



# COUNCIL REPORT

**DATE:** November 7, 2023

**CATEGORY:** Public Hearing

**DEPT.:** Community Development

**TITLE:** **701-747 West Evelyn Avenue Project and Development Agreement (Marwood)**

## **RECOMMENDATION**

1. Find the project to be exempt from review under the California Environmental Quality Act (CEQA), pursuant to CEQA Guidelines Section 15332 (In-Fill Development Projects).
2. Adopt a Resolution of the City Council of the City of Mountain View Approving a Modification to a Previously Approved Planned Community Permit and Development Review Permit to Construct a Four-Story Commercial Building Containing 28,090 Square Feet of Office and 6,500 Square Feet of Retail with a Rooftop Terrace and No Parking on a 0.26-Acre Site Located at 701-747 West Evelyn Avenue; and a Heritage Tree Removal Permit to Remove Two Heritage Trees on the Adjacent City Parking Lot 4, to be read in title only, further reading waived (Attachment 1 to the Council report).
3. Adopt a Resolution of the City Council of the City of Mountain View Approving a Preliminary Parcel Map to Combine Two Lots into One 0.26-Acre Lot at 701-747 West Evelyn Avenue, to be read in title only, further reading waived (Attachment 2 to the Council report).
4. Introduce an Ordinance of the City of Mountain View Approving a Development Agreement Between the City of Mountain View and C-M Evelyn Station, LLC, for the 701-747 West Evelyn Avenue Commercial Project, to be read in title only, further reading waived, and set a second reading for December 12, 2023 (Attachment 3 to the Council report).

## **BACKGROUND**

- Project Location: 701-747 West Evelyn Avenue, located on the southwest corner of West Evelyn Avenue and Hope Street in downtown.



**Figure 1: Project Map**

- Project Site Size: Approximately 0.26 acre.
- General Plan Designation: Downtown Mixed-Use.
- Zoning Designation: Downtown Precise Plan P(19), in Area H.
- Surrounding Land Uses:
  - *North*: Across West Evelyn Avenue is the Downtown Transit Center, with Caltrain and VTA bus and light rail service;
  - *South*: City Parking Lot 4, which is entitled for a five-story hotel with three levels of underground parking;<sup>1</sup>

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<sup>1</sup> The applicant for that project, The Robert Green Company, is currently working to obtain their building permits.

- *East:* Across Hope Street are a one-story office building and City Parking Lot 8, which is entitled for a four-story office building as part of the hotel project described above; and
  - *West:* Across Blossom Lane are one- to three-story commercial buildings facing Castro Street and a City-owned plaza occupied by Olympus Caffe and Bakery’s outdoor dining.
- Current Site Conditions: Two parcels with one-story commercial buildings, totaling approximately 8,800 square feet.
  - Applicant/Owner: Vincent Woo for Marwood.

### **Project Overview**

The applicant, Marwood, received Council approval for a four-story office and retail building at this site on November 18, 2019.<sup>2</sup> The building includes 28,090 square feet of office over 6,480 square feet of ground-floor retail. In addition, the project includes a rooftop terrace and a corner public plaza with landscaping features. Utilities and loading/trash rooms are located along the Blossom Lane frontage (see Attachment 4—Project Plans) within the first level of the building.

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<sup>2</sup> This approval is still in effect. The entitlement expires in November 2024. The applicant received a one-year automatic extension from City Council Resolution No. 18499, which granted extensions to all projects affected by the COVID-19 emergency, and a two-year permit extension through Section 36.56.65(b) of the Zoning Code, approved November 9, 2022.



**Figure 2: View from Transit Center**

At the time of the original approval, the proposed project included three levels of underground parking to be accessed through the underground parking of the approved The Robert Green Company (TRGC) hotel on the neighboring site, which at the time was anticipated to be constructed before the Marwood project. Based on several challenges with implementation of that concept, the project now proposes two major modifications to the originally approved project:

- Remove the underground parking and replace it with one underground level, which will contain storage, showers, and bicycle parking; and
- Enter into a development agreement (DA) with the City for 10 years, including a contribution of \$8 million to support parking/access improvements or programs in downtown. Those funds are primarily intended for additional parking to serve downtown; however, under the DA, the City retains flexibility to use the funds for “other improvements or programs that improve access to downtown.”

