



DATE: December 11, 2018

CATEGORY: Public Hearing

DEPT.: Community Development

TITLE: **Residential Development at 2005 Rock Street**

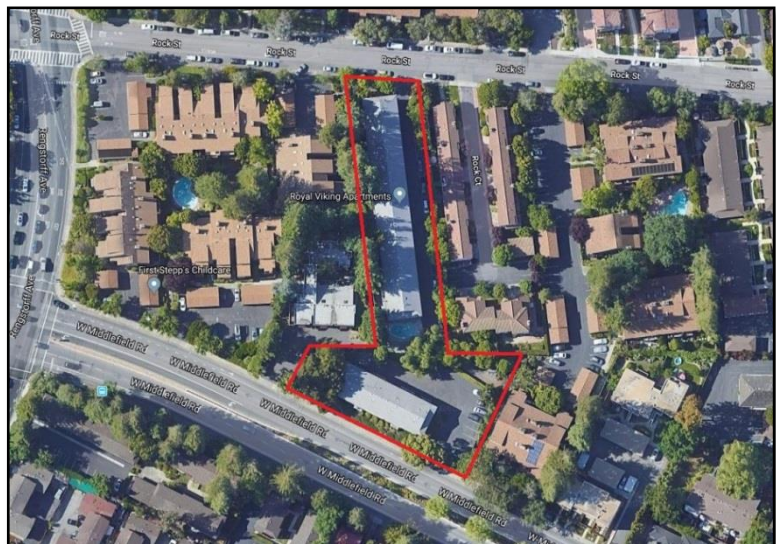
RECOMMENDATION

1. Adopt a Resolution Conditionally Approving a Planned Unit Development Permit and a Development Review Permit to Construct a 15-Unit Rowhouse and Townhouse Development and a Heritage Tree Removal Permit to Remove Six Heritage Trees Located at 2005 Rock Street, to be read in title only, further reading waived (Attachment 1 to the Council report).
2. Adopt a Resolution Conditionally Approving a Vesting Tentative Map to Create 15 Lots and Four Common Lots Located at 2005 Rock Street, to be read in title only, further reading waived (Attachment 2 to the Council report).

BACKGROUND

Project Site

The 1.1-acre project site is located on an odd-shaped lot that fronts on both Rock Street to the north and West Middlefield Road to the south. The site is currently developed with two-story multi-family apartment buildings consisting of 20 units, known as the Royal Viking Apartments, and is surrounded by two- and three-story townhouse, rowhouse, and multi-family building residential land uses.



Location Map

Previous Meetings and Public Hearings

Community Meeting

The applicant held a tenant community meeting on June 25, 2018 where approximately 25 people attended. During this meeting, tenants voiced concerns regarding their ability to find comparable housing in Mountain View. The tenants mentioned that while they are grateful for relocation assistance under the TRAO, the TRAO assistance might only cover the first and last months' rent of another location and moving costs, and the assistance does not provide alternate housing at rents the tenants can afford. The applicant conducted additional outreach following its request for continuance and is discussed further below in this report.

Development Review Committee (DRC)

The project was reviewed by the DRC at two meetings. Revisions were made to the project based on DRC direction and a recommendation of approval was provided on May 2, 2018.

Administrative Zoning/Subdivision Committee Public Hearing

The project was reviewed by the Zoning Administrator and Subdivision Committee on August 22, 2018, where it was recommended for approval. There were 25 speakers at the meeting that were all in opposition to the project. Public commenters spoke to various hardships current residents face given their impending eviction or spoke about how important the current residents are to the community. No comments were made about the technical aspects of the project.

ANALYSIS

Project Description

The project proposes to redevelop the site with 15 ownership units, split between 8 rowhome units and 7 townhome units, a private driveway, guest parking spaces, and common open space areas. The unit mix consists of 1 four-bedroom unit, 11 three-bedroom units, and 3 two-bedroom units (43 bedrooms total) with units ranging in size from approximately 1,400 square feet to 2,700 square feet. This development would replace 20 two-bedroom units (40 bedrooms total). Given the unique shape of the lot and policy direction to maximize the allowed density of the site, Planning worked with the applicant to design a combination of rowhouse and townhouse residential structures on the site. While uncommon, this mix was deemed the best option to

redevelop the site in a way that would be compatible with the characteristics of adjacent development and fit on the uniquely shaped lot. For the purposes of reviewing the two different development types, a boundary was created within the site for review of each portion of the site based on the Rowhouse and Townhouse Guidelines (see Attachment 3 – Project Plans).



