



PLANNING COMMISSION STAFF REPORT

FOR THE PLANNING COMMISSION
MEETING OF MARCH 4, 2013
AGENDA ITEM E1

LOCATION:	555 Glenwood Avenue	APPLICANT:	Sand Hill Property Company
EXISTING USE:	Senior Citizens Retirement Living Center	OWNER:	Glenwood Inn LLC
PROPOSED USE:	Limited-Service, Business-Oriented Hotel	APPLICATION:	Architectural Control, License Agreement and Encroachment Permit, and Heritage Tree Removal Permits
ZONING:	SP-ECR/D (El Camino Real/Downtown Specific Plan) - ECR NE-R (El Camino Real North-East - Residential)		

PROPOSAL

The applicant is requesting architectural control to modify an existing senior citizens retirement living center into a limited-service, business-oriented hotel in the SP-ECR/D (El Camino Real/Downtown Specific Plan) zoning district. The architectural control action includes consideration of a Public Benefit Bonus for a Floor Area Ratio (FAR) of 1.16, where 1.10 is the Base level FAR maximum and 1.50 is the Public Benefit Bonus level FAR maximum. The proposal includes the application of the Transportation Manager's discretion to approve a parking rate for a use type not listed in Specific Plan Table F2. The proposal also includes the provision of some required parking on the Garwood Way public right-of-way through a license agreement and encroachment permit. In addition, the proposal includes the removal of three heritage trees: two ash trees located in courtyards at the middle and right-rear corner of the parcel, and one palm tree located at the rear-left corner of the parcel.

The Planning Commission will act as a recommending body for this proposal. The Planning Commission's authority is primarily focused on the architectural control portion of the request, although information on the other required actions is provided for

context. The City Council will act comprehensively on all requests associated with the proposal.

BACKGROUND

In April and May 1987, the City Council approved a Planned Development (P-D) permit and associated P-D(3) district rezoning for a 138-room senior citizens retirement living center on a 2.25-acre site at 555 Glenwood Avenue. The P-D permit established a maximum gross floor area of 113,803 square feet, which represents a Floor Area Ratio (FAR) of approximately 1.16. In addition, the P-D permit required that the development provide “off-street parking for 82 vehicles and provide for additional parking on Garwood Way per Engineering Division requirements.” The specific number of parking spaces along Garwood Way was not specified, and the City did not approve an encroachment permit or other mechanism that dedicated these spaces for the exclusive use of the development.

The Planning Commission subsequently approved precise development plans in August 1987, and the development was constructed between 1988 and 1990. The development consists of a central one-story building containing communal spaces (such as the lobby, dining, and office areas), surrounded by three-story buildings that contain the individual rooms. In November 1989, during the construction process, the Planning Commission approved a revision that allowed three on-site parking spaces (at the rear of the development) to be removed in exchange for the development of five additional on-street spaces along Garwood Way, due to a conflict with an on-site oak tree. As with the original action, no encroachment permit or other mechanism for exclusive use of the on-street spaces was approved at this time.

The property has since been in use as a senior residential facility, branded initially as the “Glenwood Inn” and renamed more recently to “Casa on the Peninsula.” The facility is age-restricted to seniors and provides independent and assisted living options, but is not a skilled nursing facility that provides specialized medical care. Casa on the Peninsula provides a market-rate housing option for seniors (as opposed to subsidized affordable housing). As reported by the applicant, the owners of the property have conducted revisions over time, such that the number of units is now 125 (due to some single-bedroom units being combined into two-bedroom units), and the number of on-site parking spaces is 74. The east side of Garwood Way, next to the Caltrain tracks, features 30 perpendicular parking spaces in the public right-of-way, which currently have signage stating they may only be used by the 555 Glenwood Avenue facility. The west side of Garwood Way provides nine parallel parking spaces, which do not feature any signage regarding their use. No parking is permitted on Glenwood Avenue in the immediate vicinity of the development; this street features bicycle lanes on both sides of the roadway, and there does not appear to be room to add any on-street parking.

In June 2012, the City Council approved the El Camino Real/Downtown Specific Plan (“Specific Plan”), which rezoned the subject property from P-D(3) to the new SP-ECR/D zoning district. The Specific Plan established that existing discretionary approvals (such as P-D permits) for developments in the SP-ECR/D district will continue to be honored

and enforced, but properties may elect to proceed with new or modified development in accordance with Specific Plan regulations. Within the Specific Plan, the 555 Glenwood Avenue parcel is in the El Camino Real Mixed Use/Residential land use designation and the ECR NE-R zoning district. Full information on the Vision and Specific Plan projects (including staff reports, meeting video, environmental and fiscal review documents, analysis memos, and workshop presentations and summaries) is available on the City's web site at: <http://www.menlopark.org/specificplan>

On October 30, 2012, the City Council held a study session to provide initial feedback on the potential conversion of 555 Glenwood Avenue to a hotel use. The Council did not make any motions or other group actions, but the Council Members' individual feedback has been considered by the applicant and staff as the project review has proceeded. The applicant, Sand Hill Property Company, currently owns and operates a hotel similar to the proposed facility ("Marriott Residence Inn Palo Alto Los Altos," in Los Altos). The applicant does not currently own or operate the subject property, but is in contract to purchase it from the current owner and business operator.

