



# City of Palo Alto

## City Council Staff Report

(ID # 9175)

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Report Type: Action Items

Meeting Date: 4/30/2018

Summary Title: Annual Office Limit Ordinance (First Reading)

**Title: PUBLIC HEARING: Adoption of an Ordinance Amending Palo Alto Municipal Code (PAMC) Chapter 18.40 (General Standards and Exceptions) of Title 18 (Zoning) to add a new Section Imposing an Annual Office Limit and Setting Forth Related Regulations, and to Repeal the Respective Regulations From Chapter 18.85 (Interim Zoning Ordinances). The Proposed Ordinance Will Perpetuate the Existing Annual Limit of 50,000 Square Feet of new Office/R&D Development per Year With Modifications Regarding the Review Process, Unallocated Area Rollover Provisions, and Exemptions. The Planning & Transportation Commission Recommended Approval of the Ordinance on February 14, 2018. This Ordinance is Within the Scope of the Comprehensive Plan Environmental Impact Report (EIR) Certified and Adopted on November 13, 2017 by Council Resolution No. 9720 (Continued from April 16, 2018)**

**From: City Manager**

**Lead Department: Planning and Community Environment**

### **Recommendation**

Staff recommends that Council adopt an ordinance (Attachment A) amending the Palo Alto Municipal Code to establish Annual Office Limit (AOL) regulations to replace the interim regulations and find the action within the scope of the Comprehensive Plan EIR certified on November 13, 2017.

The Planning and Transportation Commission recommended adoption of the ordinance on February 14, 2018.

### **Executive Summary**

The City of Palo Alto's annual office limit regulations were adopted in September 2015 to moderate the pace of office/R&D development in the fastest changing areas of the City (Council report: <http://www.cityofpaloalto.org/civicax/filebank/documents/48971>). The regulations

(Attachment B) were originally adopted as an interim ordinance to expire in November 2017. These regulations were extended to a June 30, 2018 to align with the end of the fiscal year and allow for preparation of a replacement ordinance. As part of this work effort, staff met with both the Planning and Transportation Commission (PTC) and City Council to get feedback and direction for the replacement Annual Office Limit (AOL) regulations. The Council direction<sup>1</sup> provided on September 5, 2017, informed by the PTC's input, has guided the proposed revisions shown in the draft ordinance (Attachment A).

## **Background**

In the summer of 2014, as part of a discussion on the Comprehensive Plan update, the community expressed concern that the then-current Comprehensive Plan's approach to growth management (i.e. an overall "cap" on non-residential development) had not been effective at moderating the pace of growth and development in the robust economic recovery following the great recession. This growth, in turn, had several impacts on Palo Alto residents, including contributions to traffic congestion/delay, parking demand, increased housing costs, and more. Based on these early communications, the City began developing a growth management policy that moderated or metered the rate of development, rather than the overall amount of development in the City.

Over the course of six meetings from January through June of 2015, the City Council discussed the concept of limiting the pace of new office/R&D development, which resulted in the adoption of the Annual Office Limit (AOL) interim ordinance in September 2015.

### Interim Ordinance

The Council adopted interim [Ordinance #5357](https://www.cityofpaloalto.org/civicax/filebank/documents/62381)<sup>2</sup> to establish an annual limit on new office/R&D development in the areas of the City experiencing the most rapid change.<sup>3</sup> The ordinance applied to office development in fiscal years 2016 and 2017, established applicable land uses, designated the commercial areas affected, identified development exemptions, and outlined other procedural items. The Council also approved a review process for proposals once the 50,000 sq. ft. limit was reached. The ordinance was to be in effect for a limited duration, until November 26, 2017, to pilot the new interim procedures, and the results of which would then help guide in the refinement of the future regulations. In September 2017, Council adopted [Ordinance #5417](https://www.cityofpaloalto.org/civicax/filebank/documents/61686)<sup>4</sup> to extend the existing AOL regulations until the end of fiscal year 2018 (June 30, 2018). This additional time was needed to prepare and bring forward an amended ordinance.

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<sup>1</sup> 09/05/2017 City Council Staff Report #8234 (<https://www.cityofpaloalto.org/civicax/filebank/documents/60963>) and Meeting Transcripts (<https://cityofpaloalto.org/civicax/filebank/documents/62381>)

<sup>2</sup> Ordinance #5357: <https://cityofpaloalto.org/civicax/filebank/documents/51037>

<sup>3</sup> 09/21/2015 City Council Staff Report #6045: <https://www.cityofpaloalto.org/civicax/filebank/documents/48971>

<sup>4</sup> Ordinance #5417: <https://cityofpaloalto.org/civicax/filebank/documents/61686>

### AOL Project Activity

Subsequent to the implementation of the interim AOL ordinance, there has not been significant office development proposed in the ordinance-affected areas. Although the time period has been relatively short, it appears that the interim ordinance has reduced the amount of applications for net new office projects in the affected areas. A list of the AOL applicable projects is provided in Attachment D.

The first round of analysis for qualifying AOL projects was in March 2016 and the 50,000 sq. ft. limit was not exceeded; there were three projects proposed totaling 40,863 sq. ft.

In March 2017, the 50,000 sq. ft. threshold was again not exceeded since there were no qualifying office projects ready for approval.

For March 2018, there are three projects on file totaling 16,790 sq. ft. of new office development that may be ready for approval.

Throughout the three year period, there have been a number of office/R&D projects approved in areas of the City where the annual limit does not apply, and there have been some smaller exempt projects approved. All of this development activity is summarized in Attachment E.

### Input About the Proposed Ordinance

As the interim ordinance was nearing its sunset date, the PTC and the City Council discussed possible changes for a permanent ordinance. The PTC's input from their meeting in March 2017 was available to the City Council for their meeting on September 5, 2017. At that meeting, the Council provided the specific direction (see Footnote 1 for link to meeting minutes) outlined in the Discussion section below. This direction is reflected in the attached ordinance.

### Planning and Transportation Commission Review

The PTC reviewed the draft ordinance at their February 14, 2018 meeting and expressed general support favoring the removal of the competitive review process and limiting applicability to the three study areas. Some commissioners expressed a perspective that the city should be addressing the traffic and parking issues more directly without limiting office development in the manner proposed in the ordinance and a minority supported introducing a sunset clause to nullify the ordinance after two years, unless affirmatively re-established by Council. The final vote was 4-3 in support of the ordinance in Attachment A. For more specific details, please see the verbatim minutes<sup>5</sup> and staff report<sup>6</sup> from the PTC meeting.

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<sup>5</sup> 02/14/2018 PTC Meeting Minutes: <https://www.cityofpaloalto.org/civicax/filebank/documents/63824>

<sup>6</sup> 02/14/2018 PTC Staff Report #8936: <https://www.cityofpaloalto.org/civicax/filebank/documents/63361>

## **Discussion**

City Council conducted a Study Session on September 5, 2017 and provided direction on the key components of the AOL regulations, which are provided below. The PTC considered these changes at their meeting on February 14, 2018 and recommended approval without additional modifications. The links to the Council report and meeting minutes from September 5, 2017 are listed in Footnote #1; and the link to the verbatim minutes from the PTC meeting of February 14, 2018 are included in Footnote #5.

### **1. Areas Subject to the Annual Office Limit**

The City Council directed staff to prepare an ordinance that would continue to apply to Downtown, California Avenue and El Camino Real corridor. The proposed boundary is unchanged from the interim regulations and a map showing this boundary is provided in Attachment C. The Council considered but rejected the idea of expanding the boundary citywide or to the Stanford Research Park.

