



## REGULAR MEETING MINUTES

**Date:** 2/5/2018  
**Time:** 7:00 p.m.  
**City Council Chambers**  
**701 Laurel St., Menlo Park, CA 94025**

### A. Call To Order

Chair Drew Combs called the meeting to order at 7:01 p.m.

### B. Roll Call

Present: Andrew Barnes, Andrew Combs (Chair), Susan Goodhue, Larry Kahle (Vice Chair), John Onken, Henry Riggs, Katherine Strehl

Staff: Jim Cogan, Housing and Economic Development Manager, Cecilia Conley, Contract Assistant Planner, Ori Paz, Assistant Planner, Kyle Perata, Senior Planner, Thomas Rogers, Principal Planner, Corinna Sandmeier, Associate Planner, Cara Silver, Assistant City Attorney

### C. Reports and Announcements

Principal Planner Thomas Rogers said a study session on Transportation Management Associations and the annual work plan were on the February 6, 2018 City Council meeting agenda. He said three items on the work plan of interest to the Community Development Department were to reactivate the Guild Theatre as a primary live entertainment venue with some film elements, to update the El Camino Real / Downtown Specific Plan, and a Downtown Parking Garage to potentially have entertainment uses integrated with it. He said on February 8, 2018 a community meeting would be held on a potential proposed news rack ordinance. He said the Council at its February 13, 2018 meeting would hear an appeal of the use permit approval for the 752 Gilbert Avenue project, conduct a study session / action item on the Guild Theatre reactivation proposal, and look at mid-year budget including adjustments. He said the district election process was in motion and an advisory committee had been formed, which generally would meet on Mondays.

Replying to Commissioner Susan Goodhue, Principal Planner Rogers said the appeal of the use permit approval for 752 Gilbert Avenue was made by a neighbor concerned with the height of the structure. He said the Commission's approval of the project had included a condition to reduce the height.

### D. Public Comment

There was none.

## E. Consent Calendar

- E1. Approval of minutes from the January 22, 2018, Planning Commission meeting. ([Attachment](#))

**ACTION:** Motion and second (Catherine Strehl/Larry Kahle) to approve the consent calendar; passes 6-0-1 with Commissioner Combs abstaining.

## F. Public Hearing

- F1. Use Permit Revision/Ann Crady Weiss/2108 Clayton Drive:  
Request for a use permit revision for excavation in the required left side and rear yard setbacks associated with landscape improvements on a standard lot in the R-1-S (Single-Family Suburban Residential) zoning district. ([Staff Report #18-011-PC](#)) *Continued from the meeting of January 22, 2018*

Staff Comment: Assistant Planner Ori Paz had no additions to the written staff report.

Commissioner Strehl said the Commission had received an email on the project earlier in the day. Chair Combs said he believed that was sent individually to Commissioners. Assistant Planner Paz said he had not received the email. Commissioner Strehl said the email regarded process. Chair Combs said the comments in the email could be provided to staff during Commission discussion.

Applicant Presentation: Michael Benison, project representative, said the email he had sent earlier to Commission members was an expression of disappointment. He said the \$10,000 project work was for a retaining wall that did not encroach into setbacks and the applicants had had to spend as much as that on the application process and been delayed four months.

Commissioner John Onken asked staff to explain the location of the retaining wall and the complaint being made. Assistant Planner Paz said the proposed retaining wall was in a different configuration from the previous use permit approval and was within the required setback for this zoning district. He said excavation for the sports court would be within the required 10-foot interior setback. He said the applicant expressed concern over the setback requirements for accessory structures and differing setbacks for buildings. Commissioner Onken noted this was similar to other projects with excavation in setbacks coming to the Commission for a use permit.

Chair Combs said he recalled that the email indicated the Building Division was satisfied with the location of the retaining wall but that the Planning Division required a use permit revision. He asked if there was any difference of opinion between the Divisions as to the appropriate course of action for changes to the retaining wall. Assistant Planner Paz said he had not seen the referenced email. He said there was an over the counter appointment with the building code plan checker for some of the smaller residential and other projects with limited scope, and after which items were flagged also for planning review. He said it was this latter review that revealed the project needed further review.

Chair Combs asked how the City of Menlo Park treated retaining walls differently from other cities. Principal Planner Rogers said the City had not done a survey of peer communities to see what their regulations were. He said Commissioner Onken had acknowledged earlier that staff brought all applications wherein excavation was occurring of 12-inches or greater for whatever reason to the Planning Commission.

Mr. Benison said there was a difference between building setback and accessory structure setbacks. He said a swimming pool might be built at five-foot setback and excavate hundreds of yards of soil. He said they were disgusted with the duplicity of work that would take place, the delays on the project, and the cost to bring a \$10,000 retaining wall to planning for review.

Chair Combs opened the public hearing and closed it as there were no speakers.

Commission Comment: Commissioner Andrew Barnes said the proposed excavation would improve the usability of the rear yard of the house and secondary dwelling unit. He moved to approve as recommended in the staff report. Commissioner Riggs seconded the motion.

**ACTION:** Motion and second (Barnes/Riggs) to approve as recommended in staff report; passes 7-0.

1. Make a finding that the project is categorically exempt under Class 3 (Section 15303, "New Construction or Conversion of Small Structures") of the current California Environmental Quality Act (CEQA) Guidelines.
2. Make findings, as per Section 16.82.030 of the Zoning Ordinance pertaining to the granting of use permits, that the proposed use will not be detrimental to the health, safety, morals, comfort and general welfare of the persons residing or working in the neighborhood of such proposed use, and will not be detrimental to property and improvements in the neighborhood or the general welfare of the City.
3. Approve the use permit subject to the following **standard** conditions:
  - a. Development of the project shall be substantially in conformance with the plans prepared by Michael Benison, consisting of eight plan sheets, dated received on January 29, 2018, and approved by the Planning Commission on February 5, 2018, except as modified by the conditions contained herein, subject to review and approval by the Planning Division.
  - b. Prior to building permit issuance, the applicants shall comply with all Sanitary District, Menlo Park Fire Protection District, and utility companies' regulations that are directly applicable to the project.
  - c. Prior to building permit issuance, the applicants shall comply with all requirements of the Building Division, Engineering Division, and Transportation Division that are directly applicable to the project.
  - d. Prior to building permit issuance, the applicant shall submit a plan for any new utility installations or upgrades for review and approval by the Planning, Engineering and Building Divisions. All utility equipment that is installed outside of a building and that cannot be placed underground shall be properly screened by landscaping. The plan shall show exact locations of all meters, back flow prevention devices, transformers, junction boxes, relay boxes, and other equipment boxes.
  - e. Simultaneous with the submittal of a complete building permit application, the applicant shall submit plans to remove and replace the non-standard asphalt curb along Clayton

Drive between the utility pole and the existing storm drain inlet for review and approval of the Engineering Division.

- f. Simultaneous with the submittal of a complete building permit application, the applicant shall submit a Grading and Drainage Plan for review and approval of the Engineering Division. The Grading and Drainage Plan shall be approved prior to the issuance of grading, demolition or building permits.
- g. Heritage trees in the vicinity of the construction project shall be protected pursuant to the Heritage Tree Ordinance and the recommendations in the arborist report by Bay Area Tree Specialists revised January 29, 2018.

F2. Use Permit/Joyce Dickerson/943 Lee Drive:

Request for a use permit to partially demolish, remodel, and add first- and second-story additions and a basement to an existing nonconforming single-story, single-family residence on a substandard lot with regard to lot area and lot width in the R-1-U (Single-Family Urban Residential) zoning district. The proposed work would exceed 50 percent of the existing replacement value in a 12-month period. The proposed work would also exceed 50 percent of the existing floor area and is considered equivalent to a new structure. As part of the proposed development, one heritage tree is proposed for over 25 percent pruning, which requires a heritage tree removal permit. ([Staff Report #18-012-PC](#))

Staff Comment: Contract Assistant Planner Cecelia Conley had no updates to the written staff report.

