

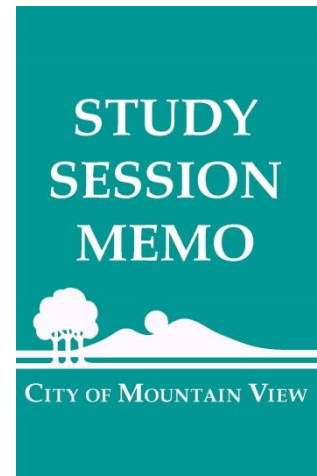
DATE: November 22, 2016

TO: Honorable Mayor and City Council

FROM: Payal Bhagat, Senior Planner
Terry Blount, Assistant Community
Development Director/Planning Manager
Randal Tsuda, Community Development
Director

VIA: Daniel H. Rich, City Manager

TITLE: 777 West Middlefield Road



PURPOSE

The purpose of this Study Session is to present the preliminary plans for the proposed demolition of 208 market-rate apartment units and development of 711 apartment units (including 144 affordable units) located at 777 West Middlefield Road and to receive City Council input on the project prior to the formal application being submitted.

BACKGROUND

Gatekeeper Requests

On July 2, 2015, the City Council authorized staff resources for the consideration of a request to amend the General Plan from Medium-Density Residential to High-Density Residential and a rezoning from R3-2 (Multi-Family) to R4 (High-Density) to allow for a development at up to 60 dwelling units per acre (approximately 563 units) and an approximately 0.5-acre public park on the 9.84-acre site. The July 2, 2015 Gatekeeper concept anticipated redeveloping the site in two phases. The proposal included:

- Offering each unit within Phase 1 a \$10,000 cash relocation assistance payment;
- Offering Phase 1 tenants a newly completed apartment unit with a one-year lease fixed at the previous rental rate; and
- Paying to move the tenants of Phase 2 into Phase 1 new units, offering them a new one-year lease fixed at the previous rental rate.

On December 8, 2015, the City Council was scheduled to consider a revised Gatekeeper request for this site consisting of two options. Both options included the demolition of the existing structures on-site. These included:

- Option 1: General Plan Amendment from Medium-Density Residential to High-Density Residential and rezoning of the site from R3-2 (Multi-Family) to P (Planned Community District) to allow for a new multi-family residential development of up to 650 total units (approximately 60 to 65 dwelling units per acre).
- Option 2: General Plan Amendment from Medium-Density Residential to High-Density Residential and rezoning of the site from R3-2 (Multiple-Family) to P (Planned Community District) to allow for a new multi-family residential development consisting of ownership and rental units of up to 540 total units (approximately 55 dwelling units per acre).

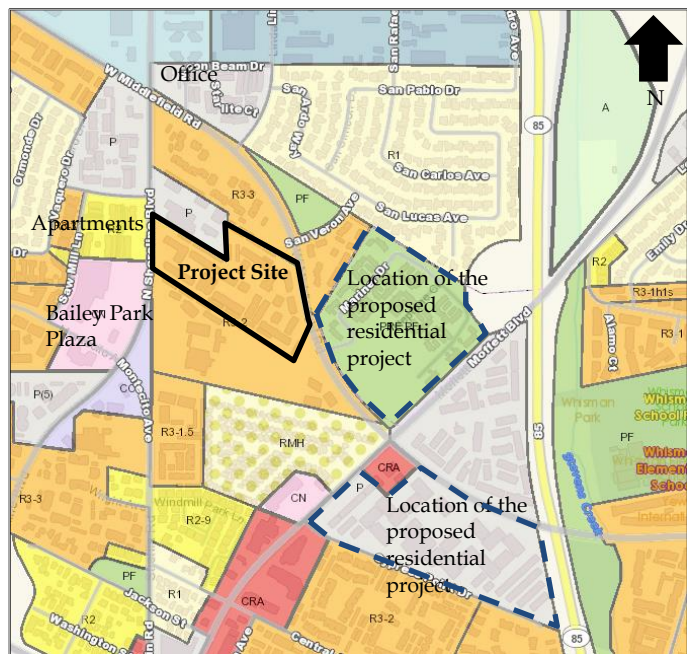
On December 3, 2015, the applicant submitted a letter requesting withdrawal of the December 2015 Gatekeeper request for the project site. In March 2016, the applicant shared a schematic site plan layout providing 601 market-rate apartment units and an approximately 1.8-acre public park fronting North Shoreline Boulevard. The following proposal is a further refinement of the March 2016 project design concept.

