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## Planning & Transportation Commission Staff Report

**From: Jonathan Lait, Planning and Development Services Director**  
**Lead Department: Planning and Development Services**

**Meeting Date: June 14, 2023**  
**Report #: 2304-1374**

### **TITLE**

PUBLIC HEARING / QUASI-JUDICIAL. 800 San Antonio (23PLN-00010): Rezoning of Two Parcels of Land, Proposed to be Combined Into a Single 38,194 Square Foot Property, from Commercial Service (CS) Zone to Planned Community/Planned Home Zoning to Allow the Construction of a Five-Story Residential Building Providing 76 Dwelling Units Including 16 Below Market Rate Units (21%).

### **RECOMMENDATION**

Staff recommends the Planning and Transportation Commission (PTC) take the following action:

1. Provide initial comments/feedback and recommend that staff forward the proposed project application to the Architectural Review Board for review of the development plan.

### **EXECUTIVE SUMMARY**

The proposed Planned Home Zone (PHZ)<sup>1</sup> project includes the merging of two parcels of land into one property comprised of 38,194 square feet (sf) to accommodate the construction of a new five-story residential building with 114,581 sf of floor area. The building would contain 76 residential apartment units, including 16 Below Market Rate (BMR) units, and a two-level below-grade parking garage. A rezoning to PC is proposed, to enable approval of exceptions requested to the CS zoning district development standards including the minimum rear yard setback, maximum height, maximum lot coverage, maximum floor area ratio, and minimum ground floor commercial area required for mixed-use projects.

The application is subject to environmental review under the California Environmental Quality Act (CEQA) and an Addendum is being prepared to an existing Environmental Impact Report (EIR). The project application requires initial review by the Planning and Transportation Commission, followed by review by the Architectural Review Board (ARB) of the development plan. Upon recommendation from the ARB, the project is returned to the Planning and Transportation

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<sup>1</sup> Referred to in this report as "Planned Home Zone" to emphasize the focus on housing as the benefit to the community. Still, PAMC Section 18.38, which outlines the requirement and process for Planned Community (PC) Zoning, remains the underlying code supporting application of this policy.

Commission for review of the draft PHZ ordinance and final recommendation on the development plan before presentation to the City Council for final action.

## **PROJECT DESCRIPTION**

This project is a request for rezoning to Planned Community (PC) for a Planned Home Zoning (PHZ) project. It includes a lot line adjustment combining two parcels (147-03-038 and 147-03-043) via a Parcel Map process, demolishing the existing buildings, and providing a new five-story residential building with 114,581 sf of floor area, 76 residential units, and a two-level below-grade parking garage. The residential use will include eight one-bedroom units, 52 two-bedroom units, and 15 three-bedroom units. Parking spaces will be provided in a two-story below-grade parking garage to meet the required number of parking spaces. Per PHZ requirements, 20% of the proposed units will be provided as affordable units. The development plans are provided in Attachment C.

### 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 here: <https://bit.ly/PHZ-CouncilReport>

As part of the PC review process, Architectural Review (AR) will occur prior to the next PTC hearing of the project. The process for evaluating an AR application is set forth in PAMC 18.77.070. The AR component of the project is 'bundled' with the development plan associated with the PC/PHZ Ordinance for Council action on the project. This overall project application requires approval by the City Council, so per PAMC 18.40.170, the Director will forward the ARB's recommendation to the City Council.

