



City of Palo Alto

City Council Staff Report

(ID # 9456)

Report Type: Study Session

Meeting Date: 9/17/2018

Summary Title: 788 San Antonio Road: Prescreening for Rezone from CS to RM-40

Title: Request for a Pre-Screening of a Proposal to Rezone the Property at 788 San Antonio Road From Service Commercial (CS) to Multiple-Family Residential (RM-40) and to Redevelop the Site With a Three-Story, Approximately 46,000 Square Foot, 48-Unit (Including Five Below Market Rate Units) Residential Project and a Below-Grade Parking Garage. Environmental Assessment: Not a Project; any Subsequent Formal Application Would be Subject to the California Environmental Quality Act (CEQA)

From: City Manager

Lead Department: Planning and Community Environment

Recommendation

Staff recommends the City Council conduct a preliminary review (“prescreening”) and provide informal comments regarding the applicant’s proposal to develop the subject property at 788-796 San Antonio Road with multi-family housing. No formal Council action is requested and comments provided in the course of a prescreening are not binding on the City or the applicant.

Executive Summary

The site consists of two adjoining parcels fronting on San Antonio Road and Leghorn Street and contains two one-story buildings occupied by several commercial establishments and surface parking lots. The applicant seeks to demolish the existing buildings and construct a new 4-story multi-family residential building containing 48 housing units, 115 parking stalls in an above grade podium-parking level, and indoor and outdoor common areas.

The proposed use of the site would require amendments to the Comprehensive Plan Land Use Element and the Zoning District Map to change the land use designation and zoning from (CS) Service Commercial to (RM-40) High Density Multiple-Family Residential. The project proposes

to utilize the state density bonus provisions and is requesting concessions and waivers from a number of key development standards in order to implement the project, including building height, setbacks, and lot coverage.

A prescreening provides an opportunity for the applicant to seek early input on a project and may help inform the design of the proposal and the form of any Comprehensive Plan/Zoning changes that would be proposed. A prescreening is required for legislative changes prior to the submittal of a formal application in accordance with Palo Alto Municipal Code (PAMC) Section 18.79.030(a). Prescreening(s) do not result in any formal action.

Background

The site is located at the northeast corner of San Antonio Road and Leghorn Street and is currently used by three one-story automotive, wholesale, and retail establishments with associated surface parking lots. The surrounding uses and zoning districts in the immediate vicinity vary greatly, with automotive, commercial, and warehousing uses (CS Zone) to the north and south, the Greenhouse planned residential community (PC Zone) directly across San Antonio Road, and commercial/industrial uses to the east across the City limits in the City of Mountain View.

Project Description

The project plans included in Attachment E provide a preliminary study of the program, interior layout, and building elevations. The proposal includes a four-story building forty-nine feet in height above grade, with the first floor of housing located above a raised podium approximately nine feet above grade to accommodate a one-level parking structure. The parking floor level would be 1.75 feet below grade, and would contain 115 parking stalls, 88 of which would be provided in mechanical lifts, and 96 bicycle parking spaces. The first, second, and third floor provide a mix of one and two-bedroom units and private and common open space areas. The first floor level would also contain an atrium at the apex of the building. Residents would access the ground level units via staircases serving the street-facing units, as well as a central staircase and accessible ramp serving the lobby and the remainder of the building units. Vehicles and bicycles would access the site via a single curb cut along Leghorn Street leading to the garage. The building follows an L-shaped plan with active elevations facing the street frontages, and with a large common area behind the building and above the garage podium.

Discussion

One purpose of a prescreening is for the applicant to assess whether there is sufficient Council interest to proceed with a formal application, and typically staff does not conduct a detailed review of prescreening applications for code compliance, knowing that the proposal is likely to evolve. Nonetheless, staff has identified some topics for Council's consideration.

