

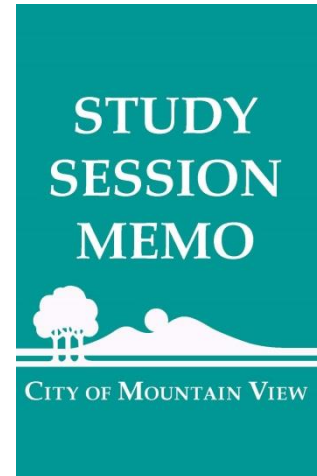
DATE: October 6, 2015

TO: Honorable Mayor and City Council

FROM: Scott Plambaeck, Senior Planner
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VIA: Daniel H. Rich, City Manager

TITLE: **400 San Antonio Road Overview of Proposed
Mixed-Use Project**



PURPOSE

The purpose of this Study Session is to provide an overview of the revised project at 400 San Antonio Road, as well as to obtain Council direction regarding the proposed design, massing, and potential public benefits.

BACKGROUND

Pillar Group Proposal

In January 2013, the City Council authorized staff resources for the consideration of a rezoning of the project site from CRA (“Commercial/Residential-Arterial”) to P (“Planned Community”) District and an amendment to the General Plan Land Use Designation from General Mixed-Use to Mixed-Use Corridor for a mixed-use apartment/retail project proposed by Pillar Group.

Council reviewed Pillar’s proposal at an October 2014 Study Session. At that time, Pillar proposed to redevelop the 5.7-acre site with up to 375 apartment units in four, 4-story buildings over underground parking garages and approximately 9,000 square feet of retail primarily oriented toward San Antonio Road. Council also provided feedback about the location of the 0.5-acre public park and directed staff to include an area of dedicated park land as part of the site area used to calculate the buildable square footage of the project.

Since the October 2014 Study Session, the City has amended the General Plan Land Use Designation from General Mixed-Use to Mixed-Use Corridor and adopted the San Antonio Precise Plan. Pillar Group has subsequently withdrawn their application.

Prometheus Real Estate

Prometheus Real Estate Group (“Prometheus”) is now the applicant and has submitted an informal application for 605 rental apartment units in three buildings (two of the buildings are 5 stories and one building is 7 stories) and approximately 9,200 square feet of retail space. As allowed under the San Antonio Precise Plan, Prometheus requests an increase in the Floor Area Ratio (FAR) of the project from the permitted base level of 1.35 to a Tier 1 1.85 FAR which requires the provision of community benefits. In addition, Prometheus proposes a project that qualifies for additional units under the State’s Density Bonus Law. The density bonus provisions will be discussed in detail later in this report.

The project is scheduled for an informal Development Review Committee (“DRC”) review in November. The environmental review process will begin after the applicant receives feedback from City Council and the DRC. Since the applicant is requesting a Tier 1 project, the Environmental Planning Commission will provide a recommendation for the project prior to final Council review.

Project Site

The project site is located on the west side of San Antonio Road between Miller Avenue and Fayette Drive (referred to as “400 San Antonio Road”) and consists of six parcels totaling 5.7 acres (the exhibit to the right, also see Attachment 1 – Location Map). The parcels are currently developed with commercial and office buildings of approximately 75,500 square feet.

Surrounding Land Uses

The surrounding land uses for the 5.7-acre project site include multi-family housing and commercial buildings to the west, Merlone Geier’s San Antonio project across



San Antonio Road to the east, a parking lot and commercial use across Miller Avenue to the north, and commercial uses and single-story residential to the south. The office building property at the northwest corner of Fayette Drive and San Antonio Road is not controlled by the applicant and will remain an office building. The Hetch Hetchy right-of-way runs between the applicant's property and the office building at the corner.

General Plan and Zoning

The General Plan for the site is Mixed-Use Corridor, which allows a broad range of commercial, office and residential, and public spaces serving both surrounding neighborhoods and visitors from nearby areas. The Mixed-Use Corridor anticipates a land use intensity of 60 units to the acre and FAR of 1.85 and height of 4 stories or up to 6 stories for projects with FAR higher than 1.85.

The zoning designation for the site is the San Antonio Precise Plan. The project site is located in the Mixed-Use Corridor Subarea, which allows residential and commercial uses. The base FAR in the subarea is 1.35, with a 3 story and 45' maximum height. Applicants can apply for a Tier 1 project with a public benefit contribution. The Tier 1 requirements include 1.85 FAR, with a 4 story and 55' maximum height.