## **BACKGROUND**

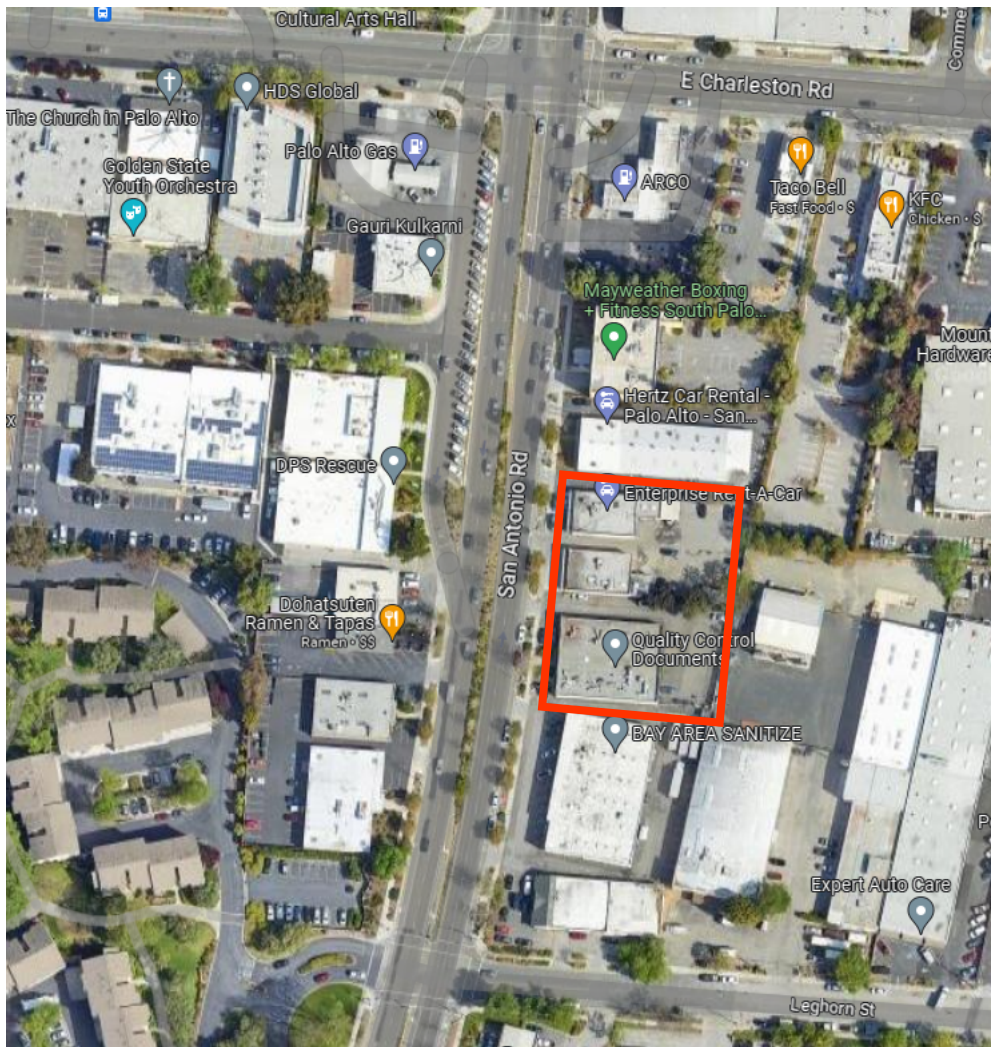
A conceptual version of the project was subject to a City Council preliminary review (or 'pre-screening') on August 15, 2022. Links to the agenda and minutes for the Council pre-screening are provided below.

### Project Information

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

### Property Information

Addresses:	800 San Antonio Road (147-03-038), 808-814 San Antonio Road (147-03-043) Parcels to be combined.
Neighborhood:	South side of San Antonio Road; The Greenhouse residential neighborhood is on the north side of San Antonio Road
Lot Dimensions & Area:	Approximately 200 ft wide, 178-198 ft deep, 38,194 sf
Housing Inventory Site:	Yes, 0-40 units allowed, 27 anticipated
Located w/in a Plume:	No
Protected/Heritage Trees:	Street trees, three Oaks proposed for removal
Historic Resource(s):	Under analysis per EIR Mitigation CUL-1
Existing Improvement(s):	800 San Antonio: 6,000 sf, one-story, built 1956 808-814 San Antonio: Two approximately 3,000 sf one-story buildings, built 1956
Existing Land Use(s):	Car Rental, Personal Services, Office
Adjacent Land Uses & Zoning:	North: Car Rental (CS) West: Unknown 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

Zoning Designation:	CS
Comp. Plan Designation:	CS
Context-Based Design:	Yes, except as excepted as a part of the PHZ process
Downtown Urban Design:	N/A
SOFA II CAP:	N/A
Baylands Master Plan:	N/A
ECR Guidelines ('76 / '02):	N/A
Proximity to Residential Uses or Districts (150'):	No
Located w/in AIA (Airport Influence Area):	N/A

