



DATE: May 26, 2015

CATEGORY: Public Hearing

DEPT.: Community Development

TITLE: 1998 - 2024 Montecito Avenue Project

RECOMMENDATION

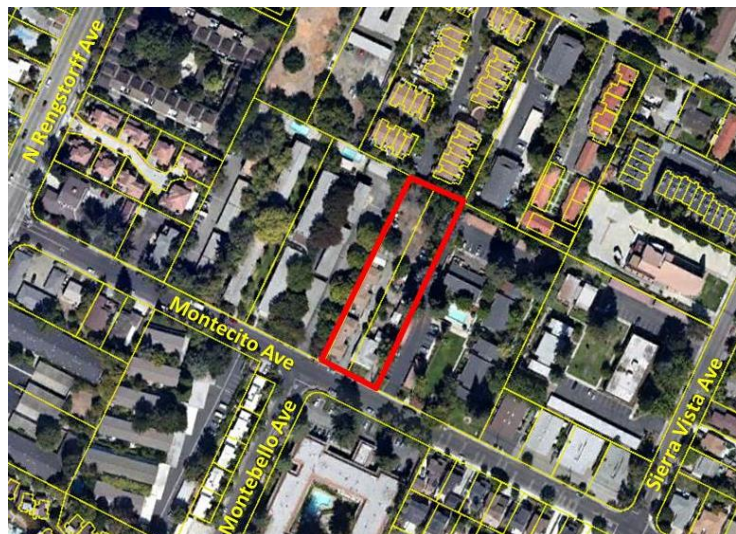
1. Adopt a Resolution Conditionally Approving a Development Review Permit and Planned Unit Development Permit to Construct a 17-Unit Residential Development Project with a 2-Unit Density Bonus Request and a Heritage Tree Removal Permit to Remove 11 Heritage Trees at 1998 - 2024 Montecito Avenue, including a determination that the project is categorically exempt pursuant to Section 15332 ("Infill Development") of the CEQA Guidelines, to be read in title only, further reading waived (Attachment 1 to the Council report).
2. Adopt a Resolution Conditionally Approving a Tentative Map to Create 17 Condominium Lots and 1 Common Lot on a 0.93-Acre Lot at 1998 - 2024 Montecito Avenue, 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 north side of Montecito Avenue between Rengstorff Avenue and Sierra Vista Avenue. The area has a large block pattern with deep parcels, and a range of housing types and styles.

Existing structures on the site include a duplex and two single-family homes. The lot is very



deep and narrow (see aerial map) and a large portion of the site is undeveloped. There are 12 Heritage trees on site, 8 of which are in poor condition (see picture at left for an example of a tree in poor condition). The healthy Heritage trees on-site include an approximately 45' high redwood tree and a 35' high pine tree near the middle of the site.



Adjacent properties on both sides have two-story apartment buildings, and there is another two-story apartment development on the opposite side of the street. The site is bounded to the rear by a two-story townhouse development. These adjacent properties are developed at densities between 17 and 19 dwelling units per acre. Other buildings in the vicinity include two-story, small-lot, single-family homes and one-story apartments.

Project Description

The applicant, Hanford Capital, Inc., is proposing to demolish the 4 dwelling units on-site and remove 11 Heritage trees to construct a three-story, 17-unit condominium development over one level of underground parking. As part of the project, Hanford Capital is requesting a two-unit density bonus in exchange for providing one very low-income unit. The proposed project density would be 18.4 dwelling units per acre. Along with the density bonus, Hanford Capital is requesting a waiver from the R3 (Multi-Family) Zoning District building coverage standard.

General Plan and Zoning

General Plan

The site's General Plan Designation is Medium Density Residential (up to 25 dwelling units per acre), allowing up to 23 dwelling units on this site. In addition, the following General Plan policies are consistent with the project:

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

This project includes one unit that will be affordable to a household making up to 50 percent of the area median income. It also includes a range of unit sizes, from

1,365 square feet to 2,139 square feet, which will support a range of household sizes.

