

TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER

**DEPARTMENT: PLANNING AND
COMMUNITY ENVIRONMENT**

DATE: MAY 1, 2006

CMR: 205:06

SUBJECT: 3401, 3415, AND 3445 ALMA STREET (ALMA PLAZA) [06PLN-00020]: CITY COUNCIL STUDY SESSION OF A REQUEST BY MCNELLIS PARTNERS AND GREENBRIAR HOMES COMMUNITIES, INC. FOR PRELIMINARY REVIEW OF THE DEMOLITION OF THE APPROXIMATELY 45,000 SQUARE FOOT RETAIL BUILDING (THE VACANT ALBERTSON'S STORE AND TWO ADJACENT BUILDINGS DEVELOPED AS PLANNED COMMUNITY #1362) AND CONSTRUCTION OF: (1) A THREE-STORY, MIXED-USE BUILDING FRONTING ALMA STREET COMPRISED OF APPROXIMATELY 19,200 SQUARE FEET OF COMMERCIAL AREA AND FOURTEEN RESIDENTIAL APARTMENTS ON THE UPPER FLOORS (WITH ASSOCIATED UNDERGROUND TENANT PARKING SPACES), (2) FORTY-FIVE DETACHED SINGLE FAMILY RESIDENCES, AND (3) LANDSCAPED PARKING FACILITIES ON THE REMAINDER OF THE SITE.

REPORT IN BRIEF

The applicants, Greenbriar Homes Communities, Inc. and McNellis Partners, have requested a preliminary screening of a redevelopment project concept for the 4.2 acre Alma Plaza site located at 3401, 3415, and 3445 Alma Street. The proposed mixed-use development includes commercial retail, apartments and small-lot single family residential. The implementation of the project would require a Planned Community zone change from the existing Planning Community (PC-1362).

Staff has conducted a preliminary analysis of the suitability of the site to accommodate the uses proposed by the applicant, as well as the consistency of the proposal with the policies of the Comprehensive Plan, especially those relating to housing and neighborhood centers. This report addresses five key considerations for redevelopment of the site. This report also lists those policies of the Comprehensive Plan and the Housing Element that are aligned with the key considerations and that may provide guidance for the redevelopment of the project site. A summary matrix of key considerations/policy implications is provided as Attachment A. The key considerations are as follows:

- 1) Change of land use from commercial retail to a mixed-use development (commercial retail and residential).
- 2) Size of commercial retail area and neighborhood center viability.
- 3) Housing density, type and Below Market Rate (BMR) housing unit requirement.
- 4) Physical constraints and opportunities (ingress/egress, parking, Design Enhancement Exception (DEE), open space/site amenities).
- 5) Zoning process

RECOMMENDATION

Staff requests that the City Council review and comment on the proposed project concept for 4.2 acres located at 3401, 3415, and 3445 Alma Street and provide direction to staff on a policy framework for considering the appropriate land uses for the site. No formal action may be taken at a preliminary review; comments made at a preliminary review study session are not binding on the City or the applicant.

BACKGROUND

On January 30, 2006, the Council directed the Planning and Transportation Commission (P&TC) to initially study the proposal prior to the City Council study session. The P&TC reviewed the preliminary review application on April 26, 2006. The verbatim minutes from this meeting have been transmitted to the Council under a separate cover.

Pursuant to PAMC Section 18.97.040(a), one or more noticed public study sessions can be held to accomplish the purposes of a preliminary review. As provided for by Chapter 18.97 of the Zoning Ordinance, the purposes of a preliminary review are:

- a) To maximize opportunities for meaningful public discussion of development projects, at the earliest feasible time, for the guidance of the public, project proponents, and city decision makers.
- b) To focus public and environmental review of development projects on the issues of greatest significance to the community, including, but not limited to, planning concerns, neighborhood compatibility, Comprehensive Plan consistency, economics, social costs and benefits, fiscal costs and benefits, technological factors, and legal issues. These procedures are not intended to permit or foreclose debate on the merits of approval or disapproval of any given development project.
- c) To provide members of the public with the opportunity to obtain early information about development projects in which they may have an interest.
- d) To provide project proponents with the opportunity to obtain early, non-binding preliminary comments on development projects to encourage sound and efficient private decisions about how to proceed.
- e) To encourage early communication between elected and appointed public officials and staff with respect to the implementation of city policies, standards, and regulations on particular development projects.
- f) To facilitate orderly and consistent implementation of the city's Comprehensive Plan and development regulations.

