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Title: Report regarding a request for a Use Permit, Design Review, Parking Reduction, Transportation Demand Management Plan, and Vesting Tentative Parcel Map to construct a seven-story mixed-use building at 200 Airport Boulevard; make a determination that the Project is exempt from CEQA; and approve the Environmental Consistency Analysis. (Tony Rozzi, Principal Planner)

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Attachments: 1. Att. 1 - Developer Community Benefits Package, 2. Att. 2 - EPS Analysis of Proposed Community Benefits Package, 3. Att. 3 - 200 Airport DRB Comment Letter, dated 1.30.19

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Report regarding a request for a Use Permit, Design Review, Parking Reduction, Transportation Demand Management Plan, and Vesting Tentative Parcel Map to construct a seven-story mixed-use building at 200 Airport Boulevard; make a determination that the Project is exempt from CEQA; and approve the Environmental Consistency Analysis. (Tony Rozzi, Principal Planner)

RECOMMENDATION

Staff recommends that the Planning Commission adopt a resolution recommending that the City Council approve the entitlements request, determine that the project is statutorily and categorically exempt from CEQA and further environmental analysis pursuant to Government Code Section 65457, Public Resources Code Section 21166, and CEQA Guidelines Sections 15168 and 15332, and approve the Environmental Consistency Analysis.

BACKGROUND AND PROJECT OVERVIEW

On September 28, 2018, Fairfield Residential submitted an application for a seven-story mixed-use development at 200-214 Airport Boulevard in the Downtown Station Area Specific Plan (DSASP). The project consists of 98 residential apartment units in five stories above a two-story parking garage with 110 parking spaces and approximately 3,630 sq. ft. of ground level commercial space facing Airport Boulevard and the future Caltrain Plaza.

The application was deemed complete on October 28, 2018, and therefore is not subject to the Inclusionary Housing Regulations for rental residential development projects that took effect on November 1, 2018. (SSFMC § 20.380.003(B)(6).) However, as further discussed below, the applicant proposes nine (9) affordable units for residents making between 110-120% AMI for San Mateo County (between \$150,480 and \$164,750 for a family of four), pursuant to approval of a community benefits incentive package for increased density.

The 0.55-acre site consists of five parcels and is located adjacent to the future Caltrain Plaza at the intersection of Grand Avenue/Airport Boulevard and located just north of the 150 Airport project that is currently under

construction by the same developer within the Downtown Transit Core (DTC) zoning district. Last year, City Council voted to increase the maximum density with community benefits in the DTC zoning district, which allows a density of up to 180 units/acre with approval of a community benefits incentive package. (SSFMC §§ 20.280.004, 20.280.005(A).)

The applicant's project plan set outlining the design, architectural and landscape concepts is attached to the associated resolution as Exhibit A.

The proposed project includes the following:

- 94 for-rent residential units (26 studio, 39 one-bedroom, and 29 two-bedroom units)
- Nine (9) affordable units (see proposed Community Benefits - Attachment 2)
- 110 parking spaces for residents, retail space, and visitors
- 3,630 sq. ft. of ground-floor retail space
- 34 Bicycle long term storage spaces, 11 short term storage spaces, and 1 short term space for the retail amenities
- Sidewalk and streetscape improvements
- Pedestrian enhancements to Caltrain Plaza, including area adjacent to proposed retail space

ZONING CONSISTENCY ANALYSIS

Downtown Station Area Specific Plan

In February 2015, the City Council adopted the DSASP, as well as amendments to the City's Zoning Ordinance, adding Chapter 20.280 "Downtown Station Area Specific Plan District" to implement the policies and goals in the DSASP. The DSASP covers properties within a 0.5-mile radius of the City's Caltrain Station, including the 200 Linden/Hisense project site. The General Plan amendments created separate land use designations consistent with the DSASP.

The 200 Airport project site is within the Downtown Transit Core (DTC) zoning district, which permits the most intensive development to support the Caltrain station and downtown business community. The DTC district is focused within a 0.25-mile radius of the planned extension of the Caltrain Station and accompanying pedestrian/bicycle rail undercrossing and is intended to provide sites for mixed-use development at high intensities in proximity to the Caltrain Station. It encourages active ground floor uses and high intensity developments that will generate pedestrian traffic in the area. The DTC zoning district allows a maximum base density up to 100 dwelling units per acre (with up to 180 dwelling units per acre with an incentive program) and a maximum building height of 85 feet.

