

DATE: September 28, 2021

CATEGORY: Public Hearing

DEPT.: Community Development

TITLE: **Residential Development at 1919-1945 Gamel Way, 574 Escuela Avenue, and 1970 Latham Street**

RECOMMENDATION

1. Find the proposed project to be exempt from review under the California Environmental Quality Act pursuant to CEQA Guidelines Section 15332 (“In-Fill Development Projects”).
2. Adopt a Resolution of the City Council of the City of Mountain View Ordering the Conditional Vacation of Gamel Way as a Public Street and Public Easements Thereon, to be read in title only, further reading waived (Attachment 1 to the Council report).
3. Approve the Key Terms for the Sale of 26,008 Square Feet of a Former City Street and Easements Upon the Vacation of Gamel Way to D/S Gamel Way LLC for \$4,800,000 plus enhanced tenant relocation benefits.
4. Authorize the City Manager or designee to negotiate and execute a Purchase and Sale Agreement and take all necessary actions related to the sale of the City-owned portion of Gamel Way upon the vacation of Gamel Way to D/S Gamel Way LLC.
5. Adopt a Resolution of the City Council of the City of Mountain View Declaring the City-Owned Portion of Gamel Way to be Exempt Surplus Land Pursuant to Government Code Section 54221(f)(1)(E) Upon the Vacation of Gamel Way as a Public Street, to be read in title only, further reading waived (Attachment 2 to the Council report).
6. Adopt a Resolution of the City Council of the City of Mountain View Conditionally Approving a Planned Unit Development and Development Review Permit for a Four-Story, 121-Unit Residential Condominium Project with a State Density Bonus and a Heritage Tree Removal Permit to Remove 12 Heritage Trees at 1919-1945

Gamel Way, 574 Escuela Avenue, and 1970 Latham Street, to be read in title only, further reading waived (Attachment 3 to the Council report).

7. Adopt a Resolution of the City Council of the City of Mountain View Conditionally Approving a Vesting Tentative Map to Create 121 Condominiums and One Common Lot at 1919-1945 Gamel Way, 574 Escuela Avenue, and 1970 Latham Street, to be read in title only, further reading waived (Attachment 4 to the Council report).

BACKGROUND

Project Site

The project site is located on the west side of Escuela Avenue, between Mount Vernon Court and Latham Street, in the R3-1 (Multiple-Family Residential) District. The multi-property project site includes seven parcels totaling 2.3 acres and is developed with seven 2-story residential buildings containing 29 rental units. The site is surrounded by multi-family residential land uses to the north, west, and south, and Mariano Castro Elementary School and multi-family developments across Escuela Avenue to the west. The neighborhood contains a mix of multi-family and single-family residential uses with commercial uses located close to the site, along Latham Street and El Camino Real.

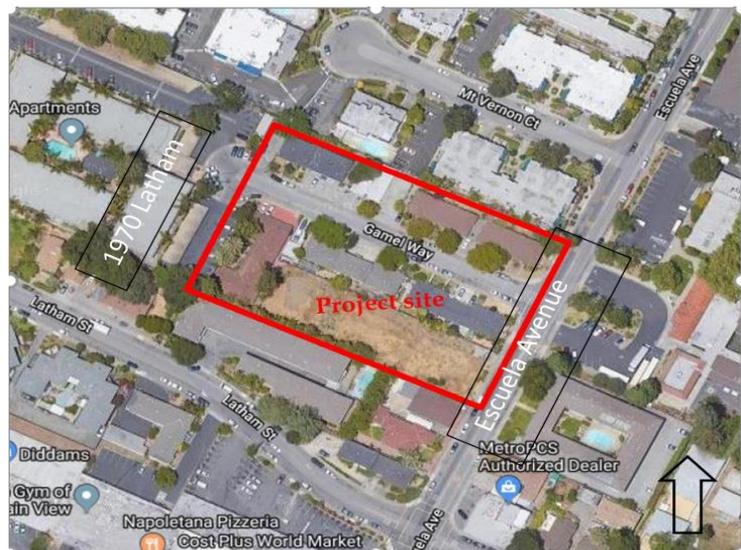


Figure 1: Location Map

Project Description

The project applicant, D/S Gamel Way LLC, proposes to redevelop the project site with a four-story, 121-unit residential condominium building with a one-story underground parking garage. The project applicant proposes to purchase Gamel Way, a public street owned in fee with an area of 21,100 square feet or 0.48 acre, and the bulb-out of the cul-de-sac with an area of 4,908 square feet or 0.11 acre (for a total of 26,008 square feet or 0.59 acre) that separates the seven parcels mentioned above. Including Gamel Way, the

project site area is 2.3 acres (see Attachment 5—Project Plans). A detailed discussion related to the vacation of Gamel Way and sale of the City-owned land to the applicant is provided later in this report.

