

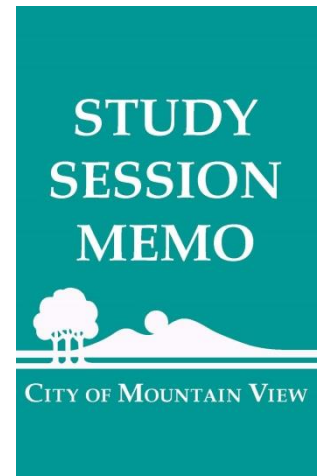
DATE: November 17, 2015

TO: Honorable Mayor and City Council

FROM: Martin Alkire, Principal Planner
Randal Tsuda, Community Development
Director

VIA: Daniel H. Rich, City Manager

TITLE: **Potential Study of Areas for Additional
Residential Units**



PURPOSE

The purpose of this Study Session is for the City Council to provide direction on areas to be studied for increased densities and on nonresidential areas to be studied for conversion to residential uses.

BACKGROUND

At their July 2, 2015 meeting, the City Council directed staff to bring back information on potential new areas for residential land uses, as well as on existing residential areas where densities could potentially be increased. This direction was based on the broad Council priority goal to improve the quantity, diversity, and affordability of housing in the City.

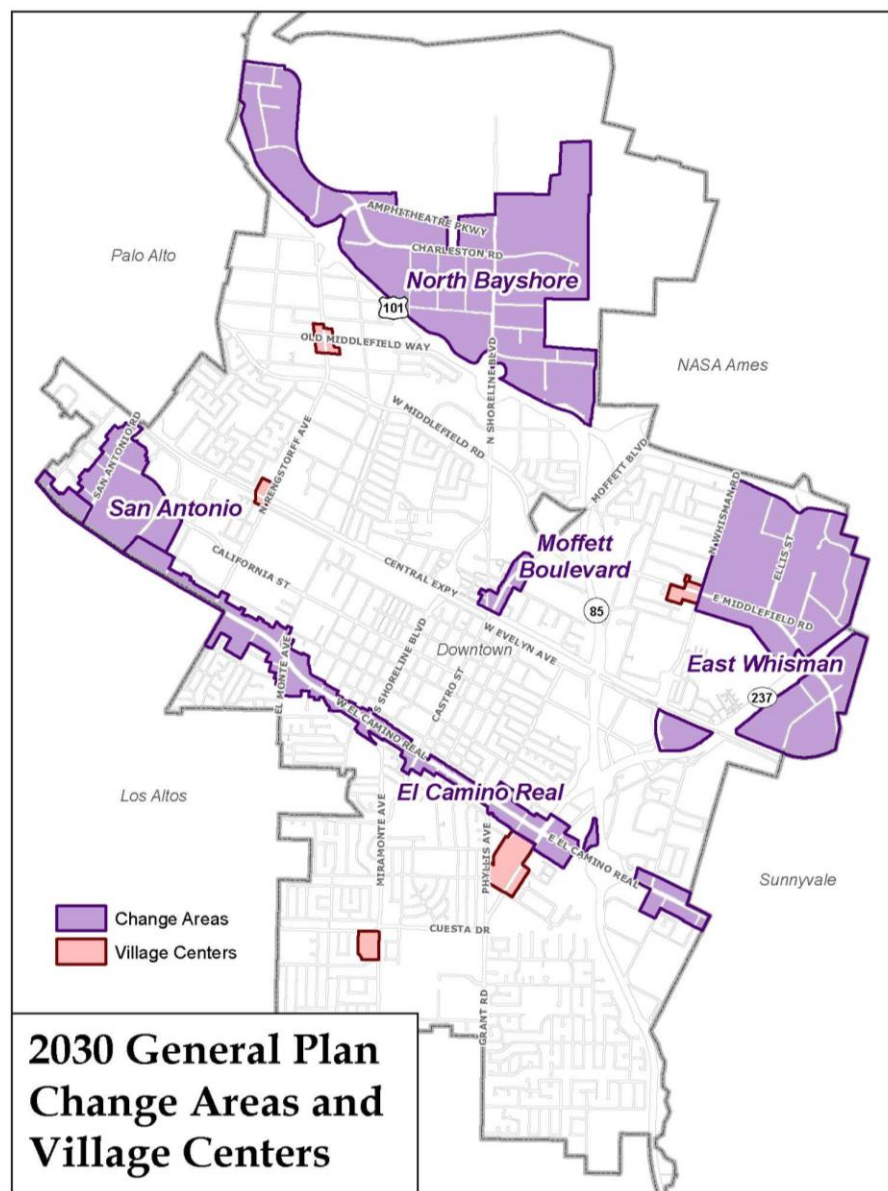
The following provides background information on several past and current City policy documents relating to residential uses. The Analysis section provides several strategies for Council consideration to potentially increase the amount of residential units in the City.

