



September 12, 2022
Community Development Department, Planning Division
500 Castro Street
Mountain View, CA 94040

Mrs. Rebecca Shapiro,

Density Bonus Application

Pursuant to the State Density Bonus Law (Government Code Sections 65915 et seq.) and the City's Density Bonus Ordinance, the base residential density applicable to the Project is 41 dwelling units per the FAR calculation method and the Project Sponsor is proposing a project of 62 units. The Density Bonus in this case would be applied to the Tier 1 FAR per the Public Benefit which is 1.85.

To meet the City's Affordable Housing requirements of 15 % BMR at two income levels the Project Sponsor will provide three (3) Moderate Income BMR units and four (4) Low Income BMR units (41 Units x 15% = 6.15) for a total of seven (7) BMR units.

The seven (7) BMR units represent 17.0% affordable units (7 / 41 = 17% of base project). In addition, the project will provide six (6) additional Low Income units. The ten (10) total Low Income units represent 24.39% Low Income affordable units (10 / 41 = 24.39% of base project) which entitles the project to a 50% Density Bonus. In total the proposed project will provide thirteen (13) affordable units built on-site equaling 31.70% of the base project as affordable units. The 50% Density Bonus will be applied to the 1.85 FAR. $1.85 \text{ FAR} \times 50\% = .93 \text{ FAR}$ added to the 1.85 FAR for a total of 2.78 FAR.

Density Bonus Law Explanation

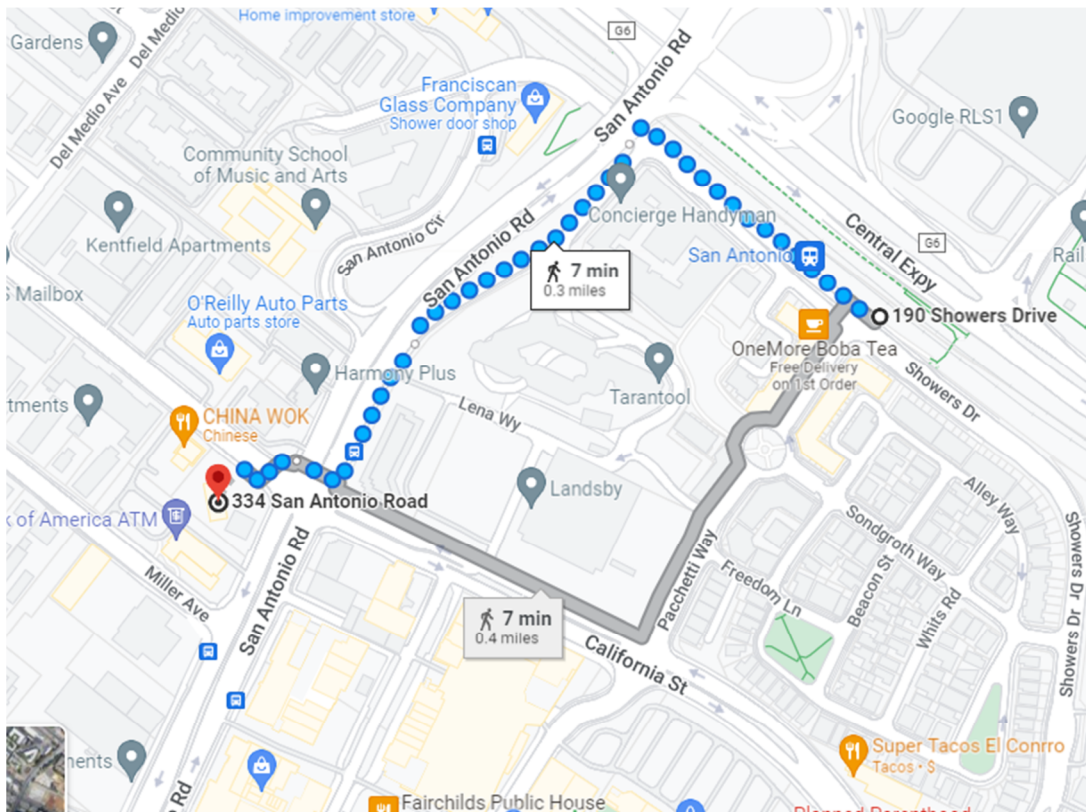
The purpose of the State Density Bonus Law (DBL) is to encourage cities to offer bonuses and incentives to housing developers that will "contribute significantly to the economic feasibility of lower income housing in proposed housing developments." (Gov. Code Section 65917.) The State Density Bonus Law has four distinct primary components: (1) Density Bonuses; (2) Incentives/Concessions; (3) Development Standard Waivers; and (4) Parking Standards. Although interrelated, each component serves a different purpose and is governed by unique standards as follows:

1. Section 65915(b) (1) of the State Density Bonus Law provides that requests for a density bonus *must* be granted "when an applicant for a housing development seeks and agrees to construct a housing development" that meets one or more of the statute's thresholds. Our proposed development will provide 24% of the Specific Plan allowed density (i.e. calculated to be ten (10) units) to households that meet the "Low" income qualification, which would entitle it to receive a 50% density bonus over and above the maximum density allowed in the General Plan.
2. Section 65915(d)(2)(B) of the State Density Bonus Law provides that requests for Incentives or Concessions must be granted when an applicant for a housing development seeks and agrees to construct a housing development" that meets one or more of the statute's thresholds. The number of Incentives and concessions to which a project applicant is entitled depends upon the percentage of Very Low, Low-, or Moderate-income units provided. The project applicant is entitled to receive (3) three incentives for projects that include at least 24% of the base units for low income households, as is the case here. The incentives or concessions requested are ones that are "proposed by the developer" and result "in identifiable and actual cost reductions to provide for affordable housing costs". The applicant proposes using the three incentives or concessions

as follows: The first incentive/concession will be used to alter the percentage of one-bedroom BMR units versus two-bedroom units. The second incentive/concession will be used to alter the locations of BMR units within the building. The third incentive/concession will be used to reduce the requirement for an average AMI of 100% for the affordable housing units.

3. The third component of the State Density Bonus Law, Development Standard Waivers, is separate from and in addition to requests for incentives. The law states that a density bonus applicant may request a waiver or reduction of development standards that would have the effect of physically precluding the construction of the project at the densities or with the incentives permitted under the statute. Section 65915(e) (1). The definition of a “development standard” includes a site or construction condition, including, without limitation, local height, setback, floor area ratio, onsite open space, and parking area ratio requirements that would otherwise apply to residential development pursuant to ordinances, general plan elements, specific plans, charters, or other local condition, law, policy, resolution, or regulation. Section 65915(o) (1). A request for a development standard waiver neither reduces nor increases the number of incentives to which the developer is otherwise entitled. Section 65915(e) (2). Furthermore, there is no limit on the number of waivers that may be issued. The design team has made significant efforts to comply with the original intent of the San Antonio Precise plan. The proposed development will specifically require the following Development Standards Waivers; Building Height, Common Open Space, Frontage Step Back, Retail Space Depth, and California Street Setback as outlined below in order to physically achieve the Density Bonus on the .62 acre subject site, however we reserve the right to request other waivers consistent with the DBL should necessity dictate, subject to review by the City.

4. The fourth component of the State Density Bonus Law concerns the project parking ratio. In addition to the incentives allowed under Section 65915(d), an applicant may request that the city not require a vehicular parking ratio for a density bonus project that exceeds the following: 1 onsite space for 0-1 bedroom; 2 onsite spaces for 2-3 bedrooms; and 2.5 onsite spaces for four or more bedrooms. (Section 65915(p) (1).) Furthermore per 65915 as amended by AB 744 Section (p)(3)(A) If the development is located within one-half mile of a major transit stop, as defined in subdivision (b) of Section 21155 of the Public Resources Code, and there is unobstructed access to the major transit stop from the development, the ratio shall not exceed 0.5 spaces per unit. Please see the map below for the distance to the station. In addition there is a Civil Document in the submittal package showing the overall distance at less than ¼ mile. The proposed development will implement the .5 parking spaces per unit as outlined in the attached submittal package. 1 parking space will be provided for each unit (62) and the balance of the spaces will be unbundled and sold or used for retail, additional guest or resident parking.



Concessions / Incentives

Concession or Incentive: By meeting State Density Bonus requirement of at least 15 percent of the base units for very low-income households, the Project shall receive three (3) concessions or incentives per Government Code Section 65915(d)(2)(B) and Section 36.14.45 of the Mountain View Code of Ordinances. The Project is eligible for three (3) concessions and unlimited Waivers; The concessions requested are ones which are “proposed by the developer” and result “in identifiable and actual cost reductions to provide for affordable housing costs”. Additionally, the requested concessions would not result in any “adverse impact...upon public health and safety or the physical environment or on any real property that is listed in the California Register of Historical Resources” nor would it be “contrary to state or federal law”. (Government Code Section 65915(d)(1)).