Questions of Staff: Commissioner Kahle noted this project had no garage and asked what would trigger the requirement to have a one- or two-car garage. Ms. Conley said with completely new development a covered space and non-covered space were required. She said this site had no conforming parking with no covered spaces and an uncovered space that was within the front setback. She said this project would add a one-car garage and as proposed allow the continuance of the nonconforming uncovered space. She said if the project was a demolition and construction of a house garage then the project applicants would be required to have a completely conforming project.

Applicant Presentation: Joyce Dickerson said she was the property owner and had lived in the home since 1998. She said the project goal was to increase livable space and improve access to the backyard while minimizing demolition and keeping as much of the existing structure as possible. She said she met with all of her neighbors interested in discussing her proposed plans in July 2017. She said concern had been expressed about the blocky appearance of the original design so they did a new design that especially on the north side was a softer structure. She said she had four support letters from neighbors.

Deborah Vieira, project designer, said the design had three deep gables intersected on the side by A-frame gables sitting on the first level roof. She said the left front gable was A-frame and was placed there to reduce its prominence next to a neighboring single-story home. She said the roofs all were 12 by 12 pitches, a shed roof would cover the garage and front porch, and hips were around the south east elevation to land the steep roof. She said a shed dormer at the roof with a shallower pitch helped bridge the addition to the existing shallower pitched cross gable that faced the back yard. She said the new roofs had a matching 3 by 12 pitch. She said they proposed

continuation of the existing wood board and batten siding with a turn divider of about eight inches with lop siding above. She said the peaks on the right and side elevations would have gable end details. She said the roof would be composite or potentially a Tesla solar roof. She said windows would be clad exterior wood interior.

Chair Combs opened the public hearing and closed it as there were no speakers.

Commission Comment: Commissioner Onken thanked the applicant for a really clear set of drawings. He said he really appreciated sheet A09 showing the model daylight plane and the minor encroachment through it, which was where the current footprint was. He suggested thinking about the second window for the master bedroom looking out to the side as it was fairly large and possibly close to the neighbors and suggested window treatments, dividing the window to make it smaller, or making it obscure.

Commissioner Kahle said he appreciated the community outreach and the challenges of the lot. He said it seemed the elevations were driving the floor plan rather than the reverse. He said there were a few elements in the front rendering street elevation that needed a closer look. He said the windows were different sizes and shapes and he could not see the pattern or rhythm in those. He said the gable on the left was really low creating low ceilings in that room. He said it did not seem to tie together as well as it could. He said regarding the side elevation it was very front loaded looking like a two-story house with a one-story addition to the back. He said he would like the design refined.

Chair Combs said he visited Lee Drive and found the cottages on it to have a unique character. He said he believed the home next to the subject property was also two-story. He said he thought the applicant and designer had been thoughtful in their design.

Commissioner Barnes said he was supportive of the project and while some of the design was idiosyncratic he thought it worked for the street.

Commissioner Strehl moved to approve the project as recommended in the staff report. Commissioner Barnes seconded the motion.

**ACTION:** Motion and second (Strehl/Barnes) to approve the item as recommended in the staff report; passes 6-1 with Commissioner Kahle opposing.

1. Make a finding that the project is categorically exempt under Class 3 (Section 15303, "New Construction or Conversion of Small Structures") of the current California Environmental Quality Act (CEQA) Guidelines.
2. Make findings, as per Section 16.82.030 of the Zoning Ordinance pertaining to the granting of use permits, that the proposed use will not be detrimental to the health, safety, morals, comfort and general welfare of the persons residing or working in the neighborhood of such proposed use, and will not be detrimental to property and improvements in the neighborhood or the general welfare of the City.
3. Approve the use permit subject to the following **standard** conditions:

- a. Development of the project shall be substantially in conformance with the plans prepared by Deborah Vieira Design, consisting of 14 plan sheets, dated received January 22, 2018, and approved by the Planning Commission on February 5, 2018, except as modified by the conditions contained herein, subject to review and approval by the Planning Division.
- b. Prior to building permit issuance, the applicants shall comply with all Sanitary District, Menlo Park Fire Protection District, and utility companies' regulations that are directly applicable to the project.
- c. Prior to building permit issuance, the applicants shall comply with all requirements of the Building Division, Engineering Division, and Transportation Division that are directly applicable to the project.
- d. Prior to building permit issuance, the applicant shall submit a plan for any new utility installations or upgrades for review and approval by the Planning, Engineering and Building Divisions. All utility equipment that is installed outside of a building and that cannot be placed underground shall be properly screened by landscaping. The plan shall show exact locations of all meters, back flow prevention devices, transformers, junction boxes, relay boxes, and other equipment boxes.
- e. Simultaneous with the submittal of a complete building permit application, the applicant shall submit plans indicating that the applicant shall remove and replace any damaged and significantly worn sections of frontage improvements. The plans shall be submitted for review and approval of the Engineering Division.
- f. Simultaneous with the submittal of a complete building permit application, the applicant shall submit a Grading and Drainage Plan for review and approval of the Engineering Division. The Grading and Drainage Plan shall be approved prior to the issuance of grading, demolition or building permits.
- g. Heritage and street trees in the vicinity of the construction project shall be protected pursuant to the Heritage Tree Ordinance and the arborist report by Kielty Arborist Services LLC dated November 20, 2017.

4. Approve the use permit subject to the following **project-specific** conditions:

- a. Simultaneous with the submittal of a complete building permit application, the applicant shall submit a revised arborist report with a detailed assessment of the heritage coast live oak (#3) that is proposed for pruning of over 25 percent, including how the proposed pruning shall be completed for the health of the remaining portion of the tree, as well as additional tree protection measures required due to the tree's proximity to the house, subject to the review and approval of the Planning Division and City Arborist.

F3. Use Permit/Jonathan and Leslie Leblang/1180 May Brown Avenue:  
Request for a use permit to demolish an existing single-story, single-family residence, detached garage and pool, and construct a new two-story, single-family residence with a basement and detached secondary dwelling unit on a substandard lot with regard to lot width in the R-E (Residential Estate) zoning district. The proposal also includes a request for a use permit to excavate in the required right and left side yard setbacks, in order to create lightwells and access

the basement level. As part of the proposed development, three heritage trees are proposed for removal. ([Staff Report #18-013-PC](#))

Staff Comment: Contract Assistant Planner Conley had no additions to the written staff report.

Questions of Staff: Commissioner Onken said the property was substandard in width at 100-feet wide and asked what the requirement was. Ms. Conley said it was 110-feet.

Applicant Presentation: Eric Peterson, project architect, said Jude Kirik, Principal, Pacific Peninsula Architecture and the Leblangs, the property owners, were present. He said the proposed design fit the lot and the neighboring area, and was a California Contemporary Craftsman style. He said regarding the three trees for removal that two of them were basically dead according to the arborist's report and the third tree in the far back corner was leaning heavily across the fence line.

Commissioner Kahle noted a main gable on the second floor and a small one to the left at the master bath, and asked if they thought about balancing that on the right side with a third gable. Mr. Peterson said he looked at that early in the process but felt it over-weighted that end of the house so they kept it as a nice hip roof on that end. Commissioner Kahle said it was a large house and noticed five air conditioning compressors. Mr. Peterson said there were two per floor and the one in the basement removed. He said the secondary dwelling unit also had one.

Chair Combs opened the public hearing and closed it as there were no speakers.

