



# City of Palo Alto

## City Council Staff Report

(ID # 4294)

---

**Report Type: Study Session**

**Meeting Date: 12/2/2013**

**Summary Title: Initiate Community Conversation on Planning and Transportation Matters**

**Title: Initiating a Community Conversation on the Future of the City Including the Comprehensive Plan, Planned Community Zoning, Parking and Traffic Strategies and Related Matters**

**From: City Manager**

**Lead Department: Planning and Community Environment**

### **Recommendation**

Staff recommends that Council conduct a study session to discuss initiation of an expanded public dialog regarding the future of the city, including ongoing efforts to update the City's Comprehensive Plan, re-examination of Planned Community (PC) district zoning, and other land use and development issues.

### **Executive Summary**

On November 12, 2013, Mayor Scharff and City Manager Keene removed two large development projects from the Council's agenda and scheduled this initial study session on the future of the City. This study session provides an opportunity for public input and Councilmember questions and comments regarding land use and development issues in the City. Possible issues for discussion include:

- How should we initiate and engage in a robust public dialog about the future of the City, especially as it relates to existing commercial corridors and Pedestrian and Transit Oriented Development (PTOD) districts?
- How should this dialog relate to ongoing efforts to update the City's Comprehensive Plan and projects such as the Downtown Cap study, 27 University outreach, etc.?
- How should we re-examine the Planned Community (PC) process and address the community's concerns about the exchange of new development entitlements for public benefits?

- How should we ensure transparency, consistency, and predictability for development applications that conform with current zoning?
- Which traffic and parking solutions can be implemented in the short term, and how will the cumulative impacts analysis associated with the Comprehensive Plan Update inform decision making in the long term?
- Are there other questions related to zoning and land use that should be considered separately or in tandem with the Comprehensive Plan update?

At the closure of the study session, staff will attempt to summarize direction from the Council. One or more action items will be brought back to the Council for formal direction early in the 2014.

## Background

*Palo Alto will be a vital, attractive place to live, work, and visit. The elements that make Palo Alto a great community – its neighborhoods, shopping and employment centers, civic uses, open spaces, and natural resources – will be strengthened and enhanced. The diverse range of housing and work environments will be sustained and expanded to create more choices for all income levels. All Palo Alto neighborhoods will be improved, each to have public gathering spaces, essential services and pedestrian amenities, to encourage less reliance on the automobile.*

### *Vision Statement from the Palo Alto 1998-2010 Comprehensive Plan*

The Comprehensive Plan is the City's guiding planning document, setting forth the community's vision when it comes to land use and related issues. Each time an individual project or rezoning is considered, that decision is required to be consistent with the policy framework of the Plan. This does not mean that every decision is required to be consistent with every policy and program of the Plan, but each must be consistent *on balance* with the Plan as a whole, and with any mandatory policies of the Plan.

Palo Alto's current comprehensive plan was adopted in 1998 and has served this community well. It envisions a city of neighborhoods and a vision for the future that is expressed through the major themes of the document:

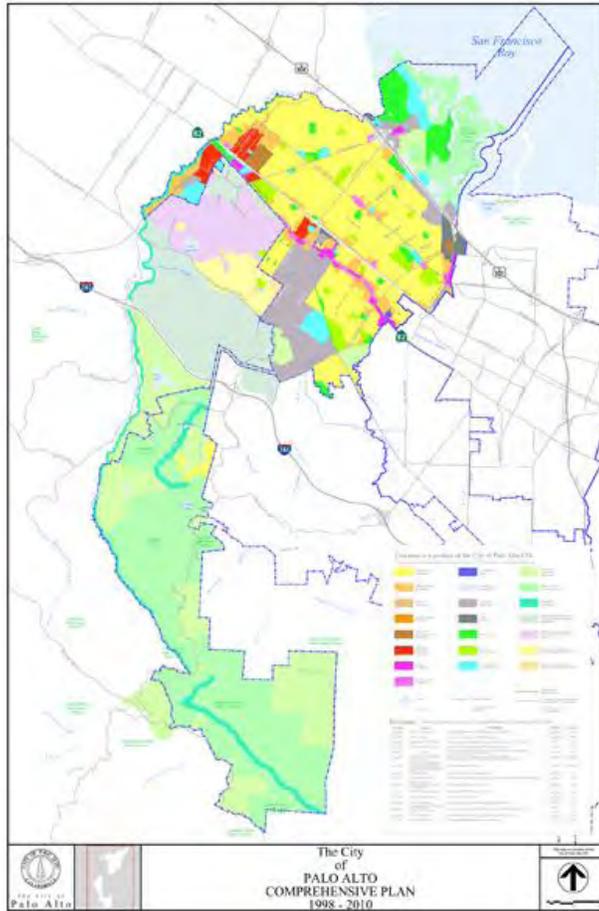
- Building Community and Neighborhoods;
- Maintaining and Enhancing Community Character;

- Reducing Reliance on the Automobile;
- Meeting Housing Supply Challenges;
- Protecting and Repairing Natural Features;
- Meeting Residential and Commercial Needs, and
- Providing Responsive Governance and Regional Leadership

The Comprehensive Plan articulates key values, expressed through policies and action items including such things as a limit on non-residential growth in the Downtown area (Program L-8) and throughout the City (Policy L-8), promoting decisions that encourage walking, bicycling and public transit use (Policy T-1), development of strategies to increase housing density and diversity in appropriate locations (Policy H-2) and encouraging new businesses that meet the City's business and economic goals (Policy B-9).

In general, the Comprehensive Plan establishes a land use regime that is protective of low-density residential neighborhoods (typically zoned R-1, R-2, and RMD) and open space areas. It is supportive of commercial enterprises, but effectively targets growth and change to fully-developed commercial areas such as Downtown, the California Avenue area, Stanford Shopping Center and the Research Park, El Camino Real and interstitial areas comprising approximately 5% of the City.

The Comprehensive Plan also recognizes the challenges in providing diverse and high-quality housing opportunities. Again, it is protective of existing residential neighborhoods, but supportive of higher density in appropriate locations. The City has a long history of support for affordable housing, including the adoption of an inclusionary housing ordinance in the mid-1970s, the establishment of affordable housing impact fees, and support for local, state and federal programs that help to preserve and enhance the City's affordable housing supply. The initial Housing Element adopted with the Comprehensive Plan and the revised Housing Elements that have been adopted in conformance with State requirements since that time have all contained policies and programs that address the housing challenges the City continues to experience.



*Palo Alto 1998-2010 Comprehensive Plan, Land Use Map (as amended through 2013). Single-family neighborhoods are shown in yellow; open space and public uses are green.*

### The Comprehensive Plan Amendment

Unfortunately (since the plan is such a good one), the future that the Comprehensive Plan envisioned was 2010, and in 2006, the Council directed staff and the PTC to begin work on an update. City Council initiated the Comprehensive Plan amendment project in 2006. Funding for the project was allocated in 2007 and a consultant team was selected in 2008. The amendment was intended not to overhaul the Comprehensive Plan and the Council adopted work program reflects the primary purposes of the amendment which includes:

- Extending the horizon year of the Plan to 2020 (this was later extended to 2025),
- Updating baseline data and growth projections,
- Modifying the vision statements, policies and programs as needed to address the focus of the Comp Plan Amendment,
- Ensuring the retention of sufficient land for neighborhood-serving retail uses and commercial growth,

- Preparing concept plans for East Meadow Circle area and California Avenue area and identify appropriate land use and zoning changes,
- Adequately mitigating impacts of increased housing on community services such as parks, libraries and schools; and
- Addressing the City's commitment to climate protection and sustainability.