The remainder of the proposed building is unchanged other than a few minor modifications to landscaping and utilities as described later in this report.

## **Previous Meetings and Hearings**

### **City Council Meeting—Previous Project Approval**

On November 18, 2019, the City Council approved the original entitlements for the office and retail building with three levels of underground parking (Attachment 5—[701 to 747 West Evelyn Avenue Council Meeting, November 18, 2019](#)). The only public speaker at the hearing was a representative of the Chamber of Commerce, who supported the project.

Prior to the meeting, Marwood submitted a letter proposing several options to provide their parking in collaboration with the City, instead of the underground parking. The two options were:

1. Provide \$8 million directly to the City to help fund downtown parking initiatives, such as revising the residential and downtown parking permit program and/or construction of a new parking garage.
2. Lease of Lot 6 for Marwood to construct a new public parking garage on City property, to be reimbursed by the City for all costs plus interest, less \$8 million, and Marwood having exclusive rights to 81 of the stalls.

Although the project was approved (with the underground parking), the City Council expressed interest in reviewing the collaboration options at a future hearing.

### **City Council Meeting—Downtown Parking Garage Partnership Framework**

On August 24, 2021, the City Council considered a new business agenda item for a Downtown Parking Garage Framework (Attachment 6—[Downtown Parking Garage Framework Council Meeting, August 24, 2021](#)).

The purpose of this meeting was to receive direction from Council on garage location and general funding strategy. Staff recommended Lot 5 as the best candidate location for a new garage due to its rectangular shape, surrounding uses, and location. Staff estimated a garage to cost approximately \$24 million. Staff also recommended to utilize and limit the partnerships with two developments, Alta Housing (Lot 12) and Marwood. Together, the developments had offered funding in the amount of \$18.1 million that could be used to construct a garage.

Council authorized staff to study a new five-level parking garage, with approximately 400 stalls at Lot 5, no underground parking, and no ground-floor commercial, and to explore the following: additional partnerships with developers to fund the new garage, additional garage levels, a rooftop garden, use of low-carbon concrete, secured bike storage, design options that allow for future repurposing of the building, and a solar component.

### Parking Garage on Lot 5

On June 28, 2022, with the adoption of the Fiscal Year 2022-23 Capital Improvement Program, \$1 million was allocated from Downtown Parking In-Lieu Fees to fund a study and preliminary design for a new parking structure at Lot 5. This includes plans for a new five-story parking garage with approximately 400 spaces. Staff plans to solicit consultant proposals and initiate the study in early 2024. The Lot 5 Parking Structure Project will be replacing 254 existing parking spaces in Lots 5 and 12, for a net increase of approximately 146 spaces.

### Community Meetings and Public Comment

In January 2023, the applicant held a community meeting with the Old Mountain View Neighborhood Association (OMVNA). Approximately 15 community members attended the meeting and provided the following comments and concerns:

- Providing funds is not as helpful as building their own parking, but it was recognized that recent State legislation (Assembly Bill (AB) 2097) limits the City's ability to require parking.

*Staff Response: AB 2097<sup>3</sup> prohibits the City from denying this project due to a lack of parking.*

- Concerns were raised about office employees using public parking spaces all day that would then not be available to better serve retail/commercial customers.

*Staff Response: The City is developing a permit parking program based on recommendations from the Downtown Parking Strategy adopted by the City Council on November 9, 2021. The permit parking program is considering the parking needs of different downtown stakeholders, including office employees and retail/restaurant customers. While the Marwood project will be entitled to permits for a certain number of parking spaces as discussed later in this report, they would comply with all other requirements of the revised permit parking program, as would all other permit parking users in downtown.*

- Concern about office employees parking in existing downtown residential neighborhoods.

