



DATE: November 18, 2019

CATEGORY: Public Hearing

DEPT.: Community Development

TITLE: **701 to 747 West Evelyn Avenue**

RECOMMENDATION

1. Adopt a Resolution Approving a Planned Community Permit and Development Review Permit to Construct a New Four-Story Commercial Building Containing 28,090 Square Feet of Office and 6,481 Square Feet of Retail Space and Three Levels of Underground Parking Accessed through the Future Adjacent Public Parking Garage on City Parking Lot 4 on a 0.25-Acre Site at 701 to 747 West Evelyn Avenue, to be read in title only, further reading waived (Attachment 1 to the Council report).
2. Adopt a Resolution Approving a Preliminary Parcel Map to Create a Two-Unit Condominium Subdivision on a 0.25-Acre Site at 701 to 747 West Evelyn Avenue, to be read in title only, further reading waived (Attachment 2 to the Council report).
3. Adopt a Resolution Ordering the Summary Vacation of a Portion of Public Street and Utility Easement Located at 701 West Evelyn Avenue, to be read in title only, further reading waived (Attachment 3 to the Council report).
4. Authorize the City Manager, or his designee, to execute all documents and take all necessary actions related to the conveyance of an access easement across a portion of Lot 4 (APN 158-20-069) for the purpose of providing parking access to properties located at 701 through 747 West Evelyn Avenue (APN 158-20-015 and 158-20-066).
5. Authorize the City Manager, or his designee, to execute all documents and take all necessary actions related to an ownership transfer agreement to manage ownership of the garage condominium upon the earlier date of the expiration of the ground lease of Lot 4 to The Robert Green Company, upon demolition of the

new building on 701 to 747 West Evelyn Avenue, or when the City approves the cessation of parking in the garage.

BACKGROUND

Project Site

The project site is located in downtown on the southwest corner of West Evelyn Avenue and Hope Street. The project site is made up of two existing parcels and is currently developed with a Subway restaurant and two other small commercial spaces on the eastern parcel and a car repair and three other small commercial spaces on the western parcel.

It is in the Downtown Precise Plan, Area H (Historic Retail District). It is also in the Parking District, which allows the City to accept parking in-lieu fees instead of providing some or all of their project-specific parking requirements.

The site is across the street from the Downtown Transit Center, and immediately north of City Parking Lot 4, where a new hotel development by The Robert Green Company (TRGC) was approved by Council on November 27, 2018. Blossom Lane, a public alley providing access for businesses located on Castro Street, is to the west. Across Blossom Lane (along West Evelyn Avenue) is a City-owned plaza, which is currently licensed to Olympus Caffe and Bakery for their outdoor dining.



Location Map

Previous Meetings

Hope Street Lots Project – Council Study Session

At the November 28, 2017 Hope Street Lots Study Session, Marwood requested that the City Council consider a joint parking garage between their site and the proposed hotel on the west side of Hope Street (Lot 4). Council directed staff and TRGC to explore the potential implications of a joint parking garage as part of the hotel development project on Lot 4.

City Council Closed Sessions

On March 27, 2018, October 16, 2018, and September 24, 2019, Council held Closed Sessions on the negotiations between the City, TRGC, and Marwood, which resulted in the following direction for consideration of the Marwood project:

- Increase 24/7 public parking;
- Financial benefit to the City;
- No delay to the Hope Street Lots project; and
- No amendment to the DDA and Ground Lease by and between the City and TRGC.

Downtown Committee Meeting

The proposed project was presented to the Downtown Committee on November 6, 2018. The Committee had questions about the interface between the project and Lot 4 and amenities provided in the corner plaza, and expressed concerns about the proposed low parking ratio.

City Council Study Session

The City Council reviewed the project's proposed design and parking on February 26, 2019. Council direction included the following:

- The Council generally supported the overall project design but requested more interest and activity along Blossom Lane, more differentiation from the TRGC hotel project, and modifications to the roof trellis.
- A majority of Councilmembers supported a private parking requirement of one stall per 500 square feet of office with a parking and transportation demand management plan (a 33 percent reduction), in-lieu fees for the remainder, plus 25 public parking spaces.

Development Review Committee

The project was reviewed by the Development Review Committee (DRC) twice. The DRC provided design recommendations on several iterations of the project design, such as materials, artistic details, massing reductions, and plaza design. The project received a recommendation of approval on July 3, 2019.

