

**PUBLIC HEARINGS AND OTHER MATTERS**

17. **PUD-97, Ponderosa Homes** – Consider introduction of an ordinance approving: (1) the rezoning of an approximately 2.1-acre site at 4202 Stanley Blvd from C-F (Freeway Interchange Commercial) District to PUD-MDR/OS-PH&S/WO (Planned Unit Development – Medium Density Residential/Open Space – Public Health and Safety/Wildland Overlay) District; and (2) a PUD Development Plan to retain or demolish the existing residence, to remove the 32 mobile home spaces and related accessory structures, and to construct 12 to 14 detached single-family homes

Community Development Director Dolan presented the staff report, stating that the applicant is proposing construction of a 12 to 14 unit single-family home development located at 4202 Stanley Boulevard. The property is bordered by Stanley Boulevard and the Arroyo, as well as residential and commercial land uses, of which some of the latter operate out of converted residential structures. The roughly 2.1 acre site is situated partially in the arroyo, which is designated as Open Space with a Safety-Wildland overlay in the General Plan, leaving 1.84 acres available for development. While the site is zoned Freeway Interchange Commercial, both the General Plan and Downtown Specific Plan designations are medium density residential which allow 2 to 8 dwelling units per gross developable acre. The current land use on the site is a mobile home park, although the majority of units are unoccupied or have been removed.

The Council is being asked to find that the project is adequately covered in the Housing Element, Climate Action Plan, and Supplemental Environment Impact Report (EIR) to the General Plan EIR, that the proposed PUD rezoning are consistent with the General Plan and Downtown Specific Plan, make the PUD findings required to approve a development agreement, and introduce the ordinances to initiate the proposed zoning changes. He noted that the subject site was one of those evaluated for rezoning during the Housing Element process and, while not ultimately selected, the related EIR analysis precludes the need for any additional study related to CEQA.

Mr. Dolan provided background on the project. He explained that staff has been working with the applicant for some time and has seen several different iterations of the project, one of which actually proposed up to 15 units. Following a Planning Commission workshop, the applicant ultimately brought forward a formal proposal for 12 new residential lots that retained the site's existing home on its own lot. The proposal did not include any provisions for the home, which the applicant indicated the property owner would likely attempt to sell as a separate lot. At its hearing on July 10, 2013, the Planning Commission expressed its strong support for the project but was uncomfortable approving the project without a specific plan to address the existing home. The Commission unanimously voted to recommend denial of the project, but stressed that its decision was solely on this factor.

Since the Planning Commission hearing, staff has worked with the applicant to develop 2 options for the Council's consideration, both of which are based on the original project with some minor variations. Option 1 provides some level of improvement to the existing home in that Ponderosa has committed \$30,000 that would otherwise have been spent on the Bernal Park fee towards improvements to the existing home. Condition of approval No. 4 stipulates that these funds should go towards a new roof, exterior paint and landscaping of the site in order to make for a more attractive entrance to the project. Option 1 also includes the possibility to allow limited commercial and personal services or office uses to occur in the home, which would increase its marketability. As proposed, the conditions of approval suggest that it would be the responsibility of Ponderosa or the property owner to initiate the various Specific Plan and General Plan amendments needed to expand the land use potential, however, staff is amenable to direction that they take on this responsibility themselves.

Option 2 allows demolition of the existing home, which would be replaced with 2 additional lots and 2 new homes matching the rest of the proposed project. Aside from removal of the existing home, Option 2 is problematic in that it provides less on street guest parking than Option 1. He explained that parking is an issue in this neighborhood which the project will likely exacerbate further. He also explained that

the planned renovation of Stanley Boulevard will eventually eliminate parking on one side of the street and further aggravate present parking conditions. In response to this particular issue, the applicant has proposed the use of a small open space that staff believes can accommodate 2 parking spaces to help compensate for some of the loss. The proposed homes and home sizes are the same as in Option 1, although the lot specifications do differ slightly. He noted there have been some recent developments regarding ownership of the parcel which may make Option 2 less viable.