### **2. Square Footage Limit**

The City Council directed staff to continue using a 50,000 square foot (sf) threshold for the annual limit for office/R&D development. This threshold was initially based upon review of the VTA's Congestion Management Program (CMP) office/R&D development data spanning 2001 through 2015, and was intended to moderate the pace of development by controlling the "peak" years. From 2001 through 2017, the CMP data shows there were six years when office/R&D development in the commercial districts affected by the interim ordinance exceeded 50,000 sf. (FY2006, FY2007, FY2010, FY2012, FY2014, and FY2015). A table summarizing this development activity is provided as Attachment E.<sup>7</sup> The options considered by Council were to modify the threshold or retain the existing one; the Council selected the current threshold.

### **3. Unused Square Footage Allocations**

A related issue to the annual limit number is consideration of allowing the roll-over of unused floor area. The Council considered four options, one with no change (i.e. no roll-over) and three that allowed roll-overs, but with various criteria regarding their expiration time and a carryover cap on square footage. Ultimately, the Council directed staff to craft the replacement ordinance so that any unallocated floor area at the end of the fiscal year would carry over for a maximum of one year only.

### **4. Exemptions**

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<sup>7</sup> The CMP data includes all office and R&D development, including projects that are exempt from the AOL ordinance. This explains the square footage difference in the CMP data (Attachment E) and the approved AOL projects (Attachment D) for FY2016.

Small office projects up to 2,000 sf and medical office less than or equal to 5,000 sf are exempt from the current AOL regulations. The Council did not express concerns about the existing exemptions, but did want to see a provision added for nonprofit office use. Accordingly, the Council directed staff to include a provision to exempt deed-restricted nonprofit office uses less than 5,000 sf. For additional background information, a summary of exempt office projects that have been approved since the adoption of the regulations in late 2015 is provided in Attachment E.

## **5. Review Process**

The current interim ordinance requires a competitive process when the 50,000 sf threshold is exceeded. Specifically, the interim ordinance requires the Planning Director to apply specific criteria and rank the eligible projects, after which they are forwarded to Council for consideration. This process is untested because thus far the 50,000 sf threshold has not been exceeded. Staff anticipates that this process may be challenging to implement because of its subjective nature. This process is also time-intensive and does not provide any certainty to applicants regarding whether otherwise code-complying projects will be approved now or in the future.

Based on all of these factors, the Council directed staff to prepare a replacement ordinance using a first-come first-served approach rather than a competitive process. This approach would prioritize project approvals in order of when the application is ready for approval. Any number of projects could be approved, depending on their size, up to and until the 50,000 sf threshold is reached, plus any carry over floor area from the previous year. This approach would obviate the need for approvable projects to wait until after March 31<sup>st</sup> of each fiscal year. If it happens that there is more than one office project ready to approve, and circumstances are such that not all can be approved due to reaching the annual limit, then the approval priority shall be given in order of the earliest project submittal date. The Council directed staff to draft the ordinance to implement the first-come first-served approach.

## **Policy Implications**

Like the previous Comprehensive Plan, the newly adopted Comprehensive Plan 2030 includes a policy (Policy L-1.10) establishing an overall cap on commercial development. The new Comprehensive Plan policy establishes the cap at 1.7 million square feet, which is the amount remaining under the previous 3.2 million square feet cap, and modifies the cap so it only applies to new office and research-and-development (R&D) uses citywide. This means that for the first time, conversions of existing buildings from other uses (e.g. retail, warehouse) to office/R&D uses will count against the citywide cap.<sup>8</sup>

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<sup>8</sup> Policy L-1.10: Maintain a citywide cap of 1.7 million new square feet of office/R&D development, exempting medical office uses in the Stanford University Medical Center (SUMC) vicinity. Use January 1, 2015 as the baseline and monitor development towards the cap on an annual basis. Require annual monitoring to assess the

An AOL focused on a subset of the City will complement this citywide development cap. The Comprehensive Plan does not include an explicit policy about an annual limit on office/R&D, but was informed by City Council discussions on this topic. Specifically, during the City Council's deliberations regarding scenarios for analysis in the Comprehensive Plan Environmental Impact Report (EIR), the Council elected to study and ultimately to select a scenario with limited job growth in large part because of their stated intention to establish the interim AOL as a permanent ordinance.

### **Resource Impact**

Staff does not anticipate any resulting resource impacts for the City with the adoption of the proposed ordinance.

### **Timeline**

The existing AOL interim regulations will expire on June 30, 2018, and in order to have a replacement ordinance in place by that time, Council would need to take action no later than early May. With Council approval of these revisions or further modifications on the first reading, the second reading would be scheduled as a consent calendar review for adoption. Following the second reading, the ordinance would become effective 31 days after. Following the Council's action, staff will update the Administrative Guidelines for the program to reflect Council's decision.

### **Environmental Review**

This proposed ordinance is within the scope of the Comprehensive Plan Environmental Impact Report (EIR) certified and adopted on November 13, 2017 by Council Resolution No. 9720. The Final EIR includes a discussion of using a limit for office/R&D development as a tool for growth management (Section 2.1.2, Chapter 2 "Preferred Scenario"). No additional environmental analysis is warranted at this time. For all projects that are proposed and are subject to the AOL regulations, project specific analysis would be completed in compliance with the California Environmental Quality Act (CEQA).

#### **Attachments:**

- Attachment A: Draft Ordinance (PDF)**
- Attachment B: Existing Office Limit Regulations (PAMC 18.85) (PDF)**
- Attachment C: Map of Area Affected by Annual Office Limit (PDF)**
- Attachment D: Approved and Pending Projects Subject to AOL (DOCX)**
- Attachment E: Summary of Office Development FY2001-2017 (PDF)**

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effectiveness of development requirements and determine whether the cap and the development requirements should be adjusted. Continue to exempt medical, governmental and institutional uses from the cap on office/R&D development.

**Attachment F: Annual Office Limit Administrative Guidelines (PDF)**

Ordinance No.

Ordinance of the Council of the City of Palo Alto Adding Section 18.85.200 (Annual Office Limit) to Chapter 18.40 (General Standards and Exceptions) of Title 18 (Zoning) of the Palo Alto Municipal Code Imposing an Office Annual Limit of 50,000 Net New Square Feet in Designated Areas of City, and Repealing Those Provisions Related to the Annual Office Limit in Chapter 18.85 (Interim Zoning Ordinances)

The Council of the City of Palo Alto ORDAINS as follows:

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

A. The City of Palo Alto has long been considered the birthplace of Silicon Valley. With its proximity to Stanford University, its international reputation, its deep ties to technology firms, its highly rated public school system and its ample public parks, open space and community centers, Palo Alto continues to serve as a hub for technology-based business.

B. Palo Alto is considered one of Silicon Valley's most desirable office markets. Average commercial rental rates increased significantly from 2013 to 2015. In 2013 the average monthly rental rate citywide for office was \$4.57 per square foot. That rate increased to \$5.12 per square foot in 2015.

C. As a result, prior to adoption of the interim annual office limit in 2015, the City saw a steady increase of new Office and Research and Development (R&D) projects. According to data submitted by the City to support the Valley Transportation Authority's Congestion Management Plan (CMP), since 2001, the City has added 234,002 of net new square feet of office/R&D development in the California Avenue area; 315,586 in the downtown area, and 46,210 in the El Camino Real corridor.

