



CITY OF
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Planning & Transportation Commission Staff Report

From: Planning and Development Services Director
Lead Department: Planning and Development Services

Meeting Date: April 10, 2024
Report #: 2402-2666

TITLE

PUBLIC HEARING / QUASI-JUDICIAL. 800 San Antonio Road [23PLN-00010]: Recommendation on Applicant's Request for a Rezone from Service Commercial to Planned Community/Planned Home Zoning (PC/PHZ). The Project is the Construction of 75 Residential Ownership Units Including 15 Below-Market Rate Units (20% of the Units) in a Five Story Building with Two Levels of Subterranean Parking. Environmental Assessment: An Addendum to the Previously Certified Housing Incentive Program Expansion and 788 San Antonio Mixed Use Project EIR (SCH # 2019090070) was Prepared. Zoning District: CS (Commercial Service).

RECOMMENDATION

It is recommended the Planning and Transportation Commission (PTC) take the following action(s):

1. Recommend that Council approve the proposed project and rezoning establishing a PC/PHZ zoning for the project via adoption of a PC ordinance (Attachment A, draft ordinance).

EXECUTIVE SUMMARY

The applicant requests approval to rezone two Commercial Service (CS) zoned parcels located at 800 and 808/814 San Antonio Road to "Planned Home Zone" (PHZ) in accordance with Palo Alto Municipal Code (PAMC) Chapter 18.38 (Planned Community Zoning). The parcels would be merged under a separate subdivision map application, and the resulting parcel would be redeveloped with a five-story, 75-unit for-sale, residential building. Fifteen of the units (20% of total units) would be provided as below-market rate units. This is comprised of six units provided at a rate affordable to very-Low Income, five at a rate affordable to low Income, and four at a rate affordable to moderate Income units. This project includes requests for modifications to the development standards for maximum floor area, lot coverage, and height. Attachment B includes a map of the project location. The ARB recommended approval of the project on March 7, 2024.

Following the PTC's recommendation, the project will be forwarded to Council for a final decision.

