



CITY OF
**PALO
ALTO**

Architectural Review Board Staff Report

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

Meeting Date: September 19, 2024
Report #: 2408-3376

TITLE

4335-4345 El Camino Real [24PLN-00152]: Request for Streamlined Housing Development Review to Allow the Development of 29 Three-Story Attached Residential Townhome Condominium Units and Associated Site Improvements on Two Non-Contiguous Lots. The Project Would Replace Existing Commercial and Motel Uses. The project Includes 4 Units at Below Market Rate and Accordingly Requests Waivers and Concessions Pursuant to State Density Bonus Law. A Compliant Senate Bill 330 Pre-Application Was Submitted on January 22, 2024. Environmental Assessment: The City is Preparing a Class 32 Exemption (Infill Development). Zoning District: CS (Service Commercial). For More Information Contact the Project Planner Emily Kallas at Emily.Kallas@cityofpaloalto.org.

RECOMMENDATION

Conduct a study session to provide feedback on whether adjustments to the application would result in closer adherence to the objective design standards contained in Chapter 18.24, Objective Standards, consistent with the streamlined review pursuant to 18.77.073 for housing development projects. This project is subject to a Director's decision and does not require a recommendation from the ARB.

EXECUTIVE SUMMARY

The application includes 29 residential condominiums across two lots, four of which will be provided at a below market rate. The property is at the city border with Mountain View and Los Altos, adjacent to other residential and hotel uses.

The project is a housing development project in accordance with the Housing Accountability Act and qualifies for a Density Bonus based on the percentage and income level restrictions on the provided units (4 units (14.2% of the total units) provided at 80 to 120% of area median income (AMI) plus in-lieu fees for the remaining fractional .35 of a unit). The project is also eligible for one concession as well as unlimited waivers, or changes to the objective development standards in PAMC Chapter 18.24, to accommodate the development in accordance with the State Density Bonus allowances (California Government Code §65915) and PAMC Chapter

18.15. It is subject to the review process outlined in PAMC Chapter 18.77.073 Streamlined Housing Review. However, the project does not propose a density greater than what is allowed by the base zoning.

A location map for the proposed project is included in Attachment A and the project plans are included in Attachment G. The City, acting as the lead agency in accordance with the California Environmental Quality Act, is preparing a Class 32 (infill) exemption to document that the project meets the exemption requirements pursuant to CEQA Guidelines Section 15332.

PROJECT DESCRIPTION

The proposed project is comprised of eight for-sale townhome units in two detached buildings at 4335 El Camino Real and 21 for-sale townhome units in three detached buildings at 4345 El Camino Real. Both parcels abut El Camino Real at its intersection with Cesano Court. The existing commercial buildings, including personal services and retail uses at 4335 and the Country Inn Motel at 4345, would be demolished. The property is located at the City boundary, sharing borders with both the City of Mountain View to the southwest and the City of Los Altos to the west across El Camino Real. The project also includes one amenity space on each lot, landscaping, and associated site/utility improvements. The project intends to comply with the Objective Design Standards, as well as most development standards, including height limits and floor area. The applicant requests State Density Bonus Waivers to allow the following:

- Waiver of development standards for the preservation of retail and retail-like uses.
- Waiver or reduction of development standards to reduce the side yard setback adjacent to the condominium common use parcel from 10 feet to 4'8"
- Waiver or reduction of development standards to reduce the rear setback adjacent to the condominium common use parcel from 10 feet to 0 feet.
- Waiver or reduction of development standards to increase the "daylight plane" height limit, if applicable.
- Waiver of the "build-to" development standard along Cesano Court.
- Waiver or reduction of development standards to allow the removal of existing trees with reduced replacement ratios.
- Waiver or reduction of development standard to reduce the number of street trees required along the project frontage.
- Waiver or reduction of development standards to reduce the height of the ground-floor finished floor along the project frontage.
- Waiver or reduction of development standards to reduce restrictions on windows and balconies adjacent to residential buildings.