Project Site

The proposed project site is located on the west side of Middlefield Road between Shoreline Boulevard and Moffett Boulevard (referred to as “777 West Middlefield Road”) and consists of 9.84 acres (see Attachment 1—Location Map). The parcel is currently developed with 208 apartment units.

Surrounding Land Uses

The subject property is bounded by Shoreline Boulevard to the west, Middlefield Road to the east, a two-story office development to the north, and the Mountain View Buddhist Temple site to the south. To the west



of the project site, across Shoreline Boulevard, are an apartment complex and Bailey Park Plaza Shopping Center, and to the east of the project site, across Middlefield Road, are San Veron Park and multi-family housing.

General Plan and Zoning

The existing General Plan for the subject property is Medium-Density Residential, which allows a range of residential unit types such as single-family detached and attached, duplex, and multi-family with densities from 13 to 25 dwelling units per acre, and maximum height up to three stories. This designation also allows development of parks and open space.

The zoning designation for the site is R3-2 (Multiple-Family), which allows multi-family housing. The maximum allowable floor area ratio (FAR) under the zoning designation is 1.05, with a maximum height limit of 45', 36' maximum height to top of wall plate. The applicant is requesting a General Plan Amendment from Medium-Density Residential to High-Density Residential, allowing densities between 36 and 80 dwelling units per acre, and a rezoning from R3-2 to P (Planned Community) District. The P District zoning designation is needed as the R4 zoning designation previously requested does not permit the increased density now being considered. Moreover, the proposed rezoning would allow the project design to reference the El Camino Real Precise Plan development standards as guiding principles.

Previous Actions

The proposal was presented to the Environmental Planning Commission (EPC) at a duly noticed Study Session on October 5, 2016. A summary of the issues, comments, and concerns raised by members of the community and the EPC is included in the body of this Study Session memo.

