

*This preliminary draft element was prepared by City staff on the basis of input from the CAC and members of the public received from January 2017 through February 2017. The Element ~~will be as~~ reviewed by the full CAC ~~in February 21, 2017~~ and revised based on CAC comments. The revised Element will be presented as a draft to the CAC as a consent item on March 21, 2017. Following CAC recommendation, it will be presented as a draft to Palo Alto City Council in the spring of 2017, along with final CAC comments.*

# BUSINESS AND ECONOMICS

# 7

**VISION:** Palo Alto's business environment will be ~~exciting, dynamic and vital.~~ Businesses will have access to a wide array of support services and will enjoy positive relationships with Palo Alto residents, officials, and City staff. ~~The interdependence competing needs of residents and the contributions of businesses will be valued~~ will be balanced ~~recognized~~ so that neighborhoods are protected and enhanced while business districts are competitive and attractive. ~~The diverse character of Palo Alto will remain, so that the City's livable neighborhoods are protected and enhanced, while its business districts remain competitive and attractive.~~ The local economy will thrive, ~~and~~ a diverse array of goods and services will be provided to Palo Alto consumers, ~~and the City's historic, mutually beneficial relationship with Stanford University supported.~~ Most development will occur within Palo Alto's business employment district areas and will be consistent with the role and character designated for those districts area-by this Plan.

## INTRODUCTION

The Business and Economics Element addresses economic development policy issues. It is not a State-required Comprehensive Plan element. Instead, it is an optional element, but its contents are equally important to those in the mandatory elements. This Element, informed by local economic conditions and forecasts, focuses on the role of local businesses in the community and provides mechanisms for the City to support innovation, entrepreneurship, and local-serving retail and services. Its goals emphasize a thriving economy, compatibility and interdependence with residential neighborhoods, fiscal health, a culture of innovation and business diversity, flexibility and predictability in ~~e~~City regulations, as well as attractive, vibrant business centers and business employment districts. Implementation of this Element will take place over time and will utilize available planning and regulatory tools, such as the Zoning Ordinance, Coordinated Area Plans, and design review and ongoing outreach by the City to businesses.

Land use topics relevant to the design of retail centers (Goal B-5) and business employment districts (Goal B-6) are discussed in the Land Use and Community



Design Element. Transportation-related topics, such as employee commutes, the impact of commute-related congestion on residents, ~~shuttles serving retail centers,~~ and adequate parking, are addressed in the Transportation Element.

## ECONOMIC CONTEXT

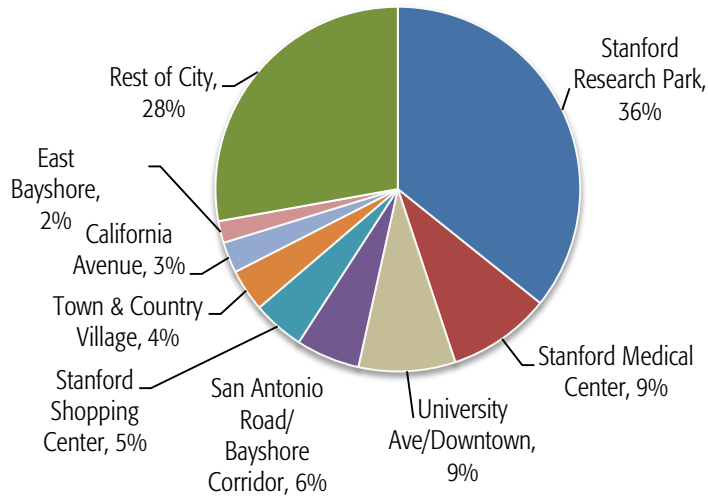
### EMPLOYMENT

Since 2010, in the aftermath of the Great Recession, the Silicon Valley region has experienced nearly a twenty percent increase in the number of jobs. During the same period of time, the unemployment rate has decreased to record lows. These trends are consistent with broader employment trends in both California and the Bay Area.

The City is recognized as a hub of innovation and entrepreneurship, with employers concentrated in the education, medical, software, technology, biotechnology, ~~technolog,~~ financial, ~~–~~professional, and government services industries. Major employers in Palo Alto include Stanford University, Stanford Health Care, Lucile Packard Children's Hospital, the Department of Veteran's Affairs, VMware, SAP, Space Systems/Loral, Hewlett-Packard, and the Palo Alto Medical Foundation. Each of these companies, institutions or agencies employs more than 2,000 persons. The top three employers, who are all affiliated with Stanford University, also include employees who work just outside of the city limits, in the part of unincorporated Santa Clara County that is within Palo Alto's sphere of influence (SOI).

As shown in Figure B-1, ~~Jobs~~ jobs are located throughout Palo Alto, primarily in the four Business Employment Districts, two Regional Centers, and three Multi-Neighborhood Centers identified in the Land Use and Community Design Element. The pie chart is based on a total of ~~95,460~~ approximately 95,000 jobs within the City limits, ~~of Palo Alto~~ Stanford Research Park contains the largest concentration 36 percent of employees ~~–36 percent–, third of the workers in Palo Alto,~~ while the University Avenue/ Downtown Area and Stanford University Medical Center are other important employment areas, each hosting nine ~~9~~ percent of the City's employees. However, over a quarter of workers are dispersed outside of the Employment Districts and Centers. Twenty-eight percent of employees work elsewhere in Palo Alto.

