



# COUNCIL REPORT

**DATE:** March 14, 2023

**CATEGORY:** Public Hearing

**DEPT:** Community Development

**TITLE:** **1020 and 1040 Terra Bella Avenue—  
Affordable Housing Projects and Public  
Storage**

## **RECOMMENDATION**

1. Adopt a Resolution of the City Council of the City of Mountain View Adopting the Initial Study/Mitigated Negative Declaration for the Terra Bella Public Storage and Alta Housing Affordable Housing Projects Located at 1020 Terra Bella Avenue, 1040 Terra Bella Avenue, and 1055 San Leandro Avenue Pursuant to the California Environmental Quality Act, to be read in title only, further reading waived (Attachment 1 to the Council report).
2. Adopt a Resolution of the City Council of the City of Mountain View Approving a General Plan Map Amendment from General Industrial to High-Density Residential for 1020 Terra Bella Avenue, and a General Plan Text Amendment to Allow an Increase in the Maximum Floor Area Ratio (FAR) from 0.55 FAR to 2.50 FAR in the General Industrial Land Use Designation for Uses with Limited Employees and Customers that Provide a Significant Public Benefit Toward Affordable Housing, to be read in title only, further reading waived (Attachment 2 to the Council report).
3. Introduce an Ordinance of the City of Mountain View Approving a Zoning Map Amendment from the MM (General Industrial) Zoning District to a P (Planned Community) Zoning District for the Properties Located at 1020 Terra Bella Avenue, 1040 Terra Bella Avenue, and 1055 San Leandro Avenue, to be read in title only, further reading waived, and set a second reading for March 28, 2023 (Attachment 3 to the Council report).
4. Adopt a Resolution of the City Council of the City of Mountain View Approving a Planned Community Permit and Development Review Permit to Construct a Six-Story Affordable Housing Development with 106 Affordable Rental Units and Two Manager's Units with a Two-Level Podium Garage, and a State Density Bonus with a Concession on a 1.04-Acre Project Site at 1020 Terra Bella Avenue, to be read in title only, further reading waived (Attachment 4 to the Council report).
5. Adopt a Resolution of the City Council of the City of Mountain View Approving a Planned Community Permit and Development Review Permit to Construct Six-Story and Four-Story

Personal Storage Buildings with At-Grade Parking on a 3.8-Acre Project Site at 1040 Terra Bella Avenue and 1055 San Leandro Avenue, to be read in title only, further reading waived (Attachment 5 to the Council report).

6. Introduce an Ordinance of the City of Mountain View Approving a Development Agreement By and Between the City of Mountain View and Public Storage for the Terra Bella Public Storage Project for Public Storage Located at 1040 Terra Bella Avenue and 1055 San Leandro Avenue, to be read in title only, further reading waived, and set a second reading for March 28, 2023 (Attachment 6 to the Council report).
7. Appropriate \$12.2 million in Housing Impact Funds for Alta Housing/Terra Bella II LLC's 108-unit affordable housing development located at 1020 Terra Bella Avenue. (Five votes required)
8. Authorize the City Manager or designee to negotiate the terms and execute all of the following for the affordable housing project described above: the permanent loan agreement with Alta Housing/Terra Bella II LLC, with maximum funding amounts subject to Council appropriation of funds; agreements for City acquisition of the project site and ground lease to the affordable housing developer; amendments to such agreements; and related documents necessary for City financing for the development.

## **BACKGROUND**

- **Project Location:** The proposed development includes approximately two-thirds of a City block on the north side of Terra Bella Avenue, between Linda Vista Avenue and San Rafael Avenue. The site is composed of two developments—Alta Housing's affordable housing project at 1020 Terra Bella Avenue and a Public Storage facility at 1040 Terra Bella Avenue and 1055 San Leandro Avenue (Figure 1), referred to together as 1040 Terra Bella Avenue in this report.



**Figure 1: Locational Map**

- Project Size: Approximately 4.8 acres combined with subdivided sites of approximately 1 acre at 1020 Terra Bella Avenue and approximately 3.8 acres at 1040 Terra Bella Avenue.
- Existing/Proposed General Plan Designation: For 1020 Terra Bella Avenue, proposed General Plan Amendment from General Industrial to the High-Density Residential designation. For 1040 Terra Bella Avenue, the designation remains General Industrial.
- Proposed General Plan Text Amendment (GPA): The 1040 Terra Bella Avenue (Public Storage) development proposes a GPA to the General Industrial Land Use Designation guidelines to allow, on a discretionary basis, an increase in floor area ratio (FAR) from 0.55 FAR up to 2.50 FAR for uses with few employees and customers, such as warehouses or personal storage, if accompanied by a significant public benefit in support of affordable housing.
- Existing/Proposed Zoning District: For both developments, rezonings are proposed from the MM (General Industrial) Zoning District to the P (Planned Community) Zoning District.
- Surrounding Land Uses: *North*—U.S. 101; *east*—light industrial and research and development offices (one story); *south*—light industrial and research and development offices (one to two stories), including three existing buildings on the remainder of the block where the project is located; and *west*—a new multi-family rental and ownership development with commercial space (five to seven stories) under construction, the Church of Scientology of Silicon Valley (two stories), and a vacant one-story commercial building.
- Current Site Conditions: One existing uninhabited structure most recently used as office at 1020 Terra Bella Avenue and 18 existing one-story personal storage buildings at 1040 Terra Bella Avenue.
- Applicant/Owner: Carlos Castellano for Alta Housing (1020 Terra Bella Avenue) and Cherry Miao for Public Storage (1040 Terra Bella Avenue).

