



DATE: Tuesday, May 17, 2016
TO: Citizen Advisory Committee (CAC)
FROM: Elena Lee, Interim Planning Manager, PCE
TITLE: Land Use and Community Design Element Discussion (PART 4 of 5)

Background

In March and April 2016, CAC meetings were devoted to a detailed discussion of policies and programs in the Land Use and Community Design Element. These meetings have provided an opportunity for an in depth discussion of several key issues, including building height limits, coordinated area plans, adaptive growth management tools, promoting mixed use, and parkland acquisition. The emphasis up this point had been primarily on incorporating policy and program suggestions from CAC members and on forging compromise on the key issues; however, with the focus shifting to preparation of a preliminary draft element, the group recommended that attention be turned to tightening up the policy framework to ensure that it lays out a clear and compelling vision for land use and community design. At the April 19 CAC meeting this task was given to the land use subcommittee.

The land use subcommittee met twice in the course of the last month to work through the policies and programs in the Land Use and Community Design Element, which form the core of the Comp Plan. They focused their work on the policies and programs under Goals L-1 through L-4, where several the most critical and complex issues are addressed. Wherever possible, the subcommittee worked to achieve consensus on the edits and clarifications needed; however, on a handful of issues where consensus was not reached, the subcommittee developed a range of options to bring back to the CAC for consideration. This memo summarizes the work of the land use subcommittee and provides context for the revisions they have recommended.

The purpose of the May 17 CAC meeting will be to review the work of the land use subcommittee on Goals L-1 through L-3 and provide recommendations will inform the further work of the subcommittee and, ultimately, the preliminary draft Land Use and Community Design Element as well. While the subcommittee made some comments on Goal 4, which are shown in the attached, they want to do some additional work on the organization and focus of these policies, so they will be discussed at a later meeting. Additionally, the CAC will be asked to review the revised draft revised draft Community Services and Facilities (CSF) Element and accept the revisions made by the CSF subcommittee in response to comments from the City Council.

What to Expect At the Meeting

After roll call and oral communications, staff will provide a recap of the discussions at City Council about the fifth scenario for the EIR and an update on the overall schedule for the Comp Plan. Next the CSF subcommittee will give a brief presentation on the revised draft CSF Element, summarizing the key changes made in response to direction from the City Council in February. The CAC will then be invited to comment on the revised draft CSF Element, with the objective of approving the edits on the understanding that there will be an opportunity to review again together with all elements of the Comp Plan prior to public release of the Draft Comp Plan Update in 2017.

The focus of the discussion will then shift to the Goals L-1 through L-3 of the Land Use and Community Design Element. At the outset of the discussion, the LUE subcommittee will be invited to provide a brief recap of their discussions on May 2 and May 10. Then each member of the CAC will be invited to share their thoughts on the updated draft policies and programs for Goals L-1 through L-3 in Attachment A (clean version, showing current draft) / Attachment B (tracked version, showing original with all edits made to date). Please note that each individual policy and program in Attachments A and B has been assigned a unique identifier, shown in square brackets at the end of the text (ex [L11]). This is to help CAC members reference them easily in comments, as new policies and programs do not get numbered until they are incorporated into the draft element. Additionally, it helps staff and the consultant in tracking policies and programs from the current, adopted Comp Plan so that we can present that information to Council, as they have requested.

A summary of the land use subcommittee recommendations is provided below, including a description of the options developed for issues on which there was no clear consensus. CAC members are encouraged to comment on the options in particular, indicating which options you support or offering suggestions to help refine them.

Summary of Key Issues and Subcommittee Recommendations

COMMUNITY SERVICES AND FACILITIES

In February 2016, City Council reviewed the preliminary draft Community Services and Facilities (CSF) Element prepared based on recommendations from the CAC and requested revisions with a view to preparing the draft document for public review later in the process. Council direction was to streamline the document and modify the language of policies and programs to allow more flexibility in implementing and prioritizing. The CSF subcommittee met in March together with representatives of the City's Community Services Department to address Council comments, and the result of their work is shown in Attachment C. Overall, the subcommittee worked to keep the core concepts recommended by the CAC while also addressing Council direction to trim. To accomplish this, some policies and programs have been shifted to other elements and many concepts have been combined to condense the element.

