



**DATE:** May 21, 2019

**CATEGORY:** Public Hearing

**DEPT.:** Community Development

**TITLE:** **777 West Middlefield Road  
Residential Project**

### **RECOMMENDATION**

1. Adopt a Resolution Certifying the 777 West Middlefield Road Residential Project Environmental Impact Report (EIR) and Adopting CEQA Findings, Including Mitigation Measures, and a Mitigation Monitoring or Reporting Program, to be read in title only, further reading waived (Attachment 1 to the Council report).
2. Adopt a Resolution Approving a General Plan Land Use Map Amendment for a Property Located at 777 West Middlefield Road from the Medium-Density Residential to the High-Density Residential Land Use Designation, to be read in title only, further reading waived (Attachment 2 to the Council report).
3. Introduce an Ordinance Amending the Zoning Map for the Property Located at 777 West Middlefield Road from the R3-2 (Multiple-Family) Zoning District to the P (Planned Community) Zoning District, to be read in title only, and set a second reading for June 11, 2019 (Attachment 3 to the Council report).
4. Adopt a Resolution Approving a Planned Community Permit, Development Review Permit to Demolish the 208 Existing Units on the Site and to Construct a 715-Unit Apartment Complex with Below-Grade Parking, and a Heritage Tree Removal Permit to Remove 127 Heritage Trees on a 9.84-Acre Site at 777 West Middlefield Road, to be read in title only, further reading waived (Attachment 4 to the Council report).
5. Adopt a Resolution Approving a Tentative Parcel Map to Subdivide the Existing Lot Located at 777 West Middlefield Road to Create Two Lots, to be read in title only, further reading waived (Attachment 5 to the Council report).

6. Adopt a Resolution Approving a Private Open Space Credit for 50 Percent of the Value of the 66,662 Square Feet of Land within the Development at 777 West Middlefield Road (Attachment 6 to the Council report).
7. Authorize the City Manager to execute a Funding agreement and Development Restriction with the Mountain View Whisman School District for the first right of refusal to occupy 20 of the affordable rental units owned, operated, and maintained by the Mountain View Whisman School District within the Project.
8. Appropriate \$2.0 million from the Strategic Property Acquisition Reserve (and rebudget in Fiscal Year 2019-20) to support construction of 20 low- and moderate-income units for City employees, to be reimbursed by the Below-Market-Rate Fund if/when it is amended to cover the affordability levels in this project. (Five votes required)

## **BACKGROUND**

### **Project Site**

The approximately 9.84-acre project site is located on the west side of West Middlefield Road, between Shoreline Boulevard/Stierlin Road and Moffett Boulevard.

The property is bounded by Shoreline Boulevard to the west, Middlefield Road to the east, a two-story office development to the north, and the Mountain View Buddhist Temple site to the south. To the west of the project site, across Shoreline Boulevard, are an apartment complex and Bailey Park Plaza Shopping Center; to the east of the project site, across Middlefield Road, are San Veron Park and multi-family housing developments.

The project site is currently developed with 208 units within 21 two-story apartment buildings built in approximately 1970.



**Project Location**

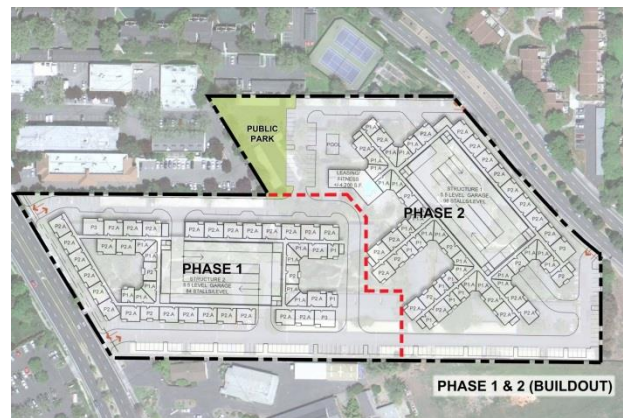
The proposed project is adjacent to an empty lot on a portion of the Buddhist Temple site to the south/southeast, which is being reviewed for a proposed 75-unit, three-story apartment project (759 West Middlefield Road).

## **Previous Meetings**

### *Gatekeeper Meeting*

On July 2, 2015, the City Council authorized a Gatekeeper request for consideration of a General Plan Amendment and rezoning, which would allow redevelopment with a residential project of up to 563 units and a new half-acre public park (see Attachment 7 – Gatekeeper Staff report).

On December 8, 2015, a revised Gatekeeper request with two new options was scheduled to be reviewed. The options included a project that would allow an increase in the number of units, up to 650 rental units or a mixed-ownership/rental project of up to 540 units. This Gatekeeper request was subsequently withdrawn, keeping the July 2, 2015 Gatekeeper request effective.



**Gatekeeper Site Plan**

### *EPC and Council Study Sessions*

Following an informal application submittal in early 2016, the project was reviewed by the Environmental Planning Commission (EPC) and City Council at two separate Study Sessions on [October 5, 2016](#) and [November 22, 2016](#), respectively, to provide input on the proposal (see Attachment 8 – EPC Study Session Staff Report, October 5, 2016; and Attachment 9 – City Council Study Session Staff Report, November 22, 2016). The informal project that was reviewed at these Study Sessions was revised/updated from the original Gatekeeper concept to include:

- Single-phase development in four buildings. The July 2, 2015 Gatekeeper concept anticipated redeveloping the site in two phases;
- Increasing the unit count from 568 (Gatekeeper proposal) to 711 units and limited surface parking compared to Gatekeeper proposal, etc.;

- A 144-unit standalone affordable building replacing the half-acre public park in the original Gatekeeper proposal;
- Enhanced tenant relocation assistance with increased relocation; and
- Payment of a Park Land Dedication In-Lieu Fee instead of an on-site park land dedication.

