



Agenda Report

18-1066

Agenda Date: 12/4/2018

REPORT TO COUNCIL

SUBJECT

Public Hearing: Actions on Gateway Crossings Project located at 1205 Coleman Avenue including General Plan Amendment to Santa Clara Station Very High Density Residential (51-120 du/ac) with a minimum commercial FAR of 0.20, Creation of a new Very High Density Mixed-Use Zoning District and Rezoning to that District, Vesting Tentative Subdivision Map, Development Agreement, Environmental Impact Report, and Mitigation Monitoring and Reporting Program

EXECUTIVE SUMMARY

The proposed project is the phased development of a new transit and pedestrian-oriented mixed-use development (Gateway Crossings) on a 21.4 acre site within the Santa Clara Station Focus Area, which is a special planning area identified in the City of Santa Clara 2010-2035 General Plan. The project is adjacent to the existing Santa Clara Station which is served by Caltrain, ACE, Capitol Corridor rail service and VTA bus service, and will be the future terminus station of the Bay Area Rapid Transit (BART) Silicon Valley Extension Phase II line.

Consistent with the vision for Santa Clara Station Focus Area, the proposal includes high density residential development, neighborhood serving retail, pedestrian connections, and centrally located open space in the development. The project involves the construction of 1,600 multi-family dwelling units, a full-service hotel with 225 rooms, 15,000 square feet of ground floor supporting retail, surface and structured parking, private streets, landscaped open space, on- and off-site public and private right-of-way improvements, and site infrastructure to support the development. The project also includes the dedication, development and maintenance of a 2.1 acre park on-site for public use to serve residents and visitors of the development.

To accommodate the proposed mix and intensity of uses contemplated by the project, a General Plan Amendment is required to change the land use designation of the site from Santa Clara Station Regional Commercial, Santa Clara Station High Density Residential, and Santa Clara Station Very High Density Residential to a new single land use designation of Santa Clara Station Very High Density Residential (51-120 du/ac) with a minimum commercial floor area ratio (FAR) of 0.20. The project provides the residential density and minimum commercial FAR of 0.20 to meet the proposed General Plan designation. An amendment to the Climate Action Plan, which is an appendix to the General Plan, is also proposed to set Transportation Demand Management (TDM) goals for the new land use designation. Currently no Zoning District in the Santa Clara City Code provides development standards appropriate for the mix of uses and densities anticipated in the intended General Plan designation. The proposal includes a Zoning Code text amendment to add a new zoning designation of Very High Density Mixed-Use and a rezoning of the project site from the existing Light Industrial (ML) zoning district to the new zoning district to allow the mix and intensity of land uses contemplated for the Gateway Crossings development. This proposed new Zoning District will also be beneficial in other areas of the city that are planned for high density mixed-use

development.

To facilitate development on the project site, the proposal includes a Vesting Tentative Subdivision Map for the purpose of developing four mixed-use parcels, one commercial parcel, a dedicated park parcel, and six common lots for site access/circulation and utility corridors to serve the development. A Development Agreement between the City and the Property Owner (TOD Brokaw, LLC) accompanies the proposal to secure development rights, terms, and conditions for phased development of the project.

An Environmental Impact Report and Mitigation Monitoring and Reporting Program were prepared to address potential environmental impacts associated with the proposed project in accordance with the California Environmental Quality Act. Planning application files for the proposed project include: PLN2016-12318, PLN2016-12321, PLN2016-12481 and CEQ2016-01025.

BACKGROUND

The project site is located at the southwest corner of Coleman Avenue and Brokaw Road. The majority of the site (20.4 acres) is located in the City of Santa Clara and the Santa Clara Station Focus Area (APN: 230-46-069). The 1.0 acre portion at the southeastern corner of the site is located in the City of San Jose (APN: 230-46-070). The project site is currently vacant and was previously developed with landscaping, surface parking and 272,840 square feet of industrial and office/research and development uses within several buildings. The site was formerly occupied by FMC, United Defense and BAE Systems. The structures and site improvements were demolished in late 2016/early 2017.

The project site is bounded by Brokaw Road and commercial and office/industrial uses to the north, Coleman Avenue and commercial and office/industrial uses to the east, vacant land to the south, and industrial/storage uses to the west. Properties to the north and east consist of one-story structures of varied periods of development. The property to the south is an interim off-site airport parking lot that is planned for mid and high-rise development of commercial office, hotel, and retail uses with Phase 2 construction of the Coleman Highline Project in the City of San Jose.

