



City Council Staff Report

From: City Manager

Report Type: ACTION ITEMS

Lead Department: Planning and Development Services

Meeting Date: August 5, 2024

Report #:2406-3197

TITLE

PUBLIC HEARING: Adoption of a Resolution Implementing the North Ventura Coordinated Area Plan (NVCAP), Amending the City's Comprehensive Plan and Certifying the Supplemental Environmental Impact Report, Including a Statement of Overriding Considerations; and **FIRST READING:** an Ordinance Adding Chapter 18.29 and Amending Chapters 18.14, 18.24, and 16.65 in the Palo Alto Municipal Code as well as Amendments to the Zoning District Map, and Rezoning of Parcels Within the NVCAP area. CEQA Status -- Supplemental Environmental Impact Report SCH #2023020691.

RECOMMENDATION

Staff recommend the City Council:

1. Adopt a Resolution (Attachment A) implementing the NVCAP and approving associated environmental work, including:
 - a. Certify the Supplemental Environmental Impact Report (SEIR)
 - b. Make the findings required by California Environmental Quality Act (CEQA), including a Statement of Overriding Considerations
 - c. Adopt the Mitigation Monitoring and Reporting Program
 - d. Adopt the NVCAP and amend the 2030 Comprehensive Plan
2. Introduce an Ordinance (Attachment B) to:
 - a. Adopt a new Chapter 18.29 (North Ventura (NV) District Regulations) in the Palo Alto Municipal Code and make other amendments to Title 18 (Zoning) to implement the NVCAP
 - b. Amend Chapter 16.65 (Citywide Affordable Housing Requirements)
 - c. Amend the Zoning District Map and re-zone parcels within the NVCAP area

EXECUTIVE SUMMARY

In November 2017, the City Council initiated the NVCAP process. Soon after, the Council adopted goals and objectives and appointed Working Group members to guide the plan's development. The Working Group convened to discuss the plan's components and develop

alternatives for consideration by the Planning and Transportation Commission (PTC) and the City Council.

In January 2022, the City Council endorsed a Preferred Plan, which was further refined in November of the same year. A draft NVCAP reflecting the Council's direction was released in May 2023, and staff received feedback from both the PTC and the Architectural Review Board (ARB).

On March 8, 2024, the City released the Revised Public Draft NVCAP along with Draft Supplemental Environmental Impact Report (SEIR) to solicit public comment on both documents. The 45-day comment period required by the California Environmental Quality Act (CEQA) ended on April 22, 2024. Staff received three public comment letters and one oral comment. The Final SEIR (Attachment C) addresses comments on the Draft SEIR and provides environmental analysis related to NVCAP implementation, including a finding of significant unavoidable impacts related to air quality and cultural resources necessitating Council agreement of a statement of overriding considerations to approve the plan.

Consideration of the NVCAP by the City Council is a major milestone; a culmination of extensive community outreach reflecting input from decision-makers and stakeholders during multiple public hearings on the plan alternatives, and the refinement of the Council-endorsed preferred alternative plan by consultants and staff. The Final Draft NVCAP (Attachment G) incorporates the feedback received from both the PTC and Architectural Review Board (ARB) on the previous versions, wherever feasible and appropriate.

The NVCAP will be implemented through the draft zoning ordinance (Attachment B). A new chapter (18.29) will be added to the Palo Alto Municipal Code (PAMC) to establish zoning districts and standards specific to the NVCAP. The report outlines the methodology used to develop the zoning ordinance and explains its relationship to the 2023-2031 Housing Element (Housing Element) and 2030 Comprehensive Plan (Comprehensive Plan).

BACKGROUND

The NVCAP area lies within the Ventura neighborhood of Palo Alto. It is comprised of approximately 60 acres, roughly bounded by Page Mill Road, El Camino Real, Lambert Avenue, and the Caltrain tracks. The plan area is near key community destinations such as the California Avenue Business District; California Avenue Caltrain Station; and Stanford Research Park.

Coordinated Area Plan

The City's Comprehensive Plan, adopted in 2017, called for site specific planning in the North Ventura area. The City secured grant funding in 2017 to initiate the NVCAP project. On March 5, 2018, the City Council adopted seven goals and six objectives (Attachment E). Goals include adding to the City's supply of multi-family housing, developing a transit accessible neighborhood with retail services, creating a connected street grid, developing community facilities, and encouraging sustainability.

Upon adoption, the NVCAP will become an appendix to the Comprehensive Plan. It will serve as a guide for creating a walkable neighborhood within the plan area with housing options and improved connectivity for pedestrians, cyclists, and other modes of transportation. The NVCAP will provide a comprehensive policy framework which, in conjunction with the zoning ordinance, will implement the vision for the plan area.

Coordinated Area Plan Process

Development of the NVCAP followed the process contained within PAMC 19.10, Coordinated Area Plans. This chapter provides details on coordinated area plan initiation, plan development procedures, including the creation of goals and objectives; community involvement (the formation of a working group); public hearings, and adoption.

The nearly seven-year process of developing the NVCAP has involved an extensive public engagement, including two community workshops, 17 Working Group meetings, 6 Stakeholder Group meetings, and 2 online surveys in addition to numerous public hearings with the City Council and Planning and Transportation Commission. Table 1 highlights the key milestones in the process. Additional information on prior meetings can be found on the NVCAP project website at www.cityofpal Alto.org/nvcap