Administrative Zoning/Subdivision Committee Public Hearing

The project was reviewed by the Zoning Administrator and Subdivision Committee on October 23, 2019, where it was recommended for approval to the City Council. No one from the public spoke. Based on the complexity of the project, several conditions were modified subsequent to the Zoning Administrator/Subdivision Committee hearing. These modifications include the following and are shown as highlighted text in the project resolutions:

- A new condition regarding abandonment of the street easement (as described later in the report).
- Revised condition language on several conditions of approval to clarify the intent and/or how to implement the condition.

ANALYSIS

Project Description

Marwood Assets Management (“Marwood”) is proposing to demolish the existing commercial buildings to construct a four-story building with 28,090 square feet of office area and over 6,481 square feet of ground-floor retail at 701 to 747 West Evelyn Avenue (see Attachment 4 – Project Plans).



Site Plan

The proposed project includes three levels of underground parking containing 71 stalls, plus additional space for valet parking. The underground parking garage would be integrated with the adjacent parking garage that will be constructed by TRGC on City Parking Lot 4. Access to Marwood's parking would be through the TRGC parking area as no ramp would be constructed on the Marwood project site. Twenty-five (25) of these 71 stalls would be available to the public 24 hours a day, seven days a week. More information about parking is provided later in the report.

General Plan

The project is located in the Downtown Mixed-Use General Plan Land Use Designation, which allows a broad range of uses at intensities consistent with the Downtown Precise Plan. The proposed project advances key general plan policies related to downtown, design, and parking, including:

- ***LUD 7.3 Human-scaled building details.*** Support new and renovated downtown buildings that include human-scaled details such as transparent windows on the ground floor that face the street, awnings, and architectural features to create a comfortable and interesting pedestrian environment.

The project includes a human-scaled rhythm of windows, doors, planters, awnings, and lighting.

- ***LUD 8.4: Pedestrian-oriented civic and public spaces.*** Create and encourage new pedestrian-oriented civic and public spaces throughout the City.

The project includes a new plaza in a highly visible and active location near the Transit Center.

- ***LUD 9.2: Compatible transit-oriented development.*** Encourage transit-oriented development that is compatible with surrounding uses and accessible to transit stations.

The project is a transit-oriented development, across the street from and oriented towards the Mountain View Transit Center.

- ***MOB 7.2: Off-street parking.*** Ensure new off-street parking is properly designed and efficiently used.

The project creates additional public parking that can be more efficiently used than private parking.

Zoning

The project site is in Area H of the Downtown Precise Plan. Table 2 compares the project's compliance with the Precise Plan's development standards. Unlike other zoning districts, Area H does not have minimum setbacks or maximum Floor Area Ratio (FAR).

Table 2: Development Standards

Standard	Requirement	Proposed
Maximum Height	55' Architectural features may exceed	55' With architectural features above
Minimum First-Floor Height	10'	13'+
Build-to Lines	Build to back of sidewalk	Build to back of sidewalk
Service Access	Service from alley	Service from alley

In addition to the standards, the Downtown Precise Plan includes detailed design guidelines to preserve the historic retail district's character. The project has been reviewed for consistency with these guidelines, including:

- Primary access provided directly from the street.
- At least 60 percent of ground-level building facade is transparent.
- Colorful awnings and facade ornamentation are used.
- Entrances and windows are recessed from the facade.
- Upper floor step-backs and roof variation are used.
- Building materials are richly detailed with light earth tones.
- Upper levels are recognizable and distinctive from a distance.

Design

The project's design direction is based in part on City Council feedback on other projects and compliance with the Downtown Precise Plan. The City Council has expressed interest in traditional architectural styles over modern ones, especially downtown. In addition, the Downtown Precise Plan includes numerous design

guidelines, which are intended to encourage new development to use architectural features, details, and materials that are compatible with and reinforce the existing historic buildings and development patterns in the area. For example, the Plan encourages “craftsmanship and detailing within the pedestrian’s range of touch and view,” inset windows “to provide relief, detail, and variation,” and “richly detailed” building materials.

The project maintains the traditional design features Council reviewed in February, including materials such as limestone and sandstone; ornamental elements like parapet caps, awnings, and pedestrian-scale landscaping and lighting; and a regular rhythm of inset windows. The metal trellis atop the tower element is lighter and smaller, and the tower element itself has been pulled back from both street frontages since February.

