

Ordinance No. ____

Ordinance of the Council of the City of Palo Alto Amending Section 18.08.040 of the Palo Alto Municipal Code (The Zoning Map) to Change the Classification of Property Located at 70 Encina Avenue from Service Commercial (CS) Zone to Planned Community Zone (PC)

The Council of the City of Palo Alto ORDAINS as follows:

SECTION 1. Findings and Declarations.

- (a) On March 24, 2024, Hayes Group Architecture (“Applicant”) submitted an application for Rezoning to Planned Community/Planned Home Zoning (PHZ) and Major Architectural Review to redevelop the site at 70 Encina Avenue (the “Subject Property,” more particularly described in Exhibit A) with ten condominium units, two of which would be below market rate (the “Project”).
- (b) Following Staff Review, the Planning and Transportation Commission (Commission) reviewed the project on September 11, 2024 and recommended the project to the Architectural Review Board.
- (c) The Architectural Review Board reviewed the project on November 7, 2024 and, following preparation of the environmental analysis, formally recommended approval of the project to the City Council on February 6, 2025.
- (d) The Planning and Transportation Commission reviewed the project on February 26, 2025; and recommended approval of the project to the City Council.
- (e) Approval of the Planned Community Project would constitute a project under the provisions of the California Environmental Quality Act of 1970, together with related state and local implementation guidelines promulgated thereunder (“CEQA”).
- (f) The City is the Lead Agency pursuant to Public Resources Code section 21067 as it has the principal responsibility to approve and regulate the Planned Community Project.
- (g) The City, in compliance with CEQA, determined that the project is eligible for streamlined review in accordance with CEQA Guidelines Section 15183. The City prepared an analysis of the project in accordance with CEQA Guidelines Section 15183, which evaluated the project’s consistency with the Comprehensive Plan and the Comprehensive Plan EIR, including relevant addenda. Plan level technical reports were prepared to confirm that the Comprehensive Plan EIR, including any mitigation required through that EIR, would adequately address the impacts of the proposed project.
- (h) The Council is the decision-making body for approval of the Planned Community Project.

- (i) 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. Specifically, the project proposes family-serving, ownership housing units. The existing CS zoning requires ground-floor retail and limits the square footage for residential uses to a floor area ratio of no more than 0.35 to 1. The limitation on residential housing uses and development standards was intended to apply to the shopping center, of which this site was previously a leased part. The site is zoned and designated as part of the shopping center but is no longer leased by the Town & Country Village shopping center owner and is part of a separate, adjacent parcel. In order to provide an exclusively multi-family use on this site and to achieve a floor area, lot coverage and setbacks that allow for development of the project as proposed, the proposed rezoning is necessary.
- (j) Development of the site under the provisions of the PC planned community district will result in public benefits not otherwise attainable by application of the regulations of general districts or combining districts, as set forth in Section 6 of this ordinance.
- (k) Rezoning of the site to Planned Community is appropriate for the reasons set forth herein.
- (l) The use or uses permitted, and the site development regulations applicable within the district are consistent with the Palo Alto Comprehensive plan and compatible with existing and potential uses on adjoining sites or within the general vicinity, as set forth in the Record of Land Use Action (Exhibit B) accompanying this ordinance.

SECTION 2. Amendment of Zoning Map.

Section 18.08.040 of the Palo Alto Municipal Code, the “Zoning Map,” is hereby amended by changing the zoning of Subject Property from Service Commercial (CS) to “Planned Community Zone (PC) _____”.

SECTION 3. Project Description.

The Project as a whole is described in the Development Plan, titled “Encina Housing 70 Encina Avenue, Palo Alto, CA 94301” and uploaded to the Palo Alto Online Permitting Services Citizen Portal on February 19, 2025. With respect to the Subject Property, the project comprises the uses included in this Ordinance, depicted on the Development Plans, incorporated by reference, including the following components:

- (a) Redevelopment of an existing surface parking area, as described in more detail in the Development Plan, to allow construction of a new 3-story, 19,035 sf building (1.57 FAR); to include ten (10) residential condominium units organized around a common access court that provides both vehicular and pedestrian access and site improvements. Two of the proposed units will be deed restricted to be sold at a rate affordable to households earning up to 80% of area median income.

- (b) Merger of two existing lots and subdivision into ten (10) residential condominium units through a subdivision map, which will be filed at a later date.

SECTION 4. Land Uses.

- (a) The following land uses shall be permitted:
 - (1) Multi-family residential in accordance with the project description;
 - (2) Accessory Uses.

SECTION 5. Site Development Regulations and Development Schedule.

- (a) Development Standards:

Development standards for the Subject Property shall be those conforming to the Development Plans.

- (b) Parking and Loading Requirements:

The Owner shall provide parking and loading as set forth in the Development Plan. Specifically, the Owner shall provide four units with 1 space per unit and six units with 2 spaces per unit, for a total of 16 parking spaces.

- (c) Modifications to the Development Plan, Land Uses and Site Development Regulations:

Once the project has been constructed consistent with the approved Development Plan, any modifications to the exterior design of the Development Plan or any new construction not specifically permitted by the Development Plan or the site development regulations contained in Section 5 (a) – (b) above shall require an amendment to this Planned Community zone. Any use not specifically permitted by this ordinance shall require an amendment to the PC ordinance, as required by Palo Alto Municipal Code 18.38.050.

- (g) Development Schedule:

The project is required to include a Development Schedule pursuant to PAMC §18.38.100. The applicant has indicated that development is anticipated to begin in October 2025 and conclude in December 2026.

Notwithstanding the above, construction of the project shall commence within two years of the effective date of this ordinance. Prior to expiration of this timeline, the Owner may seek a one year extension from the Director of Planning and Development Services. All construction and development of the project shall be complete within 3 years of the start of construction.

SECTION 6. Public Benefits.

- (a) Public Benefits

Development of the Project Site under the provisions of the PC Planned Community District will result in public benefits not otherwise attainable by application of the regulations of general districts or combining districts.

The public benefit provided by the Project is two dwelling units at below market rates (“BMR”), affordable to households with income not exceeding 100% of area median income. This exceeds the base requirement in Palo Alto Municipal Code Chapter 16.65, which would require one BMR unit and the payment of in-lieu fees.

SECTION 7. Environmental Review

The City prepared an analysis of the project in accordance with CEQA Guidelines Section 15183 and confirmed that the Comprehensive Plan EIR, including any mitigation that would be addressed as required through that EIR, would adequately address the impacts of the proposed project.

SECTION 8. Effective Date

This ordinance shall be effective on the thirty-first day after the date of its adoption (second reading).

INTRODUCED:

PASSED:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

ATTEST:

City Clerk

APPROVED AS TO FORM:

Assistant City Attorney

APPROVED:

Mayor

City Manager

Director of Planning and
Development Services

NOT YET APPROVED

Exhibit A Plan and Legal Description

NOT YET APPROVED

Exhibit B Record of Land Use Action