

## CITY OF MOUNTAIN VIEW

### ENVIRONMENTAL PLANNING COMMISSION STAFF REPORT MAY 18, 2016

#### 5. PUBLIC HEARINGS

- 5.1 **Public Hearing for Consideration of a Planned Community Permit and Development Review Permit to Construct a Five-Story, 67-Unit Affordable Studio Apartment Development (Including One 1-Bedroom Manager's Unit) and a 25 Percent Density Bonus Request with Waivers; a Provisional Use Permit for Rooftop Amenities Above the Third Floor and Residential Accessory Uses Utilizing the Ground-Floor Commercial Setback; a Heritage Tree Removal Permit to Remove Three Heritage Trees (Including Two City Street Trees); and a Determination that the Project Is Exempt Pursuant to Section 15194 ("Affordable Housing Exemption") of the CEQA Guidelines**

#### RECOMMENDATION

That the Environmental Planning Commission (EPC) adopt a Resolution Recommending the City Council Approve a Planned Community Permit and Development Review Permit for a Five-Story, 67-Unit Affordable Studio Apartment Development (Including One 1-Bedroom Manager's Unit) with One Level of Underground Parking and a 25 Percent Density Bonus Request with Waivers, a Provisional Use Permit for Rooftop Amenities Above the Third Floor and Residential Accessory Uses Utilizing the Ground-Floor Commercial Setback, and a Heritage Tree Removal Permit to Remove Three Heritage Trees (Including Two City Street Trees) at 1701-1707 West El Camino Real (see Exhibit 1).

#### PUBLIC NOTIFICATION

The EPC's agenda is advertised on Channel 26, and the agenda and this report appear on the City's Internet website. All property owners and tenants within a one-quarter-mile radius of the project site and other interested parties were notified of this meeting. A City Council meeting will also be held regarding this project, with separate notifications.

#### BACKGROUND

In February 2014, the City of Mountain View released a Notice of Funding Availability (NOFA) for affordable housing developments. On October 20, 2015,

as part of the NOFA process, Palo Alto Housing (PAH) received an \$8 million reservation of funding from the City Council. Council also requested that staff expedite the development review process, if possible, to bring the project back for final action before July 2016.

On December 1, 2015, PAH submitted an application for a proposed 65-studio-unit development (including one 1-bedroom manager's unit), with 30 units reserved for military veterans earning 30 percent area median income (AMI) or less and 11 units for households that are at risk of being homeless. The remaining 24 units are available to anyone with incomes at or below 60 percent AMI. Final funding terms and authorization will be considered by City Council at the same time as the planning entitlements.

Overall, the project provides studio housing opportunities for veterans and workforce populations with incomes at or below 60 percent of the AMI in Santa Clara County. Based on HUD's annual rent schedule, rents for the studio units will range from approximately \$586 per month for the veterans at the 30 percent AMI level to \$1,173 per month for future residents at the 60 percent AMI level. Households typically qualifying for these rental rates have a maximum annual income of \$23,460 for a one-person household at 30 percent AMI to \$53,580 for a two-person household at 60 percent AMI.

Subsequent to the reservation of funding, a parking study was conducted to establish the recommended parking ratio for the project. On March 22, 2016, the City Council approved an initial parking ratio of 0.45 space per unit, to be used to refine the design for the PAH development. This ratio enabled the project to add two units (for a total of 67 units), given the available parking in the garage and with minimal change to the building design.

### Neighborhood Meeting Input

On September 24, 2015, a neighborhood meeting was held to solicit public input on the project; 15 neighbors and interested parties attended the meeting, ahead of the City Council's consideration of the funding reservation. Most of the attendees supported the development, and overall feedback was positive. A few attendees expressed concern about traffic impacts on El Camino Real and questioned whether the unit sizes would be adequate for veterans. Several veterans attended the meeting to express their support and also urged the City to waive the leasing preference for existing City residents/workers. To clarify the policy, staff explained veterans from other communities could apply for units if PAH does not

receive enough applications from veterans already living and working in Mountain View.

### Project Site and Nearby Amenities

The 0.49-acre, irregular-shaped project site is currently vacant and consists of two existing parcels at the southwest corner of El Camino Real and Rich Avenue. Rich Avenue is a residential dead-end street, predominantly developed with apartment complexes. There is also a 9-unit small-lot, single-family development (Rich Place) at the end of Rich Avenue, which terminates approximately 600' south of El Camino Real.

