TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER

DATE: FEBRUARY 19, 2008

DEPARTMENT: PLANNING AND COMMUNITY ENVIRONMENT

SUBJECT: ADOPTION OF A PLANNED COMMUNITY ORDINANCE FOR A 9,995 SQUARE FOOT R-2 DISTRICT PARCEL AT 449 ADDISON AVENUE CURRENTLY DEVELOPED WITH TWO RESIDENCES ON THE CITY’S HISTORIC INVENTORY, TO CREATE PLANNED COMMUNITY ZONE REGULATIONS ALLOWING THE SUBDIVISION OF THE PARCEL TO INTO TWO SEPARATE PARCELS, FOR THE BENEFIT OF PRESERVING BOTH HISTORIC RESIDENCES BY LEGAL COVENANT AND RESTRICTION

RECOMMENDATION
The Planning and Transportation Commission (Commission) and staff recommend that the City Council:

1. Adopt the Planned Community Ordinance (Attachment A), which will:
   a. Allow for the creation of a new lot, and the reduction in size of an existing lot in the R-2 zoning district that will have resultant sizes of at least 6,000 square feet;
   b. Allow for the creation of a lot in the R-2 zoning district that will not have at least 60 feet of street frontage and will not be at least 60 feet in width;
   c. Allow for the required off-street parking spaces for the rear lot to be located within the required front-yard setback;
   d. Allow for the location of a detached accessory structure for required covered parking to be located in the required front-yard setback of the rear property; and
   e. Require the property owner to record legal covenants and restrictions requiring the two newly created properties and their existing historically designated structures to be maintained in accordance with the (Secretary of the Interior’s Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings) (Attachment B).

BACKGROUND
The property at 449-451 Addison Avenue is an R-2 zoned, 9,995 square foot parcel containing two separate legal dwellings. The front dwelling, a Queen Anne style home, has been designated as a significant historic structure (Category II) on the City’s historic inventory. The rear structure, which was originally a stable for the front building and has since been legally
converted to a dwelling, has been designated as a contributing historic structure, with a designation of Category IV. For reference, the City’s historic category definitions are included below:

- **Category 2**: A "major building" of regional importance. These buildings are meritorious works of the best architects, outstanding examples of an architectural style, or illustrate stylistic development of architecture in the state or region. A major building may have some exterior modifications, but the original character is retained.
- **Category 3 or 4**: A "contributing building" which is a good local example of an architectural style and relates to the character of a neighborhood grouping in scale, materials, proportion or other factors. A contributing building may have had extensive or permanent changes made to the original design, such as inappropriate additions, extensive removal of architectural details, or wooden facades resurfaced in asbestos or stucco.

These properties were designated by the Historic Resources Board on June 1, 2005. These homes are currently owned in common. The current owners are pursuing the possibility of subdividing the property into two legal lots, with the goal of keeping and residing in the rear dwelling, while selling off the front parcel and associated dwelling. R-2 zoning regulations currently prohibit this property from being subdivided into two separate parcels.

**Planned Community (PC) Zoning**

As the R-2 zoning does not permit subdivision, due to lot width, lot size and street frontage requirements, a Planned Community zone designation is sought to allow for the resolution of the owner’s outstanding issues in a way that preserves the historic character of the property.

Section 18.68.060, Required Determinations, identifies the following three required findings for a PC zone:

1. The site is so situated, and the use or uses proposed for the site are of such characteristics that the application or general districts or combining districts will not provide sufficient flexibility to allow the proposed development:

   In this case, the current R-2 zoning designation does not allow for the creation of a lot with area less than 6,000 square feet, with width less than 60 feet, with street frontage of less than 60 feet and with required parking located in the front-yard. The Planned Community is the most appropriate vehicle to ensure that the resultant properties, while not meeting the underlying R-2 zoning development standards as detailed above, will retain their historic character.

2. 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 Commission and City Council, as appropriate, shall specifically cite the public benefits expected to result from use of the planned community district:

   There is no general or combining district in the City that would require the application of covenants requiring compliance with the Secretary of the Interior’s Standards for
Rehabilitation and Guidelines for Rehabilitating Historic Buildings. The public benefit resulting from the approval of the Planned Community is the perpetual maintenance of the two historically designated structures, which contribute to the character of the immediate neighborhood and the larger Palo Alto community.