Comprehensive Plan Amendment / Rezoning

The Comprehensive Plan designation for the site is CS (Service Commercial), which is characterized in the Land Use Element as *“Facilities providing citywide and regional services and relying on customers arriving by car. These uses do not necessarily benefit from being in high volume pedestrian areas such as shopping centers or Downtown. Typical uses include auto services and dealerships, motels, lumberyards, appliance stores and restaurants, including fast service types. In almost all cases, these uses require good automobile and service access so that customers can safely load and unload without impeding traffic. In some locations, residential and mixed-use projects may be appropriate in this land use category. Examples of Service Commercial areas include San Antonio Road, El Camino Real and Embarcadero Road northeast of the Bayshore Freeway. Non-residential FARs will range up to 0.4. Consistent with the Comprehensive Plan’s encouragement of housing near transit centers, higher density multi-family housing may be allowed in specific locations.”*

The CS land use designation is categorized as primarily commercial in nature but permits residential in a mixed use development. The subject application proposes no commercial uses and therefore, in addition to a change in the zoning designation, is exploring the possibility of a corresponding change to the Comprehensive Plan designation from CS to Multi-Family Residential. The residential designation exists on the west side of San Antonio Avenue, but would appear anomalous on the east side, which has a CS designation from Middlefield Road to Charleston Road.

The Comprehensive Plan Land Use and Housing Elements include a number of policies and programs that are relevant to the application. A list of applicable policies is included in Attachment D of this report. On balance, the Comprehensive Plan Land Use and Housing Elements generally support the construction of housing on sites located near services and near transit hubs and corridors, and encourage flexible development standards for projects incorporating affordable units. However, the Land Use Element of the Comprehensive Plan indicates that the San Antonio Road Housing Inventory Sites, which includes the subject site, should be removed in favor of concentrating density in Downtown and California Avenue areas. . With the formal application, the Council would need to determine whether the project, on balance, is in conformance with the Comprehensive Plan, including the Housing and Land Use Elements. Presently, the Housing Element identifies the realistic unit yield for the combined properties as 20 units based on existing CS zoning and its requirement for housing in conjunction with a mixed use project.

Rezoning

The site is currently zoned (CS) Service Commercial and is located in a block of similarly zoned (CS) Service Commercial parcels on the east side of San Antonio Road between Middlefield Road and Charleston Road. Immediately across San Antonio Road is the Greenhouse multifamily community, which is zoned PC Planned Community. To the north and south of the

Greenhouse community are Neighborhood Commercial (CN), Service Commercial (CS), and General Manufacturing (GM) zoning districts. Besides the Greenhouse community, other multi-family uses are located within 1,000 feet of the site at the Jewish Community Center off San Antonio Road, as well as the Charleston Village townhouses off Fabian Way. This section of San Antonio Road contains a diverse range of land uses and zoning districts. The site is located less than ¼ mile from the nearest VTA bus stop (Routes 32 and 35, service to San Antonio Caltrain Station, Middlefield Light Rail Station, University Avenue Transit Center, and Mountain View Transit Center), and approximately one mile from the San Antonio Caltrain Station in the City of Mountain View. While the project is not located on a high quality transit line, it is within a 10 minute walk of such a line and could be considered a location with proximity to transit.

A review of the project’s development standards relative to the existing CS district and proposed RM-40 district are included in Attachment C, with some of the development standards highlighted below:

Zoning District	CS (Existing Zoning)	RM-40 (Proposed Zoning)	Proposed Project
Maximum Site Coverage	50 percent	45 percent (+ additional 5 percent permitted for covered patios, overhangs, et cetera)	69 percent (29,763 sf)
Maximum Height	50 feet	40 feet	49 feet
Maximum Residential Floor Area Ratio (FAR)	0.6:1	1.0:1 ⁽³⁾	~1.04:1 (45,075 sf)
Maximum Residential Density per Acre	30 units per acre	40 units per acre	48 units per acre
Retail Preservation	Required	Not Required	Not proposed

Adherence to each of these development standards is potentially affected by the request for a Density Bonus with the proposal, which provides a greater degree of flexibility for qualifying projects.

