



CITY OF
**PALO
ALTO**

City Council Staff Report

From: City Manager

Report Type: CONSENT CALENDAR

Lead Department: Planning and Development Services

Meeting Date: June 17, 2024

Report #:2405-3110

TITLE

Approval of an Extension to Building Permit 18000-00536 for 429 University Ave; CEQA status – Mitigated Negative Declaration (ENV20718).

RECOMMENDATION

Staff recommends the City Council:

1. Approve an extension to building permit 18000-00536 for a term of three months, with additional three-month extensions not to exceed a total of 18 months to January 20, 2026 on the condition that the property is maintained in a manner consistent with City of Palo Alto Municipal Code and window coverings, if applied, are maintained free from damage or discoloration; and,
2. Authorize staff to take any administrative steps to effectuate this extension.

BACKGROUND AND ANALYSIS

Through the planning application process, Bellomo Architects on behalf of Kipling Post LP, was approved to demolish the two, one-story commercial structures on two existing parcels located at 425 and 429 University Ave in March 2017. In its place would be the construction of a new four-story mixed-use residential and commercial building.

In March 2019, the City issued two demolition permits (18000-00537 and 18000-00539) for the existing structures. The demolition was completed and finalized by the City in July 2019. In the same month, a new permit (18000-00526) was issued to commence construction of the new building, which includes two levels of below grade parking (18,124 sq ft), commercial spaces (18,305 sq ft), and three residential units (6,740 sq ft).

Since the permit was issued in July 2019, three 180-day extensions were authorized in September 2022, May 2023, and January 2024 by the Chief Building Official, in accordance with Palo Alto Municipal Code Section 16.04.130. Construction progress continued and between 2019 to 2023, 141 building inspections took place at this site.

In May 2023, the property owner requested that the permit be transferred to an owner-builder permit and notified the City of a dispute between the property owner and the contractor firm. As pending litigation between the two parties continued, the property owner requested an additional extension in January 2024. At this time, construction at this site has been halted, and the owner has requested an additional permit extension. The owner has exhausted the maximum number of administrative extensions, and the Municipal Code requires that any further extensions be approved by the City Council.

Due to the unknown timeline for resolution between the property owner and construction firm, staff recommends that Council approve a three-month extension, with up to five additional three-month extensions for a total not to exceed 18-months. The Chief Building Official will execute the extension under the condition that the property is operated in compliance with City code, including signage and sidewalk obstructions. The extension would allow the property owner additional time to resolve the construction dispute and reduce the administrative resources required to maintain the building permits.

The City has received complaints about the building and in particular the presence of caution tape and cones surrounding the street frontages, the deterioration of the butcher block paper on the windows and the lack of follow through on replanting street trees on Kipling Street as required by the project approval.

Staff has since met with the owner who has now planted the street trees on Kipling Street in coordination with the City's public works department and urban forestry staff. The owner has stated that the existing butcher block paper will be replaced with a similar window covering. Staff has and will continue to engage the owner on the possibility of using the vacant storefront to display artwork through the City's Cubberley Artist Studio Program, but due to the pending litigation, this result may not be realized. Lastly, the owner has stated the caution tape and cones surrounding the building will be removed in June 2024. The owner asserts a request from her insurance broker seeking to retain the caution tape on the inside of the building as a deterrent to vandalism. Staff has communicated to the owner that the caution tape either inside or outside represents a sign pursuant to the City's sign code and must be removed to avoid escalating, daily penalties.

If the caution tape and cones are not removed prior to permit expiration on June 20, 2024, the building permit will not be extended and will lapse. To reactivate the permit, a new building permit application will be required.

POLICY IMPLICATIONS

Granting the building permit extension keeps the permit active to enable additional work and inspections to achieve project completion. If the permit is not extended, the owner would need to apply for a new building permit to complete all remaining work and any reconstruction that may be required. The new building permit package will have to comply with the California

Building Standards Code as adopted by the Palo Alto Municipal Code at the time of the new permit application submission.

FISCAL/RESOURCE IMPACT

There is no fiscal impact associated with extension of the building permit. Any additional assessed fees required will be determined by the Chief Building Official or designee.

STAKEHOLDER ENGAGEMENT

Planning and Development Services staff have been engaged with the applicant to assist with construction progress at this location.

ENVIRONMENTAL REVIEW

The project at 429 University has been reviewed under CEQA and the City approved a mitigated negative declaration in March 2017 (ENV20718).

APPROVED BY:

Jonathan Lait, Planning and Development Services Director