



DATE: September 20, 2016

CATEGORY: Public Hearing

DEPT.: Community Development

TITLE: **394 Ortega Avenue Residential Project**

RECOMMENDATION

1. Approve an Initial Study of Environmental Significance for the 394 Ortega Avenue Residential Project, pursuant to Section 15168 of the CEQA Guidelines (Attachment 1 to the Council report).
2. Adopt a Resolution Conditionally Approving a Development Review Permit and Planned Community Permit for a Four-Story, 144-Unit Multi-Family Residential Project with Two Levels of Underground Parking, a Provisional Use Permit for Rooftop Amenities above the Third Floor, and a Heritage Tree Removal Permit for the Removal of 10 Heritage Trees at 394 Ortega Avenue (Attachment 2 to the Council report).

BACKGROUND

Project Location

The proposed apartment building is located on Ortega Avenue, south of California Street. It is separated from California Street by the 80' wide Hetch Hetchy right-of-way, which is not included in the proposed development.

South of the project site is an existing condominium development, 400 Ortega Avenue, that is three stories over a partially submerged garage. To the west is Target on Showers Drive. To the east are Klein Park and the surrounding two-story townhouses along Oaktree Drive. Most other buildings in the neighborhood are two- to four-story apartments and condominiums.

Most of the apartment buildings in the area were built in the 1960s, utilizing a range of mid-century styles and materials, such as stucco and vertical and horizontal siding. The adjacent condominiums to the south were built in the 1970s and are characterized by

large geometric planes of stucco, broken up with balconies and tile roof parapets. The townhouses across the street were built in the 1980s and reference more traditional styles with lap siding and gable roofs.



San Antonio Center, including multiple grocery stores, Walmart, Target, and other daily goods and services, is easily accessible from the project site. The Santa Clara Valley Transportation Authority's (VTA) San Antonio Transit Center, which is served by four bus lines and several free shuttles, is a 1,500' walk from the project site. El Camino Real, which is served by VTA's most-frequent bus service, is a 1,000' walk from the project site. The San Antonio Caltrain Station is approximately 2,500' away on foot. Children from this development are in the Almond Elementary School area, which is a little over a mile southeast of the project, on the other side of El Camino Real.

Project Description

The applicant, Anton Development Company (Anton), intends to demolish the existing single-family home, barn, and other structures on the site, and to remove 24 of the 26 trees, including 10 of the 12 Heritage trees. Anton would construct a new four-story, 144-unit apartment building over two levels of underground parking, including outdoor amenity areas, a leasing office, and a new public pedestrian path along the

north side of the site (see Attachment 3—Project Plans). Unit sizes and counts are provided below.

Unit Type	Percent of Units	Square Footage
Studio	25%	485 to 512 sq. ft.
One Bedroom	56%	616 to 852 sq. ft.
Two Bedroom	19%	947 to 1,154 sq. ft.

Anton is also required to provide a public benefit. More information about their public benefit is provided later in the report.

Previous Meetings

Development Review Committee

The Development Review Committee (DRC) reviewed the project on February 17, 2016 and May 4, 2016, when they recommended approval of the project with conditions. The following direction from the DRC was integrated into the project.

- Add architectural interest on the west- and south-facing walls by adding awnings above the windows and increasing the inset of the windows.
- Utilize a smaller awning over the fourth floor to reduce the fourth-floor massing.
- Other minor comments related to color, materials, and details were integrated into the project or added to the project conditions.

Four residents from the surrounding neighborhood and a representative from the Los Altos Elementary School District (LASD) attended the second DRC meeting and expressed concerns about a range of issues:

- Incompatibility with the surrounding neighborhood, including height and scale, density, setbacks, and architectural style;
- Potential impacts on the surrounding neighborhood, including parking, privacy, traffic and vehicle safety, construction noise, and school impacts; and
- Removal of Heritage trees.

Environmental Planning Commission (EPC) Public Hearing

The EPC reviewed the project on September 7, 2016, and recommended approval. More information about the EPC meeting is provided later in the report.

Public Correspondence

During the review of the project, staff received several communications from interested stakeholders (see Attachment 4—Public Comment). One letter includes suggestions for building character, sustainability measures, and neighborhood-sensitive construction.

