TO:       HONORABLE CITY COUNCIL

FROM:     CITY MANAGER

DEPARTMENT: PLANNING AND COMMUNITY ENVIRONMENT

DATE:     SEPTEMBER 11, 2006 CMR: 346:06

SUBJECT:  901 SAN ANTONIO ROAD [06PLN-00031, 06PLN-00050]: REQUEST BY STEINBERG ARCHITECTS ON BEHALF OF BRIDGE URBAN INFILL LAND DEVELOPMENT (BUILD) FOR CITY COUNCIL APPROVAL OF REZONING TO A PLANNED COMMUNITY (PC) DISTRICT AND OF A PROPOSED PLANNED COMMUNITY (PC) DISTRICT DEVELOPMENT PLAN, WHICH INCLUDES THE DEVELOPMENT OF 103 UNITS OF FOR-SALE TOWN HOME STYLE RESIDENCES AND 56 SENIOR AFFORDABLE RESIDENCES, A PARKING GARAGE AND LANDSCAPING IMPROVEMENTS. THE PROJECT REQUEST INCLUDES A COMPREHENSIVE PLAN AMENDMENT FROM LIGHT INDUSTRIAL TO MIXED USE, A TENTATIVE MAP TO SUBDIVIDE THE PARCEL AND CREATE CONDOMINIUM UNITS, AND CERTIFICATION OF THE FINAL ENVIRONMENTAL IMPACT REPORT. ENVIRONMENTAL ASSESSMENT: A FINAL ENVIRONMENTAL IMPACT REPORT (FEIR) FOR THE BUILD AND TAUBE-KORET CAMPUS FOR JEWISH LIFE (TKCJL) HAS BEEN PREPARED. ZONE DISTRICT: GM.

RECOMMENDATION

Staff and the Planning and Transportation Commission (Commission) recommend that the City Council review the BUILD Planned Community project and make the following determinations:

1. That the Final Environmental Impact Report (FEIR) adequately addresses the environmental impacts of the proposed development plan per the requirements of CEQA, and certify the FEIR (Attachment B);

2. Grant a Zone Change from the existing General Manufacturing (GM) district to a Planned Community (PC) district and grant a Comprehensive Plan Land Use Map Amendment from Light Industrial to Mixed Use (Attachment C);

3. Approve the Architectural Review resolution, including the conditions of approval
(Attachment D);

4. Approve the proposed Below Market Rate (BMR) Housing plan for 56 senior apartment units (Attachment E);

5. Approve a Tentative Map that would subdivide the existing four acre site and create one multiple-family residential lot of approximately 0.5 acres containing 56 multi-family senior residential apartment units and one multiple family residential lot containing 103 condominium townhome-style units (Attachment F).

Staff has provided Council with all materials that would be necessary for Council to make a decision at this meeting. However, staff has reserved agenda placement on the September 25, 2006 Council meeting in the case that Council does not conclude the item at the September 11 meeting.

BACKGROUND
An application for a Planned Community (PC) district, including a Comprehensive Plan Land Use amendment, environmental impact analysis, and a Tentative Map has been filed for the redevelopment of a four acre parcel at the former Sun Microsystems site at 901 San Antonio Road. Attachment H provides more detail about the application processing and components of the project, including staff reports and verbatim minutes from previous Architectural Review Board and Planning & Transportation Commission reviews. The request for a PC district includes BUILD’s specific site development plan for a 100% housing project containing two housing components: a senior affordable apartment community and a market-rate, for-sale townhouse community. An at-grade parking garage would provide automobile and bicycle parking for both communities. New landscaping, pedestrian access ways, and a private driveway would link the project with the adjacent TKCJL project. The number of units in each community and associated auto parking are outlined as follows:

**Summary Project Table- September 2006**

<table>
<thead>
<tr>
<th>Component</th>
<th>Units</th>
<th>Floor Area (sq.ft)</th>
<th>FAR*</th>
<th>Parking Spaces</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Housing- BRIDGE Housing</td>
<td>56</td>
<td>52,931</td>
<td>0.30</td>
<td>37</td>
</tr>
<tr>
<td>Townhomes- BUILD Housing</td>
<td>103</td>
<td>163,826</td>
<td>0.94</td>
<td>215</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>159 units</strong></td>
<td><strong>216,757</strong></td>
<td><strong>1.24</strong></td>
<td><strong>303 spaces</strong></td>
</tr>
</tbody>
</table>

*For the entire four acre site

The June 28, 2006 Commission staff report also includes discussion regarding tandem parking, architectural review, the tentative map, the project phasing and schedule, and development impact fees.
DISCUSSION

Planned Community (PC) Zone Change
Prior to approving a request for a PC district, the City Council is to review the applicant’s Development Plan (the project plans), Development Statement, and Development Schedule (Attachment G). In order to approve a PC district, the City Council must make the following findings:

(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;

(b) 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. 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 use of the planned community district; and

(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 PC District Ordinance (Attachment C) contains the findings for establishment of the PC district (Section 4, Page 2).

Public Benefits
Section 18.68.060 of the PC district regulations requires specific findings to be made in order to establish any new PC district. The required findings are described above in the Planned Community Zone Change section of this staff report. Finding #2 requires a determination that the development of the site under the provisions of the PC district will result in public benefits not otherwise attainable by application of the regulations of the general district or combining districts.

The applicant has described the public benefits that would result with the PC zone change in the Development Program Statement, contained in Attachment G. The significant public benefits include:

- Development of a BUILD/BRIDGE/TKCJL shared plaza.
- Second mortgage program for public employees
- Payment of additional Charleston/Arastradero Corridor Improvements impact fees.

These public benefits are described in the June 28, 2006 Planning & Transportation Commission staff report (Attachment H).
Below Market Rate Plan
The BMR agreement for the PC project for the development of 103 market-rate townhome-style units would allow BUILD to provide a one-half acre parcel on the site for the development of 56 senior rental apartments that would be affordable to extremely low and very low income households. The senior rental project would be built and managed by BRIDGE Housing Corporation. BUILD will in effect transfer its BMR obligation of 16 inclusionary townhomes (103 units times 15%) to Bridge by providing Bridge with $7.3 million in funding for the senior rentals and by selling the 0.5 acre parcel to Bridge. The $7.3 million is the estimated value of the BMR in-lieu fees for the required 16 BMR townhomes. Bridge will be responsible for securing the financing and permits to construct the senior housing. The City does not have housing funds available for senior housing and does not expect to provide any subsidies for the development of the 56 senior units. It is intended that Bridge will seek all financing from non-City sources. Due the uncertainties and competitiveness of financing affordable rental housing, Bridge would be allowed up to six years to begin construction.

The BMR plan, including alternatives to the BMR plan, is described in the June 28, 2006 Commission staff report (Attachment H). The BMR agreement letter is contained in Attachment E.

Traffic/Transportation
Traffic and transportation impacts are addressed in Section III-B of the DEIR. A Traffic Impact Analysis was prepared by the transportation firm of Korve Engineering, based on staff direction and an updated version (2005) of the City’s traffic model. This model estimates traffic conditions through 2015 and reflects local traffic growth associated with approved and known projects. The model’s forecasts also incorporate the regional land use data projected by the Valley Transportation Authority (VTA) for municipalities throughout the County, including neighboring cities such as Mountain View, where projects may have an impact on traffic within Palo Alto. The DEIR found that there would be a potential significant impact to traffic volumes at the Charleston/Alma intersection at the peak P.M. hours. This would be mitigated by the implementation of a traffic adaptive signal program along the Charleston/Arastradero Corridor that would be implemented as part of the corridor improvement plan.

The Director of Planning and Community Environment has directed staff to conduct traffic counts at Louis Road, Ross Road and Loma Verde Avenue in order to establish a baseline for future traffic impacts in the residential neighborhoods near the project site. The results of the traffic count exercise would not have an effect on the traffic and transportation determinations in the DEIR for this project, but would be used to assess impacts of future development within these neighborhoods.

