

Ordinance No. _____

Ordinance of the Council of the City of Palo Alto Amending Various Chapters of Title 18 (Zoning) of the Palo Alto Municipal Code to Implement Programs 3.3 and 3.4 of the 2023-2031 Housing Element to Revise the Housing Incentive Program and Affordable Housing Incentive Program

SECTION 1. Findings and Declarations. The City Council finds and declares as follows:

- A. On May 8, 2023, the City Council adopted Resolution No. 10107, approving an Addendum to the Comprehensive Plan Environmental Impact Report (EIR), making various findings, and adopting the 2023-2031 Housing Element for the City of Palo Alto.
- B. On December 18, 2023, the City Council approved a Revised Addendum to the Comprehensive Plan EIR and adopted Ordinance No. 5608, rezoning sites in the 2023-2031 Housing Element Sites Inventory to accommodate the City's Regional Housing Needs Allocation.
- C. On April 15, 2024, the City Council adopted Resolution No. 10155, making various findings, adopting a Revised 2023-2031 Housing Element, and authorizing the Director of Planning and Development Services to take further actions necessary to achieve certification of the Housing Element by the California Department of Housing and Community Development (HCD).
- D. On August 19, 2024, HCD found that the Revised 2023-2031 Housing Element, as further modified on July 17, 2024, was substantially compliant with state law.
- E. Programs 3.3 and 3.4 of the City's Revised 2023-2031 Housing Element direct a variety of updates to the City's Housing Incentive Program and Affordable Housing Incentive Program, which are implemented in this ordinance.
- F. On December 17, 2024, the Planning and Transportation Commission considered and recommended that the City Council adopt this ordinance to implement the 2023-2031 Housing Element.

SECTION 2. Section 18.14.030 (Housing Incentive Program) of Chapter 18.14 (Housing Incentives) of Title 18 (Zoning) of the Palo Alto Municipal Code is hereby amended to read as follows:

18.14.030 Housing Incentive Program

(a) Purpose

The housing incentive program modifies base zoning district standards and streamlines review to encourage higher-density multi-family housing production. The program is a local alternative to State Density Bonus Law.

(b) Applicability

The housing incentive program shall apply to the following zoning districts or locations:

- (1) [Chapter 18.13](#): RM-20, RM-30, RM-40
- (2) Section [18.14.020](#): GM/ROLM Focus Area (see Figure 1)
- (3) [Chapter 18.16](#): CC(2); CN or CS-zoned sites on El Camino Real, except sites in the Automobile Dealership (AD) Combining District; CS sites on San Antonio Road between Middlefield Road and East Charleston Road
- (4) [Chapter 18.18](#): CD(C)
- (5) Chapter 18.29: NV- R3, NV- R4, NV- MXL, NV- MXM, NV- MXH, NV- PF

(c) Procedures

The regulations established by this section provide increases in development standards for eligible projects electing to take advantage of the Housing Incentive Program. A property owner may elect to use the site consistent with the underlying zoning district.

The Housing Incentive Program provides flexibility in development standards that allow for a density increase that would in most cases exceed density bonuses under state density bonus law (Government Code Section 65915). Therefore, a project applicant may utilize the provisions of this section as an alternative to use of the state density bonus law implemented through Chapter 18.15 (Density Bonus) of this Title, but may not utilize both this section and state density bonus law. If an applicant utilizes state density bonus law, the provisions of this section shall not apply.

(d) Permitted Uses

The following uses shall be permitted to use the housing incentive program:

- (1) Multiple-Family Residential.
- (2) In conjunction with a Multiple-Family Residential use, any uses permitted in the underlying district, provided the uses are limited to the ground floor.

(e) Development Standards

For all eligible zoning districts, the housing incentive program shall modify underlying zoning district standards as shown in Table 5. Floor area ratio (FAR) and building height standards are specified in Table 6; unlike the standards in Table 5, these standards vary by zoning district and whether or not a site is classified as an opportunity site listed in Appendix D of the Housing Element.

