

#### PUBLIC HEARING ITEM

Agenda Item # 9

#### AGENDA REPORT SUMMARY

Meeting Date: October 13, 2020

**Subject**: Request for Approval Modification (MOD20-0005) to the design of a 20-unit

Multiple-Family Development Project at 425 First Street

**Prepared by**: Steve Golden, Senior Planner

**Reviewed by:** Jon Biggs, Community Development Director

**Approved by:** Chris Jordan, City Manager

# Attachment(s):

1. City Council Resolution 2020-37

2. Letter from the applicant dated, July 6, 2020

3. Proposed Design Modification Plan, July 16, 2020

# Initiated by:

Jeff Warmoth, Developer

#### **Previous Council Consideration:**

June 25, 2019

#### Fiscal Impact:

None.

# **Environmental Review:**

The project was previously determined to be exempt from environmental review as in-fill development in accordance with Section 15332 of the California Environmental Quality Act (CEQA) of 1970 as amended. The modification of the project is exempt from CEQA pursuant to Section 15061(b)(3) as it can be stated with certainty that accepting a reduced volume of underground garage space and installing a mechanical parking lift system will not have a significant effect on the environment.

#### Policy Question(s) for Council Consideration:

• Is the proposal of three affordable (below market rate) units in exchange for a development incentive consistent with State Law and the City's Multiple-Family Affordable Housing Ordinance?

#### Summary:

• The 20-unit multiple-family residential project was approved by City Council with three affordable units. The Developer did not request any development incentives or waivers as

Reviewed	By:
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City Manager City Attorney Finance Director

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part of the original project, but the project was approved with the parking requirement alteration (i.e. number of spaces) pursuant to the Multiple-Family Affordable Ordinance.

• The Developer is proposing an approval modification (MOD20-0005) from a two-level underground parking garage to one-level with a mechanical parking lift system. The applicant requests a development incentive to the City's parking space standards to allow a reduction in the parking stall dimensions and requirement that the entire space be kept free and clear of any horizontal supports.

# Background

On June 25, 2019, the City Council approved 20-unit multiple-family residential project at 425 First Street<sup>1</sup> as a for-sale condominium development. The developer proposed a total of three affordable units which equates to 15% of the total number of units and complies with the minimum requirements outlined in Chapter 14.28 for a multiple-family housing project of this size and ownership type. Of the three affordable units, two are restricted for owners at moderate-income rates and one unit is restricted for an owner at the low-income rate. The affordable units include a studio unit on the first floor (low-income), a one-bedroom unit on the second floor (moderate-income) and a two-bedroom unit on the second floor (moderate-income). The project is in the CD/R3 Zoning District which has no density maximum and the Developer did not request a density bonus.

Since the Developer was providing at least ten percent of its units as affordable at the moderate income level, it could have pursued one development incentive and additional waivers per State Density Bonus Law and Section 14.28.040(C)(1) of the Multiple-Family Affordable Housing Ordinance. However, the Developer did not request any development incentives or waivers and was fully conforming with all applicable Zoning Code requirements, with the exception of the number of parking spaces. The Developer did request and was granted a parking alteration requirement pursuant to the Affordable Housing Ordinance to reduce the number of total required spaces from the required 39 parking spaces to 28 parking spaces per the parking alteration allowance.

#### **Proposed Project Modification**

On June 16, 2020 the Developer submitted a revised plan for the underground parking garage to modify the design from a two-level underground parking garage to one-level with a mechanical parking lift system (Attachment 3). The revised plan will maintain the 28 parking spaces which complies with the alternative parking requirement previously approved. Of the 28 parking spaces, 27 will utilize mechanical parking lifts and one will be conventionally parked (van accessible parking space). The Developer's justification for the design modification is the underground garage cost is

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<sup>1</sup> June 25, 2019 City Council Staff Report:



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significantly more to construct than originally anticipated (see Developer's letter in Attachment 2). The letter also describes the different size lifts/platforms that are proposed to accommodate different size vehicles.

Pursuant to parking development standards under Section 14.74.200.A.4, all spaces must have a "vertical clearance of a least seven feet over the entire area. In addition, the spaces shall be clear horizontally (for example, pillars in a basement or parking structure shall not be located in required parking spaces)." The installation of the mechanical parking lift system(s) is not compliant with this development standard because the lift system including its structural supports, platforms elevating the vehicles, and other mechanical components encroaches into the horizontal and vertical areas that needs to be clear; therefore, the Developer is requesting a development incentive under the provisions of the California Density Bonus law and the City's Affordable Housing Ordinance for which the project is eligible for one incentive and no incentives have been granted yet. The request to encroach within the minimum parking space clearance area is considered an "off-menu" development incentive under Section 14.28.040.F.2 since it is not specifically listed as one of the incentives under the "onmenu" section.

#### Discussion/Analysis

The Developer is eligible to request one incentive as described in the previous section for providing the affordable housing units. The denial of the incentive request is subject to Section 14.28.040.F.3 (Denial of Requested Incentive). Under that provision and consistent with State Law, the City may only deny a request for an incentive only if based on one of the following denial findings:

- The concession or incentive does not result in identifiable and actual cost reductions, consistent with the definition of "concession" or "incentive", to provide for affordable housing costs, as defined in Health & Safety Section 50052.5"; or
- The concession or incentive would have a specific, adverse impact upon public health and safety or the physical environment or on any real property that is listed in the California Register of Historical Resources and for which there is no feasible method to satisfactorily mitigate or avoid the specific, adverse impact without rendering the development unaffordable to low-income and moderate-income households.; or
- The concession or incentive would be contrary to state or federal law.

Some other projects that have been recently approved in the downtown area have similarly requested development incentives or waivers for mechanical parking lift systems and the Council have approved those requests. The denial findings above cannot be substantiated; therefore, staff recommends that the City Council approve the development incentive to allow consistent with the Affordable Housing Ordinance and State Density Bonus Law. A draft resolution is attached (Attachment 3) that contains the findings and conditions to approve the development incentive and design modification.

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Family Development Project at 425 First Street

# **Options**

1) Option #1 Approve the affordable housing development incentive.

**Advantages**: Allows the project to off-set the actual cost of constructing affordable housing,

consistent with State Law

Disadvantages: Would result in parking that does not comply with the standard parking

requirements under the Zoning Code.

