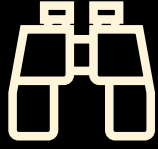ECONOMIC DEVELOPMENT STRATEGIC PLAN

PALO ALTO, CA

**PHASE 2** DELIVERABLE

# PALO ALTO ECONOMIC DEVELOPMENT STRATEGY DIAGNOSTIC

**PREPARED FOR PALO ALTO, CA**
**MARCH 13,** 2023

## STREETSENSE

01
# PROJECT OVERVIEW

# PROJECT TIMELINE

*Before* advancing to a discussion of strategic interventions, the Diagnostic phase of this exercise ensures that we share a collective understanding of the challenges at hand. This milestone is important to establish consensus for action and precedes a discussion of recommendations that will be led or supported by public sector investments, policies and programs.

**We are here**

## IMMERSION & DISCOVERY

- Kick off session
- Field work
- Stakeholder engagement
    - Focus groups and interviews with business owners, hotel operators, residents, City Staff
- Council presentation

## DIAGNOSTIC

- Retail market analysis
- Administrative capacity assessment
- Business environment assessment
- Physical assessment
- Coordination with California Ave/Ramona St Consultant
- Council presentation

## ECONOMIC DEVELOPMENT STRATEGY

- Draft work plan development
- Final work plan development

# IMMERSION & DISCOVERY/DIAGNOSTIC

## STUDY PURPOSE

- To develop a market-informed economic development strategy that will ensure Palo Alto's post-COVID competitiveness by identifying impactful public sector interventions, policies and investments for which there is both need and consensus for action.