Requested Entitlements, Findings and Purview:

The following discretionary application is being requested and is subject to the ARB's purview:

- Streamlined Housing Development Review: The process for evaluating this type of application is set forth in PAMC 18.77.073. Streamlined Housing Development Review applications require a study session with the ARB and recommendations are forwarded to the Planning & Development Services Director for action following the review. Action by the Director is appealable to the City Council if filed within 14 days of the decision. Streamlined Housing Development projects are evaluated against specific findings. Both of the findings must be made in the affirmative to approve the project. Failure to make any one finding requires project redesign or denial. Draft findings for this project are provided in Attachment B.

The following discretionary application is being requested and is not subject to the ARB’s purview:

- Vesting Tentative Map and Final Map for condominium purposes: The process for evaluating this type of application is set forth in Title 21 of the Palo Alto Municipal Code (PAMC) and California Government Code 66474. The process for approval of a Vesting Tentative Map for a condominium subdivision is outlined in PAMC Sections 21.13.010. Tentative maps require Planning and Transportation Commission (PTC) review. The PTC reviews whether the amended subdivision is consistent with the Subdivision Map Act (in particular Government Code 66474), Title 21 of the Palo Alto Municipal Code, the Palo Alto Comprehensive Plan, and other applicable provisions of the Palo Alto Municipal Code and State Law. The PTC’s recommendation is forwarded to the City Council for final approval.

The ARB’s purview of the formal application is limited by the following state law:

- Housing Accountability Act (Government Code 65589.5): The project constitutes a “housing development project” under the Housing Accountability Act. The Housing Accountability Act Section 65589.5(j) requires that when a proposed housing development project complies with applicable, objective general plan and zoning standards, a local agency may only deny or reduce the density the project or reduce its density if the agency first finds that (1) the development would have a specific adverse impact on public health or safety unless disapproved, or approved at a lower density; and (2) there is no feasible method to satisfactorily mitigate or avoid the specific adverse impact, other than the disapproval, or approval at a lower density. For purposes of the HAA, the receipt of a density bonus, incentive, concession, waiver, or reduction of development standards shall not constitute a valid basis on which to find a proposed housing development project is inconsistent with objective standards.

BACKGROUND

Project Information

Owner:	Cesano, Inc.
Architect:	SDG Architects, Inc.
Representative:	John Hickey, SummerHill Homes

Legal Counsel: Not Applicable

Property Information

Address: 4333-4335 El Camino Real and 4345 El Camino Real

Neighborhood: Monroe Park

Lot Dimensions & Area: 4335 El Camino:
Approximately 70 ft wide, 150 ft deep (17,406 sf total)
4345 El Camino:
Approximately 169 ft wide, 266 ft deep (41,370 sf total)

Housing Inventory Site: Yes, 12 units at 4335, 31 units at 4345 El Camino Real

Located w/in a Plume: No

Protected/Heritage Trees: Yes, street trees, 21 other trees greater than 15" DBH including 2 Coast Live Oak and 1 Valley Oak