2) Option #2 Deny the affordable housing development incentive.

**Advantages**: Compliant parking would be provided for the residential project.

**Disadvantages**: May result in higher costs for the developer to provide the affordable housing.

**Recommendation:** Staff recommends Option 1.

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#### RESOLUTION NO. 2020-37

# A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ALTOS APPROVING A REQUEST FOR AN AFFORDABLE HOUSING DEVELOPMENT INCENTIVE FOR A DEVELOPMENT PROJECT MODIFICATION (MOD20-0005) AT 425 FIRST STREET

WHEREAS, on April 15, 2019 the Los Altos City Council approved a twenty (20) unit residential project ("Project") at 425 First Street; and

**WHEREAS**, the Developer offered three units as affordable ownership housing units. Two units restricted at the moderate-income household level and one unit restricted to a low-income household as published by the State of California Housing and Community Development Department (State HCD) for households in Santa Clara County; and

**WHEREAS,** the Developer's proposed unit mix would consist of 15 percent of its total units as affordable units, with 10 percent of the units affordable at the moderate income level, thereby entitling the project to qualify for one incentive, and additional concessions and waivers pursuant to Los Altos Municipal Code Section 14.28.040 and Government Code Section 65915, et seq.; and

WHEREAS, the Developer did not pursue any incentives or waivers under Government Code Section 65915(e) and Los Altos Municipal Code Sections 14.28.040(F) for the Project; and

**WHEREAS**, on July 16, 2020 the Developer submitted a revised design plan for the Project to modify the underground parking garage design from a two-level underground parking garage to one-level with a mechanical parking lift system; and

**WHEREAS**, the proposed mechanical parking lift system does not comply with the vertical and horizontal clearances specified under Section 14.74.200.A.4 of the Los Altos Municipal Code; and

WHEREAS, the Developer has provided written justification that the proposed revised design will reduce the construction costs of the underground parking; and

WHEREAS, the City Council determined the Project was exempt from environmental review as in-fill development in accordance with Section 15332 of the California Environmental Quality Act of 1970 as amended ("CEQA"). The modification of the project is exempt from CEQA pursuant to Section 15061(b)(3) as it can be stated with certainty that accepting a reduced volume of underground garage space and installing a mechanical parking lift system will not have a significant effect on the environment; and

**WHEREAS**, said Project has been processed in accordance with the applicable provisions of the California Government Code and the Los Altos Municipal Code; and

WHEREAS, based upon such evidence and testimony, and the entire record of proceedings and matters of general knowledge to the City, including without limitation the Los Altos General Plan, the Los Altos Municipal Code and other laws, regulations, policies, procedures

and requirements the City Council has determined that none of the findings specified in Government Code Section 65915 (d) or Los Altos Municipal Code Sections 14.28.040(F) apply; and

**WHEREAS,** on October 13, 2020, the City Council held a duly noticed public meeting as prescribed by law and considered public testimony and evidence and recommendations presented by staff related to the Project; and

WHEREAS, the location and custodian of the documents or other materials which constitute the record of proceedings upon which the City Council's findings and decision are hereby made are located in the Office of the City Clerk of the City of Los Altos; and

**NOW THEREFORE, BE IT RESOLVED,** that the City Council of the City of Los Altos hereby approves the Design Approval Modification of the Project subject to the findings and the conditions of approval attached hereto as "Exhibit A" and "Exhibit B," and incorporated by this reference.

I HEREBY CERTIFY that the foregoing is a true and correct copy of a Resolution passed and adopted by the City Council of the City of Los Altos at a meeting thereof on the 13th day of October, 2020 by the following vote:

AYES:		
NOES:		
ABSENT:		
ABSTAIN:		
	Janis C. Pepper, MAYOR	
Attest:		
Andrea Chelemengos, MMC, CITY CLERK		

# **EXHIBIT A**

#### **FINDINGS**

AFFORDABLE HOUSING AND DENSITY BONUS FINDINGS. With regard to the offered affordable housing units, the City Council finds, in accordance with Los Altos Municipal Code Section 14.28.040, as follows:

- a. The applicant is offering two moderate income units and one low income unit for sale, which qualifies the project for an incentive, additional waivers and a parking requirement alteration;
- a. Per Table DB 6 in Los Altos Municipal Code Section 14.28.040(C)(1)(d), a project that includes ten percent or more of its total units as moderate income restricted affordable units shall be granted one (1) incentive. Since the project is including ten (10) percent of its total units as affordable at the moderate-income level, the City shall grant one (1) incentive unless specified findings for denial are made;
- b. For its one (1) incentive, the Applicant is requesting the City allow the use of a mechanical parking lift system, where the Zoning Code requires a vertical clearance of a least seven feet over the entire parking area as well as horizontal clearance. This incentive is considered an "off-menu" incentive per Section 14.28.040(F) Incentive Standards. The City Council has determined that the incentive does not satisfy any of the following denial findings:
  - i. The concession or incentive does not result in identifiable and actual cost reductions, consistent with the definition of "concession" or "incentive", to provide for affordable housing costs, as defined in Health & Safety Section 50052.5"; or
  - ii. The concession or incentive would have a specific, adverse impact upon public health and safety or the physical environment or on any real property that is listed in the California Register of Historical Resources and for which there is no feasible method to satisfactorily mitigate or avoid the specific, adverse impact without rendering the development unaffordable to low-income and moderate-income households.; or
- iii. The concession or incentive would be contrary to state or federal law.

#### **EXHIBIT B**

## **CONDITIONS**

#### **GENERAL**

#### 1. Prior Approval and Conditions

All of the Project's Conditions subject to Council Resolution 2019-28 incorporated by this reference are still in effect except as modified by these conditions.

# 2. Approved Plans

The Design Modification is based solely upon the plans submitted on July 16, 2020.

# 3. Back-Up Power Supply

If required or proposed, a back-up power supply for the approved project shall be provided by a battery system that shall only be charged or energized by the electric feed from the domestic electric utility company providing electrical service to the project site, subject to the battery system's compliance with all other applicable codes and regulations that apply.

#### 4. Diesel Generator Prohibition

Diesel powered electric generators are prohibited for any purpose in this project.

