



**NORTH VENTURA COORDINATED AREA PLAN  
NVCAP WORKING GROUP**

**DRAFT MINUTES**

**TUESDAY, January 21, 2020**

City Hall – Community Meeting Room  
250 Hamilton Avenue, 1<sup>st</sup> floor  
Palo Alto, CA 94301  
5:30 PM

Call to Order

Ms. Turner called the meeting to order. The meeting will begin with the public comment section and then there will be a presentation from Cochair Angela Dellaporta. She will lead everyone through an exercise and there will also be other discussions from other Working Group Members. She asked that anyone from the public who would like to speak fill out a card. There will also be a public comment section at the end. Every effort will be made for everyone who wishes to speak can do so. Each speaker will have about three minutes. After public comment she will have a few remarks about the City Council meeting that is happening now. There is a section scheduled around 8:45 regarding an update on the housing workplan for the City.

Roll Call

Present: Angela Dellaporta, Gail Price, Heather Rosen, Tim Steele, Lakiba Pittman, Alexander Lew, Doria Summa

Absent: Kristen Flynn, Terry Holzmer, Lund Smith, Yunan Song, Siyi Zhang, Keith Reckdahl, Waldemar Kaczmariski

Chitra noted we have a quorum.

**Female** remarked a quorum should be eight of fourteen.

Chitra clarified it was mentioned in the first Working Group meeting under ground rules, there is a paragraph where the decision-maker meeting can have reached a quorum if there are seven people present.

Doria Suma questioned, is that compliant with the Brown Act? I didn't think this needed to be a Brown Act group but you did it, so I believe eight is what is required for a quorum for a body of fourteen. I don't see how this group can be different.

Ms. Turner remarked I'm not familiar enough with the Brown Act to know that part backwards and forwards. We can perhaps have Chitra see if there is an attorney who can answer our question. I know that those who are here are probably in the City Council meeting right now, so that's a little bit of a ADA. The City of Palo Alto does not discriminate against individuals with disabilities. To request accommodations, auxiliary aids or services to access City facilities, services or programs, to participate at public meetings, or to learn about the City's compliance with the Americans with Disabilities Act (ADA) of 1990, may contact 650-329-2550 (voice), or e-mail [ada@cityofpaloalto.org](mailto:ada@cityofpaloalto.org). This agenda is posted in accordance with government code section 54954.2(a) or section 54956. Members of the public are welcome to attend this public meeting.

challenge. It is stated in our rules so I think, until we learn otherwise, which we will look into, we're going to go ahead with the meeting.

### Oral Communications

Stephen Levy commented I've lived and worked here for a little over fifty years and I come tonight to ask you to go really big on housing for the North Ventura site. If any of you have had a chance to read Jonathan's work plan that he is going to present to the Council tonight, he remarks on how important and how precious this site is in terms of being the main opportunity site to meet our housing goals over the next decade. It's the largest site in our housing element, as you know, and your consultant has given you three very robust sets of alternatives to pick from. The second point in Jonathan's memo is that projects have to pencil out. That means whatever we want, your eventual North Ventura Plan can't have retail that isn't feasible and may need to have some revenue-producing developments like at North Bayshore or around Diridon station. The third point which he points out is that for the next arena and the next housing element, the regional goal is going to go way up. Not because we're growing more, but because HCD has added provisions to mitigate cost burden and overcrowding to build housing for the hundreds of thousands in the region of households who are challenged by insufficient supply and unaffordable prices. The fourth point is not so nice. HCD has made it clear that if the City violates its housing element, for example, by taking housing out or by making it infeasible, the City is inviting a lawsuit. HCD has started to sue cities. This is our opportunity to show that local control in Palo Alto, which I know is important to some of you, can really work, and this is the site to make it work. Please work with your consultant, pick one of those very big robust housing alternatives that they have laid out for you.

David Hirsch noted this fits in pretty well with the previous speaker. Just some considerations regarding the Perkins + Will schemes from a practical view. Is it reasonable to change the present land-use patterns from office to residential, as is proposed by Perkins + Will for the blocks adjacent to El Camino? Will the change create added value? If not, isn't this change an unlikely prospect? Why fly in the face of economic reality? Planning without a proper economic analysis is inadequate and misleading. The consultant's proposed new streets within the Fry's site, will the City pay for this street construction and the new utilities and expensive proposition? Or will that be the responsibility of the developers? Will that cost be prohibitive? Isn't it a better idea to try to maintain the existing street grid and design the new development within the super block area? None of the Perkins + Will schemes consider this. Where is the parking for both the neighborhood community use, the new residents, the office workers or the retail employees? This is always a major planning determinant and cost factor and cannot be overlooked. If Fry's is reduced in size, what will the developers consider a fair exchange, since they already noted that rental of the Fry's building has significant value. Perhaps a new office building facing El Camino would be an incentive. They already own a section of El Camino property and have determined, I believe, that it is not feasible for housing. A significant benefit to this proposal, if accepted, this commercial building, would free up the eastern portion of this site for residential and retail uses. The Fry's lot, because it allows a greater housing density, changes the calculus to permit potentially successful marketable housing. This is because there can be an economy of scale and a significant cost construction savings, another inducement for the developers to consider reduction of the Fry's structure. A further benefit to the neighborhood and future residents, is their common use of this site as a super block. The interior space can become a unique park-like courtyard, an extension of Boulware, including a landscape bike and pedestrian exclusive path to Ventura, from Ventura to Park ADA. The City of Palo Alto does not discriminate against individuals with disabilities. To request accommodations, auxiliary aids or services to access City facilities, services or programs, to participate at public meetings, or to learn about the City's compliance with the Americans with Disabilities Act (ADA) of 1990, may contact 650-329-2550 (voice), or e-mail [ada@cityofpaloalto.org](mailto:ada@cityofpaloalto.org). This agenda is posted in accordance with government code section 54954.2(a) or section 54956. Members of the public are welcome to attend this public meeting.

Boulevard. Besides being a significant, more economical, this idea, I believe this is more in the character of Palo Alto than the dense urban street images and multiple buildings on sites in the Perkins + Will schemes. I request that you ask your consultants to include this option in their analysis and for the committee to give it a place in your discussion tonight.

Kelsey Banes commented I am a resident of Palo Alto and want to thank the Committee members for doing what I think is a pretty hard job of planning what I would encourage you to think of as a new neighborhood. I came here today to try to urge thinking about this in a futuristic way. Thinking about, once this is finally built, which may take a decade, if it goes the way of the SOFA Plan, who is going to be living there and who is going to benefit from those plans? As someone who is on the younger end of the spectrum for a Palo Alto resident, I will say that my peers struggle to live near Palo Alto, in the Bay Area at all. We really need action on housing if we're going to be able to stay in the Bay Area and raise families here and be a part of this community and serve this community. So, in that futuristic thinking, what I would encourage you to think about is prioritizing people over cars, prioritizing walkable spaces and dense spaces that will maximize the open spaces that we have available to us and make it feasible to build. I think the developer has already expressed, if this is going to be an RM-30 project, they're not going to bother with it. So, I would encourage you to think about, as you walk down Forest, look at some of those buildings that are beautiful in this walkable space and that might serve as a really nice model. So, like a five to seven story building, with less parking that is going to have access to more retail. That is what a lot of young people would like to see and I think a lot of seniors who are looking to move into spaces where they're not going to need to rely on a car would also like to see. Just prioritizing dense, walkable areas and also thinking about the financial feasibility of, is this even going to happen because a plan that isn't going to happen isn't a very useful plan. Thank you for all your work and I hope we can move forward with a plan that is going to create a livable neighborhood for lots more Palo Altons in the future.

Becky **Saunders** (phonetic) stated I live in Ventura. My daughter, Victoria who is 28 years old and expecting her baby with her husband Jeff, lives with me. I would love to see housing they could afford. They were renting an apartment in North San Jose for \$3500 a month and I said, well you can't save anything on that. Why don't you come home for a little bit? So, I do want housing there. I was a little bit in shock and awe when the last I heard in the December Staff Report was about 356 units or whatever the Comp Plan called for. Then I go in here, plans A, B and C, and it's like 900 units, 1400 units, 1700 units, 2000 units. I'm like wow. Who is going to live there? One of the things that we are very interested in in Ventura I know, is below market-rate housing. It has to pencil out for Sobrato, so is there any way, they have us over a barrel. The private business has the government over a barrel, so we can't do anything. I'm not sure about that. Why don't we just buy the whole site and zone it for modest and below market-rate housing for the people that really need it. I mean, that is way the heck out of the box. I want this to happen. Frankly, I think someone was saying low rise, so a four or five story building is a low rise? Somebody has redefined low rise. I'm just letting you know that I'm going for the smoke and mirrors. You can't call a five-story building a low rise and medium density and things like that. I don't want to be a curmudgeon, but I would just like to put it out there that there is something a little bit disingenuous about today's three alternatives. They're very different from what I was expecting. Also, I just want to complain that I looked at them today after my three-day weekend. The report came out on Friday night. So, I just want to register a complaint about that. I know it's a hard job. You guys are doing a bang-up job, but I'm not happy.

ADA. The City of Palo Alto does not discriminate against individuals with disabilities. To request accommodations, auxiliary aids or services to access City facilities, services or programs, to participate at public meetings, or to learn about the City's compliance with the Americans with Disabilities Act (ADA) of 1990, may contact 650-329-2550 (voice), or e-mail [ada@cityofpaloalto.org](mailto:ada@cityofpaloalto.org). This agenda is posted in accordance with government code section 54954.2(a) or section 54956. Members of the public are welcome to attend this public meeting.

Karen Holman noted I looked at the models and there's a lot missing. As I've said before, I was in the SOFA Working Group and cochaired the second half of it. There were building types there that were existing building that were RM-40. They were building types that, unlike much of what is on these plans, actually do build on the character of the area. One of the Council goals for this area is to build on the human scale urban design strategies and design guidelines that strengthen and support the neighborhood fabric. I don't see how this does it. I really don't see how it's responsive to Council goals. I was thinking about this today, about what's going to happen if a plan that's being, I would say encouraged by the Staff and consultants, when that gets to the Council, what's going to happen? The Council looks at the goals they established and looks at this and goes, what happened? Do you want a plan that's going to result in some forward movement or do you want a plan that's going to get, good golly gee, when it gets to the Council and the public at large sees this and the Council is reacting to it? This is an election year. I just don't see how this is going to be a productive process if this continues along this path of super, super density. What's the density of some of what's being proposed? Our highest density is for RM-40. I'm not saying we need to be stuck with that. I agree with the previous speaker. I don't know of anybody that thinks that low-rise is four stories. I don't see that being anybody's picture of four stories. What's the density of some of these buildings that are being proposed in such density and what's the likelihood of redevelopment or conversion of use in this economy? Remember that economies change. There was a big uproar about where Hyatt Rick's hotel was, and that's where I came up with the term, zone for what you want. If that isn't what you want there, don't zone for it. If you're going to zone for, just making up something here, if you're going to zone for eight stories, be careful, because you just might get it. Then what is the community going to say and how are we going to handle the infrastructure of schools and transit and all that stuff. Cautionary tale here. I've been around long enough that I've seen a lot of things happen that have not come to good end, either because they were referended or because there was a recall of Council or something of that nature. I think you're putting a really great burden forward to the Council.

#### Discussion items

Ms. Tanner thanked all the Working Group members for being here, the consultant team for being here and the members of the public. She spoke first to the City Council Meeting, because there were some questions about that. Then she will speak to tonight's meeting and what the plan is for this evening. She went on to say, the City Council is having a meeting this evening. This meeting had been planned for quite some time, to meet on January 21<sup>st</sup>. One of the items that became part of their agenda is an update to the Housing Work Plan. I believe last year and in 2018 Jonathan Lait, Director of the Planning and Development Services Department presented a Housing Work Plan to the City Council. This is an update of that plan heading into 2020. There is a Staff report, about 26 pages, that you can read on line or there may be some hard copies in the Council chamber. One section of that report does discuss the North Ventura Coordinated Area Plan. I do have some copies of that one sheet. That summarizes the NVCAP and where the program is. There is a slew of other items, but that is Item number one and there are many other items that are discussed in the Housing Work Plan update. The City Council, I'm not one to say what they will or will not discuss because the agenda item is an update and discussion of this work plan, so they could have a far-ranging discussion covering all the topics that are included there. They could focus on a few. They could talk about all of them. What they are not really agendaized to do and not plan to have happen is make any decisions about the North Ventura Coordinated Area Plan. I don't think they will be giving us any directives. We wanted to continue with our meeting. This meeting tonight is slated to make sure we kept steam. We have not received the requested funds we wanted to ADA. The City of Palo Alto does not discriminate against individuals with disabilities. To request accommodations, auxiliary aids or services to access City facilities, services or programs, to participate at public meetings, or to learn about the City's compliance with the Americans with Disabilities Act (ADA) of 1990, may contact 650-329-2550 (voice), or e-mail [ada@cityofpaloalto.org](mailto:ada@cityofpaloalto.org). This agenda is posted in accordance with government code section 54954.2(a) or section 54956. Members of the public are welcome to attend this public meeting.

