



# HOUSING PALO ALTO

A COMMUNITY CONVERSATION



CITY OF  
**PALO ALTO**



June 28, 2018

# Agenda

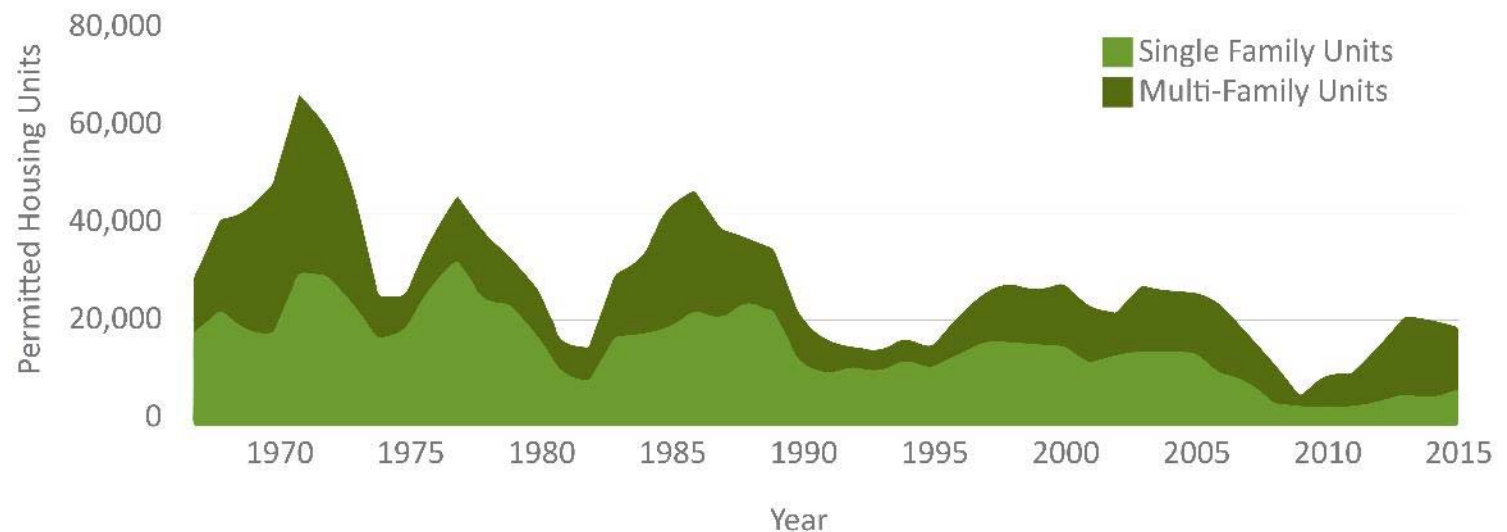
- Presentation
  - Local and Regional Housing
  - Adopted Policies & Housing Work Plan
  - Research Findings
  - Key Ideas
- Open House (6:30pm)
  - Idea Stations
  - One-on-one w/ City staff
- Debrief (~7:15pm)



# Regional Housing

- Housing construction has not kept up with major employment booms of the 1990s and 2010s
- Market rate apartments built 20-60 years ago are today's "naturally occurring" affordable housing

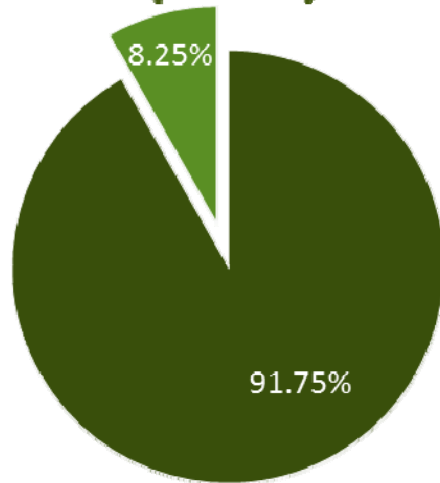
## Bay Area Housing Trends: Units Built by Year



Source: ABAG via Vital Signs; Construction Industry Research Board, 1967–2010; California Homebuilding Foundation/ Construction Industry Research Board, 2011–2015

