



City of Palo Alto

City Council Staff Report

(ID # 14541)

Report Type: Action Items

Meeting Date: 10/24/2022

Summary Title: NVCAP Refined Preferred Plan Update

Title: PUBLIC HEARING: Staff Recommend the City Council Review the North Ventura Coordinated Area Plan (NVCAP) Refined Preferred Alternative, Take Public Comment, and Endorse the Refined Preferred Alternative Plan.

From: City Manager

Lead Department: Planning and Development Services

Recommendation:

Staff recommends that Council receive the staff presentation, offer comments, and endorse the refined North Ventura Coordinated Area Plan (NVCAP) concept.

Executive Summary:

The purpose of the NVCAP planning process is to capture the City's vision for a 60-acre area within the Ventura neighborhood in a regulatory document. The document would include land use policies, development standards, and design guidelines for future development. The neighborhood would include an improved transportation network, multi-family housing units, ground-floor retail spaces, public open spaces, and creek improvements. An interconnected street grid would take advantage of the area's proximity to the Caltrain station, the California Avenue retail corridor, and El Camino Real arterial.

In summary, the Council-selected preferred plan creates a long-term build-out scenario that maintains the existing street network and enhances Portage to become a woonerf¹ (limited accessway); provides bicycle improvements; represents a modest increase in residential units over what is existing; serves to continue an eventual transition of existing office space to other uses and offers the creation of park space and re-naturalization of Matadero Creek.

¹ Woonerf is a Dutch term for 'living street' that includes shared space for pedestrians, bicyclists and motorist using design elements such as traffic calming and slower posted speed limits.

The purpose of this report is to share a refined area plan concept showing more program details such as height transitions and a built-out scenario. Staff seeks feedback and direction on policy implications such as:

- Height transitions
- Use of Transportation Demand Management to address employment density
- Implementing parking maximums
- Additional height for affordable housing site adjacent to cannery

Staff wants to ensure that the plan is aligned with the Council’s vision for the area before commencing with environmental review and drafting the plan.

Background:

The City’s 2030 Comprehensive Plan adopted in 2017 called for site-specific planning in the North Ventura area. See the June 14, 2021, City Council meeting staff report for more background information about the North Ventura area, the Coordinated Area Plan contents, and a summary of the public engagement process for the plan.² To help guide the planning process, the City Council adopted seven goals and six objectives contained in Attachment A.

Preferred Plan Concept

During the meetings with the NVCAP Working Group (WG), a range of plan concepts were developed that advanced City Council adopted goals and vision for the plan area. Several public hearings with the Planning and Transportation Commission (PTC) and the City Council occurred to present and discuss these alternative scenarios for the NVCAP project area. On January 10, 2022, the City Council endorsed a preferred plan concept and provided the following direction in the form of a motion:³

MOTION: Council Member DuBois moved, seconded by Mayor Burt that the Council confirm direction for the preferred plan for NVCAP with additional considerations:

- A. Define a low-density R&D zone limiting employment density;
- B. 1.0 parking spot for 1 bedroom going to 2 spots for 2 bedroom + units, in parallel, refer to the Planning and Transportation Commission to make recommendations for analysis of appropriate parking based on the Fehr & Peers study and other studies and encourage mechanisms to discourage street parking;

² June 14, 2021 City Council Staff Report: <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmrs/2021/id-11930.pdf>

³ January 10, 2022 City Council Staff Report: <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/city-council-agendas-minutes/2022/20220110/20220110pccsm-linked-updated.pdf#page=150>

- C. Deed restricted retail required in order to get 15' first floor incentive;
- D. Eliminate workforce housing incentives or propose incentives separate from affordable housing and redefine qualifications for workforce housing; and
- E. Develop preferred park locations for larger park space and continue to explore the naturalization of the creek consistent with option 3;
- F. Include 100% affordable housing height limits based upon the minimum height necessary for a five-story, retail affordable housing project or a six-story non-retail affordable housing project.

The motion represented a milestone in the NVCAP process and starting point for confirming a refined preferred plan.

Activities Since January 2022

Since the selection of the preferred plan, staff re-engaged with the consultant (Perkins + Will) to complete the remainder of the tasks necessary to adopt the NVCAP. The primary focus of work since the Council meeting was to address Council's direction and refine the preferred plan to enable drafting of focused policies and development standards to be compiled into a unified document.

