



Background and Setting

CHAPTER

2

In this chapter

| | |
|--|------|
| 2.1 Location and Regional Relevance | 2-02 |
| 2.2 Competing Centers in the Region | 2-04 |
| 2.3 Site Conditions and Surrounding Context | 2-06 |
| 2.4 Access, Transit and Mobility | 2-08 |
| 2.5 Bike and Pedestrian Networks | 2-09 |
| 2.6 Built Form and Public Realm | 2-10 |
| 2.7 Utility Infrastructure | 2-11 |
| 2.8 Relationship to Existing Plans and Policies | 2-12 |

2.1 Location and Regional Relevance

In planning for the transformation of the Plan Area into a mixed-use retail, employment and entertainment destination for Cupertino and the region, it is important to consider the competing downtowns and established retail, 'lifestyle' and mixed-use centers in the region.

Location and Overview

The Plan Area is located in north-east Cupertino in Santa Clara county and is identified in the General Plan as the Vallco Shopping District Special Area. The Plan Area consists of approximately 70 acres, including 58.1 acres of developable area under the ownership of three different entities: Vallco Property Owner, LLC (50.82 acres), Simeon Properties (5.16 acres) and KCR Properties (2.12 acres).

The Vallco mall is on the parcels owned by Vallco Property Owner, LLC, and the Simeon parcel is vacant. The KCR parcel has a hotel, Hyatt House, under construction in 2018.

The Plan Area has direct access to Interstate 280 via North Wolfe Road, an arterial that bisects the Plan Area. Stevens Creek Boulevard, one of the city's major arterials, runs along the southern edge.

Adjacent areas consist of the North Blaney neighborhood to the west, an established single-family neighborhood with an elementary school and a park. Commercial and office developments east and north of the Plan Area include Cupertino Village and the recently constructed Apple Park campus. To the south of the Plan Area, are several retail and mixed-use developments including Main Street Cupertino and The Marketplace.

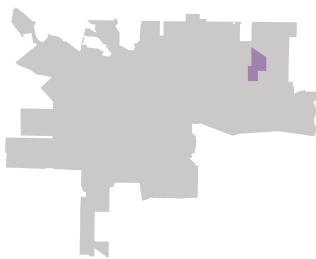
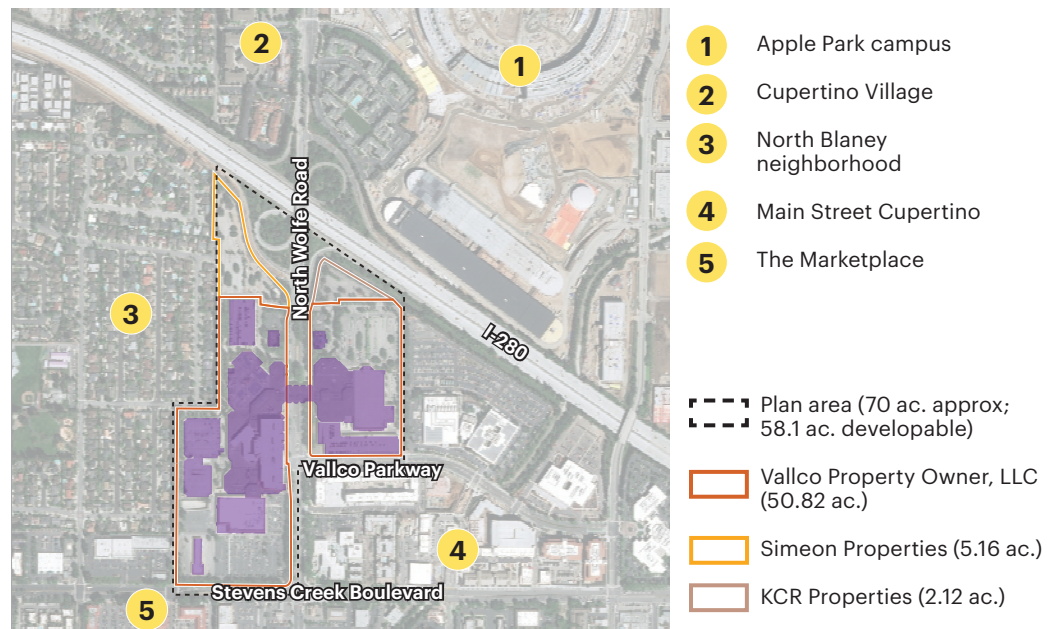


Figure 2.1. Location of the Plan Area within Cupertino.

Figure 2.2. The Plan Area has direct access to Interstate 280 and at the intersection of two major roads: North Wolfe Road and Stevens Creek Boulevard.



