



## City Council Staff Report

**From: City Manager**

**Report Type: ACTION ITEMS**

**Lead Department: Planning and Development Services**

**Meeting Date: May 5, 2025**

Report #:2411-3799

### **TITLE**

PUBLIC HEARING / QUASI-JUDICIAL. 4075 El Camino Way [23PLN-00202]: Adoption of an Amendment to a Planned Community Ordinance (PC-5116) to Allow for Modifications to an Existing 121-Unit Assisted Living and Memory Care Facility. Environmental Assessment: Exempt from the Provisions of the California Environmental Quality Act (CEQA) in Accordance with CEQA Guidelines Section 15301 (Modifications to Existing Facilities).

### **RECOMMENDATION**

Staff recommends the City Council take the following actions:

1. Find the project exempt from CEQA in accordance with CEQA Guidelines Section 15301;
2. Adopt the ordinance in Attachment B, amending Planned Community Ordinance 5116; and
3. Approve the Record of Land Use Action in Attachment C based on findings and subject to conditions of approval.

### **EXECUTIVE SUMMARY**

The applicant requests approval of an amendment to the existing Planned Community (PC) Zone District (PC-5116) to allow a 16-unit addition to the existing 121-unit assisted living facility (Palo Alto Commons). A map showing the location of the proposed project is included in Attachment A.

In accordance with the PC process, Council held an initial prescreening to provide feedback on a conceptual plan. The Planning and Transportation Commission (PTC) also reviewed a conceptual plan and provided initial feedback. Following these early hearings and staff's review of the project, the Architectural Review Board (ARB) and PTC provided formal recommendations to Council. The ARB unanimously recommended approval of the proposed project. The PTC voted (3-2-2, Commissioners Hechtman and Templeton voting no, Commissioners Reckdahl and Lu recusing) and recommended approval of only a portion of the proposed project. Commissioners that dissented in this vote recommended approval of the project as proposed (no reduction in units).

Staff recommends approval of the project as proposed by the applicant, as discussed further in this report. The City, acting as the lead agency, determined that the project is exempt from CEQA in accordance with CEQA guidelines Section 15301 (modifications to existing facilities).

## **BACKGROUND**

Palo Alto Commons was originally approved in 1987 as a Planned Community (PC) project under Ordinance 3775. In 2011, the Avant building was added through Ordinance 5116, which incorporated Ordinance 3775 by reference.<sup>1</sup>

The City Council reviewed a Prescreening application on August 7, 2023.<sup>2</sup> Council expressed general support for the concept of adding units and provided feedback for further refinement. Comments included a request to reduce daylight plane intrusion, explore the feasibility of a fourth story, and develop a Transportation Demand Management (TDM) plan to address parking conditions.

In response, the applicant made the following modifications:

1. Reduced the number of units facing Wilkie Way
2. Increased the total number of proposed units from 14 to 16
3. Stepped back second and third floors to reduce daylight plane encroachment
4. Submitted a draft TDM plan, which is under review by the Office of Transportation and included as a condition of approval (Attachment F)

The Planning and Transportation Commission (PTC) reviewed conceptual plans on February 28 and June 12, 2024.<sup>3</sup> Following the initial review, Commissioners requested additional information related to the daylight plane, parking demand, and potential noise impacts. At the June 12 meeting, the PTC recommended forwarding the project to the Architectural Review Board (ARB) and encouraged consideration of the following:

- Increasing the rear setback to 20 feet to comply with PAMC 18.38.150 daylight plane standards
- Incorporating privacy glazing, screening, or alternate window placement consistent with Individual Review (IR) Guidelines
- Reducing noise impacts of the residents on the neighborhood through measures such as insulated windows

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<sup>1</sup> Ordinance 3775: <https://portal.laserfiche.com/Portal/DocView.aspx?id=104198&repo=r-704298fc>

Ordinance 5116: <https://portal.laserfiche.com/Portal/DocView.aspx?id=2179&repo=r-704298fc>

<sup>2</sup> August 7, 2023 Report: <https://cityofpaloalto.primegov.com/Portal/Meeting?meetingTemplateId=12606>

<sup>3</sup> February 28, 2024 Report: <https://cityofpaloalto.primegov.com/Portal/Meeting?meetingTemplateId=13611>

June 12, 2024 Report: <https://cityofpaloalto.primegov.com/Portal/Meeting?meetingTemplateId=13660>

- Enhancing privacy through strategic landscaping for adjacent residents

Staff does not support adding measures to address noise. At the PTC meeting, two neighbors stated occasionally being able to hear residents of Palo Alto Commons from their backyards. The PTC considered incorporating this into their motion, but ultimately did not gain majority support to do so. In June 2024, the California Supreme Court heard *Make UC A Good Neighbor v. Regents of the University of California*, and in their decision on the case determined that "social noise," from residents of a potential project is not considered a significant environmental effect and therefore not subject to CEQA analysis for residential projects. As a part of this determination, Staff cautions against requiring any measures designed to insulate against "social noise".

