



## STAFF REPORT

### Housing Commission

**Meeting Date:** 8/5/2015  
**Staff Report Number:** 15-001-HC

**Commission Report:** Below Market Rate In Lieu Fee Agreement Term Sheet/Lane Partners/1010-1026 Alma Street

### Recommendation

Staff recommends that the Housing Commission recommend that the Planning Commission approve the proposed draft Below Market Rate (BMR) In Lieu Fee Agreement Term Sheet (Attachment A).

### Policy Issues

Each BMR Agreement is considered individually. The Housing Commission should consider whether the proposal would be in compliance with the BMR Housing Program requirement.

### Background

The 1010-1026 Alma Street property is improved with two single-story commercial buildings that were originally constructed in the early 1950s. The buildings have since been occupied by commercial uses, including restaurants, personal services, and retail uses.

On May 18, 2015, the Planning Commission held a study session to provide feedback on the project and Public Benefit Bonus proposal. The Planning Commissioners reviewed the proposed office use, building design, and Public Benefit Bonus proposal, and provided feedback for further refinement.

### Analysis

The applicant's BMR proposal letter and select project plans are included as Attachments B and C, respectively.

### Site Location

Using Alma Street in a north to south orientation, the subject property is located on the east side of Alma Street, between Ravenswood Avenue and Oak Grove Avenue. Adjacent properties to the north, west, and south are also in the SP-ECR/D zoning district, and are occupied by a mix of uses, including restaurants, offices, retail, and private recreation. The Menlo Park Caltrain Station is located to the west of the subject property, on the west side of Alma Street. Apartment buildings in the R-3 (Apartment) district are located to the east of the subject property.

The subject property is a through lot with frontage on both Alma Street and Alma Lane, where Alma Street serves as the functional front and Alma Lane serves as the functional rear. Alma Lane has a right-of-way

width of 20 feet, with Ravenswood Avenue at its southern terminus and Alma Street at its northern terminus. Alma Lane primarily serves as a service alley for the subject site and other properties on this block, and provides access to the carports of the apartment buildings on Noel Drive. The site is currently comprised of five parcels and both existing buildings straddle the property lines. There are existing easements along the outer edges of the project site, including a five-foot wide ingress/egress easement along the right side property line and utility easements along both the front and rear property lines.

### Project Description

The applicant is proposing to demolish the existing site improvements, and construct a new three-story office building with two levels of underground parking. A small retail kiosk is proposed on the northwest corner of the site as part of a public plaza space. The proposed site layout is designed around two heritage oak trees that feature prominently along Alma Street, including a 35.5-inch in diameter coast live oak located in the northwest portion of the site, and a 36-inch in diameter coast live oak located at the southwest corner. The separate parcels on the site would be merged into one parcel, and a proposed three-story building would be situated centrally on the site over a proposed two-level underground garage, with a large left side setback of approximately 53 feet in order to minimize construction impacts to the 35.5-inch oak tree. The majority of the left side setback area would be improved with a fenced, private courtyard, with a smaller unfenced area along Alma Street to serve as a public plaza. The front of the building would include articulated planes, with a plaza area at the inset front entry. The upper floors would include private deck space, and walls would be set in to create a tiered building massing. The proposal is subject to additional review and refinement prior to Planning Commission action.

### BMR Housing Program Requirement

The applicant is required to comply with Chapter 16.96 of City's Municipal Code, ("BMR Ordinance"), and with the BMR Housing Program Guidelines adopted by the City Council to implement the BMR Ordinance ("BMR Guidelines") as the project would exceed 10,000 square feet in gross floor area. The BMR Ordinance requires the applicant to submit a Below Market Rate Housing proposal for review by the Housing Commission. At this time, the Housing Commission should review the draft BMR In Lieu Fee Agreement Term Sheet and provide guidance to staff, the applicant, and the Planning Commission. The draft Term Sheet would be used to inform the BMR In Lieu Fee Agreement, which would subsequently be reviewed and acted on by the Planning Commission. The Planning Commission is the acting body, unless the action is appealed to the City Council.

Residential use of the property is allowed by the applicable zoning regulations, however, residential use is not being pursued as part of the proposed project. According to the applicant, residential use is not proposed as part of the project for the following reasons:

- Residential use would be inconsistent with the commercial character of Alma Street;
- Exposure to high noise levels due to the site's proximity to the Caltrain station renders the site less desirable for residential uses; and,
- Site constraints due to the preservation of existing mature trees limits the availability of developable area and precludes the addition of a residential component.

The applicant does not own any sites in the city that are available and feasible for construction of sufficient below market rate units to satisfy the requirements of the BMR Ordinance, which in this case is 0.95 unit. Staff and the applicant have explored potential off-site locations for the provision of a BMR unit; however, developers of other residential projects have not expressed an interest in partnering with the applicant to provide an off-site BMR unit. Based on these facts, staff has found that development of such unit on-site or off-site in accordance with the requirements of the BMR Ordinance and Guidelines is not feasible at this

time, although staff would encourage the applicant to continue to pursue opportunities for the development of an off-site BMR unit.

The applicant proposes to pay the applicable in lieu fee as provided in the BMR Ordinance and Guidelines. The draft BMR Agreement Term Sheet, included as Attachment A. The in lieu fee would be calculated as set forth in the table below; however, the applicable fee for the project will be based upon the per square foot fee in effect at the time of payment. The draft BMR agreement may be modified prior to Planning Commission action to include updated building square footages as the applicant continues to refine the project.

Vendor	Use Group	Fee/sq.ft.	Sq. Ft.	Component Fees
Existing Buildings- Non-office Areas	B- Non-office Commercial/Industrial	\$8.45	10,272	(\$86,798.40)
Proposed Building- Office	A- Office/Research and Development	\$15.57	25,004	\$389,312.28
Proposed Building- Retail Kiosk	B- Non-office Commercial/Industrial	\$8.45	172	\$1,453.40
<b>TOTAL ESTIMATED IN-LIEU FEE</b>				<b>\$303,967.28</b>

Correspondence

The applicant indicated that they contacted surrounding properties and held an informational meeting regarding the proposed development, and feedback was generally positive, with some concerns expressed regarding loitering and noise associated with the existing commercial uses on the site.

Conclusion

Staff believes that while the site allows for residential uses, site constraints due to the preservation of two existing heritage trees would limit opportunities to incorporate a residential component as part of the proposed project as it is currently designed. Staff recommends that the Housing Commission recommend to the Planning Commission approval of the payment of BMR in lieu fees under the terms stated in the draft BMR In Lieu Fee Agreement Term Sheet, and to encourage the applicant to continue to pursue opportunities for the development of an off-site BMR unit.