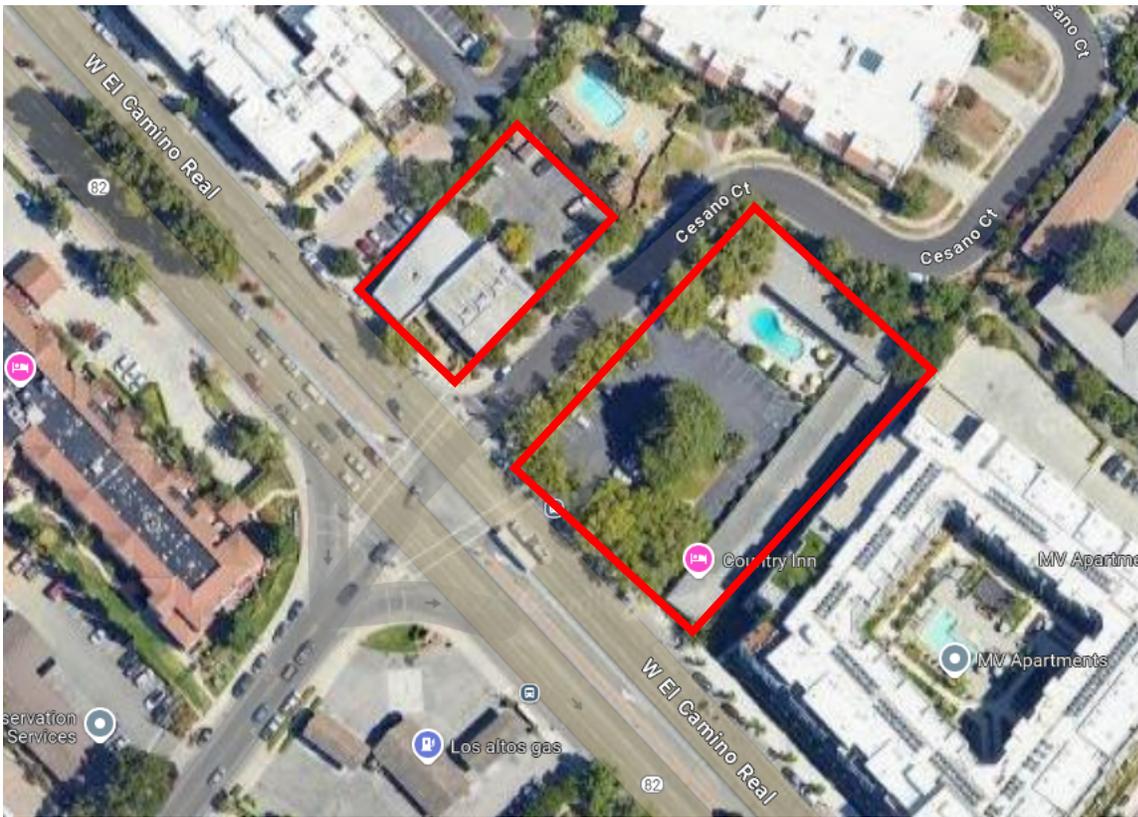
Historic Resource(s): None known; See discussion below

Existing Improvement(s): 4335 El Camino:
One-story commercial building, 2,732 sf
Two-story commercial building, 6,384 sf
4345 El Camino:
One-to-two story motel building 10,913 sf

Existing Land Use(s): Commercial/retail, motel

Adjacent Land Uses & Zoning: North: Hotel (CS)
West: Hotel (CS), Gas Station (City of Los Altos)
East: Multi-Family Residential (PC)
South: Multi-Family Residential (City of Mountain View)

Aerial View of Property:



Source: Google Satellite Maps

Land Use Designation & Applicable Plans

Comp. Plan Designation: Service Commercial (CS)

Zoning Designation: Service Commercial (CS)

	Yes		Yes		Yes
Baylands Master Plan/Guidelines (2008/2005)		El Camino Real Guidelines (1976)	x	Housing Development Project	x
Downtown Urban Design Guidelines (1993)		South El Camino Real Guidelines (2002)	x	Utilizes Chapter 18.24 - Objective Standards	x
Individual Review Guidelines (2005)		Within 150 feet of Residential Use or District	x	Context-Based Design Criteria applicable	
SOFA Phase 1 (2000)		Within Airport Influence Area			
SOFA Phase 2 (2003)					

Prior City Reviews & Action

City Council: None

PTC:	None
HRB:	None
ARB:	The applicant filed a preliminary review application for this project; however, the project was withdrawn following receipt of comments from City departments and prior to the preliminary review hearing with the ARB.

ANALYSIS

The project is still being reviewed by all City departments and is still being evaluated in accordance with the California Environmental Quality Act. Therefore, revisions are anticipated prior to issuing a decision on the project. However, the purpose of this study session is to obtain feedback from the ARB and the public early in the process in order to allow time to incorporate that feedback into the design.

Neighborhood Setting and Character

This property is located adjacent to the city boundaries with both the City of Mountain View to the south and the City of Los Altos to the west. The property currently contains 1-2 story commercial buildings which are retail and hotel use. The 4345 El Camino site is directly adjacent to a five-story apartment building located within the City of Mountain View and the 4333-4335 parcel is immediately adjacent a four-story hotel (Homewood Suites). Behind the project site along Cesano Court is a condominium building and seven single-family homes located within PC-3036. This PC project also established the current lot configuration on the subject property, which is why the project plans refer to 4333-4335 El Camino Real as “parcel 1” and 4345 El Camino Real as “parcel 3”. Across El Camino Real is a three-story hotel and a gas station. The Los Altos City Council has approved demolition of the gas station and development of a five-story multi-family complex, this entitlement is valid until September, 2025.

