



CITY OF PALO ALTO CITY COUNCIL FINAL MINUTES

Special Meeting
December 3, 2018

The City Council of the City of Palo Alto met on this date in the Council Chambers at 5:03 P.M.

Present: DuBois, Filseth, Fine;, Holman arrived at 5:06 P.M., Kniss, Kou, Scharff, Tanaka, Wolbach

Absent:

Council Member Tanaka participated from The Prince Park Tower Tokyo, Main Lobby 4-8-1 Shibakoen Minato, Tokyo 105-8563 Japan

Closed Session

1. CONFERENCE WITH CITY ATTORNEY
Subject: Written Liability Claim Against the City of Palo Alto
By Keith Bunnell (Claim No. C18-0049)
Authority: Government Code Section 54956.9 (e)(3).

MOTION: Council Member Scharff moved, seconded by Council Member Fine to go into Closed Session.

MOTION PASSED: 7-0 Holman, Tanaka absent

Council went into Closed Session at 5:03 P.M.

Council returned from Closed Session at 5:46 P.M.

Mayor Kniss announced no reportable action from the Closed Session.

Special Orders of the Day

2. Appointment of Three Candidates to the Architectural Review Board and Three Candidates to the Parks and Recreation Commission for Three-year Terms Ending December 15, 2021; and two Candidates to the Planning and Transportation Commission for Four-year Terms Ending December 15, 2022.

Wynne Furth remarked that her colleagues on the Architectural Review Board (ARB) were well-qualified as architects and as reviewers of design. They

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brought complementary skills and approaches to the review of buildings, and they worked well with each other and with applicants. They had a range of experiences.

Council Member DuBois recalled his 2017 Motion before the Policy and Services Committee to move Council appointments to Boards and Commissions to the spring and the Council's removal of the Policy and Services Committee recommendations from the Consent Calendar. The recommendation to move appointments never returned to the Council for action. At the end of 2016, the Council faced appointing Board and Commission members to three-year terms and voted to move the appointments to January 2017 when new Council Members could be seated. Moving the appointments to January 2019 would be good process.

Council Member Holman reiterated that the Policy and Services Committee unanimously recommended the Council move appointments to January; however, the recommendation never returned to the Council for action. Moving the appointments to January would be a wise decision.

MOTION: Council Member Holman moved, seconded by Council Member Kou to move the appointments for the Architectural Review Board, Parks and Recreation Commission, and the Planning and Transportation Commission until after the new year.

Council Member Kou concurred with Council Members DuBois and Holman's comments.

Council Member Fine encouraged the Council to reevaluate the Policy and Services Committee recommendation in 2019.

Mayor Kniss noted the Council would have only one new Council Member in 2019.

Council Member DuBois indicated the Planning and Transportation Commission (PTC) rescheduled its selection of Chair and Vice Chair to January for the same reason.

MOTION FAILED: 6-3 DuBois, Holman, Kou

[The Council heard Agenda Changes, Additions and Deletions and City Manager Comments before continuing with this item.]

First Round of voting for three positions on the Architectural Review Board with terms ending December 15, 2021.

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Voting For: Peter Baltay: DuBois, Filseth, Fine, Holman, Kniss, Kou, Scharff, Tanaka, Wolbach

Voting For: Amparo Del Rio:

Voting For: Robert Gooyer: DuBois, Filseth, Holman, Kou

Voting For: David Hirsch: Fine, Kniss, Scharff, Tanaka, Wolbach

Voting For: Alexander Lew: DuBois, Filseth, Fine, Holman, Kniss, Kou, Scharff, Tanaka, Wolbach

Voting For: Curtis Smolder:

Beth Minor, City Clerk, announced that Peter Baltay with nine votes, Alexander Lew with nine votes and David Hirsch with five votes were appointed to the Architectural Review Board.

[The Council heard Oral Communications prior to returning to this item.]

First Round of voting for three positions on the Parks and Recreation Commission with terms ending December 15, 2021.

Voting For: Anne Cribbs: DuBois, Filseth, Fine, Holman, Kniss, Kou, Scharff, Tanaka, Wolbach

Voting For: Jeff Greenfield: DuBois, Filseth, Fine, Holman, Kniss, Kou, Scharff, Tanaka, Wolbach

Voting For: David Moss: DuBois, Filseth, Fine, Holman, Kniss, Kou, Scharff, Tanaka, Wolbach

Voting For: Calen Weinstein:

Ms. Minor announced that Anne Cribbs with nine votes, Jeff Greenfield with nine votes, and David Moss with nine votes were appointed to the Parks and Recreation Commission.

[The Council heard the Consent Calendar prior to returning to this item.]

First Round of voting for two positions on the Planning and Transportation Commission with terms ending December 15, 2022.

Voting For: Kelsey Banes:

Voting For: L. David Baron:

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Voting For: Bern Beecham: Scharff, Tanaka

Voting For: Rebecca Eisberg:

Voting For: Claude Ezran:

Voting For: Brian Hamacheck:

Voting For: Michelle Kraus:

Voting For: Dena Mossar: Tanaka

Voting For: Giselle Roohparvar: DuBois, Filseth, Fine, Holman, Kniss, Kou, Scharff, Wolbach

Voting For: Thomas Siegel: DuBois, Filseth, Holman, Kou

Voting For: Carolyn "Cari" Templeton: Fine, Kniss, Wolbach

Voting For: Craig Yanagisawa:

Ms. Minor announced that Giselle Roohparvar with eight votes was appointed to the Planning and Transportation Commission.

[The Council continued to Agenda Item Number 12 prior to continuing with this item.]

Second Round of voting for one position on the Planning and Transportation Commission with a term ending December 15, 2022.

Voting For: Bern Beecham: Scharff

Voting For: Thomas Siegel: DuBois, Filseth, Holman, Kou

Voting For: Carolyn "Cari" Templeton: Fine, Kniss, Tanaka, Wolbach

[The Council returned to Agenda Item Number 12.]

Third Round of voting for one position on the Planning and Transportation Commission with a term ending December 15, 2022.

Voting For: Thomas Siegel: DuBois, Filseth, Holman, Kou

Voting For: Carolyn "Cari" Templeton: Fine, Kniss, Scharff, Tanaka, Wolbach

Ms. Minor announced that Carolyn "Cari" Templeton with five votes was appointed to the Planning and Transportation Commission.

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[The Council returned to Agenda Item Number 12.]

Agenda Changes, Additions and Deletions

Molly Stump, City Attorney, noted Staff's request for the Council to continue Agenda Item Number 9 to a date uncertain in 2019 and Agenda Item Number 10 to December 10.

MOTION: Council Member Fine moved, seconded by Council Member Wolbach to continue Agenda Item 9 - "PUBLIC HEARING: Adoption of an Ordinance Amending Chapter 18.18 (Downtown Commercial District) of Title 18 (Zoning) of the Palo Alto Municipal Code (PAMC) to Repeal Section 18.18.040 Regarding a Nonresidential Square Footage Cap," to a date uncertain and Agenda Item 10 - "PUBLIC HEARING: Adoption of an Ordinance Amending Section 18.18.120 (Grandfathered Uses and Facilities) ..." to December 10, 2018.

MOTION PASSED: 9-0

City Manager Comments

James Keene, City Manager, invited the public to learn about the proposed public art concepts for the Public Safety Building (PSB) on December 6. Tickets for the 2018 New Year's Brunch, scheduled for December 28, were on sale.

[The Council returned to Agenda Item Number 2.]

Oral Communications

Bill Lorton remarked that Team Sheeper would pay only 1 percent of its revenues to the City, while the City would bear all maintenance and capital costs for Rinconada Pool. The Council should balance the interests of the existing pool users with the interests of Team Sheeper.

Jeff Levinsky felt the City did not protect its residents or housing with respect to the Hotel President. With respect to the agenda for September 10, the Ellis Act protects the City's right to make its zoning rules and does not allow an apartment building to be changed to something else if the owner insists.

Jim Levinson suggested the City Council and pool users needed to know how well Team Sheeper fulfilled its contract with the City, users' evaluations of the services offered by Team Sheeper, and contract terms that should be changed. The 2018 Team Sheeper report, which was due in October, would be provided later in December. During the 2017 approval of the contract with Team Sheeper, the aquatics department forecast \$125,000 in 2019 revenue;

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therefore, Team Sheepier would need to collect \$2.5 million in fees. This seemed unlikely based upon the 2017 Team Sheepier report.

Carol Macpherson hoped the Council would allow Rinconada Masters to remain at Rinconada Pool.

Suzanne Keehn appreciated the recent press coverage of the Hotel President situation. Residents' opinions should be just as important as developers' opinions. Parking congestion should be resolved before more development occurred.

Joe Hirsch commented that the City was creating traffic bottlenecks and pursuing traffic projects that residents opposed. The Council should direct Staff to meet with Arastradero residents who opposed the bulb-outs in the Ross Road project prior to construction of the bulb-outs.

Terry Holzemer stated parking would be a problem until the County of Santa Clara (County) increased public transit. The Council should thoroughly investigate the situation with the Hotel President.

Arthur Keller shared data regarding the number of Palo Alto residents who own one or more vehicles. Increasing housing density would not increase transit service.

Angela Dellaporta indicated the City needed housing that teachers, nurses, and firefighters who work in Palo Alto could afford.

[The Council returned to Agenda Item Number 2.]

Consent Calendar

James Keene, City Manager, suggested the Council consider removing Agenda Item Number 11 from the Consent Calendar to allow a fuller discussion of the item and to answer Council questions.

Molly Stump, City Attorney, recommended Agenda Item Number 11 be continued to December 17.

MOTION: Council Member Fine moved, seconded by Mayor Kniss, third by Vice Mayor Filseth to pull Agenda Item Number 11 - "PUBLIC HEARING / QUASI-JUDICIAL: 429 University Avenue [18PLN-00240]: Appeal of the Planning and Community Environment Director's Denial of a Minor Architectural Review ..." to be heard on December 17, 2018.

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Council Members Kou, Tanaka, and Holman registered no votes for Agenda Item Number 6 - Adoption of an Ordinance Amending Palo Alto Municipal Code (PAMC) Title 16

MOTION: Council Member Scharff moved, seconded by Mayor Kniss to approve Agenda Item Numbers 3-8, 11.

