



DATE: November 7, 2017

CATEGORY: Public Hearing

DEPT.: Community Development

TITLE: **Appeal of Approval of a New Hotel at 870 Leong Drive**

RECOMMENDATION

1. Approve the Mitigated Negative Declaration for the 870 Leong Drive hotel project in accordance with the California Environmental Quality Act (Attachment 1 to the Council report.)
2. Adopt a Resolution Upholding the Zoning Administrator's Approval of a Planned Community Permit, a Provisional Use Permit, a Development Review Permit, and a Heritage Tree Removal Permit to Construct a New Hotel, and Remove Three Heritage Trees at 870 Leong Drive, to be read in title only, further reading waived (Attachment 2 to the Council report).

BACKGROUND

On September 21, 2017, the City received an appeal of the Zoning Administrator's decision to conditionally approve a Planned Community Permit and a Development Review Permit to allow construction of a new 74-room hotel to replace an existing (vacant) commercial building, a Provisional Use Permit for a parking reduction for a hotel with 70 parking spaces in lieu of the required 75 parking spaces, and a Heritage Tree Removal Permit to remove three Heritage trees at 870 Leong Drive. The appellants state that the project is a poor project which is not good for the neighborhood due to environmental contamination, increased traffic, building height, reduced parking, and the project appearance (see Attachment 3 – Statement of Appeal).

Project Site

The project site is located on the west side of Leong Drive between Moffett Boulevard and Fairchild Drive in the P-32 (Evandale) Precise Plan. The site is currently developed with a single-story, vacant commercial building which was built in 1970. The building was used as a restaurant (Denny's) for many years until its closure in 2009 and later

used as a community center for religious institution. The building has been vacant for five years.

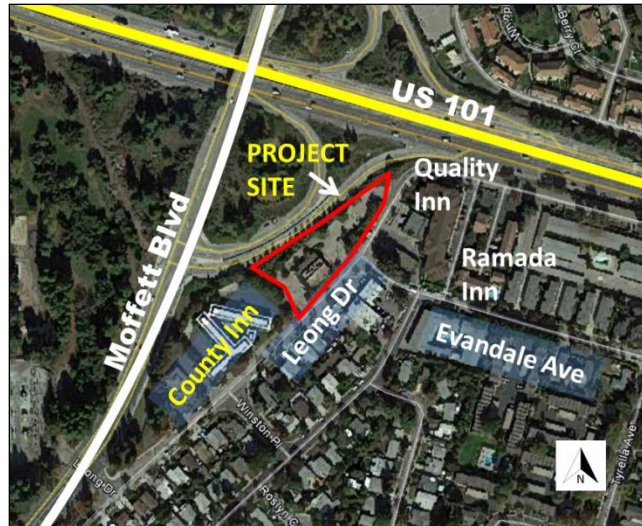


Figure 1 – Project Location

The surrounding land uses include single-family homes to the south; a two-story motel to the southeast; Highway 101 off-ramp to the north and northwest; and other neighborhood commercial services and multi-family housing to the east and northeast.

The project site is odd-shaped with a tapering end towards the east end of the property, which limits the use of that section of the site. Other major site constraints include a PG&E easement along the rear and the front property line, and an access easement for the benefit of the neighboring hotel property (County Inn) which limits the use of the western section of the project site. The project site is also in proximity to the Middlefield-Ellis-Whisman (MEW) Superfund Study Area. Details of the environmental review of the project are discussed later in this report.

Project Overview

Temple Hospitality, Inc., is proposing to demolish the existing vacant commercial building and construct a three-story, 74-room Holiday Inn Hotel. The hotel building will be located in the southwest portion of the property, whereas 31 surface parking spaces will be located in the northeast half of the lot. The project will have a basement-level parking garage with 39 parking spaces. The applicant also requesting a parking reduction to allow 70 parking spaces in lieu of the required 75 parking spaces (see Attachment 4 – Project Plans).



Figure 2 – Site Plan

The entrance to the hotel will be located at the south side of the building, fronting on Leong Drive. The ground floor of the hotel includes hotel rooms, lobby, guest lounge, meeting room, fitness room, and a breakfast area with an outdoor patio which faces Leong Drive. Guests' rooms are located on all three floors. Landscaping is proposed along the perimeter of the project site.

The proposed architectural design is a mix of contemporary architecture with the use of materials with a traditional appearance. The hotel building is rectangular in shape and located close to street. The Precise Plan design standards in this area require hotel and motel designs to have a residential appearance. As per the Precise Plan standards, the proposed hotel design incorporates building materials with traditional residential building appearance and includes various facade treatments to create superimposition mixture of materials, color, texture, and shade. The building materials consists of cement plaster used with fiber cement siding at the upper levels. In addition to the use of different materials, the roofline is treated with varying heights, overhangs, and parapets to coordinate with the facade breaks. These elements provide for both vertical and horizontal articulation of the facade to minimize the visual impact of the building.