City Staff worked with the PTC between 2008 and 2010 to review the existing elements, background reports on baseline growth topics, and information regarding the two concept area plans.

In 2010, the PTC and Council held a joint study session to address the Comp Plan amendment work plan, including the recommended approach to the Housing Element update. In addition, the Council provided direction regarding updated growth projections, updates to the Comp Plan structure, vision, goals, policies and program statements, and additional work regarding review of the South El Camino Real Design Guidelines and LEED for neighborhood Development (LEED-ND).

From 2010 to present, City staff and PTC sub-committees have met to review each element of the Comp Plan. The Comp Plan subcommittee process has been effective in identifying necessary changes to the Comp Plan including creating a clearer, cohesive and less redundant policy document. The original work program to update the structure, vision, goals and program statements has developed into a more robust update as a result of the subcommittee process. This involved rearranging chapters and elements and substantially changing the format of the existing plan. New policies and programs are included to clarify existing policies and programs and to accommodate new State requirements. As of November 2013, the PTC has reviewed and recommended inclusion of the following draft elements into the Comp Plan amendment:

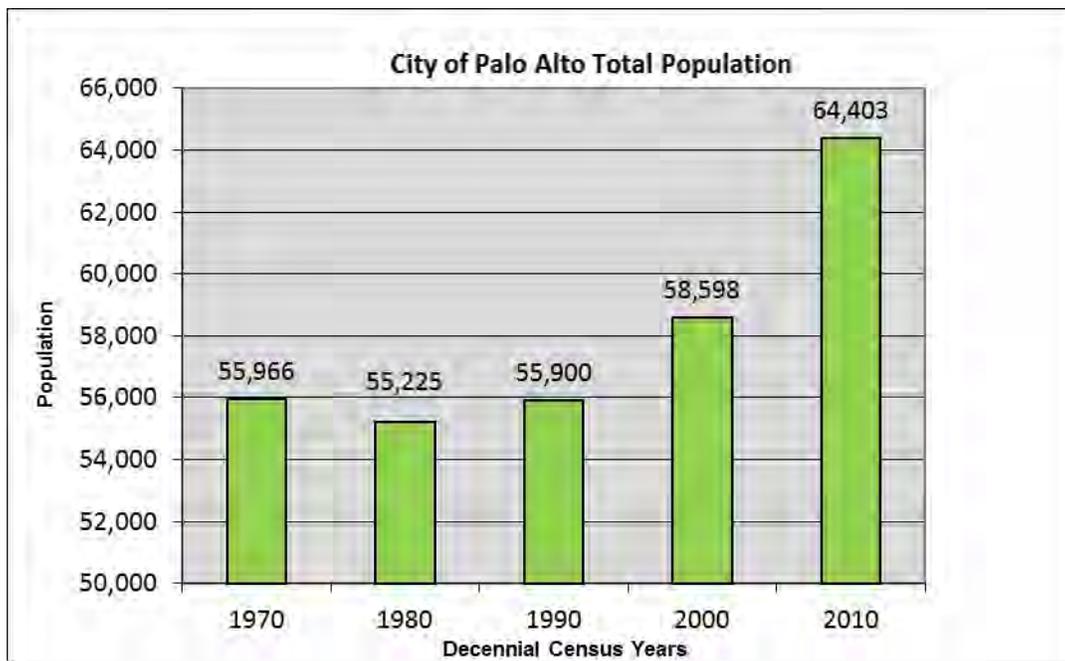
- ✓ Housing
- ✓ Land Use
- ✓ Transportation
- ✓ Community Services & Facilities
- ✓ Natural Environment

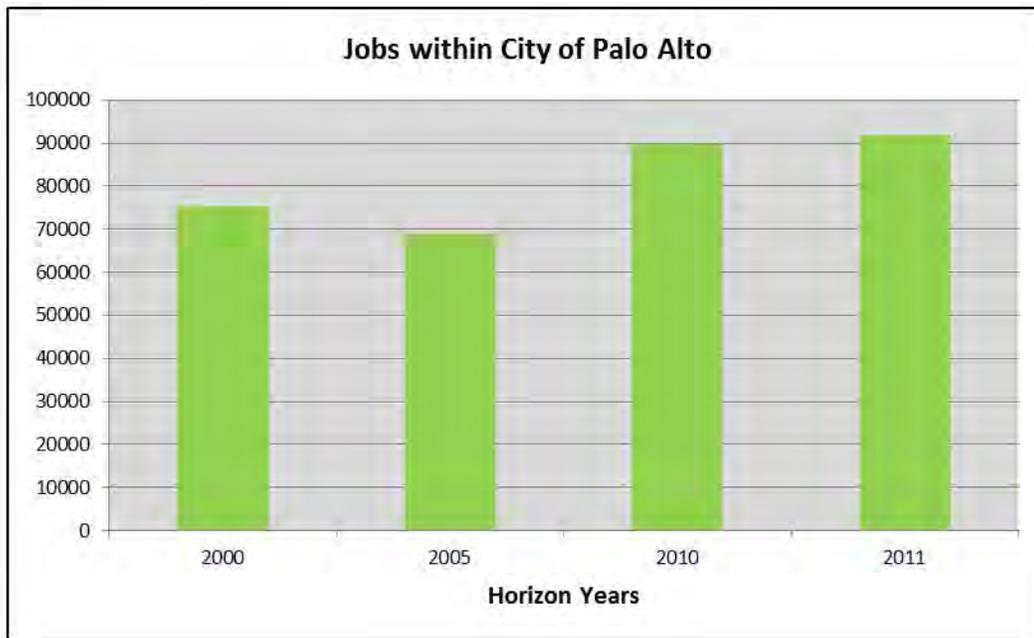
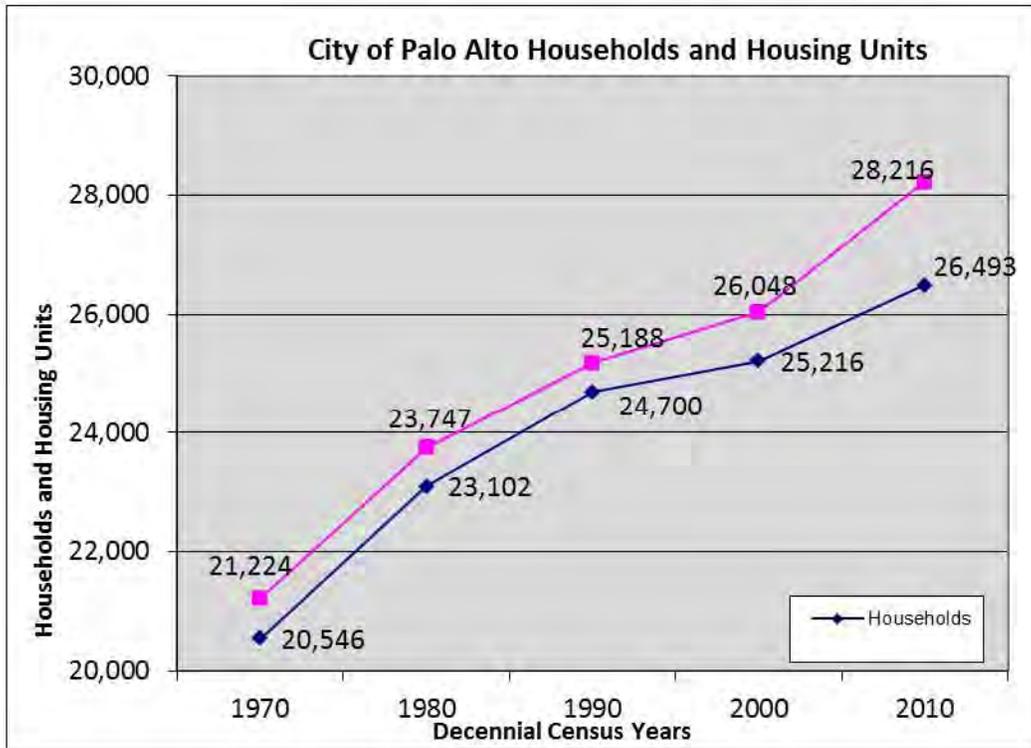
Work continues on the Business & Economics and Governance elements. It is expected that all elements will have been reviewed by the PTC prior to the end of Q1 2014. Please see Attachment A for more information regarding the ongoing Comprehensive Plan amendment process.