3. Approval of an Agreement With the Peninsula Corridor Joint Powers Board in the Amount of \$97,755 for the 2019 Caltrain Go Pass Program.
4. Finance Committee Recommendation That the City Council: 1) Adopt a Resolution 9802 Entitled "Resolution of the Council of the City of Palo Alto Approving the 2018 Electric Integrated Resource Plan (EIRP), Updated Renewable Portfolio Standard Procurement Plan and Enforcement Program;" and 2) Approve two EIRP Planning Documents.
5. Approval and Authorization for the City Manager to Execute a Construction Contract With MP Nexlevel of California, Inc. in the Amount of \$6,145,494 for Trenching and Substructure Installation and Materials, and a 10 Percent Contingency of \$614,549 for Related but Unforeseen Work, for a Total Authorized Amount of \$6,760,043 Over Three Years.
6. Adoption of an Ordinance Amending Palo Alto Municipal Code (PAMC) Title 16, Chapters 16.58 (Development Impact Fees); 16.59 (Citywide Transportation Impact Fees); and 16.60 (Charleston Arastradero Corridor Pedestrian and Bicyclist Safety Impact Fee) to add Development Impact Fee Exemptions for Junior Accessory Dwelling Units and Certain Accessory Dwelling Units Established by Garage Conversion.
7. Resolution 9803 Entitled "Resolution of the Council of the City of Palo Alto of Support for Formation of a Regional Housing Needs Allocation Subregion for Santa Clara County."
8. Approval of Amendment Number 1 to Contract Number C18168129 With Kennedy / Jenks Consultants for Professional Design Services for the Primary Sedimentation Tanks Rehabilitation and Equipment Room Electrical Upgrade Project at the Regional Water Quality Control Plant to add Services, Increase Compensation by \$249,631 for a new Maximum Compensation Not-to-Exceed \$965,000, and to Extend the Contract Term Through March 31, 2022 - Capital Improvement Program Project WQ-14003.
- ~~11. PUBLIC HEARING / QUASI-JUDICIAL: 429 University Avenue [18PLN-00240]: Appeal of the Planning and Community Environment Director's~~

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~~Denial of a Minor Architectural Review Consistent With Condition of Approval Number 3 From Record of Land Use Action Number 2017-02, for a Previously Approved Mixed-use Building (14PLN-00222), for the Proposed Exterior Building Materials, Colors, and Craftsmanship. Environmental Assessment: Use of Mitigated Negative Declaration Prepared for 14PLN-00222. Zoning District: CD-C(G)(P) (Downtown Commercial With Ground Floor and Pedestrian Shopping Overlay).~~

MOTION FOR AGENDA ITEM NUMBERS 3-5, 7-8 and 10 PASSED: 9-0

MOTION FOR AGENDA ITEM NUMBER 6 PASSED: 6-3 Holman, Kou Tanaka no

Council Member Holman advised that she objected to exemptions from Impact Fees.

Council Member Kou remarked that the consequences of not assigning parking to units were unknown. The Development Impact Fee exemptions could be used to mitigate parking impacts.

Action Items

9. PUBLIC HEARING. Adoption of an Ordinance Amending Chapter 18.18 (Downtown Commercial District) of Title 18 (Zoning) of the Palo Alto Municipal Code (PAMC) to Repeal Section 18.18.040 Regarding a Nonresidential Square Footage Cap in the CD Downtown Commercial Zoning District to Implement and Conform to the Updated Comprehensive Plan; Section 18.18.040 Implemented Policy L-8 of the Prior 1998 Comprehensive Plan, Which was Removed as Part of the Adoption of the Comprehensive Plan Update. California Environmental Quality Act (CEQA), 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 (Staff REQUESTS THIS ITEM BE CONTINUED TO A DATE UNCERTAIN IN 2019).
10. PUBLIC HEARING: Adoption of an Ordinance Amending Section 18.18.120 (Grandfathered Uses and Facilities) of Chapter 18.18 (Downtown Commercial District) of Title 18 (Zoning) of the Palo Alto Municipal Code (PAMC) to Adjust Regulations Relating to Noncomplying Facilities. California Environmental Quality Act (CEQA); 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; Alternatively, the Ordinance is Exempt From Environmental Review Under CEQA Guidelines Section 15061(b)(3) (STAFF REQUESTS THIS ITEM BE CONTINUED TO DECEMBER 10, 2018).

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12. PUBLIC HEARING: Adoption of an Ordinance Amending Various Sections of Title 18 of the Palo Alto Municipal Code Related to Residential and Mixed-use Development Standards Including, but not Limited to, Minimum and Maximum Unit Density, Unit Size, Floor Area Ratio, Height, and Open Space Including Rooftop Gardens; Parking Requirements Including, but not Limited to, Regulations Related to In-lieu Parking for Downtown Commercial Uses and Retail Parking for Mixed Use Projects; Exclusively Residential Projects in Certain Commercial Zoning Districts; Ground-floor Retail and Retail Preservation Provisions; the Entitlement Approval Process; and Other Regulations Governing Residential, Multi-family Residential and Commercial Zoning Districts, all to Promote Housing Development Opportunities in These Zoning Districts in Furtherance of Implementation of the Comprehensive Plan. CEQA: Determination of Consistency with the Comprehensive Plan Environmental Impact Report (EIR) Certified and Adopted on November 13, 2017 by Council Resolution No. 9720. The Planning and Transportation Commission Recommended Approval of the Proposed Ordinance on October 10, 2018 (Continued From November 26, 2018).

[The Council returned to Agenda Item Number 2 before proceeding with this item.]

Molly Stump, City Attorney, advised that the Council could ask questions that were not specific to any of the areas.

Council Member Holman inquired whether an independent economic analysis was prepared for any of the work before the Council.

Jonathan Lait, Planning and Community Environment Interim Director, replied no.

Council Member Holman inquired whether any other economic analysis was performed or whether any one provided an economic analysis.

Mr. Lait answered not for the specific effort to implement the Work Plan. Staff relied on documents produced as part of the Comprehensive Plan Update, other studies, and some conversations. Staff did not contract for an economic analysis of any of the concepts presented in the proposed Ordinance.

Council Member Holman inquired whether any developers, property owners, or architects provided an economic analysis.

Mr. Lait responded no. Staff met with developers, property owners, and architects to obtain their opinions regarding concepts Staff was exploring.

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Council Member Holman asked how Staff developed conjectures regarding the impacts of the proposed changes without an economic analysis.

Mr. Lait indicated Staff informally solicited some of that information. Because prior zoning changes did not make housing production more onerous, Staff believed the contemplated changes would provide a net benefit to housing production. If the Council wishes, Staff could obtain a pro forma analysis.

Council Member Holman asked if Staff met with or held discussions with retail operators.

Mr. Lait related that discussions were not held with specific retail tenants.

Council Member Holman asked if there was an analysis of permeability as maintaining permeability of parcels had long been a goal.

Mr. Lait asked if Council Member Holman meant permeability from a water perspective.

Council Member Holman replied yes.

Mr. Lait answered no.

Council Member Holman asked if there was an analysis of the impacts to the canopy.

Mr. Lait responded no. In large part, the existing development standards were retained in the proposed Ordinance. The overall building envelope that could be approved remained intact with the proposed Ordinance. The proposed changes addressed parking, unit density, and similar topics. Staff did not anticipate any changes to the environment. Environmental issues could be addressed through Discretionary Review.

Council Member Holman inquired whether Staff believed increased lot coverage could affect the canopy.

Mr. Lait explained that Staff was concerned about the impact of any development standard on the canopy. The proposed Ordinance should not trigger environmental concerns. If environmental issues were triggered, they could be addressed in the Individual Review process.

Council Member Holman noted the Staff Report did not contain any tables comparing the impacts of the proposed changes with impacts of Senate Bill (SB) 35 and density bonus laws.

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[The Council returned to Agenda Item Number 2 before proceeding with this item.]

Mr. Lait clarified that the proposed changes did not exempt the City from SB 35 regulations. Staff did not anticipate receiving any development applications that sought to qualify for SB 35. Depending on housing production, the City could be subject to a lower threshold for onsite affordability on an SB 35 project, in which case Staff anticipated receiving more applications for those types of projects. The purpose of the Housing Incentive Program (HIP) was to create more advantages for redevelopment of sites than those provided by the base zoning district and the State Density Bonus Law. The HIP should be more attractive to potential developers while ensuring the City maintained its design review process.

Council Member Holman inquired about a comparison of the impacts of the proposed changes with the impacts of Comprehensive Plan policies and programs. Staff Reports generally explained a change and listed which Comprehensive Plan policies and/or programs the change would implement.

Mr. Lait stated the Housing Work Plan tied a number of goals to the Comprehensive Plan. Each task in the Work Plan was derived from any number of housing-related goals.

Council Member Holman inquired whether Staff analyzed the potential noise impacts of rooftop gardens used as open space given the lack of Code enforcement efforts.

Mr. Lait advised that no noise study was prepared. Staff introduced some design elements to keep rooftop gardens away from the edges of buildings. Rooftop gardens were one means to increase the number of units for a site. Rooftop gardens warranted the Council's deliberation as to the appropriateness and extent of the proposed change. In the coming year, all City departments would respond to the Code enforcement audit prepared by the City Auditor's Office.

Council Member Holman inquired regarding the requirement for rooftop garden lighting to be shielded.

Mr. Lait explained that the proposed Ordinance addressed lighting and additional setback requirements for lighting. Lighting plans would be required in the review process.

[The Council returned to Agenda Item Number 2.]

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Council Member Kou asked if Staff researched the number of below-market-rate (BMR) units and market-rate units produced in Mountain View and the affordability of rental units in Mountain View.

Mr. Lait reported Staff did not engage with Mountain View. The proposed Ordinance pertained to both affordable and market-rate units and contained many provisions to spur housing production at different income levels.

Council Member Kou wanted to understand the affordability of housing in Mountain View after the construction of many high-density projects.

Mr. Lait stated Staff worked diligently to draft language that would not result in significant changes to the character of Palo Alto. He did not know whether the regional production of housing was sufficient to decrease rents. Studies conducted in Seattle following an increase in housing production showed some changes to rental prices and an increase in the number of incentives offered to renters.

Council Member Kou expressed concern about noise and lighting from rooftop gardens and the City's ability to enforce the Noise Ordinance. She requested the rationale for Staff not including the Palmer fix in the proposed Ordinance.

Mr. Lait indicated the City had contracted with a firm to explore increases in the in-lieu housing requirement and the Palmer fix. Hopefully, that could be presented to the Council in the first half of 2019.

Council Member Kou suggested Staff should have prioritized the Palmer fix.

Mr. Lait believed that was a policy conversation for the Council. Staff needed to address many aspects of housing and was doing their best to present items to the Council as quickly as possible.

James Keene, City Manager, remarked that Staff made a good faith effort to provide some proposals for Council consideration and knew additional work was needed. Staff attempted to respond to the guidance in the Comprehensive Plan and to advance some proposals. If the proposals were not effective, Staff would develop additional proposals.

