



City of Palo Alto

City Council Staff Report

(ID # 6357)

Report Type: Study Session

Meeting Date: 12/7/2015

Summary Title: PreScreening for Proposed Hotel at 744-748 San Antonio Road

Title: Study Session: Prescreening of a Proposed Hotel Development at 744-750 San Antonio Road

From: City Manager

Lead Department: Planning and Community Environment

Recommendation

Staff recommends that the City Council conduct a preliminary review of the applicant's proposed hotel development at 744-50 San Antonio Road and provide comments. This is a study session intended to receive City Councilmember comments and no formal action is requested.

Executive Summary

After a preliminary review by the Architectural Review Board (ARB), Rashik Patel of T2 Development submitted a formal application for Architectural Review of a revised hotel proposal at 744-50 San Antonio Road. The application is currently undergoing environmental review and the applicant has requested preliminary review by the City Council to gauge the City's interest in the proposed hotel.

(See <http://www.cityofpaloalto.org/news/displaynews.asp?NewsID=3133> for the plans and attachments for application and supporting material.)

Section 18.79.030(b) of the Palo Alto Municipal Code allows for preliminary review of development projects for which an application has been filed upon request of the City Manager and project proponent, provided that the City Council concurs, which they were asked to do on November 30, 2015.

Pre-screenings are intended to solicit early feedback on proposed projects and -- like all study sessions -- do not result in any formal action.

Background & Discussion

The applicant has proposed demolition of existing buildings on the project site at 744-50 San

Antonio Road, followed by construction of a 297 room hotel. The project site is zoned Service Commercial (CS), and its two parcels are identified as housing sites in the Housing Element of the City's Comprehensive Plan.

The proposed site includes a number of low scale commercial and institutional buildings that will be demolished to make way for the new construction, including a mid-century modern mortuary building constructed c. 1961. The neighborhood context includes properties to the west (front) of the site, across San Antonio Road, zoned Neighborhood Commercial (CN) and Planned Community (PC-2711), which are developed with a nursery and multi-family housing respectively. The adjacent property to the south has the same zoning designation as the subject property and includes a grocery store. The property to the north (760 San Antonio) is also zoned CS and includes a business services use (The BACH Company). North of that property is 762 San Antonio, which is zoned CS (AD) and supports the Hengehold Trucks rental business. Property to the east is located within the City of Mountain View and is zoned General Industrial (MM 40). The block is characterized by a mix of low intensity uses.

The CS zoning district was established to create and maintain areas accommodating citywide and regional services that may be inappropriate in neighborhood or pedestrian oriented shopping areas, and which generally require automotive access for customer convenience, servicing of vehicles or equipment, loading or unloading, or parking of commercial service vehicles. The PAMC allows for a maximum of 0.4:1 for development with the exception of 2.0:1 for hotel development.

The application proposes to merge the two parcels and demolish the existing buildings and site improvements. The project is the construction of two five-story differently branded hotels (AC and Courtyard by Marriott) on a podium deck with an underground parking garage. The buildings would be situated on opposite sides of a centralized driveway. The hotels would include 154 and 143 rooms respectively for a total of 297 rooms for the site. The project includes 30 surface parking spaces and 353 basement level parking in two levels (includes 84 valet parking spaces) for a total of 383 parking spaces. The proposed FAR for the based on the plans submitted is 1.82:1.

The proposal is currently being evaluated in compliance with the California Environmental Quality Act (CEQA) and will also be evaluated for consistency with the City's policies and regulations prior to scheduling a hearing for a recommendation by the ARB and a decision whether to approve the project.

The issues that will warrant close attention during this analysis and evaluation include potential traffic impacts, potential impacts to historical resources, compatibility with the surrounding area, and the potential ramifications of using sites identified in the City's Housing Element for non-residential use. The applicant has requested prescreening prior to completion of the ongoing analysis by the City's staff and consultants.

On November 16, 2015, the City Council will consider adoption (Second Reading) of an ordinance amending Section 18.79 of the Municipal Code regarding preliminary review procedures. This ordinance will become effective 30 days after adoption, and would not change the section of the code related to optional review of applications upon the request of the City Manager and the applicant.