DISCUSSION

Proposed Project

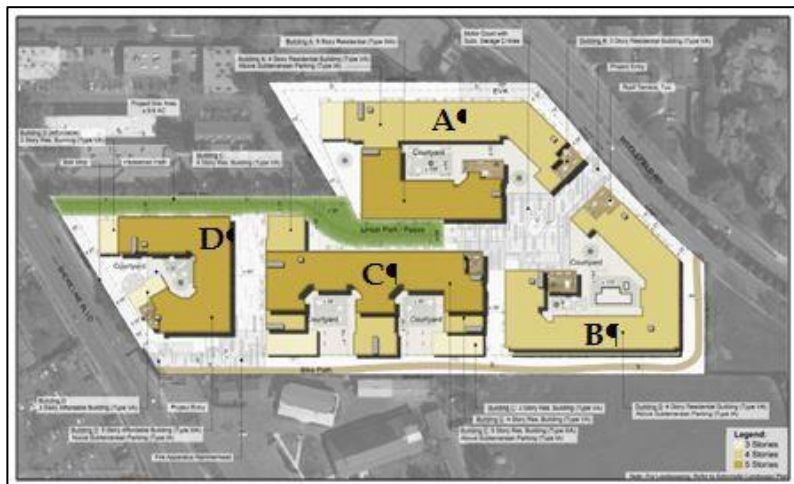


The proposed project as it is currently outlined varies significantly from the design concept reviewed by City Council as part of the July 2, 2015 Gatekeeper request. The current proposal anticipates redevelopment of the site as a single-phased project, does not provide a public park area, and proposes a higher total number of units on-site. The proposal consists of the demolition of the entire existing 208-unit apartment complex at once and redevelopment of the 9.84-acre site with 711 rental apartment (including 144 affordable) units distributed over four individual buildings, each with its own two-level underground parking garage. The two buildings fronting Middlefield Road and the "m"-shaped interior building provide 567 market-rate units. The market-rate units provide a mix of 52 studio, 281 one-bedroom, and 234 two-bedroom units. The building fronting Shoreline Boulevard provides 144 affordable units consisting of 19 studio, 66 one-bedroom, and 59 two-bedroom units. Each of the buildings is designed with interior courtyard active and passive amenity spaces that include a swimming pool, an outdoor kitchen, and gathering/seating spaces. The project also includes outdoor paseos creating landscaped pedestrian links between the buildings. The project is designed with a hierarchy of heights in order to create an appropriate transition with the adjacent existing land uses.

Along the southern property line, the project is proposing to provide a minimum 10' (with 2' buffer on each side) Class I bike trail connection between Middlefield Road and Shoreline Boulevard. The proposed bike trail is an effort to enhance the bicycle and pedestrian connection as part of the Safe Routes to Schools initiative and provides east-west bicycle and pedestrian connectivity. Preliminary review of the project, as well as others in the pipeline in the immediate area, has found a potential need for a full signalized intersection near the southeastern corner of the site. Staff, in conjunction with the applicant's design team, is currently studying this need. The site plan, as it is currently laid out, will have to be changed should studies indicate a need for a signalized intersection. A signalized intersection at the entrance to the site would allow not only a safe bicycle and pedestrian connection, but also adequate ingress and egress to the project.

Below is an overview of the project plans:

- **Building Height:** The buildings facing Middlefield Road and along most of the northern property line are four stories tall with a maximum height of 48'. The portions of the buildings that create the entrance to the project site along Middlefield Road are designed as a three-story structure with roof deck amenity spaces accessible by the units on the fourth floor. This component of the project is designed to be approximately 34' in height. A small portion of Building A at the northwestern corner that abuts the two-story office building is designed as a three-story element with a maximum height of approximately 34'. The portion of Building A oriented towards the interior of the project site fronting the central pedestrian paseos is designed to be five stories tall with a maximum height of 58'.



Building B is predominantly a four-story building with a maximum height of approximately 48', with portions of the building stepping down to three stories in order to accommodate some roof deck spaces and break up the massing. The building fronting Shoreline Boulevard is predominantly a five-story structure with a maximum height at 58'. Similar to Building B, portions of this building near the entrance courtyard are stepped down to three stories with a maximum height of 38'.



The "m"-shaped building (Building C) is internal to the project site and proposes a mixture of building heights in an effort to break up the building massing and to create appropriate step-backs from the adjacent land uses. The southern component of the building which is closest to the Buddhist Temple property is designed to be three and four stories with a maximum height ranging from 38' to 48'. The remaining portion of the building which is fronting the interior paseo is designed to be mostly five stories with a maximum height of 58'. A small portion of Building C that fronts the internal pedestrian paseo is designed to be four stories tall.



- **Floor Area Ratio (Public Benefits):** The proposal is designed at a project FAR of 1.85. Consistent with the El Camino Real Precise Plan development standards, the FAR request is accompanied with a public benefits contribution. Typically, the project would be subject to Rental Housing Impact fees or the provision of an equivalent number of affordable units as part of the project proposal. The project proposes to develop 20 percent (144 units) of the overall units in a separate

building as affordable. The affordable building is proposed to house amenities and services independent of the market-rate buildings. Additionally, as a public benefit, the project is providing a Class I bike trail along the southern property line which will improve pedestrian and bicycle connections under the Safe Routes to School initiative.