Discussion:

The refined plan concepts discussed below address the City Council's direction. The purpose of the concepts is to create the framework for the draft NVCAP document. This meeting provides a check-in opportunity for the City Council and the community to offer any feedback before a very detailed and technical analysis occurs. Feedback on the concepts will be considered with the draft NVCAP.

There are other efforts either by the City or by outside organizations that may affect the draft NVCAP. These include the proposed Sobrato Development Agreement for 340 Portage Avenue (Cannery); the Metropolitan Transportation Commission's (MTC) efforts on Planning Development Areas (PDA) Transit Oriented Communities (TOC) policy updates; the Palo Alto Housing Element update; and relevant State Assembly or Senate laws that may go into effect next year, including Assembly Bill (AB) 2097, which is explained later in this report.

340 Portage Sobrato Development Agreement

Earlier this year, the City Council Ad Hoc, staff, and representatives of the Sobrato Corporation (owner of 340 Portage Avenue) were in discussions regarding the subject site. The intent was to find common ground for the future use of the site, which is a key parcel within the NVCAP area. The August 1, 2022, City Council staff report provides background on these discussions.⁴ In

⁴ August 1, 2022 City Council Staff Report:

summary, a potential development agreement is under consideration for the site. The development agreement proposal would differ in some ways from the NVCAP plan concept; highlights of the key differences are shown in Table 1 below.

Table 1: Key Differences Between NVCAP and Sobrato Development Agreement

Highlights	NVCAP Plan	Sobrato Development Agreement
Cannery	Adaptive reuse	Portion is demolished and existing R&D uses remain
Open space	2.1 acres for open space and creek	2.25 acres for open space and creek (Sitewide w/Sobrato DA total open space for NVCAP would be 3.25 acres.)
Creek	Concept #3	Modified Concept #2 or 3
Housing	Townhouses	74 Townhouses & 1-acre affordable housing site (units TBD)
Office space	R&D to remain but transition over time to other uses	R&D to stay in remaining portion of cannery building and would be established in the Audi building; the existing Ash office building would remain.

MTC Planned Development Area - Transit Oriented Communities (TOC) Policy Update

The NVCAP is within a designated PDA, which allows the City to be eligible for specific grants to assist with planning activities. For example, the City was successful in receiving a grant for the development of the NVCAP. The proposed TOC Policy will replace the 2005 Transit-Oriented Development (TOD) Policy. The proposed TOC policies would apply to PDAs that are served by fixed-guideway transit such as the California Avenue Station (Caltrain). To provide jurisdictions time to comply with TOC Policy requirements, MTC proposes to prioritize regional discretionary funding through the One Bay Area Grant (OBAG3) program and the Regional Early Action Planning Grants of 2021 (REAP 2.0) program for planning in geographies subject to the TOC Policy. The following table compares the differences in development standards between the proposed NVCAP and the TOC policies based on the level of service at the California Avenue Station.

Table 2: NVCAP & PDA TOC Comparisons

Development Standard	NVCAP	PDA TOC
Residential min density	16 DU/AC*	50 DU/AC

<https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/city-council-agendas-minutes/2022/20220801/20220801pccsmlinked.pdf#page=5>

Required allowed residential density	30 and no max for sites along El Camino Real*	75 DU/AC
Office density min/allowed	0.5:1 FAR*	2.0:1 FAR to 4.0:1 FAR
Residential parking	1 space per bedroom (2 max per unit)	1 space per unit max
Commercial parking	4 spaces per 1,000 SF (1 space per 250 SF)	2.5 spaces per 1,000 SF (1 space per 400 SF)

*Existing zoning requirements and may change with the NVCAP.

As shown in Table 1, the proposed NVCAP development potential is not anticipated to be aligned with the MTC TOC policies and therefore making the City ineligible for certain funding opportunities in the future.

