



DATE: December 15, 2015
TO: Citizen Advisory Committee (CAC)
FROM: Jeremy Dennis, Advance Planning Manager
 Hillary Gitelman, Director Planning and Community Environment Department

TITLE: Land Use Element Discussion, Part I of III

The Citizen Advisory Committee (CAC) was created by the City Council to inform and provide guidance during the Comprehensive Plan update. This staff report provides instructions, background material, and in-depth discussion of the Land Use Element. Due to its length, complexity, and importance, the Committee will have an opportunity to brainstorm and analyze the Land Use Element over the course of three CAC meetings. Based on the discussion during these meetings and the work of a CAC Subcommittee, a revised draft Land Use Element will be prepared for further review by the CAC.

WHAT TO EXPECT AT THE MEETING

Following introductions and updates from staff, a public comment period, and several housekeeping items, there will be about an hour and a half for CAC discussion. Staff will give a brief overview of the vision statement and City Council direction from the November 2nd meeting, followed by three minutes per CAC member to share their top 3 land-use related issues.

The City Council did not complete their discussions on growth and growth management (as part of the conversation on Policy L-8), and it is anticipated that they will complete this work in January/February of 2016, in conjunction with review of the Draft EIR and Fiscal Study. Overall growth management will remain the purview of the City Council.

Given that the CAC will not revisit the Land Use Element for two months, the co-chairs and staff want to use today's meeting as an opportunity to hear these high level thoughts and concerns that will then be used to develop the structure for the rest of this element's meetings.

Please bring your copy to the meeting with you. This staff report provides a summary of key background information to consider as you prepare for the discussion. Given that the holiday season is upon us, the Digital Commenter will go live with the Land Use Element after January 4th.

The Discussion Draft Element will be presented to the CAC at the June 2016 meeting for further refinement.

BACKGROUND

Existing Land Use Element Contents

The purpose of the land use element is to designate “the proposed general distribution and general location and extent of uses of the land.” The State requires this Element to address the distribution of housing; business and industry; open space including agricultural land, recreation facilities and opportunities; the location of educational facilities, public buildings and grounds; and other categories of public and private uses of land. This element functions as a guide to the pattern of development for the city at build-out, and plays a central role in correlating all land use issues into a set of coherent development policies. This element’s objectives and policies provide a long-range context for short-term actions, including zoning, subdivision and public works decisions.¹

The Land Use and Community Design Element is the guiding force behind the physical form of Palo Alto. It serves as a blueprint for the future, laying out a framework for conservation and development that preserves neighborhoods, protects historic and natural resources, channels growth and commercial activity to suitable sites, responds to climate change, reduces pollution, and promotes active and healthy lifestyles. The Land Use and Community Design Element is the linchpin of the Comprehensive Plan in meeting the State’s legal requirements for General Plan contents, and it is the key means for establishing the policies that will enable the City to address the forces of regional growth in Silicon Valley to ensure that quality of life in Palo Alto is not diminished.

Palo Alto was an early adopter of compact development principles, as embodied in the Urban Service Area designated to manage growth in the current Comprehensive Plan. Through this strategy, the City has endeavored to direct new development into appropriate locations – such as along transit corridors and near employment centers – while protecting and preserving neighborhoods as well as the open space lands that comprise about half of the city.

The Land Use and Community Design Element identifies three major components that together constitute the city’s “structure”:

- a. Residential Neighborhoods. Areas of the City characterized by housing, parks and public facilities. Their boundaries are based on patterns of land subdivision and public perceptions about where one neighborhood stops and another begins. Most Residential Neighborhoods have land use classifications of Single Family Residential with some Multiple Family Residential. Other classifications include Village Residential and Transit-Oriented Residential.
- b. Commercial Centers. Areas of the City characterized by commercial and mixed uses that serve the region, the City, several neighborhoods, or a single

¹ State of California General Plan Guidelines, 2003, Governor’s Office of Planning and Research, http://opr.ca.gov/docs/General_Plan_Guidelines_2003.pdf, accessed November 17, 2015.

neighborhood. They serve as the focus for community life and may include public facilities like schools and civic buildings. Centers are distributed throughout the City and are within walking or bicycling distance of virtually all Palo Alto residents. Keeping Palo Alto's Centers strong and healthy requires coordinated land use and community services planning. Most Centers have land use classifications of Regional/Community Commercial, Service Commercial, Neighborhood Commercial, or Mixed Use. Centers, or parts of Centers that are public or civic spaces, are classified as Public Parks, School District Lands, or Major Institutional/Special Facilities.

- c. Employment Districts. Areas of the City that are relatively large, dominated by low-rise office, high technology, light industrial and other job-generating land uses but containing relatively few retail and service uses. The Comp Plan's broad land use goal for these areas is to impart a stronger sense of community to those who work or live here and to strengthen the connections between these areas and the rest of the City. Other goals are to improve bicycle and pedestrian circulation, expand the provision of services, and improve visual quality. Employment Districts have land use classifications of Research/Office Park and Light Industrial².

Understanding how these parts of the community are connected to each other and the region is essential to resolving transportation and traffic issues and ensuring that businesses can thrive in places where they can serve both residents, workers, and visitors without increasing impacts on neighborhoods.