## TODAY'S PURPOSE

- Present and Discuss Diagnostic Findings
- Confirm alignment on key take aways and guiding principles before advancing to recommendations

### MARKET ASSESSMENT

→ Competition Assessment
→ Retail Demand Assessment

### ADMINISTRATIVE CAPACITY

→ Regulatory Framework
→ Organizational Capacity & Stewardship

### BUSINESS ENVIRONMENT

→ Sales Tax Analysis
→ Hospitality/ Tourism Assessment

### PHYSICAL ENVIRONMENT

→ City-Wide Connectivity & Accessibility
→ District SWOT Analysis

PALO ALTO, CA ——— ECONOMIC DEVELOPMENT STRATEGIC PLAN

# STUDY AREAS

The diagnostic focuses on areas within Palo Alto where this is an existing concentration of retail activity.

## REGIONAL/SUPER-REGIONAL CENTERS
### DOWNTOWN & STANFORD SHOPPING CENTER
- most significant tax base contributors
- face the greatest competition for visitors within the region
- must maintain "best-in-class" status to remain competitive
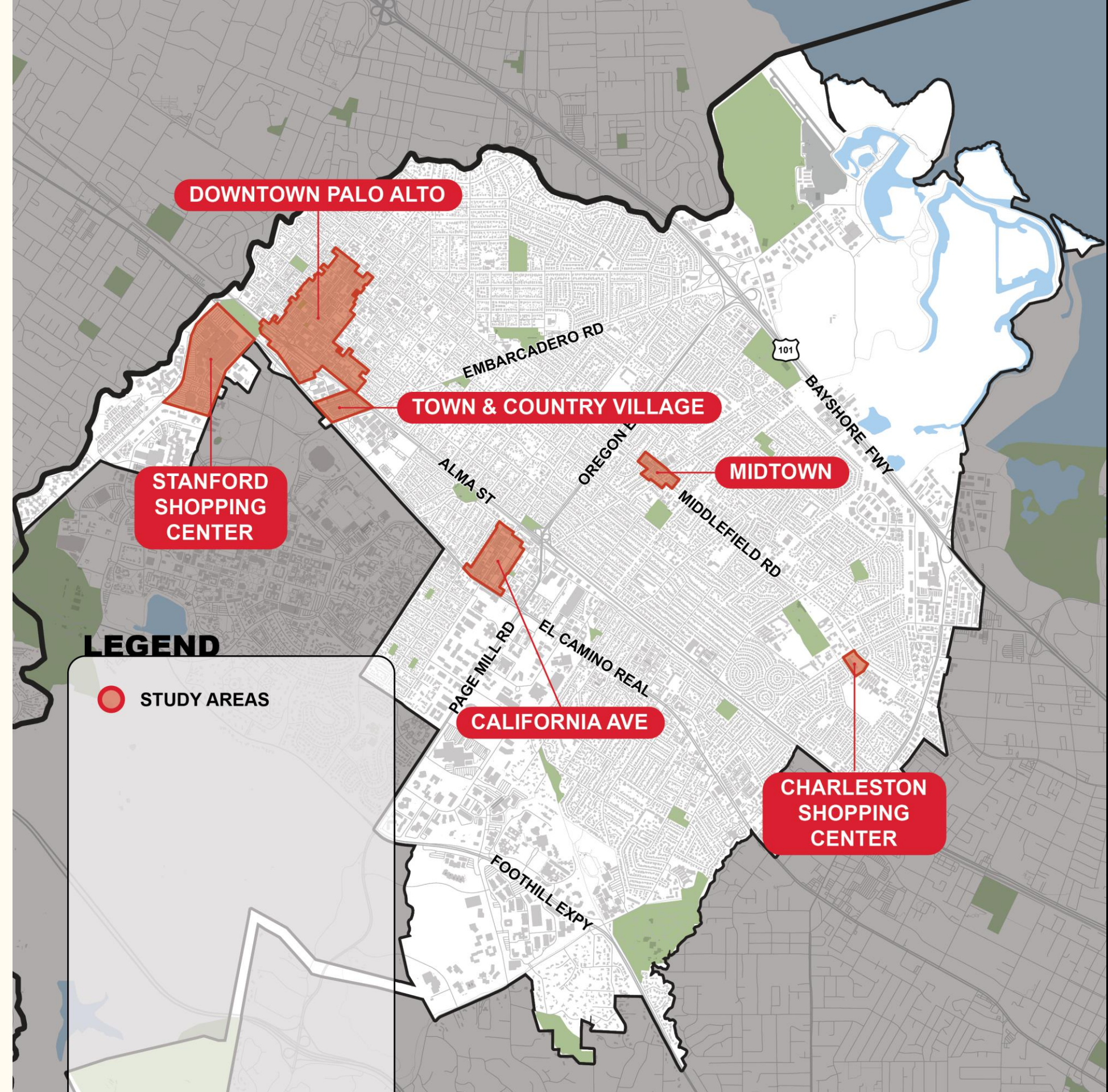
## COMMUNITY-SERVING CENTERS
### CALIFORNIA AVE & TOWN & COUNTRY VILLAGE
- moderate tax base impacts
- local promotion and marketing strategies, if any
- tend to benefit from activations that meet community interests and needs