Inclusionary Requirements and Density Bonus

The site is approximately 1 acre, and therefore the proposed RM-40 zoning would yield a maximum of 40 units. PAMC Section 16.65 requires that residential developers provide 15% of the base project’s units as income-restricted affordable units. With a base unit count of 40 units, this would yield 6 income-restricted units, with at least 4 units restricted for low and very low income households. On top of the base project, the applicant is considering a density bonus to increase the total number of units on the site by 20 percent (8 units), for a total of 48 units. If provided on site, the City’s inclusionary units count towards the number of affordable units required in order to receive a density bonus, and as result no additional income-restricted units

would be required. However, the applicant has indicated that they would provide one additional low-income unit, for a total of 5 low income units out of the 6 “affordable income-restricted” units.

788-796 San Antonio Road (Commercially-zoned, 1 acre, Housing Inventory Site)			
	Existing CS Zoning	RM-40 Zoning, 1 acre site	Proposed RM-40 Zoning with 20% Density Bonus
Maximum Permitted Residential Density	30 units (mixed-use required)	40 units	48 units
Inclusionary (Affordability) Requirements	<u>4.5</u> affordable units (in-lieu payment permitted for fractional unit)	<u>6</u> affordable units (4 low or very low income, 2 moderate income)	<u>6</u> affordable units (4 low or very low income, 2 moderate income) *Applicant proposes to provide 5 low or very low income units

Concessions and Waivers

State Density Bonus Law and corresponding PAMC Section 18.15 provide “concessions” and incentives for projects requesting a density bonus. Such incentives include deviations from otherwise required development standards, such as building setbacks, height, parking, to facilitate construction of the affordable housing units. At present, the project plans are not compliant with local height, front/side setbacks, lot coverage or floor area requirements of the proposed RM zoning designation. The project as preliminarily designed would be eligible for one by-right concession. A height increase of six feet could be permitted, but the project plans show nine feet. Alternatively, the applicant could consider a floor area concession and as proposed would qualify, but also could be eligible for greater floor area under a RM zoning designation. The project exceeds the RM district lot coverage requirement of 45% by 23% (68% lot coverage proposed). Requested encroachments into the special setbacks along San Antonio Road and Leghorn Street are not eligible as by-right concessions. San Antonio Road has a special setback of 24 feet; 10 is proposed. Leghorn Street has a special setback of 25 feet; 15 is proposed.

State law and the City’s local standards also allow a developer to seek a waiver from development standards where it can be demonstrated such standards physically preclude the construction of a project at the densities and with the concessions authorized by density bonus law. However, the City has no obligation to waive development standards that would have specific, adverse, and unavoidable impacts on health, safety, or the physical environment.

Retail Preservation

PAMC 18.40.170 contains the Citywide Retail Preservation Ordinance, and allows ground floor Retail and Retail-like uses to be replaced only with another retail or retail-like use, as long as such uses are permitted in the applicable district. The project would redevelop a site that contains and has previously contained since 2015 an automotive service station, a fitness training center, and an electrical wholesale supplier, of which the latter two uses are considered protected retail or retail-like uses subject to the Retail Preservation ordinance. Should the zoning on the site change from CS to RM-40 the retail and retail uses would be considered nonconforming, and would therefore no longer be protected.

Policy Implications

As mentioned above, the proposal would require one or more of the following: the Comprehensive Plan Land Use & Community Design Element Designation Map, the Zoning District Map, and waiver of development standards under the provisions outlined for qualifying Density Bonus projects. Each of these proposals would be evaluated with a concurrent Site and Design Review application, as well as a preliminary parcel map to merge the two lots. Should a formal application be filed, the Planning and Transportation Commission would review and provide a recommendation on the requests for the Rezoning, Comprehensive Plan Amendment, and Preliminary Parcel Map, and would also review along with the Architectural Review Board the request for Site and Design Review. It is worth noting that zoning code amendments that are currently being considered by the PTC may impact, if adopted, the review process for this and similar applications. One amendment under consideration is the elimination of the Site and Design Review process for multi-family residential projects.