Transportation is easily accessible from the site with four Valley Transportation Agency (VTA) bus routes within a one-half-mile radius. Bus Lines 22 and 52 are within one-quarter mile while Bus Lines 34 and 35 are within a one-half mile distance. There is rail access within a two-mile radius; however, tenants would need to take VTA Bus Line 52 or walk the 1.5 miles to the Mountain View Transit Center to access light rail or Caltrain service.



The project site is less than one-half mile to McKelvey, Eagle, and Castro Parks. The property is adjacent to retail businesses to the west (including the El Monte Shopping Center), a two-story apartment complex to the south, and a two-story Super 8 Motel to the east (across Rich Avenue). Prometheus Real Estate Group is constructing a four-story apartment complex across El Camino Real from this site.

## Project Description

PAH is proposing a new 5-story, 67-unit affordable studio development (including one 1-bedroom manager's unit) over one level of underground parking (see Exhibit 2) in a Medium-Intensity Corridor location under the El Camino Real Precise Plan. As part of the project, PAH is also requesting a 25 percent density bonus with waivers from development standards for building height, rear setback, side setback (affecting a small segment of the irregular western property line), and common usable open area, as permitted under the State Density Bonus Law. The density bonus request is based on the provision of 100 percent affordable units in the project and discussed later in this report.



The project has two street frontages—El Camino Real and Rich Avenue. The main building entry is oriented toward the corner with a small entry plaza providing access from adjacent street frontages to the main lobby and management/service offices. Vehicle access to the underground garage is provided from Rich Avenue. The project open space and community gathering areas are distributed throughout the site and building, including: rooftop decks accessible from the fourth and fifth floors, a programmed rear patio/courtyard to the south and west of the building, and community rooms and lounges on the first and fifth levels of the building. Three ground-floor units have front patios along Rich Avenue.

Supportive services will be provided on-site daily by Adobe Services and supplemented by the VA Palo Alto Health Care System (VAPAHCS). Services include case management, life skills training, financial planning, job counseling and placement, mental health services, and shuttle service to the VAPAHCS divisions in Palo Alto and Menlo Park. All residents will have access to the services; veterans in supportive housing will receive additional services designed to promote social integration and ensure housing stability.

## **DENSITY BONUS**

The State Density Bonus Law has been in effect since 1979 and was enacted to aid the development of affordable housing in California by providing incentives/concessions or waivers/reductions of development standards for the construction of affordable or senior housing units in residential projects. The law has been amended over time to further enhance its application and reduce barriers to implementation. The intent of the law is to address the shortage of affordable housing by making its development more financially feasible for developers while also reducing regulatory barriers within local jurisdictions. The law applies to both rental and ownership housing developments with greater than five units and is separate from the City's affordable housing programs.

The Density Bonus Law provides a sliding scale for additional/bonus density (up to a maximum increase of 35 percent), based upon the percentage of units set aside for seniors, low-, very low-, or moderate-income households within a proposed development project. The higher the percentage of affordable units proposed, the higher the allowed density increase for the project. The density bonus is calculated based on the maximum allowable density under the applicable zoning designation for the project site. Because the proposed development is a 100 percent affordable project, it is eligible for the maximum 35 percent density bonus.

Depending on the percentage of units and level of affordability proposed, the developer can request one or more concessions (or incentives), which result in identifiable cost reductions enabling the affordable housing provision. Density bonus projects may also request waiver or reduction in applicable development standards and design requirements (i.e., reduction in setbacks, extra height, etc.) that would otherwise prohibit the development of the project.

The Density Bonus Law parking standard was recently updated, specifically for transit-oriented affordable developments, and allows a parking ratio of one-half parking stall per bedroom. Because the project is a City-partnered affordable

project, the parking standard was set according to the City's standard process for affordable developments and based on a parking study analyzing expected demand based on comparable projects, rather than using special parking standards incorporated into the Density Bonus Law. The project parking ratio does not exceed the Density Bonus Law standard.