Figure B-1: City Employment Distribution



Source: Association of Bay Area Governments and City of Palo Alto

Successful businesses and employers are an integral part of a thriving, complete community. Local businesses offer many positives, including offering goods and services to residents and providing revenues that support the high quality of Palo Alto's services. However, Palo Alto has an unusually high concentration of jobs, with approximately three ~~3~~-times as many jobs (over 100,000) as employed residents (about 36,000). This indicates an exceptionally strong local economy, but it has also brought negative side effects over the past decade. Due to the high number of jobs relative to a low number of employed residents, many workers must commute to Palo Alto, resulting in traffic congestion, air pollution, and parking constraints. The understandable desire of workers to live close to their jobs has driven up the price of housing dramatically. The resulting high cost of living prevents restaurants, hotels and others in the service industry from finding sufficient employees. Similarly, commercial rents have risen precipitously in response to the demand for a Palo Alto address, driving a conversion of retail spaces to office uses and pricing out smaller stores and professional services. The City recognizes the importance of providing affordable housing and efficient transit opportunities for employees of all types of businesses, as addressed in the Land Use and Community Design, Transportation and Housing Elements of this Plan.

RETAIL

Palo Alto is home to a wide array of retail opportunities, from Stanford Shopping Center, to University Avenue, to small neighborhood-oriented shopping centers. Currently, retail sales tax (including tax on business-to-business sales) provides approximately five percent of total revenues to the City. Figure B-2 shows that over 53 percent of sales tax revenue in the City is generated by Stanford Shopping Center, Stanford Research Park and Downtown/University Avenue combined. The significant contribution of Stanford Research Park reflects the fact that retail sales tax includes taxes on business-to-business sales.

Figure B-2: Sales and Use Tax Revenue by Geographical Area, Year Ending December 2015

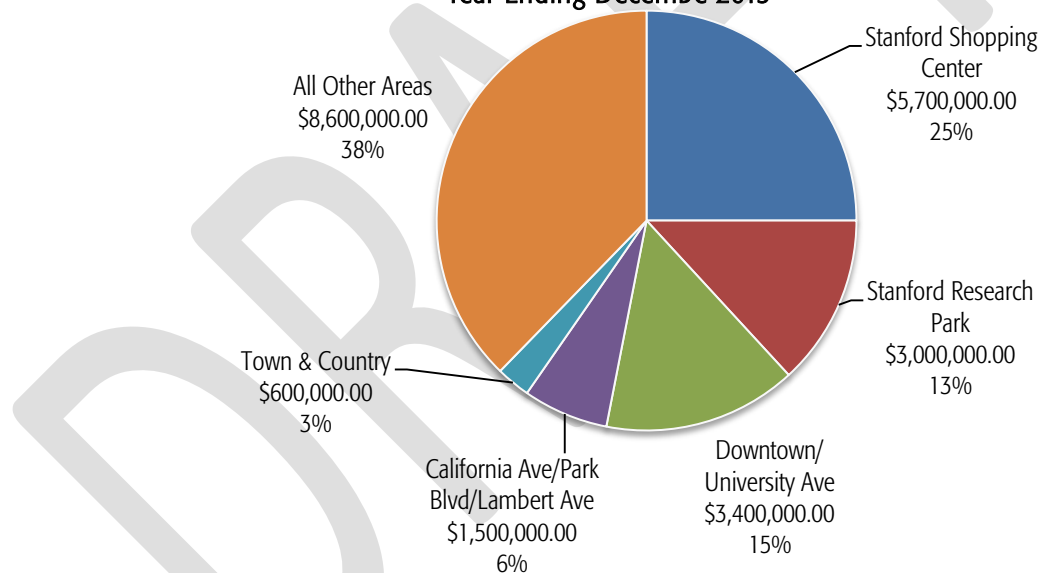
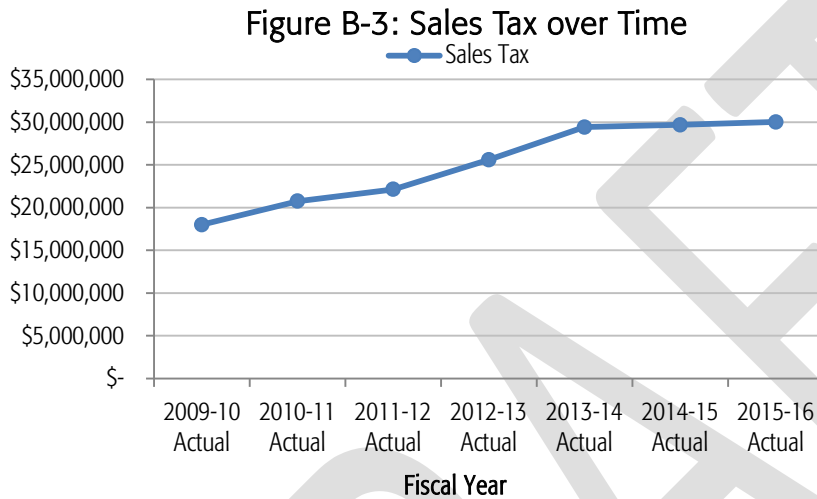


Figure B-2 shows that over half of the sales and use tax revenue in the City has increased significantly since 2009, although the rate of increase has slowed in the past few years, as shown in Figure B-3. is generated by Stanford Shopping Center (25%), Stanford Research Park (13%) and University Avenue/Downtown are important locations for sales tax generation. Recent economic studies have shown that retail spending is attributable not only to local residents, but also to local employees (25%), local businesses (15%), and visitors who come to the city for shopping and leisure, including University students (47%). However, small,

independent and locally-serving retailers in Palo Alto are currently experiencing challenges due to high rents, competition from online retailers, including in recruiting and retaining employees, as well as increasing healthcare costs.



