TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER

DEPARTMENT: PLANNING AND COMMUNITY ENVIRONMENT

DATE: MAY 14, 2007

CMR: 240:07

SUBJECT: ORDINANCE OF THE COUNCIL OF THE CITY OF PALO ALTO AMENDING SECTION 18.08.040 OF THE PALO ALTO MUNICIPAL CODE (THE ZONING MAP) TO CHANGE THE CLASSIFICATION OF PROPERTY KNOWN AS 3401, 3415, AND 3445 ALMA STREET FROM PC PLANNED COMMUNITY 1362 TO PC PLANNED COMMUNITY.

RECOMMENDATION
Staff recommends that the City Council adopt the first reading of an ordinance (Attachment A) that approves Planned Community (PC) zoning for the three properties located at 3401, 3415, and 3445 Alma Street, subject to public benefits and conditions of approval, as outlined by the City Council at its April 16, 2007 meeting, and refer the project to the Architectural Review Board and Planning and Transportation Commission for site development plan review.

BACKGROUND
On April 16, 2007, the City Council conducted a public hearing regarding the proposed Planned Community (PC) zoning for the site. The Council approved a motion to adopt the Mitigated Negative Declaration and to approve the PC zone based on the developers’ proposal, with the following modifications: 1) reduce the retail square footage by reinstating the two second floor BMR units in the large building; 2) increase the grocery store size to a minimum of 10,000 square feet, including the basement and ground floor; and 3) require dedicated parkland and the community room. The City Attorney advised the Council that staff would need to come back with a draft ordinance for first reading, since the ordinance before the Council on the April 16 reflected the Planning and Transportation Commission’s recommendation.

DISCUSSION
Staff has prepared an ordinance (Attachment A) rezoning the site to a Planned Community (PC) designation, subject to conditions outlining the development parameters of the site, specifying public benefits associated with the PC zoning, and subject to site development review and
preparation of a Below Market Rate (BMR) agreement. The April 16 Council action comprised
direction to prepare the ordinance for first reading, using the applicant’s proposal (Attachment B)
as the basis for the development parameters, and consistent with the provisions of Chapter 18.68
(Planned Community District) of the City’s Zoning Ordinance.

PC Ordinance Development Parameters and Conditions
The draft PC ordinance includes the following development parameters and conditions, pursuant
to staff’s understanding of the applicant’s proposal and the Council motion.

1. Commercial Square Footage: A minimum of 24,533 square feet of commercial space
would be permitted, not including the community room. The breakdown would include:
   a. Main retail building with Alma Street frontage: 17,300 square feet ground floor
      retail and 3,507 square feet retail/storage in basement.
   b. Two detached buildings of 1,863 square feet each, for a total of 3,726 square feet
      of retail/commercial/office uses.
   c. Allowable uses in the two detached buildings include retail services, eating and
      drinking, personal services, banks and financial services, day care, general
      business services, office uses (medical, professional, and/or general), private
      educational facilities, and commercial recreation.
2. A 1,330 square foot community room, to be used for community or non-profit purposes,
   would be required on the second floor of the main building.
3. A minimum 10,000 square foot grocery store (part of the retail square footage) along the
   Alma Street frontage would be required, including the 3,507 square foot retail/storage
   area in the basement.
4. The front setback on Alma is permitted at less than 30 feet.
5. Thirty-eight (38) single-family small lot residences would be allowed, including along
   the transition areas adjacent to Emerson and Ramona Street homes.
6. Fourteen below market rate residential rental units would be required on the second floor
   of the main building, above retail.
7. A total floor area ratio of 0.54 would be permitted for residential uses (including the
   BMR units) on the site.
8. Parkland of approximately 8,900 square feet is required to be dedicated for public use
   (note: the applicant’s project description and program statement have consistently
   indicated that the parkland to be dedicated is 8,904 square feet, but the applicant in the
   past week noted that the main park area reflected on the plan is actually only 7,600
   square feet).
9. Commercial parking requirements will be calculated at 1 space per 250 gross square feet
   and the retail/storage basement area of the grocery store at 1 space per 1,000 gross square
   feet. No additional parking is required for the community room
10. Commercial development will comply with criteria sufficient to obtain Leadership in
    Energy and Environmental Design (LEED) Silver certification.
11. Offsite improvements on Alma Street shall be provided as shown in the site plan
    (Attachment E), including the proposed reconfiguration of parking.
Public Benefits
Staff has identified for Council consideration the following public benefits provided by the project:

1. Provision of a minimum 10,000 square feet of grocery retail space
2. Parkland dedication and improvement
3. Fourteen Below Market Rate housing units provided as rentals
4. Provision of a community meeting room
5. Leadership in Energy and Environmental Design (LEED) Silver green building certification
6. Off-site improvements along Alma Street and reconfiguration of parking south of the site

The public benefits are identified in the draft ordinance, and should be approved or modified by the Council.

Site Development Plan Review
The PC ordinance specifies, consistent with the provisions of Chapter 18.68 (Planned Community District), that site development plan review is required by the Architectural Review Board (ARB) and Planning and Transportation Commission (P&TC) prior to final Council action. In particular, Sections 18.68.065(b) and (c) provide that, for any PC:

“(b) If the planning commission acts favorably in its initial review of the PC application, the development plan shall be submitted to the architectural review board for review, except in the case of single-family and accessory use. In this phase, a detailed plot plan, landscape development plan, and design plan of the development plan are required. The architectural review board shall make a recommendation on the development plan based on the findings for architectural review in Section 18.76.020(d).

(c) The development plan as approved by the architectural review board is then returned to the planning commission for final planning commission review and recommendation before being submitted to the city council for final action.”

In this case, the Council has modified the Commission’s recommendation prior to review of the site plan by ARB, the P&TC and City Council. The development parameters set forth above indicate locations of the main retail building, transitional housing adjacent to the residences on Emerson and Ramona Streets, and BMR units on the second floor of the retail building. Other site planning details, such as for the remaining residences, parkland, and site circulation are left to the site development review process.

In addition, any deviation from Planned Community regulations for setbacks or daylight planes would require approval of Design Enhancement Exceptions (DEEs) or Variances.

Below Market Rate (BMR) Agreement
The ordinance also includes a provision to require a BMR agreement for the project with the approval of the site development plan by the City Council. A BMR agreement is necessary to determine the value of the affordable housing commitment, to verify compliance with City BMR
policy, and to assure that Palo Alto Housing Corporation will accept the operation and maintenance responsibilities for the units. A letter agreement would be required at the time of site development plan approval, and the binding legal agreement would be required prior to approval of the final subdivision map for the project.

Resource Impacts, Policy Implications, and Environmental Review

Resource Impacts, Policy Implications, and Environmental Review for the project were provided in the April 16, 2007 City Manager’s Report (Attachment C). This revised ordinance does not create any changes to the previously stated impacts or environmental review.

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ATTACHMENTS
A. Draft Planned Community Ordinance  
B. Applicant Proposal Submitted at April 16, 2007 City Council meeting  
C. April 16, 2007 City Manager’s Report (w/o attachments)  
D. Revised Site Plan, dated April 16, 2007

COURTESY COPIES
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