*Staff Response: The proposed development agreement will provide funding toward a new downtown parking garage, which will allow parking for the number of spaces that would have been required for the employees. Additionally, the development agreement will enable the construction of additional spaces and help to reduce the effect of spill-over parking.*

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<sup>3</sup> AB 2097 was approved in 2022 and limits local jurisdictions from enforcing most minimum parking standards for residential or commercial projects within one-half mile of major transit, such as the Downtown Transit Center.

- Concern about vibrancy and the creation of “dead zones” due to the office economy.

*Staff Response: The existing buildings are a “dead zone.” There have been few successful and vibrant businesses in this location over the last several decades. The proposed office building will add customers to the area, increasing vibrancy and activity. Allowed uses on the ground floor include retail, personal services, and other uses that contribute to vibrancy. Office is not an allowed use on the ground floor.*

In January 2023, the applicant held a community meeting with the Mountain View Chamber of Commerce. Approximately 25 community members attending this meeting, and the project was generally well received by attendees.

Additional public comment regarding the project is included as Attachment 7.

#### Administrative Zoning/Subdivision Committee Hearing

The updated development project, Development Agreement, and preliminary parcel map were reviewed at a Joint Administrative Zoning and Subdivision Committee hearing on October 11, 2023, where the DA, project, and map were unanimously recommended for approval (Attachment 8—[Zoning Administrator/Subdivision Committee Report, October 11, 2023](#)). No members of the public spoke on the item at the hearing, and no letters were received.

### ANALYSIS

#### General Plan

The site has a General Plan Land Use Designation of Downtown Mixed-Use, which encourages “an active mix and concentration of uses and public spaces in a main-street setting, including restaurants, offices, government services, housing, entertainment, and neighborhood-serving commercial uses.”

The proposed project is consistent with the General Plan’s vision for the area, which includes allowing a range of commercial uses, including office, and promotes the following General Plan policies:

- **LUD 3.2—Mix of Land Uses.** Encourage a mix of land uses, housing types, retail, public amenities, and public neighborhood open spaces accessible to the community.

*The project includes a mix of office and retail as well as a public plaza as an amenity.*

- **LUD 3.7—Upgraded Commercial Areas.** Encourage the maintenance, enhancement, and redevelopment of older commercial districts, shopping centers, and corridors.

*The project is a redevelopment of older, nonhistoric commercial buildings in a key commercial location.*

- **LUD 3.9—Parcel Assembly.** Support the assembly of smaller parcels to encourage infill development that meet City standards and spur neighborhood reinvestment.

*The project assembles smaller parcels for infill development.*

- **LUD 7.1—Downtown.** Promote downtown as a daytime and nighttime center for social, entertainment, cultural, business, and government activity.

*The project adds employees and commercial space downtown, the plaza may function as a space for social activity, and the contribution to downtown parking or other access improvements supports access for customers, businesses, and cultural event attendees.*

- **LUD 7.3—Human-Scaled Building Details.** Support new and renovated downtown buildings that include human-scaled details, such as transparent windows on the ground floor that face the street, awnings, and architectural features to create a comfortable and interesting pedestrian environment.

*The project includes a human-scaled rhythm of windows, doors, planters, awnings, and lighting.*

- **LUD 9.2—Compatible Transit-Oriented Development.** Encourage transit-oriented development that is compatible with surrounding uses and accessible to transit stations.

*The project is a transit-oriented development, across the street from and oriented toward the Mountain View Transit Center.*

- **LUD 9.4—Enhanced Pedestrian Activity.** Ensure commercial development enhances pedestrian activity through these strategies (implemented by the proposed project):

- Encourage the first level of the building to occupy a majority of the lot's frontage, with exceptions for vehicle and pedestrian access.
- Allow for the development of plazas.
- Encourage the majority of a building's ground-floor frontage to provide visibility into the building by incorporating windows and doors.



- Require that ground-floor uses be primarily pedestrian-oriented.
- Ensure pedestrian safety and access when designing parking areas and drive-through operations.
- Minimize driveways.

