



CITY OF
**PALO
ALTO**

Architectural Review Board Staff Report

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

Meeting Date: October 5, 2023
Report #: 2309-1972

TITLE

PUBLIC HEARING/QUASI-JUDICIAL. 420 Acacia [23PLN-00058]: Request for a Streamlined Housing Development Review to Allow the Construction of an Approximately 35,354 Square Foot (sf) Multi-Family Project Consisting of 16 Two- and Three-Bedroom Condominium Units in Four 2- and 3-story Buildings on an Approximately 0.8-acre (35,753 sf) Parcel. The Project would replace a paved, 68-space surface parking lot. The Project includes two Units Provided at Below Market Rate and, Accordingly, Requests Concessions and Waivers Pursuant to State Density Bonus Law. A Compliant Senate Bill Pre-Application was Submitted on January 4, 2023; Therefore, this Project is Being Processed in Accordance with SB 330. Environmental Assessment: Exempt from the Provisions of the California Environmental Quality Act in Accordance with CEQA Guidelines Section 15332 (in-fill development). Zoning District: The Project Site has a Split Zoning Designation of RM-30 (Multiple-Family Residential) and R-1 (Single-Family Residential). For More Information Contact the Project Planner Claire Raybould at Claire.Raybould@cityofpaloalto.org.

RECOMMENDATION

Conduct a study session to provide feedback on whether minor adjustments to the application would result in closer adherence to the contextual design criteria/objective design standards contained in Chapter 18.24, Objective Standards, consistent with the streamlined review pursuant to 18.77.073 for housing development projects.

EXECUTIVE SUMMARY

The proposed residential for-sale townhome project, located on a 0.8-acre parcel at 420 Acacia Avenue, includes 16 residential rental units, two of which are to be provided at below market rate. The project would replace a vacant surface parking lot. The applicant filed a compliant pre-application in accordance with Senate Bill 330 on January 4, 2023. Therefore, the project analysis is based on the applicable objective standards in place at the time the compliant SB 330 preapplication was submitted.

The project qualifies as a housing development project in accordance with the Housing Accountability Act. It qualifies, based on the percentage and income level restrictions on the provided units, for one concession as well as unlimited waivers, or changes to the objective development standards, to accommodate the development in accordance with the State Density Bonus allowances (California Government Code §65915) and PAMC Chapter 18.15.

A location map for the proposed project is included in Attachment A and the project plans are included in Attachment H. The City, acting as the lead agency in accordance with the California Environmental Quality Act, determined that the project is categorically exempt from CEQA in accordance with CEQA Guidelines Section 15332 (infill exemption). Documentation to support the exemption is also provided in Attachment H.

BACKGROUND

Project Information

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|-----------------|-----------------------------|
| Owner: | Acacia Camino Investors LLC |
| Architect: | Dahlin Group |
| Representative: | Dividend Homes |
| Legal Counsel: | Not Applicable |

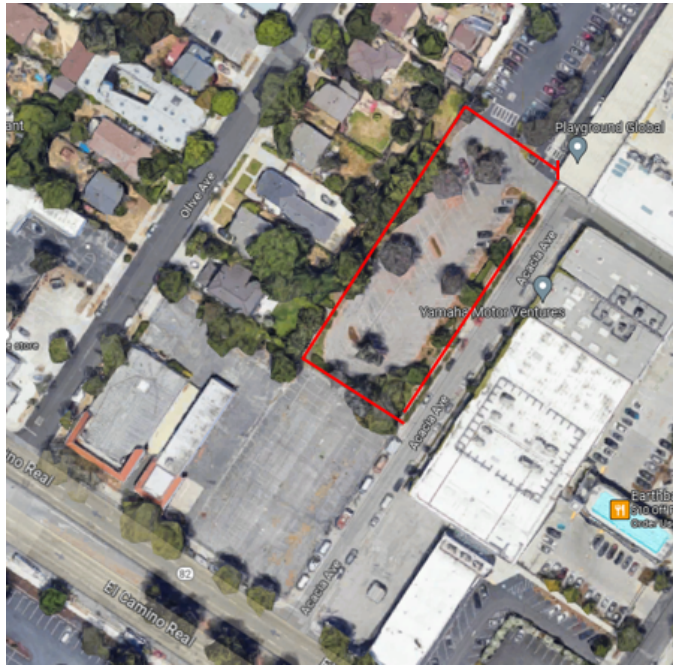
Property Information

| | |
|---------------------------|---|
| Address: | 420 Acacia Avenue |
| Neighborhood: | North Ventura |
| Lot Dimensions & Area: | Approximately 278ft x 109ft |
| Housing Inventory Site: | Not Applicable (identified as pipeline project; see discussion below) |
| Located w/in a Plume: | Yes (see discussion below) |
| Protected/Heritage Trees: | Protected trees (see discussion below) |
| Historic Resource(s): | Not Applicable |