Attachment 4 includes two letters from the LASD. The LASD letters expressed concern about the new enrollment and referenced the project's public benefits requirements. City staff is involved in ongoing discussions with LASD on their issues of concern, most notably the acquisition of a school site.

ANALYSIS

General Plan and Precise Plan Consistency

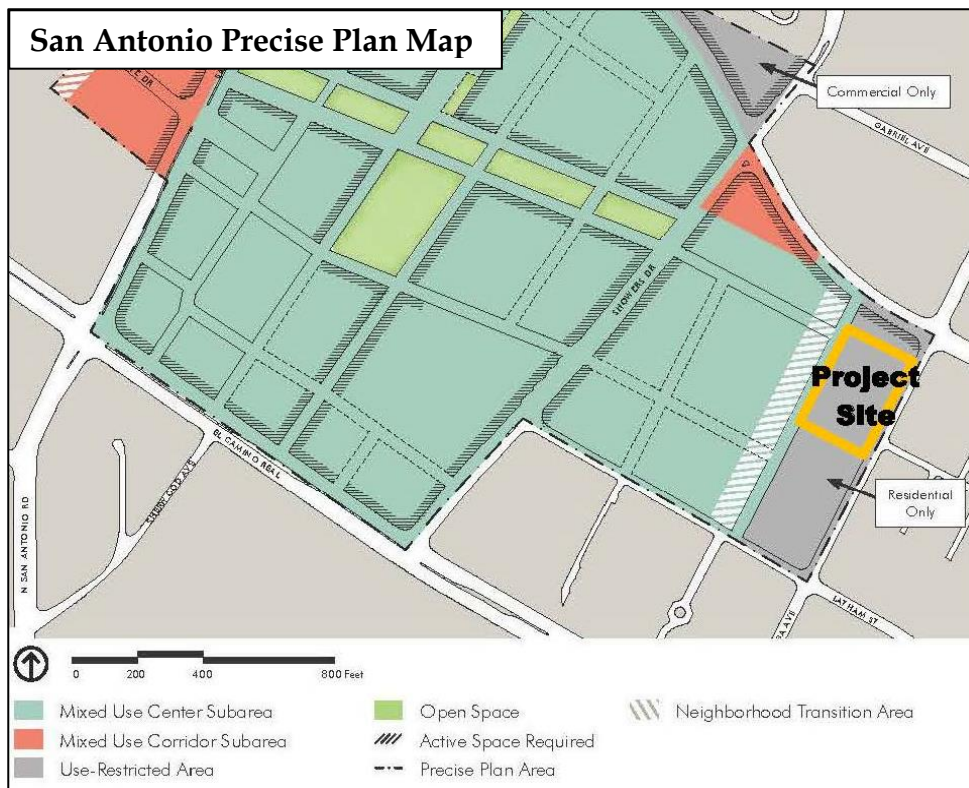
General Plan

The General Plan designation is Mixed-Use Corridor, which allows multi-family residential development at up to 1.85 FAR (floor area ratio). There is no limit to the number of dwelling units per acre. The proposal advances several General Plan policies, such as:

- **LUD 3.1: Land use and transportation.** The development increases density within one-half mile of public transit and major commute corridors.
- **LUD 6.3: Street presence.** The development creates street presence through setbacks consistent with the Precise Plan's frontage direction and the inclusion of major and minor architectural breaks.
- **LUD 8.3: Enhanced publicly accessible bicycle and pedestrian connections.** A new publicly accessible pedestrian path is proposed along the north edge of the project site.
- **LUD 9.3: Enhanced public space.** The Ortega Avenue facade is located near the edge of the sidewalk and includes ground-level interest with stoops and a leasing office near the street, and parking is located underground.

San Antonio Precise Plan

The San Antonio Precise Plan (SAPP), which was adopted in December 2014, contains the development standards, area-specific policies, and allowed land uses for 394 Ortega Avenue, the project site. The site is located within the “Residential-Only” sub-area of the Plan located along Ortega Avenue (see San Antonio Precise Plan map). This sub-area was not in the General Plan’s San Antonio Change Area, but was included in the Precise Plan to address connectivity and transitions between the Change Area and the surrounding neighborhoods.



Key SAPP guiding principles that are advanced by the project include the following:

- **Revitalize the Plan Area.** The development will improve an underutilized site and create customers for nearby neighborhood-serving businesses.