He provided several renderings of the existing home and said there was considerable discussion at the Planning Commission about whether or not it is best preserved. Acknowledging the differences in community opinion regarding which homes warrant protection, the applicant commissioned a historic study to determine whether the home met the standards for preservation and would be eligible for the California Register of Historical Resources. The study concluded that it was not, largely to do with its integrity. Nevertheless, it is an older building with some interesting architecture that adds to the charm and character of the downtown and staff felt it worthwhile to bring forward an option which helped to support the possibility that it could be retained.

Both Options 1 and 2 include a pedestrian connection from the rear of the development to Vervais Avenue and the downtown. The Climate Action Plan calls for pedestrian circulation improvements when creating new cul-de-sacs and, while this is not a cul-de-sac, staff sees it as not dissimilar and a really unique opportunity to make this kind of connection. Mr. Dolan reviewed site plans and streetscapes for both options. He described the project's architecture as a combination of craftsman and cottage style, with varied rooflines and a rich material palette. Home sizes are modest, ranging from 2,200 to 2,600 square feet, and blend nicely with many of the homes one would find in the downtown.

Councilmember Brown asked what the normal floor area ratio (FAR) is on a medium density development of this nature. Mr. Dolan said most are developed as part of a PUD and typically range between 50% and 60% FAR. He confirmed that the proposed project ranges between 38% and 71%, depending on which elevation is selected for each lot, and said this is quite typical of some of the infill sites in the downtown. He noted several with a higher FAR than is proposed for the smaller lots here.

Mr. Dolan continued his presentation, stating that net lot sizes range from 3,700 to 5,800 square feet. He noted that several larger lots which back up to the arroyo actually have far less useable space. He discussed the site's existing trees, many of which suffer from unorthodox pruning and are generally of a condition that is not considered worth saving and some of which fall in the path of the proposed development. There are, however, several trees in the arroyo and around the perimeter of the site that are in good condition and will be protected during construction. The proposed conditions of approval require the standard mitigation either through payment into the urban forestry program or tree replacement. He also briefly reviewed the proposal for Lot 12, which includes a unique front facing architecture and wraparound porch on two sides because of its exposure to Stanley Boulevard, and the offer of a dedicated easement should the proposed trail along the arroyo ever be built.

Key issues before the Council include selection of one of the proposed options and whether the Council would like to allow a limited change in land use as described and who would be responsible for initiating that process. He noted that the potential for commercial and personal services was not presented to the Planning Commission, but the process to allow it is largely procedural and should go smoothly in staff's opinion. Given that there is a potential buyer for Lot 13, the Council may also want to consider some minor amendments to the language of Condition No. 4. As currently written, the condition requires the applicant to invest \$30,000 towards a new roof, exterior paint and landscaping improvements for Lot 13 prior to occupancy of the project units. In order to incentivize these improvements, the applicant would essentially receive a \$30,000 credit on the Bernal Park fee (\$2,500 per unit) that is charged on all downtown projects. The sale of the lot does complicate the issue somewhat, so staff is suggesting additional language which would revert back the fee to the original Bernal Park Reserve Fund if Lot 13 is sold.

Mr. Dolan presented a slide listing the FARs, ranging from 49% to 89%, on several nearby PUDs.

Councilmember Brown asked whether these comply with guidelines for development in the downtown.

Mr. Dolan explained that while a higher density is encouraged in the downtown, the community has ultimately been more comfortable with small lot single family homes than attached units. Single family homes keep with the character of the surrounding neighborhood but typically require a compromise in terms of FAR. He concluded his presentation, stating that staff recommends approval of Option 1.

Mayor Thorne expressed concern that someone could purchase Lot 13 and still do nothing to improve the home.

Mr. Dolan explained that the city's ability to influence what happens there depends largely on timing. If sold immediately, there is a certain risk that the new owner may leave the home as is. If, however, the applicant pulls their permits prior to a sale then they would be required to make the investment already described. While this is not a guarantee that additional improvements will be made, the aesthetic improvements, Ponderosa's own project and the alternative land uses certainly make it more a marketable site.

Mayor Thorne asked and Mr. Dolan clarified that the applicant is responsible for \$30,000 worth of improvements to the home, equal to the Bernal Park Fee, and not any more or less.