Project Description and Phasing

The proposed project would occur in two phases with construction of Buildings 1 and 2 and the public park in the first phase and Buildings 3 and 4 in the second phase. Construction of the hotel is not assigned to a phase of development and could occur in either phase 1, 2 or a potential third phase. On and off-site public and private improvements and utilities associated with each phase would be coordinated and constructed to serve each phase of development.

Residential

Table 1 (Attachment #3) provides the proposed parcel size and FAR of each parcel created with the proposed Vesting Tentative Subdivision Map, as well as the unit count and gross floor area of each building on the individual parcels. The residential component of the project would provide a mix of studio, one bedroom and two-bedroom units at affordable and market rental rates at an average residential density of 74.8 units per acre.

The proposal will provide 10 percent of the residential units at affordable rents, half of which will be provided at rents based on 80% of Area Median Income (AMI), the other half of which will be provided at 100% of AMI. Table 2 (Attachment #4) lists the count for each unit type, unit floor area,

and private deck/balcony area associated with the unit type. Amenity areas within each building would serve residents on-site and provide a range of indoor (clubhouse, fitness room) and outdoor uses (pool, spa, dining) for active and passive recreation.

Commercial

The commercial component of the project consists of ground floor supporting retail at or near the corners of Buildings 1 - 4 interior to the project site and is intended to provide retail goods and services for the convenience of residents and visitors of the site. It also includes the construction of a 225 room hotel with approximately 5,500 square feet allocated for food and beverage uses to serve hotel guests and the public; approximately 4,400 square feet of amenity space allocated for hotel guest use (spa, fitness, pool, bar); and approximately 6,300 square feet of conference space for public rental. The commercial components of the project (hotel and supporting retail) total 197,000 square feet and meet the minimum FAR of 0.20.

Parking

The project includes the construction of subgrade and structured parking within Buildings 1 - 4 and the hotel, and provides a total of 2,765 parking spaces on-site. Surface parking interfacing the public park provides 18 additional spaces on-site, for a combined total of 2,783 parking spaces. The project includes the construction of a street network for site access and circulation that includes bicycle and pedestrian facilities and complete street frontages (landscaped park strips and wide sidewalks on- and off-site) to connect residents, employees and visitors to the site and surrounding area. Shared parking arrangements, TDM measures, and "Park Once" strategies are incorporated into the project to reduce vehicle trips within and to the site.

Parks/Open Space

The proposed 2.1 acre park is intended to serve residents and visitors of the project site. The park will be designed, constructed and maintained by the developer and dedicated to the City for public use and included in the City's inventory of parks and recreation facilities. The park is yet to be designed and will undergo a separate process involving public input and a recommendation by the Parks and Recreation Commission to the City Council for approval. In addition to a public park, the project includes active and passive open space areas for public and/or resident use that are distributed throughout the site and vary in size, type and amenities (gardens, seating/lounge areas, outdoor dining/grill areas, pool and recreation areas).

DISCUSSION

At the November 14, 2018 Planning Commission meeting, staff and the applicant provided presentations on the proposed project. The Planning Commission asked many clarifying questions and deliberated on the topics below. Eight members of the public spoke on the project. Five speakers were residents of the Old Quad neighborhood or were participants in the Reclaiming Our Downtown group. They indicated a desire to include this project as part of the Downtown Precise Plan process and stated outreach to the Old Quad neighborhood had been insufficient. They stated that the proposed architecture was inadequate and that the site should be developed with iconic buildings. Some individuals stated that they wanted greater density to maximize the site's potential, since this site is an ideal place to put new development without impacting existing single-family neighborhoods. In addition, some stated that they wanted the hotel to be required in the first phase of the project to bring more revenue and amenities to the City.

