



CITY OF SAN MATEO

City Hall
330 W. 20th Avenue
San Mateo CA 94403
www.cityofsanmateo.org

Agenda Report

Agenda Number: 1

Section Name: {{section.name}}

Account Number:

File ID: {{item.tracking_number}}

TO: Planning Commission
FROM: Christina Horrisberger, Director
PREPARED BY: Community Development Department
MEETING DATE: October 11, 2022

SUBJECT:

Pre-Application Review (PA-2022-023) for a Proposed Commercial, Office and Residential Mixed-Use Development at 401-445 S. B Street (Bespoke)

RECOMMENDATION:

Review the proposed project on a preliminary basis, receive public comments, and provide input to the applicant and staff, with specific focus requested on the following project elements:

1. Building Design – Architectural design, massing, architectural detailing, building articulation, materials, and colors of the two buildings.
2. Site Plan – Location of access driveway, usability of ground level open space area, public realm improvements.

BACKGROUND:

On March 29, 2022, DTSM Housing (the applicant) submitted a Preliminary Planning Application (PA-2022-023) to demolish all existing structures on the block bounded by E. 4th Avenue, Railroad Ave, E. 5th Avenue and S. B Street, also referred to as “Bespoke,” to construct a new mixed-use development consisting of 60 residential units on City-owned land, and 161,380 square-feet of retail/commercial and office uses on the remaining private property.

The City issued a Notice of Availability of Surplus Land on January 7, 2021, to solicit proposals to develop an affordable housing development on a 16,500 square foot lot, which is comprised of two parcels, consistent with the California Surplus Lands Act (Government Code 54220-54234). Following a competitive process with multiple City Council public meetings, the City selected DTSM Housing, LLC. as the developer for a public-private partnership project. The project includes development of affordable housing on the City-owned land, which is currently the 4th Avenue parking lot, in conjunction with the development of office and retail uses on the privately-owned parcels on the block. The City and developer entered into an Exclusive Negotiating Agreement (ENA) in October 2021.

As proposed, the project will require the following entitlements:

- Special Use Permits to allow ground floor community service/non-profit use in required retail frontage area (SMMC Sections 27.02.160 and 27.74);
- Site Plan and Architectural Reviews (SPAR) for the construction of the mixed-use development and no on-site loading zone (SMMC Sections 27.08.030 and 27.64.390); and,
- Site Development Planning Application (SDPA) for grading an area over 5,000 square feet and for removal of any major trees/vegetation (SMMC Section 23.40.030).

For this Pre-Application Study Session, the Planning Commission should primarily focus its review on the proposed building design elements, site plan, and other aspects necessary for the Commission to make positive findings and approve the project when the formal planning application is submitted. Additionally, staff requests that the Commission provide input

and direction on other project aspects, if any, that should be considered during the formal planning application.

PROJECT DESCRIPTION:

Project Site

The Bespoke site has a combined land area of 1.16-acres, or 50,600 square-feet. The site is designated Downtown Retail Core in the City's General Plan Land Use Plan and is zoned Central Business District (CBD). A variety of uses currently exist on the site, including restaurants, a salon, and the 4th Avenue parking lot. A few of the storefronts are vacant including spaces formerly occupied by the Talbot's Toy Store and Cyclery. Nearby uses include a range of retail/commercial with the City's Central Parking Garage to the north, the future Kiku Crossing and 5th Avenue Garage to the east (both are under construction), a grocery store/market (Draeger's Market) to the west, and a mix of retail/commercial and multifamily residential uses to the south. The San Mateo Downtown Caltrain station is located less than one-half of a mile north of the project site. The site is also located one block south of the Downtown Historic District. The project is located within a high sensitivity archaeological zone and includes demolition of buildings over 50 years old. A vicinity map showing the project site is included as Attachment 1.

Public-Private Partnership

Bespoke is a public-private partnership that includes the City, who owns a portion of the project site, and a team of developers that includes Harvest Properties, Prometheus, and Alta Housing, a community-based non-profit housing developer. As part of the partnership, the City is contributing land in the form of a long-term ground lease of the 4th Avenue parking lot site and contributing \$2 million dollars toward the affordable housing component of the project. The applicant team, led by Harvest Properties, is responsible for leading the proposal through the regulatory review and permitting process and will leverage a variety of funding sources toward the construction of the affordable housing units. The public-private partnership is executed through an Exclusive Negotiating Agreement, that requires the project to:

- Provide a 100% affordable housing building.
- Maximize number of housing units in a 7-story building on the City-owned 4th Avenue parking lot site.
- Provide 37 dedicated parking spaces for the residents' use.
- Provide ground floor retail/commercial spaces consistent with the City's Retail Frontage Requirement, including space for Self-Help for the Elderly, a local non-profit organization, in the ground-floor of the residential building.

