



DATE: November 17, 2020

CATEGORY: Public Hearing

DEPT.: Community Development

TITLE: **44-Unit Condominium Project at 2645 and 2655 Fayette Drive**

RECOMMENDATION

1. Approve an Initial Study/Mitigated Negative Declaration and Mitigation Monitoring or Reporting Program for the 2645 and 2655 Fayette Drive Residential Project pursuant to the California Environmental Quality Act (Attachment 1 to the Council report).
2. Introduce an Ordinance of the City of Mountain View Amending the Zoning Map for the Properties Located at 2645 and 2655 Fayette Drive from the R3-D (Multi-Family Residential) Zoning District to the P-40 (San Antonio) Precise Plan Zoning District, to be read in title only, further reading waived, and set a second reading for December 8, 2020 (Attachment 2 to the Council report).
3. Adopt a Resolution of the City Council of the City of Mountain View Approving Amendments to the P-40 (San Antonio) Precise Plan, to be read in title only, further reading waived (Attachment 3 to the Council report).
4. Adopt a Resolution of the City Council of the City of Mountain View Approving a Planned Community Permit, Development Review Permit, and Provisional Use Permit for a Six-Story, 44-Unit Condominium Project with a State Density Bonus and a Heritage Tree Removal Permit for the Removal of Eight Heritage Trees at 2645 and 2655 Fayette Drive, to be read in title only, further reading waived (Attachment 4 to the Council report).
5. Adopt a Resolution of the City Council of the City of Mountain View Approving a Vesting Tentative Map to Create 44 Condominiums and One Common Lot at 2645 and 2655 Fayette Drive, to be read in title only, further reading waived (Attachment 5 to the Council report).

BACKGROUND

Project Site and Location

The approximately 0.67-acre project site is located on the south side of Fayette Drive, between Del Medio Avenue and San Antonio Road. Surrounding land uses include three- and four-story residential multi-family buildings to the northwest and southwest, and the San Francisco Public Utilities Commission (SFPUC) open-space area abuts the property to the southeast. A new City park will be situated northeast of the project across Fayette Drive and is part of a recently constructed mixed-use project (The Dean), which is located north and east of the park, and ranges between five and seven stories in height.

The project site is currently developed with six units and an approximately 6,900 square foot commercial building, previously used as a carpet cleaning operation. All structures on the site are vacant.

Project Description

The project applicant, Octane Fayette, LLC (Octane), proposes to redevelop the project site with a six-story, 44-unit, residential condominium building with a two-story underground parking garage. The project also includes the construction of an enhanced crosswalk across Fayette Drive along the project frontage, which will connect two public open spaces under development: the SFPUC linear park south of Fayette Drive and the mini-park dedicated by The Dean north of Fayette Drive (see Attachment 6—Project Plans).



Figure 1: Location Map

Previous Meetings and Hearings

Previous Project Approval

On June 7, 2016, the City Council approved a smaller project on the site. The project was a 24-unit, four-story condominium development with a 1.05 floor area ratio (FAR) that was consistent with the R3-D Zoning District (see Attachment 7 – [Previous Project Council Report](#)). That approval has since expired.

Gatekeeper Authorization

In December 2016, the City Council authorized a Gatekeeper application for consideration of a rezoning of the project site to the San Antonio Precise Plan and a new project which would allow increased intensity at the site beyond what was approved in June 2016 with 34 to 40 units (Attachment 8 – [Gatekeeper Request Council Report](#)).

April 23, 2019 City Council Study Session

Subsequent to the Gatekeeper authorization, Octane proposed increasing the number of units through a Density Bonus. The City Council reviewed this project at a Study Session on April 23, 2019 (Attachment 9 – [City Council Study Session Memorandum](#)). The project had similar scope, design, and characteristics to what is currently proposed.

The City Council supported the rezoning and the project's proposed density and intensity. The City Council also provided direction to staff regarding potential use of community benefit funds and requested contributions to the Mayfield tunnel and other pedestrian/bicycle improvements in the area, additional Below-Market-Rate (BMR) units, or traffic/congestion solutions in the area.