Councilmember Narum said she read Condition No. 4 a bit differently, in that they must invest a minimum of \$30,000 and address the areas of roofing, exterior paint and landscaping. She asked what staff's intent is if this were insufficient to address three items.

Mr. Dolan explained that it is both a minimum and maximum, with the funds to be devoted to the three areas identified in whatever manner will yield the greatest benefit.

Councilmember Pentin asked if allowing a limited commercial use would require the home to be brought up to current code and ADA requirements.

Mr. Dolan said there are likely several deficiencies that should be corrected regardless of the use.

Mayor Thorne asked and Mr. Dolan confirmed that staff believes that the illegal second story was constructed sometime in the 1960s, and that this is likely partly responsible for the integrity concerns identified in the historical analysis.

Councilmember Pentin asked and Mr. Dolan confirmed that the City could require the second story to be removed as part of the reroofing process, provided it was not permitted and lacks structural integrity.

Mr. Fialho stated that staff met with the applicant to develop a plan for the existing home and identified two options – demolition or incentivizing the preservation of the home by providing a fee credit of \$30,000. Staff's intent was that they use these funds to spruce up the property so that it does not appear neglected, particularly adjacent to a multimillion dollar development, and not that they do any improvements to the interior of the home. He noted that the minutiae of this is really no longer relevant because there is an active sale associated with the property, which is why staff has recommended additional language to Condition No. 4 redirecting the incentive back to Bernal Park if the lot is sold.

Mayor Thorne opened the public hearing.

Pam Hardy, Ponderosa Homes, said she agreed with staff that it would be advantageous to present both options to the Council and noted that the existing home seems to have generated the greatest amount of attention regarding this application. She stated that Ponderosa first entered into an option

agreement with the property owner in 2011. A 14 lot plan, which included removal of the house, was prepared and a neighborhood meeting conducted at which neighbors immediately adjoining the property indicated strong support for the proposed project. Ponderosa proceeded with a historic evaluation of the home, which indicated that the house failed to meet eligibility requirements for both the state and national registries of historic places and structures. She said they also felt that the home's original and added features lacked the architectural significance to satisfy the desired design themes discussed in the city's context statement. Following the Planning Commission workshop, at which it became apparent that the proposed removal of the home would still be an issue, Ponderosa renegotiated its agreement with the property owner to allow the retention of the existing home on a 9,800 square foot lot. She stated that Ponderosa's preference continues to be Option 2, although in light of recent news that the property owner may have found a buyer for the home, they are simply asking that the Council vote to approve either option. She cited the project's advantages, which include elimination of a dilapidated mobile home park, improvements to this portion of Stanley Boulevard, development of new and smaller home lots consistent with the General Plan and land use pattern in this area, preservation of the creek, dedicated easement for future public use, pedestrian access to Vervais Avenue, installation of a public sidewalk on Stanley Boulevard where one does not currently exist, as well as significant fee and property tax revenue generation for the City. She requested clarification on the new language added by staff, which she understood to mean that Ponderosa would be required to make the stated improvements to the existing home as well as pay the Bernal Park fee.

Mayor Thorne clarified and staff confirmed that it is an either/or, not both.

Councilmember Brown conceded that the project would be a significant improvement over the existing mobile home park and that the City is definitely appreciative of the fees that will be generated from the project. She asked why, when the applicant acknowledges it is the desire of the community to preserve the home, they would continue to push for Option 2. She noted that she spoke with the applicant several days ago, at which point there was no indication this option was not viable, and asked when Ms. Hardy learned the home was already under contract with another buyer.

Ms. Hardy assured her that they take to heart any input received from the community, as evidenced by their willingness to revise the project accordingly. However, as a business it is only logical that they would advocate for the 14 unit plan, particularly when they do not believe the home is historic in nature. She stated that she was made aware of the potential sale of the site late Thursday evening and deferred to the property owner's representative for more information.