Site Information

The 4.2-acre project site is located on Alma Street between East Meadow Road and El Verano Avenue. Surrounding land uses are apartments to the north, single-family residential to the east and south, medical offices to the south, and Alma Street and the railroad lines to the west. The site contains a total of 45,161 s.f. of building area in three buildings: (1) the 17,168 s.f. former Albertson's store, (2) the 14,630 s.f. two-story retail building, and (3) the 13,363 s.f. single-story retail building. There are 257 existing surface parking spaces at the site. The site is currently vacant with the exception of three businesses: Mandarin Cuisine restaurant, Alma Shoe Repair, and Jacquie's Sew & Sew.

Project Description

The applicant proposes a conceptual plan for redevelopment of the site that includes the following:

1. Mixed-use building with 19,200 s.f. of commercial retail area on the ground floor and 14 rental units (one- and two-bedroom) located on the second and third floor. Underground parking garage for rental tenants and retail employees.
2. Forty-five detached, small lot, single family residences with a mix of two and three-stories and ranging in size from 1,690 s.f. to 2,150 s.f. A vesting tentative map to subdivide the parcels and create condominium units would be required.
3. Surface parking for commercial retail shoppers and guests of the single family housing.
4. Site amenities, including tot lot, pedestrian and bicycle connections, gathering spaces and public art.

The applicant has provided additional project information in their project binder, entitled "Alma Plaza: Visionary Mixed Use" (Attachment C).

DISCUSSION

Attachment A provides the policies and programs listed in the Comprehensive Plan and Housing Element that are pertinent to each of the key considerations. As incentive to build affordable housing and to revitalize the neighborhood center, Council may consider where flexibility of certain zoning standards and development policies (as stated in the adopted Housing Element) may be appropriate for this application.

Change of Land Use

The change in land use from commercial retail to a mixed-use development of commercial and residential benefits the City by (a) revitalizing a neighborhood center, and (b) providing affordable and market rate housing.

The Comprehensive Plan land use designation for the project site is Neighborhood Commercial. The proposed mixed-use development is consistent with this land use designation, which includes "... shopping centers with off-street parking or a cluster of street-front stores that serve the immediate neighborhood. Examples include Alma Plaza, Charleston Center, Edgewood Center and Midtown. Typical uses include supermarkets, bakeries, drugstores, variety stores, barber shops, restaurants, self-service laundries, dry cleaners and hardware stores. In some locations, residential and mixed-use projects may also be located in this category. Non-residential floor area ratios will range up to 0.4." The proposed project does not alter the uses

suggested in the land use definition and the proposed non-residential floor area ratio calculates to 0.15 to 1.

The zoning district for the project site is (and has been since 1951) Planned Community (PC). As part of the application review process, the City will discuss what types of uses are appropriate for redevelopment of this site. In particular, the Business and Economics Element of the Comprehensive Plan has broad goals for the City that can be summarized as: providing a thriving business environment that is compatible with Palo Alto’s residential character; providing a diverse mix of uses; providing for new businesses that provide needed local services and municipal revenues, contribute to economic vitality and enhance the community’s physical environment; and providing attractive vibrant business centers. The emphasis is on economic vitality with a diversity of services while maintaining compatibility with residential neighborhoods.

In adopting the Housing Element in 2002, the City Council confirmed the appropriateness of building affordable housing on this site. The proposed 59 housing units exceed the objective of the City’s Housing Sites Inventory that identifies the site for a minimum of 8 units.

The City will have to consider the economic consequences of allowing residential on an existing commercial retail site and thereby reducing the square footage available for sales tax-generating retail use in the city. Comprehensive Plan Policy L-7 states, “Evaluate changes in land use in the context of regional needs, overall City welfare and objectives, as well as the desires of surrounding neighborhoods.” Several retail studies and economic analyses addressing this issue were provided to the Council.