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|--------------------------|---|
| Existing Improvement(s): | Surface parking lot |
| Existing Land Use(s): | Multi-family and Single-family split land use designation; existing use surface parking |

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|------------------------------|--|
| Adjacent Land Uses & Zoning: | North: Single-family Residential (R-1 Zoning) West: Surface park and Cannery building (RM-30 Zoning) (area to be rezoned and redeveloped in accordance with the Sobrato Development Agreement) East: Surface Parking lot (CS Zoning) (to be redeveloped with 129-unit affordable multi-family development) South: Commercial Land Uses (retail, commercial rec) (CS Zoning) |
|------------------------------|--|

Aerial View of Property:



Source: Google Satellite Maps

Land Use Designation & Applicable Plans

Comp. Plan Designation: Split land use designation of Multi-family Residential and Single-family Residential (see project plans)

Zoning Designation: Split zoning designation of RM-30 and R-1 (see project plans)

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

Prior City Reviews & Action

City Council: None

| | |
|------|------|
| PTC: | None |
| HRB: | None |
| ARB: | None |

PROJECT DESCRIPTION

The proposed project is a request from Dividend Homes to construct a 16-unit, three-story, multi-family residential development on a 0.8-acre lot at 420 Acacia Avenue. The development would replace an existing surface parking lot. The project would utilize waivers, as allowed in accordance with State Density Bonus regulations. Two of the units would be deed restricted and sold at a rate affordable to moderate-incomes (80%-120% of Area Median Income); pursuant to 16.65 the remaining 0.4 fractional unit of the required 15% would be paid in-lieu. This parcel was recently created through a certificate of compliance (File # 22COC00002); a project location map showing the parcel is included in Attachment A. The project plans are included in Attachment H. The project is subject to streamlining in accordance with Senate Bill 330 as a qualifying Housing Development Project. Senate Bill (SB) 330, (Government Code Section 65943), created a preliminary application process 'freezing' local standards for this project at the time of application and limiting the number of public hearings to five hearings in total. Dividend Housing submitted a compliant pre-application on January 4, 2023.

Parking for the proposed project would be provided in individual garages with two spaces per unit. The project includes open space in ground floor yards along the rear of the property for units abutting single family residential uses and on third-floor decks for all other units.

Requested Entitlements, Findings and Purview:

The following discretionary applications are being requested:

- 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.

ANALYSIS

The proposed project has been analyzed for consistency with applicable plans, the municipal code, state law, and the findings for approval.

Neighborhood Setting and Character

The project is located within the North Ventura neighborhood within 0.5 mile of the California Avenue Caltrain Station and adjacent a high-quality transit corridor on El Camino Real. The site

abuts single-family residences to the north along Olive Avenue and commercial uses (e.g. retail and commercial recreation [equinox gym]) across Acacia Avenue. To the east, the Sobrato property (200-404 Portage) has been approved for redevelopment in accordance with a recently approved Development Agreement. Under the Development Agreement the portion of the former cannery building adjacent to 420 Acacia, part of which is currently occupied by Playground Global, would remain and continue to be occupied with the existing R&D tenants on the site. A parking structure would be developed adjacent to 420 Acacia, the ramp to which would connect to the shared driveway access at the east end of the site. To the west, a 129-unit affordable housing project has been approved to replace the surface parking lot between the subject property and El Camino Real.

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. 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 split and includes Multiple-Family Residential and single family residential. Multi-family residential prescribes a density range of eight to 40 dwelling units per acre. The project has a density of 20 dwelling units per acre, which complies with the intended multiple-family residential density. In order to comply with the land use designations as they relate to this site as well as to maintain the rear daylight plan and to provide public and private open space between the buildings and adjacent single-family uses, all residences are located outside of the area designated as single-family residential land use.

