



DATE: June 26, 2018

CATEGORY: Unfinished Business

DEPT.: Community Development

TITLE: **Los Altos School District – Change in “Sending Site” for Transfer of Development Right Program**

RECOMMENDATION

Staff recommends that the City Council take the following actions:

1. Authorize a change in the location of the “Sending Site” for the Transfer of Development Rights program authorized by City Council on January 16, 2018 to support the acquisition of a new public school site for the Los Altos School District from the approximately 8.63-acre site located at 2580 and 2590 California Street and 201 San Antonio Road to the approximately 9.65-acre site located at the southwest corner of California Street and Showers Drive.
2. Direct staff to work with Greystar on the details of the proposed dedication of approximately two acres of land for a public park, to be acquired by Greystar from Federal Realty Investment Trust, concurrent with Los Altos School District’s acquisition of the site located at the southwest corner of California Street and Showers Drive, should the Greystar project at 2580 and 2590 California Street and 201 San Antonio Road be entitled.
3. Direct staff to continue to pursue all remaining actions authorized on January 16, 2018, in connection with the Transfer of Development Rights program with no further changes.

BACKGROUND

On October 3, 2017, the City Council held a Study Session to discuss initial concepts for a Transfer of Development Rights (TDR) process designed to support acquisition of a new public school for the Los Altos School District (LASD) in the San Antonio Area, and a Master Agreement for shared open space/recreational facilities associated with the new school (Attachment 1 – 10/3/17 Council Report). At the Study Session, the

specific school site was not yet determined; however, Council unanimously supported the following components of the TDR framework:

- Development of a Memorandum of Understanding (MOU) between the City and LASD to document the agreed-upon TDR strategy and establish a framework for the TDR process;
- The creation of a program that allows the sale of development rights from the school site (“sending site”) to property owners/developers for use at another property (“receiving site”) within the City;
- Property owners/developers may submit applications utilizing TDR square footage for office or residential developments through the Gatekeeper process provided they have a signed Letter of Intent with LASD;
- Projects requesting additional floor area through the TDR process will be exempt from public benefit contribution requirements for TDR square footage, as moneys used to purchase the excess square footage would assist with the development of a school site, which is deemed a public benefit; and
- A TDR purchaser may propose an alternative project or sell unutilized square footage to a new developer, potentially on a different site, with Council authorization of a new Gatekeeper project (“secondary market”).