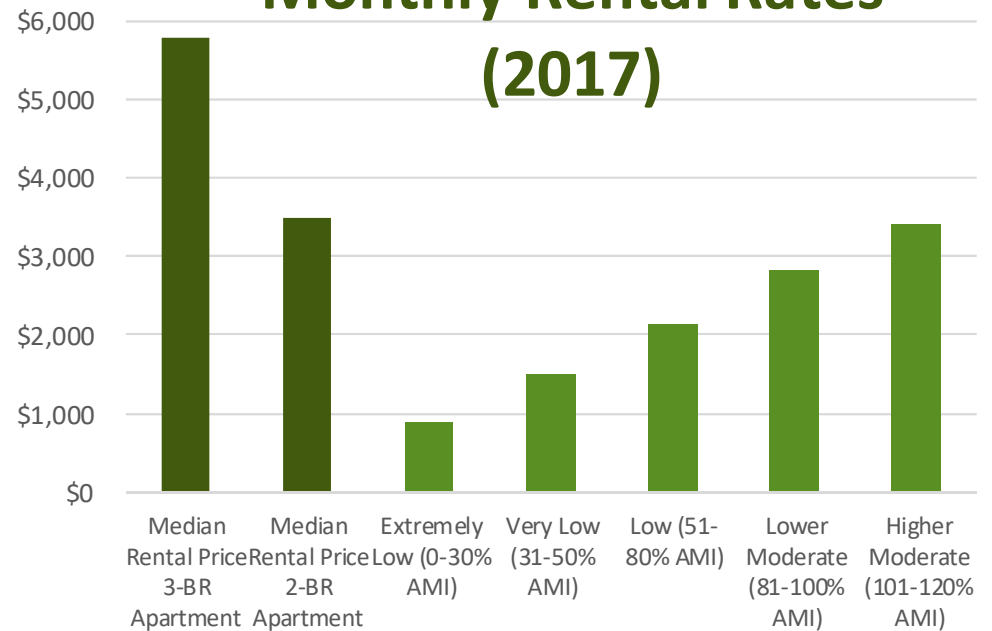
# Affordability in Palo Alto

## Existing Housing Stock (2017)



- Market Rate Housing
- Below-Market Rate Housing

## Monthly Rental Rates (2017)



Median Rents      Maximum Affordable Rents, by Area Median Income (AMI) for a 4-person household in Santa Clara County (AMI = \$113,300)