Table 1: Notable Project Milestones

Date	Milestone
November 6, 2017	City Council initiated the coordinated area plan process
March 5, 2018	City Council adopted Goals & Objectives for the plan
April 30, 2018	City Council appointed members of the working group
March 10, 2021	PTC recommendation on Preferred Plan
January 10, 2022	City Council endorsed a Preferred Plan alternative
November 14, 2022	City Council further refined the endorsed plan
May 2023	Public Draft NVCAP published
May 31, 2023	Study Session with Planning and Transportation Commission
June 1, 2023	Study Session with Architectural Review Board
June 8, 2023	Study Session with Historic Resource Board
March 8, 2024	Revised Public Draft NVCAP and Draft SEIR released
April 18, 2024	Study Session with Architectural Review Board on the Draft Zoning Ordinance and public hearing to solicit oral comments on the Draft SEIR
April 22, 2024	Last day of the 45-day Public Comment Period
May 8, 2024	PTC recommendation hearing for adoption of NVCAP and NVCAP zoning ordinance
June 17, 2024	Last day of the 10-day Final SEIR Circulation Period
June 18, 2024	City Council consideration of SEIR, Final Draft NVCAP, and NVCAP zoning ordinance

Endorsed Preferred Plan Concept

The City Council endorsed a preferred land use plan for NVCAP in January 2022¹ and further refined the endorsed plan in November 2022². The staff reports from January and November 2022 contain additional background on the Preferred Plan development process. Attachment D summarizes the endorsed preferred alternative and the Council refinements. In summary, the Preferred Plan endorsed by the City Council includes:

- 530 net new dwelling units
- Transitioning office space to housing
- Adaptive re-use of the former cannery
- Naturalization of Matadero Creek
- No parking minimums or maximums with NVCAP
- Focusing greater densities along El Camino Real and Park Boulevard

A draft plan was released in May 2023 based on Council's direction and further refinements of the Preferred Plan by staff and its consultants for consistency with state law and the Palo Alto Municipal Code (PAMC).

Revised Draft NVCAP

Staff presented the May 2023 Public Draft NVCAP at study sessions with the PTC on May 31, 2023³, and ARB on June 1, 2023⁴. The PTC and ARB's comments and staff responses are included in the matrix in Attachment F. Based on feedback at the study sessions, the draft NVCAP was revised, where appropriate. In addition to incorporating comments received from the PTC and ARB, staff made further refinements to streamline the document. The Revised Public Draft NVCAP was published on March 8, 2024 along with the Draft SEIR.

Sobrato Development Agreement

In parallel to the NVCAP process, the Sobrato Organization, LLC (Sobrato) proposed the 200 Portage Avenue Townhome Project, which included, among other project details, demolition of a portion of the cannery building at 340 Portage Avenue to accommodate the new development. In September 2023, the City Council approved a Development Agreement with Sobrato for the redevelopment of a combined project site encompassing 14.65 acres at 200-404 Portage Avenue, 3040-3250 Park Boulevard, 3201-3225 Ash Street, and 278 Lambert Avenue. The development agreement included demolition of a portion of the cannery site to accommodate the townhome development and dedication of approximately 3.25 acres of land

¹ January 10, 2022 City Council Staff Report: <https://www.cityofpaloalto.org/files/assets/public/v/5/agendas-minutes-reports/agendas-minutes/city-council-agendas-minutes/2022/20220110/20220110pccsm-linked-updated.pdf#page=150>

² November 14, 2022 City Council Staff Report: https://www.cityofpaloalto.org/files/assets/public/v/1/planning-and-development-services/north-ventura-cap/nvcap-nov-14th-cc-packet_1.pdf

³ May 31, 2023 PTC Staff Report: <https://www.cityofpaloalto.org/Departments/Planning-Development-Services/Planning-and-Transportation-Commission-PTC/Current-PTC-Agendas-Minutes>

⁴ June 1, 2023 ARB Staff Report: <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/architectural-review-board/2023/arb-6.01-nvcap.pdf>

to the City adjacent to Matadero Creek for park and affordable housing uses. The development agreement was approved by the City in October 2023 and became effective November 1, 2023.

The Sobrato development is generally consistent with the proposed NVCAP zoning ordinance development standards. However, because the project was submitted and entitled prior to adoption of the NVCAP, it is not subject to the new NVCAP standards. When the 10-year term of the development agreement ends, conformance with the NVCAP will be required for all new projects in the development agreement area.

Economic Feasibility Study

An initial economic feasibility study, prepared in November 2020, assessed three land use alternatives. Much of the residential development in two of the lower density alternatives (Alternative 1 and 2) was identified as unlikely to be financially viable due to height and parking restrictions. Among the alternatives considered, Alternative 3, with the highest density and lower parking requirements, was the only alternative concluded to be financially viable. In March 2021, a supplemental economic feasibility study was prepared to assess the shortfall or funding gap for one of lower-density alternatives (Alternative 2) and the feasibility of a third alternative (Alternative 3) with an inclusionary requirement exceeding the current 15 percent standard. After reviewing the draft NVCAP in May 2023, the PTC requested an additional study because the City Council endorsed Preferred Plan was more similar to Alternative 1, the alternative with the lowest density, which was not part of the supplemental economic feasibility study prepared in March 2021. The requested study, however, was not prepared due to budget constraints as detailed in the fiscal analysis section of this report.

Feedback from Architectural Review Board

On April 18, 2024⁵, the ARB conducted a public hearing to allow for comments on the Draft NVCAP and Draft SEIR. In a study session, they also reviewed and provided feedback on the draft NVCAP zoning ordinance. The ARB discussed development standards (Section 18.29.060) specifically and recommended several changes to the staff recommendation. These included recommendations related to increasing lot coverage and maximum height limits, reducing setbacks, encroachment of subsurface structures into setbacks, and certain lot coverage allowances for these encroachments. Since the NVCAP was discussed as a study session item, there was no formal motion. However, the ARB held an unofficial vote for the recommended changes, which passed with a 3-0-2 vote. The suggestions from ARB are detailed in the Analysis section.