The EPC and Council were generally supportive of the project design, massing, affordable housing proposal, and bicycle/pedestrian connection through-site. The general directions received from the EPC and City Council Study Session included:

- Locate the five-story elements of the project toward the center of the site and transition to lower heights toward the adjacent land uses;
- The building massing should be better articulated, particularly the five-story portions at the interface with the internal pedestrian paseo, to avoid a “canyon effect”; and
- Explore possibilities of providing more landscaping and pocket parks sprinkled throughout the project site.

The applicant made revisions to the project, based on direction from the EPC and City Council Study Sessions, and submitted a formal application in March 2017, and the project commenced the development review process.

The significantly revised proposal was brought back to a second City Council Study Session on October 23, 2018 for review and input (see Attachment 10—City Council Study Session Report, October 23, 2018). The revised proposal included:

- Removal of a proposed park and replacement with a dedicated affordable housing building;
- Revised affordable housing and community benefit proposal of 20 percent of the total unit count to be affordable (5 percent Low-Income Housing (LIH) units, 50 percent to 80 percent AMI, and 15 percent Moderate-Income Housing (MIH) units at 80 percent to 120 percent AMI). There would be 144 affordable units with 124 units for the Mountain View Whisman School District (MVWSD) teacher and staff housing and up to 20 City staff housing units as part of the project;

- Revised parking proposal with a 1:1 parking ratio for affordable housing building and unbundled parking arrangement for the proposed development; and
- The City would be giving up the rights to 144 units of LIH units for the community in exchange for facilitating the creation of desired affordable housing for District employees as well as for City staff as part of this exchange for an agreement to use the District's open space to the south of the existing building to Cooper Park for as long as the District's lease at 777 West Middlefield Road.

### *Neighborhood Meetings*

The applicant has hosted several community meetings for the existing apartment residents as well as for the neighborhood and other local organizations. All the community meetings for the project are listed below.

#### **2016**

- September 9: Mountain View Coalition for Sustainable Planning
- October 26: Village Lake Resident Meeting

#### **2017**

- March 29: Village Lake Resident Meeting

#### **2018**

- October 10: Mountain View Chamber of Commerce
- November 13: Silicon Valley Leadership Group
- November 14: Village Lake Resident Meeting
- November 29: Community Meeting, attended by 12 neighbors
- December 12: Bay Area Council

#### **2019**

- January 10: Mountain View Coalition for Sustainable Planning
- January 31: South Bay YIMBY

The applicant has conducted three meetings for the current apartment residents to introduce the project and to provide update on the project status and development schedule. These three meetings were conducted on-site and were attended by 20 to 25 on-site residents. At these meetings, stakeholders expressed concern about massing and scale of the project in relation to surrounding uses; project size (too many units); and traffic and lack of proximity to transit facilities. Stakeholders specifically expressed concerns regarding increased traffic on Shoreline Boulevard.

A follow-up community meeting was held on November 29, 2018 to provide a status update about the project. Twelve (12) neighbors attended the meeting, including three existing residents. At this meeting, stakeholders expressed concerns about morning traffic congestion and spillover parking from the proposed development into surrounding residential neighborhoods. Stakeholders were supportive of the affordable housing building design, bike path connection through-site, and the proposed dual-garage entrances from both Shoreline Boulevard and Middlefield Road.

#### *Development Review Committee (DRC)*

The project was reviewed by the DRC in April 2017, July 2017, May 2018, and August 2018. The DRC worked with the applicant to address EPC/Council feedback and improve the design of key features, such as architectural character, ground-floor entries, massing/roof design, materials, and the open-space design, with particular focus on how each of the proposed buildings relate to each other, the project interface with adjacent residential buildings, and the project appearance from public street frontages.

The DRC recommended approval of the project in August 2018 with design conditions, providing direction for further design refinements through the building permit process. The applicant has revised the plans, begun to address these conditions, and will continue to work with staff to refine these elements through the building permit process.

#### *Airport Land Use Commission*

The project site is located within the Moffett Federal Airfield, Airfield Influence Area (AIA). Pursuant to State law, the City must refer the application to the Airport Land Use Commission (ALUC) any time a General Plan and/or Zoning Amendment is proposed within the AIA of an airport or airfield with an adopted Comprehensive Land Use Plan (CLUP) to provide a consistency determination with the appropriate CLUP policies prior to final approval of the General Plan and/or Zoning Amendment

by the City. The ALUC reviewed the project on November 28, 2018, made a determination of consistency with the Moffett Federal Airfield CLUP, and required that the project developer grant an Avigation Easement over the property, which has been added as a condition of approval.

