



City of Palo Alto

City Council Staff Report

(ID # 7152)

Report Type: Study Session

Meeting Date: 9/12/2016

Summary Title: 2755 El Camino (VTA Site Prescreening)

Title: 2755 El Camino (16PLN-00234): Request by Windy Hills Property Ventures for a Prescreening of Their Proposal to Re-zone the Subject Property at the Corner of El Camino Real and Page Mill Road From Public Facility (PF) to Another Zoning District That Would Allow Development of a Building With Approximately 60 Small Dwelling Units and 45 Parking Spaces

From: City Manager

Lead Department: Planning and Community Environment

Recommendation:

Staff recommends that the City Council conduct a preliminary review (“prescreening”) and provide comments regarding the applicant’s request to develop the subject property with high-density, multi-family housing. In addition, staff seeks Council’s input on changes to the Comprehensive Plan and/or Zoning Ordinance that would be necessary to allow for this use. No formal Council action may be taken during a preliminary review, and comments provided in the course of a pre-screening are not binding on the City or the applicant.

Executive Summary:

The applicant seeks preliminary feedback from the City Council concerning a proposal to construct a new multi-family development of up to 60 rental units at 2755 El Camino Real. The site is a former VTA Park and Ride lot, which is zoned Public Facilities (PF) and is designated Major Institution/Special Facilities in the Comprehensive Plan.

The applicant’s proposal does not neatly conform with any nearby zoning district and can be considered a “pilot project” to test the idea of micro housing units with limited parking in a transit served area. The project would include up to 60 small dwelling units and approximately 45 parking spaces on a site that is approximately half an acre. The building’s density or floor area ratio (FAR) would be approximately 2:1.

As described further below, the proposed reuse of the site for multi-family housing would require amendments to two or more of the following: the Comprehensive Plan Land Use Map, the text of the Comprehensive Plan Land Use & Community Design Element, the Zoning Map,

and/or the text of the Zoning Code. A prescreening review is required for these types of legislative changes prior to application submittal in accordance with Palo Alto Municipal Code (PAMC) Section 18.79.030(A). Pre-screenings are intended to solicit early feedback on proposed projects and, like all study sessions, do not result in any formal action.

Background:

In 2013, the City Council reviewed an application to change the zoning on the subject property from Public Facilities to Planned Community (PC) to allow office use. Council has since suspended review of PC zoning applications. In 2015, Council evaluated a proposed rezoning of this site to a Commercial Community (CC) zone designation and its redevelopment with a mixed-use project with office space and condominiums. Council expressed concerns about this request and several Councilmembers suggested that a more appropriate use for the site would be multi-family housing with smaller units to address the community's need for more affordable housing. One or more Councilmembers also suggested the idea of limiting on-site parking for tenants to reduce the use of single occupancy vehicles. The subject prescreening request is an embodiment of these ideas, and the applicant is seeking review and comment.

Project Description

The preliminary schematic drawings (Attachment B) communicate a concept plan as is appropriate for this stage of project consideration. As shown on these schematic drawings and discussed in the applicant's project description (Attachment C), the applicant is proposing to construct a 50-foot high, four-story, multi-family apartment building that would include 30 studio units and 30 one-bedroom units. The building also includes a one-story partially below-grade parking garage with 45 parking spaces; 26 of these spaces would be provided via a "puzzle parking" lift system. A 2.0:1 Floor Area Ratio (FAR) is proposed for the project. The proposed project, as described, would not meet the requirements of the CS, CN, or CC zone districts because the project does not include mixed-use development; neither would it meet the RM-40 zone district requirements for Floor Area Ratio, height, or density. In the RM-40 district the development standards would limit the height to between 35 and 40 feet, the maximum floor area ratio would be 1.0:1, and the density is limited to 40 units per acre. See below for further discussion of zoning standards.

