TO:  HONORABLE CITY COUNCIL

FROM:  CITY MANAGER  

DEPARTMENT: PLANNING AND COMMUNITY ENVIRONMENT

DATE:  SEPTEMBER 8, 2008  

CMR: 358:08

SUBJECT:  STUDY SESSION ON A 35-UNIT AFFORDABLE HOUSING PROJECT LOCATED AT 488 W. CHARLESTON ROAD (TREE HOUSE)

PURPOSE/RECOMMENDATION
The key purpose of this study session is to discuss this affordable housing project proposed by the Palo Alto Housing Corp, also known as the “Tree House” project, prior to the beginning of the rezoning process for the site and the Architectural Review Board (ARB) review of the development. Staff recommends that the City Council receive the presentation from staff and applicant, and provide comments and input to the project.

DISCUSSION
The proposed project is a 35-unit 100% affordable housing project proposed by the Palo Alto Housing Corporation (PAHC) to be located at the site currently occupied by Recording for the Blind and Dyslexic, at 488 W Charleston Road. Two land use entitlements, rezoning and architectural review, are required for this project. The proposed rezoning will change the property from the existing Planned Community (PC) zoning designation to a High Density Multiple-Family Residence District (RM-40). This rezoning will require that an environmental evaluation be prepared, as discussed in the environmental review section below. Both the rezoning and environmental review will initially be reviewed by the Planning & Transportation Commission (PTC) for its recommendation and then by the City Council for a decision. The architectural review will begin with a preliminary review of the development by the ARB at its meeting of September 18, 2008, and will include a future application for Major Architectural Review to the ARB, subsequent to the re-zoning, and a recommendation to the Director of Planning and Community Environment.

The project description (Attachment A) also includes a discussion of concessions requested for this project, pursuant to SB 1818 (State housing density law). The applicant is allowed a maximum of three concessions under State law since greater than 30% of the total units are for lower income households. The concessions currently requested are the following two:

1. Provision of no covered parking, where one is currently required per dwelling unit
2. Reduction in the required front setback (25 feet) to allow a 5-foot encroachment

These concessions are primarily requested so that the proposed development can be placed on the site in a way that is sensitive to the many large oak trees to be retained. The reduction in the number of parking spaces by 40% as described in the applicant’s project description letter as a concession is allowed by in the Palo Alto Municipal Code (PAMC Section 18.52.050 Table 4). The applicant, Palo Alto Housing Corp, and the project architect, Pyatok Architects Inc. (designer of Oak Court Apartments), will provide a preview of the design concept for the project at the study session and concept plans are attached.

RESOURCE IMPACTS
The City has allocated a total of $2,538,577 to the Palo Alto Housing Corporation (PAHC) for site acquisition, of which $1,538,577 and $1,000,000 will come from the Community Development Block Grant (CDBG) and the City Residential Housing Fund, respectively. The total acquisition cost is estimated to be approximately $3,000,000. PAHC estimates the overall development cost for the Tree House project to be $13.5 million. PAHC is currently investigating other sources of financing for site acquisition and development in addition to the City’s funding, including but not limited to, Low-Income Housing Tax Credits, the State Multi-Family Housing Program, Proposition 1C Fund and the Santa Clara County Housing Trust Fund.

The PAHC will need to close escrow on the property by March 2009 in order to ensure that the City meets the Department of Housing and Urban Development’s (HUD) standards for the timely expenditure of CDBG funds. This March 2009 deadline therefore sets the timeline for the required entitlements, described above.

POLICY IMPLICATIONS
The proposed project substantially supports housing policies to develop affordable rental housing and is consistent with the Comprehensive Plan designation for the site.

ENVIRONMENTAL REVIEW
This project is subject to both National Environmental Policy Act (NEPA) and the California Environmental Quality Act (CEQA) requirements. HUD environmental regulations require for projects using CDBG money to prepare NEPA document. At present, the City has completed preparation of the Section 106 Evaluation (Historic Resources Evaluation in compliance with the National Historic Preservation Act of 1976) for the proposed project, which concluded that the project would not affect significant historic resources. The findings from that evaluation were sent to the State Historic Preservation Officer (SHPO); the City has received a letter from SHPO concurring with the City’s findings. Staff is working with a consultant to prepare the Initial Study and Environmental Assessment for the project. A completed document is anticipated to be ready by the end of September and ready for public circulation by October 2008.

STATUS OF 801 ALMA AFFORDABLE HOUSING PROJECT
The Planned Community rezoning application for the Palo Alto Family and Senior Housing, an affordable housing project with two mixed use buildings proposed at 801, 853, 875 Alma, has been filed with the City. The applicant met with City’s Development Review Committee on August 20, 2008 and heard initial feedback from the various departments. The applicant also received preliminary comments on the design of the project at a preliminary Architectural
Review Board public hearing on September 4, 2008. The City has contracted with David J. Powers and Associates to prepare an Environmental Impact Report (EIR) to comply with the California Environmental Quality Act. Staff anticipates that a minimum of six months will be needed to prepare the EIR for public circulation. An amendment to the City’s pre-development agreement will be scheduled for Council before the end of September to address pending schedule and title transfer issues.

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ATTACHMENTS:  
Attachment A: Project Summary  
Attachment B: Project Timeline  
Attachment C: Project Plans (Council Members only)