**Impact on City Resources**

The project sponsor is required to pay Planning, Building and Public Works permit fees, based on the City’s Master Fee Schedule, to fully cover the cost of staff time spent on the review of the project. The proposed BMR in lieu fee payment would contribute approximately \$300,000 to the City’s BMR fund.

**Environmental Review**

The proposed project will be evaluated with respect to compliance with the California Environmental Quality Act (CEQA) as part of the Planning Commission action. BMR direction is not an action under CEQA, so environmental review is not required by the Housing Commission.

**Public Notice**

Public Notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting.

**Attachments**

- A. Draft BMR In Lieu Fee Agreement Term Sheet
- B. 1020 Alma Street BMR In Lieu Fee Proposal
- C. Excerpts of Project Plans

Report prepared by:  
Jean Lin, Associate Planner

Report reviewed by:  
Thomas Rogers, Senior Planner

**1010-1026 Alma Street****Draft Below Market Housing (BMR) In Lieu Fee Agreement Term Sheet**

1. Applicant owns property known as Assessor's Parcel Number: 061-412-450 ("Property"), more commonly known as 1010-1026 Alma Street, Menlo Park.
2. Applicant is requesting architectural control and lot merger approval to demolish two existing commercial buildings, and construct a new three-story office building with two underground parking levels and associated site improvements. The subject building is greater than 10,000 square feet in gross floor and therefore, Applicant is required to comply with Chapter 16.96 of City's Municipal Code ("BMR Ordinance") and with the Below Market Rate Housing Program Guidelines ("Guidelines") adopted by the City Council to implement the BMR Ordinance;
3. Property is located within the El Camino Real/Downtown Specific Plan General Plan land use designation and the SP-ECR/D (El Camino Real/Downtown Specific Plan) zoning district in the City of Menlo Park;
  - a. Property's General Plan land use and zoning designations permits residential uses;
  - b. Applicant is not proposing to residential uses as part of the proposed project;
  - c. Site constraints due to the preservation of heritage trees limits opportunities to develop residential units as part of the proposed project as it is currently designed;
4. Applicant does not own any other sites within the City that are zoned for residential land uses;
5. Applicant has elected to satisfy the BMR requirement for the proposed project through payment of an in lieu fee;
  - a. The BMR in lieu fee is estimated at \$303,967.28;
  - b. The equivalent unit requirement is 0.95 unit, which would be rounded to one unit, however;
  - c. Therefore, the Applicant is proposing to pay the in lieu fee, which would be adjusted based on the existing and proposed square footages at the time of building permit issuance. The applicable fee per square foot is adjusted annually on July 1. The table in Item 6 below shows the proposed in lieu fee and its calculation.
6. The table below provides the estimated in lieu fee:

	<b>Use Group</b>	<b>Fee/SF</b>	<b>Square Feet</b>	<b>Component Fees</b>
Existing Buildings – Non-Office Areas	B- Non-Office Commercial/Industrial	\$8.45	10,272	(\$86,798.40)
Proposed Building – Office	A-Office/Research and Development	\$15.57	25,004	\$389,312.28
Proposed Building – Retail Kiosk	B- Non-Office Commercial/Industrial	\$8.45	172	\$1,453.40
<b>Total Estimated In Lieu Fee</b>				<b>\$303,967.28</b>



Menlo Park Housing Commission  
701 Laurel St  
Menlo Park, CA 94025

April 23, 2015

**Re: 1020 Alma Street – BMR Housing Agreement**

Dear Menlo Park Housing Commission,

The purpose of this letter is to address the BMR requirement as it relates to our proposed development at the above referenced property. Based on the city's BMR Requirement calculations our project is required to provide for one (1) BMR housing unit. It was determined that a BMR unit cannot be developed on site for the following reasons:

**Maintain Street Character**

All of the buildings on Alma Street from Ravenswood to Oak Grove are commercial in nature. Our proposed project fits within this same use and keeps the character of the street consistent with the existing uses. A single residential unit on this particular section of Alma Street would be out of place in our view and potentially isolate a future resident occupant.

**Caltrain Noise**

We performed an acoustic study as part of our site due diligence. The study showed that the train noise generates up to 105 decibels at its loudest level as it approaches the station. The site is approximately 60 feet away from the Caltrain platform and the noise impact would be severe for a residential tenant especially during early morning and late evening hours. In fact, Palo Alto residents who live close to the Caltrain platform in Palo Alto recently launched a petition calling for the city to establish a quiet zone as the train approaches the station platform. Please see attached article dated October 21, 2014 from Palo Alto Online.

**Site Constraints**

A primary goal of our project is to keep the two beautiful heritage oak trees on site. We believe our proposed design utilizes these trees to their fullest and provides them the best opportunity to flourish in the future. Given the location of the trees on site and the height limits designated by the Specific Plan we had to design the project in such a way that limits the development of another structure on site, such as a residential unit.

Given the reasons listed above we plan to meet our obligation under the BMR Housing Program by paying the commercial in-lieu fee. This fee will be paid prior to pulling the construction permit after the project receives the necessary entitlements from the city.

Should you have any questions please don't hesitate to contact me at [marcus@lane-partners.com](mailto:marcus@lane-partners.com) or at (650) 838-0100.

Regards,

A handwritten signature in blue ink, appearing to read "Marcus J. Gilmour".

Marcus J. Gilmour  
Vice President



<http://paloaltoonline.com/news/print/2014/10/21/downtown-palo-alto-residents-seek-relief-from-train-noise>

Uploaded: Tue, Oct 21, 2014, 3:52 pm

## **Downtown Palo Alto residents seek relief from train noise**

Petition calls for city to establish a 'quiet zone' near University Avenue transit station

by Gennady Sheyner

Living next to downtown Palo Alto's bustling train station has many benefits, but for residents of 101 Alma St., a good night's sleep isn't one of them.

Douglas Cardwell said the number of children who live in the building has gone up markedly in the past decade, with about 25 currently inhabiting the building. **But it's not the children who keep Cardwell awake at night but horns from the passings trains, a sound that has become a little too familiar to him and his neighbors in recent years.**

On Monday, Cardwell joined his neighbors in asking the City Council for relief. The city, he and his neighbors said, should try to establish a "quiet zone" near the downtown station, a designation that needs an approval from the Federal Railroad Administration.