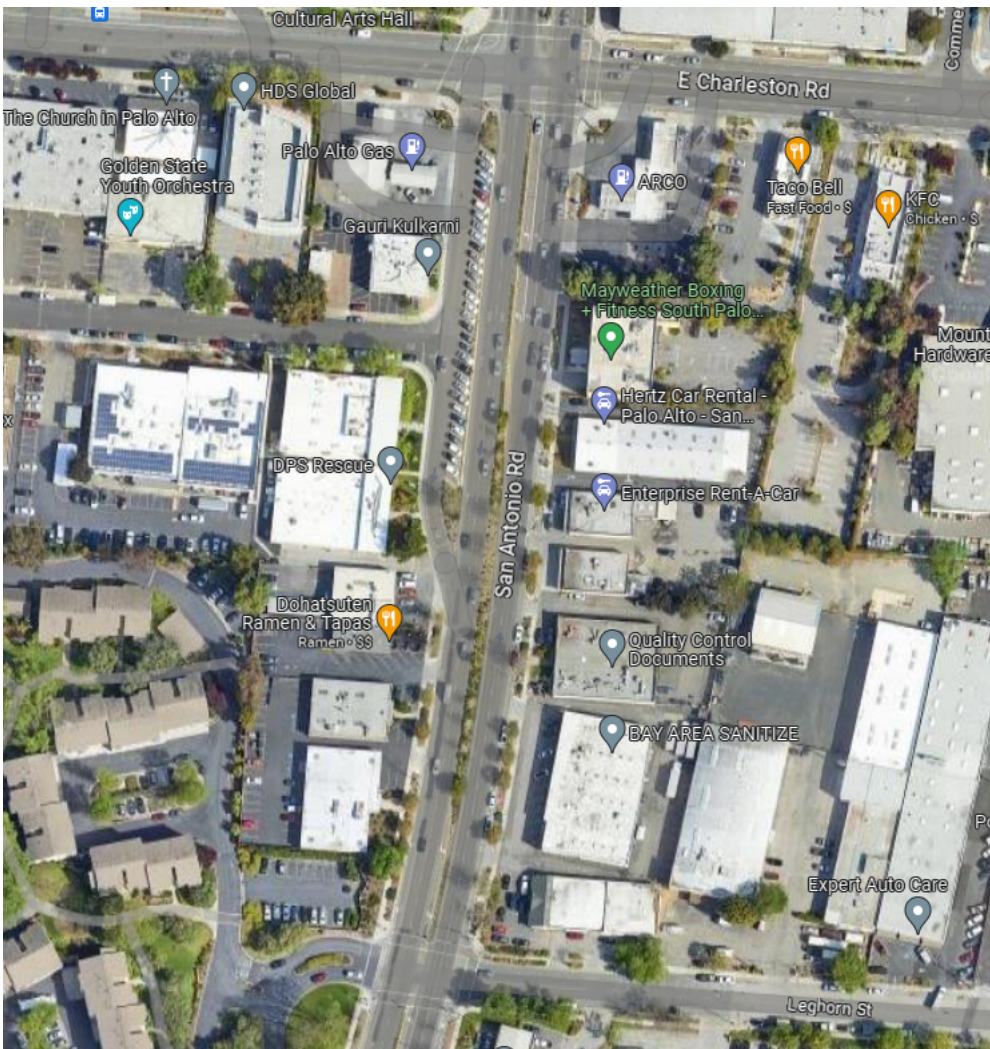
BACKGROUND

Project Information

Owner:	TS 800 SA LLC
Architect:	Mark Donahue, Lowney Architecture
Representative:	N/A
Legal Counsel:	N/A

Property Information

Address:	800 San Antonio Road (APN 147-03-038), 808-814 San Antonio Road (APN 147-03-043) Parcels to be merged.
Neighborhood:	South side of San Antonio Road, north of Middlefield Road in the Housing Incentive Program area
Lot Dimensions & Area:	Merged parcel would be approx. 200 ft wide x 178-198 ft deep. Total area of 38,194 sf (0.88 ac)
Housing Inventory Site:	808-814 San Antonio was a Housing Inventory Site in the prior cycle with a realistic capacity of 7 units
Located w/in a Plume:	No
Protected/Heritage Trees:	10 total tree removals - Three coast live oak street trees and 7 protected trees (15" or greater)
Historic Resource(s):	None
Existing Improvement(s):	800 San Antonio: 6,000 sf, one-story, built 1956 808-814 San Antonio: Two approximately 2,480 and 2,880 sf one story buildings, built 1956
Existing Land Use(s):	Car Rental, Personal Services, Office
Adjacent Land Uses & Zoning:	North: Car Rental (CS) West: Industrial use (City of Mountain View) East: Office, Religious Use, Restaurant (GM) South: Proposed 788 San Antonio Mixed-Use Project (CS)
Special Setbacks:	24 ft along San Antonio Road
Aerial View of Property:	



Source: Google

Land Use Designation & Applicable Plans/Guidelines

Comp. Plan Designation: Service Commercial (CS)

Zoning Designation: Service Commercial (CS)

	Yes		Yes		Yes
Baylands Master Plan/Guidelines (2008/2005)	<input type="checkbox"/>	El Camino Real Guidelines (1976)	<input type="checkbox"/>	Housing Development Project	<input checked="" type="checkbox"/>
Downtown Urban Design Guidelines (1993)	<input type="checkbox"/>	South El Camino Real Guidelines (2002)	<input type="checkbox"/>	Utilizes Chapter 18.24 - Objective Standards	<input type="checkbox"/>
Individual Review Guidelines (2005)	<input type="checkbox"/>	Within 150 feet of Residential Use or District	<input type="checkbox"/>	Context-Based Design Criteria applicable	<input checked="" type="checkbox"/>
SOFA Phase 1 (2000)	<input type="checkbox"/>	Within Airport Influence Area	<input type="checkbox"/>		<input type="checkbox"/>