Of particular policy relevance to this application is the replacement of existing retail and retail-like uses with multi-family housing, both of which have been established as Council priorities with the recently adopted Comprehensive Plan and Zoning Code amendments over the past several years. While Council opinions presented during the prescreening review are nonbinding, the discussion of trade-offs between commercial and residential development on the site may be of significant relevance to any future development application.

Next Steps

Following 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 formal 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 technical reports, as needed to complete the environmental review, would be prepared.

Attachments:

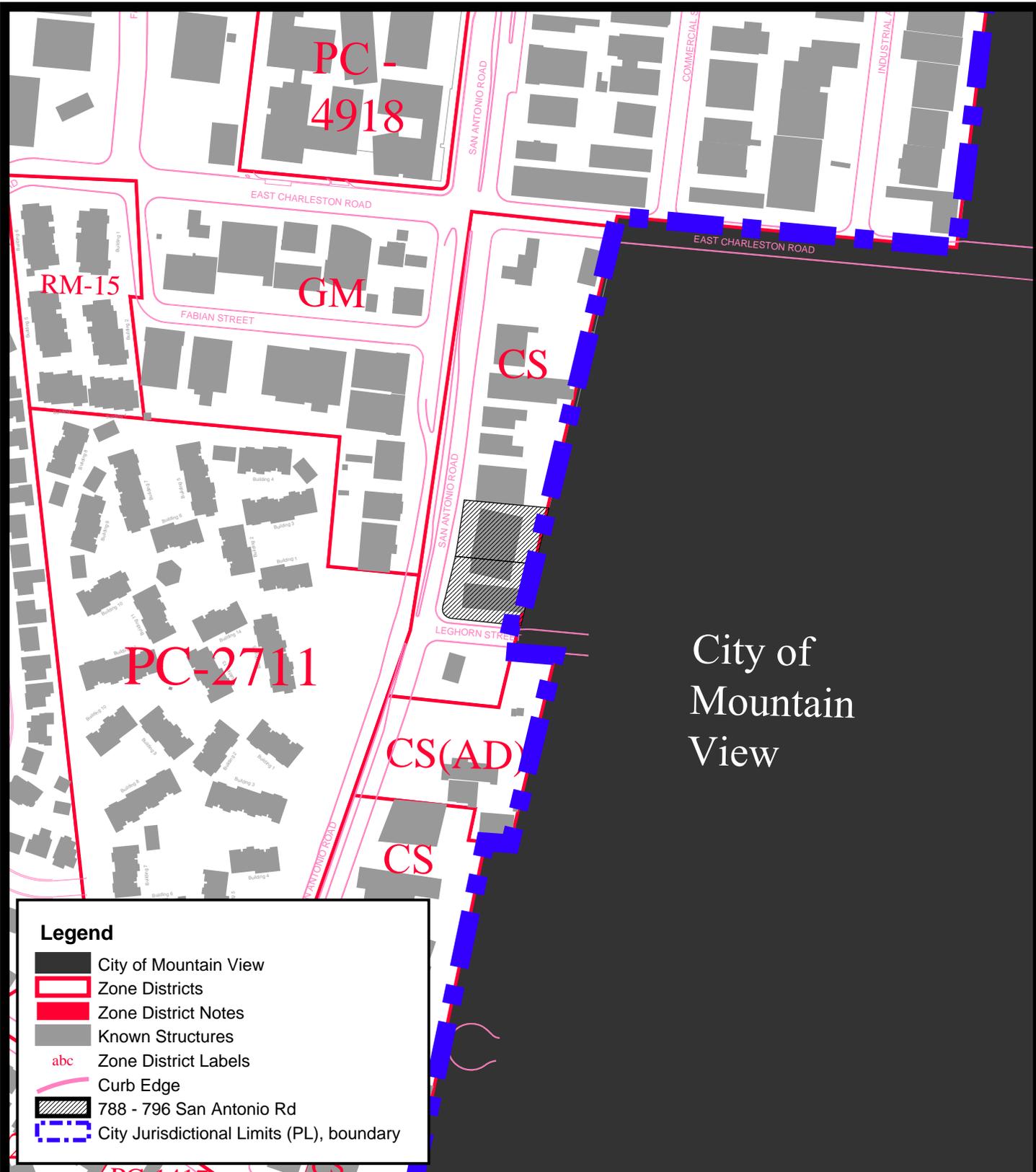
Attachment A: Location Map(PDF)

