



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

August 1, 2016

City Hall - Community Meeting Room
250 Hamilton Avenue, Ground Floor
Palo Alto, CA 94301
1:00 PM TO 4:00 PM

TITLE: Land Use and Community Design Element Subcommittee Discussion
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Background

To date, the CAC has had five meetings to discuss the Land Use and Community Design Element, and the subcommittee has met five times. At the July 19 meeting, the full CAC reviewed and discussed different options for cumulative growth management and monitoring. The full CAC discussed choices for cumulative caps, annual limits, and the Downtown cap, but did not discuss specific square footage amounts that would be associated with each cap or limit. The numerical caps will be a topic for this Land Use Subcommittee discussion.

Following the meeting, staff and the consultants will refine the growth management options further in response to subcommittee recommendations received and produce a full preliminary draft element reflecting those options for CAC review and comment on August 16, 2016.

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.

Growth Management – Numerical Cap Options

The section below lays out initial staff proposals for the numerical caps tied to each of the growth management options currently being considered, and an explanation for each. The numerical caps are summarized in Table 2 at the end of this section.

Cumulative Cap Options

The Council will receive options to continue a cumulative cap on some types of non-residential development and to eliminate the cap in favor of performance measures and community metrics. (If the cap is continued, it will not apply to Stanford University Medical Center [SUMC], which is an approved project subject to a Development Agreement. This Agreement allows 1.3 million square feet of development and regulates and mitigates the impacts of development on the site through TDM requirements and other conditions.)

The City's current cumulative current cap is established in the existing Comprehensive Plan as Policy L-8, which set a limit of 3,257,900 square feet of new non-residential development for nine planning areas. Currently, about 1.4 million square feet of development subject to this cap has been built, and 1.7 million square feet of remain available.

Apply to Office/R&D

Staff proposes to **carry the remaining 1.7 million square feet forward** as the new cumulative cap on Office/R&D development. This number is reasonable based on the existing cumulative cap, the City's historic track record of development, and existing zoning capacity in place today.

Although limiting the cap to nine mapped planning areas has created confusion about what is and is not included in the cap, the current cap covers about 90 percent of the City's existing commercially-zoned land. Therefore, expanding the cap to encompass the whole city (excluding SUMC) does not actually necessitate a dramatic increase in the cap.

Similarly, changing the affected land uses from all non-residential development to only Office/R&D development does not necessitate a significant change in the cap. This is because the proposed new cap would apply to conversions from one non-residential use to another, while the current cap does not. Under the current cap, conversion of a 5,000-square-foot retail space to an Office use would not be recorded under the current monitoring system established by Policy L-8. Under the new cumulative cap option, this conversion would be recorded as a 5,000-square-foot increase in Office use. Therefore, the new cumulative cap would actually be more restrictive than the existing cap, since, theoretically, the cap could be reached exclusively from land use conversions, even if zero new construction takes place in Palo Alto. Therefore, the remaining cap does not need to be decreased because the range of affected land uses is narrowed.

Apply to Office/R&D and Hotel

If new hotel development is also subject to the cap, then staff proposes a total cumulative cap of 1.7 million square feet of Office/R&D development and **500,000 square feet of hotel development**. The

hotel cap is based on the past 15 years of development history. Since 2001, the City has approved a total of 276,000 square feet of hotel development. The City has also lost three hotels since 2001, including Hyatt Rickey's, for a total of 257,000 square feet. There are currently two active hotel proposals, one for 153,850 square feet at 744 – 748 San Antonio Ave (Marriott's) and one for 52,450 square feet at 3200 El Camino Real (Hotel Parmani). If approved, these two hotel projects would absorb 41% of the remaining square footage available proposed cumulative cap on hotel development. This would enable the possibility of the construction of another full service hotel within the City.

Annual Limit Options

The annual limit addresses the pace of development. Currently, the pace of development is regulated through an interim ordinance adopted by the City Council in 2015. The interim ordinance establishes an annual limit of 50,000 square feet per fiscal year of new Office/R&D development in three commercial districts: Downtown, California Avenue, and El Camino Real south of Park Boulevard. Neither the SUMC nor Stanford Research Park developments are included in the annual limit. There is currently about 800,000 square feet of unbuilt development capacity within the Stanford Research Park, based on existing zoning. SUMC has been approved for 1.3 million square feet of development.

The interim ordinance limit is based on the City's track record of development over the past 15 years. Since 2001, annual development of Office/R&D space has ranged from zero to just over 100,000 square feet per year. Four years out of the past 15 have seen development of more than 50,000 square feet per year.