The proposed project will provide a high-density mixed-use and residential development that fulfills the guiding principles of the DSASP. The project will revitalize underutilized properties, add a robust population of new downtown residents; offer housing in close proximity to employment uses, focus investment in Downtown with improvements within the Pedestrian Priority Zone, and centralize new transit-oriented development close to the relocated and enhanced Caltrain station.

General Development Standards

The DSASP zoning district also includes a variety of general development standards and supplemental regulations that are applicable to the proposed project. The applicant has submitted a Downtown Development Conformance Checklist, verifying project compliance with the applicable standards. The project meets the minimum and maximum residential density standards, as well as the 85 feet maximum height limit as the project's height is approximately 83 feet from grade to the top of the building's parapet.

Parking Reduction Request and TDM Plan

The parking standards for Downtown districts are included in South San Francisco Municipal Code (SSFMC) Table 20.330.007 “Required Parking Spaces, Downtown Districts.” The parking requirements for multi-family residential units and retail uses are as follows:

Multi-family Parking Requirements:

- Studio and less than 500 sq. ft.: one space maximum per unit
 - (26 units x one space maximum = 26 spaces required)
- One-bedroom or 500 - 800 sq. ft.: one space minimum, 1.5 spaces maximum per unit
 - (39 units x one space minimum = 39 spaces required)
- Two-bedroom or 801 - 1,100 sq. ft.: 1.5 spaces minimum, 1.8 spaces maximum per unit
 - (29 units x 1.5 spaces minimum = 44 spaces required)

- Total Residential Parking Required: 109 spaces
- Total Residential Parking Provided: **98 spaces**

Retail Parking Requirements:

- Retail sales*: one space per 400 sq. ft. of floor area
 - (3,630 sq. ft. / 400 sq. ft.= 9 spaces required)
 - **Note: No parking required for the first 1,500 sq. ft. of customer seating area, or floor area, as applicable, Per Section 20.330.004; therefore, only five (5) spaces would be required ([3,630-1,500 SF]/400 SF= 5 spaces)*

- Total Retail Parking Required: five (5) spaces
- Total Retail Parking Provided: **12 spaces**

Total Project Parking Required: 114 spaces

Total Project Parking Provided: **110 spaces**

Based on these ratios, the total minimum parking required for the proposed mixed-use project would be 114 parking spaces. With a total of 110 parking spaces proposed, the developer is providing a minimum of one parking space per residential unit; ultimately however, the project would require a parking reduction of four parking spaces. Pursuant to SSFMC Section 20.330.007(C), applicants may obtain a parking reduction in the Downtown districts, so long as the hearing body makes a determination that there is sufficient parking within the district to accommodate the proposed use.

In support of the parking reduction request, the applicant has also voluntarily proposed a draft Transportation Demand Management (TDM) plan (attached as Exhibit D to the associated Resolution). The draft TDM plan provides a concise description of TDM Measures that the project will implement in order to comply with the DSASP’s goal to “provide for a balanced mix of travel modes - including pedestrians, bicyclists, transit and automobiles.”

The adjacent proximity of the new Caltrain plaza and station, employment uses East of 101, and retail and amenity uses in Downtown provide many opportunities for project residents and customers to walk or use public transportation and reduce dependency on single-occupancy vehicles. Due to the project’s prime transit-oriented location and implementation of the measures outlined in the draft TDM plan, staff supports the request

for a parking reduction from 114 to 110 parking spaces. Further, a Condition of Approval for project entitlements will be included to ensure TDM compliance.

Vesting Tentative Map

As part of the overall entitlements, the applicant has submitted a Vesting Tentative Map, prepared by BKF and dated September 27, 2018, to combine the five separate lots located between 200-214 Airport Boulevard, totaling 0.55-acres. The five lots are identified by the following Assessor Parcel Numbers (APNs): 012-334-130, 012-338-010, 012-338-020, 012-338-030, 012-338-040, and 012-338-050. Per SSFMC Section 20.280.004, the minimum lot size in the DTC zoning district is 5,000 sq. ft., with no maximum lot size listed; therefore, the combination of the four lots to a combined total 0.55-acre parcel meets the development standards. Furthermore, the Engineering Division has reviewed the request for the Vesting Tentative Map and has drafted conditions of approval for project entitlements. The Vesting Tentative Map, if approved by the City Council, would return with a final map at the end of the project for recordation.