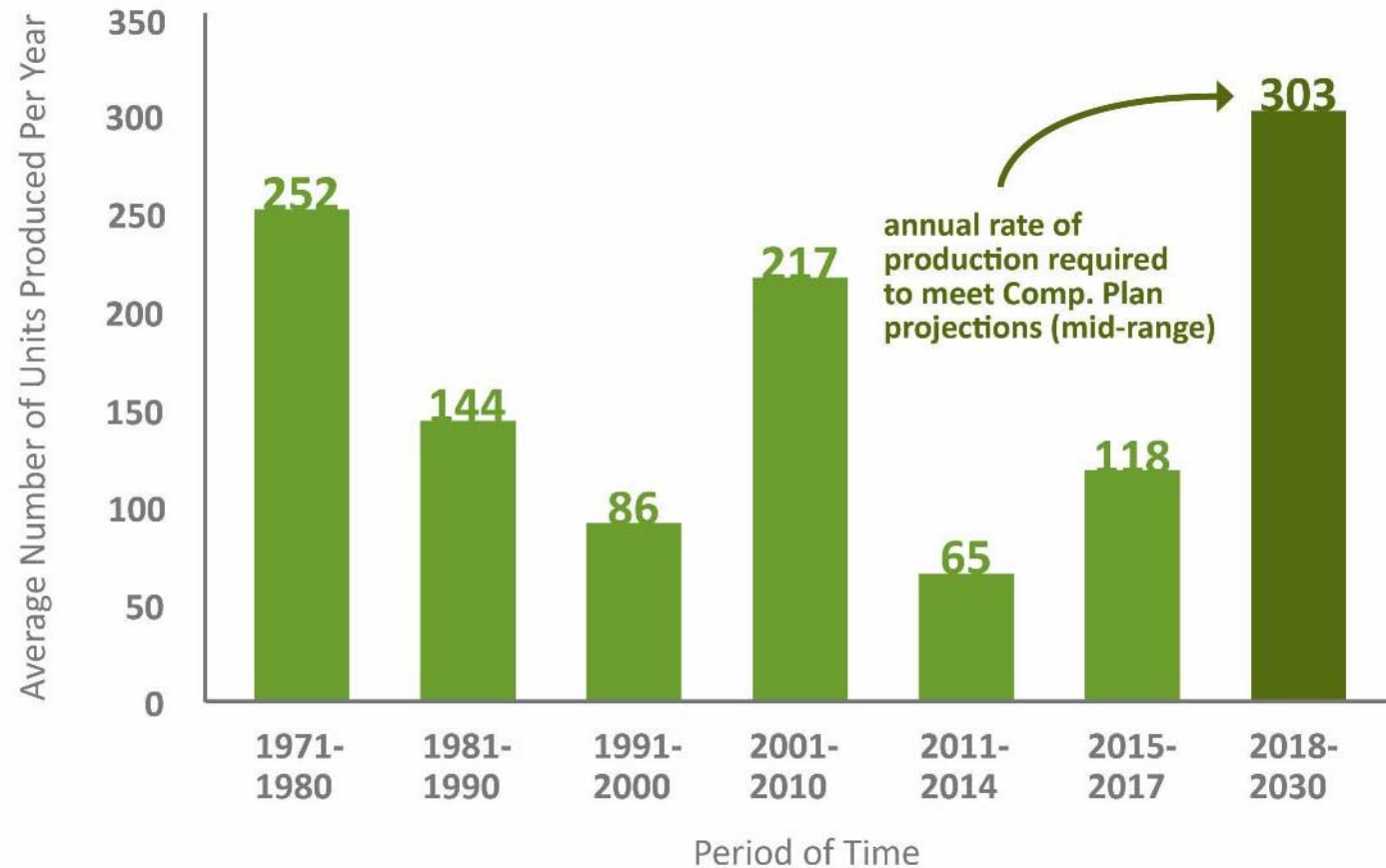
Source: California Department of Housing and Community Development, 2017; Zillow, 2017; Palo Alto Housing Element 2014-2023



# Quantitative Objectives

- Housing Element provides sites to accommodate 1,988 units (including 1,401 BMR) between 2014 and 2022
- Comprehensive Plan provides policies and programs to stimulate production of 3,545 to 4,420 units between 2015 and 2030

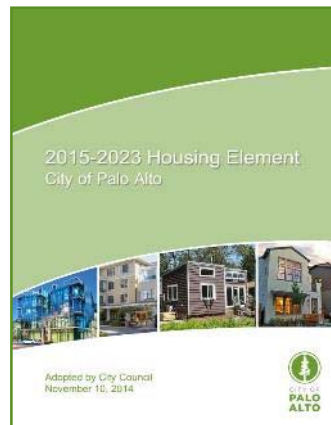
# Housing Production Over Time



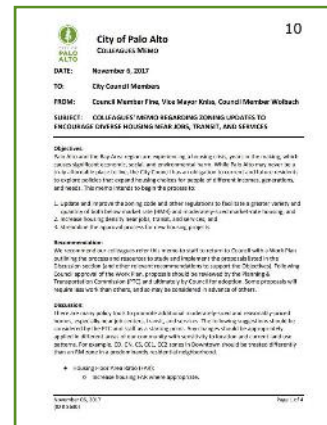
# Council Housing Work Plan: Policy Context



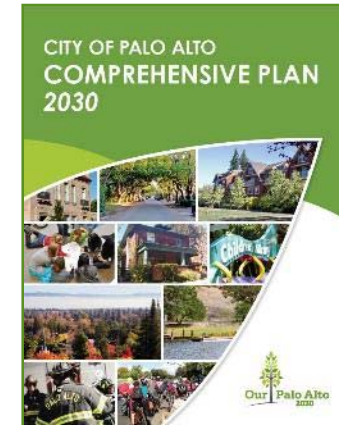
**Housing Work Plan**



**Housing Element  
Near Term Programs**



**Colleagues Memo  
November 6, 2017**



**Comp. Plan  
Housing Goals &  
Programs**

# Council Housing Work Plan: Ongoing Projects and Initiatives

- Updating accessory dwelling unit (ADU) regulations
- Affordable housing overlay
- Workforce housing
- North Ventura Coordinated Area Plan
- Parking demand study
- Analysis of inclusionary housing requirements