The designation effectively waives the requirement that trains sound their horns at least 15 seconds (and no more than 20 seconds) before approaching a public grade crossing. The volume must be at least 96 decibels and no more than 115, according to the Train Horn Rule adopted in 2005.

Federal regulations specify that train conductors must use the familiar pattern of two long horns, one short horn and one long horn to signal their approach. That, however, doesn't always happen, said Nancy Larson, who also lives at 101 Alma. In some cases, the train operators like to do "a little staccato" as they enter the crossing. **She said she recalled watching a train pass her house and blowing the horn seven times.**

"No one tells them what to do," said Larson, whose apartment overlooks the rails.

In recent weeks, residents of 101 Alma and their neighbors have been researching how to establish quiet zones and lobbying the council to create one on Alma. A petition recently launched by resident Zouhair Mahboubi calling for a quiet zone has received 127 signatures as of Tuesday morning. **The petition calls train horn noise a "significant community issue" and notes that the required noise level is "very loud, and with freight trains running throughout the night, many residents struggle with sleep."**

Establishing a quiet zone would "greatly improve the quality of life by reducing noise pollution in Palo Alto, while still providing a safe crossing and at no significant cost to the city," the petition states.

On Monday night, Mahboubi brought his case to the council and secured a commitment that city staff will explore that issue. Creating such a zone will not be too onerous or expensive, Mahboubi

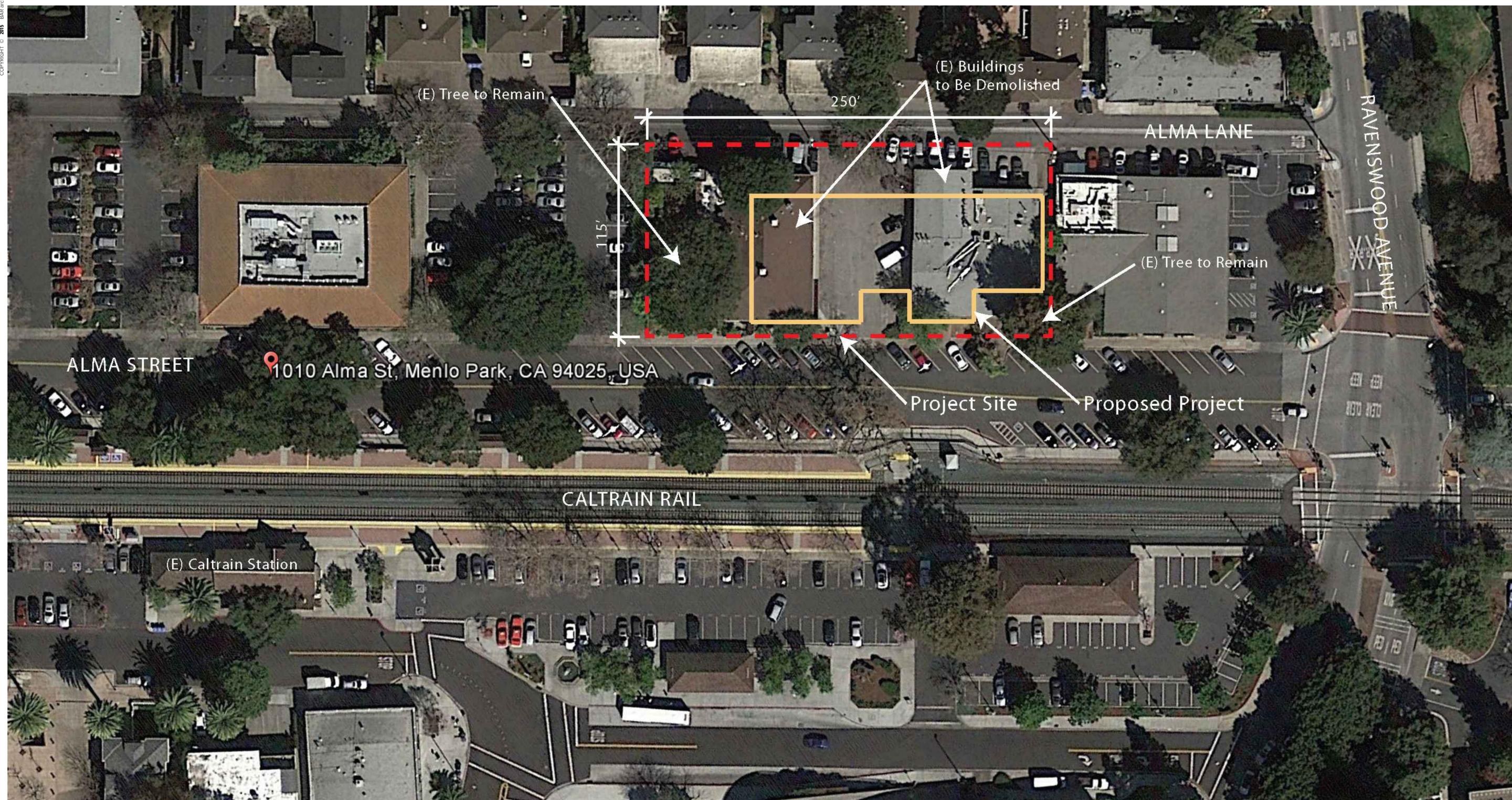
said. Federal regulations set out the process and criteria for such zones, including a requirement that such a zone be at least half a mile in length and that certain safety measures be put in place. The measures, which would have to be approved by the FRA in advance, could include such things as wayside horns, signs or closure of crossings.

Mahboubi's presentation came shortly before the council was set to discuss a far more ambitious proposal for the Caltrain tracks: the digging of a trench along the corridor in south Palo Alto. While that project comes at a cost of \$1 billion (or \$488 million, if the trench is built under a steeper grade), creating a quiet zone would be much cheaper and easier, he said. The group believes the crossing already has enough safety measures to enable the creation of the quiet zone with "little to no construction," he said.

"Here we present to you an opportunity to make within a very short term a very huge impact on a big community," Mahboubi said.

Mahboudi noted in a letter to the council that he and his neighbors have already relayed their concerns to Mayor Nancy Shepherd and senior staff. On Monday, City Manager James Keene said city planners will continue to work on exploring the issue of establishing a quiet zone.

"Our planning staff is attuned to this issue and has already met with some of the folks on this matter and we will continue to meet with them to explore this matter further," Keene said.



