



**DATE:** June 7, 2016

**CATEGORY:** Public Hearing

**DEPT.:** Community Development

**TITLE:** 2645 and 2655 Fayette Drive  
Condominium Project

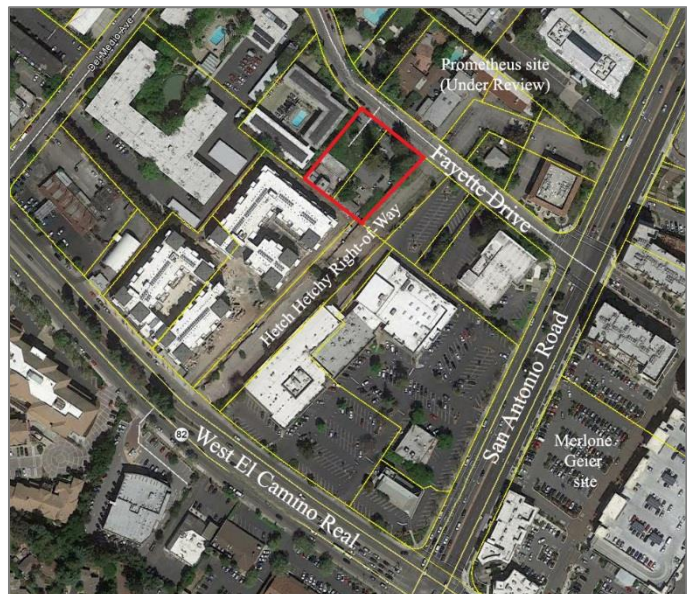
## RECOMMENDATION

1. Adopt a Resolution Conditionally Approving a Development Review Permit to Construct a 24-Unit Residential Development Project and a Heritage Tree Removal Permit to Remove Seven Heritage Trees and Relocate Two Heritage Trees at 2645 and 2655 Fayette Drive, to be read in title only, further reading waived (Attachment 1 to the Council report).
2. Adopt a Resolution Conditionally Approving a Vesting Tentative Map to Create 24 Condominium Lots and 1 Common Lot on a 0.65-Acre Site at 2645 and 2655 Fayette Drive, to be read in title only, further reading waived (Attachment 2 to the Council report).

## BACKGROUND

### Site Location and Characteristics

The project site is located on the south side of Fayette Drive between Del Medio Avenue and San Antonio Road. The site consists of two lots totaling approximately 0.67 acre in area (gross). The western lot is developed with a vacant commercial building which was previously occupied by a carpet cleaning service. The eastern lot is developed with a single-family home and five apartment units. Four additional unpermitted units



on the site were vacated as a result of a Code Enforcement action in the mid-1990s. Tenants in the six permitted units vacated the site between May 2015 and October 2015.

### *Neighborhood Context*

The surrounding neighborhood is primarily a mix of multi-family residential and commercial uses. Adjacent land uses include commercial and service uses across Fayette Drive to the north, the Hetch Hetchy right-of-way and commercial uses to the east, and multi-family apartments to the west and south.

Several development projects in the area are under review or have been recently approved. The City is reviewing an application by Prometheus Real Estate Group for a large residential project across Fayette Drive to the north, which is expected to include a new public park if approved. Phase II of the mixed-use San Antonio Village development across San Antonio Road is under construction. A new multi-family apartment project located directly south of the project site along El Camino Real was completed by SummerHill Apartment Communities in 2015. The City is also developing plans to improve the portion of the Hetch Hetchy right-of-way located adjacent to the project site as a public park.

### *Area Amenities*

The project site is located within one block of San Antonio Road and El Camino Real, both of which offer shopping, restaurants, and personal services. Additional shopping and services are available along Showers Drive, approximately one-half mile east of the project site. The San Antonio transit station is located about one-half mile north of the project. In addition to the future park on the adjacent Hetch Hetchy right-of-way, several public parks are located in the project vicinity, including Del Medio Park (approximately one-third mile away), Klein Park (approximately two-thirds mile away), and Rengstorff Park and the Community Center (about one mile away). The project site is located approximately one mile from Santa Rita Elementary School (Los Altos).