Transportation

Commissioners Williams and Becker asked questions related to the existing traffic conditions, traffic improvements being provided by the project, and possible additional traffic analysis to provide local shuttles. Commissioner Becker expressed interest in adding a vehicular access through a tunnel under existing rail lines or other means to connect El Camino Real to Brokaw Road. Staff informed the Commission of the Santa Clara Station Area Plan developed in 2011 which analyzed a proposed vehicle crossing between El Camino Real and Brokaw Road through a tunnel under the existing rail lines. That Santa Clara Station Area Plan was not adopted, however, and the identified vehicular crossing was determined not to be feasible due to its high cost and engineering and infrastructure obstacles. Staff clarified that a newly constructed underground pedestrian crossing which was largely funded by the developer now exists to support pedestrian connections under the rail lines, which bridges a gap for access between the project site and El Camino Real. The Gateway Crossings project also proposes to add two new traffic signals, one at the intersection of the new Champions Way and Coleman Avenue, and one at the intersection of the north project entrance and Brokaw Road, which would also provide traffic signalization for the driveway from the Costco shopping center onto Brokaw Road. Staff also confirmed that Coleman Avenue would be widened an additional lane in both directions and bike lanes would be provided on Coleman Avenue. Staff informed the Commission that the City would commence a transportation study in approximately two years to assess the need and feasibility for shuttles in the area.

Chair Jain also spoke to the approximately 6% of parking spaces to be provided for electric vehicles as being insufficient. The developer has proposed that 143 of the 2473 residential spaces, or 5.7%, be equipped with EV charging stations. None are indicated for the 292 hotel parking spaces. Chair Jain stated that there is a need for additional parking spots which were pre-wired for electric vehicles. Chair Jain also commented on the proposed number of bicycle spaces, 1 space per 3 units, as being insufficient, and said that one space per every two units would be a better standard.

Commissioner Ikezi spoke to the proposed 20% Vehicle Miles Traveled reduction requirement (10% reduction from project based Transportation Demand Management program) as a low bar for this very transit rich location.

Commissioner Kelly spoke to the need to implement a bike sharing program and provide for electric scooter parking. Commissioner Saleme asked the applicant if storage for deliveries and drop-offs for residential deliveries and pickups were being provided.

The applicant said that bicycle parking, bike sharing, and scooter parking were all areas they would explore addressing. The applicant was concerned about raising the TDM requirements at this time because BART was not yet constructed or operational. The applicant said that if they proposed a greater density at a later date they would accept a higher TDM requirement at that time.

Affordable Housing

Chair Jain and Commissioner Chahal also raised concerns with the affordable housing requirement proposed in the Development Agreement, which requires 10% of units to be affordable, but has an allowance for 5% of the affordable housing units to be satisfied through in-lieu fees. Commissioners were concerned that the in-lieu fee was not sufficient and not equivalent to the benefit received by the actual affordable units themselves.

The applicant said that they would be willing to accept an affordable housing requirement to provide 10% of affordable units on-site but requested (initially) that the units be at an affordability level of

100% Area Median Income (AMI) level rather than the 80% AMI level included in the Development Agreement.

Density

Many of the Commissioners expressed concern that the density provided was not sufficient with the proposed project. The Commission discussed how increasing the density of the current proposal was not immediately feasible given that the current environmental analysis analyzed a maximum of 1,600 residential units. The Commission discussed wanting to provide flexibility so that the project could be modified in the future to support greater density.

The applicant said they initially submitted a proposal for approximately 1,000 units on the site and are proposing more density with the 1,600 units than was initially submitted. The applicant stated that they did not think that market rents are at a level today that would support Type I construction, which would be required to build the proposed residential tower or additional towers on the site. They were not interested increasing density beyond their current proposal. The applicant said they would be interested in increasing density on the site at a later time if market rents and/or construction costs could justify it.

Construction Hours

Chair Jain called out Condition C15 of the Rezoning Conditions of Approval, which limits construction hours within 500 feet of residential uses. He pointed out that the site is not currently proximate to residential uses and requested to remove the condition. Staff pointed out that when the proposed residential units are built and occupied on the project site, then construction on the site could take place adjacent to residential uses on the site. Commissioner Jain said that the Condition C15 should reference that there should be no limits on construction activity hours until occupancy of the first residential unit on the project site.

Planning Commission Action

The Planning Commission voted to unanimously to recommend approval of the project per the staff recommendation with the following modifications:

- Increase the density of the General Plan Amendment from Santa Clara Station Very High Density Residential with a minimum commercial FAR of 0.20 from 51-100 du/ac to 51-120 du/ac
- Strengthen the VMT requirements and TDM measures to be added to the Climate Action Plan, to require initial VMT reductions of 20% (10% locational reduction & 10% TDM measures) and scaling to 30% (10% locational reduction & 20% TDM measures) after BART is operational at the Santa Clara Station
- Modify the Development Agreement to include:
 - 10% affordable units to be provided on site (5% at 80% AMI and 5% at 100% AMI)
 - Scaled VMT reductions, as in the Climate Action Plan
 - Increase the bicycle parking ratio. Originally proposed as 1 Class I parking space per every three residential units, ideally up to 1 Class I parking space per every two residential units
 - Electric outlets in bike garages
 - Bike share and car share programs
 - Provisions for electric scooter parking
 - Maintenance agreement for the 2.1 acre Park to be maintained consistent with City