ANALYSIS

Site Location

The subject property is located at 555 Glenwood Avenue, at the corner of Glenwood Avenue and Garwood Way. A location map is included as Attachment A. Glenwood Avenue is the property's primary functional frontage, and this report's references to site orientation use it as the "front."

The adjacent properties are occupied by a variety of commercial uses, including a language school, restaurants, and offices. In addition, the property is adjacent to a large vacant multi-parcel site addressed 1300 El Camino Real, which has approved plans for a mixed-use retail-office development; however, construction has not yet commenced and the current property owners have indicated interest in possibly pursuing a revised project. The adjacent parcels are all likewise part of the SP-ECR/D zoning district.

Garwood Way in this location is a dead-end street that extends the length of the subject property and the 1300 El Camino Real property. The City has an adopted plan line to extend Garwood Way to Oak Grove Avenue, although there are no immediately-pending plans to implement this extension. Garwood Way is directly adjacent to the Caltrain rail corridor.

Project Description

The applicant is proposing to convert the existing senior citizens retirement living center into a limited-service, business-oriented hotel. As part of this conversion, the applicant would conduct interior, exterior, and landscaping improvements, as shown on the project plans (Attachment B). However, the project would not include the construction of any new floor area or building coverage. The interior public spaces, located in the central one-story building, would be reconfigured to support the hotel use, with dining,

meeting, and computer rooms. The three-story residential buildings would be renovated to provide 138 hotel suites, within the outlines of the 138 rooms that were originally approved. Specific aspects of the proposal are discussed below. The applicant has submitted a project description letter, which describes the proposal in more detail (Attachment C).

Hotel Use

The Specific Plan establishes various uses as permitted, permitted with limitations, administratively permitted, conditionally permitted, and prohibited for its land use designations. In the El Camino Real Mixed Use/Residential land use designation, hotels are a permitted use. The Specific Plan “hotel” definition specifically includes “extended-stay hotels,” although it excludes “rooming hotels, boarding houses, or residential hotels designed or intended to be used for sleeping for a period of 30 consecutive days or longer.” The excluded types of uses typically do not provide any Transient Occupancy Tax (TOT), whereas the permitted hotel types typically provide a mixture of stays that are, and are not, subject to TOT. No discretionary use permit review is required for the hotel land use type, although projects that propose new construction or substantial exterior modifications require architectural control review.

The applicant is proposing that the specific hotel brand be a Marriott Residence Inn, which provides extended-stay accommodations, typically a week or longer. The applicant reports that 77 percent of room revenue at the applicant’s Marriott Residence Inn in Los Altos is from guests staying less than 30 days, and as such is subject to TOT. This assumption has been replicated in the fiscal analyses discussed in a following section, although the actual performance of the proposed Menlo Park facility could differ.

The proposed hotel use type meets the Specific Plan hotel definition in that it would be an extended-stay hotel with a majority of revenue subject to TOT. No TOT monitoring or performance standards would be required for a hotel project of this type that met the Base level development standards and provided all required parking on-site. However, because this proposal requires a determination of a Public Benefit Bonus and approval of a license agreement and encroachment permit for off-site parking, and because both of these actions would be justified at least in part by the projected TOT revenue, staff is recommending conditions/terms that would ensure certain minimum levels of TOT and/or revoke or revert the use if it does not meet certain revenue standards. These conditions/terms are discussed in more detail in subsequent sections, and were structured to address the City’s interests while also acknowledging development limitations (in particular with regard to typical financing requirements).

Design and Materials

The applicant is proposing relatively modest exterior changes to the existing structures. As noted previously, no new gross floor area or building coverage would be added to the development. The primary exterior modifications would consist of:

- Repainting of all buildings;
- Replacement of ground-level patio screens with a new fencing treatment; and
- Comprehensive landscaping enhancements (discussed in more detail in the following section).