### *EPC Public Hearing*

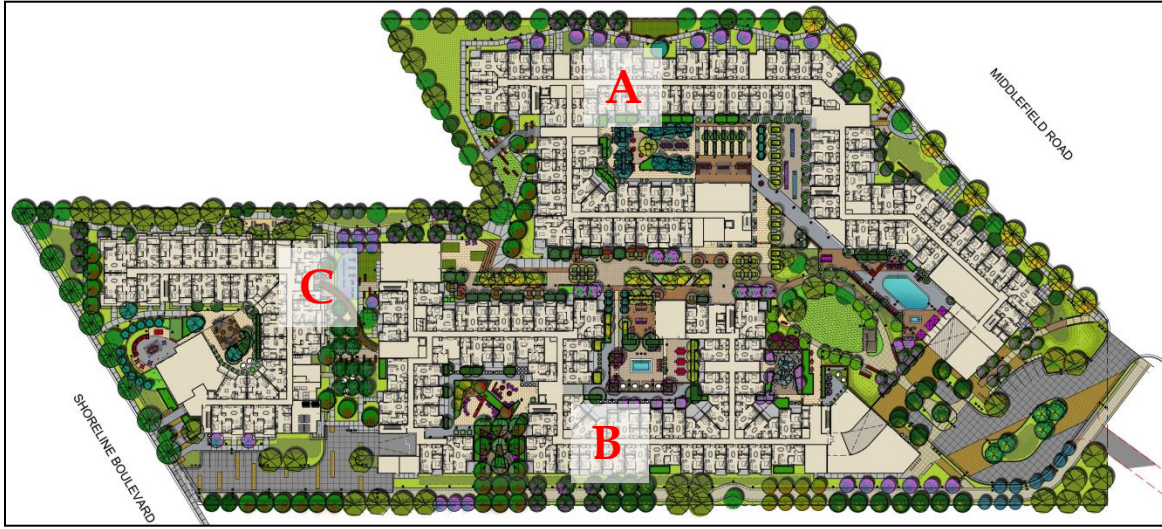
The EPC held a public hearing on April 29, 2019, where they unanimously recommended approval of the project and Environmental Impact Report (EIR) ([see Attachment 11 – EPC Public Hearing Staff Report, April 2019](#)). The EPC expressed support of the project density, affordable housing contribution, and commitment to provide the required relocation assistance. The applicant, environmental consultants, and 17 neighbors/concerned citizens spoke at the meeting about the project and its associated EIR.

Five (5) citizens spoke in favor of the project, supporting the project contribution to the region's housing need and opportunity to build affordable housing for teachers in the City. Several residents from the neighborhood spoke at the meeting and expressed concerns such as spillover parking as a result of reduced parking on-site, the loss of the existing ponds on-site, loss of mature tree canopy, disturbing the existing ecological balance in the area, and traffic congestion on Shoreline Boulevard. A project-specific transportation impact analysis (TIA) report was prepared to assess the traffic impacts of the project and has been discussed later in the report. The TIA results indicate that the project will not result in significant traffic impacts.

## **ANALYSIS**

### **Project Description**

The proposed project, submitted by Fortbay, would demolish the existing 208 apartment units on-site and construct a 716-unit apartment complex. The apartments are distributed between three separate buildings, built above two levels of below-grade parking. Buildings A and B are located closer to Middlefield Road and include 572 market-rate units and provide a mix of 66 studio, 344 one-bedroom, and 162 two-bedroom units. Building C, located closer to Shoreline Boulevard, will include 144 affordable units (124 units for MVWSD teachers and staff and up to 20 units for City staff housing). These units will consist of 19 studio, 87 one-bedroom, and 38 two-bedroom units.



**Project Site Plan**

The project has two street frontages – Middlefield Road and Shoreline Boulevard. Each frontage has one vehicular entrance to the underground parking garage (see Attachment 12 – Project Plans). Various on-site amenities are included throughout the project site such as open-space areas, private residential balconies, swimming pool, hot tub, five courtyards, bike storage and repair facilities, two rooftop decks with amenities, private residential storage areas, barbecue pits, fitness rooms, and more. The project also includes a 14" Class I bike path connecting Middlefield Road and Shoreline Boulevard.

To facilitate the proposed project, a General Plan Amendment and Zoning Map Amendment are proposed, as discussed in more detail later in this report.

### Project Design

The project's two street frontages have different character and context. The project intends to create distinct project entrances along each street, and the market-rate buildings (A and B) and affordable building (C) have different architectural designs and pedestrian-level engagement to respond to the varying street conditions.

Early in the development review process, the project proposed a modern architectural style, similar to many recent multi-family developments, as well as more five-story building area located along property lines. Since the early EPC and Council Study Sessions, staff and the DRC have worked with the applicant to shift more five-story area away from adjacent residential sites, highlight ground-level unit entries, improve upper floor step-backs, provide more visual interest and wall movement, differentiate balcony



designs, recess windows, and use building materials and detailing (including window trim) to incorporate more residential neighborhood character.



**View from Middlefield Road "Building A"**

The proposed buildings use a “transitional” architectural style, mixing more contemporary expression of some common residential features—such as projecting bays and balconies—with more traditional residential materials and roof forms. The three buildings vary in height, between three and five stories, with a maximum height of 57'. They use a range of strategies to fit in with the area and reduce the overall appearance of building height and mass, such as upper-floor step-backs, setbacks, and application of materials and colors. They all aim to provide a clear building base, middle and top, and to incorporate striking design elements to create visual interest.

