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**Title:** Consideration of Developer’s Request to Rezone from Planned Development (PD) to Planned Development (PD) of a property located at 190 N. Winchester Boulevard to modify the previous City approval for a recently constructed senior housing project (Santana Terrace Apartments) to allow rental to residents of all ages.

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**Attachments:** 1. Addendum to the Mitigated Negative Declaration (MND) and Mitigation Monitoring and Reporting Program (MMRP), 2. Resolution Recommending Council Approve the Rezoning, 3. Conditions of approval for rezoning, 4. Development Plans, 5. Hexagon Transportation Consultants, Inc. report 8.5, 6. Justification Letter, 7. Approved Resolutions ((PLN2015-11231), 8. Conditions of Approval ((PLN2015-11231)

Date	Ver.	Action By	Action	Result
7/12/2021	1	Planning Commission		
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**REPORT TO PLANNING COMMISSION**

**SUBJECT**

Consideration of Developer’s Request to Rezone from Planned Development (PD) to Planned Development (PD) of a property located at 190 N. Winchester Boulevard to modify the previous City approval for a recently constructed senior housing project (Santana Terrace Apartments) to allow rental to residents of all ages.

**BACKGROUND**

On January 12, 2016, the City Council adopted a Mitigated Negative Declaration and a Mitigation Monitoring and Reporting Program and approved a Planned Development rezoning to allow a senior housing project with 92 units and 105 parking spaces. A requirement of the Planned Development zoning district, which is the current zoning district for the site, is for the project to be for senior housing and is age restricted to rent to individuals 55 years or older. The project also received Architectural Review approval in May 10, 2017. The project, Santana Terrace Apartments, was built in conformance to the issued city entitlements and completed construction in June 2020.

On February 16, 2021, USA Properties Fund (“Applicant”) filed an application (CEQ2021-01088, PLN2021-14833) for the 1.86-acre project site to remove the age restriction requirement established in the current PD zoning district so that the project could provide housing for residents of all ages. As part of the applicant’s justification letter, the project leasing to seniors, which began in 2020 during the Covid-19 pandemic and state of local emergency, has not been successful and the building has experienced significant vacancies since constructed. The applicants had previously explored

regulatory options to only temporarily lease to tenants of all ages, and then subsequently return to an all-senior development. However, such an approach would likely violate State and Federal Fair Housing Laws, because the laws allow for all-senior or all-mixed age developments; there is no provision in the laws for a “mixed” senior and mixed age development while the development transitions back to an age-restricted project, which makes such an approach infeasible.

#### Existing Site Conditions:

The project site is located on the west side of N. Winchester Boulevard, south of the intersection of Pruneridge Avenue and Winchester Boulevard. The project site is adjacent to Winchester Boulevard, a four-lane roadway with a center median lane. The site is surrounded by various residential, commercial, and office uses as well as a specialized education center. East of Winchester Boulevard is a mix of one- and two-story older commercial buildings (including a paint store and office building) and a small apartment building. South and west of the project site is a single-family neighborhood. Some of the residences on the north side of Fernwood Avenue and the east side of Jill Drive share a property line with the project site. North of the project site is a mix of commercial, residential, and institutional land uses. The project site shares a property line with a retail store, a small apartment complex, and an office building currently occupied by a special education school. Both the school and apartment complex are set back from the shared property line by surface parking lots.

#### Constructed Project

The project site was recently developed in conformance to the Planned Development Zoning and Architectural Review approvals with two residential buildings totaling 137,891 square feet (sf.) The buildings range from two to four stories and have 92 housing units (50 dwelling units per acre [DU/AC]) and 105 parking spaces. The two buildings, located on the eastern and western halves of the site, are separated by a pool area and an entry plaza that provides access to the buildings. The ground level includes living and communal indoor and outdoor spaces and vehicle parking. The remaining upper three floors are residential units. The buildings have a minimum setback of 20 feet from Winchester Boulevard, 47.6 feet from the southern boundary, 20 feet from the western boundary, and 10 feet from the northern boundary of the project site.

### **DISCUSSION**

The Applicant is requesting to rezone the project site to eliminate the age restriction language for occupancy to senior households age 55 or older to allow resident occupancy of all ages.