Surrounding Uses

The subject property is located at the northeastern corner of El Camino Real and Page Mill Road and is zoned as Public Facility (PF). It was formerly used as a VTA park and ride lot; however, the VTA Board formally deemed this site as "surplus" and subsequently sold the site. Adjacent zoning and land uses include the four-story Sunrise Assisted Living Senior Housing Facility to the northeast and the three-story Silverwood Condominium Complex to the northwest, both of which are located on parcels zoned Planned Community (PC). Across El Camino Real is the Mayfield Soccer Complex, which is zoned PF; across Page Mill Road there are retail uses, including a two-story AT&T building, and a recently approved mixed-use development project on parcels zoned Service Commercial (CS). The ten-story Palo Alto Square Office complex in the southwest corner of El Camino Real and Page Mill Road is zoned PC.

Discussion:

Staff has identified the following issues for Council's consideration and comment, and summarizes each below:

- A. Traffic/Parking
- B. Conformance to the El Camino Real Guidelines
- C. Affordable Housing
- D. Conformance with the Comprehensive Plan and zoning designation
- E. Zoning Code and District Map Amendments required (three options)

Traffic/Parking

The proposed project includes 30 studio units and 30 one bedroom units. PAMC Section 18.52.040 requires 1.25 parking spaces per studio unit and 1.5 parking spaces per one bedroom unit. In addition, the municipal code requires guest spaces equivalent to 1 space plus 10% of the total number of units if parking is unassigned and guest spaces equivalent to 33% of all units if assigned. Therefore, a 60-unit project would normally be required to provide between 90 and 102 parking spaces, and somewhat less if it qualified for a reduction because of transportation demand management features. The proposed project includes 45 covered parking spaces; equivalent to 0.75 parking spaces per unit.

Exploring additional parking reductions for smaller, more affordable units is consistent with the Comprehensive Plan Housing Element which, under Housing Program H2.1.1, states "Amend the zoning code to create zoning incentives that encourage the development of smaller, more affordable housing units... such as reduced parking requirements for units less than 900 square feet and other flexible development standards." Housing Program H2.1.1 relates to Housing Element Policy T-1, which states "Make land use decisions that encourage walking, bicycling, and public transit use." Other Programs under this policy "encourage infill, redevelopment, and reuse of vacant or underutilized parcels employing minimum density requirements that are appropriate to support transit, bicycling, and walking" and encourage the location of higher density development along transit corridors and near multi-modal transit stations. The proposed project would be consistent with these programs and policy, particularly given its proximity to the California Avenue Caltrain Station.

Bike parking is not shown on the basic plans provided for Council's review. However, the applicant would be required to provide bike parking for residents. Under the PAMC the applicant would be required to provide 60 long-term bike parking spaces (one per unit) and 6 short-term bike parking spaces (1 guest space per 10 units).

Because the proposed project would not include rezoning to a Planned Community (PC) zoning, staff would not be required to make the PC approval finding that "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.” However, the applicant is proposing to dedicate land so that Page Mill Road can be widened to increase the length of the dedicated right turn lane. This was a “public benefit” proposed as part of the earlier PC zoning proposal.

Relationship to the El Camino Guidelines

The 1979 El Camino Real Design Guidelines (ECR Guidelines) adopted by the City Council and the South El Camino Real Guidelines (South ECR Guidelines) recommended by ARB in 2002 are both applicable to this site.

South ECR Guidelines

The project site is located within the California Avenue Strategic Site Pedestrian-Oriented Node. In the California Avenue Area new buildings “should front El Camino Real with prominent facades.” In addition, the guidelines specify that buildings at the corner of Page Mill Road/El Camino Real “should feature a prominent corner to anchor the large-scale intersection. El Camino frontage should feature extensive windows, as well as pedestrian amenities such as an arcade or canopy, seating, and planters.” The proposed development fronts Page Mill Road rather than El Camino Real. It does provide some windows along El Camino and includes a prominent corner; however a large portion of the El Camino frontage is dedicated to the garage entrance and no pedestrian amenities such as seating, planters, or canopies are provided.

The guidelines also state that the “existing park-and-ride should be incorporated into a more intensive use of the site that would take advantage of the prominent location. A mixed-use building with structures/subsurface parking would be desirable.” The proposed project would include one story of partially subsurface parking; increased subsurface parking may be more desirable. The proposed project would not include retail uses; which would be desirable in accordance with the South ECR Guidelines.