In Buildings A and B, the upper floors use cementitious siding and composite wood panels, as well as varying gabled roof forms to create a more traditional look. Stucco is used throughout the remaining levels, including on unique framing elements for projecting bays to provide a distinctive element on both buildings. Pops of color or materials are used to highlight key features or areas, such as corner towers, projecting bays, roof decks, and balconies. Porch-like unit entries are emphasized along Middlefield Road, and a mix of covered and uncovered patios are featured in more interior locations.



**View from Middlefield Road Frontage "Building A"**

The leasing office for the market-rate buildings is located in Building B in the southeast corner, close to the project's main entrance along Middlefield Road and adjacent to the east-west pedestrian/bicycle pathway.

Building C places three-story building area along Shoreline Boulevard with five-story heights stepped further back from the street and the Buddhist Temple site. Active interior spaces, such as the building lobby, and common amenities are placed along the street frontage; additional interior courtyard area is protected from street activity by the building. Further from the street, porch-like entries are used to define the building base and create an engaging pedestrian level. The lobby entrance and the east-west pedestrian/bicycle pathway frame the main entrance from Shoreline Boulevard.

Building C uses simple massing with primarily light-colored stucco walls. Decorative, orange-toned metal railings are a distinctive feature that accents stucco wall areas; warmer-toned siding materials highlight the main entry corner/lobby as well as recesses to emphasize wall movement/articulation; and darker-color stucco differentiates the top level. The building incorporates gabled and hipped roof forms to complement Buildings A and B.

### **General Plan**

The project site currently has a General Plan Land Use Designation of Medium-Density Residential. The project includes a proposed General Plan Map Amendment to change the site's General Plan designation from Medium-Density Residential to High-Density Residential (see Attachment 2).

Medium-Density Residential allows a maximum density of 25 dwelling units per acre. High-Density Residential designation allows a maximum density of 80 dwelling units per acre. The proposed five-story residential project with a density of 72.8 dwelling units per acre is consistent with the proposed High-Density Residential Designation, which allows multi-family residential uses up to 80 dwelling units per acre and five stories in height. The proposed General Plan Amendment aligns with City objectives to provide additional housing opportunities and is supported by the following General Plan policies:

- *LUD 3.1: Land Use and Transportation.* Focus higher land use intensities and densities within a half-mile of public transit service and along major commute corridors.
- *LUD 6.1: Neighborhood Character.* Ensure that new development in or near residential neighborhoods is compatible with neighborhood character.
- *LUD 6.3: Street Presence.* Encourage building facades and frontages that create a presence at the street and along interior pedestrian paseos or pathways.
- *LUD 6.5: Pedestrian and Bicycle Improvements.* Support pedestrian and bicycle improvements and connections between neighborhoods.
- *LUD 8.3: Enhanced Publicly Accessible Bicycle and Pedestrian Connections.* Encourage new and existing developments to enhance publicly accessible bicycle, pedestrian, and transit connections.
- *LUD 8.5: Pedestrian and Bicycle Amenities.* Encourage attractive pedestrian and bicycle amenities in new and existing developments and ensure that roadway improvements address the needs of pedestrians and bicyclists.
- *LUD 9.1: Height and Setback Transitions.* Ensure that new development includes sensitive height and setback transitions to adjacent structures and surrounding neighborhoods.
- *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.
- *LUD 10.7: Beneficial Landscaping Options.* Promote landscaping options that conserve water, support the natural environment, and provide shade and food.
  - *POS 1.2: Recreational facilities in new residential developments.* Require new development to provide park and recreation facilities.

### **Zoning Map Amendment**

The project includes a request to rezone the project site from the R3-2 (Multiple-Family Residential) District to the P (Planned Community) District. Under the Planned Community designation, the project is approved with the proposed development standards (open space, setback, building height, etc.). Any major modification to the approved standards will require additional project review by the City Council.

### **Open Space and Landscaping**

The proposed development provides significant open-space amenities to future residents. The project contains approximately 187,412 square feet (4.3 acres) of useable common open space. This includes a centrally located, 50,693 square foot, publicly accessible, linear, private, open-space, and six private courtyards, including one for the Affordable Building C. The project also includes a roof deck on top of Building A and Building C. The roof decks are located on top of 3-story building sections located closer

to street frontages in order to minimize any potential impacts to the neighboring property.

All on-site amenities will be shared between the market-rate part of the project and the affordable part of the project. The common areas include amenities such as benches, tables, and a grill. The project proposes a varied landscape pallets throughout the site and new street trees along both the project frontages.

### **Trees**

A tree survey was completed for the project site by HortScience Inc. and reviewed by the City arborist. The tree survey identified, measured, mapped, and rated the trees for preservation, which took into consideration the trees' age, health, structural condition, and proximity to the proposed structures and site development.

The project site currently contains approximately 224 trees, 155 of which are Heritage trees (70 percent). Demolition of the existing buildings and construction of the proposed project would result in the removal of 127 Heritage trees and 43 non-Heritage trees on-site. A majority of the trees proposed for removal are due to poor health and/or conflict with the proposed buildings and excavation of the underground garage. Twenty eight (28) Heritage trees are proposed to be retained on-site, and 473 new trees are proposed to be planted as part of the development.



