



City of Palo Alto

City Council Staff Report

(ID # 12165)

Report Type: Consent Calendar

Meeting Date: 4/12/2021

Summary Title: Second Reading: Retail Zoning Ordinance

Title: SECOND READING: Adoption of an Ordinance of the Council of the City of Palo Alto Amending Palo Alto Municipal Code (PAMC) Title 18 (Zoning), Chapters 18.04 (Definitions), 18.16 (Neighborhood, Community, and Service Commercial (CN, CC and CS) Districts), 18.18 (Downtown Commercial (CD) Districts) and 18.30 (A) and (C) – the Retail and Ground Floor Combining Districts. Environmental Review: Exempt Under California Environmental Quality Act (CEQA) Guidelines Section 15061(b)(3) (FIRST READING: March 8, 2021 PASSED: 5-2 Cormack, Tanaka No).

From: City Manager

Lead Department: Planning and Development Services

Recommendation:

Staff recommends that the City Council adopt an Ordinance (Attachment A) on second reading to amend Title 18 of the Palo Alto Municipal Code.

Background:

This ordinance was originally introduced on December 14, 2020 and presented for second reading on March 8, 2021 ([staff report # 12054](#)). On March 8, 2021, the City Council directed several amendments to the ordinance, and staff therefore recommends holding another second reading.

The motion below passed on March 8, 2021, moved by Vice Mayor Burt and seconded by Mayor DuBois, with a 5-2 vote (Cormack and Tanaka voting no) to adopt the attached temporary ordinance with the following exceptions:

- A. Prohibit allowing nails salons, beauty shops, barber shops, etc. directly on California Avenue street facing;

- B. On University Avenue, California Avenue, as well as Town and County, prohibit the expansion of the size of gyms greater than 1,800 square feet, and refer this to Planning and Transportation Commission for additional review;
- C. Prohibit expansion on the main streets of Downtown and California Avenue the expansion of tutoring and schools and related functions in those same areas;
- D. Allow the change to commercial recreation to go forward, but also direct the Planning and Transportation Commission to look at occupancy for personal services that are commercial recreation;
- E. Refer to the Planning and Transportation Commission the evaluation of the most appropriate way to define restrictions on dining establishments;
- F. Prohibit expansion of the permissible medical sizes on the main shopping streets of California Avenue, University Avenue and Midtown Shopping Center.

Attachments:

Attachment A: Ordinance Amending Title 18 (Zoning) (PDF)

Ordinance No. ____

Ordinance of the Council of the City of Palo Alto Amending Palo Alto Municipal Code (PAMC) Title 18 (Zoning), Chapters 18.04 (Definitions), 18.16 (Neighborhood, Community, and Service Commercial (CN, CC and CS) Districts), 18.18 (Downtown Commercial (CD) Districts) and 18.30 (A) and (C) – the Retail and Ground Floor combining districts

The Council of the City of Palo Alto does ORDAIN as follows:

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

- A. On March 4, 2020, California Governor Gavin Newsom declared a State of Emergency due to the threat of Coronavirus Disease 2019 (“COVID-19”).
- B. As a result of the COVID-19 pandemic and the public health response, restaurant, retail, tourism, and hospitality business has significantly declined and the nation is experiencing a recession.
- C. The City Council desires to relax certain zoning regulations in the City’s commercial zoning districts to address some of the economic challenges created by the COVID-19 pandemic and to spur economic activity.
- D. The public health, safety, or welfare require that such changes to the City’s zoning regulations be enacted for a temporary period and as expediently as possible, without review by the Planning and Transportation Commission pursuant to Palo Alto Municipal Code section 18.80.090.

SECTION 2. Section 18.04.030 (Definitions) of Chapter 18.04 (Definitions) of Title 18 (Zoning) of the Palo Alto Municipal Code is amended to read as follows:

18.04.030 Definitions

(a) Throughout this title the following words and phrases shall have the meanings ascribed in this section.

[. . .]

(45) “Drive-in/drive-through service” means a feature or characteristic of a use involving sales of products or provision of services to occupants in vehicles, including drive-in or drive-up windows and drive-through services such as mechanical automobile washing, pharmacy windows, coffee stands, automatic teller machines, etc.

[. . .]