Commission Comment: Commissioner Kahle said he liked having the landscape plan, the neighbor outreach, and that the secondary dwelling unit (SDU) was accessible. He said the project was very attractive and well thought out. He said it had a variety of roof pitches although most were on the back of the home and not impacting the front. He said there were a lot of bathrooms with six full, three half and one for the SDU. He said on the right side of the first floor where the hip hit the second floor it missed the corner by a bit. He suggested extending the right to resolve that as it was on the left hand side.

Commissioner Barnes said the project architecture was approvable and he had no objection to the encroachment for excavation.

Chair Combs said it was a large lot and he thought the house would be hidden. He said it was well designed.

Commissioner Onken moved to approve as recommended in the staff report. Commissioner Goodhue seconded the motion.

**ACTION:** Motion and second (Onken/Goodhue) to approve as recommended in staff report; passes 7-0.

1. Make a finding that the project is categorically exempt under Class 3 (Section 15303, "New Construction or Conversion of Small Structures") of the current California Environmental Quality Act (CEQA) Guidelines.
2. Make findings, as per Section 16.82.030 of the Zoning Ordinance pertaining to the granting of use permits, that the proposed use will not be detrimental to the health, safety, morals, comfort

and general welfare of the persons residing or working in the neighborhood of such proposed use, and will not be detrimental to property and improvements in the neighborhood or the general welfare of the City.

3. Approve the use permit subject to the following **standard** conditions:
  - a. Development of the project shall be substantially in conformance with the plans prepared by Pacific Peninsula Architecture, consisting of 17 plan sheets, dated received January 22, 2018, and approved by the Planning Commission on February 5, 2018, except as modified by the conditions contained herein, subject to review and approval by the Planning Division.
  - b. Prior to building permit issuance, the applicants shall comply with all Sanitary District, Menlo Park Fire Protection District, and utility companies' regulations that are directly applicable to the project.
  - c. Prior to building permit issuance, the applicants shall comply with all requirements of the Building Division, Engineering Division, and Transportation Division that are directly applicable to the project.
  - d. Prior to building permit issuance, the applicant shall submit a plan for any new utility installations or upgrades for review and approval by the Planning, Engineering and Building Divisions. All utility equipment that is installed outside of a building and that cannot be placed underground shall be properly screened by landscaping. The plan shall show exact locations of all meters, back flow prevention devices, transformers, junction boxes, relay boxes, and other equipment boxes.
  - e. Simultaneous with the submittal of a complete building permit application, the applicant shall submit plans indicating that the applicant shall remove and replace any damaged and significantly worn sections of frontage improvements. The plans shall be submitted for review and approval of the Engineering Division.
  - f. Simultaneous with the submittal of a complete building permit application, the applicant shall submit a Grading and Drainage Plan for review and approval of the Engineering Division. The Grading and Drainage Plan shall be approved prior to the issuance of grading, demolition or building permits.
  - g. Heritage and street trees in the vicinity of the construction project shall be protected pursuant to the Heritage Tree Ordinance and the arborist report by Urban Tree Management, Inc. dated January 8, 2018.

Chair Combs and Commissioner Goodhue recused themselves from consideration of item F4. Vice Chair Kahle acted as Chair.

- F4. Conditional Development Permit Amendment and Development Agreement Amendment/  
Facebook, Inc./1 Hacker Way:  
Request to amend the Development Agreement (DA) and the Trip Cap associated with the Conditional Development Permit (CDP) for the Facebook Classic Campus (East Campus), located at 1 Hacker Way. The amendments to the DA are limited to modifications negotiated and adopted in November 2016 as part of the Facebook Campus Expansion Project entitlements, and the

amendment to the Trip Cap for the Classic Campus is a mitigation measure from the certified EIR for the Facebook Campus Expansion Project. ([Staff Report #18-014-PC](#)). *Continued from the meeting of January 22, 2018.*

Staff Comment: Senior Planner Kyle Perata had no updates to the written report.

Questions of Staff: Commissioner Strehl asked why Facebook wanted to change the terms of the DA. Senior Planner Perata said the changes were limited to implementing the negotiated DA terms from the West Campus Expansion Project. He said there were a few cleanup items to the DA and the focus in the changes was to remove Facebook's ability to reduce its annual payment to the City in exchange for a reduction in trips.

Commissioner Strehl asked what changing from peak period to peak hour was. Senior Planner Perata said that was a change to the trip cap under the CDP and was a mitigation measure from the West Campus Expansion Project. He said this essentially split the trip cap which was previously a two-hour period to prevent rush traffic in any one hour period. Commissioner Strehl asked if that was desired by the City or by Facebook. Senior Planner Perata said as part of the analysis done for the West Campus Expansion Project, Buildings 21, 22 and the hotel, the City's consultant determined that this mitigation measure spreading the trips from a two-hour window to one-hour window each would reduce the impacts to a certain intersection in the area. He said a feasibility mitigation measure of the EIR was applied to the West Campus Expansion Project and now would apply to the East Campus project prior to occupancy of Building 21. Commissioner Strehl asked about the times of 7 to 8 a.m., and 8 to 9 a.m. as work week traffic was really 6 to 10 a.m. Senior Planner Perata said there were three components of the trip cap: a full daily trip cap including all hours, the 7 to 9 a.m. and the 4 to 6 p.m. periods.

Commissioner Barnes asked about the numbers of trips recorded thus far. Senior Planner Perata noted that Transportation Division staff was not present. He said the annual report for the DA that the Commission saw in January found Facebook compliant on trip caps for the last calendar year for both the East and West campuses.

Applicant Presentation: Fergus O'Shea, Facebook, said he had an update on the Catalyst Fund that the Commission inquired about at the January meeting. He said a fund administrator, Local Initiative Support Corporation, was hired. He said Facebook's initial contribution was \$5 million and an additional \$1 million investment was made by another foundation. He said he thought the item before the Commission this evening was pretty straight forward and he had nothing to add.

Commissioner Onken asked about the average overage of cars for trip caps per day. Mr. O'Shea said there had been no overage; he noted trips depended on the day of the week. He said Thursdays tended to be meeting day on campus. He said annually they were allowed to go over trip cap 12 times and in the past year they had seven occurrences. He said as presented in the annual report they had been fully compliant with the trip cap.

Commissioner Strehl asked about the change in ownership mentioned. Mr. O'Shea said there was a legal entity set up for one of the purchases of property that had to be updated as the ownership of the entity changed. He said all ownership was under Facebook.

Vice Chair Kahle opened the public hearing and closed it as there were no speakers.

**ACTION:** Motion and second (Onken/Riggs) to recommend that the City Council make the necessary findings and take action to approve the proposed amendments to the Development Agreement (DA) and the Trip Cap associated with the Conditional Development Permit (CDP) for the Facebook East Campus (1601 Willow Road/1 Hacker Way) as shown in Attachment A; passes 5-0-2, with Commissioners Combs and Goodhue recused.

Chair Combs and Commissioner Goodhue rejoined the meeting. Chair Combs adjourned the meeting for a short break at 8:06 p.m. He reconvened the meeting at 8:09 p.m.

- F5. Zoning Ordinance and BMR Guidelines Amendments/City of Menlo Park:  
Review and provide recommendations to the City Council on updates to the City's Below Market Rate (BMR) and State Density Bonus provisions and corresponding updates to the City's Below Market Rate Program Guidelines. ([Staff Report #18-015-PC](#))

Staff Comment: Principal Planner Rogers introduced Jim Cogan, the City's Housing and Economic Development Manager, and Cara Silver, Assistant City Attorney.

Mr. Cogan said at the state's last legislative session 15 different bills were approved that had to do with housing. He said they would be bringing amendments to City ordinances and policies. He said that the City's Housing Commission was also undertaking a complete review and update of BMR ordinances and policies that would come forward in the future. He said this item was to bring the City's BMR ordinance and guidelines into compliance with the new requirements of AB1505.

