



**COMPREHENSIVE PLAN UPDATE
CITIZENS ADVISORY COMMITTEE
SUBCOMMITTEE
LAND USE & COMMUNITY DESIGN ELEMENT**

June 13, 2016

Mitchell Park – El Palo Alto Room

1:00 PM TO 4:00 PM

TITLE: Land Use and Community Design Element Subcommittee Discussion
FROM: Elena Lee, Interim Planning Manager
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Background

To date, the CAC has had four meetings to discuss the Land Use and Community Design Element and the subcommittee has met three times. On May 17, the full CAC met to discuss the Element and review the work the subcommittee accomplished in early May. Previous points of consensus, such as on parkland acquisition and coordinated area plans, are summarized in the May 17 staff report.

At the May 17 meeting, the full CAC provided feedback on options formulated by the subcommittee on Goals L-1 through L-3. Although the subcommittee had formulated recommendations for Goal L-4, the full CAC did not discuss L-4 in detail. The subcommittee and CAC have made substantial progress on policy and program suggestions and have forged compromise on and developed options for on several key issues, including parkland acquisition, coordinated area plan language, and building heights. As the focus shifts towards preparation of a preliminary draft element, staff suggests that the subcommittee continue to work through the remaining goals in the Element. The purpose of this meeting will be to continue discussion of growth management and to cover Goals L-5 through L-9, as well as the new Airport goal, shifted from the Transportation Element, which will become Goal L-10. Following the meeting, staff and the consultants will refine the framework further in response to subcommittee recommendations from both the Land Use and the Sustainability subcommittees, and produce a full preliminary draft element for CAC review and comment on July 19, 2016.

Attachment A - Revised Policy Framework incorporates recommendations on the key issues received from the full CAC at the May 17 meeting. For clarity's sake, Attachment A shows the current version without displaying previous edits; however, for informational purposes, Attachment B presents the original text of the element with all the edits made to date.

EIR Status Update

CAC members have requested clarification on the inter-relationship between the CAC's discussion of policies and program and the Council's discussion of the EIR and its scenarios. The City Council met to discuss the Comp Plan EIR, fiscal study, and additional Scenarios 5 and 6 on June 6. They did not conclude their discussion and voted to continue it at a future hearing in August on a date to be determined. Many of the policies and programs the CAC has formulated, such as those addressing parkland acquisition, coordinated area plans, or

zoning for mixed use, would be relevant and effective regardless of the preferred scenario ultimately identified by the Council. In addition, given the timing of the Council’s discussion, the policies and programs in the CAC-drafted elements will be available to shape and inform the Council’s scenario selection process. For example, to date, the subcommittee has focused on slowing job growth and allowing more housing, especially housing to serve low-income residents and people with special needs, while mitigating the impacts of both new housing and new job growth.

What to Expect at the Meeting

At the outset of the meeting, time will be given over to public comment from members of the community. Speakers will be allowed up to three minutes to share their thoughts on land use and community design. Time limits are necessary to ensure that there is an opportunity for members of the public to express their opinions, while also ensuring that the subcommittee can complete the agenda set out for the meeting.

Staff suggests that the group begin with the discussion of growth management, then proceed through the remaining goals element goal by goal. Staff and the consultant will briefly introduce the key concepts associated with each goal to kick off the discussion of streamlining the policies and programs that support it. Then subcommittee members will be invited to make suggestions and discuss refinements. The subcommittee may elect to craft a range of options and to take votes on those options in order to move the discussion forward towards subcommittee feedback that can be reported to the full CAC at their July 19 meeting on Land Use.

Key Issues to Address on June 13

Growth Management (Goal L-1)

Based on CAC and subcommittee input, the current draft of the Land Use and Community Design policy framework includes options that outline a three-pronged approach to growth management – focused on non-residential growth - that can be generally described as:

1. Monitoring growth towards a cap
2. Limiting the pace of development
3. Setting high standards to mitigate the impacts of new development and sustain Palo Alto’s quality of life, in the form of sustainability performance measures.