- park maintenance standards
- Provide 6% of the total parking spaces with electric vehicle charging facilities, and pre-wire an additional 9% of the total parking spaces for future electric charging facilities

At the Planning Commission meeting, Derek K. Hunter, Jr., on behalf of the Developer Hunter Storm, indicated that he agreed with the Planning Commission's modifications, with the caveats that he could not commit to a 1:2 bicycle parking ratio without doing additional research, which he indicated they would complete before the Council hearing. In addition, at the Planning Commission meeting, Deke said that they could agree to provide all of the 10% of affordable units onsite but only if they were all provided at the 100% AMI level. On November 21, 2018, Josh Rupert, on behalf of the Developer, sent an email to City staff indicating that they would be able to accommodate the 1:2 bicycle parking ratio. In addition, on November 28, Ed Storm on behalf of the developer indicated that they would agree to all of the Planning Commission recommendations, which included the requirement that 10% of units be affordable and all be provided on-site with half of the affordable units provided at the 80% AMI level and half provided at the 100% AMI level.

Staff Recommendation

The staff recommendation is presented below as Alternatives 1, 2, 4, 6, and 7. Staff believes the Planning Commission's recommendations to be reasonable modifications. In response to the Planning Commission discussion, staff has incorporated the Planning Commission recommendation for a higher allowable density range (51 du/ac to 120 du/ac) within the General Plan Amendment resolution and Zoning Code Amendment ordinance. Staff has also incorporated into the Development Agreement and Conditions of Approval the Planning Commission recommendations related to affordable housing, TDM requirements, increased number of bicycle parking facilities, electric outlets in bicycle parking facilities, car share program, bicycle share program, and provisions for electric scooter parking.

ENVIRONMENTAL REVIEW

Environmental consultants, David J. Powers & Associates, Inc., prepared a Draft Environmental Impact Report (DEIR) in accordance with California Environmental Quality Act (CEQA) requirements. The DEIR analyzed two development scenarios for the project site:

- Option 1: Construct up to 1,400 residential dwelling units and up to 215,000 square feet of commercial uses, or
- Option 2: Construct up to 1,600 residential dwelling units and up to 215,000 square feet of commercial uses

The proposed project is Option 2.

The CEQA process and conclusions of the environmental analysis are discussed in more detail in the attached Report to the Planning Commission (Attachment #2).

FISCAL IMPACT

There is no cost to the City on the proposed entitlement actions other than administrative staff time and expense which are offset by permit application fees. The proposed increase in residential density would have an incremental increase in demand for City services (e.g. police and fire calls) associated with the population growth and which would be offset by increases in property values, transit

occupancy tax generated from the future hotel, and sales tax revenue from the proposed supporting retail. The proposed General Plan Amendment, if approved, will result in higher density residential development as well as a decrease in the planned number of jobs. While residential development generally incurs a net fiscal cost to the City, generally higher density residential development generates less of a fiscal impact as the compact nature of the development reduces per capita service costs.

COORDINATION

This report has been coordinated with the City Attorney's Office and the Finance Department.

PUBLIC CONTACT

On November 21, 2018, the notice of the public hearing for this item was posted within 1,000 feet of the project site and mailed to property owners within 1,000 feet of the project site. A notice was published in the Santa Clara Weekly on October 31, 2018 and November 21, 2018. The full administrative record is available for review during normal business hours in the Planning Division office at City Hall. Planning staff has not received written comments from members of the public during the preparation of this report.