Proposed Project, Building Program, and Site Plan

The proposed project, Bespoke, consists of the redevelopment of the entire block between 4th and 5th Avenues, from B Street to Railroad Avenue, including the City-owned parking lot on 4th Avenue and former Talbot's Toy Store site. The proposed development is comprised of two buildings located above a shared underground garage.

Building 1 is proposed as a seven-story, mixed-use building with a total floor area of approximately 66,500 square-feet and an overall building height of 76 feet. The proposed building includes a total of 60 affordable housing units, approximately 11,600 square-feet of ground floor space for resident services and a community serving non-profit use (Self-Help for the Elderly), and common space for residents at the second-floor terrace. The project proposes 13 studio units, 13 one-bedroom units, 17 two-bedroom units, and 17 three-bedroom units; all of which would be rental apartments. Of the combined 60 units, one unit would be a manager's unit and the remaining will be designated as below market rate at the low-income level, or 80% of the Area Median Income (AMI)), with a target average AMI of 60% or less, as indicated in the applicant's letter (Attachment 5).

Building 2 is proposed as a five-story, 74-foot tall, mixed-use building that is approximately 160,000 square-feet in size. The proposed building includes approximately 34,000 square-feet of ground floor retail/commercial space along the South B Street frontage, and approximately 126,000 square-feet of office space spread primarily among the second through fifth floors.

The project also includes a below-grade one-level parking garage that provides 128 parking spaces to be shared among the retail/commercial, office, and service uses; and 37 parking spaces dedicated for residents' use, at a ratio of 0.7 spaces per residential unit, which is permitted by State Density Bonus law as discussed in more detail under the Density Bonus section below. Driveway access to and from the underground garage is proposed along Railroad Avenue and trash/recycling

service is proposed to be located on East 4th Avenue. No on-site loading spaces are proposed, although there is a note on the plans for a future loading zone in the public right-of-way on South B Street, which if proposed would be evaluated during the formal planning application phase with consideration of other nearby on-street loading zones. Bike paths and bike parking improvements are not shown at this time.

The project includes approximately 2,200 square-feet of common area for residents' use on the second floor of Building 1, approximately 7,600 square-feet of common area on upper-level roof terraces for office uses in Building 2, and approximately 1,794 square-feet of at-grade open space that is publicly accessible. The project incorporates ground-level open space areas through a dedicated area at the northwest corner of the project site, as well as various building step-backs. The project also proposes public realm improvements along S. B Street that include new sidewalks with decorative pavement, streetlights, and street trees.

The project proposes two different architectural approaches for the residential and mixed-use buildings. For Building 1, the primarily residential building, the architectural character is best characterized as modern and utilitarian in its rectangular form, lack of adornment, and large windows, with little to no articulation of the façade and massing. The architectural character of Building 2, the retail/commercial and office building, is best categorized as contemporary based on the amount of glass and use of solid building materials to express building volumes. A discussion of the building design is continued in the Items for Planning Commission Discussion section of this report.

APPLICABLE CODE AND POLICY REVIEW:

General Plan

The General Plan Land Use Map designates the project site as Downtown Retail Core, which is meant to provide uses at intensities that contribute to a thriving retail core. A preliminary list of General Plan policies applicable to the proposed project is included in Attachment 2. As a mixed-use development, the project would conform to Land Use Element policy LU 1.8 Mixed Use Commercial-Residential, which promotes housing production even in non-residential zones. The project would be consistent with Land Use Element policy LU 3.1 Downtown Plan in that the project includes ground level retail/commercial spaces to continue the active pedestrian-oriented character of S. B Street and would result in office and residential uses at high intensities to contribute to the vitality of downtown during daytime and evening hours.