Mayor Kniss requested Council Member Kou conclude her comments.

Council Member Kou indicated she had many points to discuss. She requested the rationale for Staff not including Development Impact Fees.

Mr. Lait explained that Development Impact Fees were collected for every project subject to the Ordinance when the building permit was issued.

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Council Member Kou asked if increasing Development Impact Fees equivalent to the County of Santa Clara's (County) fees had been discussed.

Mr. Lait answered no.

Mr. Keene believed a cursory analysis to identify the highest possible and justifiable impact fee, the amount of funds that fee would yield to subsidize affordable housing, and the number of affordable housing units that could be constructed with impact fee funds would be relatively easy to prepare. However, the number of affordable housing units would likely fall far short of the Comprehensive Plan goal.

Council Member Fine remarked that the proposed Ordinance was a good opportunity to produce more BMR and market-rate housing. Mountain View was on track to produce approximately 1,100 housing units including approximately 150-160 BMR units. Housing impact fees applied to all housing projects. He asked if the proposed housing minimums would preclude someone from redeveloping at the same number of units per acre.

Ms. Stump requested Council Member Fine hold his question until the appropriate section was before the Council for discussion.

Council Member DuBois requested the income levels for 100-percent affordable housing as stated in the Municipal Code.

Mr. Lait explained that the Code did not define 100-percent affordable housing. The common definition of 100-percent affordable housing was 100 percent deed restricted to affordable housing. Section 16.65.020 listed the definitions for very-low-income households, low-income households, and moderate-income households.

Council Member DuBois asked if Staff intended the HIP to be in lieu of SB 35.

Mr. Lait advised that the HIP was not in lieu of SB 35. Developers could utilize the incentives of the HIP rather than SB 35.

Council Member DuBois asked if projects qualifying for SB 35 would utilize the State's definition of affordability.

Mr. Lait reported the State's definition did not extend to 120 percent.

Council Member DuBois asked if Staff considered the different definitions of 100 percent affordable housing. The HIP seemed to apply to market-rate housing, while SB 35 applied to BMR housing.

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Mr. Lait indicated SB 35 applied to any development as long as it was two-thirds residential and 50 percent of units were deed restricted to 80 percent of the average median income (AMI).

Council Member DuBois asked if the HIP was 100 percent of units deed restricted up to 120 percent AMI.

Mr. Lait related that the HIP could be reviewed in depth with each section presented. Staff was guided in part by the Council's action on the affordable housing overlay. The PTC recommended an AMI threshold, but the Council increased it to 120 percent AMI to be consistent with the moderate-rate income.

Council Member DuBois asked if the Ordinance capped the HIP at 120 percent AMI.

Mr. Lait clarified that in portions of the Ordinance that discussed incentives for 100-percent affordable housing projects, the AMI could be no more than 120 percent.

Council Member DuBois suggested the Council discuss whether rooftop gardens should be the third floor of a building. He inquired whether the proposed Ordinance contained a requirement for the rooftop garden to contain vegetation.

Mr. Lait disclosed that 15 percent of rooftop gardens was required to be vegetation.

Council Member DuBois asked why the amount of vegetation was limited to 15 percent.

Mr. Lait explained that the percentage would distinguish usable open space from unusable open space.

Council Member DuBois asked if a developer could move the square footage of the rooftop garden elsewhere in the building envelope.

Mayor Kniss noted the Council would discuss rooftop gardens as a section later in the meeting.

Mr. Lait was not aware of a loophole that would allow the square footage to be moved elsewhere. He did not believe the rooftop space could be converted to floor area in the building. If the building's height was at the height limit, the developer would need to enclose space above the height limit. If the building's floor area ratio (FAR) was at the maximum amount allowed, adding floor area by enclosing the rooftop garden would be problematic.

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Council Member DuBois asked if an accessory dwelling unit (ADU) would be allowed on a parcel zoned R-1.

Ms. Stump asked Council Member DuBois to hold his question until the appropriate section was presented to the Council.

Council Member DuBois asked if the provision for parking for the first 1,500 square feet applied to existing tenants in existing buildings.

Mr. Lait would respond after reviewing the Municipal Code.

Mayor Kniss announced Citywide revisions would be taken up as Section 5, multifamily zones as Section 1, the Downtown as Section 2, California Avenue as Section 3, and El Camino Real as Section 4.

Vice Mayor Filseth advised that he would not participate in this part of the Agenda Item due to his owning property in an RM-15 zone.

Council Member Holman advised that she would not be participating in this part of the Agenda Item due to her owning property within 500 feet of an RM-2 zone.

Jean Eisberg, Lexington Planning, reported changes for multifamily zones include increasing the maximum density of the RM-15 zone to 20 units per acre; establishing minimum unit densities; and allowing redevelopment and replacement of existing housing units with nonconforming densities.

Mr. Lait reported none of the proposed changes would render a single-family home or a multifamily project that did not comply with the proposed minimum densities as a noncomplying use, and such language needed to be added to the proposed Ordinance.

MOTION: Council Member Fine moved, seconded by Council Member Wolbach to accept the following changes related to Multi-Family Zones:

- A. Unit Density. Replace RM-15 zoning designation, which allows 15 units per acre with a RM-20 designation that allows 20 units per acre, to align with Housing Element density allowance;
- B. Minimum Density. Establish a minimum unit density as provided below. Allow fewer units when determined by the Planning Director, after review by the Architectural Review Board (ARB), that existing site improvements or parcel constraints preclude meeting this minimum standard:
 - i. RM-20: 11 units/acre

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- ii. RM-30: 16 units/acre
 - iii. RM-40: 21 units/acre;
- C. Non-complying Unit Density. Allow redevelopment and replacement of legally established residential housing units that exceed the maximum unit density allowed for the parcel, subject to the following criteria:
- i. Other than unit density, the project complies with all applicable development standards.
 - ii. The project is a residential rental project.
 - iii. The development shall not be eligible for a density bonus pursuant to Palo Alto Municipal Code (PAMC) Chapter 18.15. The applicant must elect whether to utilize state density bonus law or the exception described herein as an alternative to state density bonus law; and
- D. Administrative Code Clean Up. Modify PAMC Section 18.13.040(g) regarding below market rate (BMR) housing units to reflect regulatory requirements of Chapter 16.65 of Title 16.

Council Member Wolbach remarked that he would have preferred more aggressive measures, but the proposed Ordinance was a good start.

Council Member Scharff asked if anything would become nonconforming as a result of the proposed Ordinance.

Mr. Lait advised that a land use would not become nonconforming for failure to comply with the minimum densities established by the proposed Ordinance. He could not think of a use that would become nonconforming based on the standards.

Council Member Scharff noted a project with a higher unit density was no longer nonconforming.

Mr. Lait clarified that an existing land use with a higher unit density would remain nonconforming after adoption of the proposed Ordinance, but the proposed Ordinance would allow the use to be rebuilt to that density.

Council Member Scharff inquired whether the proposed Ordinance should state "a use identified as nonconforming based solely on a higher-than-allowed density is no longer nonconforming." Rebuilding or remodeling a nonconforming property was challenging.

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Mr. Lait suggested the Council discuss the issue as Staff had not analyzed the issue. Projects for nonconforming uses were subject to limitations. Redeveloping a multifamily building that exceeded unit density and other development standards was not the type of redevelopment Staff wished to incentivize in the proposed Ordinance.

Council Member Scharff felt an existing housing development should not be labeled as nonconforming solely because the unit density exceeded the maximum allowed.

Mr. Lait requested time to consider the possible consequences of broader language. The language should state clearly that following redevelopment under the proposed Ordinance a nonconforming use was no longer considered nonconforming.

Council Member Scharff asked if redevelopment included remodeling.

Mr. Lait replied yes as long as the remodel project did not intensify or expand a nonconforming use.

Council Member Scharff suggested amending the Motion to direct Staff to remove the designation of noncomplying from projects that exceeded the maximum unit density only by a few units.

Council Member Fine requested the effect of the language proposed by Council Member Scharff.

Mr. Lait requested time to consider the language and its ramifications. The amendment would pertain to Section 18.70, which had not been noticed.

Ms. Stump suggested Staff take the Amendment as direction to return with an analysis in a future phase of the Housing Work Plan.

Council Member Scharff wanted to amend the Code at the current time.

Mr. Lait advised that a footnote stating "no property that exceeds the maximum unit density allowed for the zone and property shall not be a noncomplying use for the purposes of Chapter 18" could be added to the RM table.

Council Member Fine reiterated his request for the practical implications of the language.

Council Member Scharff indicated a property owner could remodel the use without the strictures of non-intensification.

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Ms. Stump recommended the Council phrase new concepts as direction to Staff so that Staff could review them in-depth and draft appropriate language. The Council could use a parking lot for new concepts.

Council Member Wolbach concurred with the use of a parking lot or a running list of items for Staff and the PTC to develop for the 2019 housing revisions.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to direct Staff to review the concept of when a project is over the number of units, it will not make the project non-compliant, and return to Council in 2019 for review.

Council Member Kou asked if the Amendment would include more cars and parking.

Council Member Scharff stated the intention of the Amendment was not to allow necessarily more units, but to allow other modifications without the strictures of a nonconforming use.

Council Member Kou asked if increasing the number of units was possible.

Council Member Scharff did not believe increasing the number of units was possible.

Council Member Kou remarked that she supported the Housing Work Plan because she assumed tasks would be prioritized and presented in phases and Staff would obtain good data. She asked how minimum unit density was done prior to the proposed change.

Mr. Lait explained that the Code currently did not contain minimum unit densities. For example, a single-family home could be built in a multifamily district, which would foreclose the possibility of a number of units being built on the site. To encourage housing production, a minimum unit density required more than one unit be built on a parcel zoned for multifamily.

Council Member DuBois inquired whether a property owner could demolish and rebuild a single-family home or a single-family home with an ADU in an RM zone.

Mr. Lait answered no because the new structure would have to comply with the minimum unit density.

Council Member DuBois requested clarification of noncomplying.

Mr. Lait suggested a hypothetical scenario of a single-family home existing on a parcel zoned for a maximum of five units and a minimum of three units

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under the proposed Ordinance. If the single-family was demolished, the replacement project would have to contain at least three units.

Council Member DuBois asked if the home in the scenario could be refurbished or remodeled rather than demolished and rebuilt.

Mr. Lait responded yes.

Council Member Scharff would not support the Motion if a property owner could not demolish and rebuild a single-family home, a single-family home with an ADU, or a duplex in a multifamily district.

Council Member DuBois concurred with Council Member Scharff's sentiments.