ECR Guidelines

The project is subject to the 1979 guidelines with respect to trees, signage, architecture and building colors. As this review is only a prescreening, limited information regarding trees and landscaping has been provided. Staff and the Architectural Review Board would assess the proposed project’s compatibility with the ECR Guidelines with respect to these features as part of architectural review if a development proposal is submitted.

Affordable Housing

The Comprehensive Plan Housing Element includes Policy H2.1 to “identify and implement strategies to increase housing density and diversity, including mixed-use development and a range of unit styles, near community services. Emphasize and encourage the development of affordable and mixed-income housing to support the City’s fair share of the regional housing needs and to ensure that the City’s population remains economically diverse.” The proposed project does not propose a mixed-use development; however, it does include smaller units that may, therefore, be more affordable than other units and that would further contribute to the City’s fair share of the regional housing needs. Under this policy the Housing Element includes

multiple programs for implementing this policy, including the following programs with which the proposed project would be consistent:

Housing Program H2.1.1: To allow for higher density residential development, consider amending the zoning code to permit high-density residential in mixed use or single use projects in commercial area within one-half mile of fixed rail stations and to allow limited exceptions to the 50-foot height limit for Housing Element sites within one – quarter mile of fixed rail stations.

Housing Program H2.1.2: Allow increased residential densities and mixed use development only where adequate urban services and amenities, including roadway capacity, are available.

Housing Program H2.1.5: Use Sustainable neighborhood development criteria to enhance connectivity, walkability, and access to amenities, and to support housing diversity.

Housing Program H2.1.10: As part of planning for the future of El Camino Real, explore the identification of pedestrian nodes (i.e. pearls on a string”) consistent with the South El Camino Design Guidelines with greater densities in those nodes than in other area

The timeframe in the Housing Element for implementation of Housing Program H2.1.1 states that consideration of zoning code amendments “should occur within three years of Housing Element Adoption.” The Housing Element was adopted in 2015.

Conformance with Comprehensive Plan and zoning designation

The project site is designated ‘Major Institutions/Special Facilities’ in the Comprehensive Plan, which is defined as “institutional, academic, governmental, and community service uses and lands that are either publicly owned or operated as non-profit organizations.” Multi-family housing would not be consistent with the identified uses for this land use designation. Thus, the proposed project would either require an amendment to the text of the Comprehensive Plan Land Use & Community Design Element to permit a “micro-housing pilot project” in the Major Institutions/Special Facilities land use designation, or an amendment to the Comprehensive Plan Land Use Map.

The project site is located in the Public Facilities (PF) zoning district. The PF district is designed to accommodate governmental, public utility, educational, and community service or recreational facilities. Multi-family housing is not a permitted use in the PF Zone District. Thus, the project would either require a zoning code text amendment to permit a “micro-housing pilot project” in the PF zone, or a Zoning Map amendment as discussed below.

Zoning Code and Zoning Map amendments

The Palo Alto Municipal code does not currently have a zoning designation that would allow for

the proposed development. However, at several previous hearings Councilmembers expressed interest in encouraging micro-unit housing projects, especially those within one-half mile from Caltrain, to help address the jobs/housing imbalance in the City with units that would be more affordable. Therefore, informing this discussion are Council discussions from September 15, 2015; March 21, 2016; and May 31, 2016.

In the September 15, 2015 hearing discussing rezoning of the subject property to a CC Zone, a Councilmember suggested that the City needs a zoning classification that allows for micro units. Council discussion also included the idea of a “residential, low car impact project.” At the March 21, 2016 hearing, City Councilmembers expressed their interest in testing the idea of micro-units with reduced parking Downtown and asked staff to “return with a [pilot] program.” Subsequently, on May 31, 2016, staff indicated that “While it may be possible to implement a pilot project on a single site downtown if there is interest (and there may be) from a single property owner/developer, a broader program would ideally be developed in conjunction with the Comprehensive Plan Update.” Subsequently, the idea of increased housing, including small units, has been included for analysis in Comprehensive Plan Update EIR Scenarios 5 & 6.

