TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER

DEPARTMENT: PLANNING AND COMMUNITY ENVIRONMENT

DATE: JUNE 14, 2004

SUBJECT: UPDATE TO PREVIOUS CMR 388:03—PRELIMINARY REVIEW FOR 901 SAN ANTONIO ROAD

RECOMMENDATION
Staff requests that the City Council review and comment on the proposed project concept for 12 acres located at 901 San Antonio Road, and in addition, recommends a Below Market Rate (BMR) requirement of 15% on the Bridge Urban Infill Land Development (BUILD) property and 20% on the Campus for Jewish Life (CJL) property, rather than imposing the 20% requirement across the entire 12-acre site. No formal action may be taken at a preliminary review, as comments made at a preliminary review study session are not binding on the City or the applicant.

DISCUSSION
Since August 4, 2003, staff has made the following modifications to CMR 388:03. These changes should be noted when reviewing the CMR and considering the overall project concept:

Development of each parcel would involve a separate application for rezoning to a Planned Community District, including Comprehensive Plan amendment (from Light Industrial to Mixed Use) and other related discretionary permit(s).

As currently proposed, BUILD’s senior rental complex (up to 65 units) is entirely affordable. This proposal would satisfy more than 50% of the City’s unmet need for very low affordable housing and provide BMR units well beyond the number required. One and two-bedroom flats, ranging from 600 to 800 square feet (s.f.), are proposed. BUILD proposes 165 for-sale units. The total size of all residential units (approximately 225) would be 280,000 s.f. One to three-bedroom flats and two to three-bedroom townhouses are proposed.
CJL’s senior living facility would be approximately 270,000 s.f. and include 165 units averaging 1,200 s.f. in size. The community center is proposed at 115,000 s.f. The floor area ratio (FAR) for the CJL parcel is proposed at 1.18, and the BUILD parcel is proposed at 1.61. The FAR for the entire 12-acre site is proposed at 1.32.

A conceptual massing model for buildings at four stories over a podium garage on the BUILD property has been provided in the applicant’s presentation materials. However, pursuit of a building height(s) taller than the permitted limit (i.e., 50 feet) for the CJL property has been indicated. In order to justify the increase(s), a Design Enhancement Exception and/or Variance to the maximum height standard, depending upon the extent of the additional height proposed (e.g., ranging from two to ten feet) would need to accompany an application for rezoning to a Planned Community District for this parcel. A Design Enhancement Exception would be requested for a minor change (i.e., within a few feet) to the required height regulation. A Variance request would be made for any height beyond a few feet above the 50-foot height limit. The applicants are attempting to meet the 50-foot height requirement but have been finding it difficult, due to floodplain requirements and the unevenness of the site. Specifically, they have been mentioning the likelihood of applying for a Design Enhancement Exception for a few additional feet. However, as the design of buildings becomes more specific, the applicants may choose to seek a Variance. Therefore, the applicants and staff are interested in the City Council members’ preliminary thoughts on granting a variance to the allowable height maximum for some of the buildings on this site.

**RESOURCE IMPACT**

At this level of preliminary discussion and non-specific project description, there is not sufficient information to determine a detailed cost/benefit analysis. However, the following is a preliminary analysis of the transaction between Sun Microsystems and CJL. Additional research is necessary to provide more accurate estimates, as well as initial estimates for such revenue sources as utility user taxes that have not yet been identified. Staff will develop a detailed cost/benefit analysis, once formal development applications have been made for City Council review.

The departure of Sun Microsystems results in the loss of significant sales tax revenue. Although receipts fluctuated widely from year to year, the average tax loss from Sun sales is somewhat over $210,000. In 2001-02, Sun paid approximately $70,000 in property taxes. In addition, Sun Microsystems generated utility user, transient occupancy, and sales taxes from employee spending. To date, staff has not calculated or estimated these contributions. CJL’s purchase of the 12-acre site generated a one-time documentary transfer tax of $106,000. The documentary transfer tax is estimated at $35,000 for sale of 4-acre parcel to BUILD. Property taxes, before development of both parcels, are estimated at around $30,000 annually.
Based on estimated sales prices of the proposed 160 market-rate units by BUILD, the City would eventually realize one-time transfer taxes of more than $240,000 and annual property taxes of more than $71,000. Estimated value of the proposed senior housing units is not available. Staff has no estimates on improvements to the CJL property, particularly since a fundraising effort is underway to fund the project. It is important to note that benefits from these developments will not accrue for several years.