Previous Meetings and Public Hearings

Neighborhood Meeting

A neighborhood outreach meeting was held via Zoom on August 19, 2021. Ten (10) people attended the meeting expressing concern with parking, pedestrian circulation through the site, and traffic. Additional questions were focused on the number of replacement units and below-market-rate (BMR) units and the Surplus Land Act. These questions are addressed later in this report.

Additional tenant meetings were held separately and are described later in this report.

Development Review Committee

The project was reviewed by the Development Review Committee (DRC) at three meetings where the DRC provided feedback and recommended site and architectural changes on several iterations of the project design. Key changes based on the DRC direction included: roofs were lowered on all buildings; the balconies have been symmetrically placed on protruding building volumes; and windows have been inserted between the storage units to create a regular pattern and eliminate blank walls. The project received a final recommendation of conditional approval from the DRC in June 2020. Specific DRC design recommendations for City staff to review with the building permit submittal are included as Condition of Approval No. 12 in Attachment 3.

Administrative Zoning/Subdivision Committee Public Hearing

The project was reviewed by the Zoning Administrator and Subdivision Committee on August 25, 2021, who recommended it for approval. There were two speakers at the hearing, expressing concern that the tenants have not had a chance to review the enhanced tenant relocation benefits, and three letters were received prior to the meeting (see Attachment 6—Public Comment Letters). Comments received raised questions about how the project qualifies for “In-fill Development Project” under the California Environmental Quality Act (CEQA) and how low-income people can afford to pay the Homeowners Association fees for the condominium unit and related questions on affordability. These questions are addressed later in this report.

ANALYSIS

Senate Bill 330

Senate Bill (SB) 330 (the Housing Crisis Act of 2019) took effect on January 1, 2020, and its provisions regarding replacement units and tenant relocation benefits apply to residential projects with applications not deemed complete under the Permit Streamlining Act, prior to January 1, 2020. This project's application was deemed complete prior to January 1, 2020; therefore, the provisions of SB 330 do not apply to this project.

Under the Permit Streamlining Act, after the development submits its formal development application, the City has 30 days to review the application for completeness and return written comments identifying deficiencies. With each submittal by the developer, the City has 30 days to review the application submittal for completeness in this manner. For this project, one of the incompleteness letters was sent a day late after the 30 day review period expired on July 24, 2019, and the application was thus deemed complete by law.

The project review process is multi-faceted, detailed, iterative, and involves input from multiple divisions and departments. Prior to the enactment of SB 330, most cities strived to meet the 30-day deadline for completeness letters but could occasionally be delayed due to workloads and the need to coordinate and reconcile comments between various departments before sending incompleteness letters to the applicant. The application process was also cooperative with applicants and cities working together to ensure that an application not only met the strict standards but also incorporated input on architectural guidelines, concerns from neighbors, etc.

Since SB 330 and its revisions to the Housing Accountability Act went into effect in 2020, additional requirements and pressure have been placed on cities to revamp their processes, meet stringent timelines, and make all requirements available to applicants before they apply. Over the past year and continuing into this year, the City is significantly revamping its application forms, standards, and processes to comply with these requirements.

SB 330 also places obligations on a housing project with a complete application on or after January 1, 2020 to: (i) replace "protected units"; and (ii) provide enhanced relocation benefits to tenants. "Protected units" are defined as units that are either occupied by tenant households who either have very-low incomes (50% of Average Median Income (AMI) or below) or low incomes (80% AMI or below). Additionally, units that are deed-restricted as affordable or those that are rent-controlled are also

considered protected. In this case, the existing apartment buildings have several tenants with very-low and low incomes. Additionally, all the units are rent controlled under the City's Community Stabilization and Fair Rent Act (CSFRA) and are considered "protected units" under SB 330. Therefore, if subject to SB 330, all existing units would be required to be replaced with units affordable to low-income households ("low-income units") at a minimum, and units occupied by very-low income households must be replaced as very-low income units.

In this case, because the application was deemed complete on July 24, 2019, the project was not required to comply with these requirements under SB 330. However, **both the replacement requirements for "protected units" and SB 330 relocation benefits are being provided to tenants for the reasons noted below:**

- Replacement Units: To qualify for a density bonus, the State Density Bonus Law requires the project to replace the 29 existing units with affordable units, which the project proposes to do. Based on income information provided by all but one tenant household, the project will be required to provide nine very-low income units and the 20 remaining units as low-income units. If the remaining tenant declines to provide their income information by the deadline to apply for Tenant Relocation Assistance Ordinance (TRAO) benefits (which is the date by which tenants have to vacate their units or six months before demolition), the unit occupied by that tenant will be replaced as a low-income unit.
- Relocation Requirements: As part of the deal terms negotiated with the applicant for the sale of Gamel Way, the applicant will provide enhanced tenant relocation benefits that are comparable to SB 330 tenant relocation requirements. This item is discussed in greater detail in the street vacation and density bonus sections of this report.