SOFA Phase 2 (2003)	<input type="checkbox"/>	Housing Incentive Program	<input checked="" type="checkbox"/>		<input type="checkbox"/>
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Requested Entitlements, Findings and Purview:

The following discretionary applications are being requested and subject to PTC purview:

- **Planned Community (PC/PHZ):** The process for evaluating this type of application is set forth in PAMC 18.38. Planned Community is intended to accommodate all types of developments, including combinations of uses appropriately requiring flexibility under controlled conditions not otherwise attainable under other districts. The planned community district is particularly intended for unified, comprehensively planned developments that are of substantial public benefit and which conform with and enhance the policies and programs of the Palo Alto Comprehensive Plan. The application requires initial review by the Planning and Transportation Commission, followed by review by the Architectural Review Board (ARB). Upon recommendation from the ARB, the draft ordinance for the project is presented along with the development plan to the Planning and Transportation Commission for recommendation to the City Council for final action.
- On February 3, 2020, Council unanimously endorsed using Planned Housing Zoning (PHZ) for housing and mixed-use housing projects to help spur housing production. In exchange for deviation from certain standards as allowed under the rezoning, if approved by Council, the project must include at least 20% of the housing units as deed restricted for lower income households. The full Council staff report on this topic is viewable here: <https://bit.ly/PHZ-CouncilReport>

Prior City Reviews & Action

City Council:	Prescreening 8/15/22 Staff report: https://bit.ly/3qxtgnO Minutes: https://bit.ly/45OpNBj
PTC:	June 14, 2023
HRB:	None
ARB:	August 17, 2023, March 7, 2024, Ad Hoc April 4, 2024

This project initially had a Council Prescreening on 8/15/22. After the project was formally submitted on 1/19/23 and reviewed by City staff, it was presented to the PTC on 6/14/23. The PTC moved the project forward to the ARB. The ARB reviewed the project on 8/17/23 and provided comments. The applicant revised the plans and after additional staff review, the project returned to the ARB on 3/7/24. As part of the PC review process, Architectural Review (AR, process is set forth in PAMC 18.77.070) is 'bundled' with the development plan associated with the PC/PHZ Ordinance for Council action on the project. The ARB recommended approval of the PC/PHZ with a few items to be addressed in an Ad Hoc subcommittee. The plans were revised and reviewed by the Ad Hoc on 4/4/24.

The PTC provided a number of comments at the 6/14/23 meeting that have been addressed in the revised plans:

PTC Comments/Direction	Applicant Response
Additional greenery, particularly in the front setback, including street trees	<p>While the total number of street trees is reduced, the front setback has complete landscaping plans including groundcover, shrubs, and two trees.</p> <p>This is to accommodate future changes associated with providing options for bike lane improvements in the Special Setback.</p>
Additional attention toward bike infrastructure, both in on-site storage of bikes and potential to add a bike lane on San Antonio Road.	<p>A total of 76 long-term bike rack spaces are provided in the bike room, which has access directly from the street as well as from the main lobby. There are also 8 short-term bike racks in front of the building.</p> <p>The landscaping is limited, and the project respects the 24 ft Special Setback along San Antonio Road to accommodate the potential for a future bike lane.</p>
A loading space provided on-site rather than on San Antonio Road.	<p>A loading space has been added to the first level of the garage, next to an elevator, and has been designed to accommodate typical moving/delivery trucks.</p> <p>However, elimination of the street loading space was not feasible, as it is needed for refuse pick up.</p>
Provide a larger courtyard and better access to sunlight to better serve the residents	<p>The useable space of the courtyard has been increased by eliminating/relocating private patios that had been encroaching into it. Additionally, upper floors have been stepped back on one side to provide more access to sunlight, see sheet A4.4.</p> <p>A 1,345 sf roof deck has also been added to provide additional usable open space, with full access to sunlight.</p>
More sustainability elements to the building, such as a cool roof	<p>The project proposes a “high albedo membrane” cool roof. It will meet Cal Green Mandatory + Tier 2 requirements, typical for all new construction projects.</p>

