



# City Council Meeting Agenda Report

Item # \_\_\_\_\_

**Meeting Date: January 10, 2022**

**Subject: General Plan Amendment GPA-04-21-014998, Planned Development PD-04-21-014997, Design Review DR-04-21-015000, Major Subdivision SUB-04-21-014999 – Preliminary Plan review of a proposed Precise Plan for the redevelopment of the Serramonte Del Rey Campus at 699 Serramonte Boulevard**

## Recommended Action

Approve the Preliminary Plan for the proposed Planned Development PD-04-21-014997.

## Updates

The following timeline summarizes the meetings that have occurred since the September 27, 2021 City Council Preliminary Plan Review meeting:

- October 18, 2021                      Joint Affordable Housing Committee and Jefferson Union High School District (JUHSD) Council Committee Meeting (see Attachments A and B for staff reports) – The JUHSD Council Committee discussed the project with staff and the applicant and provided feedback. The Committee requested additional information related to various topics such as affordable housing, building height, finances and fiscal benefits for the City, open space, and the garden on-site. The Committee also requested a zoning comparison of the 1985 Serramonte Del Rey Precise Plan to the proposed Precise Plan. There was not enough time to discuss the affordable housing component of the project.
- October 25, 2021                      City Council Preliminary Plan Review Meeting – JUHSD presented their project and provided updates and responses to the City Council and public's feedback from the September 27, 2021 City Council meeting. After receiving public comment, the City Council continued review of the Preliminary Plan to the January 10, 2022 City Council meeting to allow for additional time for the City Council to review the project and public comments and the Affordable Housing Committee to meet with the applicant to discuss the Affordable Housing Plan.
- November 15, 2021                      Affordable Housing Committee Meeting (see Attachment C for staff report) – The Affordable Housing Committee discussed the project's Affordable Housing Plan with the applicant and staff. The Committee requested additional information from the applicant and another meeting to continue discussions.

December 15, 2021

Joint Affordable Housing Committee and JUHSD Council Committee Meeting (see Attachment D for staff report) – The staff report for this meeting included responses to questions asked and a zoning comparison requested by the Committee members at the October 18, 2021 meeting (see Attachments A and B of Attachment D). The Affordable Housing Committee continued discussions from the last Affordable Housing Committee meeting with the applicant, specifically regarding the location and characteristics of the proposed affordable housing building and the possibility of adding additional affordable housing units. JUHSD also provided the JUHSD Council Committee with updates on the garden and their plan to address current safety and liability concerns.