Jeff Schrader, Ponderosa Homes, agreed that the 14 unit plan is the logical preference, particularly on a smaller project like this. At some point however, they as a company recognize that these 2 lots are not worth fighting over if preserving the home is really the wish of the community. He explained that when it was first apparent that this could become an issue, they met with the property owner, renegotiated their agreement, and suggested they begin to seek another buyer for the home. He stated that technically, Ponderosa is still under contract to purchase the entire site and therefore the owner cannot enter into a contract with another party to purchase the property. Recent news indicates that they have in fact found a buyer, but their commitment is unclear and Ponderosa therefore feels it is important to keep both options on the table for the Council's consideration.

Councilmember Brown asked when Ponderosa pulled its legal option to purchase the home.

Mr. Schrader explained that when it became apparent the home could pose an issue, they negotiated an amendment to the agreement that would still allow Ponderosa to purchase the entire lot if Option 2 were approved. If however something like Option 1 were approved, they would need to submit a parcel map and either do a lot split prior to the purchase or purchase the site as a whole and grant the property back to the seller once the lot split is completed. He noted that Ponderosa submitted a parcel map some time ago and is confident that either method could be resolved fairly quickly.

Vice-Mayor Cook-Kallio expressed concern that genuinely important details could be overlooked in what could become a complicated transaction. She asked and Mr. Fialho confirmed that, if the property is to be sold, it is imperative to ensure that the parcel map is executed properly and legally.

Dale Morris, representing the property owner, clarified that due to conflicting schedules, he and Ms. Hardy spoke for the first time yesterday regarding the potential sale. He explained that his client and Ponderosa entered into a new contract opting out of the lot one month ago, after which he was instructed to find a buyer for the existing residence subject to all that is before the Council tonight. He said he was fortunate enough to contact a property investor whose family actually owned the home when he was a child, and that they recently committed over \$500,000 cash to the purchase and rehabilitation of the home. He noted that the current contract with Ponderosa already requires that the applicant landscape, fence and supply utilities to the home and therefore asked that Condition No. 25 be deleted. With regards previous improvements to the home, he explained that the second story addition was actually a finished preexisting attic, with no changes to the permitted roofline or stairwell.

Councilmember Brown asked when the prospective buyer planned to begin work on the project.

Mr. Morris explained that the contract stipulates he has a maximum of 5 days to close escrow following the official lot split. He noted that the buyer's preference is to retain some sort of commercial zoning for the site and that they were less concerned with rezoning to residential-commercial.

Vice-Mayor Cook-Kallio requested clarification on what impact tonight's action, if taken, would have on the lot split.

Mr. Dolan explained that a parcel map would be required, though as noted previously the applicant submitted the necessary application some time ago and it should only take several weeks.

Councilmember Narum asked how quickly a commercial overlay could be accomplished.

Mr. Dolan said several months, if it were staff's top priority. When asked whether this would keep pace with the applicant's project, Mr. Dolan said it could be completed well ahead of the larger project.

Jan Batcheller said that Pleasanton is incredibly lucky to have Ponderosa, one of California's finest builders, propose such a beautiful solution to what has been an eyesore for the last 40 years. She asked that the Council let the existing home stand on its own merits, to be considered when its new owner makes application to the city, and to approve the 12 unit project. She also asked that the Council delete all of Condition No. 4 relative to Option 1 or that they indemnify Ponderosa for any issues or injuries that might occur during the course of their work on the home. She read from Peter MacDonald's letter to the Council: "The cumulative effects of imposing historical mandates on older buildings which lack historical and architectural merit would be to discourage anyone desiring to invest in and redevelop obsolete buildings in downtown. Recent erratic historic requirements have cast a cloud of uncertainty and delay on downtown investment."

Jerry Hodnefield, Historical Preservation Task Force, said he agreed largely with the points in Mr. MacDonald's letter but would prefer that the Council entertain Option 2. He said he spent considerable time reviewing the proposed project and is impressed with the applicant's efforts to revitalize what has been an unmitigated eyesore for many years. He said he believed strongly in saving and preserving heritage homes as a historical asset, but that he also believes this home to be riddled with mold and rot, scabbed together with miscellaneous materials, and completely devoid of any value or historical merit. He suggested that any attempt to rehabilitate the home would result in the existing structure being taken down to the studs and replaced with something that resembles the original home in appearance only. He said the task force is currently working on a system that will remove some of the subjectivity from this process and divides homes into 2 categories – those built prior to and those built after 1941. The latter would be presumed to be of little or no architectural or historical significance

unless proven otherwise and therefore not subject to historical limitations. The former would be presumed to of some significance and therefore subject to some level of protection, unless proven to be unworthy through qualified studies. He said it is his opinion that the applicant's study meets the intent of these standards and ultimately demonstrates that the community might be better served by allowing the applicant to replace a dilapidated and insignificant structure with 2 new homes.