Table 5
Housing Incentive Program Development Standards

Minimum Site Specifications	Standards for All Eligible Zoning Districts	Subject to regulations in:
-----------------------------	---	----------------------------

Minimum Setbacks		
Front Yard (ft)	Same as underlying district or 10 ft. (whichever is less)	Setback lines imposed by a special setback map pursuant to Chapter 20.08 of this code or imposed to create required effective sidewalk widths apply.
Rear Yard (ft)	Same as underlying district	
Rear Yard abutting residential zoning district (ft)	Same as underlying district	
Interior Side Yard if abutting residential zoning district (ft)	Same as underlying district	
Street Side Yard (ft)	Same as underlying district or 8 ft. (whichever is less)	
Maximum Site Coverage	100% (commercial districts and GM/ROLM Focus Area) 70% (residential districts)	
Minimum Landscape/Open Space Coverage	Same as underlying district	See 18.14.020 for modified standards applicable to Housing Element Opportunity Sites
Minimum Usable Open Space	Same as underlying district	
Maximum Height (ft)	See Table 6 for standards, by zoning district	
Portions of a site within 50 ft of a low density residential district (RE, R1, NV-R1, R2, NV-R2, RMD)	35 ft ⁽¹⁾	
Daylight Plane for lot lines abutting a low density residential district (RE, R1, NV-R1, R2, NV-R2, RMD)	Unless the underlying zoning district standard is more permissive, the daylight plane shall be as follows: Initial height: 16 feet, measured at the property line Slope: 45 degrees	

Maximum Residential Density (net)	<p>RM-20 Zone (Non-Housing Element Opportunity Site): 40 du/ac</p> <p>All Other RM Zones: 60 du/ac, except no density limit if at least 10% of units are 3+ bedrooms</p> <p>All Other Zones: None.</p>	
Minimum Commercial FAR	Same as underlying district	See Section 18.40.180 (retail preservation)
Maximum Total FAR	See Table 6 for standards, by zoning district	
Minimum Vehicle Parking	<p>1 space per studio/1-bed</p> <p>1.5 spaces per 2-bed+</p>	Additional adjustments to the required ratios may be considered per Chapter 18.52 (Parking).
TDM Plan	<p>Projects providing fewer than 50% of the parking spaces that would be required under Section 18.52.040 shall develop and implement a transportation demand management plan containing, at a minimum:</p> <p>(1) free transit passes for residents (one per/unit);</p> <p>(2) at least one on-site short-term residential loading space;</p> <p>(3) bike repair station;</p> <p>(4) allocation of 5% of required bike parking spaces to cargo bikes;</p> <p>(5) provision of outlets appropriate spaced for e-bike charging at 20% of required bicycle parking spaces; and</p>	See Chapter 18.52.050(d) for additional TDM that may be required.

	(6) a micromobility program with a fleet equal to 5% of the number of proposed units.	
Notes:		
(1) Distance shall be measured from the property line of the subject site.		

Table 6

FAR and Building Height Standards, by Eligible Zoning District

	Housing Incentive Program Standards		
	Maximum FAR ⁽¹⁾		Maximum Building Height
	Non-Housing Element Opportunity Sites	Housing Element Opportunity Sites	
CC(2)	2.6	3.5	60 ft.
CS (El Camino Real)	2.85	3.5	60 ft.
CS (San Antonio Road between Middlefield Road and East Charleston Road)	2.0	2.0	50 ft.
CN (El Camino Real)	2.5	3.25	50 ft.
CD(C)	3.0 ⁽²⁾	3.0 ⁽²⁾	50 ft.
RM-40	3.0		50 ft.
RM-30	2.5		40 ft.
RM-20	2.0		40 ft.
GM/ROLM Focus	3.5		No change

Area)		
Notes:		
(1) Maximum Floor Area Ratio shall be increased by 0.5:1 for projects in which at 10% of all units contain three or more bedrooms.		
(2) The use of transferable development rights under Section 18.18.080 shall not cause the site to exceed an FAR of 3.0.		

(f) Review Process

Housing Development Projects that comply with objective design standards pursuant to Chapter 18.24 (Contextual Design Criteria and Objective Design Standards) shall be subject to streamlined review pursuant to Section 18.77.073. All other projects shall be subject to architectural review as provided in Section 18.76.020. Projects shall not be subject to the requirements of site and design review in Chapter 18.30(G).