Planning and Transportation Commission Recommendations

On May 8, 2024⁶, the PTC reviewed the NVCAP project documents, focusing on development standards, particularly building heights and daylight impacts. The PTC discussed concerns with the height limit in the NV-MXM zoning district, since some locations border low-density

⁵ April 18, 2024 ARB Staff Report: <https://www.cityofpaloalto.org/files/assets/public/v/1/agendas-minutes-reports/agendas-minutes/architectural-review-board/2024/arb-4.18-nvcap.pdf>

⁶ May 8, 2024 PTC Staff Report: <https://www.cityofpaloalto.org/files/assets/public/v/3/agendas-minutes-reports/agendas-minutes/planning-and-transportation-commission/2024/ptc-5.08-nvcap-3.pdf>

residential areas. The PTC also reiterated the need for additional economic analysis related to the NVCAP and requested a map clarifying Street Yard setback requirements. The PTC unanimously recommended the NVCAP for adoption along with the draft zoning ordinance but made several modifications to the staff recommendation to forward for the City Council to consider.

The PTC voted 6-0-1 to recommend the City Council:

1. Consider the Draft Supplemental Environmental Impact Report
2. Adopt the NVCAP, including staff recommended modifications
3. Adopt a Draft Ordinance to:
 - a. Add a new Chapter 18.29 (North Ventura (NV) District Regulations) in the Palo Alto Municipal Code and make other amendments to Title 18 (Zoning) to implement the NVCAP
 - b. Amend Chapter 16.65 (Citywide Affordable Housing Requirements)
 - c. Amend the Zoning District Map and re-zone parcels within the NVCAP area

With the following modifications:

1. Extend the existing special setback requirement on Park Boulevard, which stops on Lambert Avenue, to Page Mill Road (not reflected in the Final Draft NVCAP; see *Additional Recommendations Considered but Not Incorporated* in the Analysis section of this report)
2. Ensure that the daylight plane requirements for the NVCAP be consistent with the comparable zoning districts (incorporated into the NVCAP Ordinance, Attachment B)
3. Confirm the City Council's awareness of the economic feasibility study requirement per PAMC Chapter 19.10 (see *Economic Feasibility Study* in the Background section of this report)
4. Increase the maximum height for NV-R1 and NV-R2 zoning districts to 35 feet (incorporated into the Final Draft NVCAP)
5. Prepare a diagram to show Street Yard setbacks for NVCAP (Attachment I includes a map of the NVCAP zoning districts with street yard setback requirements)

The PTC made a separate motion for the NV-MXM maximum height limit, which passed with a 4-2-1 vote:

6. Change the maximum height for the NV-MXM zoning district to 45 feet

Two public speakers attended and commented on the NVCAP. Feedback was provided regarding the NVCAP project's timing in relation to approved or proposed development in the coordinated area plan boundary, potential harm to trees by allowing basement encroachment into setback areas, and the potential for developers to take advantage of increased development potential through use of State Density Bonus law.

ANALYSIS

The NVCAP represents an important opportunity to plan proactively for a transit-oriented, mixed-use, mixed-income, and walkable neighborhood. The NVCAP sets forth a vision that is responsive to the history and unique character of the North Ventura neighborhood; considers the needs of current residents; puts forward near-term solutions to current challenges; establishes a long-term framework for desired growth so that more people can call North Ventura home; and invests in community infrastructure to support an equitable, resilient, and sustainable Palo Alto.

In November 2018, Council adopted the following six goals that were intended to help guide development of the NVCAP:

1. Housing and Land Use: Add multifamily housing in a transit-accessible neighborhood with mixed uses.
2. Transit, Pedestrian and Bicycle Connections: Create well-defined connections to transit and major roads.
3. Connected Street Grid: Create a connected street grid.
4. Community Facilities and Infrastructure: Integrate development of new services with private development.
5. Balance of Community Interests: Balance community-wide objectives with residents.
6. Urban Design, Design Guidelines and Neighborhood Fabric: Develop human-scale design and guidelines that strengthen neighborhood fabric.

Supporting these goals are six objectives:

- Use a Data Driven Approach
- Create a Comprehensive User-Friendly Document and Implementation
- Provide a Guide and Strategy for Staff and Decision-Makers
- Include Meaningful Community Engagement
- Determine Economic Feasibility
- Complies with California Environmental Quality Act

Throughout the plan development process, staff ensured that the NVCAP was substantially consistent with the adopted goals and objectives. Attachment E includes consistency analysis of each goal and objectives.

NVCAP Summary

The following summarizes the content of the NVCAP, released in March 2024. More detailed consistency analysis for each goal and objective for the NVCAP is included in Attachment E.

Chapter 1: Introduction

The introduction chapter provides an overview of the NVCAP physical and regulatory context. The plan is shaped by the project goals and objectives, adopted and in-progress City plans and policies, recently enacted regional and state laws, and the comprehensive planning process.

Chapter 2: Vision

The Vision chapter summarizes each framework that was built upon the goals and objectives of the NVCAP. These include:

- Urban design frameworks that calibrate the optimal mix of uses (Housing and Land Use);
- Support a multi-modal mobility framework within the neighborhood (Transit, Pedestrian and Bicycle Connections) and how it connects to the rest of the City and the region (Connected Street Grid);
- Foster a regenerative and ecological framework to support the health of humans and wildlife while supporting the implementation of City's Climate Action Plan (Community Facilities and Infrastructure *and* Balanced Community Interests); and
- The neighborhood's context-specific urban form (Urban Design, Design Guidelines and Neighborhood Fabric).

This chapter also includes land use programs that describe 530 net new dwelling units, approximately two acres of a potential park, and reduction of commercial space (office and retail) within the plan area, along with the land use map.

Design Standards and Guidelines (Chapters 3-6)— includes requirements that govern the construction and modification of the public realm including streets and open space, as well as new buildings. Standards are quantifiable, whereas guidelines are qualitative requirements. The following chapters include design standards and guidelines for the NVCAP:

Chapter 3: Public Realm

The Public Realm chapter includes requirements and guidelines that govern the construction and modifications of the public realm, including the sidewalk zone, traffic lanes and intersections, green infrastructure, paving, exterior lighting, wayfinding, and public art. These design standards and guidelines help achieve developing a human-scale neighborhood that strengthens and supports the neighborhood fabric. The standards and guidelines for the public realm also support the improved mobility network envisioned for the NVCAP by providing a better pedestrian and bicycle experience.