**PLANNING CONTEXT**

**THRIVING ECONOMY**

The City's fiscal health and livability depend on maintaining a diverse community of businesses that are supported by residents, visitors, and workers. The City recognizes the need for all types of goods and services in the community, including by utilizing public-private partnerships and supporting non-profit agencies. Additionally, developing and maintaining advanced communications infrastructure is crucial to ensuring the City continues to be a viable location for new and established technology businesses.

**INTERDEPENDENCE**

A thriving business environment in Palo Alto is one that complements and supports the city's residential neighborhoods and natural environment. The City can help cultivate interdependence between commercial centers and surrounding neighborhoods through policies that maintain the natural environment while minimizing potential impacts on neighborhoods such as traffic and parking.

## FISCAL HEALTH

Palo Alto's continued fiscal health is crucial to providing the range and quality of infrastructure, services, amenities, and maintenance that citizens expect. The key indicator of the fiscal health of any agency or organization is a balanced ratio of revenues to expenses. As shown in Figure B-43, the City's total revenue stream has increased steadily over the last seven fiscal years (FY), from approximately \$478 million in FY 2009-2010 to about \$580 million in FY 2015-2016. This revenue comes from diverse sources, from the sale of utilities such as electricity, gas, water, and fiber optics; to the receipt of sales and property taxes. comes from diverse sources: selling utilities such as electricity, gas, water, and fiber optics to businesses, residents and outside entities; property taxes on residential and non-residential properties; sales tax (including both retail sales tax and business-to-business sales tax); charges for services; and a number of other sources. Figure B-54 illustrates total City the expenses over the same time period, and shows that costs associated with On the expense side, salaries and benefits, utility purchases, and contract services and other expenses have also risen, from make up over 77 percent of total City expenses. Debt service, rents, supplies and materials, and other costs make up the remainder about \$526 million in FY 2009-2010 to about \$629 million in FY 2015-2016. However, as illustrated in Figure B-6, Palo Alto's total revenue has consistently outpaced its expenses, by an average of approximately \$23 million per fiscal year.