This staff report presents options for each one of these three prongs. More detailed background information can also be found in past City Council staff reports on growth management, including this one from December 2014:

<http://www.cityofpaloalto.org/civicax/filebank/documents/45984>

1. Monitoring

The Comp Plan currently includes a policy and a program regarding monitoring and capping non-residential development, Policy L-8 and Program L-7. Map L-6 of the Comp Plan, which shows the nine planning areas referenced in Policy L-8, is attached to this staff report.

POLICY L-8: Maintain a limit of 3,257,900 square feet of new non-residential development for the nine planning areas evaluated in the 1989 Citywide Land Use and Transportation Study, with the understanding that the City Council may make modifications for specific properties that allow modest additional growth. Such additional growth will count towards the 3,257,900 maximum.

PROGRAM L-7: Establish a system to monitor the rate of non-residential development and traffic conditions related to both residential and non-residential development at key intersections including those identified in the 1989 Citywide Study and additional intersections identified in the Comprehensive Plan EIR. If the rate of growth reaches the point where the citywide development maximum might be reached, the City will reevaluate development policies and regulations.

This policy has served a useful function of tracking new non-residential development since it was adopted in 1996, and it clearly articulates the City's vision for expected maximum growth. It monitors growth in 9 areas identified in the 1989 Citywide Study. It exempts medical, governmental and other institutional areas including SUMC, the Veterans Administration Hospital, Palo Alto Medical Foundation, Stanford Cancer Research Center. These areas are either subject to inter-jurisdictional agreements (such as federal property), or are subject to approved Development Agreements or previous planning entitlements. Therefore, these exemptions would continue under any modification to Policy L-8.

However, over time, staff, CAC members, and decision-makers have identified several drawbacks of the current system, often referred to as "Policy L-8":

- It does not distinguish between types of non-residential uses. Non-profit organizations, small local retail, hotels, and large office buildings are all lumped together.
- It does not address conversions of non-retail space from one non-residential use to another. So a conversion of 25,000 square feet of retail space to 25,000 square feet of office space would not be monitored or limited by Policy L-8.
- It does not provide guidance on what to do as development approaches the cap.
- It does not address the discrepancy between the amount of development capacity allowed under current zoning and the lower amount of development allowed under the Policy L-8 cap, creating an internal inconsistency in City planning policy.
- It is redundant with other development monitoring efforts the City is required to do for VTA, described below.

As of September 2015, over 1.4 million square feet of non-residential space has been built within the 9 monitored areas since 1987, and over 1.7 million square feet of capacity remains before the 3.2 million square feet cap is reached, as shown in Table 1, below. The Land Use and Community Design Element update offers an opportunity to revisit Policy L-8 and consider whether it is still the right system for monitoring non-residential growth in Palo Alto going forward.

Table 1: Policy L-8 cap and remaining development potential

Existing Non-Residential SF in Monitored Areas (1987)	Development Potential under Cap	Net Increase in Non-Residential in Monitored Areas ¹ (thru Sept 2015)	Remaining in Cap ²	Net Increase in Exempt Non-Residential SF (thru Sept 2015) ³
20,945,500	3,257,900	1,476,222	1,789,821	2,328,798

¹. Includes square footage approved during the planning entitlement process. Some of the approvals from the entitlement process may still be in the building permit process, under construction and/or have not been issued a certificate of occupancy.

². Excludes all entitlements related to Mayfield Development Agreement in the Stanford Research Park. Mayfield Development Agreement provided for the demolition of 330,120 of non-residential sq. ft. and allows Stanford to rebuild 300k of the demolished non-residential square feet in Stanford Research Park.

³. Exempt non-residential square footage is almost entirely public institutional uses (e.g. Stanford Medical Center, Palo Alto Medical Foundation, Veterans Hospital, Santa Clara County Courthouse, etc.) and includes square footage approved during the planning entitlement process. Some of the approvals from the entitlement process may still be in the building permit process, under construction and/or have not been issued a certificate of occupancy. Please refer to Map L-6 in the Comp Plan which identifies areas exempt from monitoring.