Community Benefits Proposal

As provided under SSFMC Section 20.280.005(A), developers may request additional housing density in exchange for providing a variety of community benefits. The developer has submitted a Community Benefits Proposal that outlines benefits for seeking the maximum allowable density under the Municipal Code (Attachment 1). The proposal includes:

- Nine (9) affordable housing units, priced at “Moderate” income levels;
- Retail space (3,630 sq. ft.) that will front and help activate the Caltrain Plaza;
- Ongoing maintenance of Caltrain Plaza hardscape;
- Up to \$50,000 in design services for enhancements to the Caltrain Plaza;
- Participation in the future South San Francisco Industrial Area Community Facilities District; and
- Public art costing approximately \$75,000.

Staff retained Economic & Planning Systems (EPS) to review and evaluate the Community Benefits Proposal, using the information provided by the developer as well as the consultant’s expertise in real estate development costs, revenues, and financial returns in the South San Francisco market.

EPS modeled the project at the base density of 55 units (without community benefits) compared to the project with the density bonus of 39 additional units (i.e., for a total of 94 units and including the proposed community benefits). EPS’s analysis, included as Attachment 2, concludes that:

- The proposed package of community benefits has a value to the City of approximately \$5.5 million (or \$140,890 per additional unit).
- The overall financial return for the base density project was the same as for the project with a density bonus (approximately 9%), and in both cases the financial returns are low compared to the 12-15 percent margin typically required to attract equity funding for mixed-use projects of this size and type. This suggests that the level of community benefits being proposed is at or near the maximum that can be financially sustained by the project.

Affordable Housing Agreement

As part of the community benefits package, the applicant is proposing 9 rental units that would be deed-restricted for 55 years and eligible for residents making between 110-120 percent AMI for San Mateo County (between \$150,480 and \$164,750 for a family of four). An Affordable Housing Agreement (AHA) is required as a Condition of Approval for the project and will be filed and recorded prior to issuance of a Building Permit.

GENERAL PLAN CONSISTENCY ANALYSIS

The General Plan Land Use Designation for the site is Downtown Transit Core (DTC). The General Plan includes specific policies related to development within the Downtown in an effort to “encourage development of Downtown as a pedestrian-friendly mixed-use activity center with retail and visitor-oriented uses, business and personal services, government and professional offices, civic uses, and a variety of residential types and densities.”

The proposed project will conform to the General Plan Land Use Policies by reusing a set of underutilized sites to construct a high-density, mixed-use residential development that will improve the pedestrian environment and provide active and vibrant retail uses adjacent to the future Caltrain Plaza and Airport Boulevard. The project also utilizes a variety of architectural detailing and materials to accentuate the building and further define the Airport Boulevard and Grand Avenue intersection, a prime gateway to the historic Grand Avenue corridor and the future Caltrain Plaza. Moreover, the project implements the goals of the Downtown Station Area Specific Plan (DSASP), and the project design is consistent with the City’s Design Guidelines as it relates to building design, form, and articulation.

SUSTAINABILITY / CLIMATE ACTION PLAN

The proposed project is consistent with recent sustainability regulations that have been adopted at State, regional and local levels. Examples include Senate Bill 375, passed in 2008, which aims to create more efficient communities by providing alternatives to using single occupancy vehicles. Projects that link higher density development to transit help meet this goal. At the local level, the DSASP aims to link the Downtown with the Caltrain Station and other regional transit, including SamTrans. The applicant is proposing a high-density residential project that will be located within a 0.25-mile radius of the Caltrain station and within walking distance of regional and local bus routes, consistent with the above mentioned sustainability goals.

In February 2014, the City adopted a Climate Action Plan (CAP), which serves as South San Francisco’s greenhouse gas reduction strategy. As currently designed, the proposed project will comply with many of CAP new development standards, and staff will continue to work with the applicant to incorporate as many sustainable features as possible into the project. Staff has included a Condition of Approval that requires the applicant to include the CAP requirements subject to Chief Planner review and approval prior to the issuance of a building permit.