Council Member Fine related that under Council Member Scharff's comment the minimum unit densities would not apply to single-family homes or duplexes. He inquired regarding the number of single-family homes existing in RM districts.

Mr. Lait could provide the number at a later time.

Council Member Fine commented that the purpose of the changes was to encourage owners of RM properties to densify their properties. He asked if Council Member Scharff was willing to limit the proposal to single-family homes.

Council Member Scharff answered no as duplexes felt like single-family neighborhoods and duplexes were typically exempted with single-family homes.

Mayor Kniss noted the Council needed to know the number of single-family homes built in RM districts.

Council Member Scharff stated the number would not affect his opinion on the matter.

Council Member Wolbach recalled Staff's comments at the beginning of the discussion regarding adding language to the Ordinance.

Mr. Lait reiterated the language that a single-family, duplex, or triplex property would not be deemed a noncomplying use for failure to meet the minimum density.

Council Member Wolbach recalled Mr. Lait's request for the Council to include language in the Motion.

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Mr. Lait distinguished Council Member Scharff's last comment from his requested language.

Council Member Tanaka left the meeting at 7:58 P.M.

Mayor Kniss suggested the Council utilize Vice Mayor Filseth's property as an example because Vice Mayor Filseth's single-family home was located in an RM-15 zone. She asked whether Vice Mayor Filseth could demolish his single-family home and construct a new single-family home with an ADU.

Mr. Lait advised that the Motion should clearly state the Council's intention.

Council Member Scharff expressed concern for existing owners of single-family homes located in multifamily districts because they would have to sell their homes and lose their low property tax valuations if the proposed Ordinance did not allow them to redevelop their single-family home as a single-family home.

Mayor Kniss reported the property would be reassessed under a redevelopment.

Council Member Scharff clarified that the property would be partially reassessed.

Council Member Fine clarified that the property owner could choose to rebuild in compliance with the minimum density requirements.

Council Member Wolbach asked if the amendment should state that the redevelopment would not reduce the number of units such that a duplex could not be rebuilt as a single-family home.

Mayor Kniss concurred with Council Member Wolbach's suggestion.

Mr. Lait asked if a single-family home with an ADU would qualify.

Council Member Scharff replied no.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion to allow a single-family home to be rebuilt as a single-family home and a duplex to be rebuilt as a duplex without meeting the minimum density requirements.

Council Member DuBois requested the rationale for noncomplying density requiring rental ownership.

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Mr. Lait explained that it was a policy consideration to allow the continuation of rental housing in that situation as opposed to converting the rental units to ownership units.

Council Member DuBois asked if existing nonconforming ownership units would be forced to convert to rental ownership.

Mr. Lait commented that redevelopment of a condominium building was not likely.

Council Member DuBois asked Staff to comment regarding the different definitions for affordable housing.

Mr. Lait reported the Code required a housing project that exceeded 40 or more units to have a component of retail. An affordable housing project located in an RM zone would not be subject to the retail requirement because of the difficulty in financing an affordable housing project with a retail component. If a project meets the affordable housing requirement of up to 120 percent AMI, the project should be exempt from the requirement. The Council had the discretion to change the AMI threshold.

Council Member DuBois did not understand why the requirement for retail in a multifamily project of 40 or more units with a threshold of 120 percent of AMI was removed.

Mr. Lait reiterated the Code requirement for retail space in an affordable housing project of 40 or more units. The proposed change would eliminate the requirement for retail space.

Council Member DuBois proposed adding language to define affordable housing as 120 percent AMI not to exceed an average of 60 percent AMI excluding the manager's unit. The language would allow a range of units. To qualify for no retail component, the project would have to be mostly BMR units.

Council Member Fine indicated the traditional definition of affordable housing had been 100 percent AMI, but the housing crisis had caused many cities to define affordable housing as 120 percent AMI. The purpose of removing retail from affordable housing projects was to prevent the residential units from subsidizing the retail space on the ground floor.

Council Member DuBois wanted to continue the exclusion and make the affordable housing truly BMR by adding the average clause.

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Council Member Scharff asked if the elimination of retail from an affordable housing project of 40 units would apply in the R Combining District and the Downtown Combining District.

Mr. Lait advised that the proposed changes did not apply to the Downtown district. The project had to be located in an RM district for the retail requirement to be waived.

Council Member Scharff asked where the RM districts were located.

Ms. Eisberg noted the proposed change stated the housing project was located more than 500 feet from neighborhood commercial services. That language could exclude much of the Downtown area.

Council Member Kou asked how the language conformed to walkability to retail.

Council Member Scharff remarked that eliminating the requirement would not affect shopping centers.

Mayor Kniss asked if a project on Alma would be required to have retail.

Mr. Lait answered yes. The retail requirement is intended to provide shopping within walking distance of residences.

Council Member DuBois indicated the map of RM zones appeared to include the Midtown Shopping Center.

Mr. Lait explained that the map had not been refined to remove those properties in the RM zone that were more than 500 feet away from commercial services.

Council Member DuBois related that the Comprehensive Plan called out some shopping districts in the City and asked if that was protected in any way.

Mr. Lait did not believe those were RM zoned.

Council Member DuBois asked if the Council should discuss parking within each section or as an individual topic.

Mr. Lait advised that parking would be considered in the Citywide section.

MOTION AS AMENDED RESTATED: Council Member Fine moved, seconded by Council Member Wolbach to accept the following changes related to Multi-Family Zones:

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- A. Unit Density. Replace RM-15 zoning designation, which allows 15 units per acre with a RM-20 designation that allows 20 units per acre, to align with Housing Element density allowance;
- B. Minimum Density. Establish a minimum unit density as provided below. Allow fewer units when determined by the Planning Director, after review by the ARB, that existing site improvements or parcel constraints preclude meeting this minimum standard:
 - iv. RM-20: 11 units/acre
 - v. RM-30: 16 units/acre
 - vi. RM-40: 21 units/acre;
- C. Non-complying Unit Density. Allow redevelopment and replacement of legally established residential housing units that exceed the maximum unit density allowed for the parcel, subject to the following criteria:
 - i. Other than unit density, the project complies with all applicable development standards.
 - ii. The project is a residential rental project.
 - iii. The development shall not be eligible for a density bonus pursuant to PAMC Chapter 18.15. The applicant must elect whether to utilize state density bonus law or the exception described herein as an alternative to state density bonus law;
- D. Administrative Code Clean Up. Modify PAMC Section 18.13.040(g) regarding below market rate (BMR) housing units to reflect regulatory requirements of Chapter 16.65 of Title 16;
- E. Direct Staff to review the concept of when a project is over the number of units, it will not make the project non-compliant and return to Council in 2019 for review; and
- F. Allow a single-family home to be rebuilt as a single-family home and a duplex to be rebuilt as a duplex without meeting the minimum density requirements.

MOTION AS AMENDED PASSED: 6-0 Filseth, Holman recused, Tanaka absent

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Council Member Scharff advised he would not be participating in this part of the Agenda Item due to his owning property within 500 feet of the Downtown Commercial-Community (CD-C) Zoning District.

Council took a break at 8:20 P.M. and returned at 8:29 P.M.

Ms. Eisberg summarized proposed changes for the Downtown CD-C Zoning District as eliminating the maximum density requirement; establishing a maximum average unit size of 1,500 square feet; exempting the first 1,500 square feet of ground-floor retail from parking requirements within residential mixed-use buildings; precluding curb cuts on University Avenue; eliminating the in-lieu fee option available for commercial space above the ground floor; allowing residential-only development except in the Ground-Floor (GF) Combining District and in areas where the Retail Preservation Ordinance applied; allowing rooftop open spaces; and establishing a HIP. The HIP would increase residential FAR from 1.0 up to 3.0; allow the Affordable Housing Overlay standards without the legislative process; require Discretionary Architectural Review; and prohibit the use of Transferable Development Rights (TDRs).

MOTION: Council Member Fine moved, seconded by Council Member Wolbach to accept the following changes related to Downtown CD-C Zoning District:

- A. Unit Density. Eliminate the unit density requirement restricting the maximum density to 40 units per acre. With the proposed amendment, unit density would be controlled by other existing development standards, such as height, floor area, parking requirements, etc.;
- B. Unit Size. Establish a maximum average housing unit size of 1,500 square feet, (weighted average by the number of bedrooms);
- C. Retail Parking. Exempt the first 1,500 square feet of ground-floor retail from parking requirements within residential mixed-use buildings;
- D. Driveway Approach. Reinforce existing city policy and guidelines to preclude curb cuts on University Avenue, except for City-owned parcels or City-sponsored projects;
- E. Residential Only Development. Allow housing-only projects to be constructed downtown, except in the ground floor (GF) combining district. Retail preservation ordinance standards apply for market rate housing projects. Note, current zoning standards permit housing only when part of a commercial, mixed use development or on housing opportunity sites (i.e., in the Housing Element);

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- F. Open Space. Allow rooftops to qualify for up to 75 percent of the usable open space requirement for the multi-family residential portion of a project, subject to objective performance standards;
- G. Housing Incentive Program (HIP). Establish a process that would allow property owners to apply to receive greater floor area than otherwise allowed under the zoning code and under State Density Bonus Law through waivers granted by the Director of Planning after review by the ARB. This program would be an alternative to the State Density Bonus Law and SB 35 streamlining, since it allows for more density. Components of the HIP include the following:
- i. Floor Area Ratio (FAR) waiver to increase residential FAR from 1.0 up to 3.0, except for portion of FAR required to remain commercial by the requirements of the retail preservation ordinance or GF combining district.
 - ii. No TDRs may be used in conjunction with a qualifying HIP project
 - iii. Require discretionary architectural review consistent with PAMC 18.76.020 (Architectural Review); and
- H. Strike Section 8 of the Ordinance and direct the Planning and Transportation Commission to review it further.

Council Member Fine believed the HIP and a number of proposed changes were moving in the right direction. The original Colleagues' Memo was intended to explore unbundled parking and an in-lieu parking program. The PTC proposed removing the in-lieu commercial parking requirements from second-story commercial space. That would be a significant change for the Downtown and would preclude the rebuilding of many commercial structures. The Chamber of Commerce, Downtown property owners, and the business community did not provide feedback regarding the issue. He requested Staff review the concept further.

Council Member Wolbach would have preferred more aggressive measures, particularly for parking. The intent of the Colleagues' Memo was to create more incentives for housing development. The Housing Work Plan does not appear to be the proper place to eliminate a requirement that does not pertain to housing.

INCORPORATED INTO THE MOTION WITH CONSENT OF THE MAKER AND SECONDER to direct Staff and the Planning and Transportation Commission to further study decoupled parking, in lieu parking, and offsite parking for residential developments and return to Council in 2019.