The Land Use and Community Design Element also acknowledges that the appearance of buildings and public spaces greatly affects how people experience Palo Alto and therefore calls for high-quality design to encourage social gathering in an attractive urban environment. Many existing Land Use and Community Design Element policy themes will likely remain valid and will continue to guide future land use decisions, including:

- Supporting the city's future needs by accommodating an appropriate mix and amount of residential, commercial, and employment uses within the Urban Service Area.
- Maintaining and enhancing Palo Alto's residential neighborhoods, while ensuring that new development respects existing neighborhood character.
- Providing adequate public services and facilities, parks, and open space.
- Reducing emissions through energy efficiency standards and land use decisions that support walking, biking, and transit.
- Fostering high quality design by improving streetscapes, maintaining and increasing connectivity, and enhancing gateways.
- Preserving and protecting historic buildings and cultural and natural resources.

² City of Palo Alto Comprehensive Plan, Land Use and Community Design Element 1998-2010, pgs.1, 12-15.

A number of programs in the existing Element have been successfully completed, including:

- Revise the City's Neighborhood Commercial (CN) and Service Commercial (CS) zoning requirements to better address land use transitions (Program L-6) ,
- Retain the existing housing along Colorado Avenue and consider increasing the density to allow townhouses, co-housing, and/or housing for the disabled (Program L-42),
- Work with Stanford to prepare an area plan for the Stanford Medical Center (Program L-46),
- Undertake a Community Design Workshop for the East Meadow Circle Area (Program L-47),
- Undertake a comprehensive review of residential and commercial zoning requirements to identify additional architectural standards that should be incorporated to implement Policy L-49 (Program L-50),
- Use illustrations and form code methods for simplifying the Zoning Ordinance and to promote well-designed buildings (Program L-51),
- Enhance all entrances to Mitchell Park Community Center so that they are more inviting and facilitate public gatherings (Program L-69),
- Revise the Zoning Ordinance to require the location of parking lots behind buildings rather than in front of them, under appropriate conditions (Program L-73),
- Modify zoning standards pertaining to parking lot layout and landscaping for land uses within Employment Districts (L-74),
- Consider Zoning Ordinance amendments for parking lot landscaping, including requiring a variety of drought-tolerant, relatively litter-free tree species capable of forming a 50 percent tree canopy within 10 to 15 years. Consider further amendments that would require existing nonconforming lots to come into compliance wherever possible (Program L-75),
- Evaluate parking requirements and actual parking needs for specific uses. Develop design criteria based on a standard somewhere between average and peak conditions (Program L-76)
- Revise parking requirements to encourage creative solutions such as valet parking, landscaped parking reserves, satellite parking, and others that minimize the use of open land for parking (Program L-77)
- Undertake a coordinated effort by the Public Works, Utilities, and Planning Departments to establish design standards for public infrastructure and examine the effectiveness of City street, sidewalk and street tree maintenance programs (Program L-79).

Existing Conditions

In 2014, in preparation for the legally required environmental review of the updated Comp Plan under the California Environmental Quality Act (CEQA), the City and the consultant team prepared a series of existing conditions reports. An existing conditions report is prepared to

provide a snapshot of community conditions, economic conditions and social characteristics related to land use planning in Palo Alto.

Land Use is a required topic in the EIR. The Land Use Existing Conditions Report covers the pattern of existing development; the designation and distribution of land uses; land use density and intensity; and urban design and aesthetics. It also provides background information on relevant regulations and State and regional agencies such as the California Air Resources Board (CARB), the San Francisco Bay Conservation and Development Commission (BCDC), the San Francisco Bay Basin Water Quality Control Plan (RWQCB), the Santa Clara County Airport Land Use Commission, and the Local Agency Formation Commission of Santa Clara County (SFLAFCO).

The Land Use Existing Conditions Report is Attachment 1 in this packet.

Planning and Transportation Commission Revision

The PTC reviewed the Land Use Element vision, goals, policies and programs at meetings in March 2010, August 2012, November 2012, August 2013, and October 2013. PTC revisions included a new Vision Statement, 26 new policies, and 21 new programs, and the removal of completed programs.

Major new concepts added by the PTC include:

- Strategies to limit conversion of non-residential land to residential uses and limit loss of retail serving uses;
- Incorporation of the East Meadow Circle/Fabian Way Concept Area Plan and California Avenue Concept Area Plan;
- Strategies to be consistent with the City's Climate Protection Plan and 2020 Green House Gas (GHG) emission targets; and
- Strategies to be consistent with Baylands Master Plan, Bicycle Plan, and Rail Corridor study.

PTC recommended revisions to the Land Use Element are included in the binder of materials you received at the first CAC meeting. You may wish to refer to them in preparing for the CAC discussion on December 15.

City Council Guidance

On November 2, 2015, the City Council reviewed the existing Comprehensive Plan and the PTC's revisions in order to provide staff with guidance on the Land Use Element's structure, vision statement, and goals.