Policy Implications

As noted above, the applicant's proposal is currently being reviewed pursuant to CEQA and for conformance with the City's policies and regulations. These reviews are ongoing and are expected to focus on traffic, historical resources, architectural compatibility, and the proposed use of two housing sites in the City's adopted Housing Element for non-residential use. The Housing Element (p. 3 of Appendix B) includes the following housing sites:

- 744 San Antonio Road (APN 147-05-088) with a realistic capacity of 25 units, and
- 748-50 (APN 147-05-089) with a realistic capacity of 13 units

The City's housing inventory identified sites for approximately 200 units over the State-required minimum to ensure sign-off on the Housing Element by the State Department of Housing and Community Development (HCD) and to preserve flexibility in case the sites were not developed with housing. The proposed projects would "use" some of this overage and would not trigger the need to identify additional sites pursuant to Government Code Section 65863.

Also, the City's Housing Element included a program committing the City to reevaluate housing sites along San Antonio Road and potentially replace them with alternate sites closer to neighborhood services and transit:

"The City will continue to identify more transit-rich housing sites including in the downtown and the California Avenue area after HCD certification as part of the Comprehensive Plan Update process and consider exchanging sites along San Antonio and sites along South El Camino that are outside of identified 'pedestrian nodes' for the more transit-rich identified sites." Program H2.2.5, p. 135

Environmental Review

The applicant's proposal to construct a hotel at 744-50 San Antonio Road is currently undergoing review pursuant to CEQA and that review will have to be completed before a final decision is made regarding the application.

This evening's preliminary review is a study session in which Councilmembers may provide comment, but no formal action will be taken. Thus, no CEQA review is required.

Attachments:

- Attachment A: PreScreening Request Letter from Applicant, November 10, 2015 (PDF)
- Attachment B: T2 Fact Sheet for Prescreening Request (PDF)
- Attachment C: Project Plans (hardcopies to Councilmembers and Libraries Only) (DOCX)

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November 10, 2015

Jim Keene, City Manager
City of Palo Alto
james.keene@cityofpaloalto.org

Sent via: Email

Re: T2 Hospitality Request for Preliminary Screening of Proposed Hotels at 744 & 748-50 San Antonio Road

Dear Mr. Keene:

My client T2 Hospitality respectfully requests the opportunity to present its proposed hotel project to the City Council at a "prescreening" hearing per Palo Alto Municipal Code (Code) Chapter 18.79 (Development Project Preliminary Review Procedures) for the purposes set forth in Code Section 18.79.010, including to obtain non-binding preliminary comments from the Council to inform us on how to proceed. Specifically, we would like the Council's feedback on (1) whether a hotel use is desirable at this location; and (2) whether there is any concern regarding the development of this site relative to context or existing use.

The project consists of demolishing the existing office and light industrial buildings on the approximately 1.9 acre project site located at 744 & 748-50 San Antonio Road and replacing them with a total of 297 new hotel rooms (153,580 square feet) across two distinct hotels: a 153-room AC Hotel by Marriott and a 148-room Courtyard by Marriott. No meeting space, third party retail, restaurants, or other uses that could generate additional traffic are proposed.

As the project is a permitted use under the CS Zoning District and is consistent with the General Plan, the only entitlement approval required is Major Architectural Review (pursuant to Code Section 18.79.020). No exceptions, variances or special considerations are requested. Furthermore, parking will exceed the City of Palo Alto's required 1:1 ratio, and with valet, will achieve 1.3:1.

Pursuant to a traffic impact analysis prepared by Hexagon Transportation Consultants, Inc. (Hexagon) and based on Institute of Traffic Engineering (ITE) national trip generation rates, the project is projected to generate less than 100 net new peak hour trips (88 new AM peak hour trips and 87 new PM peak hour trips). Hexagon estimates that these trips will be reduced by at least 20% due to T2 Hospitality's proposed alternative transportation demand management

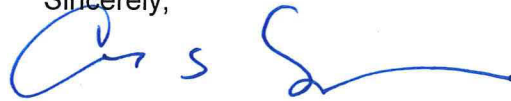
program (TDM) which includes a hotel shuttle (to airports, local businesses, and mass transit), car sharing platform, mass transit use incentives, and a free bike sharing program. Furthermore, it is estimated that the project will actually reduce vehicle miles traveled (VMT) in Palo Alto—by approximately 600,000 miles per year—by locating closer to hotel demand sources than other existing hotels in the area.

