



**Planning Commission**  
**REGULAR MEETING AGENDA**  
**Tuesday, March 10, 2026 | 7:00 PM**  
**City Hall Council Chamber – 70 N. First Street**

---

**CALL TO ORDER / ROLL CALL**

This Planning Commission meeting will be conducted in person and virtually via video teleconferencing (Zoom) in compliance with the provisions of the Brown Act. A quorum of the Planning Commission will be in attendance at the city of Campbell City Hall. Members of the public may attend this meeting in person at Campbell City Hall or virtually via Zoom at <https://campbellca.gov/PCSignup>. The meeting will also be live streamed on Channel 26, the City's website, and on YouTube at <https://www.youtube.com/@CityofCampbell>.

Written correspondence will be accepted via email at [planning@campbellca.gov](mailto:planning@campbellca.gov) until 12:00 PM on the day of the meeting, and thereafter may be delivered in-person at the public hearing. Written correspondence will be posted to the City's website and distributed to the Planning Commission. If you choose to email your comments, please indicate in the subject line "FOR PUBLIC COMMENT" and indicate the item number.

Members of the public may be allotted up to two (2) minutes to comment on any public hearing or study session item. Applicants/Appellants and their representatives may be allotted up to a total of five (5) minutes for opening statements and up to a total of three (3) minutes maximum for closing statements. Items requested/recommended for continuance are subject to Planning Commission's consent at the meeting.

**APPROVAL OF MINUTES**

1. **Approval of Minutes of February 24, 2026** (*Roll Call Vote*)

Recommended Action: That the Planning Commission approve the regular meeting minutes of February 24, 2026.

**COMMUNICATIONS**

**AGENDA MODIFICATIONS OR POSTPONEMENTS**

**ORAL COMMUNICATIONS**

This portion of the meeting is reserved for individuals wishing to address the Planning Commission on matters of community concern that are not listed on the agenda. In the interest of time, the Chair may limit speakers to five minutes. Please be aware that State law prohibits the Commission from acting on non-agendized items, however, the Chair may refer matters to staff for follow-up.

**PUBLIC HEARING****2. 278 E Campbell Avenue – Conditional Use Permit (Resolution/Roll Call Vote)**

Public Hearing to consider the application of Fatih Ulas to allow the on-site sale of beer and wine in association with a quick service restaurant (dba Sultan's Kebab) on property located at **278 E Campbell Avenue**. The application under consideration includes a Conditional Use Permit. File No.: PLN-2026-19. Staff recommends that this item be deemed categorically exempt from CEQA. Planning Commission action is final unless appealed in writing to the City Clerk within 10 calendar days. Project Planner: Daniel Fama, Senior Planner.

Recommended Action: Adopt a Resolution, approving a Conditional Use Permit

**STUDY SESSION**

**Note:** A study session meeting of the Planning Commission is held to discuss specific planning topics or preliminary development proposals. No formal action or decision may be made by the Planning Commission.

**3. Economic Development Study Session**

Economic Development Study Session, including an overview of Campbell's Economic Development Plan and current economic conditions. *Project Manager: Nathan Donato-Weinstein, Economic Development Manager*

**NEW BUSINESS****4. Planning Commissioner / Subcommittee Reports****5. Report of the Community Development Director****ADJOURNMENT**

Adjourn to the Planning Commission meeting of **April 14, 2026**, at 7:00 PM, in the City Hall Council Chambers, 70 North First Street, Campbell, California and via telecommunication

**Americans with Disabilities Act (ADA)**

In compliance with the Americans with Disabilities Act, listening assistance devices are available for meetings held in the Council Chambers. If you require accommodation to participate in the meeting, please contact the City Clerk's Office at [ClerksOffice@campbellca.gov](mailto:ClerksOffice@campbellca.gov) or 408-866-2117 in advance of the meeting.



**PLANNING COMMISSION  
REGULAR MEETING MINUTES  
Tuesday, February 24, 2026 | 7:00pm  
City Hall Council Chamber**

---

**CALL TO ORDER**

The Regular Planning Commission meeting of February 24, 2026, was called to order at 7:00 pm by Chair Kamkar, and the following proceedings were followed

**ROLL CALL**

**Planning Commissioners Present:**

Davis Fields, Chair  
Gary Aquilina, Vice Chair  
Matt Kamkar  
Adam Buchbinder  
Alan Zisser  
Phil Alne

**Planning Commissioners Absent:**

**Staff Present:**

Victoria Thompson, City Attorney's Office  
Rob Eastwood, Director  
Daniel Fama, Senior Planner  
Roger Storz, Senior Civil Engineer

**COMMUNICATIONS**

None.

**AGENDA MODIFICATIONS OR POSTPONEMENTS**

None.

**ORAL COMMUNICATIONS**

This portion of the meeting is reserved for individuals wishing to address the Planning Commission on matters of community concern that are not listed on the agenda. In the interest of time, the Chair may limit speakers to five minutes. Please be aware that State law prohibits the

Commission from acting on non-agendized items, however, the Chair may refer matters to staff for follow-up.

### **APPROVAL OF MINUTES**

1. **Approval of Minutes of February 10, 2026 (Roll Call Vote)**

Recommended Action: That the Planning Commission approve the regular meeting minutes of February 10, 2026.

**Motion:** Upon motion by Commissioner, seconded by Commissioner, the Planning Commission motioned to approve the regular meeting minutes of February 10, 2026, by the following roll call

**AYES:** Zisser, Alne, Buchbinder, Aquilina, Fields, Kamkar  
**NOES:** None  
**ABSTAIN:** None  
**ABSENT:** None

### **COMMUNICATIONS**

#### **AGENDA MODIFICATIONS OR POSTPONEMENTS**

#### **ORAL COMMUNICATIONS**

This portion of the meeting is reserved for individuals wishing to address the Planning Commission on matters of community concern that are not listed on the agenda. In the interest of time, the Chair may limit speakers to five minutes. Please be aware that State law prohibits the Commission from acting on non-agendized items, however, the Chair may refer matters to staff for follow-up.

#### **PUBLIC HEARING**

Disclosures: Commissioners have visited site and know of area and site.

2. **750 E. McGlincy Ln., Ste. 102. – Conditional Use Permit (Resolution/Roll Call Vote)**

Public Hearing to consider the application of CUONG TRINH, PHARM.D., Inc., dba Wellness Pharmacy to allow ancillary retail (pharmacy) sales serving a pharmaceutical compounding and prescription fulfillment laboratory, on property located at **750 E. McGlincy Ln., Ste. 102**. The application under consideration includes a Conditional Use Permit. File No.: PLN-2025-172. Staff recommends that this item be deemed categorically exempt from CEQA. Planning Commission action is final unless appealed in writing to the City Clerk within 10 calendar days. Project Planner: Daniel Fama, Senior Planner.

Recommended Action: Adopt a Resolution, approving a Conditional Use Permit.

Senior Planner Daniel Fama presented presentation to allow ancillary retail (pharmacy) sales serving a pharmaceutical compounding and prescription fulfillment laboratory, on property located at **750 E. McGlincy Ln., Ste. 102.**

Commissioners were informed that a routine Conditional Use Permit takes about 10 hours of staff time across several departments to complete and there is sufficient parking for operational needs on site to meet business needs. Also received clarification as to why the application required a Conditional Use Permit.

Applicant spoke and stated that the facility assists with fulfilling orders throughout the state and that the process for compounding the non-sterile products meets requirements from the state board of pharmacy.

Commissioners received clarification and information regarding the sterilization process of products sold and safety requirements regarding fumes from chemicals.

Chair opened public hearing and hearing no requests to provide public comment, closed public hearing.

Commission expressed support of application and wished the applicant much success.