expand our scope of our work. That means we're a little more tight belted than we might normally be. So, we're really trying to make sure we stay on schedule. Any slip of our schedule could become highly likely more expense for our consultant's staff, so we wanted to keep with tonight's meeting. For those of you who really either want to go to the Council meeting or watch it, their discussion about the Housing Work Plan is scheduled to start about 8:45, so you could, after the conclusion of this meeting, go to listen, you could go home and watch it on TV so you know what's happening. That is an option that will be available to you. There is the possibility they could begin earlier. I won't be able to double duty and know what's going on there and in here. The item that does precede us is both a study session on wildfire mitigation which is slated for an hour, and also a discussion of the grade separation for the rail which is scheduled to be about 1 hour 45 minutes. Seeing no questions, coming back to tonight and what we're going to be doing, we have several things tonight. One, we're going to start out with our cochairs. Angela Dellaporta is going to help us with an activity that she has worked up to try to help us ground ourselves in the vision for what we're doing as we continue to go into the details of what we are wanting to do. Then, we're going to go to Tim Steele, who is going to give us an update on the Sobrato organization's plans for the Fry's site, 340 Portage. I know that is something that is important to us as we're thinking about what we want the future to be to understand how the evolving present or near-term future is looking to the property owners. We will then get into a presentation from Perkins + Will, including the economic consultant, who will help understand the financial feasibility of the different prototypes that she helped to develop that are in the proposed plan. There will be time for question and answer during that discussion then more time for table-top discussion. Two things we want to note, the iterative nature of this discussion. Last time we talked about circulation and uses we want, how much open space. We're adding in some building designs, where might those be, how could those uses reflect the idea of Portage being a main street. There are other things we need to layer on, what does the school attendance yield look like what walking about the number of people. That is to say, we have conversation, we get more information, we make decisions, then come back and add more. There is a whole layer of policies that need to be in place to uphold, whether it's parking or retail or other decisions we're making. We're continuing to add more to the plan. There are lots of things missing, it's by no means finished. That is by design because we're still building to it. One of the things I think we want to add is more voices from more people. It's great to have this dedicated Working Group. We want to get more voices from the neighborhood, so we have scheduled, on February 27<sup>th</sup> a community meeting to kind of trying to get more people in and have different ways for people to interact. Our cochairs have suggested several locations and one that we're looking at is Gunn High School as a potential location. If you think that's not a great location, we have some others. We're trying to get things that are a little closer to the neighborhood so people have a neighborhood connection. We are pursuing that but we're open to other locations. We also are interested in enlisting your help. If you're interested not only in letting your friends and neighbors know about it and coming, but if you're interested in facilitating or helping to lead a station, it would really be great to make it a team effort. That is a Thursday and we're looking at 6:00 to 9:00 and we can talk about whether it's 7:00 to 9:00, what's the right time frame for the public and make sure they have enough time for setup and cleanup

Ms. Dellaporta commented there is a great new building at Gunn High School with a beautiful, very large room, fully equipped for all the visual presentations and lots of chair and tables. I think it would work really well for us.

### Priorities of Working Group Members for Plan Alternatives

ADA. The City of Palo Alto does not discriminate against individuals with disabilities. To request accommodations, auxiliary aids or services to access City facilities, services or programs, to participate at public meetings, or to learn about the City's compliance with the Americans with Disabilities Act (ADA) of 1990, may contact 650-329-2550 (voice), or e-mail [ada@cityofpaloalto.org](mailto:ada@cityofpaloalto.org). This agenda is posted in accordance with government code section 54954.2(a) or section 54956. Members of the public are welcome to attend this public meeting.

Ms. Dellaporta stated I really appreciate having the time to do this, because I want to lead a brief exercise on vision. I feel as if individually we've had a chance to express our visions or what we'd like to see in the Working Group, but these have not coalesced into any kind of cohesive vision. That's what I'd like to start doing today. To introduce this exercise, I wanted to share with you some photos I took in Santa Cruz in the fall of the tannery in Santa Cruz. It's a development in Santa Cruz and I think it's a great example of how disparate groups can come together and create a development that really does show clear, strong cohesive vision. I'll go through it as quickly as possible, then I'm going to ask the Working Group and anyone else who would like to, to participate in a brief vision exercise. The tannery, on the campus disparate groups got together and I have all the information about the groups and how it worked, but I'm not going to go into all that information right now. They did manage to build 100 live/work units for artists, and its 100 percent affordable housing. There's a bike pedestrian path that runs between the housing and the San Lorenzo River. The bike path actually runs all the way to the beach, which several miles away, through downtown. There is a lot of locally made art on the campus and the art often references river themes. The Arts Council of Santa Cruz County, that's one of the groups that came together to make it work, sponsors family-friendly arts festivals in the summer and the winter. They managed to save five historic buildings from this old tannery that existed for over 100 years in Santa Cruz. This particular building that I took a picture of opens onto a courtyard. Inside there are dance classes, several dance studios and other space for classes where they teach art and other things. There is a café where the parents tend to hand out while they're waiting for their kids to finish their classes. It seems very busy. There are several little locally owned shops in another one of the historic buildings. The café is open every day and three evenings a week. It hosts regular trivia games and seems to be thriving. The whole development is focused on kids to a large degree. Student art is prominently displayed in the café and a lot of the classes are for kids and families. There are kid and family-friendly events. The spaces and the classes and these events all seem to be focused on families and children. The playground is funded by a grant from a local family foundation. There are 28 art studios. They are managed by a national nonprofit called Art Space and they function as galleries as well. It is housed in another historic building with a monitor roof. I'm not sure if this is an old building or not. It's in the place of an old building, but I'm not sure and it was obviously built in the style of a factory. It is a theater where they were actually showing a film festival on disability when I visited. On the next image, at the upper left is what it looked like in 2001 when the tannery closed and the buildings that are encircled in the red line, they were eliminated. The ones with the green dots on them are the historic ones that were kept. Down on the bottom right you'll see where the live-work units were built along the river. There is lots of historic information and illustrations and photographs throughout the historic buildings, even some tan bark which they used to do the tanning of the leather. There is a map that provides historical context. It's not a perfect development, but I really thought that what it had was vision, and in my view, they have managed to create a place that really welcomes and supports several different entities, artists, creativity, families, learning, entrepreneurship, locally-owned businesses and very definitely community building. I feel that right now, our spaces, our words are empty, and that's what I would like to begin doing with this brief exercise. Before we do this little exercise, I'm going to ask if Gail would like to say a few words.

Ms. Price said other than thank you for your presentation, and I think this is a valuable exercise to have. I look forward to hearing from people. My constant mantra is the issue of combining visioning and dreaming with economic feasibility. So, thank you for moving us forward and I look forward to it.

Ms. Dellaporta stated I'm going to ask everyone to close their eyes and picture what you might see as your own personal, most hopeful vision of what the NVCAP Area could look and feel like. What does your most hopeful vision look like, what does it feel like and who is there. Imagine it on a summer afternoon around 4 or 5 o'clock. Imagine you can see the details around you. Maybe you're in the center where things are most likely to happen. There are people around you but how crowded is it? What age groups are represented, what different types of people? What are they doing? What kind of establishments are they coming and going from? Probably a lot of people are coming and going from school or work. How are they moving around? What percentage of them are walking? Are some biking or driving? What is in the surrounding area, trees, grass, offices, gardens? What does the creek look like? How are people interacting with their environment? What do the streets and pathways look like, straight, winding, wide with trees? Does it remind you of a European town square or a mall? Are there lots of parked cars, parking lots? What are the buildings like, how tall are they, what materials are they made of? What sounds do you hear? Now grab hold in your mind the most important images in your vision. What stands out the most and what words would you use to describe your vision? We're going to pass out something you can write your vision onto. I will then collect these from you so I can see where we overlap. First write down a few words or phrases that encapsulate the most important images of your vision. Write this at the top of the page. What are the strongest images in your visions? Would everyone now comment on one or two things top on their lists.

Ms. Price commented she would like to see colorful and whimsical public art and lots of social gathering spaces for performing and visual arts and engagement.

Ms. Pittman stated happy people, families, intergenerational and diverse.

Mr. Reckdahl had green space with curb sidewalks and full of people socializing.

Ms. Rosen stated green open park spaces with wooden areas and barbeque and playground areas.

Mr. Lew noted in my mind I actually have always thought of SouthPark in San Francisco, right in the middle of this neighborhood. It has the mix. It's an old historic park south of Market but it has the mix of people, playgrounds, lunchtime office workers. It's a contrast to all the busy, wide streets south of Market. Here you can go and just relax. All trees, grass, food, old townhouses.

Ms. Summa remarked I also thought of a centralized park in addition to the stream. I'll say trees and sky because people have covered a lot of other stuff.

Mr. Steele stated for me it's a mix of uses, office, housing some active retail in core locations. Cars focused more on the exterior and having a walkable neighborhood and certain critical components.

Ms. Dellaporta said I can really see we do overlap in a lot of areas, which is very exciting and what I expected. I'm now going to ask you to do the next two bits on this paper. The one underneath the space you just wrote in is a kind of priorities exercise. I want to emphasize that none of these priorities is unimportant. I think they're all really important. We don't want to get rid of any of them. I thought it would be very useful to know what are your most high priorities. So, imagine you have seven star stickers and you can put them next to whichever of these priorities you like the most, which ever priorities you feel are most important. You could put three stars next to one of these and then use your

ADA. The City of Palo Alto does not discriminate against individuals with disabilities. To request accommodations, auxiliary aids or services to access City facilities, services or programs, to participate at public meetings, or to learn about the City's compliance with the Americans with Disabilities Act (ADA) of 1990, may contact 650-329-2550 (voice), or e-mail [ada@cityofpaloalto.org](mailto:ada@cityofpaloalto.org). This agenda is posted in accordance with government code section 54954.2(a) or section 54956. Members of the public are welcome to attend this public meeting.

other four in other ways. When you're done, on the back please fill in what you think are the most important words to keep in mind as we forge our map of where we want to go. What is our destination? What are the key words that we want to keep in mind as we move ahead? The keys ideas.

#### Update from the Sobrato Organization

Mr. Steele, with the Sobrato Organization stated I'm on the Committee and have most of the time been quietly listening. I did notice first that there hasn't been a lot of description or discussion or maybe accidentally omitted from some of the information about the existing market and projects that are approved. In the area of the planning we have a project that was approved about two years ago. It has been very difficult to currently justify building it economically. We took 3 ½ years to get it approved and spent about \$4 million going through just that process of getting the City to tell us we can build a particular project. So, we have every intention of respecting those entitlements and trying to find a way to build them. I will suggest that the rental market is not supportive economically, but possibly the ownership, so we are now exploring maybe partnering with a for-sale builder to build it, since the Sobratos do not build for-sale housing of any kind. I wanted to show you, here is the site plan that is two different buildings with two different zonings. El Camino is on your far left. It's between Olive and Acacia. The frontage zoning, when we went through at the time was CS, which allowed for 40 percent commercial, 60 percent residential. In this particular site we had Mike's Bikes which also fell under the replacement retail ordinance. So, it was about 8,000 square feet. So, the first floor is dedicated, it's 19,000 square feet and is dedicated to commercial retail. It's affected by the height restrictions in the City in that you can build 35 feet when you're within 150 feet of a single-family home, and then only once you're outside the 150 feet can you go to 50 feet. So, in our case, in that little inside elbow next to the ramp is single family homes along Olive, so the proximity on the right-hand side of the El Camino building is within 150 feet, but as you get to the Acacia corner, we are allowed to go to 50 feet. So, it makes for some challenges. There is a little bit of on-grade parking for the retail in the back and then the predominance of the parking to support that building is underground. So, it's a lot. We had to build over two per unit. We have about 99 parking stalls for 30 apartments and 20,000 square feet of retail in that building. Then when you get to the lower right-hand side, that falls within the RM-30 zoning. It was a little under half an acre, so it allows you to build 14 to 16 units of residential on that site. We have a sloping site from left to right in that building, so the Planning Commission was very interested in not having any garage out of the ground, which meant the left-hand side of the building is totally underground parking and the right-hand side is about five to six feet out of the ground and about ten feet underground. So, very expensive buildings, very restricted by the height and the proximity and it essentially made this project very economically challenged. We did get it approved. We have had an extension and we are trying to find a partner. We have three images we could show for character. This is the two-story building that I was talking about, which is in the RM-30. This again is coming down Acacia, just past the CS, looking at the El Camino end of the Acacia building. These actually are designed as townhomes. At the time, we were really being driven by how the zoning was written. This is El Camino frontage and the CS building. You can see there is retail on the first floor and we're on the Acacia end, so the building is actually three stories. Not in this view is when it drops down to two stories. The next is a better view of the whole El Camino. At the Olive end you can see that we have two story residential over the retail, and then it pops up to three story. All of the three stories, to stay within the FAR, which is floor area ratio requirements, there is no corridor on the third floor. It's townhome units so it has an internal stair. So, it's leasable space versus wasted space for a corridor and it was a creative way to try to



maximize the unit count on this site. It is a sloping site from left to right so as you go towards the right, the retail is a little below the sidewalk and then it's at grade on the left-hand side.

Doria Suma asked on the El Camino frontage you have commercial retail first floor and the stories above are what, residential?