Role Within the Region

According to the 'Vallco Special Area Real Estate Market Assessment, 2018' Cupertino has 60,000 residents, with an average growth rate of 0.6 percent, lower than that of neighboring cities. Cupertino's economy is fueled by the science and technology sector in Silicon Valley, and the city is the headquarters of major global businesses including Apple and Seagate. Other major employers include CRC Health, Mirapath, DURECT and DeAnza Community College.

As of 2015, Cupertino had 40,000 jobs and a jobs-to-working residents

ratio of 1.59. Cupertino experienced a 46.3 percent increase in jobs between 2006 and 2015. However, 93 percent of Cupertino jobs are held by non-residents.

The 'Vallco Special Area Real Estate Market Assessment, 2018' analyzed existing market conditions, recent performance trends of project types, pipeline projects and other economic data. A summary of the key findings is summarized in Table 2.1.

For more information, refer to Section 2.2 of this Specific Plan.



Figure 2.3. Apple Park, directly north-east of the Vallco site. With approximately 16,000 employees in the Cupertino area, Apple is the City's largest employer. Image source: Uladzik Kryhin, Curbed SF

Q TABLE 2.1. SUMMARY OF REAL ESTATE MARKET ASSESSMENT (2018)

Office.

Cupertino's central location within Silicon Valley and highly educated workforce positions it well for the office sector. Cupertino has added little office over the past decade, during which time the office inventory in Santa Clara county grew by 23 million square feet in response to the booming technology sector. The office market is strong, with a low vacancy rate of two percent, no projects in the pipeline, and lease rates above the county average.

The Plan Area is extremely attractive due to its location and access and could absorb some of the demand for Class A office space from various businesses in the region.

Retail.

Lease rates and occupancy rates in Cupertino are high, discounting the Vallco mall. Keeping in mind the competition from established 'super-regional' malls and 'lifestyle centers' in the region, in order for a new retail-dominant center to succeed in the current market, it must fit into one of two extremes: luxury or value, with the middle market struggling to compete with online retailers.

The Plan Area has good location and access. However, for it to have a successful major retail component, it would need unique positioning that would complement, not compete, with the region's established centers.

Residential.

Cupertino attracts many families for the quality of its schools. With spiraling housing costs in the Bay Area, the Vallco site has tremendous potential for housing due to its location, size and relatively simple ownership pattern. The recently constructed Apple Park campus and ongoing economic growth in Silicon Valley has further increased demand for housing in the region.

Analysis of the housing market suggests that the Plan Area can successfully accommodate a large number of residential units and support denser housing formats than currently offered in Cupertino.

Lodging.

Cupertino's hotel market is strong, with a high weekday occupancy of 90 percent. Recent construction may satisfy lodging needs in the short term, including the 148-room Hyatt House hotel in the Plan Area, under construction in 2018.

Existing hotels mainly cater to business travelers, and the market analysis suggests that well-positioned hotels (for example in the boutique or luxury categories) may be successful in the current market.

2.2 Competing Centers in the Region

Competition in the Region

Within Cupertino's approximately 10-mile trade area (a 20-minute commute), competition comes from established centers - four within a mile of the Plan Area, and seven outside Cupertino - as well as from mixed-use downtowns in Mountain View (8 miles away), San Jose, Campbell (9 miles away), Los Gatos (9 miles away) and Palo Alto (14 miles away).

The locations of these are shown in Figure 2.4, and descriptions of the centers are listed on the facing page.