- **Support increased housing supply and diversity.** The project adds 144 new housing units in an area with mostly commercial uses.
- **Improve connectivity to, from, and within the Plan Area.** A new public pedestrian path will be constructed along the north side of the site, which, if the Target site redevelops, will be a future direct connection to the core of San Antonio Center. This path is prescribed in the Plan (see San Antonio Precise Plan Pedestrian Circulation Map).



The SAPP allows residential development at up to four stories and 1.85 FAR, with the provision of public benefits at the project site. In addition, the Plan includes requirements for open area, height, setbacks, and new pedestrian connections and also includes design guidelines. Development standards in the Plan are listed below, along with the project’s data.

Standard	Requirement	Proposed
Height	55'	55'
Floor Area Ratio	1.85 (with public benefits)	1.842 (with public benefits)
Front Setback*	14' to 24'	~14'6"
Open Space	40% of lot area	48% of lot area
Parking	171, including 26 guest	190 stalls, including 26 guest
Bicycle Parking	144 resident, plus 15 guest	144 resident, plus 16 guest

* Setback shown above is from property line. The Precise Plan includes setback from curb, which is 10' larger than the distance shown above.

Project Design

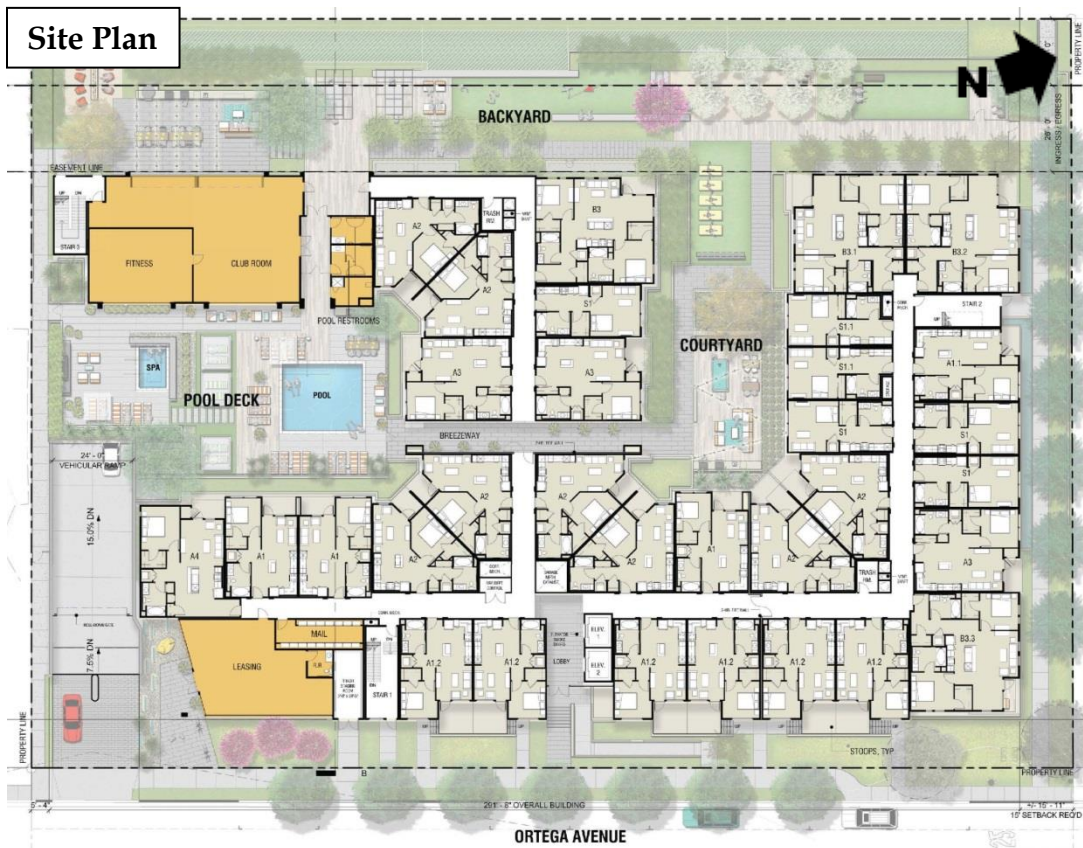
Site Plan and Circulation

The proposed building includes 144 units in four stories over two levels of underground parking (see Attachment 3–Project Plans). The site also includes a variety of different open spaces, indoor amenity spaces such as a fitness center and lounge, a leasing office, and bicycle parking for guests. Below grade, the project

includes vehicle parking, bicycle storage and repair, and personal storage for individual units.

