



Mr. Jim Throop
City Manager, City of Cupertino
10300 Torre Avenue
Cupertino, CA 95014

Re: The Rise Modification Request, March 24, 2022

Dear Mr. Throop:

Sand Hill Property Company and Vallco Property Owner, LLC are proud to announce that as of today, the **Vallco Town Center is now The Rise.**

The Rise brings world-class, community-inspired design to Cupertino, and the new name reflects the uplifting green roof architecture of the site itself: rising up from the sidewalk at the corner of Stevens Creek Boulevard and Perimeter Road and becoming a true landmark for Cupertino and the greater Silicon Valley. A rare regional example of iconic architectural development that is built for everyone to enjoy, The Rise, as a name, evokes the sense of positivity and vitality that Cupertino's new world-class neighborhood will inspire in those who live, work, or visit here – an exceptional place where spirits and prospects will rise.

The Rise is an innovative project befitting the world's capital of innovation. As we introduce the new identity of the project, we want to take the opportunity to reiterate our commitment to revitalizing the Vallco Shopping Mall and delivering this transformational project for the Cupertino community, and doing so in the most responsible way, adhering to best practices in design, in construction, and in operation. With this announcement we hope to enter a new era of coordination and implementation with the City, reconnect with community members who have followed and contributed to our progress, and reach new audiences with previously unreleased imagery and detail. Today not only marks the renaming of the project, but also the formal launch of marketing efforts for The Rise's retail and office offerings. The Rise is open for business.

Modification Request Application

Accompanying this announcement is an administrative modification request to the 2018 project approval. While for all intents and purposes the project is unchanged, over the last three years we have made plan refinements as part of typical design development, in response to City and community feedback, and following the fundamental pandemic-related shifts in how we live, work, shop and socialize. (A project description, separately enclosed, provides a high-level summary of these changes.)

In past discussions with the City it became clear that to pull new building permits and advance construction in the normal course, the City will first require a planning level modification. This modification request is clear and entirely consistent with applicable standards, and the City's administrative review should be simple and quick.

We all know great things take time and while it has sometimes felt like a long road, our commitment to this project and this city has never wavered. Since receiving approval in 2018, the project faced litigation into mid-2020 only to be met with a global pandemic and new uncontrollable challenges. After several years of plan review, we were pleased to pull permits in 2021 for mass excavation and foundations, and prior to starting we have been working diligently with the County Department of Environmental Health to agree on a plan to safely and fully remove on-site contamination.

We plan to start the excavation work later this spring and in preparation for that ask the City to commit with us to an efficient and collaborative approach to implementing the project together, where there is clear communication and accurate information is given to the public about the status of the project. We recognize past impediments had to do with the lack of continuity at the executive level among City staff, but we are very optimistic in this regard now that the City Council has hired and endorsed both you and City Attorney Chris Jensen. We look forward to working with you, as well as the rest of staff.

Over \$300 Million in Community Benefits

As you undertake your review of the modification request you will notice that the same transformative benefits of the original approval remain in the plan and that they are now packaged with many exciting features and enhancements. The Rise continues to bring at least \$300 million worth of community benefit facilities and programs beyond statutory requirements. In addition, we continue to propose a voluntary fire station through this modification, which the City has already independently determined to be a high priority community benefit with a \$10 million valuation. Beyond physical benefits, The Rise will generate \$4.3 million annually in net direct and indirect revenue to the City's general fund, per the updated fiscal impact analysis provided by Keyser Marston as an appendix to this modification request.

Acres of Parkland and Miles of Trails

Architecturally, we have made refinements to the green roof, some of which respond directly to City feedback. For example, the project was approved in 2018 with a signature residential amenity sitting atop a bridge suspended over Wolfe Road. While this was legally proper and within the air rights easement in place, the City voiced the preference for a public amenity or simply open space as opposed to an enclosed private use above the Wolfe Road right-of-way. We have found a way to be more responsive to that preference by removing the residential structure and replacing it with parkland, in the form of a half-acre netted turfed playfield that will provide an outdoor sports and recreation space and serve as a gateway feature for the City on Wolfe Road below.

We recently sent a survey out to the thousands of members of our email distribution list, and notably 80% of respondents would rather see parkland provided in private developments, consistent with City policy, instead of City collection of an in-lieu fee. A similar percentage also believed that parkland should be neither simply flat nor completely sloped, but a combination of the two conditions, just like The Rise.

We have continuously heard the community's desire for open space, especially in eastern Cupertino, and we believe that built and natural environments complement one another to create thriving

communities. This is why we proposed significant parkland dedication via public access easements in 2018, at our own construction and operational expense, and were under the impression the City would accept this much-needed dedication in exchange for abatement of a parkland dedication fee. However, we have since received mixed messages as to whether the City is committed to our parkland dedication.

We remain steadfast in our belief that open space is fundamental to quality of life and well-being for the residents of Cupertino, so we have preserved the incorporation of green roof, plazas, trails and other open space in the modification request design. These areas are designed with the flexibility to provide public access, but we can only commit to that long-term operational expense if the City recognizes these benefits by providing a fee credit. Until such time, there should be no parkland dedications; accordingly this modification request amends the tentative map to remove the public access easements. We continue to be very proud of our community-oriented approach and our commitment to sensitive architecture that brings over 26 acres of programmed open space and over 6 miles of bike paths and pedestrian trails to Cupertino.

