

# City of Brisbane

## Agenda Report

TO: Honorable Mayor and City Council

FROM: Community Development Director via City Manager

SUBJECT: **Parkside at Brisbane Village Precise Plan and Related General Plan Amendments**

DATE: Meeting of October 30, 2017

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### SUPPLEMENTAL REPORT

The City Council considered the above-referenced matter at a special meeting on October 16, 2017. After closing the public hearing, the Council continued its deliberations and directed staff to address a number of issues that were raised at the meeting as discussed below.

- **Correct the Parkside Area geographic subarea boundary shown in Exhibit C to Resolution 2017-50**

The boundary of the Parkside Area subarea shown in the General Plan map amendments (Exhibit C) has been adjusted to be consistent with the Parkside Plan Area boundaries in the Parkside Plan. This is reflected in Exhibit C to the revised Resolution 2017-50, attached.

- **How the recent approval of the 16-unit senior housing development at 36-50 San Bruno Avenue impacts the City's Regional Housing Needs Assessment (RHNA) shortfall**

The recent approval of a 16-unit senior housing development at 36-50 San Bruno Avenue does not materially impact the City's Regional Housing Needs Allocation (RHNA) shortfall. In analyzing and identifying the shortfall in Citywide zoning capacity for RHNA, the Housing Element evaluates the residential development capacity and realistic potential for development (based on existing zoning) within the Housing Element time period for all properties within the City where housing is permitted. This information can be found in Appendix E, Table E 3 of the 2015-2022 Housing Element (excerpt attached).

When the Housing Element was adopted, staff estimated that the properties at 36-50 San Bruno Avenue had a development potential of five units based on historic trends. While the 16-unit project exceeds the parcel-specific projections by 11 units, it is important to note that the housing projections are cumulative. For the entire NCRO-2 district where the 36-50 San Bruno Avenue project is located, staff projected 15 new units total. While 36-50 San Bruno exceeded development projections, there are numerous other properties within the district that will likely

not develop according to the Housing Element projections within the current Housing Element cycle. Indeed no additional housing projects are pending within the NCRO-2 District.

The upcoming 2022 Housing Element will require reevaluation of the residential development potential of properties throughout the City. This update will take into account housing production that occurred during the previous Housing Element cycle.

- **Whether the City can require residential projects in the Parkside area to be for-sale or rental**

The Council requested confirmation of whether it could impose requirements on residential developments in the Parkside Area to be either for-sale or rental housing through the zoning regulations. Whether a housing unit is rented or owned is referred to as “tenure.” The Zoning Ordinance regulates land use (how the land will be used; e.g., residential vs. commercial), but does not authorize tenure. The Zoning Ordinance, however, may require that a certain percentage of housing units, regardless of tenure, be made affordable to lower income households. Accordingly, the City cannot require what the tenure is for any particular residential development.

As was discussed at the previous City Council meeting, the Parkside Plan defines different physical forms of housing in part to encourage opportunities for both rental and for-sale housing. For example, the building form found in the PAOZ-2 overlay zone along Park Lane lends itself to traditional rental housing, while the townhome and small lot forms proposed units in PAOZ-1 overlay zone along Park Place are conducive to for-sale products.

- **Density Bonus Applications within the Parkside Plan Area**

State Density Bonus Law (Government Code §65915-65918) establishes the framework through which residential developers may request density bonuses and deviations from development standards (“concessions” and “incentives”), in exchange for providing certain amounts of deed-restricted affordable housing units within the project. The State’s regulatory framework addresses how many concessions or incentives an applicant may request from a City, the requisite increase in project density they would be eligible for, and the number of affordable housing units that would have to be provided. A summary of density bonus application to the housing opportunity sites per the Housing Element is attached for the Council reference.

State law precludes a city from denying a request for a density bonus, concession, or incentive unless it would result in a specific, adverse impact on health, safety, or the physical environment that cannot be otherwise mitigated or avoided. However, State law does not preclude a city from requiring design review based on objective design standards for a density bonus project if design review would otherwise be required for any similar project. That design review process, however, could not reduce the number of units in the project.