### Background

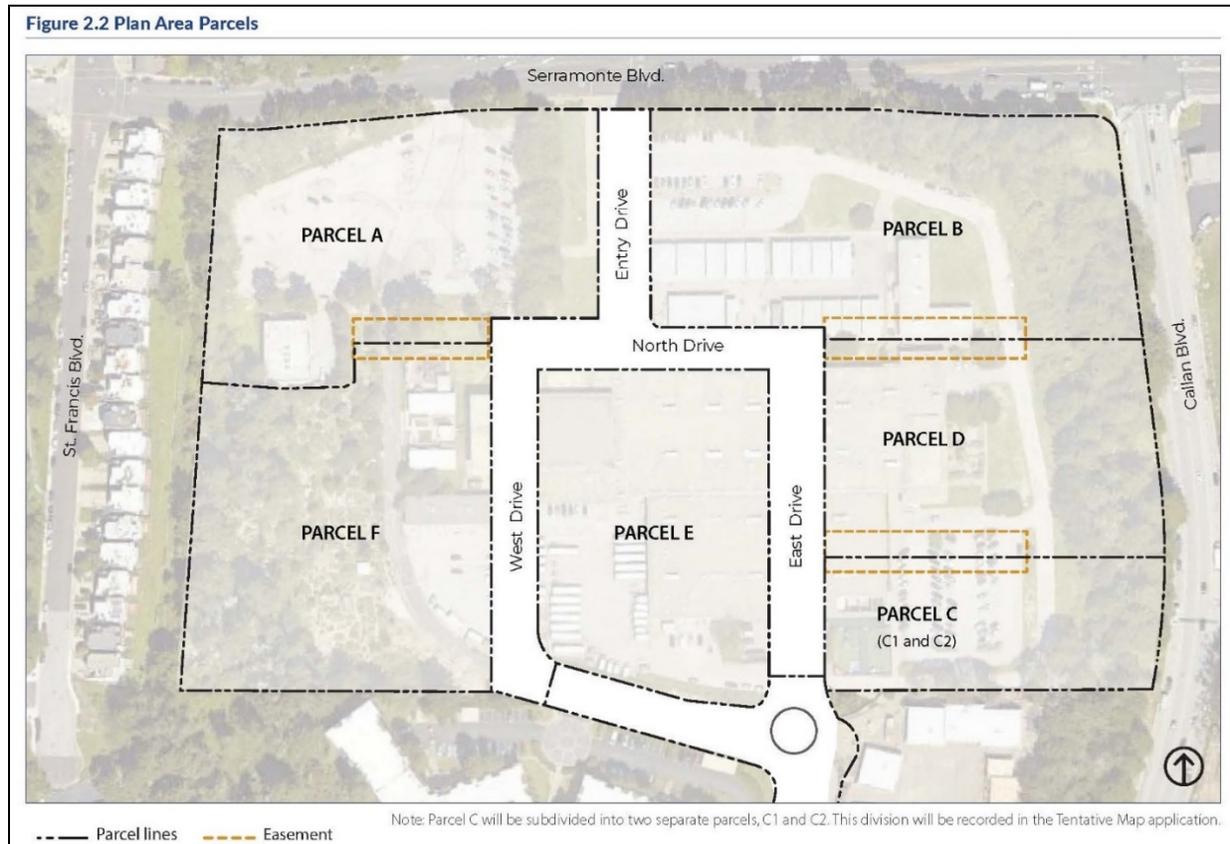
The Serramonte Del Rey Precise Plan (PD-31) was approved for the Serramonte Del Rey Campus in 1985 (see Attachment E – Location Map) and allowed up to 175 residential units and approximately 700,000 square feet (sq. ft.) of office space within the campus area. An amendment to the Precise Plan (PD-31A) was approved in January 2020 for the northwest section of the site to allow for the construction of a JUHSD faculty and staff housing project. This project is currently under construction and is expected to be completed in 2022.

The project site is bounded by Serramonte Boulevard to the north, Callan Boulevard to the east, existing residential development to the west, and multi-family residential development, a school, and medical office to the south (Phase I of the 1985 Serramonte Del Rey Precise Plan). The project site currently consists of a main building occupied by JUHSD offices and non-profit organizations, temporary buildings, surface parking, and construction activity for JUHSD faculty and staff housing. There is also a school garden located in the southwest corner of the project site. This garden was started 20 years ago and is used by JUHSD for adult education as a demonstration garden.

The applicant and property owner, JUHSD, has submitted an application that proposes a new Precise Plan for the campus (see Attachment F – Draft Precise Plan). The proposed Precise Plan would allow for the redevelopment of the campus to include up to 1,235 units of affordable and market-rate rental housing, up to 14,000 sq. ft. of neighborhood-serving retail/commercial uses, and a Head Start childcare facility. The site would be divided into seven development parcels and additional street parcels with public access easements (see parcel plan below and page 27 of Attachment F – Draft Precise Plan). Build-out of the site is anticipated to be over a ten-year period but may take up to 15 years.

The vision for the project is to transform the project site into a new walkable, bikeable and family-friendly residential neighborhood. JUHSD anticipates attracting investment by the development community through use of long-term ground leases and/or joint venture agreements to develop the neighborhood on a parcel-by-parcel basis. JUHSD anticipates developers will seek to maximize the

development potential of individual parcels. The Precise Plan was developed to provide guidance for development review and approval by the City.



