

From: [Kerry Williams](#)
To: [_City Clerk](#); [Hicks, Alison](#); [Showalter, Pat](#); [Ramirez, Lucas](#); [Matichak, Lisa](#); [Abe-Koga, Margaret](#); [Kamei, Ellen](#); [Ramos, Emily Ann](#)
Cc: [Shrivastava, Aarti](#); [Anderson, Eric B.](#); [Yau, Ellen](#); ["Jeff Morris"](#)
Subject: COMMENT LETTER for May 23, 2023 City Council Hearing - Morris Group
Date: Monday, May 22, 2023 4:53:03 PM
Attachments: [Morris Group Comment Letter on Council Report 5.23.23 FINAL.pdf](#)

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Mayor Hicks and Members of the City Council,

Please find attached a comment letter on behalf of the Jeffrey A. Morris Group regarding the Staff Report for the North Bayshore Precise Plan Office Bonus FAR Authorization on the agenda for tomorrow night's City Council Hearing (May 23, 2023).

Thank you in advance for your consideration.

Kerry

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VIA ELECTRONIC DELIVERY

May 22, 2023

Honorable Mayor Alison Hicks, and
Members of the Mountain View City Council
500 Castro Street
Mountain View, CA 94041

RE: Jeffrey A. Morris Group Comment Letter on Staff Report for the May 23, 2023 City Council Hearing on the NBPP Bonus Office FAR Authorization

Dear Mayor Hicks and Mountain View City Council members:

On behalf of the Jeffrey A. Morris Group (“**Morris Group**”), we would like to provide the following comments on the Staff Report for the upcoming City Council hearing on May 23, 2023, regarding the North Bayshore Precise Plan (“**NBPP**”) Bonus Office FAR Authorization. The Morris Group is requesting a Bonus FAR Authorization of **69,668 sq. ft.** and a **FAR of 1.25** to enable development of a **108,856 sq. ft.** office building on a 1.9992-acre site located at 1808 N. Shoreline Boulevard in Mountain View, CA. The Project would demolish the existing 21,862 sq. ft. suburban style office building built in the mid-1980s.

Qualifying Threshold for Residential Units

The *NBPP Appendix F: Bonus FAR Review Guidelines* adopted by the City Council on Dec. 7, 2021 (“**Guidelines**”) include Qualifying Thresholds stating that “The proposal must also include residential units on-site or off-site to achieve the housing targets in the Precise Plan.” Notably, the Guidelines do not specify a minimum number of units, only that the proposals must include residential units, which the City Council has indicated could be in the form of funding for affordable housing or partnerships with the City or private developers.

The Morris Group is proposing to contribute **\$7.2 million** in critically needed funding for affordable housing to meet the Qualifying Thresholds, including \$4.7 million in Community Benefit Funds and \$2.5 million in Non-Residential Housing Impact Fees. Based on an average City subsidy of approximately \$125,000 per unit, this would fund the construction of approximately **58 units of affordable housing** to help achieve the targets in the NBPP.

The Staff Report concludes that the project complies with the spirit and intent of the Qualifying Thresholds but that there is “no clear metric in the guidelines” for meeting “the housing targets in the Precise Plan.” In lieu of a clear metric, the Staff Report states that “the project is increasing office by 3.9% of the targets and would facilitate affordable housing by approximately 2.9% of the targets.” Our understanding is that the above percentage calculations are based on the amount of “net new” project square footage (86,994 sq. ft.) as a proportion of the total remaining net new capacity available in the 2017 EIR (2,227,000 sq. ft.), a method of comparison that was not included in the Call for Proposals.

We understand Staff’s intent is to provide some contextual information for evaluating our proposal of Community Benefits in exchange for the requested 69,668 sq. ft. of Bonus FAR. However, we believe this approach to evaluating the Project’s contribution towards the targets in the Precise Plan is inconsistent with the approach used in **Chapter 3, Table 2: Targets for Complete Neighborhood Areas in the NBPP** (page 53), and that it understates the Project’s contribution toward the affordable housing targets in the plan.