Figure B-4: Revenues over Time

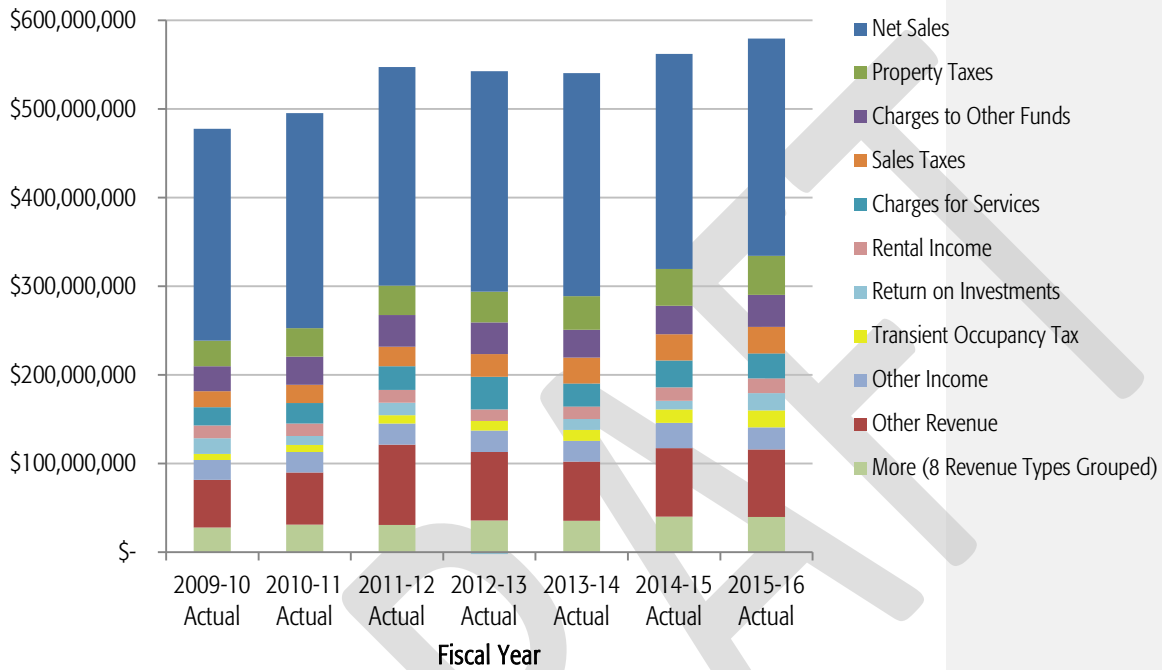


Figure B-5: Expenses over Time

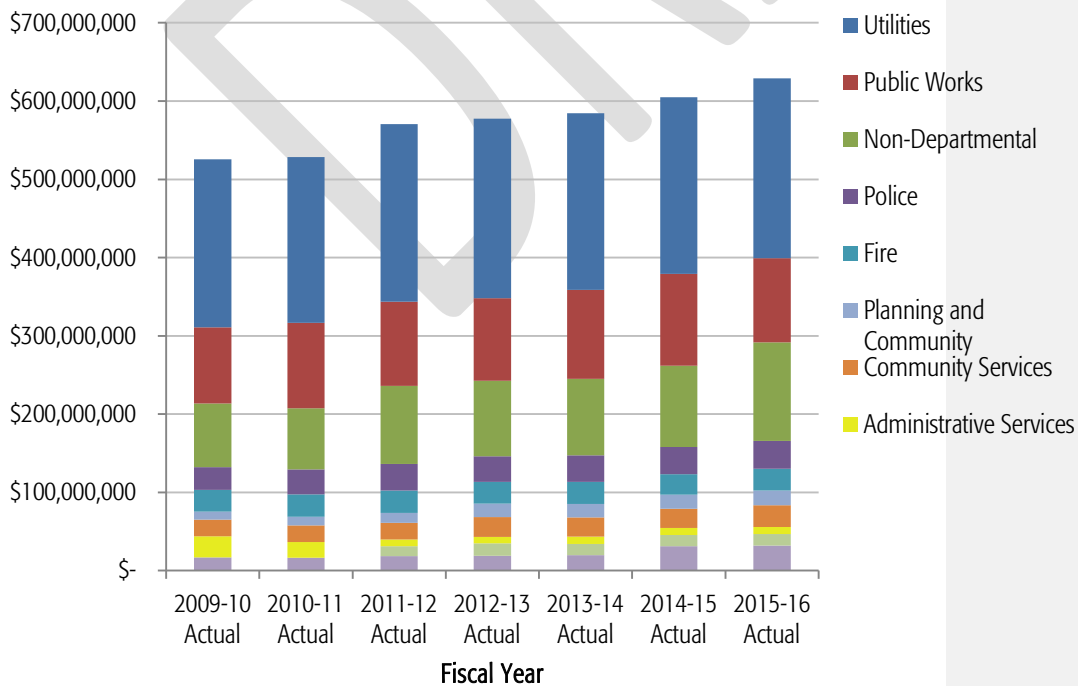
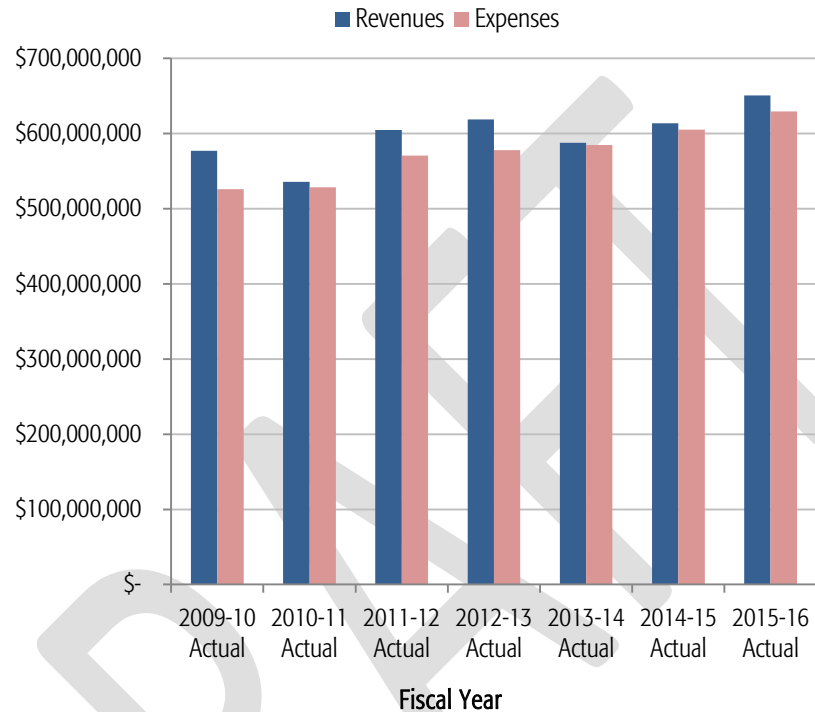


Figure B-6: Revenues and Expenses over Time



#### CULTURE OF INNOVATION AND BUSINESS DIVERSITY

Palo Alto is a center of innovation within the technology sector. The City Office of Economic Development plays a key role in supporting business growth, including community-serving businesses and arts-based businesses, and utilizes metrics to track progress towards Citywide economic goals. Partnerships and paired research efforts with Stanford University have consistently advanced innovation across business sectors.

#### FLEXIBILITY AND PREDICTABILITY

The City can support a healthy businesses environment by providing regulations and operating procedures that provide business owners and neighbors with predictability and certainty through changing economic cycles, while maintaining flexibility and adaptability as market conditions change. This could involve streamlining administrative and regulatory processes, and simplifying design guidelines for new development. The City Office of Economic Development can act as a facilitator



between residents and businesses in these processes to help ensure that neighbors, as well as employers, understand requirements and know what to expect.

## RETAIL CENTERS

Palo Alto's robust retail economy is focused in retail centers, including both regional retail draws such as University Avenue/Downtown and Stanford Shopping Center, corridors such as California Avenue and El Camino Real, and smaller shopping centers like Edgewood Plaza. Regional retail centers employ large numbers of people, attract shoppers from well beyond Palo Alto's boundaries, generate high sales tax revenues, and offer the broadest mix of goods and services. Multi-neighborhood Centers serve a much smaller area, typically the city or several neighborhoods within the city. Neighborhood Centers are the smallest unit; although their economic contributions are less substantial, they are vital to Palo Alto residents and are very much a part of community life. This Element provides policies and program to encourage the continued vibrancy of all Retail Centers, while recognizing that each Retail Center should maintain its distinctive character.

