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**Attachments:** 1. Reserved for Summary of Planning Commission Action, 2. Mitigated Negative Declaration, 3. Comment received on the Mitigated Negative Declaration, 4. Mitigation Monitoring and Reporting Program, 5. Resolution Recommending Council Adoption of the Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program, 6. Resolution Recommending Council Approval of the General Plan Amendment, 7. Resolution Recommending Council Approval of the Rezoning, 8. Resolution Recommending Council Approval of the Vesting Tentative Subdivision Map, 9. Conditions of Rezoning Approval, 10. Conditions of Vesting Tentative Subdivision Map Approval, 11. Correspondence, 12. Development Plans

Date	Ver.	Action By	Action	Result
5/9/2018	1	Planning Commission		recommended for approval

**REPORT TO PLANNING COMMISSION**

**SUBJECT**

Action on the Moonlite Lanes Townhome Project at 2780 El Camino Real

**EXECUTIVE SUMMARY**

The applicant, Prometheus Real Estate Group (“Prometheus”), is proposing to construct a 58 unit townhome development on a 2.87 acre commercial property formerly occupied by the now vacant Moonlite Lanes bowling alley. The proposal includes 52 for-sale market rate townhomes and six for-sale affordable income townhomes, shared use of a private street and visitor parking with primary access from Kiely Boulevard, and future maintenance with the establishment of a Homeowners Association and Covenants, Conditions and Restrictions.

The project site is located in the El Camino Real Focus Area adjacent to the Moonlite shopping center, a local and regional commercial and transportation corridor envisioned for high intensity commercial and residential development in the City’s 2010-2030 General Plan. The proposal is generally consistent with the goals and policies set forth in the General Plan for the site as discussed in the following report. The project has been the subject of an extensive community engagement process that has resulted in the design of a lower density residential development consisting of for-sale units, three-stories in height, with sufficient on-site parking to transition between the single family residential neighborhoods bordering the site and existing and future development planned for the El Camino Real corridor.

**BACKGROUND**

The proposed project includes a Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program; General Plan Amendment #85 from Regional Mixed Use to Medium Density Residential; a Rezone from Community Commercial (CC) to Planned Development (PD); and a Vesting Tentative Subdivision Map. These applications would enable the development of a 58-lot for-sale townhome development including 13 common area lots for use as a private street, utility corridors, landscaping, and site improvements (PLN2017-12669, PLN2017-12712, PLN2017-12713, and CEQ2017-01037). The proposal includes demolition of the existing vacant Moonlite Lanes bowling alley, surface parking lot, and existing site landscaping.

### Existing Site Conditions

The subject property, 2780 El Camino Real, is currently developed with an unused bowling alley structure (the former Moonlite Lanes). The site is bordered to the north by an alleyway and the Moonlite Lanes shopping center and on the west by Kiely Boulevard. A single-family neighborhood is located to the south and a townhouse development is located to the southeast and east of the project site. While the site has an El Camino Real address, the primary access is from Kiely Boulevard or from the adjacent alleyway.

### Project History and Previous Actions

The subject applications follow a prior project proposal by Prometheus to redevelop the vacant bowling alley site with a six-story 158 unit multi-family apartment complex, including a proposed General Plan Amendment from Regional Mixed Use to High Density Residential (37 to 50 units per acre), the use of Discretionary Policy 5.5.1-P8 to allow a 10 percent increase in residential density due to proximity to a multimodal transit connection, and a rezone from CC to PD. Prometheus withdrew the prior project application at the February 21, 2017 City Council meeting in response to comments and opposition to the proposed density and height of the development expressed by the community over a series of public meetings.

Prometheus subsequently filed a preliminary application for review of a proposed development of 58 townhomes on the site and conducted a noticed community meeting on April 19, 2017 at the Santa Clara Central Library to introduce and seek input from neighbors living within 1,000 feet of the project site. Attendees at the meeting expressed general support for the new project concept.