D. The rate of change has been faster than anticipated, resulting in changes in the character of the City's commercial districts. The changes have also resulted in additional parking demand, traffic, and greenhouse gas emissions, and negatively impact the City's jobs/housing ratio.

E. Based on the CMP data, there have been six years since 2001 in which more than 50,000 net new square feet of Office/R&D development have been entitled in these districts combined, and these six years include the last two fiscal years (2014 and 2015) prior to adoption of the interim annual office limit.

F. Record high monthly rental rates for office space and low vacancy rates suggest that the rapid pace of development is likely to continue, putting pressure on sites that are not currently developed to their maximum potential, and contributing to a feeling in the community that the character of the City's commercial districts are changing too fast.

G. Based on the above findings, the City adopted interim annual office limit regulations by Ordinance No. 5357, later extended by Ordinance No. 5417, which applied to



three fiscal years (FY 2016-2018). Under these interim regulations, the pace of Office/R&D development in the covered areas has moderated.

H. Continuing the annual office limit serves the public interest and general welfare, and is consistent with the Comprehensive Plan’s goals and objectives, including improving the jobs to housing imbalance by limiting the growth of employment-generating development.

SECTION 2. A new Section 18.40.190 (Annual Office Limit) is added to Chapter 18.40 (General Standards and Exceptions) of Title 18 (Zoning) of the Palo Alto Municipal Code to read as follows:

**18.40.190 Annual Office Limit**

(a) Applicability

The regulations set forth in this Section shall apply to all Office Annual Limit Land Uses that are established by new construction or through the conversion of existing development

(b) Definitions

For purposes of this Section, the following terms shall have the definitions below:

(1) “Office Annual Limit Area” means the area shown in Exhibit A (attached to Ordinance No. \_\_\_\_\_), comprising portions of the commercial districts of Downtown, the California Avenue Area and the El Camino Real corridor.

(2) “Office Annual Limit Land Uses” shall include any of the following uses, each as defined in Section 18.04.030, in the Office Annual Limit Area:

- (A) Research and Development;
- (B) Administrative Office Services;
- (C) General Business Office;
- (D) Medical Office greater than 5,000 net new square feet; and
- (E) Professional Office.

(c) Office Annual Limit

No more than 50,000 net new square feet of Office Annual Limit Land Uses per fiscal year (July 1 to June 30) shall be approved by the City in the Office Annual Limit Area.

(1) The 50,000 square foot limit imposed by this Section shall not apply to exempt projects as defined in subsection (d) of this Section and such projects shall not be counted towards this limit. However, if an exempt medical office project under subsection (d)(1) or exempt City office use under subsection (d)(3) is subsequently converted to a non-exempt Office Annual Limit Land Use, the associated square footage shall be counted toward the 50,000 square foot limit for the fiscal year in which the conversion is requested or occurs.

(2) The 50,000 square foot limit shall apply to existing building area previously used by non-office uses and converted to any of the Office Annual Limit Land Uses.

(3) The removal of existing Office Annual Limit Land Uses through demolition or conversion shall increase the amount of capacity available for allocation in that fiscal year by the amount of square footage removed.

(4) Unallocated square footage of Office Annual Limit Land Uses shall be carried over to the next fiscal year and be available for allocation until the end of that fiscal year only.

(5) Notwithstanding subsections (3) and (4) above, at no time shall the annual office limit for a single fiscal year exceed 100,000 square feet.

(6) This restriction shall be in addition to any other applicable growth restriction including but not limited to Comprehensive Plan Policy L-1.10. In the event multiple policies apply to a project, the policy most restrictive of growth shall apply.

(d) Exemptions

The following projects shall be exempt from the Office Annual Limit established by this Section, provided that only one exemption shall be permitted per project site.

(1) Small Projects. Projects comprised of 2,000 net new square feet or fewer of Office Annual Limit Land Uses, including accessory office space that is incidental to and customarily associated with a principal use or facility. This exemption shall be increased to 5,000 net new square feet or fewer where the net new square footage is devoted to Medical Office or nonprofit office use with a deed restriction to maintain the use for and by a nonprofit organization.

(2) Self-Mitigating Projects. Projects that would both: (1) provide rental housing for more workers than would be employed in the project; and (2) provide substantial transportation demand management strategies (individually or in cooperation with other projects or programs) to improve the current parking and traffic conditions.

(3) City Office Space. New office space used by the City of Palo Alto.

(e) Economic Hardship Waiver or Adjustment

An applicant may request that the requirements of this Section be adjusted or waived based on a showing that applying the requirements of this Section would effectuate an unconstitutional taking of property or otherwise have an unconstitutional application to the property.

The applicant shall bear the burden of presenting evidence to support a waiver or modification request under this Section and shall set forth in detail the factual and legal basis for the claim, including all supporting technical documentation.

Any such request under this section shall be submitted to the Director together with an economic analysis or other supporting documentation and shall be acted upon by the City Council.

(f) Allocation of Office Square Footage for Projects Subject to the Office Annual Limit

(1) Office development capacity for Office Annual Limit Land Uses shall be allocated upon approval of a planning entitlement, or a building permit or Certificate of Use and Occupancy if no planning entitlement is required, in the order that the projects are approved.

(A) If a planning entitlement approved by the Director is appealed to the City Council, the project shall be allowed to retain the office allocation provided that the Director's approval decision is upheld by City Council. If the City Council overturns the Director's approval decision and denies the project, the office allocation shall be forfeited and made available to other projects.

(B) If the planning entitlement or building permit with which the project received an office allocation expires, the office allocation shall be forfeited and made available to other projects. A project that received an office allocation at issuance of a Certificate of Use and Occupancy for the purposes of converting existing developed non-office space to one or more Office Annual Limit Land Uses, shall forfeit its office allocation if the related building permit expires and the office allocation will be made available to other projects. However, if the expiration of the planning entitlement or building permit occurs in a later fiscal year than when the office allocation was made, the forfeited office allocation will only be made available to other projects if it would not cause the annual office limit for that fiscal year to exceed 100,000 square feet.

(2) If more than one project will be considered for approval on the same day, then the project with the earliest initial submittal date shall have priority in receiving office allocation.

(3) Projects that cannot be approved due to the Office Annual Limit being reached for that fiscal year shall be considered for approval the following fiscal year.

(g) Implementation

The Director shall have the authority to adopt rules or procedures for the efficient and equitable implementation of these regulations.

SECTION 3. Sections 18.85.200 through 18.85.270, all of which pertain to the Annual Office Limit in Chapter 18.85 (Interim Zoning Ordinances) of Title 18 (Zoning) of the Palo Alto Municipal Code are hereby repealed.

SECTION 4. Supersede. This Ordinance supersedes any provision of the Palo Alto Municipal Code inconsistent with the provisions of this Ordinance.

SECTION 5. Severability. If any provision, clause, sentence or paragraph of this ordinance, or the application to any person or circumstances, shall be held invalid, such invalidity shall not affect the other provisions of this Ordinance which can be given effect without the invalid provision or application and, to this end, the provisions of this Ordinance are hereby declared to be severable.

SECTION 6. Effective Date. This ordinance shall be effective on the thirty-first date after the date of its adoption.