- Density: The Gatekeeper approved for this project site on July 2, 2015, authorized up to 60 dwelling units per acre. The current project proposes to develop the subject property at 72.3 dwelling units per acre. The proposed increase in density is attributed to the 144 affordable units being part of the development. The market-rate component of the project site is currently proposed at a density of 58 dwelling units per acre, consistent with the original Gatekeeper request.
- Setbacks: The project proposes to provide a minimum 15' along the northern property line and Middlefield Road, a minimum 34' along the southern property line, and a minimum 20' along Shoreline Boulevard.
- Open Space: The project proposes to provide approximately 49,500 square feet of private open space and a total of approximately 195,000 square feet of common open space area which makes up 58 percent of the project site. The common open space is made up of interior courtyard active and passive amenity spaces that include a swimming pool, an outdoor kitchen, and gathering/seating spaces; meandering paseo through the site; and landscaping pavilion between the market-rate and affordable apartment buildings. The previous project design included a 1.8-acre public park as part of the proposal.
- Parking: Consistent with the model parking standards, the project provides one stall for each studio and one-bedroom unit and two stalls for two-bedroom units for the market-rate units. The project proposes to allow 15 percent of the required parking spaces be available as guest spaces. For the affordable units, the project proposes to provide one parking space for each unit irrespective of bedroom count, and allows 15 percent of the required spaces to remain unassigned and available for guests. The market-rate buildings provide 52 studio, 281 one-bedroom, and 234 two-bedroom units, requiring 801 spaces, of which 120 spaces will remain unassigned and available for guests. The affordable building provides 19 studio, 66 one-bedroom, and 59 two-bedroom units, requiring a total of 144 parking spaces, of which 22 will remain unassigned and available for guests. As part of the formal application package, the applicant will be required to provide a parking study to verify the appropriateness of applying the model parking standards to a project at this location.

- Affordable Housing Proposal: The applicant is proposing to construct approximately 144 affordable units on 1.8 acres of the 9.84-acre project site. Currently, the affordable building is shown fronting Shoreline Boulevard. The applicant proposes to finance the affordable component using tax-exempt bonds, 4 percent low-income housing tax credits, and private funding. Based on the current project financing, the applicant is proposing to offer the affordable units to families with 60 percent to 80 percent Area Median Income (AMI) for Santa Clara County as adjusted for household size. The applicant is not seeking any financial contribution or subsidy from the City's Housing Fund to fund any portion of this project.

The applicant has indicated they are willing to work with the City to determine the final unit mix so as to better serve the needs of the community. The applicant has also indicated they are willing to institute the necessary deed restrictions regarding the use of this portion of the property as affordable housing in perpetuity. Finally, the applicant is committing to construction of the affordable housing component of the project in conjunction with the market-rate units. The applicant has provided a detailed letter (see Attachment 4—Affordable Housing Proposal) outlining their proposed affordable housing strategy. Staff is supportive of the conceptual affordable housing strategy presented, but is seeking direction with respect to the ideal unit mix that will best address the affordable housing needs of the community.

Previous site plan iterations included an approximate 1.8-acre public park fronting Shoreline Boulevard. Upon review of the proposal, staff felt providing affordable housing instead of a park would be appropriate, given that staff anticipates public park land being developed nearby as part of the projects under review at 555 Middlefield Road and the Shenandoah Square site.

TENANT RELOCATION ASSISTANCE ORDINANCE

According to the Tenant Relocation Assistance Ordinance (TRAO), landlords must provide relocation assistance when requiring the vacating of four or more rental units within a one-year period as a result of demolition, renovations, or withdrawal of units from the rental market. The existing site consists of 208 units and is subject to the requirements of the TRAO. A residential household is eligible for assistance if they have a valid lease or rental agreement with the landlord, are not delinquent on payments of rent, and their annual household income does not exceed 80 percent of the AMI for Santa Clara County as adjusted for household size. An analysis of the current rent roll indicates that 14 households (6 percent of the tenants) could be eligible for relocation assistance pursuant to the TRAO.

The July 2, 2015 Gatekeeper concept anticipated redeveloping the site in two phases; their relocation strategy included:

- Offering each unit within Phase 1 a \$10,000 cash relocation assistance payment;
- Offering Phase 1 tenants a newly completed apartment unit with a one-year lease fixed at the previous rental rate; and
- Paying to move the tenants of Phase 2 to Phase 1 new units, offering them a new one-year lease fixed at the previous rental rate.