The City Council should also be aware that the application includes a request for Design Review approval of a 201-unit mixed-use building with approximately 8,000 square feet of retail space that would be located on Parcel B. This proposal will be presented to the City Council during the Precise Plan review. Design review approval for Parcels C through F would occur as subsequent applications.

The project, as proposed, requires the following entitlements:

1. General Plan Amendment to change the General Plan designation from Residential – High Density (R-HD) and Commercial – Office (C-O) to Commercial – Mixed Use (C-MU);
2. Rezone project site from Planned Development 31 (PD-31) and Planned Development 31A (PD-31A) to a new Planned Development;
3. Design Review for the site and building design for the proposed development and site improvements on Parcel B;

4. Major subdivision to subdivide the project site into seven development parcels and additional street parcels with public access easements; and
5. Certification of the Environmental Impact Report for the project.

On August 3, 2021, the Planning Commission reviewed the proposed land use, circulation, and overall site design of the proposed project and recommended approval of the Preliminary Plan to the City Council. The meeting is further discussed in a later section of this report. The Planning Commission's action is now being forwarded to the City Council as a communication item.

#### July 6, 2021 City Council Committee Meeting

Staff met with the JUHSD City Council Committee members, Mayor Manalo and Council Member Sylvester, and JUHSD on July 6, 2021 to introduce the proposal (see Attachment G – July 6, 2021 JUHSD City Council Committee Meeting Staff Report). Various aspects of the project were discussed such as the concerns regarding the demonstration garden, importance of open space and affordable housing accessibility, and future plans for the Head Start childcare facility. Staff and JUHSD provided additional information and responses to the Committee's feedback and questions. The meeting concluded with a recommendation to convene the Affordable Housing Committee to discuss the proposed affordable housing plan and move forward with scheduling the Preliminary Plan review.

#### August 3, 2021 Planning Commission Meeting

On August 3, 2021, the Planning Commission voted 5-0 recommending that the City Council approve the Preliminary Plan for the proposed Planned Development PD-04-21-014997.

The Planning Commission received public comment from several members of the public. Many members of the public were in support of the proposed Precise Plan, specifically the amount of housing, open space, and walking trails proposed and were excited about the potential for the project to create an improved lifestyle for faculty and residents. Other comments noted the strong partnership between the JUHSD and Head Start and the benefits of the facility proposed next to the affordable housing parcel. In contrast, some members of the public opposed the proposed Precise Plan. Their concerns included the lack of open space in Daly City, the existing garden on the campus, and the proposed driveway on Serramonte Boulevard for Parcel B. There were also comments regarding the lack of community outreach and transparency from JUHSD regarding the project. However, other comments indicated JUHSD has been fully transparent since the early stages of the project and sufficient community outreach has been conducted even with the current COVID-19 pandemic.

The Commissioners expressed concerns regarding the amount of housing that will be available to faculty and staff compared to the amount of housing that will be available to the public, the walkability to the existing bus stops on Serramonte Boulevard, the proposed maximum buildings heights, and the proposed driveway on Serramonte Boulevard for Parcel B. Commissioner Proano

and Vice Chair Villanueva recommended lowering the maximum building heights to maintain the residential character of the area. Commission Chair Satorre and Vice Chair Villanueva also recommended removal of the proposed driveway on Serramonte Boulevard for Parcel B. All Commissioners concurred that the project is needed due to the housing shortage.

In response to the questions from the Commissioners, JUHSD Board of Trustee Member Kalimah Salahuddin stated the amount of faculty and staff housing was determined based on a survey that was sent to JUHSD faculty and staff. Approximately 100 faculty and staff expressed interest in faculty and staff housing. The housing units on the other parcels would be managed by developers who lease the parcels and therefore JUHSD would not have discretion over the housing units on Parcels B-F. Lease proceeds would be allocated towards faculty and staff salaries to improve recruitment and retention. Regarding the proposed maximum building heights, Planning Manager Van Lonkhuysen indicated the City is in support of the proposal. The proposed building heights are suitable for the topography of the site and other recent development projects have been approved with similar maximum heights. He also noted the City is required to fulfill a housing need that is mandated by the state and this project would help meet the requirements.