SECTION 3. Section 18.14.040 (Affordable Housing Incentive Program) of Chapter 18.14 (Housing Incentives) of Title 18 (Zoning) of the Palo Alto Municipal Code is hereby amended to read as follows:

(a) Purpose

The affordable housing incentive program is intended to promote the development of 100% affordable rental housing projects by providing flexible development standards, modifying allowed uses, and streamlining the project review process.

(b) Applicability

The affordable housing incentive program shall apply to 100% affordable housing projects in the following zoning districts or locations:

- (1) Housing Element Opportunity Sites listed in Appendix D of the Housing Element; or
- (2) Properties located within one-half mile of a major transit stop or one-quarter mile of a high-quality transit corridor and zoned CD, CN, CS, and CC, set forth in Chapters 18.16 and 18.18 of this Title, in accord with Chapter 18.08 and Chapter 18.80, but excluding the Town and Country Village Shopping Center, Midtown Shopping Center, and Charleston Shopping Center (unless otherwise allowed by subsection (i).
- (3) Sites eligible for the Housing Incentive Program pursuant to Section 18.14.030(b).

The regulations established by this chapter shall apply for 100% affordable housing projects in lieu of the uses allowed and development standards and procedures applied in the underlying district. A property owner may elect to use the site consistent with the underlying zoning

district.

The affordable housing incentive program provides flexibility in development standards that allow for a density increase that would in most cases exceed density bonuses under state density bonus law (Government Code Section 65915). Therefore, a project applicant may utilize the affordable housing incentive program and the provisions of this section as an alternative to use of the state density bonus law implemented through Chapter 18.15 (Density Bonus) of this Title, but may not utilize both the affordable housing incentive program and state density bonuses law. If an applicant utilizes state density bonus law, the regulations in this section shall not apply.

(c) Definitions

For purposes of this chapter, the following definitions shall apply.

- (1) "100% affordable housing project" means a multiple-family housing project consisting entirely of for-rent affordable units, as defined in Section 16.65.020 of this code, except for a building manager's unit, and available only to households with income levels at or below 120% of the area median income for Santa Clara County, as defined in Chapter 16.65, and where the average monthly rent, inclusive of a reasonable utilities allowance, does not exceed one-twelfth of 30% of the area median income (100% AMI) for the appropriate household size.
- (2) "Major transit stop" and "high-quality transit corridor" as defined in subdivision (b) of Section 21155 of the Public Resources Code.

(d) Review Process

Housing Development Projects that comply with objective design standards pursuant to Chapter 18.24 (Contextual Design Criteria and Objective Design Standards) shall be subject to streamlined review pursuant to Section 18.77.073 (Streamlined Housing Development Project Review). All other projects shall be subject to architectural review as provided in Section 18.76.020. Projects shall not be subject to the requirements of site and design review in Chapter 18.30(G).

(e) Conformance to Other Combining Districts and Retail Preservation

The following requirements shall apply to projects in the AH affordable housing incentive program:

- (1) Where applicable, the requirements of Chapter 18.30(A) (Retail Shopping (R) Combining District Regulations), Chapter 18.30(B) (Pedestrian Shopping (P) Combining District Regulations), and Chapter 18.30(C) (Ground Floor (GF) Combining District Regulations), and Pedestrian Shopping (P) Combining Districts shall apply.
- (2) Where applicable, the retail preservation requirements of Section 18.40.180 shall apply.

- (3) Projects shall not be subject to the requirements of site and design review in Chapter 18.30(G).

(f) Permitted Uses

The following uses shall be permitted to use the AH affordable housing incentive program:

- (1) 100% affordable housing projects;
- (2) In conjunction with a 100% affordable housing project, provided the uses are limited to the ground floor:
 - (A) Business or trade school.
 - (B) Adult day care home.
 - (C) Office less than 5,000 square feet when deed-restricted for use by a not-for-profit organization.
 - (D) Any uses permitted in the underlying district

(g) Conditional Uses

All uses conditionally permitted in the applicable underlying zoning district may be established in a project utilizing the AH affordable housing incentive program: (1) in conjunction with an 100% affordable housing project; (2) subject to issuance of a conditional use permit in accord with Chapter 18.76 (Permits and Approvals); and (3) provided that the uses are limited to the ground floor.