SECTION 7. CEQA. The City Council finds that the environmental impacts of this Ordinance were disclosed, analyzed and evaluated as part of that certain Final Environmental Impact Report for the Comprehensive Plan Update considered and certified by the City Council on November 13, 2017, by Resolution Nos. 9720 and 9721 (“EIR”). The City Council considered the EIR prior to taking action on this Ordinance, in conformance with the California Environmental Quality Act (“CEQA”), together with state and local regulations implementing CEQA.

INTRODUCED:

PASSED:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

ATTEST:

APPROVED:

\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
Mayor

APPROVED AS TO FORM:

\_\_\_\_\_  
City Manager

\_\_\_\_\_  
Assistant City Attorney

\_\_\_\_\_  
Director of Planning and  
Community Environment

Print

Palo Alto Municipal Code

## **Chapter 18.85 INTERIM ZONING ORDINANCES**

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Sections:

### **Annual Office Limit\*\***

- 18.85.210 Definitions
- 18.85.220 Office Annual Limit
- 18.85.230 Exemptions
- 18.85.240 Economic Hardship Waiver or Adjustment
- 18.85.250 Procedures for Reviewing Qualifying Applications
- 18.85.260 Selection Criteria
- 18.85.270 Implementation

\*\*Editor's Note: Sections 18.85.210 through 18.85.270 were added by Ord. 5357, which shall expire within two years of its effective date, 11-26-15 or upon City Council adoption of the Comprehensive Plan Update, whichever occurs first.

## **ANNUAL OFFICE LIMIT**

### **18.85.210 Definitions.**

For the purposes of this Ordinance, the following terms shall have the definitions below:

(a) Office Annual Limit Area shall include the area shown in Exhibit A (attached to Ord. 5357), comprising the commercial districts of Downtown, the California Avenue Area, and the El Camino Real corridor.

(b) Office Annual Limit Land Uses shall include any of the following uses in the Office Annual Limit Area:

- (1) Research and Development as defined in Section 18.04.030(123);
- (2) Administrative Office Services as defined in Section 18.04.030(6);
- (3) General Business Office as defined in Section 18.04.030(61);

(4) Medical Office greater than 5,000 net new square feet as defined in Section 18.04.030 (95); and

(5) Professional Office as defined in Section 18.04.030(116).

(c) Qualifying Application shall mean an application for a permit or other planning entitlement for an Office Annual Limit Land Use which (1) has been determined to be complete, (2) has completed the necessary analysis under the California Environmental Quality Act and (3) has been reviewed by all required commissions and/or Planning Director, as applicable.

(Ord. 5357 § 1 (part), 2015)

### **18.85.220 Office Annual Limit.**

During the pendency of this Ordinance no more than 50,000 net new square feet of Office Annual Limit Land Uses per fiscal year shall be approved by the City in the Office Annual Limit Area.

(a) For purposes of this Ordinance, the fiscal year shall be defined as July 1 to June 30.

(b) The 50,000 square foot limit imposed by this section shall not apply to exempt projects as defined in Section 18.85.230 and such projects shall not be counted towards this limit.

(c) This restriction shall be in addition to any other applicable growth restriction including but not limited to Comprehensive Plan Policy L-8 and Section 18.18.040 of the Zoning Code. In the event multiple policies apply to a project, the policy most restrictive of growth shall apply.

(Ord. 5357 § 1 (part), 2015)

### **18.85.230 Exemptions.**

The following shall be exempt from this Ordinance:

(a) Small Projects.

Projects containing less than 2,000 net new square feet or less of Office Annual Limit Land Uses and accessory office space that is incidental to and customarily associated with a principal use or facility are exempt from the Office Annual Limit.

(b) Small Medical Office Projects.

Projects containing 5,000 net new square feet or less of Medical Office are exempt from the Development Cap.

(c) Self-Mitigating Projects.

Projects that would both: (1) provide rental housing for more workers than would be employed in the project; and (2) provide substantial transportation demand management strategies (individually or in cooperation with other projects or programs) to improve the current parking and traffic conditions.

(d) Pipeline Projects.

Projects which have been approved, or which are considered "pipeline projects" as follows:

(1) Projects which obtained a planning entitlement for an Office Annual Limit Land Use prior to the effective date of this ordinance.

(2) Projects which are the subject of a planning entitlement application that was submitted to the City in 2013 or 2014 and deemed complete by the City on or before March 31, 2015.

(e) City Office Space.

New office space used by the City of Palo Alto.

(Ord. 5357 § 1 (part), 2015)

#### **18.85.240 Economic Hardship Waiver or Adjustment.**

An applicant may request that the requirements of this Ordinance be adjusted or waived based on a showing that applying the requirements of this Ordinance would effectuate an unconstitutional taking of property or otherwise have an unconstitutional application to the property.

The applicant shall bear the burden of presenting evidence to support a waiver or modification request under this Section and shall set forth in detail the factual and legal basis for the claim, including all supporting technical documentation.

Any such request under this section shall be submitted to the Planning and Community Development Director together with an economic analysis or other supporting documentation and shall be acted upon by the City Council.

(Ord. 5357 § 1 (part), 2015)

#### **18.85.250 Procedures for Reviewing Qualifying Applications.**

The following additional processing and approval requirements shall apply to Office Annual Limit Land Uses:

(a) No Qualifying Application for an Office Annual Limit Land Use shall be acted upon by the Director or by the City Council between July 1 and March 31 of the following year.

(b) If the combined square footage proposed by all Qualifying Applications that are pending on March 31 would not exceed the annual limit, the Qualifying Applications shall be acted upon using the Zoning Code's usual process immediately following March 31.

(c) If the combined square footage proposed by all Qualifying Applications would exceed the annual limit, the Director shall rank all Qualifying Applications based on scoring criteria set forth in Section 18.85.260 and make a recommendation to the Council. The Council may accept the Director's recommendation or reevaluate the ranking based on the scoring criteria. Based on their review, the Council shall approve in ranked order one or more Qualifying Applications to achieve a maximum of 50,000 net new square feet. The Council may approve applications as proposed and recommended, and may require modifications of any project to reduce the proposed square footage in order to stay within the 50,000 square feet Office Annual Limit. The

Council's action on all Qualifying Applications shall be made before the end of the fiscal year on June 30.

(d) Any application which is subject to City Council evaluation and action pursuant to Section (c) above and which was not approved by the City Council shall be denied unless, at the request of the applicant, it is rolled over to the next fiscal year for processing in accordance with the terms of this Ordinance. Further, in lieu of modifications to the project's Office Annual Limit Land Use, the applicant can elect to roll over the application to the next fiscal year. The City and applicant may agree to extend any applicable processing time periods to effectuate this provision.

(Ord. 5357 § 1 (part), 2015)

### **18.85.260 Selection Criteria.**

The City Council shall evaluate applications subject to the annual limit using the following criteria based upon weighting set forth in administrative rules or procedures which shall provide that projects meeting criterion (i) shall be selected first and weighted against each other:

#### **Impacts**

(a) The density of the development in the context of underlying zoning and the site surroundings; and

(b) The ability to avoid or address potential impacts on traffic and parking; and

#### **Design**

(c) The quality of design, including the attention to human scale where the building(s) meet the street, the compatibility with surroundings, and the overall architectural quality; and

#### **Environmental Quality**

(d) Environmental quality; and

#### **Public Benefit**

(e) The value to the community of public benefits offered; and

#### **Uses**

(f) Mixed use projects including substantial housing; and

(g) Mixed use projects including retail; and

(h) Mixed use projects that provide space for cultural amenities such as but not limited to art galleries and studios; and

#### **Pipeline Projects**

(i) Any entitlement application involving an Office Annual Limit Land Use deemed complete by the City between March 31, 2015 and June 15, 2015.