### **Project Overview**

The property owners, Public Storage and Alta Housing, have partnered to pursue a collaborative redevelopment of 1020 and 1040 Terra Bella Avenue. The collaboration includes a land swap and land donation of approximately 0.5 acre from Public Storage to Alta Housing to accommodate an affordable housing development and new personal storage facility. As a condition of approval, a Lot Line Adjustment must be completed to implement the land donation and reconfiguration of the Alta Housing and Public Storage parcels, as shown below in Figures 2 and 3, to facilitate the proposed development projects.



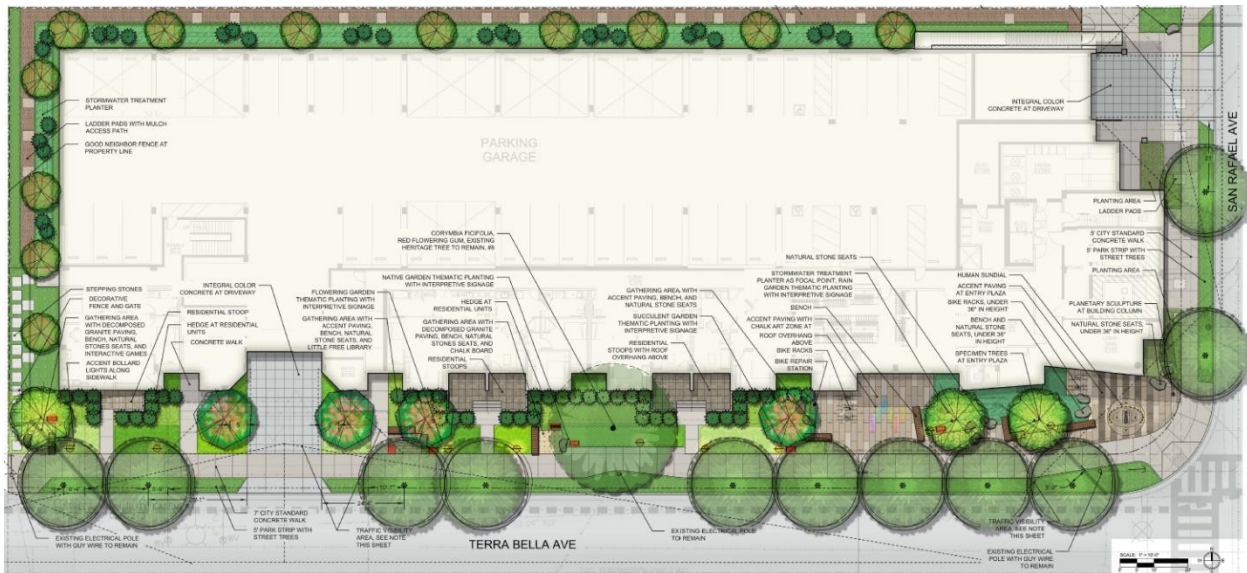
**Figure 2: Existing Project Parcels**



**Figure 3: Proposed Project Parcels**

*Alta Housing—1020 Terra Bella Avenue*

The proposed development includes demolishing the existing building and site improvements, including removal of nine street trees and two other on-site trees, to redevelop the site with a new six-story, 100% affordable residential building with 108 units (including two manager’s units) and a two-level podium garage containing 96 parking spaces. The proposed rental unit mix includes two studio units, 49 one-bedroom units, 29 two-bedroom units (including one manager’s unit), and 28 three-bedroom units (including one manager’s unit). The proposal includes a State Density Bonus request for additional density above the General Plan High-Density Residential Land Use Designation density of 80 dwelling units per acre and one concession to reduce parking requirements, which is discussed later in this report.



**Figure 4: 1020 Terra Bella Avenue Site Plan**

Project parking is accommodated in a two-level, aboveground podium garage. Ground-level garage parking is accessible via a driveway from Terra Bella Avenue, and the second level of parking is accessed by a separate driveway ramp off San Rafael Avenue. Garage access is split in this manner to maximize parking efficiency on each level. Units, common amenities, building entries, and utility rooms wrap the parking podium level along each public street frontage (Attachment 7—1020 Terra Bella Avenue Project Plans).

### Public Storage—1040 Terra Bella Avenue

The overall project proposal includes demolishing the 18 existing, one-story personal storage buildings and a manager unit to be replaced with two new multi-story personal storage buildings and site improvements constructed over two development phases. In Phase 1, a six-story building (Building One) would be constructed along the Linda Vista Avenue frontage of the site, which includes a main office and public reception area. A temporary business office would be placed in the Phase 2 area during Phase 1 construction, and nine existing one-story personal storage buildings would remain in use until Phase 2 is constructed.