## **ANALYSIS**

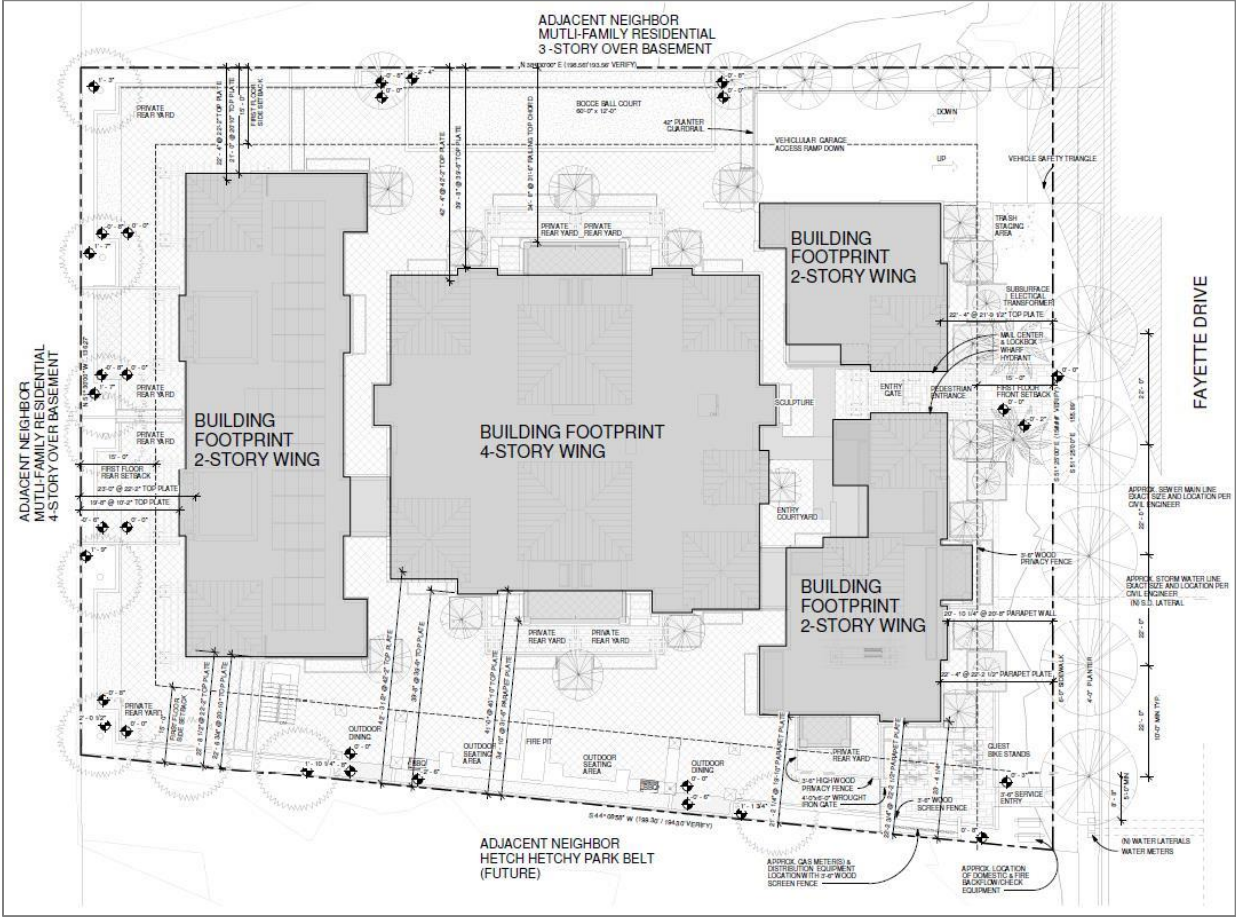
### **Project Description**

The applicant, The DeNardi Group, is requesting approval to replace six existing residential units and a commercial building with 24 new residential condominium units in a four-story building with underground parking. The applicant is also requesting approval to remove seven Heritage trees and relocate two Heritage trees. A required

land dedication along Fayette Drive will reduce the project site from 0.67 acre to a net area of 0.65 acre.

The site layout consists of a single residential building with several wings connected by walkways. The building is four stories at the center and steps down to two stories at the front and back of the site. Common open spaces are provided along the side property lines and on a second-story roof deck. Most units are provided with private patios or balconies in varying sizes. The proposed site plan and mix of unit types are provided below.