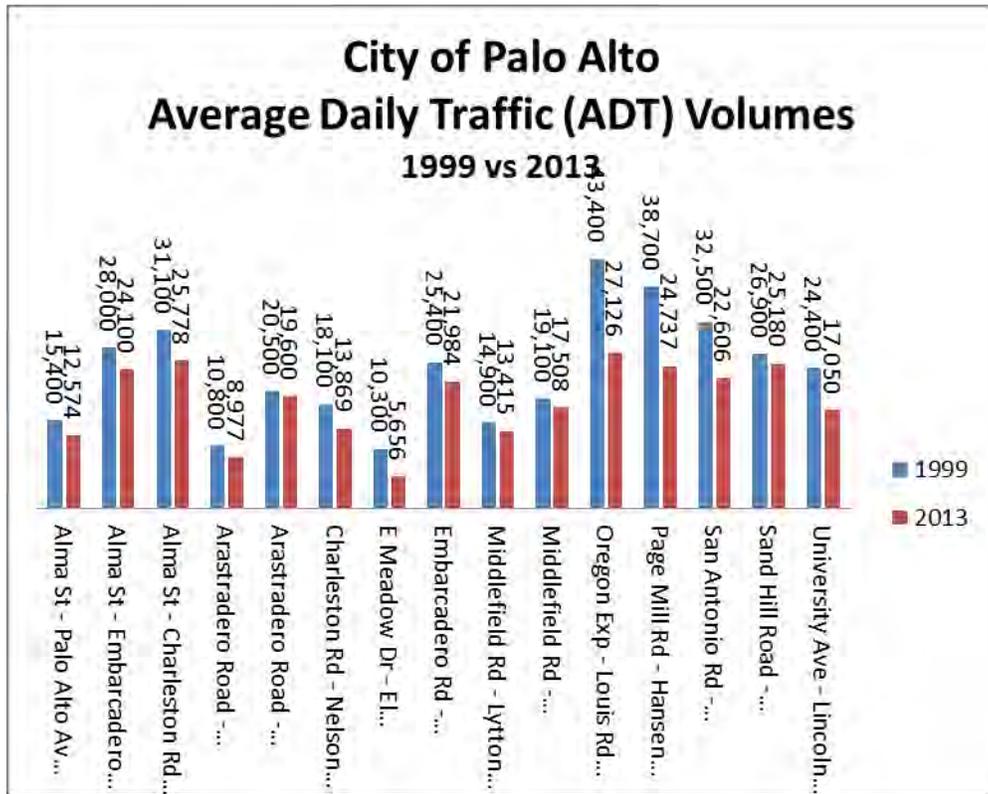
### Community Changes Since the Comprehensive Plan was Adopted

It's obvious to most people that the economic, social, and environmental landscape has changed significantly since the Comprehensive Plan was adopted in 1998. The City has experienced boom and bust cycles in the economy, affecting employment, housing demand, and office development. The City has been relatively well-positioned to adapt to these cycles and although we've had to cope with lean budget years and reductions in city services, the strength of our commercial sectors, residential property values, and school district achievements have brought us through difficult times. As a result, the City overall enjoys a high-level of resident, visitor and business community satisfaction.

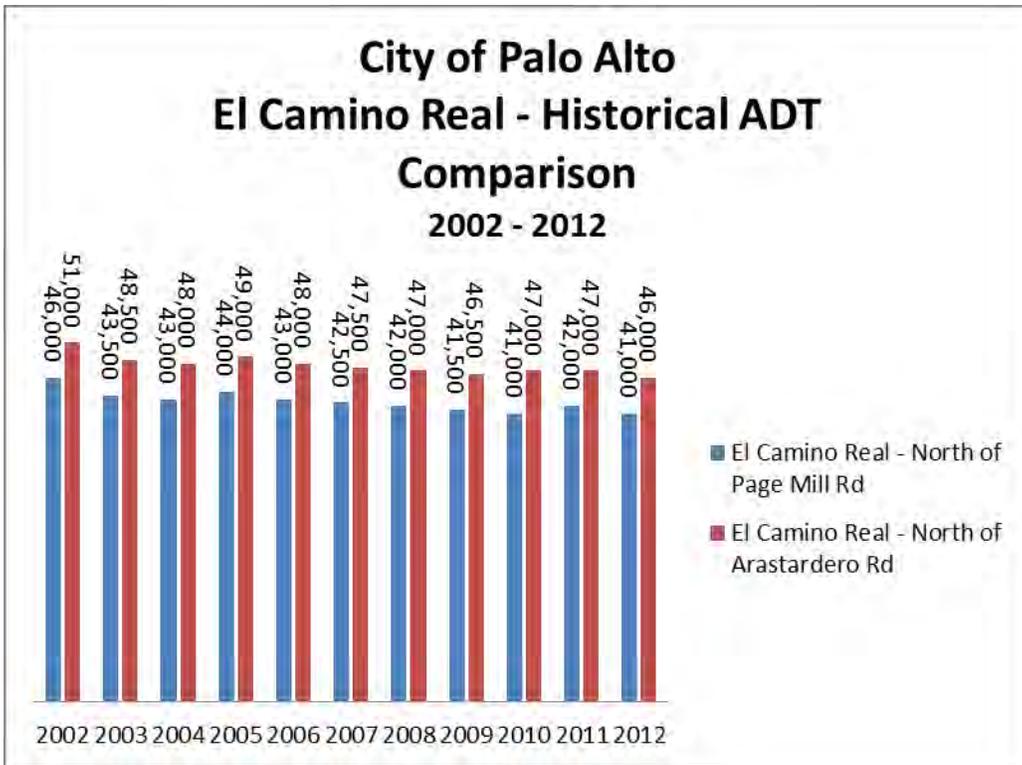
Despite emergent concerns about traffic and parking (issues Palo Alto shares with other cities across the Bay Area), citizens continue to rank Palo Alto very high in the annual City Survey conducted by the National Research Service. Recently, Palo Alto was named #1 on the Top 100 Best Places to Live by [Livability.com](http://Livability.com), a national website that ranks quality of life amenities of America's small and mid-sized cities. It certainly could be argued that the changes Palo Alto has experienced over the past 15 years have contributed to the success and the challenges our city continues to experience. The following charts illustrate some of the change we've experienced:



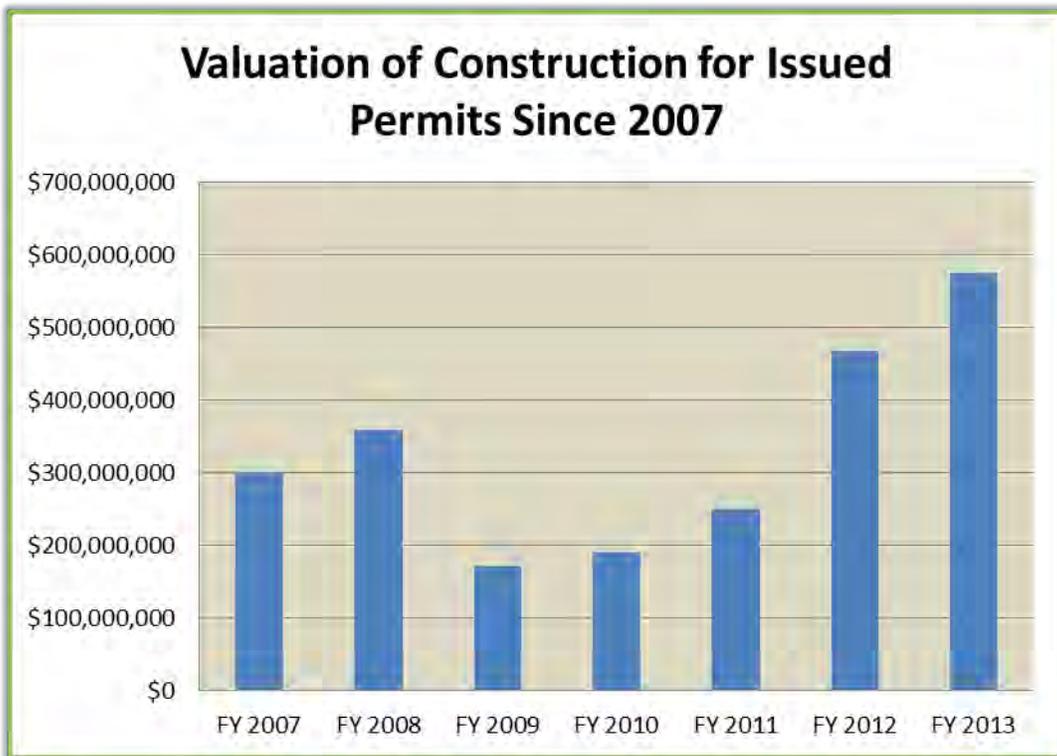


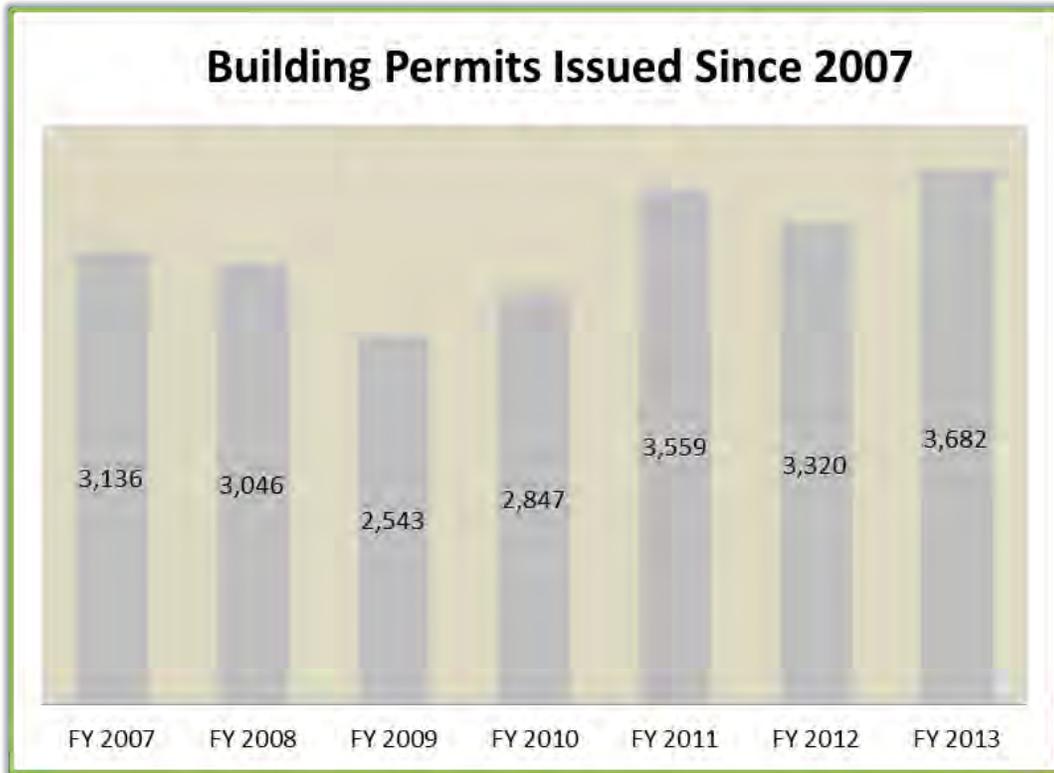


Source: City of Palo Alto Traffic Counts for 1999 and 2013



Source: Caltrans Annual Traffic Counts





#### Recent Development and Community Concerns

Palo Alto has successfully navigated out of the “Great Recession” and is now facing new challenges and concerns regarding the pace of development, although development over the last 15 years has not exceeded the two non-residential development limits adopted as part of the 1998 Comprehensive Plan, as shown below. Also, most of the pending development applications that can be characterized as “major” proposals, in the sense that they would add 10,000 gross square feet or more, conform to the zoning regulations that were established to implement the Comprehensive Plan.

**1989 - 2013 Non - Residential Development  
within the  
1989 Land Use Study Areas**

**3,257,900**  
square feet  
development  
potential-  
growth  
monitoring,  
established in  
the 1989 land  
use study



<b>1989 – 2013 Non-Residential Development within the 1989 Land Use Study Areas</b>	
Total Development Potential – Growth Monitoring	3,257,900 sq. ft.
Net Non-Residential Square Feet Gained thru August 2013	1,570,033 sq. ft.
Remaining Square feet in Growth Monitoring	1,687,867 sq. ft.

### Commercial Downtown Zoning Districts Growth Cap

**350,000**  
square feet  
Growth Cap,  
established in the  
1986 Downtown  
study



### Commercial Downtown Zone District Non-Residential Growth Cap

Commercial Downtown Zoning Districts Growth Cap	350,000 sq. ft.
Net Non-Residential Square Feet Gained thru August 2013	256,939 sq. ft.
Remaining Square feet in Growth Monitoring	93,061 sq. ft.