Palo Alto Housing Element Update

The State requires that the City update its Housing Element by January 2023. Two significant components of the update are the identification of sites to meet the City’s regional housing needs allocation and the creation of goals, policies, and programs to spur housing production. The NVCAP area includes 15 properties identified by the Housing Element as opportunity sites that could help the City meet its housing needs (unit yield of 348). In addition, several policies may affect the NVCAP area such as the expansion of the Housing Incentive Program (HIP). The Council adoption of the 6th Cycle Housing Element is expected to follow a similar timeline as the NVCAP adoption.

State Law Changes Effective January 1, 2023

The California State Legislature passed and the Governor signed AB2097 that eliminates minimum parking requirements for all uses/development, except for hotels within ½ mile of public transit. This bill will affect the majority of the properties within the NVCAP. The new requirements will go into effect on January 1, 2023, ahead of the anticipated adoption of the NVCAP.

Consistent with the requirements of AB 2097, staff proposes the NVCAP not include any minimum parking requirements where none may be imposed. Staff does propose to implement ‘parking maximums’ consistent with the minimum requirements previously recommended by the Council:

- One parking spot for 1-bedroom going to two spots for 2-bedroom + units.

This requirement would align with the goals of reducing greenhouse gas emissions and traffic.

Area Plan Components

The following describes the various components of the NVCAP. Where applicable, each component includes a corresponding NVCAP goal and/or objective being met as well as a specific City Council motion item being addressed.

Housing

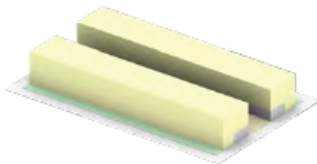
Table 3 summarizes the anticipated build-out of the NVCAP for residential and non-residential uses. This is helpful in understanding the proposed intensity for the plan area. Overall, it is not anticipated that there would be significant turnover or growth in the plan area.

Table 3: Development Capacity for NVCAP

Land Use	Existing	NVCAP + Existing
Housing Units (Realistic)	142	670
Office SF	744,000	466,000
Retail SF	111,200	103,700

To facilitate housing development and to be sensitive to existing lower intensity development, the plan anticipates lower intensity development such as townhomes near existing residential and higher intensity mid-rise or mixed-use development elsewhere. This component would be consistent with Goal #1 to increase housing and enhance land uses. Figure 1 illustrates the anticipated building typologies for the plan area.

Townhomes



- 3-stories, attached units
- Typical Density = 33 du/acre
- 1 parking space / unit
- For-sale model
- Individual unit entries with front stoops
- Ground floor parking, accessed via rear alley

Low-Rise Greenway



- 4-stories, with linear open space
- Typical Density = 107 du/acre
- For-sale or rental models
- 1 parking space / unit
- Individual ground floor unit entries with front stoops
- Underground parking

These typologies identify the types, heights, densities of residential and mixed-use that are feasible.

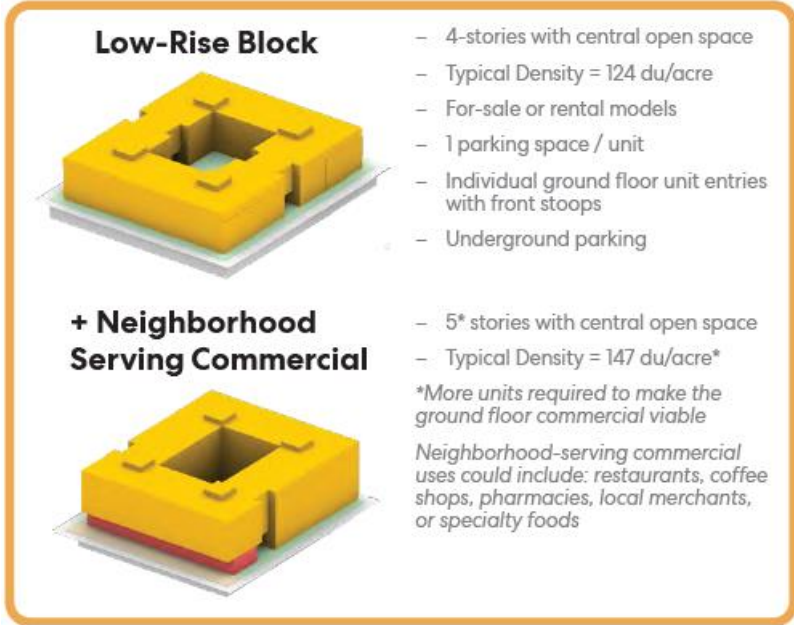


Figure 1: Residential & Mixed-Use Building Typologies

Figure 2 provides an axonometric illustration of the possible build-out of the plan area envisioned by the plan goals and objectives.

