TO: HONORABLE CITY COUNCIL
FROM: CITY MANAGER
DATE: APRIL 4, 2005

DEPARTMENT: PLANNING AND COMMUNITY ENVIRONMENT

SUBJECT: SINGLE FAMILY INDIVIDUAL REVIEW PROGRAM REPORT

This is an informational report regarding the status of the Single Family Individual Review (IR) program in 2004 and no Council action is required. This report provides statistical information comparing three years of the IR program, and identifies issues and discussion areas of the IR Program in 2004.

BACKGROUND

The IR program was implemented November 19, 2001, for an initial period of five years. The IR program guidelines and process were developed by staff, in conjunction with “The Future of Single Family Neighborhood Advisory Group” (Advisory Group) over a period of 18 months. The Program includes an annual assessment and update to the City Council. A draft version of the staff report for the 2003 IR program report was attached to an October 2003 Planning and Transportation Commission report that included a discussion of code changes related to single family residential development. The Commission continued the public hearing to January 28, 2004, received summaries of three IR focus groups, and had several more meetings, including a meeting on updating the IR Guidelines, before finalizing its discussions in May 2004. The Zoning Ordinance Update team has absorbed the task of implementing the code changes.

At its February 23, 2005 meeting, the Commission received a brief staff report (Attachment A), a draft version of this IR program report, the attached background report (Attachment B), photos of selected IR homes that have been constructed (Attachment C), and a table summarizing three years of activity in the IR program. The table is provided within this report in the discussion section below. Minutes of the February 23, 2005 Commission meeting are attached to this report (Attachment D). Also attached is the summary of moderated focus groups held in January 2004 (Attachment E), which were received and discussed by the Commission at a public hearing on February 25, 2004 (as reflected in the 2004 Commission meeting minutes and reports on the City’s website at http://www.cityofpaloalto.org/cityagenda/publish/planning-transportation-meetings/planning-transportation-meetings.html).
The Commission had questions about how the processing of applications was being handled given the cuts in staffing, and the Department’s proposal for increasing fees to make the IR program cost-recovery. The Commission had some concern about a change in posting of the project site that was made for reasons of both cost and consistency with other application types. The Commission requested to see homes that went through Director’s Hearings in future photographic displays, and requested standards be established for taking the photos, including taking the photos head-on and taking both before and after photos. The Commission also encouraged staff to continue using surveys as a tool to measure success.

**DISCUSSION**

**Status of IR Ordinance**
The revisions to the R-1 Ordinance presented to the Council on March 14, 2005 address how to review modifications to IR approved homes, when noticing occurs and the increase in the comment period to 21 days.

**Status of IR Guidelines Updates**
In April 2004, Guideline #6 regarding solar orientation was removed after discussion with the Commission. After discussing the Guidelines with the Commission and Advisory Group co-chairs, staff began work on additional modifications of the IR Guidelines, including streamlining the guidelines to five, including photos, new illustrations, and modified format and text. The Commission report (Attachment A) and Background Report (Attachment B) provide some clarification on the update, which is nearly complete. Approximately $15,000 has been expended in this effort.

Pursuant to PAMC section 18.14.110, revisions to the Guidelines must be presented to the Commission for its comment, prior to adoption by the Director. It is anticipated that modifications will be presented to the Commission in late spring this year and adopted by the Director before FY 2005/2006. Final revised IR Guidelines would be presented to the City Council.

**Status of IR Program**
As noted above, 2004 was a busy year for staff with the removal of one guideline, beginning the update of the Guidelines and bringing R-1 District code changes through hearings, plus public outreach meetings. The table on the following page compares various aspects of the Individual Review program over the past three years since the establishment of the program. In summary:

1. The total number of applications in three years was 358.
2. The number of applications processed per year is higher than the base year (106 applications in 2002). There were 28 more applications in 2003 (26% more than the base year) and 12 more applications in 2004 (11% more than the base year).
3. For three years, new homes totaled 192 (54% of the total 358 applications), while second story additions totaled 166 (46% of the total 358 applications.)
4. The percentage of total applications that went to Director’s Hearings was 7.5%.
5. The number of applications appealed to Council has steadily decreased, now less than 1% of applications. Only one of the 2004 applications was appealed to City Council.
6. The budget allocation for staff has steadily decreased and staff was reduced accordingly, while the need for contract planner assistance increased.
7. Fees have increased steadily, but still do not cover the costs of the program.
8. This fall, the public began receiving electronic notices of applications received.