(47) “Eating and drinking service” means a use providing preparation and retail sale of food and beverages with a full menu and providing indoor seating area. Eating and drinking service include presence of a full commercial kitchen and commercial dishwasher. including restaurants, fountains, cafes, coffee shops, sandwich shops, ice cream parlors, taverns, cocktail lounges and similar uses. For establishments with incidental sale alcoholic beverages, a minimum of 50% of revenues from an ‘eating and drinking service’ must be derived from the sale of food. Related definitions are provided in subsections (45) (Drive-in/drive-through service), (125)(B) (Intensive retail service) and (136) (Take-out service).

[. . .]

(95) “Medical office” means a use providing consultation, diagnosis, therapeutic, preventive, or corrective personal treatment services by doctors, dentists, medical and dental laboratories, and similar practitioners of medical and healing arts for humans, licensed for such practice by the state of California. Incidental medical and/or dental research within the office is considered part of the office use, where it supports the on-site patient services. Medical office use does not include the storage or use of hazardous materials in excess of the permit quantities as defined in Title 15 of the Municipal Code. Medical gas storage or use shall be allowed up to 1,008 cubic feet per gas type and flammable liquids storage and use shall be allowed up to 20 gallons total (including waste).

(95.1) ~~(A)~~—“Medical research” means a use related to medical and/or dental research, testing and analysis, including but not limited to trial and clinical research. Biomedical and pharmaceutical research and development facilities are not included in this definition. Medical Research does not include the storage or use of quantities of hazardous materials above the exempt quantities listed in Title 15 of the Municipal Code nor any toxic gas regulated by Title 15. Additionally, Medical Research may include storage and use of etiologic (biological) agents up to and including Risk Group 2 or Bio Safety Level 2 (Center for Disease Control).

(95.2) ~~(B)~~—“Medical support retail” means a retail use providing sales, rental, service, or repair of medical products and services to consumers or businesses, and whose location near hospitals or medical offices facilitates the provision of medical care or medical research. Examples of medical retail uses typically include, but are not limited to, pharmacies, sale of prosthetics, and sale of eyeglasses or other eye care products.

(95.3) ~~(C)~~ “Medical support service” means a use providing administrative support functions for healthcare providers or facilities, intended to support the operations of hospitals or of medical and dental office uses, and whose location near those medical facilities enhances the interaction between medical providers and/or facilitates the provision of medical care or medical research. Examples of medical support service uses typically include, but are not limited to, administration and billing services, public relations, training, and fundraising. Hospitals and ambulance services are not included in this definition.

[. . .]

(114) "Personal service" means a use providing services of a personal convenience nature, and cleaning, repair or sales incidental thereto, including:

(A) Beauty shops, nail salons, day spas, and barbershops;

(B) Self-service laundry and cleaning services; laundry and cleaning pick-up stations where all cleaning or servicing for the particular station is done elsewhere; and laundry and cleaning stations where the cleaning or servicing for the particular station is done on site, utilizing equipment meeting any applicable Bay Area Air Quality Management District requirements, so long as no cleaning for any other station is done on the same site, provided that the amount of hazardous materials stored does not at any time exceed the threshold which would require a permit under Title 17 (Hazardous Materials Storage) of this code;

(C) Repair and fitting of clothes, shoes, and personal accessories;

(D) Quick printing and copying services where printing or copying for the particular service is done on site, so long as no quick printing or copying for any off-site printing or copying service is done on the same site;

(E) Internet and other consumer electronics services;

(F) Film, data and video processing shops, including shops where processing for the particular shop is done on site, so long as no processing for any other shop is done on the same site;

(G) Art, dance or music studios intended for an individual or small group of persons in a class (see "commercial recreation" for other activities); and

(H) Fitness and exercise studios, or similar uses, in a space having of 1,800 5,000 square feet or fewer of gross floor area (see "commercial recreation" for uses exceeding 5,000 square feet other activities).

(I) Learning centers intended for individual or small group settings, including tutoring, standardized test preparation, language classes, after-school programs, cooking classes, and similar uses.

[. . .]

(125) "Retail service" means a use open to the public during typical business hours and predominantly engaged in providing retail sale, rental, service, processing, or repair of items primarily intended for consumer or household use.

(A) "Extensive retail service," as used with respect to parking requirements, means a retail sales use having more than seventy-five percent of the gross floor area used for display, sales, and related storage of bulky commodities, including household furniture and appliances, lumber and building materials, carpeting and floor covering, air conditioning and heating equipment, and similar goods, which uses have demonstrably low parking demand generation per square foot of gross floor area.

