

**DATE:** April 23, 2019

**TO:** Honorable Mayor and City Council

**FROM:** Matthew VanOosten, Senior Planner  
Aarti Shrivastava, Assistant City  
Manager/Community Development  
Director

**VIA:** Daniel H. Rich, City Manager

**TITLE:** 2645-2655 Fayette Drive

---



## **PURPOSE**

The purpose of this Study Session is to receive Council direction related to a stacked-flat condominium project at 2645-2655 Fayette Drive, which received Gatekeeper authorization in December 2016 but has been subsequently revised by the applicant. Staff seeks Council direction on the allowed height and intensity for the proposed project and what additional community benefits should be required of the project per the San Antonio Precise Plan.

## **BACKGROUND**

### **Project Site and Surroundings**

The project site is located on the southwest side of Fayette Drive, between San Antonio Road and Del Medio Avenue. The 0.67-acre project site is now vacant but formerly contained one single-family house, a five-unit apartment building, and a commercial building that housed a carpet cleaning business. The five apartment units were covered by the CSFRA and the applicant was required to provide relocation benefits to the residents during the a previously approved project in 2016. The site is zoned R3-D and has a General Plan Land Use Designation of High-Density Residential.

The surrounding uses include three- and four-story residential multi-family buildings to the northwest and southwest and the Hetch Hetchy open space area abuts the property to the southeast. A new City park will be situated to the northeast of the project across Fayette Drive. This City park is part of a recently constructed project, The Dean, which is located north and east of the park, and is five and seven stories in height. The Dean is located in the San Antonio Precise Plan, received a Tier 1 FAR Bonus per the Precise Plan, and includes a density bonus on top of the Tier 1 FAR

Bonus. The seven-story portion of The Dean project is situated along San Antonio Road and includes ground-floor retail.



Project Site

### Original 2016 Project Approval and 2017 Gatekeeper Authorization

On June 7, 2016, the City Council approved a 24-unit, four-story project (by the same applicant) with a 1.05 FAR on the site that was consistent with the R3-D Zoning District. The building was 40' height to the roof plate and had a maximum height of 45' (see Attachment 1 – Original Project Staff Report). Following that entitlement, the applicant applied for Gatekeeper authorization to pursue rezoning the project into the adjacent P-40 (San Antonio) Precise Plan to allow for a 5-story project with a floor area ratio (FAR) of up to 1.85. The added story and FAR were to allow 10 to 16 additional residential units for a project total of 34 to 40 units. The Gatekeeper was authorized by the Council on December 6, 2016 (see Attachment 2 – Gatekeeper Request Council Report).



**Original Project's Front Streetscape Perspective along Fayette Drive**

### Current Project Description and Change from Gatekeeper Authorizations

Since receiving Gatekeeper authorization for their project, Octane Capital has revised their application to include a State Density Bonus component and is proposing a six-story, 44-unit, stacked flat condominium building. As part of the State Density Bonus requirements, 11 percent of the units – composed of five 1-bedroom condominium units averaging 831 square feet in size – would be affordable for very low-income households at 50 percent of the Area Median Income or lower, which qualifies it for a density bonus of 35 percent (see Attachment 3 – Proposed Project Plans). The following table is a comparison of the previously approved project, Gatekeeper application, and the revised project.

No.	Item	Original Approved Project	Gatekeeper Application (December 2016)	Revised Gatekeeper Project (including Density Bonus)
1.	General Plan Land Use	High-Density Residential	Mixed-Use Corridor	Mixed-Use Corridor
2.	Zoning	R3-D	P-40 – San Antonio Precise Plan	P-40 – San Antonio Precise Plan
3.	Density Bonus Requested	No	No	Yes – 35%
4.	Density	36 DU/AC	51-60 DU/AC	66 DU/AC
5.	Floor Area Ratio (FAR)	1.05	1.85	2.50
6.	Height/Stories	4	5	6

No.	Item	Original Approved Project	Gatekeeper Application (December 2016)	Revised Gatekeeper Project (including Density Bonus)
7.	Setbacks	Front: 16' to 22'4" Side: 15' to 42'4" Rear: 19'8" to 23'	This information was not provided	Front: 15' Side: 13'6" to 28'6" Rear: 15'
8.	Parking	54 spaces	This information was not provided	85 spaces
9.	Rental/Ownership Units	24 ownership units	34 to 40 ownership units	44 ownership units
10.	Below-Market-Rate (BMR) Requirement (Density Bonus units may be included)	10% of units as affordable	10% of units as affordable	Currently 10% of units as affordable, 4.4 BMR units (The BMR program is being modified for 15% ownership requirement, 6.6 BMR units)
11.	Affordable Units via Density Bonus	N/A	This information was not provided	5 density bonus units at 50% AMI
12.	Comments			

The current project features two levels of underground parking and a 1,600 square foot roof deck above the sixth floor. Other resident amenity spaces include a pool area on the ground floor situated on the western half of the property, which helps set the project back from the adjacent three-story apartment building.