Because the existing architectural design was approved previously, only the changes are required to be evaluated with regard to the El Camino Real/Downtown Specific Plan's standards and guidelines. The proposed repainting would establish four distinct tones: a pale orange or peach (to match Pantone DS 18-7 C), a light beige (to match Pantone DS 29-9 C), a darker beige (to match Pantone DS 313-9 C), and a slate gray (to match Pantone DS 329-5 C). These tones would be applied in a manner that would subtly accentuate the existing projections and recessed areas, and would all be relatively muted hues consistent with the surrounding buildings. The Specific Plan does not specify use of any particular colors, although it does suggest changes of color as one potential mechanism to accentuate major and minor façade modulations (Section E.3.4.2, "Façade Modulation and Treatment"). Although the proposal is not required to address the façade modulation requirements, given that the building footprint and envelope are not proposed to change, the introduction of greater variation in color would be consistent with this section of the Specific Plan.

The proposed patio screen update would involve the replacement of painted lattice grids at the ground-level with new horizontal wood fencing. The new fence treatment would introduce a new natural wood tone, with gaps that would continue to provide a mix of privacy and transparency. Staff believes this change is consistent with relevant guidelines of Section E.3.5, "Ground Floor Treatment, Entry and Commercial Frontage," in particular those that discourage blank walls at the ground level, and encourage non-retail ground-floor uses to be enhanced with interesting building design and materials.

New signage would be subject to future ministerial sign permit review and approval. As part of the initial staff review of the proposal, the Engineering Division identified a requirement for a new accessible sidewalk ramp at the Garwood Way and Glenwood Avenue intersection, which is shown conceptually on the project plans and required as part of the recommended action (condition 4a).

Sustainability

The Specific Plan establishes sustainability standards and guidelines, in particular Standard E.8.03, which requires projects to achieve LEED certification at a Silver level or higher (to be verified either directly through the U.S. Green Building Council, or through an independent auditor program if established by the City) if they meet a number of criteria, including:

- Major alterations that are 20,000 gross square feet or more in existing buildings of Group B, M and R occupancies, where interior finishes are removed and significant upgrades to structural and mechanical, electrical and/or plumbing systems are proposed.

Although the project appears to meet the square footage, occupancy, and interior finish triggers, the project as currently proposed does not appear to be proposing significant upgrades to the structural and mechanical, electrical and/or plumbing systems. As such, this requirement would not apply. However, upon completion of a full building permit application, the project scope could be revised to potentially qualify for this provision. Staff has included a condition of approval requiring submittal of an applicant report providing details on upgrades to the structural and mechanical, electrical and/or plumbing systems, concurrent with building permit submittal. If staff determines that such upgrades are significant, the LEED Silver certification (or equivalent) would be required prior to building permit final inspection (condition 4b).

Open Space and Landscaping

The applicant is proposing comprehensive landscaping improvements, with the intent of refreshing the overall site’s appearance. On the public sides of the parcel, no trees would be added or removed, with the exception of one new aristocrat pear to be added at the main entry on Glenwood Avenue, filling in a gap between similar trees. New low flowering shrubs would also be added at the main entry, helping establish a focus at this location. A limited amount of enhanced paving at the main entry plaza would also help mark this as the primary public entrance. The property’s internal courtyards would feature improvements such as new enhanced paving and bench seating, along with various new plantings. In the largest and most central courtyards, the applicant is proposing to add a fire pit and a barbeque area as guest amenities.

The applicant is proposing that three heritage trees be removed:

<u>Tree Type</u>	<u>Diameter</u>	<u>Location on Property</u>	<u>Condition</u>	<u>Basis for Removal Request</u>
Shamel ash	28.8 inches	Center courtyard	Fair	Health/structure
Shamel ash	35.3 inches	Rear-right corner courtyard	Fair	Health/structure
Mexican fan palm	23 inches	Rear-left corner loading area	Good	Construction and crowding with oak

The applicant is proposing to plant approximately 16 new trees, which would primarily be smaller ornamental species in recognition of the site constraints. The City Arborist has reviewed and tentatively approved the removals and proposed replacement plantings. The City Council will review and act on the requested removals in conjunction with the overall project actions (Attachment D).

The project would be required at the time of building permit submittal to submit a detailed landscape plan demonstrating compliance with the City’s Water-Efficient

Landscaping Ordinance (WELO), as well as submit a comprehensive site-wide arborist report to ensure protection of all remaining heritage trees (conditions 3g and 4c).

Public Benefit Bonus

As previously noted, the El Camino Real Mixed Use/Residential land use designation permits hotel uses. However, the Specific Plan also establishes a two-tier density/intensity system, in which uses that exceed the Base level dwelling units per acre and/or Floor Area Ratio (FAR) standards are required to pursue a discretionary Public Benefit Bonus process.

For the 555 Glenwood Avenue property, the ECR NE-R zone establishes a Base level maximum FAR of 1.10, and a Public Benefit Bonus level maximum FAR of 1.50. The subject property has an FAR of approximately 1.16. Although the building size is already approved for the current senior living center use, the change of use at a Public Benefit Bonus level requires Planning Commission review, with City Council review required on appeal or when the overall set of project actions is subject to the discretion of that body. Because this proposal includes Council review of a license agreement and encroachment permit and heritage tree removal permits, the Council will make all final actions on the project, including the Public Benefit Bonus determination.