(B) “Intensive retail service” as used with respect to parking requirements, means any retail service use not defined as extensive retail service and including limited food service (i.e. ‘ready-to-eat’ food and/or beverage shops without a full commercial kitchen, where food and/or beverages are ready to consume at the time of sale and any seating area is limited; examples include sandwiches, frozen desserts, non-alcoholic beverages, and baked items).

[. . .]

(136) “Take-out service” means a characteristic of an eating or drinking service which encourages, on a regular basis, consumption of food or beverages, such as prepared or prepackaged items, outside of a building, in outdoor seating areas where regular table service is not provided, in vehicles parked on the premises, or off-site. Take-out service does not include intensive retail service uses, as defined in subsection (125)(B).

[. . .]

SECTION 3. Section 18.16.040 (Land Uses) of Chapter 18.16 (Neighborhood, Community, and Service Commercial (CN, CC, CS) Districts) of Title 18 (Zoning) of the Palo Alto Municipal Code is amended to read as follows:

The uses of land allowed by this chapter in each commercial zoning district are identified in the following tables. Land uses that are not listed on the tables are not allowed, except where otherwise noted. Where the last column on the following tables ("Subject to Regulations in") includes a section number, specific regulations in the referenced section also apply to the use; however, provisions in other sections may apply as well.

(a) Commercial Zones and Land Uses

Permitted and conditionally permitted land uses for each commercial zone are shown in Table 1:

TABLE 1
PERMITTED AND CONDITIONALLY PERMITTED USES
P = Permitted Use CUP = Conditional Use Permit Required

LAND USE	CN(4)	CC, CC(2)	CS (4)	Subject to Regulations In:
ACCESSORY AND SUPPORT USES				
Accessory facilities and activities customarily associated with or essential to permitted uses, and operated incidental to the principal use.	P	P	P	18.42
Drive-in services or take-out services associated with permitted uses ⁽³⁾	CUP	CUP	CUP	18.42

NOT YET APPROVED

Tire, battery, and automotive service facilities, when operated incidental to a permitted retail service or shopping center having a gross floor area of more than 30,000 square feet.		CUP		18.42, 18.40.160
Safe Parking				18.42.160
EDUCATIONAL, RELIGIOUS, AND ASSEMBLY USES				
Business and Trade Schools		P	P	
Churches and Religious Institutions	P	P	P	
Private Educational Facilities	CUP	P	P	
Private Clubs, Lodges, or Fraternal Organizations	CUP	P	P	
MANUFACTURING AND PROCESSING USES				
Recycling Centers	CUP	CUP	CUP	
Warehousing and Distribution			CUP	
OFFICE USES				
Administrative Office Services			P	18.16.050
Medical Offices	CUP (5)	CUP (5)	CUP (5)	18.16.050
Professional and General Business Offices	P	P	P	18.16.050
PUBLIC/QUASI-PUBLIC USES				
Utility Facilities essential to provision of utility services but excluding construction or storage yards, maintenance facilities, or corporation yards.	CUP	CUP	CUP	
RECREATION USES				
Commercial Recreation	CUP (5)	CUP (5)	CUP (5)	18.40.160
Outdoor Recreation Services	CUP	CUP	CUP	

NOT YET APPROVED

RESIDENTIAL USES				
Multiple-Family	P(1)	P(1)	P(1)	18.16.060(b) and (c)
Home Occupations	P	P	P	
Residential Care Homes	P	P	P	
RETAIL USES				
Eating and Drinking Services, excluding drive-in and take-out services	P	P	P	18.40.160
Retail Services, excluding liquor stores	P	P	P	18.40.160
Liquor stores	CUP	P	P	18.40.160
Shopping Centers		P		18.16.060(e), 18.40.160
SERVICE USES				
Ambulance Services	CUP	CUP	CUP	
Animal Care, excluding boarding and kennels	P	P	P	
Boarding and Kennels			CUP	
Automobile Service Stations	CUP	CUP	CUP	18.30(G)
Automotive Services			CUP	
Convalescent Facilities	CUP	P	P	
Day Care Centers	P	P	P	18.40.160
Small Family Day Care Homes	P	P	P	
Large Family Day Care Homes	P	P	P	
Small Adult Day Care Homes	P	P	P	
Large Adult Day Care Homes	CUP	P	P	
Banks and Financial Services V	CUP	P(2)	P(2)	
General Business Services		CUP	P	
Hotels		P	P	18.16.060(d), 18.40.160