Chapter 4: Accessibility and Mobility

The Accessibility and Mobility chapter contains design standards and guidelines for multi-modal frameworks described in Chapter 2. The chapter also includes design concepts for gateway intersections and street design standards and guidelines. These contribute to creating and enhancing well-defined connections to transit, pedestrian, and bicycle facilities, as well as a connected street grid within the plan area. Additionally, standards and guidelines are provided for the pedestrian realm and bike network, addressing first/last mile connections and bicycle facilities as shown in Chapter 2. This will support achieving the goals and objectives of the NVCAP. The chapter also includes standards and guidelines for transit access, vehicular circulation and parking, and TDM strategies.

Chapter 5: Parks and Open Space

The Parks and Open Space chapter contains design standards and guidelines that govern improvements within park and open space areas such as Matadero Creek and the future public park. During the public engagement process, the community and working group members showed a great interest for naturalization of Matadero Creek, which is located in the northwest corner of the plan area near the intersection of Park Boulevard and Lambert Avenue. The NVCAP mandates a 100-foot riparian buffer around Matadero Creek to create an opportunity for the future naturalization. This chapter also discusses development of a public park near the creek. Additional standards and guidelines on programming and natural planting that protect the natural environment are included in this chapter to further develop and strengthen the neighborhood fabric.

Chapter 6: Site and Building Design

The Site and Building Design chapter contains design standards and guidelines for desired future built form and sets aspirations for how new buildings will contribute to the character of the NVCAP as it develops incrementally over time. It describes how building height and massing regulations are intended to respect the scale and character of the surrounding residential neighborhood as well as supporting the neighborhood fabric. The chapter also includes design standards and guidelines for integrating building frontages to ensure that required and encouraged ground floor uses are well integrated into the neighborhood. In addition, to protect and enhance the environment while addressing the principles of sustainability, the chapter describes various sustainable design standards and guidelines.

Chapter 7: Implementation

The Implementation chapter outlines the necessary steps to fulfill the vision of the plan, including funding, financing strategies, and capital investments. The chapter describes how the NVCAP document and NVCAP zoning ordinance would be used in conjunction with the rest of the zoning standards in PAMC Title 18. It also includes a list of implementation actions to achieve the NVCAP goals. Each action includes a description, as well as the responsible parties for implementation and the timeframe. Naturalization of Matadero Creek and development of a public park near Matadero Creek are identified as long-term infrastructure implementation actions. Additionally, several parking management related implementation actions are identified with mid-term to long-term timeframes.

Modifications to the Revised Draft NVCAP

While developing the zoning ordinance implementing the NVCAP, staff identified areas where further modifications were required for consistency and feasibility. These modifications were primarily to Chapter 4 (Accessibility and Mobility). Additional modifications were incorporated to address comments received during the 45-day public comment period of the Draft SEIR and Draft NVCAP. Other modifications include minor text and graphic revisions. The final draft NVCAP, which includes the modifications made since the release in March 2024, can be found

in both clean and marked-up versions in Attachment G. This attachment also includes a matrix listing modifications with reasoning behind each modification.

Zoning Implementation

Staff prepared a draft ordinance (Attachment B) to implement the NVCAP by rezoning the parcels within the NVCAP area and establishing development standards for new NVCAP zoning districts. Each zoning district within the plan area is identified with the prefix, North Ventura (NV). The new zoning district standards reflect the varying residential and mixed-use densities anticipated within the plan area. Table 2 below summarizes the relationship between the NVCAP land use designations and the PAMC zoning district regulations. Figure 1 depicts the location of each proposed NVCAP zoning district.

The NVCAP zoning ordinance chapter is consistent with the structure of other zoning chapters with sections such as permitted uses, development standards, parking and loading, and special requirements. In addition to typical development standards, the NVCAP ordinance includes special requirements specific to the plan area, including office use restrictions, storefront guidelines, and ground floor commercial use regulations.