On June 6, 2017, Prometheus filed the current application to amend the General Plan for the site from Regional Mixed Use, which supports residential development at a density of 37 to 50 units per acre along with a requirement to include commercial uses at a minimum floor area ratio (FAR) of 0.15, to Medium Density Residential, which supports residential development at 20 to 36 units per acre without a commercial requirement. Subsequently Prometheus filed applications on June 27, 2017 to rezone the property from Community Commercial (CC) to Planned Development (PD) to allow residential development and a request for a Vesting Tentative Subdivision Map to allow the proposed subdivision of the property.

Per City Council Policy (Early Consideration Policy for General Plan Amendment Applications), all new requests for a General Plan Amendment are required to be brought to the City Council for early consideration within three months of the application being formally submitted and following initial staff review and public outreach. A noticed community meeting was conducted on July 12, 2017 at the Santa Clara Central Library to present and solicit input from residents living within 1,000 feet of the project site. Community members attending the meeting generally supported the type and density of residential development being proposed. The City Council reviewed the application for early consideration of the General Plan Amendment at a noticed public meeting on August 29, 2017 and,

following public input, directed staff to continue processing the project Amendment.

## **DISCUSSION**

The key issues for the proposed project are General Plan consistency, quality of the proposed site design, and conformance with the Zoning Code requirements for a PD Zoning.

### ***General Plan Consistency***

The site is currently designated in the General Plan as Regional Mixed Use within the El Camino Real Focus Area. The Regional Mixed Use designation is intended to support high-intensity development along major transportation corridors and permits retail, local serving office, hotel and service uses, with the exception of auto-oriented uses, to meet local and regional needs. It requires a minimum commercial FAR of 0.15 and residential development at 37 to 50 dwelling units (DU) per acre. The El Camino Real Focus Area is intended to support the redevelopment of the El Camino Real corridor from automobile-oriented commercial uses to a higher density mix of residential and commercial uses.

While the current Regional Mixed Use General Plan designation requires a commercial component in new development, the proposed townhouse project is strictly residential. The current General Plan designation also establishes a minimum density (37 DU per acre) incompatible with townhouse type development. To implement the project, the applicant is proposing a General Plan Amendment to change the designation from Regional Mixed Use to Medium Density Residential. The Medium Density Residential designation specifically includes townhouses as a development type supported by the designation. This General Plan Amendment land use change would eliminate the minimum 0.15 FAR commercial requirement assigned to the Regional Mixed Use designation (which would require 18,818 square feet of commercial space) and reduce the residential density range from 37 to 50 units per acre (106 to 140 units for the project site) to 20 to 36 units per acre (58 to 103 units for the site). The proposed project as depicted on the accompanying PD Zoning would include 58 units and thus be at the bottom of the density range allowed within the new designation.

The General Plan indicates that the Medium Density Residential designation is “primarily intended for areas with access from collector or arterial streets or in close proximity to neighborhood centers and mixed uses.” The subject property aligns with these criteria in that it is accessed from Kiely Boulevard, in proximity to El Camino Real and adjacent to the existing Moonlite shopping center which is planned for future mixed-use development.

While the site is within the El Camino Real Focus Area, it is separated from El Camino by a large parcel (the Moonlite Shopping Center), takes primary access from Kiely Boulevard, and is immediately adjacent to single-family residences along its southern boundary.

The proposed General Plan Amendment and accompanying project would also be consistent with General Plan policies as follows.

The project and General Plan Amendment create a transition in density from single-family to the anticipated multi-family, mixed-use development on the adjacent property that would be consistent with General Plan policies:

- 5.3.2 G4 Respect for the existing character and quality of adjacent neighborhoods from new residential development and redevelopment.
- 5.3.2-P11 Maintain the existing character and integrity of established neighborhoods through

infill development that is in keeping with the scale, mass and setbacks of existing or planned adjacent development.