**Proposed Planting Plan**

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

### **Tree Canopy Coverage**

Existing Canopy	33 percent
At Planting	8 percent
Retained + New After 5 Years	19 percent
Retained + New After 15 Years	35 percent

### **Green Building Requirements**

The buildings will be designed to meet 120 points on the GreenPoint Rated Checklist, achieving a Gold® Certification level. Sustainable building and site features include, but are not limited to: stormwater filtration and bioretention, permeable pavers, drought-tolerant landscaping and hydrozoning, recycled materials in building components, water-efficient fixtures and submetering for tenants, Energy Star® appliances, and efficient lighting.

### **Parking**

The project proposes to utilize the City's Model Parking Standard (MPS) for the Market-Rate Buildings A and B. The project includes 410 studio/one-bedroom units and 162 two-bedroom units in the market-rate buildings, which would require a total of 734 vehicle parking spaces. The applicant is proposing a 1:1 parking ratio for the affordable building instead of 1:2 for two-bedroom units as required by the Model Parking Standards. The Affordable Building C includes 106 studio/one-bedroom units and 38 two-bedroom units, which would require a total of 182 vehicle parking spaces. At a 1:1 parking ratio, the applicant is proposing a reduced parking ratio, resulting in 144 parking spaces. The reduced parking ratio was also discussed and supported by the City Council at the October 2018 Study Session.

The project does propose a Transportation Demand Management (TDM) plan with various programs estimated to achieve a 6 percent peak-hour trip reduction. Typical projects with affordable housing usually have lower parking demand and vehicle trip generation rates because there is a lower automobile ownership rate among residents in lower-income/affordable units. Providing a certain percentage of the units at below-market rate will help reduce the need for parking. A parking study evaluated conditions at similar projects in the area, as well as the expected effects of the project's TDM plan, and found actual observed parking demand is estimated to be at no more than 1:0.98; therefore, the vehicle parking provided by the project is sufficient.

The project TDM plan is also proposing 100 percent unbundled parking for this development. The parking for Affordable Building C will be located in the below-ground garage under the market-rate buildings. All guest and public parking spaces are located at grade and outside of any fencing and gates in the parking structure, with elevators and stairs providing public access to ground level.

The project also includes 495 bicycle parking spaces and an on-site bicycle repair facility, conforming to City requirements. This includes 378 resident bicycle parking spaces (1 per unit) provided in secure bicycle rooms in the garage and 72 in secure on-grade bicycle spaces. The project will also provide 45 on-grade guest bicycle parking spaces distributed throughout the site.

### **Traffic and Circulation**

The City hired Hexagon Transportation Consultants to prepare a TIA for the proposed project. The TIA estimated vehicle trips generated by the project in accordance with VTA's TIA Guidelines, which includes a 5 percent trip reduction allowed for projects implementing a TDM Program. The project is estimated to generate as many as 2,138 new daily trips, including 147 new a.m. peak-hour trips and 180 new p.m. peak-hour trips.

The TIA adds projected vehicle trips from the project to existing traffic volumes in order to analyze level-of-service (LOS) on local roadways and intersections after project completion, as well as in a "cumulative scenario" that also includes future, not-yet-constructed development. The TIA analyzed 28 intersections around the project site for potential LOS impacts. As compared to adopted significance thresholds for the City of Mountain View, the analysis showed that while traffic would increase on nearby streets as a result of the project and other future development, all of the signalized and unsignalized study intersections, with the exception of one project driveway, would operate at an acceptable LOS level during both peak hours.

### **Site Access and On-Site Circulation**

As discussed earlier, the project has two street frontages—Middlefield Road and Shoreline Boulevard. Each frontage has one vehicular entrance to the underground parking garage. The driveway on the east side of the property (off of Middlefield Road) is right-in/right-out only as there is an existing median on Middlefield Road. This driveway is designed to function as a shared entrance with a future project at 759 West Middlefield Road and accommodate a future traffic signal with the development of the Shenandoah site on the north side of Middlefield Road. The western driveway (off of

Shoreline Boulevard) would allow for right-in/right-out and left turns in from southbound Shoreline Boulevard. Left-hand turns out of the project will not be allowed.

The sidewalk along Shoreline Boulevard will remain in its current location, but the project is designed to accommodate a future cycle track along Shoreline Boulevard. The Middlefield Road sidewalk will be modified to be separated from the curb, except where in conflict with existing street trees, to allow for new street trees to be installed.

The design of a midblock crossing on Shoreline Boulevard at the end of the trail is included in CIP 17-41, Stierlin Road Bike and Pedestrian Improvements, which is currently under design.

### Transportation Demand Management

The City encourages all new developments to develop and implement TDM plans to reduce vehicle trips associated with new development consistent with the Greenhouse Gas Reduction Program (GGRP). The GGRP requires a 4 percent reduction in peak-hour drive-alone trips. The project applicant has proposed a 6 percent reduction and a TDM plan that includes a monthly transit subsidy for all residents, four parking spaces reserved for car-share services, and a tenant web portal for carpooling. The project is also conditioned to join the Mountain View Transportation Management Association (TMA) and remain a member for the life of the project. Details of the TDM plan can be found in Attachment 13, attached to the Council report.