Mortuaries	CUP	P	P	
Neighborhood Business Services	P			18.16.060(f)
Personal Services	P	P <u>(6)</u>	P	18.16.060(f), 18.40.160
Reverse Vending Machines	P	P	P	
TEMPORARY USES				
Farmer's Markets	CUP	CUP	CUP	
Temporary Parking Facilities, provided that such facilities shall remain no more than five years.	CUP	CUP	CUP	
TRANSPORTATION USES				
Parking as a principal use		CUP	CUP	
Transportation Terminals		CUP	CUP	
P = Permitted Use	CUP = Conditional Use Permit Required			

(1) Residential is only permitted: (i) as part of a mixed use development, pursuant to the provisions of Section 18.16.060(b), or (ii) on sites designated as housing inventory sites in the Housing Element of the Comprehensive Plan, (iii) on CN or CS sites on El Camino Real, or (iv) on CC(2) sites, all pursuant to the provisions of Section 18.16.060(b) and (c).

(2) Except drive-in services.

(3) So long as drive up facilities, excluding car washes, provide full access to pedestrians and bicyclists. A maximum of two such services shall be permitted within 1,000 feet, and each use shall not be less than 150 feet from one another.

(4) For properties in the CN and CS zone districts, businesses that operate or have associated activities at any time between the hours of 10:00 p.m. and 6:00 a.m. require a conditional use permit.

(5) A conditional use permit is not required for medical office or commercial recreation uses up to 5,000 square feet of gross floor area, with the following exceptions, for which a conditional use permit is always required: (A) medical office fronting on California Avenue and in the Midtown Shopping District; (B) commercial recreation uses fronting on California Avenue and in the Town and Country Village Shopping Center.

(6) A conditional use permit is required for the following uses when fronting on California Avenue: (A) Fitness or exercise studios, and similar uses exceeding 1,800 square feet in gross floor area; and (B) Learning centers intended for individual or small group settings. A conditional use permit is required for

fitness or exercise studios, and similar uses exceeding 1,800 square feet in gross floor area in Town and Country Village Shopping Center.

[. . .]

SECTION 4. Section 18.16.060 (Development Standards) of Chapter 18.16 (Neighborhood, Community, and Service Commercial (CN, CC, CS) Districts) of Title 18 (Zoning) of the Palo Alto Municipal Code is amended to read as follows:

18.16.060 Development Standards

[. . .]

(f) Size of Establishments in the CN District

In the CN district, permitted commercial uses shall not exceed the floor area per individual use or business establishment shown in Table 5. Such uses may be allowed to exceed the maximum establishment size, subject to issuance of a conditional use permit in accord with Section 18.76.010. The maximum establishment size for any conditional use shall be established by the director and specified in the conditional use permit for such use.

TABLE 5
MAXIMUM SIZE OF ESTABLISHMENT

Type of Establishment	Maximum Size (sq ft)
Personal Services	2,500 <u>3,000</u>
Retail services, except grocery stores	15,000
Grocery stores	20,000
Eating and drinking services	5,000
Neighborhood business services	2,500 <u>3,000</u>

[. . .]

(h) Outdoor Sales and Storage

(2) In the CC district and in the CC (2) district, the following regulations shall apply to outdoor sales and storage:

(A) Except in shopping centers, all permitted office and commercial activities shall be conducted within a building, except for:

(i) Incidental sales and display of plant materials and garden supplies occupying no more than 2,000 square feet of exterior sales and display area,

(ii) Outdoor eating areas operated incidental to permitted eating and drinking services or intensive retail uses,

(iii) Farmers’ markets that have obtained a conditional use permit, and

(iv) Recycling centers that have obtained a conditional use permit.

(B) Any permitted outdoor activity in excess of 2,000 square feet shall be subject to a conditional use permit.