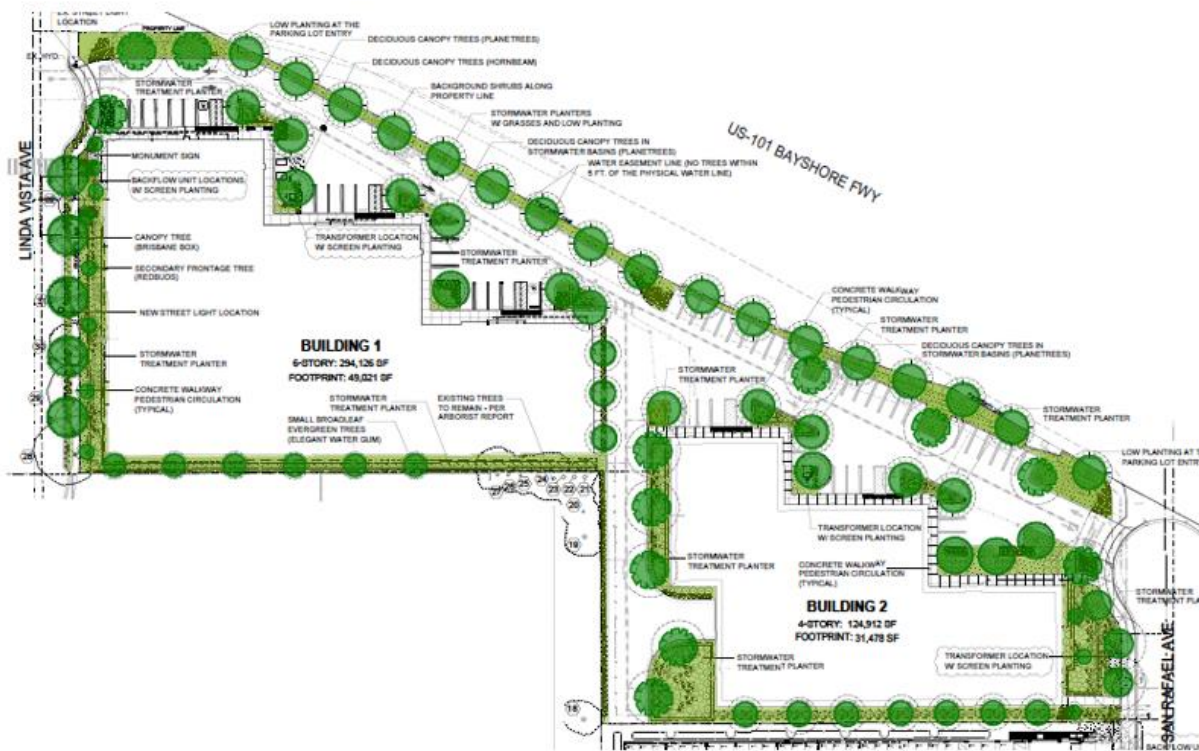


Figure 5: 1040 Terra Bella Avenue Site Plan

In Phase 2, a four-story building (Building Two) would be constructed along the San Rafael Avenue frontage, behind the Alta Housing project. Both Buildings 1 and 2 would have prominent visibility toward the U.S. 101 and the State Route 85 on-ramp to the north. Vehicle access would be provided from both the Linda Vista Avenue and San Rafael Avenue frontages in each development phase (see Attachment 8—1040 Terra Bella Avenue Project Plans). The applicant is requesting a 10-year Development Agreement (DA) to extend the entitlement period to allow the two-phase development of the project based on market conditions.

The applicant also requests a parking reduction to provide 66 spaces in lieu of the 204 required spaces per City zoning standards. Parking would be provided in surface-level parking spaces distributed across the property, primarily located directly adjacent to the personal storage buildings and along the U.S. 101 sound wall at the north property line.

The applicant also requests to pay the transportation impact fee (TIF) at the low trip-generating use rate for the Public Storage component of the project in lieu of the rate based on the designated Industrial land use category pursuant to Section 43.5.b.4 of the Mountain View City Code.

### **Prior Meetings and Hearings**

#### *Gatekeeper Authorization*

On [August 25, 2020](#), the City Council authorized a Gatekeeper application for a General Plan Amendment to High-Density Residential (36 to 80 dwelling units per acre) for the Alta Housing site, a General Plan Text Amendment to allow greater industrial intensities (FAR) under the General Industrial Land Use Designation for the Public Storage site, and a Zoning Map Amendment to accommodate both project proposals through a P (Planned Community) Zoning District (Attachment 9—Council Report dated August 25, 2020). The City Council also provided the following direction:

- Requested a parking study be conducted for both sites;
- Include mindful architecture and design to help activate the Terra Bella Avenue frontage; and
- Include multiple trees throughout the site to provide canopy and air purification benefits.

## *Study Sessions*

### Environmental Planning Commission

On [March 23, 2022](#), the Environmental Planning Commission (EPC) held a Study Session (Attachment 10—EPC Report dated March 23, 2022) and provided direction on both projects, including general support for the proposed building and site designs, as well as:

- Supported the affordable housing project design and stressed the importance of cost-neutral design changes only, being mindful of cost impacts to affordable housing;
- Supported the Public Storage height changes from two 5-story buildings in the Gatekeeper application to one 6-story and one 4-story building;
- Requested Public Storage to include more on-site trees; and
- Noted the new Public Storage buildings would be a substantial improvement from the existing structures and supported staff's preliminary recommendations.

### City Council

At an [April 12, 2022](#) Study Session, Council was generally supportive of the proposed building and site designs and provided direction on both projects, including (Attachment 11—Council Report dated April 12, 2022):

- Support for waiving the nonresidential housing impact fee for the Public Storage project, pursuant to Section 36.40.65.(d)(3) of the City Code, due to the low employment-generating use (fewer than one employee per 2,000 square feet of gross floor area).
- Requested Alta Housing to work with City staff on cost-neutral design solutions for:
  - Warmer-toned building colors;
  - Reducing the prominence of the garage entries, particularly on Terra Bella Avenue;
  - Continuing to enhance the landscape design and amenities of the public street frontages, particularly along San Rafael Avenue; and
  - Improving the building's boxy appearance.

- Noted the Public Storage project would be a substantial improvement over current site conditions and asked the applicant to work with City staff to:
  - Diversify tree species;
  - Increase the on-site number of trees, particularly along the U.S. 101 property line; and
  - Evaluate incorporating an art mural.

On [September 13, 2022](#), Council authorized a \$13.5 million funding reservation for the Alta Housing affordable housing project. The City’s \$13.5 million financial contribution to the project is expected to exceed the anticipated contribution of Measure A funds by the County of Santa Clara (per the Memorandum of Agreement for Measure A funding between the City and the County) and would allow the City to own the site, rather than the County, subject to a separate agreement to be negotiated with Alta Housing (Attachment 12—Council Report dated September 13, 2022).

#### *Community Meetings*

1020 Terra Bella Avenue: On May 19, 2022, Alta Housing hosted a virtual neighborhood meeting in collaboration with City Housing Division staff. Eight members of the public attended and provided input, including general support for the project and the revisions to the landscape frontage on Terra Bella Avenue. One member of the public noted the upper-floor building design seemed bland.