## NEIGHBORHOOD-SERVING
### MIDTOWN & CHARLESTON SHOPPING CENTER
- minimal tax base impacts
- least affected by COVID pandemic, typically the most stable asset class
- local customer base with little need for promotion



DOWNTOWN PALO ALTO

TOWN & COUNTRY VILLAGE

STANFORD SHOPPING CENTER

MIDTOWN

EMBARCADERO RD

BAYSHORE FWY

ALMA ST

OREGON E

MIDDLEFIELD RD

LEGEND

STUDY AREAS

PAGE MILL RD

EL CAMINO REAL

CALIFORNIA AVE

CHARLESTON SHOPPING CENTER

FOOTHILL EXPY

# IMMERSION & DISCOVERY/DIAGNOSTIC

**THE RETAIL ECOSYSTEM**

## LANDLORD/ MANAGEMENT

Return on Investment

Tenant Stability

Risk Mitigation

## TENANT

Confidence in Sales

Rent Commensurate with Sales

Co-tenancy

Brand Alignment

## CONSUMER

Sense of Place

Tenants

Events | Community

Safety | Cleanliness

Accessibility | Convenience

Value (Money & Time)

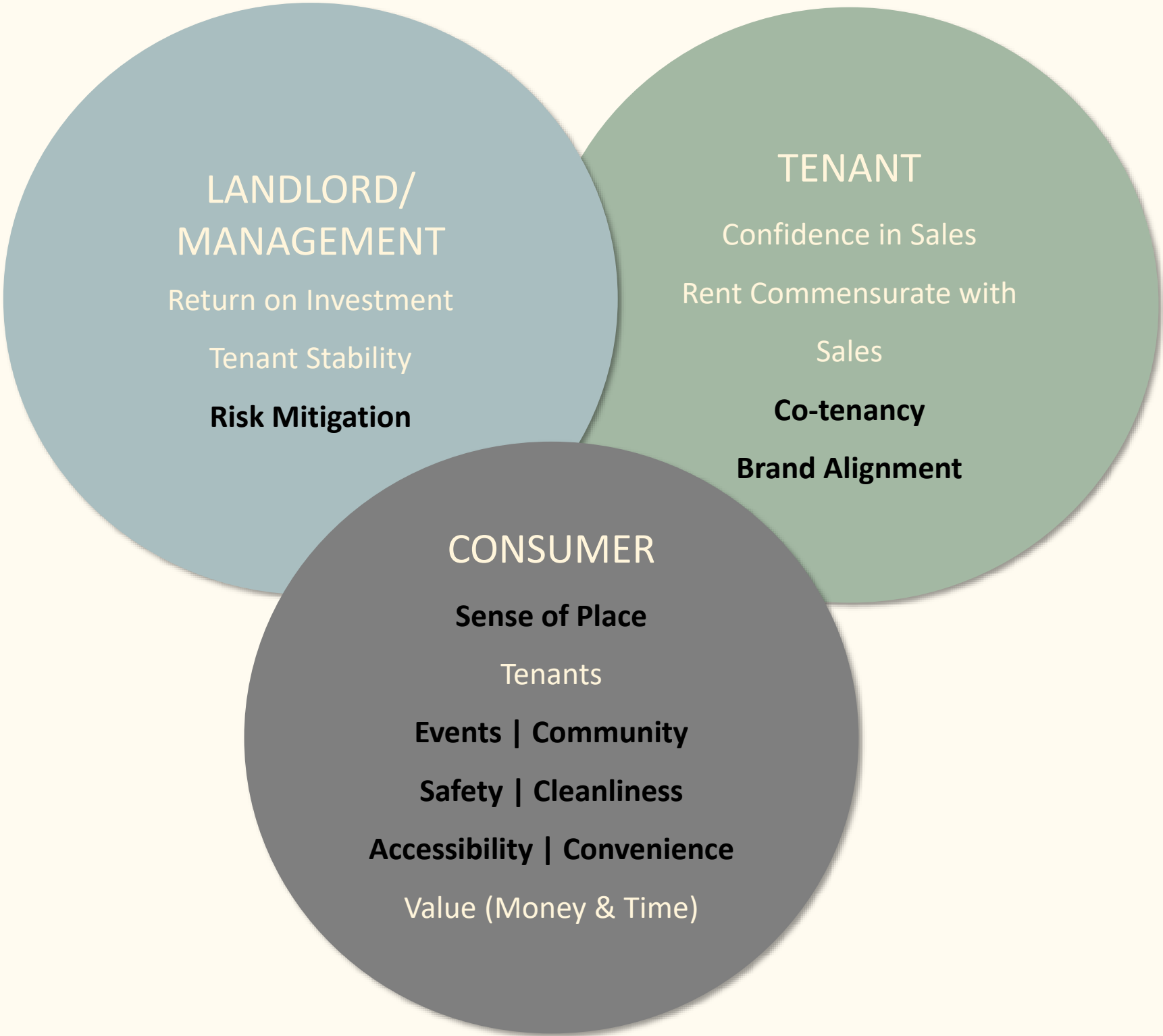PALO ALTO, CA —— ECONOMIC DEVELOPMENT STRATEGIC PLAN

# IMMERSION & DISCOVERY/DIAGNOSTIC

## THE RETAIL ECOSYSTEM

Where does the public sector play a role in influencing or directing the actions of key stakeholders?

## PUBLIC SECTOR TOOLS

• Regulatory framework influences co-tenancy

• Financial incentives can help mitigate risk

• Funding and coordination of events to build community

• Investments in enhanced safety/cleanliness

• Improvements to access/convenience

• District marketing & branding campaigns

• Investments in public realm to improve sense of place

LANDLORD/
MANAGEMENT

Return on Investment

Tenant Stability

**Risk Mitigation**

TENANT

Confidence in Sales

Rent Commensurate with

Sales

**Co-tenancy**

**Brand Alignment**

CONSUMER

**Sense of Place**

Tenants

**Events | Community**

**Safety | Cleanliness**

**Accessibility | Convenience**

Value (Money & Time)