Under the draft Parkside Plan procedures, any residential project that completely adheres to the density limits, development standards and objective design requirements established in the Plan will be processed through an administrative design review process. However, any project that

does not comply with these requirements will be subject to the standard design review process involving Planning Commission review. This requirement would apply to a density bonus project that exceeds the prescribed density of the zone.

- **Discussion of community benefits that can be required for any development within the Parkside Plan as a condition of development versus community benefits which would be negotiated in a future development which proposes to vary from the adopted Parkside Plan**

As part of the Parkside planning process, the consulting firm Strategic Economics prepared an economic feasibility analysis that addressed the market potential for new townhouses, mixed-use, and three- to four-story multi-family development in the Parkside Plan Area based on market trends and the land development costs. The analysis concluded that townhomes were the most viable product, while mixed-use development at the scale envisioned in the Housing Element was not feasible in the current market. The analysis also found that surface-parked three- to four-story multi-family rental developments were marginally feasible at slightly higher densities than contemplated by the Housing Element, but noted that product type had low returns to developers considering high land costs.

The Parkside Plan currently has policies that would require three site-specific “community benefits” to be provided, including a new community garden between Quarry Road trail and Park Lane, and two multi-use pathways connecting Old Quarry Road and Park Lane and Park Place and Old County Road. With the Planning Commission’s recommendation of a pedestrian connection between Park Lane and the community pool, the Plan would require four total “community benefits” as a condition of site development.

Given the marginal market value of such multi-family development found by the economic analysis, it does not appear that the proposed overlay zoning would add significant additional value to justify additional community benefits beyond the on-site requirements noted above. The intent of the housing overlay zones are for the City to comply with its RHNA and promote affordable housing opportunities. Any additional requirements applied specifically to the Parkside area which ultimately serve to increase the cost of housing could be subject to very close scrutiny by the State Department of Housing and Community Development (HCD) during its annual review of the City’s Housing Element progress report.

Should the Council wish to consider a “menu” of incentives including increases in density in exchange for more costly community-wide benefits, staff recommends a separate planning process including economic analysis and pro-formas to determine the feasibility of such a program separate from the Parkside Plan adoption.

- **Information on how labor representatives were included in the South San Francisco Downtown Specific Plan (DTSP), excerpts from the DTSP related to labor, and information on outreach to labor for the Parkside Plan**

The City of South San Francisco (SSF) adopted a Downtown Specific Plan (DTSP) in 2015. During the two year planning process for the SSF DTSP, a team of advocacy groups including labor, environmental, health, transportation, social justice, and housing coalesced to advocate for

inclusion of a community benefits platform in the DTSP. As a result of their advocacy, the SSF DTSP includes a community benefits “Incentive Program,” including payment of prevailing wages for project construction. Excerpts from the SSF DTSP and implementing zoning regulations related to community benefits, including labor benefits, are attached for the Council’s reference.

Both the scale and density of residential development allowed in the SSF DTSP are scales of magnitude higher than the scale and density of development contemplated in the Parkside Plan. For example, the baseline densities for the four districts in the SSF DTSP that allow residential development and increases to residential density under the incentives program range from 60-100 dwelling units per acre (du/ac). With the benefit incentives program, those density maximums increase to a range between 80-125 du/ac. It should be noted that there is not a prescriptive community benefits program; rather they are negotiated on a case by case basis based on project specific economic pro-formas to ensure that the costs and benefits of desired community benefits align. South City’s program does not require Project Stabilization Agreements for projects subject to the underlying zoning, nor are such agreements a mandatory component of a negotiated community benefits agreement.

- **Whether Project Stabilization Agreements may be required as a condition of approval of development projects in the Parkside Plan**

The question was raised if the City Council could impose a requirement that all future private development within the Parkside Area be required to implement what are termed Project Stabilization Agreements (“PSAs”). PSAs and other related agreements, such as Project Labor Agreements and Community Benefit Agreements, are agreements negotiated between a public entity, a developer or contractor and the building trades union, often represented by the County’s Building and Construction Trades Council. The overall purpose of a PSA is to ensure that construction projects have an adequate supply of qualified, skilled craft workers working under uniform rules. In addition, a PSA can mitigate the risk of labor disruptions that would adversely affect the construction progress and timely completion of a given project.