### Project Overview

As discussed above, the Preliminary Plan provides the City Council with the opportunity to review the proposed land use, circulation, and overall site design as well as the fiscal impact of the proposed project.

The Precise Plan would allow up to 1,235 apartment units of affordable and market-rate housing, up to 14,000 square feet of retail/commercial space, a new Head Start facility, and parks, recreational trails and other open space improvements. The proposal would include demolition of the existing school facilities and a phased development plan for each of the proposed parcels. The existing demonstration garden would also be removed, but JUHSD intends to install raised planter beds at their new adult education building located at 123 Edgemont Drive in Daly City.

The project is anticipated to be built out in three phases:

1. The first phase would maintain the existing JUHSD building and demolish the surface parking lot located between the existing school building and Serramonte Boulevard. The proposed mixed-use development on Parcel B would be constructed as well as Entry Drive, North Drive, and Overlook Park. North Access Way as needed for access to Overlook Park.
2. The second phase would include demolition of the existing JUHSD building and the remaining surface parking lots and access roads within the project site. All outbuildings will be either relocated or demolished and housing on Parcels C and D would be constructed. A new Head Start facility would also be constructed on Parcel C. The improvements would include construction of East Drive and any necessary utilities.

3. The third phase would include the build out of Parcels E and F, Central Green, and the open green space at the entry to the site from the south of the Precise Plan area.

As mentioned in the previous section, Phase I of the 1985 Precise Plan located south of the project site is already built out with multi-family rental housing and school and medical uses. This area is excluded from the project and the General Plan designation and zoning shall remain Commercial – Office and PD-31 respectively.

#### Office Market and Fiscal Impact Study

JUHSD submitted an office market and fiscal impact study prepared by BAE Urban Economics, Inc. (BAE) to supplement their request for a zone change and commercial-mixed use neighborhood proposal (see Attachment H – Office Market Assessment and Fiscal Impact Review). The analysis evaluated the project site’s potential to attract commercial office use and presented the results of the fiscal impact analysis of three recently approved residential projects in Daly City to demonstrate the potential for residential development to generate positive fiscal benefits for the City.

After review of the site’s characteristics and Daly City’s relative position in the regional economy and San Mateo County office market, the analysis concluded the project site is not a competitive location to attract office development. Office uses have been permitted with the PD-31 Plan area since 1985, but only one medical office building has been constructed. Located outside the Highway 101/Caltrain Corridor, the office sector in Daly City has failed to gain traction over the past few decades despite the presence of two Bay Area Rapid Transit (BART) stations and City efforts and investment to stimulate Class A office development. Further, the economic impacts of the COVID-19 pandemic have led to a short-term reduction of office demand driven by shelter-in-place orders and uncertainty on the long-term impact of the pandemic on regional office market demand.

As for residential development, the review of three fiscal impact analyses for recently approved Daly City residential projects concluded that in-fill development projects have yielded net positive impacts such as injecting additional retail spending power into the city that can support the City’s existing and expanded retail centers and corridors.

The analysis also concluded that there is an important indirect fiscal benefit associated with new residential development specifically at this project site. Since JUHSD intends to ground lease the site for development which will generate an ongoing stream of cash rental payments, the new source of revenue will enhance JUHSD’s operating budget and thus improve the quality of education in Daly City. The analysis noted that improved school quality has been documented to increase housing values in the communities where the schools are located and thus will increase tax revenue for both JUHSD and Daly City. The project would stimulate a virtuous cycle that could improve the quality of City services and school district operations.

