

MEMORANDUM

Planning Department



DATE: October 16, 2018

TO: Mayor and City Council

THROUGH: Julie Edmonds-Mares, City Manager

FROM: Ned Thomas, Planning Director

SUBJECT: Main Street Milpitas – Supplemental Responses to Questions from the Council

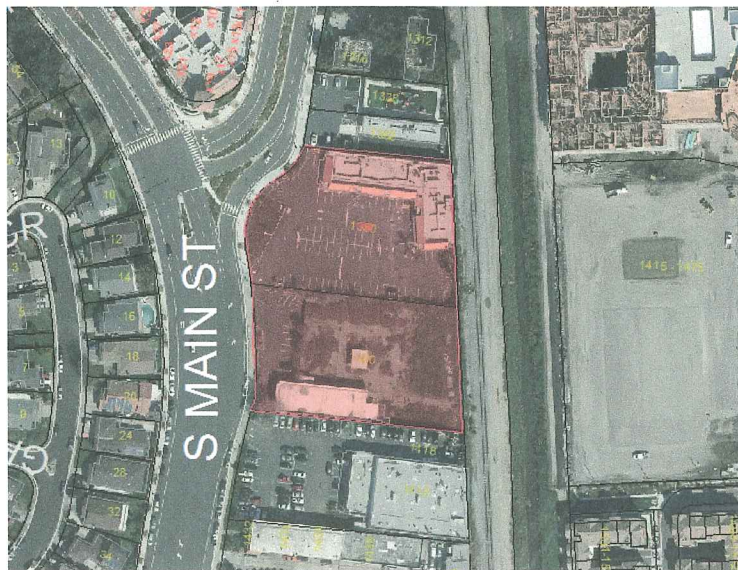
At the City Council meeting held on October 2, 2018, the Council directed staff to conduct additional analysis to support the recommendation for approval of the proposed Main Street Milpitas project located at 1380-1400 South Main Street. Specifically, Council members asked staff to clarify the following:

1. Why is a higher-density project appropriate at the subject site?
2. How does the “layering” of entitlements help to achieve the proposed project?
3. What public benefits are provided by the proposed project?
4. Does the proposed project have adequate parking and how will it be managed?
5. How did the City analyze potential traffic impacts created by the proposed project?

Staff conducted additional research and prepared brief responses to provide context and clarity for each of the questions outlined above.

1. Why is a higher-density project appropriate at the subject site?

The project site includes two adjacent parcels with frontage on South Main Street, as shown below.



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The northern parcel (1380 South Main Street) contains approximately 1.12 acres and is located within the Transit Area Specific Plan (TASP) planning area. The southern parcel to (1400 South Main Street) contains approximately 1.02 acres and is located within the Midtown Specific Plan (Midtown) planning area. The combined parcels would have a total area of approximately 2.14 acres. Table 1 identifies the current land use designations and development standards of the two parcels under the General Plan and their respective Specific Plans.

Table 1: Current Land Use Designations and Development Standards		
Parcel Address (Specific Plan)	1380 S. Main (TASP)	1400 S. Main (Midtown)
General Plan Designation	Multi-Family Residential Very High Density (VHD)	Multi-Family Residential Very High Density (VHD)
Specific Plan Designation	R4-TOD	R4-TOD
Zoning (Density Range)	R4-TOD (41-60 du/acre)	R4-TOD (41-60 du/acre)
Density Bonus Allowed with CUP	None	None
Maximum Building Height	75 feet	75 feet

Development Potential with No Changes

As shown in Table 1, the existing land use designations of the General Plan, Specific Plans, and the development standards of the Zoning Ordinance limit new residential development at 1380 and 1400 South Main Street to a density range of 41 to 60 dwelling units per acre. This means that the maximum development potential of the subject site under the existing regulations is 128 units. However, if the developer designates at least 5 percent of the units (2 to 3 units) as affordable for very low-income households, up to 12 additional market-rate units (60 du/acre x 20 percent) would be allowed *by right* under the State Density Bonus Law. Thus, a maximum of 140 residential units could be developed on the project site under the existing land use designations and development standards.