*The project includes all these characteristics and does not include driveways or parking areas, which supports pedestrian safety and access in this key transit-oriented location.*

- **MOB 7.1—Parking Codes.** Maintain efficient parking standards that consider reduced demand due to development conditions, such as transit accessibility.

*The project will not be required to provide on-site parking in this highly transit-oriented location. It will instead contribute to public parking, which is more efficient since it can be used by multiple businesses and customers visiting multiple businesses throughout the day.*

- **MOB 7.3—Public Parking Management.** Manage parking so that adequate parking is available for surrounding uses.

*The project will contribute to public parking or other access improvements, which will be available for surrounding uses.*

## **Zoning**

The site's zoning designation is P(19) Downtown Precise Plan and is located within Area H, the Historic Retail District. A critical development objective includes the enhancement of Castro Street as a lively pedestrian spine with continuous active retail and restaurant uses. This project is integral to that vision as a key landmark location leading to Castro Street from the Transit Center and other locations east of downtown along Evelyn Avenue.

The project complies with the applicable Precise Plan development requirements for the site in Area H, as updated December 6, 2022, shown in Table 1 below:

**Table 1: Compliance with Area H Development Standards**

<b>Standard</b>	<b>Requirement</b>	<b>Proposed</b>
Height	Maximum 55' (architectural features are allowed to exceed)	55'
Floor Area Ratio (office only)	Maximum 2.75	2.72
Upper-Floor Stepback	Minimum 4' above 45' height	4' above 44.5' height
Ground-Floor Height	Minimum 10'	Approximately 14'
Retail Space Depth	Minimum 40'	52'
Build-To Line	Back of proposed sidewalk	Back of proposed sidewalk
Massing Break/Character Change and Roof Change	Maximum 75'	Approx. 60' and 63'
Ground-Floor Articulation Frequency	Maximum 25'	Approximately 15'
Ground-Floor Transparency	Minimum 45%	Approximately 60%
Upper-Floor Window Dimensions	Maximum 9' width Minimum 12" apart Minimum 2" inset	Typically 5.5' width Typically 12" and 30" apart Typically 12" inset
Materials	Primary material with traditional appearance	Primary material is French limestone

### **Project Design and Revisions**

The project's design is unchanged from what was approved by Council in 2019. Key aspects that have remained unchanged include:

- Consistency with the Precise Plan's Design Guidelines;
- Traditional design features, such as materials, ornamentation, pedestrian-scale landscaping and lighting, and a regular rhythm of inset windows;
- Upper-floor step-backs and a massing break that reduce the scale of the project;
- A public plaza at Hope Street and Evelyn Avenue;
- Screened utility enclosures and loading along Blossom Lane; and
- Designed to meet the intent of LEED Gold®.

Since 2019, the primary change to the proposed design is the removal of three levels of underground parking. In its place is one underground level, which is primarily storage but also

includes mechanical equipment, long-term bicycle parking, and lockers and showers for employees.

Additionally, there are a few proposed minor changes to the above-grade design, which include:

- An additional short-term bicycle rack on the west side of the building near Blossom Lane;
- Increased planter sizes along the sidewalks and Blossom Lane; and
- Minor reconfiguration of utilities within the enclosures along Blossom Lane.

Finally, the applicant is requesting a new Heritage Tree Removal Permit and a new Preliminary Parcel Map, as described in greater detail below.

### No On-Site Parking

The original approval in 2019 included 82 parking spaces. As part of the negotiated terms for access through the TRGC hotel, the applicant also offered 25 spaces to be made available to the public at all times. Fifty-seven (57) parking spaces would have been available for their private use during the day with public access during off-peak times.

With the revised project, the applicant has removed the on-site parking from the project and is proposing a development agreement to pay the City in return for the right to receive 65 parking permits in the Downtown Parking District. Recent State legislation (AB 2097) has precluded the City's enforcement of minimum parking requirements for this project, except accessible and electric vehicle charging spaces that would have otherwise applied. However, the City's Downtown Precise Plan allows all parking at this site to be provided through in-lieu fees rather than on-site. Therefore, the applicant is eligible to provide the accessible and electric vehicle charging space requirement through in-lieu fees, and the draft conditions of approval include a requirement to provide in-lieu fees. In this case, the contribution to public parking in the proposed DA satisfies the in-lieu fee requirement, if the DA is executed.