In-process Major Development Projects as of November 12, 2013			
Address	Project Description	Status	PC?
640 WAVERLEY	Prelim ARB mixed-use building with two dwelling units and commercial area of 10,463 sf (demo existing one story).	Zoning issues under review	no
500 UNIVERSITY AV	New three-story building (26,806 sf replacing 15,899 sf) with ground floor retail, two floors of office and two levels below grade parking.	First and second ARB Prelim completed, ARB 12/5/13	no
2500 EL CAMINO REAL	New four-story mixed use project with 70 residential units (one, two and three bedroom units) of BMR rental housing and approximately 7,300 square feet of commercial space.	ARB Prelim completed; formal app received 11/7	no
261 HAMILTON	Addition to University Arts Building 6,900 sf; generating 15K TDRs without parking exceptions.	Formal application submitted	no
636 MIDDLEFIELD	Prelim ARB for three residential units.	ARB Prelim to be scheduled	no
777 WELCH	Prelim ARB for 22,820 sf of new construction (demo 3,048 sf).	ARB Prelim scheduled 11/21/13	no
429 UNIVERSITY	Prelim ARB for one dwelling unit and 16,500 sf commercial (existing 6,600 sf).	ARB Prelim 11/7/13	no
180 EL CAMINO REAL	Prelim ARB for 133,580 sf retail and renovation (replacing same sf).	ARB Prelim 10/3/13	no
385 SHERMAN	Prelim ARB for 55,566 sf mixed use building.	ARB Prelim 12/5/13	no
2555 PARK	Formal ARB for 23,269 sf office; demo existing building.	Historic review initiated	no
2609 ALMA	Prelim ARB for four-unit multi-family residential condos.	ARB Prelim January 2014	no

<b>In-process Major Development Projects as of November 12, 2013</b>			
<b>Address</b>	<b>Project Description</b>	<b>Status</b>	<b>PC?</b>
441 PAGE MILL RD	New 32,524 sf mixed use building (21,540 sf commercial and 8 residential units) and one level of below grade parking.	Formal submittal of a Site and Design application on 7/29/13	no
2609 ALMA	Preliminary Architectural Review Board review of a new four unit multifamily residential condominium project.	Prelim ARB	no
3877 ECR	Preliminary ARB review for new two story mixed use project in at the Compadres site. 18 dwelling units and 3,000 sf. commercial	Prelim ARB	no
395 PAGE MILL ROAD AND 3045 PARK BLVD	Planned Community and Comp Plan Amendment for New Office Buildings, Structured Parking and Public Safety Building	PTC Initiated PC 7/10/13; ARB review 9/19/13. Applicant holding community meetings	yes
1050 PAGE MILL ROAD	Prelim ARB for a 284,000 sf. office building	ARB 12/5/13	no
816 SAN ANTONIO AV	Minor ARB approval to allow a 8,200 square foot structure for Hertz Rent-a-Car.	Notice of incomplete issued to applicant	no
240 HAMILTON AV	Major ARB and variance to allow a new 15,000 sf mixed use building.	ARB Approved 7/18/13, appealed	no
1875 EMBARCADERO RD	Site and Design Review for the golf course reconfiguration project.	Pending Council review PTC and ARB completed	no
3980 EL CAMINO REAL APT 001	PC Application for conversion of Buena Vista Mobile Home Park.	Project under review	yes
2755 EL CAMINO REAL	PC for a 19,563 sf, four story mixed use building with three stories of below grade parking. CC prelim was February 2013.	9/11/13 PTC Planned Community initiation continued to date uncertain	yes

The development described above represents a portion of the total number of projects under review by Planning staff and other City representatives; it includes projects that would do any of the following: add over 5,000 square feet of net new floor area, require design review under the Site & Design process, consist of a major subdivision and/or a Preliminary Review of a major project. As illustrated in the charts in the preceding section, the Development Services Department issues a significant number of building permits each year, with total building permit valuation approaching \$600 million in FY 2013.

New developments typically represent an increased intensity of use at each site as compared to the existing conditions. This increased intensity of use can place additional demands on the roadway network and automobile parking infrastructure. Citizens have clearly communicated their concerns regarding the perceived increase in automobile traffic, the reduction of available parking spaces in public-owned lots, automobile parking intrusion into residential neighborhoods adjacent to commercial areas, and overall difficulty in moving through intersections due to traffic congestion.

As illustrated earlier, daily traffic volumes ebb and flow over time, and with the end of the recession, volumes are approaching levels attained during the Dot-Com boom. In addition, local and regional traffic congestion is noticeably worse for drivers, whether they're commuting long distances, or making short local trips. Complaints about traffic and parking are widespread across the Bay Area.

### Architecture & Design

A relatively recent community concern engendered by ongoing development activity relates to the architecture and design of newly constructed buildings. Some community members have complained that the Architectural Review Standards, contained within the Municipal Code, are not being applied strictly and evenly and as a result, new buildings do not meet the level of architectural quality that Palo Alto expects.

This concern about design compatibility is often expressed as a critique of individual projects that have been approved since the adoption of the 1998-2010 Comprehensive Plan. Some of these projects are listed in the following table:

### Sample of Significant Projects Approved Since Adoption of 1998-2010 Comprehensive Plan

Projects	Zoning	Year Approved
800 High Street- multi-family residential	PC	2003
Vantage of Palo Alto	ROLM	2003
Echelon- multi-family residential, East Meadow Drive	ROLM	2004
Downtown parking garages (High Street & Bryant)	PF/PC	2000
Hyatt Ricky's/Arbor Real- multi-family residential	CS/CN/R-1/RM-15	2005
TKCJL- community center and residential	PC	2006
Altaire- Fabian Way, multi-family residential, affordable housing	PC	2006
801 Alma- affordable housing	RT-50	2009
Sterling Park multi-family residential, E. Bayshore Rd.	ROLM	2007
Elks Lodge/Rosewood Gate- multi-family residential and private lodge	RM-15/RM-30	2007
Palo Alto Bowl Site Redevelopment- hotel and multi-family residential	CS	2009
Alma Plaza- retail and multi-family residential	PC	2007
SUMC- hospitals modernization and expansion	Hospital	2011
Edgewood Plaza- retail redevelopment	PC	2013
101 Lytton- commercial office	PC	2011

Source: Planning and Community Environment Department

By comparison, there has been relatively little criticism of the post-war strip mall design of El Camino Real, for example, or other mediocre architecture from earlier periods.

Most importantly, discussion of some existing standards and their rigid application (height limit, for example) can contribute to poorer building design when the density and FAR (floor area ratio) of a project remains unchanged. A discussion of design as an integrated systems challenge and not simply a collection of individual standards and requirements could generate an important and needed conversation and improve design.

Land Use & Transportation Studies

In addition to considering and approving individual development applications that are consistent with the 1998 Comprehensive Plan, the City has undertaken numerous land use and transportation studies since the adoption of the Comprehensive Plan:

**Land Use and Transportation Studies Completed/In-progress since Adoption of 1998-2010 Comprehensive Plan**

Projects	Completed / In-progress
Downtown Cap Study	In-progress  Phase 1 data collection/analysis completion: May 2014  Phase 2 policy development and CEQA completion: October 2014
Comprehensive Plan Amendment <ul style="list-style-type: none"> <li>• <i>Transportation Element- Council review</i></li> <li>• <i>Citywide Transportation Model- Council review</i></li> <li>• <i>Land Use Element- Council review</i></li> <li>• <i>California Avenue Concept Area Plan</i></li> <li>• <i>East Meadow Circle/Fabian Way Concept Area Plan</i></li> </ul>	In-progress  Completion Q2 2015  <i>Q1 2014</i>  <i>Q1 2014</i>  <i>Q1 2014</i>  <i>PTC Review 11/20</i>  <i>Council approved Jan 2012</i>
2014-2022 Housing Element	In-progress  Completion: Q1 2015

Transportation survey	Completed; to be Transmitted to Council 12/9/13
Residential Permit Parking (RPP) Programs	In-progress, scheduled for Council discussion on 12/16/13
Parking studies	In-progress, status will be provided at the RPP Council discussion on 12/16/13
California Avenue Streetscape	In-progress, currently out to bid
High Speed Rail/CalTrain Modernization	In-progress
El Camino Real Grand Boulevard Initiative	In-progress
Sidewalk Width Colleague's Memo Implementation	In progress, ARB & PTC input Q1 2014
Urban Forest Master Plan	In-progress Completion June 2014
Parks & Recreation Master Plan	In-progress
Arts & Innovation District, 27 University	On-hold, pending outcome of the 12/2/13 study session
1999-2006 Housing Element	2003
South of Forest Area Coordinated Area Plan I & II	2003- 2005
El Camino Real Design Guidelines (Adopted by ARB in 2002 and incorporated in the Municipal Code in 2005)	2005
El Camino Real Master Plan Study	2007
Zoning Ordinance Update	2007
Baylands Master Plan	2009
Bicycle and Pedestrian Master Plan	2012

Sustainable Communities Strategy, Plan Bay Area	2013
2007-2014 Housing Element	2013
Rail Corridor Study	2013

Source: Planning and Community Environment Department

The renewed pace of development since the end of the recession, daily traffic and parking conditions, and the number of concurrent planning studies, have resulted in many people feeling that there is no coherent vision or narrative connecting individual project review and the various planning efforts underway. This feeling has led to significant discontent with the Planned Community (PC) district rezoning process as well some concerns that the Comprehensive Plan is being ignored or has lost its currency.

