary is a documentation of the AC's consensus points and key land use discussions since the April 24, 2012, AC Meeting. The document is organized by the six principal land use categories and contains AC agreements regarding each of the uses. One of the key agreements was to use the Town's CH Zone District development standards as a starting point for the Plan, and a table with the principle standards for the CH Zone is included and labeled as Attachment A to this exhibit. This document does not require any AC input and is intended to provide a summary of consensus gained from the AC since it resumed work in April 2012, following the development of the Town Council's Vision Statement and Guiding Principles.

- **Exhibit 2**

This is the Town Council's Vision Statement and Guiding Principles to Achieve the North 40 Specific Plan Vision. This document was included to provide further background material to the AC as it evaluates and provides input on Exhibits 5, 6, and 8 (Page 1).

- **Exhibit 3**

This is an excerpt of the draft North 40 Specific Plan. Maintaining consistency with the Town Council's direction, the Specific Plan is intended to provide sufficient detail to meet State statutory requirements, such as including maps, diagrams or descriptions to adequately describe the distribution, location, extent, size and distribution of the major infrastructure components needed to serve the project; implementation measures; discussion of the methods to be used for infrastructure financing and a program for implementation; of how the plan implements the policies of the general plan, etc. However, the Plan is not intended to be so specific that all land use decisions are made at the Specific Plan level. Subsequent development applications will be required to process Architecture and Site applications through the Planning Commission and Town Council. A table of contents is provided as well as a very brief discussion of each chapter. Given the statutory nature and the required components of specific plans, this exhibit is included for information purposes only.

- **Exhibit 4**

This is a list of draft North 40 Specific Plan goals and policies. The goals and policies are organized into the following five sections: (1) Land Use; (2) Architecture and Site Character; (3) Open Space, Parks and Plaza; (4) Mobility and Circulation, and (5) Infrastructure and Public Facilities. The intent of this document is to provide the AC with an understanding of the breadth of Specific Plan policies that will be used in concert with the development standards, development parameters, and existing Town policies, such as the Commercial and Los Gatos Boulevard Design Guidelines and the General Plan, to provide guidance and direction for future plan development. Staff anticipates that as development of the Specific Plan progresses, additional policies may be created to address specific needs or better articulate plan objectives. This exhibit is intended as background information for the AC and consequently extensive input is not necessary at this time.

- **Exhibit 5**

This is the draft North 40 Specific Plan District Map. Based on the AC's direction to provide flexibility on locating land uses, feathering of heights, and expanding setbacks along the perimeters (Lark Avenue and Los Gatos Boulevard) to provide compatibility with surrounding neighborhoods, and locating transitional, neighborhood-oriented uses in the center of the site, the District Map divides the site into three planning areas: Lark District, Transition District, and the Northern District. An overlay is proposed along both Lark Avenue and Los Gatos Boulevard. The overlay would establish different height limitations, additional setbacks, and have policies that would further guide development along the perimeter consistent with the Town Council's Vision Statement and Guiding Principles.

The District Map also includes the Primary Land Use Summary Table (lower right hand corner) that provides guidance on acceptable locations of land uses. Based on AC's direction, the table allows for non-single family residential uses to be located in any of the three districts. It also allows for less-intensive commercial uses (retail, personnel service, and office), that are more compatible with residential uses, to be located in any of the three districts. Restaurants and entertainment, which can have more negative externalities on residential uses, due to hours of operation and noise, are limited to the Transition and Northern Districts. Finally, due to the more buffered nature of the Lark District (less potential noise and potential fumes from the freeway), if a single-family residential use was proposed, it would be limited to the Lark District.

Staff is requesting the AC's input and confirmation of the: (1) three district concept and (2) the proposed allocation of land uses within each district.