# 5. Indemnity and Hold Harmless

The applicant/owner agrees to indemnify, defend, protect, and hold the City harmless from all costs and expenses, including attorney's fees, incurred by the City or held to be the liability of the City in connection with the City's defense of its actions in any proceedings brought in any State or Federal Court, challenging any of the City's action with respect to the applicant's project.

July 6, 2020

#### VIA E-MAIL

Mr. Jon Biggs Community Development Director

City of Los Altos Los Altos City Hall 1 North San Antonio Road Los Altos, CA 94022

Re: 425 First Street – Project Modification to allow a single-level, below ground, parking garage with automated, mechanical parking lifts with the same number of parking spaces as the currently approved project.

Dear Jon,

I'm responding to Steve Golden's request for more information about the justification for the request to approve the project change from a two-story underground garage to a single-story underground garage. This information is provided below.

## 1. Project Status

The 425 First project is ready for the issuance of a building permit, with the exception of some ministerial tasks (such as the recordation of the final map and payment of the impact fees and building permit fees).

Staff determined that a project modification request was required when we modified the parking for our project from the previous project parking solution of a two-level, below ground, parking garage to the modified project parking solution of a single-level, below ground, parking garage with mechanical lifts.

As a result, the project is currently on hold. In order to start construction, we need the City's approval to switch to a single-level, below ground, parking garage with automated, mechanical lifts. The start of construction is being delayed by the requirement that City Council approve the project modification from the currently approved two-level below ground, parking garage to a single-level below ground, parking garage. We submitted the project modification request for the 425 First project on Monday, June 15<sup>th</sup>. We respectfully request that the City Council approve the project modification request for the 425 First project at its earliest possible opportunity.

# 2. Requested Modification

The building construction drawings for the previously approved 425 First project with the two-level, below ground, parking garage have been fully approved by Building, Planning, Engineering / Public Works and Santa Clara County Fire. But the two-level below-ground garage cost significantly more to construct than anticipated.

The modified project parking solution provides for the same number of parking spaces (28), with the only material difference being that the all of the parking spaces (except the ADA / Van space) would be provided by two automated, mechanical parking lift systems. The larger one for 17 parking spaces will have one space always open and will double-stack vehicles at-grade and in a pit level below. The smaller one, for ten tandem parking spaces, will have two spaces always open, and will double-stack vehicles at-grade and in a pit level below. Of the 27 automated, mechanical parking lift spaces, 15 will allow for full-size SUV's and 12 will allow for SUVs up to 5'9" in height (which includes vehicles as large as the new, electric SUV, Ford Mustang Mach-E, or the Audi Q7). The smaller one is identical to the one with 22 parking spaces previously approved by the City Council for the 385-387-389 First project. Of the 28 total spaces, it is expected that 12 would require a waiver from the City's standard parking height and width dimensions.

A few key points about the single-level, underground parking garage:

The layout and circulation allow for even greater maneuvering in the proposed single level parking garage.

The residents will have designated parking lift(s), and since each parking lift can be outfitted with an electric vehicle charger, the lifts will allow for a future electric vehicle charger for every resident that has an electric vehicle.

Trash collection and bicycle parking have been replicated as in the currently approved plan.

The single-level garage will significantly reduce the construction time, as well as the number of truck trips for soils export.

The proposed parking for the 425 First project will be substantially the same as the automated, mechanical parking lifts already approved by the City Council for both the 385-387-389 First Street and 444-450 First Street projects, as well as for several of the already approved projects on El Camino Real in Los Altos.

Despite the large number of proposed and approved mechanical lift parking that have been approved by the City Council, all of which required waivers of development standards for height

and / or width, the City does not have a specific parking space requirement for mechanical parking lift spaces, and, as a result, Staff applies the parking standard for conventional surface parking spaces. The City has recently approved waivers of a development standard for parking space dimensions for several Los Altos projects, including the two most recently approved projects on First Street. The requested waiver is essentially the same development waiver that the City Council recently approved for the 450 First project to allow for the installation of the mechanical parking lift where the lift's supporting structure may encroach into the required parking dimension of nine feet in width, 18 feet in depth and seven feet in height.

#### 3. The Project Is Entitled to an Incentive

The 425 First project is a condominium project where 10 percent of its units are restricted to moderate income households. Under Density Bonus Law (Government Code § 65915), the 425 First project is entitled to one incentive (§ 65915(d)(2)(A)) and waivers. I did not request an incentive or waivers for the approved project, but am now requesting a modification to the City's parking standards as an incentive.

Density Bonus Law defines an "incentive" as "[a] reduction in site development standards or a modification of zoning code requirements . . . including, but not limited to, a reduction in setback and square footage requirements and in the ratio of vehicular parking spaces that would otherwise be required that results in identifiable and actual cost reductions, to provide for affordable housing costs . . . ." (§ 65915(k)(1).) The requested modification fits well within the definition of an incentive. The request is to reduce the parking space standards so that the 425 First project can provide its required parking on one level, which would reduce costs sufficiently to allow the construction of the project, including its affordable units. Unlike a waiver (to which the 425 First project also is entitled), an incentive does not require proof that without the requested reduction in the development standard, the project would by physically precluded from construction.

Under the law, the City must grant the requested incentive. (§ 65915(d)(1)) There are only three reasons a city can deny a requested incentive, none of which apply here: (1) the incentive does not result in identifiable and actual cost reductions; (2) the incentive would have a specific, adverse impact on public health and safety or the physical environment or on a historic building, and there is no feasible method to satisfactorily mitigate or avoid the specific, adverse impact without rendering the development unaffordable to low-income and moderate-income households; or (3) the incentive would be contrary to state or federal law. (*Id.*) The City (not the applicant) bears the burden of proof for the denial of a requested incentive. (§ 65915(d)(4))

Obviously, the cost of the single-level garage is considerably less than a two-level garage and will make the project feasible. Because of the additional excavation, soil export and shoring costs required for the approved two-level garage, the project is now infeasible. Thus, the reduction in the parking standards, which allows the use of stackers and just a single floor of underground parking, results in identifiable and actual cost reductions. The fact that the City