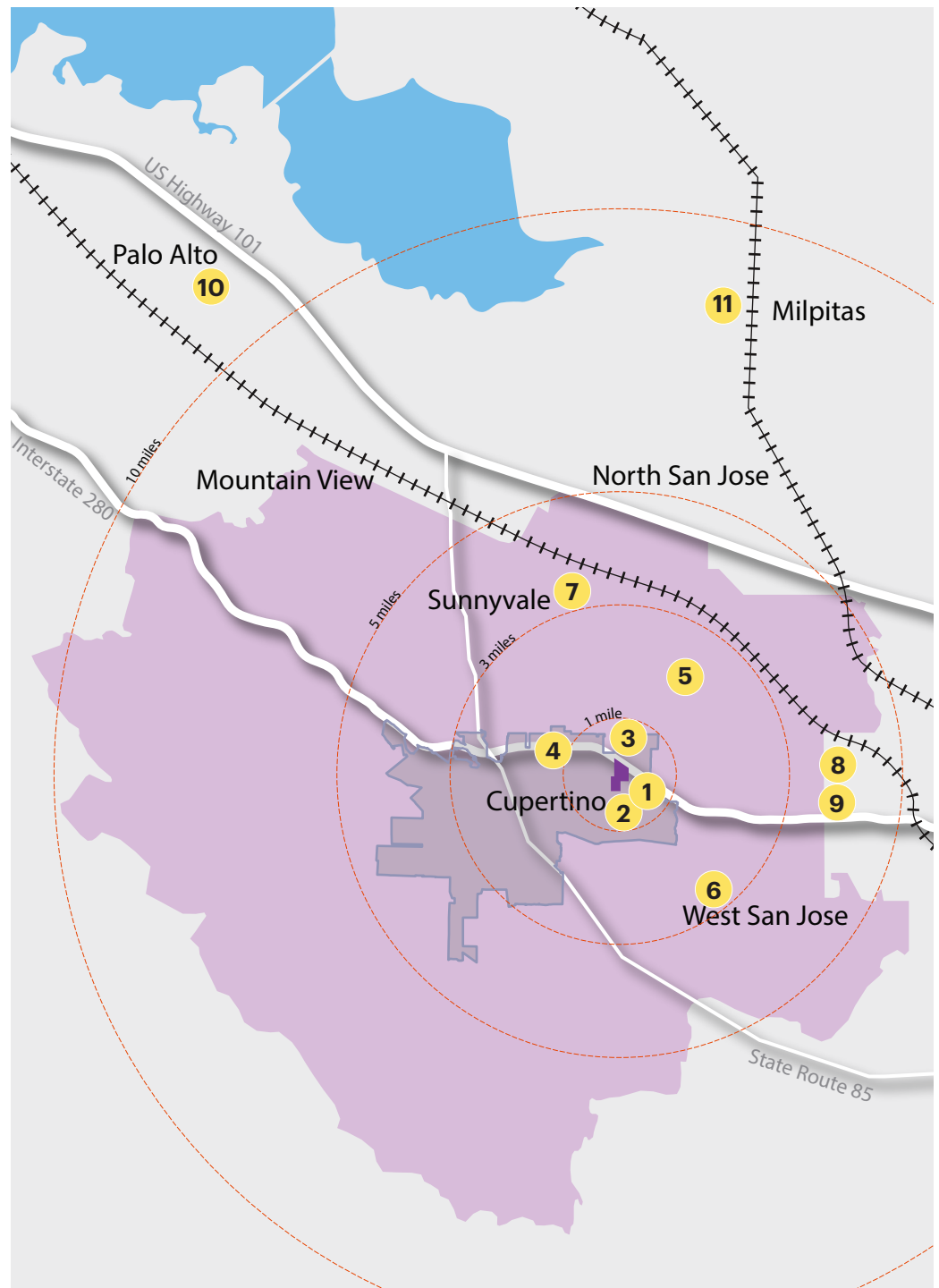


Figure 2.4. Competing centers within the Plan Area's trade area

Competing Centers within Cupertino:

- 1 Main Street Cupertino**
0.5 mile away
133,000 square feet retail, 160,000 square feet office, 120 residential units, 180 hotel rooms.
- 2 The Marketplace**
0.5 mile away
85,656 square feet retail with 30,000 square feet possible expansion.
- 3 Cupertino Village**
0.7 mile away
113,200 square feet of retail with 25,000 square feet expansion approved.
- 4 Homestead Square**
2 miles away
175,000 square feet retail.

Competing Centers outside Cupertino:

- 5 Lawrence Square, Santa Clara**
2 miles away
100,000 square feet retail
- 6 Westgate Center, San Jose**
3 miles away
645,000 square feet retail
- 7 Cherry Orchard Center, Sunnyvale**
3 miles away
45,000 square feet retail
- 8 Westfield Valley Fair, Santa Clara**
3.5 miles away
1,415,765 square feet retail
- 9 Santana Row, San Jose**
5 miles away
1,700,000 square feet of retail, office, hotel and residential including 615 rental units, 219 condos, 30 restaurants, 376,000+ square feet of Class A office space.
- 10 Stanford Shopping Center, Palo Alto**
15 miles away
928,600 square feet retail
- 11 Great Mall, Milpitas**
16 miles away
1,366,000 square feet retail



Figure 2.5. Local and regional competing centers within Cupertino's 10-mile trade area (a 20-minute commute).

Image sources: www.loopnet.com (2), www.yelp.com (3), www.sbc.com (4), www.shopwestgatecenter.com (6), www.sanjose.org (8), www.tripadvisor.com (10).