As the proposal now anticipates demolition of all existing 208 apartment units and construction of the entire project as a single phase, the project will not be able to adhere to the relocation strategies proposed as part of the Gatekeeper concept. The applicant is currently working to hire a relocation consultant and developing a new relocation plan. The applicant held a meeting on October 26, 2016 with current residents to provide them a status update of the project, as well as to seek input regarding displacement and relocation issues. Any tenant relocation package proposed by the applicant must meet at least the minimum requirements of the TRAO. However, the applicant expressed interest in proposing an alternative relocation plan that exceeded the requirements of the TRAO and provided relocation assistance to a higher percentage of tenants.

Upon the submittal of a formal project application to the City, the applicant will have 30 days to send Notices of Intent to the tenants and to establish a funding and escrow account for the estimated relocation assistance payments. The relocation consultant will contact all tenants, provide claim forms, and, upon submittal, verify eligibility for relocation payments. As a last step, the developer must give a tenant at least a 90-day notice prior to the date a tenant must vacate their unit. The date to vacate cannot be prior to the project receiving final entitlements and relocation assistance has been paid to the eligible households.

Question 1:

Is the City Council supportive of a single-phased project that would require demolition of the entire 208 apartment units at once?

SITE PLAN AND MASSING

The General Plan High-Density Residential designation allows for higher intensities and building heights, but also requires new development to include sensitive height

and setback transitions to surrounding buildings. Building heights should gradually step up from existing adjacent buildings to avoid abrupt changes in massing. This can be accomplished by reducing building heights and stepping back the upper floors of the buildings so that the height of the new buildings is no more than one story higher than the existing adjacent buildings.

The proposal provides height step-back along the northern and southern property lines, with five-story massing concentrated near the central paseo; and along the northern and southern property lines, the height steps down to four and three stories depending on adjacent land uses. The massing along Shoreline Boulevard is proposed to be 58' or five stories, stepping down to three stories closest to the street. The abutting buildings along this frontage are approximately two stories tall. Similarly, the massing along Middlefield Road transitions from four stories to three stories closest to the street.

Staff Comments

In general, staff is supportive of the transitional step-backs and the three-story massing abutting the adjacent land uses and the street frontages as appropriate transitions to neighboring land uses. Staff is also supportive of the site plan as it provides an opportunity for pedestrian and bicycle connections through the site, as well as adequate private and common open space. However, staff recommends working with the applicant on better articulating the interface of the five-story building massing with the internal pedestrian paseo. Staff recommends breaks in linearity of the central pedestrian courtyard in order to create a visually and spatially interesting space. Staff also recommends the five-story portions located on either side of the central paseo be refined to break up the long facade, visually integrating the private open spaces with the central paseo. The R3 (Multiple-Family) zoning allows heights up to three stories. Most of the properties surrounding the subject property are zoned R3. Pursuant to the General Plan, new development is required to be sensitive to the heights of the surrounding buildings. Therefore, staff has some concerns regarding the five-story heights for portions of the proposed buildings fronting the central pedestrian paseo.

The City is currently in the process of reviewing two other proposals on Middlefield Road that anticipate adding substantial housing in this area. Staff anticipates that there might be a need for a new signal and crosswalk across Middlefield Road to serve this project and other future projects in the area. Depending on the alignment of this future signal and pedestrian crosswalk, the entrance into the project site from Middlefield Road might need modification, impacting the overall site plan, and the location of the Class I bike trail connection between Middlefield Road and Shoreline Boulevard.

Environmental Planning Commission Comments

Regarding the layout and massing of the proposed project, the EPC was generally supportive of the proposed site plan, including the five-story components of the project. The EPC agreed with staff regarding the appropriateness of locating the five-story elements of the project towards the center of the site and away from the adjacent land uses. The EPC echoed staff's recommendation to work with the applicant on better articulating the interface of the five-story building massing with the internal pedestrian paseo. During the discussion, the EPC raised some concerns regarding the proposal, including potential shading of the proposed landscaping by the five-story mass; the five-story mass creating a "canyon effect" in certain locations; conflicts between pedestrian and vehicular traffic near the project entrance; displacement of existing residents; need for an equitable relocation strategy; and need to create a cohesive, "community-like" environment, similar to what exists, through project design.