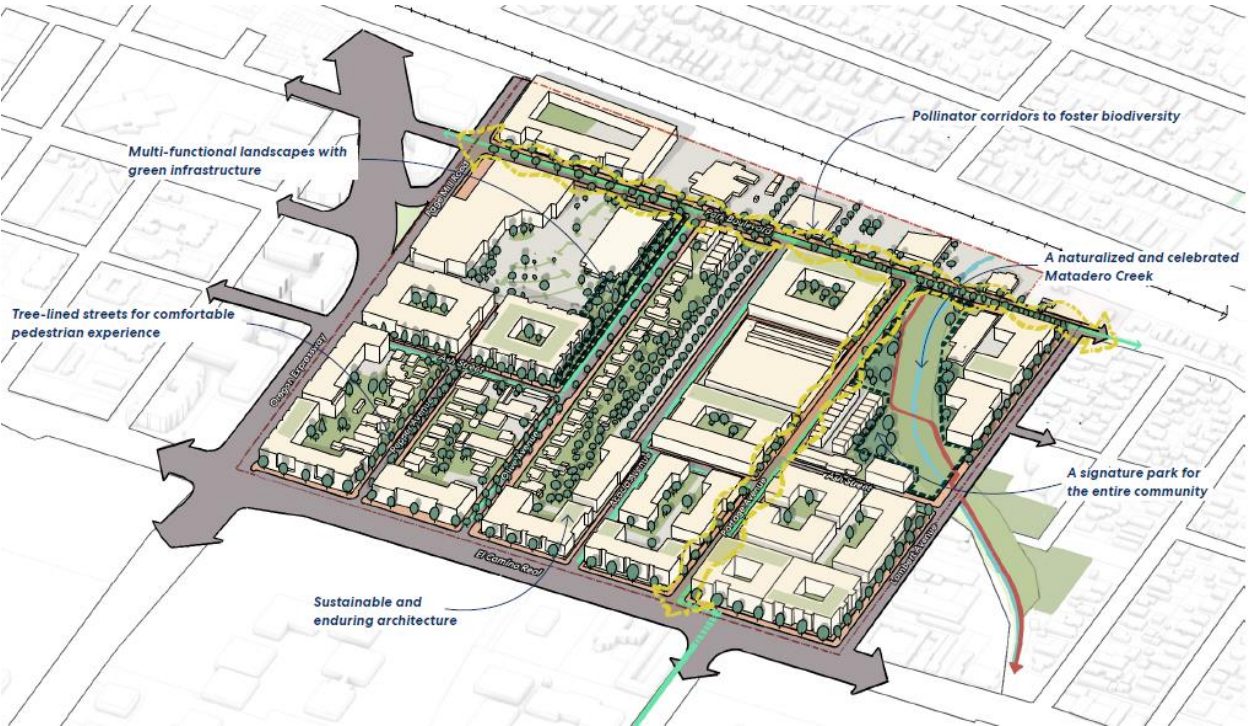


Figure 2: Axonometric Exhibit of the NVCAP

To bolster the City's affordable housing program, new residential projects would require 20% inclusionary below market rate (BMR) for for-sale townhouses, 15% inclusionary BMR for for-sale condominiums and rental projects. Where applicable and in accordance with the Palo Alto Municipal Code, in-lieu fees may be paid.

The City Council motion in January 2022 discussed amending the City's Workforce housing overlay. Amendments to the overlay are a part of the upcoming Housing Element update and are expected to be completed outside of the NVCAP process.

Height/Density and Transitions (Motion Item F)

The plan envisions placing higher building heights and as a result more units on El Camino Real and Page Mill Road, where multifamily and residential mixed-use buildings with ground floor retail would be permitted. Transition between higher intensity/height areas and existing single-family homes through height transitions would be established. See Figure 3 for the proposed heights within the plan area. This would be consistent with Goal #6 to balance community wide objectives.