Another possible monitoring system is, in fact, already in place in Palo Alto. The County's congestion management agency is the Valley Transportation Authority (VTA), which oversees a Congestion Management Program (CMP). The CMP's Annual Land Use Monitoring Report requires that Member Agencies, including Palo Alto, provide the VTA with information on all development projects approved/entitled during the fiscal year in the various Transportation Analysis Zones (TAZ) established by VTA. VTA has developed a list of land use classifications for use in the CMP and distinguishes between different types of non-residential uses that city has approved over the years:

- Retail
- Office/R&D
- Hotel
- Educational
- Hospital
- Other

The CMP dataset can inform the discussions regarding non-residential development, and does not have some of the disadvantages of the Policy L-8 data described above. The CMP dataset contains citywide development information, and is collected by fiscal year as opposed to calendar year. But it does provide useful information about different non-residential land use categories and could be a mechanism for monitoring specific types of non-residential growth, such as Office/R&D, while not restricting others, such as Retail. Table 2, below summarizes the key points of the Policy L-8 and the CMP datasets.

Table 2: Summary of Policy L-8 and CMP Datasets

	Policy L-8	CMP Dataset
Timeline	1989-present	FY 2001-present
Geography	Nine planning areas as shown on Map L-6	Citywide
Non-Residential Land Use Categories	Total of all Non-Residential square footage	Contains information on different non-residential land use categories, e.g. retail, office/R&D, hotel, etc.
Exemptions	Areas that are within the nine planning areas that are considered "not monitored" including some Planned Community Zones and public facilities.	None

Source: Planning and Community Environment, June 9, 2016

Prior to the May 17 full CAC, the subcommittee formulated five options on growth management. The full CAC did not have time to discuss or offer feedback on these options on May 17.

Option 1 - Maintain Policy L-8 with no change (shown below for your information):

POLICY L-8: Maintain a limit of 3,257,900 square feet of new non-residential development for the nine planning areas evaluated in the 1989 Citywide Land Use and Transportation Study, with the understanding that the City Council may make modifications for specific properties that allow modest additional growth. Such additional growth will count towards the 3,257,900 maximum. [L28]

Option 2 - Preserve the 3.25 million square foot cap on non-residential space, but make it applicable citywide.

Option 3 - Preserve the 3.25 million square foot cap on non-residential space but make it applicable citywide and do not allow new non-residential development until existing issues are mitigated.

Option 4 - Preserve the 3.25 million square foot cap on non-residential space, but supplement it with performance standards for new development that move the City toward "net zero" by addressing the adverse impacts of new development , including traffic, parking air quality and noise. The performance standards would apply to new development up to maximum square footage allowed under the cap:

Option 5 - Eliminate the 3.25 million square foot cap on non-residential space and instead establish performance standards that move the City toward "net zero." Standards would be applicable to all new development citywide and address the adverse impacts of new development up to the cap, including traffic, parking air quality and noise.

Issues to Consider for Refinements

At the June 13 subcommittee meeting, the subcommittee could elect to refine the options listed above to take back to the full CAC in July. An additional option to explore could be replacing Policy L-8 with a new policy to monitor non-residential development through the existing CMP reporting process the City is required to complete. The new CMP-based policy would retain existing Policy L-8 exemptions for government uses. With any monitoring system, there are several crucial components that need to be considered. The threshold questions to consider are:

1. Should development be monitored Citywide or within the 9 monitored areas?
2. Should there be a numerical cap?
3. Should all non-residential development be capped, only Office/R&D, or Office/R&D and Hotel?
4. Should the cap continue to count from a 1989 baseline, or re-start from 2015?
5. If there is a cap, what is an appropriate cap number?
6. What should the trigger be for re-evaluating the cap as the cap is neared?

In addition to answering these threshold questions to refine the growth management policy, we would like the subcommittee's input on how to address the inconsistency between a cap and the amount of development allowed by the zoning. As the subcommittee discussed at the last meeting, limiting commercial development can incentivize residential development in the area where the cap applies, as property owners may elect to develop residential uses if non-residential development is not available to them. One way to address the issue of the discrepancy between the zoning and the cap would be convert non-residential FAR to residential FAR.

