Summary Title: Update Regarding the North Ventura Coordinated Area Plan & Developments in the Project Vicinity

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From: City Manager

Lead Department: Planning and Development Services

Recommendation
This is an informational report and no City Council action is required.

Executive Summary
This report provides an overview of activities undertaken to date to support the development of the North Ventura Coordinated Area Plan (NVCAP). This report also discusses proposed developments within and nearby to the NVCAP area to keep the Council and community informed.

The purpose of the North Ventura Coordinated Area Plan is to capture the City’s vision for this neighborhood in a regulatory document. The document will include land use policies, development standards, and design guidelines for future development. The neighborhood plan will include multi-family housing units, ground-floor retail spaces, public open spaces, and creek improvements. An interconnected street grid will take advantage of the area’s proximity to the Caltrain station, the California Avenue retail corridor, and the El Camino Real arterial.

Background
The NVCAP project area lies within the Ventura neighborhood of Palo Alto. It is comprised of approximately 60 acres, roughly bounded by Page Mill Road, El Camino Real, Lambert Avenue, and the Caltrain tracks. The plan area is near key community destinations such as the California Avenue Caltrain Station, California Avenue Business District, and Stanford Research Park. The plan area represents a rare opportunity within the City to plan proactively for a transit-oriented, mixed-use neighborhood.
The area plan’s genesis lies in the 2015-2023 Housing Element and Land Use & Community Design Element of the City’s 2030 Comprehensive (Comp) Plan, which calls for site-specific planning in the North Ventura area. The Comprehensive Plan anticipated this location as suitable for a significant amount of new housing in a mixed-use, walkable neighborhood. Program L4.10.1 of the Land Use and Community Design Element of the Comp Plan directs staff to prepare a coordinated area plan for this neighborhood.

On March 5, 2018, the City Council adopted the preliminary goals and objectives for the coordinated area plan, along with the boundary area for the NVCAP project. The adopted goals addressed the following topics: (1) Housing and Land Use; (2) Transit, Pedestrian, and Bicycle Connections; (3) Connected Street Grid; (4) Community Facilities and Infrastructure; (5) Balance of Community Interests; (6) Urban Design, Design Guidelines, and Neighborhood Fabric; and (7) Sustainability and the Environment.

In June 2018, after a competitive solicitation process, the City Council appointed consultant Perkins + Will to assist the City and Working Group in preparation of the NVCAP. Likewise, the City Council appointed 14 members to a Working Group in April 2018. The Working Group convened its first meeting in October 2018.

This fall, the Working Group will mark its two-year anniversary. The list below provides a timeline of activities and milestones from the past two years.

- **March 2018** – City Council approves project goals
- **April 2018** – Working Group appointed
- **June 2018** – Consultant team, Perkins + Will, selected through competitive process
- **October 2018** – First Working Group meeting held
- **December 2018** – City School Committee presentation and discussion
- **January 2019** - A survey, conducted by Page and Turnbull in January 2019, of all properties 50 years and older within the NVCAP area revealed that no properties are listed on the City of Palo Alto Historic Inventory, the National Register of Historic Places (NRHP), or the California Register of Historic Places (CRHP)
- **February 2019** – Community workshop held
- **March 2019** – Joint town hall held with Working Group members and City Council
- **July 2019** – Historic Resource Board met and concurred with analysis that 340 Portage and

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1 Staff report: [https://www.cityofpaloalto.org/civicax/filebank/documents/64658](https://www.cityofpaloalto.org/civicax/filebank/documents/64658)
3 Workshop materials available: [https://www.paloaltonvcap.org/events-calendar/2018/10/17/c-w-1](https://www.paloaltonvcap.org/events-calendar/2018/10/17/c-w-1)
4 Staff report: [https://www.cityofpaloalto.org/civicax/filebank/documents/69619](https://www.cityofpaloalto.org/civicax/filebank/documents/69619)
3201-3225 Ash Street are historically significant properties eligible for the NRHP and CRHP