### General Plan and Zoning

The project site is located in the Mixed-Use Corridor General Plan land use designation, which allows a broad range of uses, including high-density, multi-family residential development. The proposal advances several important General Plan policies such as:

- **LUD 3.5: Diversity.** The project will provide affordable housing to increase the diversity of new housing stock in the City, including provision of new housing opportunities for military veterans.
- **LUD 6.3: Street presence.** The proposed building creates a presence on the street, utilizing a distinctive corner design and engaging ground-floor building and site features to engage the street frontage.
- **LUD 20.4: Residential design transitions.** Although waivers to development standards are proposed, the project steps back upper floors to meet the intent of specific standards aimed at integrating new El Camino Real development with surrounding residential neighborhoods.
- **LUD 20.5: Landscaped pedestrian amenities.** In addition to providing on-site common open space, the project includes a small entry plaza at the corner to enhance landscaped pedestrian amenities along El Camino Real.
- **LUD 20.6: Parcel assembly.** While efforts to include a third, small parcel on El Camino Real to the west of the project site were not successful, the project still assembles two existing parcels to facilitate redevelopment of the corridor.

Although waivers from certain development standards are proposed as part of the density bonus, the project implements key streetscape design standards and attempts to meet the intent of the development standards for which waivers are requested. In addition, based on State density bonus case law, the project is considered consistent with the General Plan and Precise Plan standards even though the Floor Area Ratios (FARs) exceed what is allowed for the site. The

project also meets several key “guiding principles” of the Precise Plan, including, but not limited to:

- **Create a more livable and beautiful corridor.** The development will expand sidewalk areas and improve streetscape landscaping while providing new housing units in an attractively designed building.
- **Promote diversity and flexibility.** The project will provide a variety of new, affordable housing units, including housing for military veterans.
- **Encourage creative and flexible use of small parcels.** The proposal aggregates two small, irregularly shaped parcels.
- **The new affordable and senior housing will support the City’s diversity and livability.** The development locates new affordable housing near commercial services, public parks, and transit options.

## ANALYSIS

### Project Density Bonus Proposal

The project (see Exhibit 3) will provide affordable housing units on this site and includes a request for a 25 percent density bonus. Because the El Camino Real Precise Plan regulates development based on FAR, a building intensity versus residential density metric, the proposed 25 percent density bonus is calculated on top of allowed FAR versus dwelling units per acre (a typical residential density metric). The project proposes 2.31 FAR versus the 1.85 FAR maximum allowed for Tier 1 projects in Medium-Intensity Corridor locations in the El Camino Real Precise Plan. The density bonus is requested in exchange for providing 100 percent of the units at low- or very low-income levels. PAH is also requesting waivers from development standards. Under the State Density Bonus law, the following development standards cannot be applied by the City if they would have the effect of physically precluding the construction of the density bonus project:

#### *Waiver 1: Building Height*

The El Camino Real Precise Plan limits the maximum height to four stories and 55’. Limited height projections are allowed (up to an additional 10’) for architectural features and for access to rooftop amenities (rooftop amenities above the third floor require a Provisional Use Permit).

The proposed building generally conforms to the 55' maximum height. A waiver to allow the fifth floor is required, as well as for limited areas where heights exceed 55' for necessary drainage and parapets. The height waiver is appropriate because the majority of the building complies with height in feet maximums and taller building areas generally feature larger setbacks to minimize impacts. Without the fifth-floor height waiver, the density bonus project could not be constructed.

*Waiver 2: Rear Setback*

A waiver is requested to allow portions of the building to encroach approximately 1' into the minimum required rear setback of 25' and limited encroachments of upper building floors into additional rear setback areas required due to the adjacent residential development, as shown below.



Staff and the Development Review Committee (DRC) carefully reviewed the project design and found the proposed building generally meets the intent of required setbacks next to residential uses. As shown above, building heights are varied and upper floors are generally stepped back as far as possible. The project design aims to meet requirements to the maximum extent feasible without significantly affecting the livability of proposed units or eliminating units, thereby physically precluding the construction of the density bonus project.



*Waiver 3: Side Setback*

A waiver is requested to allow a 10' to 15' side setback to the western property line, where a 15' setback is required. The waiver applies to a limited portion of the building, next to the back side of adjacent commercial buildings and where the irregular lot zigzags. This is a minimal exception with no major impacts to the adjacent properties or proposed building.