General Plan and Zoning

The site's General Plan Designation of Medium High-Density Residential (26 to 35 dwelling units per acre (du/ac)) allows residential projects up to 35 units per acre, thereby allowing up to 80 units on this site. The project's proposed density of 52.5 units per acre exceeds the maximum allowed through a 50% State Density Bonus request.

The proposed project is consistent with the General Plan's vision for the area, including compliance with the following General Plan policies:

- ***LUD 6.1: Neighborhood character.*** Ensure that new development in or near residential neighborhoods is compatible with neighborhood character.

- **LUD 6.3: Street presence.** Encourage building facades and frontages that create a presence at the street and along interior pedestrian paseos and pathways.
- **LUD 9.1: Height and setback transitions.** Ensure that new development includes sensitive height and setback transitions to adjacent structures and surrounding neighborhoods.
- **LUD 10.1: Sustainable design and materials.** Encourage high-quality and sustainable design and materials.

The zoning designation for the site is R3-1 (Multiple-Family Residential), which allows a base floor area ratio (FAR) of 1.05 and maximum height of 45' or three stories. The project meets the development standards of the R3-1 District with the exception of the standards for which waivers are requested under the density bonus request, which include waivers for height, FAR, building coverage, setbacks, and common open area. Based on State Density Bonus Law, the project is consistent with the General Plan and zoning designation with approval of the density bonus request.



Figure 2: Site Plan

Density Bonus

The project proposes a 50% density bonus. The applicant is requesting application of provisions of State Density Bonus Law, which allows for additional units above the maximum density in the General Plan and zoning district, as well as concessions or incentives, and waivers of development standards for projects providing certain amounts and types of affordable units. The City cannot deny requested concessions that result in cost savings, waivers, or reductions in development standards unless they would cause specific adverse impacts to public health and safety, the physical environment, historic properties, or would violate State law. The applicant’s density bonus request is included as Attachment 8.

As noted earlier, State Density Bonus Law also requires the replacement of all “protected” units on a site. These include units that are occupied by low- or very low-income households (80% or below AMI) and all CSFRA units. As a result, the project is required to replace all 29 units on-site, at least nine affordable to very low-income households (50% or below AMI), and 20 affordable to low-income households (80% or below AMI), based on currently available income information from tenant households. The 29 replacement units amount to 36% of the base density of 80 units.

By providing 36% of the base project’s dwelling units (29) as affordable to low-income households (80% or below AMI), per State law, this project is entitled to a density increase of 50% over the otherwise maximum allowable residential density. The maximum allowable density on the combined site is 35 du/ac or 80 units, and the 50% density bonus allows a total of 121 units, which amounts to a density of 52.5 du/ac.

In order to maximize the density, a number of waivers are requested under the State Density Bonus Law. The following table shows the project’s compliance with the R3 zoning standards and the requested waivers.

Standard	Requirement	Proposed	Compliance
Units	80 units maximum	121 units	50% State density bonus
Floor Area Ratio	1.05 maximum	1.64	Waiver requested
Front Setback	15’ minimum	22’	Compliant
2nd floor	20-0’	22’	Waiver requested
3rd floor	29’	22’	Waiver requested

Standard	Requirement	Proposed	Compliance
4th floor	46'-6"	46'	Waiver requested
Side Setbacks	15' minimum	22'	Compliant
2nd floor	22'	22'	Compliant
3rd floor	29'	22'	Waiver requested
4th floor	46'-6"	46'	Waiver requested
Rear setback	15' minimum	22'	Compliant
2nd floor	22'	22'	Compliant
3rd floor	29'	22'	Waiver requested
4th floor	46'-6"	46'	Waiver requested
50.4%	35% maximum		Waiver requested
Height	45' maximum	54'.6"	Waiver requested
Open Area	55% minimum 55,344 square feet, which include a minimum of 40 square feet of private open space (yards, decks, balconies per unit)	49.1% 49,453 square feet 88 square feet per unit.	Waiver requested
Parking	Two (2) covered spaces per unit + 0.3 guest space (270 total required)	1 car per unit 121, + 20 guest spaces (141 total spaces).	State parking requirement one car per unit

Waiver and Concession Requests

State Density Bonus Law allows unlimited waivers of development standards that would physically preclude development of the project as long as the waiver is necessary to provide the proposed units. Additionally, the law also allows a specific number of concessions based on the number and income categories of affordable units provided by

the project. The applicant is not requesting any concessions but is proposing the following five waivers:

Waiver 1: Building Height

The R3 zoning limits the maximum height to 45'. A height waiver to exceed the requirement is necessary to accommodate the density bonus units above the third floor. Without the height waiver, the density bonus project could not be constructed.