Complete Neighborhood Targets under the NBPP

The Call for Projects for the 2023 NBPP Bonus FAR process advised applicants that, to meet the Qualifying Thresholds, proposals must include residential units on-site or off-site “proportional to the Bonus FAR requested” to achieve the housing targets in the Plan. On Nov. 17, 2022, in response to questions from Morris Group, Staff advised that, although the words “proportional to the Bonus FAR requested” are not actually contained in the Guidelines, the additional language was provided to offer a “quantitative interpretation.”¹ Staff further advised applicants to review the NBPP targets in Chapter 3, Table 2.

Morris Group reviewed the NBPP Targets for Complete Neighborhood Areas for employment and residential units shown in Chapter 3, Table 2 below. The Joaquin Neighborhood, where the Project is located, includes a target of 790 affordable units, and 2,500,000 sq. ft. of employment uses. For all three neighborhoods, the targets total 9,850 residential units, 1,970 affordable housing units (@20%), and 5 million square feet of employment uses (office, R&D, industrial, service).

Table 2: Targets for Complete Neighborhood Areas

	JOAQUIN NEIGHBORHOOD	SHOREBIRD NEIGHBORHOOD	PEAR NEIGHBORHOOD
Size	68 acres	43 acres	43 acres
Residential Units*	3,950 units	2,950 units	2,950 units
Affordable Housing Units**	790 units	590 units	590 units
Employment***1	2,500,000 sf	1,500,000 sf	1,000,000 sf
Retail and Entertainment****1	240,000 sf	15,000 sf	35,000 sf
Hotel	200 rooms	0	200 rooms
Public Open Space (minimum)	Community park; Neighborhood park	Neighborhood park	Neighborhood park

*The North Bayshore district has a housing unit mix goal of 40% micro-unit/studios; 30% 1 bedroom units; 20% 2 bedroom units; and 10% 3 bedroom units.

**Assumes 20% of the residential units are built as affordable.

*** Includes office, R&D, industrial, and service uses.

**** Includes retail, restaurant, and movie theatre uses.

1- Includes new and existing building square footage.

Based on the above assumptions, for the **Joaquin Neighborhood**, the **Project’s share of total employment uses is 4.35%** (108,856 sq. ft. /2,500,000 sq. ft.), and the Project is providing **7.34% of the Joaquin Neighborhood affordable housing targets (58 units/790 units)**. For all three neighborhoods, the **Project’s share of total employment uses is 2.17%** (108,856 sq. ft./5,000,000 sq. ft.), and the Project is providing **2.94% of the affordable housing targets (58 units/1,970 units)**. A comparison of the Project’s contribution is shown in the table below.

Complete Neighborhood Target Comparison

Joaquin, Shorebird and Pear Neighborhoods	NBPP Table 2	1808 N. Shoreline	1808 N. Shoreline Percentage
Size	154 acres	1.9992 acres	1.29%
Residential Units - Mkt Rate	7,880 units	0	0.00%
Affordable Housing Units**	1,970 units	58 units	2.94%
Employment***^	5,000,000 sf	108,856 sf	2.17%
Retail and Entertainment****^	290,000 sf	4,000 sf^^	1.37%
Hotel	400 acres	n/a	n/a
Public Open Space (Minimum)	Community Park, 3 Neighborhood Parks	n/a	n/a

¹ North Bayshore Precise Plan Bonus FAR Allocation, Pre-submittal Questions and Answers
<https://www.mountainview.gov/our-city/departments/community-development/planning/development-projects/north-bayshore-bonus-far-allocation>

A comparable analysis was provided for Google’s NBPP Master Plan to evaluate the Google Project’s contribution to the NBPP targets. As shown in the table below, the May 8, 2023 EPC Staff Report for the Google Master Plan includes a comparison to these same Neighborhood Targets, including the 5 million sq. ft., of employment uses. We would expect a similar analysis to be used for the 1808 N. Shoreline Project. Note that Google’s percentage contribution of 53% toward affordable housing units is less than their requested share of employment uses (62%).

