



Agenda Report

19-842

Agenda Date: 7/16/2019

REPORT TO COUNCIL

SUBJECT

Action on Second Amendment to the Exclusive Negotiations Agreement with Republic Metropolitan LLC for the site located at 500 Benton Street [APN: 230-08-061]

BACKGROUND

In February 2018, the City of Santa Clara, Santa Clara Valley Transportation Authority ("VTA"), and the Developer jointly entered into an agreement entitled "Exclusive Negotiation Agreement" ("Agreement") for development of a student housing project at the Caltrain Santa Clara Station Park-N-Ride lot. The lot consists of a larger parcel owned by the City (1.73 acres), and a smaller parcel owned by VTA (0.71 acres). The Parties entered into the Agreement to allow the Developer to process a site plan and corresponding environmental review and to negotiate the terms of a Disposition and Development Agreement (the "DDA") and ground lease pursuant to which the Developer would conduct specified development activities related to the Property.

The ENA provided for a negotiating period of twelve (12) months with an option for an extension of an additional six (6) months, subject to the discretion of the City Manager and the execution of an amendment. On February 8, 2019, an extension was granted for a period of six (6) months. The ENA expires on August 5, 2019.

In March of 2019, the Developer submitted a Planning Application to the City of Santa Clara for environmental clearance and applicable land use changes.

The proposal included:

- 186 (555 beds) Student Housing Units
- 20,200 square feet Retail
- 11,400 square feet Office
- 100 Transit Parking Stalls (Per Caltrain request to replace lost parking)
- Type III construction: Modified Wood-Frame Construction

A key consideration in the overall configuration of the site plan is the potential relocation of a City water well located in the middle of the site.

On June 6, 2019, the VTA Board reviewed the project to provide direction to VTA staff regarding policy objectives for VTA-owned land. The VTA Board stated a strong preference for workforce housing allowing for achievement of its ridership goals. The Developer advised the VTA Board that the project will contain a workforce housing element and will no longer be strictly limited to SCU students. The VTA Board directed its staff to continue the negotiations with Republic Metropolitan, LLC through the ENA term with focus on the affordable and workforce housing components and engage the City on how to accomplish the objectives identified by VTA Board members.

DISCUSSION

In consideration of the time needed for all parties to meet and negotiate terms for a Disposition and Development Agreement in good faith, the Developer requires additional time on the ENA in order to prepare a site plan for City review, complete a CEQA analysis, and bring the Project forward for a public hearing.

The recommended Second Amendment will extend the term of the ENA to August 5, 2020, VTA's continued participation in the ENA would require approval by its Board.

Key areas for discussion and action over the next 12 months include: project description/program; affordable housing; and the relocation of the City's water well.

- The Developer has committed to meeting its affordable housing obligation on-site. Implementation of the affordable housing is a key item for negotiation as all parties work toward a DDA. The current design proposes a shared living or co-housing model, which typically refers to privately leased units with shared communal areas. As part of the ongoing negotiation, the parties will need to determine which design changes may be required to accommodate the affordable housing obligation as well as the percentage of units will be set-aside for affordable housing and the corresponding rental affordability, measured by the state issued area median income ("AMI").
- The Developer has not submitted a full proposal for the potential relocation of the water well and therefore the site plan for the project is still in flux. Additional time is needed for the Developer to address City requirements for an adequate replacement of the water well.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

FISCAL IMPACT

There is no fiscal impact associated with this item other than administrative time and expense.

COORDINATION

This report was coordinated with VTA 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>> or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

Approve and Authorize the City Manager to Execute the Second Amendment to the Exclusive Negotiations Agreement with Republic Metropolitan LLC for the site located at 500 Benton Street [APN: 230-08-061] after approval by the VTA Board as well.

Reviewed by: Ruth Shikada, Assistant City Manager
Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Second Amendment to the Exclusive Negotiations Agreement with Republic Metropolitan LLC