Site Plan



**Table 1 – Proposed Unit Mix**

Unit Type	Bedrooms/Bathrooms	Square Feet (Gross)	Count
1-Bedroom Flat	1 Bed/1 Bath	646 to 648	2
2-Bedroom Flat	2 Bed/2 Bath	918 to 1,053	16
Townhome-Style	3 Bed/3 Bath	1,516 to 1,552	4
Penthouse	3 Bed/2.5 Bath	1,715 to 1,888	2

## General Plan and Zoning

### *General Plan*

The project site has a General Plan Land Use Designation of High-Density Residential (36 to 80 dwelling units per acre).

The following General Plan policies are advanced by the project:

- ***LUD 3.5: Diversity.*** *Encourage residential developments serving a range of diverse households and incomes.*

The project includes a variety of unit sizes ranging from one to three bedrooms and from fewer than 650 square feet to nearly 1,900 square feet in area. Units are a mix of stacked flats and multi-story, townhome-style units. This wide variety of unit sizes and types provides ownership opportunities for households of different incomes and sizes.

- ***LUD 3.9: Parcel assembly.*** *Support the assembly of smaller parcels to encourage infill development that meets City standards and spurs neighborhood reinvestment.*

The project assembles two existing parcels into a larger site for development. The sites are underutilized and existing development on these sites is in poor condition, which detracts from neighborhood character.

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

The proposed multi-family development project is compatible with the character of surrounding multi-family residential uses. The project's attractive streetscape design will complement and enhance the neighborhood's existing residential character. The proposed architecture is compatible with the styles of both older and more recent development in the neighborhood.

- **LUD 9.1: Height and setback transitions.** *Ensure that new development includes sensitive height and setback transitions to adjacent structures and surrounding neighborhoods.*

The project design includes lower two-story elements near property lines and provides substantial setbacks for taller, four-story elements in order to be sensitive to adjacent structures and the surrounding neighborhood.

- **LUD 9.3: Enhanced public space.** *Ensure that development enhances public spaces through these measures:*
  - *Encourage strong, pedestrian-oriented design with visible, accessible entrances and pathways from the street.*
  - *Encourage pedestrian-scaled design elements such as stoops, canopies, and porches.*
  - *Encourage connections to pedestrian and bicycle facilities.*
  - *Locate buildings near the edge of the sidewalk.*
  - *Encourage design compatibility with surrounding uses.*
  - *Locate parking lots to the rear or side of buildings.*
  - *Encourage building articulation and use of special materials to provide visual interest.*
  - *Promote and regulate high-quality sign materials, colors, and design that are compatible with site and building design.*
  - *Encourage attractive, water-efficient landscaping on the ground level.*

The project has a strong, pedestrian-oriented design with conveniently located pathways from the street, and the project design locates an attractive outdoor recreation area adjacent to the future public park on the Hetch Hetchy right-of-way parcel to provide for a safer and more visually appealing public space. Pedestrian-scaled design elements such as projecting porches and canopies along Fayette Drive further enhance the streetscape.

## Zoning

The project site has a zoning designation of Residential—Multiple-Family (R3-D). Under the existing R3-D zoning, up to 27 units are permitted on the project site. The current proposal for 24 units is approximately 89 percent of the maximum permitted units on the site and results in a density of approximately 37 dwelling units per acre. The City Council’s 2005 policy for achieving higher residential densities calls for multiple-family properties of one acre or larger to be developed at 80 percent or more of the maximum density of the underlying zoning district. Although this site is smaller than one acre, the proposed density is consistent with the City Council’s policy guidance.

R3-D zoning standards apply as outlined in the table below. Required setbacks in R3 districts are equal to building wall height. Upper stories require larger setbacks than lower stories, which typically results in a “wedding cake” effect. The project complies with all applicable development standards. No exceptions are requested.