## BUSINESS EMPLOYMENT DISTRICTS

As described in the Land Use and Community Design Element, there are three Business Employment Districts in Palo Alto: Stanford Research Park, Stanford Medical Center, and East Bayshore and San Antonio Road/Bayshore Corridor. These districts provide thousands of local jobs, establish a customer base for many other Palo Alto businesses, and generate tax revenues for the city. Because each plays a central role in maintaining the fiscal health of the City, it is important to support their long-term viability and ability to respond to changing global economic conditions.

### STANFORD RESEARCH PARK

As noted above, over one-third of the jobs in Palo Alto are located in Stanford Research Park. Over the coming decades, the Research Park will continue to evolve, but is likely to remain a major employment center. Working closely with Stanford University and the hundreds of employers in the Research Park will help the Research Park remain competitive with others in the Bay Area and nation, while also providing opportunities to address issues of shared concern, such as easing commute-related congestion.

Reinvestment along El Camino Real will not only benefit Research Park employees, but will also help the City increase vitality and enhance the physical appearance of El

Camino Real. Providing housing and services like restaurants within walking distance of the Research Park also helps fulfill the City's goal of reducing auto dependence.

#### STANFORD UNIVERSITY MEDICAL CENTER

Stanford University Medical Center (SUMC), including the Stanford University School of Medicine, the Stanford University Clinic, Stanford University Hospital, and Lucile Salter Packard Children's Hospital, currently employs approximately 10,000 people and is one of the largest concentrations of health care services in the Bay Area. The City approved a Development Agreement with SUMC in 2011 which will continue for 30 years, throughout the life of this Comprehensive Plan. The Development Agreement covers the construction of a new Stanford Hospital and clinics buildings, an expansion of the Lucile Packard Children's Hospital, construction of new School of Medicine buildings, renovation of the existing Hoover Pavilion, construction of a new medical office building and parking garage at Hoover Pavilion, roadway improvements along Welch Road and Durand Way, and SUMC design guidelines. Growth associated with the agreement is expected to increase employment at SUMC by approximately 2,500 jobs. The City Council reviews SUMC's compliance with the terms of the Agreement on an annual basis.

#### EAST BAYSHORE AND SAN ANTONIO ROAD/BAYSHORE CORRIDOR

The East Bayshore and San Antonio Road areas serve a special economic role. Its relatively low-cost space provides opportunities for a variety of service industries and start-up businesses that could not feasibly locate in the higher cost areas.

## GOALS, POLICIES, AND PROGRAMS

### THRIVING ECONOMY

**GOAL B-1** ~~B-3: Policies that Moderate the Pace of Job Growth, with Priorities Given to New Businesses in Palo Alto that contribute to economic vitality, enhance the city's physical environment, promote municipal revenues and provide needed local services and Municipal Contribute to Economic Vitality, and Enhance the City's Physical Environment.~~

**POLICY B-1.1** ~~Encourage new businesses that meet the City's business, and economic or municipal services or service requirements, as articulated in this Plan and the City's other Economic Development Policies, to locate in Palo Alto. [Existing Policy B-9] [B1]~~

**Program B1.1.1** ~~Direct Implement the City of Palo Alto Office of Economic Development to implement the Economic Development Policy, as periodically amended, to guide business development in the City. [Existing Program B-2] [B2]~~

**POLICY B-1.2** ~~Promote Palo Alto's image as a business-friendly community. Assume an active role in fostering new businesses, particularly including small start-ups, entrepreneurs, and start-up innovative businesses, in emerging industries. [Existing Policy B-10] [B3]~~

**POLICY B-1.3** ~~Engage with all stakeholders in the business community, including businesses of all sizes, local retailers, the public, and City decision-makers in order to understand the challenges businesses and employers face.maintaining between community, the public, and decision makers.Include stakeholder meetings with retailers in this outreach. [NEW POLICY] [B4]~~

**POLICY B-1.4** ~~Direct the Office of Economic Development to Attract innovative, sustainability-oriented businesses that innovate in the areas of mobility and sustainability, and encourage these businesses to employ local residents. [NEW POLICY] [B5]~~

**POLICY B-1.5** ~~Consider Encourage the use of public private partnerships as a means of redeveloping and revitalizing selected areas where beneficial to achieving the City's goals. [Existing Policy B-11 with revisions] [B6]~~

**POLICY B-1.6**

~~and Encourage the private sector to participate in partnerships with partnerships with community groups and nonprofit or public agencies building owners and developers to provide space for community-serving non-profits, or public agencies to as one possible eng community benefits when feasible and services that would not otherwise be made available. [Existing Policy B-11 and B-12 revised] [B7]~~

**POLICY B-1.6**

**POLICY B-1.7** Encourage businesses of all kinds should be encouraged to advance Palo Alto's commitment to both fiscal and environmental sustainability. [NEW POLICY] [B8]

On an ongoing basis, evaluate opportunities for City involvement in public/ private partnerships, including public investment in infrastructure and other improvements, siting of public art, and modification of land use regulations and other development controls. [Existing Program B-3]

Promote Support the development of technologically advanced communications infrastructure and other improvements that will facilitate the growth of the emerging telecommunications industries that rely on telecommunications technology support the efficiency and vitality of local businesses and services. [Existing Policy B-13]

Develop the City Council-approved fiber optic ring around the City as recommended in the 1996 Telecommunications Strategy Study and evaluate and implement enhancements to the system. [Existing Program B-4]

Work with electronic information network providers to maximize potential benefits for Palo Alto businesses, schools, residences, and other potential users [Existing Policy B-14]

Allow the creative use of City utilities and rights of way to ensure competition among networks in providing information systems infrastructure [Existing Policy B-15]

**Comme**  
Moved from Goal B-5.

**Comme**  
Infrastructure covered in Safety element. Land use modifications and public art covered in Land Use Element.

**Comme**  
Redundant with Safety Policy S4.1. Improve access to a range of secure, state-of-the-art telecommunications systems by all households, businesses and institutions in Palo Alto.