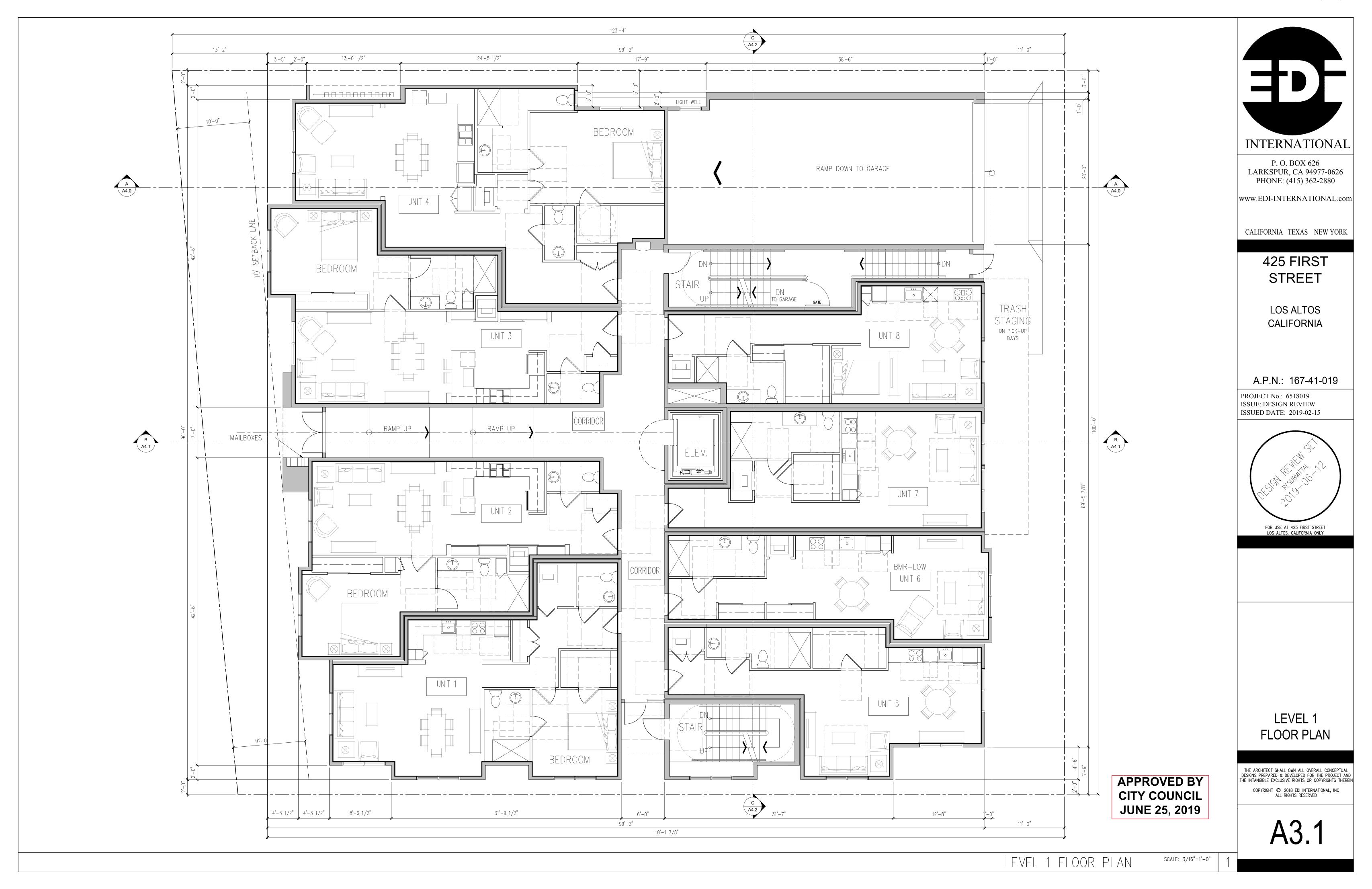
has approved similar stacking parking systems indicates that the requested waiver would not have any adverse impacts and would not be contrary to law. The requested incentive must be granted.