2.3 Site Conditions and Surrounding Context

- 1** Cupertino Village Shopping Center (12.51 acre site, 113,200 square feet retail)
- 2** The Hamptons residential development
- 3** Vacant parcel (owned by Simeon Properties)
- 4** North Blaney neighborhood separated from the Plan Area by a wall, with Perimeter Road and a row of trees on the Plan Area side of the wall
- 5** The last remaining businesses in the Plan Area:
- 6** Dynasty Seafood Restaurant (5), Bowlmor Lanes (6), Cupertino Ice Center (7),
- 8** Bay Club (8), Cold Stone Creamery, Starbucks and Benihana
- 9** Local strip malls
- 10** Hyatt House, a 148-room, 5-story hotel (under construction in 2018)

Ownership

- Vallco Property Owner LLC
- Simeon Properties
- KCR Properties

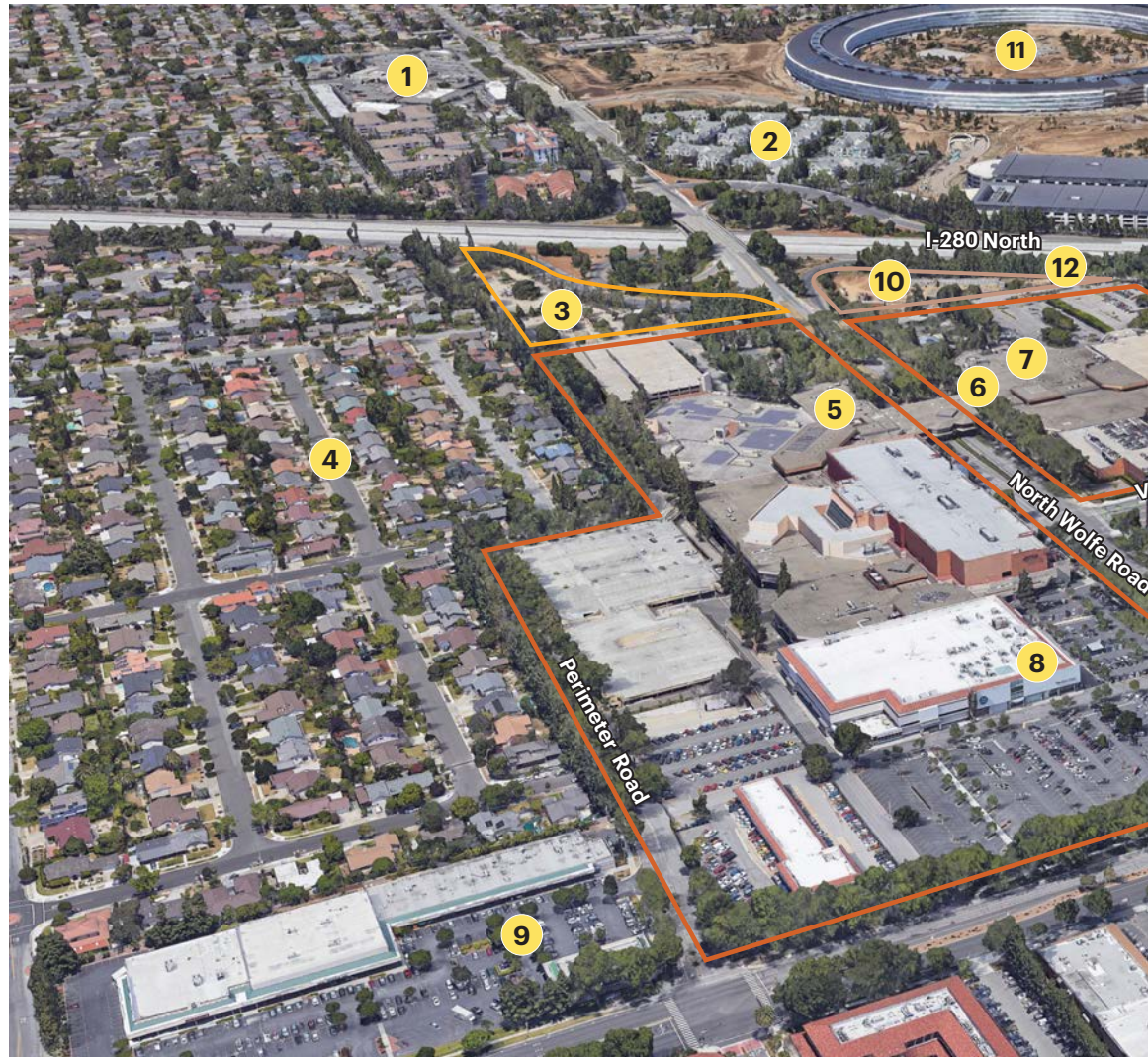


Figure 2.7. The Vallco sign along Interstate 280.