1040 Terra Bella Avenue: On May 19, 2022, Public Storage hosted a separate virtual neighborhood meeting. Two members of the public attended and voiced full support for the project.

#### *Design Review*

1020 Terra Bella Avenue: The Alta Housing project was reviewed by the Development Review Committee (DRC) in June and November 2022. The DRC and staff worked with Alta Housing to update the proposed color and material palette to incorporate warmer-toned colors, refine the color/design of key accents (i.e., ground-level entry stoops/railings) to better distinguish them, refine window designs to provide more openness and less blank wall area, improve the appearance of garage entries, and ensure proposed landscape designs adequately screen utilities and provide pedestrian interest and comfort along the project’s public frontages. The applicant team has begun to incorporate improvements in the plans to address design recommendations and will continue to work with staff on these design details during the building permit process.



1040 Terra Bella Avenue: Public Storage met with the DRC in August and November 2022, which included recommendations to work with staff to refine the landscape plans to include higher canopy trees along U.S. 101, further recess the security gate/fencing from San Rafael Avenue to deemphasize security elements and better highlight landscaping, evaluate alternative colors for the metal window shades, and ensure the building parapets or other enclosures will fully screen future rooftop equipment. The applicant has begun to address design recommendations in the plans, which staff generally supports, and will continue to address design details in the building permit process.

#### *Santa Clara County Airport Land Use Commission*

The project was referred to the Santa Clara County Airport Land Use Commission (ALUC) for review due to the site's proposed General Plan Map and Text Amendments and Rezoning within the area covered by the Moffett Field Airport Comprehensive Land Use Plan (CLUP). On November 16, 2022, the ALUC reviewed the project and found it to be consistent with the Moffett Field CLUP, with inclusion of two conditions of approval requiring both projects not exceed 182' in building height (above mean sea level) and filing of an aviation easement pursuant to requirements of the adopted CLUP. The projects comply with this height limit, and the aviation easement is a condition of approval applied to both projects.

#### *Public Hearings—Council Recommendations*

#### Environmental Planning Commission

On [February 1, 2023](#), the EPC held a public hearing to review the projects (Attachment 13—EPC Staff Report dated February 1, 2023). The EPC unanimously recommended the City Council approve the projects and adopt the Initial Study/Mitigated Negative Declaration, acknowledging the benefit of collaboration between a private entity (Public Storage) and a nonprofit agency (Alta Housing) to provide needed affordable housing in Mountain View. One member of the public spoke and highlighted the need for overall public right-of-way improvements on Terra Bella Avenue and North Shoreline Boulevard to make the area more walkable.

Since the EPC hearing, staff has made minor redline modifications to the conditions of approval for both projects (Attachments 4 and 5) to align with ALUC direction and further clarifications to project details, design direction, and P District standards regarding sign requirements (Attachment 3).

#### Administrative Zoning Hearing

On [February 22, 2023](#), the Zoning Administrator (ZA) held a public hearing on the draft DA between the City and Public Storage for 1040 Terra Bella Avenue (Attachment 14—

Administrative Zoning Hearing Materials dated February 22, 2023), and recommended approval to the City Council.

The draft DA posted for the ZA hearing included a typographical error in Section 3.1(b)(i) which has been corrected in the version attached to this report. The corrected Section 3.1(b)(i) is shown underlined on Page 10 of Exhibit A (Attachment 6—Ordinance for a Development Agreement).

## **ANALYSIS**

### **General Plan Amendments**

Currently, the combined 4.8-acre project site has a General Plan Land Use Designation of General Industrial, which accommodates lower-intensity industrial uses, but does not allow residential uses or industrial development above 0.55 FAR. To facilitate both the Alta Housing and Public Storage projects, General Plan Amendments are needed (see Attachment 2—Resolution for General Plan Amendments).

#### *Alta Housing—1020 Terra Bella Avenue*

For the Alta Housing project, the proposal includes a General Plan Map Amendment to change the General Plan Land Use Designation for the project site to High-Density Residential, which supports high-density, multi-family residential uses. The proposed High-Density Residential Land Use Designation would allow a density of up to 80 units per acre, permitting the development to build up to 84 units. To allow the proposed 108-unit project, the applicant is requesting a State Density Bonus of 29%, discussed in greater detail later in this report. The project density is considered compliant with the High-Density Residential General Plan Land Use Designation pursuant to State Density Bonus Law.

The proposed General Plan Map Amendment is appropriate as the project aligns with City objectives and General Plan Goal LUD-3, which aims to provide additional housing opportunities serving a range of diverse households and incomes and focus higher land use intensities and densities along major commute corridors, such as Shoreline Boulevard and U.S. 101. Additionally, the project site is in close proximity to the mixed-use residential development at 1001 North Shoreline Boulevard (currently under construction), Alta's second affordable housing project at 1012 Linda Vista Avenue (currently in planning review), and future multi-modal infrastructure planned along Shoreline Boulevard, including the reversible bus line and other nearby bike lane improvements.

#### *Public Storage—1040 Terra Bella Avenue*

In order to facilitate the proposed higher-intensity development, General Plan Text Amendments are required to the existing General Industrial Land Use Designation to allow a maximum FAR of

up to 2.5 from the current maximum FAR of 0.55. The proposed amendment provides guidance for when such increased FAR should be considered; specifically, the increased FAR may be considered on a discretionary basis for industrial uses with few employees and customer visits, if they provide a significant public benefit in support of affordable housing (Attachment 2—Resolution for General Plan Amendments).