# Council Housing Work Plan: 2018 Zoning Ordinance Revisions

1. Provide incentives and remove constraints for multifamily housing in the Downtown, Cal Ave., and El Camino Real
  2. Support multifamily housing in the RM districts
  3. Provide incentives/remove constraints in all zoning districts through revisions to parking standards
- *Key strategies to encourage housing production*

“Consistent with the Comprehensive Plan’s encouragement of housing near transit, higher density multifamily housing may be allowed in specific locations.” *Comprehensive Plan p. 32*

# Council Housing Work Plan: 2019 Zoning Ordinance Revisions

1. Transfer of Development Rights (TDR) Ordinance
2. Allowing smaller units, co-housing
3. Regulations for cottages, duplexes and fourplexes
4. Village Residential zoning overlay process
5. Explore excluding underground floor area from parking requirements in the R-1 district
6. Other?



# Planning & Transportation Commission

- Council referral
- Study Sessions (3) reviewing key issues and strategies related to:
  - Density/development standards
  - Use regulations
  - Parking standards
  - Project review process
- August 29<sup>th</sup>: Ordinance Framework
- September: Ordinance Review



# Stakeholder Meetings

1. Architarian Design
2. Bentall Kennedy
3. Eden Housing
4. Golden Gate Homes
5. FGY Architecture
6. Hayes Group
7. Lighthouse Public Affairs
8. Mid Pen Housing
9. Palo Alto Housing
10. Center for Continuing Study of the CA Economy
11. Sand Hill Properties
12. Sobrato Organization
13. SV@Home
14. Thoits Brothers
15. TOPOS Architecture
16. Windy Hill

# Stakeholder Findings

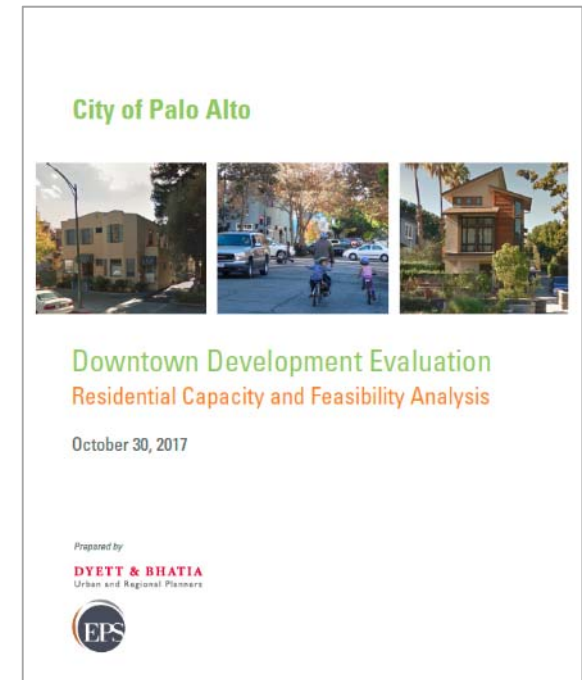
1. Generally agreed with Council referral, including streamlining the review process, reducing constraints
2. Density and parking were cited as the major constraints to site planning, massing, # of units
3. General sense that the current zoning does not support the City's stated goals of multifamily housing
4. Recommendation that the City allow the types of developments that it wants "by right"
5. Frustration about the length of time the entitlement process takes





# Downtown Residential Capacity Analysis Report

- Market trends support higher density residential uses
- But, ground-up project generally must at least *double* existing residential density to overcome existing value
- Development likely to be limited by parcel size and standards that limit buildable area and building size
- Report Recommendations:
  - Reduce parking and/or other standards to increase floor area
  - Create incentives for parcel assembly