**Motion:**        **Upon motion by Commissioner Zisser, seconded by Commissioner Aquilina, the Planning Commission motioned to approve a Conditional Use Permit to allow establishment of a pharmaceutical Compounding and Prescription Fulfillment Laboratory with ancillary retail (Pharmacy) sales, on property located at 750 E. McGlincy Ln., #102. File No.: PLN-2025-172., by the following roll call:**

**AYES:**            **Zisser, Alne, Buchbinder, Aquilina, Fields, Kamkar**  
**NOES:**            **None**  
**ABSTAIN:**        **None**  
**ABSENT:**         **None**

### **NEW BUSINESS**

#### **3. Planning Commissioner / Subcommittee Reports**

Subcommittees will return in an upcoming meeting to provide more robust updates.

#### **4. Report of the Community Development Director**

Director Eastwood provided the following updates:

- City has extended moratorium on not allowing smoke shops.
- Department is conducting a Building Inspector recruitment.

- City Council has been forwarded Public Outreach report from previous Planning Commission subcommittee.
- Economic Development Manager will attend and present at an upcoming Planning Commission meeting.
- There is a calendar conflict for the next scheduled meeting of March 24, 2026, a special meeting will be tentatively scheduled for March 31, 2026.

**ADJOURNMENT**

Adjourned Planning Commission at 8:45pm to the Planning Commission meeting of **March 31, 2026**, at 7:00 PM, in the City Hall Council Chambers, 70 North First Street, Campbell, California and via telecommunication

**Americans with Disabilities Act (ADA)**

In compliance with the Americans with Disabilities Act, listening assistance devices are available for meetings held in the Council Chambers. If you require accommodation to participate in the meeting, please contact the City Clerk's Office at [ClerksOffice@campbellca.gov](mailto:ClerksOffice@campbellca.gov) or 408-866-2117 in advance of the meeting.

PREPARED BY: \_\_\_\_\_  
Ken Ramirez, Administrative Analyst

APPROVED: \_\_\_\_\_  
Davis Fields, Chair

ATTEST: \_\_\_\_\_  
Rob Eastwood, Secretary



**CITY OF CAMPBELL · PLANNING COMMISSION  
Staff Report · March 10, 2026**

**PLN-2026-19** Public Hearing to consider the application of Fatih Ulas to allow the on-site sale of beer and wine in association with a quick service restaurant (dba Sultan's Kebab) on property located at **278 E Campbell Avenue**. The application under consideration includes a Conditional Use Permit. File No.: PLN-2026-19.

**Ulas, F.**

**STAFF RECOMMENDATION**

That the Planning Commission take the following action:

1. **Adopt a Resolution** (reference **Attachment A**), approving a Conditional Use Permit to allow the on-site sale of beer and wine in association with a quick service restaurant (dba Sultan's Kebab).

**ENVIRONMENTAL (CEQA) DETERMINATION**

Staff recommends that the Planning Commission accept the determination that this project is Categorically Exempt under Section 15301 of the [California Environmental Quality Act \(CEQA\) Guidelines](#), pertaining to the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of an existing private structure.

**PROJECT DATA**

**Zoning Designation:** CB-MU (Central Business Mixed-Use)

**General Plan Designation:** Central Business Mixed-Use

**Total Building Area:** 21,000 square feet

**Tenant Space Square Footage:** 2,058 square feet

**Hours of Operation:** 6:00 AM to 11:00 PM, daily

**DISCUSSION**

Project Site: The project site is developed with an approximately 21,000 square-foot, three-story commercial building located in Downtown Campbell at the southeast corner of East Campbell Avenue and South First Street. The site was developed in two phases, with the initial construction approved in 2011 and a major expansion approved in 2017. The property is located within the Central Business Mixed-Use General Plan land use designation and the corresponding CB-MU Zoning District. It abuts a commercial building to the east and a public parking lot to the south, as shown on the aerial map on the following page. The building contains three ground-floor restaurant spaces, including Willard Hicks and the former OPA and Mo's restaurant spaces, the latter of which is the tenant space subject to this application.



**Proposed Project:** The applicant requests approval of a Conditional Use Permit to allow on-site beer and wine service in conjunction with a new quick service restaurant, Sultan’s Kebab. As proposed, Sultan’s Kebab will operate as a quick service restaurant, with food ordered at the counter and limited table service. The request for alcohol service is limited to beer and wine for on-site consumption only and is accessory to the primary restaurant use. The restaurant would close to the public at 10:00 PM, daily. No exterior expansion or building modifications are proposed as part of this application.

## ANALYSIS

**Findings for Approval:** To grant a land use approval, the decision-making body must affirmatively establish that the project meets codified findings for approval. Findings establish the evidentiary basis for a City's decision to grant or deny a land use approval and to impose conditions of approval as necessary to establish the findings. The applicable findings depend upon the type of land use approval under review. This application requires establishment of findings for a Conditional Use Permit and special findings for the requested beer and wine service. The following analysis identifies each of the applicable findings in *italics* and how the proposed project satisfies them.

**Conditional Use Permit Findings (CMC Sec. 21.46.040):** These findings pertain to the proposed quick service restaurant use with ancillary alcohol service:

- A. *The proposed use is allowed within the applicable zoning district with Conditional Use Permit approval, and complies with all other applicable provisions of this Zoning Code and the Campbell Municipal Code;*

**Yes.** The proposal involves two related land use classifications under the Campbell Municipal Code; a quick service restaurant and ancillary on-site alcohol sales. In the CB-MU Zoning District, a quick service restaurant is classified within the broader category of "pedestrian-

oriented activities," which are permitted uses intended to promote active, engaging commercial activity in the Downtown.

However, the proposal includes beer and wine service for on-site consumption. In the CB-MU Zoning District, a restaurant may provide beer and wine without a Conditional Use Permit only if it qualifies as a "full service" restaurant, generally characterized by table service provided by waitstaff, a limited proportion of take-out orders, and the absence of a dedicated food pick-up area. The prior tenant, Mo's Breakfast Joint, operated in this manner and therefore did not require a Conditional Use Permit for beer and wine service.

In contrast, Sultan's Kebab is proposed to operate as a quick service restaurant, with most orders placed at a counter and a substantial portion of business consisting of take-out transactions. Because it does not meet the Code's characteristics of a full service restaurant, beer and wine service requires approval of a Conditional Use Permit

The alcohol component is classified as ancillary on-site alcohol sales pursuant to CMC Section 21.36.145, as it is limited to beer and wine for on-site consumption, no separate bar area is proposed, and food will be served during all hours of operation. Accordingly, the alcohol service is treated as ancillary to the restaurant use and is subject to Conditional Use Permit review, but involves a lower degree of discretion than a primary on-site alcohol sales establishment.

*B. The proposed use is consistent with the General Plan;*

**Yes.** Allowing ancillary beer and wine service in conjunction with a new restaurant supports the purpose of the *Central Business Mixed-Use* designation by reinforcing active, pedestrian-oriented uses in the Downtown. The project advances Policy LU-1.10 by expanding dining options that provide goods, services, and entertainment to residents and visitors, and supports Policies LU-5.2 and LU-5.4 by contributing to a vibrant, pedestrian-oriented East Campbell Avenue with a balanced mix of daytime and evening activity. The proposal is consistent with Policy LU-5.6 because alcohol service is limited, ancillary to a restaurant use, and subject to Conditional Use Permit review in accordance with the Downtown Alcohol Beverage Policy (as discussed, below). The project also furthers Policy ED-6.2 by strengthening Downtown's role as a focal point for dining and entertainment activity.

Policy LU-1.10	Maintain a variety of attractive and convenient commercial and office uses that provide needed goods, services, and entertainment for residents and visitors.
Policy LU-5.2:	Maintain East Campbell Avenue as a pedestrian-oriented street.
Policy LU-5.4:	Encourage restaurant and specialty retail uses in the Downtown commercial area that will foster a balance of day and evening activity.
Policy LU-5.6:	Continue to implement the Downtown Alcohol Beverage Policy.
Policy ED-6.2:	Position Downtown as the local focal point for fine dining, arts, culture, history, entertainment, and boutique retail activity.