Google Master Plan

Table 2: Complete Neighborhood Target Comparison

Shorebird, Joaquin, and Pear	Neighborhood Target	Master Plan	Percentage
Size	154 acres	126.5 acres	
Residential Units	9,850 units	7,000	71%
Affordable Housing Units	1,970 units	1,050	53%
Employment	5,000,000 sf	3,117,931 sf	62%
Retail and Entertainment	290,000 sf	288,990 sf	100%
Hotel	400 rooms	525 rooms	131%
Public Open Space (Minimum)	Community Park, three neighborhood parks	One Community Park, 10 neighborhood parks	

EPC Staff Report, May 8, 2023, Pg. 15.

Other Metrics for Evaluating the Project’s Proposal for Community Benefits

Based upon the above analysis, the Project’s contribution to the affordable housing targets **exceeds its proposed share of employment uses** in the Joaquin Neighborhood and in the three priority neighborhoods. Additionally, we would like to offer the following information for your consideration:

- Although there are vast differences in scale, under Google’s NBPP Master Plan, they are proposing a Community Benefit Package valued at \$43 million in return for 1,303,250 sq. ft. of Bonus FAR, which means Google is paying **\$32.99 psf** of Bonus FAR.
- Combined, the 1808 N. Shoreline project is proposing community benefits for transportation and affordable housing totaling \$4.9 million, or **\$70.33 psf** of Bonus FAR, which means the Project is paying more than twice as much as Google for each additional square foot of Bonus FAR.
- Due to significant shifts in the economy, Google recently announced it is pulling back from its’ original goal of 20% affordable housing in North Bayshore, stating it is no longer feasible, and has reduced its commitment to 15% affordable housing.
- Even if we apply the same methodology presented in the Staff Report (that the Project’s share of employment capacity remaining in the 2017 EIR is **3.9%**), the Project’s share of the affordable housing targets assuming 15% affordable is also **3.9%** (9,850 units @ 15% affordable = 1,478 units; 58 units/1,478 = **3.9%**.) Therefore, even under Staff’s methodology, the Project’s share of employment capacity is equal to its contribution toward the NBPP affordable housing targets.
- We acknowledge that Google is providing market rate units (and for which they are earning an economic return) that are of significant benefit under the Plan. Unfortunately, with just a 1.9992-acre site, we do not have sufficient land to make a mixed-use project work.

Comparative Analysis of Contributions per Sq. Ft. of Bonus FAR					
Google Master Plan			1808 N. Shoreline Blvd		
Value of		\$32.99 psf	Value of		\$70.33 psf
Public Benefits	Bonus FAR	Bonus	Public Benefits	Bonus FAR	Bonus
\$43 million	1,303,250 sf	FAR	\$4.9 million	69,668 sf	FAR

- Additionally, the Project would pay more than double the established Public Benefit Fees in the E. Whisman (\$27.25 psf), El Camino (\$25.17 psf), and San Antonio (\$25.17 psf) Precise Plans.
- To meet the Qualifying Threshold for residential units, the Project is proposing to pay more than double (2.2 times) the required Non-Residential Housing Impact Fees of **\$2.5 million, for a total of \$5.5 million in housing impact fees.**
- Combined, the Project would contribute transportation and affordable housing funding and impact fees totaling **\$9,760,000** towards achieving the City's exciting vision for North Bayshore.

Thank you for the opportunity to provide these additional comments.

Very Truly Yours,



Jeffrey A. Morris
The Jeffrey A. Morris Group



Kerry M. Williams, Principal
Kerry M. Williams Consulting, LLC

CC: Ms. Ellen Yau, Senior Planner
Mr. Eric Anderson, Advanced Planning Manager
Ms. Aarti Shrivastava, Asst. City Manager/Community Development Director
Mr. Matthew Visick, Reuben Junius & Rose