The Public Storage project aligns with the General Plan Text Amendment as, in turn for the increased FAR, Public Storage proposes a land swap and donation of approximately 0.5 acre of land to Alta Housing, resulting in a larger site for development of a 100% affordable housing development. This transaction allows Alta Housing to roughly double the size of the affordable housing project they could build on their existing property.

The proposed General Plan Text Amendment is appropriate as the project aligns with Council's priority for more affordable housing and General Plan Policy LUD-3.8, to preserve industrial districts, and General Plan Policy LUD-3.5, by increasing land available to provide additional housing opportunities serving a range of diverse households and incomes. Public Storage has estimated the land transaction and donation to Alta Housing has a value of approximately \$10 million.

### **Zoning Map Amendment**

The project sites are currently in the MM (General Industrial) Zoning District, which does not allow residential development or industrial development at the intensity and height proposed by Public Storage. A Zoning Map Amendment is proposed to change the zoning of the project sites to the P (Planned Community) Zoning District to facilitate construction of the high-density residential and higher-intensity personal storage developments (see Attachment 3—Ordinance for Zoning Map Amendments).

The P District is designed to provide for those uses or combinations of uses which may be appropriate as a planned area development with specific development standards. It applies to those areas which by reason of their proximity to other zoning districts, topography, geographic location, size, shape, or existing development require special consideration in order to be properly integrated into the community and adjacent development and to further the planned circulation patterns, residential densities, and address other limitations. In this case, the P Zoning District is appropriate in order to accommodate the mix of uses proposed at greater intensity in a location near other new residential development and major corridors.

Additionally, while the City conducted a prior visioning process for redevelopment of the Terra Bella Avenue area, the City has no adopted plans for the area. As such, development projects in the area have either followed existing MM (General Industrial) zoning standards, requested Gatekeeper authorization to pursue more intense and/or mixed-use redevelopment, or relied upon the recent Housing Element rezonings approved by Council on February 14, 2023.

Applying a P (Planned Community) Zoning District to these two project sites gives the City flexibility to consider appropriate development standards for the projects, considering site configurations and constraints, integration with adjacent development (including the 1001 North Shoreline Boulevard development), and more recent higher-intensity development in Mountain View.

1020 Terra Bella Avenue: As proposed, the Alta Housing project utilizes the East Whisman Precise Plan (EWPP) Mixed-Use Character Area development standards as a baseline since there is a similar development context with the redevelopment of 1001 North Shoreline Boulevard nearby, and the EWPP standards are recently adopted standards. The proposed project meets the applicable residential development standards from the EWPP, excluding two setbacks, one on San Rafael Avenue, where the project proposes a setback of 5', in lieu of a 10' setback, and a rear setback of approximately 8', in lieu of a 15' setback. The project is considered compliant with the proposed P Zoning District, based on the project's compliance with the established development standards and pursuant to provisions of State Density Bonus Law.

1040 Terra Bella Avenue: As proposed, the Public Storage project generally meets the development standards applicable to industrial projects in the existing MM Zoning District, except for the higher FAR and building heights needed to accommodate the project per the proposed General Plan Amendment. The P Zoning District allows for site-specific development standards for new development to address project context within surrounding development, such as project-specific parking standards and, in this case, a front setback standard of 18' along Linda Vista Avenue, in lieu of 25' per the existing MM Zoning District.

## **Project Design**

### *Alta Housing—1020 Terra Bella Avenue*

The Alta Housing site design includes a plaza with a seating area and educational/art installation at the corner of Terra Bella Avenue and San Rafael Avenue, providing a small gathering space at the main building entry. Adjacent to the main entry, there is a bicycle workshop area with a spill-out plaza area fronting Terra Bella Avenue. The remainder of the Terra Bella Avenue frontage features several residential units with stoops, landscaped amenity areas, and accent lighting. The San Rafael Avenue frontage has limited landscaping due to constraints associated with required utility rooms and equipment for solid waste pickup, garage access, other building utilities, and emergency access.

A landscaped podium level courtyard is oriented toward Terra Bella Avenue and breaks up the building massing along this street frontage, forming a "C" around the courtyard. The primary private outdoor space for the project with a children's play area align with the courtyard, flexible games area, and several trellises and seating areas. Proposed indoor common areas include a teen room, community room, and laundry facilities.



**Figure 6: Podium Courtyard for 1020 Terra Bella Avenue**

The building has a simple, modern design with horizontal fiber cement siding delineated by a mix of widely spaced vertical battens and recessed reveals and vertical standing seam metal siding applied to the upper floors of each building end/corner. The two building corners facing Terra Bella Avenue feature angled inset walls with projecting fins to highlight this building accent. The ground-floor facade and windows are accented with steel awnings, sunshade elements, or trim details intended to provide visual interest and/or pedestrian-oriented features.



**Figure 7: 3D Rendering of 1020 Terra Bella Avenue**

Density Bonus Request

The affordable units in the proposed Alta Housing development will be available to households earning at or below 80% of the Average Median Income (AMI). Based on the 80% AMI income

criteria for the proposed units, the project is eligible for an 80% State Density Bonus (or up to 152 units), up to four concessions, and unlimited waivers of development standards. The applicant, however, is only requesting a 29% density bonus for the proposed 108 units and one concession to accommodate parking with no requested waivers from development standards, as further described below and in the applicant's density bonus request letter (Attachment 15—Density Bonus Request Letter).

State Density Bonus Law restricts the City from requiring more than one parking space per studio/one-bedroom unit and 1.5 spaces per two-/three-bedroom unit, inclusive of accessible and guest parking spaces. As such, the City cannot require the project to provide more than 137 parking spaces. The applicant proposes to provide 96 parking spaces, inclusive of guest parking.