3. 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:

As there is no development associated with this application, the nature and character of the on-site uses will remain unchanged. The current and future permitted use on this site, single-family residential, is compatible with the adjoining sites and the general vicinity.

The development program statement, as provided by the applicant, can be found as Attachment C to this staff report.

COMMISSION REVIEW AND RECOMMENDATION
The Planning and Transportation Commission has recommended approval of this Planned Community zone designation. The staff report and minutes for the November 28, 2007 Commission meeting are provided as Attachments G and H. These attachments are also available on the City’s website and in City files for public review.

During the Commission hearing, two members of the public, Ms. Beth Bunnenberg, representing the Historic Resources Board said that the existing historic regulations are largely voluntary and that the only way to ensure that these historic structures are maintained would be through the recordation of legal covenants against the property, which can be achieved as the public benefit portion of the proposed Planned Community ordinance.

There were a few issues raised by Commission during the hearing. The first related to the location of the property within the SOFA I coordinated area plan, and the application of an existing SOFA I zoning designation rather than the proposed Planned Community designation. During the hearing, Staff and the Deputy City Attorney addressed this issue, concluding that application of a SOFA I designation would not require the applicant to maintain the historic structures, as the implementation of covenants would not be required and only the City’s historic ordinance would govern. The Planned Community ordinance with the associated public benefits, conversely, does enable the City to place further restrictions on the property.

Finally, the Commission addressed the precedent setting nature of the use of the Planned Community ordinance to achieve historic preservation. Due to the inherent limitations of the existing historic preservation regulations and the importance of the structures on the City’s historic inventory to the character of their neighborhoods, there was unanimous support to define historic preservation as a public benefit. The Commission strongly supported the use of the Planned Community process to help preserve and maintain the City’s historic housing stock. Commissioners also noted that it might be worthwhile to evaluate revisions to the zoning ordinance that would allow such projects in the future without the need for a Planned Community zone designation to encourage historic preservation.
The Commission voted 5-0-1-1, (Chair Holman not participating and Commissioner Burt absent) to recommend that the City Council adopt an ordinance rezoning the parcel to Planned Community with the application of the associated legal covenants.

**POLICY IMPLICATIONS**
Zoning and Comprehensive Plan compliance tables are attached to this report as Attachment E. This will be the first application for a Planned Community designation to allow the eventual creation of small lots with a public benefit of historic preservation of the structures on said lots. If this is an acceptable approach, staff and the Commission will evaluate the potential to update the zoning ordinance to allow such projects when historic structures are preserved.

**ENVIRONMENTAL REVIEW**
No environmental impacts are anticipated as a result of this project, and it is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15305, Minor Alterations in Land Use Limitations. The rezoning would not result in any changes in land use or density, given that the two existing single-family residential structures would remain on the property as is. The resulting parcel map to create the smaller parcels would also be exempt from CEQA.

**RESOURCE IMPACT**
While there is no new development associated with this proposed zone change, it is implied that the Planned Community will allow for future subdivision and sale of one of the properties. Once the second parcel is sold, the City will realize a one-time documentary transfer tax and higher property taxes. Since the assessed value cannot be determined until sale of this parcel, incremental revenues cannot be calculated at this time. Staff time spent on the development review of this project is fully recoverable through fees charged to the applicant.

**PREPARED BY:**

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**DEPARTMENT HEAD REVIEW:**

STEVE EMSLIE  
Director of Planning and Community Environment

**CITY MANAGER APPROVAL:**

EMILY HARRISON  
Assistant City Manager

**ATTACHMENTS**
A. Ordinance Amending the Zoning Map  
B. Historic Preservation Covenants
C. Development Program Statement
D. Project Aerial and Zone Map
E. Zoning & Comprehensive Plan Compliance Tables
F. Neighbor Correspondence
G. Applicant Submitted Materials
H. Commission Staff Report of November 28, 2007 (w/o attachments, Council only)
I. Commission Meeting Minutes, November 28, 2007 (Council only)
J. Project Plans (Council only)

COURTESY COPIES
Jim Baer
Margo Schmidt