Cara Silver, Assistant City Attorney, said the three updates included the AB1505 BMR implementation or the Palmer fix, density bonus law clarifications and new regulations related to how to treat multiple parcels with one owner related to BMR requirements. She said one of the most critical bills of the housing bill package recently signed by the governor was to reverse a legal decision called Palmer vs. Los Angeles. She said in that case the court found that cities could not impose inclusionary housing requirements on rental housing projects due to the prohibition under Costa Hawkins, which was a vacancy decontrol and an anti-rent control statute. She said since 2009 cities had been prevented from applying inclusionary housing requirements to rental projects, and that was now reversed. She said the legislation required for this that the City have an implementing ordinance and the ordinance could impose a 15% inclusionary housing requirement. She said if the City wanted to impose a greater requirement that would give the state HCD authority to require financial analysis and backup for any increment above the 15%. She said they were proposing to reactivate the City's existing 15% requirement. She said the state law also required the City provide alternative means of compliance such as an in-lieu fee or dedication of land, which was also in the proposed ordinance revision. She said they were also proposing amendments to the City's BMR Guidelines to specify how in-lieu fee would be calculated. She said there were two options proposed and the Council would select the one that made more sense in terms of policy. She said the Housing Commission weighed in on the two options and the Planning Commission was requested to provide feedback. She said one option was to set a high fee in line with San Francisco ordinances with the argument that a high fee encouraged building BMR units on site. She said the other option was to charge a low fee to incentivize production of more market rate housing. She said the cities of Redwood City and Palo Alto chose to charge a lower fee. She said a second aspect of the ordinance they were recommending revising was essentially a cleanup. She said there was a change in state law regarding density housing bonus requirements such that when a density housing bonus project replaced low-income rental housing the project would be required to replace that rental housing. She said a clarification was being suggested to

the ordinance to help guide the City to determine what affordability level the units were when they were demolished and what type of units should be replaced as the result of the project. She said lastly another cleanup ordinance would deal with multiple adjoining parcels under common ownership. She said currently contiguous parcels under one ownership could develop incrementally and not trigger a BMR requirement. She said with this ordinance they hoped to solve this problem by having a developer identify all contiguous parcels at the time of the first application and enter into a BMR agreement to allow satisfaction of the BMR requirement as the other parcels develop.

Mr. Cogan said page 2 of the staff report identified the recommendations of the Housing Commission regarding the in-lieu fees so that developers should be strongly encouraged to develop units that satisfy needed affordability levels rather than pay the in-lieu fee, that fees should be set in relation to actual construction costs rather than in comparison to what neighboring cities charged, and the City should allow flexibility to have the fees vary by neighborhood as an incentive to promote proportional dispersion of affordable housing throughout the City with the thinking that the fee would be higher for downtown to push a developer to build for affordable units there rather than pay an in-lieu fee.

Chair Combs opened public comment.

Public Comment:

- Richard Truempler, Vice President of Development, the Sobrato Organization, said he was not speaking against the BMR policy change rather he wanted to express concern about a potential unintended consequence of it as it would apply to the M-2 district. He said the community invested time over two years for the ConnectMenlo process that led to the City adopting goals, policies and procedures supporting the community's vision. He said a live-work-play environment was a major theme to increase the supply of housing, jobs, and services. He said the policy as being proposed could change the BMR requirement from 15% to effectively 30% in the M-2 for bonus level development. He said that would not align with what was expressed during the ConnectMenlo public process. He said currently through ConnectMenlo that bonus level residential projects were required to provide 15% of its units as affordable onsite. He said at the time of ConnectMenlo's adoption there was no BMR requirement for rental housing nor was anyone aware that the state would adopt the "Palmer fix." He said through ConnectMenlo a policy was developed that struck a proper balance as it provided a mechanism for the City to realize needed housing, would maximize the production of affordable housing through a community benefit process, and addressed a community concern regarding the saturation of affordable housing in Belle Haven. He asked that the City honor the public process of ConnectMenlo and clarify that for bonus level density the requirement was 15% BMR units but that through the community assessment process if additional community benefit were due it could be applied toward more affordable housing units.
- Karen Grove, member of the Housing Commission, said she was speaking for herself. She encouraged the Planning Commission to recommend adoption of the BMR updates as presented. She said AB1505 fixed the problem that prevented the City from using its 15% inclusionary requirement for rental unit development. She said in listening to the previous speaker she suggested whether the additional BMR requirement for bonus level could be

replaced with a fee and not double in-lieu fee but make it possible to build affordable units downtown as it was closer to transit. She said she would like the in-lieu fee set to cover actual construction cost and the ability to encourage more affordable housing near transit, near the downtown.

- Andrew Morcos, Development Director, Greystar Real Estate Partners, said they recently built a 146-unit community on Haven Avenue that had won two awards. He said they commended the City for the ConnectMenlo process that in part laid out the financial boundaries under which development could occur in the City. He said regarding density bonus that the amendment seemed to imply that a developer would need to provide 30% BMR units to achieve 100 dwellings per acre. He requested that the City clarify that the density bonus continued to be 15% BMR units.

Chair Combs closed public comment.

Commission Comment: Chair Combs asked what the City's interpretation of the density bonus particularly for the M-2 was and if there was a doubling of BMR requirements as the base development level would now have a 15% BMR requirement. Mr. Cogan said that the Housing Commission felt that 30% was beyond what was appropriate. He said staff was planning to take that question to the Council on March 13 and based on their direction circle back with the Commissions.

Commissioner Strehl suggested the Commission might then want to recommend there not be 30% BMR required for bonus density in the M-2. She asked if there was empirical evidence that the higher in-lieu fee caused more onsite BMR development. Ms. Silver said it depended upon the fee; if it was nearly the cost of providing a BMR unit it was more likely the BMR unit would be built. She said they could not charge a fee that was larger than the cost to build.

Commissioner Barnes asked about the idea that low fees would encourage more market rate housing. Ms. Silver said based on the allowable density the theory was that if the in-lieu fee was too high the applicant might well choose to not build here but go to another city. She said that could lead to no market rate housing being built. Commissioner Barnes asked about the staff report reference to the City commissioning a nexus study on a rental housing impact fee and how it related to BMR requirements. Mr. Cogan said a master nexus study was done for all 21 jurisdictions in the 21 elements that was taken to the City Council for preliminary feedback. He said it recommended increasing the BMR fee. He said being able to apply inclusionary zoning to rental housing meant they would not apply a fee for rental housing as it would be double counting. Commissioner Barnes said during the ConnectMenlo process the understanding was a 15% BMR requirement and to double that would be unproductive.

Principal Planner Rogers said that the Palmer decision had not preempted cities' ability to implement BMR for ownership housing. He said he understood from Principal Planner Chow that the ConnectMenlo process included a discussion that ownership developments had both the standard 15% BMR requirement and that the bonus level would add another 15% requirement.

Chair Combs said the carrot of bonus density using 15% BMR requirement went away when 15% BMR requirement became state law for base development projects. Mr. Cogan said they had not had a rental property development under ConnectMenlo to test yet. He said the process was that public benefit would be assessed upon a project by project basis. He said if a project came forward

and wanted to do 15% BMR requirement only that the discretionary body could find that a sufficient public benefit. He said however he thought there would be additional level required for public benefit for the bonus level.

Commissioner Barnes said in the M-2 if base was now 15% BMR requirement then anything in bonus residential would be based upon 50% value of the project going back in as a community benefit. Ms. Silver said it was theoretical at this point. She said her understanding at the time of ConnectMenlo was that the City was in the process of adopting an impact fee for rental housing related to the nexus study mentioned earlier. She said there was some anticipation that some of the rental projects would be subject to some type of housing requirement. She said this was to be discussed by Council and if there were to be any amendments to the M-2 zoning that would be brought to the Planning Commission for consideration.

