TO: HONORABLE CITY COUNCIL
FROM: CITY MANAGER
DEPARTMENT: PLANNING AND COMMUNITY ENVIRONMENT
DATE: MARCH 25, 2002
CMR:190:02
SUBJECT: STATUS REPORT ON ZONING ORDINANCE UPDATE

This report provides the City Council and the Planning and Transportation Commission (Commission) with information regarding the progress of the Zoning Ordinance Update and the work program outlining remaining steps in the process. Comments of the Commission and Council will direct the effort and the work program will be revised accordingly, if necessary.

BACKGROUND
The City of Palo Alto’s Zoning Ordinance comprises Title 18 of the City’s Municipal Code. The City last prepared a comprehensive update of its Zoning Ordinance in 1978. In 1998, the City Council adopted an updated Comprehensive Plan, including 55 programs and policies identified to be implemented through an update of the Zoning Ordinance. The City Council has continued to include the update, as well as other planning issues, among its Top 5 priorities for the current year.

On September 18, 2000, the City Council reviewed staff’s work program to initiate the update effort. On December 13, 2000, staff presented to the Commission a list of over 400 zoning-related issues identified by the public, development representatives, staff, and Council and Commission members, to be considered along with the update. Since that date, staff has conducted considerable research, including a comparative study of other cities’ zoning ordinances, and has presented a series of analytical papers to the Planning and Transportation Commission. Since July 2001, the Planning and Transportation Commission has held regular study sessions, providing policy guidance to staff.

Staff initially developed an extensive program to update the City’s Zoning Ordinance, in several phases, over a two year period. While the primary impetus for, and emphasis of the effort, is to implement the updated Comprehensive Plan, the project will also allow the City to address other zoning issues of concern, and to develop a more user-friendly and accessible format. The work program proposed that staff would prepare the bulk of
the document, with the assistance of planning, design, legal and environmental consultants to provide resources for innovative zoning techniques and approaches. The work program also provided that the Planning and Transportation Commission be the “oversight” committee for the Zoning Ordinance Update, providing direction for the project and periodically reviewing interim work products.

The initial work program proposed analysis and discussion of topics such as zoning districts, land uses, development standards, new districts (village residential, mixed use, and transit-oriented residential), and procedures, etc. However, after review of the various background discussion papers, the Commission suggested that it would be preferable to review changes to districts, or groups of districts, so that all of the factors associated with those districts could be considered at one time, and because this approach provided a better context for the Commission and the public to evaluate recommended changes. On February 27 and March 13, 2002, the Commission and staff updated the work program to specifically outline the process for review of specific zoning districts and other Zoning Ordinance provisions. The revised work program will allow for all components of each grouping of zoning districts to be considered simultaneously and will provide an early opportunity for the public to review each piece. This process should culminate in a draft zoning code available for public review by early 2003.

**DISCUSSION**

**Grouping of Zoning Districts**

The revised work program would entail Commission review of groupings of zoning districts, beginning with the manufacturing and industrial districts, including Office Research (OR), Limited Industrial/Research Park (LM), and General Manufacturing (GM). Discussion of residential groupings is expected to follow, beginning with low density residential, multi-family residential, and village residential districts. Commercial, mixed use, and transit-oriented districts would follow, with a final session on remaining combining districts.

For each of the groupings of districts, as shown on Attachment A, staff and the Commission would review the district purpose statements, any related combining districts, identified issues to be addressed, appropriate land uses and development standards, including parking, and transition requirements where adjacent to residential uses. Recommended changes, developed as preliminary zoning language, will be presented, along with a public outreach component to solicit comment from interested persons.

Following the district-by-district discussion, staff and the Commission would review remaining general development standards, such as for parking or performance standards, and standards for special uses, such as the sale of alcoholic beverages or home occupations. The final groupings would include revised procedures and review of provisions for nonconforming uses and facilities. Each grouping shown on the diagram is
expected to be dealt with at monthly Commission study sessions. Each grouping would be finished in draft form and available for public review.

Discussion Papers and Commission Study Sessions
Over the past year, staff and consultants have conducted extensive research and prepared background discussion papers and reports to establish context for the specific changes to the ordinance. These topics, each reviewed and discussed by the Commission at study sessions, included the following:

- **Updating the Zoning Ordinance** – Outlined issues and considerations for updating a community’s zoning ordinance.
- **Flexibility vs. Certainty** – Discussed various techniques (combining zones, planned development districts, etc.) to provide flexibility in a zoning ordinance.
- **History of the Palo Alto Zoning Ordinance** – Prepared by staff with input from community members and prior staff and community members involved in earlier zoning amendments since 1978, outlined key changes to the code since then.
- **Types of Zoning Codes and Formats** – Discussed the differences between traditional and design-oriented codes, provided examples of each and comparisons of a dozen recent codes, and outlined a preliminary revised format for the City of Palo Alto.
- **Land Uses and Use Classifications (Parts 1 and 2)** – Reviewed how land uses are defined and classified in other codes, what uses might be deleted or added to Palo Alto’s codes, and a procedure for grouping land uses to provide added flexibility to address new uses in the future.
- **Implementing New Urbanism in Zoning Codes** – Provided background on the key components of New Urbanism and design-oriented (“form”) codes, and suggested several implementation approaches available to incorporate those concepts into Palo Alto’s code.
- **Zoning Districts** – Analyzed all of the City’s current zoning districts, identified conflicts and redundancies, and suggested options for reorganizing districts and reducing the total number of districts.
- **Planned Community/Planned Development Districts** – Discussed the differences between planned community, planned unit development, and planned development approaches in different communities and details of how the Planned Community (PC) zone has been used in Palo Alto.
- **Second Units** – Provided background information regarding the extent of second unit construction in Palo Alto, current zoning regulations for second units, State law regarding such units and opportunities to increase second unit potential.