PALO ALTO, CA ——— ECONOMIC DEVELOPMENT STRATEGIC PLAN

# GLOBAL AND NATIONAL TRENDS

- Changing retail footprints

- Changing spending patterns

- Tenants are in the driver's seat

- Implications of hybrid work

## 03

# RETAIL MARKET ASSESSMENT

→ **METHODOLOGY & APPROACH**
→ **COMPETITION ASSESSMENT**
→ **RETAIL DEMAND ASSESSMENT**

# COMPETITION ASSESSMENT

Given the urban-suburban typology of the Palo Alto market, retail competition for the site is measured on two levels – locally-serving neighborhood centers for convenience-based trips and regionally-serving destination hubs for experience-based trips. Retail customer behaviors are rooted in convenience, access, and visibility as well as tenant quality and variety of offerings. These factors are considered when assessing the market influence of each retail competitor.
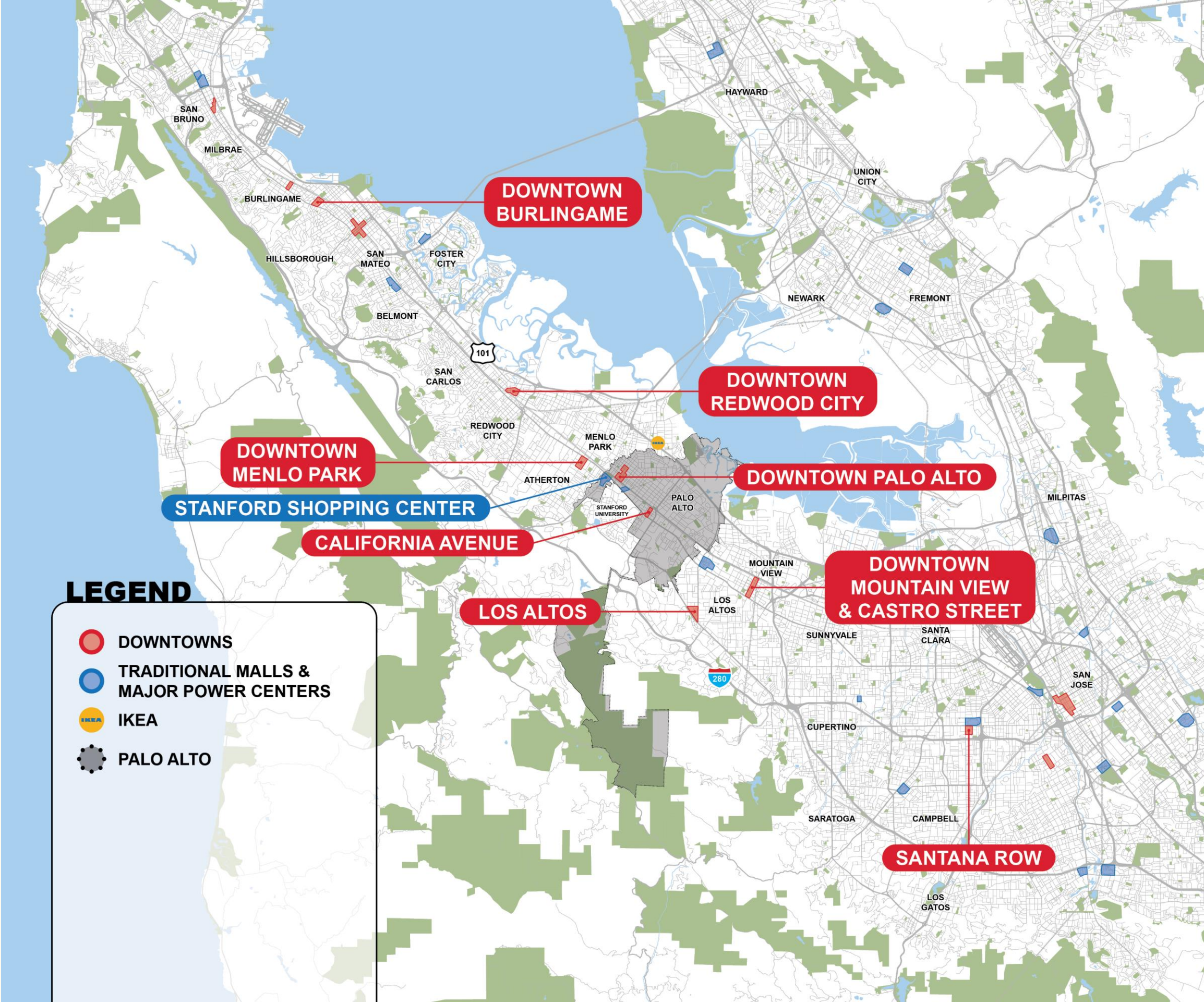
Retail market assessment:
# REGIONAL RETAIL COMPETITION

Regionally-serving, experience-based retail centers are characterized by a dominant mix of good-based retail, including malls, power centers, and walkable downtowns and lifestyle centers.

## TAKEAWAYS

- Two competing downtown environments within Palo Alto, Downtown/University Ave and California Ave, **spreading retail thin**.

- Stanford Shopping Center is the top performing shopping destination in the region, however, it cannibalizes retail in other districts.

- High vacancies on California Ave and Downtown Palo Alto are exacerbated by high rents and less desirable retail spaces.