The Public Benefit Bonus process as outlined in the Specific Plan provides a flexible structure for consideration of such requests, requiring a study session informed by appropriate fiscal/economic review (for this proposal, the October 30, 2012 City Council study session is considered to have addressed this requirement), and providing some suggested elements for consideration. In particular, hotels are called out as one recommended option, as such a facility “generates higher tax revenue for the City while also enhancing downtown vibrancy.”

To inform the Planning Commission and City Council’s consideration of the Public Benefit Bonus, the applicant has prepared a limited economic benefit review, which is included as Attachment E. An initial version of this review was summarized as part of the October 30, 2012 study session staff report, although it has been revised since then. Since the earlier meeting, the City has conducted an independent peer review, which is available as Attachment F.

The limited economic benefit review concludes that the proposal would generate substantially more revenue to the General Fund than does the existing use, primarily due to new TOT revenues. Specifically, the applicant’s analysis projects that the hotel use would increase annual revenues from the property by approximately \$669,000. Of this amount, approximately \$656,000 would be from TOT, collected at the 12 percent rate that was approved by Menlo Park voters as part of the November 6, 2012 general election. The City’s independent peer review found the overall methodology of the applicant’s analysis appropriate (the consultant noted some minor discrepancies that would not affect any substantive conclusions), and also found that an independent market assessment shows strong potential demand for the proposed use. The peer review does note that the applicant’s analysis is based on the current market conditions

(primarily 2011 data from the applicant's Los Altos hotel facility) and that longer-term regional trends could potentially result in reduced revenues. However, a conservative alternative TOT calculation, provided in the independent peer review for comparison purposes, still projects significant annual TOT revenues (\$616,000, or a six-percent reduction compared to the applicant's analysis).

Staff believes that the revenue increase associated with the proposal would be a substantial public benefit to the City. As noted previously, although the Public Benefit Bonus review is conducted on a case-by-case basis, hotel facilities are explicitly called out by the Specific Plan as a suggested consideration for such a bonus because of their inherent revenue and vibrancy benefits. In addition, the FAR level that is being requested is 1.16, which would represent only a 5.5 percent increase above the 1.10 Base level. This level would also be well below the maximum 1.50 Public Benefit Bonus level. Staff believes that the benefits to the City (even assuming the alternative TOT calculation projection) would be an appropriate justification for the Public Benefit Bonus.

In order to ensure that the proposed use meets certain revenue expectations, staff is including a condition of approval (condition 5a) that establishes the Public Benefit Bonus determination as subject to review and potential revocation if the hotel use does not provide TOT to the City in a minimum amount of 50 percent of total room occupancy operating revenue for two consecutive years. The condition would allow a range of options if the trigger is met, specifically:

- Payment to the City of an amount equal to the difference between actual TOT and the 50 percent level;
- Provision of an alternate Public Benefit Bonus, for consideration and action by the Planning Commission;
- Removal of a square footage amount equivalent to the increment between the 1.10 Base level FAR and the 1.16 actual FAR; or
- Reversion to the previous senior citizens retirement living center use.

This condition is consistent with a provision of the proposed license agreement and encroachment permit (discussed in more detail later), and is intended to strike a balance between representing the City's revenue interests and being acceptable to commercial lending entities that finance property purchase and conversion projects such as the subject application.

Parking Rate

The Specific Plan establishes parking rates by use, and requires that developments provide dedicated parking (with the exception of the Downtown Shared/Unbundled Parking Area, where there are allowances for required parking to be provided in the public parking plazas). The use of the public right-of-way for required parking is discussed in more detail in the following section, while this section focuses on the parking rate itself.

As established by Specific Plan Table F2, the parking rate for hotel uses is 1.25 spaces

per room, which for a 138-room hotel use would result in a requirement for 173 off-street parking spaces. However, Specific Plan Table F2 footnote #6 states:

If a use is not listed in this table, a project applicant may propose a rate from *ULI Shared Parking* or other appropriate source or survey for the review and approval of the Transportation Manager. If ULI Shared Parking is updated with a new edition, the Transportation Manager may consider new rates.

The applicant has proposed that the requested land use (a limited-service, business-oriented hotel) is materially distinct from the Specific Plan's listed hotel rate. In particular, the proposed hotel type does not offer facilities that are accessible by non-guests, such as a conference center, restaurant, bar, or independent health club facility. As such, the applicant has proposed application of a blended rate from the Institute of Transportation Engineers (ITE) publication, *Parking Generation (Fourth Edition)*. Specifically, the All Suites Hotel (ITE Code 311) and Business Hotel (ITE Code 312) rates would be combined for a rate of 0.80 spaces per hotel room. For a 138-room hotel, this would result in a requirement of 111 parking stalls.

