

NUMBER	ZONING RECOMMENDATION	RATIONALE AND JUSTIFICATION	START-COMPLETION TIME
1	Amend Parking Regulations (18.52.030) Amend 18.52.030(d) Additions or Changes of Use to allow/exempt change of use or conversion of existing floor area to retail or retail-like uses from minimum parking requirements.	<p>Removes a major constraint on changes of use to respond to market demands.</p> <p>Effectively incentivizes retail and active, popular, retail-supportive uses.</p> <p>Sites are already developed. Increased parking would come at expense of building area, desired uses, or amenities.</p> <p>Demand in excess of parking capacity is largely self-regulating in urbanized environments. People will use more distant alternative parking or not patronize the location. Becomes a business decision for the property owner.</p> <p>Provides relief for areas outside the applicability of AB 2097.</p> <p>Allows property owners to experiment with new uses to fill in vacancies.</p>	Near-term (within 6 months)
2	Relax the Formula Retail Restrictions (18.04 Definitions) 1. “Formula retail ” definition (57.6) should be revised from applicability to all franchise uses to apply only restaurant uses, and to increase the threshold to qualify as a Formula Restaurant without requiring a CUP should be increased from 10 to 50 such businesses in the United States. Consider limiting to 50 in California. 2. If additional control over such uses is deemed necessary, the City could consider limiting the number of formula retail establishments in certain areas to ensure a balance between formula and non-formula uses.	<p>10 or fewer in U.S. and requirement for CUP effectively limits nearly all franchise businesses.</p> <p>Limits innovation, successful and attractive businesses from contributing to overall health and vibrancy.</p> <p>Assumes (without evidence) that franchises are harmful.</p> <p>Proposed revisions and limits allow best of such uses and avoid worst aspects of large franchises.</p> <p>Many cities have established limits on the number of formula uses in certain areas to balance with non-formula uses.</p>	Near-term (within 6 months)
3	Repeal the Retail Preservation Ordinance (RPO) (18.40.180)	<p>The nature of retail has been changing, which has increased turnover and vacancies of many retail spaces and commercial corridors. The COVID-19 pandemic accelerated some of the shift to e-commerce and led to the failure of many retail and other commercial businesses.</p> <p>RPO (c. 2015) effectively extended the provisions of and is redundant with GF and R Combining District limits for University and California Avenues, and Midtown. This leads to confusion, complication, excess floor retail floor area, and vacancies.</p> <p>RPO is not needed beyond University and California Avenues. There is a need to allow a reduction of excess retail space city-wide. The 2023 Comprehensive Economic Development Strategy Study indicated that there is a large amount of vacant commercial and retail space that exceeds the current and foreseeable market demand for retail.</p> <p>RPO contributes to increased and prolonged vacancies and blighting effects by preventing alternative uses.</p> <p>RPO substantially limits normal adjustments and responses to market demand and substantially limits natural concentrations and groupings of complementary uses.</p> <p>RPO severely limits options for business and property owners.</p> <p>Relief is effectively nonexistent and could be impossible via entirely subjective standards and criteria and virtually impossible standard of unconstitutional taking of all economic value of the property.</p> <p>Contributes to frustration, negative and punitive results, and the perception and reputation of Palo Alto as hostile to business.</p>	Near-term (within 6 months)

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4	Amend Parking Regulations Extend AB 2097 exemption to Entire CD-C Zone	<p>Within Downtown, there are 16 parcels in the CD-C district on University Avenue that lie just northeast of the half-mile radius from a high-quality transit stop that are not exempt from the parking requirements by AB 2097.</p> <p>Unless the provisions of AB 2097 are extended, these parcels will remain subject to minimum parking requirements and the Commercial Downtown Assessment District standards of 18.52 of the Palo Alto Municipal Code.</p> <p>To ensure equitable development conditions for all parcels in the Downtown area, it is recommended that uniform regulations be applied to the entirety of the CD-C districts in the Downtown area.</p>	Near-term (within 6 months)
5	Create Comparative Zoning Use Table Prepare comprehensive comparative zoning use tables to clarify what and how uses are allowed in each zoning and combining district. ("What Uses Allowed Where")	<p>There are subtle differences and restrictions on allowed uses that warrant evaluation of their need and effect on protecting or restricting a healthy commercial corridor. A comparative use table improves understanding and ease of use for all stakeholders: staff, applicants, property owners, residents.</p> <p>The table will help identify internal conflicts, inconsistencies, gaps and opportunities to simplify and clarify the code.</p> <p>The table will help identify opportunities to consolidate, simplify, or eliminate excessive or redundant provisions.</p>	Near-term (within 6 months)
6	Revise 18.30 Combining Districts to allow Practical Waivers and Adjustments 1. Amend Section 18.30(A).070 of the R Combining District for California Avenue to: A. Eliminate the unconstitutional taking standard of section (a) Economic Hardship; and B. Add the Alternative Viable Active Use standard from 18.40.180(c)(1)(B) of the RPO. 2. Amend Section 18.30(C) GF Combining District Regulations to provide a practical difficulty standard the same as the R Combining District: A. Add the Alternative Viable Active Use standard from 18.40.180(c)(1)(B) of the RPO.	<p>Unconstitutional taking of all economic value standard is unreasonable and is a disproportionate and unrealistic standard.</p> <p>Proposed practical difficulty standard is a common best practice.</p> <p>The proposed method of relief is proportionate to the potential impact.</p>	Near-term (within 6 months)