**Table 2—R3-D Zoning Standards**

Standard	Requirement	Proposed
Maximum Units	27 maximum	24
Floor Area Ratio	1.05 maximum	1.046
Front Setback	The greater of 15’ or height of adjacent building wall	16’ to 22’4”
Side Setbacks	The greater of 15’ or height of adjacent building wall	15’ to 42’4”
Rear Setback	The greater of 15’ or height of adjacent building wall	19’8” to 23’
Building Coverage	40% maximum	40%
Height	45’ maximum	45’
Open Area	35% minimum No private open space required	55.2% 262 sf per unit (avg.) private open space
Minimum Parking	1.5 spaces per unit, at least 1 covered, for 1 bedroom ≤ 650 sf 2 spaces per unit, at least 1 covered, for other unit sizes Guest = 15% of required parking (Total 47 resident, 7 guest)	54 spaces (47 resident, 7 guest)

## Project Design

### *Building Layout*

The proposed plans depict a four-story building element at the center of the site flanked by two-story wings at the front and rear (see Attachment 3—Project Plans). These wings are connected by uncovered walkways at the second level. Located in the front and center portions of the building are 20 stacked units ranging from one to three bedrooms and from approximately 650 to 1,900 square feet in area. Located at the rear of the site are four attached townhome-style units having two stories each. These three-bedroom units are approximately 1,500 square feet in area. The four-story portion of the building at the center of the site is set back substantially from property lines: approximately 35' to 40' at the sides and approximately 55' to 60' at the front and rear. These setbacks provide a buffer for adjacent developments and the future public park on the Hetch Hetchy right-of-way.

The site design includes two pedestrian entries to the project along Fayette Drive: a main entry feature near the driveway on the west side of the site and a secondary pedestrian entry at the east end of the site frontage. A change in stone paving material is proposed to visually highlight the two pedestrian entries to the site. The project design also locates a large common recreation area next to the Hetch Hetchy right-of-way and uses open wrought iron fencing along this property line to provide visibility between the private and public open space areas to improve safety and aesthetics. At this time, there is no pedestrian entry proposed along the Hetch Hetchy right-of-way at the request of the San Francisco Public Utilities Commission (SFPUC), which owns the Hetch Hetchy parcel. The open space area along the east property line has been designed to allow for two potential pedestrian entry points if SFPUC should allow access in the future.

### *Parking*

One level of underground parking is proposed, with vehicular access to be taken from Fayette Drive via a driveway at the northwest corner of the site. The parking garage provides 47 resident parking spaces and seven guest parking spaces for a total of 54 spaces, meeting the minimum required. The applicant proposes to install a security gate in the garage to prevent unauthorized access to resident spaces and storage. The gate will be located to ensure visitors have access to the guest spaces.

Bicycle storage and personal storage space for residents are provided within the parking garage. Guest bicycle parking spaces are provided at street level in the northeast corner of the site.

### *Open Area*

A minimum of 35 percent of the site must be provided as open area in the R3-D Zoning District. The proposed project includes a total of 15,578 square feet of open area, or approximately 55 percent of the site. Common open spaces include a roof deck atop a two-story element at the front of the site and two podium-level common areas created by the large setbacks of the building's central four-story portion. The roof deck offers a gazebo and shade trellis, barbecue, fire pit, and seating. A bocce ball court is proposed in the podium-level open space along the west property line. An outdoor cooking and dining area with a fire pit, barbecues, and seating is proposed in the open space along the east property line, which is adjacent to the Hetch Hetchy right-of-way.

Although private open space is not required in the R3-D Zoning District, the proposed project includes an average of 262 square feet of private open space per unit. The four townhome-style units have large private rear patios. Private patio areas are provided for six of the seven ground-floor flats. Private balconies are also provided for all upper-floor flats.

Landscaping is located in raised planters to accommodate the underground garage, except along the Fayette Drive frontage and near side and rear property lines, where inground landscaping can be located beyond the podium. Flow-through planters will be used to treat stormwater runoff.

### *Architecture*

The proposed architecture is contemporary in style with traditional design details. Building areas range from two to four stories. This height variation provides a transition to lower adjacent development and helps reduce building massing. Wall offsets, projecting elements, and decorative details are provided to add visual interest and further break up building massing. Roofs are a mix of flat and low-pitch hip forms. The main pedestrian entry is covered by a large projecting trellis and is flanked by two-story elements with hip roofs to give it visual prominence (see streetscape perspective below).



### Front Streetscape Perspective Along Fayette Drive



Exterior materials consist of stucco and stone in a warm natural palette. Accents include wood trellises and corbels stained in a rich medium brown tone, as well as metal deck railings. The roof material is proposed to be standing seam metal in a medium gray color. Proposed fencing is a mix of wood and wrought iron. A sample elevation is provided below.