Mr. Steele answered residential. There are 30 apartments in this building. All of those units above the first floor are residential units, 30 in that building and 14 in the RM-30 building. The next slide is meant to give you a sense of how the current main building that we talk about, Fry's all the time, is currently used. It's a little over 220,000 square feet, depending on who you ask and what document you are looking at. There are a lot of very documents that are hard to add up to the same number. The building itself is roughly 220,000 square feet, the main building. The small building in the bottom left-hand corner, the historic report suggests it has potential for historic significance and then the two areas in the main building that have a hash mark are the areas the historic report had pointed to. Fry's space, they're now out of this space, but the Fry's space is kind of the middle of the barbell, if you will. You can see the long area there, is just under 90,000 square feet plus or minus. Documents don't support a credible number that way. The two ends of the barbells, including the left-hand piece that's marked as historic, are currently leased out to office and R&D types of tenants. I wanted to show this because the planning process that we've been going through when we started it was supposed to be roughly completed with the termination, expiration of the Fry's lease. Obviously, we're nowhere near being in a position to make a recommendation to Council on what our plans are, but I'm faced now with the middle of that barbell essentially vacant and with no rent, no economics. So, I wanted to show you the scale of it, how it's located. With that, I have to suggest that we've been scouring the zoning to understand and appreciate the intent of the existing zoning that was made permanent in 2006 and how we go about addressing having the larger portion of our building empty today and be respectful of a lot of the things we've talked about in this venue. I value all of them, but at the same time there are challenges to things being economically feasible that tie back to a simple economics 101 exercise we did in a previous meeting. With that, I wanted to lead into, and please forgive me if I offend or make anybody mad, but I do want to tell you that we have a retail tenant that's been very insistent on being considered to go in a portion of the Fry's vacant space. I don't think it would be fair to this group for you to hear it on the street without having an opportunity to hear it from me first and from staff and ask any questions as we look and explore the possibility of replacing retail with retail. We were approached by what I would consider a very similar use to CVS in size and scale and product or Walgreens, for that matter. A neighborhood-serving small format target. I know some people will bristle at the word, but we've done a lot of research and we've looked at it very closely. In the context of location, we're very surprised that any retail would be interested in going into a mid-block type of space and we didn't want to waste any time and we actually seriously turned them away about two to three months ago. They came back and they essentially parked on our front door and said, we're not leaving, because we think we have a product that would work and our product is something we can actually craft to represent services and uses and products that target the needs and desires of the community in the neighborhood. I think it hits on a lot of things that I've heard in this room. One thing I haven't heard at this table, other than this exercise today, is a consensus on one or two items as being the most important pieces. So, we struggle with trying with, what could go in there? What could we do with the property today that would capture as many of those in some respect and not disregard them? So, I want to walk you through first a slide deck that Target shared with us that has some examples of the small format and where they're at. They go into historic buildings. They are as small as 10,000 and 12,000 square feet and as large as 30,000 and

ADA. The City of Palo Alto does not discriminate against individuals with disabilities. To request accommodations, auxiliary aids or services to access City facilities, services or programs, to participate at public meetings, or to learn about the City's compliance with the Americans with Disabilities Act (ADA) of 1990, may contact 650-329-2550 (voice), or e-mail [ada@cityofpaloalto.org](mailto:ada@cityofpaloalto.org). This agenda is posted in accordance with government code section 54954.2(a) or section 54956. Members of the public are welcome to attend this public meeting.

35,000 in these examples. The closest one is at Main Street in Cupertino, which is a recent project on Stephen's Creek. I believe they are about 12,000 square feet, so if someone wanted to run down the street and see what a small format. They have a pharmacy in it, they have some grab and go, some household goods you might need on short notice. I want to walk you through this so you can at least appreciate it, and then I'll stop there. So, Berkeley, this is kind of a traditional, but it's an urban building. They have some outside signage which is not consistent with all these pictures. This went into a building 14,000 square feet. University and Minnesota and Maryland and Minnesota. You can see they have a sign on this one. Brand new first-floor space, but it's small. Penn State on campus. This one I thought was interesting. This is at Boston University. They have a very strict design guideline there to be considerate to the historic nature of the community, the neighborhood. It's kind of a two-story building, but the outside reads as a more colonial, historic kind of nature to it. To me this is really important, because this is a very large company all over the country that is finding ways to blend in with each community differently. This is interesting because this kind of lends itself internally to what we have in a lot of ways where they went into an existing historic warehouse building and celebrated the timbers, celebrated that industrial look on the inside. You can see on the outside they were allowed to have some signage but the building itself is generally intact. San Francisco, there is no exterior signage. There is no exterior canopy. There is no exterior red labeling or anything. The ability for this space to fit in and identify its nature, this is 18,000 square feet. This is 19,000 square feet, a little glary for me, but bigger signs. That was back east. The last slide, this is the part I was talking about where they are very interested and open to looking at the kinds of services and products they have and their stores don't have an identical mix of these, the small format. They kind of try to craft it and cater it in a way that provides the services the community might be interested in. I'll stop there.

Ms. Tanner noted we'll have questions. Just to put forward, Tim is hoping to share with you what his organization is thinking, so you hear it here first and any feedback that you have, any proposals for this and possibly, if there's additional requests to be part of this proposal. If they want to just replace retail with retail, that's a retail space that exists, so could put forward an application to the City for that and would not want to have the Working Group not be aware of that. If there were any other applications for uses in the building, those would also be subject to submitting the application to the City for changes within the building.

Ms. Summa asked how big a store do they want there?

Mr. Steele replied the Fry's space is roughly 90,000. Looking at the historic pieces and how the historic piece would work, I think that would be ideally where we would put them. The height and inside experience in that space is great. It has a lot of potential, so those two bays are about 18,000 and then the two adjacent bays, so probably 28,000 to 35,000 once we get it all measured out and figured out.

Ms. Summa stated, so that would be a repurposing and renovation of the historic building?

Mr. Steele noted it would give us the opportunity to, rather than chop it up, I want that piece to be one piece.

Ms. Dellaporta asked did you just say it would be about 30,000 that they would want, out of the 90,000 roughly. My question is going back to the Mike's Bikes development, you said something about how the

City didn't want underground parking on the smaller townhouse development off of El Camino, and I'm curious why.

Mr. Steele clarified, I said it wrong. They didn't want the garage to be out of the ground. They pushed the whole garage into it, even though I had height allowed under the 35 feet, that building is only about 25 feet, because they pushed the garage into the ground.

Ms. Dellaporta clarified because the garage is partly underground?

Mr. Lew noted the ARB gave Tim glowing reviews for that building, as I recall. I just want to say, I actually think that the buildings, that particular project is very inefficient and I think that's part of your problem. The single loaded corridor and is that 150 foot. The Planning Department has made numerous changes to zoning code over the last year and I know you're already approved.

Mr. Steele noted we spent 3 ½ years getting it approved and a lot of money. We don't want to open that can up and not end up with something as good or better.

Mr. Lew replied understood, but I just want to put that out there that the City is trying to make it more feasible on other projects.

Mr. Steele responded I've talked with John fairly often about some of the challenges. One of the things that made it very efficient, other than the height, was there was a competition between the FAR limit and the unit count limit, and they aren't mutually exclusive. If you hit one you can't go to the other. So, part of our challenge is rental is on FAR. Unit count is less as important, so when that stopped us, as an example a corridor you don't get rent for. So, when we had a double-loaded corridor, we had a lot of wasted space you can't get rent for that was counted against our FAR. So, not always logical but that's the rules we had to play with.

Ms. Tanner asked I don't know if there is anything else you want to share about the building or the plans for the rest of it, or do you want to let people know about the Target and if people should contact you with feedback or what you want folks to go away with tonight?

Mr. Steele replied, I would imagine I will get more off line, which I welcome and appreciate your call. I'm happy to talk about the whole idea, the challenges that we have with where to go next, with the idea that we're not really interested in tearing it down and building housing today of any density. It doesn't make economic sense as we have direct experience from. I welcome you to call me if you want to or send an email. The remaining space is a challenge for us because of the way the zoning was written. We are talking with staff. We are talking internally about what would happen in the remaining space and how we want to approach that.

Ms. Price noted I have a question about, we used to call it Target, and that is have they conducted a market study or is it too premature to suggest that this location would be economically viable for them? Some of the examples you gave are quasi comparable to the Palo Alto experience, so I just was curious about how far down this road are they in their thinking?

Mr. Steele responded they are based out of Minnesota and the head of the real estate department in Minnesota, when he came back to insist that they are interested and parked on our front door said he will fly out anybody in his company and meet with anybody here to express how interested they are in being here. The first time we kicked them to the curb and said go away, they didn't do it nicely and then they had the head of real estate call and say, no, we want to be there. I would presume for them to take that position they've done some market research saying this is good. It's not your ideal location on El Camino or another main street, so for them to think this is something they can be successful at, I'm giving them a lot of credit.

Ms. Price stated for the miniaturizing of their signage is typical for like McDonalds as well. There are some communities where they make the arch very small, so I guess they're trying to do the same thing. I've never heard of these small formats for this particular store.

Ms. Turner asked everyone to give him feedback. Planning would also love to know what your thoughts are on that proposal.

#### Planning Alternatives Discussion – Elements of the Plan

Ms. Turner remarked imagine you had a client who you worked with for a long time and they worked hours and hours to get a presentation ready, and they were told they would have 2 ½ hours to present it to the group, and then the day before of the day of the presentation it became 1 ½ hours, so that is what Perkins + Will is dealing with. We're really lucky to have them here with their consultant from strategic economics as well to talk about a further iteration of our three plan alternatives. Just to say, we did contribute time to the visioning exercise and to Tim's presentation which were well worth it and helping for this but we told them not to rush. We may have to make sure we have more time for discussion at a later time. There's no way in the time we have this evening we're going to have as robust a discussion as we wanted to have. Hopefully, we can roll with the changes as well as Perkins + Will are going to. There will be a couple of times where they will pause for questions, so please hold questions till then unless you're total confused about what they're saying, that will help get some information out.

Rachael Sharkland remarked thank you so much everyone for being here and for the presentations. We will not rush, but there is a lot of information to get through. We won't go into a lot of detail about last Working Group, but it was really great. We got a lot of feedback and there are very thorough notes available on line. Nearly every comment was transcribed, but take a look. The topics we covered, circulation, ground floor use and program, housing typologies, district character and open space, information on all of those topics. One thing we wanted to bring attention to, topics that came up that you'll see apply across all alternatives, and these are things we've carried forward from last Working Group meeting to today. One of those was interest in adding Cloudera to all of the alternatives as something that wasn't at odds with the rest of the development. The next comment was incorporation Palo Alto multifamily examples. We've done that and that's also what the homework assignment was about. Including memorable open space. We really made an effort to pay attention to how open space is working in all of these alternatives and considering different kinds of open space based on some of the conversations we've had. There was also interest in senior housing. We just want to call out that any of these alternatives could accommodate senior housing. The next part of the presentation will be talking about the building typologies that we worked closely with Sujata with, so she is actually going to begin

ADA. The City of Palo Alto does not discriminate against individuals with disabilities. To request accommodations, auxiliary aids or services to access City facilities, services or programs, to participate at public meetings, or to learn about the City's compliance with the Americans with Disabilities Act (ADA) of 1990, may contact 650-329-2550 (voice), or e-mail [ada@cityofpaloalto.org](mailto:ada@cityofpaloalto.org). This agenda is posted in accordance with government code section 54954.2(a) or section 54956. Members of the public are welcome to attend this public meeting.

with a little bit of information on the economics of housing, specifically with respect to these building typologies.

Ms. Srivastava from Strategic Economics noted we have been hearing from Staff and other consultants about some of the questions that have come up from the Working Group. One of the questions was really about how is affordable housing funded, what are the major sources and how does that get built. I really wanted to put them into two different buckets. That's partly because of where those subsidies exist. For extremely low, very low- and low-income housing, which is 80 percent and below median income, there are existing sources of subsidy. The major one is something called the low-income housing tax credits, which have been in existence and are kind of the primary tool for getting lower income housing built. That typically tends to target very low- and low-income housing and below. There are county funding sources as well. Many of you may remember the voter measure, Measure A, which provides a lot of new funds for homelessness and for extremely low-income households. There's a little bit for home ownership as well, but it's a very small amount. Those sources are very competitive and need to be combined with other sources to really make that work. There are some new State funding sources. There has been a lot of news about some of those. Most of those are also targeting very low income and homelessness. The City has existing revenues, mostly through its housing impact fee and in-lieu fee program. That can help to augment some of these other county, state and federal sources. Many of those sources have been shrinking at the federal level, so a lot of cities are really trying to figure out how do they backfill that, given the decline in federal cooperation for that, and kind of the trickling in of the state funding, which is still taking some time to really hit communities. At the same time, the funding gap is growing. So, what households can afford and what it costs to build a housing unit in California, and especially in the Silicon Valley. For moderate- and middle-income housing, there really aren't any existing sources of subsidy, so we really rely on the private sector to help us get there, primarily through inclusionary zoning. Sometimes, in some cases, you can build more affordably by doing more compact units that are more efficient and that can lower the cost and make it more accessible for middle income households, and in some cases, maybe moderate income households, although it's hard to do here in the Bay Area. Just to run you through some numbers of what it costs to build a rental unit right now, these are preliminary estimates from some initial analysis we've done and some work we've been doing in the region. It typically is about \$700,000 to \$800,000 per unit to build a rental unit. That is combining land costs, construction costs, soft costs and some amount of developer profit. When you compare that to what the value is of what these different income categories can afford, you can see there is a significant gap. The gap is a little bit smaller for moderate income households than it is for low and very low income.

Ms. Turner explained, the bottom is the total costs, market value and you can see the gaps, the missing part of the bar, so folks can really see the drastic difference from the top to the bottom of that chart.