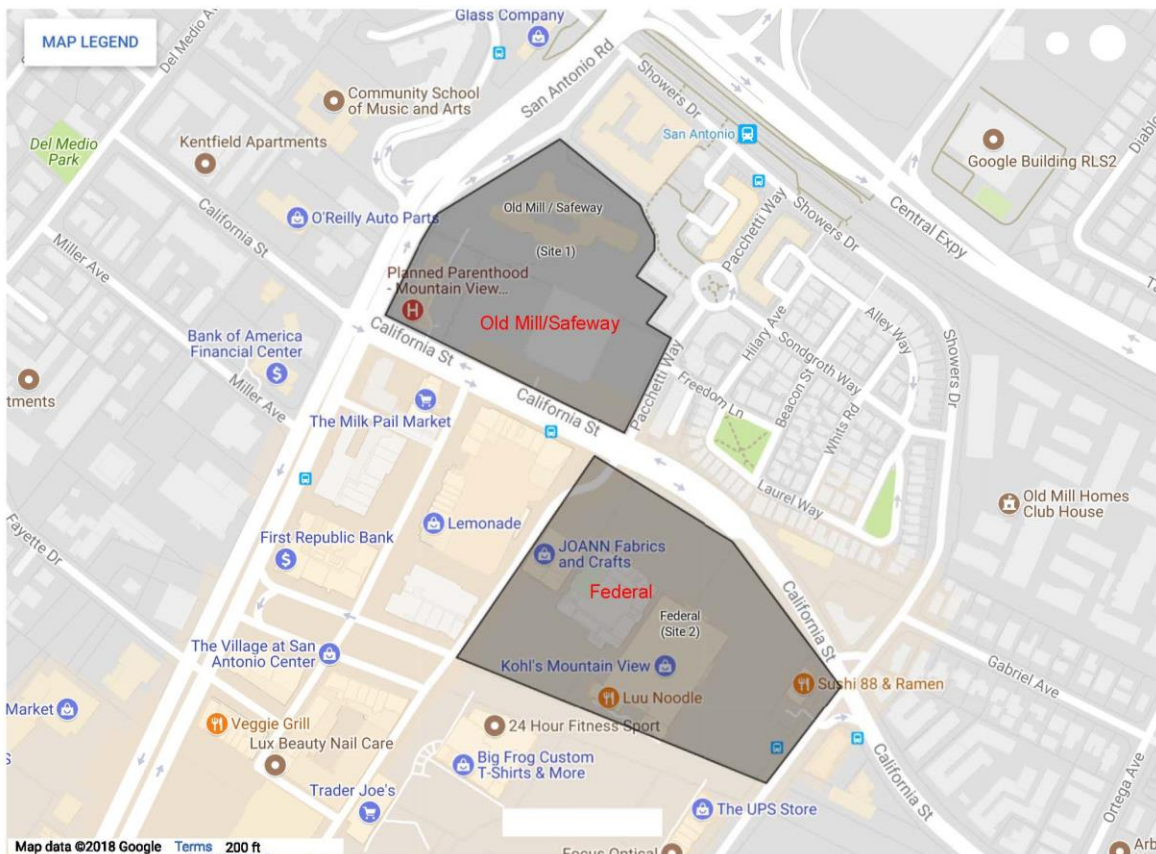
At the Study Session, the City Council also supported contributing \$6 million per acre, up to \$23 million (total), of Park Land Dedication funds for open space/recreational facilities at the new school, in exchange for allowing the City to have public use of such facilities approximately 50 percent of the time.

In December 2017, LASD identified the 2580 and 2590 California Street and 201 San Antonio Road site (Old Mill/Safeway Site) at the location of the new school in the San Antonio Area (see Figure 1). On January 16, 2018, City Council approved a TDR program and site acquisition strategy to assist LASD in acquiring the site (Attachment 2–1/16/18 Council Report). The TDR program included 610,000 square feet of building to be transferred. Specifically, Council took the following actions:

1. Authorized the City Manager to execute an MOU between the City and LASD that establishes a framework for a TDR program, designed to support acquisition of a new public school site in the San Antonio Precise Plan Area;

2. Directed staff to develop a Funding Agreement with LASD specifying the terms and conditions of the City’s contribution of \$6 million per acre up to \$23 million (total) of Park Land Dedication funds for public accessibility to open space/recreational facilities associated with the new school site;
3. Directed staff to develop a Master Joint Use Agreement, and supplemental Joint Use Agreement(s) if necessary, with LASD specifying the terms and conditions of ongoing operation and maintenance of the public open space/recreational facilities associated with the new school site;
4. Authorized the assignment of staff resources for consideration of five Gatekeeper applications requesting additional floor area through the TDR program; and
5. Allowed one developer to participate in the TDR program but submit a Gatekeeper request at a later date.

Figure 1



At the City Council meeting of January 16, 2018, the property owners of the Old Mill/Safeway site and Greystar expressed opposition to the acquisition. The City is currently processing Greystar’s Planned Community Permit and Master Plan applications for a mixed-use development consisting of 632 residential units and approximately 20,000 square feet of ground-floor commercial space. On June 6, 2018, the Environmental Planning Commission (EPC) unanimously recommended approval of the applications, and the project is scheduled for City Council review later this evening.

ANALYSIS

Precise Plan:

The San Antonio Precise Plan (SAPP) contains policy language, including community benefit language, to support a new school site. While the SAPP does not identify a specific school site, community members and City Councilmembers have voiced support for an additional school site to accommodate student growth through multiple City projects and meetings.

Specifically, Council has supported use of a TDR process to encourage public/private partnerships to assist with the development of a school. A policy framework for TDRs was included in the SAPP, but a specific process was not defined in detail because there was no available information on potential sending/receiving sites at the time of Precise Plan adoption.

