



City Council Staff Report

From: City Manager

Report Type: ACTION ITEMS

Lead Department: Planning and Development Services

Meeting Date: November 13, 2023

Report #:2310-2115

TITLE

Public Hearing: Adoption of Resolution Amending the Land Use Element of the Palo Alto Comprehensive Plan and an Ordinance Implementing Program 1.1A and 1.1B of the Housing Element, Including: 1) New Chapter 18.14: Housing Incentives, and 2) Modifications to Base Zoning Districts Throughout Title 18. CEQA Status: An Addendum to the City's Comprehensive Plan Environmental Impact Report was Prepared for the Subject Comp Plan and Municipal Code Amendments.

RECOMMENDATION

Staff recommends that Council:

1. Adopt a resolution amending the Palo Alto Comprehensive Plan Land Use Element (Attachment A); and,
2. Adopt an ordinance amending Title 18 (Zoning) of the Palo Alto Municipal Code (PAMC) (Attachment B) to implement Program 1.1A and 1.1B of the Housing Element regarding the Adequate Sites Inventory.

EXECUTIVE SUMMARY

Program 1.1 in the recently adopted Housing Element necessitates certain amendments to the Land Use Element of the Comprehensive Plan and Zoning Ordinance. The proposed zoning amendments include a new chapter in Title 18 to consolidate existing and proposed housing incentive programs. Consistent with Program 1.1, the proposed zoning amendments rezone certain Housing Element opportunity sites to modify densities and other development standards that support multifamily housing at capacities identified in the Housing Element. Program 1.1A also includes higher-density site-specific zoning regulations for Stanford-owned properties along El Camino Real near Page Mill Road, and at Pasteur Drive and Sand Hill Road.

According to Housing Element Law, the rezonings in Program 1.1A to meet the RHNA must be completed within one year of the required Housing Element adoption date (i.e., by January 31, 2024). According to the adopted Housing Element, the City is also committed to completing Program 1.1B (GM and ROLM rezonings) by January 2024.

Attachment B represents amendments to Title 18 in the form of a new chapter, 18.14: Housing Incentives and revisions to base district regulations throughout Title 18. Changes include rezonings to allow multifamily housing as a permitted use, increases in residential density/FAR, and modifications to other development standards, as specified in the Housing Element to meet the RHNA and sites inventory estimates. These proposed amendments necessitate changes to base district regulations in existing zoning chapters (18.12, 18.13, 18.16, 18.18, 18.20, and 18.28); these changes are shown in underline/strikeout.

Additionally, the report and ordinance suggest expanding the policy recommendation for Program 1.1A to extend proposed rezoning on El Camino Real to create an expanded Focus Area on El Camino Real between Page Mill Road and Matadero Avenue. These proposed changes would be formalized during the next revision to the Housing Element but are being advanced as part of these zoning amendments given the January 31, 2024 deadline.

For expediency, to meet the state-mandated timeline for adoption, the proposed housing Focus Area on El Camino Real does not include additional sites either further south or on the east side of El Camino Real as was commented upon at the October 4, 2023 Council study session meeting. Council may direct further study in this regard if there is interest to do so.

BACKGROUND

Housing Element Adoption & HCD Review

On May 8, 2023, the City Council adopted the 2023-2031 Housing Element. The Element aims to implement State Housing Element law, including meeting the RHNA and fulfilling AFFH objectives. More information about the Housing Element can be found at the project website: www.paloaltohousingelement.com.

The City sent the adopted Housing Element to HCD for review on June 7, 2023. On August 3, 2023, the City received a comment letter from HCD requesting modifications to the Housing Element prior to HCD certification. In particular, members of the public and HCD have called for additional analysis of the Sites Inventory to ensure and demonstrate that sites are viable for redevelopment during the 8-year planning cycle, including that existing uses are likely to cease. To address these comments, City staff and the Housing Element consultant are exploring changes to the Sites Inventory, including adding sites to the inventory and increasing densities. Given the deadline for this rezoning effort, City staff are daylighting these proposed changes as part of the Program 1.1 rezoning task. The next version of the Housing Element will formalize updates to the Sites Inventory, Program 1.1, and additional analysis to demonstrate viability of these sites. The PTC can expect to review the revised Element before the end of the year.

Housing Element Program 1.1

Program 1.1 represents the City's rezoning program to meet the "Adequate Sites Inventory"

required under State law and is excerpted below. This program necessitates amendments to the Zoning Ordinance to modify density and other development standards.