Attachment B: Project Description Letter (PDF)

Attachment C: CS and RM-40 Zoning Comparison Table (DOCX)

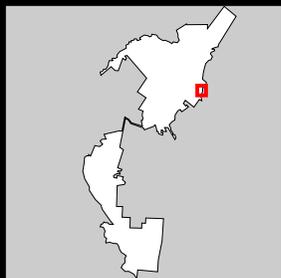
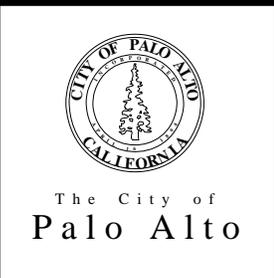
Attachment D: Comprehensive Plan Policies (DOCX)

Attachment E: Project Plans (DOCX)



Legend

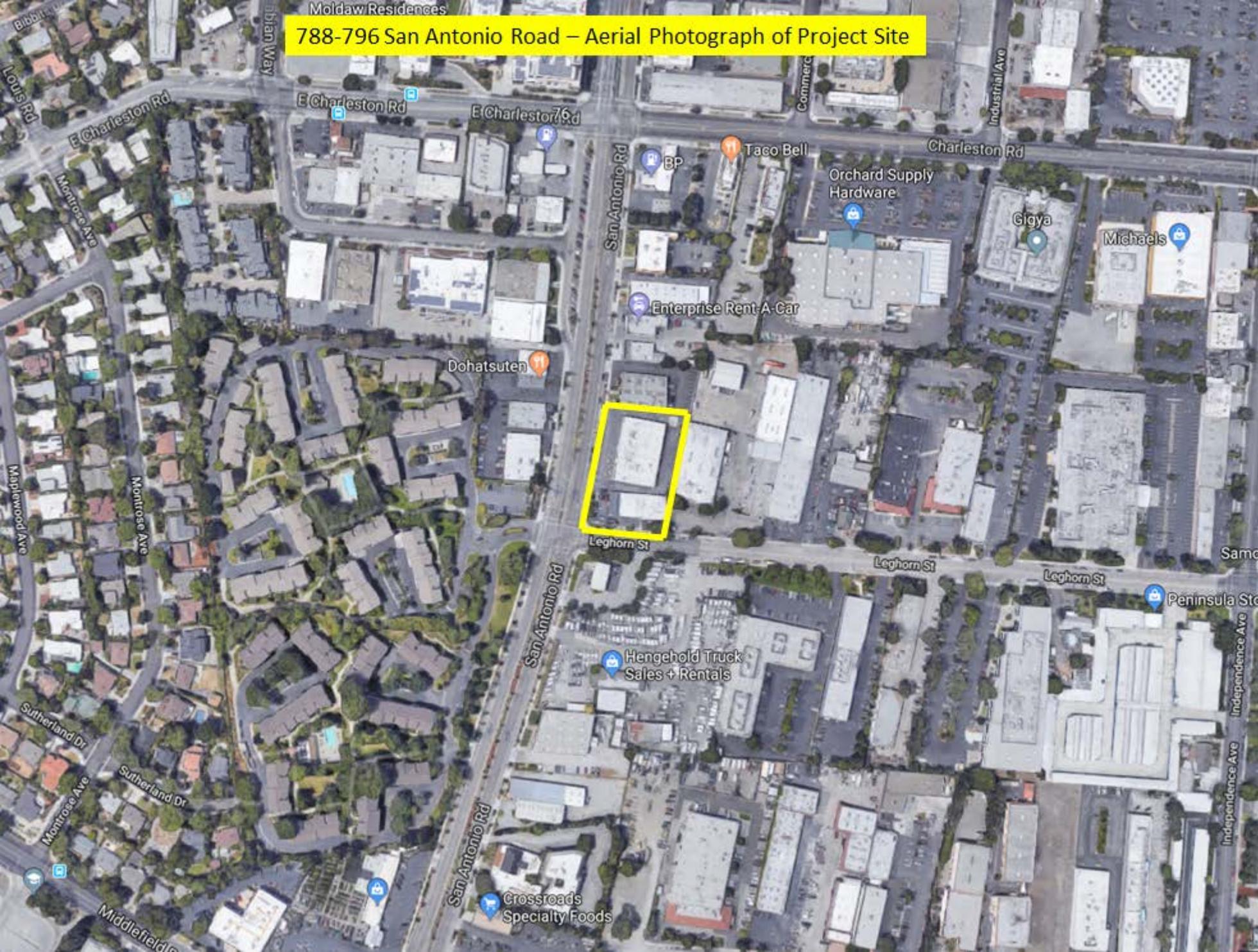
- City of Mountain View
- Zone Districts
- Zone District Notes
- Known Structures
- Zone District Labels
- Curb Edge
- 788 - 796 San Antonio Rd
- City Jurisdictional Limits (PL), boundary