The project site is adjacent to Hetch Hetchy (SFPUC) land, which lies between it and California Street. Because of the underground water pipelines, no structures or large trees are permitted on the Hetch Hetchy land. This means the north facade of the project will be highly visible from California Street. In addition, the adjacent Hetch Hetchy land is not associated with the proposed project. The San Francisco Public Utilities Commission will not allow its land to be used to satisfy a private development's requirements, such as open area, land area for the purpose of calculating FAR, or the site of public benefits.

The driveway to the underground garage is on the south side of the Ortega Avenue frontage. Immediately adjacent to the driveway is a small plaza and the leasing office. The main resident entrance is approximately halfway across the Ortega Avenue frontage. The north edge of the project site will include a publicly accessible pedestrian pathway providing access from Ortega Avenue to a future path through the Target site.



The west side of the site, adjacent to Target, presented multiple issues to be considered in terms of the design. A driveway access was initially proposed for the area, but it was determined that a high-quality outdoor amenity area would better respond to all these issues. First, there is an easement across the property which does not allow a building. Second, the current condition on the adjacent Target property is a loading dock. Lastly, the future condition on the adjacent property, according to the Precise Plan, may be a “Flexible Connection.” In the SAPP, a “Flexible Connection” is a new connection that may serve a variety of purposes, including delivery/loading, pedestrian- or bicycle-only pathways, or additional vehicle access, and may be configured in a variety of ways based on future development proposals.

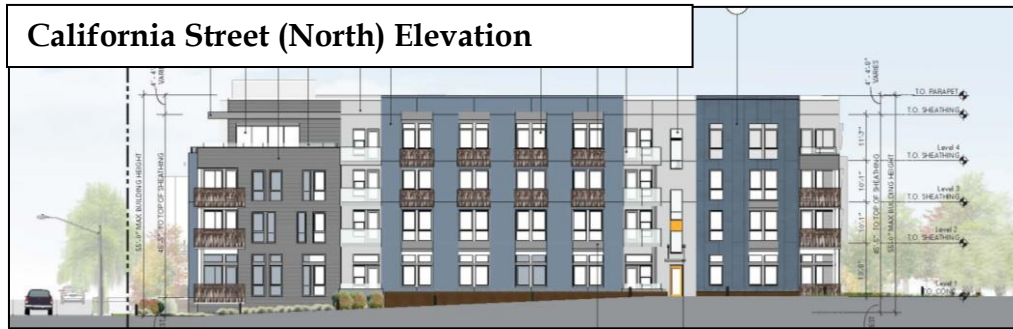
Elevations

The building utilizes a contemporary design, with a broad range of colors and materials, including stucco, fiber cement siding, composite wood, and metal. While using too many colors and materials can be a design challenge, the DRC felt the proposal was successful, since only one or two design themes are used on each facade, and the themes are used to effectively break up the building into smaller masses.

The primary, east-facing facade along Ortega Avenue includes blue stucco with contrasting yellow highlights. There is a major massing break halfway along the building that clearly defines the main resident entrance to the building. Minor massing breaks are provided by stoops and balconies approximately every 25’ to 40’ along the facade. A well-defined base is established through the use of stoops. A well-defined top is established through the use of a stepped-back fourth floor, which also successfully reduces the building’s overall mass from Ortega Avenue. The whole facade is attractively framed with fiber cement, painted a contrasting dark gray.



The California Street, north-facing facade includes individual masses in stucco and fiber cement. These masses are broken up with recessed area in light-gray stucco. In addition, the ground floor along this facade is lined with a steel planter with landscaping, which will provide pedestrian interest along the public walkway and will help preserve privacy in the ground-floor units.



The west-facing facade is located behind the existing Target store. Because Target is about 28' tall, only about 5' to 10' of the top of this facade will be visible from Showers Drive. However, the facade will be more visible at an angle from California Street (roughly the view shown below). This facade is broken up by the west-facing courtyard, located about one-third of the way along the facade. The southern half of the facade is dominated by a white and light-gray stucco treatment, which utilizes a sculptural pattern of windows to provide interest. The windows are each accompanied with awnings on the top and south side, which helps enhance the sculptural nature of the wall with the use of depth and shadow.