These rezonings must accommodate multifamily housing at the capacity levels prescribed in the Housing Element. In summary, Program 1.1 requires the following zoning amendments on Housing Element opportunity sites:

- Rezoning opportunity sites in the R-1, ROLM, RP, GM, and PF districts to allow multiple-family housing as a permitted use;
- Up-zoning opportunity sites to increase residential densities and/or FARs, including on Stanford Lands;
- Modifications to other development standards on opportunity sites to ensure that development is feasible at current and planned densities (e.g., landscape coverage); and,
- Statutory requirements that residential uses occupy at least 50 percent of the total floor area of a mixed-use project on an opportunity site

Program 1.1 calls for specific zoning regulations for three Stanford University-owned properties. On these sites, the Housing Element inventory targeted specific unit counts and called for higher FAR and taller height limits in order to fulfill those targets (see excerpt from the Housing Element Program 1.1A in Figure 1). As noted above, the geographic reach of Program 1.1 is proposed for expansion on El Camino Real to create a targeted Focus Area for rezoning.

- i. For the housing opportunity site located at the corner of Pasteur Drive and Sand Hill Road and the adjoining property at 1100 Welch Road, as an alternative to the State Density Bonus law, amend zoning regulations to allow approximately net new 425 units up to 85 feet in height; redevelopment of the Welch Road property shall comply with the replacement housing provisions of the Housing Crisis Act, which will substantially protect tenants from displacement.
- ii. For the housing opportunity site located at 3128 El Camino Real (McDonald's), as an alternative to the State Density Bonus law, amend zoning regulations to allow at least 144 housing units with a maximum height of 50 feet nearest El Camino Real and transitioning taller away from the street to minimize a wall effect; allow a minimum of 315 housing units if combined with an adjacent property.
- iii. For the housing opportunity site located at 3300 El Camino Real, as an alternative to the State Density Bonus law, allow up to 200 housing units, up to a 1.4:1 floor area ratio (FAR) with a 20% inclusionary housing requirement consistent with the City's Planned Home Zoning process; commercial office approved or permitted on this property is in addition to the floor area allowed for the future housing project.

Planning & Transportation Commission Review

The PTC held a study session on September 13, 2023^{1,2} to review the draft Comprehensive Plan and Zoning Ordinance amendments. Based on the PTC's feedback, City staff and consultants revised the draft Zoning Ordinance. On October 11, 2023³ the PTC reviewed the revised ordinance and made a recommendation to the City Council to approve the Comprehensive Plan and Zoning Ordinance amendments.

The PTC generally supported the staff comprehensive plan and zoning ordinance recommendations making a few discrete motions that resulted in the following additional recommendations:

- For the El Camino Real Housing Focus Area, require a 20-foot setback adjacent to the R-1 zoning district and extend the height transition zone to 35' height within 100 feet of the R-1 property line and 45' height between 100' and 150', (5-1, Hechtman).
 - NOTE: The attached ordinance has been updated to reflect the PTC recommendation, however, a representative of the Creekside Inn site noted concerns about doubling the existing ten foot setback and the modification to the transitional height. Staff continues to support a transitional height that would allow buildings to reach 35 feet in height within 75 feet of an R-1 zoned property and 45 feet between 75 and 150 feet from the R-1 zoned property, while also maintaining a ten foot setback. If the Council concurs with staff's perspective, a modification to the attached ordinance would be required.
- Modify a state-mandated requirement in new Chapter 18.14 (Housing Incentives) to increase the minimum residential floor area requirement from 50% to 65% for mixed use projects on opportunity sites identified as meeting lower income households, (4-3, Hechtman, Lu, Templeton).
 - NOTE: The attached ordinance has been updated to reflect the PTC recommendation with a slight adjustment changing 65% to two-thirds (66%) to be consistent with the threshold used for housing accountability projects; the PTC recommendation and its slight staff adjustment do not conflict with state law. Notwithstanding this change to the ordinance. The PTC argument in favor of the change is that these are sites where we are anticipating housing and by increasing the threshold that focus is reinforced and, if developed, may have reduce the jobs/housing imbalance. An argument against the change is that

¹ PTC staff report, dated September 13, 2023: <https://www.cityofpaloalto.org/files/assets/public/v/1/agendas-minutes-reports/agendas-minutes/planning-and-transportation-commission/2023/ptc-09.13-Study-Session.pdf>.

² PTC summary meeting minutes, dated September 13, 2023: <https://www.cityofpaloalto.org/files/assets/public/v/2/agendas-minutes-reports/agendas-minutes/planning-and-transportation-commission/2023/ptc-9.13.2023-summary-2.pdf>.

³ PTC staff report, dated October 11, 2023: <https://www.cityofpaloalto.org/files/assets/public/v/1/agendas-minutes-reports/agendas-minutes/planning-and-transportation-commission/2023/ptc-10.11-title-18-amendments.pdf>.

commercial floor area can be used to fund housing projects and the higher threshold may discourage a property owner from redeveloping an existing commercial site toward housing. Staff does not have a strong opinion about this modification but generally supports retention of the state-established 50% residential floor area threshold. To restore the 50% threshold, a change to the attached ordinance would be required.