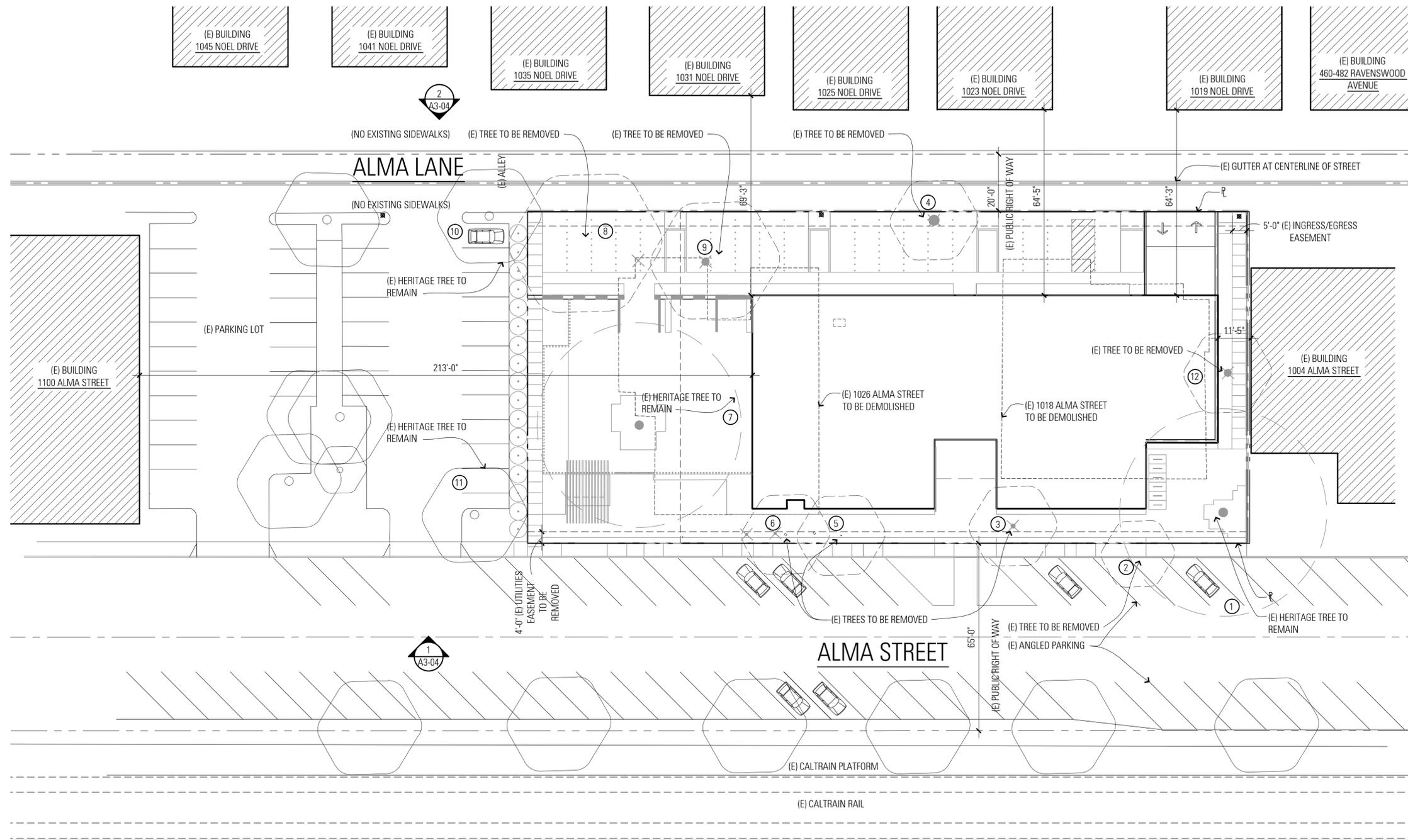
# ALMA STATION

# MENLO PARK, CA

# AERIAL SITE PLAN



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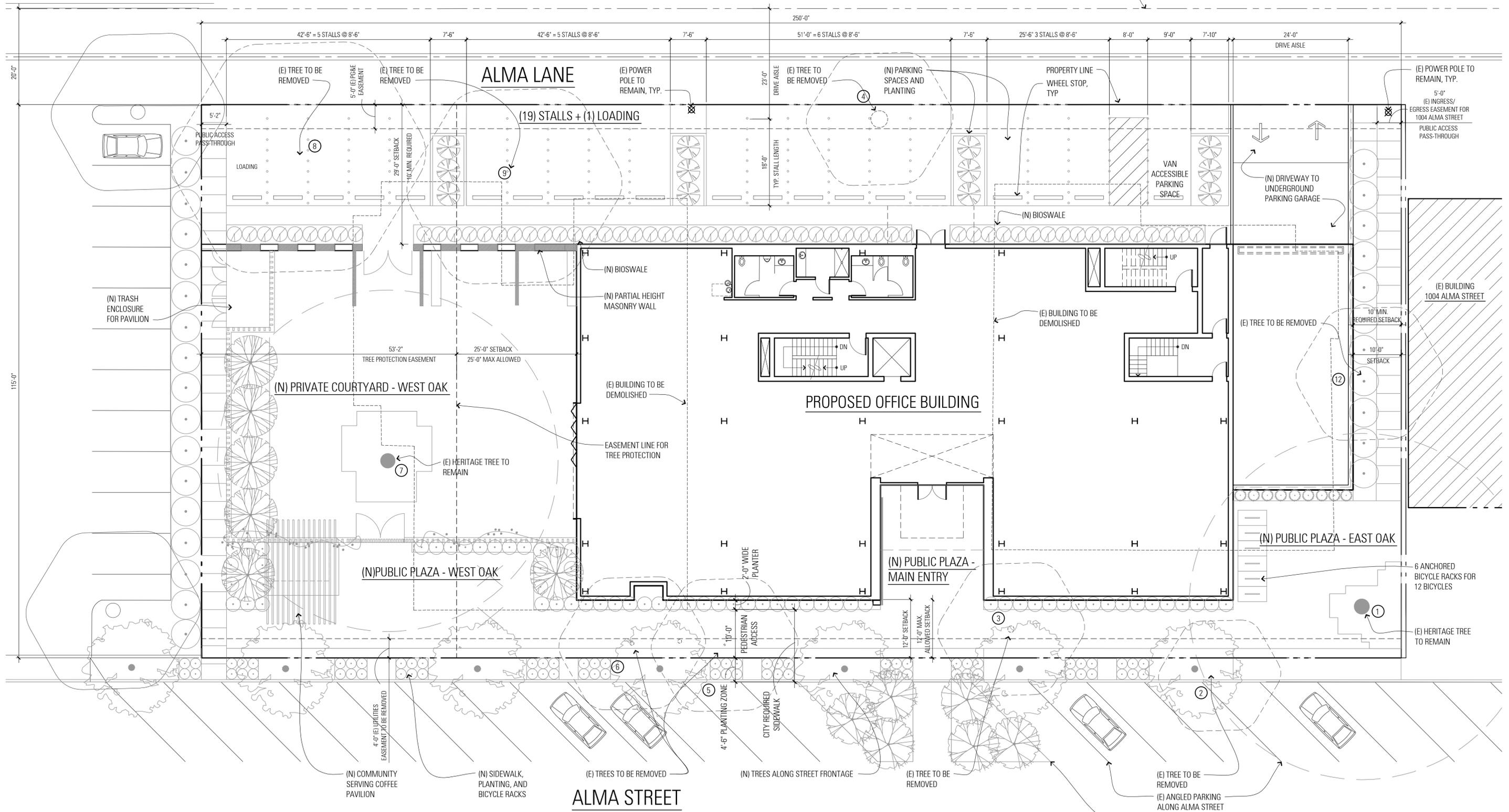
EXISTING TREE LEGEND		
ARBORIST REPORT #	DBH IN.*	SPECIES
①	36	Quercus agrifolia
②	11	Prunus caroliniana
③	14	Pyrus kawakamii
④	20, 21.5, 5.5	Ailanthus altissima
⑤	9.5	Olea europaea
⑥	9.5	Olea europaea
⑦	35.5	Quercus agrifolia
⑧	9.8	Pyrus kawakamii
⑨	33	Quercus agrifolia
⑩	20.5	Ulmus parviflora
⑪	15.5	Ulmus parviflora
⑫	7, 7.5, 6, 5.5, 4	Prunus laurocerasus