788 - 796 San Antonio
Road

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

788-796 San Antonio Road – Aerial Photograph of Project Site





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August 20, 2018

Delivered via E-Mail

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Subject: Pre-Screening Application, 788-796 San Antonio Road

Mr. Owen:

Several weeks ago, on behalf of the owners and team, we submitted a Pre-Screening application that proposes to redevelop the property at 788-796 San Antonio Road with a fully residential use that yields 48 units, and potentially more.

Zone Change

At the core of the proposal is a zone change from Commercial Service (CS) to High Density Multi-Family Residential (RM-40). Palo Alto Municipal Code Section 18.80.070 provides that property may be rezoned if the public interest is served by the reclassification. The public interest would be served in changing the zoning to allow more housing in this location.

As everyone in the Bay Area is aware, the region is experiencing a housing crisis. Members of the City Council in the *Colleagues' Memo Regarding Zoning Updates to Encourage Diverse Housing Near Jobs, Transit and Services* highlighted the need to address the City's lack of housing and develop a plan to improve and increase the supply of housing. Subsequently, the City prepared the *Draft Housing Work Plan* indicating that if the City stays on its current course it will fall short of its housing goals and needs to "go big" on the zoning changes. Currently, the Housing Element identifies the Property as an opportunity site for mixed-use development with 30 dwelling units per acre. To avoid falling short of

its housing goals, the City can do more to “go big” by changing the Property’s zoning to allow more housing, 40 dwelling units per acre.

The City’s Comprehensive Plan in discussing Service Commercial areas such as San Antonio Road notes that in some places residential uses may be appropriate. Rezoning the Property may provide the City the opportunity to move toward meeting its goal of providing a greater variety of housing and near jobs and services. The Property is in a location that is both near housing and neighborhood services. As such, this is a location where residential uses would be appropriate, and it would be in the public interest to change the zoning.

State Density Bonus Law

The lot area of the Proposed Project is approximately one acre and thus yield 40 units under the proposed zone change. Referencing Government Code Section 65915(f)(1), and the requisite 15% of units to contribute to Below Market Rate (BMR) units, for low-income users, this could be a total yield of 51 units, 6 designated BMR. The Pre-Screening depicts 48 total units and is flexible to consider 5-6 units designated as BMR.