Concession/Incentive 1: Affordable Housing Unit Mix

The applicant is requesting a concession to adjust the mix of the Affordable Housing units which is the same concession the Fayette Development used and was approved by City Council in December of 2020. The applicant is suggesting (11) one-bedroom and (2) two-bedroom Affordable Units. A mix with more Two Bedrooms and Three Bedroom units would include roughly 13,505 square feet (living) versus the 10,400 square feet (living) for the thirteen (13) units proposed. With land costs of \$175 per developable square foot and actual build and financing costs of about \$650 per developable square foot, the value of the subsidy *without* the concession would be approximately \$6.62M (development cost: 13,505 SF x 1.15 x (175 + 650) = \$12.81M; the sales price: \$6.09M; subsidy *without* concession: \$12.81M - \$6.09M = \$6.72M. The value of the subsidy *with* the concession would be approximately \$4.19M (development cost: 10,400 SF x 1.15 x (175 + 650) = \$9.87M; the sale price: \$5.68M; subsidy *with* concession: \$9.87M - \$5.68M = \$4.19M). Therefore, the reduction in development cost is \$2.53M (\$6.72M - \$4.19M = \$2.53M). A mix with more Two Bedroom units would increase the “actual cost” of providing the affordable units. By offering the proposed mix of affordable units, more potential home owners will be able to purchase a unit.

Mix		Cost	Sales Price	Loss
Standard	(8) 2-Beds Low Income		\$3.30M	
	(2) 2-Beds Moderate Income		\$1.41M	
	(1) 1-Beds Moderate Income		\$0.66M	
	(2) 1-Beds Low Income		<u>\$0.72M</u>	
	(13) Total	\$12.81M	\$6.09M	\$6.72M
Adjusted	(10) 1-Beds Low Income		\$3.61M	
	(1) 1-Beds Moderate Income		\$0.66M	
	(2) 2-Beds Moderate Income		<u>\$1.41M</u>	
	(13) Total	\$9.87M	\$5.68M	\$4.19M

Approximate Sales Prices

- 1-Bedroom Low Income - \$360,982K (80% AMI)
- 1-Bedroom Moderate Income - \$656,592K (120% AMI)
- 2-Bedroom Low Income - \$411,961K (80% AMI)
- 2-Bedroom Moderate Income - \$704,921K (120% AMI)

The Project Sponsor requests the following mix of BMR units as a concession:

BMR Unit Summary

One Bedroom Units:	10 - Low Income
One Bedroom Units:	1 – Moderate Income
<u>Two Bedroom Units:</u>	<u>2 – Moderate Income</u>
Total BMR units:	13

Concession/Incentive 2: Affordable Housing Unit Locations

The applicant is requesting a concession to adjust the locations of the Affordable Housing. Per the outline below and the attached report by Polaris Pacific this Concession will result in an approximately \$700,000.00 savings in revenue for the project applicant. As shown in Table 1 below, **a loss of \$692,760 will be incurred** if 334 San Antonio Road moves forward with the Maximum Disbursed BMR Option instead of the Applicant-Proposed BMR Option. Under the Maximum Disbursed BMR Option, BMR units are in areas of the building with better views and larger home sizes. Placing the BMR homes in those locations prevents the developer from capturing the view and location premiums these could achieve, thus leading to an approximately \$700,000 loss of revenue.

Table 1: Summary of Revenue Loss

	Applicant-Preferred Option	Maximum Disbursed Option	Applicant Loss of Revenue
Total Revenue	\$14,066,475	\$14,762,625	\$696,150

Concession/Incentive 3: Requirement for 100% average AMI

The applicant is requesting a concession that would allow the average AMI of the affordable housing units to be reduced from 100% AMI to the values based on the calculations below. In order to maintain the Density Bonus required to make the project feasible the applicant needs to maintain the 10 Low Income units. Therefor the requirement for the 100% AMI would require the applicant to increase the Moderate Income units while maintaining the Low Income unit count. Based on the calculations the applicant would need to increase the Moderate Units by 1 and 7 respectively. Therefor this concession would provide actual savings to the applicant of \$615,079.00 or \$4,305,553.00

Average AMI Calculations

$$\text{Required BMR: } \frac{4 \text{ Units} \times 80\% \text{ AMI}}{7 \text{ Units}} + \frac{3 \text{ Units} \times 120\% \text{ AMI}}{7 \text{ Units}} = 45.71 + 51.43 = 97.14\%$$

$$\text{Total BMR: } \frac{10 \text{ Units} \times 80\% \text{ AMI}}{13 \text{ Units}} + \frac{3 \text{ Units} \times 120\% \text{ AMI}}{13 \text{ Units}} = 61.54 + 27.69 = 89.23\%$$

2 Bedroom Moderate Unit sales price:	\$704,921.00 (120% AMI)
2 Bedroom Market Rate Unit sales price:	\$1,320,000.00
Loss per Unit:	\$615,079.00