- **LUD 6.3: Street presence.** *Encourage building facades and frontages that create a presence at the street and along interior pedestrian paseos or pathways.*

The site is laid out with visible front doors and substantial porches facing the street. In addition, front doors and porches also face a common open area or a pedestrian paseo. More information about the project design is provided later in the report.

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

The buildings include upper-floor step-backs to all property lines. Privacy and transitions are further supported with screening trees proposed along the property lines. More information about the project design is provided later in the report.

Zoning

This site and all surrounding properties are zoned R3-2.2, which allows up to 15 units on this site. As seen in Table 1, the project complies with all development standards except number of units and building coverage. These development standards are discussed later in this report under Density Bonus.

The project is providing more than the minimum number of parking stalls, as seen in Table 1. In addition to the two required parking stalls per unit, the project is providing 13 guest spaces (including electric vehicle and accessible parking). There is also additional space within the units' storage lockers for secure bicycle parking, as well as several guest bicycle parking spaces near the street.

Table 1: R3 Development Standards

Standard	Requirement	Proposed
Maximum Units	15	17 (<i>see Density Bonus Section</i>)
Floor Area Ratio	1.05	0.8
Setbacks	15' minimum, not less than the height of the building wall	15.5' to 19', not less than the height of the building wall
Building Coverage	35%	38.9% (<i>see Density Bonus Section</i>)
Pavement Coverage	20%	4.5%
Height	45'	37'
Open Area	55%; 40 square feet per unit	56.6%; approximately 300 square feet per unit
Minimum Parking	39 stalls	47 stalls
Bicycle Parking	17 secure + 2 guest	17 secure + 2 guest

Previous Meetings

The applicant originally requested a rowhouse project, but the site's width of only 108' is not conducive to a project with individual garages and internal driveways. Instead, the applicant is proposing a parking podium and condominiums, while including some design features of a rowhouse project. More information about the project design is provided later in this report, under Project Design.

Development Review Committee (DRC)

The project was reviewed by the DRC on November 5, 2014 and March 4, 2015. At the latter date, the DRC made a recommendation for project design approval. Comments from the DRC integrated into the project include the following:

- The main common open space should be faced by units' front doors.
- The rear paseo should have a minimum width of 35' between buildings (not including porches).
- Reduce the grade of the project at the property lines so large retaining walls are not needed at surrounding properties.
- Use roof forms and architectural features to differentiate the units.
- Plant trees around the buildings and ensure there is adequate room for tree growth along the property lines.

Administrative Zoning/Subdivision Committee Hearing

The project was reviewed at an Administrative Zoning/Subdivision Committee hearing on April 22, 2015, where it was recommended for approval. There was no public comment at the hearing, but a neighbor e-mail was received (see Attachment 3—Public Comment E-Mail). The Zoning Administrator added the following conditions:

- Design parking spaces for future electric vehicle charger installation.
- Provide Heritage tree protection measures for trees on adjacent properties.
- Implement minor design changes, including additional trees, changes to fence design, and color palette revisions.

ANALYSIS

Density Bonus

Density Bonus Law Background

The State Density Bonus Law was enacted in 1979 to aid the development of affordable housing in California. It has since been incorporated into the City's Zoning Ordinance (Chapter 36, Division 11). The State Density Bonus Law allows developments with affordable units to have more units or higher density than would otherwise be allowed under a city's Zoning or General Plan. The additional units are granted according to a sliding scale—the more affordable units provided, the more additional density is allowed (see Table 2).

The law also allows the applicant to request waivers or concessions from City requirements (such as setback or coverage standards), if they financially or physically preclude the density bonus or the provision of affordable housing. As long as the applicant demonstrates the exceptions are physically or financially necessary, the City cannot prohibit the density bonus request. A density bonus request can only be denied if the applicant fails to demonstrate the concessions or waivers are required in order to provide for affordable housing or if the project is found to have specific adverse impacts upon public health and safety, the physical environment, historic resources, or is contrary to State or Federal laws.