Ms. Srivastava noted actually what I'm showing here is really about the value of what you would be able to get through rental revenues for a market-rate unit, and then what you could actually charge a low income household based on current regulations, so it is affordable for those income categories. On the ownership side, what we're showing here is, it may cost somewhere between \$765,000 per unit to \$980,000 per unit for an ownership unit to build it. Then the sales price of a townhouse in Palo Alto right now is somewhere in the range of \$1.4 million, if it's a brand-new townhouse, or \$1.15 million for a condo. That's those darker bars. That's what you could potentially charge. So, you can see there is a little bit more of a margin there between the market values and what it might cost to build. The cost to

ADA. The City of Palo Alto does not discriminate against individuals with disabilities. To request accommodations, auxiliary aids or services to access City facilities, services or programs, to participate at public meetings, or to learn about the City's compliance with the Americans with Disabilities Act (ADA) of 1990, may contact 650-329-2550 (voice), or e-mail [ada@cityofpaloalto.org](mailto:ada@cityofpaloalto.org). This agenda is posted in accordance with government code section 54954.2(a) or section 54956. Members of the public are welcome to attend this public meeting.

build can really vary a lot, so I just want to provide the caveat that it really does depend on what kind of densities you can achieve on the site, which the property owner is willing to sell the land for, what kind of unit you build. I think Tim touched on some of those kinds of issues earlier. However, what a moderate-income household can afford is significantly lower than that as you can see in the chart. There is this gap and when we ask developers to provide BMR units, they still have to build that unit at cost, and then they are selling it or renting it at below market rate value. So, that changes the equation in terms of what it looks like for a developer to be able to do that and how they make that work and how that pencils really depends on what you can do and how much is asked of a developer in terms of their BMR requirements. When we were working with Perkins + Will on the ownership typologies, we looked at really developing some that were economically feasible and found that ownership projects were more likely to be able to provide community benefits, including the below market rate units and park revenues; however, it really depended on what you assume about the density. If you have somewhat more compact units in a condo building where you're doing a higher cost construction type, then you're able to deliver more community benefits. Townhomes also perform pretty well. The top line on chart is the sales price and then we estimated whether or not it would be financially feasible, based on some analysis. Then the community benefits line shows how much under current regulations would that development have to provide in terms of below market rate units. So, right now the City of Palo Alto has a 15 percent inclusionary requirement. So, 15 percent of the units need to be affordable to moderate income units in an ownership project. Then we looked at whether or not affordable housing in-lieu fee revenues would be generated, because they are providing the units on site, then they wouldn't have to pay the fees. Then we looked at park fee revenues and that's based on the whole project. So, for that particular prototype that they will be discussing later, that's generally what we think they would be able to deliver in terms of revenues to help fund new parks.

Ms. Turner noted to make the connection clear, this is showing the five prototypes that are the yellowish colored blocks, the townhome prototype and the low-rise condo block, kind of those projects. So, it's \$147,000 in park revenue from that townhome scale development.

Ms. Price asked what are your assumptions on number of units. I'm missing that.

Ms. Srivastava answered that might be in the prototype section, which we will get to.

Question was asked on development costs, when you say \$765K to \$980K, does that include land costs?

Ms. Srivastava answered it does. We were assuming somewhere in the range of \$10 to \$15 million per acre for land costs in this market. That can vary significantly depending on specific sites.

Ms. Dellaporta inquired, are you saying that it's not feasible at all to build ownership units for moderate income?

Ms. Srivastava replied this is looking at a market-rate project that has 15 percent of its units for below market rate, so it is feasible to be able to do the 15 percent inclusionary requirement, as is the current policy.

Ms. Dellaporta asked, below market rate is not just the extremely low, low, very low, it's also moderate and middle? So, it's all of those that you showed us were BMR?

ADA. The City of Palo Alto does not discriminate against individuals with disabilities. To request accommodations, auxiliary aids or services to access City facilities, services or programs, to participate at public meetings, or to learn about the City's compliance with the Americans with Disabilities Act (ADA) of 1990, may contact 650-329-2550 (voice), or e-mail [ada@cityofpaloalto.org](mailto:ada@cityofpaloalto.org). This agenda is posted in accordance with government code section 54954.2(a) or section 54956. Members of the public are welcome to attend this public meeting.

Ms. Srivastava stated the City's current policy for ownership units is that 15 percent of them need to be affordable to moderate income households, so that's kind of what we modeled. Would this be feasible under current policy and the answer was yes. Continuing, on the rental typologies, I think it's important to say right up front, for the rental we assumed current policy, which is that rental developments pay an impact fee rather than providing units on site. So, we looked at the feasibility of these different prototypes. All of the prototypes are assuming fairly compact units and really low parking requirements of one per unit. These are fairly high density as well. This describes that most of these prototypes are feasible. The exception is the mid-rise, which is 85 foot with retail on the ground floor. It has a more significant increment of retail, and we found that the cost to build the retail wasn't really being offset by the revenues that could be generated from the retail. The midrise without the retail was financially feasible. On the community benefits line you can see how many below market rate units are provided on site, that's zero because we're sort of assuming they would pay the in-lieu fees rather than providing units on site. That shows that for the low-rise Greenway you could get something close to \$1.27 million in in-lieu fee revenues. The park fee revenues are also scaling up as you add more units and you can contribute a little bit more, per the current requirements.

Ms. Turner interjected, we had a talk a few weeks ago from an affordable housing developer, so I want to tie in kind of what we heard from Diane from Palo Alto Housing. That is kind of again looking at the below market rate in this one, if we kept this current City policy, those folks would pay a fee to the City and that would go to projects like the ones that Palo Alto Housing works on. So, the City is contributing, I think, \$20 million to the project that they currently have, Wilton Court. That's funding that comes from projects that then goes to 100 percent affordable housing buildings. Instead of the below market inclusionary included in the market rate building, this might go to Palo Alto Housing or others who apply and build 100 percent affordable buildings.

Ms. Dellaporta asked, could those in-lieu fees go to helping a family afford to live in the actual buildings you're talking about here? Could they just go directly to supporting some units?

Ms. Srivastava answered we could probably think about something where it's staying within the project area. The way it's currently set up, we would need a different model of how the fees would be used. The other option would be, we could develop a program similar to how Palo Alto has a program for having the units on site. We could develop something similar for rental. That's just a current policy gap we have that we could close. Again, they are using the current policy as their assumptions and would need to change it to adjust.

Ms. Summa commented my understanding was that for for-sale units, a developer, there's 15 percent inclusionary and you could choose to build it on site or pay in-lieu fees. There's no in-lieu fee for rentals because they're not required.

Ms. Srivastava replied it's a housing impact fee.

Ms. Summa noted there are impact fees for all types of building, but there isn't an in-lieu fee.

Ms. Turner responded I misspoke. You're right, it's a housing impact fee.

ADA. The City of Palo Alto does not discriminate against individuals with disabilities. To request accommodations, auxiliary aids or services to access City facilities, services or programs, to participate at public meetings, or to learn about the City's compliance with the Americans with Disabilities Act (ADA) of 1990, may contact 650-329-2550 (voice), or e-mail [ada@cityofpaloalto.org](mailto:ada@cityofpaloalto.org). This agenda is posted in accordance with government code section 54954.2(a) or section 54956. Members of the public are welcome to attend this public meeting.

Ms. Srivastava continued, I think I just wanted to note that, like Rachael was just saying, you could have a policy where you require the units on site, but there's less of a margin with rental developments to be able to do that in terms of feasibility, because the market rate prices, the feasibility challenges are such that the construction costs for these kinds of projects are high enough that there is not a huge gap between what you can charge for market rate units and how much is left over in terms of revenues for you to then be able to subsidize a lot of units. There are certain policies that could be put into place to help create some of those incentives and make it more feasible. We found all throughout the Silicon Valley that it's become more challenging for rental housing to pencil with those types of requirements.

Ms. Price commented therefore it is largely true that nonprofit developers for affordable housing prefer the fee versus building on site because the City has more flexibility on how to use those funds.

Ms. Srivastava replied I think the advantage is that you can then leverage other sources of subsidy. So, if the city is able to provide a funding source, it allows an affordable housing developer to be more competitive when they're getting sources from the county and the state, because they have that local funding source that is something they can count on that is not competitive. So, that's really the advantage, whether it's securing a site that a city owned or securing the city funds upfront really helps you put the deal together more efficiently. The next slide shows some explanations of some of the underlying figures. So, we wanted to show what the components of costs are in a typical market-rate rental project. This is a four-story low rise. So, the hard construction costs are by far the biggest cost, the cost of labor and materials to build the building. Soft costs are the next largest category. Then you have land costs and these are per unit costs. Then you have profit and return. Here we're assuming something in the range of 15 to 18 percent return on cost. I think it can really depend a lot on who the investors and developers are, but we think that under current market conditions, that's a pretty conservative estimate.

Mr. Smith commented something to keep in mind for land costs. The Santa Cruz tannery was a good example. If it's a warehouse, an empty piece of land, it's different than if you're talking about an occupied piece of property that you're going to tear down and build something on.

Ms. Srivastava replied if you have a revenue-generating use that's already generating some revenues to that land owner, then they may have higher expectations for what they need in order to be able to do something else.

Mr. Steele remarked I think I just realized why my project is not penciling, because I couldn't get away with paying \$95,000 in land costs per unit. It would be more in line with your \$10 million number. It's going to be \$200,000 or more per unit. The construction cost is not going to change just because the land costs change. I would suggest we're not getting \$117,000 in profit either, not on rental.

Ms. Dellaporta inquired, I just wanted to make sure I understood, the profit counts as part of the cost?

Ms. Srivastava replied the theory here is that if you're not able to have a profit then a market-rate developer isn't going to pursue the project. So, we could remove that but you would still consider that as part of the overall development costs and what it takes to make a project get built.



Ms. Dellaporta asked why is it 15 to 18 percent profit, rather than a 2 percent profit that you'd wish you could get from your savings about? Why is it so high?

Ms. Srivastava explained the risk is a big part of it. So, every development project has a lot of risk attached to it. The other issue when you're thinking about profit in this scenario, it's actually not just about the developer. It's actually about the group of investors. So, most projects are leveraging investments from perhaps a pension fund or some other Wall Street investor. So, that's really where the money is coming from. If you have your money in a pension fund, that pension fund has to meet a certain threshold for what their investors are going to get. When I say 15 to 18 percent, it's 15 to 18 percent of development costs. It's not a yield on cost metric, it's a different metric. You need to be able to generate enough return so that you are competitive enough so that you can attract those types of capital. The key issue is in today's market, if you're not able to generate enough return, people will put their money somewhere else. They're not going to put it into real estate.

Mr. Steele added one of the reasons that the investors are looking at this is, it's the security for the money they put in. So, if they had to foreclose on the property and take it back, if they're foreclosing then presumably the owner couldn't make it work. They need enough of a margin to know they have enough security to lend you the money. If they're just going to do it for even, they're not going to do any more than anyone else, because it is security.

Ms. Summa commented this is a static moment. A snapshot of the picture. It doesn't represent years of profit if the same owner was to keep the building. So, it's like if they finish the building at these costs and they sold it right away.

Ms. Srivastava replied that is a really helpful comment, because it is static. It's one moment in time just to be able to kind of paint a picture. For most apartment uses, that's not really the way you'd look at it. You'd look at it as a longer-term investment. Finally, I just wanted to show, one of the conversations that's been happening is how do rental apartments compare to office in terms of overall feasibility. This is comparing to the best extent possible. We are comparing apples to oranges, but we tried to make them apples to apples as much as possible. We wanted to show the total development costs of a rental apartment versus an office are somewhat similar. Office is a little bit more expensive. That's partly because we're assuming that office would have a higher parking standard than residential. It is also a little bit about the construction requirements and the tenant improvements that are required in a premium Class A office. The market values are very high for office right now. If you're assuming really top rents, the rents have a lot to do with what type of tenant you're able to attract. So, if we're thinking of small medical offices, you're not going to get this type of value. I showed what the value would be if you also added those below market rate units and created kind of an average value per square foot. Once you add in those below market rate units. Let's say you had 15 percent below market rate units in a rental project. That brings down your average value per square foot, because you can't charge as much as the market rate on the residential.

Ms. Turner clarified it's \$1,005 and then it would be brought down to \$547 per square foot.

Ms. Srivastava continued for a low income. And then \$381 for a very low-income unit.

Ms. Turner asked is that for that unit or is that saying the average of all the units in that development go down to \$547?

Ms. Srivastava replied it's for that unit. Then that last line, the average value is for all of the units. So, it brings you down to \$928. So, it's just a way of showing that there is a discount in the revenues that you're able to bring in if you have those BMR units on your site, but your costs are the same, because you're still having to build those units. The net value then becomes negative for a rental apartment when you have those inclusionary requirements on site. Whereas for office you might still have some value left. So, the point is that in many communities you're seeing strategies where the office is helping to offset some of the burden that is being carried from the residential.

**Female** asked what do you mean by net value? How is that different?

Ms. Srivastava replied it's just the value minus the costs. It's the balance.

**Female** commented, once again, this is a static graph. It's a moment in time. We're hearing almost \$1,000 a square foot for office rental in Palo Alto.

Ms. Srivastava continued, going through line by line. This first line is the cost per square foot and the second line is the value per square foot. So, office we're getting about \$1200. So, I'm subtracting the revenue from the cost to get to this net value number. In this one it's negative because once I average in the below market rate units, my average value goes down. So, that's why it's negative here.

Ms. Turner asked, this is low income and very low income. If it's the moderate income, does that change that, or it still doesn't change it enough to make it positive?

Ms. Srivastava replied we could play around with that and that might be the break-even place, but I think I was sort of thinking that for rental in this community, based on where you are with your policy, that it would probably require a fair amount of very low and low income. So, that was an assumption I made because your Nexus Study is based on very low, low and moderate income. So, you would have to go through a whole process with HCD if you wanted to make that adjustment.

Ms. Turner asked if there were any question. We want to make sure everyone understands this slide.

Ms. Summa stated it doesn't seem to capture the value of office development for developers.

Ms. Turner inquired do you think the \$127 too low?