With these previous discussions and direction from council in mind, staff is presenting three possible options for Council’s consideration that could achieve the applicant’s basic project objectives as we understand them. Each of these options would involve changes to the zoning code that could be applied to future sites in addition to the proposed site, subject to City Council approval. Staff encourages City Council’s input on these options as well as any direction from Council on other options that staff should further assess. These options range from more limited applicability to more widespread applicability.

Option 1: Pilot Project in the PF Zone District

Under this option a Zoning Map amendment would not be required as the site would not need to be rezoned. However, a Comprehensive Plan amendment to identify pilot micro-housing projects as an allowable use in the Major Institutions/Special Facilities land use designation and an amendment to the Zoning Code definitions for the PF Zone to allow for pilot micro-housing projects would be required. The development standards for “pilot projects” in this zone would need to be developed and incorporated as a text change amendment in the zoning code. The goal would be to allow for pilot projects on limited sites in the PF zone that would further the goals and policies of the Comprehensive Plan, including improving the existing jobs/housing imbalance and reducing vehicle miles traveled. This option would be the most restrictive in its applicability given that the City owns the majority of sites zoned PF and that there are limited sites zoned PF on which pilot projects may be appropriate. For all future applications, an applicant would be required to obtain Council approval for development of a pilot project within this zone; however, future map amendments, Comprehensive Plan, or Zoning Code text change amendments may not be required.

Option 2: Create a micro-housing combining district overlay

Under this option a Zoning Map amendment would be required to show that the site is within

the new overlay zone and it may be appropriate to rezone the subject property to a more appropriate zone for residential use, such as high-density residential (RM-40).

A Zoning Code text amendment would also be required to create a new combining district under Palo Alto Municipal Code Section 18.30, "Combining Districts." The new combining district regulations would encourage the development of small multi-family housing units in appropriate locations, such as transit-oriented areas, that would further the goals and policies of the Comprehensive Plan with respect to the jobs/housing imbalance and reduction in vehicle miles traveled. All future applications for this combining district overlay would require Council approval and would require a Zoning Map Amendment to add the combining district overlay to the site.

The development standards that would be included in this combining district overlay would not include a limit on the number of dwelling units per acre; but would still include standards for FAR and height; however these would be less restrictive than current development standards under the RM-40 district.

Staff understands that the applicant has explored the development standards for the Residential Transition (RT)-50 District outlined in the South of Forest Area (SOFA) Coordinated Plan, which does not limit the number of dwelling units per acre and allows for up to 2.0:1 FAR on sites zoned PC and up to 1.5:1 FAR on exclusively residential uses with units for rent. The RT-50 District could serve as a model for the combining district, focusing on limiting the mass of the building through limits on height and floor area without restricting the number of dwelling units, thereby allowing for more smaller (and therefore more affordable) units.

Options 3: Modify the Pedestrian and Transit Oriented Development Combining District Regulations

Under this option, the property would be rezoned to a zone district appropriate for the proposed use that may also be combined, in accordance with PAMC Section 18.34.020, with the Pedestrian and Transit Oriented Development (PTOD) Combining District. This would require a Zoning Map amendment both to identify the new zoning for the site and to include this site in the California PTOD boundary. Modifications to text in Section 18.34 would also be considered to allow for a higher FAR and building height, with no limitation on the number of dwelling units per acre. Currently the PTOD standards include similar standards as the RM-40 district, including a 1.0:1 FAR for residential uses, a maximum of 40 dwelling units per acre, and a height limit of 40 feet. Because revisions to the PTOD development standards could have broader implications, text change amendments would need to be closely evaluated, and more extensive CEQA review could be required.