The design successfully reduces the mass of the long Evelyn Avenue facade by creating a series of smaller masses separated by breaks of metal panel and windows, and by setting the fourth floor back behind the street facade. The project’s facade facing Castro Street will also be highly visible because it is adjacent to a City plaza (currently occupied by the Olympus Caffe and Bakery outdoor dining). The project steps down towards the lower buildings on Castro Street and includes entrance features that orient to the plaza.

The Blossom Lane facade includes service and utility access spaces, as prescribed by the Downtown Precise Plan. However, these spaces will be screened with decorative metal panels and planters to facilitate a pleasant pedestrian experience.



Hope Street – Evelyn Avenue View



Bird's-Eye View

The buildings will be designed to meet the intent of LEED Gold® Certification level. Sustainable building and site features include, but are not limited to: a transit-oriented location and transportation demand management measures and reduced water consumption.

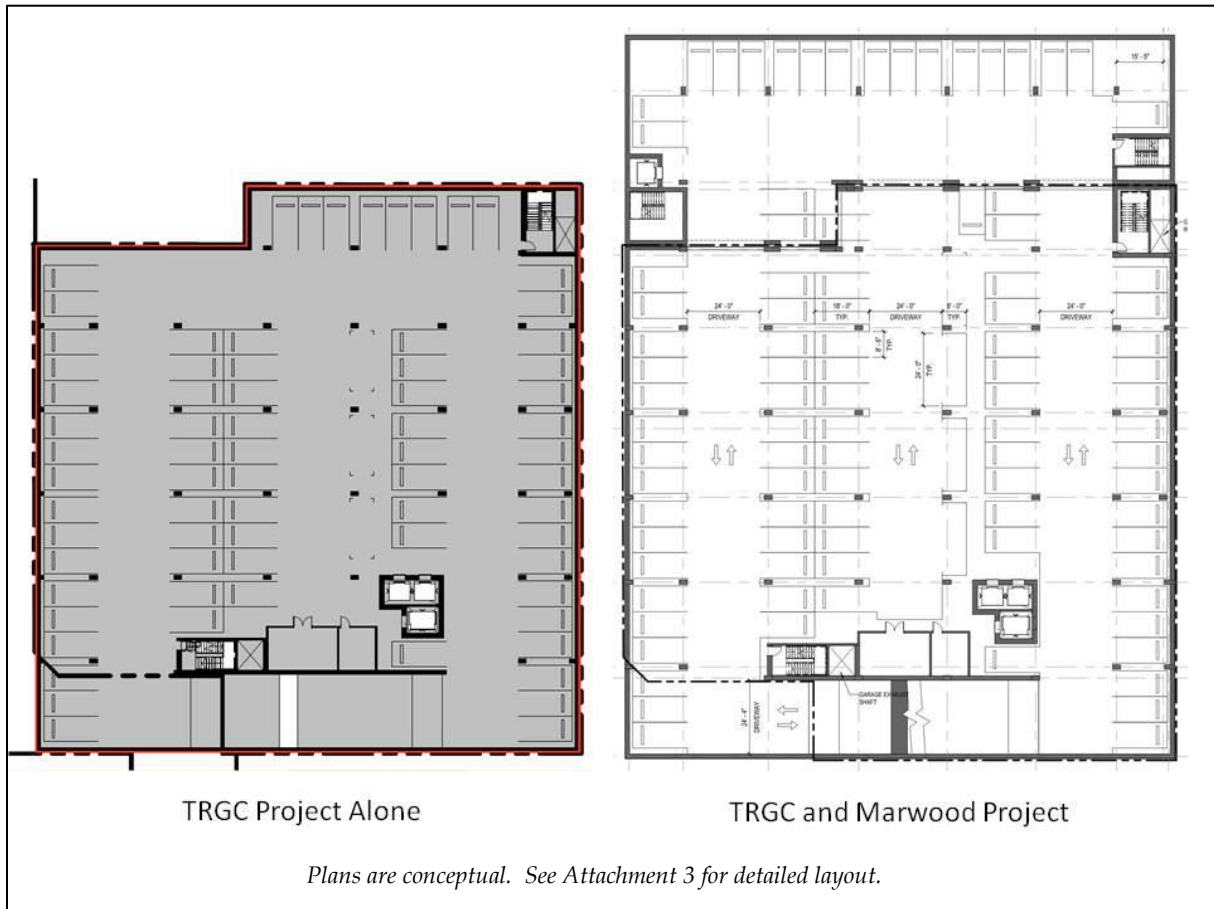
Open Space and Landscaping

The project includes an entrance plaza at the Hope Street/Evelyn Avenue corner, which includes decorative paving, planters, trees, and seating. The office lobby opens out onto the plaza, and the retail spaces have frontage on the plaza as well.

