



DATE: October 29, 2019

CATEGORY: New Business

DEPT.: City Manager's Office

TITLE: **Shenandoah Square Strategy**

RECOMMENDATION

1. Direct staff to modify the Fiscal Year 2019-20 through Fiscal Year 2020-21 Major Goals Work Plan project for the City to "work with the Mountain View Whisman School District to explore the possibility of the District acquiring the Shenandoah Square property and the opportunity for shared uses and affordable housing on the site;" with the City, instead, working with the Mountain View Los Altos Union High School District.
2. Provide direction on the City's strategy related to the U.S. Department of the Army's potential sale or lease of the Shenandoah Square property, including the types of uses, and whether or not to initiate a rezoning or precise planning process.

BACKGROUND

The 17-acre Shenandoah Square property site is an unincorporated "island" within the City of Mountain View located at the northwest corner of Moffett Boulevard and Middlefield Road. The site is under the custody and administration of the U.S. Department of the Army. California Military Communities, LLC (CMC), a public-private partnership between the Army and Clark Realty Capital, manages the site through a ground lease under the Army's Residential Communities Initiative (RCI) for military housing. CMC also manages California properties at Fort Irwin in San Bernardino County and Parks Reserve Forces Training Area (Camp Parks) in Alameda County under the RCI.

Shenandoah Square is currently improved with 126 rental housing units, which the Army considers inadequate and unneeded to meet military housing needs in the area. Several of the units are vacant. The Army indicated they would like to sell the Shenandoah Square property in order to recapitalize their Residential Communities

Initiative family housing program in California. In 2015, CMC submitted a Gatekeeper request to the City which included requests for a General Plan Amendment, new Precise Plan, and annexation of the property into the City in order to allow higher-density, multi-family residential redevelopment of the site. The site is currently a pre-zoned Public Facility.

On December 8, 2015, the City Council authorized staff resources to begin work (starting in summer 2016) on CMC's Gatekeeper request. The Council held a Study Session on November 29, 2016 to provide preliminary direction for a Shenandoah Precise Plan (Attachment 1). Congresswoman Anna Eshoo wrote a letter to then-Mayor Patricia Showalter, which was included as an attachment to the November 29, 2016 Study Session memo. In that letter, Congresswoman Eshoo expressed "strong opposition to the U.S. Army's proposal to sell the 17-acre parcel" and urged the City to suspend work with CMC on the entitlement process until a new public-private partnership was formed by the Army to keep the land under Federal jurisdiction. The Congresswoman's letter further expressed her belief that CMC's proposal to sell Shenandoah Square did not address the impact that selling the property would have on the 108 military and civilian families residing at Shenandoah Square, particularly if the affordable housing at the site was not maintained for existing residents.

At the November 29, 2016 Study Session, the Council provided preliminary direction for a Shenandoah Precise Plan, including:

- Density to be determined by Precise Plan, with a tiered floor area ratio (FAR) program (the Gatekeeper submittal estimated up to approximately 1,200 units at 1.85 FAR);
- Study heights up to seven stories with sensitive transitions to adjacent residences;
- Maximize public neighborhood park area (± 5 acres) with playing fields;
- Affordable housing should exceed City requirements by an amount roughly equivalent to the on-site housing to be demolished (prior estimate: approximately 15 percent to 20 percent); and
- Enhanced tenant relocation program, including potential on-site relocation.

In 2017, CMC requested the City put the Gatekeeper application on hold to allow them to complete what has been a slow-moving Federal process to gain final approvals to market and ultimately convey the property to a developer (by sale or ground lease). Originally, CMC proposed for the City to work on the Gatekeeper project concurrently

with gaining Federal approval for the conveyance. As requested, the Gatekeeper application has been on hold since 2017, and CMC has not communicated successful completion of the property conveyance or interest in restarting the City Gatekeeper process. No future General Plan Amendments or Zoning/Precise Plan work for Shenandoah Square would occur without the City Council directing staff to begin a City-initiated project or authorizing a new request from the Army (or the entity they sell/lease to).

Current City Council Goals Work Plan Project

In response to the Mountain View Whisman School District (MVWSD) expressing interest in acquiring the Shenandoah Square property (Attachment 2), the City Council included a project in the Fiscal Year 2019-20 through Fiscal Year 2020-21 Major Goals Work Plan for the City to work with MVWSD to explore the possibility of the District acquiring the Shenandoah Property and the opportunity for shared uses and affordable housing at the site. Earlier this month, MVWSD's superintendent informed the City that MVWSD was no longer interested in the Shenandoah Square property as a possible school site; however, the Mountain View Los Altos Union High School District (MVLA) has expressed interest.