Table 2: Percentage Density Bonus

Percentage Very Low-Income Units	Percentage Density Bonus
5	20
6	22.5
7	25
8	27.5
9	30
10	32.5
11	35

Project's Request

Hanford Capital is providing one very low-income unit, equivalent to 6 percent of the 15 units allowed in the R3-2.2 Zoning District. Based on Table 2, the applicant is entitled up to 22.5 percent density bonus, or four additional units, for a total of 19. However, the applicant is only requesting two additional units, for a total of 17.

Hanford Capital is also requesting a waiver from the R3 building coverage standard, proposing 38.9 percent coverage, in lieu of 35 percent maximum required (Attachment 4 – Density Bonus Request Letter). The additional coverage request is to accommodate the additional two units for the density bonus, along with necessary structures to access the parking garage and the provision of reasonable porches. Without the two bonus units, the project would have only 34.3 percent coverage. In addition, the proposed building coverage averages 922 square feet per unit, which is consistent with other projects providing a mix of 2- and 3-story units. Based on this analysis, the coverage waiver is physically necessary for the proposed density bonus.

City Below-Market-Rate (BMR) Program

The provision of affordable units is regulated by both the State Density Bonus Law and the City's Below-Market-Rate (BMR) program. The BMR program requires that 10 percent of units in a development must be affordable, or the developer must pay an in-lieu fee to support the construction of affordable units elsewhere. Since the project is already providing one affordable unit, Hanford Capital must pay the remainder of the 10 percent as an in-lieu fee (equivalent to the provision of 0.7 units).

The BMR program also requires affordable units to have an affordability term of at least 55 years, longer than the State Density Bonus law requirement of 30 years. To comply with the BMR program, the unit provided shall have a term of 55 years.

Both the BMR program and the State Density Bonus Law require affordable units to be equally distributed through the project, both in size and location. Hanford Capital has selected Unit Type 6 as the affordable unit. This unit is 1,850 square feet, near the average of the project's units (Attachment 4 – Density Bonus Request Letter).

Very Low-Income Ownership Units

Hanford Capital is providing one 4-bedroom unit affordable to very low-income owners (making between 30 percent and 50 percent of area median income, or up to approximately \$57,450 for a family of five). The estimated sales price for this unit will

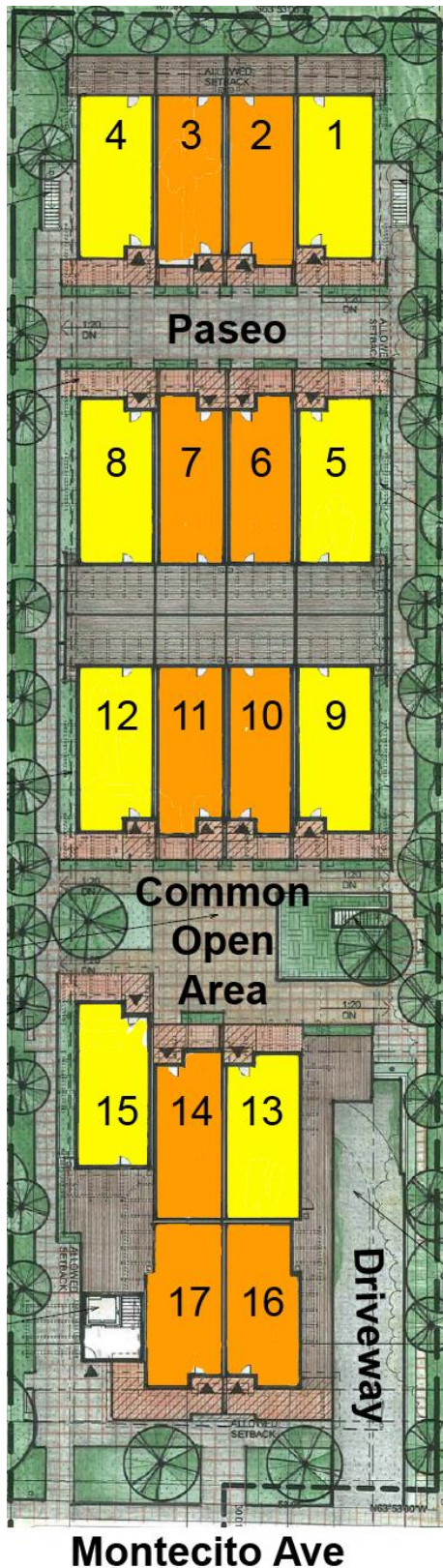
be approximately \$135,000, equivalent to 30 percent of a family's annual income, taking into account anticipated housing costs such as mortgage, homeowners association (HOA) fees, utilities, and taxes.