Next Steps:

Following the prescreening review, the applicant will consider options and determine how they want to proceed. Formal applications and public hearings before the Architectural Review Board, Planning Commission and City Council would be required to advance the proposed

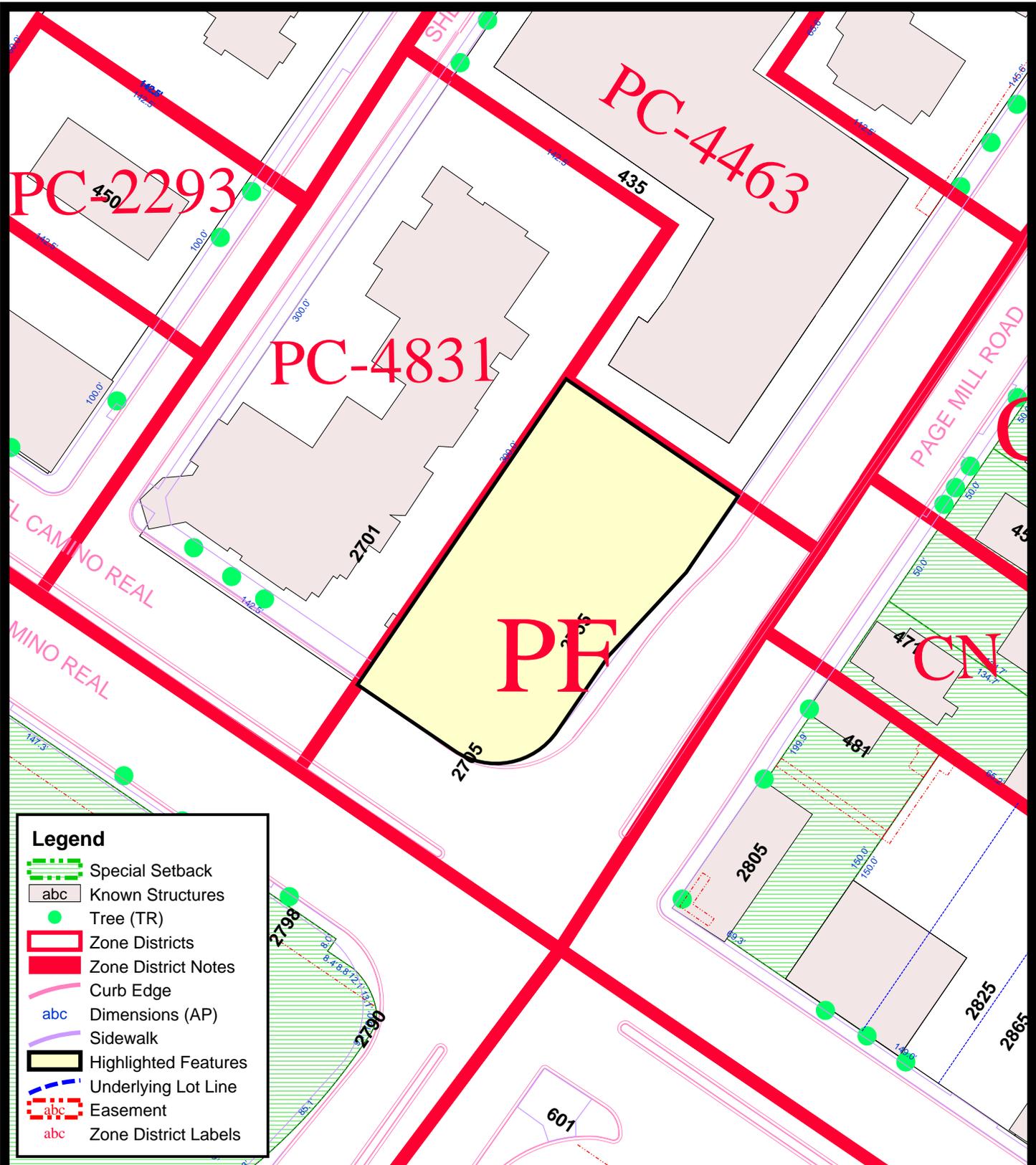
conceptual project.