\*NOTE: DBH IN. IS TREE DIAMETER IN INCHES MEASURED AT 54 INCHES ABOVE AVERAGE SOIL GRADE

# ALMA STATION

# MENLO PARK, CA

# AREA PLAN



NOTES

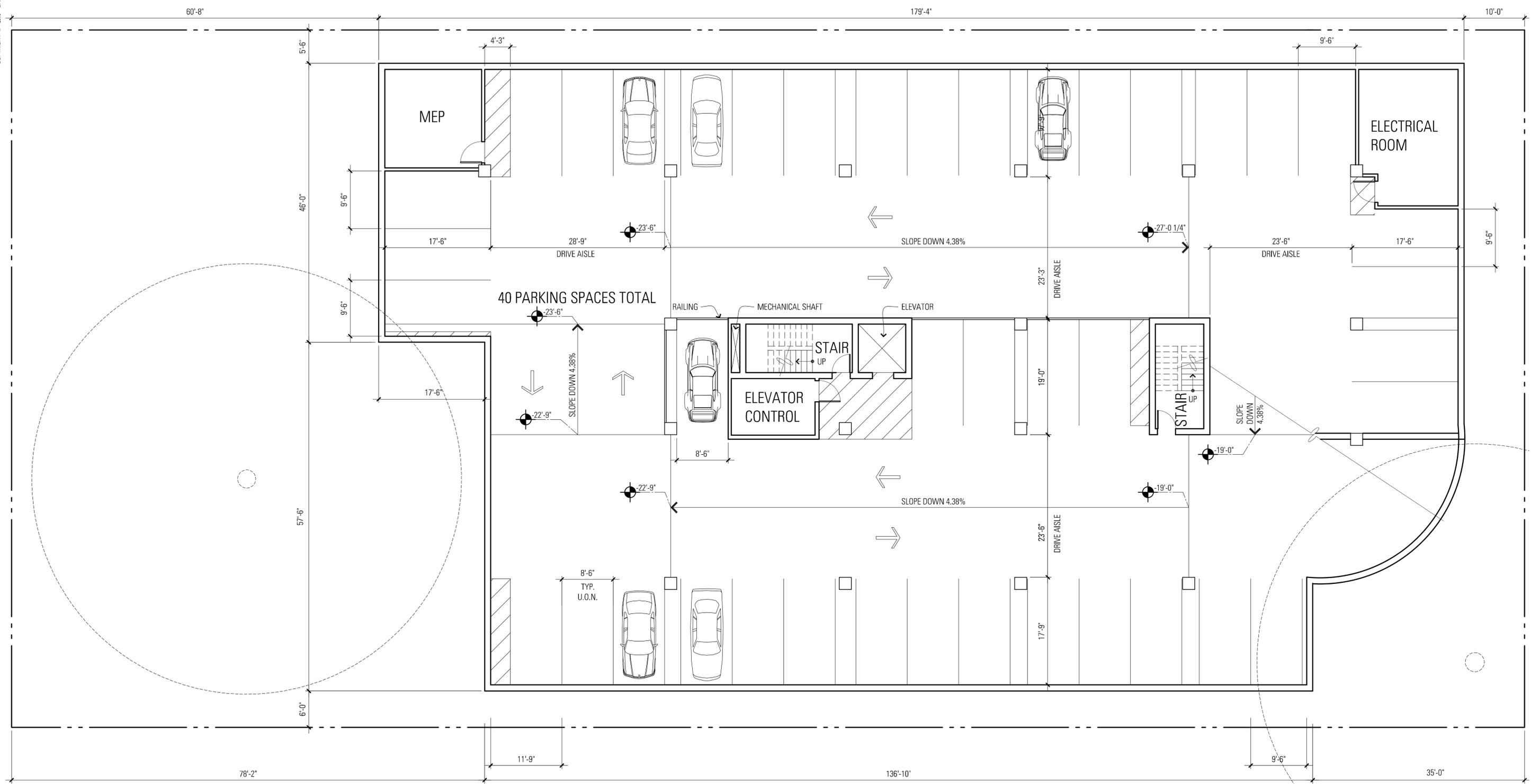
1. SEE SHEET A1-02 AREA PLAN FOR EXISTING TREE NOTES AND LEGEND