- 5.4.1 G2 High quality design that respects the scale and character of adjacent residential neighborhoods and historic resources and creates a walkable environment.
- 5.4.1-P5 Provide appropriate transition between new development in the Focus Area and adjacent uses consistent with General Plan Transition Policies.
- 5.5.2-P5 Require that new development provide an appropriate transition to surrounding neighborhoods

The applicant conducted an outreach meeting prior to filing the subject application at which the community expressed support for the proposed townhouse concept:

- 5.3.1 P2 Encourage advance notification and neighborhood meetings to provide an opportunity for early community review of new development proposals.

The project design would also conform to General Plan policies including:

- 5.4.1 P9 Residential development should include front doors, windows, stoops, porches, and bay windows or balconies along street frontages.

The proposed site plan could further promote this General Plan policy if it oriented townhouse units to front onto the adjacent alleyway in anticipation of creating a positive relationship with future residential uses on the adjacent shopping center site. Staff discussed this with the applicant who declined to make the change based on the unknown nature of that development and the potential difficulty in working with other property owners to convert the alley into an appropriate street for units to face.

- 5.5.2 P1 Require that new development incorporate building articulation and architectural features, including front doors, windows, stoops, porches or bay windows along street frontages, to integrate new development into existing neighborhoods.

### Affordable Housing

The Inclusionary Housing Policy of the General Plan requires residential development to provide 10% of for-sale units in new development as affordable units. Recent practice has been to apply this standard to include moderate income units in for-sale projects such as the proposed townhouses. Consistent with this policy, the project would provide six of the 58 townhomes (10%) as affordable housing units consistent with the City's Inclusionary Housing Policy. The project was deemed complete prior to the enactment of the recently adopted Affordable Housing Ordinance and is therefore subject to the 10 percent affordability requirement for construction of 10 or more for-sale residential units, rather than the 15% prescribed by the Ordinance. The project would implement the following General Plan goal:

- 5.3.2 G3 Affordable housing units dispersed throughout the City to avoid a concentration in any one neighborhood.

### **Site Design**

While the applicant has indicated that they are not the likely developer for the proposed townhouse project, their intention is to establish a project design that would be attractive and readily implemented by a third party townhouse developer. The project site plan would allow the construction of a 58 unit townhome development arranged into ten buildings housing between four and seven units each. Each townhouse would front onto a common open space area and back onto

either an alley or the primary central circulation aisle. The site periphery is open landscape area and the project has a single access point from Kiely Boulevard with a limited access to the existing alley to the north that would serve as an Emergency Vehicle Access (EVA).

Each unit has either an attached two-car tandem garage or a standard side-by-side garage for use by the residents. The project site includes 20 visitor parking spaces along the internal private street. The City's Zoning Code requires two parking spaces per unit and establishes a standard of 10% for visitor parking. The 58 units would have 116 parking spaces. The project provides 20 visitor parking spaces where 12 would meet the standard. While the adequacy of parking was raised as a community concern, the proposed amount of parking would exceed the City's requirements.

The units would be three-story structures with an approximate peak height of 39 feet. The fronts of twelve of the units are adjacent to the side yard of adjacent single-family residences. The building setback along this interface ranges from 13'2" to 19'. The City's Zoning Code allows heights of up to 25' for single-family zoning districts, with a typical side yard requirement of at least 5 feet. While the new townhouses would be taller than the two-story structures allowed within single-family district, they would be setback at a sufficient distance to provide at a minimum a 2:1 ratio of building height to setback distance. While the previous proposal for multi-family development on the site would have provided a greater setback, community members have expressed a strong preference for the proposed townhouse project.

