

## Density Bonus Letter

Sierra Investments  
311 9<sup>th</sup> Avenue  
San Mateo, CA 94401

July 17, 2020

Aaron Akin  
Planning Manager  
City of San Mateo  
330 W 20th Ave  
San Mateo, CA 94403

RE: 1919 O'Farrell Street, State Density Bonus Law Letter of Intent

Dear Mr. Akin,

As you know, Sierra Investments Inc. formally submitted an application on May 29, 2020 (Application) for a 49-unit residential apartment housing development, including four (4) units affordable to very low income (VLI) households (Project) located at 1919 O'Farrell Street, San Mateo, California (City). The Application included notification of intent to apply under the California State Density Bonus Law (SDBL). As requested, this letter consolidates the Project's SDBL eligibility and requests as a supplement the Application. We also reserve all rights to modify its request for density bonus, identify and request any waivers, concessions/incentives as the Project moves through the entitlement process.

The Project is located within a Transit Priority Area in Plan Bay Area 2040, within ½ mile of major transit<sup>1</sup> with unobstructed access, and will provide much needed rental housing within walking distance of a number of shops, transit, employment, parks and services.

The purpose of the SDBL is to encourage cities to offer bonuses and incentives to housing developers that will contribute significantly to the economic feasibility of lower income housing in proposed housing developments.<sup>2</sup> As a preliminary matter, depending upon the specific amount and level of affordable housing provided, any project with more than five (5) residential units<sup>3</sup> may be eligible for all or any of the following separate categories:

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<sup>1</sup> <http://opendata.mtc.ca.gov/datasets/transit-priority-areas-2017?geometry=-122.396%2C37.539%2C-122.233%2C37.562>

<sup>2</sup> Gov. Code § 65915.

<sup>3</sup> Gov. Code §65915(a)(1), (h) and (b)(1).

(1) A **density bonus**, if requested the applicant, over the otherwise “maximum allowable residential density” defined by the maximum allowed in the General Plan;<sup>4</sup>

(2) Any (unlimited in number) **modifications/waivers of development standards** necessary to physically accommodate the development as proposed (meaning such standard would have the effect of “physically precluding the construction” of the proposed development), taking into account any concessions or incentives (e.g., height limit, setbacks, floor area ratio, lot coverage, etc.);<sup>5</sup>

(3) Up to a maximum of three (3) **incentives/concessions** that result in identifiable and actual cost reductions to provide for affordable housing costs (this does not require, but authorizes, a jurisdiction to consider fee reductions and waivers) depending on the level and amount of affordable housing provided;<sup>6</sup> and

(4) Specified **mandatory maximum parking** ratios.<sup>7</sup>

## 1. DENSITY BONUS

The Property is designated Executive Office/High Density Residential in the General Plan, and zoned E1-1/R4, which allows a maximum of 50 units per acre. The Property is 0.71 acres or up to 36 units of base density (rounded up from 35.6). Because the Project proposes 4 VLI units, or eleven (11) percent of the base density, the Project is eligible for up to the maximum density bonus of 35% of the base density or thirteen (13) additional units or a total of 49 units.<sup>8</sup>

➤ *The Project proposes a density bonus of 13 units.*

## 2. PHYSICAL WAIVERS

A SDBL-eligible project may request a waiver or reduction of any development standards that would have the effect of *physically precluding the construction of the project at the densities or with the incentives permitted under the statute*.<sup>9</sup> The definition of a “development standard” includes a site or construction condition, including, without limitation, local height, setback, floor area ratio, onsite open space, and parking area ratio requirements that would otherwise apply to residential development pursuant to ordinances, general plan elements, specific plans, charters, or

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<sup>4</sup> Gov. Code §65915(f) and (o)(2). “Maximum allowable residential density” means the density allowed under the zoning ordinance and land use element of the general plan, or, if a range of density is permitted, means the maximum allowable density for the specific zoning range and land use element of the general plan applicable to the project. If the density allowed under the zoning ordinance is inconsistent with the density allowed under the land use element of the general plan, the general plan density shall prevail. Gov. Code Section 65915(f) and (o)(2).

<sup>5</sup> Gov. Code §65915(e).

<sup>6</sup> Gov. Code §65915(k) and (l).

<sup>7</sup> Gov. Code §65915(p)(1).

<sup>8</sup> Gov. Code §65915(f)(2) and (g)(2) (allows rounding up). Calculation:  $36 \times 13\% = 13$  (rounded up from 12.6).  $36 + 13 = 49$ .

<sup>9</sup> Gov. Code §65915(e).

other local condition, law, policy, resolution, or regulation.<sup>10</sup> A request for a development standard waiver can be unlimited in number and neither reduces nor increases the number of concessions/incentives to which the developer is otherwise entitled.<sup>11</sup>

The Project requests the following **waivers**:

Per Section 27.44.080 of the San Mateo Municipal Code, “No building or open parking areas shall constructed or enlarged unless the following yards are provided and maintained in connection with such buildings, structures, parking lots, or enlargements: yards not less than 15 feet along any street frontage. In addition, per Section 27.44.090(a) of the San Mateo Municipal Code, “When an E1-zoned plot is contiguous to any residential district, an adequate landscape buffer shall be maintained adjacent to the R-zoned property. The depth of this buffer along street frontages shall be at least equal to one-half the height of the building measured from the property line. The depth of this buffer along interior lot lines shall be at least equal to one-half the height of the building, or 15 feet, whichever is greater.”

In order to allocate the requisite space for the Project, the Project proposes the required setbacks be reduced from the larger of 15 feet or one-half the height of the building to five feet. Although the Project will exceed this five foot dimension in the majority setback areas, the Project will require a pinch point of five feet at the southeast portion of the site where it borders the southern property line. The setback waiver is required to keep the Project’s proposed height at 4 stories and conform to the zoning height limit. Without the reductions, the Project would require an additional story in order to accommodate the same number of units and exceed the zoning height limit of 45 feet.