Question 2:

Is the City Council supportive of the site plan and massing, including allowing up to five-story buildings along the central paseo?

INCREASED DENSITY FOR AFFORDABLE HOUSING

The July 2, 2015 Gatekeeper authorized the development of the project site at up to 60 dwelling units per acre with a small public park. Through discussions with staff, the site plan was adjusted to include an approximate 1.8-acre public park fronting Shoreline Boulevard. However, upon further review and dialogue, staff concluded that rather than providing a park as part of the proposal, providing affordable housing would be appropriate, given that staff anticipates public park land being developed nearby as part of the proposals under review at 555 Middlefield Road and the Shenandoah Square site. The project is currently proposed at approximately 72 dwelling units per acre. The increased density is due to the inclusion of 144 affordable units as a component of the project. The market-rate component of the project has a density of 58 dwelling units per gross acre density, consistent with the approved Gatekeeper density.

Staff Comments

Staff is supportive of the increase in the proposed overall density for the site as the additional density incorporated in the project is a public benefit that the project is providing in the form of affordable units. The affordable component of the project is served by its own parking, private amenities, and services specifically geared toward future residents' needs. The affordable building is designed with high-quality materials

and in a modern architectural style consistent with the remaining project. Lastly, staff finds that the increased density does not preclude the project design from providing appropriate transition and step-backs to the adjacent land uses as required under the General Plan. The project will be required to pay park in-lieu fees at the time of building permit issuance. As the number of affordable units proposed as part of the project exceeds the Rental Housing Impact Fee equivalent, the project will not be required to pay the Rental Housing In-Lieu Fee. As mentioned previously in this report, staff recommends working with the applicant to visually integrate and refine the five-story buildings more integrally with the central pedestrian paseo.

EPC Comments

The EPC expressed support for a higher overall project density and recognized that the increase in density was attributed to the provision of affordable housing on the site. The EPC noted the appropriateness of locating additional housing at this site given its proximity to job centers. The EPC voiced a need for the project to provide more landscaping on the site, including exploring possibilities of providing pocket parks sprinkled throughout the project site as well as relocating and preserving existing mature trees on-site. They were also concerned about the increased traffic that would come with the intensification of the site.

Question 3:

Is the City Council supportive of providing affordable units as part of the project in lieu of a public park and allowing the remainder of the site to be developed with the amount of market-rate units originally requested?

AFFORDABLE HOUSING

The affordable housing component of the proposed project is currently designed as a stand-alone building. Affordable units can be developed, integrated, and evenly distributed throughout the project site or they can be consolidated into a single building which may or may not have its own parcel. Affordable housing is targeted to different income categories, defined as:

- Extremely Low-Income—households with gross income of 30 percent or less of the area median household income for Santa Clara County, adjusted for household size;
- Very Low-Income—households with gross income between 30 percent and 50 percent of the AMI for Santa Clara County, adjusted for household size;

- Low-Income—households with gross income between 50 percent and 80 percent of the area median household income for Santa Clara County, adjusted for household size; and
- Moderate-Income—households with gross income between 80 percent and 120 percent of the area median household income for Santa Clara County, adjusted for household size.

The applicant is currently proposing to provide approximately 10 percent studios, 50 percent one-bedroom, and 40 percent two-bedroom units, making up a total of 144 units. As currently proposed, the affordable units will be targeted to serve households earning 60 percent to 80 percent of the AMI. The applicant has indicated that their preference is not to create a separate parcel to house the affordable building, but to integrate it into the project. The applicant has agreed, however, to work with staff to put in place all the necessary instruments that would allow the affordable units to exist in perpetuity. As with all subsidized housing units in the City, preference for affordable units will be given to prospective tenants that live or work in the City. The affordable building is currently designed to house the amenities and services appropriate to serve the future tenants.