Development Review Committee

The project was reviewed by the Development Review Committee (DRC) at two meetings where the DRC provided feedback and recommended site and architectural changes on several iterations of the project design. Key changes based on DRC direction included modification and accentuation of the main lobby entrance; improvements to the ground-floor character; integration of warmer and more internally consistent materials; and strategies to reduce the mass of large wall planes. The project received a final recommendation of conditional approval from the DRC on February 5, 2020. Specific DRC design recommendations for City staff to review with the building permit submittal are included as Condition of Approval No. 10 in Attachment 4.

October 21, 2020 Environmental Planning Commission Public Hearing

The Environmental Planning Commission (EPC) held a public hearing to review the project on October 21, 2020 (Attachment 10 – [EPC Public Hearing Agenda, Questions, and Report](#)), where the EPC recommended approval of the CEQA document, rezoning, and development. The EPC supported several aspects of the project, including the community benefits, unit types, ownership tenure, provision of more than the minimum parking, and design. However, the EPC discussed and expressed concerns about several aspects of the project, including the waivers of Precise Plan standards based on the Density Bonus, replacement of six existing units with only five BMR units, and the limited use of large trees over the parking podium. The EPC also discussed concern with the potential future inability for lower-income individuals to afford major homeowners association (HOA) assessments that would exceed the HOA reserve fund set aside for the BMR units. More information on this issue is provided later in the report under "Public Benefits."

Two letters, from the Mountain View Coalition for Sustainable Planning (MVCSP) and the League of Women Voters, were received prior to the EPC meeting (Attachment 11 – Public Comment). The letters expressed support for the project, including its density, design, inclusion of affordable units, and proposed crosswalk. The MVCSP letter also requested reduction of fencing around open areas, protection of migration paths, avoidance of nuisance trees near bicycle paths, keeping sidewalks clear during construction, and Bicycle/Pedestrian Advisory Committee (B/PAC) review. A representative from MVCSP also spoke at the meeting, where staff and the EPC responded to several of the comments.

ANALYSIS

General Plan and Zoning

The site's General Plan Zoning Designation of High-Density Residential (36 to 80 dwelling units per acre) allows residential projects up to 80 units per acre, thereby allowing up to 51 units on this site. The proposed 44-unit residential project is consistent with the existing General Plan Land Use Designation. The project is also consistent with General Plan policies related to higher intensity near transit, urban design, and height and setback transitions between new development and existing neighborhoods.

To facilitate the proposed project, the applicant is requesting a Zoning Map Amendment to rezone the site from R3-D to the San Antonio Precise Plan and Precise Plan Text Amendments to accommodate the new property into the Precise Plan. The San Antonio Precise Plan includes several areas designated "residential only" where commercial uses would not be appropriate. The proposed Precise Plan amendments apply that "residential only" designation to the project site. In addition, the proposed amendments apply the "residential transition" setback requirements to the west property line of this site, where it borders a residentially zoned property.

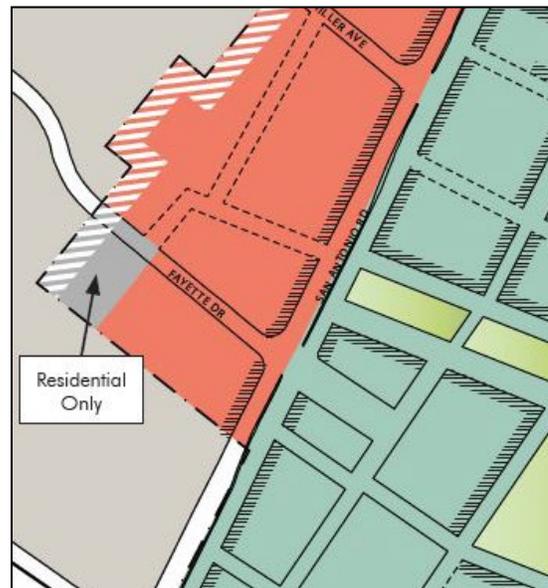


Figure 2: Precise Plan Map

Table 1 below compares the development standards of the two zoning designations:

Table 1: Zoning Districts Compared

	R3-D (Previous)	San Antonio Precise Plan (Proposed)
Maximum Units	27	51 (per General Plan)
Maximum FAR	1.05	1.85
Maximum Height	45'	55' / 65' with public benefits
Maximum Building Coverage	40%	None
Maximum Paving Coverage	30%	40%
Minimum Open Area	35%	40% / 175 sq. ft. per unit
Setbacks	Greater of 15' or height of wall	25' plus upper-floor step- backs on west side; none otherwise
Personal Storage	None	164 cubic feet
Parking	1.5 to 2 spaces per 1-bedroom unit and 2 spaces per 2+- bedroom unit	1 space per 1-bedroom unit and 2 spaces per 2+- bedroom unit
Design Guidelines	None	Guidelines supporting pedestrian interest, open space design, building design, etc.

The proposed project supports Precise Plan policies to prioritize new residential units in the area and encourage a range of new housing types, prioritize intensity in transit-oriented locations, prioritize underground parking, locating buildings to face improved streets and encourage the use of nonvehicular transportation, and identifying and implementing traffic-calming and pedestrian-friendly improvements.

The project complies with Precise Plan standards for paving coverage, open area, frontage setback, personal storage, and parking. Other standards, including FAR, height, and height at frontage setback and neighborhood transitions, are addressed below, under Density Bonus.

In 2019, the State adopted Senate Bill 330 (SB 330), The Housing Crisis Act of 2019, which prohibits jurisdictions from amending zoning or general plans to be more restrictive toward housing. As the table above makes clear, the proposed rezoning of the site from R3-D to the San Antonio Precise Plan conforms to the restrictions under SB 330 in that the

San Antonio Precise Plan allows more units and greater intensities on the site than would be allowed under the current R3-D designation.

Project Overview

The proposed six-story residential building includes 44 units and a two-story underground garage. The total building size is 72,620 square feet (2.5 FAR) and includes five one-bedroom units, 18 two-bedroom units, and 21 three-bedroom units. Octane is requesting a vesting tentative map for condominiums and intends to sell the units. The project is proposing a GreenPoint rating of 110 points, which is consistent with other residential projects recently built in the City and exceeds the City's green building requirements.



Figure 3: Site Plan

The building is located close to the Fayette Drive sidewalk and the SFPUC property to the east but has larger setbacks along the west property line where the Precise Plan would designate a neighborhood transition area. This larger setback area contains the ramp down to the underground parking and the project's open area, which contains a pool and

other amenities. The lobby is located on the northeast corner of the site, closest to San Antonio Road, behind a small, publicly accessible plaza.

The project includes upper-floor step-backs along Fayette Drive, the western property line (adjacent to a three-story apartment building), and the southern property line (adjacent to a four-story apartment building).

The project massing is broken up into three different material palettes: a base and tower elements of brick veneer; large, projecting masses of white stucco; and small, receding masses of lap siding. The materials are appropriate to the transitional environment between the contemporary buildings along San Antonio Road and the older buildings in the neighborhoods along Fayette Drive.



Figure 4: Facade Facing Fayette Drive



Figure 5: Facade Facing SFPUC (East)

Open Space and Landscaping

The project includes landscaped frontage and setback areas, a large amenity area with a pool near the western corner of the site, a small courtyard in the middle of the building, and a 1,600 square foot plaza with seating near the project entrance. The plaza will be open to the public but will not be dedicated in fee or easement. In addition, the project includes a 1,640 square foot rooftop deck, above the sixth floor. Such decks require a Provisional Use Permit in the Precise Plan. The deck will have hours of operation and is located on the side of the building closest to the SFPUC property and commercial sites to the southeast.