Figure 3 – North Elevation

General Plan and Zoning Compliance

The General Plan (GP) Land Use Designation of the project site is Neighborhood Commercial (CN). Adjacent properties have the same general plan designation. The proposed project is consistent with the Mountain View General Plan in that the proposed project design is compatible with the surrounding land uses and will improve the pedestrian, bicycle, and vehicular circulation in the neighborhood while improving sustainable landscaping in the area.

The project is located in the Evandale Precise Plan (P-32), Area A, which consists of properties just south of Highway 101 between Moffett Boulevard and Whisman Road. This area in the Precise Plan has the objective to strengthen and unify this area as a neighborhood commercial center that serves the larger Whisman area.

Hotel use is an allowed use in this area. The Precise Plan refers to the Neighborhood Commercial zone development standards for development in this area and the project has been designed as per the CN Development standards.

In addition to these standards, the project complies with additional requirements included in the Precise Plan:

- New buildings should have at least one pedestrian entrance facing the residential areas.
- A minimum of 15 percent of each parcel shall be landscaped, and this shall include an 8' wide landscape strip behind the front property line.
- Parking shall conform to Section 36.37 of the Zoning Ordinance, including an option to apply for a Conditional Use Permit for reduction in off-street parking requirements.

Building Height

The CN Zoning District development standards allow a maximum height of 35' and two stories. The General Plan design guidelines also allow up to two stories in the areas under Neighborhood Commercial land use. The proposed building is three stories with a total building height of 34.34'. The General Plan also indicates that height is a guideline and additional stories may be permitted with the provisions of public benefit or to advance larger General Plan goals and policies. The applicant has proposed a public benefit as part of the project which would allow complimentary use of the hotel's

meeting and event space up to twice per month for neighborhood groups, nonprofit, or governmental organizations. Considering the 35' maximum height allowance in the Zoning Ordinance and the General Plan provision for allowing additional stories with a public benefit, the project was found to be consistent with City's policies and development standards.

Parking

The proposed project provides 70 parking spaces, including 31 spaces at ground level and 39 spaces in the underground garage. Based on the City's parking requirements, the project is required to provide a total of 75 parking spaces (1 space per room and 1 space for every two employees). The applicant has requested 6.6 percent parking reduction. The City's parking requirements assume 100 percent occupancy; however, the typical industry average occupancy for hotels is 80 percent to 85 percent.

The Institute of Transportation Engineers (ITE) recommends 0.89 space per occupied room compared to the City requirement of one space per room plus one space per two employees. The City's parking requirements also assumes 100 percent occupancy and the typical industry average occupancy for hotels is 80 percent to 85 percent. Staff has found that based on other recent hotel developments and the parking studies done for them, the City's parking standards as well as the ITE rates overestimate the parking necessary for this hotel as they are based on a parking requirement for leisure travelers. This hotel, as well as most of the hotels in Mountain View, primarily cater to business travelers who often share a rental car (rather than each traveler renting their own car) or use services such as Uber and Lyft to access the hotel which requires less on-site parking.

Based on these factors, staff is supportive of the proposed 6.6 percent parking reduction request subject to Condition of Approval No. 22 (see Attachment 2, Exhibit A), which requires that if parking issues arise on-site, the Zoning Administrator may hold a public hearing to review the parking problem and require the applicant to implement appropriate means to resolve the shortage. This could include use of alternate parking arrangements such as stacker parking, implement a valet service, and/or limit hotel occupancy if necessary.

Trees

An arborist report was prepared by certified arborist Richard Smith to evaluate the existing trees on-site and consider options for preservation. The project site and adjacent easements contain 28 existing trees, including four Heritage trees. The Heritage trees are in fair to poor condition and are scattered throughout the project site.

The arborist report recommends removal of three Heritage trees and retaining the remaining one Heritage tree. The City arborist has reviewed the report and agrees with the recommendations. Approximately 24 new 24" box trees will be planted throughout the project site.

Environmental Review

An Initial Study was prepared for the proposed project in conformance with the California Environmental Quality Act (CEQA) guidelines, and the analysis has determined that implementation of the mitigation measures and Conditions of Approval for this project would reduce all significant impacts to a less-than-significant level under CEQA; therefore, the proposed project would not have a significant impact on the environment, and a Mitigated Negative Declaration is recommended. The public review period for the Initial Study and proposed Mitigated Negative Declaration was from June 28, 2017 to July 27, 2017 (see Attachment 1 – Initial Study/Mitigated Negative Declaration). Staff received a comment letter from the Department of Transportation inquiring about cultural resources on the project site.

The project site is located to the west of the Middlefield-Ellis-Whisman (MEW) Superfund Study Area. This area is comprised of three Environmental Protection Agency (EPA) "Superfund" sites, and contains a groundwater contamination plume of primarily trichloroethylene (TCE), an industrial solvent, stretching from south of East Middlefield Road north into Moffett Field. An identified health risk of TCE is from inhalation of groundwater vapors that accumulate in indoor spaces. The known contamination on the project site and nearby properties presents a potential for indoor accumulation of volatile organic compounds (VOCs) from the TCE contamination if unmitigated. The project includes mitigation measures which address this potential issue and requires a vapor intrusion control system for the building, as well as safety plans during construction to protect construction workers from potential exposure. The EPA reviewed the Initial Study and Mitigated Negative Declaration for the project and is comfortable with the mitigation measures imposed for the redevelopment of the site and had no comments.