Site Plan

The proposed site layout consists of rowhouse units facing West Middlefield Road and all but one of the townhouse units facing the private drive coming perpendicularly from Rock Street. The end townhome unit adjacent to Rock Street has its entrance facing Rock Street, providing a better face of the property from the street and improves the development's connection with the neighborhood. The site's driveway access is from Rock Street and is designed as a two-way, internal loop street. Internal sidewalks connect to the street, units, common open space areas, and guest parking spaces.



View from Rock Street

The architectural style of the development is traditional with Spanish elements, such as a mixture of wood shingles, wall tiles, trellises, gabled roof forms, and earth-toned stucco. Units are differentiated through

massing, varied roof forms, projections and offsets, porch elements, and exterior materials and colors. The rowhouse and townhouse typologies share the same design and material characteristics to enhance the feel of the site as one cohesive, planned development.

General Plan Designation

The site's General Plan designation is Medium-Density Residential (13 to 25 du/acre) and is located in the Monta Loma/Farley/Rock Planning Area. This area is composed of a mix of different land uses, including single-family and multiple-family residential, industrial, office, public facilities, and parks.

The proposed project is consistent with the General Plan's vision for the area, including a residential project at 14 units per acre, and is in compliance with the following General Plan Policies:

- ***LUD 6.1: Neighborhood character.*** Ensure that new development in or near residential neighborhoods is compatible with neighborhood character.
- ***LUD 6.3: Street presence.*** Encourage building facades and frontages that create a presence at the street and along interior pedestrian paseos and pathways.
- ***LUD 10.1: Sustainable design and materials.*** Encourage high-quality and sustainable design and materials.

Zoning Designation

The site's zoning designation is R3-2.2 (Multiple-Family Residential). The existing 20 units on-site exceed the allowable density under the current zoning designation. The maximum number of units allowed on the site today is 19 units. While the General Plan Designation prescribes a range of 13 to 25 units to the acre, the actual density is determined by the Zoning Code.

The R3 Zoning District allows rowhouse developments consistent with the Rowhouse Guidelines and townhouse development consistent with the Townhouse Guidelines. The rowhouse portion of the project complies with all of the Rowhouse Standards and no exceptions are requested. The following table shows the project's compliance with the Rowhouse Development Standards:

Standard	Requirement	Proposed
Floor Area Ratio	0.9 maximum	0.9
Front Setback	15' minimum	15'
Side Setbacks	10' for first and second floors minimum 15' for third floor minimum	15' 15'
Rear setbacks	10' first and second floor minimum 15' third floor minimum	15'
Height	45' maximum 36' to wall plate maximum	39'2" 29'8.5"
Building Coverage	35% maximum	33%
Open Area	35% minimum	45% 121 square feet per unit (avg.) private; 457 square feet per unit common
Private Storage	80 cubic feet/unit minimum	80 cubic feet per unit
Parking	2 covered spaces per unit + 0.3 guest space minimum	2 car garages per unit + 7 guest spaces total

The townhouse portion of the project does not comply with all of the Townhouse Standards and exceptions are requested. The following table shows the project's compliance with the Townhouse Development Standards:

Standard	Requirement	Proposed
Floor Area Ratio	0.6 maximum	0.58
Front Setback	29'8.5" – not less than the height of the adjacent building wall of the subject parcel, as measured to the top of the wall plate.	15'
Side Setbacks	29'8.5" – the height of the adjacent building wall of the subject parcel as measured to the top of the wall plate, whichever is greater.	15'
Rear Setbacks	29'8.5" – the height of the adjacent building wall of the subject parcel as measured to the top of the wall plate, whichever is greater.	No rear setback
Building Coverage	35% maximum	26%
Pavement Coverage	25% maximum	34%
Height	45' maximum 36' to wall plate maximum	35'5" 29'8.5"
Open Space	45% minimum	44%
Private Storage	80 cu ft. per unit minimum	80 cu ft. per unit
Parking	2 covered spaces per unit + 0.6 guest space minimum	2 car garages per unit + 7 guest spaces total