A tree survey was completed for the project site by certified arborist Michael P. Young. The tree survey identified, measured, mapped, and rated the trees for preservation, which took into consideration the trees' age, health, and structural condition. The tree survey found a total of 18 trees are located on the project site, including nine Heritage trees. All nine Heritage trees are located within the underground parking garage footprint, necessitating their removal for project construction. One Heritage palm tree is proposed to be relocated on-site between the parking garage and the property line due to palm tree's resilience to relocation and small root ball. This project proposed to remove the remaining eight Heritage trees and nine non-Heritage trees and plant 26 Heritage replacement trees with a minimum 24" box size (greater than 3:1 replacement ratio).

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

Table 2: Tree Canopy Coverage

Existing	21 percent
Retained + New After Five Years	6 percent
Retained + New After 10 Years	10 percent
Retained + New At Full Maturity	21 percent

Parking

The project includes 94 parking stalls, which is greater than the minimum 83 required by the San Antonio Precise Plan or the State Density Bonus Law. All parking is located in two levels of underground parking with an access ramp located on the northwest corner of the project site. Eleven (11) of the parking spaces (13 percent of the requirement) are identified as guest parking, while the San Antonio Precise Plan requires 15 percent guest parking (12 spaces). A condition of approval (No. 22) is included, which requires the applicant to provide the 12th space or prepare a parking management plan which would allow guests to use an available space in the resident parking area.

The project also includes one bicycle parking space for each unit, located in a protected room in the first basement level, and at least five temporary spaces along the project frontage for guests.

Density Bonus

Octane is requesting application of provisions of State Density Bonus Law, which allows additional units, waivers of development standards, and concessions for projects providing affordable units. The City cannot deny these provisions unless there are impacts to health and safety, historic properties, or other narrow circumstances prescribed by State law. The applicant's density bonus request is included as Attachment 12.

Octane is proposing five affordable units, four of which are intended for very-low-income (9 percent), which makes them eligible for a 30 percent density bonus. However, Octane is not requesting any additional units above the allowed density under the Zoning and General Plan. State law allows developments to take advantage of provisions of Density Bonus Law, even if the bonus units are not provided in the project.

Concession Request

The project is allowed one concession (also known as an incentive), which is defined in State law as a modification to development standards resulting in cost reductions to provide the project's affordable units. In other words, the concession must reduce the cost of developing the project, and that cost reduction must be equal to or less than the cost of providing the affordable units (i.e., the combination of the affordable units and the concession should not result in a profit for the developer).

The City Code requires the affordable units to match the size distribution of the overall units in the development. This standard would normally require the following affordable units: one 1-bedroom, two 2-bedroom, and two 3-bedroom. Octane proposes to make all five 1-bedroom units affordable and none of the two- or three-bedroom affordable. Attachment 12 shows that this results in a cost reduction (i.e., the developer's subsidy of the affordable units is reduced), and the cost reduction is less than the developer's cost to provide the affordable units. Therefore, they are entitled to this concession.

Waiver Requests

The project is also allowed 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. Octane is proposing four waivers:

- FAR. Since dwelling units per acre is the project's density standard under the General Plan, the applicant is allowed to request an FAR waiver. Octane is requesting an FAR waiver from 1.85 to 2.50 (a 35 percent increase) since it is necessary to accommodate the number of units in the project. While the City does not have a standard for how much FAR should be allowed given a project's number of units, some considerations may be applied to the request, which show the project's FAR is commensurate with the number of units allowed:
 - The project is providing a higher proportion of two- and three-bedroom units than the City has seen in other multi-family projects, and the unit sizes are consistent with typical two- and three-bedroom units. The City Council has expressed interest in more family-oriented units, and the requested FAR is necessary to provide those larger units.
 - Under the San Antonio Precise Plan, FAR is the density standard where density is not provided under the General Plan. The project is allowed a 30 percent unit bonus under State law, which, if subject to the San Antonio

Precise Plan density standard, would be allowed as FAR. A smaller site has less building efficiency (more walls, corridors, and other building area relative to units), so a 35 percent FAR increase is reasonable for an equivalent density increase.

