TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER DEPARTMENT: PLANNING AND COMMUNITY ENVIRONMENT

DATE: NOVEMBER 17, 2008 CMR: 436:08

REPORT TYPE: PUBLIC HEARING

SUBJECT: Approval of a Mitigated Negative Declaration and Adoption of an Ordinance Amending the Zoning Map of the City Of Palo Alto to Change the Zone Designation for 420 Cambridge Avenue from Community Commercial 2 (CC(2)) to the California Avenue Pedestrian and Transit-Oriented Development (PTOD) Combining District.

EXECUTIVE SUMMARY
The proposed project is a mixed use development on Cambridge Avenue near the California Avenue business district with approximately 1,360 square feet of ground floor retail/personal services and 4 residential units comprising 6,000 square feet of floor area. It is the first request the City has received for application of the Pedestrian and Transit Oriented Development (PTOD) Combining District zoning to a site. The PTOD Zoning District provides criteria for allowing mixed use and residential projects near transit that will facilitate pedestrian and bicycle use. The Planning and Transportation Commission and staff recommend approval of the rezoning and associated environmental document. The project is an excellent example of the type of mixed use development appropriate to facilitate pedestrian use and transit access near the California Avenue Caltrain station.

RECOMMENDATION
Staff and the Planning and Transportation Commission (PTC) recommend that the City Council:

1. Adopt the proposed Mitigated Negative Declaration (Attachment B), in accordance with the California Environmental Quality Act; and

2. Adopt the proposed Ordinance (Attachment A) to change the zoning classification of 420 Cambridge Avenue from Community Commercial (2) to the California Avenue Pedestrian and Transit Oriented Development (PTOD) Combining District.

DISCUSSION
The proposed project is the initial request under the Pedestrian and Transit Oriented Development (PTOD) Combining District zoning to be considered by the PTC and Council. The
project comprises a mixed use development with approximately 1,360 square feet of retail/personal service use on the ground floor and 4 residential units comprising approximately 6,000 square feet on two floors above the ground floor. Parking (11 spaces) is provided in a garage partially below grade. The project also incorporates extensive green building features, including solar photovoltaic and hot water panels on the roof. The site is 6,000 square feet in size.

PTOD Review Process and Criteria
The PTOD Ordinance (Chapter 18.34 of the Zoning Ordinance) establishes a boundary (Attachment C) within which property owners, at their option, may request rezoning to the PTOD zoning district. The purposes of the district and criteria for review are outlined in Attachment D and pertain to providing mixed use and residential projects that facilitate pedestrian and bicycle use, with close proximity to transit, and pedestrian-oriented street frontages. Allowable uses and development standards are specified (Attachment E) and the underlying zoning is then no longer applicable. A preliminary review with the Architectural Review Board (ARB) is suggested, but not required, to gauge the intended use and intensity of development for the site. The rezoning application then proceeds through the PTC with recommendation to the Council, and general limitations on the uses and standards for the site are included with the zoning. Subsequent to the zoning change, the specific design plans are reviewed by the ARB with recommendation to the Director of Planning and Community Environment for final project approval.

PTC Review and Recommendation
On October 15, 2008, the PTC reviewed the proposal, and voted 6-0-1 (Holman absent) to recommend that the City Council approve the Mitigated Negative Declaration and Zoning Ordinance for a rezoning of the parcel to Pedestrian and Transit Oriented Development Combining District (PTOD). The PTC indicated that its approval was based on the project meeting the six objectives of the PTOD Zone District. The staff report and minutes of the PTC meeting are attached (Attachments F and G, respectively).

The applicant stated his desire to redevelop the property and rezone the site to the PTOD Overlay zone as it allows for increased residential use than the existing zoning for the site. No members of the public spoke.

David Solnick, ARB representative, indicated that, at a preliminary review on July 17, 2008, the ARB expressed support for the rezoning, but identified design components that should be addressed with the subsequent ARB review. He also noted that the plans reviewed by the ARB included a Design Enhancement Exception (DEE) for additional height, which had now been eliminated. The applicant responded that the current plans reflect design changes made in response to the ARB comments.
Ordinance Amendment
The proposed Ordinance amendment is included as Attachment A. Unlike most zoning changes, a section (Section 4) is added to outline basic development limitations for the site, including the uses allowed, approximate square footages, maximum height, and parking requirements. Staff has incorporated some flexibility for the Planning Director (after ARB review) to allow for minor modifications (10% or less) from the specified standards such as small increases or decreases in ground floor space or residential unit sizes, as long as they remain compliant with the standards for the PTOD zone. Any other modifications would require Council approval.

Subsequent to PTC review, the applicant has requested (Attachment H) that the allowable ground floor uses outlined in Section 4 of the ordinance include “Green design and sales services”, or similar small office use. Staff has no objection to allowing office use, since the PTOD ordinance allows offices and there is no ground floor retail restriction along Cambridge Avenue. The ordinance has been modified to allow for “professional office use,” which would accommodate the intended green design business.

RESOURCE IMPACT
This development project is expected to result in $5,600 in annual property and utility user tax revenue for the City. Since the 1,300 square feet of ground floor retail will likely consist of service businesses, there will be no sales tax revenue. Once the four residential units are sold, an estimated $10,600 in one-time documentary taxes will be realized. In addition, impact fees of $159,200 can be anticipated.

As a “stand-alone” project 420 Cambridge is not expected to generate incremental, ongoing operational expenses. This, along with other recent development projects, will be reviewed in the update to the Comprehensive Plan to determine expenditure impacts to the General Fund.

ENVIRONMENTAL REVIEW
A Mitigated Negative Declaration, which reviewed the environmental issues as required by the California Environmental Quality Act (CEQA), was circulated for a 20-day public review period from September 26, 2008 to October 15, 2008. A copy of the Mitigated Negative Declaration and Initial Study are provided in Attachment B. Staff has recommended mitigation measures pertaining to air quality, geology and soils, and noise which would lessen the project’s potential impacts to a less than significant level. The conditions of approval and mitigation measures would be applied to the Major Architectural Review approval, but, not the rezoning. A mitigation monitoring and reporting program is also attached with the document.

PREPARED BY:

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CMR: 436:08
COURTESY COPIES
Stuart Welte, Clarum Corporation

ATTACHMENTS
Attachment A: Ordinance Amending the Zoning Map
Attachment B: Mitigated Negative Declaration and Monitoring Program
Attachment C: Map of California Avenue PTOD Boundary
Attachment D: Purposes of the Pedestrian and Transit Oriented Development Combining District (18.34.010)
Attachment E: Table Comparing Existing and Proposed Zoning Uses and Standards
Attachment F: Planning and Transportation Commission Staff Report, October 15, 2008
Attachment G: Planning and Transportation Commission Minutes, October 15, 2008 (Council only)
Attachment H: October 28, 2008 Letter from Stuart Welte, AIA
Attachment I: Project Plans (for Council only)