The Council's full motion is below:

A. Direct staff to update the existing Vision Statement with minor Staff initiated revisions for City Council review and

B. Use the existing Goals and organization with minor updates to include incorporation of climate protection, climate adaptation, and sea level rise, the two Concept Area Plans, the Airport, Baylands Master Plan, and mixed use guidelines; and

C. Evaluate modern use definitions for our commercial zoning districts. Suggest approaches Council can use to specify that what types and scale commercial operations, development, manufacturing, etc., are suitable for downtown or California Avenue.

D. Direct staff and the Comprehensive Plan Citizens Advisory Committee (CAC) to evaluate policies and programs that control the occupant density of existing commercial uses.

E. Request staff provide the Comprehensive Plan Citizens Advisory Committee (CAC) comparative impacts of restaurants versus other retail on trip generation and parking.

F. Direct the CAC to develop language providing for Coordinated Area Plans to become a more frequently used planning tool.

G. Direct staff and the CAC to explore policies and programs to support more housing for seniors, particularly units in walkable communities that allow easy access to services.

H. Direct staff and the CAC to develop policies and programs that provide greater incentives for mixed use retail and small unit residential with particular emphasis on University Avenue and California Avenue.

I. Maintain and strengthen the existing language supporting housing supply for diverse family sizes, ages, ability levels, and income levels.

J. Direct the CAC to look at mechanisms for office, medical office, and R/D development and its impact on the jobs housing balance.

Items A and B above provide guidance on vision and goals needed for the CAC to complete their work on policies and programs. The staff report before you uses the existing goal structure to be consistent with the Digital Commenter that will go live in January 2016, and the existing policies and programs provide a firm “starting point” for discussion.

DISCUSSION

The discussion of the Land Use Element will be organized by goal; each goal is discussed individually below. Of course, many of the policies and programs are interrelated, so some discussion may be relevant to more than one goal.

GOAL L-1 A WELL-DESIGNED, COMPACT CITY, PROVIDING RESIDENTS AND VISITORS WITH ATTRACTIVE NEIGHBORHOODS, WORK PLACES, SHOPPING DISTRICTS, PUBLIC FACILITIES, AND OPEN

SPACES.

The policies and programs under this goal focus on encouraging future growth to occur through infill and redevelopment within the urban service area, maintaining and strengthening the city's character, limiting commercial growth, and creating opportunities for new mixed use development. Growth management issues will remain the purview of the City Council as they relate to this element.

Citywide 50-foot Height Limit

Policy L-5 and Program L-3 under Goal L-1 address the City's existing 50-foot height limit. The Citywide 50-foot height limit has been respected in all new development since it was adopted in the 1970's. Only a few exceptions have been granted for architectural enhancements or seismic retrofits to noncomplying buildings. In addition, the City has allowed taller buildings within the Hospital District at the Stanford University Medical Center that reflect the Medical Center's unique needs.

Office/R&D Cap

The City of Palo Alto and the region have experienced dramatic job growth since the end of the recession, resulting in increases in traffic, parking demand, and other impacts of growth. This growth and the attendant impacts are not directly addressed by the City's current growth management strategies. One of the main existing strategies is Program L-8, under Goal L-1, which establishes a Citywide cap on non-residential development in "monitored areas." Total non-residential development monitored under this policy is not close to reaching the 3.2M square foot cap the program sets. Non-residential development in Downtown may reach the 350,000 square foot cap established for that area within the next several years, necessitating reevaluation of this limit, which is currently underway in the Downtown Cap study.

Over the course of seven meetings from January through September of 2015, the City Council discussed growth management strategies that might effectively address the pace of growth and provided staff with direction to develop an interim ordinance that would put in place an annual limit on new development of office and research & development (R&D) space in the City's fastest changing commercial districts, rather than a cumulative total. The interim ordinance is intended to control the pace of growth and change in these areas for a two-year trial period or until the Comprehensive Plan Update is adopted, with the understanding that the Comprehensive Plan Update may perpetuate or modify this program.

On September 21, 2015, the Council adopted an annual 50,000-square foot limit on Office or R&D development in Downtown, the California Avenue area (extending south roughly to Matadero Creek), and along El Camino Real south of Park Boulevard. Within these three areas, applications for Office or R&D development would be evaluated based on criteria such as quality

of design, parking and traffic impacts, and public benefits if more than 50,000 square feet is proposed in any given year.

Healthy City, Healthy Community

At its annual retreat on January 31, 2015, the Council selected “Healthy City, Healthy Communities,” as one of four priorities for the year. The City Council considered a draft resolution addressing this issue in 2015 and referred it to committee for final review. The draft resolution builds on the World Health Organization initiative, the Healthy Cities movement and the League of California Cities Healthy Eating Active Living Cities (HEAL) Campaign to reflect the specific and unique needs and interests of the Palo Alto community regarding health and wellness. The draft resolution is a statement of support and commitment to building a healthy City and healthy community, and consists of three focus areas recommended by the League of California Cities: Healthy Environment, Healthy Food Access, and Healthy Workplace, and one focus area suggested by the Palo Alto Healthy City, Healthy Communities stakeholder group entitled Healthy Culture.

