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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 #: 2402-2661

TITLE

PUBLIC HEARING / QUASI-JUDICIAL. 3265 El Camino Real [24PLN-00012]: Request for PTC Recommendation on the Applicant's Proposal to Rezone the Subject Site from Commercial Service (CS) to Planned Community/Planned Home Zoning to Allow the Construction of a 100% Affordable, Five-Story, 44 Dwelling Unit Housing Development with Ground Level Lobby and 26 Parking Spaces. Environmental Assessment: Initial Study/15183 Exemption. Zoning District: CS (Commercial Service).

RECOMMENDATION

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

1. Provide initial comments/feedback and recommend that staff forward the proposed project to the Architectural Review Board (ARB)

EXECUTIVE SUMMARY

The applicant proposes a 44-unit affordable housing development on a vacant lot at 3265 El Camino Real and seeks exceptions to the Zoning Code through the Planned Community/Home Zoning (PC/PHZ) process. The PTC's feedback is requested, particularly on the project's deviations from the Zoning Code development standards.

In accordance with Palo Alto Municipal Code (PAMC) Section 18.38.065(a), a formal request for a rezoning of the property to a PC/PHZ must first be reviewed by the PTC. Should the PTC view the project favorably, the PTC would recommend the project be reviewed by the ARB.

A prescreening application for this project was reviewed by the City Council on September 11, 2023. The links to the staff report, video, or meeting minutes can be found below:

Staff Report: <https://cityofpaloalto.primegov.com/Portal/viewer?id=2541&type=0>

Meeting Video: <https://www.youtube.com/watch?v=s6b62NDkAyo>

Meeting Minutes: <https://www.cityofpaloalto.org/City-Hall/City-Council/Council-Agendas-Minutes>

BACKGROUND

The subject site is vacant and was previously the pool area of the hotel at the adjacent 3255 El Camino Real property. In 2018, a planning entitlement was approved for a mixed-use building with three residential units and 275 square feet (sf) of commercial mixed use. This prior entitlement (15PLN-00312) has expired and is no longer moving forward.

Requested Entitlements, Findings and Purview:

The following discretionary applications are being requested:

- **Planned Community (PC/PHZ) Rezoning:** The process for evaluating this type of application is set forth in PAMC 18.38.065. PC rezoning applications require review by the PTC and the Architectural Review Board, a final review of a development plan for review and recommendation by the PTC, and a decision by the Council. The findings under 18.38.060 must be made in the affirmative for project approval. The Architectural Review Board makes a recommendation on the development plan in accordance with the findings for architectural review in Section 18.76.020 pursuant to 18.38.065(b). These findings are included in Attachment B. For housing projects rezoning to PC (labeled “Planned Home Zoning”) council expressed an expectation that projects provide at least 20% of the units at below market rate.

Project Description

On January 10, 2024, Trachtenberg Architects filed an application on behalf of Half Dome Capitol to rezone the subject parcel from CS to Planned Community and to redevelop the site with 44 residential rental units. Twenty percent (20%) of the units would be restricted at a rate affordable to low income (51%-80% Area Median Income (AMI)) and 80% of the units would be restricted at a rate affordable to moderate income (81%-120% AMI). The applicant has also established a private agreement with the Palo Alto Educator Association (PAEA) to prioritize housing Palo Alto teachers when seeking tenants (Attachment F); however, there is no guarantee that teachers will be the only occupants of the building.

The building would be five-stories, 55 feet tall to the top of the roof deck line. The elevator overrun would be up to 69 feet as allowed in accordance with PAMC Section 18.40.090. The project includes 25,912 square feet of gross floor area on a 7,493-sf lot (Floor area ratio of 3.5: 1.0). The project also includes a 1,155 square foot roof top deck and 26 total parking spaces provided in an at-grade parking garage and utilizing a parking lift system that will lift vehicles above and below grade (see section drawings on sheet A3.0 of the plan set). The building’s exterior materials will be stucco siding, metal infill panels to frame the windows, and painted metal paneling at the elevator overrun on the side of the building which faces the Kasa Hotel.

The applicant’s project description is included in Attachment D. The project plans are included in Attachment G.

All PC/PHZ projects must have a public benefit, which the City Council has expressed to mean that at least 20% of the housing units in a project will be deed restricted for lower income households in one of four ways¹. The applicant describes this proposal in Attachment D , as being “100% affordable”, with 20% of the units restricted to the “low income” category (51%-80% Area Median Income (AMI)) and 80% of the units restricted to “moderate income” category (81%-120% AMI), which will satisfy Option 2 of Council’s approved PC/PHZ standards.

The California Department of Housing and Community Development (HCD) has released data demonstrating the income levels that qualify for each category based on the number of persons in the household for 2023 here: <https://www.hcd.ca.gov/sites/default/files/docs/grants-and-funding/income-limits-2023.pdf>.