- The PTC requested staff to research minimum density standards to discourage townhome development within the GM and ROLM zoning districts in favor of higher density apartment buildings (4-3, Summa, Lu, Templeton).
 - NOTE: Staff previously increased the minimum density for these sites from 20 to 25. Based on the PTC's feedback, staff has adjusted the minimum density standard to 40, to address this concern.
- The PTC expressed concern about the potential loss of property tax revenues for Stanford-owned properties if developed for affiliate housing and lost revenues are not accounted through some other funding mechanism to support impacts on the City, school district and other services (5-1, Hechtman).
 - NOTE: This request requires more analysis than can be accommodated within the timeline to complete these amendments, however, staff has modified the attached ordinance to prohibit Stanford affiliate housing on the housing opportunity sites adjacent to El Camino Real. The Pasteur site was previously identified in the adopted Housing Element as designated for affiliate housing. Accordingly, there is no restriction in the attached ordinance about affiliate housing for that location.

There were other non-substantive refinements to the ordinance requested by the PTC that were incorporated into the attached ordinance.

City Council Review

On October 4, 2023, the City Council received a preview of the draft ordinance, in particular to review the idea of a Focus Area on El Camino Real between Page Mill Road and Matadero Avenue, where higher densities and heights could be achieved.

The Council had little time to consider to the staff report, which was released shortly before the meeting but there were some initial comments expressed by more than one councilmember including:

- Support for creek protection at the Creekside Inn site;
- Interest in careful site planning at adjacencies to the R-1 zoning district;
- Concern about a potential lack of property tax revenue at Stanford affiliate housing;
- Desire for transportation demand management measures and bicycle parking requirements to balance the proposed reduction in minimum parking requirements; and

- Interest in extending the development standards proposed in the El Camino Real Focus Area to the opposite side of the street.

Regarding the last two comments, staff appreciates there may be an opportunity to extend the El Camino Real Housing Focus Area south and potentially to the east side of the street. Staff has even been approached by interested property owners since the Council's study session. However, given the state-mandated timeline to complete the subject zoning amendments by January 31, 2024, staff recommends completing the attached ordinance and, if there is Council interest, provide direction to staff to revisit further expansions of the Focus Area after certification of the Housing Element. Moreover, staff anticipates bringing the North Ventura Coordinated Area Plan to Council for final adoption in spring next year. Changes to direction already received would further delay that work, cost more money to pay for plan revisions and may require the City to repay the grant money received for NVCAP project.

The interest in transportation demand management measures is also a distinct effort to codify specific standards that balance the reduction in parking requirements for these Focus Area sites. However, staff has included in the attached ordinance, subsequent to the PTC's review, a requirement for a transportation demand management plan if Focus Area sites are developed with less parking than would typically be required by the municipal code (outside of the Focus Area). As an initial step, until a more specific program can be presented to the PTC and Council, staff has included a requirement for free transit passes for residents, when parking is reduced by 50% or more (compared to otherwise applicable citywide parking requirements) and a provision for 20% of the required bicycle parking spaces to have outlets appropriately spaced for e-bike charging.

The City Council will have an opportunity to direct staff to focus on these two initiatives when it has its priority setting discussion and reviews Council objectives for the next fiscal year.

ANALYSIS

Comprehensive Plan Amendments

The recently adopted Housing Element of the Palo Alto Comprehensive Plan identifies planned changes to uses and densities which must be updated in the Land Use Element of the Comprehensive Plan to ensure consistency within the Comprehensive Plan and between the Comprehensive Plan and proposed zoning. Attachment A annotates proposed amendments to the Land Use Element of the Comprehensive Plan to update FAR ranges and allow multi-family uses, consistent with the Housing Element and proposed changes to the Zoning Ordinance.

Zoning Ordinance Amendments

The rezonings in Program 1.1A to meet the RHNA must be completed within one year of the required Housing Element adoption date (i.e., by January 31, 2024). According to the adopted Housing Element, the City is also committed to completing Program 1.1B (GM and ROLM rezonings) by January 31, 2024. Attachment B aims to codify Program 1.1A and 1.1B in the Zoning Ordinance. It also consolidates a range of housing programs that will support

implementation of the Housing Element into a single chapter. Basic contents of the ordinance are described below.

