



Agenda Report

21-887

Agenda Date: 7/6/2021

REPORT TO COUNCIL

SUBJECT

Direction on the Next Steps for the El Camino Real Specific Plan.

COUNCIL PILLAR

Promote and Enhance Economic, Housing and Transportation Development

BACKGROUND

Following City Council direction staff has worked since 2017 with community members and a City Council appointed Community Advisory Committee to prepare a Specific Plan for the El Camino Real Focus Area identified in the General Plan. The intent of the Specific Plan is to provide policy direction for new land development along the El Camino Real Corridor, as well as for the future use of the El Camino Real road right-of-way.

A draft Specific Plan, including land uses as recommended by the Community Advisory Committee, was presented for City Council adoption at the June 15, 2021 City Council meeting. At the conclusion of the City Council's consideration of the item, the Council directed staff to modify the proposed General Plan Land Use Designations for the Specific Plan as follows:

- Corridor Residential - maximum height to be 2-story
- Corridor Mixed-Use - maximum height to be 3-story
- Regional Commercial Mixed-Use - maximum height to be 4-story

The City's costs for consultants to support preparation of the Specific Plan have been funded through a Metropolitan Transportation Commission (MTC) grant awarded to the City of Santa Clara in the amount of \$910,000. The City's ability to utilize this grant funding ended in June 2021 so that additional costs going forward will require the identification of additional funding sources.

DISCUSSION

The reduced maximum building heights directed by the City Council result in a significant change to the projected density and amount of new development that will be supported by the Specific Plan as discussed below. Note that the following density ranges for each designation are based on an approximate evaluation of what could fit on a typical site given the proposed height limits.

Corridor Residential (2-story)

A 2-story height limit corresponds to single-family residential development. Small lot single-family development may include court homes, zero-lot line or other compact single-family forms of development that correspond to a density range of 12-25 units per acre. In contrast, the Corridor Residential designation was previously intended for townhouse or apartment development that would be 3-4 stories in height and at a density range of 16-45 units per acre. Townhomes would not be feasible at the 2-story height limit due to site and parking constraints on shallow parcels. For the 11

acres with this designation that are assumed to redevelop in the Specific Plan, the projected number of units would be 225, a reduction of 275 units from the previously projected 500. No new commercial development is projected for this designation, representing a reduction of 140,000 square feet from the existing condition.

Corridor Mixed-Use (3-story)

The 3-story height limit corresponds to townhouse type development with a typical density range of 20-25 units per acre; however, 3-story garden-style apartments, while not a common development type, may be possible to build as well, extending the density range up to 20-45 units per acre. At this density, new commercial development would be limited to live/work type units. Previously the designation supported residential apartment and vertical mixed-use development of 4-5 stories with a density range of 45-65 units per acre. For the 32 acres with this designation that are assumed to redevelop in the Specific Plan, the projected number of units would be 790, a reduction of 1,260 units from the previously projected 2,050. Commercial development would not likely be feasible to incorporate into new development at the proposed heights/densities, therefore no commercial development is projected for this designation, representing a reduction of 350,000 square feet from the existing condition.

Regional Commercial Mixed-Use (4-story)

The proposed 4-story height limit corresponds to townhouse/stacked flats and lower density apartment buildings. Vertical mixed-use development is likely not feasible, so the City's commercial square footage requirement would be met through stand-alone commercial development in conjunction with apartment or townhouse development. The projected density for this type of development is 30-60 units per acre. Previously the designation supported residential apartment and vertical mixed-use development of 5-6 stories with a density range of 55-100 units per acre. For the 36 acres with this designation in the Specific Plan, the projected number of units would be 1,275, a reduction of 2,375 units from the previously projected 3,650. The minimum commercial requirement should be reduced to accommodate this lower density, so that the projected amount of commercial square footage is 220,000 square feet, representing a reduction of 210,000 square feet from the existing condition.

It should be noted that the Specific Plan identifies a total of five Activity Centers with this designation, two of which are not expected to redevelop during the life of the Specific Plan. Higher density at the remaining three locations may be warranted to support the viability of creating mixed-use Activity Centers as envisioned in the Specific Plan, including required publicly accessible, privately maintained open spaces. Maintaining the current height limits and densities at the Activity Centers would support the General Plan vision and community input gathered throughout that planning process that indicated a desire for more housing and higher intensity development, public open space, and structured parking at key nodes/activity centers with lower intensity development in between these activity centers.