The south-facing facade is mostly a void where the development's larger courtyard is located. On either side of this void, the elevations reflect the design of the adjacent walls (the gray and blue features near Ortega Avenue and the white stucco near Target). However, few windows are included on these walls to preserve the privacy of the

outdoor pool area and community space at 400 Ortega Avenue, the adjacent condominiums.



Amenity Areas

The development will include a range of active and passive amenity areas. Indoor amenities include a club room and fitness center, which are located at the southwest corner of the building. There is also a fourth-floor lounge with a large deck. The SAPP allows decks above the third floor only with a Provisional Use Permit. This permit allows the City to assess whether the deck will cause noise or privacy impacts on adjacent properties. In this case, the deck will be facing the Hetch Hetchy property and Klein Park, so staff is recommending approval of the Provisional Use Permit since impacts from the deck are unlikely.

There are also a range of outdoor amenity areas proposed. The largest of these is the “backyard,” which extends along the western length of the property. This area includes an outdoor extension of the club room, a lawn, an outdoor shaded fitness area, and a dog run. The other open spaces include a pool deck and spa terrace located in the south-facing courtyard, and a game lounge and activity lawn in the west-facing courtyard.

Landscaping and Trees

In order to build the development, most of the existing trees on the site are proposed for removal, including 10 of the 12 Heritage trees. These trees include three prominent, moderately healthy redwood trees in the middle of the site, a large and healthy Australian pine tree, and a large and moderately healthy California bay. Two smaller Heritage trees, a Coast live oak and a redwood, both located near the northeast corner of the site, are proposed for preservation.

Over 40 new trees will be planted around the site, increasing the canopy from approximately 10,802 square feet (15.35 percent) today, to approximately 11,035 square feet (15.69 percent) in 10 years. A new row of large trees will be planted along the north

side of the property, softening the view of the building from California Street, and providing shade for people using the new public walkway.

The development will also provide water-conserving landscaping, in compliance with the Water Conservation in Landscaping regulations.

Parking

The required number of parking spaces for this development is 171, based on the “model parking standard” of one space for each studio and one-bedroom unit and two spaces for each two-bedroom unit. The proposed project includes 190 parking spaces, 19 more than required.

The project will remove approximately two street parking spaces. Currently, there are approximately nine parking spaces along Ortega Avenue in front of the project, and after the project is built, there will be approximately seven. Spaces will be removed to increase the left-turn pocket length from northbound Ortega Avenue to westbound California Street and to provide a loading/move-in/delivery area in front of the building.

Affordable Housing

Anton is required to pay an impact fee of \$17.39 per net habitable square foot to the City’s affordable housing program. This amounts to approximately \$1.77 million. However, the City encourages multi-family housing developers to provide low-income units on-site as an alternative mitigation to payment of the fee. If Anton were to do so, their total required fee would be equivalent to 11 low-income units (7.75 percent of their total). Anton intends to provide five low-income units, and pay the remainder as the fee.

Sustainability

Transportation Demand Management

The SAPP requires transportation demand management (TDM) for all new development. The applicant has proposed a TDM Program for residents, including unbundled vehicle parking, bicycle parking and a bicycle repair area, a transportation coordinator, space for Zipcars, and commute monitoring. In addition, the project is required to provide Eco Passes to residents for the first three years of the project.

Anton has proposed unbundled parking for their residents. “Unbundled parking” is where the rent price of parking is separated from the rent price of the dwelling unit. Without unbundled parking, all residents pay for construction and maintenance of the parking garage, even if they decide not to own a car. But with unbundled parking, only those residents that use the parking pay for it. This program has the benefit of communicating the cost of constructing and maintaining parking to residents, and it may help reduce car ownership and increase use of other travel modes. This will support both the City’s alternative transportation goals and the development’s TDM requirements.

The risk of unbundled parking is that some residents may opt to use street parking in the neighborhood, rather than paying for a parking space. Staff recommends allowing the unbundled parking program, but requiring the applicant to modify or eliminate the program in the future if significant neighborhood impacts arise (a draft condition is included in Exhibit 2).