The applicant is proposing to provide 113 parking spaces for the proposal, consisting of 74 on-site spaces and 39 on-street spaces. The Public Works Director (currently serving as the Transportation Manager) has reviewed and approved the application of the 0.80 spaces per room parking rate for this specific use, on the basis that the proposed limited-service, business-oriented hotel type is distinct from the general hotel rate listed in Specific Plan Table F2, and because the blended rate is supported by analysis and data provided by ITE. In addition, although not explicitly considered as a justification by the Transportation Manager, the proposed rate is also consistent with reported facility operations at the Los Altos Marriott Residence Inn that is operated by the applicant.

The Specific Plan establishes the approval of a parking rate for a use type not listed in Specific Plan Table F2 as being at the Transportation Manager's discretion, and does not require Planning Commission action to validate the new rate. However, when an application separately requires Commission review and approval, the Commission may consider and comment on the new rate as it may relate to the overall set of actions.

Since the October 30, 2012 study session, the applicant has explored the potential of shared parking on other nearby developed sites, such as the Caltrain parking lot, although they have stated they do not believe such arrangements are necessary. The applicant has also reviewed the potential to add a modest number of additional spaces on site (specifically, in the rear-left loading area, provided the heritage palm is removed) and at the unimproved end of Garwood Way (where there appears to be some excess right-of-way), but similarly believes these measures are not needed at this time.

Use of Garwood Way Public Right-of-Way

The applicant is proposing that the 39 on-street parking spaces along Garwood Way in the vicinity of the development be considered as part of the hotel facility's required

parking. As noted previously, the original approvals for the senior citizens retirement living facility required that the developer construct the perpendicular spaces along the east side of the street, but did not formally recognize or enumerate them as required parking spaces for the exclusive use of this parcel (such as through an encroachment permit or other agreement). Staff understands that the spaces have effectively been used as dedicated private parking spaces since the construction of the building, although this use has not itself created a legal right for continued use, either for the current senior residential facility or any future use, as “prescriptive” rights cannot be obtained on public property.

The applicant is proposing that these on-street spaces be considered as part of the proposal, primarily justified by the proposed hotel use’s revenue-generating attributes, but also in consideration of the historical use of these parking spaces. The applicant is concurrently proposing that documentation of their exclusive use be recorded by appropriate instrument. The applicant states that alternatives, such as constructing new on-site parking facilities, adding parking lifts to existing parking areas, or providing a 24-hour valet service, are either financially, technically, or aesthetically infeasible given the constraints of this site.

In consultation with staff (in particular the City Attorney), the applicant is proposing City Council approval of a License Agreement and Encroachment Permit, a draft version of which is included as Attachment G. The draft agreement is subject to review and change prior to City Council consideration, although staff believes the substantive elements will not be modified. The agreement includes standard provisions regarding maintenance and insurance, and also includes unique requirements related to revenue. Specifically, the agreement would require the following after the first full calendar year of operations:

- If the use does not generate TOT on at least 85 percent of total room occupancy revenue, the company shall pay an in-lieu amount equal to the difference between actual TOT and the 85 percent level, up to a maximum of \$50,000 (note: if total TOT revenues are greater than \$700,000, this provision does not apply); and
- If the use does not generate total TOT of at least \$400,000, the company shall pay an in-lieu amount equal to the difference between actual TOT and \$400,000, up to a maximum of \$50,000.

The two provisions above are linked, such that any total in-lieu payment would not exceed \$50,000. The agreement also provides that if the use does not generate TOT in a minimum amount of 50 percent of total room occupancy revenue for two consecutive years, the use will cease, unless the applicant pays an amount equal to the difference between actual TOT and the 50 percent level. These terms were structured to balance the City’s interests while also acknowledging development limitations (in particular with regard to typical financing requirements).

The agreement does not preclude alternate parking arrangements in the future. In particular:

- The adjacent parcel at 1300 El Camino Real has approved development plans for a retail-office mixed-use development. This site is under new ownership, and the current property owners have expressed an interest in a revised development proposal, which could potentially include parking to serve the 555 Glenwood Avenue property. While agreement on such an arrangement is not possible at this time, due to differing development timeframes, staff believes shared off-street parking would generally be preferable to continued use of on-street parking spaces. As a result, staff has included a condition requiring the applicant to make a good-faith effort to explore the potential of a joint parking arrangement, on commercially reasonable terms, with the owners of 1300 El Camino Real (condition 5b).
- As noted previously, the City Council has previously adopted a plan line to extend Garwood Way to Oak Grove Avenue. Although the plan line as currently adopted is for a public roadway, the City could in the future consider altering this plan line to require public access for pedestrians, bicycles, and emergency vehicles, but abandon it as a public roadway. Such an abandonment could provide greater design flexibility for adjacent development sites, although this would be subject to detailed review at the appropriate time.

