

## History of Palo Alto's Historic Preservation Incentive Program

by Dennis Backlund (edited)

The City's incentive-based historic preservation program began in 1976, several years before the historic preservation ordinance and the Historic Resources Board were established, when a short historic preservation policy was included in the Urban Design Element of the new Comprehensive Plan. Several buildings worthy of preservation were mentioned and several state incentives were recommended for use. A single local zoning incentive was cited: "Allow non-conforming use for buildings of architectural or historic merit for the life of the building." In 1979 an Inventory of historic buildings was completed and in 1980 a historic preservation ordinance was adopted that provided for review of Inventory buildings by a Historic Resources Board (HRB).

In 1986, a major year for the creation of historic preservation incentives in Palo Alto, an ordinance creating the Downtown CD Zone District was adopted that provided for the retention of the character of Downtown in general and of Downtown's historic buildings in particular. The new Downtown CD District ordinance included a bonus square footage incentive for Category 1 and 2 Historic Inventory buildings. No historic rehabilitation was specifically required to receive the incentive; the intent was that allowing substantial additional development to the building would make the reuse and rehabilitation of the historic building more attractive. The Category 1 and 2 buildings that were eligible for the bonus square footage were limited to those that were not in Seismic Categories I, II, or III, due to an already existing footage bonus for these buildings. The Transferable Development Rights (TDR) program was added to the Comprehensive Plan that allowed Category 1 and 2 buildings on the Historic Inventory to transfer to non-historic sites in the Downtown CD District any remaining development rights on the property. The new program required the lengthy Planned Community zone process to be followed which involved review by the Planning Commission and the City Council.

By early 1987 it was recognized that the bonus square footage incentive approved for Downtown Category 1 and 2 residential buildings in 1986 would enhance the likelihood of conversion of those buildings to commercial use. However, conversion to commercial use would trigger stringent commercial parking regulations that could function as a disincentive. To make the commercial adaptive reuse of these residential buildings even more attractive, parking provisions were added to the Downtown CD District ordinance that exempted Category 1 and 2 converted residential buildings from commercial parking requirements provided that an HRB-recommended and City-approved historic rehabilitation was undertaken. This was the first time an incentive was explicitly based on required historic rehabilitation. Also in 1987, the City Council adopted the Secretary of the Interior's Standards for Rehabilitation as the HRB's standard of review (the Secretary's Standards were not cited in the Municipal Code itself until 1995).

In 1995, three years after becoming a Certified Local Government, the City Council amended the Downtown CD District regulations to allow bonus square footage provisions for Category 1 and 2 historic buildings and bonus provisions for seismic hazard buildings that undertake seismic rehabilitation to be combined. The 5,000 square-foot double bonus incentive was intended to greatly increase the likelihood that a historic building with major seismic needs would be seismically rehabilitated for a compatible new use.

In 1996 the City Council approved mandatory historic rehabilitation as the basis for granting bonus square footage to Category 1 and 2 buildings. In addition, the Council approved a streamlined process for the City's TDR program. In 1998 the City Council adopted a new Comprehensive Plan that added further policies and programs for historic preservation along with continued emphasis on the development of incentives.

In 2000 and 2003 the City Council approved Phases 1 and 2 of the South of Forest Area Coordinated Area Plan which included floor area and parking incentives for identified historic resources. In 2004 the City Council approved an incentive exemption from the City's Flood Hazard Regulations for Category 1 and 2 buildings (provided the historic character is maintained).