Healthy Culture addresses elements of health that support the social, emotional, and mental wellbeing of the community. Healthy Environment includes the planning and prioritization of capital projects that increase opportunities for walking, biking and other forms of physical activity in addition to increasing the connection between residents and their natural environment (parks, playgrounds, trails, sidewalks, etc.). Healthy Food Access promotes collaboration between the City, public and private entities to increase access to healthy and affordable food options such as grocery stores, community gardens, and farmers markets. Healthy Workplace is designed to enhance the quality of life among City employees. If adopted, staff would report annually on progress, including implementation steps taken, planned, and desired actions that would need to be taken by Council. On October 26, 2015, Council referred the draft resolution to the Policy and Services Committee³.

Components of this work is also included in the draft Community Services Element.

GOAL L-2 AN ENHANCED SENSE OF “COMMUNITY” WITH DEVELOPMENT DESIGNED TO FOSTER PUBLIC LIFE AND MEET CITYWIDE NEEDS

The policies and programs under this goal focus on fostering a sense of community by recognizing the physical elements that create “community” in Palo Alto. The paragraphs below describe elements of the existing city structure, and mechanisms to build on this structure by increasing the linkages and connections between them. In addition, the Transportation and Business and Economics Element includes goals and policies that reinforce the city’s existing physical structure.

³City Council of the City of Palo Alto, City Council Staff Report October 26, 2015; <http://www.cityofpaloalto.org/civicax/filebank/documents/49565>; accessed 11/17/2015.

Coordinated Area Plans

Council directed the CAC to develop language providing for Coordinated Area Plans to become a more frequently used planning tool. The current Comp Plan presents the idea of Coordinated Area Plans in the Governance Element.

GOAL G-5 is to utilize “new ways to encourage collaboration among the public, property owners, and the city in areas where change is desired.” Coordinated Area Plans are envisioned as a way to increase participation in planning and “to bring diverse community interests together prior to the design of individual projects.” The City has identified the “coordinated area plan” as a tool for achieving this type of participation in the future. The Goal is supported by, among others:

Policy G-11: Encourage the development of new planning processes that emphasize collaborative exchanges of ideas. Retain City Council authority over decision-making in these processes.

Program G-14: Establish a procedure that allows the City Council to initiate coordinated area plans for certain large areas that it has targeted for change.

These Comp Plan goal, policy, and program are supported by the provisions of Chapter 19.10 of the Municipal Code. Chapter 19.10 establishes procedures for preparation of Coordinated Area Plans. It is very similar to the California Government Code statutes that establish the requirements for what are called Specific Plans in other communities (§65450 - 65457). Palo Alto, as a charter city, is exempt from these requirements, so Chapter 19.10 adopts procedures and contents for plans that serve the same purpose. Coordinated Area Plans are a tool that Palo Alto uses to provide a visual linkage between policies and programs established in the Comprehensive Plan and specific development entitlements and public improvements. In part, the purpose of this chapter is to create enhanced opportunities for building a sense of community through public involvement in planning processes, which are designed not only to satisfy constitutional due process requirements, but also to provide residents, business and property owners with early, meaningful opportunities to help shape the physical components of their neighborhoods and community. Additionally, this chapter contains provisions relating to the contents of Coordinated Area Plans. Some of the required components of these plans include representation of the existing and proposed land uses, an implementation program, development standards, design requirements, a determination of economic feasibility, and proper environmental review. Once a Coordinated Area Plan is approved, all development within the Plan Area must be consistent with the provisions of that Area Plan.

To date, the South of Forest Area (SOFA) Coordinated Area Plan is the only Coordinated Area Plan that has been completed and adopted. More recent Concept Area Plans for East Meadow Circle and California Avenue, which have not been formally adopted, are considered initial steps towards a Coordinated Area Plan for these areas. The adopted 2015-2023 Housing Element includes Program H2.1.12 to evaluate developing specific or precise plans for the Downtown, California Avenue, and El Camino Real areas to implement in the updated Comprehensive Plan. It

also includes Program H2.2.3, to use coordinated area plans and other tools to develop regulations that support the development of housing above and among commercial uses.

Rail Corridor Study

On November 4, 2008 California voters passed Proposition 1A, which authorized \$9.95 billion in bond funds to plan and build the California High Speed Rail Project (HSR). The HSR project will construct an 800-mile high speed train system between San Francisco and Los Angeles. In 2008, the California High Speed Rail Authority (CAHSRA) and Federal Railroad Administration (FRA) selected the designated route from the Central Valley to San Francisco via the Pacheco Pass, San Jose, and the Peninsula along the Caltrain corridor. The State is currently initiating environmental review of the Gilroy to San Francisco segment of the HSR proposal.

