TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER

DEPARTMENT: PLANNING AND COMMUNITY ENVIRONMENT

DATE: JULY 17, 2006

CMR: 295:06

SUBJECT: ZONING ORDINANCE UPDATE – ADOPTION OF NEW CHAPTER 18.66 OF THE ZONING ORDINANCE (PEDESTRIAN AND TRANSIT ORIENTED DEVELOPMENT COMBINING DISTRICT) PERTAINING TO THE CALIFORNIA AVENUE AREA

RECOMMENDATION

Staff recommends that City Council adopt the attached ordinance (Attachment A), as recommended by the Planning and Transportation Commission (P&TC), to establish a new Chapter 18.66 of the Zoning Ordinance, encompassing a rezoning process and specifying allowable uses and development standards for the Pedestrian and Transit Oriented Development (PTOD) Combining District. Staff further recommends the addition to Section 18.66.040(d)(4) of “traffic-reducing resident priority programs” as one of the examples of parking and traffic demand measures.

BACKGROUND

The City of Palo Alto Comprehensive Plan Programs L-11 and L-14 direct the City to develop standards and criteria for Transit Oriented Residential Development. This zoning would provide for higher density residential uses in the University Avenue/Downtown and California Avenue commercial centers within a walkable distance (a 2,000 foot radius is specified) of the City’s two multi-modal transit stations. Other Comprehensive Plan policies focus on the California Avenue area specifically, including maintaining the scale, character and function of the California Avenue business district (Policy L-28), improving the transition between the California-Cambridge area and the single family neighborhood of Evergreen Park (Policy L-30), and developing the Cal-Ventura area as a well-designed mixed use district with diverse land uses, two- to three-story buildings, and a network of pedestrian oriented streets providing links to California Avenue.

On May 10, 2006, the P&TC recommended (5-1 vote) approval of the proposed PTOD ordinance, with very minor changes to the prior draft, including adding a parcel at 411 Pepper Ave. The P&TC review followed three prior meetings of the Commission, two Architectural Review Board (ARB) meetings, community outreach meetings with three of the immediate neighborhoods, and a meeting with the general public. Further background information is
provided in the P&TC staff report from May 10 (Attachment D). The minutes from the Commission meeting are included as Attachment E.

**DISCUSSION**
The draft ordinance (Attachment A) reflects the changes recommended by the P&TC. The May 10 P&TC staff report discusses the process for rezoning to PTOD, the allowable uses, and the proposed development standards of the PTOD district.

**Purpose and Benefits of the California Avenue PTOD District**
The Comprehensive Plan outlines the basic purpose and parameters of a Transit Oriented Residential zone, which is intended to generate residential densities that support substantial use of public transportation, especially the use of Caltrain. The Comprehensive Plan, however, does not identify additional benefits of such a zone, such as its integration with pedestrian and bicycle accommodations and with mixed uses that are necessary to successfully support such a zone. In many cases, it is the pedestrian accessibility and mixed use nature of a transit area that reduce the need for vehicle trips. Staff and the P&TC have therefore reformulated the Transit Oriented Residential land use into a Pedestrian and Transit Oriented Development overlay and believe that such a district in the California Avenue area would have the following key benefits:

1. Support the use of public transportation and other non-vehicular transportation modes;
2. Encourage mixed use (mix of housing types, retail, and limited office uses) to reduce the need for vehicle trips and parking;
3. Provide streetscape design that is attractive to pedestrians and bicyclists;
4. Support the economic vitality of California Avenue and nearby businesses; and
5. Implement the City’s Housing Element.

**Key Components of the Ordinance**
Staff believes that the proposed ordinance furthers the City’s goals of sustainability, enhancing the potential for use of non-vehicular transportation modes, and providing for neighborhood transitions while allowing increased opportunities for mixed use and residential development in a pedestrian and transit oriented area. Some of the key components of the ordinance include:

1. Boundaries that encompass properties within 2,000 feet of the Caltrain station, but which generally exclude R-1 zones, and extend to the south to encompass the Fry’s site.
2. Flexibility to accommodate mixed use, allowing for (and encouraging) commercial use in what are currently exclusively residential (RM-30, RM-40) or industrial (GM) zones.
3. Residential densities, FARs, and heights that are consistent with those already existing in the area.
4. Context-based design criteria (form-based code) that provide for pedestrian oriented design and transition requirements that recognize the need to protect adjacent residential neighborhoods.
5. Parking requirements that may only be reduced where specific measures are proposed to minimize traffic or parking impacts.
6. An overlay district that is only applied to a specific site through a rezoning request, and otherwise allows the property owner to develop pursuant to the existing (underlying) zoning.
7. A review process that provides extensive discretion for community input and review by the ARB, P&TC and City Council, and that requires environmental review for each project.

A detailed discussion of the ordinance provisions is included in the May 10, 2006 P&TC staff report.

Housing Element Implications
Two of the properties within the California Avenue PTOD area (195 Page Mill Road and 2785 Park Blvd.) are designated as Housing Opportunity Sites in the City’s Housing Element of the Comprehensive Plan. Residential uses, however, are not allowed on those sites since the October 2005 revision to the Zoning Ordinance, which now prohibits housing in the GM (General Manufacturing) district. The City has committed to the State Housing and Community Development Department (HCD) that a certain number of units can be built on the designated Housing Opportunity Sites. The PTOD ordinance would allow for those properties to be developed residentially, but only upon request for rezoning and full review by the ARB, PT&C, and City Council.