Section 18.14.020: Housing Opportunity Sites

This section modifies base district development standards on Housing Element opportunity sites. Regulations for these sites are those specified in the base district regulations, except as modified by this proposed chapter. In zones that regulate residential density, primarily the RM zones, these modifications increase maximum residential density limits consistent with Appendix D of the Housing Element (Attachment C). All zoning districts regulate FAR, so amendments also modify FAR limits.

This section also modifies other development standards that were identified as constraints to development in Chapter 4 of the Housing Element (see excerpt in Attachment D). For most districts, this includes modifications to the landscape coverage standard which generally requires landscape planting on the ground-floor. As stated in the adopted Housing Element, despite the well-meaning value of enabling trees, shrubs and groundcover, this often represents a constraint to development by shrinking the building footprint. Therefore, proposed modifications to this standard allow it to be met above the ground-floor, permitting a larger building footprint, while still enabling planted areas for residents.

In the employment districts (i.e., ROLM, GM, RP), the Housing Element specifies much higher densities compared to what the existing base district regulations allow. As a result, the Housing Element identified additional standards that would represent constraints to development (see Attachment D excerpt) at higher densities. The zoning amendments therefore modify standards for lot coverage, parking, and building height, in addition to increasing FAR and reducing landscape coverage requirements.

Finally, this subsection includes site specific zoning regulations including Program 1.1A standards for Stanford-owned properties as well as a proposed idea for an El Camino Real Focus Area. These specific locations are discussed further below.

Section 18.14.030: Housing Incentive Program (HIP)

This section is a placeholder location to consolidate regulations pursuant to the existing HIP and amendments proposed as part of Program 3.4 of the Housing Element. This ordinance does not include changes to the HIP at this time.

Section 18.14.040: Affordable Housing Incentive Program (AHIP)

This section is a placeholder location to relocate existing 18.32 AHIP regulations into this consolidated chapter of housing incentives. This ordinance does not include amendments to this program at this time.

Base Districts

The ordinance amends several of the base zoning districts for two main purposes:

1. To allow multifamily as a permitted use on Housing Element opportunity sites, where otherwise not allowed; and
2. To provide a cross-reference to modified development standards for opportunity sites in the new Section 18.14.040.

Proposed Development Standards for Opportunity Sites and Focus Areas

Table 1 and Table 2 summarizes proposed changes to the standards for density, intensity, and landscape coverage in the residential and commercial mixed-use districts, and mixed use employment districts, respectively. In terms of FAR, as a baseline, the draft ordinance allows at least 1.25:1 FAR, which generally accommodates three stories of development with fairly low lot coverages of 45%. Notably, 1.25:1 FAR is currently the minimum standard required under State law for small projects with 8-10 units and is codified accordingly in the City's RM districts. From this baseline, FARs range up to 2:1 in Downtown (CD-C) and 2.5:1 in the GM/ROLM areas shown in the West Bayshore area (see Figure 1 below). Maximum density standards, if they are proposed for change at all, are as specified in the Housing Element.

Landscape coverage is revised for most zoning district, as stated in Chapter 4 of the Housing Element (Attachment D). The draft ordinance generally does not propose to change the landscape coverage requirement (e.g., 20% or 30%). Instead, the draft ordinance allows more flexibility regarding where the requirement can be met—not just at the ground-level, but on above-grade on courtyard or rooftop (if permitted by the district). In the GM and ROLM zones and Focus Area, the draft ordinance proposes two changes that would have opposite effects: first, to add a landscape coverage requirement for the GM, where one currently does not exist, and second to modestly reduce the requirement in the ROLM zone, from 30% to 20%.

Table 1: Existing vs. Proposed Development Standards for Opportunity Sites, by Residential and Mixed-Use Zoning Districts

<i>Zoning</i>	<i>Maximum FAR</i>		<i>Maximum Site/Landscape Coverage</i>		<i>Maximum Density (du/ac)</i>	
	<i>Existing</i>	<i>Proposed</i>	<i>Existing</i>	<i>Proposed</i>	<i>Existing</i>	<i>Proposed</i>
CC(2)	Residential: 1.25 (8-10 units) 1.0 (3-7 units) 0.6 (other) Total: 2.0	Residential: 1.5 Total: 2.0	20%	above the ground-floor	None	None