*C. The proposed site is adequate in terms of size and shape to accommodate the fences and walls, landscaping, parking and loading facilities, yards, and other development features required in order to integrate the use with uses in the surrounding area;*

**Yes.** The subject tenant space has been fully developed and operated as a restaurant for over a decade within a building that was purpose-built for ground-floor restaurant use. As such, the property's existing site layout adequately accommodates building access, deliveries, refuse collection, and other operational needs.

*D. The proposed site is adequately served by streets of sufficient capacity to carry the kind and quantity of traffic the use would be expected to generate;*

**Yes.** The project involves the continued use of a long-established restaurant tenant space and will not introduce new activities that would substantially increase vehicle trips or traffic volumes in the surrounding area. Downtown Campbell's streets, parking supply, and transportation facilities adequately accommodate the anticipated use of the property.

*E. The design, location, size, and operating characteristics of the proposed use are compatible with the existing and future land uses on-site and in the vicinity of the subject property; and*

**Yes.** A restaurant with regular dining hours and subject to standard operational limitations is compatible with the surrounding commercial uses, including other restaurants, personal services, and professional offices. The provision of outdoor seating is similarly consistent with and compatible with the established urban pattern of Downtown Campbell.

*F. The establishment, maintenance, or operation of the proposed use at the location proposed will not be detrimental to the comfort, health, morals, peace, safety, or general welfare of persons residing or working in the neighborhood of the proposed use, or be detrimental or injurious to property and improvements in the neighborhood or to the general welfare of the city.*

**Yes.** The project involves the continued operation of a restaurant use within an established Downtown commercial setting. There have been no recent complaints associated with the prior operation of the tenant space, and the recommended Conditions of Approval establish clear performance standards for noise, hours of operation, and alcohol service. The Conditions also include enforcement provisions that allow the City to modify or revoke the permit if operational issues arise. As conditioned, the establishment will operate in a manner that is compatible with surrounding residential and commercial uses and will not adversely affect nearby properties or the general welfare of the community.

**Special findings for Ancillary Onsite Alcohol Sales (CMC Sec. 21.46.145).** In addition to the required findings for a Conditional Use Permit, CMC Sec. 21.46.145 also requires the Planning Commission to affirmatively establish two special findings for ancillary onsite alcohol sales uses, listed in italics below:

*1. Not increase demand on services. The establishment will not significantly increase the demand on City services; and*

**Yes.** As discussed below, the proposal is consistent with the Downtown Alcohol Beverage Policy, in that the restaurant will maintain alcoholic beverage service as an ancillary element to food service. As such, it is not foreseeable that operation of the proposed restaurant will result in additional demand on City services, including Police, Planning, Environmental Management, or Code Enforcement services.

2. *Downtown Alcohol Beverage Policy. The establishment would be consistent with the Downtown Alcohol Beverage Policy, when applicable.*

**Yes.** The [Downtown Alcohol Beverage Policy](#) ("Policy") is an implementation tool of the Campbell General Plan and Downtown Development Plan that regulates the operational characteristics of alcohol-serving restaurants. The Policy is intended to ensure that alcohol service remains ancillary and subordinate to the primary purpose of serving food, such that restaurants do not evolve into bars or nightclubs. For restaurants without separate bar areas, the Policy requires provision of a menu offering bona fide meal service (a combination of food items intended to serve as meals for breakfast, lunch, or dinner), rather than only snack or appetizer items. As noted on the applicant's [website](#), the operator's other locations provide a wide variety of food items that satisfy this requirement.

The Policy also requires that alcohol be served only in conjunction with food service, that the establishment close no later than 12:00 a.m. (with outdoor seating ending at 11:00 p.m.), that windows and doors be closed by 10:00 p.m., and that any live entertainment, if approved, be complementary to the primary purpose of providing meal service. These operational requirements have been incorporated into the project's Conditions of Approval to ensure continued compliance with the Downtown Alcohol Beverage Policy.

Public Comment: No public comment has been received.

Attachments:

- A. Draft Resolution
- B. Project Plans
- C. Project Description

Prepared by:



Daniel Fama, Senior Planner

Approved by:



Rob Eastwood, Community Development Director

## RESOLUTION NO. 2026-xx

BEING A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF CAMPBELL GRANTING APPROVAL OF A CONDITIONAL USE PERMIT TO ALLOW ANCILLARY ONSITE ALCOHOL SALES IN CONJUNCTION WITH A PEDESTRIAN-ORIENTED ACTIVITY OPERATING AS A QUICK SERVICE RESTAURANT WITH OUTDOOR SEATING, ON PROPERTY LOCATED AT **278 E CAMPBELL AVENUE**. FILE NO.: PLN-2026-19

After notification and public hearing, as specified by law and after presentation by the Community Development Director, proponents and opponents, the hearing was closed.

The Planning Commission did find as follows with regard to application PLN-2026-19:

1. The Project Site is developed with an approximately 21,000 square-foot three-story commercial building located in Downtown Campbell at the southeast corner of East Campbell Avenue and South First Street. The building contains three ground-floor restaurant spaces, including Willard Hicks and the former OPA and Mo's restaurant spaces, the latter of which is the tenant space subject to this application.
2. The Project Site is within the *Central Business Mixed-Use* General Plan land use district and the corresponding CB-MU Zoning District.
3. The Proposed Project is an application for a Conditional Use Permit to allow ancillary onsite alcohol sales in conjunction with a pedestrian-oriented activity operating as a quick service restaurant with outdoor seating.
4. A quick service restaurant with ancillary on-site beer and wine service is allowed in the CB-MU (Central Business Mixed-Use) Zoning District subject to approval of a Conditional Use Permit. However, pursuant to CMC Section 21.36.145, the alcohol component is classified as ancillary on-site alcohol sales, since it is limited to beer and wine for on-site consumption, no separate bar area is proposed, and food will be served during all hours of operation.
5. Policies found within the Campbell General Plan and Downtown Campbell Development Plan articulate a desire to promote and enhance a downtown environment that provides a desirable balance of land uses including shopping, services, and entertainment. This vision is evidenced in policies that encourage a mix of day and evening activities, a distinctive retail presence, a diversity of eating establishments, support for neighborhood-serving businesses, and protection of surrounding residential neighborhoods.
6. The City Council adopted the 'Downtown Alcohol Beverage Policy', consistent with the goals and strategies of the Campbell General Plan and Downtown Development Plan. The Policy is intended to balance the health and safety of the community while still maintaining the commercial viability of the downtown in which restaurants have an essential role.

7. Conformance to the provisions of the Downtown Alcohol Beverage Policy is the basis by which the City reviews new and modified applications for alcohol beverage service. The Policy sets forth limitations to the hours of operation, amount of bar area seating, and alcohol beverage service that are necessary to protect the public health, safety and welfare. The Downtown Alcohol Beverage Policy strongly recommends that Conditional Use Permits for establishments for on-site consumption of alcohol beverages be limited to a closing time of no later than 12:00 AM.
8. A public closing time of 11:00 PM for the restaurant is appropriate to ensure that alcohol service remains ancillary to food service and therefore would not result in an overconcentration of alcohol-serving (liquor) establishments.
9. The over-concentration of late-night alcohol serving establishments within a compact downtown district can create a cumulative impact that overwhelms the area creating an undesirable result such as public intoxication, vandalism, and disorderly conduct.
10. In review of the proposed project, the Planning Commission also weighed the public need for, and the benefit to be derived from, the project, against any impacts it may cause.
11. There is a reasonable relationship and a rough proportionality between the Conditions of Approval and the impacts of the project.
12. No substantial evidence has been presented from which a reasonable argument could be made that shows that the project, as currently presented and subject to the required conditions of approval, will have a significant adverse impact on the environment.