PROJECT DESCRIPTION

The proposed project includes demolition of approximately 11,300 sf of commercial uses (office, retail and personal services) located at 800 and 808-814 San Antonio Road, and redevelopment of the site with a five-story, mixed-use building that includes 75 residential ownership units and residential amenities, 1,078 sf of retail space, and two levels of below-grade parking. The project includes 15 below market rate units (20% of the 75 units). Six of these would be sold at prices that are affordable to very low income, five of these at low income, and four of these at median income to respective, qualifying households. The proposed development would include a common use interior courtyard, common roof deck, private balconies/patios for all units, and amenity spaces for residents including a gym and clubhouse. The project requires a rezoning in accordance with a PHZ/PC rezoning process to accommodate the following exceptions to the development standards:

- 3.0 FAR where 1.0 to 2.0 is allowed
- 60% Lot Coverage where 50% is allowed
- 60'8" height where 50 feet in height is allowed
- 1,078 sf of retail/commercial use is proposed, where 1,500 sf is required
- Satisfaction of Parkland Dedication requirements through in-lieu fees, where subdivisions greater than 50 parcels/condos are normally required to dedicate land.

ANALYSIS

Neighborhood Setting and Character

The proposed project site is located on the east side of San Antonio Road between Leghorn Road and East Charleston Road. The surrounding uses are mostly one- to two-story buildings with commercial/personal services, office use, and similar uses. The site is adjacent to an approved mixed use, 4-story building at 788 San Antonio which is currently in the building permit process. Council approved application of the Housing Incentive Program (HIP) to a portion of San Antonio Road between Middlefield Road and E. Charleston Road, including the subject property. The approved ordinance allowed for higher density residential uses along a portion of the San Antonio Road corridor and is anticipated to change the overall character of the neighborhood in this area from low-density commercial uses to high-density residential uses over time. The environmental analysis for the approved ordinance evaluated a total increase of up to 818 new units within this area. This is the second formal application received within the area evaluated as part of the HIP expansion. There is also a proposed Major Architectural Review project utilizing the HIP proposed at 824 San Antonio.

Consistency with the Comprehensive Plan, Area Plans and Guidelines¹

¹ The Palo Alto Comprehensive Plan is available online: bit.ly/PACompPlan2030

The Comprehensive Plan includes Goals, Policies, and Programs that guide the physical form of the City. The Comprehensive Plan provides the basis for the City's development regulations and is used by City staff to regulate building and development and make recommendations on projects. Further, ARB Finding #1 requires that the design be consistent and compatible with applicable elements of the Palo Alto Comprehensive Plan. This is further discussed in Attachment C.

The Comprehensive Plan land use designation for the project site is Service Commercial (CS). The Service Commercial Designation is described in the Comprehensive Plan as: "Facilities providing citywide and regional services and relying on customers arriving by car. These uses do not necessarily benefit from being in high volume pedestrian areas such as shopping centers or Downtown. In some locations, residential and mixed-use projects may be appropriate in this land use category. Examples of Service Commercial areas include San Antonio Road, El Camino Real, and Embarcadero Road northeast of the Bayshore Freeway. Non-residential FARs will range up to 0.4. Consistent with the Comprehensive Plan's encouragement of housing near transit centers, higher-density, multi-family housing may be allowed in specific locations."

The project includes high density housing along San Antonio Road, consistent with this land use designation. Additionally, one of the parcels (APN 147-03-043 at 808 San Antonio Road) is included in the 2017-2023 Housing Element Sites Inventory, with an expected capacity of seven units. The proposed project merges parcels to allow for additional capacity. The proposed 76 units exceed the Housing Inventory expectations; this is beneficial for providing needed housing units. The project supports Comprehensive Plan policies to provide affordable housing, infill development, and to promote high-quality design.