# Empirical Study of Multifamily Parking Rates

- Literature Review of multifamily parking rates and impact of TOD
- Fehr & Peers study of parking occupancy at 9 multifamily sites in Palo Alto
- Update to come in August, following PTC comments

<i>Multi-Family Housing Type</i>	<i>Current Requirement</i>	<i>Surveyed Parking Demand Rate</i>
Market Rate	1.25 spaces per studio, 1.5 spaces per 1-bedroom unit 2 spaces per 2+ bedroom unit	0.75 spaces per bedroom
Affordable Housing	See market-rate, plus 20-40% reduction depending on affordability	0.55 spaces per bedroom
Senior housing	See market-rate, plus up to 50% reduction	0.34 to 0.69 spaces per bedroom

# Zoning Overview – *how zoning creates incentives and disincentives*

- Support development of desired projects:
  - Streamline the permit process
  - Provide flexibility in development standards
  - Allow more density

OR

- Discourage uses a community does not want:
  - Lengthy review requirement
  - Layers of development or performance standards

→ *Mismatch: Current ordinance is discouraging desired residential uses; goals and incentives not aligned*

# Idea Stations



## PROJECT REVIEW PROCESS

### OPPORTUNITIES FOR INPUT

**WHAT IS PTOD?**

The California Avenue Pedestrian and Transit Oriented Development (PTOD) Community District is intended to allow higher density residential dwellings on commercial, industrial and multifamily parcels within a walkable distance of the California Avenue Caltrain station, while protecting low density residential parcels and parcels with historical resources that may also be located in or adjacent to this area.




Only few applicants have sought out PTOD zoning since its inception in 2008.

**What is it like today?**

**Residential Design Review Process**

- Whether a use is permitted through an administrative (staff-level) approval or a public review process can present an incentive or disincentive to its development.
- The public review process provides opportunities for community input and feedback from decision-makers, but also adds time, expense, and uncertainty from the perspective of applicants.

**DOWNTOWN AND EL CAMINO REAL (CD-C, CN, CS):**

```

graph LR
    ARB[Architectural Review (ARB)] --> PTC[Site & Design Review (PTC)]
    PTC --> ARB
    PTC --> CSR[Site & Design Review (Council)]
    CSR --> PTC
        
```

**MIXED USE WITH <10 UNITS**

```

graph LR
    PTC[Site & Design Review (PTC)] --> ARB[Architectural Review (ARB)]
    ARB --> CSR[Site & Design Review (Council)]
        
```

**MIXED USE WITH 10+ UNITS**

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graph LR
    PTC[Recommendation for Rezoning to PTOD (PTC)] --> ARB[Architectural Review (ARB)]
    ARB --> CSR[Reporting to PTOD (Council)]
        
```

**CALIFORNIA AVENUE (PTOD):**

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graph LR
    PTC[Recommendation for Rezoning to PTOD (PTC)] --> ARB[Architectural Review (ARB)]
    ARB --> CSR[Reporting to PTOD (Council)]
        
```

**ALL PROJECT TYPES**

9-15 MONTHS

**COUNCIL WORK PLAN TASKS**

2.4.4. Review and revise level of permitting and site plan review required.

2.10. Review PTOD zoning overlay process to remove constraints/complexity, and expand scope.

**What could change?**

**Idea #1:** Streamline review process for projects that are consistent with the Zoning Ordinance by eliminating Site & Design Review with the PTC and Council:

- Require Architectural Review, with the ARB.
- Maintain noticing and hearing process to provide opportunities for public input.

**Idea #2:** Allow PTOD bonus height and density "by right" for certain types of projects:

- Market-rate housing projects?
- 100% affordable housing projects?
- Affordable housing with a certain level of affordability (e.g., 80% of Area Median Income)?