The City's housing stock does not currently include ownership units targeted to very low-income households, though five such units were included in the 1101 West El Camino Real project approved in November 2014. Most affordable ownership units are targeted to moderate-income households, who generally have more resources to manage the challenges of homeownership. Concerns for very low-income affordable ownership units include: (1) the ability of households to obtain initial financing for the purchase of the unit; (2) identifying qualified buyers, particularly when reselling a unit during periods of high interest rates and/or stringent credit requirements from financial institutions; and (3) maintaining the ability to afford future increases in HOA fees or property assessments. While Hanford Capital will have a vested interest in the initial sale of the affordable unit, should no buyer be found at initial sale or any future resell, the City may need to purchase the BMR unit in order to preserve its affordability. While these concerns exist, in 2009, the City of Los Altos offered very low-income units for sale and did not have difficulty finding buyers. This provides some level of confidence that selling low-income units in Mountain View will be a similar experience. Additionally, there are resources that can aid potential buyers with down payment assistance, special mortgages, and homeowner education. When this affordable unit is marketed, there will be a list of resources available and coordination with agencies and the City to assist those applying for home ownership.

Project Design

Site Plan

This project site is 108' wide and rowhouse development is generally not appropriate on narrow project sites since there is not enough lot width to support rows of units facing the street and an access driveway along the side of the site. In response to this constraint, the project's site plan includes some characteristics of multi-family development and some characteristics of rowhouses (see Site Plan on the next page). Similar to multi-family development, the project contains a shared podium garage and utilizes the R3 development standards, including setbacks and open area. Similar to rowhouse developments, the units are not stacked; they have individual entrances onto open areas, paseos, or the street; they are differentiated by colors and materials; and they have individual small, private yards. However, because the parking, vehicle circulation, and trash enclosure are underground, the site has significantly more open area than a normal rowhouse development. (Complete project plans are available as Attachment 5 to the Council report.)



The project has two units with a prominent porch feature facing Montecito Avenue (unit Nos. 16 and 17 on the Site Plan). The driveway to the garage also faces the street, as well as a paved, landscaped area clearly denoting pedestrian access to the units in the back of the site.

In the middle of the site, seven of the units' front doors (Nos. 9 through 15) face a large common open area. The open area will be planted with several trees, the larger being planted into a space notched out of the underground garage to support its growth. This open area will also contain shared amenities, including tables and benches. In addition to the common open area, each unit has access to two private open areas, including a small one (approximately 50 to 80 square feet) in the front of the unit by the porch and an approximately 250 square foot private area at the back of the unit.

Building Elevations

This will be the only building on the street taller than two stories, with an overall height of 37' (similar to the height of the recently approved 333 North Rengstorff Avenue project, located around the corner). However, the third floor is stepped back from the lower floors, which will reduce the building's mass. As a basis of comparison, the adjacent apartment complex at 1950 Montecito Avenue is approximately 30' tall, and the adjacent townhouses at 1983 San Luis Avenue are approximately 25' tall.

The R3 development standards require upper floors to have larger front, side, and rear setbacks than lower floors. To comply, this project limits the 3-story units to the center of the project site, at least 30' from the property lines. These units are colored orange on the

Site Plan. The remaining units closer to the property lines (colored yellow on the Site Plan) are two stories.

With taller structures farther from property lines, there is additional privacy protection, more gradual height transitions to neighboring properties, and additional space for tree canopy. However, this also results in design challenges—what is sometimes called a “wedding cake” effect. The project’s street frontage will only have two units, so this effect will not be very apparent from this elevation (see Front Elevation Drawing).