Based upon the foregoing findings of fact, the Planning Commission further finds and concludes that:

Conditional Use Permit Findings (CMC Sec. 21.46.040):

1. The proposed use is allowed within the applicable zoning district with Conditional Use Permit approval, and complies with all other applicable provisions of this Zoning Code and the Campbell Municipal Code;
2. The proposed use is consistent with the General Plan;
3. The proposed site is adequate in terms of size and shape to accommodate the fences and walls, landscaping, parking and loading facilities, yards, and other development features required in order to integrate the use with uses in the surrounding area;
4. The proposed site is adequately served by streets of sufficient capacity to carry the kind and quantity of traffic the use would be expected to generate;
5. The design, location, size, and operating characteristics of the proposed use are compatible with the existing and future land uses on-site and in the vicinity of the subject property;

- 6. The establishment, maintenance, or operation of the proposed use at the location proposed will not be detrimental to the comfort, health, morals, peace, safety, or general welfare of persons residing or working in the neighborhood of the proposed use, or be detrimental or injurious to property and improvements in the neighborhood or to the general welfare of the city;

Onsite Alcohol Sales Special Finding(s) (CMC Sec. 21.46.145):

- 7. The establishment will not significantly increase the demand on City services; an
- 8. The establishment will be consistent with the Downtown Alcohol Beverage Policy.

Environmental Finding(s) (CMC Sec. 21.38.050):

- 9. The project is Categorically Exempt under Section 15301 (Class 1) of the California Environmental Quality Act (CEQA), pertaining to the operation and leasing, and minor alteration of an existing private structure; and
- 10. No substantial evidence has been presented which shows that the project, as currently presented and subject to the required conditions of approval, will have a significant adverse impact on the environment.

THEREFORE, BE IT RESOLVED that the Planning Commission grants a Conditional Use Permit (PLN-2026-19) to allow ancillary onsite alcohol sales in conjunction with a pedestrian-oriented activity operating as a quick service restaurant with outdoor seating, on property located at **278 E Campbell Avenue**, subject to the attached Conditions of Approval (**Exhibit A**).

PASSED AND ADOPTED this 10th day of March, 2026, by the following roll call vote:

AYES: Commissioners:  
 NOES: Commissioners:  
 ABSENT: Commissioners:  
 ABSTAIN: Commissioners:

APPROVED: \_\_\_\_\_  
 Davis Fields, Chair

ATTEST: \_\_\_\_\_  
 Rob Eastwood, Secretary

**CONDITIONS OF APPROVAL**  
**Conditional Use Permit**  
**(PLN-2026-19)**

Where approval by the Director of Community Development, City Engineer, Public Works Director, City Attorney or Fire Department is required, that review shall be for compliance with all applicable conditions of approval, adopted policies and guidelines, ordinances, laws and regulations and accepted engineering practices for the item under review. Additionally, the applicant is hereby notified that he/she is required to comply with all applicable Codes or Ordinances of the City of Campbell and the State of California that pertain to this development and are not herein specified.

1. Approved Project: Approval is granted for a Conditional Use Permit to allow ancillary onsite alcohol sales in conjunction with a pedestrian-oriented activity operating as a quick service restaurant with outdoor seating, on property located at **278 E Campbell Avenue**. The project shall substantially conform to the Approved Project Plans included as Attachment C in the March 10, 2026, Planning Commission Staff Report, except as may be modified by Conditions of Approval contained herein.
2. Approval Establishment / Expiration: Approval of the Conditional Use Permit ("Approval") shall be valid for one (1) year from the effective date of the Planning Commission action. Within this one-year period, a license from the Department of Alcoholic Beverage Control (ABC) must be secured. Failure to meet this deadline shall result in the Approval being rendered void. Once established, this Approval shall be valid in perpetuity on the Project Site, subject to continued maintenance of an ABC license, as provided for in Condition of Approval No. 5.g (Liquor License). Discontinuation of alcohol service for a continuous period of twelve months, as evidenced by surrender or revocation of the ABC license, shall void the Approval upon an affirmative determination by the Planning Commission in a public hearing that the use has been discontinued.
3. Signage: No signage has been approved as part of this development application. New signage shall not be installed prior to approval of a Sign Permit consistent with the signage standards for the Central Business Mixed-Use (CB-MU) Zoning District.
4. Special Events: The Community Development Director may allow special events through consideration of a Temporary Use Permit application in compliance with Chapter 21.45 of the Campbell Municipal Code, even if such events would otherwise conflict with the Conditions of Approval provided herein.
5. Operational Standards: Consistent with the Downtown Alcohol Beverage Policy and other City standards, any restaurant operating pursuant to the Conditional Use Permit approved herein shall conform to the following operational standards.
  - a. **Approved Use**: The approved use is a "pedestrian-oriented activity" operating as a "restaurant, quick service" with outdoor seating and "ancillary on-site alcohol sales", as defined in CMC Section 21.72.020 in effect at the time of approval, and as further limited by the operational standards set forth herein. This approval may also be exercised by a "restaurant, full service". At no time shall the approved use be operated as a stand-alone bar or other primary on-site alcohol sales use.

- b. **Restaurant Seating/Patron Occupancy:** Total indoor patron occupancy shall be limited subject to the maximum occupancy capacities of certain rooms as determined by the California Building Code (CBC). It is the responsibility of the establishment owner to provide adequate entrance controls to ensure that patron occupancy is not exceeded.
- c. **Bar Area:** No bar area, as defined by the CMC Section 21.36.145, is permitted in association with the restaurant. The dining counter is part of the restaurant's dining area and shall not be considered a bar.
- d. **Maximum Occupancy Sign:** A maximum occupancy sign shall be conspicuously posted within the establishment, which shall include the maximum seated occupancy and include a visual depiction of the floor plan included in the Approved Project Plans.
- e. **Floor Plan Layout:** All chairs and tables shall consist of standard-height furniture (i.e., not “high-top”) and shall be placed in accordance with the Approved Project Plans. Furniture shall not be stacked, removed from the dining area, or placed outside. At no time shall the seating be reconfigured to create large open spaces for patrons to congregate, dance, drink, or socialize.
- f. **Hours of Operation.** The hours of operation shall be 6:00 AM – 11:00 PM, daily, inclusive of all employee and customer activity. No customer service, employee activity, food preparation, cleanup, deliveries, trash handling, outdoor work, or other business-related activity shall occur outside of these hours.
- g. **Liquor License:** The establishment owner shall maintain in good standing a Type 41 (On-Sale Beer and Wine – Eating Place) license issued by the California Department of Alcoholic Beverage Control (ABC) for the sale of beer and wine on-site consumption in conjunction with the operation of the establishment. The retail sale of beer and wine for off-site consumption is prohibited.
- h. **Live Entertainment:** No live entertainment is permitted as part of the Conditional Use Permit approval, including live music, disc jockey, karaoke, and dancing. Future requests for live entertainment shall be through approval of a Modification to the Conditional Use Permit and shall be limited to live musicians complimentary to the primary purpose of proving meal service.
- i. **Food Service:** Full menu food service shall be provided at all times during the Business Hours in the dining and outdoor seating areas (i.e., the kitchen shall not be closed).
- j. **Alcoholic Beverage Service:** Alcoholic beverage service shall only be allowed in conjunction with food service.
- k. **Alcohol Sales:** The monthly gross sales of alcoholic beverages shall not exceed the gross sales of food during the same period, consistent with ABC licensing regulations. The establishment owner shall provide sales records on demand to the City to verify compliance with this standard.