The project also includes a roof deck and a series of balconies on upper floors.

Parking and Circulation

The property is only 55' to 75' deep, which makes the provision of underground parking on the site physically and economically challenging, especially considering the need for an access ramp to multiple levels. In order to provide some parking for their office building, Marwood has proposed to use their site to expand the footprint of the TRGC parking garage under Lot 4 (see Parking Garage Plan). The project includes three levels of underground parking, containing 71 parking stalls and room for an additional 11 valet spaces on the bottom level. The parking supply and demand breakdown is shown in Tables 1 and 2.



Parking Garage Plan

Table 1: Parking Demand Calculations

Office Floor Area	28,090 square feet
Required parking (with TDM)	80 stalls (95 percent of one stall per 333 square feet; retail floor area exempt)
Council-directed minimum private parking*	56 stalls (one stall per 500 square feet)
Public parking	25 stalls
Total	81 stalls required on-site

*Council directed that the remainder may be in-lieu

Table 2: Parking Supply Calculations

Standard stalls	44 stalls
Stacker stalls	27 stalls
Valet space	11 stalls
Total	82 stalls (57 private)
In-lieu payment	23 stalls

The project's parking is consistent with Council direction from February 26, 2019. Twenty-five (25) stalls would be provided as 24/7 public parking. These stalls would be on the upper floors of the garage¹ and would be managed similar to the public parking stalls on City Lot 4. In addition, in off-peak hours, the remaining stalls would be available to the public under similar terms as the City Lot 4 lease with TRGC, specifically, that private parking would have priority, but the public could use stalls as they are available and if other public stalls are not available. These measures would be managed by the same parking management company that will be working on Lot 4.

To accommodate the additional parking expected, the applicant is using stackers and valet spaces. Stackers have some risk of maintenance and repair issues, though they have been used for many years and are generally accepted as reliable. Valet parking is an ongoing operational cost for the property owner, and the project includes conditions of approval allowing the City to enforce that operation.

The proposed parking configuration has several benefits, including the provision of additional public parking and use of the same curb-cut, which reduces the conflict between cars and pedestrians on the sidewalk. However, the configuration also results in complex agreements and an easement across City property, as described later in the report.

The applicant's location across the street from the Mountain View Transit Center may facilitate use of transit and reduce the need for private parking. To further encourage alternate modes, the applicant will implement a parking and transportation demand management program, which was reviewed by the City Council in February. Key elements of the program include:

- A flexible subsidy for transit, carpooling, and/or bicycling for office employees (in perpetuity);

¹ There would be 19 stalls on the top floor and 6 stalls on the second floor. Alternatively, if the City Council is concerned about ease of use and management of the 6 stalls on the second floor, they can reduce the public parking to 19, which would reduce the in-lieu fee stalls to 17.

- Bicycle parking, showers, and repair;
- A real-time transit kiosk, where the public can see wait times for trains and buses;
- Transit and vanpool subsidies for retail employees;
- Coordination with other downtown employers;
- Ongoing transportation monitoring; and
- Membership in the Transit Management Association.

Traffic Analysis

A traffic study was prepared and is attached (Attachment 5). It shows the study intersections and roadway segments operate within applicable jurisdictional standards during the a.m., midday, and p.m. peak hours.

Vehicle Access

Project vehicles would access the site through the hotel garage entrance on Hope Street, then would travel through the TRGC hotel garage to stalls under the proposed project. TRGC driveways and ramps are adequate for this traffic. However, TRGC would need to design “knock-out” walls along the shared property line that can be open or closed, depending on whether the Marwood project proceeds.

A loading and trash area is located on Blossom Alley. It will be screened with a metal panel door and will be set back behind the limestone columns along the alley.