Waiver 2: Common Usable Open Area

A waiver is requested to allow approximately 49,453 square feet of common usable open area rather than the R3-required 55,344 square feet of common open area, which includes the private open space. Approximately 10,737 square feet of private open space is provided, 88 square feet per unit, which complies with the R3 private open space requirement. The density bonus units increase the required open area while reducing available space for open areas to be constructed to meet the R3 standard. Proposed open areas are well distributed throughout the building and site, and each unit has the required private open space. The density bonus project could not be constructed without this waiver.

Waivers 3 and 4: FAR and Building Coverage

The R3 zoning limits the FAR and building coverage to 1.05 FAR and 35% building coverage. A waiver of FAR and building coverage to exceed the requirement is necessary to accommodate the density bonus units and site improvements. Without the waiver, the density bonus units, site improvements, and amenities could not be constructed.

Waiver 5: Building Setbacks

The R3 standard limits the setbacks to a 15' minimum but not less than the height than the plate height. The intent of the standard is for the upper floors to be set back according to height. In general, the waivers requested relate to third- and fourth-floor setbacks, and a maximum building height for those units facing the central courtyard and the property line. This site planning approach creates a more uniformed design but increases the opportunity for higher-density and affordable housing units. The design still allows for architectural treatment, building articulation, and implements key streetscape design standards. Without the waiver, the density bonus units could not be constructed.

Project Overview

The proposed four-story residential building includes 121 units and a one-story underground garage. The unit mix consists of 28 one-bedroom units, 89 two-bedroom units, and 4 three-bedroom units, with units ranging in size from 812 square feet to 1,429 square feet. The applicant is proposing a Vesting Tentative Map for condominiums and intends to sell the units.

The proposed site layout is configured to provide an activated street presence with individual front unit entries along Escuela Avenue and a 14,238 square foot common open space for residents in approximately the center of the site with a 1,780 square foot fitness center adjacent to the common open area. Vehicle entrance to the below-grade garage is provided from a new 26' wide driveway along the northern property line connecting to Escuela Avenue. An ingress/egress easement over the Gamel Way project driveway will allow residents of the 1970 Latham Street development to the west to exit to Escuela Avenue. Additionally, a pedestrian access easement over the sidewalk along the driveway allows for public bike and pedestrian access to replace the access the public street provided. Internal sidewalks connect to the street, units, common open space area, and underground parking spaces. The proposed Mediterranean architectural style of development includes smooth stucco and stone veneer exterior wall finishes, tile roofs, and wood and metal architectural features.



Figure 3: View from Escuela Avenue

Transportation and Parking

Based on the Density Bonus Law, the project would be required to provide a minimum of 109 parking spaces at 0.5 space per bedroom. The project proposes 141 parking spaces (approximately 1.2 parking spaces per bedroom) in an underground parking garage,

including 20 guest parking spaces, which exceeds the parking standard as a density bonus project. The project also includes one bicycle parking space for each unit, located in a protected room in the basement level.

As part of this project, a transportation analysis was prepared by Hexagon Transportation Consultants, Inc. (Hexagon). This study included a Vehicle-Miles Traveled (VMT) screening analysis and a multi-modal transportation analysis (MTA) (see Attachment 7—Transportation Analysis). According to the transportation study prepared for the proposed project, the Mountain View VMT Policy establishes screening criteria for developments that are expected to cause a less-than-significant transportation impact under the California Environmental Quality Act (CEQA) and are not required to prepare further VMT analysis. The proximity to transit screening criterion was developed based on the CEQA Guidelines, which state that lead agencies generally should presume that certain projects proposed within one-half mile of an existing major transit stop or an existing stop along a high-quality transit corridor will have a less-than-significant impact on VMT.

The project is located in a transit proximity area because it is located within one-half mile of the existing stops along a high-quality transit corridor, as Routes 22 and 522 running on El Camino Real have 15- and 12-minute headways, respectively, during peak commute hours. Therefore, the project is expected to have a less-than-significant impact on VMT.

The MTA included an analysis of traffic conditions during the a.m. and p.m. peak hours at five intersections, a review of site access and on-site circulation, an evaluation of transit services and pedestrian and bicycle facilities, and parking. The results of the intersection level-of-service analysis showed that the added project trips would not degrade the levels of service of the study intersections and are not expected to result in a noticeable increase in vehicle delay on the stop-controlled approaches. The study concluded the site plan shows adequate on-site circulation, and no significant on-site circulation issues are expected to occur as a result of the project. The project would not have an adverse effect on the existing transit, pedestrian, or bicycle facilities in the study area.