# ALMA STATION

# MENLO PARK, CA

# SITE PLAN

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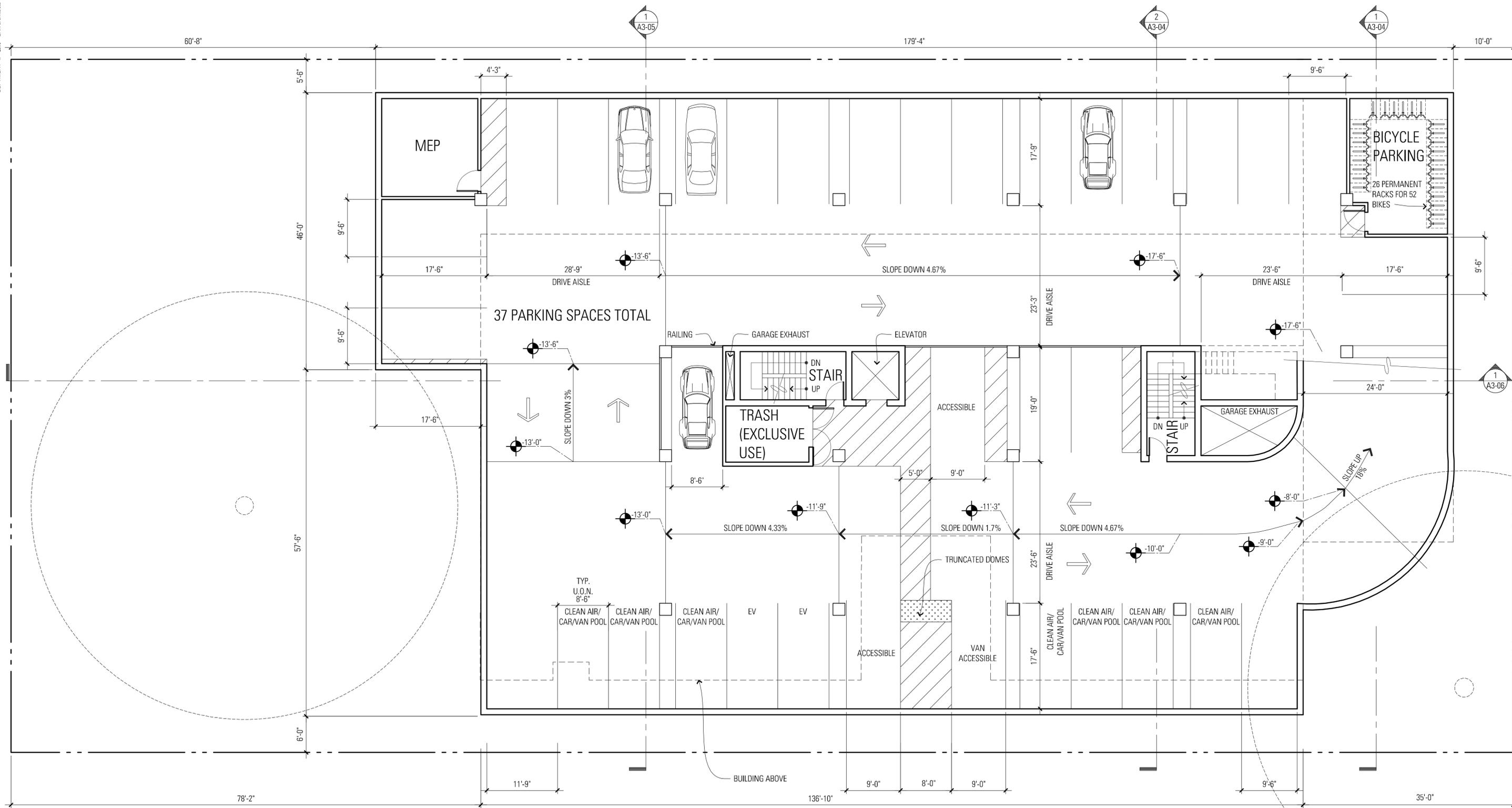