Scott Raty, Chamber of Commerce, said there is clear consensus that the existing mobile home park is an eyesore and the existing home is in need of substantial improvements. He stated that the Chamber has a long history in helping to identify the downtown as a vibrant business district and to discourage government interference from needlessly standing in the way of this revitalization. He said Ponderosa has long since set the bar for quality residential development in Pleasanton and cautioned that subjecting them to this drawn out process over a relatively small project would cause many to question the value of doing business here. He encouraged the Council to find that the existing home has no historic value and approve the 14 unit project. He asked whether other developments in the downtown has been subjected to requirements comparable to those being asked of Ponderosa, which include the \$2,500 Bernal Park fee, dedicated easement, pedestrian connection to Vervais Avenue and park fees.

Arne Olson, Planning Commission, noted he was absent from the Commission's July meeting. He stated for the record that he agreed with fellow Commission members that this is a wonderful project and that he was delighted to see the applicant present a design that responded to some of the concerns identified at the earlier workshop. However, he said he did not agree with the Commission's action and would have voted in favor of the project, with direction to staff to bifurcate the issue of the existing home. He said Ponderosa's core competency is new construction rather than rehabilitation, noted that recent information suggests a solution for the home is at hand, and asked the Council to approve the project.

Emilie Cruzan strongly urged the Council to exhaust every measure in preserving the existing home, which she described as historic to the neighborhood and very similar in structural appearance to two lovely homes right on First Street. She felt that 14 homes would be a bit much for the proposed project site, which is situated along an already difficult and soon to become more difficult stretch of Stanley Boulevard. She felt that some sort of mixed use for the home would be an ideal compliment to surrounding uses and encouraged the Council to approve Option 1.

Linda Garbarino said it is a rare opportunity for any elected body to be presented with a win-win, which is what the Council has in Option 1 and a buyer waiting to rehabilitate a historic home at the gateway to such a lovely project. She asked the Council to support Option 1.

Peter MacDonald said he supported the preference of Ponderosa Homes. He expressed confusion over staff's determination to charge the applicant \$30,000 for rehabilitation of the existing home but suggested that if Option 1 were approved, these funds should be dedicated to the home and not Bernal Park, regardless of whether the property is sold.

Ms. Hardy thanked the public for their comments.

Vice-Mayor Cook-Kallio requested clarification on the current agreement between Ponderosa Homes and Lutheran Church, the property owner.

Ms. Hardy, Mr. Schrader, and Mr. Morris provided contradictory information, with the applicant believing they retained the option to purchase the existing home with the rest of the site depending on the Council's action and Mr. Morris believing this option had been relinquished the month before. Mr. Morris clarified that Ponderosa has retained its option on the remainder of the site and that the purchase price was reduced accordingly.

Vice-Mayor Cook-Kallio requested clarification on the Council's responsibilities relative to the language in Condition No. 4, the parcel map and rezoning, given that Option 2 was not a viable alternative.

Mr. Fialho cautioned against overcomplicating what is before the Council, which is simply whether to allow demolition or require rehabilitation of the existing home as part of the proposed project. The sale of the home is irrelevant in the context of the Council's discussion. The property owner's representative has indicated that Option 2 is really not an option. This leaves Option 1 which involves either the applicant beautifying the home with the \$30,000 credit or the new owner using their own money to rehabilitate the home. He explained that while the mechanism by which the home is preserved is different, Option 1 is essentially all that is before the Council. If the direction from the Council is to invest \$30,000 of Bernal Park fees into paint, roofing and landscaping, then what happens between these two parties relative to the sale is a private issue and obligation that is not in the control of the city.