# Idea Station #1:

## Density and Development Standards

- Affect how a development looks and feels
  - Residential density (units/acre)
  - Floor area ratio (FAR)
  - Open space requirements
- Residential uses typically have more strict design standards vs. office and hotel uses, which allow higher densities

*→ Align regulations (incentives) toward the type of development prioritized in the Council's Housing Work Plan*



# Idea Station #2: Project Review Process

## CALIFORNIA AVENUE (PTOD):



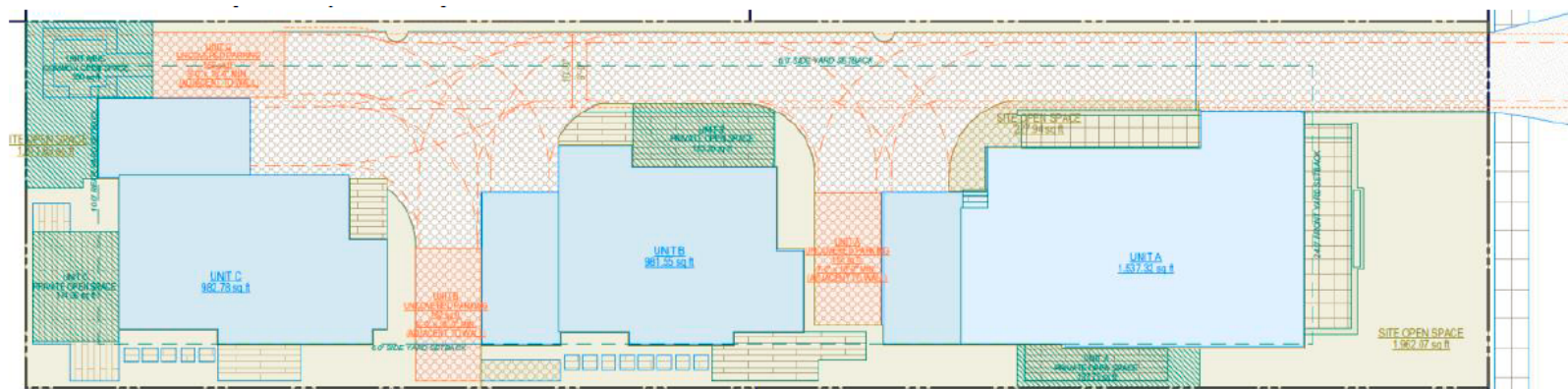
- Tradeoff between opportunities for input and time/uncertainty for applicant  
→ *Streamline review process for projects that are consistent with the Zoning Ordinance*

# Idea Station #3:

## Parking Requirements

- Requirements for driveway widths, backup distances, and the number of parking stalls can hinder build out
- In Downtown and Cal Ave. residential developers do not have the option to pay an in-lieu fee
- Mixed Use and Retail Preservation requirements necessitate retail parking

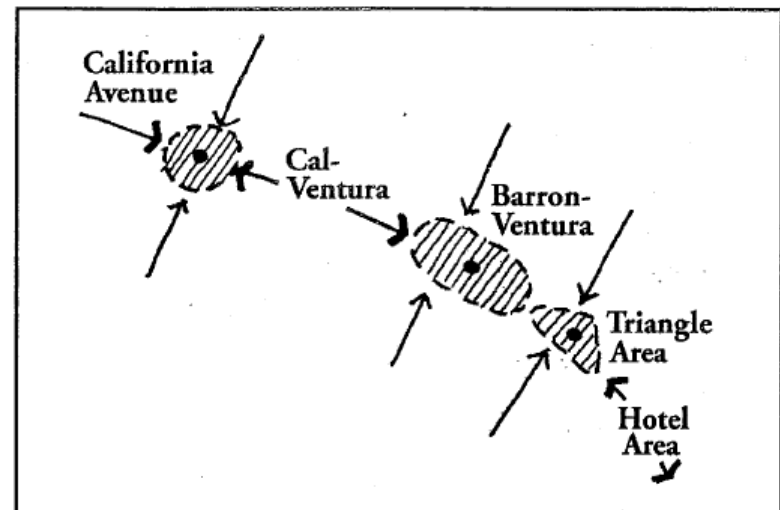
→ *Adjust parking requirements to better align with empirical findings*



# Idea Station #4: Retail and Housing Tradeoffs

- Residential uses are generally only permitted as part of mixed use developments
- Present a financial and physical challenge for residential developers
- When 100% residential uses are permitted, they are often constrained by more rigorous standards

→ *Identify the priority locations for ground-floor retail and 100% residential uses*



South El Camino Real nodes and corridors diagram.