Zoning Compliance²

Staff performed a detailed review of the proposed project's consistency with applicable zoning standards. For a PHZ project, the zoning development standards are customized for the building, and therefore this project will be in compliance with zoning through the approval process. The draft PC Ordinance is provided in Attachment A, and a Zoning summary table comparing the CS zoning district development standards and the proposed PC is provided in Attachment D.

Building Size

The project's floor area ratio (FAR) is 3.0:1 where 1:1 is the standard allowable FAR for mixed use buildings. Proposed lot coverage is 60% where 50% is standard, and 60'8" height where 50 feet in height is the standard. In general, the additional building volume is necessary to accommodate larger units, rather than the number of units itself. In the Housing Incentive Program EIR (see Environmental Review section below), it was estimated this site could accommodate approximately 94 units. By providing 75 units on the same property, including 52 two-bedroom

² The Palo Alto Zoning Code is available online: bit.ly/PAZoningCode

units and 16 three-bedroom units, this project would be able to better serve families rather than individuals or couples. The height increase, equivalent to one story, would not be substantially out of character for the San Antonio Road corridor. Next door, the 788 San Antonio project is approved to be built at 50 ft in height. In the surrounding blocks, the two Marriott hotels are also 50 ft, and the Taube Koret Campus for Jewish Life is approximately 60 ft.

Minimum Commercial Space

The project has been modified since it was previously reviewed by the PTC to add commercial/retail space. The applicant is now proposing 1,078 sf of retail space, where the standard minimum requirement is 1,500 sf. The addition of the commercial space will help provide services to the residents of this building, as well as the adjacent buildings planned in the San Antonio Road Housing Incentive Program corridor.

Multi-Modal Access & Parking

The project includes the full required parking spaces for the 75 residential units. 148 parking spaces are proposed, where 143 are required. 86 of these spaces are provided in 12 independent stacker systems. There is a condition of approval to require ongoing maintenance of the parking stackers.

Per PAMC 18.52.040, up to 1,500 sf of ground floor retail uses shall not be counted toward the vehicle parking requirement. The retail use is anticipated to be resident-serving and not draw visitors who would need to park on-site.

Bike parking is provided onsite, in the ground floor bike room, which has access directly from the street as well as from the main lobby. There are also eight (8) short-term bike racks in front of the building. Bike access was discussed extensively however the Office of Transportation is not currently prepared to move forward with a bike lane plan. Landscaping in the front setback is proposed with future bike access in mind.

Onsite Open Space

During the ARB meeting, there were questions regarding open space that were unresolved. In the CS zoning district, a minimum of 150 sf open space per unit is required, and it was unclear if this standard was being met. It has been clarified that between the private open space, and useable portions of the courtyard and roof deck, the total open space meets the 150 sf of open space per unit requirement.

Parkland Dedication and Development Impact Fees

This project includes more than 50 condominium units; therefore, the Parkland Dedication requirement applies. The applicant requests an exemption to the land dedication, and instead proposes to pay in-lieu fees estimated at over \$4.08 million. Staff from Planning and Development Services and Community Services are supportive of this request. For 75 units, the dedication requirement would be 27,450 sf, or 0.63 acres. The project site is 0.88 acres, making

on-site dedication nearly impossible. Staff was unable to identify an appropriate off-site location, and prefers a minimum size of two acres for new parks.

The total estimated development impact fees for this project would be \$4,956,709 plus the Public Art fee of approximately \$350,000 for a total estimate of \$5,306,709.

Consistency with Application Findings

This project is required to meet the Architectural Review Findings, and the Public Benefit requirements of a PC.

The Architectural Review Findings are incorporated into the Draft Record of Land Use Action (Attachment C). The ARB found at the March 7 meeting that the project meets the Findings.

This project provides a number of public benefits, as required by a PC project. This includes housing and affordable units per Council direction on PHZs, the commercial space, and planning for future bike infrastructure.

Unit Affordability

The applicant proposes to provide six Very-Low Income, five Low Income, and four Moderate Income units; 20% of the total 75 units.