- 
- I. **Age Restriction:** At no time shall the establishment impose an age restriction for patronage. Minors shall be permitted within the establishment at all times that it is open to the public.
  - m. **Doors and Windows:** All doors and windows shall remain closed after 10:00 PM.
  - n. **Outdoor Trash Receptacle:** The establishment shall maintain at least one trash receptacle in the outdoor patio/seating area. The trash receptacle shall match the proposed outdoor furniture with regard to both color and material. The outdoor trash receptacle shall be consistently emptied and not allowed to overflow.
  - o. **Outdoor Seating:** Outdoor seating shall be subject to all restrictions herein. In addition, the following requirements apply:
    - i. Any changes to outdoor patio furniture (including tables, chairs, umbrellas, and heaters) shall be subject to review and approval by the Community Development Director.
    - ii. Total patron occupancy in the outdoor seating area shall be limited to 34 seated patrons, as shown on the Approved Project Plans
    - iii. At the business, all chairs shall be stacked, stored, or otherwise secured out of public view to prevent unauthorized use.
    - iv. All outdoor furniture shall be kept clean and in good repair and replaced and/or fixed as necessary.
    - v. The business owner shall maintain comprehensive liability insurance and list the City as an “additional insured”, consistent with CMC Section 21.11.060.F.6. Before the issuance of a Business License, the business owner shall furnish to the City a certificate of insurance.
  - p. **Smoking:** "No Smoking" signs shall be posted on the premises in compliance with CMC Section 6.11.060.
  - q. **Taxicab Service:** The establishment shall post in a conspicuous place the telephone numbers of local taxicab services.
  - r. **Loitering:** There shall be no loitering allowed outside the business and within the outside dining area. The business owner is responsible for monitoring the premises to prevent loitering.
  - s. **Storefront Glazing:** All storefront glazing shall remain unobscured, except for the 25% of window area permitted to be occupied with window signage.
  - t. **Noise:** Regardless of decibel level or source, no noise generated by the establishment shall obstruct the free use of neighboring properties so as to unreasonably interfere with the comfortable enjoyment of the residents. In the event verified complaints are received by the City regarding such noise, the Community Development Director may immediately curtail the hours of operation pursuant to Condition of Approval No. 6 (Revocation of Permit).

- u. **Trash Disposal and Clean-Up:** Refuse and recycling receptacles shall be kept within the trash enclosure except during collection in compliance with CMC Chapter 6.04 (Garbage and Rubbish Disposal). Emptying of trash receptacles and placement of refuse and recyclable materials into the trash enclosure receptacles shall occur only during the approved "Operational Hours".
  - v. **Property Maintenance:** All exterior areas of the establishment shall be kept free from graffiti, trash, rubbish, and litter placed on the property, in compliance with CMC Section 21.16.110 (Site Maintenance).
  - w. **Employee Training:** The establishment shall use an employee training manual that addresses alcoholic beverage service consistent with the standards of the California Restaurant Association and the Department of Alcoholic Beverage Control.
  - x. **Designated Driver Program:** The establishment shall maintain and actively promote a designated driver program (e.g., complimentary non-alcoholic beverages for designated drivers).
  - y. **Outdoor Activity:** Other than outdoor seating, no outdoor activity (e.g., cooking) is permitted in association with the establishment.
  - z. **City Meetings:** At the discretion of the Police Chief, periodic meetings will be conducted with representatives from the Police Department and Department of Alcoholic Beverage Control for on-going employee training on alcoholic beverage service to the general public.
6. Modification and Revocation of Permit: Exercise of this Approval is subject to Sections 21.68.020, 21.68.030 and 21.68.040 of the Campbell Municipal Code authorizing the appropriate decision-making body to modify or revoke a Conditional Use Permit if it is determined that the sale of alcohol has become a nuisance to the City's public health, safety or welfare or for a violation of this Approval or any standards, codes, or ordinances of the City of Campbell.

At the discretion of the Community Development Director, if the establishment generates three (3) verified complaints related to violations of conditions of approval (e.g., noise, etc.) and/or related to the service of alcohol within a twelve (12) month period, a public hearing before the Planning Commission may be scheduled to consider modifying Conditions of Approval or revocation of the Approval. The Community Development Director may commence proceedings for the revocation or modification of the Approval upon the occurrence of less than three (3) verified complaints if the Community Development Director determines that the alleged violation warrants such an action. The Director may also, at such time, immediately restrict the approved hours of operation to address complaints in a timely manner.

In exercising this authority, the decision-making body may consider the following factors, among others:

- a. The number and types of Police Department calls for service at or near the establishment that are reasonably determined to be a direct result of patron actions;

- b. The number of complaints received from residents, business owners and other citizens concerning the operation of an establishment;
- c. The number of arrests for alcohol, drug, disturbing the peace, fighting and public nuisance violations associated with an establishment;
- d. The number and kinds of complaints received from the State Alcoholic Beverage Control office and the County Health Department; and
- e. Violation of conditions of approval.

## Project Description

Sultan's Kebab

278 E. Campbell Ave

Campbell, CA 95008

This project is for the opening of Sultan's Kebab, a fast-casual Mediterranean restaurant, at 278 E. Campbell Avenue in Campbell. The space was previously operated as Mo's Breakfast Joint and will continue to be used as a restaurant.

Sultan's Kebab will serve Mediterranean food including kebabs, rice bowls, salads, and wraps for dine-in and takeout. The restaurant will also serve beer and wine for on-site consumption in compliance with all applicable regulations.

Work will include interior painting, minor lighting updates, installation of decorative and acoustic wall panels, general kitchen cleaning and maintenance, and installation or replacement of equipment as needed. Minor repairs will be completed to ensure health and safety standards are met.

There will be no building expansion, no increase in seating capacity, no exterior modifications, and no structural changes. All work will comply with City of Campbell building and safety requirements





## CITY OF CAMPBELL · PLANNING COMMISSION Staff Report · March 10, 2026

**File No(s):** Study Session on economic development, including an overview of  
PLN-2026-22 Campbell's Economic Development Plan and current economic  
conditions.

### **BACKGROUND**

Like many communities, Campbell experienced significant economic disruption during and after the pandemic. The City saw increased business closures leading to commercial vacancies, along with a decline in tax revenue. Those conditions underscored the need for a more deliberate approach to supporting business and fiscal sustainability. In 2024, following extensive public engagement, the City Council adopted a new Economic Development Plan to provide clearer direction for this work.

One of the Plan's key recommendations was to increase certainty and reduce timelines in the permitting process. In line with this, in 2024 the Planning Commission adopted an ordinance that streamlined approvals, particularly by reducing the need for conditional use permits for certain commercial categories. On Feb. 10, 2026, the Planning Commission re-established its Economic Development Ad-Hoc Advisory Subcommittee to build on that foundation and explore additional opportunities for reform. The analysis below provides economic development context to inform those discussions.

### **DISCUSSION**

Economic development consists of actions, policies, and programs that support jobs, businesses, and the local tax base. Economic development outcomes directly influence the City's fiscal health and its ability to provide services. When successful, economic development creates a virtuous cycle: Strong businesses generate revenue that supports City services, and that in turn makes Campbell more desirable. A thriving, supportive business climate also makes Campbell more competitive for both businesses and residents, both of which are key contributors to the local economy.

Economic development tools available to cities vary. In some parts of the country, economic development relies on large financial incentives to attract major new employers. In Silicon Valley, especially since the dissolution of Redevelopment Agencies, cities have few direct incentive tools. Economic development is more about reducing the barriers and friction to operating, especially in the permitting process.

Campbell's Economic Development Plan<sup>1</sup> serves as the City's organizing framework for business retention, attraction, and location support. Recommendations include developing relationships with the commercial real estate community to support re-leasing efforts; supporting the City's industrial hubs and traded-sector businesses; enhancing Downtown place-making; supporting small business and startups; and leveraging regional assets to drive the visitor market.