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7	<p>Allow Non-retail Uses on Ground Floor with Limitations (part 1)</p> <p>1. Amend the definition of “retail-like” (125.1) to include the following performance-based uses: “commercial uses that are accessible to the general public, generate walk-in pedestrian clientele, and contribute to a high level of pedestrian activity, including but not limited to include retail shops, eating and drinking establishments, commercial recreation and entertainment, personal and convenience services, financial institutions, cultural institutions, galleries, and hotel lobbies.”</p> <p>2. Amend the use tables to allow non-retail uses:</p> <ul style="list-style-type: none">▪ In back office, not street-facing locations (i.e., behind retail or storefronts)▪ On side streets, off of University and California Avenues▪ When vacancies exceed threshold (by percentage and/or duration, e.g., when vacancies exceed 10% in district for more than 12 months)▪ Subject to limits (concentration, size, proximity), e.g.:<ul style="list-style-type: none">▪ Minimum 25% ground-floor commercial▪ Maximum 15% of total floor area▪ Maximum 30% of all street frontage within 300-foot radius▪ Maximum 50% of street frontage per building > 100-foot frontage	<p>The extensive and persistent ground-floor vacancies suggest that alternatives or modifications to the restrictions may be appropriate. There is a need to allow more retail-supportive uses on the ground floor.</p> <p>The proposed amendments allow more complementary uses on the ground floor while preserving the optimal street-facing spaces for active, pedestrian-oriented uses.</p> <p>The proposed amended definition is based on the desired outcome, allowing new or innovative uses that are not otherwise listed or defined.</p> <p>NOTE: Supplementary mechanisms can provide additional flexibility to allow and encourage use of persistent and extensive ground floor vacancies.</p> <p>Conditional objective standards are not likely to be "gamed" if set at levels that reflect and justify the need for action and are not met easily or can be manipulated unilaterally by an individual business or property owner (e.g., if vacancies in the zoning district exceed 10% for 12 months or more).</p> <p>Removes extra cost and delay of CUP for uses that are not obviously detrimental to the district's vitality, or uses whose potential operations and impacts do not vary greatly and are dependent upon the particular unique operation.</p>	<p>Near-term (within 6 months)</p> <p>Possibly Mid-term (up to 18 months) for additional limits</p>
8	<p>Allow Non-retail Uses on Ground Floor with Limitations (part 2)</p> <p>3. Increase fitness, spas, exercise without a CUP from 1,800 to 3,000 square feet to match the industry average.</p> <p>4. Allow other viable active uses without a CUP:</p> <ul style="list-style-type: none">▪ Examples: pet grooming, beauty shops, nail salons, barbershops, small learning centers, day care▪ Medical office with retail component, lifestyle, health services <p>5. If necessary, require a CUP for certain uses in excess of a maximum size.</p>	<p>Adjusts to allow the 3,000-square-foot industry standard size of exercise and fitness studios without a CUP.</p> <p>These uses generate strong foot traffic and sales to nearby uses.</p>	<p>Near-term (within 6 months)</p>