#### Prior City Reviews & Action

City Council:	Prescreening 8/15/22 staff report: <a href="https://bit.ly/3qxtgnO">https://bit.ly/3qxtgnO</a> Minutes: <a href="https://bit.ly/45OpNBj">https://bit.ly/45OpNBj</a>
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PTC:	None
HRB:	None
ARB:	None, scheduled for 7/6/23

## 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 but unconstructed mixed use, 4-story building at 788 San Antonio.

The Housing Incentive Program (HIP) Expansion that Council approved in 2020 enables up to 818 high-density housing units to be built along the east side of San Antonio Road between Middlefield Road and E. Charleston Road in the coming years. Overall, the HIP is expected to change the character of the neighborhood significantly, from low-density commercial uses to high-density residential uses. This is the second formal application received in the San Antonio Road HIP area, though it is as a proposed PHZ, and the project does not utilize the HIP development standards. The HIP Expansion EIR is available here: <https://bit.ly/PA-HIP-EIR>.

### Zoning Compliance<sup>2</sup>

A detailed review of the proposed project's consistency with applicable zoning standards has been performed. A summary table is provided in Attachment B. The table notes where the proposed PC standards deviate from the typical CS standards. The applicant is proposing a minor rear yard setback encroachment for portions of the balconies, as shown on sheet A1.1. The project development would create 65% lot coverage where 50% is allowed, a 2.99 FAR where 0.6 is allowed (up to 2.0 under HIP), and 60 ft in height where 50 ft is allowed.

The 76 proposed units equate to 86 dwelling units/acre (du/ac) - which exceeds the CS Zoning District allowable 30 du/ac. Therefore, the proposed density is a part of the PHZ request. However, the EIR for the HIP expansion anticipated up to 94 units or 107 du/ac. Therefore, this project does not require additional environmental review as a result of the higher density.

The CS zone requires a minimum Mixed-use Ground Floor Commercial FAR of 15%, or 5,729.1 sf. The proposed project is choosing to not provide any commercial.

The PC Special Requirements, PAMC 18.38.150, do not apply because the project site is not within 150 feet of a residentially zoned property. The proposed height of the roof surface is 55 feet, and the height to the top of the parapet is 60 feet, both of which are above the maximum height in the CS zone of 50 feet. Mechanical equipment is generally allowed to be 15 feet above the height limit. The applicant is proposing mechanical equipment, screening, and access at seven feet

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<sup>2</sup> The Palo Alto Zoning Code is available online: [http://www.amlegal.com/codes/client/palo-alto\\_ca](http://www.amlegal.com/codes/client/palo-alto_ca)

above the roof surface, or a height of 62 feet in total height. There is no daylight plane requirement for this project.

### Consistency with the Comprehensive Plan, Area Plans and Guidelines<sup>3</sup>

#### *Housing Incentive Program (HIP)*

This project is located within the area designated for the HIP, but the applicant does not propose to utilize the HIP. This parcel was analyzed in the HIP Expansion EIR as having an expected capacity for 94 housing units in 77,314 sf of floor area. The applicant proposes 76 housing units in 114,581 square feet of floor area. Under the HIP, the allowed floor area increases from .6:1 to 2.0:1. The proposed floor area of 2.99:1 exceeds what is allowable under the HIP. Therefore, a PC rezoning is requested.

#### *Comprehensive Plan*

This property's land use designation is Service Commercial (CS), and one of the parcels (APN 147-03-043) is included in the 2023-2031 Housing Element Sites Inventory.

The Service Commercial Designation is described in the Comprehensive Plan<sup>3</sup> 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. Typical uses include auto services and dealerships, motels, lumberyards, appliance stores and restaurants, including fast service types. In almost all cases, these uses require good automobile and service access so that customers can safely load and unload without impeding traffic. 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 proposed project location is considered an appropriate location for higher-density multi-family housing since it was identified as a Housing Inventory Site in the Housing Element and within the HIP area. The Housing Inventory planned for seven units on the 808 San Antonio site, though lot consolidation provides far greater opportunity to increase the number of housing units; and as previously stated, the HIP EIR planned for 94 units. The proposed 76 units exceed the Housing Inventory expectations; this is beneficial for providing needed housing units.