2030 General Plan

Following the culmination of a four-year community engagement process, the 2030 General Plan identified “change areas” where the community and decision makers desired land use changes. Map 1 below shows these major change areas. Some of these areas increased residential densities, such as in the El Camino, San Antonio, and Moffett change areas. A good portion of the City was identified as “non-change areas,” mostly in the R1 (Single-Family Residential) neighborhoods. The General Plan also identified “Village Centers” where increased intensities would be permitted, including a mix of commercial and residential uses.

City staff has been implementing this change area strategy by establishing new, increased residential zoning-level standards through the recently adopted El Camino Real and San Antonio Precise Plans. These Precise Plans generally increased residential intensities to the 1.35 to 2.35 FAR range from the previously allowed 0.35 to 1.35 FAR range. Since 2010, approximately 1,300 net new residential units have been built in the City. Approximately 3,200 net new housing units Citywide are in the pipeline (under review, entitled, or under construction), primarily in change areas.

Map 1: General Plan Change Areas and Village Centers



Industrial to Residential Conversion Policy

In 2005, the City Council adopted an industrial to residential conversion policy. The policy objective was to protect existing industrial lands under pressure to convert to residential uses. The policy outlines where such conversions could be allowed and where they would not be allowed.

The policy included four criteria for evaluating conversions on a case-by-case basis, including a minimum two-acre size; a condition that the site be contiguous to existing residential zones; assurance that a conversion would allow continued operations of existing adjacent businesses; and not creating islands of residential or industrial properties. Map 3, later in this report, shows these areas.

Staff refers to this policy for guidance when meeting property owners and developers.

Minimum Density Policy

In 2005, the City Council approved a policy to achieve higher densities in multiple-family residential zoning districts. The policy, in part, states that multiple-family properties of one acre or more should be developed at 80 percent or more of the maximum density allowed by the underlying zoning district. This policy resulted in higher densities for several larger developments during this time period. Most major recent residential projects are currently being built at or very close to maximum densities/FAR.

The City Council also recently adopted a new goal to consider a no net loss/minimum density policy.

Existing Plans and Studies

The following plans and studies are either under way or pending. These will have an impact on increasing the amount of residential units in the City; however, at this time it is not known by how many units.

- **North Bayshore Precise Plan Update** – The City is studying where and how many new residential uses could be added in North Bayshore. This could include several thousand new multi-family units. At the November 10 City Council meeting, Council directed that the North Bayshore Precise Plan Environmental Impact Report (EIR) study Land Use Scenario No. 1, which could allow a range of between 6,700 and 9,100 new residential units. Adding the VTA site could lead to even more units.

- **Companion Unit Regulations**—Staff is updating existing companion unit development standards to encourage the production of additional companion units. The exact number is unknown, but would likely increase the current number of units permitted by a very small number per year.
- **East Whisman Precise Plan**—In 2016, the City will begin updating the development standards for the East Whisman change area based on the 2030 General Plan. The General Plan currently does not allow residential uses in the East Whisman area, but the Council has directed that residential uses be studied. This will require a General Plan amendment and adding residential uses to the scope of the East Whisman Precise Plan.

DISCUSSION

The following maps provide some context and identify potential areas that could increase the number of residential units in the City.

- **Map 2—Existing Residential-Zoned Areas**

Identifies existing zoning or Precise Plan areas that allow residential uses.

- **Map 3—Industrial-to-Residential Conversion Policy**

Shows the City's existing Industrial-to-Residential Conversion Policy areas.