The project proposes stacked-flat condominiums which could provide ownership opportunities that are typically lower in cost (due to their smaller unit sizes) than the current market-rate price of a single-family home or rowhouse. These stacked-flat condominiums could help facilitate achieving the ownership component of the City Council Major Goal to "Improve the Quantity, Diversity, and Affordability of Housing with an Added Focus on Middle-Income and Ownership Opportunities."

A detailed analysis of issues related to height, setbacks, public benefits, and density bonus are in the Discussion section later in this report.





Proposed Site Plan and Surrounding Uses



Proposed Project Rendering

## San Antonio Precise Plan

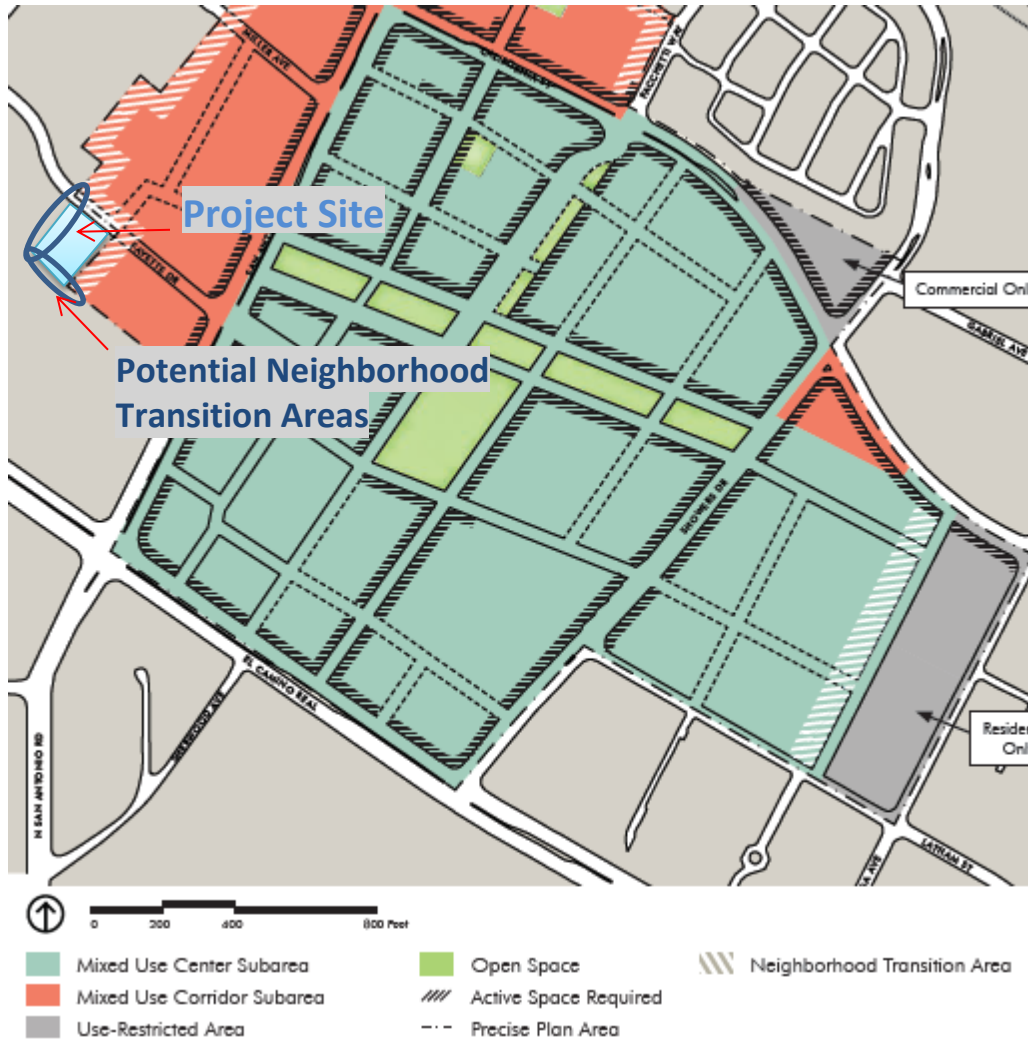
The San Antonio Precise Plan was approved in late 2014 with the vision to transform the existing regional commercial area into a mixed-use core within a broader existing residential neighborhood. The Precise Plan supports a variety of uses, including multi-family residential. For residential development, the Precise Plan allows for a base FAR of up to 1.35 and a Tier 1 FAR of 1.85 if community benefits are provided. The community benefit is determined by the City and could either be a monetary contribution or a public improvement of some kind.