BOARD/COMMISSION REVIEW AND RECOMMENDATION
On July 26, 2006 the Commission unanimously recommended approval of the FEIR and the project to the City Council. The Commission reviewed the project in conjunction with the review of the adjacent Taube-Koret Campus for Jewish Life (TKCJL) project, in that a single EIR was prepared to encompass both projects. Prior to the July 26 meeting, the Commission heard the project on June 28, 2006 to accept public testimony and ask questions of staff and the applicant.

Attachment H contains a detailed project description, staff reports and verbatim minutes from the June 28 and July 26, 2006 meetings.
RESOURCE IMPACT
This project will have an impact on fiscal and community resources in the City of Palo Alto. Discussion of these impacts is restricted to development of the project site on a go forward basis and its effect on the City’s revenues and expenses. This narrative does not discuss impacts on the Palo Alto Unified School District, the benefits received by project residents from the TKCJL site, nor the public benefits City residents will receive from the recreational facilities provided by TKCJL (Attachment C, Section 4).

The construction of 103 town home style residences and 56 senior residences on the BUILD site will result in the addition of an estimated 328 residents; therefore, the City will provide incremental services and realize additional revenues. Staff concurs with the conclusions of the Environmental Impact Report that the BUILD and TKCJL projects will not result in a “significant” impact on facilities and services such as the need for a new Library, Fire or police station or additional FTEs to service the site. The City can expect, however, incremental calls for paramedic, fire, police, public works and utility services as well as increased usage of City facilities and other services. As the EIR indicates, for example, the Fire department can expect an increase in calls from units with seniors and especially from assisted and congregate care units on the TKCJL site.

This analysis assumes that the City’s costs for evaluating, monitoring, and implementing this project will be recouped through its fee structure. Planning, inspection, and utility connection fees, for example, will be levied to achieve cost recovery for these services. Likewise, it is expected that Utilities will recover its supply, operating, and capital costs through their rate structures. In addition, there will be significant impact fees. These one-time fees, by definition, are intended to fund development and capital improvement costs associated with the facilities (parks, community centers, libraries) and roadways (San Antonio, Charleston) that the BUILD community will eventually utilize. Total impact fees for this development are estimated at $904,000.

Once this project is built and occupied sometime in 2009-10 and based on the currently anticipated sale prices for the homes, the City’s General Fund can expect approximately $237,000 in one-time documentary transfer tax revenue. This estimate is based on the sale of the town homes. On an annual basis, the City can expect ongoing, estimated General Fund property, sales and Utilities User Tax revenues of $115,000 from the BUILD development.

In summary, the City can expect that the BUILD and TKCJL projects will result in incremental City services and revenues. While these projects, which add approximately 600 new residents in total, will not result in the immediate need for new City staff or facilities, it is possible that when combined with other new, large residential projects such as Hyatt Rickey’s, there may be a need for additional staffing in the future. The ongoing General Fund revenues cited above will mitigate these costs.

POLICY IMPLICATIONS
The project, including the permitted uses and the and the site development regulations applicable within the District, would be consistent with the Comprehensive Plan and would be compatible with the existing and potential uses on the adjoining sites or within the general vicinity. The site is a designated Housing Opportunity site in the City’s adopted Housing Element. Consistency with the Comprehensive Plan is detailed in Attachment C, Section 4(d), Page 3.
ENVIRONMENTAL REVIEW

A Final Environmental Impact Report (FEIR) has been prepared for the 901 San Antonio Road site encompassing both the BUILD and CJL projects. The FEIR is comprised of the Draft EIR (DEIR, under separate cover), Responses to Comments on the DEIR, and text revisions to the DEIR. The DEIR addressed the Comprehensive Plan Amendment for the site as a “Program EIR” and the BUILD and CJL projects as a “Project EIR.” The Program EIR component of the DEIR focuses on policy and code provisions to satisfy potential impacts, rather than project-specific mitigation, and would apply whether these particular projects are constructed or not. The “Project EIR” component of the DEIR addresses project-specific impacts and mitigation measures of the two proposals.