Below-Market Rate Requirements

Affordable units provided to qualify for a density bonus can also be counted towards a project's BMR requirement, if the requirements of both programs are met. The project is subject to the City's Below-Market-Rate (BMR) Ordinance, Phase 1. As part of the BMR Phase II Ordinance update, Council adopted a grandfather clause for projects that had submitted a formal application by June 30, 2019 (which was the date of the first reading

of the BMR Phase II Ordinance) and submitted additional information/items as requested by the City by August 24, 2019 (which was the date the Ordinance went into effect).

This was to discourage partial applications and ensure that projects submitted a “comprehensive application package” to be grandfathered under BMR Phase I. Staff specifically differentiated this requirement from deeming a project “complete” under the State Permit Streamlining Act, which involves detailed review of the plan sets and information contained within them by multiple departments and multiple iterations to resolve issues.

The project submitted an application on June 24, 2019, and no additional information was needed to provide a “comprehensive application package.” Since the project provided a “comprehensive application package” prior to the deadline of August 24, 2019, it was grandfathered under the BMR Phase II update and is subject to the requirements of the BMR Phase I Ordinance.

Since the project is subject to BMR Phase I requirements, it would have been allowed to either pay in-lieu fees in the amount of 3% of the sale price of all units or provide eight on-site units (10% of the base density of 80 units) at 100% AMI. The 29 replacement units at very low- and low-income levels amount to 36% of the base density and exceed the BMR Phase I unit requirement. Additionally, the project is complying with BMR program requirements related to location and distribution of BMR units within the project.

Since the project is not subject to BMR Phase II, a homeowners association reserve is not required to be provided for low- and very low-income units. The current requirement for the homeowners association reserve per unit under BMR Phase II is \$75,000. For the 29 affordable units provided by the project, the total reserve amount would have been \$2,175,000.

Open Space and Trees

As noted above, the project contains approximately 49,453 square feet of open space, including a centrally located, 14,238 square foot common open space area and 10,737 square feet of private open space. The common area includes amenities such as dining tables, trellis feature, barbecue pits, fire pits, and landscaped open area. The private open space includes approximately 88 square feet per unit, which meets the 40 square feet per unit requirement. The open-space area is located adjacent to a 1,780 square foot fitness room.

A tree survey was completed for the project site by Kielty Arborist Services LLC and reviewed by the City arborist. The tree survey identified, measured, mapped, and rated the trees for preservation, which took into consideration the trees' age, health, structural condition, and proximity to the proposed structures and site development. The project site has a total of 40 existing trees, including 15 Heritage trees and 25 non-Heritage trees.

The applicant is proposing to remove 12 Heritage trees and 23 non-Heritage trees due to poor health and conflict with the proposed buildings and utilities and plant 106 new trees throughout the site. The proposed tree removal is necessary for the build-out of the project to achieve the proposed density and achieve the proposed site planning design. These organizing principles include maximizing the number of units facing the public street, centralized common open space, and a connected internal circulation network. The existing trees are in the proposed project's building footprints, circulation, and many are unhealthy due to being topped for utility clearance.

The following table shows the existing and estimated future tree canopy coverage for the site:

Tree Canopy Coverage

Existing Canopy	18%
Retained + Time of Plantings	2%
Retained + New After 10 years	18%
Maturity	43%

Street Vacation and Conveyance of Street

The applicant has requested the City vacate the existing street and easements known as Gamel Way (which has an total area of 26,008 square feet or 0.59 acre) to accommodate the project. The easements were established in 1949 and 1963 per the recorded easements in Book 1813, Page 46 and Book 6345, Page 432. The 1970 Latham Street parcel is the only parcel with access or utility services from Gamel Way that will remain after the project is built. All public utilities in the streets are to be removed and relocated with new easements dedicated where necessary. The trash enclosure on the 1970 Latham Street parcel will be rebuilt in a new location such that it is still accessible. An ingress/egress easement over the Gamel Way project driveway will allow residents of 1970 Latham Street to the west to exit to Escuela Avenue. Additionally, a pedestrian access easement over the sidewalk along the driveway allows for public bike and pedestrian access to replace the access the public street provided.

A Closure of Gamel Way Study was prepared in May 2019 by Hexagon Transportation Consultants, that concluded parking along Gamel Way was mostly used by residents of Gamel Way. Occasionally, vehicles would park along Gamel Way to drop off and pick up students from the schools on Escuela Avenue, but most vehicles used the schools' drop-off zone.