Commissioner Onken said the sites available for certain residential projects in Menlo Park were limited and suggested zoning around available surplus property. He asked if the City could be more proactive about the implementation of the state housing density bonus. Ms. Silver said cities have very little discretion with projects under the state bonus density law. Commissioner Onken said San Francisco was leveraging the bonus level to get more BMR units and suggested language to implement that. Ms. Silver said that the suggestion being made was to have an inclusionary requirement on any density bonus. Commissioner Onken said to be clear about expectations around density bonus were and mandated community benefit levels possibly.

Commissioner Goodhue asked how many affordable rental units were created from the time of BMR housing program implementation excepting the period of time when not applicable due to the Palmer decision, and where those were located. Mr. Cogan said they have a map of the City showing where every BMR unit was on the Housing website. He said they have 65 ownership units throughout the City. He said as to rental units he could only guess for that period of time but it would pale next to what would be built going forward. Commissioner Goodhue confirmed with Mr. Cogan that the map distinguished between ownership and rental BMR units.

Commissioner Kahle asked if the City adopted a high fee approach he thought they would lose projects to neighboring cities with low fees, and whether that should be factored into the preferable fee structure. Ms. Silver said that was definitely part of the policy discussion.

Commissioner Strehl said the high fee was based on cost to construct a unit and land value, and asked how increases to that would be incorporated. Ms. Silver said San Francisco annually determined its fee. She said they were recommending in the BMR Guidelines that it be updated on a regular basis as determined by the City Council. Commissioner Strehl said the cost for a BMR unit would be spread across the rent for other units. Principal Planner Rogers said a developer could not charge above market rates, or the units would likely just be vacant. He said there was one argument that if requirements were straightforward and consistent over an area, those over time became priced into the land value. He said jurisdictions here were fractured, though, and a city would not necessarily want to be at a disadvantage to other neighboring jurisdictions. Mr. Cogan said he did not agree there would be a downward pressure on land value in Menlo Park at anytime. He said if it was clear the City wanted units built rather than in-lieu fees it was highly possible developers would respond by partnering with affordable housing partners and ask for allowances, such as splitting a property to have the affordable portion together that would look the same but with which they could substantially apply for tax credit and other affordable housing

financing that would subsidize the affordable housing, and even potentially provide more affordable units.

Commissioner Onken said the most important thing from this ordinance was clarity for developers. He moved to recommend the zoning ordinance and BMR Guidelines amendments to the City Council.

Chair Combs asked if they wanted to say what they think specifically about this bonus analysis in the M-2 or what they think should be some fair or accurate computation of what should be delivered for rental unit development.

Commissioner Barnes asked in determining cost for construction was that general expected costs or specific to the project to be built. Mr. Cogan said he thought it would be based on that specific project. Ms. Silver said it could be. She said on page 8 of the Guidelines they were recommending that the fee developed by the Council on either a square footage basis or per unit basis would be a uniform fee. She said it would be appropriate to adjust it based on the neighborhood or the size of the unit but there would be a base fee applied to all projects. Commissioner Barnes asked if the Commission should specifically weigh in on either a low or high fee. Ms. Silver said the terminology she used of high and low was probably not the best. She said the basic staff recommendation based on the Housing Commission input was that the fee be based on the actual cost of providing the unit, which was what they were calling the high fee. She said if this Commission thought the fee should be lower than the actual cost that was input to take to the Council for their policy discussion. Commissioner Barnes asked about the mechanics of the fee. Mr. Cogan said they would sit down with the development community to discuss a methodology that would work.

Commissioner Riggs said he saw the preference for the City to have BMR units actually built and asked if BMR units in Menlo Park were required to be similar to market rate units. Mr. Cogan said the term was substantially similar. Ms. Silver said there was some flexibility in the language but the point was the BMR units should not be distinguishable but blend in within the complex. She said generally they looked at the outside features. She said this was specified in the BMR Guidelines. Commissioner Riggs said he contacted City Attorney McClure that day to ask if these proposed amendments would apply to projects currently in the pipeline, and was told yes. Ms. Silver said that it would depend upon when the ordinance was adopted. She said ordinances needed two readings and if approved became effective 30 days after the second reading. She said if the pipeline project was approved after the effective date of the ordinance, it would apply. She said she thought it would be the building permit approval.

Commissioner Riggs said he agreed with Commissioner Onken that clarity was important to developers. He said he thought if the fee was raised that costs on comparable rental units would be affected and would impact project success. He said the City could require that units be built for market and sold below cost of construction and require units be built and leased below the debt rate of return. He said the money moved somewhere. He said a project he was working on in the City on owned land was being dropped to buy a building in Redwood City and do there. He said in the goal to provide affordable housing there were projects that went in the opposite direction such as buying a rental complex and upgrading the units to increase the rents. He said there was value and purpose in encouraging new construction to be as affordable as they could get it. He said a housing study commissioned in 2010 for the downtown specific plan said the greatest demand for housing in Menlo Park was in the top tier and the lowest tier was not even close in terms of demand. He said looking at rentals if what was desired was not available you would look at a

smaller unit at a higher tier or get a more humble place or more distant place. He said his comments were to encourage the City to look at the production of units and if they could produce 100 units in the middle of the market instead of producing 70 units that were in the low middle of the market, more people would be housed and pressure reduced on the adjacent tiers. He said it was a very valid goal to get the maximum number of residential units built at whatever level.

Commissioner Strehl noted Commissioner Onken's motion. She said the ordinance would call for 15% BMR rental units on 20 size units or more development projects. She asked if they were then recommending 15% more for bonus level projects. She noted the M-2 and said she thought it would be a far reach to require 30% BMR units. She asked how the community benefit would be determined for bonus level projects.

Commissioner Barnes seconded the motion to specifically recommend approval of Attachment A and suggested that Attachment B might need some additional discussion to address.

Commissioner Onken said to calculate an in-lieu fee the City should be able to produce a simple table of in-lieu fees that might rise with inflation. He said he did not see the need to calculate the in-lieu fee based on a project cost. He said that would provide clarity to developers. He said to build the range of housing required by the state this ordinance was needed to push developers. He said his motion was to recommend to Council approval of Attachment A related to the ordinance and Attachment B related to the BMR Guidelines. Chair Combs said related to Attachment B Commissioner Onken was not specifically stipulating a preference as to the high fee or low fee. Commissioner Onken said he would like the City and Housing Commission to recommend a fee scale that could come back to the Planning Commission at a later date. Commissioner Goodhue seconded the motion noting that clarity was needed for all involved related to the in-lieu fee.

Commissioner Riggs noted that there had been no discussion on the proposed treatment of multiple contiguous parcels under one ownership. He asked related to a different in-lieu fee structure for different neighborhoods whether the nexus study identified the costs by neighborhood.

Chair Combs said he thought the contiguous multiple parcels under one ownership concept was straight forward and did not need any or much discussion. He said regarding different rates for different neighborhoods that went back to Commissioner Onken's motion. He said if there was not enough information to make any decision on the fee structure then there was probably not enough information to make a decision on different rates for different neighborhoods. He said for that whole issue the motion on the table indicated the information to weigh in on those matters was not available.

Commissioner Riggs said he thought they should indicate support or not of the contiguous parcel concept. Commissioner Strehl said she thought development of contiguous parcels under one owner should be counted collectively toward BMR requirements. She said she wanted clarification that they were not recommending 15% BMR and another 15% for bonus level development, and that they were requesting clarification of that area. She said if that second tier of 15% was included she could not support the motion. Chair Combs said that issue related specifically to the M-2. Mr. Cogan said that applied to only the districts created by the General Plan update and specifically the R-MU district in the M-2. Commissioner Strehl said she served on the Housing Element committee and that dispersion of BMR units in other neighborhoods seemed unlikely for some neighborhoods in which fees were high noting there had been great push back from those areas at that time.