The Palo Alto City Council appointed a sub-committee, known as the Rail Committee, as a standing committee to study and advise the City Council on HSR and related transit matters. . The City Council adopted a set of guiding principles in December 2011 to guide the Committee’s decision-making process and actions. The guiding principles state, among other things, that the HSR project should be terminated, however, if the State should move forward the City is opposed to an elevated alignment of HSR/Caltrain in Palo Alto, and the City’s preferred vertical alignment of fixed rail in Palo Alto is below grade. The Palo Alto Rail Corridor Study, adopted by Council and incorporated into the Comprehensive Plan on January 22, 2013, includes recommendations for land use and urban design that are intended to improve livability within the study area and Palo Alto as a whole:⁴

- Conserve, protect, and preserve historic and natural resources.
- Enhance three mixed-use centers (City Center at University, Town Center at California Avenue, and Neighborhood Center along the southern segment of El Camino Real) to create unique places that serve the community.
- Protect existing residential neighborhoods from negative impacts of increased traffic as well as impacts from rail operations.
- Encourage a diverse mix of housing, including a variety of densities and affordability levels.
- Encourage improved utilization of land resources by reusing surface parking lots and vacant lands.

In late 2015, the Council voted to re-establish the Rail Committee after the High Speed Rail Authority announced their intent to proceed with environmental review of the “blended option” for the Gilroy to San Francisco segment of the system. Separately, the City has been analyzing a grade separation strategy to depress the tracks under Meadow and Charleston Avenues. The Rail

⁴ Palo Alto Rail Corridor Study: The Report of the Task Force. January 22, 2013. Pg. ES.04. Chapter 5 of the Study presents the detailed land use and urban design recommendations of the Task Force.

Committee will be the form for advancing this concept, which would be desirable whether or not high speed rail proceeds.

Ground Boulevard Initiative

The Grand Boulevard Initiative, a coalition of public agencies responsible for the 43-mile El Camino Real corridor, aims to revitalize the Corridor with high-quality, mixed-use developments that help facilitate a multimodal transit network. Although participation in the Grand Boulevard Initiative is voluntary, it establishes a regional framework for jurisdictions and agencies to work together toward a similar goal in a manner unique to each jurisdiction along the corridor. Future improvements along the Palo Alto portion of the El Camino Real corridor would likely require parcel assembly because many parcels have shallow depths.

Housing For Seniors

Council direction asked staff and the CAC to explore policies and programs to support more housing for seniors, particularly units in walkable communities that allow easy access to services. The population of Palo Alto residents over 65 has increased substantially over the past 30 years, and this trend is projected to continue at the national, County, and city levels as Baby Boomers age. The City's adopted 2015-2023 Housing Element includes a number of policies and programs to respond to this demographic shift. Although the City has been active in the creation of additional senior housing facilities, there still is a great need for senior housing. As the senior population continues to increase, coupled with the fact that 39 percent of Palo Alto seniors earn less than \$50,000 annually, the demand will continue to increase. Many of the Housing Element's programs are focused on this escalating need.

Specifically, Policy H2.1 of the Housing Element identifies a variety of strategies to increase housing density and diversity near community services, including a range of unit types. It emphasizes and encourages the development of affordable housing to support the City's fair share of the regional housing needs. Program H2.1.2 allows increased residential densities for mixed-use developments, thereby encouraging more multifamily housing to be built in areas near transit and services. Program H2.1.4 proposes amending the Zoning Code to create zoning incentives that encourage development of smaller size housing units, including units for seniors.

The Palo Alto Zoning Ordinance does allow concessions for parking for senior housing and affordable housing projects. Program H3.3.7 of the Housing Element is to prepare a local parking demand database to determine parking standards for different housing uses (i.e. market rate multifamily, multifamily affordable, senior affordable, emergency shelters etc.) with proximity to services as a consideration.

GOAL L-3 SAFE, ATTRACTIVE RESIDENTIAL NEIGHBORHOODS, EACH WITH ITS OWN DISTINCT CHARACTER AND WITHIN WALKING DISTANCE OF SHOPPING, SERVICES, SCHOOLS, AND/OR OTHER PUBLIC GATHERING PLACES.

The policies and programs under this goal focus on retaining the historical, traditional and modern character of the city's residential neighborhoods. The paragraphs below describe guidelines to encourage design patterns that are compatible with the existing neighborhood character, promote density, and preserve and enhance public gathering spaces.

Implications of the Housing Element for the Land Use Element

The 2015-2023 Housing Element, adopted by the City Council in November 2014, includes a number of programs that are directly relevant to the Land Use Element. Among the most pertinent are:

H2.1.11 PROGRAM Consider implementing the Pedestrian and Transit Oriented Development (PTOD) Overlay for the University Avenue downtown district to promote higher density multifamily housing development in that area.

H2.2.2 PROGRAM Work with Stanford University to identify sites suitable for housing that may be located in the Stanford Research Park and compatible with surrounding uses.

H2.2.5 PROGRAM The City will continue to identify more transit-rich housing sites including in the downtown and the California Avenue area after HCD certification as part of the Comprehensive Plan Update process and consider exchanging sites along San Antonio and sites along South El Camino that are outside of identified "pedestrian nodes" for the more transit-rich identified sites.

H2.2.7 PROGRAM Explore requiring minimum residential densities to encourage more housing instead of office space when mixed-use sites develop, and adopt standards as appropriate.

H2.2.8 PROGRAM Assess the potential of removing maximum residential densities (i.e. dwelling units per acre) in mixed use zoning districts to encourage the creation of smaller housing units within the allowable Floor Area Ratio (FAR), and adopt standards as appropriate.