The options developed by the subcommittee and CAC include:

- an annual limit applied citywide
- an annual limit applied citywide, excluding the Stanford Research Park if a trip cap is applied there.

Note that since the July 19 CAC meeting, staff has realized that SUMC would also need to be excluded from the annual limit because, as noted above, SUMC is an approved project and is subject to a Development Agreement that regulates and mitigates the impacts of development on the site.

Apply Citywide

If the annual limit is applied citywide, staff proposes a limit of **100,000 square feet per year**. This is based on the existing interim ordinance limit of 50,000 square feet, plus an additional 50,000 square feet per year of development in the Stanford Research Park (800,000 square feet of unbuilt development capacity ÷ 15 years = 53,333 square feet/year).

Exclude Stanford Research Park

If the annual limit excludes Stanford Research Park, on the condition that a trip cap is applied to the Research Park, staff proposes a limit of **50,000 square feet per year**. This is based on continuation of the Council-adopted interim ordinance.

Downtown Cap Options

The existing Downtown cap is established in Program L-8 of the current Comprehensive Plan, which established a cap of 350,000 square feet of net new non-residential development Downtown. This cap represented an increase of 10 percent above the amount of development either existing or approved as of May 1986. Based on past development history, non-residential development in the Downtown area may reach this cap within the next several years. Therefore, the City Council will consider a revised Downtown cap.

Table 1: Downtown Cap Capacity

Existing Downtown Cap (Additional Non-Residential Development Allowed After 1986)	350,000 sf
Total Net New Non-Residential Development Approved Between 1986 and July 2016	277,717 sf
Remaining Capacity in Existing Downtown Cap	72,283 sf
Active Pipeline Projects Subject to Downtown Cap	26,664 sf
Net Remaining Capacity in Existing Downtown Cap if Active Pipeline Projects <u>ARE</u> Approved	45,619 sf

Similar to the citywide cumulative cap discussed above, the existing Downtown cap does not count conversions from one non-residential land use to another, but simply lumps all non-residential uses together and only counts new square footage added.

The CAC is considering forwarding three options to the City Council for consideration.

- Apply the Downtown cap to Office / R&D uses only
- Apply the Downtown cap to Office/R&D uses only; exempt small offices
- Apply the Downtown cap to Office/R&D uses and hotels.

Under any of these options, the new Downtown cap would count conversions, because it would apply to only one or two uses. Therefore, this updated cap could constrain new development more severely than the current cap because the remaining capacity, or square footage, allowed could be registered through a conversion from other existing, non-residential uses to Office/R&D and/or hotel uses in addition to new construction.

Apply to Office/R&D Only (with or without small office exemption)

If the Downtown cap applies to Office/R&D uses only, staff suggests retaining the existing remaining capacity of the existing cap, meaning the new cap would be an additional **45,619 square feet** above what is currently exists today, assuming all active Office/R&D pipeline projects are approved as proposed. This amount may be applied to all Office/R&D uses or may exempt small offices of 5,000 square feet or less in an effort to support smaller local businesses. In either option, the cap would remain the same.

Apply to Office/R&D and Hotel

If the Downtown cap applies to Office/R&D uses and hotel, staff suggests retaining the existing remaining capacity of **45,619 square feet for Office/R&D** and allowing an **additional 50,000 square feet of hotel** development above what exists today.

Based on CAC feedback, a new program was added under the policy option for performance measures only. This program would create a trigger for evaluation of the performance measures by City staff.

Table 2: Numerical caps for discussion

Growth Management Options	Possible Cap (Square Feet)
Cumulative Cap	
• Citywide minus SUMC; Apply to Office/R&D	1.7 million
• Citywide minus SUMC; Apply to Office/R&D and Hotel	1.7 million + 500,000
Annual Limit	
• Citywide; Apply to Office/R&D	100,000
• Citywide minus Stanford Research Park and SUMC; Apply to Office/R&D	50,000
Downtown Cap	
• Apply to Office/R&D	45,619
• Apply to Office/R&D and Hotel	45,619 + 50,000

Other Land Use Element Policy Issues

At the July 19 CAC meeting, CAC members commented on several policy issues that have not yet been resolved. For most of the issues below, staff has either heard individual comments in opposition to previously-proposed policy wording without discussion by the larger group, or staff has heard CAC comments both in favor of and opposed to a given policy approach. Since CAC consensus on these topics is not yet clear, staff recommends that the Land Use Subcommittee discusses and suggests either a consensus view or multiple policy options to take back to the full CAC in August.