Green Building

The project is targeting 100 GreenPoint Rated points, which is higher than the City requirement of 70. Green features of the project include high levels of energy and water efficiency.

Public Benefit (Community Benefit)

The SAPP requires new residential development above 1.35 FAR to provide public benefits. When they adopted the SAPP, the City Council also adopted a “public benefits value,” based on the development’s size, to give developers some certainty about the requirement. This project’s target public benefits value is \$708,077.

On October 13, 2015, the City Council reviewed the California Street/Escuela Avenue/Shoreline Boulevard Complete Streets Feasibility Study, and expressed support for its direction to add pedestrian and bicycle improvements along Escuela Avenue near Castro and Mistral Elementary Schools. In addition, the City Council stated that, of all the proposed Study

Escuela Avenue Improvements



improvements, the Escuela Avenue improvements should be among the highest priority.

The Feasibility Study proposes the following improvements on Escuela Avenue, between Latham Street and California Street (see graphic on prior page and Attachment 5 – Escuela Avenue Improvements):

- A new raised crosswalk in front of the school.
- New corner bulb-outs at intersections.
- New high-visibility crosswalks.
- New pedestrian-scale streetlights.
- Striped bicycle lanes, which would necessitate the removal of approximately 17 on-street parking spaces on the east side of Escuela Avenue.

The proposed improvements include the full intersection at Latham Street, but do not include any improvements at the California Street intersection, since the City will be building them through a separate Capital Improvement Program.

Anton Development Company has proposed to construct these improvements as their public benefit, and have estimated the total construction cost to be very close to \$708,077. Staff has reviewed and confirmed the project budget.

Neighborhood Outreach

At the October 13, 2015 meeting, the City Council directed staff to conduct more outreach along Escuela Avenue prior to removing the parking. Staff sent notices to all the residents in the area, and several have responded with concern about the loss of parking (see Attachment 6 – Escuela Avenue Public Comment). Staff then held a neighborhood meeting on September 8, 2016. This meeting was attended by approximately 30 residents and other stakeholders. Comments at the meeting included the following:

- The reduction in parking will have a large impact on many residents, who already have a very hard time finding spaces.
- Safety is a concern for bicyclists, pedestrians, schoolchildren, and people needing to walk from their cars late at night.

- Interest in working with properties, such as the school and commercial sites, to share their parking.
- Recommendations for additional improvements, such as lighting, bicycle lane buffers, and signage.

EPC Public Benefits Recommendation

The EPC recommended that Anton not construct any improvements on Escuela Avenue at their meeting on September 7. The EPC felt that the intent of the Public Benefits program was for funding to be used close to or within the area of the development, though it is not a requirement of the SAPP. The EPC believes that Escuela Avenue is not close enough to the San Antonio area, which has its own need for improvements.

The EPC recommended that Anton provide funds in lieu of improvements. These funds could be put toward a future tunnel under Caltrain/Central Expressway to Mayfield Avenue, improved pedestrian and bicycle connections across El Camino Real, or another improvement serving the SAPP area. The project at 400 San Antonio Road, which the City Council is tentatively expected to review on September 27, 2016, is also anticipated to provide significant funding for improvements in this area.

Staff Recommendation

Based on the neighborhood outreach meeting and the EPC's direction, staff recommends that Anton construct only the crosswalk enhancements at Castro/Mistral Elementary School, and provide the remainder of their public benefits as funds in lieu of improvements. This would mean not installing bike lanes along Escuela Avenue and not installing bulb-outs at the three intersections at this time, thereby preserving all of the existing parking.

This recommendation is based on the following reasons:

- The crosswalk will immediately enhance safety for school access and provide traffic-calming, without incurring loss of street parking.
- The developer can contribute funds which will be available to the City Council to program and allocate during the development of the next 5-year Capital Improvement Program in spring 2017.

- The City can continue to analyze options for Escuela Avenue, without impacting the schedule for consideration of entitlements or building permits for the Anton development.

If the City Council agrees with staff's recommendation, staff will work with Anton on the specific design of the crosswalk, including lighting, pavement markings and signage.

EPC Meeting

The EPC reviewed the project on September 7, 2016. The four public speakers made comments about traffic and privacy concerns, support for unbundled parking, and concern about street parking impacts.