### Tenant Relocation Assistance

The planned development of 716 new rental units would replace the existing 1970 Village Lake Apartment housing, which is composed of 208 rental units. These 208 units are covered under the City's Community Stabilization and Fair Rent Act (CSFRA) and Tenant Relocation Assistance Ordinance (TRAO). The TRAO requires the property owner to provide qualifying households with a full refund of the tenant's security deposit; a 60-day subscription to a rental agency; the cash equivalent of three months' median market-rate rent for a similarly sized apartment in Mountain View; an additional \$3,389 (\$3,000 plus CPI annual adjustment for inflation) for special-circumstances tenants, which are households having at least one person that is either over 62 years of age, handicapped, disabled, or a legally dependent child under 18 years of age; and the First Right of Return if the rental unit is returned to the rental market by the landlord. The benefits provided by the developer exceed the requirements of the TRAO.



An application for a development permit with the City of Mountain View was submitted on March 7, 2017. The project has begun implementing the provisions required under the City's CSFRA and TRAO. The applicant has taken the following steps to comply with the CSFRA and TRAO thus far:

- March 8, 2017: Notice of Intent with estimated timeline of the project sent to tenants via first-class and certified mail.
- October 26, 2016, March 29, 2017, and November 14, 2018: On-site community meetings.
- All tenants received an application and information detailing the City's TRAO, eligibility requirements, and benefits.
- Tenants have been and continue to be regularly updated through letters. The last update went out on March 16, 2019, indicating that the property closure will not take place in early 2019, but is now estimated to happen in late spring 2020.
- The developer will waive tenants' obligation to a 30-day move-out notice, as well as waive long-term lease requirements.
- The developer will offer personalized assistance in finding replacement housing in the area through monthly communications with tenants once the notice of termination of tenancy is issued.
- To date, 123 units out of 173 estimated eligible units have applied for TRAO benefits.
- To date, 106 units have vacated (87 units with fully paid TRAO benefits; 19 units have not applied for TRAO).
- The developer has paid tenants a total of \$1,340,040.20 (including security deposit returns).
- It is estimated that one-year termination notices will be given to all households in June 2019.

The applicant has offered the following enhanced benefits to all original households (tenants at the time the Notice of Intent was issued):

1. Tenant Relocation payments have been established for three income levels. All households qualify for payment of Category C (\$10,000) without proof of income required. Applying for Category A or B requires the following proof of income:

	<b>\$15,000</b>	<b>\$12,500</b>	<b>\$10,000</b>
<b>Category</b>	<b>A</b>	<b>B</b>	<b>C</b>
Household size	HH Income is equal or less than:	HH Income is between:	HH Income is greater than:
1	\$55,500	\$55,501 to \$89,950	\$89,950
2	\$63,400	\$63,401 to \$102,800	\$102,800
3	\$71,350	\$71,351 to \$115,650	\$115,650
4	\$79,250	\$79,251 to \$128,500	\$128,500
5	\$85,600	\$85,601 to \$138,800	\$138,800

2. Special-circumstance payment for households with a member 62 years or older, disabled, or under the age of 18 was increased from \$3,389 to \$5,000. In addition, households in occupancy for five-plus years qualify for the special-circumstance payment.
3. No rent increases for original households as of the date of the NOI until move-out date.
4. Original households will be offered a similar-type unit in the new apartment complex, under a one-year lease, and at the same rental rate as when they were displaced.

Subsequent to Gatekeeper authorization, the developer notified the existing tenants that preference for affordable housing would be given to the current qualifying tenant households, subject to applicable laws. It is staff's understanding that these qualifying tenants will be accommodated in the 124 School District Teacher Housing units for the initial lease period of one year. This was not part of the Gatekeeper proposal and,

therefore, not part of the City requirements. Further details of this benefit are still being worked out between the School District and Fortbay.

### **Below-Market-Rate (BMR) Housing and Community Benefits**

All residential rental unit developments are subject to the City's BMR program requirements and shall provide at least 15 percent of the total number of dwelling units or parcels within the development as BMR units affordable to households earning between 50 percent and 80 percent of the AMI or pay a fee in lieu thereof.

The 716-unit development requires 107.4 affordable units, which would result in 107 on-site affordable units and payment of an In-Lieu Fee for the fractional (0.40) unit.

The original Gatekeeper proposal included 20 percent LIH units in perpetuity to meet the City's then-required 10 percent LIH units and an additional 10 percent as a Community Benefit contribution for the Gatekeeper project. The applicant is proposing to modify the original proposal by providing 5 percent LIH units and 15 percent MIH units (80 percent to 120 percent AMI) through a public-private partnership with the MVWSD as an alternative mitigation to building the units or paying the fees.

The BMR Ordinance allows applicants to propose an alternate mitigation to the BMR requirement. The applicant must request the alternative mitigation as fulfillment of its affordable housing requirements, which may be granted at the sole discretion of the City Council if the Council determines the alternative mitigation will further affordable housing opportunities in the City to a greater extent than providing the required on-site units.

At the October 23, 2018 Council Study Session, the Council supported the creation of 144 moderate-income affordable units (124 units for teacher and staff housing units for the MVWSD and 20 units available to City staff, with a one-time City funding contribution of \$2 million, and an agreement with the School District to preserve the Cooper Park open space as a reasonable community benefit from the proposed Gatekeeper project. In the event the School District is unable to lease out the units or decides not to renew the ground lease, then the units shall be made available to the other school districts, public agency employees, and the general public at the rates established for the District in compliance with the BMR requirement in place at the time. The lot on which the affordable units are being proposed will be ground leased for a period of 99 years to the MVWSD and will also be deed-restricted for affordable housing for moderate-income in perpetuity.