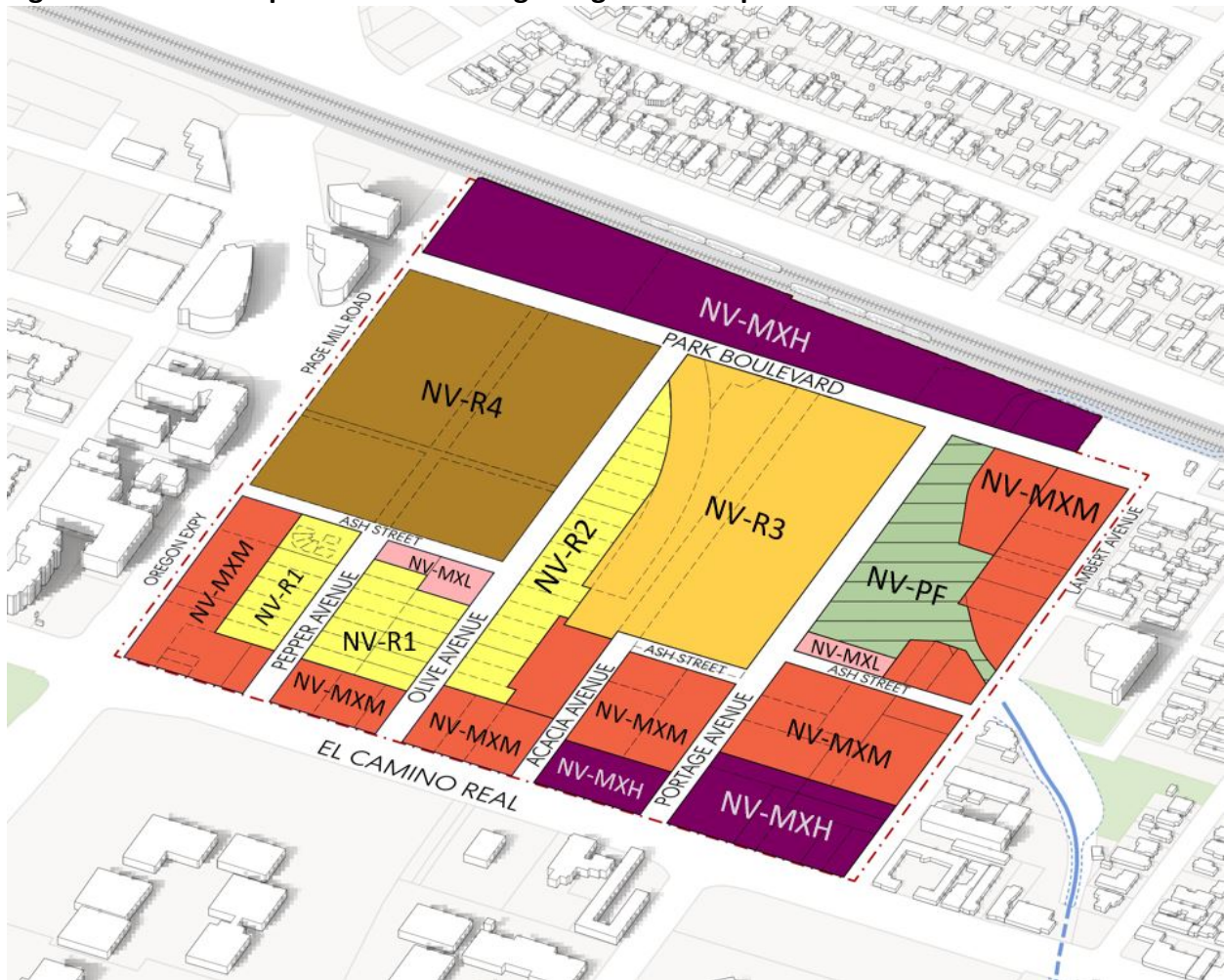
The draft ordinance also references the NVCAP document for several items, including the designated location of required and encouraged ground floor uses, requirements for active ground floor uses, specific site and building design requirements in Chapter 6, and public realm improvements. Both the NVCAP plan document and the NVCAP zoning ordinance are intended to be used together when designing or reviewing development proposals in the plan area.

Table 2: NVCAP Land Use Designation & Proposed Zoning District Crosswalk

NVCAP Land Use Classification	Anticipated Density (DU/AC)	Maximum Height (FT)	Maximum Floor Area Ratio (FAR)	Allowed Zoning Districts
High-Density Mixed-Use	61-100	65	3.0:1	NV-MXH
Medium-Density Mixed-Use	31-70	55	2.0:1	NV-MXM
Low-Density Mixed-Use	3-17	35	0.5:1	NV-MXL
High Density Residential	61-100	65	3.0:1	NV-R4
	61-100	65	3.0:1	NV-PF
Medium Density Residential	16-30	45	1.5:1	NV-R3

NVCAP Land Use Classification	Anticipated Density (DU/AC)	Maximum Height (FT)	Maximum Floor Area Ratio (FAR)	Allowed Zoning Districts
Low Density Residential	1 or 2 units/lot	30	0.45:1	NV-R2 NV-R1
Parks				NV-PF

Figure 1: NVCAP Proposed PAMC Zoning Designation Map



Staff notes that Figure 1 reflects the future vision for the entire NVCAP area. However, in accordance with the Sobrato Development Agreement (Ordinance #5595), areas that were rezoned to Planned Community in accordance with the Development Agreement will not be rezoned as part of the adoption of the draft ordinance. The City Council may consider rezoning and redesignating these parcels once the Development Agreement has expired.

To create the development standards for each of the new NVCAP zoning districts in Chapter 18.29, staff reviewed comparable existing zoning districts in the PAMC. Development standards and permitted uses within each of the NVCAP zoning districts were selected to align with NVCAP's goals, including the addition of 530 net new dwelling units. These standards primarily focus on density, FAR, height limits, and setback requirements.

Density

To establish appropriate density for the NVCAP plan, staff used a one-acre lot as the base to calculate realistic density for each land use designation. Several factors were considered in this calculation, including building height directed by City Council, NVCAP land use designations, and an average unit size of 1,250 square feet to promote diversity in unit sizes within the plan area. Staff employed different FAR levels and the average unit size to arrive at a projected density and building size appropriate for each new NVCAP zoning district. The development standards are also intended to provide transitions between NV districts, and between existing development. Notably, other than the NV-R1 and NV-R2, the NV zone districts do not provide a maximum number of dwelling units per acre, relying instead on FAR and other development standards to control development.

FAR

The development standards tables include maximum residential FAR, maximum non-residential FAR, total mixed-use FAR, and a minimum mixed-use ground floor commercial FAR for the mixed-use zoning districts. The maximum FAR allowed for the NVCAP is 3.0, exceeding the maximum FAR of 2.0 allowed for other existing zoning districts. This higher FAR is intended to encourage higher density development, especially along El Camino Real and Park Boulevard (particularly for NV-R4 and NV-MXH zones).

Maximum Height

On April 18, 2024, the ARB conducted a public hearing to allow for comments on the Draft NVCAP and Draft SEIR. Considering the El Camino Real Focus area across from the NVCAP area, which has a maximum height limit of 85 feet, the ARB recommended increasing maximum height limits for NV-R4, NV-MXM, and NV-MXH to 65 feet. In addition, the ARB recommended increasing maximum height limits for NV-R3 to 55 feet.