The City commissioned a parking study, which analyzed actual parking utilization at two comparable affordable housing projects, one in Mountain View and one in San Jose. The parking analysis accounts for the different unit types in this project, including proposed units for individuals with different mental abilities and rapid rehousing units, which on average have less parking demand. The parking analysis also accounts for a 15% parking reduction, which can be achieved through the applicant's proposed Transportation Demand Management (TDM) strategies (including transit pass subsidies, bicycle share programs, unbundling of parking, etc.). The parking study recommended this project provide 105 spaces to meet anticipated demand.

Under the State Density Bonus Law, a concession can only be proposed by the developer when it results in "identifiable and actual cost reductions to provide for affordable housing costs." The applicant is requesting a State Density Bonus concession to provide 96 parking spaces in lieu of the 105 spaces recommended by the City's parking study, which constitutes a nine-space reduction. The applicant initially evaluated providing 105 spaces but found it would require the addition of several parking stackers or a redesign resulting in a net loss of units. The inclusion of the parking stackers would create additional construction and long-term operational costs to the project, including stacker equipment/maintenance and the need for additional generators on-site.

Per the applicant, the additional stacker costs would be approximately \$2.2 million for nine stackable parking lifts, not including the yearly maintenance cost for the stacker. Further, additional redesign and generators required by the Building Code would result in additional cost and the reduction of up to eight units, jeopardizing the project's identified funding sources. As such, approval of the proposed parking concession would result in a total development cost savings of \$2.2 million and no net loss of affordable units, which meets the criteria for a concession pursuant to State Density Bonus Law, as well as additional savings in ongoing operational and maintenance costs. The applicant believes their proposed parking on-site paired with their TDM program will address the operational parking needs of the project.

*Public Storage—1040 Terra Bella Avenue*

The site design includes landscaping surrounding each storage building, with a majority of the proposed planting installed along public street frontages and the southern property line. The landscaping would be installed in two phases, aligning with the construction of each building.

The existing personal storage facility has an on-site manager's unit. The project includes a new manager's unit, which is proposed as part of the Alta affordable housing project at 1020 Terra Bella Avenue. If, for some reason, the manager unit for Public Storage cannot be accommodated in Alta's affordable housing project, City staff has included a condition of approval requiring a manager's unit be provided in the personal storage project at 1040 Terra Bella Avenue. This would not alter the project design or change parking demand for the project.

Both buildings have a stepped, L-shaped layout anchored by three major building insets facing U.S. 101. The structures have flat roofs with taller parapets at the building ends/corners. The simple, modern-industrial architectural design includes a mix of materials and colors used in both buildings, including a concrete masonry unit (CMU) block building base, broken up by building entries and storefront glazing, and articulated upper floors clad in three stucco wall colors and two metal siding panels bracketing spandrel upper-floor windows.

In each building, the primary building corner faces both the adjacent public street and highway frontages—northwest corner of Building One and northeast corner of Building Two—and features clear glass at all tower levels anchored by purple metal canopies on upper floors and an orange entry canopy at the ground level. Other building corners with windows employ spandrel glazing wrapped by metal fins and canopies. Building One will also feature a mural facing Linda Vista Avenue, per direction from the April 12, 2022 Council Study Session.



**Figure 8: Rendering of 1040 Terra Bella Avenue from Linda Vista Avenue**

As noted earlier, the Public Storage development generally complies with existing MM Zoning District standards, with the exception of parking and front and rear setback requirements. Staff has reviewed the proposed project and found the proposal to be compatible with the surrounding industrial/R&D uses and an upgrade to existing site conditions by providing high-quality architectural design and substantial landscape improvements.

#### Parking Analysis

The City's parking standards for personal storage facilities require one space for each 2,000 square feet of gross floor area. As proposed, the 408,926 square foot project would require 209 parking spaces pursuant to current zoning standards. A parking study was conducted of four personal storage facilities, including the existing site at 1040 Terra Bella Avenue and other personal storage locations in nearby jurisdictions. The parking study concluded a minimum of 0.07 parking space per 1,000 square feet of building area would be needed to meet typical maximum parking demand, which results in the project needing to provide a minimum of 29 parking spaces.

The applicant proposes to provide 66 parking spaces, exceeding the minimum parking recommendations from the parking study. The 66 proposed parking spaces have been reduced from the original proposal, based on the parking study findings and as a means to create additional area for larger-canopy tree planting on the property. New on-site parking will be constructed in two phases along with each new Public Storage building, including 25 spaces in Phase 1 and 41 spaces in Phase 2.



Personal storage does not have minimum bicycle parking requirements per the Zoning Ordinance, but the applicant is proposing to provide two short-term bicycle racks fronting Building One, next to the on-site office/customer service area.

### Development Agreement

Public Storage is requesting a DA to allow flexibility in the timing and phasing of the 1040 Terra Bella Avenue project with a term of 10 years. The extended entitlement period is being requested by the applicant due to the scale of the development and the time needed to deliver the project components given dynamic construction costs and market conditions. The 10-year DA term extends the City's standard two-year entitlement period and potential permit extension (up to four years total) and proposes substantial public benefits in the form of the 0.5-acre land donation to Alta Housing, which Public Storage has estimated to have a value of approximately \$10 million.

While the DA would allow flexibility in the timing of the Public Storage project, the agreement provides more detailed milestones for the conveyance of the donated land (public benefit) to Alta Housing to ensure the land donation occurs regardless of when Public Storage pursues construction. To allow the DA to remain in effect, the land donation will need to happen within four years of the DA's effective date, or sooner if the Public Storage project or Alta Housing financing necessitates earlier completion of the Lot Line Adjustment resulting in the land conveyance.

Pursuant to the City Code, the ZA recommended Council approve the DA at the February 22, 2023 Administrative Zoning Hearing. Consistent with State law, the DA must be adopted by ordinance of the City Council (Attachment 6—Ordinance for a Development Agreement), which requires two readings and becomes effective 30 days after the final ordinance adoption.