- **Exhibit 6**

This table outlines the current Town Code CH Zone development standards, proposals to consider for the Specific Plan, industry standards, and trade-offs or reasons to consider the Specific Plan proposals. Using the Town CH Zone development standards as a starting

point, four of the eight key development standards (parking, lot coverage, common open space for condominiums, and common open space for multi-family residential) are consistent with existing standards. One (an overall open space percentage) is added as an enhancement, two (setbacks and private open space) have minor suggested adjustments, and staff is recommending modifications to one category, building height. The recommended adjustments are highlighted on Exhibit 6. Each of these adjustments, as well as the rationale and trade-offs for the modifications, is discussed in the following:

- Perimeter Setback Along Los Gatos Boulevard and Lark Avenue (both residential and commercial): Increase setback from 15 ft. to 30 ft. to allow for ample landscape treatments along perimeter of site. This is measured from the building to street property line. There is an additional 10 ft. between the property line and edge of curb along Lark and Los Gatos Boulevard. This additional setback is recommended to provide a softer edge of the development; more open space and landscaping to reinforce the open, orchard/natural character; provide compatibility with surrounding neighborhoods; and to help preserve southern and western mountain views along Los Gatos Boulevard.
- Interior Commercial Setback: Decrease from 15 ft. to 10 ft. along interior street frontages to help create more walkable neighborhoods with commercial fronting onto sidewalks. The CH Zone development standards are intended for highway-oriented development that should be setback/buffered from roadways with greater vehicle speeds and traffic volumes. The North 40 commercial areas would be narrower, lower volume streets that would be primarily used to access dedicated parking areas, with some limited on-street parking. The reduced front setbacks are more consistent with integrated development that is not located on major thoroughfares. The front setback is a minimum and would be increased in areas where outside dining or display areas are planned.
- Residential Setback: Apply existing multi-family residential setbacks and allow front porches and balconies to encroach. This creates a varied setback and encourages the use of porches and balconies to help break up building mass.
- Building Height: Building heights are proposed for residential, office, hotel and commercial land uses. The fundamental intent of the building height proposal is to maintain general consistency with Town standards, but adjusting certain heights due to the unique topography of the site. Moreover, the proposed heights address the typical characteristics (industry standards, marketability, etc.) of the types of uses that the plan encourages (hotel, empty nester residential, Gen-Y Housing, etc.); the desire to create a sense of place and new residential and commercial neighborhoods through distinctive architecture; and to allow a degree of flexibility and creativity. Residential heights would be kept to the Town standard of 35 feet in all areas except for an increase to 45 feet in the Transition District, where the empty nester product type would most likely develop. In addition, a height reduction is proposed in the Lark District to 25 feet and two stories for 15 percent of the total building footprint within the district to provide greater variety of roofline heights. Office and commercial uses would be held to CH Zone development standards of 35 feet, and the maximum height for a hotel would be 45 feet.

Consistent with existing Town policy, all uses would be allowed to exceed the height limitation for architectural projections, elevator shafts, mechanical equipment, etc., through the Architecture and Site review process with the Planning Commission and Town Council. However, the plan proposes a couple of modifications to the height exception. The proposed revised height exception language is included in Exhibit 6 and allows a height exception for mechanical equipment screening, roof pitches greater than 8:12, and for up to 30% of roof parapets. Lastly, in order to meet the unique needs of the empty nester and Gen-Y residential product types, it is recommended that the space in the roof pitches be allowed as habitable area to provide for lofts or higher floor to ceiling heights. Finally, the height exception language includes two findings that would need to be made to allow the exceptions. These findings are consistent with the draft findings that the General Plan Committee has recommended for the Affordable Housing Overlay Zone. Please see Exhibit 6 for the specific finding language.