The ARB held public hearings on July 18 and October 17, 2024.<sup>4</sup> The applicant modified landscape screening in response to individual neighbor feedback, revised window placement and sizing to comply with Objective Design Standards and finalized the TDM plan. The ARB concluded that the project met privacy standards and was appropriately scaled to its surroundings, including with respect to daylight plane compliance. On October 17, the ARB unanimously recommended approval without further changes.

The project returned to the PTC on December 11, 2024, for further review as required under the PC process.<sup>5</sup> The discussion focused on daylight plane compliance and parking. The Commission voted (3-2-2) to recommend approval of only the seven units not facing Wilkie Way and denial of the nine rear-facing units and the proposed ground-floor office space. The motion also included recommendations to:

- Return the TDM plan to the PTC for further review
- Revise Findings to reflect the modified recommendation
- Remove past public benefits from consideration under the current PC Ordinance

Commissioners supporting the motion cited PAMC Chapter 18.38, noting its more restrictive daylight plane provisions for PC projects near single-family homes. Dissenting Commissioners expressed support for the project as proposed. Commissioners Reckdahl and Lu recused due to their recent election to Council.

### Project Description

The applicant requests an amendment to the existing PC Zone District (PC-5116) to allow 16 additional assisted living units and 172 square feet of staff office space within the Palo Alto Commons facility. Nine of the proposed units would face the adjacent single-family neighborhood.

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<sup>4</sup> July 18, 2024 Report: <https://cityofpaloalto.primegov.com/Portal/Meeting?meetingTemplateId=13877>

October 17, 2024 Report: <https://cityofpaloalto.primegov.com/Portal/Meeting?meetingTemplateId=13919>

<sup>5</sup> December 11, 2024 Report: <https://cityofpaloalto.primegov.com/Portal/Meeting?meetingTemplateId=13772>

### Requested Entitlements, Findings and Purview:

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

- **Planned Community/Planned Housing Zone (PC/PHZ):** As defined in PAMC 18.38, this zoning process allows for comprehensively planned developments that offer public benefits not otherwise achievable under existing zoning. Applications must be reviewed by the PTC and ARB before final action by the City Council.

### **ANALYSIS**

The proposed project has been analyzed in accordance with all relevant plans, policies, and regulations adopted by the City. Staff's review finds the project consistent with all relevant plans, policies, and regulations, as detailed throughout this report, and therefore recommends approval of the project as proposed. The ARB concurred and their recommendation is consistent with the staff recommendation. The PTC differed, and their recommendation reduces the project scope from the staff recommendation.

### Neighborhood Setting and Character

Palo Alto Commons is on the same parcel as the Avant Independent Living Facility. The neighborhood includes residential (RM-20) to the west, single-family (R-1) residential to the north, and the Goodwill store (CN) to the east. Across El Camino Way, West Meadow Drive, and El Camino Real there are other multi-family and commercial uses. Heights in the area range from one to three stories and include a variety of architectural styles. The proposed addition would not change the overall height of the building.

### Consistency with the Comprehensive Plan, Area Plans, and Guidelines<sup>6</sup>

The site has a Comprehensive Plan land use designation that includes both Multiple-Family Residential, for a portion of the site adjacent to single-family, and Neighborhood Commercial for the portion towards El Camino Way. Multiple-Family Residential land use designation permits densities ranging from 8 to 40 units and 8 to 90 persons per acre and indicates that densities should be on the lower end of the scale next to single-family residential areas. Neighborhood Commercial land use designation includes shopping centers as well as street-front stores serving the immediate neighborhood. Higher density residential and mixed-use projects may be allowed in specific locations.

Although assisted living units are not counted toward the City's regional housing needs assessment or RHNA, they nonetheless have many characteristics of a "residential" use. The project provides senior living facilities that align with the multiple-family and neighborhood commercial land use designations. The project includes the addition of senior living units to an existing facility. Therefore, no change is proposed to the existing land use.

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<sup>6</sup> The Palo Alto Comprehensive Plan is available online: [bit.ly/PACompPlan2030](https://bit.ly/PACompPlan2030)

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

#### Zoning Compliance<sup>7</sup>

Attachment D provides a detailed review of the proposed project's consistency with the existing zone district, PC-5116. Because the existing Planned Community zone district ties to the specific existing development, which included specifications for the number of allowed units, the proposed project modifications, which add 16 units to the site plan, would require an amendment to the existing PC Ordinance.

