



April 2, 2018

Mr. Randy Tsuda
 Community Development Director
 City of Mountain View
 500 Castro Street
 Mountain View, CA 94041

Re: Gatekeeper Application for 355, 365, 401 and 415 E. Middlefield Rd (APN 160-52-013 & 160-52-021)
 City of Mountain View / Los Altos School District TDR Program

Dear Randy:

As you know, SummerHill controls six acres of land within the future East Whisman Precise Plan Area for which we received Gatekeeper authorization January 16th as part of the LASD TDR Program. Similar to other Gatekeeper requests under the TDR program, our request sought discretionary approval of increased density above and beyond what is currently permitted by General Plan and Zoning Ordinance, or what may be anticipated to be allowed in the East Whisman Plan.

The rationale behind our request for a second study session with Council is to seek clarification early on to a few key project components that can have a significant impact on economic viability of the project. These details have historically been addressed at a typical Gatekeeper hearing but we didn't receive that type of input here due to the unique nature of the TDR Process (in lieu of applicant presentations, there was a single staff presentation and not as detailed project specific discussions).

Plan Summary:

SummerHill proposes to develop the site with:

- Total of 447 residential units offering three distinct housing types:
 - 48 Flats in 4-story buildings served by an elevator, 1,300 to 2,300 square feet
 - 134 condominium units in a 7-story building, 850 to 1,735 square feet
 - 265 apartment units in a 7-story building, 585 to 1,115 square feet
- 0.4 Acre new public park

The four key project components we seek confirmation on from Council are:

- 1) **Height.** While the East Whisman Plan is still in draft form, the latest Council preferred Land Use Alternative shows this site with 5 to 6 stories. We believe that our proposal of 4 to 7 stories fits in with the context of what's planned around our parcels and does not negatively impact those around the site. The parcel immediately East of us can be 7 to 8 stories and would be adjacent to our 7 story apartment building. The parcel West of us can be 1 to 3 stories and would be adjacent to our 4-story flat buildings. Across Middlefield is planned with 5 to 6 stories and South of our site is the Franzia orchards, yet to be planned. In addition, Council and Staff have also discussed that higher heights may be permitted on parcels where open space is achieved as is the case with our proposal.

- 2) **FAR.** Our proposed plan is based on a 2.87 FAR whereas the draft Precise Plan showed this site with 2.5 maximum. You may recall that I spoke at a recent study session suggesting Council consider increasing the heights to 7 stories and permitting slightly higher FAR as a result. Seven story, Type III, buildings are probably the most common housing type being proposed these days on projects requiring concrete podium construction. Construction costs have increased significantly over the past five years and Type III construction (5 stories of wood over 2 stories of concrete) is a way to enable construction on higher density sites in spite of these cost increases.
- 3) **Affordables.** Our purchase negotiations on these sites commenced in the summer of 2017. At that time, there was no on-site requirement for BMRs, but instead, rental impact fees and a 3% in-lieu fee on ownership housing. That said, we know that the rules on affordables have recently changed in Mountain View in response to new State legislation so we have also adjusted. Our proposal is to deliver with this project a payment of 3% in-lieu fee on the 182 ownership units (estimated in excess of \$6 million) AND 10% of the apartments as affordable to low and moderate income households.
- 4) **Park Fee.** Following the vision of the City's preferred land use alternative, our plan was designed to include a new park that will be accessible and open to the public. In addition to this park dedication, SummerHill will pay significant park in-lieu fees in accordance with the City's Parks Ordinance. Our request is that we are able to agree on a land valuation at this stage in the process. Historically, the park fee has not been established until discretionary entitlement approvals are completed, however, given the order of magnitude of these park fees, we believe the number should be set earlier in the process so that we can rely on it for underwriting and financing, similar to most other city fees.

We believe that we have crafted a housing proposal that offers many unique benefits in a supply strained market, including:

- 447 housing units in an area the City has already selected for growth
- Supports the LASD TDR Program
- Involves no residential tenant displacement
- Includes a significant amount of new ownership housing (40%, 182 units)
- Variety of housing types & price points; from 585 square foot apartments to 850 - 2,300 sf condos
- 10% of apartments delivered as turn-key affordables to low and moderate income households
- New Public Park & sizable Park Fees
- Given that the site is the MEW Superfund source site, the site will be improved and delivered in a format that is acceptable to strict EPA rules and protections
- All housing accessed with elevators which serves the growing "move-down" demographic
- Housing to market sooner as TDR Gatekeeper enables concurrent process with Precise Plan

We look forward to Staff and Council input later this month on what we believe is an exciting new housing opportunity in the East Whisman Area.

Sincerely,



Katia Kamangar
Executive V.P. / Managing Director