In keeping with the Council's motion, projects with 100% affordable housing may achieve heights that accommodate six stories for residential or five stories for mixed-use with retail on the first floor. The Sobrato DA alternative does include an affordable housing site adjacent to the cannery (depicted as an 'L' shape in Figure 3). Staff seeks confirmation from the Council to allow greater height to that site for an affordable housing project up to seven stories to accommodate at-grade parking given the anticipated challenges having below ground parking at that location. Conceptually this would include two levels of at and above grade parking and five stories of affordable housing above.



Figure 3: Exhibit Showing Height Limits

One of the key concerns of the public has been the transition from lower-density development to more intense development. In the past, the ARB has been supportive of adjacent development having a one-story transition in height. Therefore, staff seeks feedback from the City Council on whether that concept can be applied to the NVCAP. An example of this is for the properties adjacent to El Camino Real and Page Mill Road where R-1 properties are directly behind. This transition is presented for the potential building envelope. This accounts for the potential development consistent with the zoning standards, which may be larger than the existing building footprint or taller than the existing building. The proposed maximum height would be 55 feet for the frontages of the properties, then coming down to 45 feet (one story above the adjacent R-1 properties with a 30-foot height limit that are separated by an alley/roadway). Figure 4 provides an illustrated cross-section of the proposed height transition.

This would allow for more flexibility in design as well as being sensitive to lower-intensity development.

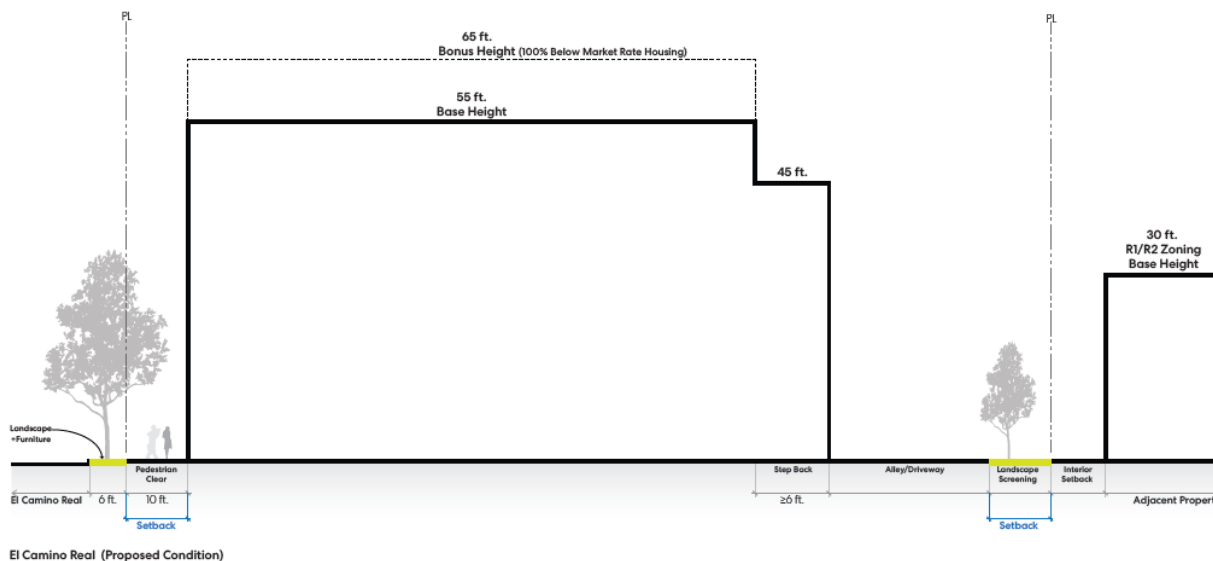


Figure 4: Cross-section of Height Transition

Mobility

One of the goals of the NVCAP is to create a connected street grid for the area (Goal #3). Figure 5 demonstrates how this goal would be implemented. The overall program would seek to:

- Provide bicycle improvements (widen bicycle lanes)
- Remove on-street parking in certain areas
- Reduce curb cuts
- Provide speed humps or raised intersections
- Create a woonerf for the private portion of Portage Avenue
- Provide new bicycle and pedestrian connections

Overall, the program would also meet Goal #2 (create transit, pedestrian, and bicycle connections) and Objective #1 (data-driven policy development).