PSAs are different from, and in addition to, prevailing wage requirements that require workers to be paid a minimum wage set by the State of California. All public works or improvement projects awarded by the City are subject to prevailing wage requirements.

Typically, if a City adopts a PSA policy, it will apply only to construction contracts awarded by the City and does not apply to private construction projects. Moreover, PSAs are most often used in connection with large scale, complex, multi-year projects. Staff is aware of only two municipalities in the Bay Area, the cities of Berkeley and Concord, that impose PSAs as conditions of approval for private development but that policy applies city wide, not on just discrete areas of the cities.

As discussed above, part of the incentive package that South City has adopted as part of its Downtown Specific Plan does include the payment of prevailing wages for the construction of residential projects where increased density has been requested. But as also noted, the scale and density of the residential development allowed in that the SSF DTSP area is of a different magnitude than the residential development in the Parkside Plan, thereby providing the necessary nexus for permitting that type of condition in exchange for increased density.

Leaving aside that the City has not adopted a PSA policy and acknowledging there is benefit for workers under a PSA, there is nothing in the Parkside Plan to suggest a reasonable nexus for the City to impose a requirement that all private development within the Parkside Plan be required to have a PSA. If the Council is interested in the City's pursuing a PSA policy for some or all City awarded construction projects, Council should provide that direction to staff.

- **Visualizations provided to the ad hoc subcommittee to illustrate massing of different building heights along Park Lane as seen from various points in the City**

In November 2016, as part of the ad hoc subcommittee's (CMs Davis and O'Connell) review of the land use concept alternatives, City staff and the ad hoc subcommittee went on a walking tour along the Quarry Road path and Solano Street to determine potential view and aesthetic impacts of various building heights along Park Lane. At the request of the ad hoc subcommittee, staff prepared rudimentary massing diagrams showing estimated building heights as seen at various points on the tour route. The massing diagrams are attached for the full Council's reference as requested.

- **Information on commercial and residential linkage (impact) fees**

The City is a member of 21 Elements, a Countywide consortium of 20 San Mateo County cities and the County focusing on housing-related issues. In 2015, 21 Elements contracted with consulting economists Strategic Economics and Vernazza Wolfe Associates to prepare residential and commercial development linkage fee studies. The premise behind linkage fees is that new market-rate housing and commercial projects create demand for additional lower-wage service sector workers which in return creates demand for low-income housing. The linkage fee is imposed on new commercial and/or market rate housing to fund the development of new affordable housing to offset the affordable housing demand created by such new development.

Draft reports on feasible residential and commercial linkage fees for Brisbane were completed in 2016. These reports were presented to the Council affordable housing subcommittee (CMs Davis and Lentz) in July 2017. While the fees were viewed as an important tool to generate funding, it was recognized that the City would need to establish a program to identify its housing priorities and determine how funds should be expended. Given other the other time-consuming planning programs now before the City Council, efforts to formulate a housing program have not yet been undertaken.

The City Council can choose to provide further direction to staff regarding how to proceed regarding linkage fees. Nexus fees would be established on a citywide basis. Adoption of the Parkside Plan and implementing zoning have no direct relationship to any decision on the part of the City to consider the adoption of linkage fees.

- **Information on property owner outreach during the planning process**

In addition to reaching out to the three property owners who own the six residential overlay sites in the Parkside Plan area during the Housing Element process, staff has regularly provided project updates to all owners within the Parkside Plan area since its inception in 2015. Owners have been invited personally by the Community Development Director to attend public meetings

and workshops, as well as by project consultants MIG to participate in stakeholder interviews (all of whom declined). No property owners have expressed immediate interest in redeveloping their properties, but most have participated in the process either by attending meetings or providing written or verbal comments to staff.

**Attachments:**

1. Revised Resolution 2017-50 with Exhibits
2. 2015-2022 Housing Element, Appendix E, Table E.3
3. State density bonus law summary
4. Park Lane building massing visualizations
5. Excerpts from the South San Francisco Downtown Specific Plan regarding community benefits
6. City Council agenda report of October 16, 2017



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Clay Holstine, City Manager