Waivers

Waiver or Reduction of Development Standards: Government Code Section 65915(e) and Section 36.14.50(a) of the Mountain View Code of Ordinances provide that the City may waive or reduce development standards that would have the effect of physically precluding the construction of the development. The project is allowed unlimited Waivers. The Density Bonus provides for 21 additional units, those units comprise approximately 19,993 SF of living space. The following waivers are required to provide the Density Bonus units, without these waivers the project cannot be developed:

Waiver 1: Building Height

The San Antonio Precise Plan allows a maximum height of four stories and 55', but allows up to five stories and 65' to be considered on a case-by-case basis subject to the provision of a significant Public Benefit or major Open Space improvements per Figure 4-2. The Project requests a Building Height waiver to accommodate the development above 55'. The requested Waiver Height is 68'-9" which is proportional to the 55' height limit at 4 stories ($55' / 4 = 13.75' \times 5 = 68.75'$). The following table outlines the heights of the various building elements.

ELEMENT

Roof Deck Surface	61	'	10	"
Highest Roof Membrane (1/2":12" slope)	63	'	10	"
Roof Terrace	64	'	10	"
Parapet, Typical Unless Otherwise Noted	64	'	10	"
Roof Terrace Guardrails	68	'	10	"
Parapet, Towers	70	'	6	"
Roof Mechanical Screen Canopy	72	'	10	"
Stair Towers (South & North)	74	'	10	"
Elevator Tower	78	'	10	"

With a base roof height of 68'-9" the roof parapets can be 72'-9" as a 4' parapet is exempt from the height requirements per MVMC Sec 36.08.30. Therefor all of the parapets comply. Per SAPP Encroachments and Exceptions pg. 85 rooftop amenities are allowed 10' of additional height with a Provisional Use Permit, therefor the stair towers are allowed to be 78'-9" without additional waivers. In addition, Elevator Heights are also allowed to be higher than the 10' of additional height per SAPP Encroachments and Exceptions pg. 85 but the allowed height is not defined. As we are within 1" of the 10' exception we believe the Elevator Tower complies. The Project requires a minimum of five stories to accommodate the additional 24,706 SF provided by the Density Bonus units. This Height Waiver is similar to the recently approved Fayette and The Dean development projects which are 6 stories and 75' and seven stories and 92' respectively, considerably taller than this request. The additional story provides approximately 12,542 SF of living space which is 51% ($12,542/24,706$) of the Density Bonus square footage. Without the waiver of the Building Height requirement, the density bonus Project could not be constructed.

Waiver 2: Common Open Space

Based on the City of Mountain View San Antonio Precise Plan Section 4, page 76, Common Open Space equaling 175 SF per unit is required which totals 10,850 SF (62 Units x 175 SF). The Project requests a Common Open Space waiver to reduce the Common Open Space by 2,726 SF or approximately 25%. Due to the City's Reach Codes, which include requirements for 50% of the roof to be allotted to photovoltaic panels, the Roof Deck area available for Common Open Space is 3,527 SF maximum. The

Ground Level open space provided is 4,597 SF with a combination of Public Open Space and Private Open Space. This Common Open Space totals 8,124 SF where 10,850 SF is required for a delta of 2,725 SF. When multiplied by the 4 stories the resultant impact of the reduction to the Common Open Space is 10,904 SF (2,725 x 4 stories [5th floor is counted in Waiver 1]). The 10,904 SF of living space provided by the reduction of the Common Open Space is 44% (10,904/24,706) of the living space provided by the Density Bonus units. Without the waiver of the Common Open Space requirement, the density bonus Project could not be constructed.

Waiver 3: Frontage Step Back

The San Antonio Precise Plan states in Table 4-5 for Frontage and Setback Standards, “Where more than 4 stories are allowed (See Tables 4-3 and 4-4), 80% of a building’s linear frontage above 4 stories must step back a minimum of 10’ on every street the project faces.” The applicant is requesting a waiver to reduce the required Step Back to 8’ from the required 10’ for sections along both frontages frontage. This is similar to the approved waivers for the adjacent Fayette Project and the Dean developments. On San Antonio Road the building has approximately 111 feet of frontage which would allow approximately 22 linear feet of frontage (20%) to be within the 10’ step back zone. As designed the building has 43 feet of frontage that encroaches 2’ into the 10’ step back zone. 20 feet is used at the corner of the building, per the SAPP, to create a tower element. The result, (43’-22’ =21’) 21 additional feet of building that encroaches 2 feet into the required 10 feet step back zone for a total of 42 SF of living space. On California Street the building has approximately 162 feet of frontage which would allow approximately 32 linear feet of frontage (20%) to be within the 10’ step back zone. As designed the building has 62 feet of frontage that encroaches 2’ into the 10’ step back zone. This results in 30 feet of building that encroaches 2 feet into the required 10 feet step back zone for a total of 60 SF of living space. The Project requires a waiver from this requirement so that the upper story step back provided is 8’ as opposed to 10’. By providing the waiver in this manner we meet the overall percentage of required step back at the 8’ dimension. The 102 SF of living space provided by the reduction of the Frontage Step Back is 0.004% (102/24,706) of the living space provided by the Density Bonus units. Without the waiver of the Frontage Step Back requirement, the density bonus Project could not be constructed.