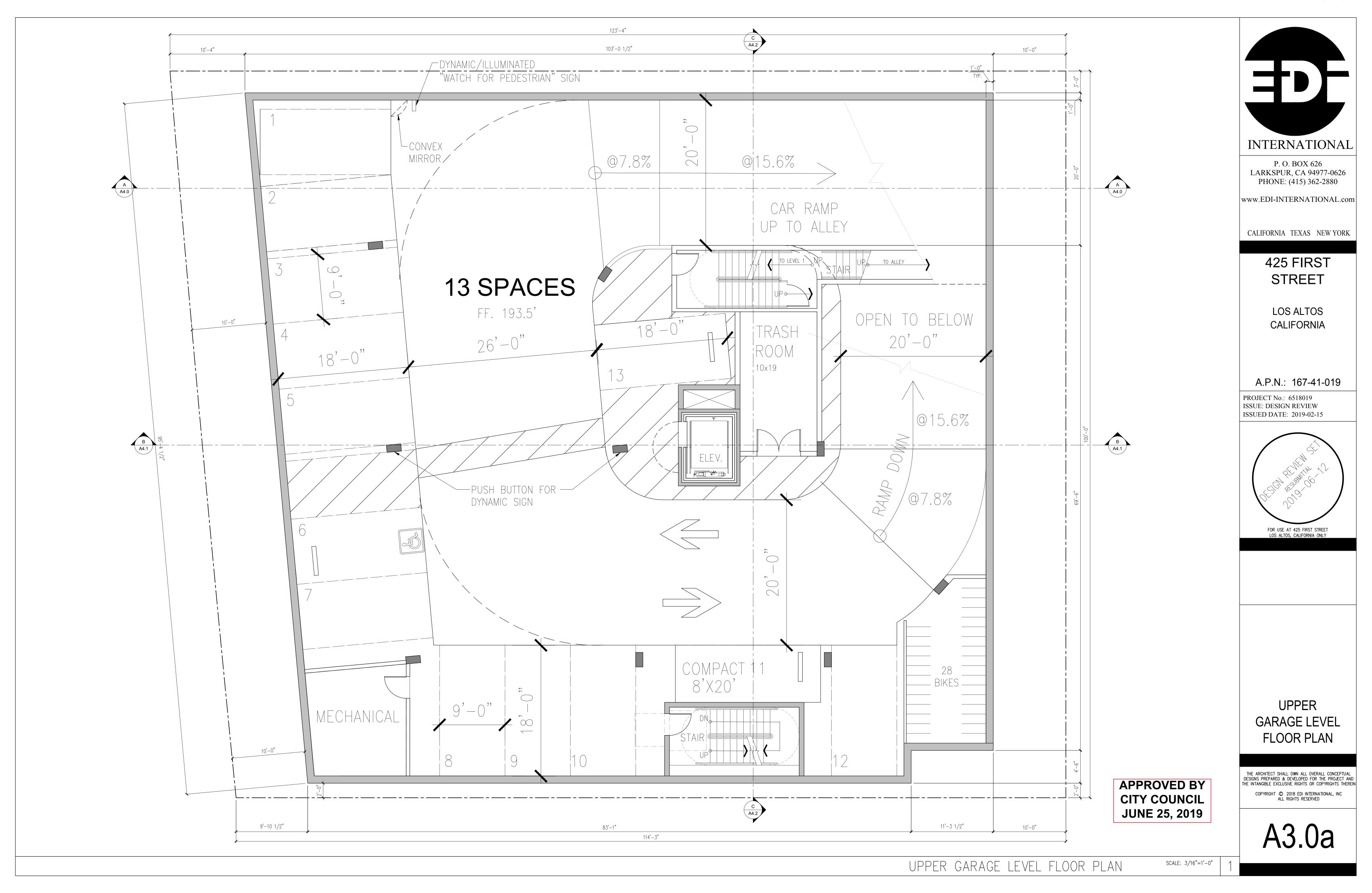
#### 4. Conclusion

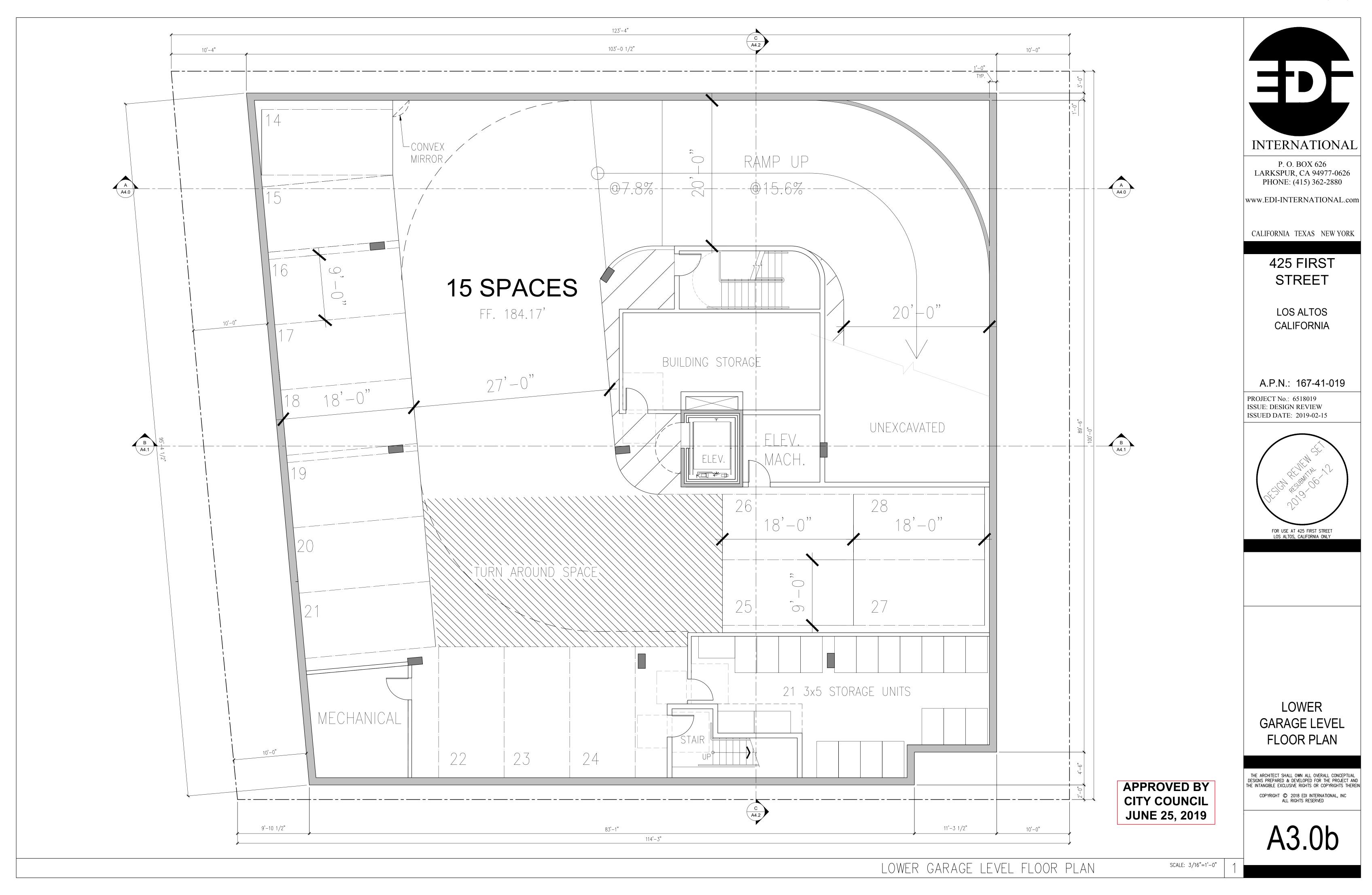
Given the several months that it takes to get in front of the City Council, I respectfully request that the City plan check the changed sheets for the 425 First project with the single-level, below ground, parking garage so that when the City Council approves the requested incentive (waiver of development standards for parking space dimensions), I can pull the building permit immediately (I expect that by that time, I will have pulled the demolition permit and have received a demolition permit final). If you agree, I would submit the replacement sheets for the construction drawings for the single level, below ground, parking garage for plan check immediately. I would pay the additional plan check fees "at-risk," meaning that the fee would be paid regardless of the City Council's decision. Even though the City Council cannot legally deny the requested incentive (waiver of parking space dimensions), you can choose to hold the permit until after the City Council hearing on the modification. I nevertheless ask that you perform plan check so that the permit will be ready the day City Council issues its approval, avoiding further delay.