The plan would allow existing large-format office floor area to continue. These uses are concentrated within the GM and ROLM zoning districts. Once the use discontinues or buildings are demolished these office spaces may not be rebuilt.

The plan would allow new, ground-floor, small, professional offices such as dentists, etc. that are 5,000 square feet or less in size to locate within the plan area.

Retail

The plan would encourage and allow ground floor retail space. The plan would encourage active-ground floor uses, which can be retail or retail-like. Retail space would be required along El Camino Real.

340 Portage (Cannery)

The 340 Portage property is 12.65 acres in size and the largest property in the NVCAP area. There has been a lot of discussion regarding this property in the past mainly because of the use of the cannery building. More recently, as mentioned previously, the City and the property owner were in discussions regarding a development agreement.

The NVCAP envisions maintaining the cannery building and the Ash office building and allowing for two possible uses of the buildings: (1) continued use as retail and office space or (2) adaptive reuse into housing (transition to housing as a long-term vision). The plan would also allow the development of housing on the remaining portions of the parcel, specifically, the two remaining surface parking lot areas. The Ash building should be considered as a 'creative arts' space.

Additional setbacks are needed to accommodate easements and the acquisition of property for the renaturalization of Matadero Creek that bisects the site.

395 Page Mill (Cloudera)

The 395 Page Mill property is 9.87 acres and is the second largest property in the plan area. The plan envisions retaining the existing office building and parking garage while allowing for multi-family housing up to 55 feet in height on the remaining surface parking lot.

Residential Parking Ratio (Motion Item B)

The City Council motion recommended the residential parking ratio as one (1) space per bedroom, capped at two (2) spaces per unit. Given AB2097, staff recommends maintaining the parking cap for residential and exploring parking caps for other uses. Staff will still need to confirm with the Planning & Transportation Commission regarding further recommendations on parking taking into consideration the Fehr and Peers parking study and other studies. In addition, staff will explore ways to discourage street parking.

Commercial Parking Ratio

The NVCAP would implement a blended standard of one (1) parking space per 250 square feet of floor area, which is similar to the University Avenue parking district. Another standard is to exempt the first 1,500 square feet of ground floor commercial area from parking requirements.

AB2097 as described in the previous section would also apply to commercial uses.

Employment Density (Motion Item A)

The Council's motion provided direction for the plan to include a Research & Development (R&D) zone that defines limited employment densities. This motion stemmed from the NVCAP's use of Santa Clara Valley Transportation Authority's (VTA) congestion management plan (CMP) employment density figures to determine the number of employees projected to be within the plan area upon buildout. Staff and consultants conducted research on how to limit employee occupancy within buildings. There is no example of a regulation that exists and it would be challenging to implement and enforce an occupancy limit that differs from fire and building occupancy codes.

Staff acknowledges that any employment density figure used would fluctuate over time depending on the state of the economy. For instance, prior to the COVID-19 pandemic, the trend was to increase the number of employees in an office space. However, since the pandemic began, office densities have decreased. While it is uncertain to determine the exact trend going forward, staff acknowledges that the issues with the increased amounts of employees in the office are related to single-occupant vehicle trips and parking associated with single-occupant vehicle trips by employees.

To address the issue, staff proposes to create a traffic target associated with a low employment density zone and implement a Transportation Demand Management (TDM) program that would reduce single-occupant vehicle trips meeting that target. This would also apply when existing offices are replaced with new tenants. This TDM program would require annual reporting to ensure compliance with the established targets.

Summary of Key Issues / Policy Implications:

This report summarizes staff's response to the City Council's direction on the NVCAP concept and seeks endorsement of the refined NVCAP preferred plan to move forward. This effort seeks to confirm the following:

- Height transitions
 - Confirming ARB approach to support a one-story transition in height
- Approach towards negative effects of employment density
 - Confirming the use of TDM

- Parking regulations considering the passage of AB 2097
 - Confirming implementation of AB 2097 and using parking maximums
- Height for affordable housing site associated with Sobrato DA
 - Confirming additional height for future site

Resource Impact:

The NVCAP project is currently funded and no further funding is requested at this time to complete the project. The majority of the NVCAP project funding is from the Valley Transportation Authority (VTA) Priority Development Area grant (\$638,000). Per the grant agreement, the City must complete this NVCAP project by December 1, 2023, or risk forfeiting the grant funds. In that scenario, the City would need to repay any grant funds expended on the project.