### Development Agreement Provisions

The applicant is requesting a DA in conjunction with the revision to the project. The key provisions of the DA include:

- Term. The applicant is requesting a 10-year agreement. Staff considers this request appropriate due to the amount of public benefit provided and the uncertainty in the office market. Further, the applicant is required to provide the funding early in their DA term, which increases the value of the contribution to the City and the cost to the applicant.

- Contribution to parking or other access improvements. Marwood will provide \$10,000 within 60 days of the execution of the agreement and will provide the balance of \$8 million within 24 months of the effective date of the agreement or at Certificate of Occupancy, whichever is first. With this timing, if the City determined to move forward with the garage after preliminary design and other required studies, the City would receive the funding prior to construction contracts being signed for the planned parking garage construction at Lot 5 (unless the applicant withdraws from the DA). In addition, the contribution will be subject to an annual increase based on construction cost inflation. Lastly, in order to ensure that the funding is consistent with the Downtown Parking Strategy approved by Council in November 2021, the funds may be used for a new parking garage or to fund other improvements or programs that improve access to downtown.
- Five-year exemption from new development impact fees and exactions. For the first five years of the DA term, the applicant would be exempt from any newly adopted development impact fees and increases to existing fees. There are no new development impact fees or fee increases under active study at this time; however, Council has expressed interest in additional fees on office development, including parks and open space. The City is also beginning the process to update the Downtown Precise Plan, which may be followed up with an impact fee as an implementation item (similar to the North Bayshore and East Whisman Precise Plans). If enacted within the first five years of the DA and the project pulls building permits within that time, the new fees would not be applied to this project.

The applicant would be subject to annual automatic escalations of existing fees. Specifically, the applicant would be subject to the Transportation Impact Fee, the Housing Impact Fee, and Water and Sewer Capacity Fees.

- Preferential Access to Permits. The City and the applicant will enter into a 30-year parking agreement that allows the property preferential access to 65 downtown parking permits. This is significantly fewer than the 146 net new parking spaces expected from the Lot 5 parking garage, so if the Marwood DA is approved and the Lot 5 garage is constructed, it will have a net benefit on the downtown parking supply, even during working hours. While the agreement has not yet been drafted, its key provisions are in the DA. They include:
  - The right to 65 parking permits for 30 years, which may exceed the amount that would normally be available to the property through a regular permit parking program, a roughly 20% parking reduction from the City's downtown parking standard;
  - These permits will only be valid during regular office hours and will be subject to the regulations set forth by the permit parking program. However, outside of office hours and on weekends, since these spaces are considered public, they will be open to the general public for use;

- No cost for parking permits for the first 10 years of the agreement;
- Twenty-five percent (25%) off the cost for parking permits for the remaining 20 years of the agreement;
- If additional parking permits are available through the permit parking program to the property, the property would have access to those permits at the cost and under the conditions available to all other office developments that would normally qualify under the program.<sup>4</sup> No matter how many permits they receive, they will be required to meet minimum Transportation Demand Management requirements as described below; and
- The property owner shall be responsible for managing and handling issues related to the distribution of the discounted parking permits between employees and tenants.

Additionally, the development agreement does not preclude restructuring various aspects of the permit parking program and how it can be applied to the project (such as where permits may be used) or place restrictions on the use of the funding provided to improve access to the downtown as envisioned in the Downtown Parking Strategy.

- Tax point of sale designation. The project contractors and subcontractors will, to the extent feasible, designate the City of Mountain View as the place of use of any materials, goods, or services. This will allocate more sales taxes to the City.
- Mural. If the TRGC project on Lot 4 does not proceed, the applicant will paint a mural on the exposed wall facing Lot 4.