Figure 2.8. The Vallco site in 1973. Image source: Niels Marienlund, Flickr



Figure 2.9. Interior of the Vallco Mall in 1977. Image source: Niels Marienlund, Flickr

1955
Cupertino incorporates as a city

1960
Vallco Business and Industrial Park created



Figure 2.6. Plan Area: existing conditions.

- 11** Apple Park, the new Apple campus (office parking structures along Interstate 280)
- 12** The 80-foot tall Vallco sign, visible from Interstate 280
- 13** Main Street Cupertino, a mixed-use development with a plaza; offices and the '19800' residential development
- 14** Apple offices

Major Streets

Interstate 280 [8 lanes, 65 mph, 158,000 ADT* (2018)]

North Wolfe Road [4-6 lanes, 35 mph, 44,900 ADT* (2018)]

Stevens Creek Boulevard, a major arterial connecting to SR 85, I-280 and Lawrence Expressway; [6 lanes, 35 mph, 25,000 ADT* (2018)]

Vallco Parkway [6 lanes, 35 mph, 2,800 ADT* (2009)]

Perimeter Road, a 2-lane private street in the Plan Area

Miller Avenue, a collector street

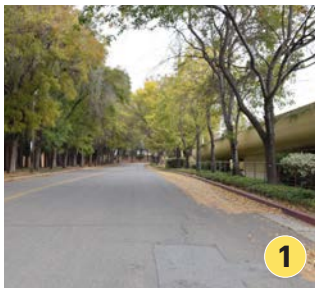
* ADT = Average daily vehicles
 Source: Vallco Special Area Specific Plan, Transportation Impact Analysis (Fehr and Peers, 2018)

| | | | | |
|--|--|--|--|--|
| 1967 De Anza College established | 1976 Vallco Fashion Park opens | 1988 Major mall renovation at Vallco | 2014-2016 Main Street Cupertino opens | 2017 Apple Park campus completed |
| 1972 Stanford Shopping Center opens in Palo Alto | 1987 Westfield Valley Fair opens in San Jose | 2002 Santana Row opens in San Jose | 2015-16 Anchor stores Macy's, Sears, J.C. Penney close | 2018 AMC closes |

2.4 Access, Transit and Mobility

Major Streets and Circulation

- Primary access from signalized intersections on Stevens Creek Boulevard, North Wolfe Road and Vallco Parkway
- The private Perimeter Road provides peripheral access, and tunnels beneath North Wolfe Road to connect the east and west sides of the site.



- Plan Area Boundary
- Highways
- Arterials
- Collectors
- Local Streets
- Curb Cut
- 🚌 Bus Stop
- Signalized Intersection



Figure 2.10. Existing streets and circulation.