H3.1.7 PROGRAM Ensure that the Zoning Code permits innovative housing types such as cohousing and provides flexible development standards that will allow such housing to be built, provided the character of the neighborhoods in which such housing is proposed to be located is maintained.

Second Units

The adopted Housing Element also includes Program H1.1.2: "Consider modifying development standards for second units, where consistent with maintaining the character of existing neighborhoods. The modifications should encourage the production of second units affordable to very low-, low-, or moderate-income households."

In response, the City Council recently took up this topic in a “Colleagues Memo” dated October 19, 2015. The Council’s goal is to study policies to increase the number of second units (also known as in-law units, granny flats, or accessory dwelling units [ADUs]) in order to find opportunities to make available additional housing in Palo Alto with minimal impact on community character. The Colleagues Memo recommends that the Council refer this matter to the Planning and Transportation Commission, to consider, analyze and make recommendations to the City Council to update our city ordinances relating to ADUs, in order to: (1) facilitate ADU creation while minimizing impacts on community character, with sensitivity to neighborhood design standards; (2) consider steps to bring existing non-compliant ADUs into compliance; and (3) any other relevant recommendations. The PTC will take up this issue in early 2016 and any resulting policy and regulatory changes should be complete by November 2017, within three years of Housing Element adoption.

Single-Story Overlay Zones

The City Council adopted the Single Story Overlay (SSO) zone as a standard zone district in 1992; modifying it once in 2005. On June 29, 2015, Council directed staff to continue the past practice of treating SSO requests as re-zonings initiated by the Planning & Transportation Commission (PTC) so that no fee would be required. Also, Council decided that, through the Comprehensive Plan Update, the City will explore giving neighborhoods opportunities to institute overlays.

To request a SSO, signatures are required from 60 or 70% of the included properties, depending on whether CC & R’s are in place. One signature is permitted for each included property, and a signature evidencing support of an included property must be by an owner of record of that property. In addition, 80% of the homes within the proposed SSO boundary must be single-story. Within a SSO district, existing two story homes, homes with lofts or mezzanines, and homes exceeding maximum height of 17 feet are considered non-complying facilities subject to the regulations of Palo Alto Municipal Code (PAMC) Chapter 18.70 (a slightly higher height is allowed in those zones where a higher finished floor elevation is needed).

In late 2015, the Council approved a new SSO for Los Arboles and Greer Park North SSO proposal, both of which contain one-story Eichlers. A third SSO application (Royal Manor) is expected to be submitted and has not yet been scheduled for consideration by the PTC and the City Council.

GOAL L-4 INVITING, PEDESTRIAN-SCALE CENTERS THAT OFFER A VARIETY OF RETAIL AND COMMERCIAL SERVICES AND PROVIDE FOCAL POINTS AND COMMUNITY GATHERING PLACES FOR THE CITY’S RESIDENTIAL NEIGHBORHOODS AND EMPLOYMENT DISTRICTS.

The policies and programs under this goal focus on encouraging future growth within the city’s three retail and commercial areas in a manner that is pedestrian-oriented, compatible with the existing community character, and creates a sense of identity.

Retail Preservation Efforts

Since 2014, the City Council (Council) has directed the preparation of ordinances to advance current policies that preserve existing retail uses and limit office development in certain parts of the City.

California Avenue Retail Preservation Ordinance

On May 18, 2015, the Council discussed California Avenue and increasing community concerns related to the introduction of formula retail (chain stores), the loss of small business and ‘mom and pop’ establishments, and the perceived changing neighborhood character of the street. The Council directed staff to return with an ordinance to limit formula retail uses, extend the boundary of the Retail (R) combining district, and modify the grandfathering provision in the R-Combining district. The Planning and Transportation Commission (PTC) reviewed the draft ordinance over two public hearings and recommended approval by the Council. This permanent ordinance reflects Council direction, but does not include other directives that were deemed by staff to require additional time and resources. On September 21, 2015, the Council unanimously adopted a California Avenue Retail Preservation Ordinance to amend the City’s Zoning Code and Zoning Map to extend the Retail (R) Combining District beyond California Avenue; establish regulations and review procedures for formula retail uses and certain personal service uses (i.e. hair and nail salons) in the R-Combining District and changes to the provision for grandfathered uses in the R-Combining District.⁵

Urgency Interim Ordinance Prohibiting Ground Floor Retail Conversion

On May 11, 2015 the Council unanimously adopted Urgency Ordinance 5325, placing a moratorium on the conversion of any ground floor Retail use permitted or operating as of March 2, 2015 or thereafter to any other non-Retail use anywhere in the City. The ordinance was intended to address the Council’s desire to prevent existing retail and service uses from converting to office or other uses Citywide. Under the terms of the ordinance, the protections would apply to “retail services” as well as some “retail-like” uses. On June 15, 2015, the Council unanimously adopted an Ordinance extending the Urgency Ordinance for 22 months and 15 days, until May 1, 2017, to prevent continuing loss of retail while a permanent ordinance is being developed. Permanent revisions to the City’s zoning ordinance will involve Council input and direction, discussions with residents, property owners, merchants, and other stakeholders. The Council has prioritized the California Avenue Area, and then Downtown, for particular attention.⁶

⁵ City Council of the City of Palo Alto Staff Report, September 21, 2015;
<http://www.cityofpaloalto.org/civicax/filebank/documents/48970>, accessed November 17, 2015.