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Mr. Lait advised that Staff intended to return to the Council following the Council Retreat for a discussion of the Housing Work Plan and anticipated amendments.

Council Member Wolbach read the parking suggestions from the Colleagues' Memo and requested Staff explore those suggestions.

Mr. Lait reported the Staff Report included some additional development standards that would apply to 100-percent affordable housing projects, such as allowing an FAR up to 4.0 and a height up to 60 feet. Staff could present the information following or as part of a Council discussion of the proposed Ordinance.

Council Member Holman noted the proposed Ordinance would allow an FAR of 3.0; however, she recalled a discussion of allowing an FAR of 3.0 for hotels in the Downtown only. An FAR of 3.0 in the CD-C District would have significant environmental impacts.

Mr. Lait clarified that the table on page 18-19 of the proposed Ordinance contained existing standards. The HIP was set out separately in the proposed Ordinance to highlight it as a waiver from development standards.

Ms. Eisberg related that the Comprehensive Plan stated residential development could utilize some commercial FAR allowance in transit-oriented locations. This change would place residential development on par with commercial development.

Council Member Holman understood the change would convert commercial FAR to housing FAR.

Ms. Eisberg added that a 3.0 FAR project would be 100-percent residential. Under the existing standards, a mixed-use project could have an FAR of 3.0.

Council Member Holman remarked that TDRs would be necessary for a 3.0 FAR in a mixed-use project.

Mr. Lait indicated based on review of the certified Environmental Impact Report (EIR) and the programmatic nature of the Comprehensive Plan, Staff believed the proposed changes were consistent with Council policies and fell within the environmental analysis. If the Council believed an expanded analysis was required, it could direct Staff to perform an expanded analysis.

Council Member Holman felt the provision to allow 75 percent of the required usable open space for the residential component on the rooftop could impact

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ground-floor open space or individual balconies. She requested the rationale for Staff combining private open space with public open space.

Mr. Lait disclosed that Commercial Districts did not have a requirement for private open space. Moderating the usable open space requirement would allow more housing units onsite. The PTC felt allowing more usable open space on rooftops was more appropriate in Downtown than in other areas of the City.

Council Member Holman commented that the changes were difficult to visualize without drawings.

Mr. Lait suggested Staff may request additional funding to prepare drawings for future discussions. Not all projects may achieve an FAR of 3.0 because of other development standards and Building Code provisions.

Council Member Holman reiterated her concerns regarding sources of lighting and noise on rooftop gardens. She asked if rooftop lighting was allowed to be pointed directly up.

Mr. Lait advised that Subpart (e) on Page 25 of the proposed Ordinance addressed light sources. Additional language could state "no light sources shall be visible from the public right-of-way" and "direct light sources shall be screened from the public right-of-way" and could prohibit up-lighting. Another provision prohibited the use of rooftop gardens after 10:00 P.M.

Council Member Holman disclosed that rooftop up-lighting affected bird safety and light pollution; therefore, up-lighting on a rooftop should be prohibited, and light sources should be shielded.

INCORPORATED INTO THE MOTION WITH CONSENT OF THE MAKER AND SECONDER to add to the Ordinance a requirement that for rooftop gardens, no up lighting is allowed and light sources should be shielded.

Council Member Holman did not know how the prohibition against amplification equipment would be enforced.

Mr. Lait recognized the challenges of enforcing the Noise Ordinance. Alternative language could be "any use of the rooftop open space that generates noise that is audible beyond the property boundaries is a violation of this Ordinance." This language would provide a lower and simpler threshold test for Code Enforcement Officers' and Police Officers' use. Police Officers could respond to disruptive rooftop activities without a noise complaint.

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AMENDMENT: Council Member Holman moved, seconded by Council Member XX to add to the enforcement officers' tool kit to conduct code enforcement activities if disruptive noise is perceived offsite from the subject property.

Mr. Lait questioned whether a discussion of rooftop open space would be appropriate in the Citywide section.

Ms. Stump recommended the Council discuss the standards under the Citywide section.

Council Member Holman requested clarification of the process to refine standards for the different sections when Council Members were recused from the sections.

Mr. Lait clarified that the standards applied Citywide while the percentage of open space allocated to rooftops varied with each section. A discussion of allowing or not allowing roof decks was a Citywide discussion. Within the discussion of Downtown, Staff sought approval of the 75-percent threshold.

Ms. Stump advised Council Member Holman that she could propose a specific set of standards for the Downtown only. Staff had proposed a set of standards that would apply throughout the City.

Council Member Fine understood Council Member Holman's concern about noise; however, the Amendment was unreasonable.

Council Member Holman explained that the Amendment pertained to ongoing, persistent noise.

Council Member Fine believed disruptive noise would be a better description of ongoing, persistent noise.

Mr. Lait suggested the proposed Ordinance was not the best place to describe noise and enforcement.

AMENDMENT RESTATED: Council Member Holman moved, seconded by Council Member XX to add to the enforcement officers' tool kit to conduct code enforcement activities if disruptive noise is perceived offsite from the subject property.

AMENDMENT WITHDRAWN BY THE MAKER

Council Member Holman questioned the process for the Director to waive any development standard after the project with the proposed waiver(s) was reviewed by the ARB given the limited number of times the ARB could review a project.

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Mr. Lait reported a waiver request would be embedded in a proposal and reviewed by Planning Staff who would send a recommendation to the ARB. The application would be subject to the usual ARB process.

Council Member Holman felt the language gave the Planning Director a great deal of latitude.

Mr. Lait remarked that requesting a waiver would not be as arduous as applying for a variance. Staff expected developers to file applications that exceeded the FAR, and the ARB would act on those applications as long as the ARB could make the required findings.

Council Member Holman asked how the ARB would judge spillover parking.

Mr. Lait explained that Subpart (2) on Page 21 of the proposed Ordinance dealt with 100-percent affordable housing projects. If the 100-percent affordable housing project met the Federal tax credit standards for funding, the project could follow the standard discretionary review process rather than the legislative process to apply the overlay zone to the property. The Director could waive up to those amounts provided in the Affordable Housing (AH) Overlay. The AH Overlay established different parking standards.

Council Member Holman asked if the proposed change allowed projects larger than projects under the AH Overlay.

Mr. Lait replied that the proposed change would allow an FAR up to 3.0, while the AH Overlay allowed an FAR up to 2.0. The parking requirement was lower under the AH Overlay. The open space requirement was lower for 100-percent affordable housing projects.

Council Member Holman stated the rooftop open space requirement should be consistent, but it was not consistent with the AH Overlay requirement.

Mr. Lait advised that the PTC struggled with the issue as well. This subpart was Staff's effort to align the AH Overlay with the goals to streamline review and provide housing incentives.

Council Member Holman seemed to recall the funding for affordable housing was 80 percent and less.

Mr. Lait indicated the Federal tax credit requirements changed in 2018. Staff attempted to draft the proposed Ordinance so that the standards could change as Federal tax credit requirements change. For a project to be eligible for the HIP, it had to be funded with Federal tax credits. In order to target the income

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level, the proposed Ordinance should create an incentive that streamlined review and allowed developers to take advantage of allowances.

Council Member DuBois asked if the meetings with developers included discussions of placing restrictions on commercial development so that housing projects were more attractive than commercial projects.

Mr. Lait replied no.

Ms. Eisberg reported the discussion focused more on the influence of retail requirements on developers' ability to build residential projects.

Council Member DuBois noted that the proposed changes may not result in additional housing because commercial projects remained attractive. The Council needed to consider some penalties as well as incentives to encourage housing production. The hotel FAR could be reduced to 1.5 to incentivize housing. The Council should evaluate the elimination of the in-lieu fee for commercial parking. The Council should encourage the conversion of commercial FAR to residential FAR.

Council Member Fine requested more clarity around the methods to convert commercial FAR to residential FAR.

Ms. Eisberg related that a residential development was more expensive to construct than a commercial development. Incentive would increase the number of residential units to make up for the cost difference.

Council Member DuBois wanted a penalty such as redefining the Downtown mixed-use to be more residential.

Ms. Eisberg suggested less FAR, additional development standards, and onsite parking for commercial developments as penalties.

Mr. Lait suggested the easiest way to encourage residential development would be to reduce the FAR below 1.0 for commercial development.

Council Member Wolbach did not believe it was fair to say penalties were needed for commercial development.

INCORPORATED INTO THE MOTION WITH CONSENT OF THE MAKER AND SECONDER to direct Staff and the Planning and Transportation Commission to analyze interaction of housing production by:

A. Changing the hotel Floor Area Ratio (FAR);

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- B. Elimination of ability of commercial uses above ground to participate in the in-lieu parking program; and
- C. Methods to match an increase in residential FAR with a decrease in commercial FAR for mixed-use projects.

Council Member Tanaka returned to the meeting at 9:37 P.M.

Mr. Keene reminded the Council that Ms. Eisberg would not be present for future meetings and the Council had three additional sections to discuss.

Council Member Kou asked if ownership condominiums would be limited to 1,500 square feet.

Mr. Lait indicated the 1,500-square-foot maximum applied to rental housing and condominium units.

Council Member Kou asked if the individual units would have balconies.

Mr. Lait anticipated some units would not have a private balcony.

Council Member Kou asked if the rooftop open space would likely be incorporated into projects without balconies.

Mr. Lait explained that the purpose of the rooftop open space was to allow a greater number of units inside the building envelope.

Council Member Kou asked how rooftop open space would affect nonconforming buildings.

Mr. Lait advised that the proposed change was consistent with current requirements for open space. For smaller units, the requirement was 200 square feet per unit. The proposed change was 150 square feet per unit for all units.

Council Member Kou asked if the rooftop open space applied to new construction only.

Mr. Lait related that existing nonconforming buildings would continue to be nonconforming with respect to the open space requirement. The rooftop open space would typically apply to new construction.

Council Member Kou requested advantages and disadvantages for a developer to utilize the HIP.

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Mr. Lait reported the HIP would allow a maximum building height of 50 feet, an FAR of 3.0, and 100-percent housing projects outside the GF Combining District. With these changes as part of the base district zoning requirement, a project that qualified for the local BMR program could receive a maximum 35-percent bonus in addition to the 3.0 FAR. The HIP also preserved the City's design review process.

Council Member Kou asked if a project under SB 35 could have a maximum FAR of 1.0.

Mr. Lait answered yes.

Council Member Kou requested the minimum distance between a rooftop open space and residences.

Mr. Lait explained that a roof deck was not an option if the building abutted a single-family or two-family residential use or zoning district.