Environmental Review:

This prescreening is a preliminary review process in which Councilmembers may provide comment, but no formal action will be taken. Therefore, no review under the California Environmental Quality Act (CEQA) is required at this time. A full review under CEQA would be initiated with the formal filing of a development application. Following submittal of a formal application, a Traffic Impact Analysis, Noise Study, Phase I and other reports, as needed to complete the environmental review, would be prepared. Staff is aware that there is a plume in the area and the applicant has noted that a Phase I report was previously prepared which identified a risk management program for the site. Appropriate measures for use of the site as multi-family residential would be assessed closely as part of the CEQA analysis.

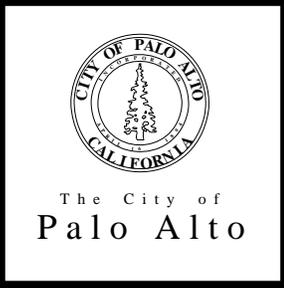
Attachments:

- Attachment A: Location Map (PDF)
- Attachment B: Applicant's Project Description (PDF)
- Attachment C: Project Plans (DOCX)



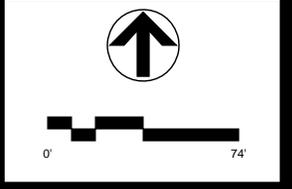
Legend

- Special Setback
- Known Structures
- Tree (TR)
- Zone Districts
- Zone District Notes
- Curb Edge
- Dimensions (AP)
- Sidewalk
- Highlighted Features
- Underlying Lot Line
- Easement
- Zone District Labels



2775 El Camino Real

This map is a product of the City of Palo Alto GIS





June 28, 2016

Jodie Gerhardt, AICP

Current Planning Manager

City of Palo Alto Planning/Community Environment

250 Hamilton Avenue

Palo Alto, California 94301

Subject: Proposal to Amend Zoning for 2755 El Camino Real

Dear Jodie:

Please find attached a pre-screening application being made by Windy Hill Property Ventures to rezone the former VTA Park and Ride lot at 2755 El Camino Real. As you know, the PF zoning is specific to the quasi-government nature of the VTA property and is not reflective of other, more desirable, land uses for this prominent site. The proposal will include an applicable Comprehensive Plan land use designation amendment. The redesignation of this important gateway site will facilitate the future development of the property.

Project Description

Windy Hill has prepared a preliminary-schematic design for zoning and Comprehensive Plan consideration only – these plans will continue to be refined based on staff, Commission and City Council direction. The proposal is for a new all-residential 60 unit apartment building. The building would be approximately 50 feet tall and contain +-39,000 square feet on a 19,563 square foot parcel resulting in a less-than 2.0:1 Floor Area Ratio (FAR). Adjacent land uses include the Sunrise Assisted Living Senior Housing Facility (4 stories and 50 ft height) and the Silverwood Condominium complex at similar densities. Across Page Mill Road is an AT&T store as well as the recently approved 441 Page Mill project. Across El Camino Real are the City soccer fields. The southwest corner is the Palo Alto Square office complex.

An application for a 45,000 square foot office project was reviewed by the City Council at a 2013 pre-screening study session for Planned Community (PC) zoning. The Council then moved to suspend any further PC zoning applications



pending further staff study and legislation. A subsequent Commercial Community (CC) mixed-use project was reviewed at a City Council pre-screening meeting in 2015. That was also not well received and was considered inappropriate for the site. At these earlier meetings there was support expressed to allow this property to be developed exclusively with small unit multi-family housing with minimal parking provided. This was based on both the difficulty of establishing easily accessible vehicular access to this challenging isolated location and the City's desire to increase the housing stock in Palo Alto to address the significant jobs-housing imbalance in the City by providing diverse small-unit housing. Issues remain, however, regarding appropriate building heights and floor area and the amount of parking needed. Verbatim minutes from this September 15, 2015 Council meeting are available online.

In response, Windy Hill is now proposing a 60 unit multi-family rental apartment building. The project would include 30 studio units and 30 one-bedroom units. It would provide 45 below-grade parking spaces, with 26 of these spaces being available via a Klaus 4200 "puzzle parking" lift system.