DESIGN REVIEW BOARD (DRB)

The Design Review Board (DRB) reviewed the project at the January 15, 2019 meeting. The DRB members recommended approval of the design, with several comments and/or modifications related to landscaping palette and wind protection. The DRB comment letter is included as Attachment 3. The applicant worked with staff to address the Board’s concerns throughout various working sessions and plan set revisions. Furthermore, a Condition of Approval is included to ensure that the applicant incorporates the Board’s final comments and recommendations.

HOUSING STANDING COMMITTEE (HSC)

The Housing Standing Committee, comprised of two Planning Commissioners and two City Council members, reviewed the project’s design and proposed community benefits package at a special meeting on May 29, 2019. The HSC provided some design comments related to material selection, colors and an opportunity to provide an arcade environment at the ground floor to provide weather protection and a communal gathering space. The proposed community benefits package received the most feedback, specifically on the level of affordability for the proposed nine deed-restricted affordable units. Precisely, the discussion was focused on the following questions for a larger discussion with the City Council:

1. Is affordability at the 110 percent level for Annual Median Income (AMI) best for the City's residents?
2. Should a lower percentage of affordable units, for example 5 percent of the project, be provided at lower AMI?

The HSC did not provide further direction and recommended that the Planning Commission consider the project and that ultimately, the City Council would determine if the project satisfied the community benefit expectations.

BICYCLE AND PEDESTRIAN ADVISORY COMMISSION (BPAC)

On June 5, 2019 the Bicycle and Pedestrian Advisory Commission (BPAC) reviewed the project and provided comments focused on pedestrian and bicycle access. The guidance included coordinating for final SamTrans bus stop location, adding bicycle lane facilities and turnouts along the frontage of Airport Boulevard, new intersection bulbout opportunities, and a preference for ground floor bicycle retail. Applicable comments have been included as Conditions of Approval.

COMMUNITY MEETING

The applicant hosted a community meeting on Tuesday, June 11, 2019 for feedback on the project. Two members of the public attended, and no substantial comments were provided.

ENVIRONMENTAL REVIEW

The proposed project is exempt from the California Environmental Quality Act (CEQA) pursuant to Government Code Section 65457, because it is a residential development project that is being undertaken pursuant to a specific plan for which an Environmental Impact Report (EIR) was prepared and certified. Additionally, no major revisions of the EIR are required because no substantial changes are proposed in the project, no substantial changes occurred with respect to the circumstances in which the project is being undertaken, and no new information has become available which was not known and could not have been known at the time the EIR was certified as complete, pursuant to Public Resources Code Section 21166. The project is also exempt pursuant to CEQA Guidelines Section 15332 as it qualifies as in-fill development project.

In addition to the above exemptions, CEQA allows for limited environmental review of subsequent projects under a program EIR. (CEQA Guidelines Section 15168.) Components of a subsequent project must be examined in the light of the program EIR to determine whether any additional environmental analysis must be conducted. The CEQA Guidelines require lead agencies to use checklists or similar mechanisms to conduct this evaluation. Staff, in conjunction with the applicant's environmental consultant, prepared an Environmental Consistency Analysis (ECA) (Associated Resolution exhibit), which satisfies the CEQA Guidelines. Under this ECA, the City uses a written checklist to evaluate the site and the activity to determine whether the environmental effects of the proposed project were sufficiently analyzed under the Downtown Station Area Specific Plan (DSASP) program EIR (CEQA Guidelines Section 15168(c)(4)).

Specifically, the ECA for 200 Airport Boulevard considers whether any new environmental effects not identified in the DSASP program EIR might be created by construction and operation of the 200 Airport project and concludes that all environmental effects were previously analyzed, no new mitigation is necessary, and no additional environmental review is required. In order to support the ECA analysis, the applicant provided the following technical studies, which were peer reviewed by City staff and consultants:

- Traffic and Circulation Analysis - Hexagon Transportation Consultants, Inc.
- Air Quality, Greenhouse Gas and Health Risk Assessment - LSA Associates, Inc.