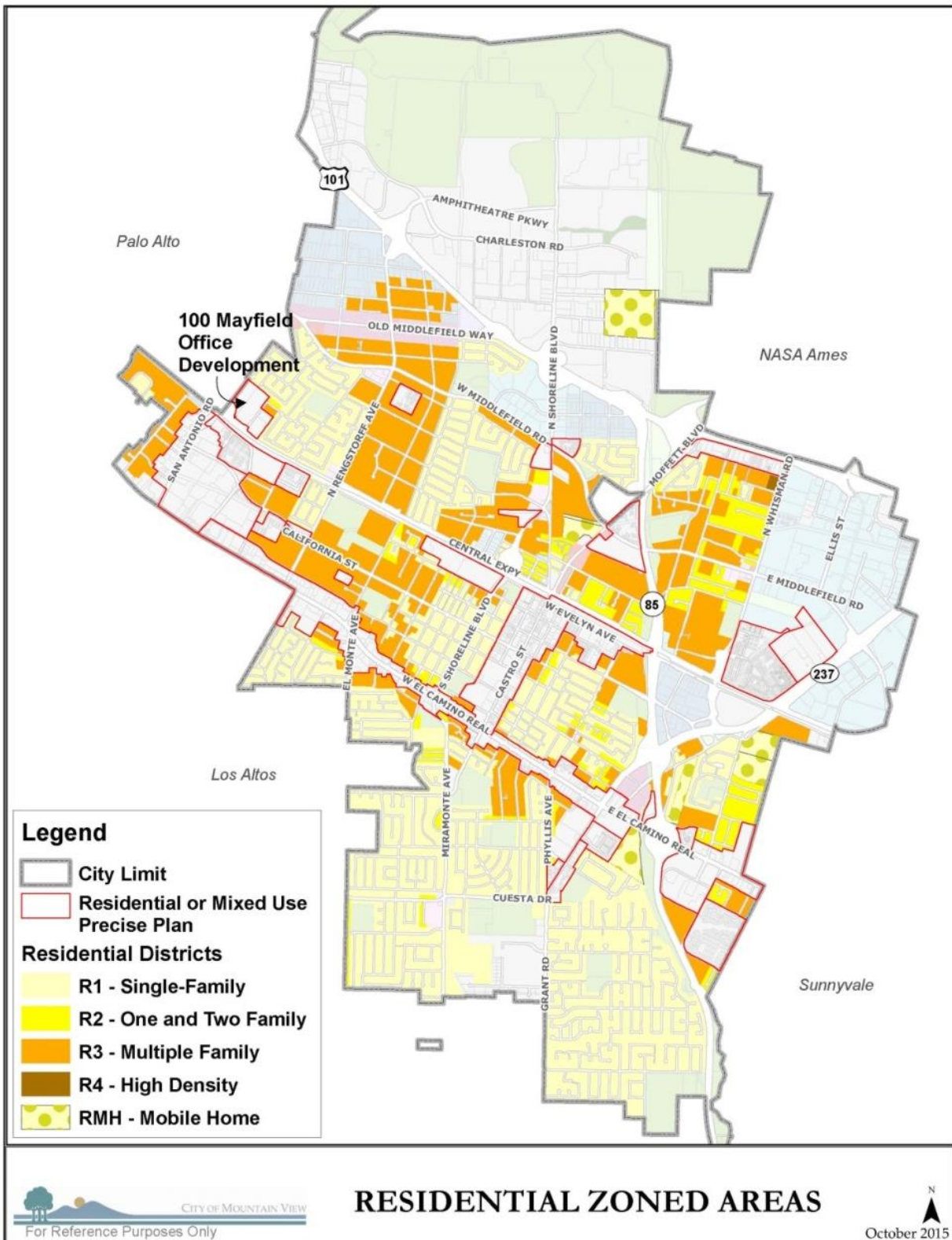
- **Map 4—Potential Residential Study Areas**

Shows several areas where residential uses could be studied, including potential Gatekeeper site locations.