The City Council can modify the terms of the DA if mutually agreed upon by the applicant. Alternatively, the City Council can reject the DA and approve the proposed modification to the project without the DA.

## **Transportation**

### **Sidewalk Improvements**

The original approval included a street and utility easement vacation to correct the inconsistent sidewalk on Evelyn Avenue along the project frontage, varying from 18' wide at the corner of Hope Street to 8' wide by Blossom Lane. The project proposes a consistent 13' wide sidewalk to

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<sup>4</sup> There may be several ways to structure the permit program. One option is to limit permits per site or building. If this is the case, Marwood would be allowed as many permits allowed them under the program but no less than 65. Another option is to allow unlimited permits but price them at a level where demand is low. If this is the case, Marwood would be allowed unlimited permits but would be required to pay full price for any over 65.

accommodate the anticipated pedestrian volume for the proposed retail and office intensity and to allow for a continuous new building facade. To achieve this, the applicant will dedicate 5' along Evelyn Avenue to the City near Blossom Lane, and the City will vacate 5' of street and utility easement near the corner. This vacation approval is still valid and does not need to be reapproved.

The approved project previously conducted a Transportation Impact Analysis. The study showed that the project study intersections and roadway segments operate within applicable jurisdictional standards during the a.m., midday, and p.m. peak hours. However, since 2019, the City has adopted new Multi-Modal Transportation Analysis (MTA) requirements that include additional review of multi-modal facilities. Since the proposed project is similar in size and scope to the project analyzed in 2019, an updated MTA would have focused on a qualitative review of pedestrian and bicycle facilities. Therefore, in lieu of conducting a new MTA for this project, the applicant has agreed to implement staff-recommended sidewalk and crosswalk improvements at Hope Street and Villa Street. These improvements better serve the pedestrians that would be accessing the site from off-site parking and improve the City's overall network.

#### Transportation Demand Management

The project has updated its Transportation Demand Management Program to acknowledge the lack of on-site parking. It continues to offer a broad range of funding and services for alternative modes, including a commute coordinator, transit passes/subsidies to all employees, membership in a bike share/scooter share and car share program, guaranteed ride home program, flexible work hours, and membership in the Mountain View Transportation Management Association. The project is targeting a peak-hour trip reduction of 33%, and the conditions of approval include a monitoring and penalty program. This is higher than other Transportation Demand Management Requirements for other office projects downtown.

#### Trees

##### Heritage Tree Removal

The previous approval was dependent on the adjacent TRGC hotel project to proceed, but this proposed modification is no longer dependent on the adjacent project since it will not be constructing the underground garage. The TRGC project is approved to remove and replace several Heritage Trees located on Lot 4. Three of these Heritage Trees are Podocarpus trees located along the project site boundary, so close to the project site that they must be removed in order to construct the proposed Marwood building. Therefore, the project is required to get a Heritage Tree Removal permit for these trees, though the permit would only be necessary if the TRGC project does not proceed.

If the project is constructed and the TRGC project does not proceed, staff recommends that the project reconfigure and build additional planting strips on Lot 4 bordering the project site (reconfiguring the planting strips would require the removal of one non-Heritage tree). Staff estimates that there will be room to plant approximately nine new trees in this planting strip. The applicant has agreed to construct these planting strips and plant these trees to the City's specifications if the TRGC project does not precede the proposed Marwood building.

### Street Trees

Street trees may also be affected by the project. One challenge with this project is the uncertainty about surrounding development when construction begins. The TRGC hotel could be under construction, or complete, on the adjacent site, and/or Evelyn Avenue may be utilized for construction needs related to the Transit Center Master Plan. For this reason, the applicants have not prepared a detailed construction management plan, and they may need to access the site from the frontages during construction. If they need to access the site from the street, especially Evelyn Avenue, street trees may need to be removed but will be replaced. The construction management plan will be approved prior to starting construction, and staff will work to minimize the number of street trees affected.