Ms. Summa replied yes because that doesn't capture the years of owning and renting it. It's a funny number to me. Why would anybody develop office for that?

Ms. Turner responded I don't think \$127 a square foot is, I don't know that it seems poor. But I think what you are saying is if somebody owns a building over a lifetime, decades, what's the lifetime revenue from that.

Ms. Summa said there's more value than appears from that chart.

ADA. The City of Palo Alto does not discriminate against individuals with disabilities. To request accommodations, auxiliary aids or services to access City facilities, services or programs, to participate at public meetings, or to learn about the City's compliance with the Americans with Disabilities Act (ADA) of 1990, may contact 650-329-2550 (voice), or e-mail [ada@cityofpaloalto.org](mailto:ada@cityofpaloalto.org). This agenda is posted in accordance with government code section 54954.2(a) or section 54956. Members of the public are welcome to attend this public meeting.

Ms. Turner asked Ms. Srivastava to speak to whether you model over kind of like a ten-year payback to investors, or if you get that detailed. Your calculations of how you look at the life cycle of a building.

Ms. Srivastava answered we haven't yet done that level of analysis. So, the purpose here was really just to show the relative values so you could understand the relative economics of rental apartments and office. Definitely they are very different kinds of products. They typically bring very different kinds of investors to the table. There are a lot of assumptions about what kind of office building this would be. Would it be a tech office building, a smaller office building that's more local businesses? All of those components would have very different kinds of results. We haven't modeled it that robustly to be able to get into the details. What I really wanted to do with this was just show kind of how the economics of these two different kinds of buildings, how they compare to each other to the extent possible given very preliminary analysis.

Mr. Smith commented to me the simplest way to look at this is, the total development costs for office is \$1097. You're getting \$127 net value. That falls within the range of 12 to 15 percent return for your cost. You're right, the market rate value can fluctuate up or down. Sometimes people forget it can also go down. For instance, if interest rates were to change, then the market value actually goes down, because it is harder to get money to borrow to build the project. That number can go up and down, so this is where the risk comes into play. You never really know what that market rate value is going to be in a year, two years, three years. There could be an economic recession. Things could go backwards. That's part of the risk of developing a project.

Ms. Dellaporta asked if the costs at the top of this list include that 15 to 18 percent increase?

Ms. Srivastava answered they do include some developer fee, but I don't think it's that full amount.

Ms. Dellaporta continued, so the \$127 is in addition to the 15 to 18 percent increase in value or not?

Ms. Srivastava replied no, it's not. This is very generalized. What I wanted to do was really just show that there are some margins with a new office development that is a Class A office project that might allow for contribution towards community benefits and that the economics and feasibility of that would be very different from a rental project that has a lot of BMR units or 15 percent BMR units, so you can understand these different uses. I think sometimes focusing on just one particular land use you kind of miss the picture of how a combination of different kinds of development projects can help to mutually achieve all the different objectives you may have as a community for the North Ventura Area.

#### Planning Alternatives Discussion – Elements of the Plan

Ms. Turner asked Perkins + Will to go through the typologies, all of them. We'll pause after that for a few questions, then we'll go through the rest of it.

Ms. Rayan commented as Sujata mentioned and I think we all have a better understanding, all of these typologies are feasible. Of course, with all of these different circumstances of what feasibility really means we want to point out the following. All of these have a greater DU, dwelling unit per acre than 30, so they're all higher than current zoning. Part of that is to incentivize the developer, which I think is ADA. The City of Palo Alto does not discriminate against individuals with disabilities. To request accommodations, auxiliary aids or services to access City facilities, services or programs, to participate at public meetings, or to learn about the City's compliance with the Americans with Disabilities Act (ADA) of 1990, may contact 650-329-2550 (voice), or e-mail [ada@cityofpaloalto.org](mailto:ada@cityofpaloalto.org). This agenda is posted in accordance with government code section 54954.2(a) or section 54956. Members of the public are welcome to attend this public meeting.

becoming a little clearer. What that also does is increase the yield of units. It also increases our unit mix. Of these typologies, only one supports a commercial ground floor, and that's the low-rise block with the red liner you'll see. However, we do see all of these typologies having active ground floors, which include stoops and lobbies and entrances, so there is really kind of a social space at the ground floor. We also understand that graphically these look maybe like really beautiful Legos, but we just want you to understand this is a massing model, so these are building envelopes. All of these typologies can support all architectural styles. We've chosen some presidencies to illustrate just that, but we really wanted to make sure that was clear. We're going to go through five typologies and each of them will be laid out in the same way, so we'll spend a little more time on the ones upfront and then we'll move a little more quickly. The first typology is the townhome, which I think you're all fairly familiar with. We have some precedence from Emeryville, from Oregon and from Washington. What we'll do for each of these models, and we've tried to show a little more articulation and also some of the green space that each of these typologies has built into them. I'll just walk through one through seven then for the others we'll move a little more quickly. Essentially, we talk about massing in articulation, so in this case there's opportunity for a varied roofline and also for varied facades. There's also a sense of individually articulated units, even though these are attached, and sort of a human scale. The number three here is that there will be unit entries along the street, so there are front stoops creating a nice neighborhood feel. There is also a planting strip for screening and urban greening. They also have upper level balconies, which all of our precedences have. In terms of open space, we call this out for each of the typologies because we know this is really important to everyone. There will be individual front gardens and there is also a shared alley or thruway between the two rows of townhomes. This section talks about some of those components I just mentioned. Each of these typologies has sort of the summary metrics. So, we'll talk about the stories. In this case the townhome is three stories. The ground floor height across the typologies is 15 and then above are 10 feet. The total height of the townhomes is around 35 feet. The average unit size of the townhome is 1500 square feet and this is something that will vary. In order to get units that pencil out, density has to go up which in some cases doesn't necessarily mean the buildings get higher. What it does mean is that the unit sizes get smaller. In this case the density of the townhome is 33 dwelling units per acre and across all alternatives, we are assuming a more progressive parking ratio than is currently permitted. We're assuming one parking space per unit. Also, all of the parking is underground except for this one. Townhomes have above ground parking. The next typology is what we're calling the low-rise greenway. Similarly, to the townhome, there is this idea of having varied façade planes, articulation, fenestration, nice use of materials. Also, entries at the ground floor. What you'll notice here is that we've added a floor and the size of the units have gone down, but what that means is that the density allows us to have a smaller building footprint on the same parcel. So, the tradeoff there is you get a lot more open space. So, that's what you see in this typology. So, not only is there the capacity for individual front gardens and front stoops, but also a greater shared green space. The next slide will show you a section of that to understand the human scale. As I mentioned, this goes up one more story, so now we're looking at four stories. The ground floor height, as we've said across all typologies is 15 feet, above is 10 feet, for a total height of 45 feet. The typical unit size is 700 square feet. So, that's about half of the townhome. So, what that means is that the density goes up, even though you still have a lot of green space, potentially very nice architecture. So, now the density, the dwelling unit per acre is 107. Similarly, in this case, one parking space per unit and in this case all the parking is underground. So now, building off of that low rise with the greenway, this is the low-rise block. So, imagine that same general architectural character, but it now wraps around an entire block with a central courtyard open space in the center. This could still be publicly accessible open space. So, the way we've modeled it, there's a cut through the building.

ADA. The City of Palo Alto does not discriminate against individuals with disabilities. To request accommodations, auxiliary aids or services to access City facilities, services or programs, to participate at public meetings, or to learn about the City's compliance with the Americans with Disabilities Act (ADA) of 1990, may contact 650-329-2550 (voice), or e-mail [ada@cityofpaloalto.org](mailto:ada@cityofpaloalto.org). This agenda is posted in accordance with government code section 54954.2(a) or section 54956. Members of the public are welcome to attend this public meeting.

We see lots of examples of this. In particular, here are some examples of different four-story buildings in the images on the right. The idea is that we're finding different ways to incorporate publicly accessible open space even on a bigger, objectively more bulky building. Additionally, with the four story that you see here with the slightly wider bays of housing, we're able to incorporate accessible green roofs. So, now you're starting to see open space that's being incorporated on all different planes, street level and above. A constant for all of our alternatives, there are individual ground floor entries along the street. We think this is sort of an essential component of any really vibrant functional residential neighborhood. You're seeing people going in and out of their units. There's an interaction with people and their ground floor entry and the street. We have incorporated that into this denser typology as well.

Ms. Rayan stated these are all examples from Palo Alto that we have pictured here.

Ms. Rayan continued looking at it in section, here's an example of what that interior courtyard might feel like. So, it's 110 feet wide. This is prototypical. The dimension could change a little bit depending on the lot size, but the idea is this is a big enough space that you could program the interior open space in a variety of ways. You could have raised beds for a community garden. You could have a playground. You could have dining space. There's lots of flexibility in that interior space if you keep it available for open space. Again, it's four stories. The taller ground floor allows for front stoops, so you could be slightly raised and have sort of a patio that's looking out onto the street. We're maintaining that same average, the 700 square foot unit size, as you'll see that repeating in the next few examples. Parking again, fully underground. One thing to note, all of these residential typologies park themselves. So, all the parking that's required, assuming this very progressive one space per dwelling unit, that can be contained within this project itself.

Ms. Prices asked if any of these had guest parking?

Ms. Rayan answered there is no guest parking assumed now, although I will say there is more parking than is necessary if you maxed out the entire parcel area for some of these typologies. It's very hypothetical at this point, but we're not assuming it at the moment. The next typology, this is the low-rise block, but now we've added a ground floor commercial liner. So, one side of the building would have ground floor retail. This could be restaurant, coffee shop. It would probably be several storefronts ideally, and there could be seating outside of the active ground floor, places for the commercial activity of the interior to spill out into the public realm. In order to make this happen, building off of what Sujata was talking about, how does that ground floor retail get financed, there would likely need to be more residential units put into the building in order to make this all feasible. So, we've added an additional floor of housing to make that work. Other than that, you will see that the massing should look pretty similar. You're still getting your rooftop garden. You're still getting your individual entries, the ground stoop and you're getting your central courtyard. In section, we can see again, this looks quite similar, although now you're getting to see how that ground floor retail might play with the street. So, in this example we've set the ground floor retail back just slightly, so you're getting a little bit wider sidewalk that could facilitate out your dining area seating, spillover from the interior of the store. Again, two levels of underground parking and you'll see that it's only one building that has the retail. The other side would be exclusively multifamily residential. Now, with the midrise block, this is the taller building. You probably don't see a lot of these in Palo Alto, and the reason we're introducing it here is because it introduces some different tradeoffs that we want to have a conversation about with you. By building up, it might enable us to have a greater mix of unit types. So, rather than sticking to that 700 square foot

ADA. The City of Palo Alto does not discriminate against individuals with disabilities. To request accommodations, auxiliary aids or services to access City facilities, services or programs, to participate at public meetings, or to learn about the City's compliance with the Americans with Disabilities Act (ADA) of 1990, may contact 650-329-2550 (voice), or e-mail [ada@cityofpaloalto.org](mailto:ada@cityofpaloalto.org). This agenda is posted in accordance with government code section 54954.2(a) or section 54956. Members of the public are welcome to attend this public meeting.

per unit, we might be able to increase that a bit, so there could be more two bedrooms, three bedrooms to allow for a variety of family types and household types to occupy this building. Here is an example in section. You can see that the interior open space stays the same. One thing to note is that we are stepping back the building above six stories, so along the street as you're walking, you would perceive a six-story building as a pedestrian. The upper floors, the seven and eight, would be further back and this would allow for more daylight to access the street and also just as a pedestrian to not feel like the building is sort of falling on top of you, but to have a little more space. So, to summarize, and again, we can talk through more of the details with you in our activity to follow, but we wanted to kind of work through just some of the big picture tradeoffs that we are envisioning and we want to work through with you. To start with, all of these typologies work for a variety of architectural styles. These are massing models. You can have pitched roofs, craftsman, anything within this envelope. All of the typologies are incorporating ground floor transparency basically between the street and the units, front stoops, balconies, a variety of roof lines that are interesting for the pedestrian to see. Setbacks that can be landscaped and allow for screening. We want to soften the edges of these buildings. All of these buildings also contribute to a vibrant public realm. These are streets that have buildings that respect the street. Specifically, going through them quickly, townhomes, we want to hit the point that these really just work for a for-sale model. So, they're not going to work for rental. They don't provide on their own any publicly accessible open space in the most traditional form. They do have the alley that's running through that could be a part of a network of bike and pedestrian slow speed connection, but it doesn't have a contained open space.

Ms. Rayan commented just also to say that townhomes don't support ground floor retail. Just to understand that's what differentiates this typology.

Ms. Rayan continued, with the low-rise greenway we've increased up to four stories and in exchange we now have a little bit more usable, publicly accessible open space that is at the street level. So, what you're seeing in this diagram is a block. There would be a street that's going along the open space. So, the idea that this could be usable open space to now just the people that live in the building, but people in the surrounding neighborhood as well. It works for a for-sale or a rental model. We also see this low-rise greenway as being a potential way to start to transition from existing single family more sensitive residential uses up to some of the later multifamily typologies. With the low rise block you're getting more publicly accessible open space, but it is a larger building that's going to require a larger parcel size. This is the most common multifamily typology that we're starting to see in Palo Alto or Mountain View, along El Camino Real. It might seem familiar to you in that way. This is something we have references to and we can see sort of contemporary examples of. When we're adding in the retail, it enlivens the street, it creates an opportunity for a variety of different ground floor retail uses, but it does require an additional floor of residential to make that pencil out. Additionally, these neighborhood serving commercial typologies need visibility, so there are certain locations where they might be better suited, closer to Portage, closer to El Camino Real where they're visible, where they can get the foot traffic they need to sustain their businesses. Finally, with the midrise block, this is a much taller typology, but it comes with an opportunity to think about a more mix of unit types. So, units that are potentially bigger and could work for larger families, or just households that have more people in them. We're going to pause for questions.