Staff reviewed these suggestions prioritizing minimal impact on neighboring low-density areas and the Council's endorsed preferred land use plan for NVCAP. This led to a recommendation of 45 feet for the NV-R3 and 55 feet for the NV-MXM, which are lower than the ARB's proposals.

The PTC expressed concerns about potential impacts on low-density areas. While exploring options like varied height limits for NV-MXM zoning districts, the PTC ultimately recommended 45-foot height limit, consistent with the Preferred Plan. The existing zoning district currently allows a maximum height of 50 feet. In addition, the El Camino Real Focus Area, which is located across from the plan area, currently allows up to 85 feet in height. As a result, the staff recommended height for the NV-MXM is 55 feet. Staff also modified the daylight plane

requirements to reflect the existing zoning district requirements that minimize impacts low-density residential areas.

Table 4 compares NVCAP zoning district heights between Preferred Plan, ARB and PTC recommendations, and staff recommendations. The maximum height limits recommended by staff are reflected in the draft NVCAP zoning ordinance (Attachment B) and can be changed based on City Council direction. Any projects located within the NVCAP may utilize the state density bonus law which could result in a request for modifications to existing applicable development standards. Any projects requesting density bonus would be evaluated pursuant to PAMC Chapter 18.15 (Density Bonus) and could result in taller development with more floor area and use waivers or concessions to modify objectives standards.

Table 4: Maximum Height Comparison

	Maximum Height Limit (feet)			
Zoning District	Preferred Plan	ARB Recommendation	PTC Recommendation	Staff Recommendation
NV-R1 NV-R2	30	30	35	35
NV-R3	35	55	55	45
NV-R4	55	65	65	65
NV-MXL	35	35	35	35
NV-MXM	45	65	45	55
NV-MXH	55	65	65	65

Parking

AB 2097 exempts development projects within a half mile of transit from minimum parking requirements. The map prepared for the NVCAP initially showed that the entire plan area was within a half-mile radius of the California Avenue Caltrain station, and therefore the NVCAP zoning ordinance did not include parking requirements. However, since the PTC meeting, staff realized the map contained incorrect information, and the NVCAP area includes some parcels outside the half-mile radius. The corrected NVCAP maps are included in Attachment G.

To avoid confusion and ensure consistent requirements within individual NVCAP zoning districts, staff recommend no minimum or maximum parking requirements within the NVCAP area. However, if the Council believes there is an interest in having parking requirements for areas of the NVCAP outside of the half-mile radius, the requirements in the proposed zoning ordinance (Attachment B) could be amended. However, within the NVCAP, a transportation demand management plan will be required for all new development projects and any other projects that meet the conditions under PAMC 18.52.030(i). This will help ensure vehicle miles traveled in the NVCAP are properly evaluated and the long-term mobility improvements envisioned for the area are realized.

Other Modifications

There are other modifications made to the draft zoning ordinance per ARB and PTC:

- **Lot Coverage.** ARB recommended increasing lot coverage for higher density residential areas, including NV-R3 and NV-R4. The increased lot coverage for NV-R3 (from 40% to 60%) and NV-R4 (from 45% to 80%) has been incorporated into the draft NVCAP zoning ordinance in Attachment B.
- **Street Yard Setback.** ARB recommended a minimum street yard of 10 feet to encourage higher density and provide more flexibility in developing projects. Any street yards exceeding 10 feet were reduced to 10 feet, except for Olive Avenue in R-4, which maintains a minimum 20 feet street yard to reflect the existing stormwater treatment area along Olive Avenue.
- **Daylight Plane Requirements.** PTC recommended the NVCAP daylight plane requirements be made consistent with the requirements in the comparable zoning districts. The draft NVCAP zoning ordinance includes revised language necessary to implement this recommendation.
- **Maximum Height for NV-R1 and NV-R2.** PTC requested to increase the maximum height limits for low density residential zoning districts, NV-R1 and NV-R2, to 35 feet from 30 feet. This has been reflected in the draft NVCAP zoning ordinance.

Additional Recommendations Considered but Not Incorporated

In addition to other items already discussed above, staff considered the following suggestions and recommendations from the ARB and PTC which have not been incorporated into the staff recommendation based on further analysis. The basis for these recommendations is detailed below.

- **Setback Measurement and Lot Coverage Calculation.** The Palo Alto Municipal Code Title 18 (Zoning) lacks clarity on applying setbacks to basements in multi-family and nonresidential projects. ARB requested specific language be codified to the zoning districts that allow higher density residential (NV-R3, NV-R4, NV-MXM, and NV-MXH) to encroach into front setbacks. However, this policy decision requires further discussion and analysis to determine appropriate standards. In addition, staff believe this is a larger policy decision of whether to allow encroachment of subsurface structures into setback areas, which impacts storm water management compliance, the quality of landscaped areas and tree plantings, groundwater recharge and potentially other considerations. As a result, this ARB recommendation is not reflected in the draft zoning ordinance.
- **Special Setback on Park Boulevard.** The PTC recommended extending the special setback requirement on Park Boulevard, currently ending at Lambert Avenue, to cover up to Page Mill Road. The special setback requirement was not considered previously and the impact on those properties along Park Boulevard within the NVCAP area has not yet been analyzed. In addition, the implementation of a special setback requires additional procedures to notify the property owners and solicit feedback before

implementation. As a result, this PTC recommendation is not reflected in the draft zoning ordinance.

Application Review Processing

The development applications for the NVCAP will follow the City's entitlement review process in accordance with Title 18 of the PAMC. Development applications in the NVCAP will be reviewed the same way as those in other areas of the City. This typically includes review by the Architectural Review Board and approval by the Director unless appealed to the City Council. A Planning and Transportation Commission hearing would be required for certain permits like a Conditional Use Permit or Tentative Parcel Map. If any project is deemed Housing Development project under the state law, then no more than five public hearings will be included as part of its entitlement review process.