Timeline:

After the endorsement of a refined plan, the consultant will create a draft of the NVCAP and complete technical studies to support the conclusions of an environmental analysis consistent with the California Environmental Quality Act (CEQA). Staff intends to check in with the ARB and the PTC during this period. After a draft plan is completed, staff will return to the PTC and City Council for recommendation and adoption of the NVCAP before the end of 2023. The following are tentative key milestones and hearing dates:

- December 2022: Commence technical studies for CEQA document
- February 2023: PTC check in meeting
- March 2023: Draft CEQA document
- April 2023: ARB check in meeting
- May 2023: ARB Follow up meeting
- June 2023: Draft NVCAP
- July 2023: PTC plan recommendation
- August 2023: City Council plan adoption



Stakeholder Engagement:

It is not anticipated that any additional WG meetings will occur. However, additional public meetings with the PTC, ARB and City Council are expected to occur throughout the remainder of the process. In addition, the NVCAP project website will transition from being hosted by a

third-party and relaunch within the City's website including all past information and upcoming events information.

Environmental Review:

The action being considered does not constitute a "project" within the meaning of CEQA pursuant to CEQA Guidelines section 15378(b)(4) in that it is an informational report. Overall, prior to any adoption of the NVCAP, it is expected that an addendum to the 2030 Comprehensive Plan Environmental Impact Report would be completed.

Attachments:

Attachment9.a: Attachment A_Council Adopted Goals (PDF)

North Ventura Coordinated Area Plan Project Goals, Objectives, Milestones and Proposed Boundary February 12, 2018

Proposed NVCAP Goals

1. Housing and Land Use
Add to the City's supply of multifamily housing, including market rate, affordable, "missing middle," and senior housing in a walkable, mixed use, transit-accessible neighborhood, with retail and commercial services, open space, and possibly arts and entertainment uses.
2. Transit, Pedestrian and Bicycle Connections
Create and enhance well-defined connections to transit, pedestrian, and bicycle facilities, including connections to the Caltrain station, Park Boulevard and El Camino Real.
3. Connected Street Grid
Create a connected street grid, filling in sidewalk gaps and street connections to California Avenue, the Caltrain Station, and El Camino Real where appropriate.
4. Community Facilities and Infrastructure
Carefully align and integrate development of new community facilities and infrastructure with private development, recognizing both the community's needs and that such investments can increase the cost of housing.
5. Balance of Community Interests
Balance community-wide objectives with the interests of neighborhood residents and minimize displacement of existing residents.
6. Urban Design, Design Guidelines and Neighborhood Fabric
Develop human-scale urban design strategies, and design guidelines that strengthen and support the neighborhood fabric. Infill development will respect the scale and character of the surrounding residential neighborhood.

Proposed NVCAP Objectives

1. Data Driven Approach: Employ a data-driven approach that considers community desires, market conditions and forecasts, financial feasibility, existing uses and development patterns, development capacity, traffic and travel patterns, historic/cultural and natural resources, need for community facilities (e.g., schools), and

other relevant data to inform plan policies.

2. **Comprehensive User Friendly Document and Implementation:** Create a comprehensive but user-friendly document that identifies the distribution, location and extent of land uses, planning policies, development regulations and design guidelines to enable development and needed infrastructure investments in the project area
3. **Guide and Strategy for Staff and Decision Makers:** Provide a guide and strategy for staff and decision-makers to bridge the gap between the goals and policies of the Comprehensive Plan and individual development projects in order to streamline future land use and transportation decisions.
4. **Meaningful Community Engagement:** Enable a process with meaningful opportunities for community engagement, within the defined timeline, and an outcome (the CAP document) that reflects the community's priorities.
5. **Economic Feasibility:** A determination of the economic and fiscal feasibility of the plan with specific analysis of market place factors and incentives and disincentives, as well as a cost-benefit analysis of public infrastructure investments and projected economic benefits to the City and community.
6. **Environmental:** A plan that is protective of public health and a process that complies with the requirements of the California Environmental Quality Act.