(h) Development Standards

The following development standards shall apply to projects subject to the AH affordable housing incentive program in lieu of the development standards for the underlying zoning district, except where noted below:

Table 1
Development Standards

AH Incentive Program⁽¹⁾		
Minimum Site Specifications		Subject to regulations in:
Site Area (ft ²)	None required	
Site Width (ft)		
Site Depth (ft)		
Minimum Setbacks		Setback lines imposed by a special setback map pursuant to Chapter 20.08 of this code or imposed to create required effective sidewalk widths apply

Front Yard (ft)	Same as underlying district or 10 ft. (whichever is less)	
Rear Yard (ft)	Same as underlying district	
Rear Yard abutting residential zoning district (ft)	Same as underlying district	
Interior Side Yard if abutting residential zoning district (ft)	Same as underlying district	
Street Side Yard (ft)	Same as underlying district or 8 ft. (whichever is less)	
Build-to-Lines	Same as underlying district	
Permitted Setback Encroachments	Same as underlying district	
Maximum Site Coverage	None Required	
Minimum Landscape/Open Space Coverage	20% ⁽²⁾	
Minimum Usable Open Space	25 sq ft per unit for 5 or fewer units ⁽²⁾ , 50 sq ft per unit for 6 units or more ⁽²⁾	
Maximum Height (ft) General Standard (Projects income restricted <120% of AMI)	50' ⁽⁴⁾	
Lower Income Standard (Projects income restricted <60% of AMI)	60' ⁽³⁾⁽⁴⁾	
Portions of a site within 50 ft of a residential district (other than an RM-40 or PC zone) R1, R-2, RMD, RM-20, or RM-30 zoned property	35' ⁽⁵⁾	18.08.030
Daylight Plane for lot lines abutting a low density residential district (RE, R1, NV-R1, R2, NV-R2, RMD)	Unless the underlying zoning district standard is more permissive, the daylight plane shall be as follows: Initial height: 16 feet, measured at the property line Slope: 45 degrees	
Maximum Residential Density (net)	None Required ⁽³⁾	

Maximum Residential Floor Area Ratio (FAR) - Residential Portion of a Project	2.4:1 ⁽³⁾	
Maximum Non-Residential FAR	0.4:1	
Maximum Total FAR	2.4:1 ⁽³⁾	
Minimum Vehicle Parking	<p>None, within one-half mile of a major transit stop or one-quarter mile of a high-quality transit corridor. 0.5 per unit, all other locations.</p> <p>The Director may modify this standard based on findings from a parking study that show fewer spaces are needed for the project. The required parking ratio for special needs housing units, as defined in Section 51312 of the Health and Safety Code shall not exceed 0.3 spaces per unit.</p>	Adjustments to the required ratios shall be considered per Chapter 18.52 (Parking).
	For Commercial Uses, See Chapters 18.52 and 18.54 (Parking).	
TDM Plan	A transportation demand management (TDM) plan shall be required pursuant to Section 18.52.050(d) and associated administrative guidelines	18.52.050(d)

Notes:

(1) These developments shall be designed and constructed in compliance with the objective design standards in Section 18.24 and meet the performance criteria, general standards, and exceptions outlined in Chapter 18.40. Developments that elect to deviate from one or more objective standards in Chapter 18.24 shall meet the context-based design criteria outlined in Section 18.13.060 for residential-only projects and projects in residential, public facilities, and office, research, and manufacturing zones, Section 18.16.090 for mixed use projects in the CN, CC, and CS districts, and Section 18.18.110 for mixed use projects in the CD district.

(2) Landscape coverage is the total area of the site covered with landscaping as defined in Chapter 18.04. For the purposes of this Chapter, areas provided for usable open space may be

counted towards the landscape site coverage requirement. Landscape and open space areas may be located on or above the ground level, and may include balconies, terraces, and rooftop gardens.

(3) Except on R-1 opportunity sites (owned by faith-based institutions) where maximum FAR of 2.0; maximum residential density of 50 du/ac; and maximum building height of 50 feet apply, regardless of income level.

(4) Mixed-use projects that include ground-floor retail or retail-like uses shall receive an additional 5 feet of building height.

(5) Distance shall be measured from the property line of the subject site. The Planning Director may recommend a waiver from the transitional height standard.