The Applicant’s stated reason for this request is the economic hardship caused by Covid-19, including in particular a decline in demand for senior housing and, as a result, the Applicant has indicated that they are not able to fill units exclusively with seniors 55 years or older. Per the Applicant, the prospective tenant pool is sheltering in place, not venturing out of their current living situations, not touring the property and not leasing units, even as rental rates have fallen by approximately 25 percent since the beginning of the year due to Covid-19.

As discussed below, the primary issues for the Planning Commission to consider are: 1) the appropriateness of the proposed rezoning to adjust the age restriction language restricting occupancy to senior households age 55 or older to allow renting for residents of all ages in terms of the City’s General Plan and Zoning standards; 2) allowing the rezone without providing parking at a ratio consistent with other market rate housing developments; and 3) allowing essentially a “new project” without the provision of affordable units.

### ***General Plan and Zoning Conformance***

The General Plan land use designation for the project site was historically Regional Commercial under the City's General Plan. The General Plan Amendment to High Density Residential for the site, which allows residential uses with a density of 37 to 50 units per gross acre was approved in 2016. The project is built and there are no proposed changes to the number of units and/or building construction. The existing project provides 50 dwelling units per acre, consistent with the existing High Density Residential General Plan designation. The City's General Plan goals and policies encourage the provision of a diverse range of housing options. Either senior housing or non-age restricted housing is consistent with the General Plan.

The Project applicant is proposing to rezone the subject property from PD to PD to eliminate the age restriction condition of approval and thereby allow occupancy for all ages. The proposed rezoning would not make any other changes to a project that was previously approved by the City. As there are no changes to the building or operations and no new construction proposed, the only issue under consideration for the zoning is the change from senior housing to non-age restricted housing.

There are no proposed changes to the existing site design and building architecture. The existing building architectural style is post-modern in nature with strong horizontal lines, deep overhangs, and a thin profile roof. The exterior materials include warm wood tones, wood paneling, stucco and other high-quality architecture and design finishes. The project includes a pedestrian friendly streetscape with trees and landscaping along Winchester Boulevard.

### ***Parking Demand and Transportation Impacts***

The proposed change in use requires an evaluation of the difference in parking demand and trip generation between the two housing types. While the change in use may result in a change in trip generation, more significantly, since approval of the project, California Environmental Quality Act (CEQA) policy has changed and analysis of vehicle miles traveled (VMT) is now required.

Senior housing is typically located along transit corridors and/or adjacent to services and has a lower parking demand and trip generation. Whereas, market rate mixed-age housing, as proposed, while often located along transit corridors, tends toward a higher parking demand and increase in trip counts. The approved project includes 92 residential units consisting of 69 one-bedroom units, 23 two-bedroom units and a total of 105 parking spaces at a 1.1: 1 parking ratio. The City has recently approved three projects along the El Camino Real transit corridor that illustrate the variation of housing types and associated parking demand:

- Camino del Rey at 2525 El Camino Real: an affordable senior housing project with 48 one-bedroom units and 32 parking spaces at .67 spaces per unit;
- Tuscany at 3175 El Camino Real: a market rate development with 133 units consisting of one and two bedroom units with 233 spaces at 1.7 parking spaces per unit; and
- 575 Benton Street (at the intersection with El Camino Real): a market rate mixed-use development with 355 one- and two-bedroom units with a parking ratio of 1.5 spaces per unit.

Hexagon Transportation Consultants completed a Trip Generation Analysis, Vehicle Miles Travelled (VMT) Analysis and Parking Supply and Demand Analysis for the project using ITE standards, Santa Clara County VMT methodology and City of Santa Clara apartment project survey of parking supply and demand by bedroom. According to the analysis performed by Hexagon, the adjustment of age demographic for project residents would have a less than significant impact on traffic; less than significant impact on VMT; and there is still an over-supply of existing parking supply in the project compared to other general population (non-age restricted) apartment communities in the City of Santa Clara. Please see attached Hexagon Transportation Consultants, Inc. report, results and

conclusions.

