



Palo Alto Neighborhoods

Subject – 3300 ECR – Applicant Offers No Real Value to the City

June 18, 2020

Dear Mayor Fine and City Council Members:

On behalf of the PAN Executive Committee, we wish to share with you our collective concerns about the proposed project by Sand Hill Partners at 3300 El Camino Real, which comes before you for a preliminary review next Monday, June 22.

The project asks for:

- 4.5 times the legal FAR
- 1.6 times the legal maximum site coverage
- 1.9 times the legal height limit
- 53,500 sq. ft. commercial space to accommodate 281 jobs (based on 187 sq. ft. per worker) in exchange for adding 187 housing units

Perhaps one might argue that a project with housing equal to new jobs added is better than one without. But the applicant is offering far less than that. For such sweeping benefits to the applicant, doesn't the community deserve more than a lowball offer? If green-lit, imagine this project multiplied across many hundreds of acres of commercial sites when a stampede of similar applications follow suit. We will end up with:

- More traffic congestion - well beyond what we already have
- Lack of parkland for thousands or tens of thousands of new residents
- School impacts for thousands or tens of thousands of new residents
- Strain on the city's already stressed infrastructure
- Massive buildings with narrow setbacks and little or no green space crowded together, changing Palo Alto's landscape and skyline as we've seen in Redwood City and Mountain View
- Being further behind in having housing catch up with jobs

In 2016, the City rejected the densification of 550 Hamilton. That proposal sought a significant increase in the size of lot coverage and density in order to increase office use and add residential condominiums. Arguably, the new housing would have helped offset the new offices, but the proposed 35-50 residences being discussed wasn't even close to parity with the 115 new jobs that would have been created. The council unanimously rejected the application as too dense and too big. If Sand Hill's project is approved, the owners of 550 Hamilton might very well be back demanding the same consideration as Sand Hill, as will other developers.

Other concerns:

1. The project removes the existing parking at 607 Hansen Way without explaining if it is needed for adjacent buildings.

2. Will Stanford agree to count the housing square footage of the project against limit in the Research Park development agreement?
3. As we contemplate adjusting zoning to encourage more housing, let's make sure we zone for what we want. All attention should be on BMR housing. We are meeting our RHNA allocations for market-rate housing.
4. Shouldn't the PHZ be defined before an applicant tries to use it? Instead we seem to be defining the zoning based on what Sand Hill wants. We should focus on maximizing below-market rate housing at the 60% and 80% levels, which is not what commercial applicants are going to offer on their own.
5. Each time the City provides special benefits to a developer, it runs an immense risk that the outcome will not be what the City hoped for.

As just one example, consider the very PC the City already has in place with a holding company set up by Sand Hill Properties, namely Edgewood Plaza. There, Sand Hill Properties not only destroyed a unique historic property that they had pledged to preserve, but they also violated for years a separate requirement to provide an operating grocery store. Their latest legal filings claim that they had never even agreed to provide such a store, despite the City maintaining they did. To add insult to injury, the holding company controlled by Sand Hill is suing the City to avoid paying millions of dollars in penalties owed to the City by Sand Hill for violating the terms of the PC at Edgewood Plaza. Given Sand Hill's particularly catastrophic track record, why consider handing them another PC opportunity, providing extraordinary benefits to them while offering little or no benefit to the community?

In closing, the City may think it's getting housing under the current proposal, but we have no enforcement adequate to the challenges of even our current PCs. The units could become a vast Airbnb site or be taken over as offices, as has occurred elsewhere in town. Sand Hill might manage the housing and allow its own employees to have priority for the below-market rate units. Those employees might even agree to a salary cut, because the housing benefit is worth considerably more and is untaxed. This would thus enrich both Sand Hill and its own employees, while offering nothing to the general population needing affordable housing.

Thank you for considering our recommendation that Council take a very dim view of this application.

Sheri Furman and Rebecca Sanders

Co-Chairs, PAN (Palo Alto Neighborhoods) on behalf of the PAN Executive Committee