Commissioner Barnes said he did not know if it was in the purview of the Planning Commission to get a report back on the fee structure. He said Attachment B seemed completely satisfactory regarding fees under 4.4. He said sorting that out was staff's task and then up to City Council. He said the Commission had been asked to weigh in on the structure that was proposed. He said as to the mechanics of the fee he believed that was the purview of staff. He said he could not support the portion with a report back.

Commissioner Strehl said she believed Mr. Cogan indicated it would come back to the Planning Commission after it went to City Council. Mr. Cogan said that was not necessarily regarding the fee schedule. He said what he referenced was clarification regarding the RMU zoning district from Council on March 13 as to whether they would want Housing Commission and Planning Commission feedback on that.

Commissioner Strehl said if 30% was to be applied to bonus development she would want to weigh in on that. She said regarding the fees it was within the Commission's purview to see those as their and the Housing Commission's job was to make sure the City was providing housing units and affordable housing units.

Chair Combs said he understood the motion was that the Commission did not have enough clarity and information to make a decision whether to recommend the high or low fee structure, and was making a request to get any schedules or tables in regards to a fee structure and specifically in regard to bonus projects in M-2.

**ACTION:** Motion and second (Onken/Goodhue) to recommend the City Council adopt an Ordinance updating the City's Below Market Rate, State Density Bonus provisions and Treatment of Single Parcels (Attachment A); and adopt corresponding updates to the City's Below Market Rate Program Guidelines (Attachment B) as recommended in staff report with the following request; passes 7-0.

- For the Planning Commission to receive any schedules or tables in regards to a BMR in-lieu fee structure and specifically in regard to bonus projects in the former M-2 area.

## **G. Study Session**

G1, G2 & G3 will be reviewed as one item, with a single staff report

- G1. Architectural Control/Chasen Rapp/1125 Merrill Street: Request for architectural control to demolish the existing building and construct a new mixed-use development consisting of office space on the first and second floors, one residential unit on the third floor and one residential unit on the fourth floor in the SP-ECR/D (El Camino Real/Downtown Specific Plan) zoning district. As part of the proposed project, three heritage trees are proposed for removal. ([Staff Report #18-016-PC](#))
- G2. Architectural Control/500 SC Partners LLC/506 Santa Cruz Avenue: Request for architectural control to demolish existing buildings and construct a new mixed-use development consisting of retail space on the first floor, office space on the second and third floors, and three residential units on the fourth floor in the SP-ECR/D (El Camino Real/Downtown Specific Plan) zoning district. As part of the proposed project, three heritage trees are proposed for removal. ([Staff Report #18-016-](#)

PC)

- G3. Architectural Control/556 SC Partners LLC/556 Santa Cruz Avenue: Request for architectural control to demolish the existing building and construct a new mixed-use development consisting of retail space on the first floor, office space on the second floor, and three residential units on the third floor in the SP-ECR/D (El Camino Real/Downtown Specific Plan) zoning district. ([Staff Report #18-016-PC](#))

Staff Comment: Associate Planner Corinna Sandmeier said the applicant has indicated that the proposed outdoor seating at 506 Santa Cruz Avenue would be associated with restaurant or café use. She said staff had received additional emails with several supporting the project and some raising concerns about the number of residential units being proposed.

Applicant Presentation: Chasen Rapp said he was the developer for 506 Santa Cruz Avenue, 556 Santa Cruz Avenue and 1125 Merrill Street. He said they considered these three proposals as separate development projects with individual ownership and different and complex financing and operational considerations. He asked the Commission consider this related to traditional and BMR residential units.

Ken Hayes, Hayes Group Architects, said he would present on the comprehensive site plan and then focus on the two buildings his firm would do at 506 and 556 Santa Cruz Avenue. He said some of the vocabulary of the buildings at the Menlo Center and BBC were reflected in what they were proposing at 506 and 556 Santa Cruz Avenue with the rectilinear forms, the arcades, the vertical, display windows such as the BBC and the rhythm of columns. He said the City's goals in the Specific Plan was to celebrate the train station as a major arrival and departure gateway, create stronger connections to the downtown, and create Oak Grove Avenue pedestrian linkage. He said the properties were within the Station Area of the Specific Plan which has a 38-foot façade height limit, a 60-foot overall height limit, higher densities and a Floor Area Ratio (FAR) of 1.35. He said it also dictated for 506 and 556 Santa Cruz Avenue a main street overlay like the other portion of Santa Cruz Avenue across El Camino Real with retail or retail-like required on the ground floor. He said for the three addresses there were four driveway cuts that destroyed the connectivity of the sidewalk. He said those widths equaled 71 feet of driveway cuts. He said there were about 10 on street parking spaces that they would endeavor to keep and perhaps enhance. He said as recommended by the City Arborist they would remove some street trees and start over with replacement trees that would provide visual connection on both street frontages. He said they would make comprehensive improvements to both street frontages and were proposing three new street trees along Merrill Street to match sycamores that occurred further down Merrill Street; the sidewalk color and pattern would match along Merrill Street. He said on Santa Cruz Avenue they would plant black oak trees. He said there would be one driveway cut 28-foot wide along Santa Cruz Avenue. He said the existing sidewalk on Santa Cruz Avenue was 12 to 13 feet wide and they would have it widened to the 15-foot range as envisioned in the Specific Plan.

Mr. Hayes turned the presentation to the proposed buildings at 506 and 556 Santa Cruz Avenue. He noted that the properties were in the zero setback part of the Plan so they would bring the building mass up to the street and create storefront windows with a colonnade feel to create a rhythm along the sidewalk. He said there were multiple entry points into retail spaces on ground floor, into office entries, and from outdoor plaza spaces. He said entering the driveway if one turned right there were two underground levels of parking and if making a second right off the entry driveway would reach on grade parking at 1125 Merrill Street. He said making a left the vehicle

went under the building at 556 Santa Cruz Avenue to parking at grade. He said an easement between 1125 Merrill Street and 506 Santa Cruz Avenue would be used for trash and recycling receptacles. He said Merrill Street was offset and provided an opportunity to create a view terminus at the 506 Santa Cruz corner with a two-story retail space. Mr. Hayes provided a number of slides describing the buildings at 506 and 556 Santa Cruz Avenue.

Jess Field, Field Architecture, introduced his partner Stan Field. Mr. Field presented on the building at 1125 Merrill Street. He said the theme of continuity along the street dictated the façade of 1125 Merrill Street. He said the entry was at the relatively short side of the building. He said they were removing two curb cuts and creating an outdoor seating there and also for the 556 Santa Cruz Avenue side as well. He said the office space was on the ground floor and parking was reached through the shared driveway. He said the second level would be a single-occupant business with terraces on the north side to optimize natural daylight and on the south side for more social breakout seating. He said residential units would be on the third and fourth levels with terraces on both sides for the third level and terraces on the south side for the fourth level. He reviewed the different iterations of the design in response to meeting with individual commissioners, staff, neighbors, HOA, and Chamber of Commerce. He provided a number of slides describing the building at 1125 Merrill Street.

Chair Combs opened public comment.

Public Comment:

- Karen Grove said she was a member of the Housing Commission but was speaking for herself. She said the main problems in Menlo Park were lack of housing and traffic congestion. She said these three properties offered the opportunity to address both issues by maximizing the number of transit-oriented housing units and including affordable housing units among them. She said the residential units proposed were too large and too few to count towards transit-oriented housing. She said the proposed eight residential units were less than 25% of the allowable 36 residential units. She encouraged the Commission to encourage the developer to maximize the number of residential units and include affordable housing on the sites.
- Fran Dehn, Chamber of Commerce, said the proposed project was positioned to become a magnet or another star of the El Camino Real, noting Menlo Center was the existing star. She said the City's transportation hub, the location of the project, was underutilized due to a lack of complementary projects. She said the project proposal reflected a community driven plan, was functional and attractive, and created by a team that through community outreach listened and responded. She said it was a quality project and complemented transit and the surrounding architecture. She said with projects in the business district coming forward that she encouraged the Planning Commission to take the opportunity with each of those projects to begin cataloguing the aspects of the Specific Plan to flag for future biennial Specific Plan discussion.