Surrounding Uses

This site is located between a two-story motel to the western side of the property and a one-story restaurant to the eastern side of the property. On the northern side, the property backs up to a parking lot which serves the restaurant. Beyond is a one-story single-family house, and a two-story office building. The site abuts El Camino Real on its southern side. The site is less than one block from Portage Avenue (entrance to the former Fry’s site) and is located within the boundaries of the in-progress North Ventura Coordinated Area Plan (NVCAP).

ANALYSIS

Zoning Compliance

Staff has analyzed the project in comparison to development standards of the Service Commercial (CS) and the Affordable Housing Incentive Program (AHIP) zoning districts. Attachment C identifies where the proposed project deviates from these district standards. The primary development standards the project will deviate from are the allowable height and floor area ratio (FAR). Given the City’s definition of height, the proposed building would be 65 feet (i.e. top of the elevator car), while a majority of the building would have a height of 55-feet when measured to the roof deck, and the proposed FAR is 3.58:1 where the CS zone allows 0.6:1 FAR. In comparison, the AHIP standards allow a 2:1 FAR.

Draft North Ventura Coordinated Area Plan (NVCAP) Compliance

The Draft NVCAP (May 2023) designates this area for high-density residential use but requires ground-floor retail. This project does not propose ground floor retail and no existing retail use is present on the site today. The overall sidewalk width would be 12-feet which meets the Zoning Code’s requirement for an effective 12-foot sidewalk on El Camino Real. The Draft NVCAP would allow a height of 55 feet for this site where the proposed height for this project is height 65 feet.

Affordability, Compliance with PHZ

On February 3, 2020, Council unanimously endorsed using Planned Community (PC) Zoning for

¹ Council Adopted Planned Home Zoning Standards:
<https://www.cityofpaloalto.org/files/assets/public/v/1/agendas-minutes-reports/reports/city-manager-reports-cmrs/year-archive/2020/id-10715.pdf>

housing and mixed-use housing projects to help spur housing production, and rebranded it Planned Home Zoning (PHZ). 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. Moreover, the number of housing units must offset the number of net new commercial jobs that are generated by the project.

As a part of this, several options to meet 20% affordability were established. Using Option #2, the weighted system, as shown below, the project is proposing an equivalency of 72% affordable units, exceeding the 20% minimum requirement as noted in Table 1 below. Since no retail is proposed, this project would inherently create more housing than jobs.

Table 1: Affordability Matrix

	Income Level	Area Median Income	Weighted Value	% of Actual Units	Weighted %
Below Market Rate Units	Very-low Income	31%-50%	1.9		
	Low Income	51%-80%	1.2	20%	24
	Moderate Income	81%-120%	.6	80%	48
Workforce Housing	Above Moderate Income	121%-140%	.3		
Total				100%	72%

Parking and Circulation

The applicant proposes 26 parking spaces, or 0.59 spaces per residential unit. 24 parking spaces would be provided in vehicle stackers that would be independently accessible and one ADA parking space would be provided². This is an increase from the original proposal that had 20 parking spaces in vehicle stackers. Typically, one parking space per unit is required for studio and one-bedroom units, and a Transportation Demand Management (TDM) plan can be used for an up to 100% reduction in required spaces for a 100% affordable housing project where units are available to households with income levels at or below the 120% AMI thresholds (Attachment E). For comparison, a project using the Affordable Housing Incentive Program (PAMC 18.32) requires 0.75 parking spaces per unit.

The project is located on El Camino Real, a high-quality bus corridor. California State Law AB 2097 prevents cities from requiring parking spaces for projects within a half-mile of a high-quality transit stop (defined as an area with intersecting cross-street bus routes with a 15-minute headway for both routes) or a Caltrain station. However, the site is located further than a half-mile (roughly 0.65 miles) from the California Avenue Caltrain station so this project cannot utilize this provision of state law. As required by Code, 44 long-term bike parking spaces are proposed on the ground floor in a shared storage room, in addition to five on-site shared electric bikes.

²PAMC 18.52.040(b)(6-8) allows accessible loading zones to count as parking spaces. Hence, the number of spaces provided is 26 even though 25 spaces are shown on the plans.

In the previous submittal, the proposed entry into the garage was 14 feet wide. In response to feedback from staff and the City Council, the applicant has increased the driveway to meet the required 20-foot-wide driveway for two-way traffic.

Roof Deck

The proposed project includes a rooftop garden to accommodate some of the required open space. The proposed roof deck is 1,150 sf to provide approximately 26 sf of open space per unit. Typically, 150 sf of open space per unit is required in the CS zone district regulations, and 50 sf of open space per unit is required for projects using the Affordable Housing Incentive Program.

Rooftop gardens are generally not allowed above the standard height limit but are allowed on properties on El Camino Real provided they do not abut residentially zoned property or a property with a residential use. It should be noted that there is one single-family home on Lambert Street, but it is buffered between another parcel which serves as the parking lot for INDO Restaurant & Lounge. Since the adjacent parcel is not residentially zoned and does not have a residential use located on it, this restriction does not apply. Regardless, the applicant has pushed the deck area to the El Camino Real side of the building to maintain a 150 ft separation from this residence in accordance with other similar provisions of the municipal code.