- Noise and Vibration Study - LSA Associates, Inc.
- Preliminary Geotechnical Investigation - Geocon Consultants, Inc.
- Historic Resources Report - LSA Associates, Inc.
- Shadow Analysis - CarrierJohnson + Culture

The ECA establishes the following:

1. The proposed project is in compliance with all applicable DSASP regulations, and as a result, would not create any additional environmental impacts in excess of those analyzed and addressed by the DSASP program EIR and SOC;
2. The DSASP program EIR MMRP thresholds would apply to the project and require certain identified mitigations related to:
 - a) Air Quality: A Health Risk Assessment was required and confirmed that construction related and temporary air quality impacts and future resident exposure would be below applicable thresholds with mitigation measures as identified in the DSASP program EIR;
 - b) Biological Resources: Compliance with tree removal regulations related to nesting season, as required by the California Fish and Game Code and Tree Preservation Ordinance;
 - c) Cultural Resources: Any cultural resources identified during demolition or grading of the properties would need to be immediately analyzed and all construction would cease; a Historic Resources Assessment was required and confirmed that the subject buildings within the project area were not historic or eligible for historic status and did not meet applicable thresholds;
 - d) Greenhouse Gas Emissions: A condition of approval would be included requiring conformance with the Climate Action Plan; and
 - e) Noise: A Noise Study was required and confirmed that residential exposure was below applicable thresholds by utilizing window controls, mechanical ventilation, and appropriate sealing.
3. The ECA recommends Conditions of Approval that would ensure that the proposed project would not result in any new or more severe impacts than those that were previously analyzed in the DSASP FEIR. These recommended Conditions of Approval are included in the associated resolution.

CONCLUSION

The proposed project at 200 Airport Boulevard would advance a critical goal of the Downtown Station Area Plan (DSASP), which envisions the entry to downtown and the new Caltrain station as a communal gathering place and important activity cluster. It also supports the urban design objectives of the Plan, constructing a new housing development alongside the under-construction project at 150 Airport Boulevard and assembling an articulated skyline of housing to replace the blighted view of the elevated US-101 freeway. The units replace single story industrial buildings and vacant lots that are an underwhelming entrance to the downtown core.

This project builds on the progress and pattern envisioned development throughout downtown. The Ford dealership, vacant for nearly two decades, was replaced with 260 residential units by the Sares Regis Cadence Development. The Pinefino project at 100 Baden Avenue redeveloped a parking lot and former bank building

that was previously occupied by the City's Information Technology department. The Rotary Senior Housing project on 310 Miller Avenue replaced a parking lot and four single family homes with 80 units of permanently affordable low-income senior housing. The City's downtown, dominated by thriving local businesses, continues to be the focus of economic development and cumulatively, these new housing projects provide density to support new and longtime restaurants and retail spaces along Grand and Linden Avenues.

On an approximately 0.5 acre site, the applicant is proposing 94 units of rental housing, with 10 percent dedicated to the missing middle affordability sector - 110 percent of AMI for San Mateo County. This proposal would create apartments with rents about 1/3 less than market rate. While the units certainly feel prohibitively expensive for low income residents, the 55 year deed-restriction on these affordable units will provide moderately priced options for a half century for a segment of renters who might otherwise displace lower-income renters in existing housing stock. Additionally, the remaining market rate units will continue to satisfy current demand. By providing these units, there will be less pressure on surrounding housing and thus less pressure on prices over time. Project by project, the downtown core is building the vision the City adopted in 2015 and continues to meet regional and statewide obligations.

As such, staff recommends that the Planning Commission adopt a resolution recommending that the City Council approve the entitlements request, determine that the project is statutorily and categorically exempt from CEQA and further environmental analysis pursuant to Government Code Section 65457 and CEQA Sections 15168 and 15332, and approve the Environmental Consistency Analysis.

Attachments

1. Developer's Community Benefits Package dated April 8, 2019
2. EPS Analysis of Proposed Community Benefits Package dated May 14, 2019
3. Design Review Board (DRB) Comment Letter dated January 30, 2019

Exhibits to Associated Resolution

- A. 200 Airport Project Plan Set dated April 15, 2019
- B. Draft Conditions of Approval
- C. Environmental Consistency Analysis (ECA) dated April 25, 2019
 - Appendix A - Air Quality CalEEMod Output Sheets dated November 16, 2018
 - Appendix B - Health Risk Assessment dated April 2019
 - Appendix C - Historical Resource Evaluation (HRE) dated January 10, 2019
 - Appendix D - Noise Impact Analysis dated April 2019
 - Appendix E - Traffic Analysis Memo dated May 9, 2019
- D. Preliminary Transportation Demand Management (TDM) Plan dated April 12, 2019
- E. Geotechnical Draft Report dated June 18, 2018