New development projects may be able to streamline their environmental analysis by tiering off of the NVCAP SEIR. For this to occur, the project's scope cannot extend beyond the NVCAP's CEQA analysis and would need to show consistency with the environmental analysis of the SEIR. Any projects that have a scope beyond the CEQA analysis prepared for the NVCAP may need to prepare a separate environmental analysis and may not be able to "tier off" from the SEIR.

Pipeline Projects

Since the onset of the NVCAP project, property owners have been allowed to submit development applications consistent with the existing zoning code. Notable projects submitted and entitled since the NVCAP initiation include 3001 El Camino Real⁷, 3200 Park Boulevard⁸, and 3241 Park Blvd⁹. The zoning ordinance proposes to exempt these "pipeline projects" from compliance with the NVCAP due to the submittal of a complete planning entitlement application prior to the adoption of the NVCAP and its associated implementing zoning code amendments.

POLICY IMPLICATIONS

Comprehensive Plan

The NVCAP implements one component of Comprehensive Plan Program L.4.10.1, which directs staff to prepare a coordinated area plan for the North Ventura area and surrounding California Avenue area. Program L.4.10.1 outlines that the plan should describe a vision for the future of the North Ventura area as a walkable neighborhood with multi-family housing, ground floor retail, a public park, creek improvements and an interconnected street grid.

⁷ 3001 El Camino Real: a 100% affordable housing project with 129 units. <https://www.cityofpaloalto.org/News-Articles/Planning-and-Development-Services/30013017-El-Camino-Real>

⁸ 200 Portage: a project including partial demolition of cannery, construction of 74 dwelling units and renovation of cannery into research & development space with associated Development Agreement. <https://www.cityofpaloalto.org/News-Articles/Planning-and-Development-Services/200-Portage-Avenue>

⁹ 3241 Park Blvd: a new 7,861 square foot office building. <https://www.cityofpaloalto.org/Departments/Planning-Development-Services/Current-Planning/Projects/3241-Park-Boulevard>

The NVCAP provides a land use framework that encourages higher density development, including multifamily residential development and mixed-use development with higher density residential. The NVCAP also supports a variety of housing options, a diverse range of unit sizes and bedroom configurations, and price points to support Palo Alto residents at different stages of life. At build out, the NVCAP would add 530 new dwelling units. Section 2.3 (Ground Floor Edges) shows where ground floor uses would be required (along El Camino Real) and encouraged (other mixed use areas), lists what is considered active ground floor uses, and describes how these uses should be integrated to fit the urban fabric of the North Ventura neighborhood.

In addition to the land use framework, the mobility framework in Section 2.4 of the NVCAP emphasizes well-balanced and safe streets, with pedestrian and bicycle facilities designed for all ages, and accessible paths to transit. The NVCAP prioritizes local circulation and access but also envisions a fully integrated transportation network that goes beyond the plan area to ensure seamless connections for all users. Chapter 4 (Accessibility and Mobility) includes gateway intersection concept design and street design standards and guidelines that would support achieving these mobility visions and goals. By incorporating mixed-use development, interconnected streets, and pedestrian facilities, the NVCAP would achieve the walkable neighborhood envisioned in the Comprehensive Plan at buildout.

The NVCAP also includes a public park and open space design standards and guidelines that encourage development of a new park, naturalization of the Matadero Creek, and green stormwater infrastructure.

Land Use and Community Design Element

The NVCAP creates a series of new land use designations that are specific to the plan area. The resolution adopting the NVCAP includes a few minor changes to the Land Use and Community Design Element to reflect these new designations. In short, the resolution amends the Land Use and Community Design Element to acknowledge that Area Plans, like the NVCAP and SOFA CAPs have their own land use designations, which are defined within the respective documents. The Land Use Map (Map L-6) will also be updated to clearly delineate areas that are subject to an Area Plan.

Housing Element

The Housing Element is one of seven mandatory elements within the Palo Alto Comprehensive Plan, which assesses the condition of the City's current housing and future needs of its residents through citywide housing goals, objectives, and policies. The City is required to update the Housing Element every eight years.

The City adopted the 2023-2031 Housing Element in May 2023. A revised Housing Element was considered by Planning and Transportation Commission and City Council at a joint meeting on April 15, 2024 and adopted by the City Council. The Housing Element includes the housing needs assessment, resources and inventory of potential housing sites, housing constraints, and

housing element programs or implementation actions. The Housing Element identifies a total of 295 potential housing opportunity sites. Of the total, 17 housing opportunity sites are located within the NVCAP. The Housing Element estimated that the development capacity for these 17 sites would yield over 300 dwelling units.

In January 2024, an ordinance implementing Housing Element Program 1.1A and 1.1B became effective, rezoning housing opportunity sites for consistency with the Housing Element. The zoning changes apply to multi-family, commercial, and industrial zoning to accommodate greater housing production, including within the NVCAP. This includes modification of development standards to increase density and height. For housing opportunity sites, the proposed NVCAP development standards generally have more permissive standards compared to development standards from the January 2024 rezoning. Therefore, applying NVCAP development standards to housing opportunity sites within the plan area would not hinder achieving the densities projected in the Housing Element. In addition, the proposed ordinance updates Chapter 18.14 (Housing Incentives) for consistency.

Sustainability and Climate Action Plan

The Sustainability and Climate Action Plan (S/CAP) is a comprehensive document laying out the City's strategy to achieve ambitious carbon reduction goals, while improving natural environment, adapting to climate impacts, and increasing livability for Palo Alto residents. The NVCAP's goals to encourage mixed-use development and connected street grid with improved mobility network aligns with the S/CAP goals. The NVCAP requires a 30 percent reduction in trips to manage the transportation demand; this would contribute to one of the mobility goals of the S/CAP which calls for a 12% reduction in total vehicle miles traveled by 2030. The proposed NVCAP pedestrian and bicycle facilities and mobility improvements would also contribute to, and be consistent with, the S/CAP mobility goal to increase the mode share for active transportation and transit from 19% to 40% of local work trips by 2030. The NVCAP ecological framework to create opportunities to naturalize the Matadero Creek and to encourage green stormwater infrastructure would be consistent with the S/CAP's Natural Environment goals to achieve a 10% increase in land area that uses green stormwater infrastructure.