### Subdivision Map

A new Preliminary Parcel Map was required for the project since the previous map expired. The purpose of this map is to merge two parcels into one and to clearly document the various dedications, vacations, and easements on the property. On October 11, 2023, the Subdivision Committee met and found the project to be consistent with the requirements of the Subdivision Map Act and the General Plan with incorporation of the draft Conditions of Approval and recommended approval to the City Council (see Attachment 2—Resolution for Preliminary Parcel Map).

### Environmental Review

This project is categorically exempt pursuant to Section 15332 ("In-Fill Development Projects") of the California Environmental Quality Act (CEQA) Guidelines. This exemption applies to projects consistent with the General Plan Land Use Designation and policies, all zoning regulations and designations, and projects meeting the other criteria described here. The project occurs within the City limits, is located on a project site of no more than five acres, and is substantially surrounded by urban uses; the site has no known habitat for endangered, rare, or threatened species; the project would not result in any significant impacts relating to traffic, noise, or air quality; and the site can be served by all required utilities and public services. The project met the City's Vehicle Miles Traveled (VMT) Policy screening criteria based on its proximity to transit, local-serving retail land use, floor area ratio (FAR) higher than 0.75, and consistency with Plan Bay Area 2040, the Bay Area's Sustainable Communities Strategy, and parking provided does not exceed code requirements. The project was, therefore, presumed to have a "less-than-

significant” impact on VMT; the project will be constructed to comply with applicable local, State, and Federal noise and water quality regulations; and is below the Bay Area Air Quality Management District (BAAQMD) screening levels and is conditioned to implement all the construction-related best management practices (BMPs) required by BAAQMD.

### **FISCAL IMPACT**

The City’s current share of the County of Santa Clara property taxes from the project site is approximately \$17,000 and \$21,000 per year for the General Operating Fund (GOF) and Parking District, respectively. If the site were redeveloped with the proposed project, the City would receive approximately \$53,000 and \$66,000 in additional GOF and Parking District property tax revenue per year, respectively.

The project is also subject to the City’s Housing Impact Fees based on the net new commercial floor area of the project. The estimated fee for the project, which is required to be paid prior to building permit issuance, is approximately \$680,000. Other fees also will apply, as described above.

If the City Council approves the DA, the applicant will provide \$8 million toward a new parking structure or other costs supporting access to downtown. The DA also provides the project with the right to receive 65 parking permits annually at no cost for 10 years and at 25% discount for the next 20 years, which would result in a reduction in revenue to the parking permit program. The annual value of 65 parking permits under the current parking permit program is approximately \$25,610 (at \$394 per permit).

### **CONCLUSION**

The project is consistent with the vision of the General Plan and the Downtown Precise Plan. The project has many key benefits to the City and will:

- Redevelop underutilized parcels in a highly transit-oriented location;
- Be an attractive landmark into downtown with traditional design elements and massing and articulation that reduce building scale;
- Improve the pedestrian experience between Castro Street and the Transit Center;
- Provide a new public plaza; and
- Support the City’s downtown parking and access goals by providing \$8 million to that effort.

The Zoning Administrator recommends approval of the proposed project and DA. The Subdivision Committee recommends approval of the Preliminary Parcel Map to merge the existing parcels into a single project site, and the subdivision complies with the General Plan and the Downtown Precise Plan.



In conclusion, staff recommends approval of the project because it will create a high-quality addition to the downtown area and would not result in significant environmental impacts.

### **ALTERNATIVES**

1. Approve the project with modified conditions of approval or modify the draft DA.
2. Approve the project but deny the draft DA.
3. Refer the project back to the Zoning Administrator, Subdivision Committee, and/or the Development Review Committee for additional consideration.
4. Deny the project and adopt findings for denial.

### **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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- Attachments:
1. Project Resolution
  2. Preliminary Parcel Map Resolution
  3. Development Agreement Ordinance
  4. Project Plans
  5. [701 to 747 West Evelyn Avenue Council Meeting, November 18, 2019](#)
  6. [Downtown Parking Garage Framework Council Meeting, August 24, 2021](#)
  7. [Public Comment](#)
  8. [Zoning Administrator/Subdivision Committee Report, October 11, 2023](#)