Site constraints, including the unusual configuration of the parcel, led the development to combine the rowhouse and townhouse typologies onto one lot. The townhouse and rowhouse portions of the site are similar and compatible in terms of materials, architectural style, and form. The main difference between the two areas is that the townhouses have private rear yards and front-loading garages while the rowhouses have open front yards facing a public right of way and rear-loading garages. Despite the overall similarities in development, each area is to be reviewed through the specific

development standards. The townhouse standards are more strict, hence the request for exceptions.

Requested Townhouse Exceptions

Setbacks

The project is requesting 15' side and rear setbacks in the rowhouse and townhouse portions of the project. The 15' setbacks meet Rowhouse Development Standards, but the Townhouse Development Standards require front and side setbacks to be at least the height of the building wall plane. The townhome portion of the development has a wall plane of 29'8.5", so the setback minimum would be 29'8.5". An exception would be needed for the proposed 15' side setbacks. Based on how the site plan is configured, the side setback is the rear yard of the townhomes. This means the project is closer to the existing two-story multi-family housing to the west than the development standards prescribe.

The front setback is along the public Rock Street sidewalk, so there is limited impact to adjacent properties. The existing trees in the front yard will remain and the proposed development incorporates architectural features that face the public right-of-way, including a porch. These features may mitigate the impact of the 15' side setback.

There is no rear setback to measure for the townhouse portion. What would be the rear setback abuts the rowhouse portion of the property and is not a property line, thus disqualifying it as a formal setback.

Pavement Coverage

Rowhouse Development Standards do not have requirements on the amount of the site that can be paved. However, Townhome Development Standards allow a maximum of 25 percent of the site. The development is proposing 34 percent paving for the townhome portion of the site, so an exception would be needed. The townhome portion of the site includes the private drive that serves the entire development. Typical townhome developments have units on both sides of a private drive, so the 25 percent threshold is not usually an issue. Given the constraints on the subject site, townhomes could only be placed on one side of the private drive, which is why the percentage of paving exceeds the 25 percent threshold. Planning worked with the developer to increase landscaping and create a pedestrian-friendly environment to reduce the impact of the pavement in the townhome portion of the project as much as possible.

Open Space

The project contains a total of approximately 21,417 square feet of common open space. While the townhome portion falls short of its required open space by 157 square feet, the rowhome portion provides 2,303 square feet of open space more than the requirement. The common open space serves residents in both the townhome and rowhome units, so viewed as one site, the entire project exceeds the minimum open space requirement by 2,146 square feet. The landscaped common open space includes amenities for residents, including seating and dining areas, in addition to flexible landscaped areas.

Parking

The project proposes two-car garages for each unit and seven unenclosed guest parking spaces (including one accessible space). Bicycle parking spaces are provided in each garage, plus two bike racks in the common area. The minimum parking requirement is 2.3 spaces per rowhouse unit and 2.6 spaces for townhouse per unit (two spaces are to be provided for each unit and the 0.3 space and 0.6 space fractions are for guest parking). Eight units of rowhouses multiplied by 0.3 equals 2.4 guest spaces and seven units of townhomes multiplied by 0.6 equals 4.2 guest spaces. The guest parking serves all residents of the project site and should be counted as a total. Additionally, the straight line drawn to separate the rowhome and townhome portions of the project runs through two of the parking spaces, so the spaces cannot be grouped into the rowhome and townhome portions. The total number of guest spaces required equals 6.6, which is rounded up to 7. The project provides two interior parking spaces per unit and seven guest parking spaces, thus meeting the parking requirement for the development.

Trees and Landscaping

A tree survey was completed for the project site by Certified Arborist Ray Morneau, and reviewed by the City arborist. The tree survey identified, measured, mapped, and rated the trees for preservation, which took into consideration the trees' age, health, structural condition, and proximity to the proposed structures and site development. The project proposes to retain one large, healthy camphor tree and two large, healthy redwood trees in the common open space area and remove six Heritage trees. The typical replacement ratio for the removal of Heritage trees is 2:1, and the applicant is proposing 12 24" box and one 36" box replacement trees, which represents a replacement ratio of just over 2:1. Additionally, the planting plan includes nine 15-gallon trees for a total of 21 new on-site trees.