In order to provide for the density bonus, the proposed building seeks a waiver consistent with Government Code Section 65915(e)(1) where it seeks a waiver or reduction of development standards to allow for an additional 1,685 square feet of Floor Area Ratio, or 4%.

State Density Bonus Law also provides one incentive or concession for a project that includes at least 10 percent of the total units for low income households. In this case, we seek a concession for building height, where RM-40 allows for 40 feet. The building as proposed is 49 feet in height, still below the original CS zoning standard of 50 feet. This increase in height allows the Proposed Project to employ podium parking which allows it to avoid impacting ground water, which is a benefit to the community and the environment.

We look forward to the Staff Report and discussion with City Council on September 10, 2018 and continue to work proactively to refine plans, move forward with a formal application and bring an exciting new residential opportunity to Palo Alto.

Best Regards



Ted O;Hanlon

cc: 788 SAPA Land LLC
Studio S-Squared

ATTACHMENT C
ZONING COMPARISON TABLE
788 San Antonio Road, 18PLN-00210

Table 1: CS and RM-40 ZONING DISTRICT COMPARISON TABLE

Zoning District	CS (Existing Zoning)	RM-40 (Proposed Zoning)	
Regulation	Required	Required	Proposed
Minimum Site Area (ft ²)	None Required	8,500 sf	43,390 sf
Site Width (ft)	None Required	70 feet	234-255 feet (varies)
Site Depth (ft)	None Required	100 feet	147-187 feet (varies)
Min. Front Yard	0 – 10 feet to create an 8 – 12 feet effective sidewalk width ⁽¹⁾	0-25 feet ⁽¹⁾	9 feet (along Leghorn Street)
Min. Rear Yard	10 feet for residential portion; no requirement for commercial portion	16 feet (for street rear yard)	10 feet
Min. Interior Side Yard	10 feet (for lots abutting a residential zone district)	10 feet (for lots with width of 70 feet or greater)	10 feet
Min. Street Side Yard	5 feet	0-16 feet ⁽²⁾	10 feet (along San Antonio Road)
Special Setback	Yes	Yes	24 feet along San Antonio Road and 15 feet along Leghorn Street
Build-to-Lines	50 percent of frontage built to setback; 33 percent of side street built to setback ⁽¹⁾	N/A	N/A
Maximum Site Coverage	50 percent	45 percent (+ additional 5 percent permitted for covered patios, overhangs, et cetera)	69 percent (29,763 sf)
Maximum Height	50 feet	40 feet	49 feet
Maximum Residential Floor Area Ratio (FAR)	0.6:1	1.0:1 ⁽³⁾	~1.04:1 (45,075 sf)
Daylight Plane for lot lines abutting one or more residential zone districts	Daylight plane height and slope shall be identical to those of the most restrictive residential zoning district abutting the lot line	Not Required for lots of 70 feet or greater in width	N/A
Maximum Residential Density per Acre	30 units/per acre	40 units/per acre	
Minimum Site Open Space (percent)	30 percent	20 percent	
Minimum Usable Open	150 sf per unit (when six units	100 sf ⁽⁴⁾	

Space (sf per unit)	or more) ⁽²⁾		
Minimum Common Open Space (sf per unit)	N/A	50 sf	
Minimum Private Open Space (sf per unit)	N/A	50 sf	

CS Zoning Notes for Mixed Use Projects

(1) Twenty-five-foot driveway access permitted regardless of frontage; build-to requirement does not apply to CC district.

(2) Required usable open space: (1) may be any combination of private and common open spaces; (2) does not need to be located on the ground (but rooftop gardens are not included as open space); (3) minimum private open space dimension six feet; and (4) minimum common open space dimension twelve feet.