SECTION 5. Sections 18.18.050 (Land Uses) of Chapter 18.18 (Commercial Downtown (CD) District) of Title 18 (Zoning) of the Palo Alto Municipal Code is amended to read as follows:

18.18.050 Land Uses

The uses of land allowed by this chapter in each commercial zoning district are identified in the following table. Land uses that are not listed on the tables are not allowed, except where otherwise noted. Where the last column on the following tables ("Subject to Regulations in") includes a section number, specific regulations in the referenced section also apply to the use; however, provisions in other sections may apply as well.

Permitted and conditionally permitted land uses for the CD district are shown in Table 1:

Table 1				
CD Permitted and Conditionally Permitted Uses				
P Permitted Use • CUP Conditional Use Permit Required				
	CD-C	CD-S	CD-N	Subject to regulations in Chapter:
ACCESSORY USES				
Accessory facilities and activities associated with or essential to permitted uses, and operated incidental to the principal use	P	P	P	
Drive-in or Take-out Services associated with permitted uses ⁽²⁾	CUP	CUP	CUP	
Tire, battery, and automotive service facilities, when operated incidental to a permitted retail service or shopping center having a gross floor area of more than 30,000 square feet	CUP			18.40.160
Safe Parking				18.42.160
EDUCATIONAL, RELIGIOUS, AND ASSEMBLY USES				
Business and Trade Schools	P	P		
Churches and Religious Institutions	P	P	P	

NOT YET APPROVED

Private Educational Facilities	P	P	CUP	
Private Clubs, Lodges, or Fraternal Organizations	P	P	CUP	
MANUFACTURING AND PROCESSING USES				
Recycling Centers	CUP	CUP	CUP	
Warehousing and Distribution		CUP		
OFFICE USES				
Administrative Office Services		P		18.18.060(f)
Medical, Professional, and General Business Offices	P	P	P	18.18.060(f)
PUBLIC/QUASI-PUBLIC FACILITY USES				
Utility Facilities essential to provision of utility services but excluding construction or storage yards, maintenance facilities, or corporation yards	CUP	CUP		
RECREATION USES				
Commercial Recreation	CUP (3)	CUP (3)	CUP (3)	
Outdoor Recreation Services	CUP	CUP	CUP	
RESIDENTIAL USES				
Multiple-Family	P (1)	P (1)	P (1)	18.18.060(b)
Home Occupations	P	P	P	
Residential Care Homes	P	P	P	
RETAIL USES				
Eating and Drinking Services, except drive-in or take-out services	P	P	P	18.18.060(g) , 18.40.160
Retail Services, excluding liquor stores	P	P	P	18.18.060(g) , 18.40.160

NOT YET APPROVED

Shopping Centers	P			18.18.060(g) , 18.40.160
Liquor Stores	P	P	CUP	18.40.160
SERVICE USES				
Animal Care, excluding boarding and kennels	P	P	P	
Ambulance Services	CUP	CUP	CUP	18.30(G)
Automobile Service Stations	CUP	CUP	CUP	
Automobile Services		CUP		
Convalescent Facilities	P	P	CUP	
Day Care Centers	P	P	P	18.40.160
Small Family Day Care Homes	P	P	P	
Large Family Day Care Homes	P	P	P	
Small Adult Day Care Homes	P	P	P	
Large Adult Day Care Homes				
Financial Services, except drive-up services	P	P	CUP	
General Business Services	CUP	P	P	
Hotels	P	P	P	18.18.060(d) , 18.40.160
Mortuaries	P	P	CUP	
Personal Services	P (4)	P (4)	P (4)	18.18.060(g) , 18.40.160
Reverse Vending Machines	P	P	P	
TRANSPORTATION USES				
Parking as a principal use	CUP	CUP		
Passenger Transportation Terminals		CUP		

TEMPORARY USES				
Indoor Farmers' Markets	CUP	CUP	CUP	
Temporary Parking Facilities, provided that such facilities shall remain no more than five years	CUP	CUP	CUP	
P Permitted Use CUP Conditional Use Permit Required				
(1) Residential is only permitted as part of a mixed use development, pursuant to the provisions of Section 18.18.060(b) , or on sites designated as Housing Opportunity Sites in the Housing Element of the Comprehensive Plan, pursuant to the provisions of Section 18.18.060(c) .				
(2) Drive-up facilities, excluding car washes, provide full access to pedestrians and bicyclists. A maximum of two such services shall be permitted within 1,000 feet and each use shall not be less than 150 ft from one another.				
<u>(3) A conditional use permit is not required for commercial recreation uses up to 5,000 square feet of gross floor area, with the following exceptions, for which a conditional use permit is always required: (A) medical office fronting on University Avenue; (B) commercial recreation uses fronting on University Avenue.</u>				
<u>(4) A conditional use permit is required for the following uses when fronting on University Avenue: (A) Fitness or exercise studios, and similar uses; and (B) Learning centers intended for individual or small group settings.</u>				

SECTION 6. Section 18.18.060 (Development Standards) of Chapter 18.18 (Commercial Downtown (CD) District) of Title 18 (Zoning) of the Palo Alto Municipal Code is amended to read as follows:

[. . .]