Staff Comments

Typically, the project would be required to provide either the Rental Housing Impact Fee or equivalent number of affordable units sprinkled throughout the project. In cases where the project proposes to construct a sizable number of affordable units, staff has worked with the applicant to accept a land dedication. However, staff is supportive of the idea of allowing the applicant to construct the affordable units as part of the project because of the applicant's willingness to institute deed restrictions so as to provide affordable housing on this site in perpetuity. The current proposal seeks to create affordable housing units for lower-income households between 60 percent and 80 percent AMI. The applicant is committing to building the affordable units without requesting funding from the City. Moreover, the applicant is also committing to constructing the affordable building in conjunction with the market-rate buildings. The applicant has also expressed their intent to develop the affordable building using high-quality materials and design, and in a manner that is complementary to the other buildings on the project site. As proposed, the project would have a housing mix that would serve seniors, small households, and families. Staff finds that the amount of affordable housing currently proposed as part of the project is very desirable given the deficiency in affordable housing in the City. Staff will continue to work with the applicant to determine the appropriate mix of income categories and units.

EPC Comments

While discussing this topic question, some EPC members expressed concerns regarding the affordable housing units being available to persons with up to 60 percent of the AMI because of the limitations placed on the project due to the financing mechanics. The EPC felt that this project would not adequately serve households with income between 80 percent and 100 percent area median (moderate-income households). The EPC members recommended that the applicant analyze a unit mix that would allow fewer smaller units while allowing some three-bedroom units serving larger or multigenerational families. Some EPC members noted that the proximity of the project site to transit could allow a reduction in the parking standards, therefore allowing more affordable units than currently proposed. The EPC also recommended that the applicant explore avenues to allow current residents first opportunity to rent apartments in the new development. The EPC was pleased to learn that the applicant was not requesting funding from the City in order to develop the affordable component of the project.

Question 4:

Is the City Council supportive of the affordable housing unit mix and target income levels (lower income between 60 percent and 80 percent AMI) currently proposed, or would the Council like the applicant to explore an alternative?

Other Comments

Several community members and existing tenants of the Village Lake Apartments spoke at the EPC Study Session. Staff also received e-mail correspondences from the community that are attached to this memo. Comments made during the meeting included concerns regarding proposed increase in density and associated traffic impacts, underground parking potentially leading to criminal activity, loss of naturally affordable units and displacement of current residents, potential unaffordability of the new apartment units, lack of guest parking, loss of existing on-site habitat and landscaping, extent of relocation assistance being offered as part of the proposal, and affordable housing component being stand-alone instead of integrated into the project as a whole.

RECOMMENDATION

Staff recommends the City Council provide feedback on the project and direction on the following questions posed in the Study Session memo:

- Question 1: Is the City Council supportive of a single-phased project that would require demolition of the entire 208 apartment units at once?
- Question 2: Is the City Council supportive of the site plan and massing, including allowing up to five-story buildings along the central paseo?
- Question 3: Is the City Council supportive of providing affordable units as part of the project in lieu of a public park and allowing the remainder of the site to be developed with the amount of market-rate units originally requested?
- Question 4: Is the City Council supportive of the affordable housing unit mix and target income levels (lower income between 60 percent and 80 percent AMI) currently proposed, or would the Council like the applicant to explore an alternative?

NEXT STEPS

Following feedback from the City Council at this Study Session, the applicant will submit a formal application and the project will begin the formal development and environmental review process, which is expected to take 12 months to 18 months and include public hearings before the Environmental Planning Commission and City Council.

PUBLIC NOTICING

The City Council agenda is advertised on Channel 26, and the agenda and this report appear on the City's Internet website at www.mountainview.gov. A notice was sent to all property owners and tenants within a 300' radius and to interested parties on file with the Community Development Department. Additional public meetings will be held regarding this project, and property owners and interested parties will be notified of these meetings as they are scheduled.

PB-TB-RT/2/CAM
804-11-22-16SS-E

- Attachments:
1. Location Map
 2. Project Plans
 3. Applicant Letter
 4. Affordable Housing Proposal
 5. Community Correspondence