Staff spoke with the MVLA superintendent and Congresswoman Eshoo's staff on October 24, 2019 and will continue to work with these parties to discuss shared uses of the Shenandoah Square site as directed by Council. The Congresswoman's staff highlighted the Army's need to use proceeds from the sale or lease of Shenandoah Square to repay debts related to its Residential Communities Initiative family housing program in California and acknowledged the challenge of developing a land use and funding strategy that would meet the Army's interests. The Congresswoman's staff suggested that the City and MVLA explore creative solutions, potentially with private sector partners, to develop a plan to purchase or lease the property. They also expressed belief that it may not be effective to initiate a Shenandoah Precise Plan prior to developing a viable plan and funding strategy.

ANALYSIS

If directed by Council, staff will modify the existing City Council Goals Work Plan project to work with MVWSD and instead pursue discussions with MVLA, the Army, and Congresswoman Anna Eshoo to explore the possibility of MVLA acquiring the Shenandoah site and opportunities for shared uses and affordable housing. The preliminary direction that Council provided for a Shenandoah Precise Plan in November 2016 did not consider use of the site for a school. The City Council should

provide initial direction on the types of shared uses and the amount and type of housing they would like staff to propose in discussions with MVLA.

Any purchaser of the property would likely be expected to pay fair market value. Because the Army needs proceeds from the sale of Shenandoah Square to recapitalize their Residential Communities Initiative family housing program in California, they have secured legislative authority under 10 U.S. Code Section 2878(e) (“Inapplicability of Certain Property Management Laws”) to effectively go directly to a public sale of the property. This legislative authority makes the sale of Shenandoah Square exempt from the Federal Property Management Regulations, codified in 41 C.F.R. 101-47.308, which allows state and local agencies, including school districts, to acquire surplus Federal property for deed-restricted public uses at no cost prior to going to public sale. This legislative authority also makes the sale of Shenandoah Square exempt from the McKinney-Vento Homeless Assistance Act, which enables eligible organizations to use unutilized, underutilized, excess, or surplus Federal properties to assist persons experiencing homelessness. Thus, any buyer of the Shenandoah Square property, including the City or the Mountain View Los Altos Union High School District (MVLA), would likely be expected to pay fair market value and may have to compete with the development community in a competitive public sale.

It is often problematic for local agencies to compete in a public sale of surplus Federal property because any bid would be contingent on the approval and appropriation of public funds by the legislative body. Contingent bids are generally not accepted by the Federal General Services Administration.

In the event the Army sells the Shenandoah Square site to MVLA, the City would evaluate necessary zoning changes and the process for those changes based on the proposed uses of the site. Public Facility zoning would be sufficient for the site to be used as a school, but Zoning and/or General Plan Amendments and a Precise Plan would likely be needed to allow affordable housing and other nonpublic facility uses. This process would also be necessary if the Army sells the Shenandoah Square site to a private entity.

After the zoning is changed and a potential Precise Plan is adopted, the City would need to submit an annexation request to the Santa Clara County Local Agency Formation Commission (LAFCO). Once the City process begins, the estimated timeline for approving a General Plan amendment, new Precise Plan, and annexation is 18 to 24 months.

If Council desires for staff to begin work to update the General Plan and zoning of the Shenandoah Square site, it should provide direction to do so. In order for staff to

undertake such work as a City-initiated project, Council would need to provide appropriations for consultant services and other costs, estimated at \$1.75 million. Furthermore, given available staff resources, if Council desires that General Plan and Zoning changes to the Shenandoah Square site be undertaken this fiscal year, Council would need to prioritize such work over existing projects that are in progress and pending on current City work plans.

In May 2019, during the current City Council Major Goals Work Plan goal-setting process, the City Council deliberately prioritized a project to “review and propose revisions to the R3 Zone standards that consider form-based zoning, incentivizing stacked flats, and updated rowhouse guidelines” over a project to develop a Shenandoah Precise Plan. When making this prioritization, Council acknowledged the staffing and financial resources needed for each project in context of those available.

FISCAL IMPACT

There is no fiscal impact if the City Council directs staff to modify the existing City Council Goals Work Plan project to work with MVWSD and instead pursue discussions with MVLA. However, if the Council directs staff to initiate a rezoning or precise planning process in the current fiscal year, it will need to appropriate \$1.75 million for consultant services.

ALTERNATIVES

Direct staff to cease discussions related to the MVLA acquiring the Shenandoah Square property and the opportunity for shared uses and affordable housing on the site.

PUBLIC NOTICING

Agenda posting and copies of report to MVLA and Congresswoman Eshoo's office.

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Attachments: 1. November 29, 2016 Study Session Memo
2. MVWSD Letter Regarding Shenandoah Square Acquisition