#### Multi-Modal Access & Parking

This project application does not include a request for a parking reduction; 144 parking spaces are proposed in conformance with PAMC 18.52.040. This is beneficial, because as noted in the Comprehensive Plan description of the area, public transportation options are limited. This project is not located along a Safe Route to School, though San Antonio Road south of Middlefield

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<sup>3</sup> The Palo Alto Comprehensive Plan is available online:  
<http://www.cityofpaloalto.org/gov/topics/projects/landuse/compplan.asp>

is a Safe Walking Route. Future residents could access E Charleston Street which is a Safe Route to School for Fairmeadow Elementary School, and Stanford Middle School. The site is also .6 miles from Greendell School (PAUSD Preschool).

#### Consistency with Applicable Planned Community Findings

The Planning and Transportation Commission, prior to recommending approval of any PC district application, and the City Council, prior to approving an ordinance designating and regulating any PC district, must make approval findings. The following findings must be made with respect to the application approval:

*(a) The site is so situated, and the use or uses proposed for the site are of such characteristics that the application of general districts or combining districts will not provide sufficient flexibility to allow the proposed development.*

The applicant is proposing a height, lot coverage, and floor area ratio which is typically not allowed under any of the zoning districts. It is unlikely that State Density Bonuses could have accommodated this project instead, given the 86 du/ac proposed.

*(b) Development of the site under the provisions of the PC planned community district will result in public benefits not otherwise attainable by the application of the regulations of general districts or combining districts. In making the findings required by this section, the Planning and Transportation Commission and City Council, as appropriate, shall specifically cite the public benefits expected to result from the use of the planned community district.*

Per Council direction, a PHZ application is assumed to provide public benefit in the form of much-needed housing units, at least 20% of which must be affordable housing units. The project must also create more housing than jobs. Since this project proposes no commercial use, no jobs are created.

*(c) The use or uses permitted, and the site development regulations applicable within the district shall be consistent with the Palo Alto Comprehensive Plan, and shall be compatible with existing and potential uses on adjoining sites or within the general vicinity.*

The proposed project is consistent with the Palo Alto Comprehensive Plan Land Use Element and Housing Element. It is compatible with the adjacent 788 San Antonio project and the future projects anticipated as a part of the HIP Expansion.

#### **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. An Addendum to the Housing Incentive Program Expansion and 788 San Antonio Road Mixed-Use Project Environmental Impact Report (EIR) is being prepared for the project. No new significant environmental impacts are anticipated as a part of this project.



## **PUBLIC NOTIFICATION, OUTREACH, & COMMENTS**

The Palo Alto Municipal Code requires notice of this public hearing to be published in a local newspaper 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 June 2, 2023. Postcard mailing occurred on May 31, 2023.

### Public Comments

As of the writing of this report, no project-related, public comments were received. Public comments associated with the 8/15/22 Council Prescreening are available here: <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/public-comment/20220815plccs-item2.pdf>

## **ALTERNATIVE ACTIONS**

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

1. Continue the item to a date uncertain, to return to PTC before moving the project forward to the Architectural Review Board.

## **ATTACHMENTS**

Attachment A: Location Map

Attachment B: Zoning Compliance

Attachment C: Project Plans

Attachment D: Applicant's Project Description

## **AUTHOR/TITLE:**

### **Report Author & Contact Information**

Emily Foley Kallas, AICP, Planner

(650) 617-3125

[emily.kallas@cityofpaloalto.org](mailto:emily.kallas@cityofpaloalto.org)

### **PTC<sup>4</sup> Liaison & Contact Information**

Amy French, Chief Planning Official

(650) 329-2336

[amy.french@cityofpaloalto.org](mailto:amy.french@cityofpaloalto.org)

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<sup>4</sup> Emails may be sent directly to the PTC using the following address: [planning.commission@cityofpaloalto.org](mailto:planning.commission@cityofpaloalto.org)