Existing Tree

The site contains a Valley Oak and a Black Acacia tree. The Valley Oak is a Protected tree while the Black Acacia is considered a Designated tree. Combined, the tree protection zones comprise more than 25% of the developable area for the site and can therefore be removed per ordinance. The PTC may consider the net benefit of 44 housing units compared to maintaining a protected tree. If removed, this tree will be subject to on-site replacement and/or in lieu fees per Urban Forestry requirements.

The property frontage on El Camion Real is only 50 feet. Therefore, multi-modal access to the site is prioritized over landscaping along the facade. The existing mature London Plane street tree at the center of the lot on El Camino Real will remain through the construction of this project.

Waste Pick-Up

The proposed plans show the waste bins on the ground floor in the garage. Caltrans is proposing bike lanes throughout the City along El Camino Real which will eliminate the opportunity to provide a trash staging area on El Camino Real in front of the property. When staff studied where trash bins could be stored, the narrow frontage did not provide any opportunity to place waste bins on El Camino Real that would allow safe bicycle and vehicle traffic to and from the site during collection. Generally, Green Waste collects trash in commercial areas between 4:00am and 6:30am, but three separate collection vehicles will need to service this site. It is likely that collection will occur at a later point in the morning to limit how much residents are disturbed by the sound of the collection vehicles.

In order to address the safety and noise issues, staff has recommended that the applicant stage their bins on Lambert Street. On-site staff for the project will move the bins onto Lambert Street the night before collection. The following morning, after Green Waste has serviced the bins from

Lambert Street, the on-site staff will promptly move the bins from Lambert Street back into the garage so that the bins will not be left out for a prolonged period.

Special Requirements of a Planned Community Application (PAMC 18.38.150)

PAMC Section 18.38.150 includes additional restrictions that apply to all PHZ/PC projects when they abut or have any portion of their property within 150 feet of an RE, R-1, R-2, RMD, RM, or any PC district permitting single-family development or multiple-family development. These restrictions include height limits for parking structures, height and daylight plane transitions from lower density sites, and additional setbacks. While there is a single-family home within 150 feet of the subject parcel located at 460 Lambert Avenue, it is located on a Service Commercial (CS) zoned parcel. As a result, these additional restrictions do not apply.

Comprehensive Plan Compliance

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.

The Comprehensive Plan land use designation for the project site is Service Commercial, which allows for higher density multi-family along El Camino Real. This address is not currently listed as a Housing Inventory Site in the Housing Element. Based on an initial analysis, the project appears to be 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 will be provided during the ARB hearings.

El Camino/South El Camino Real Design Guidelines⁽³⁾⁽⁴⁾

Given the project site's location, it must conform to the El Camino Real/South El Camino Real Design Guidelines. Based on an initial analysis, the project appears to be consistent with these policies. A detailed review of the project's consistency with these Guidelines will be provided for the ARB review.

Consistency with Application Findings

The findings for approval of an Architectural Review application have been included as Attachment D. A detailed review of the project's consistency with the Findings for approval will be provided for the ARB review.

FISCAL/RESOURCE IMPACT

Impacts from the project on the City resources are limited to the staff time associated with processing the application. Rezoning applications are cost recovery, therefore staff time spent

³ El Camino Real Design Guidelines: <https://www.cityofpaloalto.org/files/assets/public/v/1/planning-amp-development-services/file-migration/current-planning/forms-and-guidelines/el-camino-real-design-guidelines.pdf>

⁴ South El Camino Real Design Guidelines: <https://www.cityofpaloalto.org/files/assets/public/v/1/planning-amp-development-services/file-migration/current-planning/forms-and-guidelines/south-el-camino-real-design-guidelines.pdf>

processing an application is reimbursed by the applicant. 100% affordable housing projects are exempt from paying the City's Development Impact fees per PAMC 16.58.030(c).

PUBLIC NOTIFICATION, OUTREACH & COMMENTS

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. Postcard mailing occurred on March 27, 2024.

Public Comments

As of the writing of this report, no new project-related, public comments were received. Public comments associated with the 9/11/23 Council Prescreening are available here: <https://cityofpaloalto.primegov.com/Portal/Meeting?meetingTemplateId=13020>.

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. Staff has hired Rincon Consultants, Inc. to prepare an Initial Study/15183 Exemption for this project. Upon completion of the environmental documentation, staff will post the document on the project webpage: <https://www.cityofpaloalto.org/Departments/Planning-Development-Services/Current-Planning/Projects/3265-El-Camino>.

ALTERNATIVE ACTIONS

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

1. Decline to move the project forward to the Architectural Review Board.

ATTACHMENTS

Attachment A – Location Map

Attachment B – ARB Findings

Attachment C – Zoning Comparison Table

Attachment D – Applicant's Project Description

Attachment E - TDM Plan

Attachment F - Private Agreement with Teacher Associations

Attachment G - Project Plans

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