



DATE: April 17, 2018

CATEGORY: New Business

DEPT.: Community Development

TITLE: **Gatekeeper for 355-365, 401, 415 East Middlefield Road**

RECOMMENDATION

Provide input on the key project aspects of a previously authorized Gatekeeper application for a new residential development project in the East Whisman Precise Plan area.

BACKGROUND

On January 16, 2018, the City Council authorized the City Manager to execute a Memorandum of Understanding between the City and the Los Altos School District (LASD) that establishes a framework for a Transfer of Development Rights (TDR) process, designed to support acquisition of a new public school site in the San Antonio Precise Plan area. At the same meeting, the City Council also authorized the assignment of staff resources for consideration of six Gatekeeper applications requesting additional floor area through the TDR process. One of these Gatekeeper project requests was by SummerHill Homes to purchase 10,000 square feet of TDRs for a 250-unit residential development on a 6-acre site located at 355-365, 401, 415 East Middlefield Road (see Attachment 1 – Council Report, January 16, 2018).

ANALYSIS

The City Council has endorsed 5,000 residential units in the proposed East Whisman Precise Plan (EWPP) area to address job-housing balance, among other benefits. This SummerHill Homes Gatekeeper proposal is the first residential project proposed in the Precise Plan area.

Since the Gatekeeper authorization, SummerHill Homes has started to develop preliminary plans and have found that the project will likely need several deviations from the future EWPP and other City requirements, as well as what was submitted as part of the Gatekeeper. These key aspects of the project are discussed below.

Developer's Requests

1. **Unit Count:** At the time of Gatekeeper authorization in January 2018, SummerHill Homes proposed 250-residential units on a 6-acre project site. Since then, the developer has modified their request to develop 447 residential units (see Attachment 2—Conceptual Project Site Plan). The project offers a variety of housing types including 265 apartments, 134 condominiums, and 48 flats. According to the developer, the increased number of units is required for financial feasibility of the project.
2. **Building Height:** The current zoning allows up to 0.35 FAR for industrial, office, and warehouse retail buildings. At this time, the EWPP preferred land use alternative designates the site as Medium-Density Residential and allows heights between five and six stories. The current project proposal is for four-7 story buildings. The parcel immediately east of the project site can be 7 to 8 stories and would be adjacent to the proposed 7-story apartment building. The parcel west of the project site can be 5 to 6 stories and would be adjacent to the proposed 4-story apartment building.
3. **Floor Area Ratio:** The current zoning allows up to 0.35 FAR for industrial, office, and warehouse retail buildings. At this time, the EWPP preferred alternative designates the site as Medium-Density Residential and allows up to 2.50 FAR and heights between five and six stories. The original gatekeeper request presented at the January 16 meeting was for a 250-unit residential development at 2.26 FAR (41 dwelling units per acre). The revised Gatekeeper request is for 477 residential units at 2.87 FAR (79.5 dwelling units per acre). The developer believes the 7-story Type III construction is a way to enable construction on higher density sites in light of the significant increase in construction costs in recent times.
4. **Affordable Housing Requirement:** On February 27, 2018, the City Council adopted a modification to the City's current Below-Market-Rate Housing Program Ordinance, increasing the affordable housing requirement for rental developments to 15 percent. The ordinance will be in effect on April 28, 2018. The developer is proposing to pay a 3 percent in-lieu fee on 182 ownership units and include 10 percent of the apartments as affordable to low-and moderate-income households. As per the new ordinance, a "Gatekeeper" development is exempt from these modified BMR program requirements if project approval has been granted by April 28, 2018. Hence, the project would be subject to a 15 percent BMR rental requirement but is only offering 10 percent with this project proposal.
5. **Park Land Dedication In-lieu Fee:** The proposed residential development will be subject to City's Park Land Dedication Ordinance requirements. The project

proposes to dedicate a 0.4-acre public park and pay a fee in lieu of remaining land dedication requirement. The in-lieu fee is currently based on the land value and is calculated at the time of building permit issuance. The developer is requesting to agree on a land value at this stage in the process.

FISCAL IMPACT

There are no fiscal impacts.

NEXT STEPS

SummerHill Homes is requesting further Council direction on the five key project components noted in this report, which can have a significant impact on the economic viability of the project (see Attachment 3— Project Description and Justification Letter). SummerHill Homes will use Council's feedback on their project to revise the proposed plans and/or determine the next steps for their project. Providing direction regarding these requests at the Gatekeeper step of the process does not bind the Council on project specifics at the time of entitlements but, rather, informs the developer regarding its proposed project.

PUBLIC NOTICING

The City Council's agenda is advertised on Channel 26, and the agenda and this report appear on the City's website.

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Attachments: 1. City Council Staff Report, Jan 16, 2018
2. Conceptual Project Site Plan
3. Project Description and Justification Letter, SummerHill Homes