Staff has not yet estimated the secondary benefits of use of this site by new residents and activity on the CJL property. Additional sales, utility user, and other revenues will be generated. Likewise, there will be additional City costs to serve this new population, as well as other proposed site amenities. Staff will develop a comprehensive estimate of these benefits and costs, once formal development applications have been made for City Council review. A preliminary view of the costs and benefits of the transaction is provided in the tables below:

### Estimated Losses and Gains

<table>
<thead>
<tr>
<th>Annual Revenue Loss (Sun Microsystems Departure)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Tax</td>
<td>$210,000</td>
</tr>
<tr>
<td>Property Tax</td>
<td>$70,000+</td>
</tr>
<tr>
<td>Transient Occupancy Tax</td>
<td>TBD</td>
</tr>
<tr>
<td>Utility Users Tax</td>
<td>TBD</td>
</tr>
<tr>
<td>Total</td>
<td>$280,000+</td>
</tr>
</tbody>
</table>

TBD = To Be Determined

### Expected Immediate Revenue Gain (CJL and BUILD)

<table>
<thead>
<tr>
<th>Annual</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Taxes</td>
<td>$30,000</td>
</tr>
</tbody>
</table>

### Expected Immediate Revenue Gain (CJL and BUILD)

<table>
<thead>
<tr>
<th>One-Time</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Documentary Transfer Tax</td>
<td>$141,000</td>
</tr>
<tr>
<td>Planning and Other Fees</td>
<td>TBD</td>
</tr>
<tr>
<td>Total</td>
<td>$141,000+</td>
</tr>
</tbody>
</table>

TBD = To Be Determined

### Expected Future Revenue Gains (CJL and BUILD)
### Annual

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Taxes from CJL</td>
<td>TBD</td>
</tr>
<tr>
<td>Property Taxes from BUILD</td>
<td>$71,000</td>
</tr>
<tr>
<td>Utility Users Tax</td>
<td>TBD</td>
</tr>
<tr>
<td>Sales Tax</td>
<td>TBD</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$71,000+</td>
</tr>
</tbody>
</table>

TBD = To Be Determined

### Expected Future Revenue Gains (CJL and BUILD)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>One-Time</td>
<td></td>
</tr>
<tr>
<td>Documentary Transfer Tax</td>
<td>$240,000+</td>
</tr>
</tbody>
</table>

### ENVIRONMENTAL REVIEW

A Final Risk Management Plan for the BUILD parcel was prepared and approved by the California Regional Water Quality Control Board on April 1, 2004. This document and others have been prepared in preparation of the project’s environmental review, which will be conducted upon formal application submittal for development. An Environmental Impact Report (EIR), covering all significant project impacts to both parcels, will be required at that time. In order to expedite processes involved with the selection and hiring of an environmental consultant who would prepare the EIR, staff has issued a Request for Proposal. By the date of this hearing, a consultant will be selected. Two additional policies (i.e., Housing Element Programs H-1 and H-3) have been added to the Key Considerations/Policy Implications Matrix.

PREPARED BY: ________________________________
Chris Magnusson
Planner

and

______________________________
Tricia Schimpp
Planner

DEPARTMENT HEAD REVIEW: ________________________________
Steve Emslie  
Director of Planning and Community Environment

CITY MANAGER APPROVAL:  
Emily Harrison  
Assistant City Manager

ATTACHMENTS
Attachment A: CMR 388:03, dated August 4, 2003, with Attachments
Attachment B: Applicant’s Power Point Presentation (Council Members Only)

COURTESY COPIES
Margaret Sloan, Jorgenson, Siegel, McClure & Flegel, LLP
Rob Steinberg, The Steinberg Group
Randy Popp, The Steinberg Group
James Baer, Premier Properties
Patrick McGaragahan, Gray, Cary, Ware & Freidenrich
Shelley Hebert, Campus for Jewish Life
Karen Stern, Campus for Jewish Life
Terezia Nemeth, BUILD
Lydia Tan, BUILD
Joseph McCarthy, BUILD
Jacob H.V. Foraker, Space Systems Loral
Karen Groseclose, Space Systems Loral
Barbara Platt, Green Meadow Community (HOA)
Peggy Peischl, Geomatrix Consultants
Jeremie Maehr, Geomatrix Consultants
Lester Feldman, Geomatrix Consultants
Bob Whitehair, Allana-Lippert
Betsy Allyn, Resident
Jean Wilcox, Resident
Cathy Swan, Resident