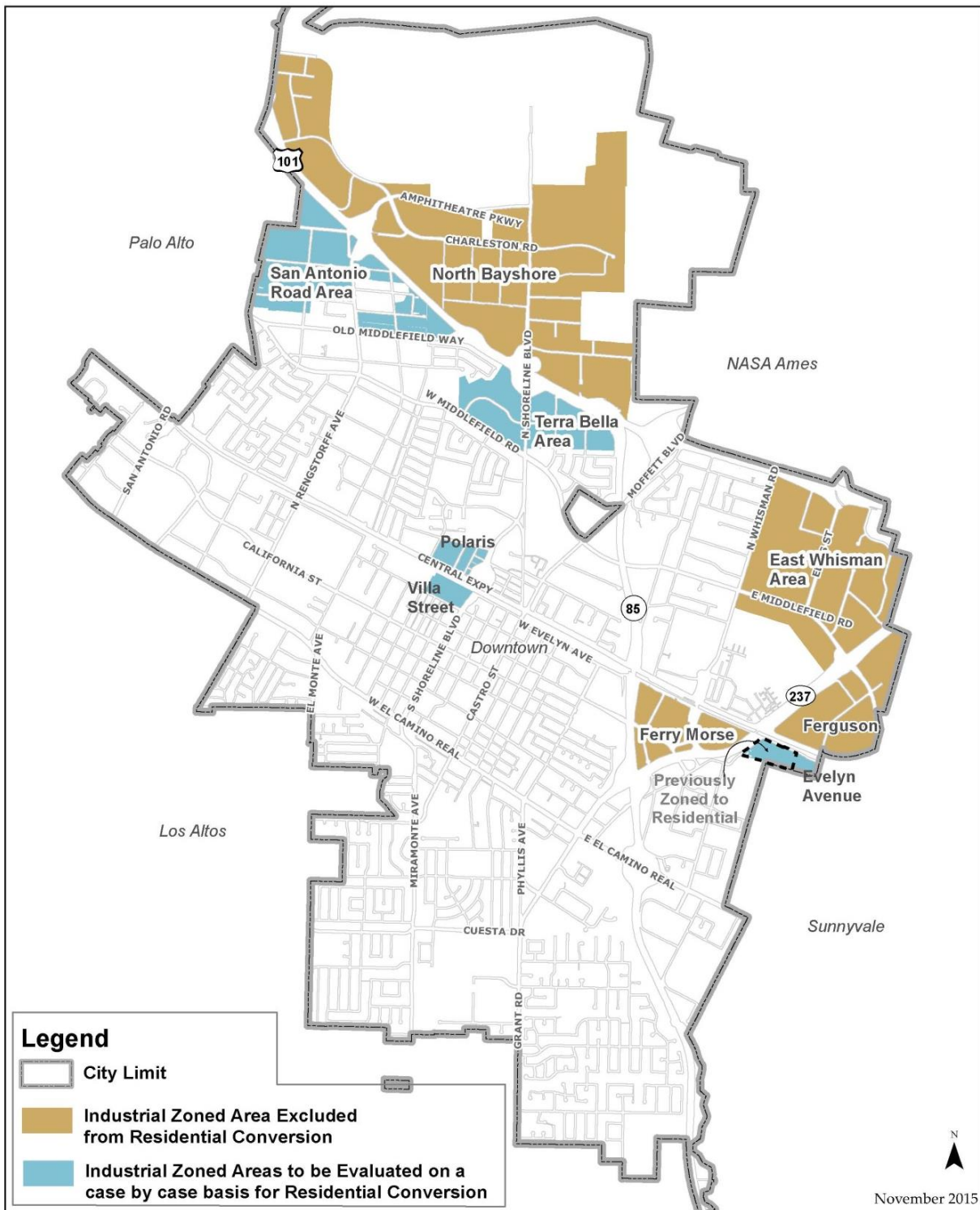
- **Map 5—Potential R3 Residential Study Areas**

Shows large areas with significant R3 zone properties. These properties are further broken down by either condominium or apartment parcels, and then by parcel size. The map is intended to highlight larger apartment parcels which might offer some opportunity to increase densities through redevelopment.