Mayor Thorne closed the public hearing.

Vice-Mayor Cook-Kallio said she liked the project, particularly the dedicated easement, pedestrian connection and overall architecture.

**MOTION:** It was m/s by Cook-Kallio/Brown to approve Option 1, with clarifying language regarding Condition No. 4 and an encouragement to process the parcel map and rezoning for existing home site as quickly as possible.

Councilmember Brown said the project is clearly an overall win for the community. She restated that the Planning Commission voted 4-0 in favor of protecting the existing home, said preservation of a 101 year old home should always be the first option and said she was pleased to be able to have this discussion. She noted that when she toured the site with the applicant and staff, Mr. Dolan commented to her that the home appeared to be in fairly good condition although more recent modifications were done properly. She said the city should be proud to partner with Ponderosa on this project, which will be a dramatic improvement over the current mobile home park. She said the existing home would be a real asset once rehabilitated and would fit nicely next to existing commercial uses. She expressed concern over the proposed FAR, despite the presence of similar examples, as well as the removal of 29 of 39 trees currently on the site. Overall, she felt the project would be a real asset to the downtown.

Councilmember Narum generally agreed with what was said. She shared her appreciation for the applicant's efforts to respond to the feedback provided at the Planning Commission workshop, particularly the wraparound porch on the corner lot. Given the pending sale of the existing home, she requested support to delete Condition No. 1 and separately direct staff to initiate the General Plan and Specific Plan amendments to approve a limited commercial zoning overlay on Lot 13.

Vice-Mayor Cook-Kallio and Councilmember Brown accepted the amendment to the motion. Staff confirmed that they understood the intent of the direction, as well as the desire to do so expeditiously.

Councilmember Pentin said he supported the project, particularly in an infill area. He expressed concern over the additional language proposed by staff questioned the need given that it is now clear the applicant will have no relationship with Lot 13. He explained that his concern was that the investor could ultimately benefit from \$30,000 that should otherwise go to Bernal Park.

Mr. Fialho explained that the Bernal Park fee credit is only provided to Ponderosa if the sale of the existing home is not executed.

Mayor Thorne echoed other comments supporting the project. He said he would support the motion, as amended, but did feel government had overstepped its bounds in trying to tie the applicant to the existing home.

**MOTION:** It was m/s by Cook-Kallio/Brown to approve Option 1, as amended; introduced and waived first reading of **Ordinance No. 2077** approving (1) the Rezoning of an approximately 2.1-acre site at 4202 Stanley Blvd from C-F (Freeway Interchange Commercial) District to PUD-MDR/OS-PH&S/WO (Planned Unit Development – Medium Density Residential/Open Space – Public Health and Safety/Wildland Overlay) District; and (2) A PUD Development Plan to retain the existing residence, to remove the 32 mobile home spaces and related accessory structures, and to construct 12 detached single-family homes, as filed under Case PUD-97; Motion carried by the following vote:

Ayes: Councilmembers Brown, Cook-Kallio, Narum, Pentin, Mayor Thorne  
Noes: None  
Absent: None

#### **MATTERS INITIATED BY COUNCIL**

Mayor Thorne requested and received Council support to provide finger foods at the upcoming Pleasanton Partners in Education event, which supports the school district.

Vice-Mayor Cook-Kallio said she was recently appointed to the PPIE Board. She said it is a wonderful event that raised a tremendous amount of money for the district last year. She encouraged the public to purchase tickets to the event or to contact Susan Hayes for sponsorship opportunities.

Councilmember Pentin said he has a long history of supporting PPIE and shared his support.

Councilmember Narum echoed her support. She also reported that the Council finished second in the recent bucket brigade.

**COUNCIL REPORTS - None**

#### **ADJOURNMENT**

There being no further business, the meeting was adjourned at 8:49 p.m. The Council extended a tribute to our nation's men and women serving in the military. We wish to honor the memories of those who have died in past wars in defense of our country, including those who have died in the current conflicts in Iraq and Afghanistan.

Respectfully submitted,

  
Karen Diaz  
City Clerk