Housing Density, Type and BMR Housing Unit Requirement

The applicant is proposing fourteen Below Market Rate (BMR) rental units located above the commercial retail building and forty-five detached, small lot, single family residences, for a total of 59 housing units and a density of 14 units per acre. Residential density in mixed residential and nonresidential projects in multi-family zones (RM-15 and RM-30) are computed based upon the total site area, irrespective of the percent of the site devoted to commercial use.

	Site Area	Number of Units	Density
Multi-Family Housing	4.2 acres	14	3.3 units per acre
Single Family Housing	4.2 acres	45	10.7 units per acre
Combined	4.2 acres	59 total	14 units per acre

The project site provides an opportunity for the City to require a mix of BMR units to facilitate the objectives of the Housing Element. The City’s BMR requirement for affordable housing at below market rates for very low, low, and moderate-income households is fifteen percent of all housing units in sites of five acres or less. The applicant is proposing that the fourteen rental units above the retail building be affordable units to meet the BMR requirements (15% of the total units, or 9 units) for the entire site. The applicant is proposing that the rental units be operated by a non-profit housing organization.

Size of Retail Area and Neighborhood Center Viability.

The applicant is proposing 19,200 s.f. of commercial retail area. The building is proposed to contain a space (approximately 9,000 s.f. to 11,000 s.f.) for a small grocery store and three to five additional tenant spaces for small retail and personal services. The applicant has stated that in order for the retail portion of the project to be economically feasible, housing would be required on the site. Past retail feasibility studies of Alma Plaza have concluded that because the site is located mid-block, on an arterial with an entrance driveway that is unsignalized, it may not be economically viable for additional retail to locate on the site.

The proposed mixed-use development is consistent with Comprehensive Plan policy B-27 because the new development would “support the upgrading and revitalization of Palo Alto’s four neighborhood commercial centers,” which includes Alma Plaza. The Business and Economics Element of the Comprehensive Plan also lists other pertinent policies that support the applicant’s proposal in conformance with the Plan. These policies can be summarized as maintaining distinct neighborhood shopping areas that are attractive, accessible and convenient to nearby residents.

Staff recommends that the larger retail tenant space for the grocery store would be specifically limited to that use. The other ground floor tenant spaces would be designated for such other uses that are compatible with the Comprehensive Plan and intent of the commercial center. Office use would not be allowed. Staff believes that the proposed size of the commercial retail area is consistent with the intent of the Comprehensive Plan policies for the site as a “neighborhood” serving center. Without the provision of a considerably larger anchor grocery store (from 30,000 s.f. to 40,000 s.f.) and providing additional access from Ramona Street, it is unlikely that more commercial retail space would be viable at this center.

Physical Constraints and Opportunities

Physical constraints and opportunities regarding the proposed use of the site include:

- ingress/egress,
- parking,
- design enhancement exceptions (DEE’s), and
- site amenities.

Ingress/Egress

The existing unsignalized condition at the entrance driveway would be maintained. At the time a formal application is submitted, staff will further analyze the constraints of the site to ensure the proposed ingress and egress to the site are sufficient and that it will not interfere with the nearby street and rail intersection, as well as easements with abutting properties. The proposal does not include vehicular access to Ramona Street or Emerson Street, though pedestrian access would be provided between the site and Ramona Street.

Parking Regulations

The zoning code regulations allow flexibility to modify the current off-street parking and loading regulations used by all districts in the City (PAMC Section 18.83.120). The applicant is proposing one space per 250 s.f. of retail floor area and one space per 1,500 s.f. of storage areas. This ratio is less than the City’s standard for retail and personal service of one space per 200 s.f. The proposed 73 on-grade parking spaces for the retail use also include spaces from the

redevelopment of Alma Street frontage near East Meadow and some shared parking with the BMR rental units, due to different peak hours of demand.