Council Member Kou suggested noise from a rooftop open space could have less impact on residences directly below the rooftop. She expressed concern about enforcing noise prohibitions. She inquired whether the 150-foot distance between roof decks and residences was a change.

Mr. Lait did not believe the City had specific standards for roof decks. If the Council wished to change the standard for roof decks, it should do so in the current discussion.

Council Member Kou requested a depiction of a 100-foot area abutting residences located on Lytton.

Mr. Lait did not have the tools to prepare a depiction.

AMENDMENT: Council Member Kou moved, seconded by Council Member XX to require that rooftop gardens should be 100 feet away from any low-density residential zones.

Council Member Fine expressed interest in measuring the distance by number of parcels or properties rather than feet. He requested the rationale for limiting the distance to abutting properties.

Mr. Lait explained that Staff chose abutting properties because those properties would suffer the most impacts.

Council Member Fine felt the language of abutting properties was likely a stronger standard given the depth of some of the properties on Lytton.

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AMENDMENT WITHDRAWN BY THE MAKER

Vice Mayor Filseth requested the circumstances under which a project could propose a 4.0 FAR.

Mr. Lait reported that the proposed Ordinance did not contain a provision to allow a 4.0 FAR.

Vice Mayor Filseth remarked that the primary focus of the discussion was reducing the open space requirement for spaces other than the rooftop. He inquired whether typical projects provided the majority of the open space requirement through private open space or ground-floor landscaping and gardens.

Mr. Lait indicated ownership projects typically provided more private open space than rental projects.

Vice Mayor Filseth inquired regarding the grounds on which an appeal of a planning decision could be filed.

Mr. Lait stated the existing grounds for an appeal would continue to apply.

Vice Mayor Filseth asked if the ARB would consider parking requirements for projects under the proposed Ordinance.

Mr. Lait explained that the parking requirement would be set; therefore, there would not be much discussion of parking.

Vice Mayor Filseth requested the number of parking spaces that would result from the parking exemption for the first 1,500 square feet of ground-floor retail.

Mr. Lait replied six parking spaces.

Vice Mayor Filseth asked if a developer could provide required parking by leasing space from another building or parking lot.

Mr. Lait indicated a project could provide off-street parking offsite within some parameters.

Vice Mayor Filseth inquired regarding the term of a lease for offsite parking.

Mr. Lait advised that the deed restriction usually stated the lease would extend for the life of the project.

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Vice Mayor Filseth asked where the six cars would park due to the parking exemption for the first 1,500 square feet of ground-floor retail space.

Mr. Lait announced that parking would be discussed under the Citywide section.

Vice Mayor Filseth commented that the proposed Ordinance would reduce parking requirements Citywide and exempt some parking for retail. The in-lieu parking program contributed to the parking problem. In a perfect Ordinance, the Council would suspend the in-lieu concept pending a PTC discussion and a decision regarding the Downtown parking garage. He proposed deleting Part H from the Motion.

Council Member Fine included Part H in the Motion because the Council did not understand where the in-lieu parking program was failing, because Staff did not engage the business community or commercial property owners, and because Staff had not explored the consequences of requiring onsite parking.

Vice Mayor Filseth felt Council Member Fine's comments supported suspension of Part H. Part H could incentivize developers to make private agreements for parking.

Council Member Fine suggested Section 8 was such a significant change to commercial uses that it did not belong in the proposed Ordinance.

Council Member DuBois noted Council Member Fine struck the in-lieu program for both commercial and residential uses.

Council Member Wolbach asked if Section 8 allowed an in-lieu program for residential uses.

Ms. Eisberg answered no.

Vice Mayor Filseth noted the PTC did not consider an in-lieu program for residential because there was no parking.

Council Member Fine wanted to understand the impacts of onsite parking and the existing gap for in-lieu parking spaces. Suspending the in-lieu parking program for a year could be reasonable. He inquired whether any pending projects included in-lieu parking.

Mr. Lait did not believe there were any pending projects.

INCORPORATED INTO THE MOTION WITH CONSENT OF THE MAKER AND SECONDER to modify the Motion Part H. to state "add language to Section 8 of the Ordinance indicating office uses above the ground floor shall

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not be eligible to participate in the in-lieu parking program for the period of one year or until the Planning and Transportation Commission returns to the City Council with a detailed study and recommendation.”

Council Member DuBois asked how the Amendment would affect the proposed Ordinance.

Council Member Fine indicated Section 8 would be deleted from the proposed Ordinance and would return to the PTC for further discussion. For the next year, the commercial in-lieu parking program would be suspended.

Council Member DuBois stated Section 8 extended the in-lieu parking program to ground-floor commercial space.

Mr. Lait suggested the Amendment state a time period.

Mayor Kniss announced the Council would take up the Citywide section next.

AMENDMENT RESTATED AND INCORPORATED INTO THE MOTION WITH CONSENT OF THE MAKER AND SECONDER to modify the Motion Part H. to state “add language to Section 8 of the Ordinance indicating office uses above the ground floor shall not be eligible to participate in the in-lieu parking program for the period of one year or until the Planning and Transportation Commission returns to the City Council with a detailed study and recommendation.”

Council Member Holman asked how loading was addressed in Section 18.18.090 of the proposed Ordinance.

Mr. Lait advised that Parking and Loading was the existing title of the section. The proposed Ordinance did not change any aspect of loading.

Council Member Holman asked if the in-lieu parking program applied to new development rather than current development.

Mr. Lait answered yes. Changes of uses within existing buildings would be new development.

Council Member Holman requested the Second Reading of the Ordinance return to the Council as an Action Item.

Council Member Kou requested the square footage of a project with a 3.0 FAR on a 10,000 square-foot lot.

Mr. Lait replied 30,000 square feet.

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Council Member Kou asked what the building would look like.

Mr. Lait shared a photo of a 45,000-square-foot building on a 15,000-square-foot lot.

MOTION AS AMENDED RESTATED: Council Member Fine moved, seconded by Council Member Wolbach to accept the following changes related to Downtown CD-C Zoning District:

- A. Unit Density. Eliminate the unit density requirement restricting the maximum density to 40 units per acre. With the proposed amendment, unit density would be controlled by other existing development standards, such as height, floor area, parking requirements, etc.;
- B. Unit Size. Establish a maximum average housing unit size of 1,500 square feet, (weighted average by the number of bedrooms);
- C. Retail Parking. Exempt the first 1,500 square feet of ground-floor retail from parking requirements within residential mixed-use buildings;
- D. Driveway Approach. Reinforce existing city policy and guidelines to preclude curb cuts on University Avenue, except for City-owned parcels or City-sponsored projects;
- E. Residential Only Development. Allow housing-only projects to be constructed downtown, except in the ground floor (GF) combining district. Retail preservation ordinance standards apply for market rate housing projects. Note, current zoning standards permit housing only when part of a commercial, mixed use development or on housing opportunity sites (i.e., in the Housing Element);
- F. Open Space. Allow rooftops to qualify for up to 75 percent of the usable open space requirement for the multi-family residential portion of a project, subject to objective performance standards;
- G. Housing Incentive Program (HIP). Establish a process that would allow property owners to apply to receive greater floor area than otherwise allowed under the zoning code and under State Density Bonus Law through waivers granted by the Director of Planning after review by the ARB. This program would be an alternative to the State Density Bonus Law and SB 35 streamlining, since it allows for more density. Components of the HIP include the following:
 - i. FAR waiver to increase residential FAR from 1.0 up to 3.0, except for portion of FAR required to remain commercial by the

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requirements of the retail preservation ordinance or GF combining district.

- ii. No TDRs may be used in conjunction with a qualifying HIP project
 - iii. Require discretionary architectural review consistent with PAMC 18.76.020 (Architectural Review);
- H. Add language to Section 8 of the Ordinance indicating office uses above the ground floor shall not be eligible to participate in the in-lieu parking program for the period of one year or until the Planning and Transportation Commission returns to the City Council with a detailed study and recommendation;
- I. Direct Staff and the Planning and Transportation Commission to further study decoupled parking, in lieu parking, and off-site parking for residential developments and return to Council in 2019;
- J. Add to the Ordinance a requirement that for rooftop gardens, no up lighting is allowed and light sources should be shielded; and
- K. Direct Staff and the Planning and Transportation Commission to analyze interaction of housing production by:
- i. Changing the hotel FAR;
 - ii. Elimination of ability of commercial uses above ground to participate in the in-lieu parking program; and
 - iii. Methods to match increases in residential FAR with a decrease in commercial FAR for mixed use projects.

MOTION AS AMENDED PASSED: 6-1 Kou no, Scharff recused, Tanaka absent

Mr. Lait requested the Council take up the proposed parking standards within a half mile of a fixed rail station because three Council Members had to recuse themselves from the discussion.

Ms. Stump reported Council Members Kniss, Filseth, and Scharff should recuse themselves from the discussion.

Vice Mayor Filseth suspected the Council would be interested in structuring parking standards such that an applicant could choose to utilize new or old standards. He asked if the three recused Council Members could discuss such a structuring of standards.

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Ms. Stump replied no because the proposed standards would impact property located within 500 feet of the recused Council Members' properties.

Council Member Scharff noted Google Maps calculated 0.7 mile as the distance between his property interest and a rail station.

Ms. Stump advised that the Planning Department's map was used to calculate the distances.

Council Member Fine announced all five Council Members must support a Motion for it to pass. The topic of discussion was proposed parking standards for the area within a half mile of a fixed rail station.

MOTION: Council Member Wolbach moved, seconded by Council Member Fine to approve the Staff recommendation regarding parking standards for properties within ½-mile of a Fixed Rail Station:

- A. Micro Unit (<450 square feet) - 0.5;
- B. Studio - 0.8;
- C. 1 Bedroom - 0.8; and
- D. 2+ Bedroom - 1.6

Council Member Wolbach remarked that parking was a key issue for encouraging housing production. The Motion decreased the requirements for studio units and created a new standard for micro units located in the proximity of the California Avenue and the Downtown train stations. The proposed standards were reasonable.

Council Member Fine believed there was some slack in parking standards, and the challenge was right-sizing the standards without negatively impacting neighboring areas. Decreasing parking standards near transit was reasonable.

Mr. Lait reported the reduction of parking standards for proximity to a fixed rail station was based on the 20-percent reduction contained in the Zoning Code and that applicants could request the reduction. Staff suggested making that existing language by right with an additional requirement for the project to provide the transit passes for each unit.

Council Member Fine noted the standards would provide 0.8 space for a micro unit, a studio unit, and a one-bedroom unit and 1.6 spaces for a two-plus-bedroom unit.

Ms. Eisberg clarified that the micro unit would have 0.5 space.