The project proposes four unit types consisting of (20) two bedroom and two and one-half bath units with 1,297 square feet (sq.ft.) of living area and a 582 sq.ft. tandem garage; (20) three bedroom plus den and two and one-half bath units with 1,816 sq.ft. of living area and 486 sq. ft. garage for side-by-side vehicle parking; (8) three bedroom and three and one-half bath units with 1,821 sq.ft. of living area and 485 sq.ft. side-by-side parking garage; and (10) four bedroom and three and one-half bath units with 1,979, sq.ft. of living area and 474 sq.ft. side-by-side parking garage. Each unit has either a private outdoor porch on the ground floor or second floor deck depending on unit configuration and location on the site. Each of the garages would be wired to allow for electrical vehicle charging by future owners. As proposed the mix of housing types would provide home ownership opportunities in keeping with the needs of the community.

The project is designed with a modern aesthetic similar to recent residential development along Kiely Boulevard and El Camino Real, and includes dwellings that interface the public street for pedestrian access and connectivity to surrounding uses. The townhomes facing Kiely Boulevard are set back approximately 26 feet from the public right-of-way in addition to the new complete street treatment that will be installed along the frontage of the property. The project includes landscaped paseos between the building clusters and along the perimeter of the site bordering the adjacent residential neighborhoods of attached and detached one and two-story homes to the south and east. These landscape buffers range from approximately 13 feet to 21 feet in distance. A 10-foot landscape buffer and fencing are proposed along the northern border of the site abutting the alley and Moonlite Shopping Center. A total of 33 trees would be removed to construct the project. Tree replacement is proposed in excess of the minimum 2:1 requirement for a total of 87 trees. The replacement trees will require ongoing maintenance as part of the project approval. Maintenance of the townhome development (including buildings, private street, on-site parking, site improvements, common areas, and landscaping) will be governed and ensured through a Homeowners Association and recorded with property development of the project site. With these design measures, the project would produce a sufficiently attractive living environment to meet City objectives.

### ***Zoning Conformance for a PD Zoning***

The project site is currently zoned Community Commercial (CC) which is a general shopping district intended to encourage the organized concentration of a wide variety of retail goods and services for the community, and is subject to the development standards and uses specified in Chapter 18.36 of the City Code. The project includes a rezoning of the properties to Planned Development (PD) to implement the proposed General Plan Amendment and townhouse development concept. The City's Zoning Code currently does not have a zoning district that would support a townhouse style development so a PD Zoning is necessary to implement the project.

Chapter 18.54 establishes a process and requirements for the establishment of PD Zoning districts. PD Zoning districts are intended to allow for creative design solutions and land uses not otherwise allowed in other districts while maintaining compatibility with the existing community and allowing for greater community ownership. The PD should include design standards (e.g., requirements for on-site parking, landscaping, lot coverage, height, setbacks and separations between buildings and uses) and allow a density consistent with the General Plan land use designation. The proposed PD Zoning would establish standards for the new development compatible with the allowed building heights and development of the adjacent single-family and townhouse developments, while providing a transition to the anticipated future development of the adjacent Moonlite shopping center.

With approval of the requested General Plan Amendment, the proposed PD zoning would conform with the land use and density supported by the General Plan Medium Density Residential land use designation. Approval of the proposed PD zoning would not result in an incompatible land use or a built environment on-site that would preclude the continued operation of the surrounding land uses.

### **FISCAL IMPACT**

Approval of the proposed project would allow redevelopment of a vacant and underutilized commercial property to a medium density residential development consisting of 58 for-sale townhomes that would contribute to the City's housing stock and provide home-ownership opportunities for the community in proximity to neighborhood serving retail commercial services located along a transit corridor. The project would be subject to building and development fees in accordance with the City's Fee Schedule and made payable at the time of building permit issuance. In addition, redevelopment of the site would increase property tax and other tax revenues for the City and provide additional construction jobs.

### **ENVIRONMENTAL REVIEW**

A Mitigated Negative Declaration (MND) was prepared for the project by the environmental consultant firm Circlepoint, in accordance with the California Environmental Quality Act (CEQA). The MND and Notice of Availability were posted on the City's website at [www.santaclaraca.gov/ceqa](http://www.santaclaraca.gov/ceqa) and circulated for 30-day review on April 2, 2018 and closed on May 3, 2018, in accordance with CEQA requirements. The Planning Department received agency comments in response to the MND from the Santa Clara Valley Water District that did not require response to comments, and is attached to this staff report for review. No public comments on the MND were received by staff. Copies of the MND are available in the Planning Division office at City Hall.