City-wide, the character of El Camino Real is continuing to transition from more commercial in character to multi-family residential. It continues to be an appropriate location to place high density housing.

Consistency with the Comprehensive Plan, Area Plans and Guidelines¹

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.

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

The Comprehensive Plan land use designation for the project site is Service Commercial which prescribes a density range of eight to 40 dwelling units per acre. The project has a density of 20.0 dwelling units per acre on the 4335 El Camino parcel and 21.4 dwelling units per acre on the 4345 El Camino parcel, which complies with the multiple-family residential density range set forth in the plan.

On balance, the project is consistent with the policies in the Comprehensive Plan and therefore fulfills the goals of the Plan as well. A detailed review of the project's consistency with the Comprehensive Plan is provided in Attachment B.

Housing Element

Both 4335 and 4345 El Camino are Housing Inventory Sites (HIS) in the City's adopted Housing Element. 4335 has a projected capacity of 12 units where 8 units are proposed, and 4345 has a projected capacity of 31 units where 21 units are proposed. This is a total of 14 units below the anticipated capacity for the two sites combined. In preparing the Housing Element to meet the City's required Regional Housing Needs Allocation (RHNA) of 6,086 units, the City planned for and analyzed a buffer, meaning that in identifying housing inventory sites (HIS), the City planned an additional 727 units to accommodate for the fact that actual development of housing projects across the City are dependent on numerous factors. Therefore, although the project does not build to the identified capacity for the site, the project still proposes a housing development project on a housing inventory site and includes four inclusionary below market rate units on site, consistent with the City's goals of providing housing. The difference in the number of units between the 43 units identified in the housing element and the 29 proposed is accounted for within the allotted buffer. Therefore, re-designation of another housing element site to accommodate this difference is not required.

El Camino Real and South El Camino Real Design Guidelines

The project is also subject to the El Camino Design Guidelines and South El Camino Design Guidelines. The El Camino Design Guidelines are largely not applicable to this project, as it is focused on car-centric commercial development. However, it also guides the planting of street trees, which is discussed further under the waivers requested for this project. They also limit colors on the building to three. Each proposed building has three main body colors, consistent with this guideline. Accent colors and materials are provided in accordance with the objective standards.

The project is generally consistent with the South El Camino Design Guidelines. However, the guidelines assume a ground floor commercial use and define ground floor glazing/transparency requirements based on this assumption. This would not be appropriate to the townhomes proposed. The guidelines also encourage defining corner elements. The project complies with the requirements set forth in the objective standards for corner elements; therefore, staff considers this project to be consistent with this guideline. However, the ARB may wish to consider ways to improve consistency with this element of the design guidelines.

State Density Bonus Law Compliance

The project provides four of the 29 units (13.8%) as below-market rate affordable to a moderate-income level. In accordance with Chapter 16.65, three of these are required to be provided at 80-100% of AMI and one may be provided at 100-120% of AMI. Based on the percentage of units and affordability level provided, the project is a qualifying project in accordance with California Government Code §65915(b)(1)(D) which includes projects that sell at least 10% of the total dwelling units of a housing development to persons and families of moderate income, as defined in Section 50093 of the Health and Safety Code, provided that all units in the development are offered to the public for purchase. Under §65915(d)(2)(A) and PAMC §18.15.050(c)(iv), the project is also eligible for one concession or incentive. State density bonus law also allows for unlimited waivers. The applicant has requested the following waivers:

- Waiver 1: To provide no retail or retail-like uses on the site where approximately 9,000 sf would be required of development standards for the preservation of retail and retail-like uses
- Waiver 2: Side and rear Setback requirements
- Waiver 2a: or reduction of development standards to reduce the side yard setback adjacent to the condominium common use parcel from 10 feet to 4' 8"
- Waiver 2b: or reduction of development standards to reduce the rear setback adjacent to the condominium common use parcel from 10 feet to 0 feet.
- Waiver 3: To waive the 30% "build-to" development standard along Cesano Court.
- Waiver 4: Waiver or reduction of development standard to reduce the number of street trees required along the project frontage (7 proposed where 8 are required for the 4335 El Camino Real frontage and 8 proposed where 12 are required for the 4345 El Camino Real frontage).
- Waiver 5: Reduce the height of the ground-floor finished floor along the project frontage (0.23-0.25 feet where 0.88 feet-1.4 feet is required).
- Waiver 6: Reduce restrictions on windows and balconies adjacent to residential buildings.

With respect to the first request, the City does not consider the retail preservation requirement to be a development standard that physically precludes development, as it regulates use rather than physical form. Therefore, staff do not believe this is appropriate as a waiver, though it may be requested as a concession, to the extent the absence of retail use would result in cost savings. In addition, staff notes that this issue is likely to be resolved in the near future, as Program 3.4 of the City's Housing Element calls for retail preservation requirements to be waived for Housing Opportunity Sites. An ordinance implementing this program is expected to proceed to the Planning and Transportation Commission before the end of the year.

Staff notes that the applicant has also requested a waiver from the daylight plane requirements. However, no daylight plane requirement applies to this site. Similarly, the applicant has

requested a waiver to provide some replacement tree canopy through payment of in-lieu fees instead of planting all of the trees on the site. This is already allowed in accordance with Title 8 of the municipal code. Therefore, these two waiver requests are not required and not identified above. Further, staff notes that the applicant requested a waiver from “anything else that may be required.” The City does not accept this request; waivers must specify which development standard is being exceeded and why that development standard would preclude development of the project at the density proposed.

Under state density bonus law, the City may request reasonable documentation that establishes eligibility for concessions and waivers; however, the City cannot require the preparation of a study or report and the burden is on the City to identify a basis to deny a requested concession or waiver. For concessions, the developer must provide documentation supporting the cost reduction achieved through the concession. For waivers, the applicant must provide documentation that explains why the development standard would physically preclude the project from being constructed at the proposed density. The applicant’s request for waivers and explanations for those are provided in Attachment D.

Zoning Compliance²

A summary table showing the project’s consistency with applicable zoning standards is provided in Attachment C. Additionally, the project seeks to be compliant with the PAMC 18.24 Objective Design Standards. The proposed project is seeking State Density Bonus Law waivers to deviate from certain code standards.

The applicant has not stated a request for any State Density Bonus Law concessions although one concession is allowed in accordance with percentage and affordability level of the below market rate units provided. The applicant is eligible for unlimited waivers to the extent that the development standards for which a waiver is requested would physically preclude the project from being constructed at the proposed density. The applicant has requested six waivers, as detailed in Attachment D and above.

Objective Design Standards

In order to process this project in accordance with the streamlined housing development review standards, the project is required to comply with the Objective Design Standards set forth in PAMC Section 18.24. A summary of each standard and how the project complies with that standard is provided in Attachment E.

At this time the project complies with most of the objective standards that apply to the project as set forth in the code, except where waivers are requested in accordance with state density

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

bonus law. The applicant requests waivers from objective standards related to street trees, ground floor finish height, and privacy restrictions on windows.

Staff has identified the following additional standards with which the project does not appear to comply that would need to be addressed prior to project approval:

- The project does not provide privacy landscape screening along the interior property line adjacent to the apartment building as required by PAMC 18.24.050 (b)(2)
- The project will need to provide a bench on the 4335 El Camino side to meet PAMC 18.24.020(b)(4). Both benches need to be located outside of the public right of way.
- PAMC 18.24.040 requires a minimum of 15% fenestration area for each end unit of townhouses facing the street. The plans average the facades together, and each must meet this standard individually.
- One façade, the left elevation of Building 3, does not meet the Horizontal Shift requirement PAMC 18.24.060(c)(1)
- One unit type, Unit 4, does not provide an individual entry width of 5 feet. Proposed is approximately 4 feet.
- The plans do not adequately demonstrate if the common open space has a minimum of 20% landscaping, required by 18.24.080(b)(2)