Ms. Dellaporta stated I was wondering why only the larger size provides the opportunity for family larger sized units. It seems to me that even in a three-story building, if you had a larger unit, it would

ADA. The City of Palo Alto does not discriminate against individuals with disabilities. To request accommodations, auxiliary aids or services to access City facilities, services or programs, to participate at public meetings, or to learn about the City's compliance with the Americans with Disabilities Act (ADA) of 1990, may contact 650-329-2550 (voice), or e-mail [ada@cityofpaloalto.org](mailto:ada@cityofpaloalto.org). This agenda is posted in accordance with government code section 54954.2(a) or section 54956. Members of the public are welcome to attend this public meeting.

cost less overall because you wouldn't have to be putting a kitchen and another bathroom in. You would have more floor space with fewer expensive rooms in them. You would just have one kitchen per three rooms instead of three kitchens for three rooms. I don't understand why you would have to go with the much taller building in order to have larger units.

Ms. Srivastava answered there are a couple of different factors. When you build a more compact unit on a per square foot basis, you get more revenue out of a studio or one bedroom than you do out of a family unit or a three bedroom. There is more market demand for the smaller units. So, that's a lot of what we see right now. There is also the interplay with the parking standards and parking ratios. For a smaller unit you could do one space per unit. When you get to two or three bedrooms, that may be more difficult to be able to lease your unit because people might have an expectation of having two parking spaces if you have a two-bedroom unit or maybe two parking spaces for a three-bedroom unit. So, be able to get the geometry of the site to be the most efficient possible, it works better and you can get more yield out of it if you can get the more compact units, just in terms of the value relative to the cost.

Ms. Dellaporta continued, the price per square foot actually goes down when you have more square feet? (crosstalk)

Ms. Srivastava responded rents don't double from a one bedroom to a two bedroom for example. So, you add a little more square footage, but you can't necessarily increase your rents proportionally to the amount of square footage. The development costs might be a little bit lower on a per square foot basis, but when you add in the parking that you need to be able to provide for a two bedroom, because it's hard to lease a two-bedroom apartment with just one space, I would say. There may be other people in the room who would disagree with that, but I think the expectation in this market, in the Silicon Valley is that you would either pay less rent if you didn't have a parking space for that second bedroom, or you would look elsewhere where you could get that second parking space.

Ms. Dellaporta noted you might look for some place that had parking per bedroom the way Tim was mentioning a few months ago.

Ms. Turner commented which is the current parking standard in the City.

Ms. Srivastava noted that adds to the cost of building that two bedroom, because now you have to build two parking spaces instead of one.

Ms. Turner responded, I do want to point out, because I think it is important, that it isn't that there aren't any family sized units in the four-story building. It isn't a choice between having family-sized units and not having family-sized units. It's just that there are more of them, numerically speaking, in the eight story building, so what you will see if you look at the sheet where it has the number breakdown of the typology, it says for most of them the average unit size is 700 square feet, but that's averaging together the studios, one bedrooms, two bedrooms, three bedrooms all together. So, then the average size goes up in the eight-story building because you're having more of the larger units. So, it is not to say we can't have family-sized units and certainly that families live in all types of units. So, it's not a total tradeoff, one or the other, but just more gradation between the two.

Mr. Lew commented, on the low-rise block, like a perimeter block, there are ways of stepping it down. There is one in my neighborhood where it's only two stories facing single family houses, and you can't even see the four stories. I know people are concerned about the height. There are ways of designing it to fit into the neighborhood.

Ms. Rayan mentioned, I really appreciate you saying that because that segues nicely to when we actually show these typologies in context in the plan area, we're mixing and matching in that exact kind of transition that the four story greenway could work very nicely with a two story or three story townhome kind of mirroring it in a way. You're starting to see a stacking. Yes, these are not the be all, end all. Things can be mixed together. We would want to see variations in heights.

Ms. Price asked for clarification, low rise block that you're mentioning here. Are you suggesting the economics do not work for retail on the ground floor? Is that what you're saying, in general, but there could be exceptions? Are these generalizations, there are some exceptions?

Ms. Srivastava answered these are generalizations and what we're saying is that the low-rise block could have ground floor retail, but it would need more units to make that more feasible, so we've added more units, and that's gone up a floor. It still stays at the same construction type, so that's what helps keep it comparable to the low-rise block.

Ms. Price continued, clearly these examples, frankly are the lowest level of design, these blocks. So, people look at this and just are dismayed because there is the nuance and design issues obviously can't be conveyed in these. So, the other question is the parking. Below grade or partially below grade parking is hugely expensive. Is there any rule of thumb that would say, okay, if you got rid of all of the underground parking, how would that impact your development costs in general?

Ms. Srivastava replied it is significantly less expensive to do podium parking relative to underground parking. You might need to do one level of underground parking in addition to the podium, just to get all the parking to fit on the site, depending on which prototype we're talking about. I don't remember the exact numbers of what we used in our analysis, but let's say an underground parking space costs something like \$80,000 per space. I think a podium parking space could be more in the range of \$40,000 to \$45,000 per space. So, you are significantly reducing the amount of cost associated with building the parking.

Ms. Turner clarified what Gail and Sujata are talking about is if we were building it at grade. So, podium is again architectural charm that some of the parking is at grade would mean above ground level.

Ms. Price noted there are examples where they are decoupling parking from the unit. So, there are some examples where people can buy a unit without the parking and there is at least a modest difference in price to the consumer, correct?

Ms. Srivastava replied I don't know that there are that many examples in Palo Alto but I know they are definitely experimenting with this in neighboring communities. Mountain View is one where they worked on unbundling parking and they charge for the parking separately. I think it's very contextual in terms of are you providing other transportation options to make it more attractive for those renters.

ADA. The City of Palo Alto does not discriminate against individuals with disabilities. To request accommodations, auxiliary aids or services to access City facilities, services or programs, to participate at public meetings, or to learn about the City's compliance with the Americans with Disabilities Act (ADA) of 1990, may contact 650-329-2550 (voice), or e-mail [ada@cityofpaloalto.org](mailto:ada@cityofpaloalto.org). This agenda is posted in accordance with government code section 54954.2(a) or section 54956. Members of the public are welcome to attend this public meeting.



Ms. Summa asked to clarify on this picture you're saying that on condo or rental property, people can use the open space, just random people can come there? That seems wildly unrealistic and undesirable if you have housing on the ground floor to say the very least. I did want to mention that according to our housing element, based on the last two censuses, the fastest growing household in Palo Alto by far is family housing, and I think when you're talking about family housing, you're talking about two parents and children, and you're talking about people that need two cars in most cases. In Palo Alto the multifamily housing studies that we did most recently did not recommend reducing parking except in senior housing. The same for subsidized and market rate housing. So, I also think it's important to remember, that's our fastest growing household, families with children per our housing element. I find some of these unrealistic. To Alex's comment, remember that the step downs are required also currently in our development standards.

Ms. Srivastava continued, one of our earlier analyses that we did back last year was looking at the retail demand that is associated with new household growth. At that time, we were looking at the 354-household number. So, we reconfigured that analysis to look at it more on a per household level to be able to understand how much retail can a new household in this area support. What we did was look at actual data from the consumer expenditure survey for neighborhood serving retail categories. This is partly based on the idea that we're not expecting there to be a new furniture store or some kind of regional big box type of store in this area, just given current retail trends and the changes that are happening in the retail sector. So, we selected groceries, restaurants, drugstores, things of that nature and some smaller specialized retail. Looked at what the spending is per household, what the estimates of sales per square foot would be for these types of stores and this is based on looking at comparable types of stores that fit into these categories and what they're reporting in terms of their sales per square foot, to derive how much retail per household could be supported. For example, at the top line you see 19 square foot of grocery store per household, 24 square foot of restaurants per household. That's based on Palo Alto spending patterns. So, in this community there's a lot of eating out that's happening. This might change depending on which community you're looking at. Overall, we're showing potential for 60 square foot per household, but that really depends on how much of that spending is captured internally to North Ventura. Many people don't do all of their shopping and eating in their neighborhood. Many will go somewhere close to their work or somewhere else in another community. So, the bottom lines are just showing, if you were to capture 25 percent of these sales, that would be 15 square feet per household. If you were to capture 50 percent, that would be 30 square feet and if you were to capture 75 percent internal, that would be 45 square feet. A lot of this also depends on the types of retail tenants you're able to get internal to this site, where you put the retail, how you create the environment that will encourage that spending.

Ms. Sharkland commented another type of community benefit that we envision in a vibrant neighborhood is obviously open space, so I'm just going to start off with our goals and assumptions. We're using the Comprehensive plan with the open space goal of two acres per 1,000 residents, so this is baseline, as is the parkland dedication ordinance, which requires 366 square feet of open space per unit. All of the alternatives that you'll see meet these standards and some exceed. Just to be clear, the creek easement, we know there's this ongoing creek study in whatever form the creek restoration takes, that will be wonderful and that could approximate about 1.4 acres of some sort of creek restoration open space. That area is not included in our open space calculations. So, that would be additional later, but for now imagine everything beyond the creek, because we wanted to be clear with you what kind of open space the NVCAP area would have just on its own, without the creek. So, we have three categories

ADA. The City of Palo Alto does not discriminate against individuals with disabilities. To request accommodations, auxiliary aids or services to access City facilities, services or programs, to participate at public meetings, or to learn about the City's compliance with the Americans with Disabilities Act (ADA) of 1990, may contact 650-329-2550 (voice), or e-mail [ada@cityofpaloalto.org](mailto:ada@cityofpaloalto.org). This agenda is posted in accordance with government code section 54954.2(a) or section 54956. Members of the public are welcome to attend this public meeting.

of open space we're introducing. The first is centralized. I promise it's a coincidence that we actually have an image of SouthPark that Alex mentioned on the left. This is your more sort of traditional open space. It's larger contiguous spaces. It's not tied to any housing typology. It's stand alone. We then have greenways, which are nonvehicular connections that run all through the plan area. So, these could be social spaces for people to gather, but it's also places for active recreation, jogging, biking. Then we have your courtyards, green roofs. These are open spaces that are attached to a residential or commercial typology. They could be publicly accessible. They don't have to be, but we wanted to throw out the option to you that this is another way of leveraging open space from commercial development. On the next side you can see how the open spaces array themselves in the three alternatives. We have some calculations running along each. Basically, if you combine all of these different open space types, you're getting between 6.7 acres of open space in the first alternative to nearly 13 acres in the final alternative. If you wanted to be really particular and just think about the centralized open space, we're getting between nearly 3 acres in alternative one and around 3.5 for alternatives two and three. You can see there starts to be more opportunity for open space as new development sites come on line.

Ms. Sharkland replied the first number, the 6.7, 12.3, 12.8, that includes the interior. The courtyards and the green roofs. If you just wanted to think about parks, what we're calling centralized open space, that's the 2.9, 3.5 and 3.3 acres for each.

Ms. Sharkland answered, hopefully this site looks a little bit familiar to you all. Back in the spring, we asked you to tell us about your favorite neighborhoods, your most vibrant neighborhoods that you've been to, and these neighborhoods yield a variety of metrics. So, in taking the population density, the jobs density, the retail and service density of these places, and creating a composite vibrant neighborhood target, we can start to see how these neighborhoods compare to our neighborhood. So, this is existing NVCAP Area. The map in the upper right shows the catchment area that we're looking at. This does include part of Cal Ave, which was included for census reasons, so it's a little bit aggregated. What we're showing in the bottom circles is population density of the NVCAP Area is dark green. The target, the desired population carrying capacity of a vibrant neighborhood is the dotted gray line. You can see our population density is quite a bit smaller than the carrying capacity of some of these other neighborhoods, like downtown Palo Alto, like Emeryville, like Central Square in Cambridge. Jobs density, we're above the target. That should be very obvious to all of us. We talk about this a lot, that there's a jobs/housing imbalance and our neighborhood is very much reflecting that. Finally, with retail and services, we're sort of right at the sweet spot, but then we remember that this is including Cal Ave, so we have 84 service and retail businesses is the target. We're at 80 service and retail businesses per square mile if you include Cal Ave. So, we do need to think about how NVCAP might want to introduce more retail, given that we're looking to encourage the population here, and have more people living here.