Staff believes that the provision of required parking in the public right-of-way is uniquely justified in this case by the revenue-generating characteristics of the hotel use, and the fact that the use would not be feasible at this time without such dedicated parking. In addition, while the historical development and use of these spaces with the existing use is not considered a legal basis for continued dedicated parking use, they are also unique factors partially justifying the proposed license agreement, and would be factors not applicable to other properties. The proposed TOT requirements in the approval actions and the license agreement and encroachment permit would ensure certain minimum levels of revenue, and the agreement would not preclude alternate parking arrangements, which may be more preferable in the future.

In order to ensure that the spaces are signed and striped in a functional and aesthetically-pleasing way, staff has included a condition of approval requiring a detailed signage and striping plan with the building permit submittal (condition 4d).

Relationship with Housing Element

The City is currently undertaking a Housing Element update. A initial concern of staff when the applicant inquired about a use change was whether such an action could result in direct negative implications for future Housing Element update cycles (i.e., would the City's unit count obligations be raised by an amount equivalent to the number of rooms currently at this facility). Based on staff analysis, such a "penalty" is only a possibility if a development is explicitly income-restricted for affordable housing and is subsequently removed from those protections. Because the Casa on the Peninsula facility is and has always been a market-rate facility, conversion of the use should not result in direct effects for future Housing Element cycles.

Although there do not appear to be direct Housing Element implications, and although the requested actions to enable a potential hotel operation do not explicitly require consideration of the use change from a senior living center, the applicant has provided information about the State requirements for winding down such a facility. Specifically, they state that "(i) the current owner will be generating a relocation plan customized to each resident and coordinating with the governing agency as to that person's relocation, (ii) from the provision of this information residents would have 60 days' notice to vacate, (iii) staff will be maintained to assist the residents in their moves, and (iv) referral agencies will be retained to place them in a new home."

As previously noted, Casa on the Peninsula is not a skilled nursing home or an affordable senior housing community, which should enable greater flexibility with potential placement of residents in alternate facilities. In addition, the applicant has stated that the facility has recently operated below capacity (currently at approximately 13 percent occupancy), which would limit the number of residents affected by a closure. Staff would also note that both the El Camino Real/Downtown Specific Plan and the in-progress Housing Element Update are intended to help facilitate the production of new housing. While market trends at any particular point may vary between residential and commercial development, over time the Specific Plan and Housing Element Update should help the City improve its jobs:housing balance, as well as encourage the provision of housing types appropriate for a range of ages and incomes.

ENVIRONMENTAL REVIEW

The Specific Plan process included detailed review of projected environmental impacts through a program Environmental Impact Report (EIR), as required by the California Environmental Quality Act (CEQA). In compliance with CEQA requirements, the Draft EIR was released in April 2011, with a public comment period that closed in June 2011. The Final EIR, incorporating responses to Draft EIR comments, as well as text changes to parts of the Draft EIR itself, was released in April 2012, and certified along with the final Plan approvals in June 2012.

The Specific Plan EIR identifies no impacts or less-than-significant impacts in the following categories: Aesthetic Resources; Geology and Soils; Hydrology and Water Quality; Land Use Planning and Policies; Population and Housing; and Public Services

and Utilities. The EIR identifies potentially significant environmental effects that, with mitigation, would be less than significant in the following categories: Biological Resources; Cultural Resources; Hazards and Hazardous Materials. The EIR identifies potentially significant environmental effects that will remain significant and unavoidable in the following categories: Air Quality; Greenhouse Gases and Climate Change; Noise; and Transportation, Circulation and Parking. The Final EIR actions included adoption of a Statement of Overriding Considerations, which is a specific finding that the project includes substantial benefits that outweighs its significant, adverse environmental impact.

As specified in the Specific Plan EIR and the CEQA Guidelines, program EIRs provide the initial framework for review of discrete projects. In particular, projects of the scale of the 555 Glenwood Avenue proposal are required to be analyzed with regard to whether they would have impacts not examined in the Program EIR. This conformance checklist, which analyzes the project in relation to each environmental category in appropriate detail, is included as Attachment H. The checklist is informed by a Traffic Impact Analysis (TIA) prepared by the applicant (Attachment I), which was the subject of an independent City peer review (Attachment J). The Planning Commission should note that similar conformance checklists for other projects may differ in format and detail, depending on the attributes of such projects. The checklist may also be refined prior to City Council consideration of final actions.

