

January 22, 2021

Ms. Diana Pancholi
Senior Planner
City of Mountain View
Community Development Department | Planning Division
500 Castro Street
Mountain View, California 94039-7540

Dear Ms. Pancholi:

In advance of study sessions before the Environmental Planning Commission (EPC) and the City Council of the City of Mountain View, we are pleased to present the following proposed Community Benefit Memo for 555 West Middlefield Road (“the Project”), which is located on an approximately 14.5-acre site (APN 158-49-001) between Moffett Boulevard and State Route 85 in the City of Mountain View, California.

PROJECT OVERVIEW

555 West Middlefield Road is an infill project located less than ½ miles from the Mountain View Caltrain/Valley Transportation Authority (VTA) station and downtown Mountain View. Through the redevelopment of two large surface parking lots on an existing residential site, the Project provides the unique opportunity to add 329 new multi-family residences while retaining all 402 existing units.

Major Project Benefits

- Converts parking lots into housing in this key location near jobs and transit
- Helps reverse the City’s jobs/housing imbalance by building 329 new homes
- Affordable housing built on-site (49 homes)
- New public open space
 - 1.34 acres of land to be dedicated to the City for a public park
 - New pedestrian and bicycle path connecting West Middlefield Road and Cypress Point Drive
- Approximately \$20.7 million in baseline community benefit value, including \$8.0M in payments from the Project:
 - Land dedication for public parkland with value of approximately \$12.7 million

- Approximately \$2.0 million in utility fees
- Approximately \$3.2 million in park fees (in addition to land dedication)
- Approximately \$0.9 million for Citywide Transportation Impact Fee
- Approximately \$1.8 million in mandated school fees

Application Overview and Submittal History

The site currently consists of 402 multi-family residential rental homes within 15 three-story buildings, a leasing office and amenity building, and related parking and improvements, all of which were completed in 1969. In July 2015, the City Council approved the Project “Gatekeeper” request because it is an infill project that does not necessitate resident displacement.

On July 15, 2016, we filed an informal application for Preliminary Review. A formal application was filed on January 3, 2017 (PL-2017-004), and includes a General Plan Amendment, Rezoning, Development Review Permit, Vesting Tentative Parcel Map, Heritage Tree Removal Permit, and associated California Environmental Quality Act (CEQA) compliance. Study Sessions were held before the EPC on March 15, 2017 and City Council on April 18, 2017. The following is a summary of the Project’s application submittal history, staff review, and meetings before the Development Review Committee (DRC), EPC, and City Council:

▪ Gatekeeper Authorization	July 2, 2015
▪ Application for Preliminary Review	July 15, 2016
▪ Formal Application	January 3, 2017
▪ EPC Study Session #1	March 15, 2017
▪ City Council Study Session #1	April 18, 2017
▪ DRC Hearing #1	May 3, 2017
▪ DRC Hearing #2	July 18, 2018
▪ EIR Scoping Meeting	July 24, 2019
▪ DRC Hearing #3	March 4, 2020

At the City Council Study Session for the Project on April 18, 2017, the City Council recommended staff to conduct a project-specific financial study by a City-contracted consultant to determine the appropriate level of community benefits for the Project and to ensure the Project’s community benefit contribution is scaled appropriately. Therefore, at the direction of staff, Strategic Economics, an independent contractor to the City, is in the process of preparing a community benefits analysis for the project. The analysis is currently pending.

PROPOSED COMMUNITY BENEFIT

The development team, recognizing the importance of supporting a robust package of community benefits for this important development, is proposing additional community benefit contributions in excess of the payments and land dedication listed above. We propose to make

an additional, voluntary community benefit payment to the City's general fund in the amount of **\$1,977,025**. In addition, we will be collaborating with the school districts on a voluntary monetary contribution beyond the State-mandated school fees.

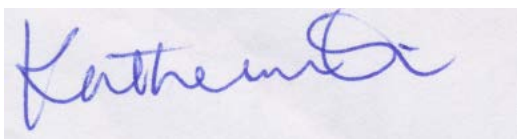
We have determined the voluntary community benefit amount based on the prior precedent of approved projects in the City of Mountain View, as explained in further detail below. We also have considered the drastic economic changes that the area has undergone as a result of the COVID-19 pandemic. This Project will deliver new rental homes to the City of Mountain View; however, these homes are now projected to generate significantly less rental income for the foreseeable future. This makes the Project much more difficult to finance and complete, and limits our ability to make additional voluntary community benefit fee contributions to the City beyond the amount proposed. We are eager to commence construction on this important Project as soon as possible after it is entitled, and that makes it critical that we ensure it remains financially feasible.

Since the project-specific financial study is still pending, we are using the East Whisman Precise Plan as a reference point. This Plan is the City's newest precise plan, and the assumptions used to derive the community benefits value of \$5.00 per square foot of bonus floor area ratio (FAR) are generally reflective of current construction costs, fees, and inclusionary housing requirements. It is important to note, however, that rents have dramatically declined since the analysis was done as a result of the ongoing pandemic.

We are using the current .50 FAR as our site's base FAR to calculate the bonus FAR. Our proposed project's FAR is 1.13, resulting in a bonus FAR of 395,405 square feet over the base FAR. We are proposing to use the \$5.00 per square foot prescribed in the East Whisman Precise Plan to arrive at a community benefit contribution of **\$1,977,025**, or **\$6,009 per proposed new unit**. These funds would go to the City's general fund. Based on feedback from the community, the City may want to consider using these funds to expedite bicycle, pedestrian, and traffic calming improvements in our immediate neighborhood.

Thank you for the opportunity to provide our community benefit proposal. We are grateful to staff, the DRC, and the greater community for working collaboratively with us over the past five years to bring this vital project to Mountain View. We are looking forward to presenting our plan to the EPC and the City Council in the upcoming study sessions.

Very Truly Yours,



Katherine Qiu

Development Director,
AvalonBay Communities, Inc.

CC: Joe Kirchofer, Vice President – Northern California Development