### Side Elevation (View from Hetch Hetchy Right-of-Way)



The proposed architectural style and level of detailing are appropriate to a multi-family development and are compatible with the character of the surrounding neighborhood. Existing apartment developments in the area were generally constructed in the 1960s in a style typical of the era, and are two to three stories in height. More recent residential developments in the neighborhood are four to five stories in height with contemporary

architecture. The Development Review Committee's (DRC) review of the project architecture is discussed later in this report.

#### *Heritage Tree Removal Permit*

The project site has nine existing Heritage trees. Another four Heritage trees are located on adjacent properties near the property lines of the project site. The applicant proposes to remove or relocate all nine of the site's Heritage trees due to conflicts with excavation for the underground garage. Two of the Heritage palm trees can be relocated to flank the main pedestrian entry along Fayette Drive. The remaining seven trees have been determined to be unsuitable for relocation due to their sizes, species, and condition. The four adjacent off-site Heritage trees will be preserved in place. The proposed landscaping plan includes a total of 40 replacement trees of small- to medium-sized species.

The following table shows the existing and proposed tree canopy coverage. In the short term, the project will reduce the tree canopy from 35 percent to 2 percent. Within 10 years of planting, the canopy is expected to surpass its current state to cover 44 percent of the site.

**Table 3 – Tree Canopy Coverage**

	<b>Canopy Coverage</b>
Existing Trees	35 Percent
Retained + New at Planting	2 Percent
Retained + New After 5 Years	11 Percent
Retained + New After 10 Years	44 Percent

Based on the proposed replacement trees and the evaluation of existing trees provided in the arborist reports, staff supports the Heritage Tree Removal Permit.

#### *Vesting Tentative Map*

This project contains ownership units; therefore, a Vesting Tentative Map must be approved to subdivide the existing lots into individual condominiums for sale. The subdivision would result in a single common lot with 24 residential condominium units. Attachment 2 – Resolution Approving the Vesting Tentative Map, includes the proposed map and conditions of approval for the subdivision.

## **Tenant Relocation**

This project is subject to the City's Tenant Relocation Assistance Ordinance (Article XIII of the City Code). The ordinance requires a landlord to provide residential tenants with a Notice of Intent within 30 days of submitting a formal development application to the City. The Notice of Intent provides information on the proposed development as well as the tenant's rights under the Tenant Relocation Assistance Ordinance. A third-party consultant is then hired to work with tenants and assess their eligibility for assistance, and the applicant is required to place assistance funds in an escrow account. Prior to displacing tenants from their units, the applicant must send a Notice to Vacate giving tenants at least 90 days to move out, at which time tenants receive their final assistance payments. The Notice to Vacate may not be sent prior to the development application being deemed complete.

During the processing of this application, staff learned the applicant was not in compliance with the provisions of the Tenant Relocation Assistance Ordinance. Tenants were not provided with a Notice of Intent as required. Instead, they were provided with a Notice to Vacate and were displaced from their units without compensation prior to the application being deemed complete. After learning of these events, staff worked with the applicant to bring the project into compliance with the ordinance and provide appropriate assistance to the displaced tenants. A third-party consultant was hired and was able to find current addresses and contact information for all of the former tenants. Notices of Intent were provided to the former tenants to inform them of their right to apply for assistance.

At the time of writing this report, four of the six former tenants have applied for assistance, and all were found to be eligible. The applicant has placed funds in escrow to provide assistance to these tenants and the third-party consultant is disbursing these payments. A fifth tenant has spoken with the consultant but has not submitted an application for assistance. The sixth tenant has not returned calls or letters from the consultant. In order to ensure these individuals can be adequately compensated if they should choose to come forward later in the process, the applicant has placed additional funds in escrow to cover the estimated assistance payments for the remaining two tenants.

## **Previous Meetings and Public Comment**

### *Development Review Committee*

The project was reviewed by the DRC on January 6, 2016 and March 2, 2016. There were no public comments given at these meetings. Key design elements discussed by

the DRC were the sense of entry to the project, landscaping on the parking podium, and the selection and application of exterior materials, colors, and details.