⁶ City Council of the City of Palo Alto Staff Report, June 15, 2015;
<http://www.cityofpaloalto.org/civicax/filebank/documents/47704>, accessed November 17, 2015.

Downtown Multi-Modal Transit Center

The University Avenue Multi-modal Transit Station Area is the interface between Stanford University and the City's central business district. It includes the Peninsula's busiest transit station and the historic Southern Pacific Depot. The current Comp Plan includes an illustration showing what the intersection could become if the current road interchange were replaced with a civic space and roundabout circulation. In addition, the Comp Plan includes two programs under Goal L-4 that address the preparation of a Coordinated Area Plan to support this area as a multi-modal transit hub.

PROGRAM L-25: Prepare a Coordinated Area Plan for the University Avenue Multi-modal Transit Station Area.

PROGRAM L-26: Establish the following unranked community design priorities for the University Avenue Multi-modal Transit Station Area:

- Improving pedestrian, bicycle, transit, and auto connections to create an urban link between University Avenue/Downtown and Stanford Shopping Center.
- Creating a major civic space at the Caltrain Station that links University Avenue/Downtown and Palm Drive.
- Infilling underutilized parcels with a mix of uses such as shopping, housing, office, hotel and medical facilities.
- Improving public park space.
- Protecting views of the foothills by guiding building heights and massing.

GOAL L-5 HIGH QUALITY EMPLOYMENT DISTRICTS, EACH WITH THEIR OWN DISTINCTIVE CHARACTER AND EACH CONTRIBUTING TO THE CHARACTER OF THE CITY AS A WHOLE.

The policies and programs under this goal focus on guiding future growth within the city's four employment districts in a manner that encourages transit, pedestrian and bicycle travel, and reduces that number of auto trips for daily errands.

Business Registry Initiative

As the demand for commercial space in Palo Alto has increased, the density of use of commercial space (especially high-tech offices) has also increased in general. The changing nature of office use has come with more people occupying buildings in new open floor plan configurations. Often, these employees are commuting by auto from San Francisco and other locales to work in Palo Alto. This has had a perceived deleterious effect on the parking and traffic situation as well as the quality of the environment around our business districts. In early 2014, in response to community concerns about the impacts of commercial development and activity, such as traffic and parking impacts, the City Council prioritized a new business registry system to collect reliable

and current data to analyze the issues, structure best policies or programs, and to measure their effects.

After an intensive internal development and testing phase, in March 2015, the City launched the Business Registry Website (<https://registermybusiness.cityofpaloalto.org>) and corresponding informational page: www.cityofpaloalto.org/businessregistry. As of August 31, 2,173 businesses had fully registered. City staff estimates that about 3,150 local businesses are subject to the registry, indicating about 69% compliance.

Given the Council and public interest in the data from the BRC, data has been released via the city's Open Data portal at www.cityofpaloalto.org/registrylist. A preliminary data analysis was presented to Council in a September 15 staff report (updated data will be discussed at the Policy & Services Committee December 15). Report highlights include:

- 69,136 Total Registered Employees
29,733,835 Square Feet of Commercial
Office: 382 Square Feet per Employee (SF/Emp)
- Office: 384 SF/Emp Downtown
- Retail: 296 SF/Emp
- Retail: 283 SF/Emp Downtown
- Restaurant: 139 SF/Emp
- Restaurant: 125 SF/Emp Downtown

Although the data is interesting, several qualifiers must be noted. The data is based on self-reported figures that have been through only a very basic level of staff analysis/ quality control. Errors should naturally be expected in the data set.

Council's direction to staff and the CAC on November 2 was to evaluate policies and programs that control the occupant density of existing commercial uses.

GOAL L-6 WELL-DESIGNED BUILDINGS THAT CREATE (PROMOTE) COHERENT DEVELOPMENT PATTERNS AND ENHANCE CITY STREETS AND PUBLIC SPACES.

The policies and programs under this goal focus on promoting high quality, creative urban design that is compatible with existing development and public spaces.

The city's Architectural Review Board (ARB) is charged with design review of all new construction and changes and additions to commercial, industrial and multiple-family projects. There has been increased scrutiny on this process and the desire to see a more harmonious connection between new buildings and the existing environment by some in the community.

GOAL L-7 CONSERVATION AND PRESERVATION OF PALO ALTO'S HISTORIC BUILDINGS, SITES, AND DISTRICTS.

The policies and programs under this goal focus on encouraging both public and private maintenance and preservation of historical resources in Palo Alto.

Transfer of Development Rights Program

The existing Comp Plan includes Program L-60: “Continue to use a TDR Ordinance to allow the transfer of development rights from designated buildings of historic significance in the Commercial Downtown (CD) zone to non-historic receiver sites in the CD zone. Planned Community (PC) zone properties in the Downtown also qualify for this program.” This program is implemented by Chapter 18.18.080 of the Municipal Code.