(Ord. 5357 § 1 (part), 2015)



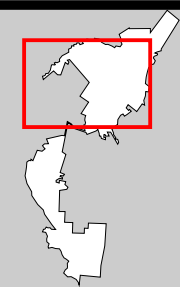
**18.85.270 Implementation.**

The Director has the authority to adopt rules or procedures to implement the efficient and equitable implementation of this Ordinance.

(Ord. 5357 § 1 (part), 2015)

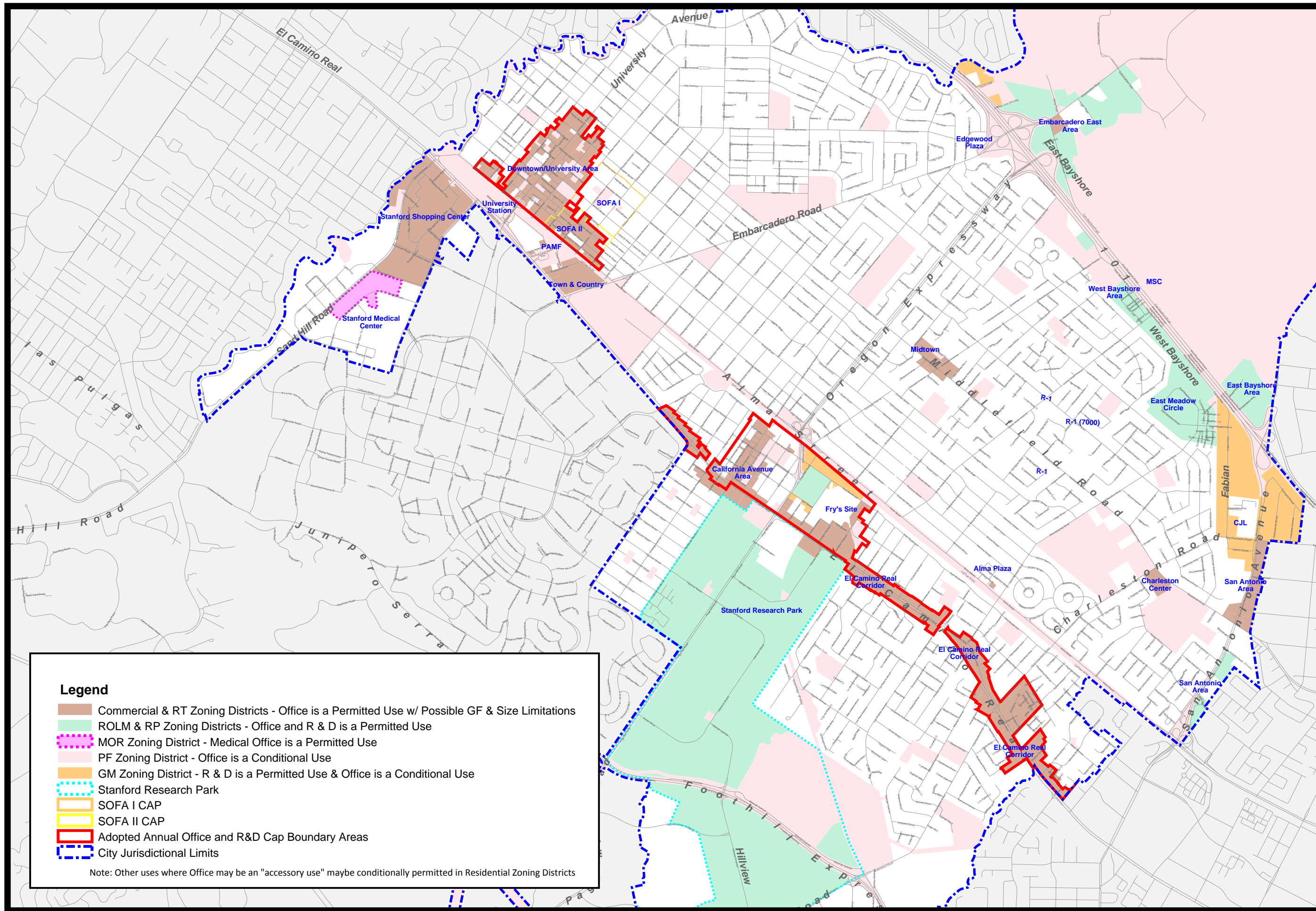
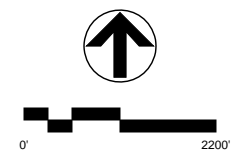


The City of Palo Alto



Office and R&D Annual Cap Boundaries Area Map

This map is a product of the City of Palo Alto GIS



**Legend**

- Commercial & RT Zoning Districts - Office is a Permitted Use w/ Possible GF & Size Limitations
- ROLM & RP Zoning Districts - Office and R & D is a Permitted Use
- MOR Zoning District - Medical Office is a Permitted Use
- PF Zoning District - Office is a Conditional Use
- GM Zoning District - R & D is a Permitted Use & Office is a Conditional Use
- Stanford Research Park
- SOFA I CAP
- SOFA II CAP
- Adopted Annual Office and R&D Cap Boundary Areas
- City Jurisdictional Limits

Note: Other uses where Office may be an "accessory use" maybe conditionally permitted in Residential Zoning Districts

## Projects Subject to the Annual Office Limit for FY2016-FY2018

### Approved Office Projects

Fiscal Year	Address	Project Description	Location	Net New Office Area
2016	2747 PARK BL	R&D: New three-story 33,323 sq. ft. research and development building, replacing the existing 4,800 sq. ft. commercial building. Zoning District: General Manufacturing (GM). [14PLN-00388]	California Avenue	28,523 sq. ft.
2016	3225 EL CAMINO REAL	Mixed-use: New 29,249 sq. ft. mixed-use project, replacing the existing 7,000 sq. ft. retail building, which includes eight residential units and 11,984 sq. ft. of commercial space (retail & office). Zoning District: CS Service Commercial. [15PLN-00003]	El Camino Real Corridor	2,932 sq. ft.
2016	2585 EL CAMINO REAL	Mixed-use: New three-story mixed use building including 19,954 sq. ft. of commercial space (retail & office) and 13 residential condominium units. Zone Districts: CN, CC(2). [15PLN-00170]	El Camino Real Corridor	9,408 sq. ft.
			<b>TOTAL</b>	<b>40,863 sq. ft.</b>

Fiscal Year	Address	Project Description	Location	Net New Office Area
2017	NONE			

### Pending Office Projects

Fiscal Year*	Address	Project Description	Location	Net New Office Area
2018	3045 PARK BL	R&D: New two-story 29,120 sq. ft. R&D building replacing the existing 17,956 sq. ft. commercial/office building and construct a. Zone District: GM(AD). [17PLN-00073]	California Avenue	11,164 sq. ft.
2018	3585 EL CAMINO REAL	Mixed-use: New three-story mixed use building including 3,126 sq. ft. of office and two residential condominium units. Zone Districts: CN. [17PLN-00305]	El Camino Corridor	3,126 sq. ft.
2018	400 EMERSON	Conversion of a financial services use to office use on the ground floor. [17000-02763, U&O]	Downtown	2,500 sq. ft.
			<b>Total</b>	<b>16,790 sq. ft.</b>

\* Providing projects are ready for approval by March 30, 2018.