Since adoption of the Plan, implementation efforts have included:

- Outreach to major employers and top sales tax generators
- Regular engagement with brokers, property owners and business organizations, including the Chamber and Downtown Campbell Business Association
- Launch of a feasibility study for a potential assessment district in Downtown that could generate additional funds to support Downtown vibrancy
- Development of updated economic development marketing materials
- Coordination with the Community Development Department to explore and address business barriers

The City hired a full-time economic development manager in spring 2025 to lead implementation of the Plan. In the coming year, the Economic Development Division is focused on:

- Supporting efforts to improve the experience of starting or relocating a business in Campbell, including interfacing with various city departments and processes
- Deepening relationships with key employers and property owners
- Further developing and refining industry marketing materials
- Coordinating with the Planning Division on potential regulatory streamlining measures
- Re-establishing the City's Economic Development Advisory Committee to gain feedback on the City's business climate and any barriers/issues that the City can help resolve
- Reconvening the Broker Breakfast series and other broker engagement opportunities
- Supporting business activations tied to regional events

All of these activities ultimately aim to impact the City's revenue and employment base. What follows is a high-level overview of both, including recent performance and trends. However, it is important to emphasize that land use decisions are not made on the basis

---

<sup>1</sup> Available at <https://campbellca.gov/DocumentCenter/View/7728>

of revenue. Campbell's General Plan instead contains numerous policies intended to create a positive business climate, reduce regulatory burdens, and support job-generating uses. Through these policies, the City seeks to create conditions that lead to long-term fiscal sustainability. The discussion below is intended to provide context as the Commission considers efforts aligned with those General Plan policies, which are provided as an addendum.

### ***Revenue and Sales Tax***

The General Fund serves as Campbell's primary discretionary account, funding core City services such as police, public works, community development, and parks. For FY 2026-27, the adopted budget projects a General Fund of approximately \$69 million. The two largest revenue sources are property tax (34%) and sales and use tax (23%). Other taxes and fees charged for City services are also significant contributors.

Property tax is based on the assessed value of residential and commercial property and provides a relatively stable base of revenue. Growth occurs gradually and is tied to reassessments after sale, new development, or reinvestment in existing properties. Over the last several years, especially as home values have escalated, property tax has increased as a share of the General Fund.

Sales and use tax respond more directly (and more quickly) to economic activity and trends. Revenue is generated from traditional retail transactions (at places of business), as well as business-to-business purchases, construction activity, auto-related sales, and equipment purchased elsewhere but used in Campbell (use tax)<sup>2</sup>. Local sales tax has been flat or declining for several years in Campbell, but use tax, which primarily includes online sales distributed through the county pool, represents a growing segment.

Campbell has a diversified sales tax base. Restaurants, retail goods, construction suppliers, and business-to-business transactions all contribute significant shares. Notably, approximately one-quarter of sales and use tax receipts are generated from activity in industrial and office areas. This dynamic underscores the fiscal importance of non-retail employment lands along with traditional retail space.

---

<sup>2</sup> Sales tax becomes use tax for purchases made from out-of-state businesses.

**Fig. 2: Local Sales and Use Tax by Category<sup>3</sup>**

Sales Tax Category	Share
Restaurants	21%
State and county pool	20
Food & Drugs	15
Business & Industry	13
General Consumer Goods	13
Auto & Transportation	7
Fuel & Gas Stations	6
Building & Construction	5

At the same time, Campbell’s sales tax portfolio is missing some key pieces. For example, the City has few large-format retailers and no new-car dealerships<sup>4</sup>. Recent retail sales tax gap analysis<sup>5</sup> suggests potential unmet local demand in areas such as discount department stores, office supplies/furniture, electronics, and quick-service restaurants. However, opportunities for major retail expansion in the City are limited due to Campbell’s small size and lack of major “main and main” retail locations.

Campbell’s sales tax receipts are also concentrated among a small number of payers. While all businesses contribute to the City’s character and economic ecosystem, from a fiscal perspective the retention of a few key generators is critically important. Economic Development staff is currently focused on making retention visits to these businesses to understand location needs and address pain points.

**Fig. 3: Distribution of Campbell’s Local Sales Tax<sup>6</sup> Revenue by Taxpayer Tier**

Taxpayer Tier	% of Total Revenue	Running Total (%)
Top 25	43%	43%
Top 26-50	13.4	57
Top 51-100	14.7	71
All others	29	100

While critically important to the City, direct sales tax revenue is not the only lens through which to view business or economic development opportunities. Most businesses do not

<sup>3</sup> Based on FY 24-25 total for 1% Bradley-Burns sales and use tax. Source: HdL

<sup>4</sup> Vehicle purchases delivered *into* Campbell (for example, when a Campbell resident buys a car from a dealership outside the City) generate revenue for the City under Campbell’s local transactions and use tax district.

<sup>5</sup> Source: HdL. Compares Campbell’s per capita taxable sales in select retail categories to countywide averages. This analysis is population-based and identifies a lack of stores in Campbell, but does not account for competition just outside city boundaries.

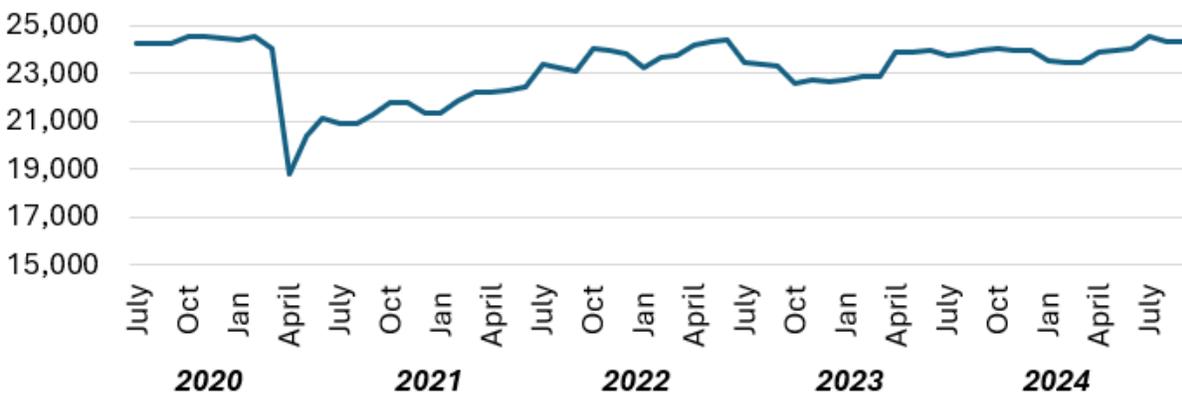
<sup>6</sup> Source: HdL. Analyzes city’s Bradley-Burns 1% local sales tax for FY 24-25.

generate significant sales tax, but may provide important resident amenities or services, drive other nearby economic activity, support regional supply chain needs, enhance innovation, or provide employment opportunities to the community.

### Employment

After experiencing a significant decline during the early stages of the pandemic, total employment in Campbell has largely recovered to pre-2020 levels, or roughly 25,000 payroll jobs across approximately 2,400 establishments. While the overall number of jobs has essentially returned, the composition of Campbell’s jobs base has shifted. Health care-related, professional services, and information sectors have grown. Retail trade, construction, and certain support services have declined somewhat. Healthcare is the City’s No. 1 employment sector with 15.3% percent of jobs, closely followed by professional, scientific, and technical services at 14.9%. Manufacturing and industrial-related uses are smaller, but have been relatively stable and continue to support employment and business-to-business sales tax.

**Fig. 4: Campbell Payroll Jobs, 2019-2024<sup>7</sup>**



Campbell is not a large regional jobs center, but it is not merely a bedroom community, either. Census<sup>8</sup> data from 2023 indicates that more workers commute into Campbell for employment than leave for jobs elsewhere, with approximately 25,000 inbound commuters compared to 20,000 outbound. (Approximately 1,300 both live and work in Campbell.) Having a positive daytime population supports spending on retail, food and business services. This drives additional sales tax revenue beyond what the resident population would support alone.