Chair Combs closed the public comment period.

Commission Questions: Commissioner Onken asked why the lots were not merged, and how parking was applied. Associate Planner Sandmeier said the applicant owned 556 Santa Cruz Avenue and 1125 Merrill Street in fee simple with a long term ground lease on 506 Santa Cruz Avenue, the latter preventing the parcels from being merged. She said the two Santa Cruz Avenue

buildings proposed to share parking as shown in the submitted parking plan being reviewed currently by the Transportation Division. Commissioner Onken said having the one driveway and how the parking worked was the ingenuity of the whole plan. He said it would be important to not muddle what was occurring on the ground floors with ownership conflicts or such. He asked staff to confirm with this development that the City was still below the Specific Plan cap for office square footage development and the number of housing units. Associate Planner Sandmeier said all of the uses proposed were within the allowable limits. Commissioner Onken asked about the parking ratio for the residential units. Associate Planner Sandmeier said in this area of the Specific Plan each residential unit was required to have one parking space. She said the parking was shared between uses with the expectation that office and retail uses would park more during the day and the residential would use more parking at night. Commissioner Onken said there were 92 parking spaces underground and asked if those were related to the office use requirement for parking. Associate Planner Sandmeier said the expectation was the parking would be shared and spaces would not necessarily be designated for one use or another.

Commissioner Goodhue asked where the cut down into the underground garage for the Menlo Center lined up with the project's driveway. Mr. Hayes said it was offset and referred to the survey. He said it probably lined up at one edge. Commissioner Goodhue confirmed that it was on the edge closer to the train station.

Chair Combs asked how the number of residential units was determined. Mr. Hayes said they were asked to see how many residential units they could fit on the sites as the sites were small and narrow. He said office space was important to the developer. He said what complicated more residential yield was that they ran out of floor area as the ground floor was required to be retail or retail-like. He said the buildings began to step back to the 45 degree building setback requirement, which limited space on a narrow site. He said the zero setback required the mass of the buildings to be on Santa Cruz Avenue.

Commissioner Kahle asked if the Transportation Division had reviewed the one driveway and expected number of cars. Associate Planner Sandmeier said that they were in agreement with the principle of the entry proposed and were reviewing the parking at this time. Mr. Hayes said they originally had two driveway cuts on Merrill Street and in working with Planning and Transportation, it was agreed that one driveway cut on Santa Cruz Avenue made sense.

Commissioner Kahle asked about the parking puzzler. Mr. Hayes said the first level of garage under grade for 506 Santa Cruz Avenue would not have the parking puzzler. He said the second level of garage under grade would have a bank of puzzlers. Mr. Rapp said the puzzler company was called Park Works and was based out of Berkeley. He said the system operated off a fob and the fobs could be with the tenants or allocated to residents. He said operable within a certain distance that within 90 seconds of the fob being hit, a space would open. Commissioner Kahle asked if the developer had considered taking the project to the bonus level. Mr. Rapp said he had not, noting the intense scrutiny on the projects and expensive costs already were leading to thin yields. He said with the size of the parcels putting 17 residential units in one building would complicate use of one elevator and access sharing with office users.

Commissioner Kahle said a two-story space was located at the corner of 506 Santa Cruz Avenue and asked how that would work with the office use above and whether it would overlook the retail space. Mr. Hayes said it would depend on the office tenant. He said one idea was to have glass to have the ability to look across and through the space. He said his preference would be for the

space to be open for natural light and exposure to light. He said he did not think it would have an open railing. Commissioner Kahle said to the left above the entrance driveway was a grill. Mr. Hayes said rather than mount mechanical equipment on the roof, they decided to dedicate space at the second floor in that space for mechanical units for all the commercial uses. Commissioner Kahle noted the green wall and said that area could be successful as outdoor seating and asked if any thought had been given to pushing the wall back to have a deeper pocket for more use. Mr. Hayes said they had not thought about that noting the driveway would come down on the other side of that wall and they were locked into the rise and run of the driveway slope. He noted also the utility room, trash room, and fire sprinkler room were in that zone. He said the idea of the green wall was a late comer to the design.

Commissioner Kahle asked about the materials and colors. Mr. Hayes said they wanted dark stone as the base to the building as well as for accent. He said the pattern they chose for the stair tower on 556 Santa Cruz Avenue would have a random horizontal feel and had been a pattern that was prevalent on 1125 Merrill Street, and they were adopting it into their building. He said originally it was derived from the idea of train tracks. He said the light limestone they thought was a beautiful material with a slight thread of green in it. He said they thought the dark window frames would be more elegant and handsome than some of the other metallic, more high tech appearing frames. He said the body of the building was essentially the limestone, the lighter material.

Chair Combs said there were three parcels but it seemed two projects with the buildings on Santa Cruz Avenue and the building on Merrill Street. He said the staff report seemed to indicate the Merrill Street building project was not as defined as the Santa Cruz Avenue project. He asked whether the projects would need to break ground at the same time or how development was being approached. Mr. Hayes said their intention was to have 506 Santa Cruz Avenue constructed first to get the garages that were down two levels in and up to podium level, at which point it would make sense to start construction of 556 Santa Cruz Avenue. He said construction of 1125 Merrill Street could start after construction of 556 Santa Cruz Avenue or at the same time.

Commission Comment: Commissioner Onken said he thought these were interesting projects and glad these projects were different from Menlo Center. He noted another Hayes project using limestone and wanted confirmation this project would use the material to the level of delicacy in that other project. Mr. Hayes said it would be noting that what was wonderful working with this developer was they believed in long-lasting quality of buildings and materials.

Commissioner Onken complimented the zinc façade facing McDonald's. He said related to comments about that "funny" façade backing against McDonald's, he said it was a wonderful façade for when the McDonald's site developed in the future. He said he liked the ruggedness of the buildings and the texturing details. He suggested they might consider finessing the top of the buildings to address the somewhat massive horizontal line. He said he liked the streetscapes for the projects.

Commissioner Barnes said housing in this prime transit area was a point of community observation, and asked why they decided on eight units and not more. Mr. Hayes said a 2.0 FAR would have done much to accomplish more housing but it was a 1.35 FAR zone. Commissioner Barnes noted that the bonus level was 1.75 FAR. Mr. Hayes said on 556 Santa Cruz Avenue all of the residential units were two-bedrooms and ranging in size from 1440 square feet to almost 1550 square feet in size. He said for 506 Santa Cruz Avenue the one-bedrooms were 1100 square feet. He said originally the idea was to create all two-bedroom units but for 506, one unit was 1090

square feet, 1227 on the other one-bedroom, and one, two-bedroom unit on the corner, which was 1460 square feet. He said the units were not large and none of them were 2,000 square feet as was aspersed. Commissioner Barnes asked what the gross residential square footage was. Mr. Hayes said it was about 10,900 square feet inclusive of common space for six units. He said common area was eaten away by elevator and stair access to each floor. Mr. Field said that the two residential units for 1125 Merrill Street were 1500 square feet each. Commissioner Barnes said there were eight units total of roughly 14,000 square feet. Mr. Hayes confirmed the housing square footage for 1125 Merrill Street was 4,336 plus and with the 10,900 square footage for the other two buildings was about 15,200 square feet across eight units.