SECTION 4. Section 18.13.040 (Development Standards) of Chapter 18.13 (Multiple Family Residential (RM-20, RM-30 AND RM-40) Districts) of Title 18 (Zoning) of the Palo Alto Municipal Code is hereby amended as follows (additions underlined; deletions ~~struck through~~; unchanged text omitted by bracketed ellipses):

18.13.040 Development Standards

(a) Site Specifications, Building Size and Bulk, and Residential Density

The site development regulations in Table 2 shall apply in the multiple-family residence districts, provided that more restrictive regulations may be recommended by the Architectural Review Board and approved by the Director of Planning and Development Services, pursuant to the regulations set forth in Chapter 18.76, and the objective design standards set forth in Chapter 18.24. ~~Except that~~ Sites designated as Housing Element Opportunity Sites shall meet the development standards specified in Chapter Section 18.14.020 and projects utilizing the Housing Incentive Program or Affordable Housing Incentive Program shall meet the development standards specified in Sections 18.14.030 and 18.14.040, respectively.

[. . .]

SECTION 5. Section 18.16.060 (Development Standards) of Chapter 18.16 (Neighborhood, Community, and Service Commercial (CN, CC and CS) Districts) of Title 18 (Zoning) of the Palo Alto Municipal Code is hereby amended as follows (additions underlined; deletions ~~struck through~~; unchanged text omitted by bracketed ellipses)::

18.16.060 Development Standards

[. . .]

(b) Mixed Use and Residential

Table 4 specifies the development standards for new residential mixed use developments and

residential developments. These developments shall be designed and constructed in compliance with the following requirements and the objective design standards in Chapter 18.24, except that sites designated as Housing Element Opportunity Sites shall meet the development standards as modified in Chapter 18.14.020 and projects utilizing the Housing Incentive Program or Affordable Housing Incentive Program shall meet the development standards specified in Sections 18.14.030 and 18.14.040, respectively. Non-Housing Development Projects and Housing Development Projects that elect to deviate from one or more objective standards in Chapter 18.24 shall meet the context-based design criteria outlined in Section 18.16.090, provided that more restrictive regulations may be recommended by the architectural review board and approved by the director of planning and development services, pursuant to Section 18.76.020.

[. . .]

(c) Exclusively Residential Uses

Exclusively residential uses are generally prohibited in the CN, CS, CC(2) and CC zone districts, except on housing inventory sites identified in the Housing Element, subject to the standards in Section [18.16.060](#)(b), and on CS and CN sites on El Camino Real and CC(2) sites, subject to the following.

(1) On CS and CN sites on El Camino Real and on CC(2) sites, where the retail shopping (R) combining district or the retail preservation provisions of Section [18.40.180](#) do not apply, exclusively residential uses are allowed subject to the standards in Section [18.16.060](#)(b) and the following additional requirements:

(A) Residential units shall not be permitted on the ground-floor of development fronting on El Camino Real unless set back a minimum of 15 feet from the property line or the 12-foot effective sidewalk setback along the El Camino Real frontage, whichever is greater; for projects on Housing opportunity sites, or those utilizing the Housing Incentive Program or Affordable Housing Incentive Program, these setbacks may be modified by the standards in Chapter 18.14. Common areas, such as lobbies, stoops, community rooms, and work-out spaces with windows and architectural detail are permitted on the ground-floor El Camino Real frontage.

(B) Parking shall be located behind buildings or below grade, or, if infeasible, screened by landscaping, low walls, or garage structures with architectural detail.

(C) Combining district use regulations and design and development standards shall not apply to exclusively residential projects on Housing Element opportunity sites designated to accommodate lower income households, and may be limited for sites utilizing the Housing Incentive Program or Affordable Housing Incentive Program. See Section [18.14.020](#) Chapter 18.14 for details.

[. . .]