- **August 2019** – City Council approved funding and contract to support feasibility study regarding options to naturalize Matadero Creek; City selected Wetlands Research Associates to conduct the study

- **Fall 2019** – Selection by Working Group of two co-chairs, Angela Dellaporta and Gail Price

- **Fall/Winter 2019** – Staff requested and received a one-time grant extension from Caltrans

- **September 2019** – City Council supported an enhanced contract for the consultant team, Perkins + Will, but did not support allocation of additional budget to fund the contract

- **January 2020** – Presentation of creek feasibility study initial options to Parks and Recreation Commission

- **February 2020** – City School Committee presentation and discussion

- **February 2020** – Second community workshop held; this was a joint workshop which also discussed the design for an expanded Boulware Park

- **March 2020** – Community outreach questionnaire for feedback on draft alternatives

- **April 2020** – Study session with the Planning & Transportation Commission to introduce the project and initial feedback on the draft plan alternatives

In addition, the actions above, the Working Group has met over 15 times. Since the issuance of the Shelter-in-Place Order on March 16, 2020, the Working Group has met remotely. Information regarding each meeting, including materials, presentations, public correspondence, staff reports, and minutes can be found at the project website: [https://www.paloaltonvcap.org/](https://www.paloaltonvcap.org/).

**Discussion**

Presently, the Working Group and staff are focused on finalizing three draft alternatives for presentation to the Planning and Transportation Commission (PTC). Staff plan to bring forward the three draft alternatives in November or December 2020. The PTC will discuss the alternatives and recommend an alternative to the City Council. Staff will then bring the alternatives, including the PTC recommendation, to the City Council for selection of the preferred alternative. Due to budget limitations, the three alternatives will be conceptual, though supported by the qualitative and quantitative data available to the City.

After the City Council selects a preferred alternative and provides direction for refinement of the alternative, the City will direct the consultant team to undertake further study and refinement of the preferred alternative. Staff will return to the City Council for review of the

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5 Staff report: [https://www.cityofpaloalto.org/civicax/filebank/blobdload.aspx?t=48263.8&BlobID=76213](https://www.cityofpaloalto.org/civicax/filebank/blobdload.aspx?t=48263.8&BlobID=76213); Meeting minutes: [https://www.cityofpaloalto.org/civicax/filebank/documents/74501](https://www.cityofpaloalto.org/civicax/filebank/documents/74501)

revised alternative and with the additional data and information.

After consideration by the City Council and affirmation of or direction to further refine the preferred alternative, the environmental review process of the preferred alternative will begin along with development of the final plan documents—including design standards. The environmental review and draft plan documents will return for City Council consideration. Once adopted, the plan will be finalized.

Spring & Summer 2020
During the spring and summer of 2020, the Working Group has focused on responding to the three draft alternatives prepared and published in December 2019 and January 2020. Based on initial feedback, the alternatives were revised; the revised alternatives were presented at the community workshop held in February 2020. The City also published an online questionnaire to allow members of the public who could not attend the workshop to provide feedback regarding the draft alternatives.7

Following this, Working Group members were invited to prepare proposed alternatives. Several members responded and prepared draft alternatives. The Working Group read about the proposals and heard each creator of a draft alternative discuss their proposal.

Throughout the summer (June, July, August), the co-chairs and staff collaborated to host a series of full Working Group and sub-committee meetings designed to facilitate dialogue and deep conversation about specific issues. By tackling issues such as open space, housing, height, bike facilities—and more—Working Group members were able to clearly hear the preferences and opinions of other members. For some topics, clear consensus emerged. For example, all Working Group members value provision of a public park in the plan area. In other areas, preferences hovered between two different options. For example, preferences for maximum building height ranged from 3 stories to 6 stories, with some folks preferring 3-4 and others open to 4-6. This process allowed for rich discussion, deepening understanding and relationships, and restablishing trust between City staff and members of the Working Group.