CC	Residential: 1.25 (8-10 units) 1.0 (3-7 units) 0.15 (other) Total: 1.0	Residential: 1.25 Total: 1.25	30%	above the ground- floor	None	None
CS (El Camino Real)	Residential: 1.25 (8-10 units)	Residential: 1.25			None	None
CS (Other)	1.0 (3-7 units) 0.6 (other) Total: 1.0	Total: 1.25	30%	above the ground- floor	30	30-40
CN (El Camino Real)	Residential: 1.25 (8-10 units) 1.0 (3-7 units) 0.5 (other) Total: 1.0-1.25	Residential: 1.25			None	None
CN (Other)	Residential: 1.25 (8-10 units) 1.0 (3-7 units) 0.5 (other) Total: 0.9-1.25	Total: 1.25	35%	30% above the ground- floor	15-20	30-40
CD-C	Residential: 1.25 (8-10 units) 1.0 (3-7 units) 1.0 (other) Total: 2.0 (3.0 w/ TDR)	Residential: 2.0 Total: 2.0 (3.0 w/ TDR)	20%	above the ground- floor	None	None
CD-N	Residential 1.25 (8-10 units) 1.0 (3-7 units)	1.5	35%	above the ground- floor	50	50

	0.5 (other) Total: 0.9-1.25 (2.0 w/TDR)					
RM-40	Residential: 1.25 (8-10 units) 1.0 (3-7 units) 1.0 (other)	1.5	20%	above the ground-floor	40	40-50
RM-30	Residential: 1.25 (8-10 units) 1.0 (3-7 units) 0.6 (other)	1.25	30%	above the ground-floor	30	30-50
RM-20	Residential: 1.25 (8-10 units) 1.0 (3-7 units) 0.5 (other)	1.25	35%	No change	20	20-50
RP	Residential: 1.25 (8-10 units) 1.0 (3-7 units) 0.5 (other) Total: 0.5-1.25	1.25	35%	No change	20-30	None
PF (California Ave.)	None	See CC(2) standards above	None	See CC(2) standards above	None	See CC(2) standards above
PF (Downtown)		See CD(C) standards above		See CD(C) standards above		See CD(C) standards above

[illegible]

The higher densities approved for the GM and ROLM employment districts necessitate other modifications to development standards. These are specified in the Housing Element excerpt in Attachment D and proposed to be codified as shown in Table 2. This results in taller height limits, increased lot coverage and landscape coverage requirements, and reduced parking requirements, in addition to changes to FAR limits. Table 2 distinguishes between three tiers of standards for these zones: (1) the highest proposed densities within the GM/ROLM Focus Area, (2) moderate proposed densities for other GM/ROLM Housing Element opportunity sites outside the Focus Area; and (3) existing densities which will remain for other GM/ROLM sites that do not fall under either of the first two categories.

Table 2: Existing vs. Proposed Development Standards for Opportunity Sites and Focus Areas (GM and ROLM Districts)

	<i>Zoning</i>	<i>Maximum FAR</i>	<i>Maximum Landscape Coverage</i>	<i>Maximum Lot Coverage</i>	<i>Min. Density (du/ac)</i>	<i>Maximum Density (du/ac)</i>	<i>Max. Height</i>	<i>Min. Parking Ratios</i>
E X I S T I N G	GM	Residential: N/A Total: 0.5	None	None	None	None	50	N/A
	ROLM	Residential: 1.25 (8-10 units) 1.0 (3-7 units) 0.6 (other) Total: 1.0-1.25	30%	40%	16	30	35	1 per studio/1-bed; 2.0 per 2+ bed
P R O P O S E D	GM (Focus Area)	2.5	20% above the ground-floor	70%	40	None; 90 anticipated	60	1 per studio/1-bed; 1.5 per 2+ bed
	GM (Other Opp Site)	1.5	30% above the ground-floor	70%	25	None; See HE Appendix D for anticipated densities	No change	No change
	ROLM (Focus Area)	2.5	20% above the ground-floor	70%	40	None; 90 anticipated	60	1 per studio/1-bed; 1.5 per 2+ bed
	ROLM (Other Opp Site)	1.5	above the ground-floor	70%	25	None; 50 anticipated	45	No change