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Council Member DuBois believed community backlash would occur if the standards were reduced too much. He asked if there was a special parking requirement for affordable housing.

Ms. Eisberg advised that the existing standard was reduced by 20-40 percent for affordable housing based on income level. Currently, the applicant had to request the waiver. Under the proposed Ordinance, the reduction would occur by right.

Council Member DuBois inquired regarding the table for 100-percent affordable housing on page 27 of the proposed Ordinance.

Council Member Fine reminded Council Member DuBois that the topic for discussion was parking standards within a half mile of fixed rail stations.

Council Member DuBois asked if the entire table on page 27 of the proposed Ordinance was part of the discussion.

Ms. Eisberg responded no. One row, multifamily residential near fixed rail station, of the table was open to discussion.

Council Member DuBois believed the parking study contained some serious flaws. Car usage was not decreasing, and many households owned two vehicles. He questioned whether low-income residents were being penalized by not having parking. Occupants of micro and studio units were more likely to be individuals and to be car lite.

AMENDMENT: Council Member DuBois moved, seconded by Council Member Holman to amend the Motion Part C. to 1.0 and Part D. to 2.0.

Ms. Eisberg related that the parking requirements would be the same as the proposed parking requirement for micro and studio units.

Council Member Wolbach asked if a developer could request a parking requirement of 0.8 for one-bedroom units.

Ms. Eisberg clarified that a developer could request a 20-percent reduction of the 1.5 requirement for a one-bedroom unit.

Council Member DuBois recalled that Palo Alto Housing's CEO requested parking standards of one space per bedroom.

Council Member Wolbach asked if Council Member DuBois intended to require a waiver to reduce the parking requirements for one and two-bedroom units and allow the parking standards for micro and studio units by right.

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Council Member DuBois inquired whether this would replace the current language about the 20-percent reduction.

Ms. Eisberg explained that that provision could continue to apply to transit locations outside the half-mile from fixed rail.

Council Member DuBois clarified that his Amendment would modify the table.

Council Member Wolbach asked if a developer could still petition for the 20-percent reduction.

Mr. Eisberg replied no.

Council Member Holman asked if the category of multifamily residential near fixed rail included 100-percent affordable housing and senior housing.

Mr. Lait related that parking standards for guest parking, 100-percent affordable housing, and senior housing were not a part of the discussion. He inquired whether there was interest in allowing a developer to request a parking reduction up to 20 percent.

Council Member DuBois responded no.

Council Member Holman asked if Staff engaged with residents of affordable housing projects to determine the occupants' needs.

Mr. Lait explained that the existing parking standards may not match the demand for parking. The proposed change applied the 20-percent reduction provided in the Code.

Council Member Holman commented that some of the larger affordable housing projects were located near rail. The Council had no information regarding the effectiveness of Transportation Demand Management (TDM) programs.

SECOND TO THE AMENDMENT WITHDRAWN BY THE SECONDER

AMENDMENT FAILED DUE TO LACK OF A SECOND

Mr. Lait reiterated that the reduced parking standards could not be used in addition to the 20-percent reduction. The requirement for transit passes would be a condition of approval for projects, and Staff could enforce the condition of approval. Staff continued to refine TDM requirements.

Council Member Holman requested the rationale for adopting a requirement that could not be enforced at the current time.

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Mr. Lait clarified that imposing TDM programs on housing was challenging. The action would not adopt a TDM plan. The action would take the highest value element of a TDM plan and make it a Code requirement, which would be relatively easy to enforce.

Council Member Kou believed the scope of the parking study was extremely limited. Including housing near the California Avenue station would help tremendously with the parking problem. She questioned whether the parking requirements accounted for growth.

Council Member Fine determined that five Council Members would not support the Motion and asked the City Attorney to comment on the procedure.

Ms. Stump reported the Council could not adopt a policy without the support of all five Council Members. Mr. Lait had stated the reduction was contained within the existing Code. Staff needed to review one Council Member's conflict more closely, and depending upon that review one Council Member could be allowed to participate in the topic. In addition, Council Member Tanaka could be present for a future discussion of the topic.

Council Member Wolbach felt Council Members needed more time to understand the topic.

SUBSTITUTE MOTION: Council Member DuBois moved, seconded by Council Member Wolbach to continue the discussion of the proposed parking standards within ½-mile of a fixed rail station to a date uncertain.

Council Member Holman questioned the wisdom of continuing the item.

Ms. Stump explained that the minority or the majority of the Council present did not have the ability by Ordinance to bind a future Council. If the Council wished to take up the topic in the future, it could do so.

SUBSTITUTE MOTION PASSED: 3-2 Holman, Kou no; Filseth, Kniss, Scharff recused; Tanaka absent

Council took a break at 11:07 P.M. and returned at 11:09 P.M.

Council Member DuBois left the meeting at 11:10 P.M.

Council Member Fine reported the Council failed to reach agreement on the parking standards within a half mile of rail stations and continued the topic to a future date.

Ms. Eisberg reported the change in the open space standard appeared within the individual districts, but the proposed standard was the same across the

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districts. The proposed standard was 150 square feet of open space per dwelling unit for residential projects. Currently, residential projects of 10 or more units were subject to site and design review. The proposed change would maintain ARB review and appeals to the City Council for residential projects of ten or more units. The next change would exempt 100-percent affordable housing projects from the Retail Preservation Ordinance except along El Camino Real. An affordable housing project located along El Camino Real would need to comply with the Retail Preservation Ordinance.

Vice Mayor Filseth noted the exemption did not apply to the GF Combining District and the R Combining District.

Ms. Eisberg advised that the proposed parking standards for multifamily residential uses would apply to all zoning districts because the City regulated parking by bedroom. The proposed Citywide parking standard for a micro unit, a studio unit, and a one-bedroom unit was one space and two spaces for a two-plus bedroom unit. The guest parking requirement was included in the proposed Citywide parking standards. Staff proposed the existing reductions in parking requirements for senior housing and affordable housing become by right.

MOTION: Council Member Wolbach moved, seconded by Council Member Scharff to approve the following changes related to Citywide Revisions:

- A. Open Space. Establish a consistent open space requirement for multi-family housing units in multi-family residential and commercial districts of 150 square feet (current code ranges from 100 to 200 square feet depending on the number of units provided). Micro units, defined herein as units with less than 450 square feet, are proposed to have a commensurate requirement of 40 square feet/unit;
- B. Review Process. Eliminate Site & Design Review, which currently applies to residential and residential mixed-use projects with 10 more units in commercial zones. Site & Design applications are reviewed by the Planning and Transportation Commission (PTC), Architectural Review Board (ARB) and City Council. By contrast, commercial-only development projects and housing projects in multi-family zones are reviewed only by the ARB. The amendment makes the review of housing projects (including mixed-use development) no more burdensome than the review process for commercial projects and retains options for appeals to Council;
- C. Retail Preservation. Exempt 100 percent affordable housing projects (120 percent Area Median Income [AMI] and below) from the retail

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preservation requirement except in the Ground Floor (GF) and Retail (R) combining districts; and

- D. Parking. Adjust multifamily parking requirements based on maximum anticipated demand. Coincidentally, the changes generally reflect the standards permitted by State Density Bonus Law. Other changes are proposed to incentivize affordable housing and reflect lower parking demand near transit.

Council Member Wolbach hoped future revisions would be more aggressive. He supported the compromise as presented.

Council Member Scharff did not believe that affordable housing projects should break the blocks in the California Avenue area. There would probably not be sufficient affordable housing projects along El Camino Real to make it a different street. Multifamily parking requirements should be adjusted based on maximum anticipated demand. He asked if the parking requirement for a micro unit would be one space.

Mr. Lait stated there was a benefit in defining the parking requirement for a micro unit at the current time.

Council Member Scharff asked if the parking requirements for three-bedroom units and four-bedroom units would be two parking spaces.

Mr. Lait replied yes. The existing parking standard required two parking spaces for three-bedroom and four-bedroom units.

Council Member Scharff noted the parking requirements would change for studio and one-bedroom units only.

Mr. Lait explained that the guest parking requirement would be eliminated.

Council Member Scharff requested the proposed parking standards for affordable housing.

Ms. Eisberg clarified that the existing reductions, which a developer had to request for affordable housing projects, would become by right reductions. The standard would not change, but applying it would be less difficult.

Council Member Scharff remarked that affordable housing projects would allow people to park in the neighborhoods. The parking study indicated the proposed parking requirement was not accurate for affordable housing.

Ms. Eisberg explained that the parking study did not show a significant difference between market-rate and affordable housing generation rates. The

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parking study showed excess parking supply for almost all categories. The parking demand rate for senior housing was different.

Council Member Scharff did not see a different parking demand rate for low-income housing.

Ms. Eisberg added that the demand rates for market-rate and affordable housing were similar.

Vice Mayor Filseth commented that the parking standard for a one-bedroom unit would decrease from 1.5 to 1 parking space, and the parking study showed parking demand for both market-rate and affordable housing should be approximately one space. Affordable housing for very-low incomes could receive a 30-percent reduction, which reduced the 1.5 standard to approximately 1. Applying the 30-percent reduction to the proposed parking standard of one would reduce the standard to 0.25, which would under-park the project and increase parking in the neighborhoods. The focus should be on maximum demand. Adding the bonus reduction resulted in a parking standard less than the maximum demand. The question was how to make the parking standard equal the maximum demand so that projects were not under-parked.

Mr. Lait indicated the issue was a policy decision for the Council. The proposed parking standard was guided by the Council's action on the AH Overlay, which established a parking standard of 0.75 space per unit. The Council could change the reduction percentages for 100-percent affordable housing projects.

AMENDMENT: Council Member Scharff moved, seconded by Vice Mayor Filseth to add a new Part E. to strike the proposed affordable housing standards related to parking for multi-family residential uses; and that an affordable multi-family development may ask for a reduction in parking requirements based on maximum demand.

Council Member Fine asked if the Amendment would require the applicant to request the 40-percent, 30-percent, and 20-percent reductions.

Council Member Scharff suggested the percentages be deleted and the applicant could request a reduction in parking if it was warranted.

Council Member Fine thought that was the current standard.

Council Member Scharff believed the reduced parking requirements in addition to the percentage reductions would be too great a reduction.

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Council Member Fine reiterated that parking was a large cost of constructing affordable housing. The applicant's request for parking reductions would be evaluated.

Council Member Scharff suggested the applicant could request a reduction if it could demonstrate a reduced demand.

Council Member Fine remarked that the Council was not willing to reduce the parking requirement for affordable housing.

Council Member Scharff wanted to require sufficient parking to fulfill demand. The Council appeared to be willing to require less parking than the demand for parking because the project was affordable housing.