LAND USE

The land use subcommittee met on May 2 and May 10, focusing primarily on the policies and programs under Goals L-1 through L-3, where several the most critical and complex issues are addressed. The subcommittee reached broad consensus on a number of topics, agreeing on the need for policies and programs that:

- Contain development within the urban service area to prevent sprawl;
- Preserve and enhancing the quality of life in single-family neighborhoods;
- Address housing affordability and diversity, with options for seniors, special needs groups, public servants and younger members of the workforce;
- Call for monitoring growth and establishing performance standards that move the City toward "net zero" addressing the adverse impacts of new development such as traffic, parking, air quality and noise.

The subcommittee's work focused primarily on clarifications to the language of the policies and programs where there was broad agreement and on identifying a range of policy options for the CAC to consider on topics where there was no clear consensus. Attachment A shows the current draft of Land Use and Community Design Element policies and programs as revised by the subcommittee with policy/program options highlighted. Attachment B shows the original policies and programs from the existing, adopted element with all changes made in response to CAC comments and recommendations made by the subcommittee in track changes. We encourage CAC members to review the revised policies and programs under Goals L-1 through L-3 carefully and provide written comments to staff before 10AM on the morning of the meeting if possible.

Additional points on which the subcommittee agreed are highlighted below in a goal-by-goal summary, together with a detailed description of the options developed for CAC consideration.

Goal L-1

The subcommittee agreed that terms like "compact" and "resilient" should be defined in the narratives that precede the policies/programs in the draft element to clarify that they relate to the concept of concentrating development within the urban service area and addressing the effects of climate change and sea level rise. Similarly, the subcommittee agreed on the need for clear and distinct definitions for the terms "park," "preserve" and "open space" and for clarifying the types of agencies and actors with whom "regional collaboration" should be pursued. Further, the subcommittee has recommended making a distinction within the Neighborhood Commercial designation to differentiate between the three neighborhood centers - Charleston Shopping Center, Edgewood Plaza, and Midtown Shopping Center - and other areas, such as along south El Camino Real or Alma Street, where locating housing would be desirable. It should also be noted that, while the subcommittee agreed that views of the hills from Palo Alto should be protected, not all subcommittee members supported prioritizing community needs over preservation of views. There was also discussion about the effectiveness

of the City's transfer of development rights (TDR) program, a topic the subcommittee and the CAC will review in more detail under Goal L-7, particularly as it relates to historic preservation.

Under Goal L-1, topics for which there was no clear consensus included building heights and growth management.

Building Height Limits

A citywide height limit of 50 feet was established in the 1970s in response to community concerns about the growing number of taller buildings and its effect on the character of the community. In the current context of rapidly rising housing costs in Palo Alto and throughout the Bay Area, however, the CAC has discussed the possibility of recommending that City Council review the height limit. Given prevailing real estate market conditions in Palo Alto, allowing height limit exceptions under certain conditions represents an opportunity to potentially incentivize desirable development and negotiate community benefits. The range of policy options for building heights developed by the subcommittee includes options geared to this end.

Additionally, the options include an item intended to allow for better design of mixed use projects - Option 2. Building heights of 55 feet allow for greater flexibility and can foster more attractive retail spaces and more livable residential units. With higher floor to ceiling heights, retail spaces are brighter and more visible from the street, which helps retail businesses flourish. In residential units, higher ceilings make for a more spacious feel and enhance the quality of life in multi-family residential development. The figure below compares the floor-to-ceiling heights in a 50 foot building with those in a 55 foot building, illustrating that while 5-story construction is possible with a 50-foot height, an additional 5 feet can facilitate better design.¹

Staff recommends that the CAC discuss these options and their relative merits on May 17. Given that the committee has discussed the issue in detail at several previous meetings and the options have been carefully crafted, staff suggests conducting a poll to identify where the majority opinion lies.