**Comme**  
Program complete.

**COMPATIBILITY COOPERATION AND INTERDEPENDENCE**

**GOAL B-2** A thriving business environment that complements is Compatible with Palo Alto's residential Character neighborhoods and natural environment.

- POLICY B-2.1** Support local serving retail, and that retail, recognizing that it provides opportunities for local employment, ~~reduced commute times, and~~ and a stronger ~~connection to the~~ community connections and neighborhood orientation. [NEW POLICY] [B9]
- POLICY B-2.2** Support a strong interdependence between existing commercial centers and surrounding neighborhoods as a way of encouraging economic vitality. [Existing Policy B-2] [B10]
- POLICY B-2.3** Recognize that employers ~~businesses~~ and neighborhoods share many values and concerns, including traffic and parking issues and preserving Palo Alto's livability, and need to work together. [NEW POLICY] [B11]
- POLICY B-2.4** Use a variety of planning and regulatory tools including growth limits, to ensure compatibility between Palo Alto's thriving business districts and its healthy, stable neighborhoods. ~~Recognize that a thriving business environment can change is compatible with the needs of complement and support Palo Alto neighborhoods. Similarly, healthy and stable neighborhoods can directly support Palo Alto businesses.~~ [Existing Policy B-1 with revisions]
- POLICY B-2.5** Recognize that Palo Alto's ~~street tree system~~ natural environment and features ~~is an~~ are economic assets to the City. [Existing Policy B-3] [B12]

## FISCAL RESPONSIBILITY

**GOAL B-3** Careful management of City revenues and expenditures so that the fiscal health of the City is ensured and services are delivered efficiently and equitably. (NEW GOAL)

- POLICY B-3.1** Promote a comprehensive approach to fiscal sustainability that includes careful monitoring of revenues and expenditures, efficient City operations, and land use, business and employment strategies. [NEW POLICY] [B13]
- POLICY B-3.2** A-Support a diverse range of ~~of~~ businesses that generate revenue for the City are crucial for its and enhance the City's fiscal sustainability. [NEW POLICY] [B14]

**Program B3.2.1** Continue to refine tools, such as the Business Registry, as data sources on existing businesses, including the type of business, number of employees, size, location, and other metrics to track the diversity of Palo Alto businesses. [NEW PROGRAM – PTC] [B15]

**POLICY B-3.3**

Develop strategies for promoting businesses and employers that ~~Plan ahead to generate~~ revenues that will support a full range of high-quality City services, ~~and preserve Palo Alto's livability, including through a focus on~~ including ~~Retaining and attracting~~ revenue-generating businesses. [NEW POLICY] [B16]

**CULTURE OF INNOVATION AND BUSINESS DIVERSITY**

**GOAL B-4** ~~B-2: A diverse mix of Commercial, Retail, and Professional Service Businesses~~ The stimulation of viable ~~diverse commercial, retail and professional service business opportunities through supportive business policies and~~ a culture of innovation ~~balanced economic goals, and diverse local and regional serving businesses.~~

**POLICY B-4.1**

Nurture and support Palo Alto's image as a global center of emerging ~~innovation by~~ technology by fostering innovation, supporting the ~~established businesses technology sector as well as~~ and ~~new~~ attracting new businesses. [Existing Policy B-4 with PTC revisions] [B17]

**POLICY B-4.2**

Encourage the retention of ~~s~~small businesses, non-profit organizations, and professional services, which are vital to a diverse and innovative economy. [NEW POLICY] [B18]

**Program B4.2.1** Revise zoning and other regulations as needed to encourage the preservation of Class B and C office space to accommodate small businesses and other services. [NEW PROGRAM] [B19]

**Program B4.2.2** Consider planning, ~~regulatory, or other incentives to encourage property owners to include smaller office spaces in their buildings to serve small businesses, non-profit organizations, and independent professionals. [NEW PROGRAM] [B20]~~

**Comme**  
Split and moved under Policy B-4.2.

**POLICY B-4.3** ~~Promote the growth of small businesses. Encourage their retention as they grow into larger, more established businesses by helping them find suitable locations.~~ [NEW POLICY] [B21]

**POLICY B-4.4** ~~Recognize that Stanford Research Park contains a concentration of some of the City's largest employers, and seek to maintain a mix of office and research and development uses. Retain and attract large employers in the Stanford Research Park.~~ [NEW POLICY] [B22]

**POLICY B-4.5** Maintain distinct business districts as a means of retaining local services and diversifying the City's economic base. [Existing Policy B-5] [B23]

**POLICY B-4.6** Encourage and support the operation of small, independent retail businesses, and other services that serve the community. [Existing Policy B-7 with revisions] [B24]

**Program B4.6.1** Work with local merchants to encourage Palo Alto residents, workers, and visitors to buy in Palo Alto. [NEW PROGRAM] [B25]

**Program B4.6.2** ~~— recognizing the growing threat to~~ Study the impacts of on-line shopping on local, —traditional retail uses, and develop strategies— to adapt. Evaluate which types of businesses are most likely to be successful and wherefrom on-line shopping. [NEW PROGRAM] [B26]

**Program B4.6.3** Evaluate the effectiveness —of ground-floor retail requirements in preserving retail space. Consider locations where exceptions to this requirement could be allowed while still creating an active street environment. [NEW PROGRAM] [B27]

~~Maintain distinct neighborhood shopping areas that are attractive, accessible, and convenient to nearby residents.~~ [(Existing Policy B-6)]

~~Initiate assessment districts or other programs to facilitate neighborhood shopping center improvements such as landscaping, parking, and access to public transportation.~~ [Existing Program B-1]

**Comment [JJ6]:** Redundant with Land Use Element Program L4.4.3 . Collaborate with merchants to enhance the appearance of streets and sidewalks within all Centers. Encourage the formation of business improvement districts and undertake a proactive program of maintenance, repair, landscaping and enhancement.