Based on the considerations above, the proposed FAR concession has a reasonable relationship to the number of units provided.

- Height. Octane is requesting a height waiver from five to six stories (a 25 percent increase) since it is necessary to accommodate the number of units in the project. Based on the analysis above, a 20 percent height increase is consistent with a 35 percent FAR increase, so it has a reasonable relationship to the number of units provided.
- Sixth-Floor Residential Transition Setback. One unit is located 4' within the Precise Plan's required sixth-floor residential transition setback (Figure 6), which is 25' on the first through fourth floors, 35' on the fifth floor, and 45' on the sixth floor. This unit is allowed with the density bonus and under the General Plan, so the waiver has a reasonable relationship to the number of units provided.
- Height at Frontage. The Precise Plan requires 80 percent of a building's linear frontage above four stories to be set back a minimum of 10'. One unit is located within 10' of the project frontage setback on the fifth floor, and one unit is located within 10' of the project frontage setback on the sixth floor (Figure 6). This does not count the northeast corner units, which have less than 20 percent of the building's frontage within the step-back area. These two units are allowed with the Density Bonus and under the General Plan, so the waiver has a reasonable relationship to the number of units provided. An upper-floor step-back has been integrated into the project design, but it is slightly shallower and one story higher than the standard prescribes.

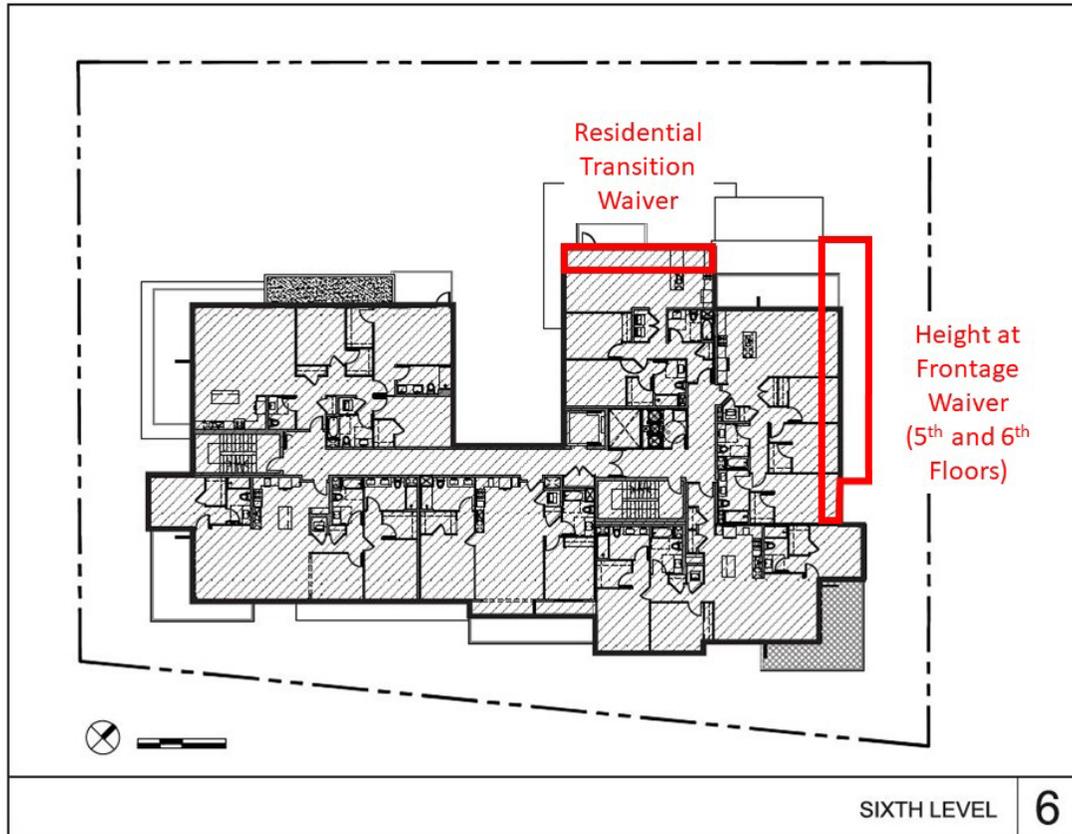


Figure 6: Requested Setback Waivers (Sixth Floor)

Affordable Units

Octane is subject to three requirements related to the provision of on-site affordable units. Individual units can count to all three requirements if they comply with the associated standards.