As detailed in the conformance checklist presented above, the proposed project would not result in greater impacts than were identified for the Program EIR. Relevant mitigation measures have been applied and would be adopted as part of the Mitigation Monitoring and Reporting Program (MMRP), which is included as Attachment K. No new impacts have been identified and no new mitigation measures are required for the proposed project.

Specific Plan Maximum Allowable Development

Per Section G.3, the Specific Plan establishes the maximum allowable net new development as follows:

- Residential uses: 680 units; and
- Non-residential uses, including retail, office and hotel: 474,000 square feet.

These totals are intended to reflect likely development over the Specific Plan's intended 20- to 30-year timeframe. As noted in the plan, development in excess of these thresholds will require amending the Specific Plan and conducting additional environmental review.

The 555 Glenwood Avenue proposal would not create any new square footage in order to convert the existing senior citizens retirement living center into a new 138-room hotel. However, the net new vehicle trips associated with the conversion, which is of direct relevance to traffic analysis and affects other impact categories (e.g., air quality and noise), can be considered equivalent to a new 87-room hotel, which can be

approximated as a net increase of 71,921 square feet of commercial square footage. As such, the 555 Glenwood Avenue proposal would represent 15 percent of the non-residential uses for the overall Specific Plan (note: per Section G.3, the non-residential development is not segmented by use). If the project is approved and implemented, this amount would be deducted from the Maximum Allowable Development in the Plan area.

RECOMMENDATION

The proposed exterior changes would comply with relevant standards and guidelines from the Specific Plan, and the comprehensive landscaping improvements would refresh the overall site's appearance. The hotel use's Transient Occupancy Tax (TOT) revenue would justify the application of a modest Public Benefit Bonus. The parking rate has been approved by the Transportation Manager and is supported by appropriate data and analysis. The use of on-street parking for private use is justified for this site by unique revenue and historical use factors, and the license agreement and encroachment permit would include terms to ensure minimum levels of TOT. The potential environmental effects of the project have been analyzed in detail and would be consistent with the Specific Plan Program EIR. Staff recommends the Planning Commission recommend approval to the City Council of the following actions:

1. Make a finding with regard to the California Environmental Quality Act (CEQA) that the proposal is within the scope of the project covered by the El Camino Real/Downtown Specific Plan Program EIR, which was certified on June 5, 2012. Specifically, make findings that:
 - a. A checklist has been prepared detailing that no new effects could occur and no new mitigation measures would be required (Attachment H, including Attachments I and J by reference).
 - b. Relevant mitigation measures have been incorporated into the project through the Mitigation Monitoring and Reporting Program (Attachment K), which is approved as part of this finding.
 - c. Upon completion of project improvements, the Specific Plan Maximum Allowable Development non-residential use total will be reduced by 71,921 square feet, accounting for the project's share of the Plan's overall projected development and associated impacts.
2. Adopt the following findings, as per Section 16.68.020 of the Zoning Ordinance, pertaining to architectural control approval:
 - a. The general appearance of the structure is in keeping with the character of the neighborhood.
 - b. The development will not be detrimental to the harmonious and orderly growth of the City.

- c. The development will not impair the desirability of investment or occupation in the neighborhood.
 - d. The development provides adequate parking as required in all applicable City Ordinances and has made adequate provisions for access to such parking.
 - e. The development is consistent with the El Camino Real/Downtown Specific Plan. In particular:
 - i. The relatively modest exterior changes would comply with relevant design standards and guidelines.
 - ii. The hotel use's Transient Occupancy Tax (TOT) revenue would justify the application of a Public Benefit Bonus for a Floor Area Ratio (FAR) of 1.16, which is above the 1.10 Base level FAR but well below the Public Benefit Bonus maximum level of 1.50 FAR. Minimum levels of TOT would be ensured by condition 5a.
3. Approve the architectural control request subject to the following **standard** conditions of approval:
- a. Development of the project shall be substantially in conformance with the plans prepared by Stantec, dated received February 25, 2013, consisting of eight plan sheets and approved by the City Council on _____, 2013, except as modified by the conditions contained herein, subject to review and approval of the Planning Division.
 - b. The applicant shall comply with all West Bay 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 applicant 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 of the Planning, Engineering and Building Divisions. Landscaping shall properly screen all utility equipment that is installed outside of a building and that cannot be placed underground. 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 the review and approval of the Engineering Division.
- f. Heritage trees in the vicinity of the construction project shall be protected pursuant to the Heritage Tree Ordinance.
 - g. Prior to building permit issuance, the applicant shall submit proposed landscape and irrigation documentation as required by Chapter 12.44 (Water-Efficient Landscaping) of the City of Menlo Park Municipal Code. If required, the applicant shall submit all parts of the landscape project application as listed in section 12.44.040 of the City of Menlo Park Municipal Code. This plan shall be subject to review and approval by the Planning and Engineering Divisions. The landscaping shall be installed and inspected prior to final inspection of the building.
4. Approve the architectural control request subject to the following ***project-specific, construction-related*** conditions of approval:
- a. Concurrent with submittal of a complete building permit, the applicant shall submit a frontage improvement plan, showing the construction of a new accessible ramp, where one does not currently exist, at the intersection of Garwood Way and Glenwood Avenue (directly adjacent to the project site, for the direction crossing Garwood Way), subject to review and approval of the Engineering Division. Implementation of this improvement is required to be completed prior to building permit final inspection, subject to review and approval of the Engineering Division.
 - b. Concurrent with submittal of a complete building permit, the applicant shall submit a detailed report describing the full scope of upgrades to the structural and mechanical, electrical and/or plumbing systems, subject to review of the Building Official and Planning Division. If the City determines that the system upgrades are significant, the applicant shall be required to meet the LEED requirements of Specific Plan Standard E.8.03.
 - c. Concurrent with submittal of a complete building permit, the applicant shall submit a comprehensive arborist report, subject to review and approval of the City Arborist and Planning Division. Tree preservation measures shall be integrated into the project plans.
 - d. Concurrent with submittal of a complete building permit, the applicant shall submit a signage and striping plan for the Garwood Way parking spaces, subject to review and approval of the Transportation and Planning Divisions. Implementation of the approved signage and striping is required to be completed prior to building permit final inspection, subject to review and approval of the Transportation and Planning Divisions.