The project site is listed as a housing inventory site that could accommodate up to 38 residential units out of the City's total 1,988 Regional Housing Need Allocation (RHNA) units. This translates into approximately 2% of the City's RHNA. The City's Housing Element has demonstrated that it can accommodate a surplus of 199 housing units or a total of 2,187 housing units. Redeveloping the project site with the proposed hotel project leaves the City with 2,149 potential housing units which is 161 housing units more than the City needs to satisfy its RHNA. Therefore, the project would not impact the City's ability to meet its RHNA.

Additionally, during the last Housing Element Update it was generally expressed by community members and agreed by the Council that the housing inventory sites on San Antonio Road, including the project site, were "less than ideal" and "not the best place for new housing" but that they were included in the Housing Element in the interest of time (to meet the HCD deadline for adopting a Housing Element) with the intent of revisiting these sites at a later date and swapping them out for other sites closer to transit.¹

Please see the attached fact sheet for additional project information and many thanks for your consideration.

Sincerely,



Camas J. Steinmetz

Cc: Hillary Gitelman, Planning Director
Cara Silver, Assistant City Attorney

¹ June 6, 2014 Palo Alto Weekly Article: <http://www.paloaltoonline.com/news/2014/06/06/palo-alto-treads-cautiously-on-housing-policies>; November 12, 2014 Palo Alto Weekly Article: <http://www.paloaltoonline.com/news/2014/11/12/palo-alto-approves-new-housing-vision>; Regional Housing Mandate Committee April 10, 2014 Minutes: <https://www.cityofpaloalto.org/civicax/filebank/documents/39712>; Regional Housing Mandate Committee Staff Report April 10, 2014: <http://paloaltocityca.igam2.com/Citizens/FileOpen.aspx?Type=15&ID=1304&Inline=True>

Distinctive Marriott Hotels
Proposed to serve the San Antonio area in Palo Alto

Attachment B



RENDERING

Distinctive Marriott Hotels

Proposed to serve the San Antonio area in Palo Alto



RENDERING

T2 Hospitality is proposing to use the 1.96 acre site located at 744 and 748-50 San Antonio Road in Palo Alto for two high-quality, side-by-side Marriott branded hotels. T2 Hospitality is recognized as a leading provider and operator of premium-branded, hospitality-related hotel products throughout California. The company has been actively providing hotel services in Silicon Valley, with properties currently operating in Sunnyvale and San Mateo, and with well-received proposals for similar hotel facilities in Mountain View, Santa Clara and Sunnyvale planned to be servicing the region by 2017.

