



Agenda Report

20-1068

Agenda Date: 11/17/2020

REPORT TO COUNCIL

SUBJECT

Action on an Agreement Containing Covenants and Restrictions with Benton and El Camino, LP, for Project located at 575 Benton Street

COUNCIL PILLAR

Promote and Enhance Economic, Housing and Transportation Development

BACKGROUND

Prometheus Real Estate Group, Inc. (the "Developer") is proposing to construct 355 apartment rental units, 22,000 square feet of retail space including a 1,601 square foot leasing office, 600 parking spaces and approximately 6,000 square feet of amenity and leasing space on the property located at 575 Benton Street in the City of Santa Clara, California (hereinafter referred to as the "Project"). The project includes 8 live-work units. The project amenities consist a 346 square foot pet spa area, 1,528 square feet of bike amenity space, an amenity roof deck with 4,341 square feet of a club room and a fitness center, three private courtyards and a public courtyard facing The Alameda.

In July 2018, the City Council approved land use entitlements for the project including a General Plan Amendment (GPA) to change the property's General Plan land use designation from Santa Clara Station High Density Residential to Santa Clara Station Very High Density Residential, a Rezone from Light Industrial (ML), Single-Family (R1-6L), Duplex (R2-7L) and Thoroughfare Commercial (CT) to Planned Development (PD), and a Development Agreement.

Pursuant to Section 4.6 and Exhibit E of the Development Agreement, the Developer voluntarily agreed to provide a total of ten percent (10%) of the total number of residential units within the Project, which equals thirty-six (36) units, as affordable rental housing units (the "Affordable Housing Units"). Thirty percent (30%) or eleven (11) of the Affordable Housing Units shall be low income units restricted to occupancy by households with income that does not exceed eighty percent (80%) of the Area Median Income for Santa Clara County ("AMI") and seventy percent (70%) or twenty-five (25) of the Affordable Housing Units shall be moderate income units restricted to occupancy by households with income that does not exceed one hundred twenty percent (120%) of the AMI.

DISCUSSION

The proposed Agreement Containing Covenants and Restrictions with the Developer uses the City's standard form (Attachment 1) and will enable and guarantee the delivery of thirty-six (36) affordable units for below market rent within Santa Clara. The Agreement Containing Covenants and Restrictions fulfills an obligation placed upon the Developer through the City's land use entitlement process.

The City's Affordable Rental Program Policies and Procedures Guidelines provide that in the case of

a fractional obligation a developer can either elect to round up to the next whole number or pay a fractional in-lieu fee for the fractional units. In this case, the Developer's obligation is 35.5 units and the Developer is proposing to round up to provide thirty-six (36) affordable units. Thirty percent (30%) or eleven (11) of the Affordable Housing Units shall be low income units restricted to occupancy by households with income that does not exceed eighty percent (80%) of the Area Median Income for Santa Clara County ("AMI") and seventy percent (70%) or twenty-five (25) of the Affordable Housing Units shall be moderate income units restricted to occupancy by households with income that does not exceed one hundred twenty percent (120%) of the AMI.

To maintain long-term affordability, the full term of the affordability covenants shall be for a total period of thirty (30) years (the "Affordability Period"), effective from the date the of the Issuance of Certificate of Occupancy for the Project.

Approval of the proposed Agreement Containing Covenants and Restrictions will implement the City's General Plan inclusionary housing policy consistent with the previous land use entitlements granted for the subject property.

ENVIRONMENTAL REVIEW

A Mitigated Negative Declaration (MND) was prepared and a Notice of Availability was circulated for a 20-day period in accordance with California Environmental Quality Act (CEQA) requirements and approved by City Council in July 2018.

FISCAL IMPACT

There is no cost to the City for processing of the proposed Agreement other than administrative staff time and expense.

COORDINATION

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

PUBLIC CONTACT

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>>.

RECOMMENDATION

1. Approve and authorize the City Manager to execute the Agreement Containing Covenants and Restrictions with Benton and El Camino, LP to execute amendments thereto, and to take any other action necessary to implement the requirement for the provision of thirty-six (36) affordable units within a 355 unit rental apartment complex at 575 Benton Street; and
2. Authorize the recordation thereof.

Reviewed by: Andrew Crabtree, Director, Community Development

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. 575 Benton St. Covenants and Restrictions