***Analysis:** A key objective of both the TASP and the Midtown Specific Plan is to create attractive mixed-use neighborhoods with higher-density development that takes advantage of both proximity and public investment in transit, including VTA light rail and BART. The intent is that new development should be designed to encourage walking, biking, and transit trips and thus minimize vehicle trips and congestion on local roadways. Given the prominent location of 1380 and 1400 South Main Street, a project built at the lower densities under the existing land use designations would not take full advantage of this site's proximity to VTA light rail and BART. In addition, building fewer overall units would result in the provision of fewer affordable units. By contrast, merging the two parcels into one larger 2.14-acre site and allowing higher intensity development across the entire property would facilitate a cohesive project consistent with the goals and objectives of the TASP and the Midtown Specific Plan.*

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The proposed project includes amendments to the General Plan, TASP, and the Midtown Specific Plan to transfer the southern parcel (1400 South Main Street) from the Midtown Specific Plan planning area into the TASP planning area. The proposed project would also change the land use designations and zoning for both parcels to allow higher density development across the entire site. In addition, the project includes a Site Development Permit, Conditional Use Permit, Density Bonus Permit, and Lot Combination to merge the two lots and establish a site plan and development standards to accommodate the development a cohesive multi-family residential project with 220 dwelling units, including 10 affordable units reserved for very low income individuals or households (30-50% of local area median income). Table 2 identifies the proposed General Plan and Specific Plan land use designations for the two parcels.

Table 2: Proposed Land Use Designations and Development Standards		
Parcel Address (Specific Plan)	1380 S. Main (TASP)	1400 S. Main (TASP)
General Plan Designation	Urban Residential (URR)	Urban Residential (URR)
Specific Plan Designation	R5-TOD Very High Density Transit-Oriented Residential	R5-TOD Very High Density Transit-Oriented Residential
Zoning (Base Density Range)	R5-TOD Very High Density TOD (41-60 du/acre)	R5-TOD Very High Density TOD (41-60 du/acre)
Density Bonus with TOD Overlay (+25%)	Base Max. + 25% = 75 du/acre	Base Max. + 25% = 75 du/acre
Density Bonus with CUP (+25%)	Base Max. + 50% = 90 du/acre	Base Max. + 50% = 90 du/acre
State Density Bonus with Affordable (+20%)	Total Max. + 20% 108 du/acre	Total Max. + 20% 108 du/acre
Total Proposed Units	220 units (103 du/acre)	

Development Potential with Proposed Changes

As shown in Table 2, the proposed new land use designations for 1380 and 1400 South Main Street would maintain the base density range of 41 to 60 dwelling units per acre (same as the existing land use designations), but the R5-TOD Very High Density Transit-Oriented Residential zoning opens up opportunities for additional density bonuses. The TOD Overlay zone (available only in conjunction with the R5-TOD land use designation) would allow a *by-right* density bonus of up to 25 percent. An additional 25 percent density bonus would be allowed with the approval of a Conditional Use Permit. Finally, if the developer opts to reserve at least 5 percent of total units for very low-income individuals or households, a 20 percent density bonus would be allowed *by right* under the State Density Bonus Law. Table 3 provides a summary of the density bonuses if applied to the proposed project.

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Table 3: Density Bonuses Proposed for the Main Street Milpitas Project		
	Density Regulations	Total Number of Dwelling Units
Zoning (Base Density Range)	Minimum: 41 du/acre Maximum: 60 du/acre	60 du/acre x 2.14 acres = 128 units
Density Bonus with TOD Overlay (+25%)	60 du/acre + 25% = 75 du/acre	60 du/ac x .25 = 15 du/ac 60 du/ac + 15 du/ac = 75 du/ac 75 du/ac x 2.14 ac = 160 units
Density Bonus with CUP (+25%)	60 du/acre + add't'l 25%* = 90 du/acre	TOD: 60 du/ac x .25 = 15 du/ac CUP: 60 du/ac x .25 = 15 du/ac 60 du/ac + 30 du/ac = 90 du/ac 90 du/ac x 2.14 ac = 193 units
State Density Bonus Based on 5% Affordable Set-Aside (+20%)	Cumulative Max. + 20% 108 du/acre	90 du/ac x .20 = 18 du/ac 90 du/ac + 18 du/ac = 108 du/ac 108 du/ac x 2.14 ac = 231 units
Total Proposed Units	220 units (103 du/acre)	

*The CUP Density Bonus is added after the TOD Overlay Density Bonus.