The EPC recommended approval of the project, and made the following additional comments:

- Direction was given to modify the bicycle parking to provide additional space for cargo bicycles, and to review and improve the on-site bicycle circulation.
- As stated earlier in the report, the EPC recommended that the project's public benefit be funds paid directly to the City for a future project, instead of constructing any improvements on Escuela Avenue.
- While some EPC members were concerned about unbundled parking, the majority supported the program.

Environmental Review

The SAPP EIR is considered a program EIR and comprehensively evaluated the environmental impacts of the SAPP. The Mountain View City Council certified the SAPP EIR and approved the SAPP in December 2014.

Subsequent activities which were included in the scope of a program EIR may be determined to be adequately evaluated under CEQA and no further environmental documents may be required if it is determined that no new environmental effects will occur and no new mitigation measures would be required for the subsequent activity.

An Initial Study of Environmental Significance was prepared to evaluate whether any new environmental effects would occur as a result of the project which were not already examined under the program EIR and whether any new mitigation measures would be

required (see Attachment 1—Initial Study of Environmental Significance for the 394 Ortega Avenue Residential Project). Project-specific technical studies were also prepared to provide technical guidance in the areas of utilities, transportation, biology, noise, and air quality. VTA reviewed the transportation analysis and had the comments shown in Attachment 7 (VTA Comments on Transportation Analysis). The only suggestion by VTA concerned the intersection of California Street and Ortega Avenue, which will be improved as part of the California Street/Escuela Avenue/Shoreline Boulevard Complete Streets Feasibility Study.

The Initial Study prepared for the project found that with implementation of the SAPP standards and guidelines, State regulations, and mitigation measures identified in the SAPP EIR and the 2030 General Plan and Greenhouse Gas Reduction Program EIR, the proposed addition of 144 apartments would not result in any new environmental impacts beyond those evaluated in these EIRs and that no further documentation is necessary.

FISCAL IMPACT

The subject site has a current assessed value of approximately \$1.7 million. The City's property tax share is approximately \$2,700 per year. If the site were developed, the City would receive approximately \$57,000 per year, based on land value of approximately \$7.8 million and improvements value of approximately \$28 million.

The project is subject to the City's Rental Housing Impact Fee. The required fee is estimated at approximately \$1.75 million. However, Anton proposes to provide five low-income units in lieu of \$784,084 of this fee, and will pay the remaining \$965,993 fee.

Park land dedication is required unless dedication is impracticable or undesirable, or if an applicant is developing on land in which no park is proposed in the General Plan, Precise Plan, or Parks and Open Space Plan, in which case an in-lieu fee can be paid. Park land dedication is undesirable on this site because Klein Park is immediately across Ortega Avenue, and the San Antonio Precise Plan Open Space Diagram (Figure 2-6) does not specify a park for this location. The estimated Park Land Dedication In-Lieu Fee will be approximately \$4.1 million (or \$28,800 per net new market-rate unit) in accordance with Chapter 41 of the City Code.

CONCLUSION

Staff and the EPC recommend approval of the Development Review Permit, Planned Community Permit, Provisional Use Permit, Heritage Tree Removal Permit, and Initial Study of Environmental Significance for the residential development at 394 Ortega

Avenue. The proposal meets the development standards, goals, and policies of the SAPP and General Plan, including new housing supply and diversity, a new pedestrian connection, an attractive presence on the street, and the provision of a public benefit that reflects the community's needs.

ALTERNATIVES

1. Approve the project with modified conditions of approval.
2. Approve the Escuela Avenue public benefit improvements, including bulb-outs and bicycle lanes, and no funds in lieu of improvements; or approve a different public benefit.
3. Approve a different public benefit.
4. Refer the project back to the EPC or DRC for further consideration and recommendations.
5. Provide other direction.

PUBLIC NOTICING

The meeting agenda and Council report were posted on the City website and announced on cable television Channel 26. All property owners within a 300' radius and other interested stakeholders were notified of this meeting.

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EA/7/CAM
899-09-20-16CR-E

- Attachments:
1. Initial Study of Environmental Significance for the 394 Ortega Avenue Residential Project
 2. Resolution
 3. Project Plans
 4. Public Comment
 5. Escuela Avenue Improvements
 6. Escuela Avenue Public Comment
 7. VTA Comments on Transportation Analysis