## Summary of Office/R&D Development FY2001-FY2017

Fiscal Year	CalAve <sup>2</sup>	Downtown <sup>2</sup>	ECR <sup>2</sup>	SRP	Other Areas	Total (sq. ft.)
2001	5,828	9,601	2,080	155,930	22,600	<b>196,039</b>
2002	4,490	42,210	1,191	32,433	9,950	<b>90,274</b>
2003	0	0	0	0	0	<b>0</b>
2004	0	0	0	4,198	492	<b>4,690</b>
2005	26,320	10,201	0	0	-85,639	<b>-49,118</b>
2006	1,860	76,268	6,185	0	-164,152	<b>-79,839</b>
2007	60,703	410	0	5,700	-248,958	<b>-182,145</b>
2008	0	10,535	0	0	-15,442	<b>-4,907</b>
2009	1,754	0	0	0	-66,000	<b>-64,246</b>
2010	0	17,510	33,979	0	0	<b>51,489</b>
2011	0	28,148	0	35,000	5,690	<b>68,838</b>
2012	58,473	48,356	0	26,745	-162	<b>133,412</b>
2013	0	26,739	2,775	49,000	0	<b>78,514</b>
2014	45,406	45,608	0	11,571	-43,040	<b>59,545</b>
2015	58,840	0	0	0	14,608	<b>73,448</b>
2016	42,189	-9,203	12,340	47,141	0	<b>92,467</b>
2017	0	0	0	36,357	0	<b>36,357</b>
<b>Total (sq. ft.)</b>	<b>305,863</b>	<b>306,383</b>	<b>58,550</b>	<b>404,075</b>	<b>-570,053</b>	<b>504,818</b>

	AOL Area <sup>4</sup>	Citywide	Citywide w/o SRP
Total Development (sq. ft.):	670,796	504,818	100,743
Average Annual Development (sq. ft.):	39,459	29,695	5,926

**Notes:**

1. Data shown is from VTA's Congestion Management Program's (CMP) and reflects office and R&D uses that is derived from Planning Entitlements from FY 2001- FY 2017.

2. Totals reflect annual approvals of projects subject to the AOL limit plus exempt projects, as listed below:

Year	Address	Exemption Type	Office Area Change (sq. ft. )	Notes
FY2017	429 University Ave	Pipeline Project	12,889	
FY2018	2600 El Camino Real	Small Project -Less Than 2,000 SF Added	0	Replacement square footage
FY2018	4115 El Camino Real*	Small Project -Less Than 2,000 SF Added	1,997	
FY2018	190 Channing St*	Small Project -Less Than 2,000 SF Added	1,098	

FY2018	380 Cambridge*	Small Project -Less Than 2,000 SF Added	-1,503	
		<b>Total</b>	<b>14,481</b>	
*Project Not Approve, Currently Under Review				

3. Data excludes Stanford University Medical Center (SUMC) expansion and Mayfield Development Agreement Projects, which demolishes approximately 323k of non-residential square feet and replaces 300k of demolished square feet in Stanford Research Park (SRP).

4. The Annual Office Limit (AOL) affects three commercial areas in the City: Downtown, California Avenue area, and the El Camino Corridor.

**CITY OF PALO ALTO**  
**INTERIM OFFICE/R&D ANNUAL LIMIT GUIDELINE**  
**February 17, 2016**

Pursuant to the authority granted by Palo Alto Municipal Code (“PAMC”) Section 18.85.208, the following Interim Office/R&D Annual Limit Program Guideline (“Guideline”) is hereby adopted and determined to be desirable for the implementation and enforcement of PAMC Section 18.85.200 (Annual Office Limit) of PAMC Chapter 18.85 (Interim Zoning Ordinances). All defined terms used in this Guideline shall have the meaning set forth in PAMC Section 18.85.201.

**Overview:** The purpose of this Guideline is to implement the annual limit on Office/R&D development adopted by Ordinance Number 5357 on October 26, 2015. The annual limit was adopted on an interim basis for two years (until November 26, 2017) or until the Comprehensive Plan Update is completed, whichever occurs first.

No more than 50,000 gross square feet of new Office/R&D development can be approved within a given fiscal year in the subset of the City shown in Attachment A and adopted as Exhibit A of Ordinance 5357. This Guideline is intended to implement the interim annual limit in Fiscal Year 2015/16 and Fiscal Year 2016/17.

**Program Guideline:**

A. **Applicability.** This Interim Office/R&D Annual Limit Program Guideline is applicable to all discretionary development applications proposing an increase in gross square footage devoted to one or more of the following uses,<sup>1</sup> when the site is located within the area shown on Exhibit A of Ordinance 5357:

- Research & Development as defined in PAMC Section 18.04.030(123)
- Administrative Office Services as defined in PAMC Section 18.04.030(6)
- General Business Office as defined in PAMC Section 18.04.030(61)
- Medical Office as defined in PAMC Section 18.04.030(95)
- Professional Office as defined in PAMC Section 18.04.030(116).

Building permit applications and associated use and occupancy certificates are not discretionary and applications proposing use or reuse of existing building space via non-discretionary applications are not subject to the Interim Office/R&D Annual Limit.

B. **Exemptions.** Exempted applications, as defined below, shall be processed in accordance with applicable sections of the PAMC without regard to the

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<sup>1</sup> The text of the cited definitions is included in Attachment B.

procedures established by this Guideline. The decision to approve or disapprove such applications shall be appealable to the City Council in accordance with existing provisions of the PAMC.

An applicant may request in writing a formal determination that a pending application is exempt pursuant to one of the exemptions outlined below at any time. The resulting written determination shall be considered a code interpretation that is appealable to the City Council consistent with Section 18.01.025 of the PAMC.

1. Accessory office space that is incidental to and customarily associated with a principal use or facility. Examples include a small office space used in conjunction with a retail establishment, a hotel, a school, or a religious institution.
  2. City office space.
  3. Any application proposing less than 2,000 new gross square feet of Research & Development, Administrative Office Services, General Business Office, and/or Professional Office, where such application does not also involve the Medical Office exemption in item (4) below.
  4. Any application proposing a project containing less than 5,000 new gross square feet of Medical Office, where such application does not also involve the exemption in item (3) above.
  5. "Pipeline Projects" as follows:
    - a. Projects which obtained a planning entitlement prior to the effective date of Ordinance 5357 (November 25, 2015).
    - b. Projects which are the subject of a planning entitlement application that was submitted to the City in 2013 or 2014 and deemed complete by the City on or before March 31, 2015.
- C. "Self-Mitigating Projects" which provide rental housing for more members of the workforce than would be employed in the project, and which provide substantial transportation demand management (TDM) strategies either individually or in combination with other projects or programs such that parking and traffic conditions in the site vicinity would be improved.
- D. Economic Hardship Waiver or Adjustment. An applicant may request that requirements of Ordinance 5357 be adjusted or waived based upon showing that applying the requirements of Ordinance 5357 would effectuate an unconstitutional taking of property or otherwise have an unconstitutional application to the property.