- BMR Requirements. Pursuant to the BMR Housing Program Administrative Guidelines, Gatekeeper projects such as this are allowed to use the previous BMR requirements if they were “deemed ready by December 20, 2019 for a public hearing regarding project approval.” This project had provided all necessary documents for project approval by that date, though it was delayed to address the affordable unit replacement requirement. Therefore, pursuant to the previous BMR requirements, the project is required to provide at least four units at moderate income or lower (10 percent) and pay a fee for the fractional remainder. The provision of five units would eliminate payment of the fee.

Since the project is not subject to the new BMR requirements, it is not required to provide the reserve supporting lower-income owners’ future expenses for increases

in HOA fees or other assessments. However, the applicant proposed to use a portion of their public benefits for that reserve (see below).

- Density Bonus. As described above, the project is requesting a density bonus with the provision of four very-low income units.
- Density Bonus Replacement. Since Octane is requesting a density bonus, Octane is required under State law to replace all units currently existing on the site that are rented to lower-income households, and those units must be replaced at the income level they were previously rented to. The existing units include four one-bedroom apartments that were previously rented to three very-low-income households and one low-income household. The incomes of the two other existing units were unknown, and State law requires that the City assume approximately 28.6 percent of unknown-income units are rented to very-low income households, leading to one additional very-low-income replacement unit. The units were vacated prior to the Community Stabilization and Fair Rental Act (CSFRA) and were not occupied or offered for rent since the CSFRA was in effect. Therefore, the units have not been subject to the law, and only the units occupied by low-income households need to be replaced. This results in four very-low-income units and one low-income unit.

In summary, Octane is proposing to provide four very-low-income units and one low-income unit, all one-bedroom, which complies with each of the requirements above.

Public Benefits

The San Antonio Precise Plan requires projects requesting greater than 1.35 FAR to provide public benefits. In addition, the project is required to provide public benefits for the fifth story. Octane's public benefit proposal is attached as Attachment 13.

Included in Octane's proposal is a new enhanced crosswalk across Fayette Drive, which will connect the proposed Linear Park south of Fayette Drive with the proposed mini-park on the north side. A conceptual diagram of this crosswalk is shown in the Project Plans, though the final location has not been determined. This crosswalk will provide a safe connection between these two open spaces, which is especially important near the curve in Fayette Drive, which reduces driver visibility. Octane will also paint bicycle shared-lane markings ("sharrows") on Fayette Drive, consistent with the adopted Bicycle Transportation Plan. Staff estimates that a small portion of the cost of these projects are not public benefits since they are incurred by project need.

Octane's offer of \$691,512 includes \$350,000, based on \$24.01 per square foot from 1.35 to 1.85 FAR, and an additional \$341,512, based on the additional height and the rezoning request. Octane proposes to divide up the community benefits as follows:

- \$250,000 for the low-income unit HOA reserve. Housing Division staff is working on the value per unit as an implementation item for the BMR Phase 2 project and preliminarily estimates the need to be at least \$50,000 per unit based on an analysis of affordable ownership units in other jurisdictions. If the analysis determines the value to be greater than \$50,000 per unit, the current draft condition of approval states that the HOA reserve would increase, while the amount to the San Antonio Public Benefits Fund would decrease accordingly. Alternately, Council could choose to keep the amount capped at \$250,000, regardless of the final result of the analysis.
- \$87,750 for approximately 75 percent of the cost for the crosswalk and sharrows on Fayette Drive.
- The remaining amount, approximately \$353,762, will be deposited into the San Antonio Public Benefits Fund, which can be used for public improvements in the San Antonio area.