The Precise Plan calls for a maximum height of 3 stories and 45' for Base development and 4 stories and 55' in Tier 1. However, the Plan states that up to 5 stories and 65' may be considered if the project provides significant public benefits or major open space improvements or if additional height is needed to accommodate commercial uses. Options for these public benefits or open space improvements are listed on Table 4-2 of the Precise Plan:

- Public open spaces, landscaping, and plazas.
- Stoops or pedestrian entries.
- Outdoor dining areas.
- Amenity areas with seating, bicycle parking, etc.
- Retail and restaurants with transparent storefronts.
- Services and educational/cultural spaces that have regular customer foot traffic and transparent storefronts.
- Hotel lobbies or residential amenity areas with transparent storefronts.

The Precise Plan also outlines a neighborhood transition area for property adjacent to the existing residential neighborhood outside of the Precise Plan boundary. This zone is meant to create a sensitive transition to the adjacent neighborhood and improve the compatibility of new development. The minimum building setback in a neighborhood transition zone is 25'. Development in the neighborhood transition area cannot exceed the maximum allowed height of adjacent property by more than one story at all setback lines.

As for parking, the Precise Plan uses the same model parking standard as is used in the El Camino Real Precise Plan. This allows multi-family projects to propose one parking space per studio/1-bedroom unit and two spaces for every unit over 1 bedroom; 15 percent of the total number of spaces required may be designated as guest parking.



San Antonio Precise Plan Land Use with Neighborhood Transition Area

### Density Bonus

The State Density Bonus Law provides a sliding scale for additional/bonus density (up to a maximum increase of 35 percent) based upon the percentage of units set aside for seniors, low-, very low-, or moderate-income households within a proposed development project. The higher the percentage of affordable units and the deeper the level of affordability proposed, the higher the allowed density increase for the project.

The density bonus is calculated based on the maximum allowable density under the applicable General Plan Land Use Designation for the project site.

The applicant seeks to provide 11 percent of the affordable units at Very Low income (i.e. 50 percent of area median income) to achieve the maximum density bonus of 35 percent. The project currently proposes to construct five 1-bedroom condominium units averaging 831 square feet in size for very low-income households to be eligible for a State density bonus of 35 percent. The development would also include the following market-rate units: 17 two-bedroom units that average 1,225 square feet, and 22 three-bedroom units that average 1,606 square feet. In addition, the project must satisfy the requirements of the City's BMR Ordinance, which would require one additional BMR unit. The City's BMR Ordinance is further discussed later in this report.

The State density bonus law includes certain replacement requirements that apply to projects proposed on property where dwelling units have been vacated or demolished in the five-year period preceding the application or have been subject to rent stabilization. City staff is in the process of analyzing how the density bonus requirements would apply to this project in light of the fact that CSFRA units were located on the project site and vacated within five years of the project application and expects to have the information for the Study Session.

Depending on the percentage of units and level of affordability proposed, the developer can request one or more concessions (or incentives), which result in identifiable cost reductions enabling the affordable housing provision. Density bonus projects may also request waivers or reduction in applicable development standards and design requirements (i.e., reduction in setbacks, extra height, etc.) that would otherwise prohibit the development of the project.

The project is requesting the following waivers based on the provisions allowed by State law:

#### *Setbacks*

The project site includes a neighborhood transition area per the Precise Plan. The transition area requires a setback of 25' for structures up to one story higher than the allowed height of the adjacent neighborhood property. An additional 10' of setback is required for each story after that. The western portion of the property is adjacent to R3-D residential that allows up to three stories, so the setback standards along this side of the property for the proposed project are 25' at four stories, 35' at five stories, and 45' at six stories. The proposed project's current setback in this portion of the property is 15'.



Additionally, the sixth story does not meet the setback requirement of 45'. The project would have to request a Density Bonus waiver to the setback requirements.

### *Height*

The Precise Plan allows heights up to five stories (65') on a case-by-case basis and allows for an additional 10' for rooftop amenities and additional height for elevator structures through a Provisional Use Permit. The project proposes six stories and 72' in height to the roof deck. Rooftop amenity space with trellises reach 82' in height and an elevator shaft reaches 91' in height. These heights require a waiver to the development standards through the Density Bonus process.

### *Density*

The Gatekeeper authorization allowed for a project intensity of up to 1.85 in floor area ratio (FAR), which is the maximum allowed in the Mixed-Use Corridor area of the Precise Plan. The project seeks a 35 percent density bonus to be applied to the 1.85 FAR to allow an FAR of 2.50.