# ALMA STATION

# MENLO PARK, CA

# LEVEL -2 PARKING GARAGE FLOOR PLAN

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# ALMA STATION

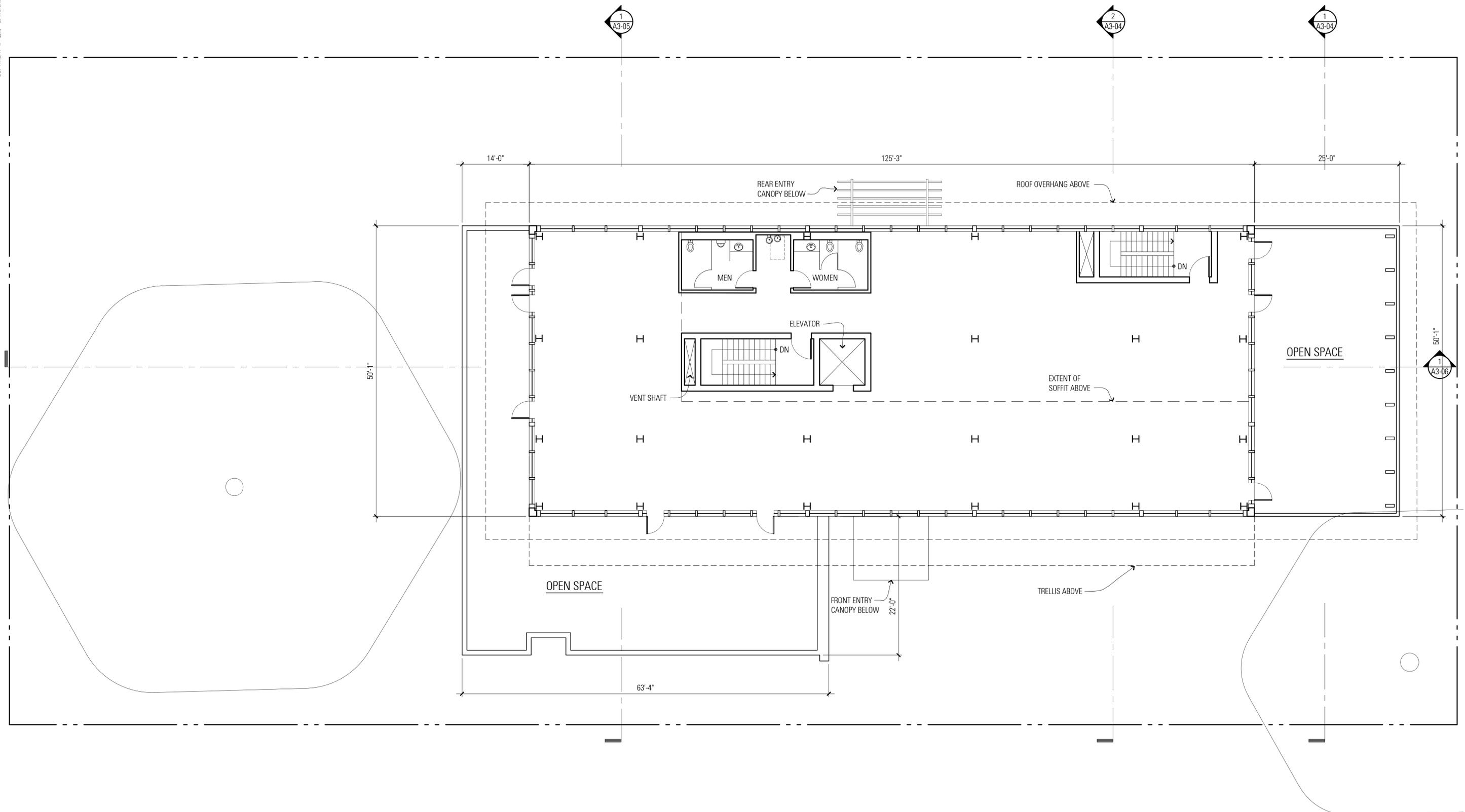
# MENLO PARK, CA

# LEVEL -1 PARKING GARAGE FLOOR PLAN

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# ALMA STATION

# MENLO PARK, CA

# THIRD FLOOR PLAN





### MATERIALS LEGEND

- ① Metal Standing Seam Roof
- ② Masonry Wall Cladding: Color/ Texture 1
- ③ Masonry Wall Cladding: Color/ Texture 2
- ④ Painted Metal Canopy
- ⑤ Metal Framed Operable Windows
- ⑥ Painted Metal Trellis with Metal Infill
- ⑦ Painted Metal Sunshades
- ⑧ Painted Metal Lattice with Vines
- ⑨ Metal Framed Glass Guardrail
- ⑩ Masonry Wall with Architectural Metal Screen
- ⑪ Open Cell Concrete Block
- ⑫ Living Green Wall
- ⑬ Painted Metal Spandrel Panel
- ⑭ Painted Metal Canopy with Metal Infill
- ⑮ Window with Painted Metal Box Sunshade
- ⑯ Weathering Steel Folding Metal Wall
- ⑰ Folding Glass Wall
- ⑱ Weathering Steel Planter
- ⑲ Painted Metal Lattice



ALMA STATION

MENLO PARK, CA

PAVILION FRONT ELEVATION (SOUTH)

**BAR**architects

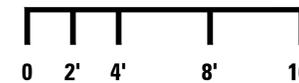
901 Battery Street, Suite 300 | San Francisco, CA 94111 | 415 293 5700 | www.bararch.com

LANE PARTNERS

644 Menlo Ave, Suite 204 Menlo Park, CA 94025  
650.838.0100 650.838.0900 fax

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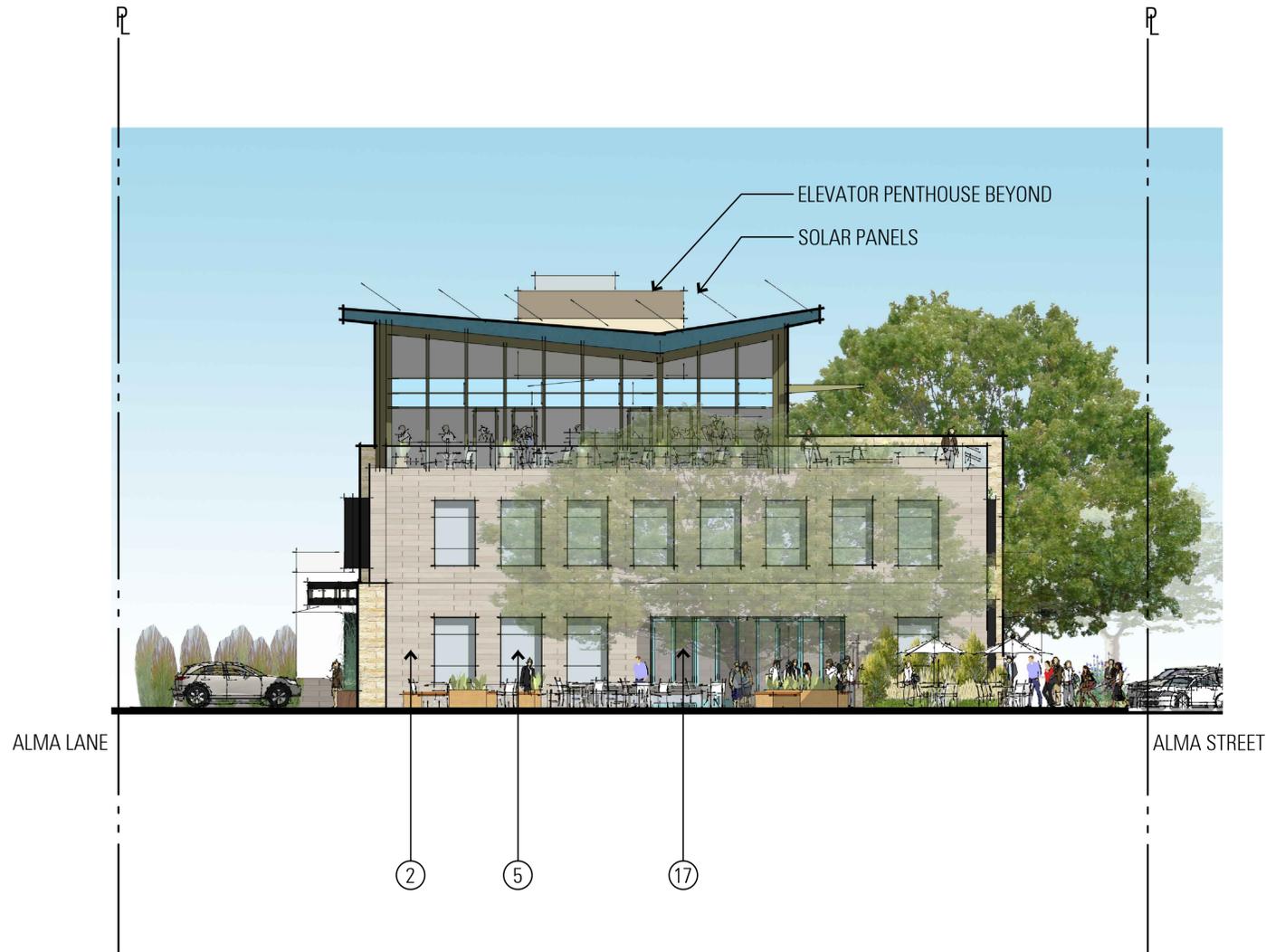


(ALONG ALMA STREET)