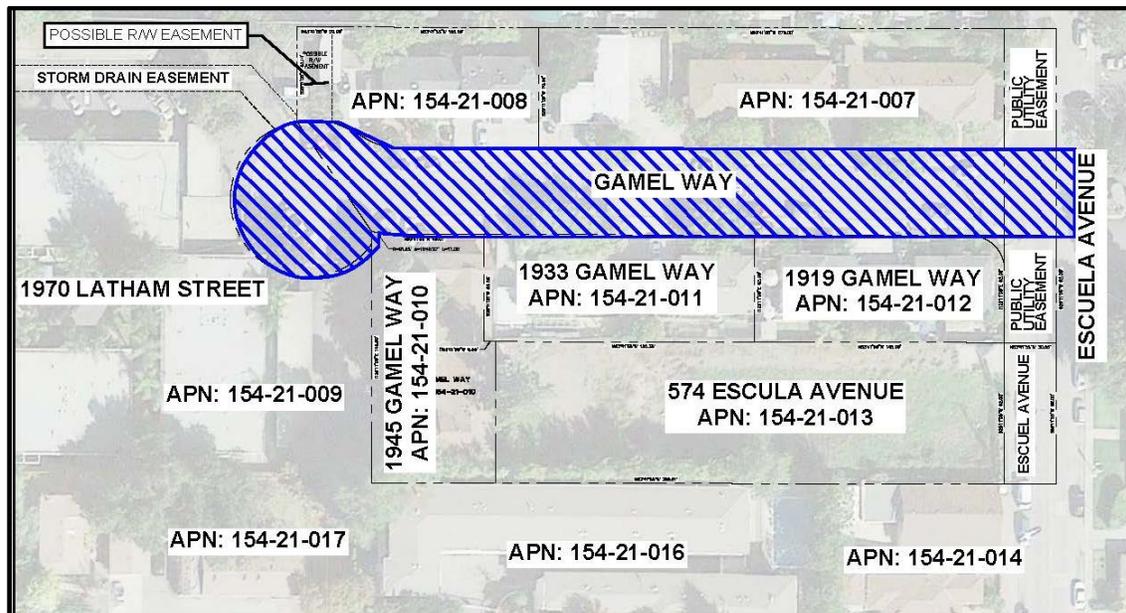


Figure 4: Easement Vacation

When the City vacates a street or alley (all or portion) for the benefit of a development, the City requires the payment of compensation for the contributory value of the property rights conveyed or relinquished. This practice is based on two fundamental principles: (1) a developer should not benefit economically and financially from the conveyance or relinquishment of a City property right; and (2) if the City were acquiring the rights rather than conveying the rights, the City would be required by State law to offer to pay no less than the appraised value of those property rights.

An independent appraisal was prepared to estimate the enhanced value of the project with the vacation of Gamel Way, the relinquishment of the City's easement interest, and conveyance of that portion of Gamel Way that the City owns in fee. Staff and the developer reach a tentative agreement on the sale of the City's rights for a purchase price of \$4.8 million plus the tenant relocation assistance benefits described below conditioned on the Council's formal approval of the sale.

1. In addition to complying with the requirements of the TRAO, the following relocation benefits will be provided to all tenants who received a Notice of Intent (NOI) dated on or after January 3, 2020:
 - a. Forty-two (42) months of rent subsidy for each qualifying tenant household (with a household income of up to 120% AMI plus \$5,000 as set forth in the TRAO) in the amount of the difference between a tenant's current monthly rent and the comparable market rent. (Note: This replaces the current TRAO benefit of three months of rent.) This is consistent with State law as it applies to projects subject to SB 330.
 - b. The tenant has the first right of refusal to a newly constructed unit at an affordable price (up to 120% AMI). If the tenant's household earns above 120% AMI, first right of refusal is required, but the affordable price limit does not apply. This is consistent with State law as it applies to projects subject to SB 330.
 - c. The tenant has the right to occupy their current rental unit until six months prior to construction. (Applies to all income levels.) This is consistent with State law as it applies to projects subject to SB 330.
 - d. The BMR units constructed by the project will be deed-restricted in perpetuity as required under BMR Phase II.
 - e. Tenants who exercise the right of first refusal as stated in subsection b. above will be provided interim relocation at a comparable rent while the new units are being constructed. If the interim unit available is at a higher rent, a rent subsidy to cover the difference, up to the amount under subsection a. above, will be provided.

Alternatively, the tenant can choose not to rent the interim unit and only receive the rent differential under subsection a. This rent subsidy will be provided for a time frame of either 42 months or the duration of the interim relocation until the tenant can move into the new unit in the development, whichever is less. (Applies to tenants up to 120% AMI plus \$5,000.)