Fry’s and Retail Sites
The PTOD ordinance would allow for Fry’s Electronics to retain a significant retail component on the site, in conjunction with a mixed use project. The property owner for the Fry’s site spoke in support of the PTOD district at the P&TC meeting and indicated that the zoning would open the door for meaningful discussions with the City about the future of Fry’s. Ground floor retail provisions for sites along California Avenue and side streets would be retained under the proposed PTOD zoning. Additionally, the zoning would allow RM (multi-family) and GM zoned sites to accommodate retail or other non-residential use as part of a mixed use, which those zones do not currently permit.

Application of PTOD to Potential Public Safety Building Site on Park Blvd.
The City Council’s preferred site for a new public safety building is located within the PTOD boundaries at 2785 Park Blvd. The new zoning district should not, however, have an impact on the police building discussion. The creation of the district would not automatically apply it to the Park Blvd. site. PTOD is an overlay zone that is applied only upon request of the property owner and requires a subsequent rezoning and discretionary review by the Planning and Transportation Commission and the City Council. If the City Council proceeds with development of the site for a public safety building, it would be rezoned to Public Facilities (PF), so the PTOD zoning would not be relevant.

Traffic-Reducing Resident Priority Programs
Staff has been reviewing the concept of “traffic-reducing resident priority programs” to consider in light of the adoption of a PTOD district. These housing programs would provide selection preferences to potential residents who either work in close proximity to the California Avenue PTOD area or who demonstrate a commitment to using non-vehicular transportation modes. Housing preferences have been used in a number of cities as criteria for affordable housing projects, and to some extent are used as well to reduce traffic (e.g., Stanford West, where first priority includes Stanford employees, second priority includes employees of the Medical Center,
Shopping Center, and the Research Park), and third priority includes other employees in Palo Alto or Menlo Park. A summary of some of these efforts is included in Attachment F.

Staff believes there is merit to considering this kind of program in a PTOD area, but that there are also a number of enforcement, legal and equity issues to be reviewed prior to implementation. Staff nevertheless suggests that “traffic-reducing resident priority programs” be added to the list of available transportation demand management (TDM) efforts outlined in Section 18.66.040(d)(4) of the proposed ordinance. Appropriate TDM measures are required whenever applicants request a parking reduction, along with monitoring and reporting requirements. If and when a “traffic-reducing resident priority program” is proposed, it would be considered in conjunction with the review of rezoning by the Planning and Transportation Commission and City Council to determine the specifics of the program and its viability.

**RESOURCE IMPACT**
The implementation of the proposed ordinance amendment is not expected to impact staff resources or the City’s budget. Staff costs to process rezoning requests would be recovered through required fees and deposits. Some additional staff time will be required to provide guidance to monitoring and reporting for TDM programs, but this time may also be recoverable through project fees. The overall intent of the ordinance is to provide for an enhanced mixed use community and increased economic vitality of the area.

**POLICY IMPLICATIONS**
The Zoning Ordinance Update is intended to bring the Zoning Ordinance into compliance with the 1998-2010 Comprehensive Plan. Staff and the Commission believe that the proposed amendments are a significant step in providing for enhanced pedestrian and transit oriented development opportunities, while allowing for project-specific public input and environmental review. Additionally, the PTOD zoning would allow for implementation of Housing Element programs for the two designated Housing Opportunity Sites in the PTOD area.

**ENVIRONMENTAL REVIEW**
Staff has prepared an Addendum to the Comprehensive Plan EIR and Housing Element EIR Addendum (attached to the May 10, 2006 P&TC staff report) to address additional development potential within the 2010 timeframe. The Addendum concludes that the impact of the action will not be significantly different from that anticipated by the Comprehensive Plan EIR and the Housing Element EIR Addendum. Each specific site request for rezoning will, however, need to undergo environmental analysis to comply with CEQA.

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ATTACHMENTS
Attachment A: California Avenue Pedestrian and Transit Oriented Development (PTOD) Draft Ordinance
Attachment B: PTOD Context-Based Design Criteria
Attachment C: Map of California Avenue PTOD Boundaries
Attachment D: May 10, 2006 P&TC Staff Report and Attachments
Attachment E: May 10, 2006 P&TC Minutes
Attachment F: Background re: Traffic-Reducing Resident Priority Programs

COURTESY COPIES
Planning and Transportation Commission
Architectural Review Board
Bruce Knoblock, Essex Property Trust
Harold Hohbach, Courthouse Plaza Company
Robert Wheatley, Wheatley Properties
Maryann Welton, Rob Quigley Architects
California Avenue Area Development Association
Chamber of Commerce
Elaine Johnson
Joy Ogawa
Suzanne Bayley, Emerson Street Neighborhood
Sherry Furman, Midtown Residents Association
Terry Holzemer, Palo Alto Central Homeowners
Kate Rooney, Ventura Neighborhood Association