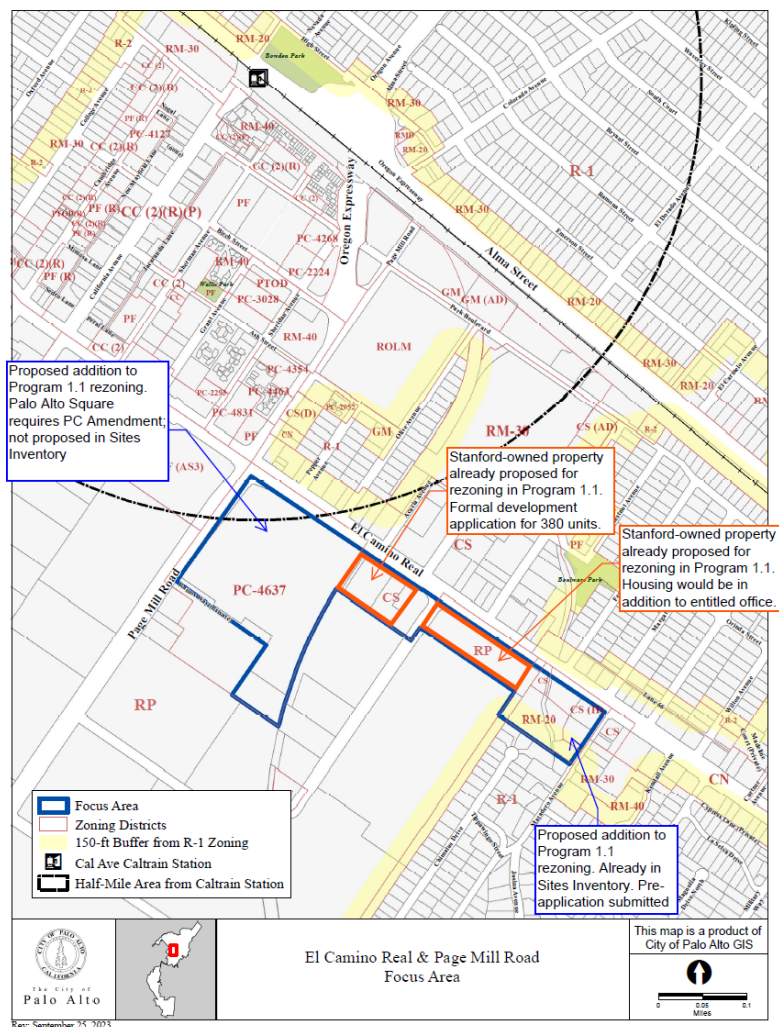
Notably, raising the “base” density standards for these sites will have implications for the use of State Density Bonus Law. It would effectively raise the “floor” upon which density bonuses are calculated. This would generate more below- market rate housing units within a State Density

Bonus Law-compliant project, but would also allow additional density bonus, which could result in taller and larger buildings than are currently permitted by the Zoning Ordinance.

El Camino Real & Page Mill Focus Area

The draft ordinance proposes higher density standards for a specific segment of El Camino Real to create a housing Focus Area between Page Mill Road and Matadero Avenue, as shown in Figure 2. Program 1.1A already identified three sites on this segment higher density development standards; this proposal extends the geographic reach. The North Ventura Coordination Area Plan process is devising standards for the opposite side of El Camino Real, so no changes to the east side of the corridor are proposed as part of this process.

Figure 2: El Camino Real Focus Area



There are several reasons for this expanded proposal:

- 1. Neighborhood Context & Services:** This location has excellent access to services, shopping, California Avenue, jobs, Stanford, and transit. It is also primary

surrounding by commercial uses, with only one interface with a lower density residential neighborhood with 1- and 2-story homes at Matadero Avenue. The proposed development standards aim to mitigate this adjacency through required height transitions and daylight planes. At Palo Alto Square, there already exists taller buildings than what are proposed here, with two ~140-foot tall office buildings already located near the Page Mill Road intersection.

2. **Community & Decision-Maker Input.** Second, and in part for the aforementioned reasons, the Housing Element Working Group, City Council Housing Ad Hoc Committee, and the Planning & Transportation Commission have previously discussed creating a cohesive plan for this area as part of the Housing Element.
3. **Motivated Property Owners:** Over the past several months, four separate property owners/lessees along this corridor have expressed interest in residential or mixed-use development or submitted preliminary or formal planning applications. In the case of the applications, project proposals have included density bonuses under State Density Bonus law that far exceed base district regulations due to requests for waivers and concessions (see images below.)



Proposal for 3150 El Camino Real: 380 units, 84 feet, 4.1 FAR



Proposal for 3400 El Camino Real: 185 units, 75 feet, 1.9 FAR

The owner of Palo Alto Square, the largest site at the corner of Page Mill Rd., has expressed interest in adding housing to some of the existing parking pads but has not filed any

applications. Because Palo Alto Square is subject to a Planned Community zone ordinance, an amendment to that ordinance would be required to allow multifamily housing at these densities. This would also provide the City with an opportunity to weigh on site planning, access, drive aisles, etc. Although conceptually, this site is an integral part of the Focus Area concept, it is not included in the City's Sites Inventory at this time. Note that the Parmani Hotel is included in the proposed rezoning but has not expressed interest in redevelopment into housing.

Draft Standards

The draft ordinance proposes a series of standards that would modify base district regulations on the Stanford sites and the El Camino Real Focus Area. Notably, these regulations are optional to the base district regulations and provided as an alternative to State Density Bonus Law. In other words, developers could choose whether to propose a Density Bonus project relying on base district regulations or to use these higher standards in lieu of State law. These standards are shown in Table 3.