### *Parking*

As noted earlier, the San Antonio Precise Plan requires multi-family projects to propose one parking space per studio/1-bedroom unit and two spaces for every unit over 1 bedroom; 15 percent of the total number of spaces required may be designated as guest parking. In addition, density bonus units cannot be required to have more than 0.5 parking space per bedroom. This brings the total requirement for the project to 81 spaces. The project currently provides 85 spaces and is compliant with the requirements. About 44 of the spaces are proposed to be EV charger-ready.

### Below-Market-Rate (BMR) Housing Requirements

The City is currently in the process of revising requirements for ownership projects (known as Phase 2 of the BMR modifications). The BMR modifications will be considered by Council in on May 14, 2019 at a Study Session and the item is anticipated to be heard on June 18, 2019, with a second reading on June 25, 2019. If adopted, and taking into account that the ordinance could be in effect 60 days after adoption pending Council direction, the amendments would become effective late August and this project would be subject to the modified BMR program.

The Draft BMR requirements will include a 15 percent ownership requirement based on Council direction at an average affordability of 100 percent AMI. The revised project

would have to provide six affordable units to comply with this requirement. The affordable units being provided as part of State Density Bonus law may be counted toward this requirement. The developer would be providing 11 percent, or 5, very low-income units to get the maximum 35 percent density bonus as mentioned above. Therefore, the developer would have to provide one additional unit to comply with the City's BMR Ordinance and any applicable Phase 2 modifications pending Council approval. In addition to providing an additional unit, the applicant would have to provide affordable units of similar mix and size as the market-rate units to satisfy the BMR Ordinance.

## **DISCUSSION**

The following section provides an overview of the project and requests Council feedback on specific topic areas.

### **Development Standards**

As noted earlier, the Gatekeeper authorization allowed for a project intensity of up to 1.85 in floor area ratio (FAR), which is the maximum allowed in the Mixed-Use Corridor area of the Precise Plan. In addition, Tier 1 projects are allowed a height of up to 4 stories and 55' and, with the provision of public benefits, can get up to a maximum of five stories and 65'.

If the project is able to get these additional height and FAR allowances, the developer could additionally invoke the State Density Bonus Law to get an increase in FAR of up to 35 percent, or 2.50 FAR, and additional waivers to the setback and height requirements as discussed earlier in the report.

*Question 1: Does Council support the rezoning of the project site into the San Antonio Precise Plan, the request for an additional story of up to five stories, and 65' in height and the bonus FAR of up to 1.85?*

### **Community Benefits**

Community benefits are required for the project to receive Tier 1 status in the Precise Plan. Tier 1 projects are allowed up to four stories and 55' and an FAR of 1.85. The Precise Plan also stipulates that on a case-by-case basis, projects may be allowed to receive an additional story and 10' in height above the Tier 1 maximums with additional benefits provided.

The San Antonio Precise Plan does allow for monetary benefits (\$22.40 per square foot) to be paid to reach the Tier 1 level and the project would be required to pay them to get four stories (55') and an FAR of 1.85. This monetary contribution would be approximately \$1.6 million. However, in order to get an additional story (up to five stories and 65'), the project would have to provide benefits or other improvements in addition to the \$1.6 million. The applicant is proposing an improved pedestrian experience along Fayette Drive but does not have room to provide physical public benefits due to the size of the site. No additional monetary benefits have been proposed. If the Council is supportive of the project receiving an additional story (up to five stories and 65'), staff is requesting Council direction on the types of community benefits the project should provide. Examples of community benefits could include additional on-site affordable housing, funding towards infrastructure or parks, etc.

*Question 2: What type of community benefit(s) would Council support if it chooses to allow the project one additional story (up to five stories and 65' in height) beyond Tier 1?*

### **RECOMMENDATION**

Staff recommends the City Council provide feedback on the project and direction on the following questions posed in the Study Session memo:

- Question 1: Does Council support the rezoning of the project site into the San Antonio Precise Plan, the request for an additional story of up to five stories and 65' in height, and the bonus FAR of up to 1.85?
- Question 2: What type of community benefit would Council support if it chooses to allow the project one additional story (up to five stories and 65' in height) beyond Tier 1?

### **NEXT STEPS**

Depending on feedback from the City Council at this Study Session, the applicant will submit a revised application and the project will continue the development review and CEQA process.

**PUBLIC NOTICING**

The 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:

Matthew VanOosten  
Senior Planner

Reviewed by:

Stephanie Williams  
Planning Manager/Zoning  
Administrator

Approved by:

Aarti Shrivastava  
Assistant City Manager/  
Community Development Director

Daniel H. Rich  
City Manager

MVO/2/CAM  
835-04-23-19SS  
190288

- Attachments:
1. Original Project Staff Report
  2. Gatekeeper Request Council Report
  3. Project Plans