Subdivision

The project includes a Vesting Tentative Map for 44 condominiums and a common lot. Staff finds the map is consistent with the requirements of the Subdivision Map Act and the General Plan, with incorporation of the draft Conditions of Approval (Attachment 5 – Resolution for Vesting Tentative Map).

Environmental Review

An Initial Study was prepared to evaluate the potential environmental impacts of the project and the rezoning (Attachment 1 – Initial Study/Mitigated Negative Declaration and Mitigation Monitoring or Reporting Program for the 2645 and 2655 Fayette Drive Residential Project). Impacts to air quality and noise and vibration were identified, but all impacts could be reduced to a less-than-significant level with the inclusion of mitigation measures. The Initial Study and Draft Mitigated Negative Declaration was circulated from March 6, 2020 to March 25, 2020. No comments were received.

After public circulation of the Initial Study and Draft Mitigated Negative Declaration, the City adopted a new vehicle miles traveled (VMT) standard for transportation impacts. Based on the City's adopted methodology, the project would be screened out of VMT

impact analysis (Attachment 14 – VMT Memo). In addition, since circulation, the project applicants have modified the project description to remove a request for a General Plan Amendment. This change to the project description has no environmental effect, so recirculation was not required.

FISCAL IMPACT

The subject site currently has a total assessed value of approximately \$5.275 million. The City's share of property tax is approximately \$8,500 per year. If the site were developed as proposed, the City would receive approximately \$80,100 per year in additional property tax revenue.

In addition to the community benefits contribution above, the project will provide fees for public improvements, including approximately \$2.22 million for the Park Land Dedication In-Lieu Fee, in accordance with Chapter 41 of the City Code, and approximately \$63,581 for the Transportation Impact Fee (TIF), in accordance with Chapter 43 of the City Code.

CONCLUSION

The proposed rezoning and Precise Plan amendments support General Plan policies related to urban design, height and setback transitions, and land-use intensity near transit. The proposed six-story, 44-unit condominium project over two levels of underground parking is consistent with the San Antonio Precise Plan, State Density Bonus Law, and the Subdivision Ordinance. This project is also compatible with existing and under-construction developments in the area. The project's design is consistent with the vision and goals of the Precise Plan and the 2030 General Plan, to provide engaging buildings close to the street, redevelopment of underutilized sites, and a mix of housing types. Therefore, staff and the EPC recommend approval of the rezoning and project.

ALTERNATIVES

1. Approve the rezoning and project with modified conditions.
2. Refer the project back to the Environmental Planning Commission for additional consideration.
3. Do not approve the CEQA document, deny the rezoning, or deny the project.

PUBLIC NOTICING

The Council agenda is advertised on Channel 26, and the agenda and this report appear on the City's website. All property owners within a 750' radius and other interested stakeholders were notified of this meeting.

Prepared by:

Eric Anderson
Senior Planner

Stephanie Williams
Planning Manager/Zoning
Administrator

Approved by:

Aarti Shrivastava
Assistant City Manager/
Community Development Director

Kimbra McCarthy
City Manager

EA-SW/6/CAM
899-11-17-20CR
200168

- Attachments:
1. Initial Study/Mitigated Negative Declaration and Mitigation Monitoring or Reporting Program for the 2645 and 2655 Fayette Drive Residential Project
 2. Ordinance for the Zoning Map Amendment
 3. Resolution for Precise Plan Amendments
 4. Resolution for the Planned Community Permit, Development Review Permit, Density Bonus, Provisional Use Permit, and Heritage Tree Removal Permit
 5. Resolution for the Vesting Tentative Map
 6. Project Plans
 7. [Previous Project Council Report](#)
 8. [Gatekeeper Request Council Report](#)
 9. [City Council Study Session Memorandum](#)
 10. [EPC Public Hearing Agenda, Questions, and Report](#)
 11. Public Comment
 12. Density Bonus Request
 13. Public Benefit Proposal
 14. VMT Memo