### Planned Community Development

Rezoning to a PC district follows a set of procedures and standards, which are prescribed in Chapter 18.38 of the Palo Alto Municipal Code (PAMC). The PC process begins with PTC review of the concept plans, development program statement and draft development schedule. If the PTC recommends initiating the PC request, the development plan, site plan, landscape plan and design plans are submitted to the ARB for design review in the same manner as any commercial or mixed-use project. The environmental document is prepared and circulated prior to ARB consideration. The development plan recommended for approval by the ARB is then returned to the PTC, together with a draft PC ordinance and environmental document, for review and recommendation to the City Council. The PC ordinance would identify the permitted and conditionally permitted uses and site improvements, as well as a schedule for completion of the project. The Council may approve a PC zone change only if it finds that:

1. The site is so situated, and the use or uses proposed for the site are of such characteristics that the application of general districts or combining districts will not provide sufficient flexibility to allow the proposed development.
  
2. Development of the site under the provisions of the PC planned community district will result in public benefits not otherwise attainable by application of the regulations of general districts or combining districts. In make the findings required by this section, the Planning and Transportation Commission and City Council, as appropriate, shall specifically cite the public benefits expected to result from use of the planned community district.

3. The use or uses permitted, and the site development regulations applicable within the district shall be consistent with the Palo Alto Comprehensive Plan, and shall be compatible with existing and potential uses on adjoining sites or within the general vicinity.

The PC process, whereby the City and a developer negotiate site-specific design and development standards in exchange for “public benefits,” is viewed by many as too opaque and transactional, allowing neighborhood impacts to be “traded” for benefits that accrue to those outside the immediate vicinity. The process and some of its outcomes (i.e. the public benefits resulting from individual projects) have been critiqued as inadequate, and the ad hoc nature of each separate negotiation has contributed to community concerns about the lack of a coherent set of values or vision for the future.

The following table describes the Planned Community districts approved by Council since the adoption of the Comprehensive Plan in 1998.

#### Council Adopted Planned Community Districts Since 1998

Planned Community	Address	Known As	Approval Date	Public Benefits
PC-4511	502-562 Driscoll Place	Driscoll Place Townhomes	07/01/98	TDM program, pedestrian oriented landscaping on ECR, BMR units
PC-4611	445 Bryant Street	Parking Lot S/L	03/20/2000	Parking garage, landscaping, art
PC-4612	528 High Street	Parking Lot R	03/20/2000	Parking garage, landscaping, art
PC-4637 PC-2533	3000 El Camino Real	Palo Alto Square; amendment to previously approved PC	05/22/2000	<i>None listed on original 1969 ordinance.</i>
PC-4753	2051 El Camino Real	2051 El Camino Real	06/13/2002	Redevelopment of underutilized site, two smaller housing units, one BMR unit.
PC-4779	800 High Street	800 High Street condos	02/18/2003	Public parking, open space plazas, auto access to 801 Alma affordable housing

				site, BMR units
PC-4782	33 Encina Avenue	Opportunity Center	03/17/2003	Services center for homeless, BMR units.
PC-4831	2701 El Camino Real	Sunrise Assisted Living	06/21/2004	Redevelopment of underutilized site, senior assisted living units, BMR units for 12 persons, publically accessible open space, \$20K for street trees at ECR, art, Avenidas meeting space
PC-4843 PC-2592	690 San Antonio Avenue	Auto dealership design features; amendment to previously approved PC	10/04/2004	<i>None listed on original 1971 ordinance.</i>
PC-4846 PC-2554	1730 Embarcadero Road	Auto dealership design features; amendment to previously approved PC	10/04/2004	<i>None listed on original 1970 ordinance.</i>
PC-4847 PC-3350	1766 Embarcadero Road	Auto dealership design features; amendment to previously approved PC	10/04/2004	<i>None listed on original 1982 ordinance.</i>
PC-4917	3895 Fabian Way	Altaire Market Rate Condos / Alta Torre Senior Apts.	10/10/2006	Alta Torre 100% BMR senior apartment units
PC-4918	901 San Antonio/3921 Fabian Way	Taube-Koret Campus for Jewish Life	10/10/2006	Shared-use community facility, BMR senior assisted living units
PC-4956	3388-3557 Alma Village Circle	Alma Plaza	06/18/2007	15K sqft grocery store as a permanent use, park, community room, 14-BMR units
PC-4995	449-453 Addison Avenue	Creation of a flag lot	03/10/2008	Allows preservation of two historic residences
PC-5034	488 West Charleston Road	TreeHouse Apts.	03/30/2009	100% BMR project, 35 units

PC-5069	2180 El Camino Real	JJ&F Market	01/11/2010	8,000 sqft grocery store, four BMR units, \$5K tree planting on ECR
PC-5116	4025-4075 El Camino Way	Palo Alto Commons, residential addition	04/21/2011	\$100K to Avenidas, rental senior assisted housing, pedestrian/bus stop improvements
PC-5150	2060 Channing Avenue	Edgewood Shopping Center	04/09/12	Preservation of historic grocery store, public park, 3 charging stations, historic preservation payment
PC-5158	101 Lytton Avenue	101 Lytton Commercial Office	06/11/12	4 charging stations, 1 zip car space, parking study payments of \$310K, BMR non-profit rental space, 8 surface parking spaces

## Discussion

### Comprehensive Plan Update

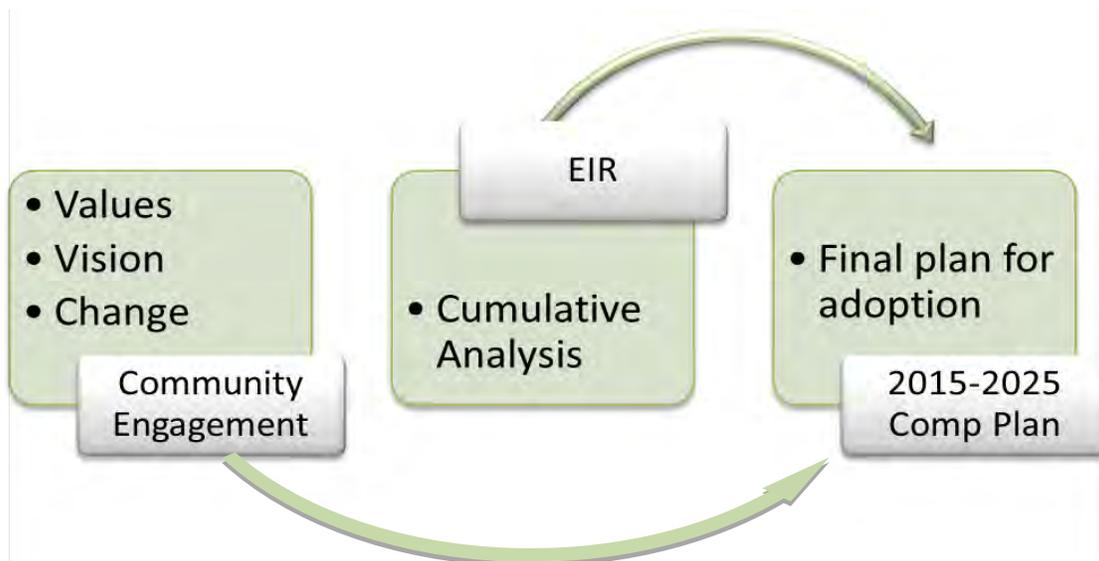
Using the work of the PTC on the Comprehensive Plan Amendment as a foundation, Staff suggests that now may be the appropriate time to initiate a renewed community engagement effort around the Comprehensive Plan’s vision and priorities. A visioning exercise would examine goals and priorities related to community character, land development, traffic and parking, and the preservation and conservation of valuable resources, and could be conducted concurrently with a comprehensive cumulative impacts analysis in the form of a program-level Environmental Impact Report (EIR). Specific questions that could be framed for the public’s consideration include:

- Should the City increase, decrease or maintain the non-residential development caps currently in-place for Downtown and the 1986 land use study areas?
- Are there specific areas or development sites that should be the focus of change, so as to protect and preserve other areas?
- Are there specific transportation investments that are needed in the near term or long term to improve mobility, preserve the City’s neighborhoods, and perpetuate a robust economy?

At the time of the work plan initiation in 2006, the City Council did not include a visioning exercise as part of the Comprehensive Plan Amendment. However, given the length of time it has taken to amend the Comprehensive Plan and the significant changes that have occurred since the adoption of the existing Comprehensive plan in 1998, Council may find it appropriate to conduct a visioning exercise at this time. The outcome of the visioning exercise would be to inform the Comprehensive Plan Amendment process and validate or alter the work that has been achieved thus far.

The visioning exercise will require additional time and resources, but can happen concurrently with preparation of a program-level EIR, which can provide the kind of overarching cumulative impacts analysis that members of the community are requesting and also propose a series of mitigating actions and programs for incorporation into the plan.

The graphic below illustrates how the community visioning process and the program-EIR can combine to inform the final Comprehensive Plan amendment that is proposed for adoption by the City Council. If Council is amenable to this overall approach, staff would return to Council with a work plan and schedule early in 2014.



The Council will also have to decide which implementing ordinances and practices can be tackled concurrently with the Comprehensive Plan Amendment, and which should be reserved for future action. For example, the Council could seek to reform the Planned Community zoning process ahead of the Comprehensive Plan Update or as part of that process. The Council

could also initiate the reform themselves, or request the PTC formulate a recommendation first.

One important issue to note is that the Housing Element of the Comprehensive Plan will have to be updated on a separate schedule due to requirements in State law. Specifically, an update for the planning period 2014-2022 must be completed and adopted in January 2015 or the City will face significant penalties. The most notable penalty would be a requirement to update the element again in four years, rather than in eight years as provided for in SB 375 and companion legislation.

### Planned Community Zoning

Planning staff believes that the Planned Community zoning tool can be re-examined and refined to better achieve its original intent. As stated in the Specific Purposes section of PC regulations, “The planned community district is particularly intended for unified, comprehensively planned developments which are of substantial public benefit, and which conform with an enhance the policies and programs of the Palo Alto Comprehensive Plan.”

There may be intersections between this effort and the Comprehensive Plan update, and possible refinements can range from wholesale reform to adjustments that:

- Specifically define the types of projects that may apply for a PC district;
- Create minimum lot sizes that would be eligible for PC districts;
- Establish a buffer (a minimum distance) between a proposed PC district and existing low-density residential districts;
- Create a menu of public benefits that would be allowed under a PC, and/or
- Establish a mechanism for mitigation and condition monitoring.

### Pipeline Projects

The Council may decide whether to entertain rezoning proposals -- including proposals for the use of the PC district – prior to reforming the PC zoning process and/or completing the Comprehensive Plan update. Logically, most such proposals would be deferred, however there may be special circumstances in which the Council may wish to consider a rezoning proposal and the Council could choose to articulate related criteria or provide other guidance to property owners.

This community has long valued property rights of landowners to develop in conformance with existing zoning. Both State law (State Permit Streamlining Act) and local law prescribe time

limits time limits for processing entitlements for zoning compliant projects. Also, the ability of a local jurisdiction to efficiently and predictably process building permits and other entitlements that are consistent with its zoning regulations typically helps to define a positive business climate.

Palo Alto takes pride in a business climate that supports innovation and entrepreneurship; this climate would be challenging to maintain if proposals that are consistent with current zoning regulations are deferred. There are also legal hurdles associated with deferring certain zoning compliant projects. On the other hand, Council has much more flexibility in deferring consideration of discretionary zoning decisions like PC's or other up-zoning requests.

The need to process development proposals that are consistent with current zoning regulations at the same time that the City is working on community-wide planning issues, suggests the need for consistency and transparency. Applicants and members of the public should clearly understand the existing regulations and standards by which a project is being evaluated, how direct, indirect, and cumulative impacts of the project are assessed, and how the project relates to the Comprehensive Plan update and other planning and transportation initiatives that are underway.

While Staff is suggesting a visioning initiative with a strong emphasis on the Comprehensive Plan it is important to recognize that existing zoning on all properties in the city is the most concrete form of a city's land use plan and placing restrictions on the use of that zoning (or down zoning) is something that requires extensive engagement with property owners and others in the community. This is a fact that is frequently misunderstood or ignored by some members of the public when the Council considers applications under existing zoning.

### Traffic and Parking

Much of the community's concerns regarding PC zoning and the cumulative impacts of development in general relates to parking and traffic issues. The Council will be getting an update on aspects of these issues in the coming weeks as staff brings forward a study session regarding Transportation Demand Management (TDM) on December 9<sup>th</sup> and a framework for Residential Permit Parking on December 16<sup>th</sup>. In this context, staff will also summarize initiatives to expand parking supplies.

Also, on December 12<sup>th</sup>, staff will be providing the PTC with a summary of the traffic analysis methodology that is used to assess project-specific and cumulative impacts, including the adjustments that are being made to reflect an updated travel demand model. Following

Commission questions and comments, staff will forward a revised summary/explanation to the Council for review.

## **Timeline**

The City Council has initiated a community outreach plan for a discussion of the City's Core Values, and has requested that the public outreach component be completed in time for Council's yearly retreat in Q1 2014 where Council sets its priorities for the upcoming year. The PTC is scheduled to provide recommendations regarding elements of the Comprehensive Plan amendment in the same timeframe.

The Council may wish to use both events to preface a community engagement/visioning process about community character, land development, traffic and parking, and other topics, and to direct this community engagement effort to be completed concurrently with preparation of the program-level EIR for the Comprehensive Plan update. The Council may also wish to revise the City's PC zoning process in 2014, and the City is required to update the Housing Element of its Comprehensive Plan by the end of January 2015.

As a prelude to any revision process on PC's, the City Manager recommends that all current PC projects under consideration be stopped and put on hold for a sufficient period of time to allow this comprehensive review of our plans and policies to unfold.

At the closure of the study session, staff will attempt to summarize direction from the Council. One or more related action items will be brought back to the Council for formal direction early in the 2014.