2.5 Bike and Pedestrian Networks

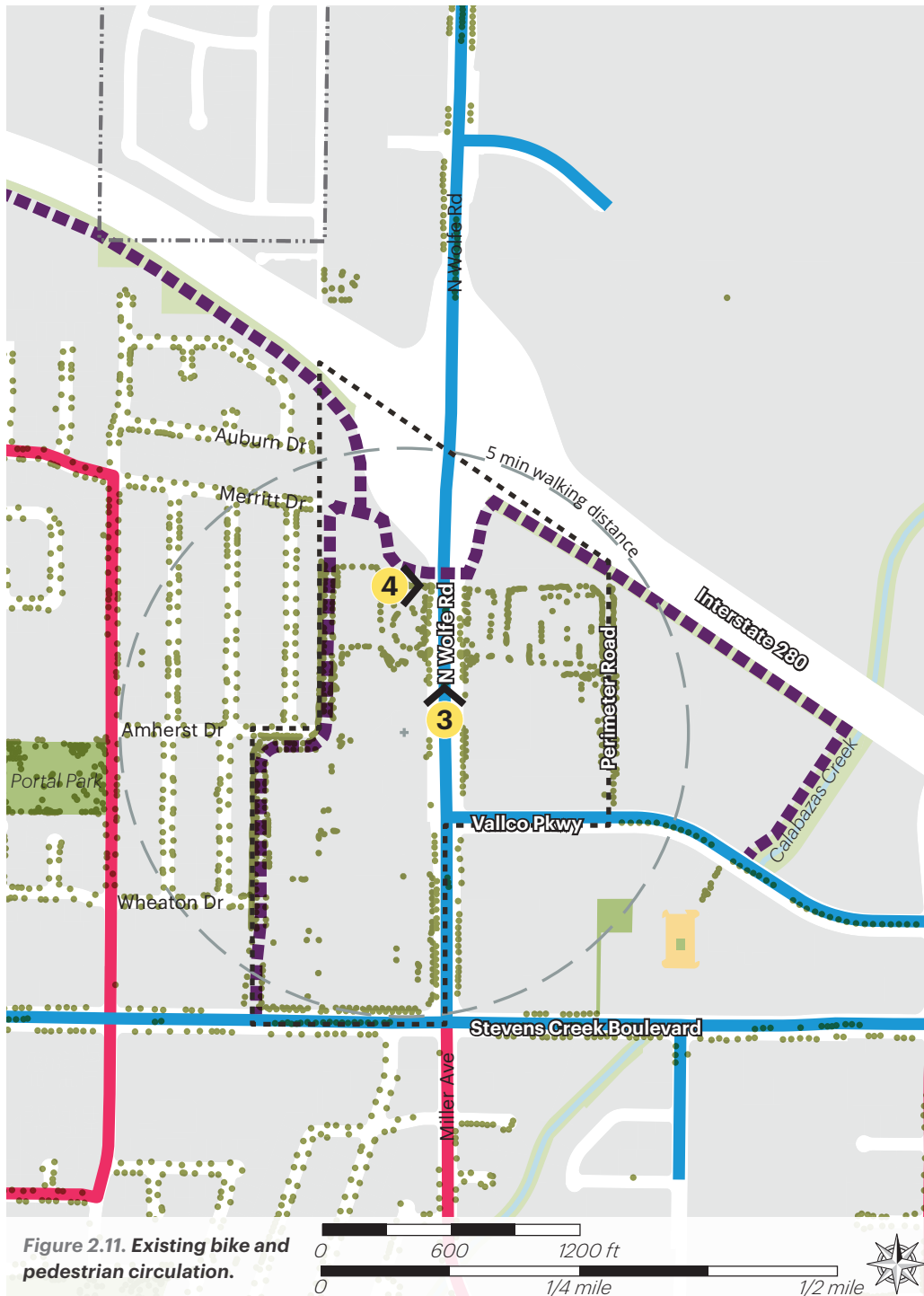


Figure 2.11. Existing bike and pedestrian circulation.

Bike Infrastructure and Pedestrian Realm

- Pedestrian and bike activity is low because of inadequate or missing facilities and safety concerns.
- Planned Class I bike route along I-280.
- Existing pedestrian bridge over North Wolfe Road, currently closed.



- ▬ Plan Area Boundary
- ▬▬ Class I Bike Path (Proposed)
- ▬ Class II Bike Lane
- ▬ Class III Bike Route
- Trees
- Parks
- Squares
- Blocks

2.6 Built Form and Public Realm

Building Scale and Public Space

- Existing buildings are large-scale 'block-form' buildings two to three stories in height.
- Most buildings are accessed from the site interior; most building frontages and entrances do not address the surrounding streets.
- Public spaces are absent in the current layout, with available open spaces being used for parking and access.



Figure 2.12. Existing sidewalks within and adjacent to the Vallco site.