~~(k) Housing Incentive Program Reserved~~

~~(1) The Director may waive the residential floor area ratio (FAR) limit and the maximum site coverage requirement for a project that is reviewed by the Architectural Review Board,~~

~~if the Director finds that the project with such waiver or waivers is consistent with the required architectural review findings in Section 18.76.020. The Director may only waive these development standards in the following areas and subject to the following restrictions:~~

~~(A) For an exclusively residential or mixed use project in the CC(2) zone or on CN or CS zoned sites on El Camino Real. In no event shall the Director approve a commercial FAR that exceeds the standard in Table 4 of Section 18.16.060(b) or a total FAR (including both residential and commercial FAR) in excess of 2.0 in the CC(2) zone or 1.5 in the CN or CS zone.~~

~~(B) For an exclusively residential or mixed use project on CS zoned sites on San Antonio Road between Middlefield Road and East Charleston Road. In no event shall the Director approve a commercial FAR that exceeds the standard in Table 4 of Section 18.16.060(b) or a total FAR (including both residential and commercial FAR) in excess of 2.0.~~

~~(2) The Director may waive any development standard including parking for a project that is reviewed by the Architectural Review Board, if the Director finds that the project with such waiver or waivers is consistent with the required architectural review findings in Section 18.76.020. The Director may only waive these development standards in the following areas and subject to the following restrictions:~~

~~(A) For a 100% affordable housing project in the CC(2) zone or on CN or CS zoned sites on El Camino Real;~~

~~(B) For a 100% affordable housing project on CS zoned sites on San Antonio Road between Middlefield Road and East Charleston Road.~~

~~(C) In no event shall the Director approve development standards more permissive than the standards applicable to the Affordable Housing (AH) Combining District in Chapter 18.30(J). A "100% affordable housing project" as used herein means a multiple family housing or mixed use project in which the residential component consists entirely of affordable units, as defined in Section 16.65.020, available only to households with income levels at or below 120% of the area median income, as defined in Section 16.65.020, and where the average household income does not exceed 60% of the area median income level, except for a building manager's unit.~~

~~(3) This program is a local alternative to the state density bonus law, and therefore, a project utilizing this program shall not be eligible for a density bonus under Chapter 18.15 (Residential Density Bonus).~~

[...]

SECTION 6. Section 18.18.060 (Development Standards) of Chapter 18.18 (Downtown Commercial (CD) District) of Title 18 (Zoning) of the Palo Alto Municipal Code is hereby amended as follows (additions underlined; deletions struck-through; unchanged text omitted by bracketed ellipses):

18.18.060 Development Standards

[...]

(b) Mixed Use and Residential

Table 3 specifies the development standards for new residential mixed use developments and residential developments. Housing Development Projects shall be designed and constructed in compliance with the following requirements and the objective design standards in Chapter 18.24, except that sites designated as Housing Element Opportunity Sites shall meet the development standards as modified in Chapter 18.14.020 and projects utilizing the Housing Incentive Program or Affordable Housing Incentive Program shall meet the development standards specified in Sections 18.14.030 and 18.14.040, respectively. Non- Housing Development Projects and Housing Development Projects that elect to deviate from one or more objective standards in Chapter 18.24 shall meet context-based design criteria outlines in Section 18.18.110, provided that more restrictive regulations may be recommended by the architectural review board and approved by the director of planning and development services, pursuant to Section 18.76.020:

[...]

(l) Reserved Housing Incentive Program

~~(1) For an exclusively residential or residential mixed-use project in the CD-C zone, the Director may waive the residential floor area ratio (FAR) limit after the project with the proposed waiver is reviewed by the Architectural Review Board, if the Director finds that the project exceeding the FAR standard is consistent with the required architectural review findings. In no event shall the Director approve a commercial FAR in excess of 1.0 or a total FAR (including both residential and commercial FAR) in excess of 3.0. Nor shall the use of transferable development rights under Section 18.18.080 be allowed to cause the site to exceed a FAR of 3.0.~~

~~(2) For a 100% affordable housing project in the CD-C zone, the Director may waive any development standard including parking after the project with the proposed waiver or waivers is reviewed by the Architectural Review Board, if the Director finds that a project with such waiver or waivers is consistent with the required architectural review findings. In no event shall the Director approve a FAR in excess of 3.0 or approve other development standards more permissive than the standards applicable to the Affordable Housing (AH) Combining District in Chapter 18.30(J). A "100% affordable housing project" as used herein means a multiple-family housing or mixed-use project in which the residential component consists entirely of affordable units, as defined in Section 16.65.020 of this code, available only to households with income levels at or below 120% of the area median income, as defined in Section 16.65.020, and where the average household income does not exceed 60% of the area median income level, except for a building manager's unit.~~

~~(3) This program is a local alternative to the state density bonus law, and therefore, a project utilizing this program shall not be eligible for a density bonus under Chapter 18.15 (Residential Density Bonus).~~

[...]