To balance the reduction in parking requirements at these sites, the City can create objective transportation demand management measures. For example, these could include:

- A requirement to provide free transit passes for residents at these sites
- A minimum % requirement for large at-grade bicycle parking spaces to accommodate cargo bikes, trailers, and heavier e-bikes
- A minimum % requirement for bicycle parking spaces that have outlets for e-bike charging

As noted above, the attached ordinance contains some of these provisions, with the expectation that a future ordinance could adopt a more fully developed program.

Table 3 Site-Specific Development Standards for El Camino Real Focus Area

<i>Location</i>	<i>El Camino Real Focus Area (Figure 2)</i>
Minimum Setbacks	See base district regulations For sites with a property line abutting a low density residential district (RE, R2, RMD) or R1 single family residential district: 20 feet
Maximum FAR	4.0 (Total)
Maximum Site/Landscape Coverage	Allowed above the ground-floor
Maximum Lot Coverage	70%
Maximum Density (du/ac)	None
Maximum Height	85

Daylight Plane	See base district regulations for standards for daylight planes
Height Transitions	<p>Within 100 ft of a low density residential district (RE, R2, RMD) or R1 single family residential district property line: 35 ft.</p> <p>Between 100 and 150 ft a low density residential district (RE, R2, RMD) or R1 single family residential district property line: 45 ft.</p>
Upper Story Step Back	El Camino Real frontage: maximum height of 55 feet within 20 feet of the El Camino Real property line
Open Space	100 sq. ft/unit (any combination of common and/or private)
Minimum Residential Parking	<p>1 space/unit</p> <p>(Per AB2097: 0 space/unit within ½ mile of Caltrain)</p>
Other Development Standards	See base district regulations
Design Criteria/Standards	Architectural Review and compliance with either Objective Design Standards pursuant to Chapter 18.24 or Context-Based Design Criteria pursuant to base district regulations.

Other Proposed Regulations and Potential Impacts Related to the Focus Area

Architectural Review. Projects in the Focus Area would be required to go through Architectural Review (2 to 3 hearings with the Architectural Review Board) and would need to meet either the Objective Design Standards or Context-Based Design Criteria.

20% Inclusionary Requirement. The City typically requires that projects set-aside 15% of units for below-market rate housing at moderate income levels. Rental projects are permitted to pay a fee in lieu of this requirement. However, to take advantage of these standards in the Focus Area, developers would need to provide 20% below-market rate housing at up to 80% AMI and would not have the opportunity to pay a fee in-lieu. (The Pasteur Dr. Site is an exception and may pay the in-lieu fee payment, since it is intended for Stanford affiliates.) As a result of this draft regulation, the Focus Area could achieve more below-market rate units within mixed income developments. However, at least one developer has suggested that a 20% BMR requirement at 80% of AMI is challenging.

Potential Development. Importantly, not all sites can achieve the standards identified in the draft ordinance. In particular, the Creekside Inn site at 3400 El Camino Real is constrained by

the creek, required creek setbacks, hotel buildings to be retained, and by the height transition requirements where the site abuts an R-1 zoning district. Similarly, the 3300 El Camino Real site has an approved entitlement for an office project, at 0.4 FAR, and a no-build PG&E easement that constrains a significant portion of the site. Notably, due to these constraints, the next iteration of the Housing Element will reduce the Sites Inventory's realistic capacity for this site from 200 units to approximately 100 units.

Palo Alto Square has high-density office buildings and uses proposed to remain and therefore any new residential floor area would be additive. The 3150 El Camino Real site is the least constrained, since it anticipates complete redevelopment, and is therefore the most likely to utilize the maximum standards achievable. To create consistency between these sites and simplify implementation in the code for City staff and decision-makers, a consistent set of standards is applied across the Focus Area.

The two projects that have submitted formal applications to the City propose standards in line with what is being proposed here; these applications total approximately 560 units. Taking a proactive approach to rezoning allows the City to set standards that are in line with market demands, but that establish the City's priorities (e.g., stepbacks, height transitions, on-site affordable housing, Architectural Review, etc.) rather than allow waivers and concessions under State law to drive architectural design. If the City did not move forward with this Focus Area concept, it would need to remove these sites from the Sites Inventory and find alternate sites that could accommodate lower-income households.

Traffic Operations. In addition to an analysis of potential vehicle miles traveled (VMT) impacts under CEQA (see discussion below), the City will also need to analyze operational traffic impacts. This will include traditional level of service (LOS) analysis, which would describe any necessary improvements such as signal timing or signal warrants.

Precedential effect. It should be noted that this proposed concept is likely not replicable in many other parts of the city. As noted at the outset of this section, this particular segment of El Camino Real is well suited for higher density development based on existing services, transit access, height context, and lack of sensitive adjacent uses.