The following key modifications are proposed to the existing PC Ordinance and associated development plan:

- The density and provided units would increase by 16 units;
- The allowed lot coverage and floor area would increase to accommodate the approximately 6,890 square foot addition;
- The minimum setback would decrease from 8 feet to 6 feet for the southwestern property line adjacent to Goodwill; and
- The parking ratio provided would reduce from 0.46 spaces per unit (1.16 spaces per 2.5 beds) to 0.41 spaces per unit (1.01 spaces per 2.5 beds), as no additional spaces are being provided. However, this is consistent with the standard code requirement for this use, which is one space per 2.5 beds.

#### Daylight Plane

The applicable daylight plane regulation has been a point of contention throughout the application review process for area residents. The original PC (PC-3775), incorporates the R-1 side daylight plane as the standard requirement, measured at 10 feet vertical and a 45 degree angle at the property line. Staff believes the R-1 side daylight plane was chosen at the time because the property contains street frontage on West Meadow Drive, making the side adjacent to the Wilkie Way neighbors an interior side yard. The proposed addition complies with the R-1 side daylight plane.

In its review of the project, the ARB agreed that this daylight plane standard was appropriate for the project this determination and that the proposed scale of the addition overall was compatible to the surrounding neighborhood.

However, several PTC Commissioners disagreed and favored a more restrictive daylight plane standard, citing PAMC Chapter 18.38 daylight plane for PC projects that are less than 60% residential and adjacent to single-family neighborhoods, or the PAMC Chapter 18.12 R-1 rear daylight plane as more appropriate standards. This more restrictive standard would require a

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<sup>7</sup> The Palo Alto Zoning Code is available online: [bit.ly/PAZoningCode](http://bit.ly/PAZoningCode)

minimum 10 foot setback from the R-1 zoned property with an approximately 30% daylight plane starting at ten feet in height. The proposed project does not meet this more restrictive standard. The PTC discussed other nuances related to the daylight plane but ultimately, the original PC ordinance established the standard that staff used to evaluate the proposed addition. The City Council, in its review of the project may consider the appropriateness of the standard used to evaluate the project.

#### Privacy

Many of the neighboring residents along Wilkie Way have expressed concerns regarding privacy, specifically from the nine units along the rear of the building. Proposals for privacy treatment were described as balancing the need for privacy with livability for the residents. Through the review process, staff and the ARB encouraged modifications to the design to conform to the objective design standards for privacy. All of these units in the current plans provide windows that meet the Objective Design Standards in PAMC 18.24.050(2)(C) and (D), primarily utilizing five-foot sill heights or having the angles at a 45-degree angle to the property line, or by being more than 30 feet away from the nearest window it is facing. Boardmembers noted a perspective that the zig-zag design of the building and the proposed tree planting in particular effectively address privacy.

#### Noise

The Noise Study (linked in Attachment F, and CEQA document Attachment A) prepared for the project found the existing Palo Alto Commons building and proposed addition comply with PAMC Chapter 9.10 Noise.

As a part of the public hearing process, a neighbor identified a noise issue associated with the water heater system at the Avant building. A Code Enforcement case is open and a building permit application to address the issue is under review. Staff does not consider this case as relevant to the proposed project scope, as it is located in a different building.

#### Shade and Landscaping

Neighbors have expressed concern about an increase in shade from the building additions and the landscaping. In response to PTC and ARB feedback, the applicant held a neighborhood meeting on August 22, 2024, to discuss landscaping with individual neighbors. Based on feedback from the neighbors, six evergreen trees and two deciduous trees have been proposed to fill gaps in the existing landscape screen. Sheet A1.6 of the plans in Attachment F show the revised landscaping plan. The plans also include an extensive shadow study (sheets A5.21- A5.24) showing an increase in shade would be minimal and limited to the winter months.

#### Public Benefit

The project provides additional assisted living units, providing services to more seniors who need a high level of care. Although these units are not considered as dwelling units towards the City's RHNA, they provide a safe place for seniors to live. These units themselves are therefore

proposed as the public benefit associated with this PC amendment and were considered so during the initial PC application.

PC-5116 for the existing development provided three public benefits: 1) rental senior assisted housing (with provisions for aging in place); 2) Roadway, pedestrian and bus stop improvements; and 3) A contribution of \$100,000 to Avenidas to be ear-marked for the age at home program for low-income seniors.

The PTC asked for these items to be removed from the PC Ordinance as the right of way improvements and Avenidas payment were all completed over ten years ago. However, Staff recommends they be maintained as a part of the record, by incorporating them into the PC Ordinance.