SECTION 7. Section 18.20.040 (Site Development Standards) of Chapter 18.20 (Office, Research, and Manufacturing (MOR, ROLM, RP and GM) Districts) of Title 18 (Zoning) of the Palo Alto Municipal Code is hereby amended as follows (additions underlined; deletions struck-through; unchanged text omitted by bracketed ellipses):

18.20.040 Site Development Standards

[...]

(b) Development Standards for Exclusively Residential Uses

Residential uses shall be permitted in the MOR, RP, RP(5), ROLM, ROLM(E), and GM zoning districts, subject to the following criteria.

[...]

(6) ROLM District. All multi-family development in the ROLM zoning district shall be permitted subject to the provisions above in [18.20.040\(b\)\(2\)](#), approval of a conditional use permit, and compliance with the development standards prescribed for the RM-30 zoning district, except for sites designated as Housing Element Opportunity Sites or Focus Areas, which are regulated by Chapter [18.14.020](#). Sites designated as Housing Element Opportunity Sites or Focus Areas may also elect to utilize the Housing Incentive Program or Affordable Housing Incentive Program, in which case they shall meet the development standards specified in Sections 18.14.030 and 18.14.040, respectively.

(7) GM District. All residential development is prohibited in the GM zoning district, except for sites designated as Housing Element Opportunity Sites or Focus Areas, which are regulated by Chapter [18.14.020](#). Sites designated as Housing Element Opportunity Sites or Focus Areas may also elect to utilize the Housing Incentive Program or Affordable Housing Incentive Program, in which case they shall meet the development standards specified in Sections 18.14.030 and 18.14.040, respectively.

(8) Combining Districts. Combining district use regulations and design and development standards shall not apply to exclusively residential projects on Housing Element opportunity sites designated to accommodate lower income households, and may be limited for sites utilizing the Housing Incentive Program or Affordable Housing Incentive Program. See Section [18.14.020](#) Chapter 18.14 for details.

(c) Development Standards for Mixed (Residential and Nonresidential) Uses in the MOR, ROLM, ROLM(E), RP, and RP(5) Zoning Districts

Mixed (residential and nonresidential) uses shall be permitted in the MOR, ROLM, ROLM(E), RP, and RP(5) zoning districts, subject to the following criteria:

(1) It is the intent of these provisions that a compatible transition be provided from lower density residential zones to higher density residential, non-residential, or mixed use zones. The Village Residential development type should be evaluated for use in transition areas and will provide the greatest flexibility to provide a mix of residence types compatible with

adjacent neighborhoods.

(2) New sensitive receptor land uses shall not be permitted within 300 feet of a Hazardous Materials Tier 2 or Tier 3 use. Existing sensitive receptors shall be permitted to remain, consistent with the provisions of Chapter 18.70 (Nonconforming Uses and Noncomplying Facilities).

(3) ROLM(E) District. Mixed (residential and nonresidential) development in the ROLM(E) zoning district shall be permitted, subject to the provisions above in [18.20.040\(c\)\(2\)](#), approval of a conditional use permit, determination that the nonresidential use is allowable in the district and that the residential component of the development complies with the development standards prescribed for the RM-20 zoning district. The maximum floor area ratio (FAR) for mixed use development is 0.3 to 1.

(4) ROLM District. Mixed (residential and nonresidential) development in the ROLM zoning district shall be permitted, subject to the provisions above in [18.20.040\(c\)\(2\)](#), approval of a conditional use permit, determination that the nonresidential use is allowable in the district and that the residential component of the development complies with the development standards prescribed for the RM-30 zoning district. The maximum floor area ratio (FAR) for mixed use development is 0.4 to 1. ~~Except that s-~~ Sites designated as Housing Element Opportunity Sites or Focus Areas shall meet the development standards specified in Chapter [18.14.020](#) and projects utilizing the Housing Incentive Program or Affordable Housing Incentive Program shall meet the development standards specified in Sections [18.14.030](#) and [18.14.040](#), respectively.