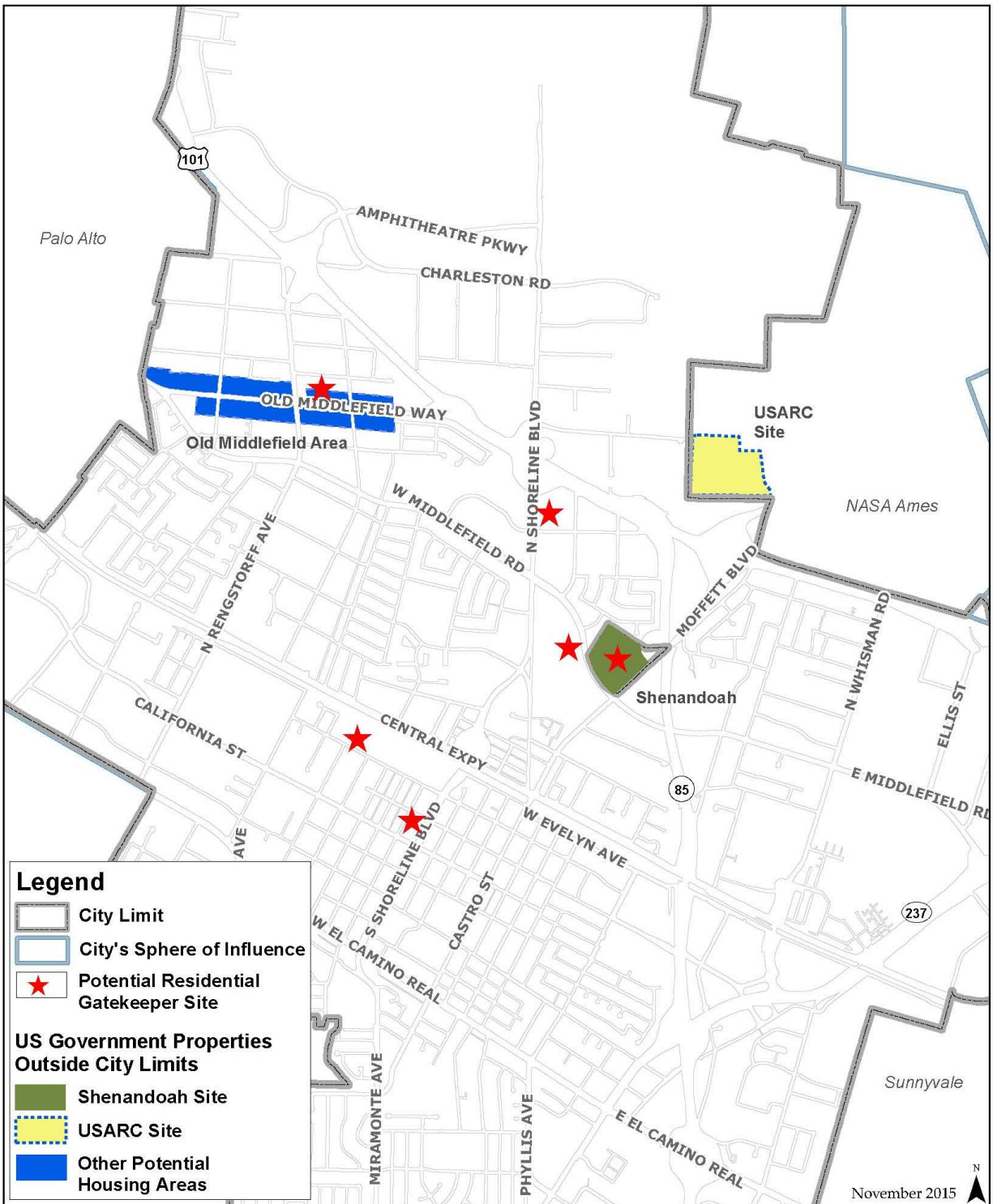
Map 2—Existing Residential Zoned Areas



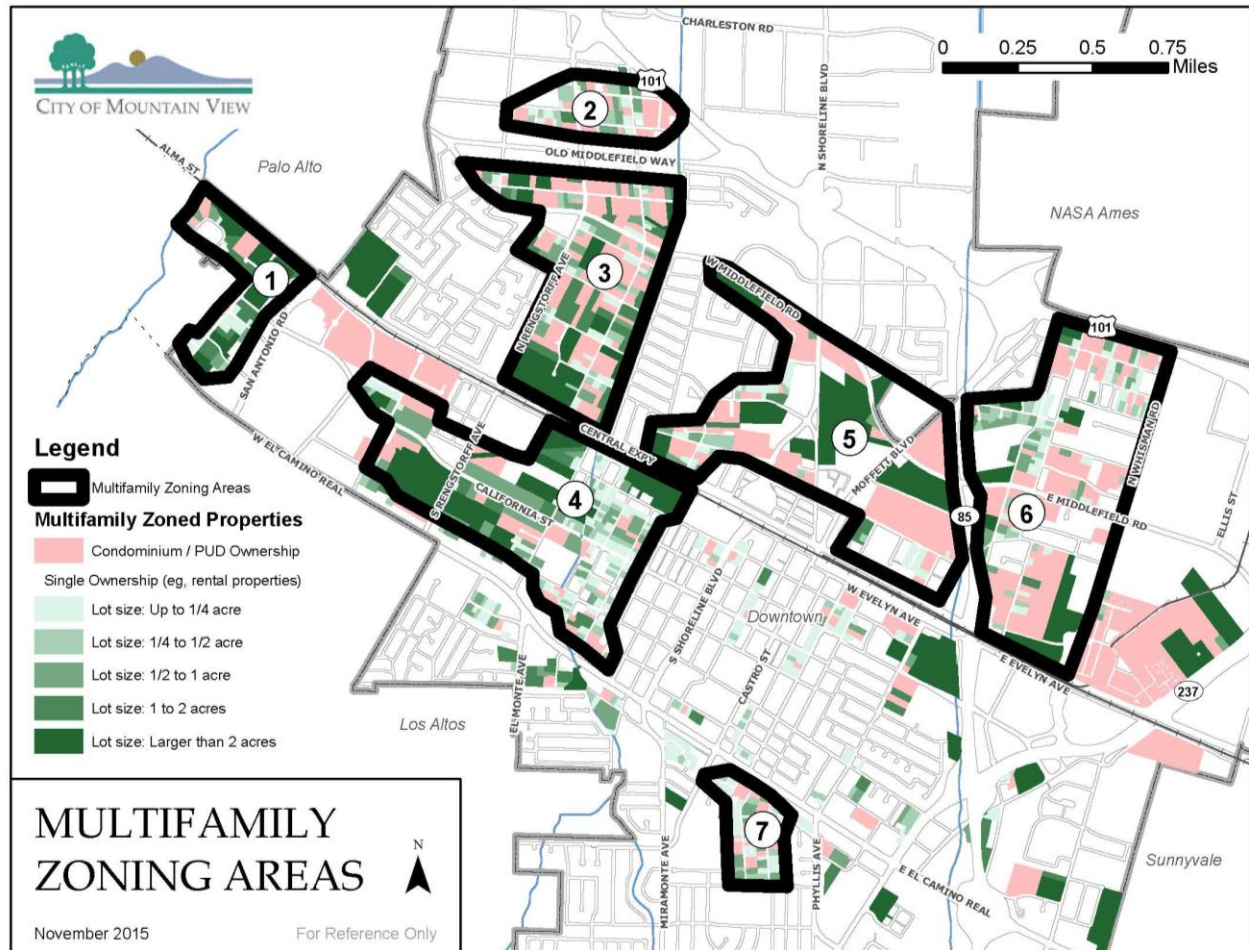
Map 3: Industrial to Residential Conversion Policy



Map 4: Potential Residential Study Areas



Map 5: Potential R3 Residential Study Areas



Potential Strategies

Table 1 below includes four broad strategies Council may be interested in pursuing to increase areas or opportunities for increasing residential densities. Staff notes that tenant displacement would continue to be a significant issue if new policies or zoning standards result in the redevelopment of existing apartment sites.