Prior to approving the proposed project(s), the Lead Agency (City of Palo Alto) is required to certify that the Final EIR has been completed in accordance with the CEQA Guidelines, the decision-making body (in this case the City Council) has reviewed and considered the information contained in the Final EIR prior to project approval, and the Final EIR reflects the Lead Agency’s independent judgment and analysis.

CEQA Findings and Mitigation Monitoring and Reporting Programs

CEQA (Section 21081) requires that when an EIR for a project identifies one or more significant environmental effects, the lead agency must adopt findings for each impact, indicating that 1) changes or alterations (mitigation measures) have been required that avoid or substantially lessen the significant effect identified in the EIR; or 2) such changes or alterations are within the jurisdiction of another public agency and that the required measure has been or can and should be adopted by that agency; or 3) mitigation measures or alternatives are not feasible due to economic, social, legal, technological, or other considerations. Attachment B includes a resolution of the Commission recommending adoption of Findings for the proposed projects, indicating that all mitigation measures are feasible and would reduce identified impacts to less than significant levels.

CEQA (Section 21081.6) further requires that, upon adoption of such findings, a lead agency must adopt a Mitigation Monitoring and Reporting Program (MMRP), outlining responsibility for implementation of all mitigation measures. The measures must be enforceable through project conditions of approval or other means. Attachment B includes as an appendix the MMRP for this project. The MMRP specifies the proposed mitigation measures, the timing of implementation of each measure, and the responsible parties for implementation (usually the applicant) and enforcement (the City of Palo Alto). The conditions of approval include Condition #4 to require that all mitigation measures be complied with at the appropriate stages of development.

Responses to Comments on Draft Environmental Impact Report (DEIR)

The Draft Environmental Impact Report (DEIR) was completed and distributed for public review on February 17, 2006. Consistent with CEQA Guidelines, the DEIR was available for a minimum 45-day public review period and the comment period closed on April 3, 2006. The Planning and Transportation Commission conducted a public hearing on March 29, 2006, to accept comments from the public. Attachment K contains the staff report and verbatim minutes from the meeting. The FEIR provides an index to identify each written or oral comment, and outlines responses to all of the comments. A copy of the entire FEIR was made available to all
persons who submitted written comments, including public agencies, which must receive such responses a minimum of 10 days prior to certification of the FEIR.

Final Environmental Impact Report (FEIR)
The Final Environmental Impact Report (FEIR) includes the Responses to Comments and, where appropriate, revisions to the Draft EIR language to reflect the response. The revised text includes substantial changes to the Project Description to reflect the reduced scope of the BUILD project and minor modifications to the CJL project, and to the description of Risk Management Plan (RMP) components of the Hazards and Hazardous Materials mitigation for CJL. Responses to several substantive comments and related revisions in the FEIR are discussed in the June 28, 2006 Commission staff report, particularly relative to transportation, hazards and hazardous materials, visual resources and aesthetics, and public facilities.

PREPARED BY:  
__________________________  
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CITY MANAGER APPROVAL:  
__________________________  
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ATTACHMENTS
A. Location map  
B. CEQA Resolution and Draft Mitigation Monitoring Plan  
C. Planned Community Ordinance  
D. Architectural Review Resolution and Conditions of Approval  
E. BMR Program Letter  
F. Record of Land Use Action: Tentative Map Approval  
G. Development Program Statement and Development Schedule  
H. Project Background and Description, Staff Reports, and Verbatim minutes (separate document)  
I. Correspondence (separate document – Council only)  
J. Development Plan (Council only)  
K. Planning and Transportation Commission Staff Report and Verbatim Minutes, DEIR Meeting, March 29, 2006  
L. Final Environmental Impact Report (previously distributed)

COURTESY COPES  
Interested Parties List