The project site was listed as a pipeline project for the purposes of the Housing Element in assessing the City's Regional Housing Needs Allocation for the Cycle 6 Housing Element. Therefore, the proposed unit number and density aligns with the recently adopted Housing Element.

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.

North Ventura Coordinated Area Plan

The City began planning for the North Ventura Coordinated Area Plan in 2018. A draft vision of the North Ventura Coordinated area plan was circulated in May 2023 for public review. The Draft Plan envisions this site as a medium-density mixed-use site with ground floor retail uses. The anticipated floor area proposed for the site is 2.0 and maximum height is 45 feet. This

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

project does not align with the vision of mixed-use for the site, but the proposed floor area and height as requested in accordance with the waivers is within the development standards that are anticipated for the site as part of the NVCAP process.

State Density Bonus Law Compliance

The project provides two of the 16 units (12.5%) as below-market rate affordable to a moderate-income level. In accordance with Chapter 16.65, one of these is 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:

- Site Coverage (49% where 40% is required)
- Floor area (1.4:1 where 0.6:1 is required [note that total FAR for townhomes also deducts private streets from the net lot area])
- Front Setback (9.5 feet where 20 feet is required)
- Height (44'-2" where 35' is required)
- Private Street Width (22' where 32' is required)
- Finished floor height (2' where 2'8" is required)
- Allowances for fixtures (guardrail and stairs) to exceed the 45-degree angle from the edge of the building starting at the rooftop garden surface sloping upward and inward toward the center of the property.

The applicant has also requested the following concession:

- 0% landscaping with raised beds for gardening on the rooftop deck where at least 15% but no more than 25% of the rooftop shall be landscaped with raised beds for gardening or other landscaping.

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 concessions and waivers and explanations for those are provided in Attachment F. In

general, the City must provide an unlimited number of waivers from development standards that would physically preclude the project from being built.

For purposes of the Housing Accountability Act, the use of concessions and waivers under density bonus law is not a basis for finding the project inconsistent with the City's objective standards. In other words, the City cannot deny a project for being inconsistent with a development standard if the applicant has requested a waiver or concession from that standard.

Zoning Code Consistency²

A table summarizing the proposed project's consistency with applicable RM-30 (PAMC 18.13) and R-1 (PAMC 18.12) zoning standards, as they relate to the respective portions of the site, is included in Attachment D. The proposed project complies with all applicable codes or is seeking, through the state density bonus provisions, permission to deviate from certain code standards in a manner that is consistent with the Zoning Ordinance and state density bonus law.

Objective Design Standards

The project is subject to 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. The project complies with all of the objective standards that apply to the project as set forth in the code, with the exception of the residential ground floor height. As noted above, the applicant has requested a waiver in accordance with state density bonus law to reduce the height of the first floor.

The applicant has also stated that their assertion that two of the objective standards, related to the location of micro-mobility equipment and benches within a certain distance of a main entrance, is not uniformly verifiable because it's unclear which entrance would constitute the main entrance; therefore, the applicant states that the standard would not be objective. Nevertheless, staff notes that bicycle parking and benches are required within the minimum distance from a pathway and/or main residential entrance; therefore, the project appears to comply.

Opportunities to Improve Consistency/Address Public Comment

Staff has identified areas where minor modifications or conditions of approval could be considered to improve compliance with the findings or consistency with the objective standards and/or to better address public comments. These include the following:

- Improved screening between the trash enclosure and adjacent single-family residences
- Addition of a bench adjacent the central walking path along the streetscape
- Modifications to the mailbox location/materials
- Landscaping on the rooftop open space

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

Improved screening

The project appears to provide smaller shrubs between the trash enclosure and the adjacent residences. Staff recommends that improvements be made to provide better screening between the enclosure and the residences to better address neighbor concerns related to the visibility of the trash enclosure. The applicant should also consider making the fence seven feet in height instead of six feet along the rear to address visibility as well as stated concerns from the residents regarding security.

Bench

The applicant may consider adding a bench along the frontage to better activate the frontage and align more with the intent of the objective standard requirements for benches adjacent pedestrian paths or entrances.

Mailbox

The mailbox location needs to be revised prior to approval to be placed outside the required setback. The materials should be of higher quality (e.g. matching the façade materials). This appears to be easily achievable by swapping the location of the mailbox and a tree. This would also improve compliance with the objective standards by providing more trees along the frontage and more landscaping in general, consistent with the landscaped area requirements.