The DRC recommended approval of the site plan and architecture with several minor modifications, including continuing to work with staff to refine the materials, colors, and details. The DRC's recommended modifications are included as Condition of Approval No. 1 in the Findings Report in Attachment 1 – Resolution Approving the Project.

#### *Zoning Administrator/Subdivision Committee*

The project was considered at a joint Administrative Zoning and Subdivision Committee hearing on April 27, 2016. There were no public comments given at the hearing. The Zoning Administrator recommended approval of the Development Review Permit and Heritage Tree Removal Permit with the conditions in Attachment 1 – Resolution Approving the Project, and with an added condition limiting the hours of operation and amplified sound for the roof deck (see Condition No. 33). The Subdivision Committee voted 2-0 with one member absent to recommend approval of the Vesting Tentative Map with the subdivision conditions in Attachment 2 – Resolution Approving the Vesting Tentative Map.

#### **ENVIRONMENTAL REVIEW**

The project is categorically exempt under the California Environmental Quality Act (CEQA), Section 15332 (“Infill Development Projects”), because it is characterized as an infill development which is consistent with the General Plan land use designation and Zoning District regulations; it is on a project site of less than five acres; it contains no value as habitat for endangered, rare, or threatened species; it would not result in any significant effects related to traffic, noise, air quality, or water quality; and the site can be adequately served by all required utilities and public services.

#### **FISCAL IMPACT**

The project site has a total assessed value of approximately \$4.8 million. The City's share of the County of Santa Clara's annual property taxes is approximately \$7,680. If the site were redeveloped as proposed and units sold at estimated sales prices ranging from \$648,000 to \$1,888,000, the City's share of property taxes would increase to approximately \$42,925 per year.

The project is subject to the City's Affordable Housing Ordinance, which requires 10 percent of the units in ownership developments to be offered at Below-Market-Rate

(BMR) prices. When the estimated sales price of the units is above the threshold set by the Council-adopted BMR Program Administrative Guidelines, the ordinance permits a developer to either provide the required BMR units within the development or pay an in-lieu fee equal to 3 percent of the sales prices of all units. The average expected sales price is \$1,117,833, which exceeds the City's adopted price threshold. The applicant proposes to pay the BMR In-Lieu fees for this project, which are estimated at approximately \$804,840.

The Park Land Dedication Ordinance requires residential developments to provide on-site area for development of a public park, or to pay Park Land Dedication In-Lieu Fees, based on the number of net new units on the property. For projects with fewer than 50 units, the dedicated land area would generally be too small to be usable, and payment of in-lieu fees is preferred in these cases. Given the size of the project, the developer proposes to pay the in-lieu fees, which are estimated at approximately \$594,000 (\$33,000 per net new unit) in accordance with Chapter 41 of the City Code.

## **CONCLUSION**

The Zoning Administrator recommends approval of the proposed Development Review Permit and Heritage Tree Removal Permit for the construction of 24 residential condominium units at 2645 and 2655 Fayette Drive. The Subdivision Committee recommends approval of the Vesting Tentative Map. This project supports General Plan policies for housing diversity, parcel assembly and neighborhood reinvestment, neighborhood character, height and setback transitions, and enhanced public space, as well as the City's objective of increasing housing supply, although it displaces existing tenants. The project is consistent with the applicable land use designation in the General Plan and with the purpose and development standards of the R3-D Zoning District. The project's quality design, including unit types, site layout, architecture, open space, materials, and details will contribute positively to the surrounding neighborhood and will not result in significant environmental impacts.

## **ALTERNATIVES**

1. Approve the project with modified conditions.
2. Refer the project back to the DRC and/or Zoning Administrator for further review and modification.
3. Deny the project and Vesting Tentative Map, finding the site is not physically suitable for the proposed type of development.

**PUBLIC NOTICING**

The meeting agenda is advertised on Channel 26, and the agenda and Council report are posted on the City's website. A notice was placed in the local newspaper. Notices were mailed to all property owners within a 300' radius of the project site, to the former tenants of the project site, and to other stakeholders on the interested parties list.

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MH-TB/2/CAM  
802-06-07-16CR-E

- Attachments:
1. Resolution Approving the Project
  2. Resolution Approving the Vesting Tentative Map
  3. Project Plans