The PHZ process offers developers the option to provide affordable units as the “public benefit” of a PC project, as described in the September 21, 2020 Council Staff Report³. This provides a weighted calculation to incentivize developers to provide very-low and low income units, rather than the minimum moderate units required. Table 1 below calculates weighted values for the BMR units provided, equivalent to approximate 26%. This is in excess of the minimum 20% required for a PHZ project.

800 San Antonio Below Market Rate Unit Calculation						
	Income Level	Area Median Income	Weighted Value	Number of Units	% of Actual Units	Weighted %
Below Market Rate Units	Very-low Income	31-50%	1.9	6	8%	15%
	Low Income	51-80%	1.2	5	6.7%	8%
	Moderate Income	81-120%	0.6	4	5.3%	3%

³ September 21, 2020 Council Staff Report - <https://bit.ly/PHZ-CouncilReport>

Typical Units	Above Moderate & Market Rate	121% +	0	60	-	-
Total				75	20%	26.4%

Commercial Use Space

As noted above, the project now includes 1,087 square feet of commercial/retail space. The addition of the commercial space will help provide services to the residents of this building, as well as the adjacent buildings planned in the San Antonio Road Housing Incentive Program corridor. No tenant is identified at this time, and the PC Ordinance is drafted to allow for a range of commercial uses.

FISCAL/RESOURCE IMPACT

This is a cost-recovery project, the applicant will pay an hourly rate for all staff time put towards this project. As noted above, the total estimated development impact fees for this project would be \$5,306,709.

STAKEHOLDER ENGAGEMENT

The Palo Alto Municipal Code requires notice of this public hearing be published in a local paper and mailed to owners and occupants of property within 600 feet of the subject property at least ten days in advance. Notice of a public hearing for this project was published in the *Daily Post* on March 29, 2024, which is 12 days in advance of the meeting. Postcard mailing occurred on March 27, 2024, which is 14 days in advance of the meeting.

Public Comments

Public comments regarding this project have been received throughout the review of the project, from prescreening to present. A summary of the most relevant comments is included below, and all emails received though the publication date of this report are included in Attachment E.

- This area lacks bus and bike infrastructure
- The building is too tall, too dense, and does not have setbacks on the upper levels
- Concern about children safely walking and biking to school, it is unclear what school district the building is located in
- Open space should not include a roof deck
- Appreciation for below-market rate units
- Concerns about dewatering for below grade parking
- Desire to increase and improve landscaping to include more tree and native pollinator species
- Encouraged Council to further prioritize a Coordinated Area Plan for the development of this corridor (this comment was received prior to the Cal Poly student project)

- Concern about lane closures on San Antonio Road during construction, and potential coordination issues if multiple projects are under construction simultaneously

ENVIRONMENTAL REVIEW

The subject project has been assessed in accordance with the authority and criteria contained in the California Environmental Quality Act (CEQA), the State CEQA Guidelines, and the environmental regulations of the City. Specifically, an Addendum to the previously adopted Housing Incentive Program Expansion and 788 San Antonio Road Mixed-Use Project Environmental Impact Report (SCH # 2019090070). The Addendum determined no additional significant environmental impacts will occur as a result of this project, and the project is subject to the previously adopted relevant mitigation measures. The Addendum is available in Attachment F.

ALTERNATIVE ACTIONS

In addition to the recommended action, the Planning and Transportation Commission may:

1. Continue the project to a date (un)certain; or
2. Revert the project to the Architectural Review Board with additional comments; or
3. Recommend project denial based on revised findings.

ATTACHMENTS

Attachment A: Draft PC/PHZ Ordinance with Exhibit

Attachment B: Location Map

Attachment C: Draft Record of Land Use Action

Attachment D: Zoning Comparison Table

Attachment E: Correspondence

Attachment F: Link to Project Plans / Environmental Documents

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⁴ Emails may be sent directly to the PTC using the following address: planning.commission@cityofpaloalto.org