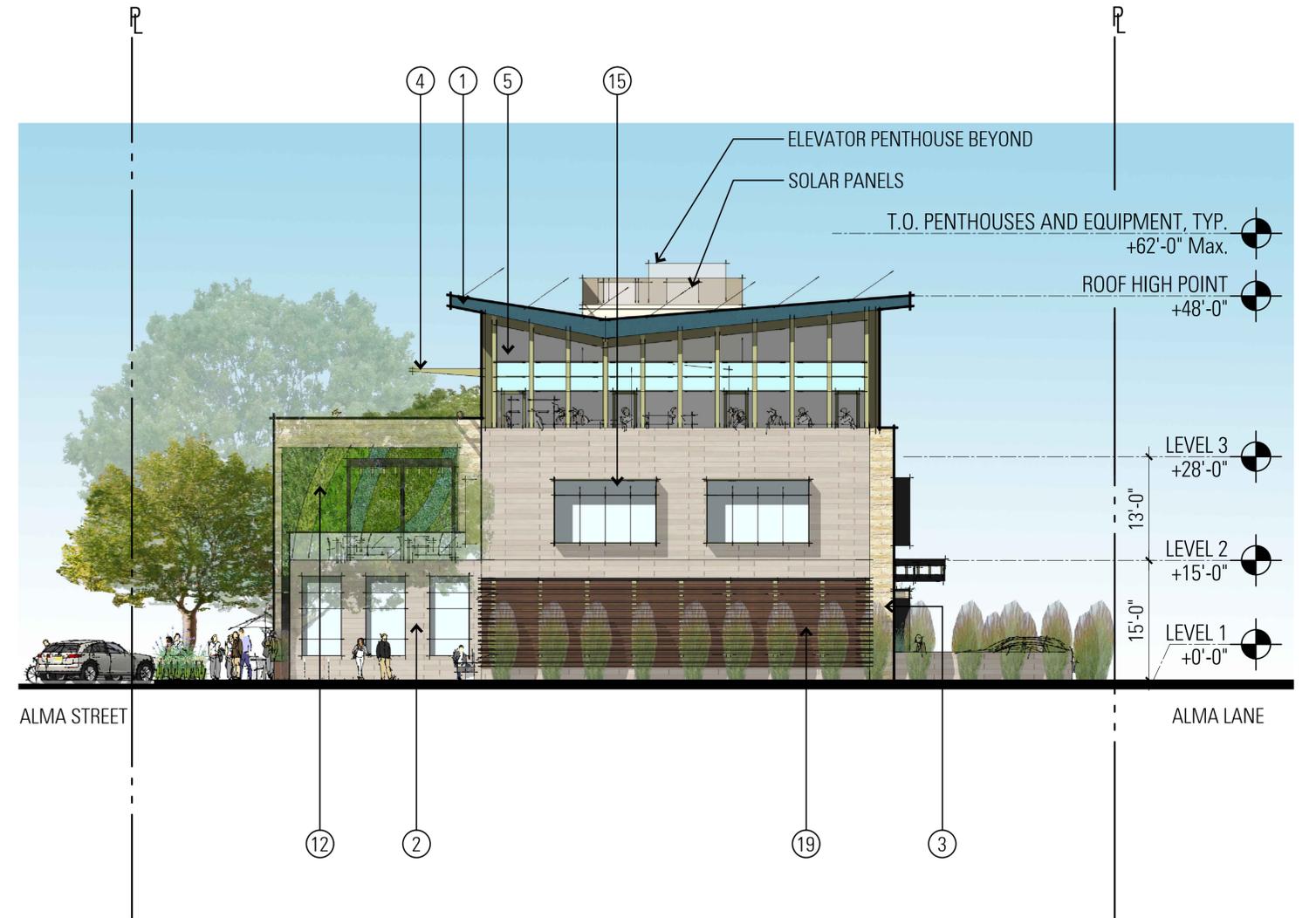
**A3-01a**

**MATERIALS LEGEND**

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- ⑲ Painted Metal Lattice



**WEST ELEVATION** AT OAK TREE COURTYARD



**EAST ELEVATION** AT SIDEYARD

ALMA STATION

MENLO PARK, CA

**LEFT SIDE (WEST) & RIGHT SIDE (EAST) ELEVATIONS**





(E) BUILDING  
1100 ALMA STREET

(E) PARKING LOT

PROJECT

(E) BUILDING 1004 ALMA STREET

1 STREETScape ELEVATION ALONG ALMA STREET



(E) BUILDING 1004 ALMA STREET

PROJECT

(E) PARKING LOT

(E) BUILDING  
1100 ALMA STREET

2 STREETScape ELEVATION ALONG ALMA LANE

# ALMA STATION

# MENLO PARK, CA

# STREETScape ELEVATIONS

**BAR**architects

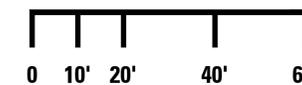
901 Battery Street, Suite 300 | San Francisco, CA 94111 | 415 293 5700 | www.bararch.com

LANE PARTNERS

644 Menlo Ave, Suite 204 Menlo Park, CA 94025  
650.838.0100 650.838.0900 fax

14035

04.20.15



**A3-04**







ALMA STATION

MENLO PARK, CA

PERSPECTIVE VIEW 5  
LOOKING EAST ALONG ALMA LANE

**BAR**architects

901 Battery Street, Suite 300 | San Francisco, CA 94111 | 415 293 5700 | www.bararch.com

L A N E P A R T N E R S

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650.838.0100 650.838.0900 fax

14035

04.20.15

NTS



A4-05

[ FILE NAME : Z:\14035 ALMA MENLO PARK DRAWINGS\40-CAD-CURRENT\04-UT-FILE-PLANNING-SUBMITTAL\_COVER-PERSP-DWG [ 14035 - Menlo Park - 2015 - 7/16/15 ] [ Project by: RSCHNEIDER ] [ Per Setting: Full (08) ] [ PREP FILE NAME : Z:\14035 ALMA MENLO PARK DRAWINGS\40-CAD-CURRENT\04-UT-FILE-PLANNING-SUBMITTAL\_COVER-PERSP-DWG [ 14035 - Menlo Park - 2015 - 7/16/15 ] [ Project by: RSCHNEIDER ] [ Per Setting: Full (08) ] [ PREP FILE NAME : Z:\14035 ALMA MENLO PARK DRAWINGS\40-CAD-CURRENT\04-UT-FILE-PLANNING-SUBMITTAL\_COVER-PERSP-DWG [ 14035 - Menlo Park - 2015 - 7/16/15 ] [ Project by: RSCHNEIDER ] [ Per Setting: Full (08) ] ]