It should be noted that while projects in the City are subject to the density and building height limits set by the 2020 voter initiative, Measure Y, state Density Bonus Law (Government Code Section 65915) supersedes the voter initiative. For this project, the proposed 60 units and proposed building heights of 76 feet (Building 1) and 74 feet (Building 2) will be evaluated in detail during the formal planning application for consistency with the zoning code and applicable state law.

Zoning Code

The project site is zoned CBD, which implements the goals of the General Plan by encouraging a variety of uses that contribute to the vitality of the retail core area of downtown. Properties located in the CBD zone are subject to development standards in SMMC Chapter 27.38, including those for floor area, residential density, ground floor retail frontage, build-to-line, and open space.

The project site is also located within the limits of the Central Parking Improvement District (CPID) which functions as the downtown's parking district. The project is providing 37 secured parking spaces designated exclusively for residents use, consistent with the ENA. Additionally, the applicant intends to request a project specific parking demand study to determine the required number of off-street parking spaces, for the commercial/office uses, in-lieu of the parking ratios outlined in the Zoning Code. The study is expected to evaluate the applicant's proposed shared parking concept for the different uses: i) residential visitor, ii) retail, iii) service, and iv) office; and the feasibility of sharing the 91 parking stalls with the residents and public during off-peak hours. It should be noted that a portion of the residential and commercial parking spaces are proposed to be provided through mechanical parking systems. Under the provisions of Chapter 27.64.100 of the Municipal Code, the applicant is also able to request payment of CPID parking in-lieu fees for required off-street parking that is not provided on-site. A project data sheet listing the applicable Zoning Code standards and the pre-application's conformance to them are included in Attachment 3.

As noted above, the project encompasses the entire block and would typically require a Special Use Permit to allow for the transfer of residential development density from the privately-owned parcels to City-owned parcels, pursuant to Section 27.02.160 of the City's Zoning Code. However, projects with 100% affordable housing and where the site is located within a half-mile of a major transit stop are allowed an unlimited number of density bonus units pursuant to State Density Bonus law. A discussion of the applicability of State Density Bonus law is provided below.

At the Pre-Application stage, the project plans have not been fully designed with the level of detail necessary to conduct a full code compliance analysis. Please refer to Preliminary Data Sheet for a summary code compliance analysis (Attachment 3).

Downtown Area Plan

The project site is located within the boundaries of the Downtown Area Plan. The Plan establishes goals and policies to implement the overall vision of the downtown area. Applicable goals that pertain to the project include:

- Enhance Downtown's Role as the City Center and Maintain Its Unique Sense of Place
- Enhance the Vitality and Activity of Downtown by Incorporating an Overall Good Mix and Diversity of Uses
- Enhance the Downtown's Pedestrian Environment and Enhance the Safety and Attractiveness of Downtown

The project site is located within the Retail Core sub-area of the Downtown Plan. Recommended future conditions include the provision of ground floor retail and other uses that promote pedestrian activity along E. 4th Avenue and S. B Street. The Plan also encourages the use of street trees, streetlights, and pavement consistent with the downtown core. Staff will conduct a more detailed review of the project's conformance to the Downtown Plan upon filing of the formal planning application.

Pedestrian Master Plan

The Citywide Pedestrian Master Plan contains recommendations to improve the pedestrian realm throughout the City. Upon filing of the formal planning application, staff will evaluate the project for consistency with the Pedestrian Master Plan including sidewalk standards for all four frontages.

Based on the configuration of street parking and mixed-use building type, the applicable sidewalk standard is A.9 or A.10 Mixed Use Type B Street Parking along the E. 4th Avenue, E. 5th Ave, and S. B Street frontages. The Plan recommends an overall sidewalk width ranging from 16 feet to 26 feet. As presently designed, the project proposes to maintain existing sidewalk widths in order to continue the pattern of build-to-line of buildings on adjacent blocks. The applicant proposes to widen the sidewalk from 5 feet to 6 feet along Railroad Avenue given that it is a constrained street in terms of the width of the public right-of-way.

The Zoning Code requires new developments in this zoning district be built to the property line unless building setbacks are utilized for the provision of open space or landscaping (SMMC 27.38.100). In the formal planning application review, staff expects the applicant to further develop the site plan and sidewalk designs for consistency with the Pedestrian Master Plan while achieving compliance with the Zoning Code's requirements for building setbacks or through a Density Bonus waiver or concession request.

