

# **RESIDENTIAL DEVELOPMENT CONTROL SYSTEM (RDCS) 2015 COMPETITION EVALUATION OF PROJECTS FOR THE FISCAL YEAR 2017/2018 ALLOTMENT**

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## **BACKGROUND**

On June 18, 2014, the City Council approved the annual building allotment for FY 2016/17 and FY 2017/18. For the 2015 RDCS competition, 242 allotments will be available. Resolution No. 15-071 (Attachment 1), approved by the City Council on April 1, 2015, proposes a total building unit allotment and distribution for FY 2017/18 as follows:

### **Fiscal Year 2017/18**

<u>Competition Category</u>	<u>Allotment</u>
On-going Projects	20
Affordable Set-aside	48
Micro Projects	5
Small Projects	10
Multi-Family Rental	14
Multi-Family Rental (>150 units)	80
Open/Market	45
Monterey Corridor Area Projects	20
Total	242

### **Fiscal Year 2018/19**

<u>Competition Category</u>	<u>Allotment</u>
Multi-Family Rental (>150 units)	85

The City Council also authorized a limited number of allotments into FY 2018/19 as needed to complete a project. To qualify, the project must not have expired allotments due to developer inaction, the project must be amongst the highest scoring projects and the second year allotment must complete the project.

## **RDCS APPLICATIONS**

The 2015 RDCS application submittal deadline was September 1, 2015. The City received 14 application requests by the submittal deadline. In addition, the City received one request for an on-going project (Attachment 2).

### **A. Open/Market**

To be eligible to compete within this category, an open/market project would consist of more than 15 dwelling units at build-out and could be any housing type. The following six projects are competing in this category:

1. **MC-15-05 Cochrane-Borello:** The project has previously competed and received the following allotments:

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2008 RDCS competition	23 FY 2010/11 building allotments
2009 RDCS competition	37 FY 2011/12 building allotments
2011 RDCS competition	15 FY 2013/14 building allotments
2012 RDCS competition	20 FY 2014/15 building allotments
2013 RDCS competition	25 FY 2015/16 building allotments
2014 RDCS competition	15 FY 2016/17 building allotments

The 2008, 2009 and 2012 building allotments (80 in total) have expired. The project currently has 55 active building allotments and is requesting an additional 39 allotments for FY 2017/18. The project at build-out would be 244 single family units. The Tentative Map, Precise Development Plan and Development Agreement have been approved for the project.

**The Planning Officer score is 165.**

2. **MC-15-06 Laurel-DeRose:** Through the 2014 RDCS competition the project received 5 FY 2016/17 building allotments. The applicant is requesting 30 building allotments for FY 2017/18 and 30 building allotments for FY 2018/19, for final phase of the project. The project at build-out would include 15 single family units and 55 condominiums.

**The Planning Officer score is 174.**

3. **MC-15-13 Lantana-Standard Pacific:** This project originated as two separate RDCS projects, "Roland" and "Lantana". The Cochrane-Standard Pacific Roland project has previously competed and received the following allotments:

2013 RDCS competition	28 FY 2015/16 building allotments
2014 RDCS competition	16 FY 2016/17 building allotments

The Cochrane-Standard Pacific Lantana project has previously competed and received the following allotments:

2013 RDCS competition	13 FY 2015/16 building allotments
2014 RDCS competition	14 FY 2016/17 building allotments

The projects have been merged for this competition year. The applicant is requesting 36 building allotments for FY 2017/18 and 28 building allotments for FY 2018/19. The project at build-out would be 135 units. The Tentative Map, Precise Development Plan and Development Agreement have been approved for the project.

**The Planning Officer score is 171.**

4. **MC-15-15:Butterfield-MH Butterfield:** Through the 2013 RDCS competition Butterfield-Dividend received 41 FY 2015/16 building allotments. The applicant is requesting 37 building allotments for FY 2017/2018 to complete the

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project. The proposed development would be 78 single-family attached and detached units at full build-out. The Tentative Map, Precise Development Plan and Development Agreement have been approved for the project.

**The Planning Officer score is 177.**

5. **MC-15-16:E. Dunne-Mana:** The applicant is requesting 16 building allotments for FY 2017/18 and 16 building allotments for FY 2018/19 to complete the project. The proposed development would be 32 single-family attached residential units at full build-out.

**The Planning Officer score is 175.5.**

6. **MC-15-17: San Pedro-Presidio:** The applicant is requesting 30 building allotments for FY 2017/18, 30 building allotments for FY 2018/2019 and 19 building allotment for FY 2019/20. If full allotments are not available, half the allotments would make the project feasible. The proposed development would be 79 condominium units at full build-out.