Ms. Sharkland commented building off of what Annie just said, we wanted to get a snapshot of the existing conditions within NVCAP, because as we move through the alternatives, we're going to be discussing proposed versus full build out. To understand what's there now, within the NVCAP Plan Area, there's 120 housing units, about 560,000 gross square feet of Class A office, 150,000 feet of retail and about 2400 parking spaces. So, reading through some criteria for each of the alternatives, this will be moving across all of them. First, there will be additional proposed office square footage in the alternatives; however, as we've discussed tonight, this is in part due to looking at how that office can partially potentially subsidize community benefits. Also, we have kept the additional office within

ADA. The City of Palo Alto does not discriminate against individuals with disabilities. To request accommodations, auxiliary aids or services to access City facilities, services or programs, to participate at public meetings, or to learn about the City's compliance with the Americans with Disabilities Act (ADA) of 1990, may contact 650-329-2550 (voice), or e-mail [ada@cityofpaloalto.org](mailto:ada@cityofpaloalto.org). This agenda is posted in accordance with government code section 54954.2(a) or section 54956. Members of the public are welcome to attend this public meeting.

existing footprints, so that's a strategy that we've discussed last Working Group and we've carried it forward. Current retail at the site is not right-sized for the population, so there's actually based on the analysis Sujata did and understanding current population, when Fry's was still there, there was more retail than the population within NVCAP could actually support. So, some of our alternatives are going to show a reduction just to be clear. We can talk about that when we get there. The new jobs calculation is based on the proposed office and retail program, not on what is there plus our proposed. Again, we can clarify as we move through the alternatives. The location of housing typologies considers proximity to transit and is sensitive to the extent possible to surrounding uses. So, one thing we're really trying to push with this project is being more progressive with the parking ratio, very much has to do with our location and we are close to Caltrain. So, that's something we're really considering. The alternatives open space calculation includes all three categories, but we also have a further breakdown that shows on a more granular level, how much centralized open space versus greenways. All new construction, as we've already mentioned, is self-parked and in all of the alternatives, you will see one of the tradeoffs of keeping the Fry's building for example, is that we can't put underground parking under the existing building. So, when we build on the surface parking lot that is there today, we move those parking spaces to a district parking garage. So, accommodation for additional program will be from the district parking garage that you see in all of the four alternatives. The first alternative actually has two parts. It's alternative 1A and 1B, the main difference being whether or not the Cloudera parcel comes on line. So, quickly I'll just lay out how these read. This will be the same for all the alternatives. In the bold you have our proposed program and then in the italics beneath that you have the final build out. For the first alternative 1A we're proposing 952 units, an additional 47,000 feet of office. To be clear, this office is not additional built space, but it's a redistribution of the program that's occurring in the 340 Portage Building. Formerly there was about 90,000 feet of retail; 30,000 will be kept for retail and the remainder, which is about the difference, which is 47,000 square feet would be office. Retail is adding 23,000 square feet and open space, again, this includes all three categories, is about 6.7 acres. The Fry's building remains, as you see. The use is redistributed, which is what you see between blue which is office and red which is retail. There would be 100 new units on the 340 Portage parcel, which you see adjacent to Matadero Creek. The office building on Ash, which is currently office will be given over to a community use. Our height is primarily concentrated along El Camino Real. The open space, this will also be consistent across all alternatives, is about 2.4 acres and that is on the 340 Portage parcel. The new jobs-to-housing ratio, which we will also track for all the alternatives for the final build out is 2.2. So, you can see there is a reduction in what is there currently, which is about 9.5. The tradeoffs, keeping the Fry's building does limit the overall housing yield; however, permitting housing to develop at a higher density, which is about 100 dwelling units per acre, does incentivize the developer to provide open space, 2.4 acres, and a community use off the current office building on Ash. There are more details, but we'll leave those for everyone to go through at a later time. The next alternative is 1B. So, everything is the same as 1A except for Cloudera. The Cloudera parcel has come on line and what that has meant is 628 new multifamily units on the Cloudera parcel. You will notice there is one 85-foot building, which is the orange building on the corner of Page Mill and Ash. We located it there because it's within proximity of Caltrain and there was a lot of sentiment about not having it on Park Boulevard, so we considered that location based on conversation we've had. As we've talked a lot about this evening, one of the tradeoffs, one of the ways to sort of incentivize this is to add some office square footage, so although it's within the same building footprint as you see today, we are assuming that the office increases by about 60,000 square feet. Quickly going over the numbers, proposed program is about 1500 units, multifamily units. Office, you're seeing an increase of about 107,000 square feet. This is across both the Cloudera and the 340 Portage site. Retail remains the same as 1A, and the open space increases because

ADA. The City of Palo Alto does not discriminate against individuals with disabilities. To request accommodations, auxiliary aids or services to access City facilities, services or programs, to participate at public meetings, or to learn about the City's compliance with the Americans with Disabilities Act (ADA) of 1990, may contact 650-329-2550 (voice), or e-mail [ada@cityofpaloalto.org](mailto:ada@cityofpaloalto.org). This agenda is posted in accordance with government code section 54954.2(a) or section 54956. Members of the public are welcome to attend this public meeting.

what you're seeing within the Cloudera parcel is that some of these typologies, as we've discussed, allow for more shared open space, and what would be sort of a public open space on the corner of Ash and Olive.

Ms. Sharkland commented if you watch the slide you will see the transition. We've basically taken the same sites, so now the Cloudera site is involved, as well as 340 Portage and the other sites you saw before, but rather than have a type 3 building for the 85 foot, we sort of evened out the housing heights around and you see more of the low rise block. On the 340 Portage site, you're seeing this partial removal of Fry's. This, of course, is something that we need to continue to have conversations about, the feasibility of it, but what we wanted to play out was a potential scenario where the historic portion of the building, the monitor roof is maybe isolated as some sort of kind of experiential retail space. The remaining part of 340 Portage stays as office, but that portion of the building gets reclaimed through some really exciting adaptive reuse and it becomes this sort of centerpiece hallmark of the neighborhood. In order to incentivize that, we're putting in a target of 60,000 square feet of additional office space that could be introduced to the 340 Portage parcel. These are sort of place holder numbers in some ways, because there are so many moving parts, but we wanted to introduce the concept to you and have a discussion about this. There is an additional increase of office in this alternative beyond what you saw in alternative 1B. There is no change at Cloudera in terms of office, so that office stays the same and I've explained that the housing has gone down, so there are slightly fewer units at the Cloudera site. Overall, we're seeing about 1700 units yielded in the Plan Area, 167,000 square feet of office, a little bit more retail. The thinking is that as we're increasing the population, there's now a bit more of a carrying capacity that can support that retail, and we're being very intentional about where its locating along Portage, to try to really activate that Portage spine. Then open space has increased to 12.3 acres. I will note that the partial removal of Fry's, in addition to be an opportunity to think about a creative adaptive reuse project, it also offers new connectivity through the site. Right now, we have this very monolith building that really cuts down on cross neighborhood circulation for pedestrians and bikes, and this offers a new opportunity to rethink that. Finally, alternative 3 is the sort of fullest buildout that we are showing. You can see just about every site is somehow touched, aside from the existing single family residential, which you probably have noted in all of our alternatives is sort of outlined. The idea there is that could be a potential site for future up-zoning, but we've heard from all of you that the idea of keeping the existing residential character of that neighborhood is very important, so it's been outlined in that way. In addition, the key point of this alternative is that the entire Fry's building is now removed. In order to incentivize that, in order to give the developer an appetite for basically removing an existing building that's commanding good office rents, we're showing an increased amount of office on the 340 Portage parcel, but to be clear, all office that's shown in this alternative exists within the existing office footprint of the Plan Area today. Anywhere you see that purplish-blue office color, it's sitting within a location that already had office today. In addition, we're seeing the overall most amount of housing units and as in the last alternative, the idea is with bringing these people on line, that enables us to add a significant amount of more retail. So, now we have a full retail spine running along Portage and all of the properties along El Camino Real that are currently zoned for retail could continue to have that ground floor retail with some housing above it.

Ms. Turner remarked it is getting late but we'd like to have a little bit of conversation. We know we will have to pick this up and have further conversation. There is no way we're going to have the full tonight. We'll have some and then get our heads together to see how we can make sure we have more space for more conversation.

ADA. The City of Palo Alto does not discriminate against individuals with disabilities. To request accommodations, auxiliary aids or services to access City facilities, services or programs, to participate at public meetings, or to learn about the City's compliance with the Americans with Disabilities Act (ADA) of 1990, may contact 650-329-2550 (voice), or e-mail [ada@cityofpaloalto.org](mailto:ada@cityofpaloalto.org). This agenda is posted in accordance with government code section 54954.2(a) or section 54956. Members of the public are welcome to attend this public meeting.

Ms. Sharkland responded maybe we'll start with asking the Working Group members to speak to which of the alternatives matches their vision for the NVCAP area and maybe give some examples about either housing or ground floor use, office or open space, which are kind of the four elements we talked about. Give some examples of how the plan either matches those or where it could use improvement.

Ms. Turner suggested why don't we first go on where we're seeing some resonance with your vision, and then we'll go to places where they can be improved. So, if people have either a specific alternative or maybe it's the same aspect of an alternative, such as, this particular part around the creek I really like in all three. Let's hear what's resonating and then we'll go to what is not resonating with their vision.

Mr. Smith noted it sounds like the methodology on 340 Portage is beef up the office there so multifamily can be built elsewhere. What about the same methodology on other parts of the NVCAP Area? For instance, if you look at Portage from El Camino through this site, right now most of that is office. So, for instance, if you go up to Portage and Ash, right there a lot of that is becoming just strictly multifamily, but it's replacing probably 40,000 to 50,000 square feet of office. So, I think the same economic weight needs to be taken with that as, are they realistically going to develop that and get rid of the office? It kind of comes down to the land question we came to before. If you're taking an empty piece of land maybe it's \$100,000 per unit. If you're taking an office building and turning it into apartments, that's maybe \$300,000 or \$200,000 per unit. So, it's just not realistically going to happen if the office isn't taken into account in those areas.

Ms. Summa commented we've been talking about this in terms of, it was mentioned earlier, 354 units in the NVCAP and we have examples here that range from 900 basically to 2700. That is so far from what we have been talking about. I was shocked when I read this and I think it's important, I looked up a few facts in our Comp Plan in the housing element, and this is equivalent of putting, in the highest buildout, alternative three, 10 percent practically of our existing population into the Ventura Area and it would represent if Palo Alto is about 26 square miles and one-third is open space, we can assume it's 18 square miles, that would be putting 10 percent of the current population into 0.5 percent, into this little tiny area. It would have densities equivalent of 18 times denser than what we are today and all concentrated in one area. That's the density of Manhattan, which is the densest county in the United States. This so far exceeds what the parameters of what we were thinking about this. There's lots of mistakes and assumptions in all of this.

Ms. Turner responded I just want to clarify what you're saying is, you don't like the density. You think it's denser than you would prefer. What we've said is that the housing element says there are 354 units, we can't go below that. I'm sorry if there was an assertion or belief that was the amount of units we were trying to accommodate. That is the amount of units that are currently zoned in the plan area. The idea that that would be the same, I'm sorry if that became somehow misconception that we were saying we were going to present plans with 354 units.

Ms. Summa replied I assumed, and I think probably a lot of other people in Palo Alto might, since that's what's in the housing element, that that would be at least a starting ground. This so far exceeds it and it's so outside of anything that we have talked about, I don't think most of these bears any resemblance to reality and to Lund's point, you're making a lot of assumptions. A lot of the terms, I think, are used in very strange ways, but I'll leave it at that.

ADA. The City of Palo Alto does not discriminate against individuals with disabilities. To request accommodations, auxiliary aids or services to access City facilities, services or programs, to participate at public meetings, or to learn about the City's compliance with the Americans with Disabilities Act (ADA) of 1990, may contact 650-329-2550 (voice), or e-mail [ada@cityofpaloalto.org](mailto:ada@cityofpaloalto.org). This agenda is posted in accordance with government code section 54954.2(a) or section 54956. Members of the public are welcome to attend this public meeting.

Mr. Steele commented I'm thinking and trying to put these alternatives out for people to understand, I think it would be helpful to appreciate what would need to be changed in the general planning zoning guidelines to effectuate this. What would be necessary to effectuate the ownership, since this doesn't follow any particular ownership. As an example, this model doesn't follow what would be needed to be removed to be able to implement this, as far as existing buildings and listing some of those things. I think what's kind of interesting is that the Mike's Bike site that I just talked about has been totally unentitled and re-entitled for something more intense than I have in entitlements and in all of the models that are being reflected here. I have 44 total residential units and I don't think any of these alternatives reflect that on that site. The last question, the yellow is suggesting what height and the new office building is reflecting what new height?

Ms. Turner answered the yellow, neon, I believe that is where it is not retail it is four stories, where there is retail it is five stories. And then the office height, I'm not sure for the Cloudera.

Ms. Sharkland it ranges from three up to six stories. You can see there is some variation.

Mr. Steele noted which would not be allowed under the current designation. That's kind of the point I'm suggesting is in the legend, somewhere, you need to say this, this, and this would have to change, these actions would have to be in place that is different from today across the whole City. The parking ratios would have to change as an item for expectation for height, the change in ownership. Each of these would have to, I think, be helpful to understand the pros and cons of each or the actions that would have to be necessary. One shows a property with a new parking garage built on it that isn't owned by the properties that you're suggesting are going to be redeveloped. So, those kinds of things to me suggest that the continuity and the opportunities here are harder to think you can achieve, and we need to be clear on what those challenges are to the decision makers.

Ms. Dellaporta commented I have spent a lot of time talking to my neighbors about the whole NVCAP Area. Mostly people are really worried about higher density and more people, and I have reassured them, well, don't worry, we probably won't go much above 30 units per acre, because that's what the zoning is. It's not quite clear to me why we would go so far above the 30 units per acre and make it so much denser. I don't understand that and I'm really surprised that we would try to squeeze so many more units into this small area. I don't know how I would explain it to my neighbors. I will say, to respond in a positive way, I like that the small, old, white and green building is kept in each of the alternatives. I'm a little confused about what you guys mean when you say community, because I'm not sure what would attract people to the areas that are pink. Maybe they could be used as meeting places, but there is an awful lot of meeting place there. I'm not sure how community pays for itself either. Retail perhaps might attract people to go there and hang out there and be there.

Ms. Sharkland noted Tim and Angela both spoke about it. I think the whole premise here for the City to engage us was not necessarily to look at what is possible with the current regulations in place, but to really look at the potential and imagine the future that we want for this place. So, yes, we have given ourselves the opportunity to think higher density than what the zoning currently allows.