<sup>7</sup> Source: California EDD, Quarterly Census of Employment and Wages (QCEWS) through the fall of 2024. Data is most recent available.

<sup>8</sup> Source: U.S. Census via [www.onthemap.ces.census.gov](http://www.onthemap.ces.census.gov); most recent data is from 2023. Job totals differ slightly from those cited above due to different data sources.

Employment is concentrated primarily in three areas: the Hamilton/Bascom corridor, the Downtown/central area, and the industrial districts. These locations benefit from freeway access and major roadway connections. Given the City's small footprint and largely built-out condition, future employment growth is tied to absorption of existing space, though selective redevelopment opportunities that intensify job capacity may still present themselves where market conditions support it.

### **Commercial Real Estate Conditions**

Campbell's commercial real estate market benefits from its central South Bay location, strong transportation links, and a positive community reputation. With a relatively small building base across all asset classes, the City's inventory is oriented toward small- and mid-sized businesses. The following section provides a snapshot on market trends by asset class.

**Office.** Campbell sits outside the region's core tech-office submarkets, so demand tends to arrive later in the regional cycle as conditions tighten elsewhere. With those core markets still recovering, Campbell's office market continues to experience elevated vacancy – 32% at the end of 2025, according to Cushman & Wakefield data. That is among the highest office vacancy rates in Silicon Valley. Still, at just 2.6 million sq. ft (about 1/4<sup>th</sup> of the office inventory of Downtown San Jose), relatively small tenant moves can easily shift vacancy rates in either direction.

Large office requirements (20,000 square feet and greater) are rare in the West Valley, and the City's office inventory generally does not offer the large contiguous blocks or expansion "runway" that large and scaling tech companies often require. Instead, Campbell is primarily a hub for smaller professional office and startup tech. In 2025, Campbell saw positive net absorption<sup>9</sup> as the city attracted several notable companies to renovated office and R&D properties. For example, The Pruneyard attracted Studio G Architects, Chicago Title, and several attorney groups from San Jose. In Downtown Campbell, startups such as ServiceUp (fleet management technology), Algorized (sensor technology), and VAST Data (AI data center infrastructure) either relocated or expanded. Outreach to these new tenants indicates that Campbell's walkable amenities, transportation options, and overall sense of cleanliness and safety were important factors. Nearly all cited Downtown and The Pruneyard as attractive amenities.

Over the last few years, newer office space in the Santana Row/Valley Fair area has attracted some Campbell office tenants. That movement reflects both a broader flight to high-quality space and the continued importance of retail and service amenities. The City

---

<sup>9</sup> Net absorption refers to the amount of space that tenants lease or occupy minus the amount that they vacate.

competes well on the latter; Campbell office owners who have reinvested in their properties are seeing stronger leasing activity. As other West Valley projects approach capacity, staff is focused on maintaining close relationships with existing employers to anticipate expansion needs and to ensure that prospective tenants and brokers are aware of available opportunities in Campbell.

**Retail.** Retail vacancy remains low overall at less than 3% according to CoStar data, though a handful of highly visible vacant spaces persist. The good news: Many of them are now either under active lease negotiation or have signed deals and are working through permitting. This includes the vacant Denny's at 2060 S. Bascom (to be redeveloped as a Chase bank); the former Big Lots space at 1581 W. Campbell (leased to Apni Mandi Farmers Market); and the former Rock Bottom Brewing at The Pruneyard (to be replaced by Laughing Monk Brewing).

While overall vacancy remains low, individual properties may sit vacant longer than the City and community would like. In some cases, rents or price expectations are too high for the market. In others, properties need significant capital improvements, and this may pose a challenge to less-resourced property owners. Economic development staff may engage where appropriate and attempt to brainstorm or problem-solve, but in many cases the City has limited tools to influence the owner's strategy and position.

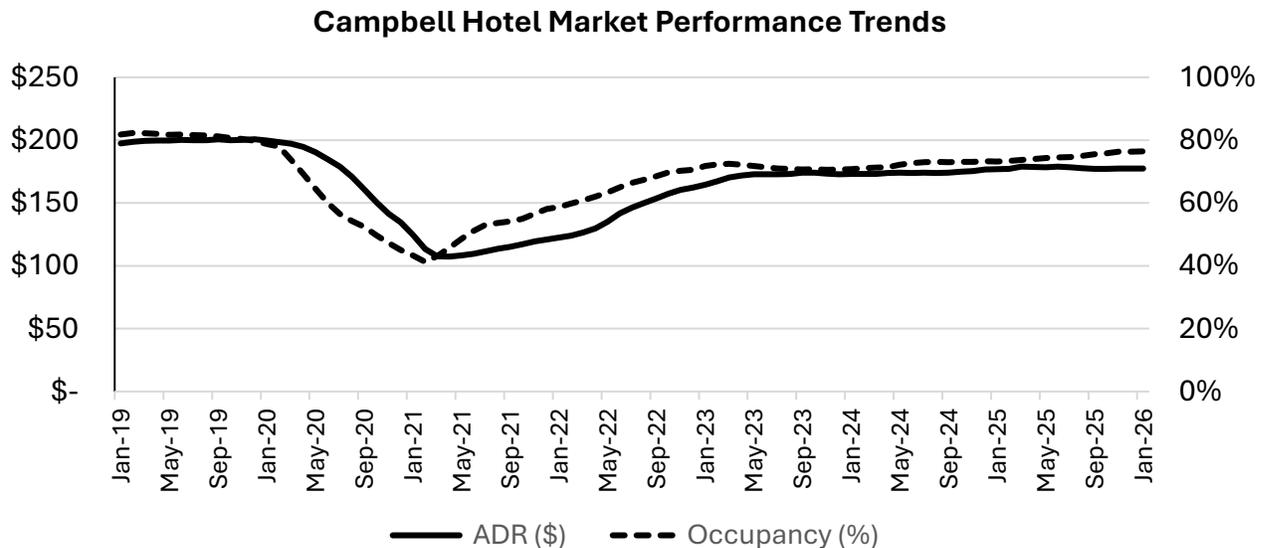
**Industrial.** Campbell benefits from hosting one of the few remaining light-industrial districts in the West Valley. They are modest in scale (approximately 2 million square feet along Dell Avenue/Camden and 635,000 square feet along McGlincy Lane), but these districts enable traded-sector firms to maintain a foothold in Silicon Valley. Traded sector refers to businesses that sell their goods to customers outside the region, which brings new dollars into the local economy. Dell Avenue in particular supports a cluster of innovative startups, with concentrations in medical device (ShifaMed, Imperative Care) and hardware (TrueNAS, Summer Robotics, Zadar Labs).

Because of its scarcity, industrial space is highly prized in Campbell, with vacancy rates historically in the 2% range. In 2025, several larger industrial tenants wound down operations and the citywide rate ticked up to 6.3%. This increase is largely attributable to a small number of larger buildings coming available rather than broad-based softness across the districts. Staff is engaged with property representatives to support re-leasing or sale discussions to businesses that have high value in terms of the types of jobs or potential revenue.

**Hospitality.** Campbell's hotel sector has recovered from pandemic lows, but performance remains below 2019. In outreach meetings, hoteliers blame reduced corporate and group

travel and increased competition from newer supply in other markets. Still, the sector is a major source of City revenue. Campbell's 12% hotel tax generated approximately \$4 million in FY 2024-25. Although below the 2019 high of \$4.6 million, collections have grown steadily each fiscal year since the pandemic trough.

Among Campbell's seven properties (totaling roughly 720 rooms), recently renovated and well-capitalized hotels are achieving stronger occupancy and rate performance than properties that are older and have deferred maintenance needs<sup>10</sup>.