Table 1: Potential Strategies

<u>STRATEGY NO. 1: Increased Densities/Updated Standards in Existing Residentially Zoned Areas</u>	
<p>DESCRIPTION: This strategy would use the City's existing residentially zoned areas to increase densities or update residential standards. No proposed conversion of industrial areas to residential uses are proposed beyond what Council has authorized.</p> <p>This strategy emphasizes potential changes to the R3 District since it has the largest area and is already zoned for multi-family. No changes are proposed for the R1 and R2 zones except for the updated companion unit study. Map 5 shows several large potential R3 zoned areas for further study.</p>	
<u>Zoning Designation</u>	<u>Considerations</u>
R1 (Single-Family)	– Companion Unit study already under way
R2 (Duplex)	– No potential changes proposed
R3 (Multiple-Family) and R4 (High-Density)	<p>Increased densities:</p> <ul style="list-style-type: none"> – Increasing densities could spur redevelopment of existing, older residential developments – Several R3 areas could be suitable for study of increased densities and are shown on Map 5. These areas were identified for further study because they contain the largest number of R3-zoned sites; they generally exclude condominium sites where redevelopment would be more challenging because of multiple owners; their locations are generally located away from lower-density neighborhoods; and some are located in proximity to employment centers. – Tenant displacement would be an issue for any of these areas if upzoned <p>Updated development standards:</p> <ul style="list-style-type: none"> – Relaxing existing development standards, including R4 location criteria, could spur redevelopment of existing, older residential developments – Updated R3 standards could include new “micro-unit” standards, with reduced parking requirements, increased height and Floor Area Ratio, and reduced open space requirements – Tenant displacement would be an issue
Downtown Precise Plan	– Pursue redevelopment of existing parking lots within the Precise Plan.
Village Centers	<ul style="list-style-type: none"> – Residential uses already allowed in existing Village Centers – Could consider General Plan amendments to two areas not changed during the General Plan update: the Safeway site location on Shoreline Boulevard and the shopping center at Rengstorff Avenue/Middlefield Road

STRATEGY NO. 2: Convert Industrial Areas to Residential Uses

DESCRIPTION: This strategy focuses on converting existing industrial-zoned areas to residential uses. The large North Bayshore and East Whisman areas are or will be undergoing processes to convert to residential uses. Several smaller areas include some parcels that have been converted to residential uses over the past 15 years.

<u>Area</u>	<u>General Plan and Zoning Designation</u>	<u>Snapshot Description</u>
North Bayshore	GP: – High-Intensity Office; NB Residential; NB Mixed Use Zoning: – NB Precise Plan	– Precise Plan update under way – Residential units TBD
East Whisman	GP: – High-Intensity Office Zoning: – EW Precise Plan	– Precise Plan update to begin in 2016 – Council added a goal as part of the recent goal-setting process to study residential uses in this area – Residential units TBD
Evelyn Corridor	GP: – Medium-Density Residential 13 to 25 units/acre Zoning: – General Industrial	– Area has started transition to residential uses with the Shea Homes development at the corner of Evelyn Avenue and Moorpark Way and rezoning of former Mt. Eden Floral Company site
Polaris	GP: – General Industrial Zoning: – Limited Industrial	– Surrounded by residential – Occupied by small businesses – Small parcels
Villa	GP: – Medium-Density Residential 13 to 25 units/acre and Office Zoning: – Villa-Mariposa Precise Plan	– Surrounded by residential – Superfund site (former Jasco property) – Close to downtown – Includes historic structure – Prometheus has filed a Gatekeeper request for this site – Build two- to five-story apartment complex on a 3.36-acre site; no unit count given
Terra Bella	GP: – General Industrial Zoning: – Limited Industrial/ General Industrial	– Large industrial area – Close to concentration of jobs – Contaminated areas adjacent to Highway 101 – Occupied by small businesses

San Antonio Road	GP: – General Industrial and Regional Commercial Zoning: – General Industrial	– Small parcels – Includes some nonconforming residential uses – Occupied by small businesses – Owners of 901-987 North Rengstorff Avenue 1.5-acre site have indicated interest in rezoning to high-density residential use
Ferry-Morse/ Pioneer Area	GP: – High-Intensity Office Zoning: – General Industrial and Ferry Morse Precise Plan	– Ferry-Morse triangle includes Mountain View Corporate Center offices – 2030 General Plan identified the smaller Pioneer Way area for additional analysis of potential land use change – Pioneer Way area occupied by small businesses
Old Middlefield	GP: – General Commercial/ General Mixed-Use Zoning: – Commercial Service/CRA	– Significant area of small, existing industrial businesses – Area previously protected from office conversions during dot-com boom – New housing added at Middlefield Road/Rengstorff Avenue – Small parcels