Mr. Steele responded I think my point was, I'm not challenging that part but there's nothing here that suggests to them as policy makers what they have to change in the policy to implement what you're showing them.

Ms. Dellaporta added regardless of opportunities, my neighbors would be really shocked and upset to hear it the densities.

Mr. Lew commented my overall thought is that I'd like to see more definition and character on the different streets. Like Lambert I think should be different than Portage and Olive. And I'm thinking like next step. I'm concerned also about the lateral connection between NVCAP and California Avenue. I'm not quite seeing it in the three different schemes yet, especially in schemes 1A and 1B.

Ms. Rosen noted I'm just going to second everything that's been said about the density and just move on from that. On a positive note, I'll say that I liked the commitment to open space and calling it out, and I thought that was good to see. I wish there was a little bit more connectedness of it in the different models. I also would appreciate seeing a little more of the nuance of what the feasibility options are with each category and what specific problems could arise within each one, because it's hard to look at and actually evaluate it without understanding all of those nuances. I think that would be helpful.

Ms. Turner asked are you talking about Sujata's presentation regarding the financial feasibility, or was it a different aspect of the feasibility that you were referring to?

Ms. Rosen replied talking about the different height restrictions and what would actually be possible in each of these, what would need to happen to make this actually work for each scenario and each building.

Ms. Pittman commented ditto about the density. I thought it was interesting, but I understand that you asked what we liked first and then get to the other. I couldn't identify exactly what I liked, but besides the density per se, it looks like on alternative 3, I keep trying to look at the colors there, but it looks like my house is gone. So, that might be something I would be concerned about.

Ms. Turner replied I don't think we've changed any of the single-family homes. The white is the house in this instance and the yellow is the backyard I believe is the coloration on this.

Ms. Pittman asked, did you take away my backyard?

Ms. Turner responded no; it's just shaded yellow to show that it's the single-family home. I'm not sure why the coloration changed. (off mic) I see what you're saying now that I'm looking very close at it. That is a problem.

Ms. Price commented I liked all of the alternatives in different ways. I think I'm very partial to the one that provides the greatest opportunities for diversity of housing types and for the number of housing types, and that's clearly alternative 3. I recognize at this stage these are conceptual ideas. I would agree with comments made earlier about the character of the streets and some of the design implications there because you don't want to go down one street and then move to the next street and not realize you've changed streets. There has to be significant change in paving materials or landscaping or design

ADA. The City of Palo Alto does not discriminate against individuals with disabilities. To request accommodations, auxiliary aids or services to access City facilities, services or programs, to participate at public meetings, or to learn about the City's compliance with the Americans with Disabilities Act (ADA) of 1990, may contact 650-329-2550 (voice), or e-mail [ada@cityofpaloalto.org](mailto:ada@cityofpaloalto.org). This agenda is posted in accordance with government code section 54954.2(a) or section 54956. Members of the public are welcome to attend this public meeting.

or building materials to make a huge difference. I think the other thing in my mind is that I always say this and I guess people are used to it, is that we're looking at this in the context of the next five, ten, fifteen, twenty years, and I think it would be helpful to have a feeling for what are some of the numbers that are anticipated for Palo Alto in general over the next twenty years, and it's not going to be the population we're at now. I guess the thing that keeps driving and informs me is, we have a significant housing crisis for all across the spectrum, housing types, housing designs, housing locations, costs, rental. Our children, our grandchildren are moving away. Seniors are moving if they can't afford a place here and that's a real driver for me. This particular area in my view presents opportunities that are significant and I think this can be done very beautifully and with some sensitivity. The other thing that I liked very much was the fact that the open space, by being more compact you have more open space for community, for active and passive recreation, for public health, all of those issues and the community benefits that can be yielded from this are significant. My view is that the community benefits don't just benefit the people immediately here. They benefit the people immediately and adjacent. So, all of the current people who live here and work here would have great opportunities. The zoning and development standards and all of these issues, yes, you've said repeatedly that there has to be modification to make this come to fruition. Comprehensive area plans can develop those details to make it feasible. I think there are some very creative ideas here and this also is an area that will be phased. It's not going to turn like that. We have a significant housing crisis and this is an opportunity to develop needed housing of different sizes, etc.

#### Public Comment

Ms. Turner stated we're going to move in the public comment period and I will meet with our cochairs to think about ways we can make sure we have some opportunities for feedback on this in addition to our community workshop, because I know that our consultants want to refine the product for that. So, we need to figure out how to do that. We will not call the public speakers.

David Adams thanked Mr. Steele for his presentation. It was very useful. We live on Olive and Wilshire and we'll be popping around the corner to visit the shop. We're a small sample but I just wanted to provide some encouragement on that space, as well as any other retail that you can put in that space as well. Regarding the Mike's Bikes space, with the development of that site being indeterminate, I'm wondering whether you could put retail in that space as well, because it seems to have been empty for a couple of years now. Mike's Bikes moved out. It must be a reasonable location for retail because you're considering it in the new development as well. Regarding the alternatives, this doesn't seem to have been considered with any boundary conditions or any existing conditions. It looks like the adjutant building is being demolished and rebuilt, the AT&T, Xfinity building on the corner. I was also going to mention the demolition of Lakiba's house, but I couldn't say it any better than she did. I think the community would not want anything like this, and I think it's being done with a total lack of sensitivity to the community.

Mark Mollineaux stated I'm a renter over on Seale. One thing I wanted to comment first is I see the breakdown on community benefits, talk about the affordable housing we could produce and how this is a community benefit. That's good. We certainly have decades long backup. Our ques are ridiculous for affordable housing. We need to do as much as we can to fix this. I would just like to say that on top of this, I would say that the rental units we can produce themselves are a community benefit. We are going to be producing places for renters to live and that's a community benefit. I guess I would like to

ADA. The City of Palo Alto does not discriminate against individuals with disabilities. To request accommodations, auxiliary aids or services to access City facilities, services or programs, to participate at public meetings, or to learn about the City's compliance with the Americans with Disabilities Act (ADA) of 1990, may contact 650-329-2550 (voice), or e-mail [ada@cityofpaloalto.org](mailto:ada@cityofpaloalto.org). This agenda is posted in accordance with government code section 54954.2(a) or section 54956. Members of the public are welcome to attend this public meeting.



introduce something to think about which is, we talk about rental opportunities, ownership opportunities. Let's talk about the two different types of people who enter in this. If you're a renter, you feel how difficult it is to live here. It is something that you are aware of. You pay on an ongoing basis. If you are an owner, you are an investor. You are investing in real estate and, in fact, this first is going to produce a different type of person, one who has more money to invest. Secondly, it is one who does not consider affordability to be a problem because you're locked in. I would say renters are a community benefit. I would say owners are a community disbenefit. To look at that I would like to push back on how people were offended with the amount of density we're seeing here. I would say this actually is a symptom of the fact that when people are homeowners and don't viscerally feel the unaffordability around us, just aesthetic details, such as this is way too dense, become something more meaningful than the need for us all to take on the burden of a changing community. The idea that people when they come here, they need two cars is something Commissioner Summa said earlier. I would say, one, at this density looking at moving much below one car per unit, at this density this is the type of density people actually can use transit. It's a great opportunity. It was mentioned this would be 10 percent of the people in Palo Alto in this area. This is absurd. I agree it is absurd, but this is an indication of larger problems such as the absurdly low density, considering price, throughout the rest of Palo Alto. I think that's beyond the scope of this to change the density elsewhere. Of course, the amount of price per unit is tremendously high, and that's really out of scope too. We'd like to bring construction costs down, but there are industrial level problems with why construction is so high. I would just say I enthusiastically support the amount of density. I would like to see it as high as possible. I'd say Palo Alto needs to change. We need to figure out how we adjust to it, and I think just saying this is too dense, please don't change, is not a realistic response to it.

Karen Holman stated I appreciate the presentations by Angela and Tim. To Lund's point, I appreciate your bringing that up. It's a very practical point. I'm not sure that what's been presented is practical in pretty much any form or fashion. I mentioned earlier that density and heights are going to be a shock to people and I don't think palatable. I also want to point out something very critical to this, is all of the job's growth assumes 4 employees per 1,000 square feet, and that is so long gone. When we did SOFA, I did a survey of the SOFA area, just informal on my own, and it was 8 per 1,000 then. If you look at what the housing advantage is over some of these proposals, it's very unrealistic. There's no 4 per 1,000 office in the City unless it's maybe a high-end attorney's office. That's probably about it. So, that needs to be made more rational. Retail, it says that it can't support as much retail because it's neighborhood. Well, this is a site where people are accustomed to going and, I think, from my perspective if there was really an economic analysis done and a feasibility study of the Cannery Building and with the owners to see what could go in there, Target mini-store for instance. That's not neighborhood serving. It's going to be a magnet and that's okay. But to reduce the retail because the neighborhood itself couldn't support it is, I think, selling short what is possible there. The parking garage on the El Camino end of the Cannery Building I think is odd planning, especially as Lund said, nobody owns that that's looking to redevelop. What's missing overall in this is what I mentioned last meeting, is placemaking. Placemaking was given one-word mention at the last meeting, but there was no discussion of placemaking. I see no placemaking and I see no consideration for the cultural amenities and cultural uses that this Working Group and the public has spoken about many times. As to housing types, I would really like to see the introduction of co-housing, which is used in other communities and very successfully and addresses some of the affordability issues. Also, there needs to be design standards and considerations for transition and displacement.

Kelsey Banes commented I know I already spoke earlier about the need for density at this site, but I didn't really talk about why, and I think that is maybe the more important piece. I will say in my professional capacity, I have spent the past several years as a psychologist working with homeless veterans and I will say when you hear on a daily basis stories of people getting priced out of their homes and getting pushed into more and more desperate living situations, the urgency of this crisis that we are in becomes very salient. In my own personal experiences, I have had to move every year that I have rented in Palo Alto. Most recently my rent went up 18 percent and I am no longer a renter because I am now living with my partner's family because I have left my work as a psychologist to do housing advocacy this year. I would otherwise not be able to be in Palo Alto. So, I think as we're thinking about how to explain this to your neighbors, and I do empathize with that problem because if you said to someone, I want your neighborhood to change in this dramatic fashion it's going to cause anxiety. I feel that concern, but I think what needs to happen is you can empathize with that anxiety and then bring it back to our values as a community and why this is important. So, we want to have an inclusive community. We want to have different ages of people able to be part of our community and serving our community. Among my peers who are getting priced out of the community, they're psychologists. We're reasonably high paid professionals, but we're not high paid to the same level of tech. If you want to have psychologists to serve this community, primary care physicians, nurses, all of those professionals, we're not going to get BMR housing, but we need to be included as you're thinking about the future of this community. That is the why that I think is really important and this committee needs to remember and think about how to communicate that to your neighbors. That's why we need more density, so we can include more kinds of people in the future of our City.

Eugene El stated I'm an Olive Avenue person. I just wanted to note that in all of these developments, Olive Avenue and Pepper Street are quite neglected. These houses are about 80 years old or so and they're still standing. Sustainability is another aspect that we need to remember. We talked about this affordable housing and don't get me wrong, I'm not against any affordable housing thing, but I want to just note when you get to affordable cost of manufacturing, the quality of the construction is going to drop quite a bit too. We want to make sure that whatever we build isn't just going to get knocked down in another twenty years to make it look more beautiful again. So, for sustainability we need to make sure that we don't just make cheap houses. We want to make sure it's a community that actually is going to last, like Ventura. Olive and Pepper streets in particular, these houses are what Ventura is. It just happens to be bisected by body shops. We've got a massive cannery because of the railroad easement. That whole parking lot zigzags because it was a train yard and this was housing to support that. So, that's the history of the neighborhood that we need to also appreciate. I think going way too big with these developments is just going to make these massive towers. I'm happy to see it's now a two story behind us instead of a three-story looming down, looking in our backyards. Having these tall structures, five stories is kind of absurd from the standpoint of this tiny little street with one story. We're zoned for R-1. We can't even do anything except make McMansion houses. These houses are old. They are all falling apart. There are termites galore in all of them, so we need to make sure they are appreciated with the neighbors that are going to suddenly consume us. Most of all, traffic is the last thing. Olive Avenue is a racetrack. Cars are blazing down there, 40, 50, 60 miles an hour and blowing the stop sign like it doesn't exist, in both directions. It's not just one way. They're going up to El Camino because they are circumnavigating Page Mill and El Camino. That intersection is jammed up morning and evening and everybody is going everywhere possible to get around that, which includes Olive Avenue among things and I know Pepper is definitely a huge cut through going in the morning commute. So, please look at the traffic patterns, and particularly what exists, not to mention when we add how

ADA. The City of Palo Alto does not discriminate against individuals with disabilities. To request accommodations, auxiliary aids or services to access City facilities, services or programs, to participate at public meetings, or to learn about the City's compliance with the Americans with Disabilities Act (ADA) of 1990, may contact 650-329-2550 (voice), or e-mail [ada@cityofpaloalto.org](mailto:ada@cityofpaloalto.org). This agenda is posted in accordance with government code section 54954.2(a) or section 54956. Members of the public are welcome to attend this public meeting.

many thousands more people and they will have cars, because they are not all going to live and work within two blocks of where they work. They probably still work across town, and public transit doesn't work well enough yet to support that.

#### Future Meetings and Agendas

Ms. Tanner stated we're going to conclude this meeting. Our next community meeting is on February 27<sup>th</sup> and we will work to figure out how to get some feedback between then.

#### Adjournment

Note: Copies of meeting materials will be posted on the City's project website: <https://bit.ly/2OtGFJG>.