The project will use high-quality and durable materials, including fiber-cement lap siding, metal seam roof and wooden doors, porch elements, fences, and arbors. Individual units are differentiated by color schemes, roof forms, and their porches and private open spaces.



Grading and Adjacent Properties

The front of the site is approximately 3' higher than the rear of the site. Since the garage must be level, rear structures and open spaces are about 3' higher than adjacent sites, including the proposed paseo, private patios, and walkways around the side of the site.

This problem affects the design of fences and retaining walls. A 6' fence on this property would result in a 9' fence in some places on adjacent properties, but fences lower than 6' may create privacy and/or noise impacts on neighboring properties. To

compromise, the project proposes 8' fences, as measured from the neighboring grade. In addition, trees will help screen for privacy, and landscaping along the side of the site will be designed to limit access near the fences.

Another grading consequence is the apparent height of the building in the back of the site, which will appear approximately 3' higher than at the front. The additional 3' may exacerbate the project's height to residents of neighboring properties, but this impact will be limited due to the third stories' large setbacks and the trees along the property lines.

Sustainability

The project utilizes multiple green building and sustainable design strategies, including:

- Recycled, sustainable, and locally sourced building materials;
- Building orientation, insulation, and windows supporting efficient heating and cooling;
- Water-efficient fixtures and landscaping; and
- High-efficiency heating, ventilation, and air conditioning systems and lighting fixtures.

Trees and Landscaping

There are many benefits of underground parking, including the provision of more open space, more guest parking and resident storage, less vehicle pavement coverage, and more units facing paseos and common open areas. However, all Heritage trees in the middle of the site must be removed to accommodate the parking garage, and it is difficult to plant large replacement trees over the garage.

To address these issues, the parking podium will only be in the center of the site and the site edges and building sides will be planted with large trees, approximately three times as many as the number of Heritage trees lost. In addition, a portion of the garage has been notched out to support a large canopy-providing tree over the common open area. Finally, the units will have arbors with climbing vines to provide overhead vegetation where planting space is limited (Attachment 5 – Project Plans).

Tentative Map

This project contains ownership (for-sale) units, subdivided as a condominium project through a Tentative Map, which must be approved in addition to the project. The Tentative Map includes condominium lots for each of the 17 units and a common lot containing the garage and common areas of the project.

ENVIRONMENTAL REVIEW

Staff has determined that this project is categorically exempt from CEQA, under the “infill” exemption. This exemption applies to projects consistent with the General Plan and Zoning Ordinance within the City limits on project sites smaller than five acres surrounded by urban uses; with no value as habitat; without significant effects related to traffic, noise, air quality, or water quality; and adequately served by public utilities and services.

FISCAL IMPACT

The subject site has a total assessed value of approximately \$3.5 million, and the City’s share of property tax is approximately \$5,600 per year. If the site were developed, the City would receive approximately \$23,000 per year.

The project is subject to the City’s BMR Ordinance. The project is providing one unit and payment of the required BMR In-Lieu Fee for the remaining 0.7 unit. The estimated BMR payment to the City is \$235,000.

The estimated Park Land Dedication In-Lieu Fee will be approximately \$304,200 (or \$23,400 per net new unit) in accordance with Chapter 41 of the City Code, to be paid prior to the issuance of building permits. Because the project is less than 50 units, park land dedication cannot be required.

CONCLUSION

The Zoning Administrator recommends approval of the proposed 17-unit project at 1998 - 2024 Montecito Avenue. The project supports General Plan policies for diversity, street presence, and building transitions, and the proposed density bonus is consistent with the Zoning Ordinance and State law. The project is well-designed with large amounts of open space, and will create an environment of sustained value.

ALTERNATIVES

1. Approve the project with modified conditions.
2. Refer the project back to the DRC for additional consideration.
3. Deny the project and/or deny the map.

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 within a 300' radius and other interested stakeholders were notified of this meeting.

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EA-GB/7/CAM
899-05-26-15CR-E

- Attachments:
1. Resolution – Project
 2. Resolution – Tentative Map
 3. Public Comment E-Mail
 4. Density Bonus Request Letter
 5. Project Plans