1. The applicant shall bear the burden of presenting evidence to support a hardship-related waiver or modification and shall submit an economic analysis along with an explanation of the factual and legal basis for the claim to the Director of Planning.
  2. The Director of Planning shall review the request and forward it to the City Council with a recommendation within 60 days. The City Council shall consider the request at a noticed public meeting, along with the economic analysis and the Director's recommendation, and provide a final decision to grant or deny the request.
- E. Processing and review of applications subject to the Interim Office/R&D Annual Limit.
1. Applications subject to the Interim Office/R&D Annual Limit shall be processed in accordance with the PAMC and the California Environmental Quality Act (CEQA), except that neither the Director of Planning nor the City Council shall adopt the CEQA document or act upon any such applications between July 1 and March 31 of each year.
  2. The Director of Planning shall review all such applications that are pending final action by the Director of Planning or City Council as of the close of business on March 31 of each year, and determine which applications are eligible for consideration.
    - a. Pending applications only become eligible for consideration if they have been recommended for approval by the Architectural Review Board (ARB) and the Planning & Transportation Commission (PTC – for Site and Design and rezoning applications only), and if review pursuant to CEQA has been completed. For purposes of this section, subdivision requests accompanying entitlement applications do not need to be submitted or processed.
    - b. Applications that are not eligible for consideration at the close of business on March 31 will be reviewed for eligibility in the following fiscal year unless the 50,000 square foot annual limit has not been reached as described in paragraph (c) below. In this case, additional applications may become eligible and be considered between March 31 and June 30, as long as the 50,000 square foot annual limit is not reached.
  3. If the sum total of new square footage proposed by all eligible applications on the close of business on March 31 is 50,000 square feet or less, all of the applications will be acted upon by the approving authority established in the PAMC. For example, the Director of Planning would act upon Architectural Review applications, and that action would be appealable to the City Council.



The City Council would act upon applications requiring Site and Design or rezoning.

4. If the sum total of new square footage proposed by all eligible applications on the close of business on March 31 is greater than 50,000 square feet, the Director of Planning shall prepare the applications for hearing by the City Council as follows:
  - a. At an initial hearing, the Director shall provide the City Council with all pending applications, including required CEQA documents, recommended findings and conditions of approval. Each applicant will be invited to present their project at the initial hearing, and the City Council may provide comments and direction regarding the recommended findings and conditions. The initial review of the eligible projects by the City Council may be spread over more than one meeting if time does not allow review of all projects on one meeting agenda.
    - i. If the City Council is unable to support approval of the required CEQA document or the required findings for any of the eligible projects, it may direct staff to prepare findings for denial or impose conditions that will permit it to make the necessary findings.
    - ii. Projects that are denied based upon not meeting required findings for approval are no longer eligible projects and the applicant must submit a new planning entitlement for a substantially different project for proposed development at the same site.
  - b. At a second public hearing, the Director shall provide the City Council with a recommended ranking of the eligible applications using the scoring criteria included below. The Director may convene a panel consisting of the Chair of the ARB and the Chair of the PTC to assist in the ranking. At the second public hearing, the City Council shall review the Director's recommendation and select the projects that shall receive an office/R&D allocation. The projects selected shall receive planning entitlement approval at the same hearing, which shall occur before the end of the fiscal year on June 30. The City Council shall approve, deny, or approve as modified the project(s) receiving an office/R&D allocation.
  - c. Any application that is not approved by the City Council solely because it exceeds the office/R&D allocation shall be denied unless the applicant requests that the project be rolled over for consideration in the next fiscal year. In addition, the applicant may request his/her application be rolled over to the next fiscal year if the City Council

proposes to modify the project by reducing its square footage and the applicant declines to do so. A project can be rolled over only one time.

F. Expiration of Office/R&D Allocation. Once a project has been approved, all applicable entitlement timelines apply to the project, including the expiration of approvals. If an entitlement expires, the approved allocation also expires. The allocation cannot be carried over to another development proposal; it must be used for the approved project or it will be lost.

G. Review Criteria and Scoring.

1. Eligible applications that were deemed complete by the City between March 31 and June 15, 2015 shall have priority over other projects and shall be evaluated against each other and granted an allocation before other eligible applications are considered
2. Review criteria are established in Ordinance 5347 as follows:

Impacts

- a. The density of the development in the context of underlying zoning and the site surroundings; and
- b. The ability to avoid or address potential impacts on traffic and parking;

Design

- c. The quality of design, including the attention to human scale where the building(s) meet the street, the compatibility with surroundings, and the overall architectural quality; and

Environmental Quality

- d. Environmental quality

Public Benefit

- e. The value to the community of public benefits offered; and

Uses

- f. Mixed use projects including substantial housing; and
- g. Mixed use projects including retail; and
- h. Mixed use projects that provide space for cultural amenities such as but not limited to art galleries and studios

3. The Director's recommendation shall be based on an evaluation of eligible applications weighting the review criteria as shown in the score card in Table 1, below. All projects will be ranked against each other according to the point totals they receive.
4. The City Council may accept the Director's recommendation or modify it based on its independent review of the criteria, and shall determine which eligible applications will be approved, approved with modifications, or

denied, such that the total square footage approved does not exceed 50,000 new gross square feet of the uses listed in Section A, above.

**Table 1. Interim Office/R&D Annual Limit Scoring (One Score Card Shall be Used to Evaluate Each Eligible Application)**

<b>Project Address and APN:</b>		<b>Net New Square Footage Requested:</b>		
<b>Brief Project Description:</b>				
<b>Scoring Criterion</b>	<b>Total Possible Score</b>	<b>Considerations for Each Criterion</b>	<b>Project Score</b>	<b>Explanation</b>
<b>1. Impacts</b>	<b>30</b>			
a. The density of the development in the context of underlying zoning and the site surroundings	10	Projects will be ranked against each other, with the most points awarded to the project that does not require variances or exceptions from applicable quantitative standards of the code <i>and</i> that is deemed to be most consistent in terms of its mass and scale with nearby buildings. <sup>1</sup>		
b. The ability to avoid or address potential impacts on traffic and parking	20	Projects will be ranked against each other, with the most points awarded to the project resulting in the least traffic and the least potential for unmet parking demand, regardless of whether these impacts are considered significant pursuant to CEQA.		
<b>2. Design</b>	<b>20</b>			
c. The quality of design, including the attention to human scale where the building(s) meet the street, the compatibility with surroundings, and the overall architectural quality	20	Projects will be ranked against each other, with the most points awarded to the project with the highest quality of design. Rankings will consider how the buildings address the street and their compatibility with surrounding buildings.		