Commissioner Barnes asked about BMR units. Mr. Rapp said his questions was how they would provide one BMR unit on one site for the benefit of three different projects, three different owners, and three different LLCs. He said paying in-lieu was fair as it could be paid pro rata. Commissioner Barnes asked staff what had been done in similar situations. Principal Planner Rogers said there were not any analogous situations they could refer to.

Jennifer Renk, Sheppard, Mullin, Richter, and Hampton LLP, land use counsel for the applicant, said each parcel had to fit into the Specific Plan constraints individually. She said if the parcels could be merged they could look at the bonus level development and would have much more freedom to maximize the site. She said it could not be done with the three individual parcels due to the limitation of the ground lease.

Commissioner Barnes asked what the puzzler would look like. Mr. Rapp said it would have a gate and pit. He said when you pull in the gate would be closed and that hitting the fob would activate the spaces to move a space to park in after which the gate would open. He said you would park the car and exit from either side and then shut the gate. He said that 1125 Merrill Street would have no retail and short-term parking would be available for 506 and 556 Santa Cruz Avenue retail at surface. Commissioner Barnes confirmed parking signage would be clear for retail use.

Chair Combs said the applicant and his counsel said that the three individual parcels limited what could be done. He asked if staff agreed with those constraints for more residential units or viewed the projects differently. Principal Planner Rogers said the project was already incorporating interrelated elements such as the parking and the access. He said there were ways to achieve different outcomes regardless that the lots could not be merged due to how the applicant acquired the properties. He said with the BMR specifically the ordinance guidelines set up a preference for onsite units, and allowed for payment of in-lieu fees if provision of onsite units was infeasible.

Commissioner Strehl said she thought she read that 1125 Merrill Street might never be developed. Mr. Rapp said it was dependent upon the direction they received this evening. Commissioner Strehl said how 1125 Merrill Street developed would be important within context of development of 506 and 556 Santa Cruz Avenue. She asked if the applicant had met with the owner of 1145 Merrill Street. Mr. Rapp said he had met with that owner four times, who was supportive of development in the area and whose main focus within the initial development was the sidewalk where property lines were shared. He said the neighbor asked for the setbacks along the second and third floors which they did, and to maintain the palm tree located on the front property line, and to save the garden screen on the west side wall. Commissioner Strehl said the plan for 1125 Merrill Street seemed overwhelming to 1145 Merrill Street.

Chair Combs said he could be supportive of the project, and while he would prefer more residential units, he could take the applicant's word regarding the constraints of the three parcels. He said it fit the uses within the zone. He said regarding the design he liked the Santa Cruz Avenue buildings and he would want the building at 1125 Merrill Street to reflect that other architecture more.

Commissioner Kahle said 506 and 556 Santa Cruz Avenue designs were very successful and thoughtful, noting details such as the traffic pattern and trash location. He said he agreed that the façade facing McDonald's was a good solution. He said he was not drawn to the color pattern particularly the limestone which was a small pattern. He said the railroad pattern for 556 Santa Cruz Avenue would be much more successful he thought. He said he would like the grill over the entry to be more window space and to see more outdoor seating if that could be made to work. He said he strongly would like more housing in the projects. He said that micro-housing was being proposed at Page Mill Road and El Camino Real. He said that Mr. Field spoke well about the project at 1125 Merrill Street. He said he was not sold on it as it felt very overpowering especially at the street level. He said the term monolithic was brought up and accurate as the north side where the corner wrapped around felt very tall and solid. He said he did not really see the horizontal banding that was mentioned. He said the terraces seemed out of scale for the rest of the spaces.

Commissioner Goodhue said she thought 556 Santa Cruz Avenue really shone and she liked that the buildings spoke to each other with different architectural details but were one in a way in a collection. She said the texture of 556 Santa Cruz Avenue façade was unique and really worked. She said 506 Santa Cruz Avenue seemed like a building she had seen before. She said regarding 1125 Merrill Street in meeting the Specific Plan design guidelines that some sense of overwhelming was expected. She said she appreciated the iterations that 1125 Merrill Street had gone through and suggested the design could use more work on the third and fourth levels. She said that those two floors looked so much the same was the cause of the monolithic appearance. She said that the terrace might be too much expanse. She said overall the projects would be a tremendous improvement.

Commissioner Barnes said he liked the design and architecture for the 506 and 556 Santa Cruz Avenue buildings and thought they met the Plan standards well. He said he could not quite support the 1125 Merrill Street design as it was chunky-seeming and somewhat incongruent in comparison to what was next to it and the 506 and 556 Santa Cruz Avenue buildings. He said the staff report asked the Commission to consider if the Santa Cruz Avenue proposals moved forward without or before the Merrill Street proposal, what changes would be needed to address the walls of the proposed 506 Santa Cruz Avenue building that would face the 1125 Merrill Street parcel. He asked about the construction sequencing and whether 1125 Merrill Street might not be built. Mr. Hayes said it sounded like 1125 Merrill Street might not be certain pending information the applicant received this evening. He said if 1125 Merrill Street did not move forward they would need to address the side of 506 Santa Cruz Avenue in some way. He said it was all plaster now where it turned. He said the stone on the lower two floors turned and wrapped into where the green wall was and the materials changed at that point and wrapped that side of the building. He said they would need to modulate that side. He said if 1125 Merrill Street did not move forward the existing building would still be there and would provide some screening of the side of the 506 Santa Cruz Avenue building, and materials could be used to deal with that. Commissioner Barnes asked what the sequence of decision making was regarding 1125 Merrill Street. Mr. Rapp said all the buildings were priorities with 506 Santa Cruz Avenue the main priority. He said based on tonight's Commission input he intended to relook at the 1125 Merrill Street design and make this a collective project with three separate projects underlying it. Commissioner Barnes said community comment

asked for more solar panels. Mr. Rapp said that solar panels were shown on all of the designs. Commissioner Barnes asked if they could provide a residential unit schedule detailing the number and each square footage when next they came forward.

Commissioner Onken said he thought that they could accomplish more residential units by making them smaller without increasing the total square footage of the project.

Commissioner Riggs said he really liked the materials and architecture of 556 Santa Cruz Avenue. He said he really liked the Field Architects' building both the open one and that proposed now. He said the design for 1125 Merrill Street however did not address the historic building next to it and the historic buildings across the street from it. He said putting random horizontal lines in the same color was too thin a connection. He said 1125 Merrill Street above two stories to be contextual would need to be set back at the side. He said 506 Santa Cruz Avenue read well as a building including the modulations at the first two floors, although he tended to agree with Commissioner Kahle on the color palette. He said however at the third floor, although set back, with its integral mass was not a nice form. He said the attention to the streetscape was laudable. He suggested using a lighter palette such as oyster or off white. He said it was a community nudge to have more residential which would mean more parking. He said on tight sites to double parking which he suspected cost \$30,000 per space for the puzzler spaces that was a tough decision. He said he had no issues with how it faced El Camino Real and McDonald's. He said the planning for the first two floors were admirable. He said what he was hearing was 506 Santa Cruz Avenue was not successful yet and the adjacency to 1145 Merrill Street was not going to work with the amount of third and fourth floor space proposed.

## **H. Informational Items**

### **H1. Future Planning Commission Meeting Schedule**

Principal Planner Rogers confirmed that Commissioner Goodhue would be absent February 26. He said 1540 El Camino Real mixed use project might be on the February 26, 2018 agenda.

- Regular Meeting: February 26, 2018
- Regular Meeting: March 12, 2018
- Regular Meeting: March 26, 2018

### **I. Adjournment**

Chair Combs adjourned the meeting at 11:30 p.m.

Staff Liaison: Thomas Rogers, Principal Planner

Recording Secretary: Brenda Bennett

Approved by the Planning Commission on February 26, 2018