- ***The Project requests the City waive these required setbacks as physically precluding the construction of the Project at the densities or with the incentives permitted under the statute.***

The “A.5 Sidewalk Standards – Residential Type C New Development” (Pedestrian Design Guidelines) require an overall 9.5-foot sidewalk width (4.5 feet of planting and 5.5 feet through zone) and would require a redesign that would affect the density of the Project. We also note that there are utility constraints on-site such as location of meter boxes, back flow preventers and an above ground transformer all located at the frontage, the trash set up is located at the frontage next to the above ground transformer, and there will be grading constraints east of the garage ramp. The first floor of the building is approximately 3’ higher than the sidewalk, and the Project is proposing ramps to meet the back of walk grades from the first floor. Lastly, the Project is located at the end of a cul-de-sac with minimal frontage.

- ***The Project requests the City waive the minimum required sidewalk width to allow a 5’ sidewalk width required setbacks as the wider sidewalk and related necessary***

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<sup>10</sup> Gov. Code §65915(o)(1).

<sup>11</sup> Gov. Code §65915(e)(2). We note that under the SDBL, the City may not request pro forma or other report demonstrating cost savings in connection with the above-requested physical waivers.

***changes would physically precluding the construction of the Project at the densities or with the incentives permitted under the statute.***

In order to allocate the requisite parking spaces for the Project, the Project proposes the required standard parking space width from structural elements clearances of 9 feet and 10 feet to be reduced to 8'-9" and 9'-9" respectively. In addition, the Project proposes the required distance from drive aisles to the back of structural columns to be waived. For the majority of the proposed Project parking spaces, the design can accommodate this requirement. However, for some parking spaces, primarily at the semi-automatic parking system locations, there is not enough space to accommodate this requirement. This waiver is required to keep the proposed parking design, due to the physical constraints of the site. The Project's parking layout is too constrained to provide the required clearances from structural elements. The site is physically constrained due to its uniquely inefficient shape, and also further constrained due to the shared goal with the City of preserving the existing heritage trees. The Project's subterranean parking layout has limited its footprint along the east and west in order to keep a safe distance from the heritage trees designated for preservation.

- ***The Project requests the City waive the minimum parking space clearances from structural elements, as they would be physically precluding the construction of the Project at the densities or with the incentives permitted under the statute.***

### **3. CONCESSIONS/INCENTIVES**

Separate and apart from physical waivers, the Project is eligible for one (1) concession or incentive because the Project includes 8% - or more than 5% - of total units for very low income households.<sup>12</sup> (§ 65915(d)(2)(B)). This Project Application is currently requesting one concession/incentive, and reserves the right to modify this concession or incentive if necessary as the review of the design of the building proceeds.

Although it is currently under consideration, the San Mateo municipal code does not currently have a provision for utilizing a mechanical parking system to satisfy parking requirements. In order to preserve a majority of the on-site heritage trees and maximize open space for this project, the footprint of the below grade parking garage requires a minimal footprint. Without the use of a mechanical parking system, the project would require additional levels of parking below grade, which is incredibly challenging given the size and shape of the project site. The estimated cost to construct parking a second level below grade is estimated to be over \$3.5 million in additional costs, which includes the approximately \$500,000 of dewatering, since groundwater was found at 9.5 feet below the surface per the project's geotechnical report. Approximately \$3 million would be required for the additional 22,450 SF basement level of parking (concrete, mechanical ventilation, sprinklers, lighting, waterproofing, shoring, etc.) at

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<sup>12</sup> Gov. Code §65915(d)(2)(B).

\$135/SF. With this additional cost, providing the proposed affordable units becomes financially infeasible.<sup>13</sup>

- *The Project proposes to use mechanical parking system to meet the parking requirements of the proposed Project as a concession/incentive.*

#### 4. MANDATORY MAXIMUM PARKING RATIOS

The Project is located less than ½ mile from major transit, is providing the maximum percentage of VLI units (11%) under SDBL Section 65915(f)(2), and has unobstructed access<sup>14</sup> to a major transit stop. Therefore under the SDBL, “upon the request of the developer, a city, county, or city and county shall not impose a vehicular parking ratio, inclusive of parking for persons with a disability and guests, that exceeds 0.5 spaces per unit.” Therefore, the maximum parking ratio for the Project:

- 1 BR Units,  $34 \times 0.5 = 17$
- 2 BR Units,  $11 \times 0.5 = 6$
- 3 BR Units,  $4 \times 0.5 = 2$
- Total Parking Required = **25 spaces**

Under the current design, the Project is applying under SDBL(p)(2), but proposes to voluntarily exceed the SDBL by providing a total of 64 spaces, of which 39 are proposed to be provided by mechanical parking stackers.<sup>15</sup> This would provide for 1 onsite parking space per studio and one bedroom units and 2 onsite parking spaces for two and three bedroom units with no guest parking, which is permitted for rental projects utilizing the State Density Bonus.

We appreciate your consideration of this request. Please contact me should you have any questions regarding our proposed plans.

Respectfully submitted,

Victor Lo  
Sierra Investments  
311 9<sup>th</sup> Avenue  
San Mateo, CA 94401

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<sup>13</sup> We note that under the SDBL, the City may not request pro forma or other report demonstrating cost savings in connection with incentives/concessions. The City bears the burden for denial of a requested concession incentive. See Gov. Code Section 65915(d)(1)-(4.)

<sup>14</sup> “[A] resident is able to access the major transit stop without encountering natural or constructed impediments.” Gov. Code Section 65915(p)(2).

<sup>15</sup> City offsite parking requirements would require 92 spaces.