STRATEGY NO. 3: Areas Requiring Annexation

DESCRIPTION: There are two significant sized areas requiring annexation that could be considered for residential uses. The Shenandoah site at Moffett Boulevard and Middlefield Road has filed a Gatekeeper application to add approximately 1,100 units at the site. The USARC site is another potential area.

<u>Area</u>	<u>General Plan and Zoning Designation</u>	<u>Snapshot Description</u>
Shenandoah site	– Medium-Density Residential, 7 to 12 units/acre – Pre-PF (Public Facilities)	– Unincorporated land but within City sphere of influence; requires annexation – Owned by the U.S. Government, used for military housing – About 19 acres – A Gatekeeper application has been filed to study the rezoning and General Plan amendment of the area to allow approximately 1,100 units
U.S. Army Reserve Center site (USARC)	– No General Plan or Zoning designation	– Outside City limits but in sphere of influence; requires annexation – Owned by U.S. Government – About 30 acres

STRATEGY NO. 4: Policy Approaches

DESCRIPTION: This last strategy focuses on three potential policy approaches. One is an existing Council goal (establish a minimum density policy); another could include modifying an existing Council policy (industrial to residential conversions). A final approach is to consider City-owned sites for residential uses.

<u>Approach</u>	<u>Considerations</u>
Establish a minimum residential density policy	– Council adopted this as a goal for further analysis
Modify Industrial to Residential Conversion Policy	– Would provide updated policy direction to staff and property owners on the criteria and locations for considering conversions
Consider City-owned sites for housing	– Some City sites, such as in downtown, already allow residential uses (i.e., Lot No. 11 – Franklin Street/Villa Street; 30 units/acre and Lot No. 12 – Bryant Street; 50 to 60 units/acre) – Lot 8 – Council directed this to be used for residential or mixed use

Workload and Prioritization

Currently, Community Development Department staff is managing a high workload, including the following major projects:

Policy Studies

- North Bayshore Precise Plan – EIR and Precise Plan policy update will take place in 2016; adoption hearings expected by early 2017
- North Bayshore Nexus Study – Council meeting expected in early 2016
- East Whisman Precise Plan – To begin in early 2016; process will take 24 to 30 months
- Citywide Multi-Modal Study – Work to begin in early 2016; will take approximately 18 months
- Companion Unit Standards Update – Adoption hearings expected in late 2016

Gatekeeper Projects

In addition to five Gatekeepers in the development review process and eight in construction, another eight requests will be brought to Council in December.

RECOMMENDATION

Due to the high workload from existing policy studies and current Gatekeepers, staff does not have any capacity to begin additional major policy studies at this time without delaying or eliminating some projects. If Council would like to prioritize this study over existing ones or current Gatekeepers, it can provide that direction.

Council could also direct that one or more strategies be added to future work plans following completion of major projects such as the North Bayshore and East Whisman Precise Plans and major Gatekeeper projects.

COUNCIL QUESTIONS

1. If Council wishes to proceed, which existing Planning studies or Gatekeeper projects would Council suggest deferring in order to create additional staff capacity to undertake new potential residential studies?
2. Does Council have a preference in further studying either conversion of industrial areas to residential uses or increasing densities and development standards in existing R3 (Multi-Family) zones?

NEXT STEPS

Following this meeting, staff will take Council direction on which broad strategies to prioritize for further analysis. Staff will then return to Council with an updated work plan, including any recommendations on deferral of policy-related projects and costs for any new Citywide residential studies.

FISCAL IMPACT – To be determined based on Council direction.

CONCLUSION

In summary, staff has outlined four broad strategy areas for Council consideration in helping increase the amount of residential units in the City. Staff is seeking Council direction on a preferred approach to these strategies.

PUBLIC NOTICING

The agenda was posted. Courtesy notices of this meeting were mailed to the City's housing interested parties list.

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