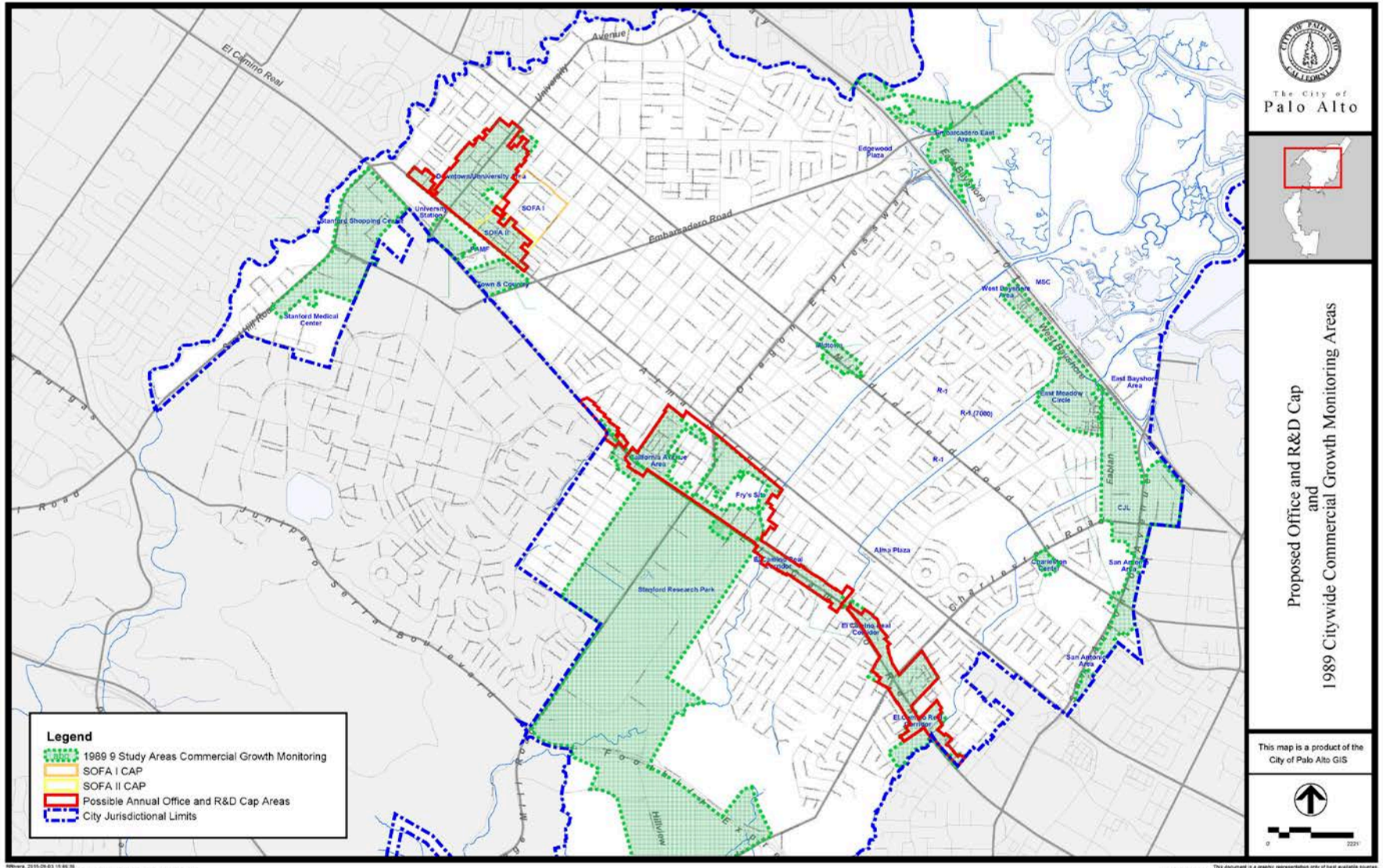
Scoring Criterion	Total Possible Score	Considerations for Each Criterion	Project Score	Explanation
<b>3. Environmental Quality</b>	<b>20</b>			
a. Environmental quality	20	Projects will be ranked against each other, with the most points awarded to project that avoids significant environmental impacts under CEQA <i>and</i> that is designed to enhance the built and natural environment. Enhancements may include, but are not limited to, incorporation of energy conservation, storm water, and sustainability features above and beyond legal requirements, as well as incorporation of vegetation/landscaping and bird friendly design.		
<b>4. Public Benefit</b>	<b>20</b>			
b. The value to the community of public benefits offered	20	Eligible projects will be compared to each other in terms of their value to the community, with the top project receiving up to 20 points and other projects receiving lower rankings based on their relative benefits. For purposes of this section, the value of public benefits may be qualitative or quantitative. <sup>2</sup>		
<b>5. Uses</b>	<b>20</b>			
c. Mixed use projects including substantial housing	10	Projects will be ranked against each other with the most points awarded to the project with the greatest number of dwelling units. <sup>3</sup>		
d. Mixed use projects including retail	5	Projects will be ranked against each other based on their mix of uses, including the quantity of ground floor retail. <sup>3</sup>		
e. Mixed use projects that provide space for cultural amenities such as but not limited to art galleries and studios	5	Projects will be ranked against each other based on their mix of uses, including retail or personal services uses (galleries or studios) for use by artists, or space for other cultural uses. A project's public art requirement does not count towards this. <sup>3</sup>		

**Notes:**

1. For purposes of this section, exceptions to the “Build to Line” standard and requests for parking reductions per PAMC Section 18.52.050 shall not be considered. Section 18.52.050 can be used to allow parking adjustments based on provision of on-site amenities, shared parking, senior housing, affordable housing, housing near transit, and TDM plans.
2. Benefits may be intrinsic to the project, such as affordable housing units, publicly accessible open spaces, publicly accessible off-street parking, community meeting space, or subsidized rent for community-serving non-profits. Benefits may also be extrinsic improvements or voluntary financial contributions to larger community initiatives. Some benefits may be quantifiable and some may not.
3. By rewarding provision of uses that may not be permitted in all zoning districts, this section effectively gives some priority to those projects that are proposed within districts that allow the desired uses (when those uses are incorporated into the proposed project).

# Attachment A Map of Areas Subject to the Interim Office/R&D Annual Limit

Attachment C



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## Attachment B

### Definitions of Relevant Office and R&D Uses from the Palo Alto Zoning Ordinance

Land Use	Code Section	Definition
Research & Development	18.04.030(123)	<p>"Research and development" means a use engaged in the study, testing, engineering, product design, analysis and development of devices, products, processes, or services related to current or new technologies. Research and development may include limited manufacturing, fabricating, processing, assembling or storage of prototypes, devices, compounds, products or materials, or similar related activities, where such activities are incidental to research, development or evaluation. Examples of "research and development" uses include, but are not limited to, computer software and hardware firms, computer peripherals and related products, electronic research firms, biotechnical and biomedical firms, instrument analysis, genomics, robotics and pharmaceutical research laboratories, and related educational development. Research and development may include the storage or use of hazardous materials in excess of the exempt quantities listed in Title 15 of the Municipal Code, or etiological (biological) agents up to and including Risk Group 3 or Bio Safety Level 3 classifications as defined by the National Institute of Health (NIH) or the Center for Disease Control (CDC). Higher classification levels of etiological (biological) agents are not allowed without express permission of the City Manager, Fire Chief, and Police Chief.</p> <p>Related administrative uses such as finance, legal, human resources, management, marketing, sales, accounting, purchasing, or corporate offices; provisions of services to others on or off-site; and related educational uses may also be included provided they remain primarily supportive of the primary uses of "research and development" and are part of the same research and development firm.</p>
Administrative Office Services	18.040.030(6)	"Administrative office services" means offices and service facilities performing headquarters, regional, or other level management and administrative services for firms and institutions.
General Business Office	18.040.030(61)	"General business office" means a use principally providing services to individuals, firms, or other entities, including but not limited to real estate, insurance, property management, title companies, investment, personnel, travel, and similar services.
Medical Office	18.04.030(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



Land Use	Code Section	Definition
		allowed up to 20 gallons total (including waste).
Professional Office	18.04.030(116)	"Professional office" means a use providing professional or consulting services in the fields of law, architecture and architectural design, engineering, accounting, and similar professions, including associated product testing and prototype development, but excluding product manufacturing or assembly and excluding the storage or use of hazardous materials in excess of permit quantities prescribed in Title 15 of the Municipal Code.