NEW PROGRAM: Adjust zoning designations to reduce non-retail commercial development potential and create more opportunity for housing by converting non-residential FAR to residential FAR.

2. Pace

In 2015, the City Council adopted an interim ordinance that put in place an annual limit of 50,000 square feet per fiscal year of new development of Office/R&D space in the City's fastest-changing commercial districts: Downtown, the California Avenue area (extending south roughly to Matadero Creek), and along El Camino Real south of Park Boulevard.

The subcommittee could recommend, or could suggest other options.

Option 1 - Continue to include New Policy [L37], which would make the Council's interim annual cap permanent in three specific areas.

NEW POLICY: Limit approvals of new office and research and development uses downtown, in the California Avenue area, and along the El Camino Real corridor, to a combined maximum of 50,000 square feet per fiscal year. [The City Council will consider this policy based on their experience with the interim office/R&D annual limit that is currently in effect.][L37]

Option 2 – Make the annual limit Citywide, and identify an appropriate Citywide annual limit number.

Option 3 - Make the annual limit Citywide, with the exception of new areas that receive a new trip cap, e.g. if a new trip cap were to be applied to Stanford Research Park. Identify an appropriate Citywide annual limit number.

3. Sustainability Performance Measures

Throughout the Comp Plan process, residents and decision-makers have repeatedly emphasized the importance of sustaining and even improving Palo Alto's high quality of life. At past CAC and subcommittee meetings, members have explored possible ideas for ways to continue to allow some development while avoiding or minimizing the potential negative impacts, particularly on traffic congestion and the natural environment. In April and May, CAC members discussed "adaptive growth management" and "performance measures" but many expressed that these terms are unclear and/or uninspiring. This staff report uses the term "sustainability performance measures" to more clearly explain what these measures are intended to do.

Examples of performance measures might include:

- Trip reduction: a specific percentage reduction from typical SOV commuter trips
- Water conservation: meeting a per capita water use target at or below existing per capita average
- Resource conservation: achieving a specific level of certification from the US Green Building Council's LEED Rating System.
- Urban forest and open space: preserving or increasing canopy cover or a percent canopy coverage.

New Option: As a prerequisite for project approval, the City could require non-residential development projects to demonstrate that they have incorporated and will implement sustainability performance measures.

NEW POLICY – Require new non-residential development to sustain Palo Alto's quality of life through the aggressive sustainability performance measures in trip reduction (as called for the in Transportation Element), energy conservation, water conservation, and GHG emissions reductions.

Note that this policy option does not include the term "net zero." In conversations with the subcommittee, the CAC, and the Council over the past few months, it has become evident that this term is ambiguous and has different meanings to different people. This staff report offers terms that are less jargon-y, less trendy, and more likely to retain a consistent meaning over the life of the Comp Plan.

Downtown Cap

Program L-8 / [L38] from the 1998 Comp Plan established a cap of 350,000 square feet of net new non-residential development downtown, which represents 10 percent more than the amount of development existing or approved as of May 1986. Non-residential development in downtown may reach the cap established for that area within the next several years, necessitating reevaluation of this limit. (See Downtown Cap section, below.) Therefore, the City Council will consider modification of this policy based

on the 2014 Downtown Cap Study (see http://www.cityofpaloalto.org/gov/depts/pln/advance/area/downtown_cap_study.asp) and supplemental information/analysis currently underway. Currently, development downtown is approaching the cap, as illustrated on the table below. Staff suggests that the CAC could consider a range of options that might include raising the cap or converting some commercial square footage to residential uses. Input from this discussion would inform the further work of the subcommittee and, ultimately, discussions at the City Council.

Table 3: Downtown Cap Status

	Gross sq. ft.
Commercial Downtown Zoning Districts Growth Cap	350,000 sq. ft.
Net non-residential SQFT added through August 31, 2015	277,200 sq. ft.
Total SQFT development proposal in the pipeline	26,700 sq. ft.
Total SQFT development remaining to reach the Cap	46,100 sq. ft.