OPTION 1 - Keep the current building height limit

NEW POLICY: Maintain the current 50-foot height limit on building heights in Palo Alto.

¹ David Baker, "Why Can't New Buildings be as Nice as Old Buildings?", accessed from <http://www.dbarchitect.com/us/press/15/lt%27s%20the%20Ceiling%20Heights%2C%20for%20One%20Thing.html>

OPTION 2 – Incorporate flexibility in building regulations to foster better design

NEW POLICY: Maintain a 50-foot height limit on building heights in Palo Alto, but allow heights up to a maximum of 55 feet for residential and retail mixed use projects to allow flexibility in floor to ceiling heights and enhance the livability in multi-family residential units.

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.

NEW POLICY: Building height limits up to a maximum of 65 feet may be considered for areas well-served by transit, services and retail as a way to facilitate a mix of multi-family housing, including affordable units, units targeted to seniors and other special needs populations, and micro-units designed to accommodate younger members of the workforce.

NEW PROGRAM: Establish criteria and conditions that must be met in order to allow building heights up to 65 feet. Criteria could include affordability of the residential units; compatibility with surrounding land uses; sensitivity to context; proximity to transit, services and retail; and mitigation or avoidance of adverse impacts on traffic and parking conditions.

OPTION 4 - Allow the possibility of higher building heights in specific areas to encourage a more diverse and affordable range of housing options.

NEW POLICY: Building height limits over 50 feet may be considered for areas well-served by transit, services and retail as a way to facilitate a mix of multi-family housing, including affordable units, units targeted to seniors and other special needs populations, and micro-units designed to accommodate younger members of the workforce.

NEW PROGRAM: Establish criteria and conditions that must be met in order to allow building heights higher than 50 feet. Criteria could include affordability of the residential units; compatibility with surrounding land uses; sensitivity to context; proximity to transit, services and retail; and mitigation or avoidance of adverse impacts on traffic and parking conditions.



Non-Residential Growth Management

With Policy L-8 / [L28], the 1998 Comp Plan placed a cap 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 (see Map-1 attached). As of December 2015, there was approximately 1.7 million square feet of capacity remaining in the cap; however, dramatic job growth in Palo Alto and the surrounding region since the end of the Great Recession has resulted in increases in traffic, parking demand, and other adverse impacts to the community. To address this issue, 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. 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. Staff has recommended supplementing this policy or substituting one that relies on Congestion Management Plan data for new office/R&D uses.

The land use subcommittee considered Policy L-8, with some voices expressing a desire to reduce the cap and others preferring to mitigate the adverse impacts of future growth rather than limiting it outright. Recognizing this wide range of opinions is echoed on the full CAC, the subcommittee developed several preliminary concepts for the CAC to consider as a starting point for more refined options:

Option 1 - Maintain Policy L-8 with no change:

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:

POLICY L-8 (revised): Establish a citywide limit of 3,257,900 square feet of new non-residential development. [L29]

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:

POLICY L-8 (revised): Establish a citywide limit of 3,257,900 square feet of new non-residential development, actively address traffic congestion and parking shortages and establish lower limits for non-residential growth until existing traffic and parking issues are addressed. . [L30]

NEW PROGRAM: Identify optimal, achievable thresholds, strategies to achieve them and methods for monitoring. [L31]

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:

POLICY L-8 (revised): Maintain a limit of 3,257,900 square feet of new non-residential development and monitor new non-residential development to proactively address its adverse effects, including traffic, parking air quality and noise. It is the City's intent to allow new development while taking steps to minimize its adverse impacts. [L32]

NEW PROGRAM: Establish performance standards, including requirements that move the City toward "net zero," as well as monitoring and enforcement provisions for new development to minimize the adverse effects of growth. Performance standards should address single-occupant vehicle trips, parking and greenhouse gas emissions. [L33]

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.