All of these papers and reports have been previously distributed to the City Council at the time of Planning Commission review, and most are available for review on the City’s web site. If any Council or Commission member would like an additional copy of one or more of the reports, they are available by contacting staff.
Other Work Efforts
In addition to the work done in preparing and reviewing the discussion papers, several other notable work efforts have occurred over the past 15 months, including:

- An extensive process of identifying over 400 zoning issues of concern to the community. This process included three public workshops; several focus groups with business, development interests and residents; dissemination of information on the City’s web site; and presentations to all land-use related boards and commissions. The list is maintained on the web site and on hard copy, and will be used to identify issues associated with each of the district-related discussions to follow.

- A web page for the Zoning Ordinance Update on the City’s website, including background information on the update, status of upcoming meetings, the list of zoning issues, the discussion papers, and a contact form and e-mail address (zoneupdate@city.palo-alto.ca.us).

- A seminar conducted in May 2001 by Paul Crawford regarding “Updating the Zoning Ordinance,” as a primer to staff, the Commission, and the public.

- Development of a research library of a few dozen sample zoning codes from other cities, books regarding zoning related topics, and relevant magazine and newspaper articles. Many of the articles and books relate to New Urbanism, and all library materials are available for Council, Commission, and public review.

- A seminar conducted by environmental consultant Rod Jeung (EIP Inc.) in early March regarding environmental review requirements under the California Environmental Quality Act (CEQA). The seminar was attended by about 50 persons, including all Commissioners, and is timely with the release of project EIRs as well as the need for environmental review of the Zoning Ordinance Update. Mr. Jeung and EIP have been retained to monitor potential environmental impacts of proposed zoning changes and to suggest appropriate development standards to mitigate identified impacts.

- Twice monthly meetings of staff with three liaisons from the Planning and Transportation Commission to review the direction of the Update and to suggest how best to coordinate with the Commission and the public.

- Extensive research in the form of tables of uses and development standards for all of the current zoning districts.

- A matrix to track every provision of the current ordinance (over 3,400 entries) to its final disposition in the revised code.

- Initial drafting of the current ordinance language for the industrial/manufacturing districts and for the low density residential districts into the suggested new format.

Housing Issues and the Housing Element
Staff working on the Zoning Ordinance Update has coordinated with Housing Element staff and is aware of the potential revisions to the Housing Element. A half dozen new programs have been identified that appear likely to require implementation through the
Zoning Ordinance Update. Zoning staff participated in two of the housing workshops held in the community and provided support to the Housing Element advisory committee at its initial meetings. It is expected that the details of the Element will be far enough along to incorporate as housing issues are discussed in coming months.

Two study sessions with the Commission have been devoted to discussion of second unit options, and staff expects public outreach regarding second units prior to the Commission’s discussion of single-family residential districts in May. The work program anticipates that changes to residential zoning districts will be discussed with the Commission from May through July, beginning with low density (single-family and two-family) districts, then multi-family districts, followed by the new "village residential” land use category, to be incorporated as a district or as standards within current districts. Mixed use and transit-oriented districts (and/or standards) are scheduled for review in late summer.

With the exception of the low density districts, the multi-family and other residential districts will require extensive design input. Some of this effort has begun with a design consultant’s assignment to visually present the impacts and constraints of current regulations on multi-family and mixed-use development scenarios. More significantly, interviews are scheduled for March 26th with five design-oriented firms familiar with housing and mixed use design, and it is anticipated that the consultants will be on board by late April to provide design assistance throughout the remainder of the project.

Public Outreach
The work program outlines expected public outreach efforts, including three or four community workshops and a number of focus groups as the project proceeds. The Planning and Transportation Commission has suggested that, in addition to such an effort and providing information on the website, there should be additional public information disseminated through features in newspapers and newsletters, contacts with neighborhoods and business associations, and through schools, to enhance participation in the Commission study sessions. Staff appreciates any added suggestions the Council and Commission have regarding further public outreach for the update.

RESOURCE IMPACT
The City Council previously approved 2.5 additional staff positions to complete the Zoning Ordinance Update, all of which were filled. Two of those positions have recently become vacant and are in the process of being filled. The revised work program and approach does not result in the need for additional staff.

POLICY IMPLICATIONS
The Zoning Ordinance Update is intended to bring the Zoning Ordinance into compliance with the 1998-2010 Comprehensive Plan.
**TIMELINE**
Presentation of modifications and preliminary ordinance language for the industrial and manufacturing zoning districts will be presented to the Commission on April 10th. The low density residential districts (R-E, R-1, R-2, RMD) will then be reviewed on May 8th. The urban design consultants should be available by late April or early May to provide input to subsequent discussions of multi-family, village residential, mixed use, and transit-oriented residential as the project moves into the summer. Upcoming public outreach efforts tentatively include a workshop on second units and focus groups regarding some of the revisions to the industrial and manufacturing districts.

The proposed project is scheduled to result in a draft Zoning Ordinance Update for distribution in February, 2003. Public hearings would then follow and are anticipated to take another three to six months. Specifics of the suggested timeline for the project are provided in the attached work program table.

**ATTACHMENTS**
Attachment A:  Zoning Code Update Work Program Diagram
Attachment B:  Zoning Code Update Work Program

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