Waiver 4: Retail Space Depth

The San Antonio Precise Plan states in Chapter 4 on Page 89 that Retail space should be 40’ deep. Due to the odd shape of the lot and the desired articulation of the street level façade the Retail space averages 27.4’ in depth. This is required to provide a useable Residential Lobby, functional Dwelling Units on the First Floor as well as proper exiting from the Basement Levels. This depth is viable for a number of uses and some of the potential allowed uses are not “Retail” and under CUP it could be office. The space as designed is approximately 73’ in width so the waiver in depth of 12.6’ would result in 920 SF of living space. The 920 SF of living space provided by the reduction of the Retail Depth Waiver is 0.037% (920/24,706) of the living space provided by the Density Bonus units. Without the waiver of the Retail Space Depth requirement, the density bonus Project could not be constructed.

Waiver 5: California Street Setback

The San Antonio Precise Plan states in Table 3-5 for Neighborhood Streets that a 24’ Frontage Setback is required, which the original project design provided. During the design of the project Public Works has conditioned the project to provide 4.5’ of frontage along California for widening of the street. This increase in the street width combined with the 24’ setback would be detrimental to the density of the project. Therefore the applicant is requesting a waiver to reduce the setback along California Street to 19.5’. This reduction allows the project to remain in its original configuration and at the target density.

The 24' setback would require the reduction of the building footprint which would translate to a reduction of living space at floors 1-4 totaling approximately 616 SF. The 616 SF of living space provided by the setback waiver is 0.025% (616/24,706) of the living space provided by the Density Bonus units. Without the waiver of the setback, the density bonus Project could not be constructed.

Waiver 6: Raised Residential Entrances

The San Antonio Precise Plan Chapter 4, Section D, Page 83 states that Residential Entrances along public streets, greenways, and flexible connections, should be raised 2'-5' and should face the street, greenway, or connection. This project only has one unit that meets these criteria as the private courtyard is not included in those requirements. The unit that meets these criteria is along California Street and is adjacent to the transformers and trash staging area. This requirement causes numerous ADA accessibility issues within the building as all units are required to be adaptable. Because ALL units are required to be adaptable we cannot raise one individual unit within the building. The entry door to this unit needs to be on an accessible route which means it cannot be stepped up from the main hallway that accesses all of the other units. In addition, the patio cannot be the main entry to the unit as it is also not on an accessible route. Stepping up to the patio, by definition, makes this entry inaccessible. In an effort to meet the spirit of the guideline we have the Entry to this Unit raised 9.6" from the adjacent sidewalk. This is as high as this patio can be because it is required to be flush with the finished floor inside the unit so that the patio is accessible from the unit. We have also designed this patio with a fence, gate, and trellis to enhance the separation of the entry from the sidewalk and further enhance the frontage. We are seeking a Waiver for the additional 14.4" required vertical separation because we cannot meet the required accessibility standards in the California Building Code. This waiver does not provide any additional square footage to the building.

Conclusion

The concessions and waivers requested are necessary to construct the project with the Density Bonus units as well as the additional Affordable Units (not included in the above calculations) provided above the City requirements. In addition the requested Concessions/Incentives and waivers are proportional to the amount of the Density Bonus the applicant is entitled to. Waivers 1 through 6 provide a total increase of livable SF of 25,084 SF which is less than 0.015% more than the square footage provided by the Density Bonus units of 24,706 SF.

The waivers of development standards requested above will not have a specific, adverse impact upon health, safety, or the physical environment, for which there is no feasible method to satisfactorily mitigate or avoid the specific adverse impact. The proposed modifications are similar to those for projects recently approved by the City Council, and will be compatible with buildings and uses in the San Antonio Precise Plan.

Please let us know if you require any additional information. Thank you for your consideration of this exciting new development and a great addition to the San Antonio urban corridor.

Sincerely,



Mircea Voskerician
Managing Member
334 San Antonio LLC