***Analysis:** As shown in Table 3, the merged 2.14-acre project site at 1380 and 1400 South Main Street would have a maximum base development potential of 128 units. However, proposed amendments to the General Plan, TASP and Midtown Specific Plan, and Zoning Ordinance would allow the developer to take advantage of a cumulative series of density bonuses to significantly increase the development potential of the larger site. This strategy is entirely consistent with the goals and objectives of the TASP and the Midtown Specific Plan. Both plans call for higher-density residential development near transit, and the subject site is situated within ¼-mile of the nearest VTA light rail station and within one mile of the new BART station. The proposed project will feature a large pedestrian plaza, convenient bicycle parking, dedicated bus and short-term parking and other amenities to encourage walking, biking, and transit ridership.*

The residential unit mix will include 60 studio units, 81 one-bedroom units, and 79 two-bedroom units. The smaller studio and one-bedroom units will be affordable-by-design, and the developer will also designate 10 units (5 percent) as affordable units for very low income individuals and households. This will allow the project to qualify for a 20 percent density bonus by right under the State Density Bonus Law. In addition, as noted above, the project will qualify for a 25 percent density bonus under the TOD Overlay Zone and a 25 percent density bonus with approval of a Conditional Use Permit. In all, the project will gain 92 "density bonus" units. The overall density of the site will be approximately 103 dwelling units/acre, which is slightly less than the maximum allowed density of 108 dwelling units/acre.

Staff recommends approval of this proposed transit-oriented development project because it is consistent with the long-term vision of TASP in appropriately locating high-density, pedestrian-oriented development near public transit, including VTA light rail, bus, and the new BART station. The site plan includes a pedestrian plaza and other amenities for the enjoyment of residents and visitors.

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2. How does the “layering” of entitlements help to achieve the proposed project?

The proposed project includes amendments to the Milpitas General Plan, TASP, and Midtown Specific Plan to transfer the southern parcel (1400 South Main Street) from the Midtown Specific Plan planning area into the TASP planning area. The proposed project would also change the land use designations and zoning for both parcels to allow higher density development across the entire site. In addition, the project includes a Site Development Permit, Conditional Use Permit, Density Bonus Permit, and Lot Combination to merge the two lots and establish a site plan and development standards to accommodate the development a cohesive multi-family residential project with 220 dwelling units, including 10 affordable units reserved for very low income individuals or households (30%-50% of local area median income). Table 4 below provides details for each “layer” of the proposed changes:

Table 4: Proposed Entitlements and Permits for Main Street Milpitas			
Entitlements	Existing	Proposed	Desirable Outcomes
General Plan Amendment	Multifamily Very High Density Residential (VHD) (31-40 du/acre)	Urban Residential (URR) (41-75 du/acre)	The URR designation is intended to allow higher-density residential neighborhoods near transit. The subject site is located ¼-mile from light rail and 1 mile from BART
Specific Plan Amendment	R4-TOD Very High Density Transit-Oriented Residential	R5-TOD Very High Density Transit-Oriented Residential	- Moving the southern parcel into TASP will significantly increase the amount of TASP fees paid. Growth pays for Growth - The R5-TOD designation will allow density bonuses under the TOD Overlay Zone and CUP approval
Zoning Amendment	R4-TOD Very High Density TOD (41-60 du/acre)	R5-TOD Very High Density TOD (41-60 du/acre)	The R5-TOD zoning will increase the potential of developing additional residential density on the property
Lot Combination	Two Separate Lots 1.12 acres 1.02 acres	One Larger Lot 2.14 acres	- Merging two parcels into one will allow development of a more cohesive project - Developing the project as one parcel will allow greater flexibility in providing amenities
Site Development Permit	Base Max. + 25% = 75 du/acre	Base Max. + 25% = 75 du/acre	The project includes significant public amenities, such as a pedestrian plaza and community room
Conditional Use Permit	None	Allows 25 percent Density Bonus	- Increased density up to 90 units per acre 122 tandem parking stalls (61 pair)
Density Bonus with CUP (+25%)	Base Max. + 50% = 90 du/acre	Base Max. + 50% = 90 du/acre	- Increased number of affordable units (5%) - Increased number of overall units (20%) - One cohesive development across the site
State Density Bonus with Affordable (+20%)	Total Max. + 20% 108 du/acre	Total Max. + 20% 108 du/acre	- Increased number of affordable units (5%) - Increased number of overall units (20%) - Increased max. bldg. height (concession)

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3. What public benefits are provided by the proposed project?

Below is a summary list of public benefits associated with the project.