The Comprehensive Plan encourages relaxed parking standards as an incentive for redevelopment. Business and Economics Element Policy B-17 states “where redevelopment is desired, encourage owners to upgrade commercial properties through incentives such as reduced parking requirements, credit for on-street parking, and increase in allowable floor area. Use such incentives only where they are needed to stimulate redevelopment or contribute to housing or community design goals.”

Design Enhancement Exception (DEE)

The applicant proposes bringing the commercial retail building forward towards Alma Street to within 5 feet of the property line. The project site has a special street setback of 30-feet on Alma Street, which is a designated arterial in the Comprehensive Plan. Current zoning standards do not permit a building to encroach into the street setback without a DEE. The applicant is also proposing minor DEE’s for setbacks and daylight planes for the market rate housing adjacent to the apartment buildings on the north property line and Ramona. At the time a formal application is submitted, staff will review the project for compliance with the proposed zone district. DEEs are not required with PC districts, as the PC district allows for flexibility of development standards in exchange for a public benefit.

Open Space/Site Amenities

The proposed project incorporates open space on the site for both the residents of the BMR rental housing and market rate housing. Site amenities include a tot lot, landscaped pedestrian pathways, and gathering spaces. Thirty percent of the site is proposed as open space for the single family housing, including the tot lot and private courtyard patios. The BMR housing units would be required to include common and private open space as well.

Zoning Process

The applicant is proposing that the site be rezoned from Planned Community (PC) to a different underlying zone or combination of zones. As described in the applicant’s project description, a Development Agreement is proposed to ensure the phasing of the development, building types and uses, site improvements and project benefits (see Attachment C).

The site is currently zoned PC-1362, which refers to the originating ordinance that established the zone in 1951. PC districts are established to “...accommodate developments for residential, commercial, professional, research, administrative, industrial, or other activities, including combinations of uses appropriately requiring flexibility under controlled conditions not otherwise attainable under other districts. The PC district is intended for unified, comprehensively planned developments, which are of substantial public benefit, and which conform with and enhance the policies and programs of the Palo Alto Comprehensive Plan.” Any use may be permitted or conditionally permitted in a PC district, as long as it is a use that is approved at the adoption of the zone. For PC-1362, the listed uses coincide with that of the then C2 zone plus a service station. The C2 zone has since been replaced by the CN (Neighborhood Commercial) zone. However, certain development standards for the CN zone do not currently apply to this PC zone, because each PC zone has its own development standards that are adopted at the time the PC zone is adopted.

As the project is further defined, staff will review the project for conformance with the proposed change in zoning as well as Comprehensive Plan goals, policies and programs, such as those relating to site and building design and neighborhood relationships. The PC zoning district may offer greater flexibility for the proposed development in regards to site regulations while providing the community with a public benefit.

RESOURCE IMPACT

Processing of the development application is on a cost/recovery basis, and no additional funds are necessary for staffing. At this level of preliminary discussion and non-specific project description, there is not sufficient information to determine a detailed cost/benefit analysis.

POLICY IMPLICATIONS

As noted, Attachment A provides a summary matrix of policy implications.

ENVIRONMENTAL REVIEW

No environmental review is required for this Preliminary Review application, as it is not considered a project under the California Environmental Quality Act (CEQA). When a project application is filed, staff will develop the Initial Study in compliance with CEQA guidelines. The outcome of this Initial Study will determine the type of environmental document staff will produce to evaluate this proposal in regards to CEQA guidelines.

Potential environmental impacts to be analyzed include public facilities and services such as utilities, parks and open space, libraries, transportation and schools. As mitigation towards these impacts, the project is subject to requisite Development Impact Fees intended to offset capital costs for the increased demand for community facilities and schools. Also, the project is within the Charleston-Arastradero traffic impact fee area, Development Impact Fees would be required for any redevelopment of this site that increases vehicle trips above the site's baseline conditions.

ATTACHMENTS

- Attachment A: Key Considerations/Policy Implications Matrix
- Attachment B: Written correspondence
- Attachment C: Applicant's Project Description (Project Binder was delivered personally by applicant to Councilmembers)
- Attachment D: Draft Verbatim Minutes Excerpt from the Planning and Transportation Commission meeting of April 26, 2006 (will be sent under separate cover)

COURTESY COPIES

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