Campbell has not added new hotel supply in well more than a decade, and viable development sites are extremely limited. In the near and medium term, future growth in Campbell's Transient Occupancy Tax will depend largely on reinvestment within the existing portfolio to attract greater occupancy at higher rates. The recent sale of the 95-room Campbell Inn to a new ownership group planning upgrades is a positive development, as is the renovation now finishing up at the Courtyard by Marriott.

**Policy Considerations**

The section below captures several trends and themes across Campbell's real estate market that may be useful for policymakers exploring options to support the City's economic development goals.

**Retail continues to evolve.** Retail continues to evolve. New concepts emerge regularly that do not fit neatly within traditional zoning categories and often blur the line between retail, entertainment, fitness, health/wellness, and services. In some cases, codes may

<sup>10</sup> Source: CoStar. For privacy reasons, CoStar's Campbell submarket includes some comparable properties from neighbor cities. Average Daily Rate is the measure of the average paid for rooms sold in a given time period (room revenue/rooms sold).

need to be revised to better address these evolving uses. While many of these newer uses generate little or no sales tax, they can contribute value in other ways, such as bringing foot traffic, encouraging cross-shopping, activating tired storefronts, and providing services that benefit residents. At the same time, the prized, highly visible commercial corners and anchor tenant spaces remain important locations for traditional retail uses.

Notwithstanding earlier streamlining efforts, some established commercial uses may still trigger discretionary permits. Brokers have shared that, when faced with a discretionary permit process, many retail tenants will simply look to a neighboring city that does not require one. For instance, many cities do not require use permits for quick service restaurants or cafes that do not include a drive-through.

**Commercial land is finite – and shrinking.** Campbell has very few commercial sites with the access, visibility, and size needs to support major retail users. Decisions that change the use or viability of these properties can be consequential for the City. While mixed-use development can provide neighborhood-serving retail, these smaller ground-floor spaces do not usually draw larger anchor-type retailers.

**New laws will increase conversion pressures further.** Regardless of local decision-making, recent State laws that streamline residential conversion, such as SB 79, will increase pressure on certain office, retail and industrial sites that were not contemplated for transition in Campbell’s most recent Housing Element. While such changes may advance housing objectives, they reduce long-term employment capacity and revenue potential for the City.

**Office is down, but not out.** Office is clearly softer than it was pre-pandemic, but brokers have reported tenant touring activity has picked up, particularly for small- and mid-size users. Recent ownership turnover has also played a role. Buildings previously hamstrung by high debt have sold at a discount<sup>11</sup>. This allows new owners to reinvest and offer more competitive lease terms. Not all properties have reset yet, and staff expect continued movement as some buildings work through financial pressures.

**Repositioning equals competitiveness.** Across Silicon Valley, tenants and customers are gravitating toward new or updated properties – a so-called “flight to quality.” For example, hotel operators report that corporate accounts may not book properties that are not either new or recently renovated. In Campbell, reinvestment in existing properties is the most likely scenario given the challenging market for ground-up new development.

---

<sup>11</sup> While such sales can unlock more deal making, they also can re-set property values at a lower basis, lowering property tax revenue over time.

Policies that facilitate modernization, including streamlining exterior upgrades, façade improvements, and signage or branding, can reduce barriers to investment decisions and help property owners compete.

***Hospitality growth is a long game.*** New hotel development is currently not feasible in much of Silicon Valley given construction costs, occupancy levels, and average daily rates. But future supply growth will depend on whether local standards allow modern hotel prototypes to pencil when market conditions improve. Campbell's current floor-area-ratio cap of 1.0 in much of the City may constrain contemporary select-service hotel formats, which typically require greater height and density. Exploring a targeted update to development standards for hotels could position the City to capture future hospitality investment when the market cycle eventually turns, as it eventually will.

***Industrial provides many benefits to Campbell.*** Industrial districts are often overlooked, but they are central to Campbell's economic base – indeed the region's. They support quality jobs that do not necessarily require a four-year degree (but pay better wages than many service-sector jobs), generate revenue through business-to-business sales, and help maintain a local production and supply-chain presence within the region. Without them, some traded-sector firms involved in production would likely leave the region entirely.

Like retail, light-industrial and research-and-development activity itself continues to evolve. Warehouse, incubator, data infrastructure, “maker” spaces, electric vehicle, and flexible production models may blur traditional distinctions between office, R&D, and industrial uses. Economic development staff is currently exploring potential updates and streamline opportunities to better support the sector.

At the same time, properties in these areas are often attractive to non-industrial users that can pay higher rents than traditional industrial tenants. Over time, this can shift the economics of industrial land and price out industrial users. Incursion of nonindustrial tenants may also create operational conflicts for remaining traded-sector businesses. While it makes sense to streamline approvals for industrial users in industrial districts, expanding allowances for fitness, personal services, or medical uses – particularly for the very limited number of larger facilities – risks undermining the long-term viability of these lands.

Based on the economic conditions described above, the following policy areas may warrant further exploration and refinement:

- Streamline use-permit requirements for certain retail uses, including quick-service restaurants without drive-throughs, larger-format retail and grocery, and ancillary

alcohol sales associated with restaurants, food production, and grocery operations.

- Reinforce the viability of industrial districts by limiting further encroachment of non-industrial uses, particularly on larger or strategically located sites. At the same time, explore streamlining approvals for bona fide industrial activities such as auto repair, building materials, yard spaces, and related LI uses.
- Alternatively, the Commission could explore a broader reset: default all uses to an Administrative CUP and focus policy work on which uses (or thresholds/locations) should be “upgraded” to a full CUP.
- Modernize RD zoning to reflect evolving models, including incubators, commercial kitchens/caterers, data infrastructure, and flexible warehouse or distribution components tied to production uses.
- Evaluate increased FAR allowance for hotels to support new hotel development as well as explore expanding making hotels a permitted use in more zones.
- Explore targeted updates to vehicle-related use categories to reflect evolving EV models that may include customer delivery hubs, light service, limited display, and on-site point-of-sale transactions.

## CONCLUSION

Campbell remains a highly desirable location for businesses thanks to its central position within the West Valley, strong trade-area demographics, and walkable districts like Downtown and The Pruneyard. These advantages continue to attract startups, professional firms, and neighborhood-serving retail.

At the same time, the City’s small footprint and limited inventory underscore the importance of careful decision-making and policy that impacts economic development. Opportunities include modernizing development standards where appropriate and streamlining processes that support reinvestment and re-leasing. Staff will continue monitoring market conditions and pain points to identify practical opportunities to strengthen Campbell’s competitiveness and economic sustainability.

**PREPARED BY:**   
Nathan Donato-Weinstein, Economic Development Manager

**APPROVED BY:**   
Rob Eastwood, AICP, Community Development Director

## ATTACHMENTS

A: General Plan Economic Development Policies

### Attachment A: General Plan Economic Development Policies

Reference	Policy/Action
Goal ED-2.1	Ensure that the city's general plan helps sustain a healthy, balanced economy that fosters strong economic growth and quality of life for all residents
Goal ED-2.2	Facilitate retention and expansion of businesses that support the goals and vision of the city, provide employment opportunities for Campbell residents, and help sustain a strong economy.
Goal ED-3	Attract and Retain companies and industries to Campbell that provide diversity in the city's economic base and jobs that reduce out-commuting.
Goal ED-4	Strengthen the economic base of the city through the installation of needed capital improvements that help make Campbell a competitive business location.
Goal ED-5	Encourage new development in key areas that provide high-quality work locations for existing and new businesses.
Goal ED-6	Encourage and support Downtown as the heart of Campbell's cultural and civic life, and a place where residents, workers, and visitors can share in the heritage, vibrancy, and vitality, of Campbell.