(g) Restrictions on Size of Commercial Establishments in CD-N Subdistrict

In the CD-N subdistrict, permitted commercial uses shall not exceed the floor area per individual use or business establishment shown in Table 4. Such uses may be allowed to exceed the maximum establishment size, subject to the issuance of a conditional use permit in accordance with [Chapter 18.76](#). The maximum establishment size for any conditional use shall be established by the director and specified in the conditional use permit for such use.

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**TABLE 4
MAXIMUM SIZE OF ESTABLISHMENT**

Type of Establishment	Maximum Size (ft ²)
Personal Services	2,500 <u>3,000</u>
Retail services, except grocery stores	15,000
Grocery stores	20,000
Eating and drinking services	5,000

(h) Outdoor Sales and Storage.

The following regulations shall apply to outdoor sales and storage in the CD district:

(1) CD-C Subdistrict

In the CD-C subdistrict, the following regulations apply:

(A) Except in shopping centers, all permitted office and commercial activities shall be conducted within a building, except for:

(i) Incidental sales and display of plant materials and garden supplies occupying no more than 2,000 square feet of exterior sales and display area,

(ii) Outdoor eating areas operated incidental to permitted eating and drinking services or intensive retail uses,

(iii) Farmers' markets which have obtained a conditional use permit, and

(iv) Recycling centers that have obtained a conditional use permit.

(B) Any permitted outdoor activity in excess of 2,000 square feet shall be subject to a conditional use permit.

(C) Exterior storage shall be prohibited, except recycling centers which have obtained a conditional use permit.

(2) CD-S Subdistrict

In the CD-S subdistrict, outdoor sales and display of merchandise, and outdoor eating areas operated incidental to permitted eating and drinking services and intensive retail uses shall be permitted subject to the following regulations:

(A) Outdoor sales and display shall not occupy a total site area exceeding the gross building floor area on the site, except as authorized by a conditional use permit.

(B) Areas used for outdoor sales and display of motor vehicles, boats, campers, camp trailers, trailers, trailer coaches, house cars, or similar conveyances shall meet the minimum design standards applicable to off-street parking facilities with respect to paving, grading, drainage, access to public streets and alleys, safety and protective features, lighting, landscaping, and screening.

(C) Exterior storage shall be prohibited, unless screened by a solid wall or fence of between 5 and 8 feet in height.

(3) CD-N Subdistrict

In the CD-N subdistrict, all permitted office and commercial activities shall be conducted within a building, except for:

(A) Incidental sales and display of plant materials and garden supplies occupying not more than 500 square feet of exterior sales and display area, and

(B) Farmers' markets that have obtained conditional use permits.

[. . .]

SECTION 7. Section 18.30(A).040 (Permitted Uses) of Chapter 18.30(A) (Retail Shopping (R) Combining District Regulations) of Title 18 (Zoning) of the Palo Alto Municipal Code are amended to read as follows:

Except to the extent a conditional use permit is required pursuant to Section 18.30(A).050, the following uses shall be permitted in an R district:

(a) Eating and drinking services, except drive-in and take-out services.

(b) Personal services, except the following on California Avenue: beauty shops; nail salons; barbershops; ~~and~~ laundry and cleaning services as defined in Section 18.04.030(114)(B); fitness or exercise studios exceeding 1,800 square feet in gross floor area; and learning centers intended for individual or small group settings.

(c) Retail services.

(d) All other uses permitted in the underlying commercial district, provided they are not located on a ground floor.

SECTION 8. Section 18.30(A).050 (Conditional Uses) of Chapter 18.30(A) (Retail Shopping (R) Combining District Regulations) of Title 18 (Zoning) of the Palo Alto Municipal Code are amended to read as follows:

The following uses may be conditionally permitted in an R district, subject to the issuance of a conditional use permit in accord with Chapter 18.76 (Permits and Approval):

(a) Financial services, except drive-in services, on a ground floor.