The proposed tree removal is necessary for the buildout of the project based on achieving the required density and meeting the site planning design requirements of the Rowhouse and Townhouse Guidelines. These organizing principles include maximizing the number of units facing the public street, centralized common open space, and a connected internal development circulation network. The existing trees were planted in the landscape areas surrounding the existing buildings proposed to be demolished and are located in the proposed project's building footprints and guest parking spaces.

The following table shows the existing and estimated future tree canopy coverage for the site:

Tree Canopy Coverage

	Canopy Coverage
Existing Trees	15%
Retained + New at Time of Planting	11%
Retained + New at 10 Years	18%
Retained + New at Maturity	38%

Tentative Subdivision Map

The proposed Tentative Map for the project includes 15 lots for townhome and rowhome purposes and four common lots for private streets and open space. Staff finds that the project is consistent with the requirements of the Subdivision Map Act and the General Plan with incorporation of the draft Conditions of Approval (see Attachment 2 – Resolution for Vesting Tentative Map).

Tenant Relocation Assistance Ordinance

The planned development of 15 new ownership units would replace 20 existing rental units at 2005 Rock Street and 2016 West Middlefield Road. These rental units are covered by the City's Community Stabilization and Fair Rent Act (CSFRA) and Tenant Relocation Assistance Ordinance (TRAO). All existing rental units are two-bedroom/one-bathroom, with an average rent of \$1,938 per month. Of the 20 households that would be displaced, it is estimated that 15 might be eligible for relocation assistance, which includes households with an income of 120 percent or less of the Area Median Income (AMI). The TRAO provides qualifying households with full refund of the tenant's security deposit; a 60-day subscription to a rental agency; the cash equivalent of three months median market rate rent for a similar sized apartment; and an additional \$3,000 for special-circumstances tenants, which are households having at

least one person that is either over 62 years of age, handicapped, disabled, or a legally dependent child under 18 years of age. The applicant has taken the following steps to comply with the CSFRA and TRAO thus far:

- On January 12, 2018, an application for development was formally filed with the City.
- On May 21, 2018, the Notice of Intent was provided to all 20 units. The City requires a Notice of Intent to be filed within 30 days of project filing, so this Notice of Intent was late.
- On June 25, 2018, a tenant community meeting was held. During this meeting, tenants voiced concerns regarding their ability to find comparable housing in Mountain View. The tenants mentioned that while they are grateful for relocation assistance under the TRAO, the TRAO assistance might only cover the first and last months' rent of another location and moving costs, and the assistance does not provide alternate housing at rents the tenants can afford. Due to vacancy decontrol, new tenancies start at market rate, before the Annual General Adjustment rent increases under the CSFRA apply. The going rate for an average two-bedroom apartment in Mountain View is approximately \$3,200. Tenants questioned whether the City will give them priority for affordable housing units.
- On June 26, 2018, 12-month Termination Notices were delivered to all households, with a final vacate date of June 26, 2019.
- On July 17, 2018, applications for relocation assistance were mailed to all 20 households, including a cover letter and FAQ sheet.
- Middlefield Rock Investors LLC opened and funded an escrow account to provide for tenant relocation assistance payments.
- Middlefield Rock Investors has provided on-site relocation assistance geared towards helping current tenants find new housing. However, tenants may be waiting for a City decision on the development project before accessing such programs.
- As of September 25, 2018, two applications have been submitted and deemed eligible. Both households received their initial 50 percent TRAO payment; one household has vacated and received their balance payment. To date, a total amount of \$21,736 has been paid to eligible tenant households. Tenants may still

file an application for relocation assistance and must do so by June 26, 2019 to be eligible for assistance.

Project Continuance

At the applicant's request, the project was continued from November 13, 2018 to December 11, 2018. The applicant stated the reason for the continuance was to allow additional time for TRAO outreach with current residents and project stakeholders to facilitate information sharing and access to existing resources, and to explore enhanced benefits. The applicant has been working with the City of Mountain View's TRAO consultant, Associated Right of Way Services (ARWS), as well as the applicant's own relocation consultant, Autotemp Services. Since the continuance, the applicant has provided the City with an update on their activities which are listed below.