DISCUSSION

Proposed Project

The applicant (Prometheus) is proposing to redevelop the 5.7-acre site with up to 605 rental apartment units in three buildings over underground parking garages and approximately 9,200 square feet of retail, primarily oriented toward San Antonio Road (see Attachment 2—Project Plans). Three points of vehicle access are proposed for the site—one from San Antonio Road, a second from Fayette Drive, and a



third from Miller Avenue. The site plan includes two pedestrian/bicycles paths, a north-south path through the site, and a second pedestrian/bicycle path east-west on the south edge of the project adjacent to the future park. Consistent with previous Council direction, the applicant will meet their obligations under the Park Land Dedication Ordinance by dedicating land for a 0.5-acre public park and will pay the balance of the dedication as an in-lieu fee.

The applicant proposes to utilize the State Density Bonus Law and is requesting exceptions from the Precise Plan's maximum height and FAR standards. The State Density Bonus section of the report provides additional details regarding the exception requests.

Below is an overview of the plans:

- **Building Height:** The primary building facing San Antonio Road and Miller Avenue is proposed to be 7 stories and approximately 92' tall. In order to address the massing of the building, the sixth and seventh stories are proposed to be stepped back an additional 10' along San Antonio Road and approximately 10' along Miller Avenue.

The buildings facing the west property line will be 5 stories and approximately 65' tall. The applicant proposes to set back the fifth story of the building facing Fayette Drive approximately 10' and the fourth and fifth stories of the building facing Miller Drive approximately 10'. Both buildings will be approximately 65' tall. The San Antonio Precise Plan limits the height of the buildings to 4 stories and the overall height to 55'. The San Antonio Precise Plan allows up to 5 stories and height of up to 65' on a case-by-case basis if the project provides significant public benefits or major open space improvements. The applicant is requesting an exception of the Precise Plan's maximum height requirements as part of their State Density Bonus application.

Architecture/Site Plan: The applicant proposes modern design while softening the facades with material, color, and modulation. The buildings will be clad in stucco and horizontal wood siding. The design effectively utilizes the site area through underground parking, adequate open space—both public and private—and building layout. Neutral tones with blocks of color and wood express the modulated design of the 5- to 7-story masses. Height variations between the three buildings and floor step-backs articulate the facades and contribute in creating a pedestrian-friendly streetscape. Storefront windows, public access to open space, and varied materials are intended to provide streetscape interest.

Pedestrian/Bicycle Paths: The project proposes two pedestrian/bicycle paths through the site:

- North-South Path: The north-south pedestrian/bicycle path will be open to the public and will connect Miller Avenue to the proposed park.
 - East-West Path: The east-west pedestrian/bicycle path will be open to the public and will connect Fayette Avenue to San Antonio Road. The path is adjacent to the Hetch Hetchy right-of-way because neither the City nor the applicant has rights to install improvements on the Hetch Hetchy right-of-way at this point in time.
- **Floor Area Ratio:** The applicant proposes project FAR of 2.5. The Precise Plan allows a FAR of 1.35 for base projects and 1.85 FAR for Tier 1 projects with the public benefit contribution. The applicant will be required to provide a public benefit for an FAR increase from 1.35 to 1.85. However, the applicant, as part of their State Density Bonus application, is requesting an exception for the 35 percent FAR increase above the 1.85 to 2.50.
 - **Ground-Floor Retail:** The building facing San Antonio Road proposes approximately 9,200 square feet of retail space.
 - **Setbacks:** The applicant proposes to meet the San Antonio Precise Plan minimum setback of 18' from face of curb for San Antonio Road, a minimum setback of 24' from face of curb for Miller Avenue, and setbacks of 25' along the rear property lines.
 - **Open Space:** The applicant proposes to meet the San Antonio Precise Plan open space standard of 175 square feet of common usable open space per unit for a total of 105,875 square feet.
 - **Parking:** The applicant proposes to meet the San Antonio Precise Plan residential requirement of one stall for each studio and one-bedroom unit and two stalls for units of two bedrooms or more and 15 percent of the required parking must be available to guests. The applicant proposes 53 studio units, 345 one-bedroom units, and 207 two-bedroom units, requiring 812 spaces and 37 spaces for the retail spaces.

Staff is generally supportive of the site plan because it provides strong pedestrian and bicycle connection through the site and breaks up the project's large block. The site plan also provides quality public gathering spaces along San Antonio Road. The breaks between the buildings provide visual corridors into the site. In addition, staff is supportive of the buildings opening up to the future park, which visually integrates the private open space with the public open space.

Staff is generally supportive of the proposed architecture and materials, but believes additional refinement is needed for the ground floor and upper floor modulation. Staff and DRC will work with the applicant on the overall architectural design and material.

Question 1:

Is Council supportive of the site plan and general architectural theme of the project?