### Individual Review Program
Comparison of statistics in three years since established

<table>
<thead>
<tr>
<th>Category</th>
<th>2002 Applications</th>
<th>2003 Applications</th>
<th>2004 Applications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number received*</td>
<td>106</td>
<td>134</td>
<td>118</td>
</tr>
<tr>
<td>New homes</td>
<td>65</td>
<td>67</td>
<td>60</td>
</tr>
<tr>
<td>2\textsuperscript{nd} story additions</td>
<td>41</td>
<td>67</td>
<td>58</td>
</tr>
<tr>
<td>Applications of that year which were heard at Director's Hearings</td>
<td>6 (5% of apps)</td>
<td>14 (10% of apps)</td>
<td>7 (6% of apps)</td>
</tr>
<tr>
<td>Applications of that year which were appealed to Council</td>
<td>4 (3.7%)</td>
<td>2 (1.5%)</td>
<td>1 (.8%)</td>
</tr>
<tr>
<td>Council reviewed</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td># Planners</td>
<td>2 full workload</td>
<td>6, part of workload</td>
<td>5, part of workload</td>
</tr>
<tr>
<td># FTE budgeted</td>
<td>1.5</td>
<td>1 (+hourly FTE)</td>
<td>1 (+ part time consultant)</td>
</tr>
<tr>
<td>#FTE needed based on time estimates per application</td>
<td>2</td>
<td>2.5</td>
<td>2.25 (hourly FTE cut, using PT contract planner)</td>
</tr>
<tr>
<td># Consulting Architects</td>
<td>Two in same firm (Origins)</td>
<td>Two in same firm (Origins)</td>
<td>One (Origins), doing work of two</td>
</tr>
<tr>
<td>Comment period</td>
<td>10 days</td>
<td>10 days</td>
<td>21 days (apps. rec’d after October 2004)</td>
</tr>
<tr>
<td>Posting/notice</td>
<td>After submittal</td>
<td>When deemed complete</td>
<td>After submittal (apps. after 10/04)</td>
</tr>
<tr>
<td>Fees</td>
<td>$1,000 new home  $350 addition</td>
<td>$1,100 new home $385 addition</td>
<td>$1155 new home $800 addition</td>
</tr>
<tr>
<td>Guidelines/Ordinance in annual update</td>
<td>No changes</td>
<td>No changes, discussion of code</td>
<td>Guideline #6 removed, code changes to Council, Guidelines update underway</td>
</tr>
<tr>
<td>Outreach for input</td>
<td>Survey cards</td>
<td>Meetings set up for January 2004</td>
<td>3 focus group meetings Jan. 2004</td>
</tr>
</tbody>
</table>

*FYI, there were three applications in 2001 (2 additions and one new home)
One reason that fewer applications are being appealed is that staff is working with applicants in pre-application meetings. About 90% of all applications in 2004 have gone through one or more pre-application meetings prior to submittal for formal review. Approximately 75% of the applicants met with the consulting architect, Origins, prior to submittal. This has reduced the need for meetings with Origins during the formal review; however this staff time and consultant cost is not reflected in the fee collected for the formal review.

More than 50% of applications require two or more re-submittals for staff review, to bring the project into conformance with zoning code regulations and guidelines. In about 10% of the cases, multiple meetings with Origins result in the project ultimately meeting the Guidelines, so that the application can be approved rather than denied. In some cases, Origins provided design services to facilitate an approvable project.