### Trees and Landscaping

An arborist report was prepared for the Alta Housing and Public Storage projects and reviewed by the City arborist, which evaluated existing trees for health and preservation suitability, accounting for tree health, structural condition, and proximity to the proposed project improvements.

1020 Terra Bella Avenue: The Alta Housing arborist report analyzed 12 trees within the project area ranging from good to moderate health, including one Heritage tree that will be preserved. The project includes removal of two trees due to conflicts with the building footprint and proposed utility improvements and nine City street trees due to conflicts with necessary public right-of-way improvements, including installation of a new 5' separated sidewalk with a

5' landscape strip along both the Terra Bella Avenue and San Rafael Avenue frontages. This is consistent with other recent sidewalk improvements along Terra Bella Avenue.

The proposed development will plant several new trees, new landscaping, and create more open space on-site than exists today. Proposed tree plantings include 13 new Brisbane street trees along Terra Bella Avenue and San Rafael Avenue and 42 on-site trees. Based on the new tree plantings, the on-site tree canopy coverage is expected to exceed existing conditions by 8% at full maturity per Table 1.

**Table 1: 1020 Terra Bella Avenue Tree Canopy Coverage**

Canopy Condition	Site Coverage
Existing Conditions	8%
Project Conditions After Five to 10 Years	9.5%
Project Conditions After 15 Years (~Full Growth)	16.8%

The project also exceeds the minimum open space standard by providing approximately 23,000 square feet of open space area, in lieu of the EWPP-required 12,960 square feet.

1040 Terra Bella Avenue: The existing Public Storage site has no on-site trees, but the report analyzed 16 trees within proximity of the project area, including City street trees and trees on immediately adjacent private property. This project includes removal of five City street trees along Linda Vista Avenue due to conflicts with the proposed public right-of-way improvements, including installation of a new 5' separated sidewalk with a 5' landscape strip. Additionally, one existing City street tree planted on Public Storage property will be removed on the San Rafael Avenue frontage to accommodate on-site improvements including a stormwater treatment area.

The proposed development will plant new trees and landscaping, creating substantially more on-site landscaped area than exists today. Proposed tree plantings include five new Brisbane street trees along Linda Vista Avenue and six street trees on the Public Storage property fronting San Rafael Avenue for a total of 79 on-site trees. Under project conditions, on-site tree canopy coverage is expected to exceed existing conditions by 40% at full growth per Table 2.

**Table 2: 1040 Terra Bella Avenue Tree Canopy Coverage**

Canopy Condition	Site Coverage
Existing Conditions	0%
Project Conditions After 10 Years	19%
Project Conditions After 15 Years (~Full Growth)	40%

The project also exceeds the minimum 10% landscape requirement for industrial projects by providing 26% of the project site as landscape area. A minimum of 75% of the proposed landscaping will be California native species.

### **Public Storage Transportation Impact Fee**

The Citywide TIF is intended to help defray costs of certain transportation improvements required to serve new developments. Based on the industrial land use, the TIF for the Public Storage development would be \$5.72 for each new square foot of gross floor area, which results in an estimated total fee of \$1,896,000. The applicant has requested to pay the TIF at the low trip-generating use rate, charged on a per-vehicle-trip rate basis, which would result in a total fee of \$245,000. Utilization of this low trip-generating use rate requires City Council approval.

City Code defines low trip-generating use as those uses which generate fewer than 25% of the trips assumed for other similar uses, according to trip generation rates calculated based on the Institute of Transportation Engineers (ITE) Trip Generation Manual. A transportation analysis was conducted for the project and estimated the net project trips is 10% of a similar use, which qualifies the project for the low trip-generating use rate for the TIF.

To use the low trip-generating use rate for the TIF, the new building is required to be designed and built such that it cannot be converted to a use capable of generating a larger number of trips except by major reconstruction. Staff reviewed the project, and the Public Storage buildings are shown to be designed in a manner where conversion to a use with a higher generation of vehicle trips would not be feasible without major reconstruction. Thus, staff has applied the low trip-generating use rate to the project conditions in Attachment 5, which requires a notice to be recorded on the property prior to issuance of the building permit documenting conditional allowance of the use of the lower rate.

### **Alta Housing's Affordable Project Funding and NOFA Allocation**

#### *Project Funding Sources*

The financing plan for the affordable housing development assumes applications for Federal, State, and local sources of funding for the project (see Table 3). Alta Housing will apply for the Federal Low-Income Housing Tax Credit (LIHTC) Program 4% tax credits, which will add nearly \$49 million in capital from the tax credit investors. Alta Housing is also pursuing State funding from Housing and Community Development (HCD) programs, which may include the Affordable Housing and Sustainable Communities (AHSC) programs.

**Table 3: Sources of Funding**

<b>Permanent Sources</b>	<b>Dollar Amounts</b>
Tax Credit Equity	\$49,743,948
State Source (HCD or AHSC)	22,000,000
Conventional Bank Loan	11,805,928
<b>City of Mountain View—NOFA</b>	<b>13,500,000</b>
County of Santa Clara	<u>13,000,000</u>
<b>TOTAL</b>	<b><u>\$110,049,976</u></b>

*County Funding*

The anticipated County commitment to the project is \$13 million. The project will provide 27 supportive housing units for formerly unhoused households either through the County's Rapid Rehousing or Permanent Supportive Housing program, which count toward the City's effort to provide at least 200 such units in the City. This project would fall under the City's Measure A Memorandum of Understanding (MOU) with the County to provide 200 supportive housing units with \$80 million in County funding support.