Specific Plan Area Density - Environmental Review

As a result of these proposed changes, the overall average density for the Specific Plan area is reduced to 28 dwelling units per acre. The projected build-out of the Plan Area is also reduced by 3,910 units from a previous total of 6,200 units to a projected capacity of 2,290 units, a reduction of 63% in overall residential density, and commercial capacity is projected to be reduced by 700,000 square feet from the existing condition of 2.2M square feet to 1.5M square feet (new plus existing commercial areas that would not redevelop).

The Environmental Impact Report (EIR) prepared for the Specific Plan followed the City's Transportation Analysis Policy, adopted by the Council on June 23, 2020. That policy relied upon state guidance that provides an exemption from Vehicle Miles Travelled (VMT) analysis for "Transit Supportive Projects." Transit Supportive Projects, among other requirements, must achieve an average density of at least 35 dwelling units per acre. The purpose of the Vehicle Miles traveled (VMT) Policy is to reduce VMT growth within the City by encouraging denser land uses along major transit corridors, thereby maximizing existing infrastructure and providing multiple transportation options while maintaining quality of life for residents. As the proposed changes to the project are significant in scope and would result in a project that no longer meets exceeds 35 dwelling units per acre in overall density, it will be necessary to prepare a VMT analysis and to update and recirculate the project EIR in order to move forward a revised version of the Specific Plan as directed by Council. Additional funding will be necessary for this effort.

Projects located within the Specific Plan that do not meet the 35 DU/AC criteria are expected to require subsequent VMT analysis and mitigation measures to reduce VMT impacts found to be significant.

Economic Feasibility

During the City Council meeting, the Council discussed the possibility of conducting an economic analysis to determine the feasibility of redevelopment of the El Camino Real corridor following the proposed reduction in allowable densities. Preparation of such an analysis would likely require 3-6 months and additional funding will need to be identified.

Based upon common development trends, stand-alone residential development is understood to be feasible at most densities, with maximum return to developers for townhouse type development in the short term. Single-family development also appears to be feasible, although the El Camino Real corridor may not be considered a preferred location for new single-family residences. Four-story apartment development also appears to be feasible given that it is possible to build at this height in wood (e.g., Type V construction), but this form of development does not support mixed-use development with ground-floor commercial. Mixed-use development requires more expensive Type III construction, with a first floor podium. While there are some examples of 4-story mixed-use development within the area (e.g., the Downtown Gateway project), recent conversations with the economist supporting the City's evaluation of affordability requirements indicates that such projects are not currently feasible. The open space, sidewalk dedication, parkland, parking, and affordable housing requirements in the Plan create financial barriers for projects at lower densities, particularly for the Activity Centers. For this reason, while the Activity Centers can continue to include stand-alone commercial components (e.g., horizontal mixed-use), adjoining residential development will likely not include a commercial component and residential development will be reduced so that the City would not achieve the amount of commercial development and character of development envisioned for the Activity Centers in the Specific Plan.

Transit Options

The City Council discussed the desire to add transit options in the form of a shuttle bus or similar service to support intensification of the corridor. In response staff noted the current high frequency of bus service provided along El Camino Real by the Valley Transportation Agency, and also noted that new development could be required to participate in a Transportation Management Association (TMA) to collectively fund some type of shuttle service. It should be noted however that with the

proposed densities, most new development will consist of single-family or townhouse type development, with individual ownership of units, such that it is infeasible to require their participation in a TMA.

Other Policy Issues

During the City Council hearing the Council discussed several other issues that staff is prepared to address through modifications to the draft Specific Plan for City Council consideration at a future hearing. These include modifications to the affordability requirements, a requirement for a consulting architect to review project architecture, increased secured bicycle parking, the use of a 30 degree daylight plane for projects abutting single-family development along the north side of El Camino Real (to avoid shadow effects) and the creation of a 1% for art requirement.

Since the Council action on June 15, staff has met with three developers currently working on projects within the Specific Plan area. Two of them are proposing 100% affordable projects while the third is proposing a mix of affordable senior housing and market rate townhouses. All three were depending upon adoption of the Specific Plan to enable their projects to advance, including use of the Specific Plan CEQA clearance, but are now considering alternative paths for entitlement, such as independent General Plan Amendment applications, preparation of project-specific CEQA clearance and/or use of recent State legislation that may allow for ministerial approval. The City Council could provide direction to staff to return in the near-term with limited action for Council consideration, so that the 100% affordable housing projects could proceed.