(b) All other conditional uses allowed in the underlying commercial district provided they are not located on a ground floor.

(c) Formula retail businesses on California Avenue.

(d) Beauty shops, nail salons, ~~and~~ barbershops, fitness or exercise studios exceeding 1,800 square feet in gross floor area; and learning centers intended for individual or small group settings.

SECTION 9. Section 18.30(C).020 (Permitted Uses) of Chapter 18.30(C) (Ground Floor (GF) Combining District Regulations) of Title 18 (Zoning) of the Palo Alto Municipal Code are amended to read as follows:

(a) The following uses shall be permitted in the GF combining district, subject to restrictions in Section 18.40.160180:

- (1) Eating and drinking;
- (2) Hotels;
- (3) Personal services, except for parcels with frontage on University Avenue, where uses defined in Section 18.04.030(114)(B), (G), ~~and~~ (H), and (I) are not permitted;
- (4) Retail services;
- (5) Theaters;
- (6) Travel agencies;
- (7) Commercial Recreation up to 5,000 square feet in gross floor area, except for parcels with frontage on University Avenue;

~~(7)~~ All other uses permitted in the underlying district, provided such uses are not on the ground floor.

(b) Elimination or conversion of basement space currently in retail or retail-like use or related support purposes is prohibited.

(c) Entrance, lobby, or reception areas serving non-ground floor uses may be located on the ground floor to the extent reasonably necessary, provided they do not interfere with the ~~ground-ground~~ floor use(s), and subject to the approval of the Director.

SECTION 10. Section 18.30(C).030 (Conditional Uses) of Chapter 18.30(C) (Ground Floor (GF) Combining District Regulations) of Title 18 (Zoning) of the Palo Alto Municipal Code are amended to read as follows:

(a) The following uses may be conditionally allowed on the ground floor in the GF ground floor combining district, subject to issuance of a conditional use permit in accord with Chapter 18.76 (Permits and Approvals) and with the additional finding required by subsection (b), subject to restrictions in Section 18.40.160:

- (1) Business or trade school;
- (2) Commercial recreation over 5,000 square feet in gross floor area or with frontage on University Avenue;
- (3) Day care;
- (4) Financial services, except drive in services;
- (5) General business service;
- (6) Learning centers intended for individual or small group settings;

(7) All other uses conditionally permitted in the applicable underlying district, provided such uses are not on the ground floor.

(b) The director may grant a conditional use permit under this section only if he or she makes the following findings in addition to the findings required by Chapter 18.76 (Permits and Approvals):

(1) The location, access or design of the ground floor space of the existing building housing the proposed use, creates exceptional or extraordinary circumstances or conditions applicable to the property involved that do not apply generally to property in the same district.

(2) The proposed use will not be determined to the retail environment or the pedestrian-oriented design objectives of the GF combining district.

(c) Any use conditionally permitted pursuant to this section shall be effective only during the existence of the building that created the exceptional circumstance upon which the finding set forth in subsection (b) was made.

SECTION 11. Any provision of the Palo Alto Municipal Code or appendices thereto inconsistent with the provisions of this Ordinance, to the extent of such inconsistencies and no further, is hereby repealed or modified to that extent necessary to effect the provisions of this Ordinance.

SECTION 12. If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have passed this Ordinance and each and every section, subsection, sentence, clause, or phrase not declared invalid or unconstitutional without regard to whether any portion of the ordinance would be subsequently declared invalid or unconstitutional.

SECTION 13. The Council finds that the adoption of this ordinance is exempt from the provisions of the California Environmental Quality Act pursuant to CEQA Guideline sections 15061(b)(3) because it can be seen.

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SECTION 14. This ordinance shall be effective on the thirty-first date after the date of its adoption and shall expire upon the earlier of June 30, 2022 or adoption of replacement legislation by the City Council. Upon expiration of this ordinance, the City Clerk shall direct the City's codifier to update the Palo Alto Municipal Code as appropriate.

INTRODUCED:

PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

NOT PARTICIPATING:

ATTEST:

City Clerk

Mayor

APPROVED AS TO FORM:

APPROVED:

Assistant City Attorney

City Manager

Director of Planning & Development
Services