Master Plan:

The SAPP requires that any new development in the eastern half of the San Antonio Center (which consists primarily of Federal Realty Investment Trust (Federal) holdings) triggers the need for a Master Plan of the area. This was required with the assumption that the new development would be by a private developer. As proposed by LASD, the first developments would be a public school and City park. As such, staff recommends that a Master Plan not be required until such time as private development is proposed in the eastern portion of the Center. If Council is agreeable to this interpretation, this term will be included in the City/LASD MOU.

Proposed Change in the LASD School Site

After extensive discussions between Federal Realty Investment Trust (Federal), Greystar, and the City, LASD is now pursuing acquisition of a different site and has requested the City Council approve a change in the Sending Site for the purposes of the

TDR program (Attachment 3–LASD letter). As proposed, LASD would purchase approximately 9.6 acres of property owned by Federal located at the southwest corner of California Avenue and Showers Drive (Federal Site) (see “Federal” on Figure 1). The school and park area is bounded by California Avenue to the north, Showers Drive to the west, Pacchetti Way to the west, and the Hetch Hetchy right-of-way to the south. The area currently contains Kohl’s, 24 Hour Fitness, Joanne Fabrics, and other smaller tenants.

The Federal Site has a higher allowable FAR (2.35) than the Old Mill/Safeway Site (1.85), but LASD is not proposing any additional TDRs, and there are no changes proposed to the approved Receiving Sites.

Greystar, in partial satisfaction of its public park obligation for its proposed project on the Old Mill/Safeway Site, has proposed to purchase approximately two acres of property from Federal adjacent to the school site and dedicate this property to the City in fee as a future neighborhood park to serve the immediate and future needs of residents within the San Antonio Area. This acquisition would occur concurrently with the closing of the LASD acquisition of the Federal Site. The two-acre park would be in addition to the joint City/LASD field and recreational space at the new school, which will be roughly four acres. The exact locations and configurations of the school and park within the 11.6-acre Federal holding have not been determined yet.

No other changes to the prior Council actions are requested.

FISCAL IMPACT

As previously agreed to, the City would contribute \$6 million per acre, up to \$23 million total of park in-lieu fees from the San Antonio Area for the field and recreational space. Greystar would dedicate an additional two acres of land for a public park at no cost to the City for acquisition. The City would pay to design and construct the park, as with most City parks.

NEXT STEPS

If the City Council supports the requested actions tonight, LASD will begin the acquisition process for the new school on the Federal site and the City Manager will execute an MOU with LASD. Once the acquisition process has begun, staff would return to the City Council for review/authorization to execute the Funding Agreement and Master Joint Use Agreement/supplemental Joint Use Agreement(s). Greystar will be required to dedicate the two-acre park site as a condition of approval of their project at 2580 and 2590 California Street.

CONCLUSION

The revised proposal from LASD would result in approximately six acres of total open space, which is an increase of two acres over the previously approved approach. LASD believes the proposal provides much greater certainty of timing and cost to the District and public because this proposal is the result of many discussions between LASD, Greystar, and Federal, avoiding potentially lengthy and costly litigation.

Staff recommends that the City Council modify the sending site for the purposes of the LASD TDR program that includes the dedication of a two-acre park site on the Federal Site by Greystar, as shown on Figure 1 of this report. All other Council actions from the meeting on January 16, 2018 would remain in effect.

ALTERNATIVES

1. Do not approve the modification of the sending site for the TDR program.
2. Approve the modification of the sending site but do not require Greystar to dedicate two acres of parkland.
3. Provide other direction.

PUBLIC NOTICING

Courtesy notices were sent to property owners/tenants within 300’ of the original sending site (Old Mill/Safeway Site), within 300’ of the proposed sending site (Federal Site), the Wagon Wheel Neighborhood Association, the Greater San Antonio Community Association, and posted on Nextdoor. The City Council’s agenda is advertised on Channel 26, and the agenda and this report is posted on the City’s website.

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RT/5/CAM
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Attachments: 1. 10/3/17 Council Report
2. 1/16/18 Council Report
3. LASD Letter