The purchase price will be paid when all existing buildings are demolished and the public street is no longer needed, which could take up to two years. When the funding is received, a recommendation will be made to the City Council about whether to place the funding in the Strategic Property Acquisition Reserve (SPAR), as is past practice when City property interests are sold, or to allocate the funding for other uses.

The City's vacation of the public street and easements on Gamel Way will enable the applicant to develop the proposed 121-unit residential condominium development. Once the City-owned interest is vacated, the applicant would acquire property rights through the execution of a Purchase and Sale Agreement and incorporate the area to be vacated into their development. The area to be vacated will need to be shown on the final map.

Surplus Land Act

In order to sell land owned by the City, as proposed, the City must comply with the procedural requirements of the Surplus Land Act (the "Act"). The Act requires the City to declare land that it owns in fee to be "surplus land" or "exempt surplus land" prior to disposition. The City Council must make a declaration that land is exempt surplus land at a public hearing supported by written findings. The Act defines "exempt surplus land" to include "a former street...conveyed to an owner of an adjacent property" (Government Code § 54221(f)(1)(E)). The proposed purchaser of the City-owned portion of Gamel Way is the property owner of the parcels adjacent to the street.

The proposed action includes City Council adoption of a resolution (see Attachment 2), declaring the property to be exempt surplus land upon its vacation as a public street, with written findings to support that declaration, in full compliance with the Act. A purchase and sale agreement would not be signed for at least 30 days after adoption of the resolution, and the disposition and transfer of ownership of Gamel Way would not occur until well after that, when all conditions for the close of escrow have been met.

Tenant Relocation

The 29 existing apartment units on-site are covered under the City's CSFRA and TRAO.

At the time the first application was submitted in February 2018, the property consisted of 15 one-bedroom and two-bedroom units (1919, 1933, and 1945 Gamel Way). The development application for this project was then resubmitted in June 2019 to include additional units for a total of 29 rentals, consisting of 29 one-bedroom and two-bedroom units, ranging in monthly rent from \$930 to \$2,550 at the time of submittal (1919, 1926, 1933, 1938, and 1945 Gamel Way). The second application for development proposed demolition of all 29 units and construct 121 condominiums for purchase. Of the 29 households that are being displaced, it is estimated that 20 households might be eligible for relocation assistance.

At the start of the project in February 2018, the developer offered the standard benefits as required by the 2018 TRAO. With the second application submittal in June 2019, the

household income limits were updated with 2019 AMI, and the average market rental rates were updated, which were reflected in a second Notice of Intent (NOI) to all tenants.

In August 2021, the developer agreed to an enhanced benefit package to all eligible households who were in occupancy on January 3, 2020 (date of most recent NOI). This new benefits package is described in detail below. Tenants who have already applied do not have to reapply and will be provided with the increased benefits. Tenants who have not yet applied can apply to receive the enhanced benefits package.

Enhanced Tenant Relocation Benefits (August 2021)

Eligibility is determined using 2021 AMI percentages, based on household size:

Income	1 Person	2 Person	3 Person	4 Person	5 Person
120%	\$127,100	\$145,250	\$163,400	\$181,550	\$196,050
120% + \$5,000	\$132,100	\$150,250	\$168,400	\$186,400	\$201,050

Summary Benefits for Households with Income up to 120% AMI + \$5,000:

1. 42 months’ rent subsidy in the amount of the difference between a tenant’s current monthly rent and the comparable market rent.
2. Refund of the tenant’s security deposit.
3. A 60-day subscription to a rental agency.
4. An additional \$3,497 per rental unit for special-circumstances households.
5. First right of refusal to a newly constructed unit.

Households with income up to 120% AMI will be able to purchase a newly constructed unit at an affordable price. Households with an income over 120% AMI also have the right of first refusal to purchase a newly constructed unit, but the affordable price limit does not apply.

Households earning 120% AMI + \$5,000 who exercise the first right of refusal will be provided:

- a. Interim relocation at a comparable rent while the new units are being constructed. If the interim unit is at a higher rent, a rent subsidy to cover the difference, up to the amount under Subsection 1. above, will be provided.

OR

- b. The rent differential under Subsection 1. if the tenant chooses not to rent the interim unit. This rent subsidy will be provided for a time frame of either 42 months or the duration of the interim relocation until the tenant can move into the new unit in the development, whichever is less.

Summary Benefits for All Households:

- First right of refusal to a newly constructed unit.
- Occupy the current unit until six months prior to construction.