The MND examined environmental impacts associated with project development and identified potential aesthetics, air quality, biological, cultural resources, geology and soils, hazardous materials, and noise impacts that with incorporation of mitigation measures into the project would reduce all potential impacts to less than significant. A detailed discussion of the potential impacts and mitigation measures to be applied to the project are specified in the MND and would be implemented through

project conditions of approval and the Mitigation Monitoring and Reporting Program (MMRP) for the proposed project.

### **COORDINATION**

This report was coordinated with the City Attorney's Office.

### **PUBLIC CONTACT**

**Public Notices and Comments:** On April 26, 2018, the notice of 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. Newspaper notice of this item was published in the *Santa Clara Weekly* on April 25, 2018. At the time of this staff report, one public comment has been received and is attached to this staff report for review.

### **Public Outreach Meetings**

Three neighborhood community meetings were conducted to introduce and engage neighbors in the planning process of the proposed 58 unit townhome development. As stated previously, the first two public outreach meetings were held at the Santa Clara Central Library, located at 2635 Homestead Road. The first meeting was on April 19, 2017 from 6:00 p.m. to 8:00 p.m. in the Redwood Room and was attended by 41 residents. The second meeting was held on July 12, 2017 from 6:00 p.m. to 8:00 p.m. in the Margie Edinger Room and was attended by 31 neighbors. The third meeting was held on April 23, 2018 from 6:00 p.m. to 8:00 p.m. in the roof level club room of the Hearth Apartments at 2870 Kaiser Drive, Santa Clara, and was attended by five neighboring residents. Notices for each of the meetings were mailed by the applicant to property owners within 1,000 feet of the project site and interested parties.

### **ALTERNATIVES**

Recommend that the City Council:

1. Adopt the Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program for the Moonlite Lanes Townhome Project;
2. Approve General Plan Amendment #85 from Regional Mixed Use to Medium Density Residential;
3. Approve the Rezone from Community Commercial (CC) to Planned Development (PD) to allow the construction of a 58 residential townhome development; and
4. Approve the Vesting Tentative Subdivision Map to create 58 for-sale residential lots and 13 common lots for use as a private street and utility corridors.
5. Do not adopt the Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program for the Moonlite Lanes Townhome Project;
6. Deny General Plan Amendment #85 from Regional Mixed Use to Medium Density Residential;
7. Deny the Rezone from Community Commercial (CC) to Planned Development (PD) to allow the construction of a 58 residential townhome development; and
8. Deny the Vesting Tentative Subdivision Map to create 58 for-sale residential lots and 13 common lots for use as a private street and utility corridors.
9. Table the proposed project and provide direction to staff to return with a modified version of the project.

### **RECOMMENDATION**

Recommend that the City Council:

- 1) Adopt the Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program for

- the Moonlite Lanes Townhome Project;
- 2) Approve General Plan Amendment #85 from Regional Mixed Use to Medium Density Residential;
  - 3) Approve the Rezone from Community Commercial (CC) to Planned Development (PD) to allow the construction of a 58 residential townhome development; and
  - 4) Approve the Vesting Tentative Subdivision Map to create 58 for-sale residential lots and 13 common lots for use as a private street and utility corridors.

Reviewed by: Andrew Crabtree, Director of Community Development

Approved by: Deanna J. Santana, City Manager

### **ATTACHMENTS**

1. Reserved for Summary of Planning Commission Action
2. Mitigated Negative Declaration
3. Comment received on the Mitigated Negative Declaration
4. Mitigation Monitoring and Reporting Program
5. Resolution Recommending Council Adoption of the Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program
6. Resolution Recommending Council Approval of the General Plan Amendment
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