(5) GM District. Mixed use (residential and nonresidential) development is prohibited in the GM zoning district, except for sites designated as Housing Element Opportunity Sites or Focus Areas, which are regulated by Chapter [18.14.020](#). Sites designated as Housing Element Opportunity Sites or Focus Areas may also elect to utilize the Housing Incentive Program or Affordable Housing Incentive Program, in which case they shall meet the development standards specified in Sections [18.14.030](#) and [18.14.040](#), respectively.

In computing residential densities for mixed (residential and nonresidential) uses, the density calculation for the residential use shall be based on the entire site, including the nonresidential portion of the site.

[...]

SECTION 8. Chapter 18.32 (Affordable Housing Incentive Program) of Title 18 (Zoning) of the Palo Alto Municipal Code is deleted in its entirety.

SECTION 9. Section 18.40.180 (Retail Preservation) of Chapter 18.40 (General Standards and Exceptions) of Title 18 (Zoning) of the Palo Alto Municipal Code is hereby amended as follows (additions underlined; and unchanged text omitted by bracketed ellipses):

18.40.180 Retail Preservation

[...]

(c) Waivers and Adjustments; and Exemptions.

[. . .]

(4) Exemptions. The following uses shall be exempt or partially exempt from the provisions of this Section 18.40.180, as provided below:

- (A) A 100% affordable housing project not within the Ground Floor (GF) and/or Retail (R) combining districts ~~nor El Camino Real Node area as depicted in Figure 5 on a site abutting El Camino Real.~~ A "100% affordable housing project" as used herein ~~shall have the same meaning as provided in Section 18.14.040(c). means a multiple-family housing project consisting entirely of affordable units, as defined in Section 16.65.020 of this code, available only to households with income levels at or below 120% of the area median income, as defined in Chapter 16.65, except for a building manager's unit.~~
- (B) A 100% affordable housing project on a site abutting El Camino Real ~~in the CN and CS zone districts outside the Retail (R) combining district.~~ A "100% affordable housing project" as used herein ~~shall have the same meaning as provided in Section 18.14.040(c). means a multiple-family housing project consisting entirely of affordable units, as defined in Section 16.65.020 of this code, available only to households with income levels at or below 120% of the area median income, as defined in Chapter 16.65, and where the average household income does not exceed 80% of the area median income level, except for a building manager's unit.~~
- (C) A residential project located on a Housing Element Opportunity Site listed in Appendix D of the Housing Element, except for projects located within an El Camino Real Node area, as depicted in Figure 5, that utilize the Housing Incentive Program to exceed the realistic capacity estimates identified in Appendix D of the Housing Element.
- (CD) A high-density residential or mixed-use project ~~in the CS zone district, but not within the Ground Floor (GF) or Retail (R) combining districts,~~ shall be required to replace only up to 1,500 square feet of an existing retail or retail-like use and shall be exempt from minimum vehicle parking requirements pursuant to Chapter 18.52 (Table 1) for this retail or retail-like floor area. For the purposes of this partial exemption, high-density shall mean 30 or more dwelling units per acre. This reduction in retail square footage and minimum vehicle parking requirements shall not apply for a site within the Ground Floor (GF) or Retail (R) combining districts, or within an El Camino Real Retail Node area, unless the site is a Housing Element opportunity site, as depicted in Figure 5
- (E) The El Camino Real Node map in Figure 5 may be updated by resolution of the City Council or by administrative regulation issued by the Director of Planning and Development Services.

Figure 5: El Camino Real Retail Node Areas

SECTION 11. In accordance with the California Environmental Quality Act (CEQA), the City prepared an Addendum to the 2017 Comprehensive Plan Environmental Impact Report (EIR), analyzing the potential environmental impacts of the 2023-2031 Housing Element. On May 8, 2023, the City Council adopted Resolution No. 10107, and on December 18, 2023, the City Council approved a Revised Addendum, finding that the Addendum, as revised, and the 2017 EIR adequately analyzed the environmental impacts of the Housing Element, including the Programs implemented by this ordinance.

//

SECTION 12. This Ordinance shall be effective on the thirty-first day after the date of its adoption.

INTRODUCED:

PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

City Clerk

Mayor

APPROVED AS TO FORM:

APPROVED AS TO CONTENT:

Assistant City Attorney

City Manager

Director of Planning and
Development Services