- **Single Family Residential Definition:** Some CAC members objected to the existing single-family residential definition, which allows the density maximum to increase to 14 units per acre in areas where second units are allowed. However, upon reviewing this language in the existing

Comprehensive Plan, staff believes this maximum is appropriate. Given the basic single-family residential definition allows for seven units per acre, it is reasonable to allow up to 14 units per acre if eleven units per acre is allowed by the existing zoning regulations in a given neighborhood. Therefore, this existing language has not been removed.

- **Neighborhood Commercial Definition:** Allowing child care centers to be located in Neighborhood Commercial centers, which include Charleston Center, Edgewood Center, and Midtown. This is currently allowed by zoning. Past CAC proposals would modify the wording of the Neighborhood Commercial designation to mention “child care” in the list of “typical uses” in this designation. There was no consensus on this item. There was concern raised about a shortage of daycare and childcare, while there was also concern that childcare uses could push out other small, local retail uses that the community wants to support.
- **Allowing convenience retail in residential areas:** This concept is expressed in New Policy [L39] (Goal L-3). As currently worded, it states: “POLICY L- 16: Encourage small-scale neighborhood-serving retail facilities such as coffee shops and corner stores at appropriate locations in residential areas.” There was no consensus on this item. Although this would provide retail services and daily needs nearby neighborhoods, they also could potentially cause impacts such as traffic, parking and noise.
- **Basements.** In addition, the CAC has received detailed public comments on the issue of basements. The Save Palo Alto Groundwater memo offers several detailed suggestions for new policies and programs. Most of these suggestions are likely to be most appropriately located in the Natural Resources and Environment Element where the topic of water quality is addressed, or in the Safety Element, where the topic of flooding is addressed. Currently, the Land Use and Community Design Element addresses the topic of basements in terms of their potential neighborhood impacts (Policy [L47]) and proposes a program to consider basements during the calculation of gross floor area (Program [L48]). The subcommittee could offer additional feedback on the new policy and program in the Land Use Element regarding basements.
- **Restrooms.** Staff has received some CAC comments which suggest eliminating references to restrooms in Policies [L57] and [L59] under Goal L-4. However, staff feels that restrooms are an important public amenity and will become increasingly important as alternative transportation, including walking and bicycling, is encouraged by new Policies and Programs in the Comprehensive Plan. These new policies currently remain, but the Subcommittee could discuss in further detail.
- **Cubberley.** A CAC member requested the addition of a policy or program addressing the Cubberley Compact under Goal L-8, which covers civic and cultural facilities. Staff has provided the CAC with the recently-signed “Cubberley Compact” between the City and PAUSD, which outlines a framework for collaborative planning. A program to plan for Cubberley’s future is already located in the Community Service and Facilities (CSF) Element under Goal C-4. Goal C-4 is to “Plan for a future in which our parks, open spaces, libraries, public art, and community facilities thrive and adapt to the growth and change of Palo Alto.” The relevant program states that the City will “Use Cubberley Community Center as a critical and vital part of the City’s

service delivery system while also planning for its future.” Staff suggests this location in the CSF Element is more appropriate than the Land Use Element.

Update from the Sustainability Subcommittee

The Sustainability subcommittee met on July 26 to discuss the performance measures and community sustainability metrics that have been developed as part of the growth management discussion. The subcommittee significantly expanded the list of both performance measures and community sustainability metrics to address both sustainability and quality of life. The subcommittee also noted that measurement of the metrics should be more tailored and taken more often than every 10 years; some metrics may need to be measured more frequently, particularly those that could be a “leading indicator” of a mounting problem.

Staff received a number of comments from CAC members and Sustainability subcommittee members on the importance of school impacts to the community. The Sustainability subcommittee added school impacts to the list of community sustainability metrics, and Policy C-1.14 and associated Program C-1.14.1 have been reinstated in the Schools section of the Community Services and Facilities Element. The Policy and Program direct the City to assist PAUSD with anticipating and addressing land development-related school enrollment impacts from development projects.

The updated list of performance measures and community sustainability and quality of life metrics will be considered at the full CAC on August 16 as part of the overall package of growth management options.

Next Steps

Land Use subcommittee recommendations will inform development of the full preliminary draft element, with narratives, maps, and supporting graphics. The preliminary draft will be circulated in the packet ahead of the CAC meeting scheduled for August 16, where the CAC will review and comment. It is anticipated that the discussion on August 16 will result in staff edits to the draft Element, which is tentatively scheduled to be presented to the City Council in September.