DENSITY BONUS

In 1979, the State Density Bonus Law was enacted in California to aid the development of affordable housing in the State by providing incentives or concessions for the construction of affordable housing units in residential projects. The intent of the law is to address the shortage of affordable housing by making development of it more financially feasible while reducing barriers within local jurisdictions. The law applies to both rental and ownership housing developments with greater than five units and is separate from the City's Below-Market-Rate (BMR) Housing Program.

The Density Bonus Law is a sliding scale based upon the percentage of units set aside for very low-, low-, or moderate-income households within a proposed development

Percentage Very Low-Income Units	Percentage Density Bonus
5	20
6	22.5
7	25
8	27.5
9	30
10	32.5
11	35

project. Depending on the percentage of units and level of affordability proposed, a developer can request one or more exceptions from development standards and increase the density of the project by a certain percentage (up to a maximum of 35 percent). The higher percentage of affordable units proposed, the higher the requested allowable density increase for the project (see table). The density bonus is calculated based on the maximum allowable density under the applicable zoning designation or General Plan Land Use Designation for the project site.

Two types of exceptions can be requested under State Density Bonus Law: The first is related to financial necessity making a project feasible; the second is related to development standards, which physically preclude the construction of the project.

As long as the applicant demonstrates the requested exceptions are financially or physically necessary in order to construct the affordable housing units, the City cannot prohibit the density bonus request. A density bonus request can only be denied if the applicant fails to demonstrate the requested exceptions are required in order to provide affordable housing or if the project is found to have specific adverse impacts upon public health and safety, the physical environment, historic resources, or is contrary to State or Federal laws.

To further streamline the process for developers, the law also prohibits the act of granting any concession(s) or incentives(s) in and of itself, as necessitating a General Plan amendment, zoning amendment, or other discretionary approval. In other words, the law preemptively allows a developer to request an exception that may exceed the City's General Plan or zoning regulations without requiring an amendment to those regulations and, thus, allow the City to approve a project without penalty even if it violates those regulations. The burden of proof, however, lies on the applicant to demonstrate their density bonus request is in compliance with State Density Bonus Law and the exceptions requested are necessary in order to make the project feasible.

In addition, as part of the intent and implementation of this law, the City is not permitted to apply development standards or additional noncodified requirements that would have the effect of physically or financially precluding a density bonus project.

Project's Density Bonus Request

The applicant is requesting a density bonus of 35 percent above the Tier 1 FAR (1.85) for the San Antonio Precise Plan in exchange for providing 11 percent of the rental units at the very low-income affordability level resulting in an overall FAR of 2.5 (see Attachment 3 – Applicant Letter). The applicant estimates the 1.85 FAR project would yield 400 units and at 11 percent would result in 44 very low-income affordable rental units. Staff analysis indicates the amount to be 50 units. Staff is working with the applicant on the final determination. This is the maximum density bonus permitted under State law. The applicant is also requesting two exceptions of development standards, as follows:

Exception 1: Floor Area Ratio

An exception to exceed the maximum FAR of the San Antonio Precise Plan Tier 1 permitted FAR from 1.85 to 2.5 to accommodate the inclusion of the density bonus units. The base FAR for the San Antonio Precise Plan is 1.35 FAR. The applicant will still need to provide a public benefit to increase the FAR from 1.35 to 1.85 per the requirements of the Precise Plan. Further discussion of potential public benefits is provided later in this report.

Exception 2: Height

An exception to exceed the maximum height for residential development in the San Antonio Precise Plan of 4 stories and 55'. The applicant is proposing 5 stories and 65' for two of the buildings and 7 stories and 92' for one of the buildings.

Analysis

Massing/Height

As described above, the applicant proposes one 7-story building and two 5-story buildings over two levels of underground parking. The San Antonio Precise Plan allows buildings of up to 4 stories. Buildings of 5 stories are allowed case-by-case for a project that provides significant public benefits. The applicant is requesting an exception from the height requirements with their State Density Bonus request.

The maximum height permitted is 4 stories and 55'. The minimum setback is 18' along San Antonio Road, 24' along Miller Avenue, and 25' along the rear property lines. The Precise Plan does require upper floors to be stepped an additional 10' for buildings above the 4 stories.

7-Story Building

The applicant proposes the 7-story building along the San Antonio Road frontage that wraps around to the Miller Avenue frontage. Overall, the building will be 92' tall. Sheets A400 and A410 provide building sections and height of the buildings. The height and massing of the building is similar to the approved Merlone Geier Phase II buildings across San Antonio Road. The San Antonio frontage will have retail on the bottom floor and six levels of units above. Floors two through five are set back 28' from the face of curb and floors six and seven are set back 36' from face of curb. For the

Miller Avenue frontage the floors one through five will be set back 24' from face of curb and floors six and seven an additional 10'.