The height recommendations would allow the developer of the North 40 Specific Plan similar flexibility that existing Town practices provide to other developers. The comprehensive nature of the Specific Plan also allows the Town to see how the building heights relate to adjacent and surrounding uses. The strategic siting of lower building heights along the perimeter and in the Lark District will preserve views along Los Gatos Boulevard and mountains to the west. Moreover, the additional height would allow the overall building footprints of these uses to be reduced thereby increasing the amount of open space between and surrounding the buildings. Consequently, the plan recommends requiring 5 percent additional open space if any height increases are proposed over the 35 foot height, effectively resulting in more open space than currently is required with either commercial or residential development in Town. The additional height will allow the developer to incorporate the amenities typical to empty nester uses, such as higher floor to ceiling heights for expansiveness, common-area recreation space, and most importantly quality individual outdoor space through balconies and patios. The 45 feet height adjustment is also more consistent with the industry standards for business or extended stay hotels. Finally, if the developer proposes a quality residential product in the Transition District that required more height or a hotel that needed more height, a CUP could be pursued.

- **Open Space:** The plan proposes to include a required open space percentage. This is an enhancement over the existing CH and RM Zone development standards that do not require an overall open space percentage. In the Town's existing CH Zone, open space is included in the area that remains from the 50 percent lot coverage along with roads and surface level parking areas. The plan recommends an enhancement through requiring a minimum of 20 percent green space, 10 percent hardscape (plazas, sidewalks, pedestrian-ways, paseos) and if additional building height beyond 35 feet is proposed, an additional 5 percent green space. This open space is beyond the private open space required with residential uses. This new standard would result in reinforcing the natural/orchard character, narrow the amount of roadway width, and reduce surface parking areas since those components would be limited to 15 to 20 percent (remainder of the non-lot coverage area after the green and hardscape open space).

- Private Open Space: The plan proposes to modify the private ground floor open space requirement for residential townhouses/condominiums. The proposal is to reduce the ground level open space from 200 square feet (sf.) per unit to 100 sf. per unit and set that as a maximum rather than a minimum. The intent of this change is to discourage the development of private ground level rear yards that are typical design elements in family-oriented of residential product types.

Staff is requesting the AC's input and confirmation of the: (1) Perimeter Setbacks, (2) Interior Setbacks, (3) Building Heights, (4) Building Height Exception language, (5) General Open Space, and (5) Private Open Space.

- **Exhibit 7**

Exhibit 7 contains a series of charts and a table comprising a variety of data on the existing businesses within 10 shopping centers on Los Gatos Boulevard and within the general North 40 project area. Combined, these shopping centers have 371,248 sf. of lease space. The data, which is represented by either a percent of the overall sf. or number of units, is categorized into the following nine classifications: Restaurants, Personal Services (Hair/Nails/Spa), Personal Services (Exercise/Studio), Office, Independent Retail, Grocer, General Services (Insurance, Travel, Consulting, Dry Cleaning), General Services (Financial), Formula Retail, and finally there is a Vacant space category.

Page 1 contains a map of the 10 centers that comprise the Los Gatos Boulevard Business Distribution analysis. Page 2 shows the percentage of businesses within each of the nine categories. Page 3 illustrates the percent of total square footage in each of the nine categories. The table on Page 4 shows the number of businesses, total square feet, and the average square feet per lease space for each of the nine categories. The final chart on Page 5 groups the size of the lease space by the following categories: 500 sf. or less, 501 - 1,000 sf., 1,001 - 1,500 sf., 1,501 - 2,000 sf., 2,001 - 2,500 sf., 2,501 - 3,000 sf., 3,001 - 4,000 sf., 4,001 - 7,000 sf., 10,001 - 15,000 sf., 15,001 - 20,000 sf., 20,001 to 25,000 sf., 25,001 to 30,000 sf.

While the existing Los Gatos Boulevard shopping centers differ in orientation and location (strip highway commercial) from the integrated mixed use development envisioned with the North 40, some general observations can be made from this data. The highest percentages of uses are the two General Service categories combined at 22%, the two Personal Services categories combined at 17%, Independent Retail at 16%, and Restaurants also at 16%. However, these categories, which comprise 71 percent of the total uses, represent only 42 percent of the total square footage. General and Personal Services uses often occupy smaller tenant space. According to the Table on Page 4, the average lease space size for General Services uses (Insurance, Travel, etc.) is 1,361 sf., and for the two Personal Services categories, the average lease space sizes are 1,523 sf. and 1,790 sf.