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

ALTERNATIVES

- 1) Adopt a resolution to approve and Certify an Environmental Impact Report (EIR) and adopt CEQA Findings and a Statement of Overriding Considerations (SOCs) and the Mitigation Monitoring and Reporting Program (MMRP);
- 2) Adopt a resolution to approve the General Plan Amendment #87 from Regional Commercial, High Density Residential and Very High Density Residential to Very High Density Residential with a minimum commercial FAR of 0.2 with an allowable density of 51 du/ac to 120 du/ac; amendment to the General Plan Land Use Map for the Santa Clara Station Focus Area to reflect the General Plan change; and revision to the Climate Action Plan to add TDM goals for the new land use designation;
- 3) Introduce an ordinance to approve the Rezone from Light Industrial (ML) to Very High Density Mixed-Use (VHDMU) to allow phased construction of a mixed-use development consisting of 1,600 residential units, 182,000 square foot full-service hotel, 15,000 square feet of supporting retail, park and open space, surface and structured parking facilities, private streets, and site improvements, subject to conditions;
- 4) Introduce an ordinance to approve the Rezone from Light Industrial (ML) to Very High Density Mixed-use (VHDMU) to allow phased construction of a mixed-use development consisting of 1,600 residential units, 182,000 square foot full-service hotel, 15,000 square feet of supporting retail, park and open space, surface and structured parking facilities, private streets, and site improvements; subject to conditions that include additional pedestrian, decorative paving and landscape enhancements to the 30-foot wide north-south private street on the west side of the public park and Building 2 that connects Brokaw Road to Champions Way; or
- 5) Introduce an ordinance to approve the Rezone from Light Industrial (ML) to Very High Density

Mixed-Use to allow phased construction of a mixed-use development consisting of 1,400 residential units, 182,000 square foot full-service hotel, 15,000 square feet of (VHDMU) supporting retail, park and open space, surface and structured parking facilities, private streets, and site improvements, subject to conditions;

- 6) Adopt a resolution to approve the Vesting Tentative Subdivision Map for the purpose of developing four mixed-use parcels, one commercial parcel, a dedicated park parcel, and six common lots for site access/circulation and utility corridors to serve the development; and
- 7) Introduce an Ordinance to approve the Development Agreement.

RECOMMENDATION

Alternatives 1, 2, 4, 6, and 7:

- 1) Adopt a resolution to approve and Certify an Environmental Impact Report (EIR) and adopt CEQA Findings and a Statement of Overriding Considerations (SOCs) and the Mitigation Monitoring and Reporting Program (MMRP);
- 2) Adopt a resolution to approve the General Plan Amendment #87 from Regional Commercial, High Density Residential and Very High Density Residential to Very High Density Residential with a minimum commercial FAR of 0.2; amendment to the General Plan Land Use Map for the Santa Clara Station Focus Area to reflect the General Plan change; and revision to the Climate Action Plan to add TDM goals for the new land use designation;
- 4) Introduce an ordinance to approve the Rezone from Light Industrial (ML) to Very High Density Mixed-Use (VHDMU) to allow phased construction of a mixed-use development consisting of 1,600 residential units, 182,000 square foot full-service hotel, 15,000 square feet of supporting retail, park and open space, surface and structured parking facilities, private streets, and site improvements; subject to conditions that include additional pedestrian, decorative paving and landscape enhancements to the 30-foot wide north - south private street on the west side of the public park and Building 2 that connects Brokaw Road to Champions Way;
- 6) Adopt a resolution to approve the Vesting Tentative Subdivision Map for the purpose of developing four mixed-use parcels, one commercial parcel, a dedicated park parcel, and six common lots for site access/circulation and utility corridors to serve the development; and
- 7) Introduce an Ordinance to approve the Development Agreement.

Reviewed by: Andrew Crabtree, Director of Community Development

Approved by: Deanna Santana, City Manager

ATTACHMENTS

1. Planning Commission Excerpt Meeting Minutes of November 14, 2018
2. Planning Commission Report
3. Table 1 - Parcel Data
4. Table 2 - Residential Unit Mix Data
5. Project Data Table
6. Applicant Letter of Justification
7. The Gateway Crossings CEQA (DEIR, FEIR, MMRP) Documents
8. Post FEIR Comments and Responses to Late Comments
9. CEQA Findings and Statement of Overriding Considerations (SOC)
10. Resolution Certifying the Final Environmental Impact Report and Adoption of the Statement of Overriding Considerations and Mitigation Monitoring and Reporting Program
11. Mitigation Monitoring and Reporting Program (MMRP)
12. Development Agreement

13. Development Agreement Ordinance
14. Resolution Approving the General Plan Amendment
15. Rezoning Ordinance
16. Conditions of Rezoning Approval
17. Vesting Tentative Subdivision Map
18. Resolution Approving a Vesting Tentative Subdivision Map
19. Conditions of Vesting Tentative Subdivision Map Approval
20. Correspondence as of October 30, 2018
21. Development Plans