To date, the following has taken place per the TRAO requirements:

- On January 3, 2020, a second NOI was mailed to all units. The NOI included an estimated vacate date of March 2021. A bilingual English/Spanish tenant community meeting was conducted on February 12, 2020.
- On June 24, 2021, 12-month Notices to Vacate were delivered to all 29 households with a final vacate date of June 30, 2022.
- On August 17, 2021, an update letter, explaining the additional benefits, was mailed to all tenants in both English and Spanish. This letter was mailed to all tenants in occupancy on January 3, 2020 (date of NOI), including tenants who have since vacated.
- On August 25, 2021, a Zoom tenant community meeting was organized to explain the additional tenant relocation benefits and answer any questions. The meeting was advertised to both current and former tenants of Gamel Way who were in occupancy on January 3, 2020. The relocation agent, the developer, and City staff were present to answer questions and discuss next steps. The meeting was also attended by other members of the community who were interested in the details of the project. A follow-up meeting will be held to discuss the details of the BMR housing.
- As of August 18, 2021, Associated Right of Way Services, the relocation agency, has received 19 applications for Tenant Relocation Assistance, and 18 have been deemed eligible, with 15 units qualifying for the special-circumstance payment.
- Six eligible households have since vacated and received their full assistance payment. They will be contacted with regard to the additional benefits. These households have relocated to the following areas: Santa Clara – 1, Gilroy – 1, Manteca – 1, Sacramento – 1, Out of State – 2.
- One household was determined not to be eligible but will now be reapplying under the new benefits package. As of the date of this report, two eligible households in occupancy have not yet applied for the TRAO.

- AMI ranges for households who have applied:

Household Income	Number of Households
50% AMI and below	9 households
50%-80% AMI	7 households
80%-120% AMI	2 households
Over 120% AMI	1 household

- According to the rent roll provided by Property Management on August 9, 2021, 16 units are still in occupancy.

Subdivision Map

The proposed Vesting Tentative Map for the project includes one common lot and 121 residential condominium units. The Subdivision Committee met on August 25, 2021 and found that the project is consistent with the requirements of the Subdivision Map Act and the General Plan with incorporation of the draft Conditions of Approval (see Attachment 4 – Resolution for Vesting Tentative Map) and recommended approval of the Subdivision Map.

ENVIRONMENTAL REVIEW

The project qualifies as Categorically Exempt under the California Environmental Quality Act (CEQA), Section 15332 (“In-Fill 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 subject site has a total assessed value of approximately \$3.3 million, and the City’s share of property tax is approximately \$52,818 per year. If the site were developed, the City would receive approximately \$99,126 per year in additional property tax revenue.

The project proposes 92 net new units from what exists on the site today and will, therefore, be required to pay Park Land Dedication In-Lieu fees for the net new units, in accordance with Chapter 41 (Park Land Dedication or Fees In Lieu Thereof) of the City Code, estimated to be \$3,024,000.

With the vacation of Gamel Way, the developer will pay the City \$4.8 million plus the tenant relocation assistance benefits described above. The purchase price will be paid when all existing buildings are demolished and the public street is no longer needed.

CONCLUSION

The Zoning Administrator and Subdivision Committee recommended approval of the proposed residential condominium project. Although waivers from certain development standards are proposed as part of the density bonus, the project implements key streetscape design standards and attempts to meet the intent of the development standards for which waivers are requested. Based on State Density Bonus Law, the project is considered consistent with the General Plan and zoning designation, even though the FAR exceeds what is allowed for the site. The proposal promotes a well-designed development that is compatible with and harmonious with surrounding uses and developments and is consistent with other existing, under-construction, and proposed projects in the area.

The proposed subdivision, together with the provisions for its design and improvements, is consistent with the General Plan Land Use Designation of Medium-Density Residential; the R3-1 Zoning District; the City's Subdivision Ordinance; and the Subdivision Map Act.

ALTERNATIVES

1. Approve the project with modified conditions.
2. Deny the street vacation, deny the sale of the City-owned portion of the street, deny the project, and/or deny the map.
3. Provide other direction.

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 were notified of this meeting.

Prepared by:

Margaret Netto
Senior Planner

Reviewed by:

Stephanie Williams
Planning Manager/Zoning
Administrator

Approved by:

Aarti Shrivastava
Assistant City Manager/
Community Development Director

Kimbra McCarthy
City Manager

MN/1/CAM
813-09-28-21CR
200380

- Attachments:
1. Resolution Ordering the Vacation of Gamel Way
 2. Resolution Declaring Land to Be Exempt Surplus Land
 3. Resolution for Planned Unit Development, Development Review Permit, Density Bonus, and Heritage Tree Removal Permit with Conditions of Approval
 4. Resolution for Vesting Tentative Map with Conditions of Approval and Vesting Tentative Map
 5. Project Plans
 6. Public Comment Letters
 7. Project Transportation Analysis
 8. Density Bonus Request Letter