The City Council should also be aware that staff discussed an updated Fiscal Impact Analysis and Market Study (Attachment I - Updated Fiscal Impact Analysis and Market Study) prepared by BAE

during the August 3, 2021 Planning Commission meeting. The updated analysis includes an alternate development program that would rely on bond financing as a funding mechanism for Parcel B. The current development program includes 990 market-rate units and 123 affordable units whereas the alternate development program includes 780 market-rate units and 123 affordable units as well as 210 moderate income units for Parcel B. BAE concluded that both program scenarios would have a positive net fiscal impact on the City’s annual General Fund operating budget. Currently, the site generates approximately \$365,300 ad valorem property tax revenue towards the General Fund. The current and alternative development programs would result in a net positive fiscal impact of nearly \$1.3 million and \$822,200 per year, respectively.

Proposed Precise Plan

The Precise Plan would discuss the vision and goals for the project site as well as provide development standards and guidelines such as permitted land uses, development capacity, building height and massing, and parking (see Attachment F – Draft Precise Plan).

*Development Program.* The table below (from page 27 of Attachment F – Draft Precise Plan) summarizes the anticipated development program at build-out for the parcels within the Plan area. The numbers shown may be less than the capacity for each parcel but will not exceed 1,235 residential units or 14,000 square feet of retail/commercial space for the entire Plan area. With 8,000 square feet of retail/commercial space proposed for Parcel B, the remaining 6,000 square feet could be proposed on the other parcels. Parcel C is the planned location for the Head Start childcare facility.

Table 3.2 - Development Program					
Parcels	Area (Acres)	Housing Units	Density	Retail / Commercial	Other
Parcel B	4.3	201	49 DU/Acre	8,000 sq.ft.	
Parcel C	1.94	100	63 DU/Acre	**	1,400 sq.ft. (relocated Head Start facility)
Parcel D	2.84	240*	85 DU/Acre	**	
Parcel E	3.02	290*	96 DU/Acre	**	
Parcel F	3.77	282*	66 DU/Acre	**	
<b>Total New Development</b>	<b>15.87</b>	<b>1,113</b>	<b>70 DU/Acre</b>	<b>14,000 sq. ft.</b>	
Parcel A (existing, not counted as new development)	3.6	122	34 DU/Acre		1000 sq.ft. (existing Comcast facility)
Street Parcels within Plan Area	2.9				
<b>Total Development</b>	<b>22.38</b>	<b>1,235</b>		<b>14,000 sq.ft.</b>	<b>2,400 sq.ft.</b>

\*) Denotes parcels with high-rise building potential (up to 14 stories). Only two of these three parcels may be developed with high-rise buildings. This table includes an assumption that Parcel D and Parcel F will be developed with high-rise residential buildings, but during implementation the high-rise location may be transferred to Parcel E from either Parcel D or F. In any case the overall buildout of the Plan Area is limited to 1,235 residential units.

\*\*\*) Denotes parcels that may provide retail/commercial square footage on the ground floor in addition to 8,000 sq.ft. assumed for Parcel B. Each of these parcels may or may not build commercial square footage on the ground floor; in any case the total retail/commercial square footage for the overall buildout of the Plan Area is limited to 14,000 sq.ft.

*Access, Circulation, and Parking.* The two points of access to the Plan area would be from the northern side via Entry Drive from Serramonte Boulevard and southern side via East Drive and West Drive from Campus Drive. The Precise Plan would provide the required vehicle and bicycle access points for each parcel in addition to design guidelines to ensure access is facilitated.