## **Community Benefits**

Public benefits were required as part of the Gatekeeper process because the project includes a request for additional intensity through the proposed General Plan Amendment and Rezoning. In October 2018, the City Council supported the idea of affordable housing for School District teachers and staff satisfies the community benefit requirement of the project. Additionally, the project also provides a bike connection between Middlefield Road and Shoreline Boulevard.

## **Parcel Map**

The project includes a Preliminary Parcel Map to subdivide an existing parcel into two new lots, as shown on the subdivision materials (see Attachment 5). As noted above, the additional lot is being created to create a separate parcel for the affordable housing project.

## **ENVIRONMENTAL REVIEW**

### **Environmental Impact Report (EIR) Process**

EIRs provide information to local decision makers and the general public regarding the potential significant environmental impacts of a proposed project and how to mitigate them. The 777 West Middlefield Road Residential Project Draft EIR provides the environmental review appropriate for the project in accordance with the California Environmental Quality Act (CEQA) Guidelines. Prior to approving the 777 West Middlefield Road residential project, the City Council must decide whether to certify the EIR. According to CEQA Guidelines, certification consists of three separate steps. The Council must: (1) conclude the document has been completed in compliance with CEQA; (2) review and consider the information contained in the Final EIR prior to approving the project; and (3) confirm the Final EIR reflects the Council's independent judgment and analysis.

In accordance with CEQA Guidelines, a Notice of Preparation (NOP) was circulated to the public and responsible agencies on March 28, 2018 for input regarding the analysis in the EIR. The Draft EIR was circulated for public review for a 45-day comment period which commenced on November 5, 2018 and ended on December 21, 2018. Staff received five comment letters on the Draft EIR and has provided a response to these comments in the Final EIR (see Attachment 1).

## **Final EIR**

Copies of the response to comments which, together with the Draft EIR, comprise the Final EIR, were made available to the public on March 28, 2019. The City received five written comment letters on the Draft EIR. A response to each comment is included in the Final EIR (see Attachment 1).

A letter was presented from Lozeau Drury, which indicated they were representing several local unions and attached comments from an indoor air quality expert. Their consultant concluded the project could expose future residents to significant impacts related to indoor air quality and, in particular, emissions from the cancer-causing chemical formaldehyde. The Environmental Consultant, ICF International, Inc., who prepared the EIR for the project, reviewed the information presented by Lozeau Drury and concluded that the review of specific prospective building materials is not required by CEQA, but further that there are adequate protections in place to ensure building materials meet air quality and safety standards. The environmental consultant has also prepared a response to the comment letter.

## **EIR Conclusion**

The EIR includes project-level mitigation measures that will reduce all potential environmental impacts from the project to less-than-significant levels. The mitigation measures have been included as conditions of approval in the project in addition to their incorporation into the mitigation monitoring program.

## **Park Land Dedication In-Lieu Fee Credit**

The project is subject to the Park Land Dedication Ordinance, which requires park provision or payment of Park Land Dedication In-Lieu fees for net new units on a property. The estimated Park Land Dedication In-Lieu Fee will be approximately \$28.26 million in accordance with [Chapter 41](#) of the City Code (considering credit for 5 percent low-income units).

The project applicant has requested a credit against the Park Land Dedication In-Lieu Fee pursuant to Chapter 41 of the City Code for: (1) private open space (\$5.79 million); and (2) affordable housing proposed as part of the development (\$6.48 million). Details of the Park Land Dedication In-Lieu Fee credit request can be found in Attachment 14.

1. Private Open-Space Credit:

As per the current Park Land Dedication Ordinance, the project is eligible for a credit of 50 percent of the value of the land devoted to private open space with a provision of a more than 1 acre of contiguous, publicly accessible, private, open space on-site. The proposed 66,662 square foot private open space includes turf play field, swimming pool, family gathering spaces, and paseos with walking path and bike parking. The substantial amount of open space designed in the project will be publicly accessible using a Public Access Easement (PAE).



Open-Space Exhibit

2. Affordable Housing Credit:

Fortbay is requesting a Park Land Dedication In-Lieu Fee credit for all the affordable housing units on the site.

The City's current Park Land Ordinance (Section 41.11.c) allows affordable housing units included in new development projects to get a credit to be applied to the park land dedication requirement. Chapter 41 also defines affordable housing as housing which costs a very low-, low- or moderate-income household no more than approximately 30 percent of its gross monthly income as defined in Section 36.40.05 of Chapter 36, Article XIV of the City Code. Section 36.40.05, in turn, defines moderate-income household as between 80 percent and 100 percent median household income.

The applicant's proposal includes 5 percent low-income at 50 percent to 80 percent AMI and 15 percent moderate-income units set at 80 percent to 120 percent AMI.

This exceeds the moderate-income household income level as defined in Section 36.40.05 of our Affordable Housing Program. The applicant's request is based upon Council support to consider 120 percent AMI MIH units to meet the City's affordable housing requirement ([Council Study Session, October 23, 2018](#)), and hence the credits available to affordable units should be applicable to the units as well.