5. Approve the architectural control request subject to the following ***project-specific, ongoing*** conditions of approval:
 - a. The use is subject to review and potential revocation if the hotel use does not provide TOT to the City in a minimum amount of 50 percent of total room occupancy operating revenue for two consecutive years. Specifically, the use would be subject to one of the following options, to be reviewed and determined through a procedure to be established by the Planning Division:
 - i. Payment to the City of an amount equal to the difference between actual TOT and the 50 percent level;
 - ii. Provision of an alternate Public Benefit Bonus, for consideration and action by the Planning Commission;
 - iii. Removal of a square footage amount equivalent to the increment between the 1.10 Base level FAR and the 1.16 actual FAR; or
 - iv. Reversion to the previous senior citizens retirement living center use.
 - b. The applicant shall make a good-faith effort to explore the potential of a joint parking arrangement, on commercially reasonable terms, with the owners of the adjacent development site known as 1300 El Camino Real.
6. Approve the license agreement and encroachment permit (Attachment G).
7. Adopt a Resolution of the City of Menlo Park to approve the heritage tree removal permits (Attachment D).

Thomas Rogers
Senior Planner
Report Author

Arlinda Heineck
Community Development Director

PUBLIC NOTICE

Public notification consisted of publishing a notice in the local newspaper and notification by mail of owners and occupants within a 300-foot radius of the subject property. In addition, the City sent an email update to subscribers to the project page for the proposal, which is available at the following address:

http://www.menlopark.org/projects/comdev_555glenwood.htm.

The Planning Commission action will be in the form of a recommendation to the City Council.

ATTACHMENTS

- A. [Location Map](#)
- B. [Project Plans](#)
- C. [Project Description Letter](#)
- D. [Draft Resolution of the City of Menlo Park to Approve the Heritage Tree Removal Permits](#)
- E. [Limited Economic Benefit Review - Conley Consulting Group – October 3, 2012 and January 18, 2013](#)
- F. [Limited Market Analysis and Peer Review – BAE Urban Economics – February 19, 2013](#)
- G. [Draft License Agreement and Encroachment Permit for Use of Parking Spaces](#)
- H. [Draft El Camino Real/Downtown Specific Plan Program EIR Conformance Checklist – 555 Glenwood Avenue Project](#)
- I. [Results of Preliminary Parking and Traffic Impact Analysis of Proposed Marriott Residence Inn at 555 Glenwood Avenue in Menlo Park – TJKM – February 26, 2013](#)
[Note: appendices not included due to length, but available for review on the project page and at City offices]
- J. [Review of 555 Glenwood Avenue Traffic Analysis – W-Trans – February 27, 2013](#)
- K. [Mitigation Monitoring and Reporting Program \(MMRP\)](#)

Note: Attached are reduced versions of maps and diagrams submitted by the applicants. The accuracy of the information in these drawings is the responsibility of the applicants, and verification of the accuracy by City Staff is not always possible. The original full-scale maps, drawings and exhibits are available for public viewing at the Community Development Department.

EXHIBITS TO BE PROVIDED AT MEETING

None

V:\STAFFRPT\PC\2013\030413 - 555 Glenwood Ave.doc