- Retail rents in the region are high. The **average asking rent in Palo Alto is $63.52 per SF** – 80% higher than the national average of $27.55 per SF.*
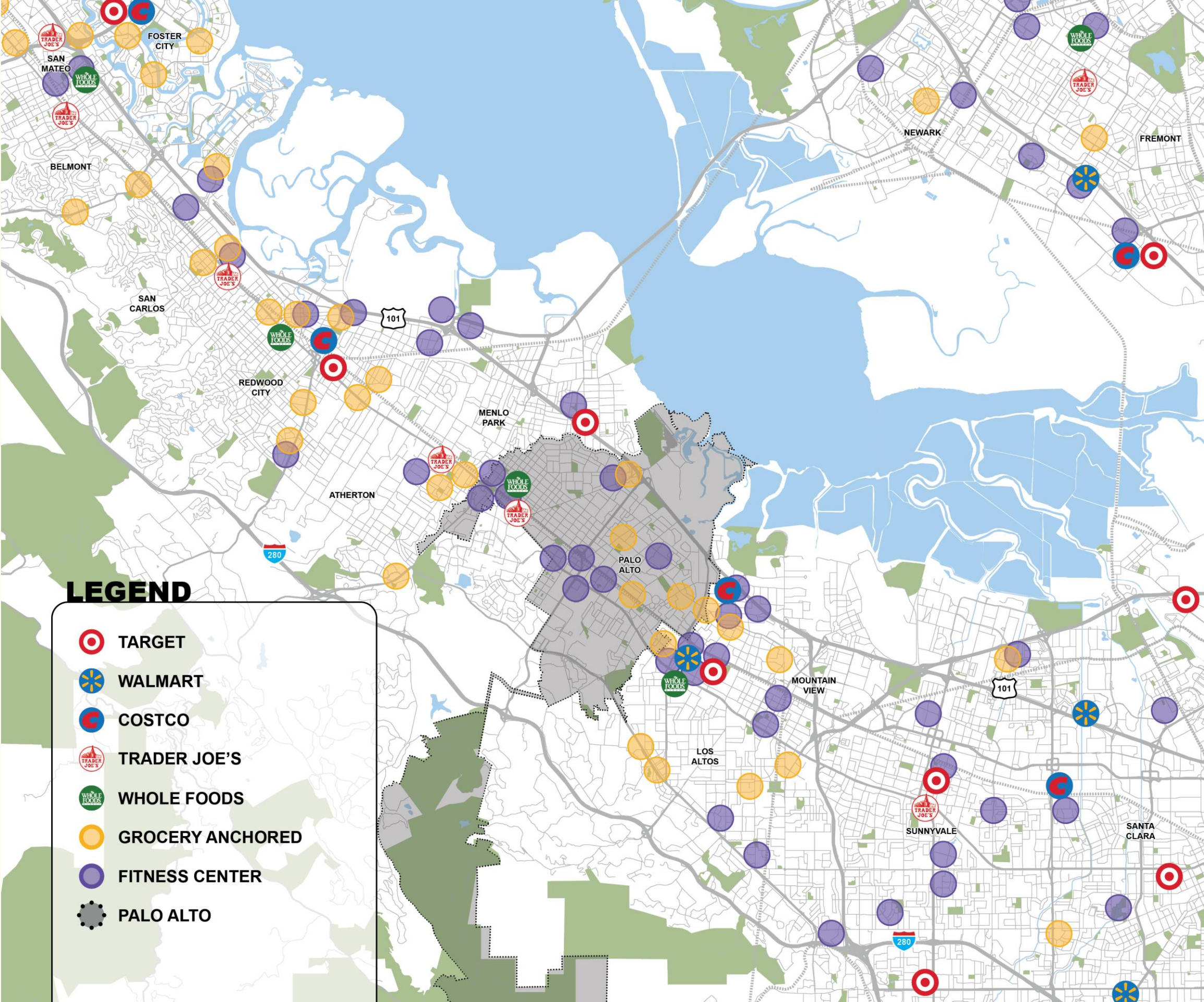
**DOWNTOWN BURLINGAME**

**DOWNTOWN REDWOOD CITY**

**DOWNTOWN MENLO PARK**

**STANFORD SHOPPING CENTER**

**DOWNTOWN PALO ALTO**

**CALIFORNIA AVENUE**

**LOS ALTOS**

**DOWNTOWN MOUNTAIN VIEW & CASTRO STREET**

**SANTANA ROW**

## LEGEND

- ● DOWNTOWNS
- ● TRADITIONAL MALLS & MAJOR POWER CENTERS
- IKEA
- ⬡ PALO ALTO

**STREETSENSE**
Source: Streetsense analysis Q4 2022.

Retail market assessment:
# LOCALLY-SERVING RETAIL COMPETITION

Neighborhood serving retail centers are characterized by a dominant mix of Neighborhood Goods & Services tenants, often grocery-anchored.

## TAKEAWAYS

- Grocery competition is strong throughout the region.

- Big box retailers are not allowed in Palo Alto by regulation. However, they are concentrated along the periphery of Palo Alto, **cannibalizing the retail offering within the city**.

- Target and Costco are particularly prevalent in the region, with nine and seven stores, respectively within the examined area.

Source: Streetsense analysis Q4 2022.

## LEGEND

- **TARGET**
- **WALMART**
- **COSTCO**
- **TRADER JOE'S**
- **WHOLE FOODS**
- **GROCERY ANCHORED**
- **FITNESS CENTER**
- **PALO ALTO**

**STREETSENSE**

# RETAIL DEMAND ASSESSMENT

Retail market assessment:
# TRADE AREAS

Based on the competitive landscape, natural and psychological boundaries, travel patterns, and population trends, Streetsense defined the following trade areas:

### PRIMARY TRADE AREA
**Users:** Palo Alto residents, employees, students, overnight guests, and daytime visitors
**Frequency:** High - at least once or twice per week
**Purpose:** Convenience-based shopping and dining

### SECONDARY TRADE AREAS
**Users:** Nearby residents (Mountain View, Los Altos, Melo Park, Redwood City)
**Frequency:** Modest - once or twice every two weeks
**Purpose:** Change up from options closer to home, work, or school

### TERTIARY TRADE AREAS
**Users:** Regional residents (San Mateo, San Bruno, Burlingame, Sunnyvale, Santa Clara/Western San Jose, Fremont, Newark)
**Frequency:** Low - once or twice every month
**Purpose:** Experience-based shopping and dining