# Resource Information Table

- Affordable Housing
- Accessory Dwelling Units (ADUs)
- Affordable Housing Overlay District
- Workforce Housing
- Housing Element
- Various Studies and Reports



# Next Steps/Ways to Participate


<i>Meeting Type</i>	<i>Topic</i>	<i>Date</i>
PTC Study Session	Objectives for housing work plan and city council direction	March 14 (completed)
PTC Study Session	Overview of issues, including key findings from Downtown study	April 25 (completed)
PTC Study Session	Parking, including key findings from parking demand study	May 30 (completed)
<b>Community Meeting</b>	<b>Present and receive feedback on ordinance framework</b>	<b>June 28</b>
PTC Study Session	Framework for ordinance	August 29
PTC Hearing	Review Draft Ordinance	September
PTC Hearing (continued, if needed)	Recommendation on Draft Ordinance (as revised)	October
City Council Hearing	Draft Ordinance	November

Contact the Planning Department at [HousingUpdate@CityofPaloAlto.org](mailto:HousingUpdate@CityofPaloAlto.org)

City Website > Planning & Community Environment > Housing Work Plan



# IDEA STATIONS




## PARKING REQUIREMENTS


### ALIGNING DEMAND AND SUPPLY

**PALO ALTO MULTI-FAMILY MINIMUM PARKING REQUIREMENTS**

<b>Market Rate</b>	1.25 spaces per studio 1.5 spaces per 1-bedroom unit 2 spaces per 2+ bedroom unit 1 guest parking space per project plus 10% of total number of units
<b>Affordable Housing</b>	See market rate, less 20-45% reduction depending on affordability
<b>Senior Housing</b>	See market rate, less up to 50% reduction
<b>Housing Near Transit</b>	See market rate, less up to 20% reduction with approval of Transportation Demand Management (TDM) measures
<b>Mixed Use Projects</b>	See market rate, less up to 10% reduction with shared parking options



Nine multifamily housing survey locations.



Finding the right balance between parking demand and supply helps to ensure sufficient parking availability, without causing spillover impacts into surrounding neighborhoods.

**COUNCIL WORK PLAN TASKS**

2.4.5 Allow parking reductions based on TDM plans and on payment of parking in-lieu fees for housing (Downtown and Cal Ave.).

2.4.6 Adjust parking requirements to reduce costs (based on parking study); identify the appropriate amount of parking for various housing types and locations, taking into account parking mitigations.

### What is it like today?

**Parking May Constrain Development of Residential and Mixed Use Projects**

- Requirements for driveway widths, backup distances, and the number of stalls can hinder production of a sufficient number of units to make a project viable.
- In Downtown and Cal Ave.—unlike with office developers—residential developers do not have the option to pay a fee in lieu of providing parking on-site.
- Mixed Use and Retail Preservation requirements necessitate retail parking requirements which range from 1 space/60 sq. ft. for restaurants to 1/350 sq. ft. for retail.

**Findings from a 2018 Empirical Study of Nine Palo Alto Multifamily Developments**

- The lowest parking demand rates were observed at the Senior Housing complexes and the highest at a Market Rate complex.
- Parking demand rates seem to be correlated with proximity to transit for both Affordable and Market Rate apartments. (Results are inconclusive for Senior Housing.)
- Off-street parking supplies appear to exceed demand in the nine developments surveyed. However, the study did not account for on-street parking abutting the developments.
- An updated study in response to PTC comments is forthcoming in August.

### What could change?


**Idea #1:** Adjust parking requirements to better align with empirical findings:

- Reduce base parking requirements.
- Eliminate need to provide parking studies and TDM measures for projects that meet base parking requirements.

**Idea #2:** Maintain parking requirements for single- and two-family residential uses.

**Idea #3:** Exempt a portion of ground-floor retail from parking requirements to relieve physical and financial constraints of providing retail.

**Idea #4:** For the Downtown Parking Assessment districts consider allowing housing development to participate in the in-lieu parking program and explore the possibility of establishing a program for California Avenue.



# DEBRIEF

*What do you think?*