Street Trees

The objective design standards require one street tree for every 30 feet of linear property frontage. One street tree per 30 ft of frontage is also required by the El Camino Design Guidelines. The 4335 El Camino property has 250 feet of frontage, and 7 trees are proposed where 8 would be required. The 4345 El Camino property has 350 feet of frontage, and 8 trees are proposed where 12 would be required. The trees provided are evenly spaced, however infrastructure items including the private street entries, transformers, and backflow preventers preclude street trees from being placed in some locations along the frontage. Although additional analysis is being completed to confirm if any more trees can be added, it is possible that it is not feasible to add more trees within 6 ft of the sidewalk.

Ground Floor Finish Height

The objective design standards require a ground floor finished floor that is proportional to the setback, with taller floors when closer to the sidewalk. For the proposed 15 foot setback, the finish floor would be required to be approximately 1.5 feet. The project proposes to be .88 feet above the lowest grade. This applicant states that this allows for better integration of the unit's garages into the unit design, and for maximizing unit size within the height limit.

Window Privacy

The objective design standards require privacy treatments for windows facing and within 30 feet of residential uses. Some proposed units are less than 30 feet away from the adjacent apartment building in the City of Mountain View, and would be required to have high silled windows and/or

obscured glazing on fixed glass window. However, to comply with building code requirements for egress from bedrooms, it is not possible to eliminate window operation or to have high silled windows. Therefore, a waiver would be required for this standard. Staff is still requesting that the applicant provide obscured glazing on these windows despite the fact that the requirement for limiting operation of the window cannot be met.

Multi-Modal Access & Parking

As a housing development project proposed in accordance with State Density Bonus Law, this project is required to provide 1.5 space per unit and no guest spaces are required. The applicant proposes to provide two parking spaces per unit (for a total of 56 spaces) plus two guest spaces on the site and therefore exceeds this requirement. The project proposes two new private streets to provide access from Cesano Court to each of the units.

Council previously held a prescreening study session to consider a different project by a different applicant at this property. In the course of that prescreening review, staff identified an interest in connecting the bicycle path from Mountain View at the rear of the neighboring development to Cesano Court. However, it was later determined that the connection point to Cesano Court is not part of the subject property. The connection point would affect a neighboring parcel that is currently owned by the residents of the neighboring condominiums. Modifications to this parcel would require unanimous approval of all the condominium owners. Further, the previous prescreening application included a request for rezoning to a planned community zone district, which requires the granting of public benefits. The currently proposed project is a streamlined housing development review application, which does not require the granting of public benefits, including any off-site improvements are not otherwise required in accordance with an objective standards. Therefore, although staff encouraged pursuing this connection, the applicant does not have the authority to agree to this work and it is not required in order to comply with any code requirements.

There are no existing bike lanes on Cesano Court or El Camino Real in the vicinity of the project. The planned El Camino Real improvements will add a bike lane on El Camino Real in this location.

Consistency with Application Findings

The project is still being reviewed and shall not be approved until all applicable Findings are met.

FISCAL/RESOURCE IMPACT

Processing of this application has no fiscal impact as applicants are responsible for staff and consultant costs through applicable fees through the deposit-based cost recovery program. The project will eventually pay Development Impact Fees.

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 September 6, which is 13 days in advance of the meeting. Postcard mailing occurred on September 5, which is 14 days in advance of the meeting.

Public Comments

As of the writing of this report, no project-related, public comments were received.

ENVIRONMENTAL REVIEW

The subject project is being 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, a Class 32 Exemption (Infill Development) is being prepared and will need to be completed prior to issuance of a decision on the project and prior to any actions related to the Vesting Tentative Map. Although none of the buildings on site are known to be historic, and analysis of whether any existing buildings are historic is being prepared as part of that analysis.

ATTACHMENTS

Attachment A: Location Map

Attachment B: Streamlined Development Review Application Findings

Attachment C: Zoning Comparison Table

Attachment D: Applicant's Project Description

Attachment E: Objective Design Standards Analysis

Attachment F: Comprehensive Plan Consistency Analysis

Attachment G: Project Plans

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