Project Overview

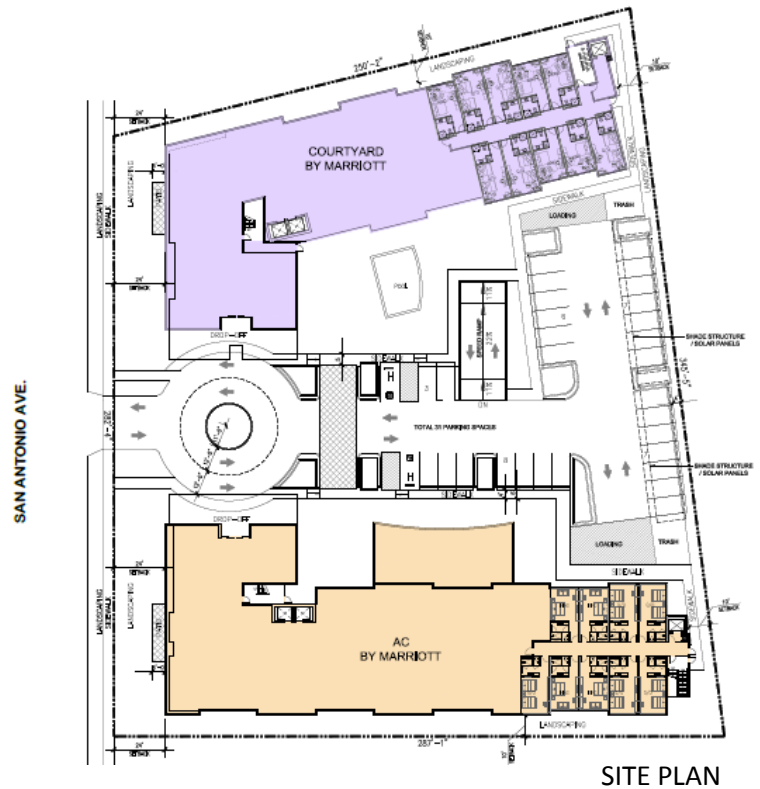
- Fully consistent with all applicable Palo Alto land use policies and regulations
- Total of 297 new hotel rooms across two distinct hotels: 153-room AC Hotel by Marriott and 148-room Courtyard by Marriott
- Thoughtfully designed with low impact to the neighborhood in mind; all activities are contained within the enclosed courtyard of the hotels, thus reducing the visual appearance of parking from the street, diminishing auxiliary noise, along with improving neighbor privacy
- Hotels will serve a wide range of traveler needs: the Courtyard by Marriott will target the highly functional and goal-oriented business travelers and the AC by Marriott will target the more contemporary, design-led business and leisure travelers
- Parking will exceed the City of Palo Alto's required 1:1 ratio, and with valet, will achieve 1.3:1. More parking is provided than required by city code in order to reduce any impact of business parking to the neighborhood—all parking will be underground and out of sight
- No meeting space, third party retail, restaurants, or other uses that could generate additional traffic

Distinctive Marriott Hotels

Proposed to serve the San Antonio area in Palo Alto

Project Overview (Cont'd)

- According to a required analysis performed by a transportation engineering and planning firm:
 - The project will not result in any significant traffic impacts under the California Environmental Quality Act. Traffic added by the project to surrounding intersections and freeway segments will be well under Palo Alto's thresholds of significance
 - The project will actually reduce vehicle miles traveled (VMT) in Palo Alto—by approximately 600,000 miles per year—by locating closer to hotel demand sources than other existing hotels in the area
- Worst case estimates based on national car trip generation formulas for hotels, say that the project could generate 88 new AM peak hour trips and 87 new PM peak hour trips (stops at the site). In reality, the engineering firm expects these numbers to be substantially lower given (1) actual trip counts from another similarly operating hotel in the area and (2) the proposed state of the art alternative transportation demand management program ("TDM") to minimize car trips (TDM will include a hotel shuttle (to airports, local businesses, and mass transit), car sharing platform, mass transit use incentives, and a free bike sharing program)



RENDERING

Distinctive Marriott Hotels

Proposed to serve the San Antonio area in Palo Alto

Community Benefits

- Provides much-needed hotel rooms in an area of Palo Alto not currently served by hotels; thus reducing traffic caused by travelers navigating between job centers and hotels along El Camino Real
- Completes Palo Alto's financial recovery from the loss of Hyatt Rickey's hotel, by providing an estimated \$3.6+ million annually in tax revenue to the City of Palo Alto
- High quality design, materials and landscape will enhance the surrounding area
- Hotel guests will serve and support local retailers and businesses, further strengthening the local economy
- New hotels consume 26% less energy, use 33% less water indoor and 50% less water outdoor than most existing hotels in Silicon Valley by incorporating renewable energy design elements including, but not limited to:
 - Harvesting of all collected rainwater for irrigation
 - Below grade parking to allow for increased landscape and stormwater collection and retention
 - Solar ready, cool roof and roof insulation beyond Code minimum
 - Careful building orientation to optimize daylight to interiors
 - High performance, low-emissivity glazing
 - Use of energy efficient LED lighting
 - Low-flow plumbing and shower fixtures
 - Evaluating dual-plumbing systems for use of greywater in toilets and other areas



RENDERING

ATTACHMENT C

Hardcopies to Councilmembers and Libraries only

Project plans can be reviewed at

<http://www.cityofpaloalto.org/news/displaynews.asp?NewsID=3133>