#### Multi-Modal Access and Parking

Neighbors have consistently commented on parking and traffic impacts. Additionally, the PC-5116 and preceding PC-3775 conditions of approval both required TDM plans that were not sufficiently maintained in the past. As such, a new TDM plan has been prepared and will be monitored as a condition of approval, with specific deliverables that must be provided to the City to document compliance. Elements from the TDM plan have already been implemented, and annual reporting will begin one year from project approval. Typically, a TDM plan is prepared to allow a reduction in the number of parking spaces provided or to reduce peak single occupancy vehicle trips. However, the property contains a sufficient number of spaces for the expanded use. Therefore, this TDM plan facilitates transit alternatives, and is focused on better utilization of existing spaces, including providing direction for staff and visitors to park on site instead of in the neighborhood. The applicant has provided a revised TDM and a new Parking Plan (Attachment F). The Parking Plan reinforces the parking procedures the applicants have provided verbally at previously meetings, and the TDM plan, and provides assurance that parking on adjacent streets is discouraged moving forward. Compliance with the TDM plan and Parking plan are included in the Conditions of Approval.

#### Conformance with Prior Approvals and Existing Ordinance

As a part of the project analysis, it came to the attention of Staff that the existing conditions of Ordinance 3775 have not been consistently applied over the years. In addition to the TDM plan as discussed, Palo Alto Commons is required to provide preference to residents of Palo Alto and their families (Ord. 3775 Section 3(a)(9)), as well as an annual report regarding building occupancy (Ord. 3775 Section 3(d)). All prior conditions apply to the existing and proposed project.

Specifically, the annual report requires the following data to be disclosed:

- Occupancy/vacancy status
- Number and age of occupants
- Number of employees

- Number of residents and employees who use parking spaces
- Copy of Renewal License for Residential Care Facility

Staff recommends Council consider the purpose and benefit of this information. If annual reports are considered necessary, then Staff recommends removing “age of occupants” from the annual report requirements for privacy reasons. The Planning Department does not have records of an annual report being submitted in any prior years, however staff acknowledges this is out of compliance with the Conditions of Approval, and Palo Alto Commons shall provide annual reports moving forward, unless this requirement is modified or removed.

#### Consistency with Application Findings

Staff analysis finds that the proposed project is consistent with the relevant Planned Community and Architectural Review findings required, as detailed in PAMC Chapter 18.38, as detailed in Attachment C (record of land use action).

In summary, the PC request supports the existing use and expands the senior housing public benefit. The proposed project is an incremental expansion of the existing use, which appears compatible with the neighborhood based on the criteria discussed in this report. The site is shared with an independent senior living apartment building, and other surrounding uses are currently mostly single-family houses, as well as condominiums and the Goodwill store. The character of the neighborhood will remain the same, and improvements are being made to privacy landscaping bordering the single-family neighborhood. The proposed addition is consistent with the existing height and existing PC daylight plane, which combined with new landscaping, preservation of existing landscaping, and privacy measures for new windows, will maintain an appropriate mass and character adjacent to the residential neighborhood. The new assisted living and memory care units will provide an important service to seniors in the community. The project proposes high-quality materials in a variety of colors appropriate for a residential building, and the variety of colors helps break up the massing. The new sloped roof areas will also add visual interest and enhance the residential feel. The design is functional and proposes improvements to existing parking conditions through the implementation and monitoring of a TDM plan.

#### **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 proposed addition requires payment of development impact fees, which are currently estimated at \$382,000.

#### **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 and postcard mailing in advance of a public hearing for this project was published in the *Daily Post* on April 23, 2025, which is 12 days in advance of the meeting.

#### Public Comments

All previously submitted written comments on this project are included in Attachment E. In general, the key concerns raised include:

- Loss of privacy
- Reduced access to natural sunlight
- Insufficient parking
- Opposition to any zoning code exceptions for the proposed addition
- Concern that WellQuest, as a for-profit entity, does not prioritize the interests of neighboring residents
- Potential negative impacts on property values and overall quality of life
- Questions about compliance with conditions of approval included in PC-3775

#### **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. The City, acting as the lead agency, has determined that the project is exempt from CEQA in accordance with CEQA Guidelines Section 15301 (existing facilities). Attachment F summarizes the project's eligibility for a Class 1 exemption and why none of the exceptions to the exemptions apply to this project.

#### **ALTERNATIVE ACTIONS**

In addition to the recommended action, City Council may:

1. Approve the project with modified findings or conditions;
2. Continue the project to a date (un)certain; or
3. Deny project based on revised findings.

#### **ATTACHMENTS**

Attachment A: Location Map

Attachment B: Draft PC Ordinance

Attachment C: Draft Record of Land Use Action

Attachment D: Zoning Consistency Analysis

Attachment E: Public Comment

Attachment F: Link to Project Plans and Environmental Analysis

#### **APPROVED BY:**

Jonathan Lait, Planning and Development Services Director