**The Planning Officer score is 179.**

**B. Small Projects**

To be eligible to compete within this category a project should consist of 7 to 15 units with an ultimate development potential of no more than 15 dwelling units on a site. The following two projects are competing in this category:

7. **MC-15-10: Walnut Grove-Newland:** The applicant is requesting nine building allotments for FY 2017/18. The proposed development would be nine single-family units at full build-out. This project was appealed to the City Council because it did not conform to Title 18 (Zoning Code). Specifically, the structures proposed for Lot No.'s 8 and 9 did not comply with the required rear setbacks for the R-1 9,000 zoning designation. In addition, Lot No.'s 8 and 9 did not meet the minimum lot depth for the designation. The City Council has granted the appeal and the applicant has been directed to modify the project to comply with all provisions of the Zoning Code. Preliminary scoring for this project has been completed which indicates that it would meet the minimum RDCS scoring requirements. Revised plans and the project evaluation have been provided to the Planning Commission.

**The Planning Officer score is 161.5.**

8. **MC-15-11 San Pedro-Presidio Mana:** Through the 2004 RDCS competition the project received 4 FY 2007/08 building allotments and eight FY 2008/09 building allotments. Those allotments have expired. Through the 2014 RDCS competition the project received seven FY 2016/17 building allotments. The applicant is requesting five building allotments for FY 2017/18 to allow full build-out of the project. The proposed project would be 12 units at full build-out. The Tentative

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Map and Precise Development Plan were approved in 2007. A Development Agreement was approved for the project in September 2015.

**The Planning Officer score is 176.**

## **C. Affordable Set-Aside**

To be eligible to compete within this category, all units within the project must be restricted to occupants with qualifying income levels. For rental projects, 49 percent of the units in each project must be affordable at no greater than 50 percent of the County median income, 10 percent of the units must be restricted to households with incomes below 60 percent of the County median and the remaining units must be restricted at or below 100 percent of the County median. The following one project is competing in this category:

9. **MC-15-14 Monterey-UHC:** Through the 2014 RDCS competition the project received seven FY 2016/17 building allotments. The applicant is requesting 32 building allotments for FY 2017/18. The proposed development would be 39 multifamily affordable rental apartments.

**The Planning Officer score is 162.**

## **D. Large Multi-Family**

To be eligible to compete within this category, a project would need to consist of more than 150 units, providing market rate rental housing, typically apartments. The following two projects are competing in this category:

10. **MC-15-12:Jarvis-MWest:** The applicant is requesting 166 residential building allotments for FY 2017/18 and FY 2018/19. The proposed development would be 374 multi-family rental units at full build-out.

**The Planning Officer score is 140.5.**

11. **MC-15-18: San Pedro-Presidio:** The applicant is requesting 80 residential building allotments for FY 2017/18 and 80 residential allotments for FY 2018/19. The proposed development would be a 168 unit multi-family rental development at full build-out.

**The Planning Officer score is 173.5.**

## **E. Micro Projects**

To be eligible to compete within this category, a micro project must consist of a maximum of six dwelling units, and must represent the ultimate development potential of no more than six dwelling units on a site.

The City received three micro RDCS project applications, with requests for a total of 5 allotments. In accordance with Section 18.78.380 (Award of allotments) of the Morgan Hill Municipal Code, where the number of residential units in proposed developments which have received the required number of points for a development allotment evaluation is less than the numerical limits established by the City Council, the available allotments shall be awarded by

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the Planning Officer. The City Council has established 5 micro allotments for FY 2017/18. The micro project narratives have been provided as information only and awards will be made by the Planning Officer. The following three projects are in this category:

12. **MMC-15-07:DeWitt-Murray:** The applicant is requesting three building allotments for FY 2017/18. The proposed development would be four single-family units at full build-out.  
**The Planning Officer score is 151.5.**
13. **MMC-15-08:Price-Conn:** The applicant is requesting one allotment for FY 2017/18. The proposed development would be one single-family unit at full build-out.  
**The Planning Officer score is 151.5.**
14. **MMC-15-09:Peak-Finamore:** The applicant is requesting one building allotment for FY 2017/18. The proposed development would be a duet at full build-out.  
**The Planning Officer score is 154.5.**

### **RDCS EVALUATIONS**

The RDCS scoring is divided into two parts. Part 1 analyzes whether the City can provide services for new residential projects without creating a significant impact. A proposed project must obtain the minimum required points in Part 1 (seven and a half points) to proceed to the next step of the evaluation, Part 2.