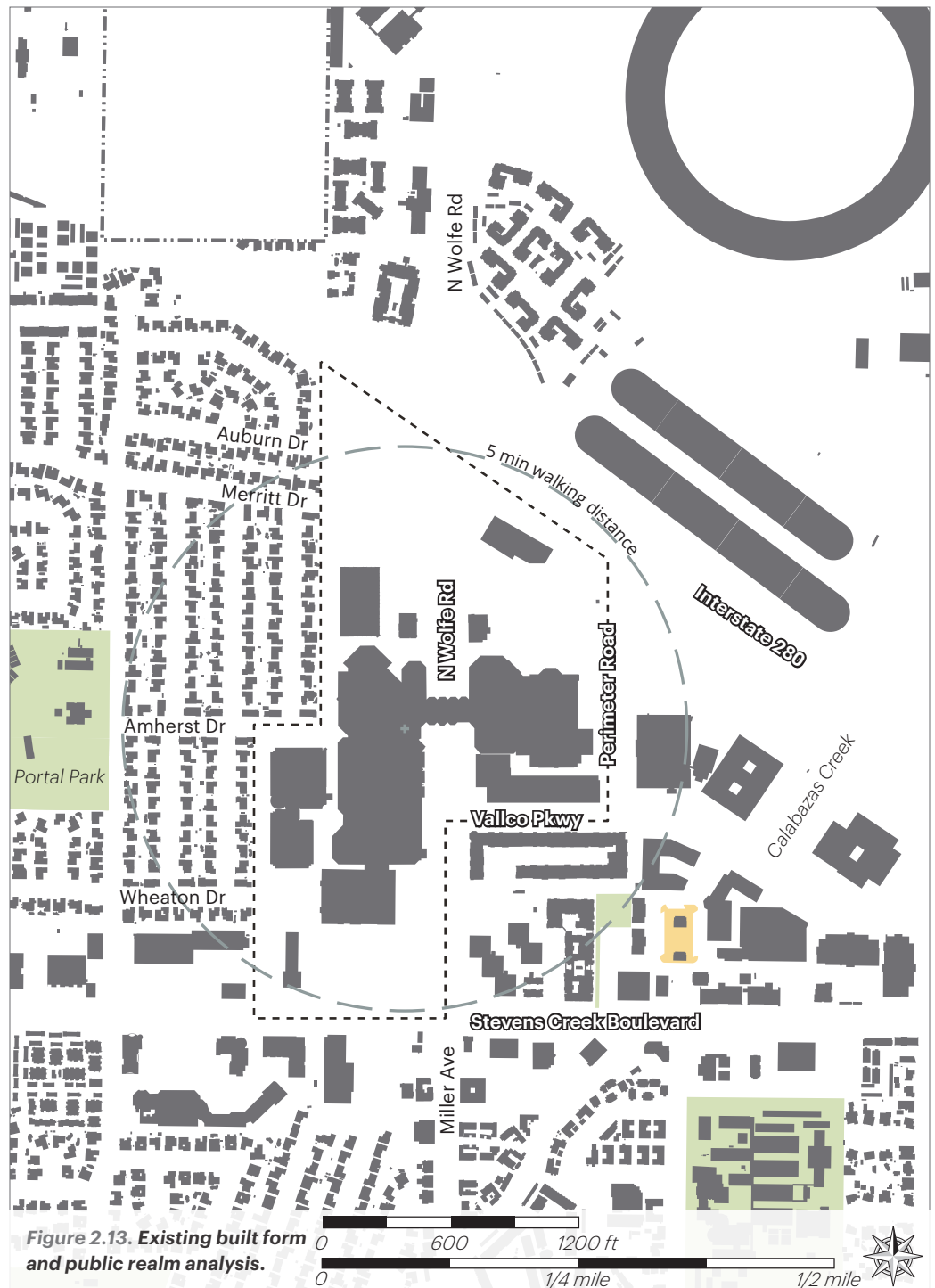


Figure 2.13. Existing built form and public realm analysis.

2.7 Utility Infrastructure

| TABLE 2.2. EXISTING UTILITY INFRASTRUCTURE AND PROVIDERS <i>See Chapter Five: Infrastructure and Public Facilities for additional information</i> | |
|---|---|
| Utility/ Service | Provider(s) |
| Water | California Water Service Company |
| Wastewater | Cupertino Sanitation District Vallco Town Center Specific Plan (greywater on-site) |
| Electricity | Pacific Gas and Electric |
| Gas | Pacific Gas and Electric |
| Fire Protection | Santa Clara County Fire Department |
| Police Protection | Santa Clara County Sheriff's Office, West Valley Division |
| Schools | Cupertino Union School District Fremont Union High School District |
| Library | Santa Clara County Library District |
| Solid Waste Disposal | Recology South Bay |

Existing Utilities in the Plan Area

Please refer to Chapter Five: Infrastructure and Public Facilities for information about existing utility infrastructure.

2.8 Relationship to Existing Plans and Policies

This Specific Plan has been prepared for the systematic implementation of the General Plan within the Vallco Special Area. The following discussion identifies key General Plan policies related to the Plan Area.

Cupertino General Plan

The Cupertino General Plan ('Community Vision 2015-2040') provides vision and policy direction through the year 2040. This state-mandated document provides the vision for Cupertino's growth and reinvestment by setting policy direction in a number of areas including land use, mobility, housing, open space, infrastructure, public health and safety, and sustainability.

The General Plan is organized into 21 'Planning Areas': nine 'Special Areas' and twelve 'Neighborhoods'. The Plan Area, 'Vallco Special Area', is one of those nine

Special Areas. Policy LU-19.1 states that a Specific Plan is to be created for the site based on specified strategies.

The General Plan identifies a maximum of 35 dwelling units per acre in the Plan Area and it authorizes eligible projects in the Vallco Special Area to apply for a "community benefits density bonus" to increase the Plan Area's development potential (Figure LU-2 'Community Form Diagram', page LU-17). In compliance with the General Plan, building heights and setbacks are determined by this Specific Plan. The General Plan identifies a citywide available allocation of 3,527 dwelling units (calculated at the base density) through

Zoning

The Plan Area is zoned as 'Town Center Zone'.