**Year 2004 Process Changes**

Although revisions to the IR ordinance have not yet been approved by Council (changes presented to Council in October, continued review to March 2005), staff returned to the former practice of posting and neighborhood noticing before the application was deemed complete, in response to IR program participants who desired to get staff and neighborhood input earlier to make all necessary changes at the same time. In addition, staff extended the neighborhood comment period to 21 days, consistent with the initial comment period of Variances and Conditional Use Permits implemented in July 2004 (the ordinance currently requires only a 10-day comment period).

1. Another improvement is that IR applications are noted in the weekly email bulletin of Planning Permits Received, available by subscription and noted on the City website ([www.cityofpaloalto.org/government/planning/plandiv/permit_update.html](http://www.cityofpaloalto.org/government/planning/plandiv/permit_update.html)).

2. More pre-application meetings were held to minimize conflicts during review.

**Recent Staffing and Consultant Changes**

The IR program had originally included a staff allowance equivalent to 1.5 FTE’s. In 2002, two planners reviewed IR projects. In 2003, only one FTE was budgeted for the program (.5 FTE cut in 2003), and an hourly employee was hired to help handle the IR program workload (132 applications in 2003). Due to budget reductions in October 2004, the hourly position that was dedicated to the IR program was eliminated. During 2003 and most of 2004, the Manager of Current Planning distributed the increasing number of IR projects to six planners working a portion of their time on IR projects, to better balance each planner’s workload. For the last two months of 2004, five planners worked a portion of their time in the IR program. It is still estimated that the equivalent of at least two full time employees are needed to efficiently handle the IR program caseload (which would also allow improved efficiency in the processing of other types of applications.) To partly address the loss of the full time hourly employee in 2004, a contract planner was engaged to process a percentage of IR applications beginning mid-January 2005.
The consulting architect for the IR program is Origins Design Network. To improve customer service, the number of architects participating in the IR program was reduced to one from two, to ensure consistency in reviews. This change occurred in the fall of 2004. The budget for the architectural consultant is $40,000 per year but the amount expended exceeds this amount. The excess amount was due in part to an increase in pre-application meetings with the architectural consultant and staff, and in part to work on updating the IR guidelines. The practice of having one staff member serve as staff liaison to the consulting architect continues. The 2004 staff liaison established a standard agenda for applicant meetings.

**Evaluating the IR Program’s Success**

During its October 2003 review of the IR annual update, the Planning and Transportation Commission had requested that staff use additional criteria to determine the program’s success. The following efforts were made:

1. Moderated focus groups were held in January 2004 to determine the program’s success and needed improvements. The summary of these group discussions is provided in Attachment D.

2. Photographs of completed IR homes were taken in the summer of 2004. The 23 IR homes that had been built as of that time were photographed, and staff selected several photographs representing the best examples of the success of the program. The photos of these homes are attached to this report, and will also be used in the updated IR guidelines to help future applicants and neighbors understand the process.

3. In January 2005, staff met with neighbors of a property on which a modern two-story home was approved in the fall of 2004 through the IR process. These non-adjacent neighbors disagreed with the decision for approval and with the lack of notification of non-adjacent neighbors. In the coming year, staff will consider modifying the radius of initial neighbor notification and evaluate how non-adjacent neighbors might be notified of final decisions. Currently, the only notification of non-adjacent neighbors is the sign that is posted on the site when the application is received.

**RESOURCE IMPACT**

Application fees still do not cover costs of the IR program. In addition to staff costs and the cost of the annual contract with the consulting architect, expenses included newspaper notices, posting notices, mailed notices, and work on updating the guidelines.

**ATTACHMENTS**

Attachment A: Planning and Transportation Commission Report of February 23, 2005
Attachment B: Background Report
Attachment C: Photos of sample IR projects constructed
Attachment D: Minutes of February 23, 2005 Planning and Transportation Commission
Attachment E: Focus Group summary seen by Planning and Transportation Commission
2004 Commission meeting reports and minutes are available on the City’s website (URL)

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