It should be noted that the City is in the process of updating the BMR Housing Program, which includes updating the moderate-income household definition from 80 percent to 120 percent AMI. This update was discussed by the Council in a May 14, 2019 Study Session. Changes proposed to the BMR ordinance are anticipated to be in effect in late August 2019 and will be applicable to all the projects, including this one. The draft condition of approval for the project requires the applicant to pay the park fees subject to the rules in effect at the time and prior to building permit issuance. The project, if entitled, will be in the building permit process approximately 6 to 10 months before getting a building permit issued, and the BMR Phase 2 updates will likely be in place. This will be an at-risk option depending upon the BMR Phase 2 updates since the timing of the updates and the possible changes to the BMR Ordinance are not guaranteed.

Estimated Park Land Dedication In-Lieu Fee estimates:

- **Alternative 1** – Fee without any credits – \$28.32 million.
- **Alternative 2** – Fee with credit for 15 percent MIH units – \$21.84 million.
- **Alternative 3** – Fee with credit for Alternative 2, including 50 percent credit for private open space – \$16.14 million.

*Note:* Credit of 50 percent value of 66,662 square feet of private open space is estimated at \$5.79 million.

The Community Services Director and Community Development Director support the park fee credit request based on the project open space design, configuration, and previous Council direction to consider the proposed MIH units as an alternative mitigation to meet the affordable housing requirement.

## **AGREEMENT WITH THE SCHOOL DISTRICT**

The MVWSD and the City have been working on the legal framework to memorialize the agreement to ensure the City has the right of first refusal to occupy 20 of the

affordable housing units in the project and to preserve the open space at Cooper Park. To that end, the Council is requested to authorize the City Manager to execute a Joint Funding and Development Restriction Agreement based on the following terms:

- Of the project's 711 units, 144 of those units will be for tenants that satisfy low- and moderate-income requirements and will be offered to District employees as employee housing. Of those 144 units, 20 units will be offered as a "first right of refusal" to City employees, through the City.
- All units that remain from those 144 units (or 124 units) that are not occupied by District employees or the 20 units that are not occupied by the existing qualified residents will then be offered to employees of other public agencies (County, school districts, etc.) that satisfy the same income requirements.
- The City will pay \$2 million to the District to be used during the design phase of the project, based on proof of work completed. The payments will be made in increments in the 3rd quarter of 2019, and a further payment in the 2nd quarter of 2020. If for any reason the project does not move forward as anticipated, the District is obligated to reimburse the City in full. If the agreement is terminated for any reason after the affordable units are occupied, the City would be entitled to reimbursement in proportion to the number of years the City has had access to the affordable units.
- The City and District will work cooperatively over the next couple months to finalize the framework for how the units will be rented, the mix of unit sizes, the duration of each lease, how long to hold units for the City's first-right option, how vacancies will be filled, etc. The end result will be an agreement that will have an equitable process where each entity is treated similarly and equally while leaving sufficient flexibility for future decision makers to work together.
- The District will record a restriction on the Cooper Park site not to develop that site except for public school purposes (not housing). The restriction will remain in place for the duration of the District's ground lease at the site.
- The City Manager is only authorized to execute this Agreement on the condition that the District records or puts in escrow the covenant for Cooper Park prior to the payment of any funds by the City. The City is not obligated to provide the money to the District until after the covenant has been recorded or is in escrow.
- The Agreement will also contain a dispute resolution process to address any conflicts that could arise in the future.



- Any amendments to the Agreement that result in a financial impact greater than \$100,000 would require approval of the governing bodies of both parties.

### **FISCAL IMPACT**

The subject site has a total assessed value of approximately \$150.43 million, and the City's share of property tax is approximately \$240,690 per year. If the site were redeveloped, the City's share of property taxes would increase to approximately \$594,000 per year.

The estimated Park Land Dedication In-Lieu Fee will be approximately between \$16.05 million to \$22.53 million depending upon Council action at this meeting and in accordance with Chapter 41 of the City Code, to be paid prior to the issuance of building permits.

The City will contribute \$2.0 million from the Strategic Property Acquisition Reserve toward construction of the 20 units in this project available to City staff, to be reimbursed from the BMR Fund if/when it includes the affordability levels in this project.

### **CONCLUSION**

Staff believes the proposed project achieves General Plan goals; increases housing opportunities; is sensitive to the existing lower-intensity residential uses that surround the site; complies with applicable development standards based on the proposed General Plan and Zoning Amendments; and will result in a development that has a high quality of livability given proposed private and public amenities.

### **ALTERNATIVES**

1. Approve the project with modified conditions.
2. Refer the project back to the DRC or EPC for additional consideration.
3. Deny the project.
4. Provide other direction.

## **PUBLIC NOTICING**

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

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807-05-21-19CR  
18654

- Attachments:
1. Resolution Certifying EIR with CEQA Findings and Mitigation Monitoring Plan
  2. Resolution Approving the General Plan Land Use Map
  3. Ordinance Amending the Zoning Map
  4. Resolution Conditionally Approving a Planned Community Permit, a Development Review Permit and Heritage Removal Permit
  5. Resolution Approving a Vesting Preliminary Parcel Map
  6. Resolution Approving a Park Land Dedication In-Lieu Fee Credit for Private Open Space
  7. [Gatekeeper Application Staff Report, July 2015](#)
  8. [EPC Study Session Staff Report, October 5, 2016](#)
  9. [City Council Study Session Staff Report, November 22, 2016](#)
  10. [City Council Study Session Staff Report, October 23, 2018](#)
  11. [EPC Public Hearing Staff Report, April 29, 2019](#)
  12. Project Plans
  13. Project TDM Program
  14. Park Land Fee Credit Request