Alternative Options

Staff is now requesting that the City Council provide direction to staff to proceed with one of the following alternatives:

- 1) Proceed with modification of the Specific Plan to include the height limits directed by the City Council and described above in terms of the resulting development types and densities. Appropriate funding (\$200,000) from the General Fund to support preparation of a VMT analysis and recirculation of the EIR, economic feasibility analysis, and the rewriting of development standards.
- 2) Prepare an alternative form of the Specific Plan that reduces densities from the prior draft Specific Plan, but maintains an overall average density greater than 35 units per acre. Modifications with this level of density enable the draft EIR analysis, as prepared, to be retained for the revised scope. In particular, greater density may be warranted to support the viability of three Activity Centers identified in the Specific Plan. Recommendations would likely include lowering the densities and heights of the Corridor Residential and Corridor Mixed Use designations by 1-story for each, while maintaining the height limits and densities on the Regional Commercial Mixed Use sites where there are less sensitive interfaces with single-family homes.
- 3) Direct staff to return to City Council with targeted General Plan amendments to support proposed 100% affordable housing projects at specific locations.
- 4) Discontinue preparation of the El Camino Real Specific Plan.

ENVIRONMENTAL REVIEW

An Environmental Impact Report (EIR) was prepared for the El Camino Real Specific Plan and related approvals (the "project") in accordance with the California Environmental Quality Act (CEQA). The EIR analyzes program-level impacts of the El Camino Real Specific Plan. The EIR and Notice of Availability (NOA) were circulated for a 45-day period from December 10, 2020 to January 25, 2021

in accordance with CEQA requirements. The EIR provides a comprehensive analysis of the potential environmental impacts for the project.

The EIR found that any potentially significant impacts can be mitigated to a less than significant level. The mitigation measures are included in their entirety as a part of the proposed Mitigation Monitoring and Reporting Program (MMRP). A detailed discussion of the potential impacts and mitigation measures to be applied to the project is specified in the EIR and would be implemented through the MMRP for the proposed project.

The environmental impacts of redeveloping an existing commercial corridor and state highway were analyzed at a program level. It is intended for the Final EIR to be used by developers as a starting point for the environmental clearance of their individual development proposals, which will further facilitate redevelopment of the area.

As discussed above, if the Council proceeds with a proposal for the Plan Area that will reduce the average residential density below 35 du/ac, the Project will no longer qualify as a "Transit Supportive Project," and a more detailed Vehicle Miles Traveled (VMT) analysis will be required. This will require revisions to the EIR, as well as recirculation of the document.

FISCAL IMPACT

Funding for the development of the El Camino Real Specific Plan and Environmental Impact Report (EIR) comes from the Metropolitan Transportation Commission (MTC) grant awarded to the City of Santa Clara in the amount of \$910,000. When the Council approved the Funding Agreement with MTC, the City agreed to a 12% match, or \$109,200 of the total project costs, which funds came from the Capital Improvement Projects Budget.

The proposed change in land uses would significantly increase land values, as well as demand for services, having both positive and negative fiscal impacts upon the City.

On the whole, implementation of the Specific Plan is expected to have a relatively minor net fiscal impact to the City and will provide housing necessary for Santa Clara's ongoing economic vitality.

COORDINATION

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

PUBLIC CONTACT

On June 23, 2021, the notice of public hearing for this item was posted within 300 feet of the project site and mailed to property owners within 300 feet of the project site.

Public contact was also 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>>.

ALTERNATIVES

1. Proceed with modification of the Specific Plan to include the height limits directed by the City

Council and described above in terms of the resulting development types and densities.

Appropriate funding (\$200,000) from the General Fund to support preparation of a VMT analysis and recirculation of the EIR, economic feasibility analysis, and the rewriting of development standards.

2. Prepare an alternative form of the Specific Plan that reduces densities from the prior draft Specific Plan, but maintains an overall average density greater than 35 units per acre.
3. Discontinue preparation of the El Camino Real Specific Plan.

RECOMMENDATION

2. Prepare an alternative form of the Specific Plan that reduces densities from the prior draft Specific Plan, but maintains an overall average density greater than 35 units per acre.

Reviewed by: Andrew Crabtree, Director, Community Development Department

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Web link to Draft Specific Plan Document and EIR