5-Story Buildings

The 5-story building on Miller Avenue also faces the project's west property line. This building steps down to 5 stories to address the lower density found in the Miller Avenue neighborhood. The overall height of the building is 64'. The building on the adjacent property east of the site is a 2-story apartment building. The building is set back 25' from the east property line and floors four and five are set back approximately 10' to provide appropriate transition between proposed building and the adjacent structure.

The 5-story building on Fayette Drive is adjacent to a 3.5-story apartment building that is 40' tall. The proposed building is set back 25' from the west property line and the overall height of the building is 65'. The fifth floor of the building is stepped back approximately 10'. Fayette Drive has several 3-story residential buildings and the massing of the building is appropriate for the Fayette Drive neighborhood.

Staff Comments

The project qualifies for a density bonus. The extra units can be accommodated by expanding the building footprint, thereby reducing open space, and building separation, or by increasing the building heights. Staff believes the applicant has accommodated the additional units in an appropriate way.

The 7-story massing is appropriate along San Antonio Road and will be compatible with the height and massing of the Merlone Geier project across the street at the San Antonio Center. The applicant is stepping back the upper floors and providing a strong retail base to help break up the massing of the building. The applicant could request buildings taller than 5 stories along the west property line. Instead, the applicant addresses the lower density of the neighborhood west of the project site by proposing 5-story buildings and stepping back the upper floors of the buildings.

Question 2:

Is Council supportive of 7 stories along San Antonio and Miller Avenue with the proposed ground-floor retail and upper floor step-backs? Is Council supportive of the 5-story buildings with the upper floor step-backs proposed for the portion of the site adjacent to the residential neighborhood to the west?

Public Benefit

The San Antonio Precise Plan requires a public benefit contribution for projects proposing an increase of intensity from a base FAR of 1.35 to a Tier 1 FAR of 1.85. The State Density Bonus does not preclude the public benefit requirement of the Tier 1 project. If Council does not support the Tier 1 project then the density bonus would be calculated on 1.35 FAR base projects and the City would not receive a public benefit. Table 1 of the Precise Plan lists potential public benefits, which are described below (see Attachment 4 – List of Public Benefits).

- Affordable Housing
 - Provisions of units over and above the amount required under existing regulations. On-site units preferred over off-site units.
- Pedestrian and Bicycle Amenities
 - On- and off-site pedestrian and bicycle improvements.
- Public Parks and Open Space
- Other including:
 - Contributions to and/or space provided for community facilities, affordable small business, etc.
 - Providing publicly accessible parking to serve areawide/shared parking needs.
 - Off-site utility infrastructure improvement beyond those required to serve the development.
 - Funds in lieu of development. The estimated in-lieu fee would be \$2,503,390 based on lot square footage x 0.5 FAR x \$20.

The City's draft Bicycle Transportation Plan Update recommends several active transportation improvement projects in the San Antonio Precise Plan area. The Council could select one or more of those projects as potential candidates for public benefit projects. The Council could also require that the developer make a contribution

towards these or similar projects. Final selection, prioritizing, and funding of specific projects could then be done as part of the annual Capital Improvement Program process.

Question 3:

Does Council support a Tier 1 FAR project for this site? If so, does Council want staff to negotiate a specific public benefit or accept the in-lieu fee of approximately \$2.5 million?

RECOMMENDATION

Staff recommends Council provide direction on the following topics discussed in this memorandum:

Question 1:

Is Council supportive of the site plan and general architectural theme of the project?

Question 2:

Is Council supportive of 7 stories along San Antonio and Miller Avenue with the proposed ground-floor retail and upper floor step-backs? Is Council supportive of the 5-story buildings with the upper floor step-backs proposed for the portion of the site adjacent to the residential neighborhood to the west?

Question 3:

Does Council support a Tier 1 FAR project for this site? If so, does Council want staff to negotiate a specific public benefit or accept the in-lieu fee of approximately \$2.5 million?

NEXT STEPS

Based on City Council input, the applicant will revise the project as necessary and continue the development and environmental review process for the project. The project and environmental review, will be presented to the City Council for a final decision.

PUBLIC NOTICING

The meeting agenda and Council Study Session memorandum were posted on the City website and announced on cable television Channel 26. All property owners within a 300' radius of the project site and other interested stakeholders were notified for this meeting.

SP-TB-RT/7/CAM
804-10-06-15SS-E

- Attachments:
1. Location Map
 2. Project Plan
 3. Applicant Letter
 4. List of Public Benefits