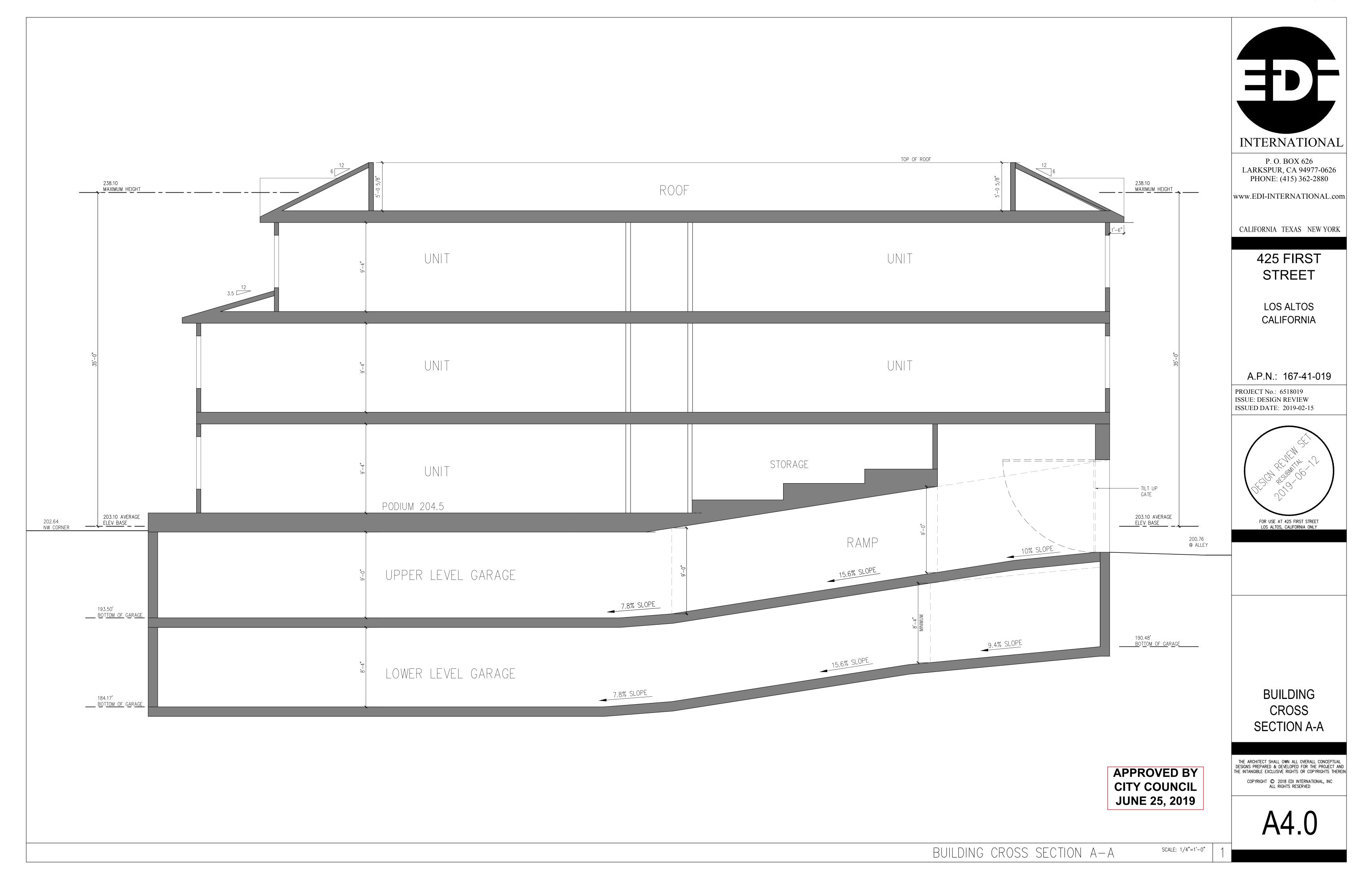
Sincerely,

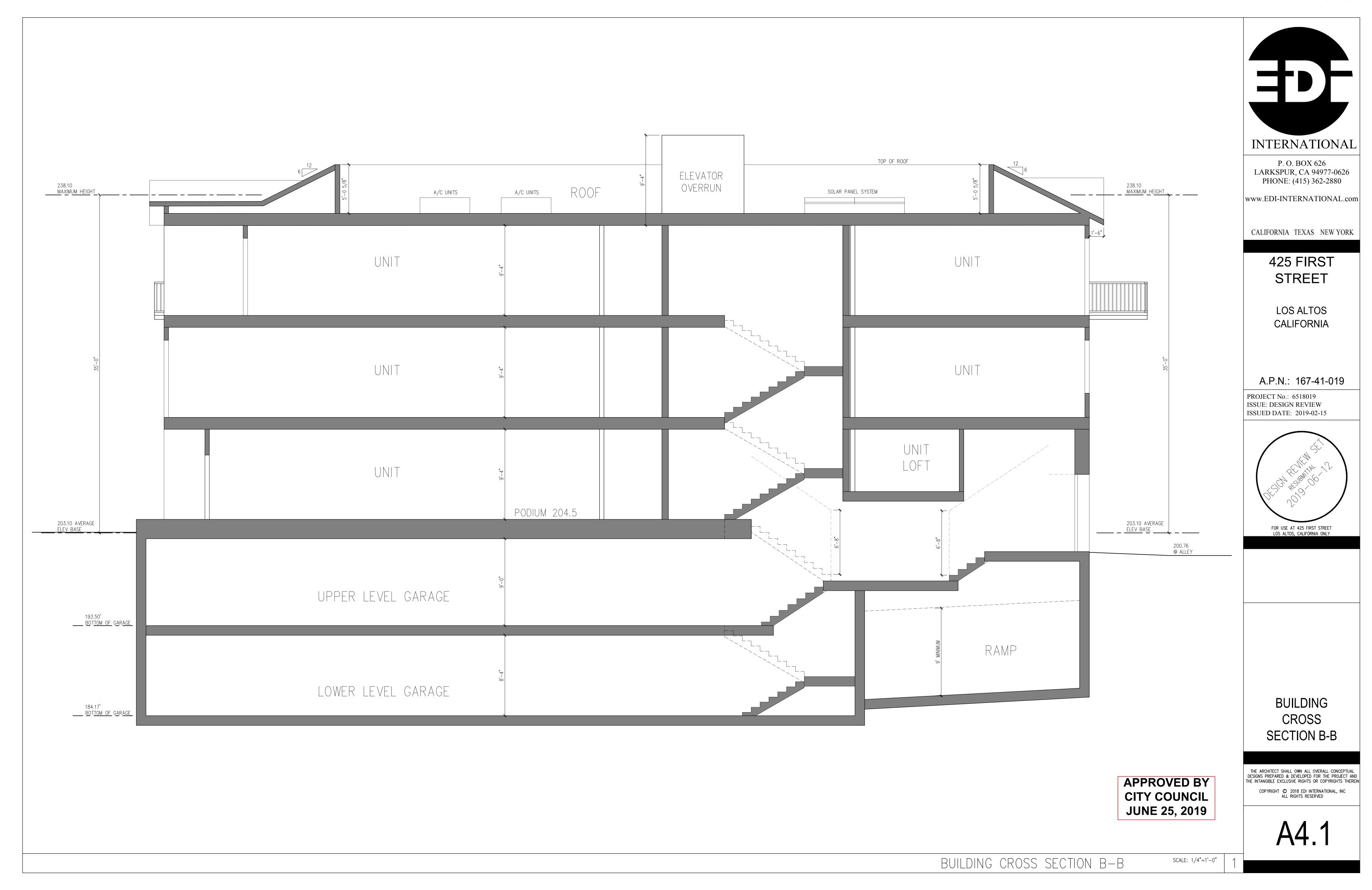
Jeff Warmoth