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9	<p>Repeal or Amend the Office Conversion and Construction Limitations</p> <p>1. Repeal Section 18.40.210 Annual Office Limits; OR</p> <p>2. Relax Section 18.40.210 Annual Office Limits:</p> <p>A. Repeal limits on upper-level office uses; Retain only office use conversion limits on ground level. Consider maximum percentage of the street-facing façade to ensure a minimum percentage for retail and retail-like uses; AND</p> <p>B. Allow ground-floor office uses behind retail frontages; AND</p> <p>C. Section 18.40.210 Annual Office Limit should be revised to replace the unconstitutional taking of all economic value standard of (e) Economic Hardship Waiver or Adjustment, with a practical difficulty standard like that recommended for the RPO, R and GF Combining Districts.</p>	<p>No longer necessary. Excessive vacancies (400,000+ square feet) of office uses are not a realistic or significant threat of forcing out retail.</p> <p>GF and R combining districts retain limits on office uses on ground floor on University or California Avenues.</p> <p>Retaining and relaxing options would retain the limit of 50,000 sf of new or converted office per year.</p> <p>Ensures balance of complementary uses. Similar technique used for the CN and CS Districts per 18.16.050(b)(1)(A).</p> <p>Upper-level office uses and workers are primary customers of University and California Avenues.</p> <p>Unconstitutional taking of all economic value standard for relief is too high, punitive, virtually impossible to achieve, and disproportionate to the real or perceived threat.</p> <p>Lack of reasonable relief creates negative results, impression, and reputation that deters investment and desired results.</p>	Mid-term (within 18 months)
10	<p>Amend 18.16.050 Office Use Restrictions (CN, CS Districts):</p> <p>Eliminate or amend the 5,000-square-foot maximum office floor area per lot.</p>	<p>This standard has no proportionality to the size of the lot and hence creates potential inequities. The standard is only equitable if all lots are the same size.</p> <p>Any limitation of office use floor areas should be proportionate to the size of the site or building to ensure an equitable impact as allowed by the 25% FAR in section (b)(1)(A).</p> <p>Landlords may be deterred from converting vacant ground-floor office space to retail because the 5,000 sf max office limit may prevent converting the space back to office.</p>	Mid-term (within 18 months)
11	<p>Amend Parking Regulations</p> <p>1. Reduce the minimum parking requirements.</p> <p>2. Conduct parking use surveys as a basis to reset standards to appropriate levels based on the actual need and demand.</p>	<p>Proposed amendment eliminates wasteful, underutilized, or excessive parking.</p> <p>Standards should be based on actual demand.</p> <p>Minimum standards do not need to accommodate 100% of the projected or peak demand.</p>	Mid-term (within 18 months)
12	<p>Amend Parking Regulations</p> <p>Amend the parking requirements to implement the AB 2097 exemption of minimum parking requirements within a half-mile of transit.</p>	<p>Codifies state law. The law still applies without amendments. Codifying AB 2097 will allow to provide equity for properties outside AB 2097 influence per Recommendation 4.</p> <p>Provides clarity to users, applicants, property owners, staff.</p>	Mid-term (within 18 months)
13	<p>Amend Standards for Specified Retail Uses</p> <p>Amend Section 18.76.015 to replace subjective additional CUP approval criteria with objective standards or performance criteria.</p>	<p>Provides certainty, accuracy, shorter and predictable approval processes and timelines.</p> <p>Existing standards are entirely subjective. These are fine as reasons to approve, but not as reasons to deny an application. They make proving compliance nearly impossible.</p>	Mid-term (within 18 months)

Palo Alto Retail Revitalization – Zoning Recommendations			August 6, 2024
NUMBER	ZONING RECOMMENDATION	RATIONALE AND JUSTIFICATION	START-COMPLETION TIME
14	Amend Parking Regulations Develop ordinance to unbundle parking from residential development.	<p>AB 1317, passed in October 2023, focuses on unbundling parking in California, requiring owners of qualifying residential properties in Counties of Alameda, Fresno, Los Angeles, Riverside, Sacramento, San Bernardino, San Joaquin, Santa Clara, Shasta, and Ventura to separate parking costs from rent, i.e., renting or selling parking separately rather than automatically including it with the price of building space.</p> <p>Benefits of unbundling include:</p> <ul style="list-style-type: none">• Existing parking spaces will be more efficiently used.• Non-drivers are not required to pay for parking they don’t need.• The market value of land used as parking becomes clear.	Long-term (up to 3 years)
15	Conduct a Comprehensive Zoning Ordinance Update 1. Conduct a comprehensive review, revision, and update of the zoning code to ensure it functions efficiently, equitably, and as intended. 2. Integrate the use and development standards of the combining districts into the use and development standard tables. 3. Reduce, simplify, and standardize the many and unnecessarily subtle differences and restrictions on personal service uses between the R and GF Combining Districts and the CD-C, CD-N, CS, and CC zones. 4. Streamline and standardize the standards. Reevaluate the need and effect of the precise standards and whether they are consistent with the broader goal of a healthy commercial corridor. 5. Amend the code to replace subjective criteria with objective standards.	<p>The code should be clear, well-organized, intuitive, and user-friendly.</p> <p>The existing code is virtually unknowable, overly complex, internally inconsistent, and hard to understand, implement, and enforce. This sometimes results in lengthy processing times, difficult implementation, variable application and interpretation, and errors.</p> <p>An updated code is important to overall understanding, implementation, and enforcement.</p> <p>An updated code is important to the ease of use and reputation of the City within the business community.</p>	Long-term (up to 3 years)