Bicycle Master Plan

Adopted in April of 2020, the City's Bicycle Master Plan provides policies and recommendations to implement citywide infrastructure improvements to support bicycle use and includes a proposed bicycle network of various bicycle lanes, paths and routes. Specific to the subject project, the Bicycle Master Plan calls for a separated bicycle lane (Class IV) along the South B Street frontage and a bicycle lane (Class II) along the project's E. 5th Avenue frontage. Staff has made the applicant aware that any conflicts between the proposed bicycle facilities and Bicycle Master Plan would need to be resolved during the formal planning application, prior to project approval.

State Density Bonus Law and City's Inclusionary Requirements

California State Density Bonus Law (Government Code Section 65915) outlines density bonus standards for residential and mixed-use projects that include certain percentages of below-market-rate (affordable) housing units. It also requires cities

to allow modified development standards and density bonuses for certain affordable housing developments. San Mateo Municipal Code Section 27.15.080 (Affordable Housing Projects Near Transit) applies to housing developments that are located within a half-mile of a major transit stop where the units are 100% affordable to lower income households and where up to 20% may be for moderate-income households, exclusive of the manager's unit(s). Housing developments meeting these requirements may submit a planning application requesting unlimited waivers or reductions from applicable development standards, in addition to the incentives or concessions otherwise provided by state law. The reduced requirements must be tied to when a development standard would physically preclude a proposed project from achieving allowable density. Projects meeting the above requirements are allowed an unlimited percentage of density bonus (or additional units), unlimited waivers or reduced development standards, up to four development incentives/concessions, up to 33 feet of additional building height, and are not required to provide parking for the residential use.

The applicant is proposing to designate 59 of the 60 units to the very low-income category (affordable to households who earn up to 50 percent of the area's median income) and one unit for a manager, which counts as a 100% affordable project per State Density Bonus Law. The provision of 100 percent at the very-low income category would exceed the City's Below Market Rate (BMR) Inclusionary requirements, which requires 15 percent of rental units to be designated in the low-income category.

By providing 100 percent of the units at the low-income level (80% AMI) with a target average AMI of 60% or less, the project would be eligible for an unlimited percentage of density bonus, up to four concessions, up to 33 feet of additional building height, unlimited waivers or reduced development standards, and no parking standards. The applicant proposes a 3% density bonus (or 2 units) and has requested the following waivers:

1. Additional 14 feet height for the residential building (above the 75 foot for mechanical penthouse),
2. Waive 150 feet maximum building lineal feet standard and 170 feet maximum building diagonal lineal feet requirements,
3. Waive Street Wall requirement (or step back of upper levels),
4. Additional 1.5 FAR (above base maximum of 3.0 FAR, for a total 4.5 FAR),
5. Reduced dwelling unit size standard for one unit, and
6. Waive Required Retail Frontage requirement to allow non-profit use.

The applicant has provided a preliminary density bonus request letter, included as [Attachment 5](#) which outlines the project approach and describes the justifications. In the density bonus request letter, the applicant has noted that these concessions, incentives or waivers would reduce the per-unit construction cost for the residential units. It should be noted that the housing component of the project is partially subsidized by the City; however, some of the requested concessions and waivers are for the entire project.

At the Pre-Application stage, the project has not been fully designed with the level of detail necessary to conduct a full code compliance analysis and determine the number of incentives/concessions and waivers that may be needed to support the project. Upon filing of the formal planning application, staff will evaluate whether the requested concessions and waivers are justified and commensurate with the cost of providing affordable units and consistent with density bonus provisions and local ordinances. Further discussion of this request is continued in the Items for Planning Commission Discussion section of this report.

ITEMS FOR PLANNING COMMISSION DISCUSSION:

The overall architectural style for both buildings is best categorized as contemporary in nature based upon the use of horizontal and vertical lines, amount of glass, and use of varying colors and materials to express building volumes. The proposed project is near other recently constructed or approved mixed-use projects in this area including 405 E. 4th Avenue, 406 E. 3rd Avenue, Kiku Crossing, and Block 21. The current design for the non-residential five-story building includes upper floor step-backs, variety in colors and materials (including use of brown brick veneer), building recesses for open space, mass timber (compressed timber) and green wall elements along the South B Street frontage to soften and bring interest to the frontage.