PUBLIC REVIEW PROCESS

Development Review Committee

The project was reviewed by the Development Review Committee (DRC), which provided design recommendations on several iterations of the project design. The project received a recommendation of approval from the DRC in July 2016. The DRC recommended approval of the plan, finding that the architectural design of the

development, including materials and architectural elements, are high quality and distinctive and that the overall design is compatible with the surrounding neighborhood.

Administrative Zoning Hearing

On September 13, 2017, the Zoning Administrator held a public hearing and conditionally approved the project subject to the Conditions of Approval (see Attachment 2, Exhibit 1 – Development Project Conditions of Approval).

APPEAL

An appeal of the Zoning Administrator's decision was submitted to the City Clerk on September 21, 2017 (see Attachment 3 – Statement of Appeal). The appeal asserts the following:

1. The project was granted variances for parking, contamination, and number of building stories;
2. The project should provide sound protection for the neighborhood;
3. The driveway location is dangerous for the neighborhood;
4. Traffic concerns;
5. Tree removal;
6. Number of rooms;
7. Small community benefit; and
8. Visual appearance of the project.

Issues Raised on Appeal

Most of these items were considered during the development application process and the environmental review process. While the appellant may disagree with several aspects of the project, staff does not believe they constitute sufficient grounds to justify overturning the Zoning Administrator's approval of the project. The Zoning Administrator determined all of the findings in Zoning Code Section 36.50.55 can be made for this project. As to the specific grounds, the appellant contends the project was granted variances for parking, contamination, and number of building stories. No variances were granted for this project. As set forth above, the City Code allows for parking reductions in certain circumstances and an increase in the number of stories in exchange for a community benefit. The contamination on-site and transportation

impacts from the project were studied in detail and has been adequately addressed in the Initial Study and mitigation measure.

The appellant has not provided justification to support the contentions that sound protection is needed for the neighborhood, that the driveway location is dangerous for the neighborhood, or that the project will create unspecified traffic concerns. The existing site has two curb cuts along Leong Drive, which will be reduced to a single curb cut with the proposed site plan. Access for emergency vehicles is also provided through from the west via the adjacent County Inn site. The removal of the Heritage trees complies with the City's Heritage Tree Ordinance and the City's arborist agreed with the recommendation to remove the trees. The Zoning Code has no restrictions on the total number of hotel rooms. Given the site constraints, development is limited and is within the allowed floor area ratio and maximum building height. The public benefit associated with the project was found to be adequate considering the small scale of development, benefits provided by other hotel developments, and the fact that no legislative changes were required for the project entitlements.

FISCAL IMPACT

Based on the construction value information provided by the developer and expected room rates and occupancy rates, the City is estimated to receive approximately \$501,000 in additional annual tax revenues from the combined property tax and Transient Occupancy Tax (TOT) sources. Actual TOT revenues will vary depending on room rates and occupancy rates in any given year, and tend to be cyclical, dropping during an economic downturn.

The project is subject to the City's commercial Housing Impact Fee. Payment of the required fee would result in an estimated payment to the City of \$ \$65,651.

CONCLUSION

Staff finds the appellant does not present any new substantial evidence to support the appeal. The proposed project is well designed, appropriately scaled for the site and location, and incorporates landscape and design improvements with mitigation measures to address potential impacts. The Zoning Administrator took into account not only the environmental review, site planning, mass and scale, and architectural style and detailing of the hotel project, but also the project's compatibility with the surrounding community. As conditioned, the three-story, 74-room hotel project was found by the Zoning Administrator to be compatible with the adjacent neighborhood.

The proposed development is consistent with the provisions of the Evandale Precise Plan. The proposed use or development is consistent with the General Plan and will not be detrimental to the public interest, health, safety, convenience, or welfare. The proposed project promotes a well-designed development that is harmonious with existing and planned development in the surrounding area. The proposed project complies with the California Environmental Quality Act (CEQA). For these reasons, the Zoning Administrator approved a Planned Community Permit, a Provisional Use Permit, a Development Review Permit to construct a new hotel and, a Heritage Tree Removal Permit to remove three Heritage trees.

ALTERNATIVES

The following alternative actions are available to the City Council:

1. Approve the project with modified conditions (uphold the Zoning Administrator's decision with additional conditions).
2. Refer the project back to the DRC and/or the Zoning Administrator for additional consideration or project modifications.
3. Deny the project (overturn the Zoning Administrator's decision).

PUBLIC NOTICING

The Council's Agenda is advertised on Channel 26 and the Agenda and this report appear on the City's website. All property owners within a 300' radius and other interested stakeholders were notified of this meeting.

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DP/7/CAM
807-11-07-17CR-E

- Attachments:
1. Initial Study/Mitigated Negative Declaration
 2. Project Resolution Upholding the Zoning Administrator Decision
 3. Statement of Appeal
 4. Project Plans