RM-40 Zoning Notes

(1) Minimum front setbacks shall be determined by the Architectural Review Board upon review pursuant to criteria set forth in [Chapter 18.76](#) and the context-based criteria outlined in Section [18.13.060](#). Arterial roadways do not include residential arterials.

(2) Minimum street side setbacks in the RM-40 zone may be from 0 to 16 feet and shall be determined by the Architectural Review Board upon review pursuant to criteria set forth in [Chapter 18.76](#) and the context-based criteria outlined in Section [18.13.060](#).

(3) Covered parking is not included as floor area in multi-family development, up to a maximum of 230 square feet per required parking space that is covered. Covered parking spaces in excess of required parking spaces count as floor area.

(4) Subject to the limitations of Section [18.13.040\(e\)](#). Usable open space is included as part of the minimum site open space; required usable open space in excess of the minimum required for common and private open space may be used as either common or private usable open space; landscaping may count towards total site open space after usable open space requirements are met.

Type	Required		Proposed	Conforms?
Multiple-Family Off-Street Parking Requirement PAMC 18.15.050 (Development Concessions and Incentives)	1 space per studio and one-bedroom; 2 spaces per two-bedroom unit	75 spaces (Proposed - 21 one-bedroom units and 27 two-bedroom units)	71 spaces w/out mechanical lifts; 115 spaces w/mechanical lifts	Yes, with use of mechanical lifts
Bicycle Parking PAMC 18.52.040 Table 1	1 space per unit/ 100% Long Term (LT)	48 LT spaces	1 Long Term 1 Short Term	Yes
Loading Space				

Attachment D - Applicable Comprehensive Plan Policies – 788 San Antonio Road

Land Use Element

- Policy B-7.7: *Seek to balance increases in costs for business space with the need for rehabilitation and replacement of outdated space in the San Antonio Road and East Bayshore areas.*
- Policy L-2.4: *Use a variety of strategies to stimulate housing, near retail, employment, and transit, in a way that connects to and enhances existing neighborhoods.*
- Program L2.4.1: *Amend the Housing Element to eliminate housing sites along San Antonio Road and increase residential densities in Downtown and the California Avenue area to replace potential units from the sites eliminated.*
- Policy L-3.4: *Ensure that new multi-family buildings, entries and outdoor spaces are designed and arranged so that each development has a clear relationship to a public street.*
- Policy L-4.2: *Preserve ground-floor retail, limit the displacement of existing retail from neighborhood centers and explore opportunities to expand retail.*
- Policy L-5.4: *Maintain the East Bayshore and San Antonio Road/Bayshore Corridor areas as diverse business and light industrial districts.*

Housing Element

- 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 H2.2.8: *Assess the potential of removing maximum residential densities (i.e. dwelling units per acre) in mixed use zoning districts to encourage the creation of smaller housing units within the allowable Floor Area Ratio (FAR), and adopt standards as appropriate.*
- Housing Program H3.1.5: *Encourage the use of flexible development standards, including floor-area ratio limits, creative architectural solutions, and green building practices in the design of projects with a substantial BMR component.*
- Housing Program H3.1.12: *Amend the Zoning Code to provide additional incentives to developers who provide extremely low-income (ELI), very low-income, and low income housing units, above and beyond what is required by the Below Market Rate program, such as reduced parking requirements for smaller units, reduced landscaping requirements, and reduced fees.*

Attachment E

Project Plans

Hardcopies of the project plans were provided to Board members. These project plans are available to the public online and/or by visiting the Planning and Community Environmental Department on the 5th floor of City Hall at 250 Hamilton Avenue.

Directions to review Project plans online:

1. Go to: bit.ly/PAPendingprojects
2. Scroll down to find “788 San Antonio Road” and click the address link
3. On this project specific webpage you will find a link to the project plans and other important information

Direct Link to Project Webpage:

<https://www.cityofpaloalto.org/news/displaynews.asp?NewsID=4348&TargetID=319>