*Waiver 4: Common Usable Open Area (Residential)*

A waiver is requested to allow approximately 120 square feet of common usable open area per unit rather than the El Camino Real Precise Plan-required 175 square feet of common open area per unit. Approximately 8,140 square feet of usable open area is provided instead of the required 11,725 square feet.

The irregular shape and small lot size mean there is limited site area available for usable open areas. Moreover, the density bonus units increase the required open area while reducing available space for open areas to be constructed to meet the Precise Plan standard. Proposed open areas are well distributed throughout the building and site. Three units also have private patios; the development has a range of interior lounges and supportive service rooms providing additional amenities; and there are other landscaped setback areas available for passive enjoyment, which do not meet minimum 20' dimensions. The density bonus project could not be constructed without this waiver, and the waiver cannot be reduced without adding roof decks to locations which could create more off-site impacts on the adjacent apartment complex or impact privacy of on-site units.

Project Design

The applicant, PAH, is proposing to construct a new five-story, 67-unit affordable studio development (including one 1-bedroom manager's unit) over one level of underground parking. The majority of the studio units (60 of 67) are approximately 430 square feet in size. A few studio units are as large as 650 square feet. Although the proposal is not an efficiency studio project, as a point of comparison, the proposed typical unit size is slightly larger than the maximum 400 square foot efficiency studio size allowed by the Zoning Ordinance. The proposed units are considered a livable size, and the proposed building includes a large community room, smaller lounges, a fitness area, outdoor amenity space, a laundry room, and additional management and service offices.

The design employs a contemporary architectural style, a mix of three main colors/materials, window recesses and architectural projections, and setbacks to taller wall areas to create a simple, but striking, building. The angled corner feature is slightly taller and projects outward from the rest of the building. Ground-level site features work with the corner projection to highlight the entry.



Along the rest of the street frontages, the design achieves a distinct bottom, middle, and top, with a storefront appearance along El Camino Real; ground-floor entries on Rich Avenue; deeply recessed windows and projecting solar shades; and warm materials and colors at the ground-level and fourth floors. The fifth floor is stepped back significantly from lower levels along the streets and rear elevation.

As required by the El Camino Real Precise Plan, the garage is accessed from Rich Avenue, rather than El Camino Real, and is set back significantly from the street to deemphasize its appearance. The garage provides 31 parking stalls, consistent with the ratio established by the City Council; secure bicycle parking for each unit; and secure storage lockers for approximately one-half of the units. Storage lockers for the rest of the units are distributed across the rest of the building floors.

The main courtyard area is located within the larger rear and southwesterly setbacks, and is proposed to include passive gathering space, raised planter beds for gardening, and a fitness area. Three mature trees are proposed to be preserved along the rear property line to enhance the courtyard area and provide a landscape buffer between the new development and adjacent residential complex.

Additional common usable open area is provided in the three roof decks – two on the rear/side of the building and one facing toward El Camino Real.



### Provisional Use Permit

The El Camino Real Precise Plan requires a Provisional Use Permit for rooftop amenities above the third floor and residential accessory uses utilizing ground-floor commercial setbacks on El Camino Real.

- *Roof Decks:* The Provisional Use Permit process allows for careful review of proposed rooftop amenities to ensure they are suitable for the development and limit/avoid off-site impacts to neighboring properties. The DRC carefully reviewed the proposal and worked with the applicant to orient views away from the adjacent residential complex, through a combination of roof deck location, railing/landscape screening, and space planning so usable area is buffered from the rear-facing portion of the roof deck.
- *El Camino Real Setback:* The project is designed to comply with the El Camino Real ground-floor commercial setback requirements. The El Camino Precise Plan identifies locations where ground-floor commercial uses are specifically required, but other locations may be proposed and residential accessory uses may use the ground-floor commercial setbacks through a Provisional Use Permit process. The proposal includes provisionally allowed residential accessory uses on the ground-floor frontage, substantially incorporates El Camino Real Precise Plan design guidance intended to ensure the building design engages the street, and is located in a commercial area where this setback is contextually appropriate.

The DRC reviewed and supported the design of the features requiring a Provisional Use Permit.

### Design Exceptions

In addition to the requested development standard waivers as part of the density bonus, the project design includes three architectural projections, which are effectively building encroachments into required setbacks. These encroachments are specifically discussed in the El Camino Real Precise Plan: projections of up to 8' (street frontages) and 2' (nonstreet facades) are permitted through the Planned Community Permit process.