Part 2 analyzes the quality of a project design and how it contributes to the community. The intent of the Part 2 evaluation is to encourage and promote competition based upon specific scoring criteria organized into specific categories. In order to proceed in the competition, projects must also achieve a minimum overall score in Part 2 and a minimum score in three of the Part 2 categories. Project developers may attempt to maximize the score of their project in order to improve the likelihood that the project will receive allotments through the RDCS competition.

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The following table summarizes the minimum passing scores required in each category to proceed in the competition:

RDCS MINIMUM SCORING REQUIREMENTS					
Application	Part 1 Score	Part 2 Score	Public Facilities	Circulation Efficiency	Safety and Security
Non Micro	7.5 points	160 points	5 points	7 points	5 points
Micro	7.5 points	150 points	5 points	8 (automatic)	5 points
Affordable	7.5 Points	150 points	5 points	7 points	5 points
Downtown	7.5 Points	160 points	5 points	5 points	5 points

Projects that receive a minimum passing score will be eligible for allotments and subsequent building permits, subject to Section 18.78.120 (Evaluation Procedures) of the Municipal Code. Those that may not receive any allotment this year will have an opportunity to improve their designs and reapply during the next competition.

The RDCS includes a requirement that the Planning Officer reject any application which does not conform to either the General Plan or the development standards of the governing Zoning designation. Because the City's adherence to this RDCS requirement was unclear in prior competition years, staff emphasized through the annual RDCS scoring criteria review process and pre-competition meetings that City staff would be strictly reviewing projects for consistency with the Zoning Code as part of this year's RDCS competition. Most projects submitted for this year's RDCS competition were designed to conform to the Zoning Code and General Plan. Applicants with approved Planned Developments that did not redesign their projects to comply did not receive additional points.

In reviewing the scores with applicants, a text error was identified in Lot Layout and Orientation B.1.f, where the text should read: "A sufficient transition in lot sizes, or building sizes and vertical mixed use developments, is proposed in the site plan design to allow compatibility between existing and proposed neighborhoods". This has been corrected and projects MC-15-11 (San Pedro-Presidio-Mana), MC-15-10 (Walnut Grove-Newland) and MC-15-16 (E. Dunne-Mana), which were not initially awarded a point due to inconsistency with the incorrect text, have now been awarded a point for this criteria.

The projects narratives were provided to the Planning Commission and the applicants on October 16, 2015.

The preliminary scores indicate that one project has not received the minimum passing score to be eligible for allotments. This project has been identified as follows:

- a. **MC-15-12:Jarvis-MWest:** The project received 9.5 points in Part 1. However, the project did not receive the minimum 160 points for Part 2. The applicant submitted a self-score 165.5, which is a low self-score for the RDCS process. Because the applicant is a novice in the RDCS process, they would have benefited from the RDCS preliminary

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review process. In particular, in reviewing the RDCS narrative and supplemental material, it was difficult to verify or substantiate commitments being made through the RDCS process. Also, because the applicant did not completely understand the narrative, commitments were made that the project did not qualify for. Had a preliminary review been processed, the applicant would have been provided feedback and opportunities to raise the score of the project. If the applicant were to re-compete in a future competition, staff would encourage the applicant to analyze other point opportunities and to process a preliminary RDCS application.

Summaries of the Part 1 and Part 2 scores for all the projects have been provided (Attachments 3 and 4).

## **CONCLUSION**

The Planning Commission is scheduled to evaluate the RDCS applications on October 27, 2015 and to continue that evaluation on October 29, 2015 if additional time is required. Final adjusted scores will be prepared and presented to the Planning Commission on November 10, 2015. The Planning Commission will award allotments on January 12, 2016.

At the time this staff report was prepared staff received six comment letters regarding the narratives prepared. These letters have been attached (Attachments 5 through 10). The RDCS scoring team will prepare responses to these letters for the October 27, 2015 Planning Commission evaluation meeting.

## **Attachments:**

1. Resolution 15-071
2. Ventura Investors, LLC-August 11, 2015
3. Part 1 Scores
4. Part 2-Point Score Summary
5. MH Butterfield Investors LTD (on-going project)- October 20, 2015
6. CalAtlantic Homes-October 20, 2015
7. San Sebastian-October 21, 2015
8. Tri Pointe Homes-October 21, 2015
9. Newland Homes-October 21, 2015
10. MWest-October 21, 2015