The purposes of the attached transportation study were to compare the trip generation between the approved senior housing units and the proposed general population units, to satisfy the City of Santa Clara's VMT policy, and to evaluate parking demand for the project. Based on the analysis, there are the following conclusions:

- The proposed general population housing units are estimated to generate 26 more AM peak hour and 32 more PM peak hour vehicle trips compared to the approved senior housing units.
- The project's Initial Study report concluded that the project's peak-hour trip generation estimates are below the VTA CMP threshold of 100 net new peak-hour vehicle trips. In addition, the project's Initial Study concluded that the residential units would generate fewer trips than the previous on-site office building use. These conclusions would remain valid if the project were to be used as 92 general population housing units instead of 92 senior housing units.
- The VMT for the project based on the VMT Evaluation Tool is 7.17 daily VMT per capita, which is below the City of Santa Clara VMT policy threshold and thus, the project is expected to have a less-than significant impact on VMT.
- The project includes 105 parking spaces and 115 bedrooms (69 one-bedroom units and 23 two-bedroom units), which equates to 0.91 spaces per bedroom.
- The parking demand surveys show that the average parking demand per bedroom at the four nearby general population housing developments in the City of Santa Clara is 0.82 parking spaces per bedroom. Therefore, the project should have adequate parking to operate as a general population housing use.

### ***Affordable Housing Requirements***

At the time the project was originally entitled, only for sale units were subject to the 10% affordable dedication requirement under the current General Plan policies as the City's Affordable Housing Ordinance was not in effect until 2018. Under the current ordinance only "new construction" is subject to the current 15% dedication requirement of the total number of units. As such, the City cannot require affordable units to be provided in the rezoning of an existing project. However, with a new entitlement, consideration of the lack of affordable units being offered for dedication may be a consideration by the Planning Commission for making a recommendation to the City Council regarding granting a new entitlement.

### **ENVIRONMENTAL REVIEW**

In 2016, the City of Santa Clara, as the Lead Agency, adopted the Santana Terrace Senior Apartments Mitigated Negative Declaration (MND). The MND analyzed the replacement of the then-existing 65,000 square foot three-story office building with a 92-unit senior apartment home community, where occupancy would be restricted to ages of 55 and above.

The intent and purpose of the MND was to provide project-level environmental review for the residential project. An addendum was prepared that tiers from the approved MND and provides analysis for the proposed changes to the project and assesses the differences of the project with the previously analyzed design. The proposed project would remove the 55 plus age restriction from the constructed units to allow all age groups to occupy the development.

Based on the modified project description and knowledge of the project site (based on the environmental review prepared for the MND), the City has concluded that the modified project would

not result in any new impacts not previously disclosed in the MND and would not result in a substantial increase in the magnitude of any significant environmental impacts previously identified in the Negative Declaration. For these reasons, an addendum to the MND has been prepared for the modified project.

This addendum does circulate for public review, but is attached to the MND, pursuant to CEQA Guidelines Section 15164(c).

### **FISCAL IMPACT**

There is no fiscal impact to the City for processing the requested application other than administrative staff time and expense typically covered by processing fees paid by the applicant.

### **COORDINATION**

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

### **PUBLIC CONTACT**

On April 29, 2021 a virtual public community meeting was held by the applicant/developer to discuss the proposed project. Notices of the meeting were mailed by the applicant to property owners within 1,000 feet of the project boundaries, the residents of the existing senior residential were also notified, and the community meeting notice was also posted on the City's website.

Approximately 26 participants including 19 community members, 5 applicant members and two City staff members attended the meeting and 4 community members spoke during the meeting and expressed concerns regarding the proposed elimination of the senior age restriction to allow occupancy for residents of all ages. Community members also expressed concerns regarding parking deficiency, existing high rent rate for seniors, not providing any affordable and/or median income units, and potential noise from having residents of all ages instead of just seniors.

On July 1, 2021, the notice of public hearing for the July 12, 2021 Planning Commission meeting for this item was posted in three conspicuous locations within 300 feet of the project site and was mailed to property owners within a 1,000-foot radius of the project boundaries.

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) <<mailto:clerk@santaclaraca.gov>>

### **ALTERNATIVES**

1. Adopt a resolution to recommend the City Council approve a rezoning from Planned Development (PD) to Planned Development (PD) to adjust the age restriction language restricting occupancy to senior households age 55 or older to allow occupancy for residents of all ages.
2. Recommend the City Council deny the rezoning from Planned Development (PD) to Planned Development (PD) to adjust the age restriction language restricting occupancy to senior households age 55 or older to allow occupancy for residents of all ages.

### **RECOMMENDATION**

There is no staff recommendation on the Developer's request to modify the project by removing the restricted occupancy requirement from senior households age 55 or older to allow occupancy for

residents of all ages.

Reviewed by: Andrew Crabtree, Director of Community Development

Approved by: Deanna J. Santana, City Manager

### **ATTACHMENTS**

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