## **Resource Impact**

Resources to conduct a City-wide visioning process will vary depending upon the scope of the exercise. Resources to review and reform the PC zoning process will depend on the Council's desired approach and schedule. The City Manager intends to restructure existing staffing to ensure an extensive community engagement initiative. This may include additional resource investments. The need for more planning capacity and staff will be a subject of the upcoming budget review and City Manager recommendations on the Budget. Future agenda items will outline alternative approaches and resources in detail, following Council's study session.

## **Policy Implications**

A community visioning exercise and cumulative impacts analysis (in the form of a program-level EIR) can result in an updated Comprehensive Plan with broad community support. At the same

time, reforms to the PC zoning process can improve the public’s perception of City government by focusing on ways to improve transparency and predictability, and updating the City’s Housing Element can ensure continued compliance with State housing laws. All three efforts, as well as ongoing initiatives related to traffic and parking, can honor the policies and programs of the existing Comprehensive Plan, including Program G-2: *Periodically assess the need for citizen input on various policy issues and appoint advisory bodies and ad hoc committees as needed*, and Policy G-11: *Encourage the development of new planning processes that emphasizes a collaborative exchange of ideas. Retain City Council authority over decision-making in these processes.*

## **Environmental Review**

Study sessions by definition are not “projects” under CEQA, because no actions will be taken. When staff returns for Council direction regarding the issues discussed, the agenda report will provide information about the CEQA process for zoning and Comprehensive Plan changes that are considered in the future.

### **Attachments:**

- Attachment A: Comprehensive Plan Update Overview (DOCX)

### Comprehensive Plan Update Overview

The ongoing Comprehensive Plan update has suggested rearranging chapters and elements and substantially changing the format of the existing plan, without changing its core values. The update also attempts to address the challenges of today, including affordable housing, sustainability and climate adaptation, traffic and parking, and maintaining a place in the community for non-profits and new businesses that can't pay the same rents as established commercial enterprises. New policies and programs are intended to clarify existing policies and programs and to accommodate new State requirements. Aspects of the Comprehensive Plan that are proposed to remain unchanged include:

1. The limit of 3,257,900 square feet of new non-residential development in the 1986 land use study areas;
2. The limit of 350,000 square feet of new non-residential development in the Downtown area, or 10% above the amount of development existing or approve as of May 1986, and
3. The existing road network within the city.

As currently drafted, approximately 85% to 90% of the existing policies and programs would be carried over either unchanged or with edits to improve clarity, intent, and to reduce repetition:

#### Continuation of 1998-2010 Comprehensive Plan Goals, Policies, and Programs

Elements	% of Programs Completed and Not Continued	% Edited and Carried Over	% Carried Over w/o Edits	Total % Carried Over
Land Use Element	13	48	39	87
Transportation Element	11	70	19	89
Housing Element	13	69	18	87
Community Services and Facilities Element	14	46	40	86
Natural Environment Element	15	52	33	85

Source: Planning and Community Environment Department

In addition to the carry-over of existing polices and program from the 1998-2010 Comprehensive Plan, staff and the PTC have suggested adding many new policies and programs that are meant to address existing priorities of the City, such as:

### *Land Use Element*

- L1.1 POLICY      Require that land use policies be consistent with Palo Alto’s Climate Protection Plan, striving to achieve and exceed target reductions in greenhouse gas emission levels set forth by City Council goals from City operations and community emissions. **(New Policy)**
- L2.9 POLICY      Require infrastructure improvements to serve all areas of the City fairly, address the most urgent needs, and accommodate future growth. **(New Policy)**
- L3.11.1 PROGRAM      Introduce measures to counteract the loss of retail activities in Palo Alto’s Neighborhood Centers. **(New Program)**
- L3.18 POLICY      Encourage retention and enhancement of research and development (R&D), office, light industrial, and commercial development consistent with the East Meadow Circle Concept Plan ensure that new and existing development is compatible and includes appropriate transitions to nearby single- and multi-family development. **(New Policy)**

### *Transportation Element*

- T1.1 POLICY      Reduce greenhouse gas emissions associated with transportation by reducing vehicle miles traveled and per-mile emissions through use of vehicle technologies to meet the City’s goals for greenhouse gas reductions by 2020. **(New Policy)**
- T4.1.1 PROGRAM      Develop a Parking Management Program for both the University/Downtown and California Avenue business districts that supports alternative transportation modes. **(New Program)**
- T4.3.1 PROGRAM      Study parking pricing and congestion pricing options for on-off-street parking in the Downtown/University Avenue and California Avenue business districts that is responsive to the market and results in approximately 85% parking occupancy. As part of creating this system, review the existing Downtown parking system to ensure it is still consistent with the overall approach to parking in the Downtown, and includes mechanisms that allow merchants to defray parking fees for their customers. **(New Program)**
- T4.5.1 PROGRAM      Review on-street parking availability in residential neighborhoods adjacent to business districts to determine how it is used during business and non-business hours. Consider allowing designated disabled on-street parking upon resident request when conducting this review. **(New Program)**
- T4.5.2 PROGRAM      Develop a program to implement new residential permit parking districts to preserve neighborhood quality of life. **(New Program)**

### *Community Services and Facilities Element*

- C1.3 POLICY The City's community services should be a catalyst in creating a culture of health, wellbeing and active living in our community. It shall contribute to the intellectual physical and social health of the community by providing opportunities for learning, expression and social interaction for all ages at our libraries, community facilities, parks and cultural centers. **(New Policy)**
- C1.4 POLICY Incorporate the "Developmental Assets" approach into the City's planning, development, implementation and evaluation of programs and services for children and youth. **(New Policy)**
- C1.6 POLICY Develop strategies to help the community identify and combat depression, isolation, stress and other mental health issues. **(New Policy)**

### *Natural and Urban Environment and Safety Element*

- N2.1 POLICY Achieve and exceed City Council targeted goals for reductions in greenhouse gas emission levels from City operations and community emissions. **(New Policy)**
- N2.3 POLICY Pursue the goal of achieving zero net energy homes for all new detached or single-family residences by 2025. **(New Policy)**
- N3.5 POLICY Encourage renewable energy use by continuing to implement a dynamic 100% carbon neutral Renewable Portfolio Standard for electric service. **(New Policy)**
- N8.10 POLICY Regularly review the adequacy of law enforcement services and emergency services in the city. Plan and develop law enforcement infrastructure and technology according to overall need and the growth within the City. **(New Policy)**

### *Housing Element*

- H3.1.10 PROGRAM Adopt a revised density bonus ordinance that allows up to a maximum zoning increase of 35 percent in density and grants up to three concessions or incentives. The density bonus ordinance will meet State standards for the provision of housing units for very low- and lower-income renters, seniors and moderate-income condominium buyers in compliance with Government Code Section 65915, et seq. **(New Program)**
- H 2.2.6 PROGRAM Amend the Zoning Code to create zoning incentives that encourage development on and consolidation of smaller lots, such as development review streamlining, reduction in required parking for smaller units, setback modifications, or graduated density when consolidated lots are over one-half acre. **(New Program)**

The intent of City staff and the PTC is to honor and maintain the themes and values described in the existing Comprehensive Plan, repeated here:

- Building Community and Neighborhoods;
- Maintaining and Enhancing Community Character;
- Reducing Reliance on the Automobile;
- Meeting Housing Supply Challenges;
- Protecting and Repairing Natural Features;
- Meeting Residential and Commercial Needs, and
- Providing Responsive Governance and Regional Leadership

and adding additional themes:

- Adapting to climate change
- Protecting neighborhood-serving retail
- Infrastructure management
- Health and well-being of our residents