**POLICY B-4.7**

Explore opportunities to provide spaces for conference centers, arts and entertainment activities, and other creative and visitor uses, including through collaboration with Stanford and/or PAUSD. [NEW POLICY – PTC] [B28]

Recognize that retail, service, dining, and entertainment businesses serve diverse clientele and age groups and consider allowing appropriate late night or 24-hour amenities. [NEW POLICY]

**FLEXIBILITY AND PREDICTABILITY**

**GOAL B-5** City regulations and operating procedures that provide certainty, and predictability and flexibility and help businesses adapt to changing market conditions.

**POLICY B-5.1**

Maintain a healthy business climate, which provides for flexibility and predictability and flexibility when businesses employers are for those seeking City approvals. Encourage streamlining of City administrative and regulatory processes wherever possible. Reduce inefficiencies, overlap, and time delays associated with these processes. [Revision to Existing Policy B-16] [B29]

**Program B5.1.1** Regularly evaluate ways to improve coordination of the City's environmental review, permitting, and inspection processes, including issues relating to hazardous materials and water quality regulations. [Existing Program B-6] [B30]

**Program B5.1.2** Improve design guidelines to reduce ambiguity and more clearly articulate design compatibility principles to the business community and to the public. [Existing Program B-7] [B31]

**Program B5.1.3** Simplify the design review process for small-scale changes to previously approved site plans and buildings. [Existing Program B-5] [B32]

Evaluate methods to achieve the development limitations currently imposed by adopted floor area ratios in a more flexible manner. Such methods could include the use of building envelope restrictions. [Existing Program B-8]

~~Revise the Sign Ordinance to more clearly reflect community design standards and requirements relating to size, number of signs, allowed locations, and design. [Existing Program B-9]~~

**Program B5.1.4** ~~Revise zoning and other regulations as needed to encourage the revitalization of aging retail structures and areas and encourage the preservation of Class B and C office space to accommodate small, independent retail businesses and other services. [NEW PROGRAM] [Existing Program B-10] [B33]~~

**Comment [JJ7]:** Split and moved under Policy B-4.2.

**POLICY B-5.2** Continue to provide “one stop” service at the Development Center and to consolidate inspections to the extent feasible. [NEW POLICY] [B34]

**POLICY B-5.3** ~~Strengthen the role of the Office of Economic Development into both attract and retain local serving businesses; assisting businesses to in navigating City procedures and requirements; and as well as facilitateing communication between residents and businesses, and regarding needs and concerns. [NEW POLICY] [B35]~~

~~**POLICY B-5.4** Businesses of all kinds should be expected encouraged to advance Palo Alto’s commitment to both fiscal and environmental sustainability. [NEW POLICY] [B36]~~

## RETAIL CENTERS

**GOAL B-6** Attractive, vibrant ~~business retail~~ centers, each with a mix of uses and a distinctive character.

### **All Centers**

~~Where redevelopment is desired, encourage owners to upgrade commercial properties through incentives such as reduce parking requirements, credit for on-street parking, and increases in allowable floor area. Use such incentives only where they are needed to simulate redevelopment or contribute to housing or community design goals. [Existing Policy B-17]~~

**Comment [JJ8]:** Redundant with Land Use Element Policy L-4.1 - Encourage the upgrading and revitalization of selected Centers in a manner that is compatible with the character of surrounding neighborhoods, without loss of retail and existing small, local businesses.

~~Create incentives for providing multi-unit housing on top of parking lots in or near commercial centers and transit hubs. [Existing Policy B-18]~~

~~Use street corridor improvements as catalysts for economic revitalization in selected Centers. [(Existing Policy B-19) (Overlaps with Land Use Policy L-4.1)]~~

~~Identify and prioritize commercial centers in need of economic or physical revitalization. [Existing Program B-11]~~

## REGIONAL CENTERS

### University Avenue/Downtown

#### POLICY B-6.1

Support and enhance the University Avenue/ Downtown area as a vital mixed use area containing retail, personal service, ~~and small office, restaurant, residential, and arts~~ and entertainment uses. Recognize the importance of an appropriate retail mix, including small local businesses, to the continued vitality of Downtown. ~~Recognize that downtown office workers support the downtown retail.~~ [Existing Policy B-20] (Overlaps with Land Use Element Policy L-4.5) [B37]

**Program B6.1.1** ~~Actively work with Downtown businesses, professional associations and the Palo Alto Chamber of Commerce to retain successful existing retail small and medium-sized businesses that contribute to the City's goals for Downtown.~~ [NEW PROGRAM – PTC] [B38]

### South of Forest Mixed Use Area (SOFA)

#### POLICY B-6.2

Maintain uses in the South of Forest Area (SOFA) that complement the Downtown business district, ~~allow for the continued operation of automotive service uses,~~ and serve the needs of nearby neighborhoods. [Existing Policy B-21] [B39]