Council Member Wolbach would be willing to entertain the Amendment if there was an opportunity for an affordable housing provider to demonstrate a lower demand when requesting a reduction. He asked if the Amendment proposed retaining the percentage reductions and eliminating the by-right provision.

Council Member Scharff wanted to eliminate the reduction percentages and allow the applicant to request a reduction of any justifiable percentage.

Council Member Fine clarified that the Code needed to contain a provision that allowed applicants to apply for an exception.

Council Member Scharff stated affordable housing providers could apply for an exemption, but the applicant had to justify the exemption.

Council Member Wolbach suggested changing the phrase "allow reductions by right" to "allow reductions as justified."

Council Member Scharff wanted to eliminate the reduction percentages and allow an affordable housing provider to adjust multifamily parking requirements based on maximum anticipated demand.

Mayor Kniss felt the proposed Amendment was too broad and did not provide a starting point.

Council Member Wolbach would not accept the Amendment without obtaining the opinions of affordable housing providers.

Council Member Fine advised that the Amendment would make parking for affordable housing projects more difficult than the existing standard. Finally, the City did not grant exceptions as a rule. A good compromise would be retaining the reduction percentages.

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Council Member Holman suggested the Amendment include "a reduction of up to 50 percent" as an indication of the maximum reduction a developer could request.

INCORPORATED INTO THE AMENDMENT WITH CONSENT OF THE MAKER AND SECONDER to add to the Amendment "up to 50 percent based on maximum..."

Council Member Holman expressed confusion regarding Subpart D of the Motion and the Amendment.

Mr. Lait clarified that Subpart D contained the proposed changes shown on Page 10 of the Staff Report and Page 26 of the proposed Ordinance. The Amendment proposed striking the affordable housing piece.

Council Member Holman would support the Amendment.

Council Member Kou inquired whether the parking standards applied to nursing home facilities or affordable housing for developmentally disabled individuals.

Mr. Lait reported senior housing did not include convalescent care facilities but affordable housing included housing for individuals with developmental disabilities.

Council Member Kou requested the category into which Channing House could be placed.

Mr. Lait did not know.

Council Member Holman noted Channing House was senior living with some care facility.

Mr. Lait remarked that parking standards for commercial or support services included customer, resident, and employee parking.

Council Member Kou did not believe affordable housing tenants should be treated differently from market-rate housing tenants.

Council Member Scharff felt the Amendment would be much clearer if it stated an applicant could reduce parking standards up to 50 percent. The community did not support affordable housing projects when the projects created externalities in neighborhoods.

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Mayor Kniss noted the Council had not approved an affordable housing project in ten years. Vague standards would be the death of affordable housing projects in the future. She could not support the Amendment.

Vice Mayor Filseth commented that affordable housing projects would have more cars than they could accommodate under the Amendment. The justification for a parking reduction would not be based on factual evidence, and the community would not believe the justification. A true compromise between neighbors and affordable housing projects could result in a smaller affordable housing project or the need for additional funding. The Amendment would ask affordable housing applicants to have a true conversation with neighbors and to justify the request for a parking reduction.

INCORPORATED INTO THE AMENDMENT WITH CONSENT OF THE MAKER AND SECONDER to add the word "add" to the Amendment so it reads "... and add that an affordable multi-family"

INCORPORATED INTO THE AMENDMENT WITH CONSENT OF THE MAKER AND SECONDER to change the percentage from 50 to 100.

Council Member Holman could not imagine an applicant ever justifying a 100-percent reduction.

Council Member Scharff suggested theoretically an affordable housing project could require no parking.

Council Member Holman asked if a 100-percent reduction was legal.

Ms. Stump answered yes.

Council Member Holman inquired about the type of evidence an applicant could provide.

Mr. Lait reported the applicant should explain fully the use of the building and provide clear and convincing evidence that a reduction of 70-100 percent was viable. That kind of evidence would be difficult to develop. He needed to discuss deed restrictions and enforcement mechanisms with the City Attorney's Office.

Vice Mayor Filseth commented that an affordable housing developer could lease parking from a nearby building such that onsite parking was not needed.

Mr. Lait indicated that would be offsite parking, which was permissible.

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INCORPORATED INTO THE AMENDMENT WITH CONSENT OF THE MAKER AND SECONDER to add the word "demonstrated" to the Amendment so it reads "... based on maximum demonstrated demand."

Council Member Kou asked if the applicant would have to state where the cars would be parked.

Council Member Holman clarified that the applicant would have to demonstrate the project's demand for parking.

Council Member Fine would not support the Amendment as developers needed certainty in order to obtain financing.

Mayor Kniss would not support the Amendment because it was too vague. Eliminating requirements was admirable but not attainable.

Council Member Scharff raised the meaning of "demonstrated" and suggested the applicant should provide a fact-based maximum anticipated demand. The phrase "maximum anticipated demand" included the concept that it had to be justified.

Council Member Holman suggested "anticipated and justifiable demand."

Council Member Scharff recommended deleting "demonstrated" in order to avoid a tie vote.

INCORPORATED INTO THE AMENDMENT WITH CONSENT OF THE MAKER AND SECONDER to remove the word "demonstrated" from the amendment and replace it with the word "anticipated."

AMENDMENT AS AMENDED RESTATED: Council Member Scharff moved, seconded by Vice Mayor Filseth to amend the Motion to add a new Part E, " to strike the proposed affordable housing standards related to parking for multi-family residential uses; and add that an affordable multi-family development may ask for a reduction in parking requirements up to 100 percent based on maximum anticipated demand".

AMENDMENT PASSED: 5-2 Fine, Kniss no, DuBois, Tanaka absent

Council Member Holman requested the Council continue the remainder of the item to a future meeting as she had several questions but needed to leave the meeting.

Mayor Kniss suggested the Council vote on the Motion.

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Council Member Holman reiterated that she had questions regarding retail and open space.

Council Member Holman asked if the proposed Ordinance included retail parking.

Ms. Eisberg answered yes.

Council Member Holman requested Staff point out the provisions of the Motion that referred to retail parking.

Ms. Eisberg advised that retail parking appeared on page 29 of the proposed Ordinance. Retail parking was buried in Part D of the Motion.

Mr. Lait suggested a deliberative action regarding the waiver of the 1,500 square feet for retail could be added to the Motion.

Council Member Holman asked if the Motion included the waiver for retail.

Mr. Lait did not believe the Motion directly referenced the waiver for retail.

Council Member Holman could vote on the Motion without a direct reference to the retail waiver. She did not support a retail waiver because there had been no outreach to the retail community and because retail needed parking for customers. The Council had no input and no data that supported a 1,500-square-foot exemption.

INCORPORATED INTO THE MOTION WITH CONSENT OF THE MAKER AND SECONDER to exempt the first 1,500 square feet of ground-floor retail from parking requirements within residential mixed-use buildings.

Council Member Scharff related that adding 1,500 square feet of retail would not induce new car trips and increase parking demand.

Council Member Holman believed the retail exemption would create new demand and remove parking need from other existing retail uses or restaurants.

Mayor Kniss suggested the Council vote on the Motion.

Council Member Holman advised that she was not ready to vote on the Motion. The Motion was not clear. Eliminating the ground-floor retail protections on El Camino Real was not thoughtful. An AH Overlay applied to the area as well.

Mayor Kniss called the question.

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Vice Mayor Filseth indicated ground-floor retail was only for 100-percent affordable housing.

Council member Wolbach stated that El Camino Real would never be lined with only 100-percent affordable housing projects.

Vice Mayor Filseth asked if the PTC would review the 1,500-square-foot exemption as part of parking.

Mr. Lait reported the PTC had discussed it.

Vice Mayor Filseth clarified that the PTC would review the exemption as part of its review of in-lieu parking and other parking issues.

Council Member Holman inquired whether the Motion included rooftop gardens.

Council Member Kou remarked that the discussion of the Motion had been limited when the issues affected the entire City.

MOTION AS AMENDED RESTATED: Council Member Wolbach moved, seconded by Council Member Scharff to approve the following changes related to Citywide Revisions:

- A. Open Space. Establish a consistent open space requirement for multi-family housing units in multi-family residential and commercial districts of 150 square feet (current code ranges from 100 to 200 square feet depending on the number of units provided). Micro units, defined herein as units with less than 450 square feet, are proposed to have a commensurate requirement of 40 square feet/unit;
- B. Review Process. Eliminate Site & Design Review, which currently applies to residential and residential mixed-use projects with 10 more units in commercial zones. Site & Design applications are reviewed by the PTC, ARB and City Council. By contrast, commercial-only development projects and housing projects in multi-family zones are reviewed only by the ARB. The amendment makes the review of housing projects (including mixed-use development) no more burdensome than the review process for commercial projects and retains options for appeals to Council;
- C. Retail Preservation. Exempt 100 percent affordable housing projects (120 percent AMI and below) from the retail preservation requirement except in the Ground Floor (GF) and Retail (R) combining districts;

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- D. Parking. Adjust multifamily parking requirements based on maximum anticipated demand. Coincidentally, the changes generally reflect the standards permitted by State Density Bonus Law. Other changes are proposed to incentivize affordable housing and reflect lower parking demand near transit;
- E. Strike the proposed affordable housing standards related to parking for multi-family residential uses; and add that an affordable multi-family development may ask for a reduction in parking requirements up to 100 percent based on maximum anticipated demand; and
- F. Exempt the first 1,500 square feet of ground-floor retail from parking requirements within residential mixed-use buildings.

MOTION AS AMENDED PASSED: 5-2 Holman, Kou no, DuBois, Tanaka absent

Council Member Holman reiterated that the Motion did not include rooftop gardens.

Mr. Lait reported the Motion included the development standards related to rooftops.

Mayor Kniss announced the remainder of the item was continued to a date uncertain.

State/Federal Legislation Update/Action

None

Council Member Questions, Comments and Announcements

Council Member Fine reported Caltrain's business planning assumed level boarding and grade separations along the entire Corridor. Caltrain was exploring overtake locations based on different scenarios and up to 16 trains per hour. The Rail Committee would follow up on these topics.

Council Member Scharff advised that the Metropolitan Transportation Commission (MTC) CASA Committee had released its suggestions. Council Members should review the suggestions and the impacts to local control.

Council Member Fine requested the best method to provide input to MTC.

Council Member Scharff suggested Council Members attend the MTC meeting or send an email to MTC.

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Mayor Kniss indicated Senator Weiner's new housing bill would be introduced the following day. The bill would concentrate on cities with many jobs and little housing.

Adjournment: The meeting was adjourned at 12:21 A.M.