8x Increase in Cupertino's BMR Rental Housing

Programmatically, we have introduced new community benefits with this modification request as well. Once again in response to City feedback, we have increased the size of over 100 affordable units to provide 2- and 3-bedroom units instead of studios, doubling Cupertino's total existing multi-bedroom BMR rental stock and making The Rise the most family-friendly affordable housing project in the City. In addition, over 200 studios have been converted into affordable 1-bedroom units. While market analysis says there is effectively infinite demand for all affordable housing unit types today in Cupertino, creation of affordable housing options for low-income families has been a very clear priority of the City in recent years. This modification directly and successfully responds to that policy objective.

Moreover, despite recent housing law clarification at the state level that would require less affordable housing, The Rise continues to provide 1,201 affordable units, which is a phenomenal 311 units greater than this project's 890-unit legal BMR requirement (i.e., the amount that is 50% of the project when density bonus units are excluded). Re-stated, we are providing 35% more BMR units than legally required. We offer these units voluntarily and as a best effort to address Cupertino's severe housing crisis. The Rise will increase Cupertino's existing BMR rental stock by roughly 8 times, and we look forward to making this commitment binding by entering into an affordable housing agreement as soon as possible.

Phasing to Prioritize Retail and Residential

It isn't just the extent of the affordable housing component, but their timing is critically important as well. As approved, our first phase delivers no affordable housing units. To accommodate City priorities, this modification request adjusts the phasing of the project to accelerate the construction of affordable housing into the first phase and defers office construction until after substantial housing and retail is built. The first phase will immediately help the City with Housing Element progress reporting by bringing forth substantial affordable housing and increasing the City's current BMR rental housing supply by over 200% in the first phase alone.

We appreciate the community's desire to restore the vibrant shopping district once associated with the original Vallco Fashion Park, and converting such a dynamic placemaking opportunity here as the first thing we do is a priority for The Rise. The result not only ensures that The Rise will create a thriving

neighborhood for the community to enjoy, but before it does anything else The Rise will give Cupertino just what it has been missing.

Our phasing approach maintains the 2/3s residential and 50% BMR ratios throughout, and the conceptual phasing plan includes off-site improvement sequencing upfront as requested by the City. The basement for the western portion of the site will be delivered first to bring the utilities and underground circulation to all the blocks during vertical construction of all phases. While the phasing plan remains subject to refinement and change to account for constructability and market drivers, the above community-sensitive approach is how we are preparing to build The Rise as demonstrated by this modification request and our permitting process to date.

Commitment to Health, Safety and Environmental Quality

In addition to its signature sustainable design, The Rise maintains the project's commitment to exceeding environmental requirements. As mentioned, last year we volunteered to undergo a long and detailed oversight process led by the County Department of Environmental Health to give the City and the public visibility into and confidence in the clean-up of limited contamination relating to the historic mall use, even though the City's approval of the project imposed no such obligation.

Health and safety is our highest priority throughout the site preparation and construction process. This commitment is emblematic of the diligent and considerate approach we take to our projects, and there are many other examples of CEQA mitigations that we are volunteering to implement with The Rise, even though the project is fully exempt from these requirements. Our robust Transportation Demand Management planning (and major infrastructural investments to curb traffic generally) and our use of environmentally sensitive construction materials and equipment are examples of this commitment. In general, The Rise goes out of its way to maximize compliance with City planning goals, policies and strategies that are not required of the project, including those set forth in the City's Parks & Recreation System Master Plan, Bicycle Transportation Plan, South Vallco Master Plan and General Plan, and we plan to continue that coordination moving forward.

Programming for, and Informed by, the Community

Above all, the modification request responds to feedback and incorporates input that we have received from residents of this community through surveys and direct engagement. As these engaged residents review the new details put forth today, they will see dozens of newly added-yet-familiar features that will create an instant connection between locals and The Rise upon its completion. The most popular ideas, by frequency, coming from our community engagement include:

- Expansion of outdoor sidewalks and outdoor dining offerings and addition of outdoor retail and entertainment spaces, including capacity for the return of a movie theater;
- Easy access to the site for both cyclists and drivers, enhanced investment in sustainability and natural open space and the programming of family friendly features throughout, including shaded benches, services such as restrooms and access to refreshments, etc., and interactive landscape features such as nature-based play installations and immersive garden settings; and
- Project-wide infrastructure to support popular public event programming such as farmers and makers markets, live music concerts, and festivals celebrating great food & beverage.

In general, the responses to our extensive community engagement has been consistent with many of the City's own plans and policies. We look forward to continued collaboration with the community on finalizing programming details across The Rise.

Notably, this modification request also reflects design updates due to the new realities coming out of the COVID-19 public health crisis, which has fundamentally impacted the way in which Cupertino residents live, work and play. To that end, key updates include:

- Increased access to communal and private outdoor space;
- Design changes as a result of work-from-home realities;
- Increased outdoor dining and outdoor programming opportunities; and
- Adjustments to the design of indoor spaces to improve environmental quality and wellness throughout The Rise.

The Social Heart of Cupertino

Our goal is to create a welcoming way to live, work, and socialize by all at The Rise, and we have spent years building on the approved project framework from 2018 to make this project even better for Cupertino. We are proud of this project, and we hope it provides leadership and serves as a model for future development in California. With the launch of our formal marketing efforts and housing interest list, we are one step closer to making this project a reality. We are excited to be providing the City with the necessary technical information required to finalize the permitting process and completing our final site preparation work in the coming months. We look forward to collaborating to deliver the best possible project to the people of Cupertino.

Sincerely,

A handwritten signature in black ink, appearing to read 'Reed Moulds', with a stylized, looping initial 'R' and a trailing line.

Reed Moulds
Managing Director
Sand Hill Property Company