### Stanford Shopping Center

#### POLICY B-6.3

Work with ~~appropriate stakeholders, leaseholders, and~~ Stanford University to ensure that the Stanford Shopping Center is sustained as a distinctive, economically competitive, and high quality regional shopping center. [Existing Policy B-22 as edited by the PTC] [B40]

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## MULTI-NEIGHBORHOOD CENTERS

### California Avenue/Cal-Ventura

~~POLICY B-6.4~~ Maintain the existing local-serving multi-neighborhood retail orientation of the California Avenue business district. Discourage development that would turn the district into a regional shopping area or intrude into adjacent residential neighborhoods. ~~[(Existing Policy B-23)]~~

~~POLICY B-6.5~~**POLICY B-6.4** Foster the establishment of businesses and commercial services in the California Avenue business district that serve the adjacent neighborhoods as well as Stanford Research Park. ~~Discourage development that would turn the district into a regional shopping area or intrude into adjacent residential neighborhoods.~~ [Existing Policy B-24] [B41]

### El Camino Real

**POLICY B-6.5** Strengthen the commercial viability of businesses along the El Camino Real corridor, ~~for example by, for example, encouraging~~ Encourage the development of well-designed pedestrian-oriented neighborhood retail, services and housing office centers along the El Camino corridor. [Existing Policy B-25 with PTC revisions] [B42]

**POLICY B-6.6** Recognize the role of El Camino Real as both a local-serving and regional corridor, defined by a mix of retail uses, housing and office space. [NEW POLICY] [B43]

### Town and Country Village

**POLICY B-6.7** Retain Town and Country Village as an attractive, local-serving retail center. ~~the local-serving retail character of Town and Country Village.~~ [Existing Policy B-26] [B44]

## NEIGHBORHOOD-SERVING RETAIL CENTERS

~~POLICY B-6.7~~ Support the upgrading and revitalization of Palo Alto's four Neighborhood Commercial Centers. ~~[(Existing Policy B-27)]~~

~~Program B6.7.1~~ Review the effect of size caps, parking requirements, and other land use restrictions on the viability and competitiveness of neighborhood centers. ~~[(Existing Program B-13)]~~

**Comment [JJ12]:** Redundant with Land Use Element Policy L-4.14 . Improve the local-serving focus, and provide safe pedestrian, bicycle, and multimodal access to all three Palo Alto Neighborhood Centers – Charleston Shopping Center, Edgewood Plaza, and Midtown Shopping Center. Support their continued improvement and vitality.

**Comment [JJ13]:** Program complete.

## BUSINESS EMPLOYMENT DISTRICTS

**GOAL B-7** Thriving business employment districts at Stanford Research Park, Stanford Medical Center, East Bayshore/San Antonio Road Area and Bayshore Corridor that complement the City's business and neighborhood centers.

### STANFORD RESEARCH PARK

**POLICY B-7.1** Support the positive relationship between the local business community and Stanford University faculty, alumni, and administrators. [Existing Policy B-28] [B45]

**POLICY B-7.2** ~~Facilitate Stanford's the ability of Stanford University and employers Research Park businesses to respond to changing market conditions that support the long-term viability of the Research Park. [Existing Policy B-29] [B46]~~

~~Modify zoning regulations to allow convenience-oriented businesses such as restaurants and office support services within the Research Park. [Existing Program B-14]~~

**Program B7.2.1** Review policies and regulations guiding development at Stanford Research Park and revise them as needed to allow improved responsiveness to changing market conditions. [Existing Program B-15] [B47]

**Program B7.2.2** Study the feasibility of a "transfer of development rights" (TDR) program and other measures that would provide greater development flexibility within Stanford Research Park without creating significant adverse traffic impacts or increasing the allowable floor area. [Existing Program B-16] [B48]

**POLICY B-7.3** Encourage ~~commercial~~ investment and activity along El Camino Real and within Stanford Research Park that complements the Research Park and adjacent neighborhoods ~~Stanford Research Park~~ and enhances ~~their~~ its physical appearance. [Existing Policy B-30] [B49]

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**POLICY B-7.4** Identify opportunities along the El Camino Real and within Stanford Research park where a concentration of commercial services serving Research Park employees and visitors might be created. [Existing Program B-17] [B50]

Evaluate the location near the northwest corner of Page Mill Road and El Camino Real for a hotel and conference facility. [Existing Program B-18]

**Comment [JJ15]:** Site developed.

**POLICY B-7.5** Encourage incubator businesses in Stanford Research Park. [Existing Policy B-31] [B51]

STANFORD MEDICAL CENTER

**POLICY B-7.6** Support the approved buildout of the SUMC and assist Stanford Medical Center in responding to changes in the delivery of health care services. Work with the Center to plan for changing facility needs, but within the context of City of Palo Alto planning goals and policies, as well as the goals and policies of other relevant jurisdictions. [Existing Policy B-32] [B52]

EAST BAYSHORE AND SAN ANTONIO ROAD/BAYSHORE CORRIDOR

**POLICY B-7.7** Seek to balance increases in costs for business space with the need for Encourage the rehabilitation and replacement of outdated building space in Discourage actions that could increase the cost of business space in the San Antonio Road and East Bayshore areas, consistent with the East Meadow Circle Concept Plan as periodically amended from time to time. [Existing Policy B-33 with revisions] [B53]

**Comment [JJ16]:** Note: the East Meadow Circle Concept Plan was approved by City council for inclusion in the Draft Comp Plan Update on February 13, 2012.