Rooftop Open Space

Although the applicant is requesting a concession from the 15% landscaping requirement for rooftop open space, staff would encourage the applicant to consider ways to provide planters on the rooftop or otherwise encourage future owners, such as through CC&Rs, to provide moveable planter boxes or similar to better meet the intent of the requirement.

Multi-Modal Access & Parking

The proposed project includes two curb cuts along Acacia Avenue, one for each of the private streets, both of which provide vehicular access to/from the site. On the western end of the site adjacent the cannery building, an ingress/egress easement provides access to both the subject property as well as the existing surface parking lot (proposed to become a parking garage) adjacent the cannery building. The transportation analysis considered the future anticipated conditions on the adjacent property in its analysis.

There are no existing or proposed bike lanes along Acacia Avenue. However, planned bicycle lanes along Portage would connect into the recently approved public bicycle access from Ash Street to Park Boulevard across the Cannery site, providing a connection to the existing bicycle lanes along Park (planned to be a bicycle boulevard) which connect across Oregon Expressway to California Avenue and the California Avenue Caltrain Station.

The project provides a 5-foot sidewalk width and 4.5 feet of landscaped area, maintaining existing conditions. The existing single street tree would be replaced with seven new street trees. The overhead lines along this frontage will be undergrounded.

Each unit includes two vehicular parking spaces, two long-term bicycle parking spaces, and two short term bicycle parking spaces, meeting or exceeding the code requirements.

Consistency with Application Findings

Overall staff finds the project to be consistent with the findings for approval of a streamlined housing development, as set forth in PAMC Section 18.77 and, with approval of the requested concession and waivers in accordance with state density bonus allowances and PAMC 18.15, consistent with the zoning code. The requested concession and waivers would not have an adverse impact upon public health and safety.

As noted throughout the report, there are some opportunities for minor modifications to the plan to improve consistency with the context-based design criteria/objective standards. Staff would recommend that any minor changes to the design be incorporated into the final plan set prior to issuance of a decision or otherwise incorporated as a condition of approval of the project.

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 22, which is 12 days in advance of the meeting. Postcard mailing occurred on September 20, which is 14 days in advance of the meeting.

Public Comments

The applicant met with local residents on Olive to obtain feedback on the proposed design. A summary of the meeting was provided by a local resident to the planning staff following the meeting; a copy of which is included in Attachment G. Key comments included:

- Concerns about the placement of the trash enclosure due to noise/smell
- Request from one resident to meet directly with the landscape architect to discuss plantings along the rear of the property
- Request to resolve the drainage issue on neighboring properties and to remove the soil berm along the rear of the property for drainage and security
- Request to extend the 8-foot high concrete block wall from the Sobrato property along the rear of this property as well

The applicant's architect reached out to the local resident to discuss the landscaping directly but did not receive a response. The project as designed removes the berm along the rear of the property consistent with the resident's request to help improve safety. The applicant has chosen not to extend the concrete wall, but staff recommends that the applicant consider increasing the height of the fence by a foot to help better address the neighbor's comment. The project is designed in a manner that ensures that the drainage conditions along the rear of the property maintain or otherwise improve existing conditions by continuing to capture any runoff

to the subject property as well as improving on-site conditions to capture stormwater runoff from the subject property.

With respect to the trash enclosure, although a different location was not proposed, staff notes that the bins would not be serviced from the site and instead would be brought out by a property manager to the curb for pickup, reducing noise levels at the rear of the site. The trash is located within an enclosure as required in accordance with the municipal code. As recommended in this report, increasing the fence height and improving planting between the fence the enclosure would help to better screen this enclosure from the neighbors.

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. Specifically, the project is exempt from the provisions of the California environmental Quality Act in accordance with CEQA Guidelines Section 15332 (in-fill development). The documentation to support this exemption is included in Attachment H.

ATTACHMENTS

Attachment A: Location Map

Attachment B: Architectural Review Findings for Approval

Attachment C: Conditions of Approval

Attachment D: Zoning Consistency Analysis

Attachment E: Objective Standards Consistency Analysis

Attachment F: Requested Waivers Summary

Attachment G: Written Public Comments

Attachment H: Project Plans and Environmental Analysis

AUTHOR/TITLE:

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