1. Held an open house with ARWS and Autotemp on October 26, 2018.
2. Autotemp has been available for face-to-face meetings, telephone calls, or via e-mail to discuss housing opportunities for the tenants seven days a week.
3. Open house on November 30 from 6:00 p.m. to 7:00 p.m. with Autotemp meeting with individual families to understand specific tenant circumstances.
4. Autotemp has sent mailers and will be leaving contact information on all units in an attempt to meet with each family who is interested in relocation assistance. Autotemp went door to door on November 30.
5. Holding office hours again on December 7 or December 8, depending on which day works best for the tenants, with office hours continuing every other weekend as necessary.

The applicant intends to have more specific recommendations for how best to move forward in the TRAO process and possible enhanced benefits. The applicant is working on an enhanced benefits package, which will be presented to Council when available.

Displacement Concerns

State law, known as the Ellis Act, prohibits the City from requiring a property owner to continue to offer residential units for rent or lease. In other words, landlords have the right to exit the rental business. However, the City does have the ability to enact certain regulations to address displacement concerns such as the Tenant Relocation Assistance Ordinance and inclusionary housing requirements for rental and ownership housing.

Two of the City Council's major goals for Fiscal Years 2017-2019 relate to issues with this project. Goal No. 1 is to: "Promote strategies to protect vulnerable populations and preserve the socioeconomic and cultural diversity of the community." This goal includes initiatives to address homelessness and continued implementation of the CSFRA, touching upon the housing shortage and displacement. Goal No. 2 is to: "Improve the Quantity, Diversity and Affordability of Housing with an Added Focus on Middle-Income and Ownership Opportunities." The Council identified 16 projects to achieve this goal, including the development of affordable housing and affordable housing policies, updating the City's inclusionary housing ordinance, developing and implementing a housing strategy for the homeless, and exploring strategies to increase ownership opportunities. The development of a comprehensive affordable housing strategy that addresses housing needs across the spectrum is a key work plan item for this goal. That strategy was discussed at a Council Study Session in September 2017. The City does not have a policy or practice that promotes converting affordable housing to ownership housing. The strategy includes several components such as facilitating the development of 100 percent deed-restricted rental affordable housing for diverse needs, including for families, special needs, and homeless responses such as permanent supportive housing and rapid rehousing opportunities, and home ownership opportunities. The strategy also includes programmatic responses such as modification of the City's Below-Market-Rate affordable housing program to facilitate inclusion of affordable housing within market-rate developments. Since that time, the City's pipeline of projects has increased significantly to six active projects that would add several hundred affordable rental units to the City's existing supply of nearly 1,500 affordable rental housing units that are deed-restricted to 60 percent of the area median income and below.

Exploring strategies to increase ownership housing opportunities in Mountain View is based in part on the fact that the majority of the City's housing stock is rental (approximately 57 percent of the housing stock) rather than ownership (approximately 43 percent of the housing stock). This composition of the City's housing stock is unique because it is the inverse of most jurisdictions in the Bay Area, and throughout the State and country, which have more ownership housing units than rental units.

Development applications such as 2005 Rock Street are not a City project, nor are they City-initiated. An application is submitted for City review at the property owner's discretion and on their own initiative. The application is not submitted due to any action by the City such as a redevelopment or rezoning.

In the case of 2005 Rock Street, the applicant is proposing an ownership project to replace 20 rental units. The existing 20 rental units to be replaced are subject to the

CSFRA, limiting the amount the rent can increase over time. The current average rent for a two-bedroom unit in the existing apartments is \$1,938 per month while the average two-bedroom apartment rent in Mountain View is approximately \$3,200. Given market-rate rents in Mountain View and the limited supply of affordable housing, residents of the existing apartments may not be able to secure relocation housing in the neighborhood or possibly Mountain View.