- *Public Plaza* – The proposed project will include a 0.23-acre landscaped public plaza along the entire frontage of South Main Street. The plaza will include a significant water feature, public art, outdoor seating areas, benches and tables, and traffic barriers to protect pedestrian activity. The frontage will also include a loading zone, short-term parking, a designated ride-share location, covered bus shelter, a micro-retail space, and a public bike-share station. This is a very significant location at the intersection of South Main Street and Abel Avenue, and the design of this feature will be critical to overall placemaking efforts within the TASP and Midtown.
- *Community Room* – The development will include a ground-floor community room with direct access onto the public plaza. The room will be available for public meetings and social events.
- *Off-Site Improvements* – The proposed project will include off-site improvements such as an improved bike lane with green striping and a VTA bus shelter in close proximity.
- *TASP Fees* – The proposed project requires the merger of two parcels into a new 2.14-acre parcel, and the new, larger parcel would be located entirely within the TASP planning area. The new project would be subject to TASP development fees, and based on the number and type of units, it is estimated that the proposed project will generate approximately \$7.2 million in one-time TASP fees. If the parcels are not merged and 1400 South Milpitas Boulevard remains in the Midtown Specific Plan area, which has no similar impact fee structure, the total TASP fees generated by the “as-is” condition of the property would be approximately \$2.7 million. This represents a difference of approximately \$4.5 million that would not be paid to the City.
- *Other Impact Fees* – The proposed project will pay approximately \$120,000 annually in Community Finance District fees and over \$1 million in school fees. These are required fees that must be paid for the project to move forward. In addition, a separate agreement has been made between the developer and Milpitas Unified School District to assist in financing a playground area for Mabel Mattos Elementary.
- *Affordable Housing* – The proposed project includes 10 affordable housing units designated for very low income individuals or households. These units will be developed without Federal, State, or City investment. The project also includes 60 affordable-by-design studio units, ranging from 571 to 894 square feet, for those with limited space needs and a willingness to use transit.

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- *Neighborhood Character* – The proposed project will replace a vacant, dilapidated commercial site with a contemporary, high-quality residential structure that complements the emerging urban character of the TASP planning area. The proposed project is an excellent example of the TASP vision and goals for transforming an older, industrial area into an attractive, vibrant, high-density mixed-use neighborhood and leveraging private investment in housing and commercial development to complement significant public investment in Light Rail and BART.

4. Does the proposed project have adequate parking and how will parking spaces be managed?

Within the TASP planning area, the City's regular off-street parking requirements in the Zoning Ordinance are reduced by up to 20 percent. The intent of having a reduced parking standard in the TASP is to limit the amount of excess parking available so that people are encouraged to walk, bike or take transit when they might otherwise drive. Table 5 summarizes the parking requirements and parking spaces provided by the proposed project.

Table 5: Parking Requirements and Proposed Parking for Main Street Milpitas			
Parking Type	Zoning Ordinance Requirements	Proposed By Project	Surplus
Vehicles	289	323 (Tandem: 61 pair)	+34
Bicycles	33	88	+55
Motorcycles	25	31	+6

At the City Council meeting on October 2, 2018, members of the City Council questioned the effectiveness of the proposed parking design and the potential for spillover parking into the nearby residential community. Staff notes that the proposed Main Street project is located away from both vehicular entrances to The Pines neighborhood, so spillover parking into that neighborhood is unlikely. The proposed project is designed as a "podium" structure with parking on the first two floors of a seven-story building and convenient access, via elevator, to the residential units. Parking spaces will be assigned to tenants, with no charge for parking, and units with more than one vehicle will be assigned tandem parking spaces. Tandem parking means two parking spaces configured top to bottom in a single, double-length column. Of the 323 parking spaces proposed, 122 will be tandem parking spaces.

According to the applicant, the parking garage has been designed for efficiency and ease of ingress/egress of vehicles. Once parked within the structure, the tenant will be able to take the nearest elevator to the floor where their respective apartment unit is located. This design eliminates the need to circle around long parking ramps like those found in a "wrap-style" structure, which is essentially a multi-story parking garage wrapped by apartment units. By comparison, a "podium-style" structure is more convenient and desirable at this location because of the shorter distance from the parked car to the elevator and then to the residential unit. The applicant suggests that this ease of use will keep residents from seeking parking from elsewhere in the neighborhood.

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With regard to tandem parking, an informal survey of Planning Directors from various jurisdictions in Santa Clara County resulted in generally positive comments about their experiences with this type of parking. None of the directors have had difficulty in dealing with tandem parking in their respective jurisdictions, and several jurisdictions promote tandem parking as an efficient way to provide adequate parking for residents and visitors.

To address potential parking impacts from this project onto the adjacent community, staff has added the following conditions into the project resolution.