It should be noted, since the community workshop and in the wake of budget cuts, City staff have been entirely responsible for staffing the Working Group meetings. While the process has not enjoyed some of the talents of the consultant team, the close working relationship of staff and the co-chairs has been invaluable. Staff will re-engage the consultant team in advance of

7 View the survey questions: https://www.cityofpaloalto.org/civicax/filebank/blobdload.aspx?BlobID=76365&t=68497.3
View the responses to multiple choice questions: https://www.cityofpaloalto.org/civicax/filebank/blobdload.aspx?BlobID=76366&t=68497.31
View the responses to open-ended questions: https://www.cityofpaloalto.org/civicax/filebank/blobdload.aspx?BlobID=76367&t=68497.31
the PTC hearings. Further, staff would like to especially recognized the extrordinary efforts of the co-chairs. In particular, special recognition goes to Angela Dellaporta who has gone above and beyond her duties as co-chair, using her skills as a teacher and facilitator to assist the Group’s preparation for robust, healthy discussions.

**Proposed Development In and Around the NVCAP Area**

While the NVCAP process has continued, property owners have brought forward proposals for development in and around the plan area. Some propose mixed-use developments that include housing and commercial space, while others present commercial applications. Overall, this section of the report provides information regarding some of these proposals. Two of the three proposals seek to develop Planned Communities, as Council recently revived PCs under “Planned Home Zoning.” Following Council’s discussion of affordability requirements for PHZs on September 21, 2020, more projects may be proposed.

Some Working Group members were surprised that the City is processing applications for planning entitlements and other planning applications in the plan area. Some Working Group members are concerned the work to create a plan for the area may be undermined by development that is entitled before the plan is complete; there is concern that such projects may not conform to the vision of the Working Group nor realize the goals outlined by the City Council.

Presently, the City has not enacted a moratorium prohibiting development in the plan area. Applicants can propose projects and request planning entitlements; and staff must process these applications as they would any applications submitted to the City. Further, the City cannot enact a moratorium that imposes restrictions or limitations on housing development, including mixed-use development, within all or a portion of the city. This is due to SB 330, which was signed into law by Governor Newsom in 2019. The City could impose a moratorium on commercial development.

The following applications and pre-screenings have been submitted to the City for projects in or near the plan area:

1. **340 Portage located in the plan area**
2. **2951 El Camino Real located in the plan area**
3. **3300 El Camino Real located near the plan area**

In addition, owners of single family homes have inquired about local rules governing development of accessory dwelling units. No formal applications have been submitted. Following Council’s consideration of changes to the accessory dwelling unit (ADU) ordinance on October 5, 2020, the City may see application submissions for ADUs.

**340 Portage**
340 Portage is often referred to as “the Fry’s site;” this is because until the end of 2019, Fry’s electronics was located on this parcel. Historically, this building served as cannery; one of the three largest and owned by Chinese American entrepreneur Thomas Foon Chew. Presently, the building houses a variety of research and development tenants. The retail site once occupied by Fry’s remains vacant.

The owner, the Sobrato Organization, requests a text amendment to Palo Alto Municipal Code section 18.70.070. The code section currently reads:

“The nonconforming uses of the property at 3200 Park Boulevard/340 Portage Avenue/Olive Avenue for retail, research and development, warehouse, and storage uses are permitted in approximately the same ratio of uses existing as of October 16, 2006, subject to the following limitations: (1) retail uses shall not exceed 60,000 square feet, and (2) truck deliveries and other noisy outdoor activities shall be limited to the hours of 8:00 a.m. to 9:00 p.m. weekdays and 9:00 a.m. to 9:00 p.m. weekends.”

The applicants seeks a zoning text amendment to remove the phrase, “in approximately the same ratio of uses existing as of October 16, 2006.” Through this amendment, the applicant seeks to allow a variety of retail, research and development, warehouse, and storage uses at this site. In the letter accompanying the application, the owner indicates that a Target may open in the site if the text amendment is approved. It should be noted, however, that a Target retail use is a permitted use and can open in this location without a text amendment.