Regarding parking, Parcel A will include 127 residential parking spaces provided within a car barn, surface parking lot, and on-street parallel parking. The proposal for Parcel B would include 345 parking spaces, 302 for residents and 43 for the public, within the lower and ground levels of the proposed mixed-use building. All other future development within the Plan Area would be responsible for providing its own required parking subject to the requirements in the Precise Plan. As proposed, the required parking ratio is between 1.5 and 1.7 spaces per residential unit and five spaces per 1,000 square feet of retail space. On-street parking may also be provided in the form of parallel parking or angled parking based on the width of the street. Since parking demand may change over the implementation of the Precise Plan, parking rate adjustments may be requested for each development. The City will require a parking demand study prepared by a third-party parking provision professional to determine if the proposed adjustments are appropriate for the development at the time of application.

The City Council should also be aware that the proposed access, circulation, and parking plans are currently under review by the City. The transportation impact analysis report for the project is currently under review by the City. The report will evaluate the potential adverse effects of the project on surrounding and supporting transportation infrastructure and services and provide a parking analysis. Review and approval of the report and any necessary revisions to the Precise Plan and project plans for Parcel B are required to prepare the Environmental Impact Report and move the project forward to the Precise Plan review.

#### General Plan, Zoning, and Project Density

The General Plan land use designation for the JUHSD faculty and staff housing site (Parcel A) is Residential – High Density (R-HD) and the remainder of the project site is Commercial – Office (C-O). The Precise Plan would allow residential and commercial uses (some uses would require a Conditional Use Permit) on any parcel. The development program in the Precise Plan also provides guidelines for the proposed build out of the site with residential densities ranging from 34 to 96 dwellings units per acre. Since the Precise Plan would allow both residential and commercial uses on each parcel within the Plan Area, an amendment to the General Plan to change the land use designation to Commercial – Mixed Use (C-MU) is required.

The proposed Precise Plan would also implement the General Plan Housing Element which encourages the development of infill housing on sites that are underutilized, where residential development represents the highest and best use, and where public infrastructure exists to support the intensity of the proposed development. The Housing Element identifies this site specifically as being capable of providing housing opportunities that contribute to the City’s fulfillment of its Regional Housing Need Allocation.

Regarding zoning, Parcel A is currently zoned PD-31A while the remainder of the project site is zoned PD-31. Since the Precise Plan identifies a new vision and goals, development standards, and guidelines for the project area, a new Planned Development is required.

### Project Affordability

The City's Affordable Housing Ordinance requires that developers submit an Affordable Housing Plan (AHP). Therefore, JUHSD will be required to submit an affordable housing plan which will be presented to the City Council during the Precise Plan review.

### Environmental Assessment

Staff has reviewed the proposal under the requirements of the California Environmental Quality Act (CEQA) and determined an Environmental Impact Report (EIR) is required. David J. Powers & Associates (DJP&A) has been retained to prepare the EIR. The EIR is currently being prepared and will be presented to the City Council during the Precise Plan review.

### Development Agreement

JUHSD has submitted proposed terms for a Development Agreement that will need to be further analyzed by staff and presented to the City Council for approval. The current proposal provides considerations for development phasing, parks and open space requirements, fees, off-site improvements, and most notably affordable housing. The City Council should be aware that the proposal may change based on the finalized terms of the Development Agreement.

### Recommendations

The Planning Commission recommends that the City Council take the following action:

1. Approve the Preliminary Plan for the proposed Planned Development PD-04-21-014997.

Staff is available to provide any additional information desired by the Council members.

Respectfully submitted,



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Associate Planner



Tatum Mothershead  
Director of Economic and Community  
Development

Attachments

- Attachment A – October 18, 2021 JUHSD Council Committee Meeting Staff Report
- Attachment B – October 18, 2021 Affordable Housing Committee Staff Report
- Attachment C – November 15, 2021 Affordable Housing Committee Staff Report
- Attachment D – December 15, 2021 JUHSD Council Committee Meeting Staff Report
- Attachment E – Location Map
- Attachment F – Draft Precise Plan
- Attachment G – July 6, 2021 JUHSD City Council Committee Meeting Staff Report
- Attachment H – Office Market Assessment and Fiscal Impact Review
- Attachment I – Updated Fiscal Impact Analysis and Market Study