The design for the seven-story residential building includes a recessed wall with a different color that is proposed to serve as a transition from the non-residential building façade, the same design and material for the ground level residential entrance and non-residential entrances, and fenestration symmetry on the upper levels. The proposed neutral color palette and stucco materials are found in other buildings in the downtown area. Staff has concerns regarding the overall simplicity and lack of architectural detailing of the residential building compared to buildings in the nearby downtown retail core area that have higher level of detailing and articulation. This has also been identified by the community at the neighborhood meeting and in public comments letters (Attachments 6 & 7).

At this time, staff is requesting that the Planning Commission provide input on the following:

1. Building Design – Architectural design, massing, architectural detailing, building articulation, materials, and colors of the two building.
 - a. Do the designs provide enough distinction from recent projects in the area?
 - b. Should one or both building designs take inspiration from or otherwise relate to buildings in the nearby Downtown Historic District?
 - c. Usability of roof top terrace for residents (such as noise from railroad)?
2. Site Plan – Location of access driveway, usability of ground level open space area, public realm improvements including sidewalk widths, landscaping/trees, streetlights, etc.
3. Any other concerns?

Upon filing of the formal planning application, staff will engage a City design review consultant to review the project for consistency with the General Plan Urban Design element, Downtown Design Guideline, and to address any comments/concerns expressed by the Planning Commission.

PUBLIC COMMENTS:

The applicant held a formal pre-application neighborhood meeting on September 1, 2022, that was attended by 26 members of the public. Participants commented on the following:

- Comments about building height and scale;
- Concerns with building architectural style and quality of materials, especially for the residential building and that the non-residential looks similar to recently constructed buildings;
- Concerns regarding the proposed number of on-site parking spaces and overflow into neighborhoods;
- Concerns with the location of garage entrance;
- Concerns with amount of non-residential floor area vs. housing units; and
- Support for improvements for pedestrians and bicyclists.

The applicant's summary of the neighborhood meeting is included in [Attachment 6](#). Public comments submitted to City staff during the pre-application review are included in [Attachment 7](#). Any public comments received after publication of this report will be forwarded to the Planning Commission for consideration at the study session and posted to this item on the City's Agendas & Minutes Public Meeting Portal as "Post Packet Public Comments."

ENVIRONMENTAL DETERMINATION:

In accordance with Public Resources Code Section 21065, the review of a pre-application is not a project under the California Environmental Quality Act (CEQA) because the Planning Commission is not taking any action at this time. An environmental review will be conducted as part of the formal planning application in conformance with CEQA which would include analysis and discussion because the project site is located within a high sensitivity archaeological zone and includes demolition of buildings over 50 years old.

NEXT STEPS:

Following this Study Session, the applicant and project architect will have an opportunity to revise the design based on feedback provided by the public and the Planning Commission. As currently proposed, the project would be subject to review by the Planning Commission and approval by the City Council since it includes buildings that are over 55 feet in height, and the City is contributing land and funding. The following planning applications will be required as part of the formal application:

1. Special Use Permit to allow ground floor community service/non-profit use in the required retail frontage area;
2. Site Plan and Architectural Review (SPAR) for the construction of the mixed-use development and no on-site loading zone; and
3. Site Development Planning Application (SDPA) for grading an area over 5,000 square feet and for removal of any major trees/vegetation.

NOTICE PROVIDED

In accordance with Government Code section 65091 and the City's Municipal Code public noticing requirements, this study session was noticed to the following parties at least ten (10) days in advance of the neighborhood meeting and Planning Commission meeting:

- Property owners, residential tenants and business tenants within 1,000 feet of the project site;
- The City's "900 List" which contains nearly 100 Homeowner Associations, Neighborhood Associations, local utilities, media, and other organizations interested in citywide planning projects;
- The City's Planning "Notify Me" email list; and,
- The interested parties list which includes interested individuals who contacted the City and requested to be added to the project notification list.

ATTACHMENTS

Att 1 - Vicinity Map

Att 2 - Applicable Policies

Att 3 - Preliminary Data Sheet

Att 4 - Preliminary Plans

Att 5 – Density Bonus Request Letter

Att 6 - Neighborhood Meeting Summary

Att 7 - Public Comments

STAFF CONTACT

Julia Klein, Principal Planner

Jklein@cityofsanmateo.org

(650) 522-7216