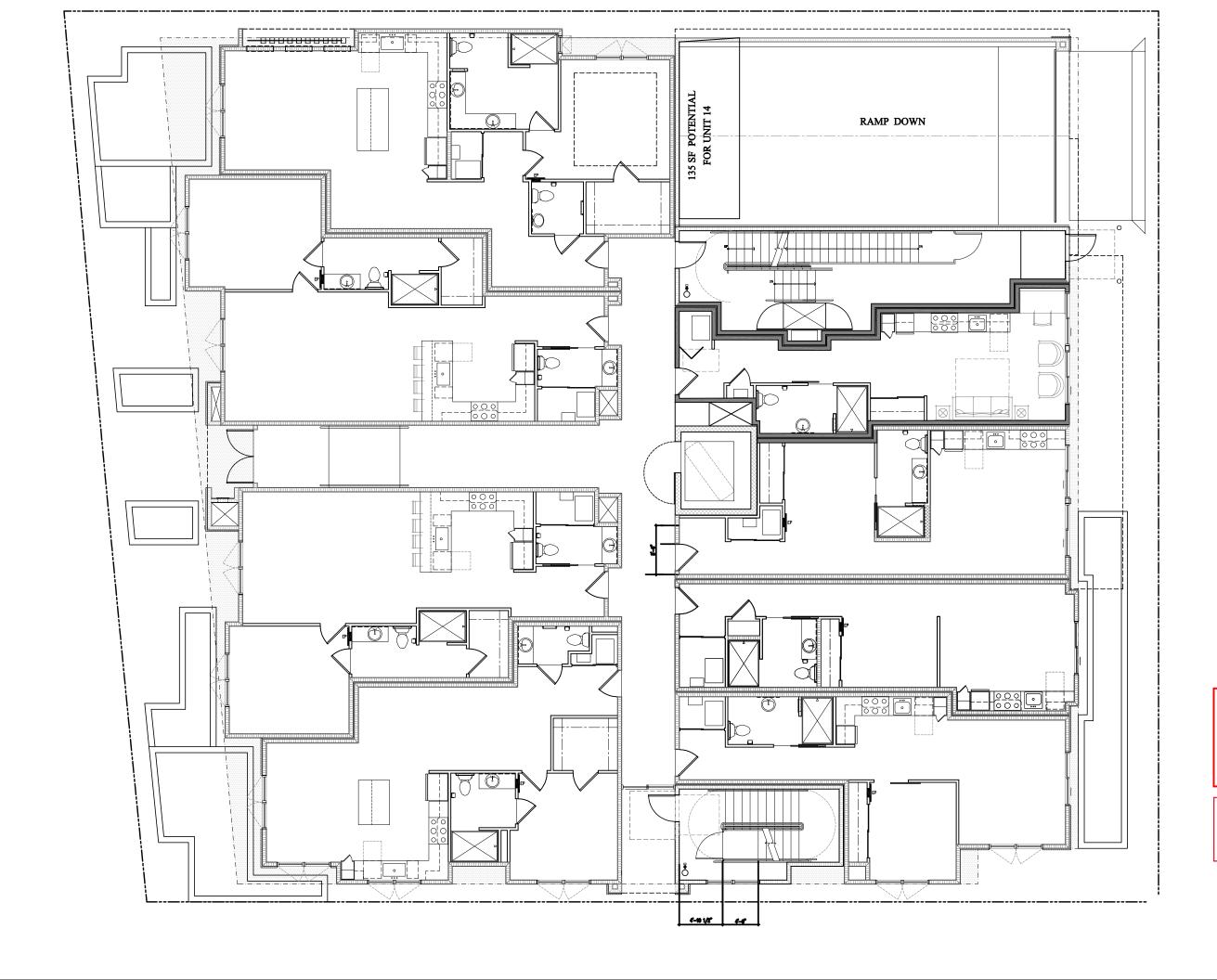










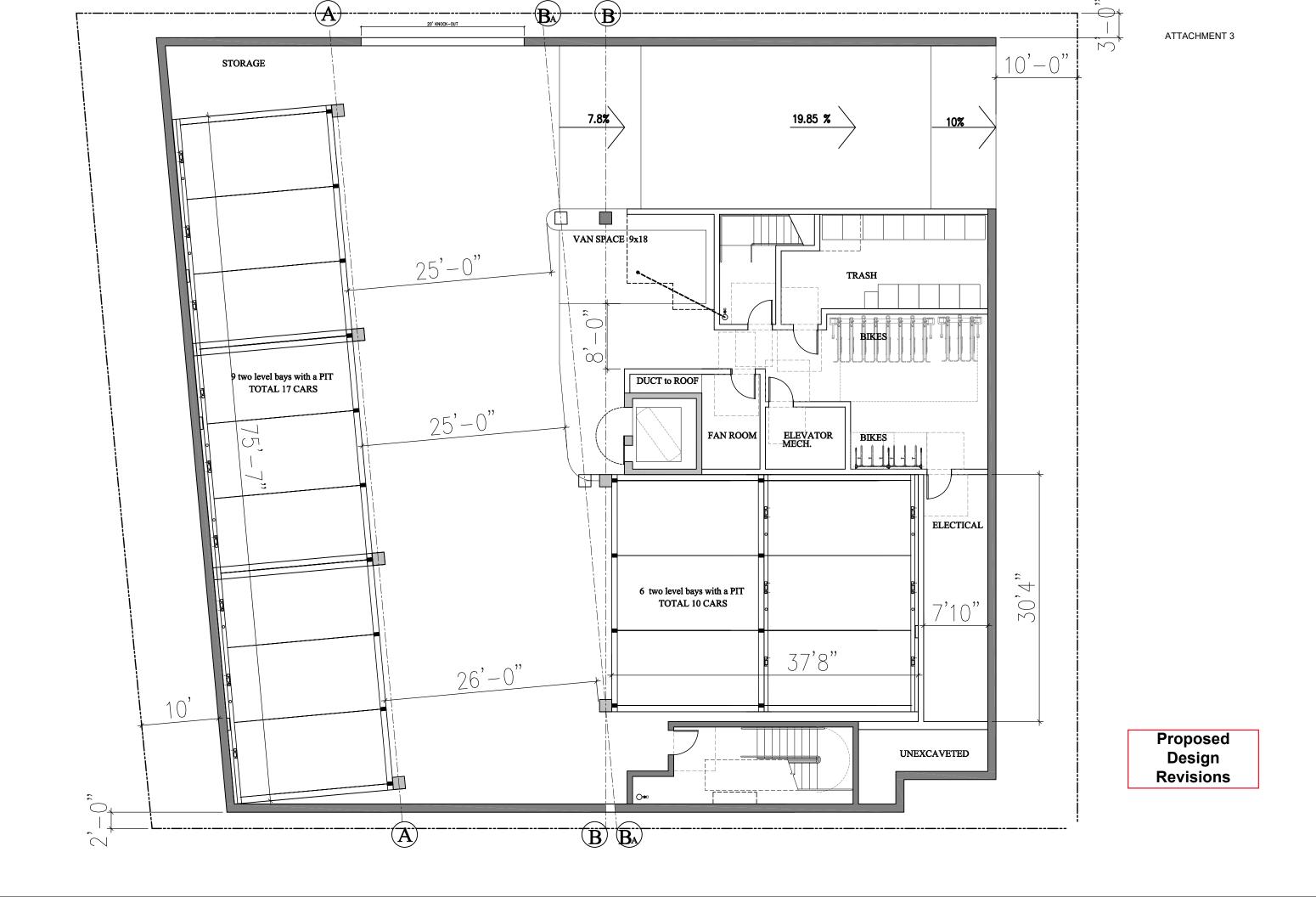


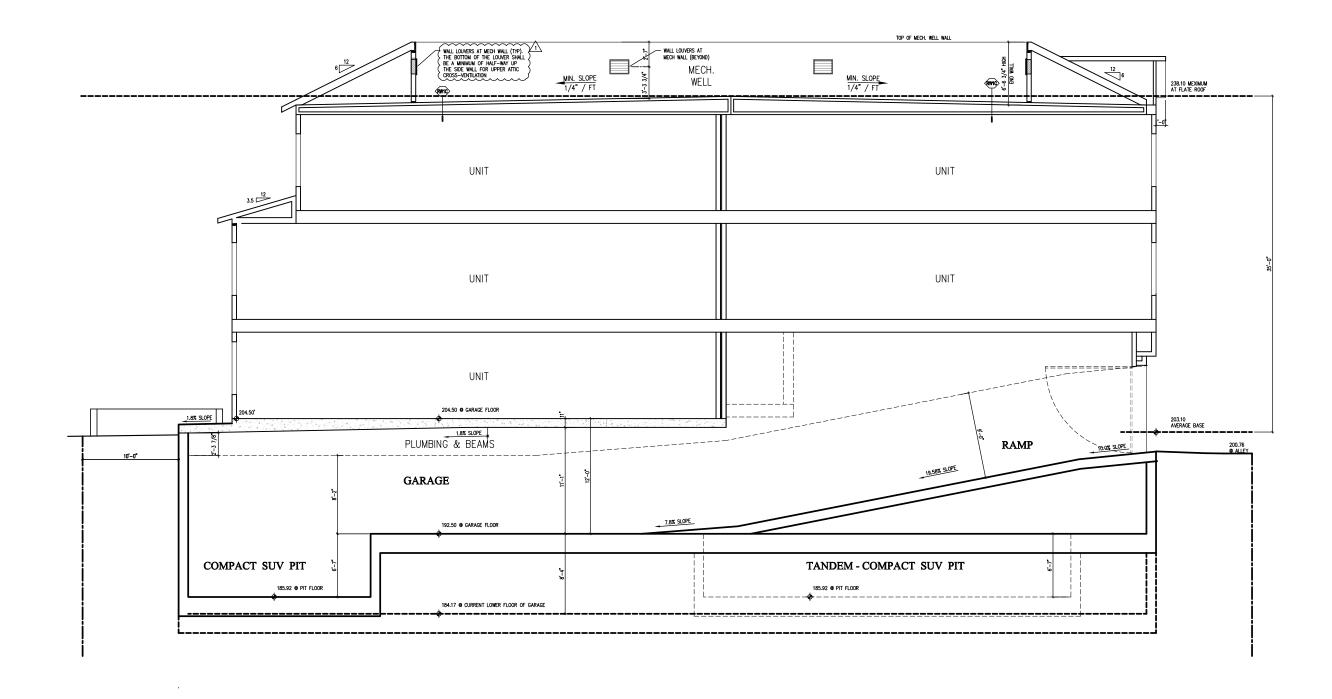
# **RECEIVED**

6/16/20 Date:

CITY OF LOS ALTOS PLANNING

Proposed Design Revisions





Proposed Design Revisions