Subdivision

The parking arrangement requires TRGC approval. One precondition TRGC had is to own the garage underneath Marwood’s building. To create that ownership, a condominium subdivision is requested, as shown in Attachment 2, Exhibit B (Preliminary Parcel Map), which would create a garage condominium under the building. Prior to the Subdivision Committee recommendation on this project, the applicant had requested a 10-unit subdivision allowing them to create retail and office condominiums in addition to the garage condominium. Since the Subdivision Committee, staff has worked with the applicant to reduce that number to two, which

would be simpler to implement and reduce the risk of future negotiations over the easement.

Easement and Agreements

The project's access to its parking stalls is through City Parking Lot 4. This access is subject to approval by the City Council, for which the City Council may set its terms. It also requires the concurrence of TRGC, as they have a long-term lease of the land.

Based on previous City Council direction, draft terms for this agreement are included in the conditions of approval (No. 58 in Attachment 1, Exhibit A). These terms include:

1. Provision, operation, and maintenance of 25 public parking stalls in the project garage condominium for the life of the access easement, available to the public 24 hours a day, 7 days a week, with monitoring, enforcement, and penalties to ensure the project's private vehicles (including, but not limited to, visitors and employees of the project's tenants) are not using those stalls. The City may, at the 701 to 747 West Evelyn Avenue building owner's expense, take measures to monitor and confirm private vehicles are not using public parking stalls. Public parking stalls shall be located on the upper floors of the garage condominium and shall be clearly marked. Time restrictions and fee rates for public stalls shall be consistent with restrictions and fee rates enforced on City Lot 4.
2. Public access to the remaining parking stalls in the garage condominium, consistent with the terms of the City Lot 4 ground lease, which allows public use of private stalls if there is excess capacity among the private stalls and excess demand of public parking.
3. Execution of a purchase and sale agreement for an agreed-upon amount with the City for \$6 million. A portion of the payment must be shared with TRGC.
4. The access easement will expire upon demolition of the new building on 701 to 747 West Evelyn Avenue, or when the City approves the cessation of parking in the garage, which would eliminate the purpose of the easement.

In addition, the requested subdivision adds a possibility that a future owner of the garage condominium may not be a reasonable partner to the other parties to this agreement (the City and Marwood). To avoid that scenario, specific legal language must be included in the grant deed for the garage condominium, and a separate agreement is necessary between the City and Marwood. This separate agreement would allow the City to execute a change in ownership of the garage condominium (to

whomever it determines appropriate, including the City or the leaseholder of Lot 4) if either the Lot 4 lease is held by a different party than the owner of the garage condominium or if the Lot 4 lease ends.

This agreement could be avoided if TRGC agrees to City ownership and TRGC lease of the garage condominium. City ownership brings both benefits and risks, however. Ownership brings authority over agreements and lease transfers. Staff and TRGC will seek limited liability with the condominium ownership, and Marwood will be expected to provide necessary funding for management and maintenance. However, ownership may be associated with as-yet unanticipated costs and risks.

Staff is seeking City Council endorsement of these agreement terms and requesting City Manager authority to enter into agreements with Marwood and TRGC based on these terms.

Marwood Letter

On October 21, 2019, the applicant sent a letter to the City Council outlining potential options to the proposed access easement through City Lot 4 (Attachment 6 – Applicant Letter). These options include a Development Agreement and modifications to the project design. Under these options, all parking would be off-site, and the easement access through Lot 4 would not be needed.

Option 1 would include a Development Agreement that vests the project for 10 years, prohibiting Marwood from building for the first five years, in exchange for approximately \$3.8 million,² in addition to the required parking in-lieu fees. The funds would be used for downtown parking initiatives, including revamp of the residential parking permit program and the downtown permit program and/or construction of an additional garage.

Option 2 would also include a Development Agreement that vests the project for 10 years. In this option, Marwood would lease Lot 6 (located along Hope Street between Dana and California Streets) to construct a new three- to four-story parking garage. Marwood would expect City reimbursement of all costs for the garage, above \$8 million, which they would cover. Marwood would also have exclusive rights to 81 of the stalls (of an estimated 270 to 360 stalls).

² It is possible that this amount could just cover the costs of constructing Marwood's parking requirement, based on the difference between the in-lieu fee and the actual costs of constructing underground parking. However, the City may use the money for other programs or projects that may be more cost-effective at creating parking supply, including above-grade parking. In addition, Marwood's parking demand may be less than their parking requirement.