Options on Downtown Cap

OPTION A: Change the Downtown Cap so that the remaining capacity applies only to office and R&D uses. Revise Program L-8 (recommended to become a policy) accordingly.

REVISED POLICY: (Formerly PROGRAM L-8): Support and encourage retail, housing, and small office buildings Downtown by limiting new ~~non-residential~~ office and R&D development in the Downtown area to 350,000 square feet, or 10 percent above the amount of development existing or approved as of May 1986 ~~46,100 square feet~~. Reevaluate this limit when non-residential development approvals reach ~~235,000~~ [xx,xxx] square feet of floor area. [L38]

NEW PROGRAM: Update the CD district zoning to convert non-retail commercial FAR to residential FAR Downtown.

NEW PROGRAM: Modify the TDR program to require that any increase in FAR transferred to a site must be used for retail or residential uses.

The number in [L38] is a placeholder based on work conducted to date. Staff will continue the analysis already underway with the Downtown Cap consultants, which may result in proposing a different number for a modified cap and ideas on an appropriate trigger for reevaluation.

Goal L-5

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.

Policies and programs have been updated to call for preservation of some open space in Stanford Research Park, and to plan for attractively designed potential residential or mixed-use projects along the El Camino Real edge of the Park. Consistency with and implementation of the East Meadow Circle Concept Plan is now specifically identified, and an antiquated reference to development at Stanford Medical Center has been removed.

Goal L-6

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

Policy changes so far include revisions to encourage design that promotes neighborhood character, public health safety, and active lifestyles. New policies call for preservation of cottage cluster housing, and developing guidelines for bird-safe design.

Goal L-7

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

Substantial new policies and programs were added to this section to reflect the mitigation measures from the Comp Plan EIR that are intended to avoid or reduce impacts to historic resources and archaeological resources in Palo Alto. However, several CAC members have commented that the new policies and programs under Goal L-7 are too mandatory, too specific, and too draconian, and, while they may be appropriate for an EIR, they are not appropriate for the Comp Plan.

Goal L-8

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 gathering places. Policies and programs under this goal have linkages to the Community Services and Facilities Element.

The most significant change under Goal L-8 thus far has been the addition of a new policy and four new programs addressing **parkland acquisition**. (See below for discussion.) The full CAC did not have comments on the proposed new policies and programs in the May 12 draft, so they remain in the current draft of the policy framework.

NEW POLICY: Facilitate creation of new parkland to serve Palo Alto's residential neighborhoods, as consistent with the Parks, Trails, Open Space and Recreation Master Plan, while maintaining adequate land for affordable housing. [L144]

NEW PROGRAM: *Explore ways to encourage dedication of new land for parks, including regulations and incentives for new development and programs to solicit bequests of land in single-family neighborhoods.*[L145]

NEW PROGRAM: *Pursue opportunities to create linear parks over the Caltrain tracks in the event the tracks are moved below grade.*[L146]

NEW PROGRAM: Explore ways to dedicate a proportion of in-lieu fees towards acquisition of parkland, not just improvements.[L147]

NEW PROGRAM: Explore opportunities to dedicate City-owned land as parkland to protect and preserve its community serving purpose into the future.[L148]

Goal L-9

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

A new Utilities and Infrastructure section includes two new policies and two new programs that reference, among other topics, the work of the Infrastructure Blue Ribbon Committee. Other new policies and programs address:

- Incorporation of the Urban Forest Master Plan
- Alternatives to surface parking lots, especially between buildings and street frontage
- Ensuring solar access
- Preservation of the Baylands

Goal L-10

This goal, to “[m]aintain an economically viable local airport with minimal environmental impacts,” has been moved into the Land Use and Community Design Element from the Transportation Element. The policies and programs should be reviewed and revised to ensure they are appropriate to their new location and to consider whether any new policies or programs that are specifically focused on land use compatibility issues are needed.