FISCAL/RESOURCE IMPACT

The majority of the NVCAP project funding is from a \$638,000 Santa Clara Valley Transportation Authority (VTA) Priority Development Area (PDA) grant. In compliance with the grant requirement, the 15% local funding match (\$112,000) was achieved with the donation of private funds from the Sobrato Organization, who also donated an additional \$138,000 for the environmental review study of the NVCAP. Additional General Funds (\$17,700) were used for the historic evaluation by Page & Turnbull and the Matadero Creek analysis by WRA; and \$62,000 of FY 2021 departmental salary savings was allocated to project management (due to staff vacancies). In 2021, the City was awarded \$125,000 from the Local Early Action Planning (LEAP) grant to support the NVCAP.

In October 2019, the City Council approved an expanded scope of work for the NVCAP project and contract with the consultant, Perkins & Will. However, the City Council did not approve the additional funding of \$367,000 associated with the expanded scope. The project has not been fully funded to date and staff have completed essential tasks by eliminating other tasks or doing the work in-house. The lack of required resources has contributed to the timeline to complete this project.

Per the grant agreements with both Caltrans and HCD, the City must complete the NVCAP project by the grant due dates, or risk forfeiting the grant funds. In that case, the City would need to repay any grant funds expended towards the project. The City received extensions for both the PDA grant (June 30, 2026) and the LEAP grant (September 30, 2024). Upon adoption of the NVCAP, staff will submit reimbursement requests to receive the remaining PDA grant (\$57,815.38) and LEAP grant (\$30,000) funding.

STAKEHOLDER ENGAGEMENT

Consistent with PAMC Chapter 19.10 (Coordinated Area Plans), the City Council appointed a 14-member working group. The working group met 17 times over the course of two years and concluded their effort once alternatives were forwarded to the PTC and City Council for consideration. Notifications throughout the process have been sent to the working group, stakeholders, and property owners. The City maintains a project website with archives of working group, workshops, and public hearing materials related to the NVCAP.

ENVIRONMENTAL REVIEW

In accordance with the California Environmental Quality Act, the City of Palo Alto, staff prepared a Supplemental Environmental Impact Report for the NVCAP (SCH #2023020691). Staff released a Notice of Availability of the Draft SEIR for the proposed project on March 8, 2024 for a 45-day public comment period that ended on Monday, April 22, 2024.

The Draft Supplemental Environmental Impact Report (SEIR) prepared for the NVCAP found that the impacts related to biological resources, archaeological resources, noise, and tribal cultural resources could be significant but mitigatable to less than significant. Impacts to historical resources would be significant and unavoidable because the project would involve modifications to an historic resource eligible for the California Register of Historic Resources in a manner that would not be consistent with the Secretary of the Interiors Standards. Buildout of the NVCAP, on a plan level, would have a significant and unavoidable criteria air pollutant emissions impact because the increase in population would be exceeded by the increase in VMT and daily trips. The statement of overriding considerations was prepared containing a list of the benefits that the project will bring to the City consistent with General Plan and NVCAP policies (Attachment A).

During the Architectural Review Board (ARB) meeting held on April 18, 2024, a community member addressed the Draft NVCAP, specifically urging rooftop gardens and the full naturalization of the creek without barriers. In addition, staff received three comment letters

from public agencies (Caltrans, Santa Clara Valley Transit Authority, and Santa Clara Valley Water District) on the Draft SEIR by Monday, April 22, 2024, and the comments were generally related to each public agency's jurisdiction and operations. Both oral and written comments are included in the Final Supplemental EIR (Final SEIR) as well as in Attachment H. Responses to comments on the Draft SEIR and associated modifications have been integrated into the Final SEIR for Council's consideration prior to taking action on the environmental analysis and the proposed project.

Prior to the City Council hearing, the Final EIR has been circulated for 10 days to the responsible public agencies. The required 10-day circulation of the Final SEIR started on June 6, 2024 and ended on June 17, 2024.

NEXT STEPS

After the NVCAP is adopted and the SEIR is certified, the NVCAP will take effect immediately upon the passage of a resolution (Attachment A). Staff will then file a Notice of Determination (NOD) with both Santa Clara County and the State Clearinghouse for the SEIR within five days of the Council's decision.

Following the zoning ordinance introduction at this meeting, a second reading of the ordinance will occur after the Council's July 2024 recess. Once passed, the NVCAP zoning ordinance, along with other modifications in Title 18 of the Palo Alto Municipal Code implementing the NVCAP, will become effective 30 days after the second reading. This will allow developers to submit applications for new projects under the NVCAP.

ATTACHMENTS

Attachment A: Draft Resolution to Certify the SEIR and Adopt the NVCAP

Attachment B: Draft Ordinance to Implement the NVCAP

Attachment C: Links to the Revised Public Draft NVCAP, Draft SEIR, Final SEIR

Attachment D: Summary of the Endorsed Preferred Plan and Council Refinements

Attachment E: Summary of Goals and Objectives Consistency

Attachment F: 2023 PTC and ARB NVCAP Comments and Staff Response

Attachment G: Final Draft NVCAP (including the redline version with modification from the Revised Public Draft, and a link to the clean version)

Attachment H: Public Comment Letters on Draft SEIR and Draft NVCAP

Attachment I: Map of Street Yard setback requirements

Attachment J: Draft Verbatim Minutes NVCAP Excerpt from the May 8, 2024 PTC hearing

APPROVED BY:

Jonathan Lait, Planning and Development Services Director