Though the site is identified in the City’s certified Housing Element as a housing opportunity site, the property owner has not proposed housing on this site. Additionally, the owner has stated an intention to retain the building; there are no plans to demolish the building.

2951 El Camino Real
This project will be before the City Council for prescreening on October 5, 2020.

The development is proposed to be a five-story mixed-use building with one underground parking level. The development includes 116 dwelling units and approximately 5,000 square feet (sf) of ground floor office space and 1,000 sf retail/commercial space. The site’s current zoning is both CS (Commercial Services) and R-1 (Single-Family). The development standards for these zoning districts do not allow for the proposed size of the development and number of dwelling units.

3300 El Camino Real
This proposed project is not located in the plan area; it is located across the street from the NVCAP area in the Stanford Research Park. This project came before City Council in a prescreening on June 22, 2020. Similar to the project above, this project proposes to seek approval.
as a Planning Housing Zone (also known as the Planned Community Zone in the Palo Alto Municipal Code).

The applicant is proposing two buildings, including a five-story multi-family residential development with 187 units (approximately 180,000 sf) and a two-story office/retail development (approximately 55,000 sf). The floor area ratio (FAR) would be approximately 1.8 to 1. The office component floor area is consistent to the underlying zoning with contemplated increases being associated with the housing project and limited retail area. Five percent of the space is anticipated as amenity floor area to accommodate a gym or similar space for workers.

The buildings would have one-level of shared underground parking. The below-grade parking facilities show 352 spaces to accommodate the residential, office, and retail uses, which is within about 20 spaces of the required parking total for such uses. The height of the commercial building is shown to be 35 feet. The height of the multi-family residential building is 60 feet to the ridge of a sloped roof and some stair and elevator shafts extend to 67 feet.

Community Outreach
The City does not require project applicants to hold community meetings prior to submitting applications nor during the application review process. City planners have expressed to applicants that holding community meetings may be desirable. Planners have also offered to connect project applicants with community members to facilitate meetings or discussion should applicants seek to host any such meetings. In addition to these efforts, planning staff will work to keep Working Group members abreast of proposed applications as they are submitted.

Summary of Key Issues
Currently, there are no acute issues challenging the project nor are there any issues that require City Council consideration. Overall, the NVCAP process continues to make steady progress despite a limited budget and staff turnover. Staff believe the project can meet the project objectives within the allotted project budget.

The deliberations related to the ongoing Regional Housing Needs Allocation (RHNA) process suggest that the City of Palo Alto may receive an allocation of housing units that far exceeds the 5th cycle allocation of 1,988 housing units. The significant increase in allocated housing units as well as the persistent housing needs of Palo Alto residents suggest the City should continue supporting the NVCAP’s vision of a walkable, mixed use neighborhood, that creates housing opportunities. Additional planning will be necessary to identifying housing opportunity sites to satisfy the City’s RHNA. The NVCAP area cannot absorb the entire 6th cycle RHNA allocation.

Lastly, Council can consider advancing a moratorium on commercial development in the plan area. The moratorium could be limited to commercial projects only. A moratorium that would limit housing development, including mixed-use housing development, would violate State law.
**Timeline**
Staff anticipates bringing three draft plan alternatives to the Planning and Transportation Commission so that the PTC can recommend a preferred alternative to the City Council. Staff anticipates bringing these three draft alternatives to the PTC before the end of 2020.

On October 8, 2020, the Working Group will hold a meeting to discuss three draft alternatives. These draft alternatives reflect the preferences of the Working Group members expressed during the summer discussions and through the draft alternatives proposed by Working Group members.

**Stakeholder Engagement**
Earlier portions of the staff report detail the stakeholder engagement, including the Working Group as well as additional community and stakeholder outreach.

**Environmental Review**
This staff report is informational only and is exempt from the California Environmental Quality Act.