Summary of May 17 CAC Changes

Following the initial Land Use discussion at the March 15 CAC, five key issues were identified for in-depth discussion at the April and May meetings:

- Height limit
- Coordinated Area Plans
- Fostering mixed use
- Parkland acquisition (see Goal L-8, above)
- Dynamic Growth management tools

As of the May 17 full CAC discussion, the subcommittee and full group have identified a path forward on four of the five issues. The current status of the parkland acquisition policy and programs is described under Goal L-8, above. The current status of height limits, Coordinated Area Plans, and mixed use are presented below.

Height Limit (Goal L-1):

The subcommittee and full CAC have discussed height limits extensively. At the May 17 meeting, the full CAC discussed and voted on a range of four options created by the subcommittee in their May meetings. The CAC

utilized “approval voting,” meaning members could vote for as many of the options as they felt they could support. The votes did not include input from non-voting CAC members. In addition, staff solicited votes from CAC members who were not present on May 17 via email. The approval votes from the May 17 meeting were:

7 votes	<i>OPTION 1 - Keep the current building height limit</i>
4 votes	<i>OPTION 2 – Incorporate flexibility in building regulations to foster better design</i>
7 votes	<i>OPTION 3 – Allow the possibility of building heights up to 65 feet in specific areas to encourage a more diverse and affordable range of housing options.</i>
10 votes	<i>OPTION 4 - Allow the possibility of higher building heights in specific areas to encourage a more diverse and affordable range of housing options.</i>

The revised policy framework (Attachment A/B) includes all four options, along with the vote tallies.

Promoting Mixed Use in Appropriate Locations (Goal L-1):

The full CAC did not have comments on the proposed new program in the May 12 draft, so it remains in the current draft of the policy framework.

NEW PROGRAM: Update the municipal code to include zoning changes that allow a mix of retail and residential but no office uses. The intent of these changes would be to encourage a mix of land uses that contributes to the vitality and walkability of commercial centers and transit corridors. [L22]

Coordinated Area Plans (Goal L-2):

The full CAC did not have comments on the proposed new policies and programs in the May 12 draft, so they remain in the current draft of the policy framework.

NEW POLICY: Use coordinated area plans to guide development in areas of Palo Alto where significant change is foreseeable. Address both land use and transportation at an equal level of detail, define the desired character and urban design traits of the areas, identify opportunities for public open space, parks and recreational opportunities, and address connectivity to and compatibility with adjacent residential areas. [L59]

NEW PROGRAM: Prepare a coordinated area plan for the South El Camino corridor from Curtner Avenue to West Charleston Road, as shown in the diagram below. The plan should articulate a vision for the corridor as a well-designed complete street with an enhanced pedestrian environment including wider sidewalks, increased building setbacks, public open spaces, safe pedestrian crossings at key intersections, trees and streetscape improvements. Mixed use residential and retail development on shallow parcels should be encouraged to support a more walkable and bikable environment along the corridor, with appropriate transitions to the surrounding single-family neighborhoods. The plan should also foster improved connections to surrounding destinations. [L60]

NEW PROGRAM: Prepare a coordinated area plan for the Fry's site and surrounding area. The plan should describe a vision for the future of the Fry's site as a walkable neighborhood with multi-family housing, ground floor retail, a public park, and an interconnected street grid. [L61]

NEW POLICY: Encourage broad community involvement in the planning process for proposed development, including the participation of homeowners associations, particularly for developments proposed in the South El Camino Real corridor and the Fry's site and surrounding area prior to completion of coordinated area plans.[L62]

Next Steps

Subcommittee recommendations will inform development of the full preliminary draft element, with narratives, maps and supporting graphics. In addition, the Sustainability subcommittee will be meeting to discuss Land Use on Friday, June 24 from 9:00 to 12:00 in the Matadero Room at the Mitchell Park Community Center. The preliminary draft element, reflecting input from the Land Use subcommittee, Sustainability subcommittee, and Transportation subcommittee (which did not review the Land Use Element but did offer suggestions of Transportation policies and programs to shift to Land Use) will be circulated in the packet ahead of the CAC meeting scheduled for July 19. Subsequently, the element will be revised to reflect the input of the full CAC and would be presented to City Council in September. A Council date has not yet been set.