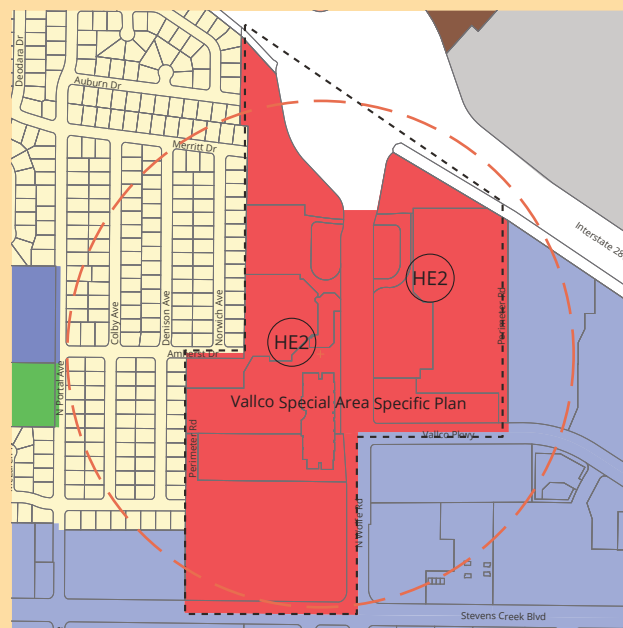
Allowed Uses

Commercial, office, lodging, civic, cultural and residential.

Housing Priority

The General Plan identifies the entire Plan Area as a housing priority site (Site A2 in the Housing Element).

Figure 2.14. Existing zoning and allowed uses.



General Plan Guiding Principles

(Refer page 1-4 and 1-5 of the Cupertino General Plan)

- Develop Cohesive Neighborhoods
- Improve Public Health and Safety
- Improve Connectivity
- Enhance Mobility
- Ensure a Balanced Community
- Support Vibrant and Mixed-Use Businesses
- Ensure Attractive Community Design
- Embrace Diversity
- Support Education
- Preserve the Environment
- Ensure Fiscal Self Reliance
- Ensure a Responsive Government

2040, or 4,416 dwelling units through 2040 if the "community benefits density bonus" is approved.

General Plan Strategy LU-1.2.1 (Planning Area Allocations) and Table LU-1 identify the following development allocations to the Plan Area:

- Minimum 600,000 square feet of retail
- 750,000 square feet of office
- 339 hotel rooms, and
- 2,034 dwellings

Table LU-1 also authorizes 400,000 square feet of retail, 85,000 square feet of civic/ cultural facilities, 1,750,000 square feet of office, 339 hotel rooms, and 2,923 dwelling units if the "community benefits density bonus" is approved.

Cupertino Municipal Code

The Cupertino Municipal Code (CMC) is the primary document that implements the General Plan. The CMC's zoning code provides the regulations for land uses along with development regulations and procedures for all land within the city.

The Plan Area has been zoned 'Town Center Zone' concurrent with the adoption of this Specific Plan. This zoning designation establishes Chapter Six: Development Standards of this Specific Plan, as the standards for use and development within the Plan Area. If there are any inconsistencies or conflicts between the requirements of this Specific Plan and the CMC or other applicable regulation, policy or procedure, the provisions of this Specific Plan take precedence, control and govern the Plan Area.

Other Relevant Plans

City of Cupertino Pedestrian Transportation Plan

First adopted in 2002, this plan was updated in 2018. This plan is designed to improve pedestrian and bicycling conditions through the City, and its vision is structured by three main goals: safety, access, and connectivity that look to enhance quality of life for all community members and visitors. This Plan shows the location and intent of shared use paths within and adjacent to the Plan Area.

Cupertino Bicycle Transportation Plan

This plan is designed to encourage bicycling as a safe, practical and healthy alternative to the use of a motor vehicle through identifying priorities for the next decade based on community direction. The plan's direction for the Plan Area is to install buffer zones along existing bike lanes.

Other Regional Agencies



Metropolitan Transportation Commission (MTC). *The MTC is the transportation planning, coordinating and financing agency for the nine-county San Francisco Bay area. MTC is responsible for regularly updating the Regional Transportation Plan, a comprehensive blueprint for mass transit, highway, freight, bicycle, and pedestrian facilities.*



Caltrans. *The Plan Area is located in Caltrans District 4. Caltrans is responsible for the design, construction, maintenance, and operation of the California State Highway System as well as the portion of the Interstate Highway System with the State's boundaries.*



Valley Transit Authority (VTA). *VTA is Santa Clara County's congestion management agency, responsible for the design and construction of specific highway and pedestrian and bicycle improvements. The VTA has proposed the Stevens Creek Bus Rapid Transit (BRT) project, which would provide service along 8.5 miles from DeAnza College to the Transit Mall in downtown San Jose.*