Restaurants vary, but many along Los Gatos Boulevard are the faster service types, which tend to occupy smaller tenant spaces. For example the restaurants in the analysis represent only 12% of the entire square footage, but account for 17% of the total number of overall

uses. Similar to Personal Services, Independent Retail also tends to occupy smaller tenant spaces. Not surprisingly, the largest uses within the 10 shopping centers are Grocers and Formula Retail, representing 24 percent and 27 percent of the total square footage, respectively, but account for only 16 out of the 121 tenant spaces. Finally, the data also indicates that the majority (66 percent) of uses is in smaller tenant spaces of 2,000 sf. or less and only 8 percent are in larger 10,000 to 30,000 sf. spaces.

The data indicates a number of trends. First, although the area has considerable restaurants, most appear to be faster service (take out) rather than larger, sit-down type restaurants. Therefore, there appears to be a need for larger, sit-down restaurants in the North 40 area. Although there are considerable Personal and General Services uses in the area, the new North 40 neighborhoods will also need these types of uses, which tend to occupy smaller lease spaces. With its location near major health care employers (Good Sam and medical offices), the North 40 can also provide Personal Services, General Services, and Restaurants for these daytime, working populations. Finally, with only 11 of the 121 tenants or 9 percent of the entire uses in the area formula retail; consequently, the North 40 could also provide space for larger format retail to serve the new neighborhoods, the daytime populations, and the existing neighborhoods surrounding the North 40.

- **Exhibit 8**

Exhibit 8 contains the draft Development Parameters Table. The Development Parameters Table is on Page 1 and examples of how the development parameters could be applied are on Page 2. Staff is requesting the AC's input and confirmation on the Development Parameters assumptions on Page 1.

The draft Development Parameters for the North 40 Specific Plan are based on the following factors:

- Town Council North 40 Specific Plan Vision and Guiding Principles, particularly focusing on addressing the unmet needs of the new neighborhood as well as surrounding residential and business neighborhoods.
- Considerable AC input
- Public input from the North 40 and Town Council meetings
- Town's CH and RM Zone development standards
- The General Plan and other Town supporting documents
- Market Study
- Analysis of existing uses in the North 40 project area (Los Gatos Boulevard – Exhibit 7)
- Applicable industry standards, including marketability

Page 1 contains the draft: (1) Maximum square footage and units for the primary permitted uses, (2) additional square foot limitations for commercial uses, (3) minimum open space percentage requirements (both hardscape and green space), and (4) the maximum building lot coverage. Using the Town's existing 50 percent lot coverage development standard, 958,320 sf. of the 44 acres (1,916,640 sf.) could be developed with buildings and parking structures.

Again, using the Town's existing standard, the remaining 50% or 958,320 sf. would be dedicated to open space (both hardscape and green space), surface parking, and roads. The draft Primary Permitted Use Table proposes maximums of 100,000 sf. of office, 100,000 sf. of hotel, 400,000 sf. of commercial (includes: restaurants, retail, specialty market, health club, personal services and entertainment), and 400 residential units. Consistent with the Town's General Plan, the Specific Plan proposal is to have a maximum cap of 520,000 sf. of non-residential square footage, of which no more than 400,000 sf. could be commercial and the remaining 120,000 could be hotel and or office.

In order to conceptualize the overall potential development, the bottom of Page 2 provides an estimate of the square footage of the 400 residential units. The 300 units of Gen Y and senior housing and 100 units of empty nester housing would yield approximately 540,000 sf. Based on the assumptions in the Development Parameters Table, if the 520,000 sf. of non-residential and 540,000 sf. of residential were developed at one story, it would cover approximately 1,060,000 sf. or 55 percent of the entire site. If the non-residential and residential were developed as two-story buildings, the development would cover 530,000 sf. or approximately 27.6 percent of the 44-acre site. The draft Development Standards (Exhibit 6) recommend a variety of heights that could result in one to four-story buildings. Although the percentages of each one, two, three, and four-story buildings is not known at this time, it is reasonable to assume that the mix of building heights would result in a lot coverage of between 30 to 40 percent or approx. 575,000 to 770,000 sf. if a combination of one to four-story buildings were developed.