Pasteur Drive & Sand Hill Road Property

Separate from Stanford's El Camino Real properties, Program 1.1A of the Housing Element also calls for site-specific standards for Pasteur Drive at Sand Hill Road (see Figure 3). This property is proposed to have similar standards as the El Camino Real Focus Area, but different authorizing regulations given the population served and context of the site.

As required by Senate Bill (SB) 330, a project at this site is required to replace the existing 150 units at Welch Road Apartments. Housing Element Program 1.1 envisions approximately 450 units for the site.

This site context is central to Stanford campus, primarily the medical school. There are no abutting residential neighbors that are not affiliated with the university. The housing would only be occupied by Stanford affiliates, including medical school residents, faculty, staff, and postdoctoral fellows. The City Council and Planning & Transportation Commission have expressed concerns about how this could prevent the project site from paying property taxes that would fund school district and other city and county services. Notably, the existing Welch Road apartments are already limited to Stanford affiliates. As previously noted, the adopted Housing Element identifies this site for affiliate housing and, therefore, no restrictions are proposed in the attached ordinance for this site. Other Stanford-owned housing opportunities are required to be made available to the general public.

Figure 3: Pasteur Dr. & Sand Hill Rd. (Welch Rd. Apartments and Construction Yard)



At this property, a development project would be able to pay the affordable housing fee in-lieu of providing on-site below-market rate housing. The City can leverage these funds to build stand-alone affordable housing projects elsewhere in the city. Moreover, Stanford’s policy is to rent to affiliates at rates that are discounted from the market to assist with affordability—typically this represents a 20% reduction.

A project on the Pasteur Drive site would need to meet Objective Design Standards, with modifications proposed in the draft ordinance, and therefore could be eligible for Streamlined Review. Proposed development standards are shown in Table 4.

Table 4: Pasteur Drive & Welch Road Site-Specific Development Standards

<i>Location</i>	<i>Pasteur Dr. & 1100 Welch Rd. (Figure 3)</i>
Minimum Front Setback	15 feet
Maximum FAR	3.5 (Total)

Maximum Site/Landscape Coverage	Allowed above the ground-floor
Maximum Lot Coverage	60%
Maximum Density (du/ac)	None
Maximum Height	85
Daylight Plane	Sand Hill Rd. frontage only: initial height 60 feet above grade at the Sand Hill Rd. setback line and a 45-degree angle
Height Transitions	n/a
Upper Story Step Back	None
Open Space	100 sq. ft/unit (any combination of common and/or private)
Minimum Residential Parking	0.5 spaces/unit
Other Development Standards	See base district regulations: 18.13.040
Design Criteria/Standards	Compliance with Objective Design Standards pursuant to Chapter 18.24

FISCAL/RESOURCE IMPACT

The recommendation in this report does not have any significant fiscal impacts that cannot be absorbed by the City's department budget allocations.

STAKEHOLDER ENGAGEMENT

Preparation of the Housing Element included a range of community outreach methods, including surveys, Working Group meetings, community workshops, and public hearings. Hundreds of community members have participated in the Housing Element update over the course of the project. To announce the release of the Public Review draft, an email blast was sent to over 400 recipients with information about the Public Review draft release.

Meetings included a November 16, 2022 Community Meeting, a November 28, 2022 joint City Council/PTC meeting, a March 8, 2023 PTC hearing, and the May 8, 2023 joint City Council/PTC hearing. The City's Housing Element website, www.paloaltohousingelement.com, serves as the library for draft and final documents, past and upcoming meetings.

ENVIRONMENTAL REVIEW

Consultants prepared an Addendum to the Comprehensive Plan Environmental Impact Report (EIR) to analyze the potential environmental impacts of the 2023-2031 Draft Housing Element. This includes the implementation of Program 1.1 and the associated increase in housing

production including and beyond what was projected by the RHNA and Housing Element sites inventory.

The City Council considered a previous version of this Addendum before adopting the Housing Element in June 2023. The revised Addendum analyzes modifications to the Adopted Housing Element's Sites Inventory, which includes additional site locations and unit yields. It also analyzes the expanded Program 1.1 rezoning (i.e., the El Camino Real Focus Area). The revised Addendum demonstrates similar findings and no new impacts compared to the previous Addendum.

ATTACHMENTS

Attachment A: Amendments to the Land Use Element of the Comprehensive Plan

Attachment B: Ordinance Adopting Amendments to Title 18 to Implement Housing Element Program 1.1

Attachment C: Housing Element Program 1.1: Adequate Sites Inventory

Attachment D: Excerpt from Chapter 4 of the Adopted Housing Element (Site Tests)

Attachment E: Addendum to the Comprehensive Plan EIR (November 2023)

APPROVED BY:

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