The City has recently made changes to further help those facing displacement. In April 2018, Council approved an amendment to the TRAO in an effort to bring the Ordinance more in line with the CSFRA and to establish First Right of Return procedures in accordance with the Ellis Act. The TRAO amendment also increased the income eligibility threshold from 100 percent to 120 percent AMI. These amendments allow more households to be eligible for relocation assistance. Households qualifying for TRAO benefits receive a full refund of their security deposit, a 60-day subscription to a rental agency, and the cash equivalent of three months median market-rate rent. A household may also receive a single additional payment of \$3,000 for special circumstances such as having at least one person that is either over 62 years of age, handicapped, disabled, or a legally dependent child under 18 years of age.

The City recently incorporated the First Right of Return, which allows a displaced tenant to return to the rental unit within certain time frames if the rental unit is not demolished and is instead returned to the rental market by the landlord. While the First Right of Return provides a benefit to tenants whose units are returned to the rental market, it does not provide first right of return benefits to tenants regarding a new project development that is replacing their existing rental residence or if it is replaced by new ownership housing.

While not the subject of this report, if Council wishes to pursue policy alternatives to further assist displaced tenants, some options that could be explored include:

- Increase TRAO benefits;
- Affordable housing priority program for displaced tenants;
- Down payment loan program for displaced tenants; and
- Ellis Act regulations for subjecting new units built in place of demolished rent stabilized units to rent stabilization provisions and exception for provision of BMR units.

Inclusion of any of these policies into future development projects would require a separate action by Council outside of this development proposal. If Council would like to consider new policy direction and standards to address displacement concerns, staff suggests that this issue be identified as a priority during the next goal-setting process early next year.

ENVIRONMENTAL REVIEW

The project qualifies as Categorically Exempt under the California Environmental Quality Act (CEQA), Section 15332 (“In-Fill Development Projects”) because it is characterized as an in-fill development which is consistent with the applicable General Plan and zoning designation; is on a project site that is less than five acres; contains no value as habitat for endangered, rare, or threatened species; would not result in any significant effects relating to traffic, noise, air quality, or water quality; and the site can adequately be served by all required utilities and public services.

FISCAL IMPACT

The subject site has a current total assessed value of approximately \$3.1 million, and the City currently receives \$5,000 in annual property taxes. If the site were developed with 15 residential units with an average sales price of approximately \$1.5 million, the City would receive approximately \$31,000 in additional annual property taxes. Additionally, the one-time Transfer Tax provided to the City would total approximately \$74,250.

The project is subject to the City’s Below-Market-Rate (BMR) Ordinance, which requires 10 percent affordable units for market-rate ownership projects. The City Council can accept in-lieu payment (3 percent of sale price) when units are priced above a threshold set by the BMR Program Administrative Guidelines. This threshold is currently \$727,218. Therefore, the estimated BMR In-Lieu payment to the City for this project is approximately \$45,000 per unit or \$675,000 total.

Since the proposed project would result in a decrease of units from what already exists on the site today, it is not required to pay new Park Land Dedication In-Lieu fees, in accordance with Chapter 41 (Park Land Dedication or Fees In Lieu Thereof).

CONCLUSION

The project is consistent with General Plan policies for neighborhood character and street presence and with the land use and development direction in the General Plan. It is in compliance with the Rowhouse Development Standards in the Zoning Code but

requires exceptions to the Townhouse Development Standards. The proposal promotes a well-designed development that is compatible with surrounding uses and developments and is consistent with other existing, under construction, and proposed projects in the area. The project adds ownership housing but displaces tenants currently in rent-controlled units.

The proposed subdivision, together with the provisions for its design and improvements, is consistent with the General Plan Land Use Designation of Medium-Density Residential, the R3-2.2 Zoning District, and the Subdivision Map Act.

ALTERNATIVES

1. Approve the project with modified conditions.
2. Refer the project back to the Development Review Committee and/or Zoning Administrator for additional consideration.
3. Deny the project and/or deny the map.
4. Provide additional direction to staff.

PUBLIC NOTICING

The Council's agenda is advertised on Channel 26, and the agenda and this report appear on the City's website. All property owners and tenants within a 500' radius were notified of this meeting.

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MVO/2/CAM
835-12-11-18CR-1

- Attachments:
1. Resolution for a Planned Unit Development Permit, a Development Review Permit, and a Heritage Tree Removal Permit with Conditions of Approval
 2. Resolution for a Vesting Tentative Map with Conditions of Approval and Vesting Tentative Map
 3. Project Plans