To further guide the character of the site, a minimum open space percentage is recommended. While this is not an existing Town development standard, staff is recommending to establish a minimum 20 to 25 percent Green Open Space (depending on whether an additional 5 percent is required for the building height increase – see Exhibit 6) and minimum 10 percent hardscape open space (plazas, sidewalks and paseos). Combined, this represents 30 to 35 percent of the entire 44 acre site or 575,000 to 670,000 sf. and would further the AC's goal of preserving the agricultural and natural character of the North 40 property. The open space minimum standard would also reduce the amount of area dedicated to roads and surface parking, since there would only be 15 to 20 percent remaining from the non-building portion of the lot coverage standard. This would result in narrower, slower roads and parking consolidated in parking structures rather than surface level lots.

In response to the AC's concern of providing tools to control commercial space tenant sizes, the Development Parameters Table also proposes limitations on the percentage of square feet that can be developed within the various ranges of tenant unit sizes. The Table proposes 5 percent or 20,000 sf. for both 0 – 1,500 sf. and 1,501- 3,000 sf. tenant spaces; 25% or 100,000 sf. for both 3,001 – 10,000 sf. and 10,001 to 25,000 sf.; and 40% of 25,001 sf. – 50,000 sf. tenant spaces. To help conceptualize how these space limitations would affect development, please refer to Page 2 of Exhibit 8. Page 2 is not intended to set standards, but rather provides representative examples of the types, numbers, and sizes of tenant spaces that could be developed. Local Los Gatos businesses are cited to help illustrate the types and sizes of uses that could occupy the tenant spaces. The limitations table helps to control

smaller tenant spaces that may compete with other existing uses in the Town; while allowing for larger space for commercial uses, such as sit-down restaurants, specialty market, entertainment, formula retail, etc., that could serve unmet needs for the new and surrounding business and residential neighborhoods.

In summary, the Development Parameters are a result of the significant Town Council, AC, and public discussions as well as the North 40 Vision and Guiding Principles. They are largely based on the Town's existing development standards, and the proposed development levels are below those maximums established in the General Plan. Moreover, the Development Parameters respond to the residential and business neighborhood unmet needs of the area and to industry standards, such as providing a variety of unit sizes within each housing product type, space for residential amenities, sufficient commercial uses to support a hotel and/or office development, etc. Finally, based on a plan of one to four-story buildings, the development would cover significantly less than half of the site and thus provide considerable open space that is well beyond existing commercial centers and residential uses in the community.

- **Exhibit 9**

Exhibit 9 is a letter from Don Capobres with Grosvenor.

NEXT STEPS:

The two August 2012, North 40 AC meetings will be dedicated to reviewing this report and exhibits. Staff is requesting specific AC input on Exhibits 5, 6, and 8 (Page 1), which will serve as the foundation on which the plan is developed. Based on AC direction from these meetings, staff and consultants would begin preparing the draft North 40 Specific Plan and the accompanying EIR. The draft Specific Plan would be completed in early 2013, at which time the AC would be reconvened for a series of meetings to review the draft plan and provide a recommendation to the Planning Commission and Town Council. The final draft plan, following the AC's review, and the EIR would be completed in the spring of 2013, and formal Planning Commission and Town Council hearings in late spring or early summer 2013.

Exhibits:

1. North 40 Advisory Committee Land Use Discussion Summary
Attachment A - Los Gatos CH Zone Development Standards
2. North 40 Vision Statement
3. North 40 Draft Document Excerpt
4. North 40 Draft Goals and Policies
5. North 40 Draft District Map
6. North 40 Draft Development Standards
7. Los Gatos Boulevard Business Distribution
8. North 40 Draft Development Parameters Table
9. Letter from Don Capobres, Senior Vice President, Development, Grosvenor