These options cannot be acted upon at this hearing because they would need to be reviewed by City staff, and a recommendation would need to be made by the Zoning Administrator. However, if the City Council is interested in pursuing these further, the applicant could submit a request for a modification to their permits after the Council action when these options can be reviewed further and considered.

Street and Utility Easement Vacation

The existing sidewalk width is inconsistent on Evelyn Avenue along the project frontage, varying from 18' wide at the corner of Hope Street to 8' wide by Blossom Lane. The project proposes a consistent 13' wide sidewalk section to accommodate the anticipated pedestrian volume for the proposed retail and office intensity and to allow for a continuous new building facade. To achieve this, the applicant proposes to dedicate 5' along Evelyn Avenue to the City near Blossom Lane and requests the City vacate 5' of street and utility easement near the corner. The combination of easement dedication and vacation will create a continuous 13' wide sidewalk and consistent 35' street right-of-way from the centerline.

Staff has reviewed the vacation request and confirmed that the easement is no longer needed with the proposed development, and PG&E, AT&T, and Comcast have no objections to the proposed vacation. In accordance with the Streets and Highways Code, if the City wishes to give up rights in easement dedicated to the City, the easement is to be vacated and all property rights returned to the underlying property owner. If the easement is determined to be in excess of the City's needs, a summary vacation may be ordered by the City. Staff recommends a summary vacation of the street and utility easement as described in Exhibit A to the resolution (Attachment 3) to be ordered by the City Council.

When the City plans to vacate easements as part of a private development process, staff evaluates whether there is any value contributed to the developer by the vacation. In some cases, vacating an easement will provide additional space for development and, for example, allow the developer to build additional square footage and increase the value of the development. In this case, there is no value to the relinquishment of the easement rights on the property because the easement was likely originally offered to the City as a condition of approval without compensation, and the amount of land dedicated under this arrangement is greater than the amount of land vacated.

ENVIRONMENTAL REVIEW

The project qualifies as Categorically Exempt under CEQA, Section 15332 (“Infill Development Projects”), because it is characterized as an infill 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 City’s share of the existing property tax revenue is currently approximately \$18,000 per year. If the site were redeveloped with the proposed project, the City would receive approximately \$2,600 of additional property tax revenue per year.

The project is also subject to various impact fees, including the City’s Affordable Housing Program based on the net new floor area of the project and the fees in effect at the time of building permit issuance. The estimated housing impact fee is \$586,266, which incorporates credit for existing floor area.

The project would provide approximately \$1.2 million in parking in-lieu fees.

The project would also provide a one-time payment of \$6 million for access through City Parking Lot 4 for the duration of the 701 to 747 West Evelyn Avenue building’s existence. Some unknown future cost to the City may be associated with this easement, including special provisions to preserve access and negotiation costs. Lastly, if the City acquires ownership of the garage condominium, it may be associated with as-yet unanticipated costs and risks.

CONCLUSION

The proposed development is a transit-oriented office and retail project, providing an increase in 24/7 public parking. The building employs an attractive design, a new plaza, massing and materials appropriate to downtown, wider sidewalks, and an engaging retail frontage. The project has been reviewed by the Development Review Committee and the Zoning Administrator/Subdivision Committee at public meetings where the project was recommended for conditional approval.

ALTERNATIVES

1. Approve the project with modified conditions of approval.
2. Refer the project back to the DRC and/or the Zoning Administrator for further consideration and recommendations.
3. Deny the project applications, finding that the site is not physically suitable for the type of development.

NEXT STEPS

If approved by Council, Marwood would submit for building permits for the construction of the office building, and TRGC would submit a building permit application to construct the garage. Based on the garage configuration, construction of the project would need to be concurrent with the TRGC project, who has submitted building permit plans and expects to start construction in fall 2020. If the Marwood project misses this window, they would need to modify their project with a revised construction and parking plan.

PUBLIC NOTICING

The City 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 750' radius and interested stakeholders were notified of this meeting, including Old Mountain View Neighborhood Association, Shoreline West Association of Neighbors, Chamber of Commerce, Central Business Association, and the Robert Green Company.

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EA-SW/5/CAM
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- Attachments:
1. Resolution – Planned Community Permit and Development Review Permit
 2. Resolution – Preliminary Parcel Map
 3. Resolution – Summary Vacation
 4. Project Plans
 5. Traffic Study
 6. Applicant Letter