**LEGEND**
- PRIMARY TRADE AREA
- SECONDARY TRADE AREA 1
- SECONDARY TRADE AREA 2
- TERTIARY TRADE AREA 1
- TERTIARY TRADE AREA 2
- TERTIARY TRADE AREA 3
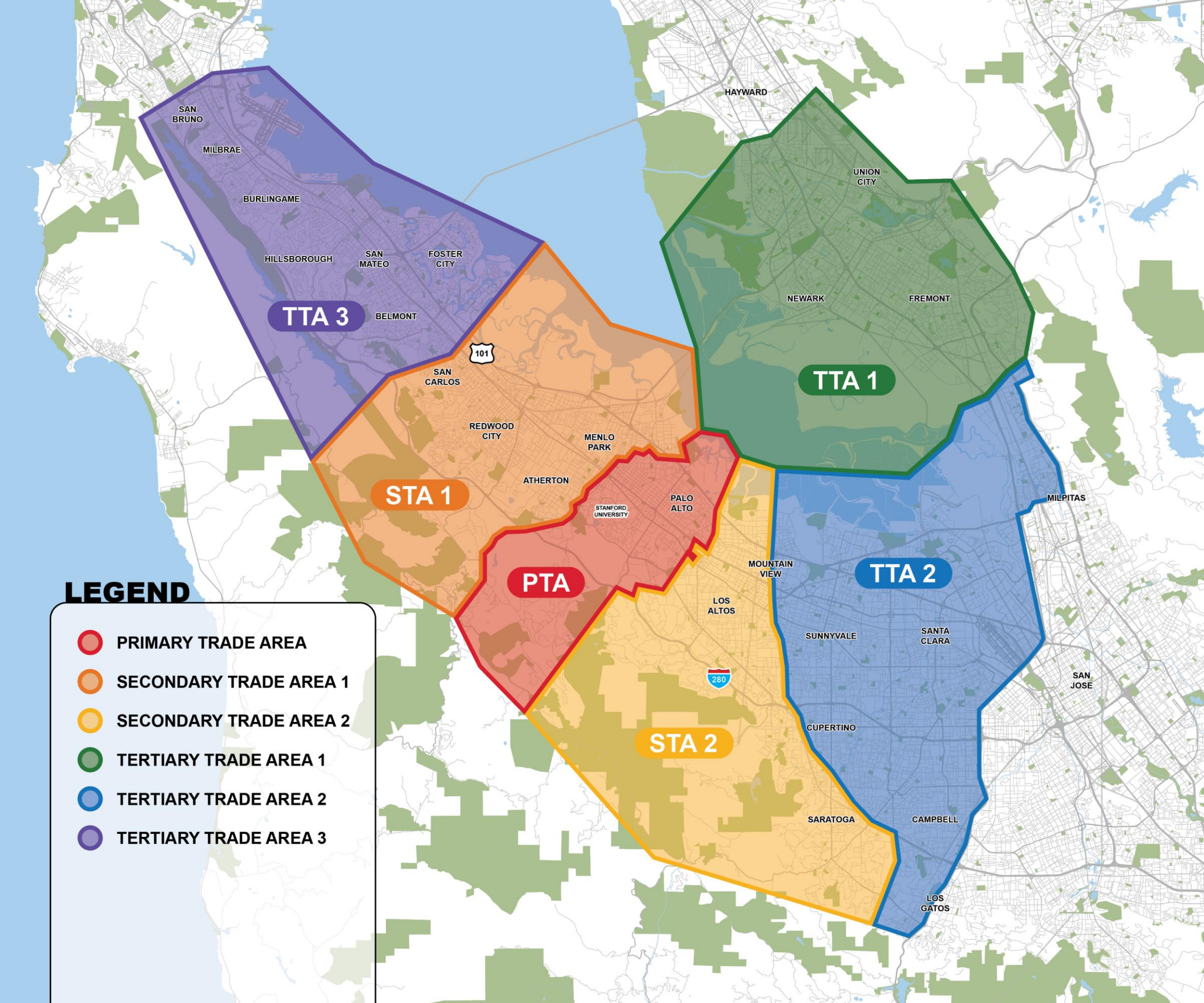
Retail market assessment:

# SHIFTS IN DEMAND POST-COVID

**114,826**
Total employees working within Palo Alto

**69,889**
Non-office-based employees working within Palo Alto

**44,937**
Office-based employees working within Palo Alto

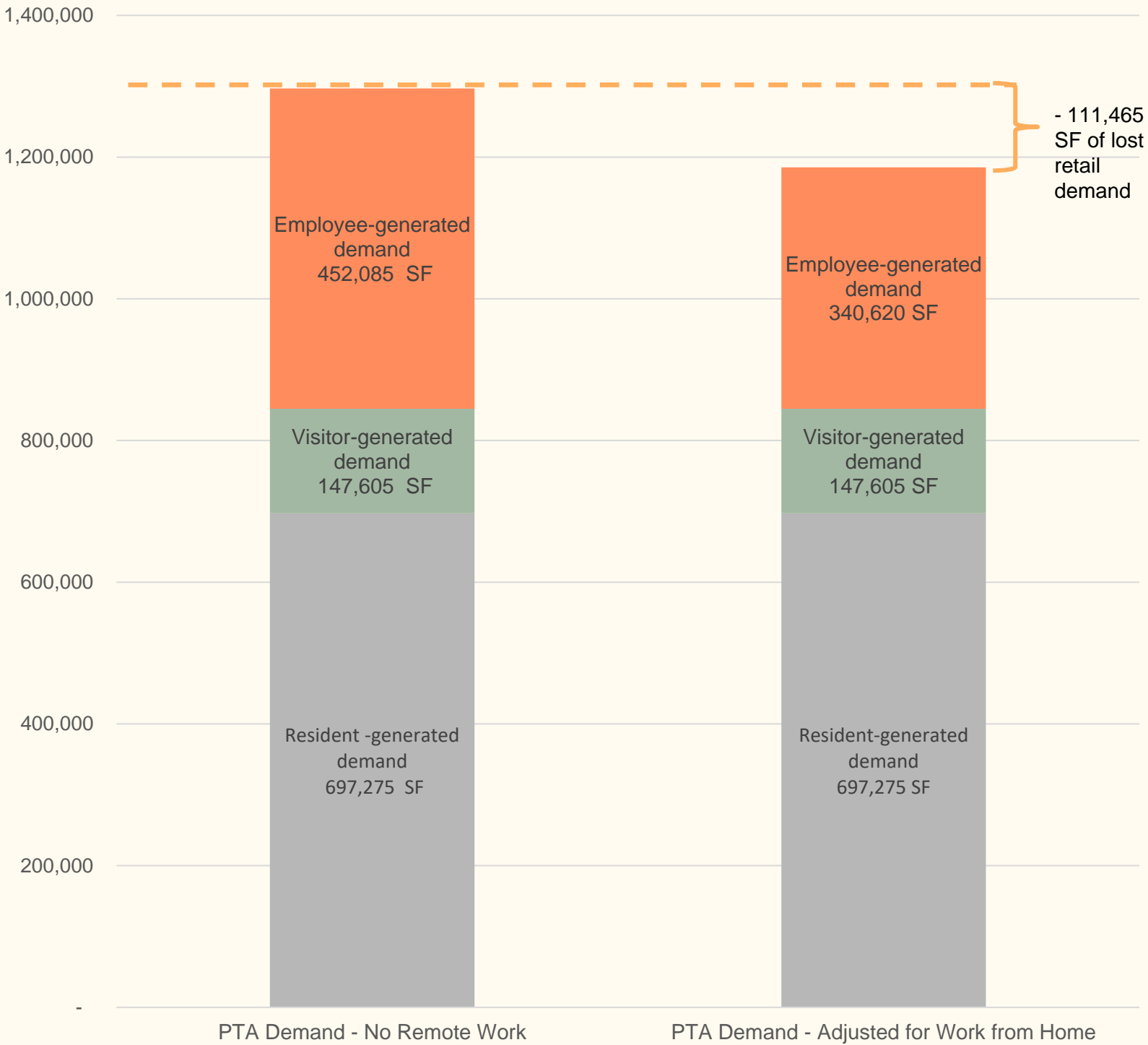**37%** of office-based employees are going into an office (San Jose metro area)

In Palo Alto, **hybrid work has reduced the demand for retail by over 100,000 SF**, roughly equivalent to the amount of retail space at Midtown and Charleston Shopping Center combined.

**TAKEAWAYS**
- Palo Alto's daytime population can no longer support the same level of retail it did pre-covid, with fewer shoppers coming from Stanford Research Park and other office-centric areas to generate foot traffic during the work week

- Shifts in daytime population and the balance between residents and employees require a **right-sizing of retail**

Source: Sitewise, 2022; Bureau of Labor Statistics 2022; Kastle Systems 2022.

## PTA Retail Demand Hybrid Work Scenario - 2022



- 111,465 SF of lost retail demand

**PTA Demand - No Remote Work**
- Employee-generated demand 452,085 SF
- Visitor-generated demand 147,605 SF
- Resident-generated demand 697,275 SF

**PTA Demand - Adjusted for Work from Home**
- Employee-generated demand 340,620 SF
- Visitor-generated demand 147,605 SF
- Resident-generated demand 697,275 SF

PALO ALTO, CA — ECONOMIC DEVELOPMENT STRATEGIC PLAN

Retail market assessment:
# DEVELOPMENT PIPELINE

Significant development pipeline in the surrounding markets.