*City NOFA Allocation*

The City of Mountain View will contribute \$13.5 million to the project. This amount represents approximately 12% of the project's anticipated cost. As a result, units without a Permanent Supportive Housing (PSH), Rapid Rehousing (RRH), Project-Based Voucher (PBV), or RRH designation will be filled through an application process incorporating the City's live/work preference, subject to Federal and State Fair Housing regulations. The implementation of the live/work preference is always subject to other funding sources' review for projects not funded solely with City funds. Given the City contribution is anticipated to be larger than the County contribution, the City is anticipated to be the eventual owner of the site, subject to a future agreement with Alta Housing for the purchase and sale of the property. Approval of the recommended actions will enable Alta Housing to assemble financing to build a new affordable development. The City will acquire the land, restrict it for affordable housing, and ground-lease it back to the developer.

**ENVIRONMENTAL REVIEW**

Pursuant to the California Environmental Quality Act (CEQA), an Initial Study and Mitigated Negative Declaration (IS-MND) was prepared for the project to evaluate any potential environmental impacts that could result from project implementation. The Draft IS-MND was circulated for public review for 30 days from November 28, 2022 to December 28, 2022. The City received one comment letter from the Department of Toxic Substance Control (DTSC) requesting the IS-MND include language pertaining to possible contamination of aerially deposited lead

(ADL) given the historic use of lead compounds in fuel from 1920 to 1992 and the project proximity to U.S. 101. DTSC also asked clarification questions on how the projects will demonstrate compliance with environmental regulations. Minor text updates were made to the Initial Study in response to the comments, and a response letter was provided to DTSC. Requiring the projects to provide an approval letter from the regulatory environmental agency overseeing the project prior to issuance of building permits adequately addresses DTSC's comments (Attachment 1—Resolution for an Initial Study-Mitigated Negative Declaration).

Per the City's adopted Vehicle Miles Traveled (VMT) policy, both projects are presumed to have a less-than-significant impact as:

- The Alta Housing project at 1020 Terra Bella Avenue does not require further VMT analysis since it is a 100% affordable housing project.
- Based on a use-specific analysis conducted for 1040 Terra Bella Avenue, the Public Storage project would create additional personal storage resource within Mountain View in closer proximity to residents/personal storage users, thereby reducing vehicle trips. Thus, the project is presumed to reduce the average distance traveled for this type of use and is considered to have a less-than-significant VMT impact.

Pursuant to Sections 15064 and 15070 of the CEQA Guidelines and the City's VMT policy, the environmental analysis determined the proposed project would not have any significant effect on the environment with the incorporation of mitigation measures, as conditions of approval, and compliance with standard City conditions of approval and City requirements.

## **FISCAL IMPACT**

### **Alta Housing—1020 Terra Bella Avenue**

Fiscal impacts to the General Fund will include a small loss of property tax revenue from the land to be dedicated by Public Storage to Alta Housing, described below. Alta Housing, the managing and general partner in the ownership structure, is a nonprofit. As a result, the affordable housing development will be exempt from paying property taxes. The Alta Housing property currently contributes approximately \$0 in annual property tax revenues to the City. In addition, the affordable housing project is exempted from park land dedication per Chapter 41 of the City Code. The affordable housing project is also exempt from the TIF.

The Alta Housing project will receive \$13.5 million from the City's Housing Impact Fund. The City currently has a balance of approximately \$21 million in unencumbered local housing funds, which includes the appropriation for Terra Bella. The City Council is being asked to appropriate \$12.2 million in Housing Impact Funds for this NOFA proposal, as \$1.3 million in predevelopment funds from the original \$13.5 million reservation have already been appropriated.

### **Public Storage—1040 Terra Bella Avenue**

The 1040 Terra Bella Avenue site has a current assessed value of approximately \$4.4 million. The City's existing share of property tax is approximately \$7,000 per year. If the site is developed as proposed, the City would receive approximately \$60,000 per year in additional property tax revenue.

Per prior Council direction, the project is not subject to payment of the Housing Impact Fee. As part of the DA, the applicant will provide a public benefit of land dedication to Alta Housing, estimated to have a value of \$10 million. Finally, the project is also subject to the Citywide TIF, with an estimated fee payment of \$245,000 based on the low trip-generating use.

### **CONCLUSION**

Staff recommends the City Council approve the proposed project as it achieves the General Plan goals, preserves industrial land, increases affordable housing opportunities, is sensitive to the existing uses that surround the site, complies with applicable development standards based on the proposed General Plan and Zoning Amendments, complies with State Density Bonus Law, and will result in developments that are of a high quality.

### **ALTERNATIVES**

1. Recommend approval of the projects with modified conditions of approval.
2. Recommend denial of the General Plan Text Amendment, General Plan Map Amendment, and/or Zoning Map Amendments, which would also mean denial of the projects.

### **NEXT STEPS**

If Council approves the staff recommendations, the proposed ordinances for the Zoning Map Amendment and Development Agreement will return to Council for a second reading tentatively scheduled for March 28, 2023.

## **PUBLIC NOTICING**

The City Council agenda is advertised on Channel 26, and the agenda and this report appear on the City's internet website. All property owners within a 750' radius and other interested stakeholders were notified of this meeting.

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- Attachments:
1. Resolution for Initial Study-Mitigated Negative Declaration
  2. Resolution for General Plan Amendments
  3. Ordinance for a Zoning Map Amendment
  4. Resolution for 1020 Terra Bella Avenue Approval
  5. Resolution for 1040 Terra Bella Avenue Approval
  6. Ordinance for a Development Agreement
  7. 1020 Terra Bella Avenue Project Plans
  8. 1040 Terra Bella Avenue Project Plans
  9. [Council Report Dated August 25, 2020](#)
  10. [EPC Report Dated March 23, 2022](#)
  11. [Council Report Dated April 12, 2022](#)
  12. [Council Report Dated September 13, 2022](#)
  13. [EPC Report Dated February 1, 2023](#)
  14. [ZA Report Dated February 22, 2023](#)
  15. Density Bonus Request Letter