- Tandem Parking. The Permittee shall ensure that all residents are aware that each space in tandem parking areas must be maintained for the parking of two (2) vehicles at all times. This may be accomplished by including this provision within the rental restrictions within the property. Additional Tandem Parking over 61 pairs (122 parking spaces) shall require a Conditional Use Permit Amendment.
- Construction Staging and Employee Parking: Permittee shall locate and manage all construction related materials, equipment, and parking for construction workers on-site and shall not allow parking or storage of materials in any public right-of-ways or public easements.
- Parking Management: Upon completion of the project, the owner/permittee shall take measures to maximize on-site parking utilization for its residents, tenants, and guests. The owner/permittee shall at no time create a condition by pricing, operation, allocation, and/or management where residents, tenants, or guests have a greater preference to park off-site rather than on-site. The owner/permittee shall provide relevant on-site parking management information to the City upon request and grant access to the City to monitor and review on-site parking management, allocation, pricing, operation, and availability.

5. How did the City analyze potential traffic impacts created by the proposed project?

The Planning Department contracted with LSA Associates (LSA) to conduct environmental analysis for the proposed project pursuant to the California Environmental Quality Act (CEQA). For traffic analysis, LSA contracted with Hexagon Transportation Consultants (Hexagon) to conduct a detailed traffic study in accordance with VTA's Transportation Impact Analysis Technical Guidelines. Hexagon submitted a study entitled *Traffic Operations Report for 1380-1400 South Main Street Apartments* to the City on December 14, 2017, for review and approval by Traffic Engineer Steve Chan. The study compares traffic impacts from the proposed project with impacts identified in the Final Environmental Impact Report (FEIR) certified for the TASP in 2008. The study determined that the proposed project would not result in any new or more significant impacts beyond those identified in the TASP FEIR.

The amount of traffic produced by a new development and the locations where that traffic is likely to appear are estimated using a three-step process: 1) trip generation, 2) trip distribution, and 3) trip assignment. In determining trip generation for the proposed Main Street Milpitas project, Hexagon estimated the amount of traffic entering and exiting the site during the AM and PM peak hours based on the type of use (multi-family residential) and parking capacity. As part of the trip

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distribution step, Hexagon estimated the directions to and from which the project trips would travel. In the project trip assignment step, Hexagon assigned project trips to specific streets and intersection in the study area.

Hexagon found that the project would create 80 AM peak-hour and 99 PM peak-hour vehicle trips. Peak-hour traffic refers to the total number of vehicles making each movement through an intersection – lefts, rights, and straight-ahead – for a single peak hour from every direction. Peak-hour traffic typically occurs between 6 am to 10 am (AM peak hours) and from 4 pm to 7 pm (PM peak hours).

This Trip Generation data is then compared with the Trip Distribution patterns, which are designated intersections nearest the project site. The following study intersections were analyzed as part of staff's review of this project:

- S. Abel St. & Great Mall Pkwy
- S. Main St. & Great Mall Pkwy
- S. Main St. & South Abel St.
- S. Main St. & Cedar Way

The traffic study found that all four-study intersections currently operate at an acceptable Level of Service (LOS) C or better, under existing peak-hour conditions. Furthermore, the results concluded that all study intersections would continue to operate at an acceptable LOS C *or better* under existing conditions with the project. Under cumulative conditions, all four study intersections would operate at an acceptable LOS D or better during both AM and PM peak hours. According to the City's LOS standards, the project would therefore have no impact on intersection level of service.

The traffic study also found that the proposed project would add 13 southbound left turns from South Main Street in the AM peak hour and 35 southbound left turns in the PM peak hour. The site driveway would provide a single outbound (westbound) lane to be shared by both left turns and right turns. Accordingly, outbound right-turning vehicles would sometimes have to wait behind left-turning vehicles to exit the site. The project would add 24 westbound right turns and 34 westbound right turns (58 total vehicles on the approach) from the site access driveway in the AM peak hour and would add 16 westbound left turn and 23 westbound right turns (39 total vehicles on the approach) in the PM peak hour. This equates to approximately one outbound vehicle per minute in the AM peak hour and one outbound vehicle every 1.5 minutes in the PM peak hour. The study concluded that the site access driveway would easily accommodate any queuing of vehicles for both the southbound left-turn movement and the westbound-shared movements.

6. Public Noticing

In an effort to increase community visibility for the project, prior to Planning Commission and City Council review, the applicant hosted a Neighborhood Outreach meeting in February 2018. The meeting was noticed to owners and residences located within 500 feet of the project site. The Planning Commission meeting (8/22/2018) and first City Council Meeting (10/2/2018) were also noticed within the Milpitas Post and with postcards sent to owners and residents within 1,000 feet of the project site.