The building would be four stories with the ground floor elevated approximately five feet above the busy El Camino Real and Page Mill Road interstation for privacy and improved underground parking. Units would be carefully designed and sound-insulated to create a comfortable living environment. Windy Hill believes that studio and one-bedroom housing units provide a valuable mix of housing types in an area of extreme jobs-housing imbalance. This urban in-fill housing project will allow for walking and bicycle trips for Palo Alto employees to and from the Stanford Research Park. Additionally, this is not California or University Avenue where one would expect contiguous retail or restaurant-type businesses.

Traffic Demand Management

Car trips are a major concern in the region, but we believe that with a strong residential Traffic Demand Management (TDM) program Windy Hill can significantly reduce the number of car commuters that will reside at this project. These TDM programs have been successful in other regional projects and Windy Hill believes that after being fully vetted by the City it can be monitored into the future for complete confidence. In addition to the few trips generated by a well-managed housing project with robust TDM measures, this major Palo Alto gateway site should be able to attract local-working residents. The project is also entirely compatible with the nearest adjacent development and development along El Camino Real in general, and will be designed to be consistent with the El Camino Real Grand Boulevard Initiative. The TDM would include such amenities as high-speed internet for



residents to work at home, extensive bicycle parking and sharing, car sharing, and an on-site transportation coordinator. Other alternative transportation programs such

as VTA and Caltrain passes would also be provided. Windy Hill will further look into the feasibility of restricting initial rent contracts to Palo Alto employees.

Floor Area Ratio

These proposed units are approximately 500 square feet on average – assuring relative affordability. Windy Hill is requesting the 2.0:1 FAR consideration. This is appropriate for this busy corner and the benefit of providing 60 needed studio and one-bedroom rental housing units. We are looking for the appropriate guidance on the zoning mechanism to achieve these housing goals.

Palo Alto Housing Element Goals and Policies

Further, the project would directly meet the City's following Comprehensive Plan Housing Element goals:

H2.1 POLICY

Identify and implement strategies to increase housing density and diversity, including mixed-use development and a range of unit styles, near community services. Emphasize and encourage the development of affordable and mixed income housing to support the City's fair share of the regional housing needs and to ensure that the City's population remains economically diverse.

To allow for higher density residential development, consider amending the Zoning Code to permit high-density residential in mixed use or single use projects in commercial areas within one-half a mile of fixed rail stations and to allow limited exceptions to the 50-foot height limit for Housing Element Sites within one-quarter mile of fixed rail stations.

Allow increased residential densities and mixed use development only where adequate urban services and amenities, including roadway capacity, are available.

Amend the Zoning Code to create zoning incentives that encourage the development of smaller, more affordable housing units, including units for seniors, such as reduced parking requirements for units less than 900 square feet and other flexible development standards.



Use sustainable neighborhood development criteria to enhance connectivity, walkability, and access to amenities, and to support housing diversity.

As a part of planning for the future of El Camino Real, explore the identification of pedestrian nodes (i.e. "pearls on a string") consistent with the South El Camino Design Guidelines, with greater densities in these nodes than in other areas.

Use coordinated area plans and other tools to develop regulations that support the development of housing above and among commercial uses. The City permits residential and mixed-use developments which further increase opportunities for housing in certain commercial zones and on sites identified for housing in the Housing Element. In addition, the City is developing a concept plan for California Avenue.

Lastly, this property is identified in Palo Alto's Comprehensive Plan Housing Element as being within one-half mile of the California Avenue station. This project will provide .75 parking spaces per unit. Windy Hill is requesting 60 units and 2.0:1 FAR.

City planning staff may have further suggestions for appropriate zoning for this site, but please keep in mind that the PC zoning, which seems most appropriate, has been suspended and the subsequent CC mixed-use project has also been rejected by the City Council. The PF zoning is intended for public and governmental facilities and does not seem appropriate for the site any longer, but Windy Hill is open to advice.

Thank you for the opportunity to work with the City on this important site and project.

Very Truly Yours,

Tod Spieker

Jamie D'Alessandro

Attachment C

Hardcopies were provided to City Council members only

Project plans can be reviewed at:

<http://www.cityofpaloalto.org/news/displaynews.asp?NewsID=2923&TargetID=319>