



VPO conducted 18 “Chime In” community workshops and Open Houses, focused on receiving community input regarding their vision for redevelopment of the Plan Area. The initial outreach resulted in more than 4,000 ideas for the revitalization of Vallco.









**More than 2,000 residents attended Open Houses**

Unfortunately, in November 2015, a group of Cupertino residents halted the extensive community planning process by starting the ballot initiative process that eventually placed an initiative (Measure C) on the November 2016 ballot to stop the revitalization of Vallco. A citizen group, supported by the owners of Vallco, placed a counter measure on the November 2016 (Measure D) to support the Hills at Vallco project and stop Measure C.









**No on C/Yes on D Community Meeting in Vallco Presentation Space**

In 2016, the campaign committee opposing Measure C and supporting Measure D connected personally with more than 20,000 Cupertino residents through small and larger group presentations, “Ask the Experts” meetings, community events, a dedicated Hills at Vallco presentation space, mail, traditional and social media, and other venues.

Measure C failed by a 39%/61% vote and Measure D failed by a 45%/55% vote. Following the election, VPO shared with the community that, until there was more certainty and stability in Cupertino, it could not further invest in Vallco.

In 2017, a broad base of Cupertino residents requested that VPO re-engage in the planning process for Vallco. In October 2017, VPO requested that the City initiate a Specific Plan Process for Vallco and look at a range of alternatives in addition to The Hills at Vallco. The City initiated a Specific Plan process in late 2017.

There have been significant and ongoing efforts since 2012 to stop revitalization of Vallco and undermine community planning processes including:

- Past and ongoing litigation against the City of Cupertino over Vallco (2016-Present)
- Ballot initiative (Measure C) against Vallco (2016)
- Threats of referenda against Vallco (2015-Present)
- Attempts to downzone Vallco (2017)
- Actions to strip Vallco's Housing Element designation (2017)
- Fundraising for litigation, voter initiatives and referenda to prevent the revitalization of Vallco (2015-Present)
- Attempts to unduly influence the City-sponsored community Specific Plan process (2017-Present)
- Public request to the City to abandon the City-sponsored community Specific Plan Process (2018)

Given the continued uncertainty and instability in Cupertino and the repeated efforts by a group of Cupertino residents to stop revitalization of Vallco and worsen the housing crisis in Cupertino, VPO submitted the SB 35 Application.

**Appendix K**

**Retail Reduction Justification Letter**





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VALLCO PROPERTY OWNER, LLC  
Attn: Reed Moulds, Managing Director  
Sand Hill Property Company  
965 Page Mill Road  
Palo Alto, CA 94304

Dear Mr. Moulds,

With offices across the nation, The Concord Group (“TCG”) offers a comprehensive range of real estate advisory services for all asset classes, product types, and investment scenarios. We excel at a variety of scales and time horizons, from highest and best use analysis of a single site to portfolio valuations spanning multiple markets, from assessment of immediate investment opportunities to long-range programming for master-planned communities. Through incisive research, analytical rigor, and creative problem-solving, we empower our clients to capitalize upon market opportunities and manage risks associated with each phase of the cycle.

In March 2018 TCG performed a Retail Opportunity Analysis in connection with the redevelopment of the Vallco Shopping Mall property (the “Vallco Town Center Project” or “Project”) on behalf of Vallco Property Owner, LLC (“VPO”). This analysis determined, among other things, that in order to achieve stabilization of 600,000 square feet of retail (as required by the City of Cupertino’s General Plan for the Vallco site), the Vallco Town Center Project would have to capture 100% of the existing retail demand in the trade area, an unrealistic scenario given the tenant types and pricing realities of the high quality retail product to be delivered at the Project. As such, TCG recommends building a maximum of 400,000 square feet of retail at the Project. Building in excess of 400,000 square feet would result in additional and unrecoverable costs to VPO in the form of extraordinary transaction costs (i.e. excessive monetary contributions for tenant improvements and/or lease procurement brokerage fees), extraordinary construction costs (i.e. turn-key buildouts or other non-standard improvements for tenants, or construction of un-leasable space), and/ or extraordinary operating loss (i.e. operating costs in excess of rental income as a result of heavy discounts or vacant space) and cannot be offset by other Project revenues given the composition of its uses, including but not limited to the Project’s affordable housing component. Limiting the retail component of the Project to 400,000 square feet would facilitate cost reductions and, in concert with other strategies, should allow VPO to offer the affordable rents contemplated by the Project’s housing component.

Very Truly Yours,

Tim Cornwell  
Principal  
The Concord Group

*Tim Cornwell is a Principal in the San Francisco office. Mr. Cornwell is an expert in market-based urban infill development strategy, delivering a best-in-class quantitative/qualitative approach to solving macro- and micro-economic challenges facing urban redevelopment around the United States. Tim is a frequent speaker on multi-family development, urban infill trends and issues facing his Gen Y peers, and is active with the Urban Land Institute, SPUR and other industry-leading organizations. In addition to the market work summarized above, Mr. Cornwell leads The Concord Group’s affordable housing practice, completing more than forty engagements annually in support funding applications, acquisitions and planning efforts. Tim, a native of the San Francisco Bay Area, is a graduate of Pomona College with a degree in international relations and economics.*