- The angled building corner projects into the front setback. The proposal is compliant, but deviates from the Precise Plan direction that the projection should not be used above the third story. The DRC specifically supported the proposal as it creates an attractive and distinctive feature at the corner.
- The proposed solar shades project approximately 2' into required setbacks and serve both a practical and decorative purpose. They are integrated with the deeply recessed windows to create a cohesive building feature supported by the DRC.
- The ground-floor units facing Rich Avenue have porch/stoop features, which are comprised of a projecting roof and wood accent "wall." These projections provide a screening function between the stoops and a warm materiality. The DRC supported these building features as well.



### Heritage Tree Removals

The project will remove one, on-site Coast redwood and two pin oak street trees on El Camino Real. The City arborist has reviewed the arborist reports and supports removal of these trees. The Coast redwood is in declining health; it is located along the shared western property lines and sandwiched against one of the adjacent commercial buildings. Trees will be planted along the west property line and, over time, will more than replace the canopy to be removed.

The pin oak trees along El Camino Real are reasonably healthy. However, both trees have caused significant pavement damage and uplifting of the sidewalk. One of the two trees is also growing into the street. Both trees would be impacted by repaving to establish the new El Camino Real streetscape and pruning to avoid conflicts with the new building. Staff worked with the applicant to evaluate if it was possible to save the trees. However, given the extent of damage caused by the tree and construction conflicts, both trees are recommended for removal. Three replacement scarlet oak trees will be planted along El Camino Real in new tree wells constructed with structural soil and other measures to avoid uplifting new sidewalks and other conflicts between City street trees and paved areas.

### Public Benefits

The El Camino Precise Plan allows two tiers of development floor area (FAR) in Medium-Intensity Corridor locations – BASE and Tier 1. BASE projects (up to 1.35 FAR) are not required to prepare a public benefits program. Tier 1 projects (between 1.35 FAR and 1.85 FAR) are required to provide a public benefits program. Public benefits are public improvements or equivalent resources, above and beyond what is required under existing regulations, to improve the quality of life for the community and to help implement the Precise Plan. The El Camino Precise Plan provides a list of examples of public benefits and establishes affordable housing as a “Plan priority” for public benefits.

A resolution was adopted to establish initial public-benefits value requirements for future projects. The resolution did not identify if 100 percent affordable housing developments should be exempt from public benefit requirements. It is staff’s position that a 100 percent affordable residential development should be exempt from public benefit program requirements, for similar reasons to the recent exemption of 100 percent affordable projects from Park Land Dedication Fees and because these developments provide the public benefit intended by the program.

### **ENVIRONMENTAL REVIEW**

The project qualifies as exempt under the California Environmental Quality Act (CEQA) Section 15194 (“Affordable Housing Exemption”). This exemption is targeted to small affordable developments (less than 100 units and 5 acres) in urbanized areas, which can be served by existing utilities; are in areas where a community-level environmental review has occurred (e.g., General Plan or Precise Plan); and satisfy a long list of other criteria to ensure the site is free of contamination and the project would not impact the environment.

The project has also incorporated mitigation measures required by the El Camino Real Precise Plan Mitigation Monitoring and Reporting Program (MMRP), including utility and air quality analyses as well as required conditions of approval. Where required by the MMRP or analyses, design and/or construction requirements are incorporated into the project as conditions of approval. The project did not trigger requirements for a traffic analysis, due to its small size, limited trip generation, and associated travel behavior.

## **NEXT STEPS**

Following a recommendation from the EPC at this public hearing, the project and EPC recommendation will be heard at a City Council public hearing scheduled for June 21, 2016. The City Council hearing date is an important milestone to meet end of June 2016 tax credit application deadlines for construction financing.

## **CONCLUSION**

Staff recommends the EPC adopt a resolution recommending approval of the 1701-1707 West El Camino Real studio development. The DRC has recommended approval of the design, with minor design conditions. The proposal includes new, high-quality residential options at affordable rents for a diverse range of residents.

## ALTERNATIVES

1. Recommend approval of the project with modified conditions.
2. Refer the project back to the DRC for additional consideration.
3. Recommend the City Council deny the project.

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RS-VG/2/CDD  
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- Exhibits:
1. Resolution
  2. Project Plans
  3. Density Bonus Request Letter