The purpose of the TDR program is to encourage and support the rehabilitation of historic buildings. The “sending” sites – the historic buildings – “send” allowed but unused density to eligible “receiving” sites, which pay for the resulting floor area bonuses. The program requires the City to use sales proceeds to rehabilitate the building subject to the TDRs or for rehabilitation of some other historic resource.

The program has worked successfully in support of the City’s goals to preserve and restore historic buildings; however, staff notes that at this point, most eligible sending sites have sold their surplus development capacity.

The adopted Housing Element includes Program H2.1.7 to explore developing a Transfer of Development Rights (TDR) program to encourage higher-density housing in appropriate locations.

GOAL L-8 ATTRACTIVE AND SAFE CIVIC AND CULTURAL FACILITIES PROVIDED IN ALL NEIGHBORHOODS AND MAINTAINED AND USED IN WAYS THAT FOSTER AND ENRICH PUBLIC LIFE.

The policies and programs under this goal encourage public life in neighborhoods that do not have a commercial center nearby by promoting the use of existing community facilities and creating new places.

Public Safety Building

The existing PSB at 275 Forest Avenue opened in 1970 and is approximately 25,000 square feet. Due to the growth of public safety services and changes in regulations, the existing building no longer meets current code requirements. The Public Safety Building Project (PSB) intends to implement the Blue Ribbon Task Force (BRTF) June 19, 2006 recommendation to the City Council for a new Public Safety Building⁷. The Building will house the Police Department, 911 Emergency Dispatch and Operations Center, Office of Emergency Services, and Fire Department administration office.

⁷ Public Safety Building Blue Ribbon Task Force Report, revised July 30, 2009.
<http://www.cityofpaloalto.org/civicax/filebank/documents/16666>, accessed November 23, 2015.

In June 2014, the Council adopted an Infrastructure Plan, which identified the PSB as its top priority. At a City Council Study Session in May 2015, three potential sites were discussed and Council indicated its preference for study of the 250 Sherman Avenue (California Avenue parking lots C-6 and C-7) site. In July 2015, the City entered into a contract with RossDrulisCusenberry Architecture, Inc. (RDC) to study the relative suitability of parking lots C-6 and C-7 to accommodate the new PSB and related parking facility. Public input on the study was gathered at a community meeting on November 18, 2015 to inform the Council's decision at its December 14, 2015 meeting. The next step is to issue an RFP to move forward with the design and CEQA review process⁸.

GOAL L-9 ATTRACTIVE, INVITING PUBLIC SPACES AND STREETS THAT ENHANCE THE IMAGE AND CHARACTER OF THE CITY.

The policies and programs under this goal focus on creating an inviting and welcoming public realm through urban design.

Urban Forest Plans and Policies

The City has adopted a range of plans and policies aimed at maintaining, protecting, and enhancing the urban forest. The management plans and programs for trees in the city consist of the new Urban Forest Master Plan (UFMP), the Street Tree Management Plan (STMP), and the Line Clearing and Right Tree, Right Place (RTRP) Programs.

The UFMP, adopted in May 2015, establishes long-term management goals and strategies to foster a sustainable urban forest in Palo Alto. The UFMP addresses topics such as the state of Palo Alto's tree canopy, best management practices, interdepartmental coordination, and tree-related City regulations. Staff's suggestion is that a policy be added to the Comp Plan incorporating the adopted UFMP by reference.

Public Art Policy

Public art enhances the quality of life in a community, fosters economic development and creates vital public spaces. The City of Palo Alto Public Art Program operates in accordance with Chapter 2.26 of the Palo Alto Municipal Code, Visual Art in Public Places. On December 2, 2013, the City Council adopted an Ordinance to add chapter 16.61 to the Municipal Code establishing a requirement for public art in construction projects requiring Architectural Review over 10,000 square feet, with an estimated construction value of more than \$200,000. The Ordinance provides the option of commissioning artwork on the development site equal to the cost of one percent (1%) of the estimated construction valuation, or paying the one percent (1%) to the Public Art Fund in-lieu fee.

⁸ Public Safety Building Project, <http://www.cityofpaloalto.org/news/displaynews.asp?NewsID=3339&TargetID=268>, accessed November 23, 2015.

In 2015, in order to strengthen its ongoing commitment to the City's municipal public art program, the Palo Alto Council amended the Palo Alto Municipal Code to add Section 2.26.070 "Public Art for Municipal Projects" to Chapter 2.26 (Visual Art in Public Places). The new Ordinance aims to enhance the funds available for public art and to increase flexibility to provide art experiences that are timely and relevant throughout the community. According to the Ordinance, one percent (1%) of the City's annual Capital Improvement Program (CIP) budget devoted to public art is deposited into the Public Art Fund. Funds may be used at any appropriate site within Palo Alto for permanent or temporary public art projects. Additionally, funds from two or more CIP projects may be pooled to fund a single work of art⁹.

- Attachment 1: Existing Conditions Report on Land Use

⁹City of Palo Alto Policies and Documents – Public Art in Capital Improvement Projects;
http://www.cityofpaloalto.org/gov/depts/csd/public_art/policies_and_documents.asp; accessed November 17, 2015.