NEW POLICY: Monitor new residential and non-residential development and proactively address its adverse effects, including traffic, parking air quality and noise. It is the City's intent to allow new development while taking steps to minimize its adverse impacts. [L34]

NEW PROGRAM: Establish performance standards, including requirements that move the City toward "net zero," as well as monitoring and enforcement provisions for new development to minimize the adverse effects of growth. Performance standards should address single-occupant vehicle trips, parking and greenhouse gas emissions. [L35]

Given that the full CAC has not had the opportunity to date to discuss non-residential growth management in as much detail as the question of building heights, staff recommends that the committee review and comment on the range of options listed above. Additionally, staff suggests that the CAC consider whether exceptions to the cap on non-residential square

footage should be allowed for retail development, public buildings or community facilities like Avenidas. Feedback will inform further work by the subcommittee in refining these options. Staff is also working to prepare additional data and background information to facilitate further discussion and that will be supplied at a later date.

Additionally, 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. The City Council will consider modification of this policy based on the 2014 Downtown Cap Study and supplemental information/analysis currently underway. The subcommittee discussed the downtown cap, noting that limiting commercial development can have the consequence of incentivizing 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. 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.

| | 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. |

Additionally, a memo from the City Attorney regarding the impacts of housing on schools is included in the packet as Attachment D for informational purposes.

Goals L-2 and L-3

The focus under these goals was on streamlining and clarifying, and subcommittee recommendations were made to that effect. The subcommittee noted that policies and programs linking the Comp Plan with the S/CAP could be located under goal L-2. The emphasis under Goal L-3 is on preserving and enhancing the quality of life in residential neighborhoods and mixed use areas. The CAC is invited to comment on these revisions.

Goal L-4

Policies and programs discussed previously by the CAC for coordinated area plans are located under this goal. Additionally, the land use subcommittee provided guidance to staff on revisions to streamline policies and programs here that need to be incorporated and addressed, including:

- Commercial Centers / Mixed Use Areas - LUE Subcommittee guidance was to look for opportunities to condense this section, clarify how the objectives will be accomplished, and delete unnecessary items.
- University Ave / Downtown - LUE Subcommittee guidance is to review this section to ensure that the policy objectives are to maintain the multi-modal transit station site for transportation and public recreational purposes and to improve connections between downtown and the Stanford Shopping Center.

- Town and Country - LUE Subcommittee guidance is to review and update this section to ensure it reflects the changes that have occurred since 1998. Emphasis should be on recognizing and preserving the character and scale.
- Neighborhood Centers - LUE Subcommittee Guidance is to review this section and ensure it reflects changes since 1998. Overall, there is currently too much focus on change in Midtown. Section to be revised to focus on priorities for the coming 15 years.

Given the short timespan between the May 10 subcommittee meeting and the deadline for the CAC packet, staff has not been able to incorporate these changes yet. Therefore, we encourage the CAC to focus their comments on policies and programs under Goals L-1 through L-3 on May 17, although written comments on Goal L-4 policies and programs are welcome. Additionally, due to time constraints the comment matrix has not been updated for this meeting.

Next Steps

Following the 5/17 meeting, the LUE subcommittee will meet again to continue their work on Goals L-5 through L-9, and the sustainability subcommittee will convene to recommend a handful of policies or programs for the LUE to link the Comp Plan and S/CAP and ensure a coordinated approach to land use and community design. At the June CAC meeting, subcommittee members will present an update on the status of the element, with CAC members invited to comment. Subsequently, work will continue with the objective of presenting a preliminary draft Land Use and Community Design Element to City Council in August.

Staff Requests

Please review your packet materials ahead of the May 17 meeting, paying particular attention to Goals L-1 through L-3 in Attachments A and B, which will be the focus of the discussion at the meeting. Your detailed input on the draft element is valuable to us. As such, we also encourage your comments on all policies and programs, including details not included in this memo. As noted earlier, we would like to receive any written comments you have by 10AM on the day of the meeting so we can provide copies to the CAC.

Attachments:

- Attachment A – Current draft of Land Use and Community Design Element policies and programs (Clean)
- Attachment B - Current draft of Land Use and Community Design Element policies and programs (Tracked)
- Attachment C – Revised Draft Community Services and Facilities Element
- Attachment D – Memo from City Attorney on Housing and Schools
- Attachment E – April 19, 2016 CAC Meeting Minutes