At full build out, these projects will add:

**17,700** residential units
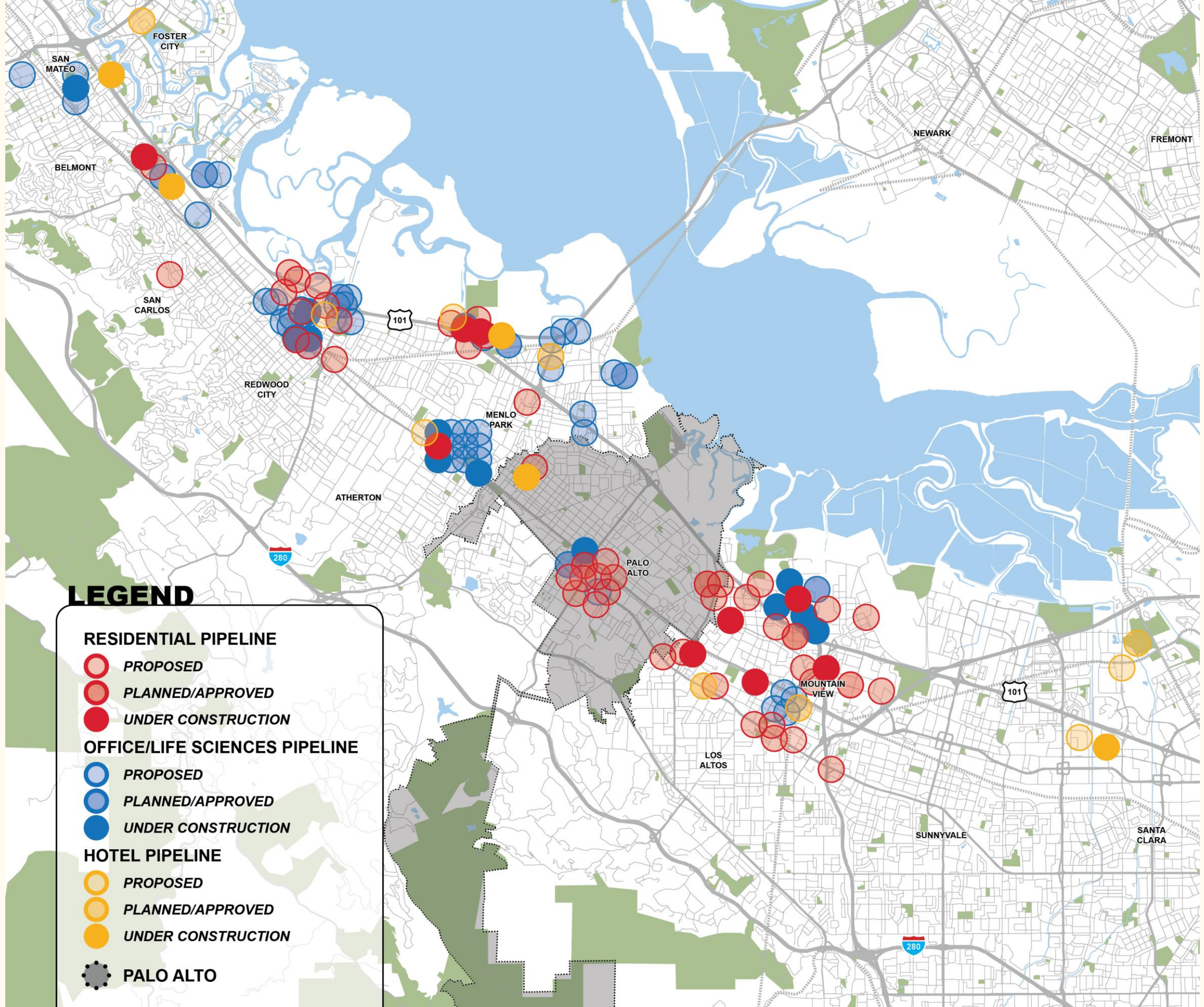
**15.8 million SF** of office/life science space

**2,300**+ hotel keys

### TAKEAWAYS
- Menlo Park, Redwood City, and Mountain View have robust office/life science pipelines, growing density and building future daytime populations.

- Fueling the retail ecosystem - density and daytime populations drive retail spending, thereby growing retail demand.

- Retail in districts like California Ave would benefit from increased density and daytime populations

* Map shows multi-family residential developments over 50 units and office/life sciences developments over 25,000 SF
Source: Moody's Analytics, 2022.

**STREETSENSE**



**LEGEND**

RESIDENTIAL PIPELINE
- *PROPOSED*
- *PLANNED/APPROVED*
- *UNDER CONSTRUCTION*

OFFICE/LIFE SCIENCES PIPELINE
- *PROPOSED*
- *PLANNED/APPROVED*
- *UNDER CONSTRUCTION*

HOTEL PIPELINE
- *PROPOSED*
- *PLANNED/APPROVED*
- *UNDER CONSTRUCTION*

**PALO ALTO**

Retail market assessment:
# RETAIL DEMAND PROJECTIONS

Based on resident, employee, overnight guest, and daytime visitor spending, local and regional competition, and projected population growth, the site can support the following:
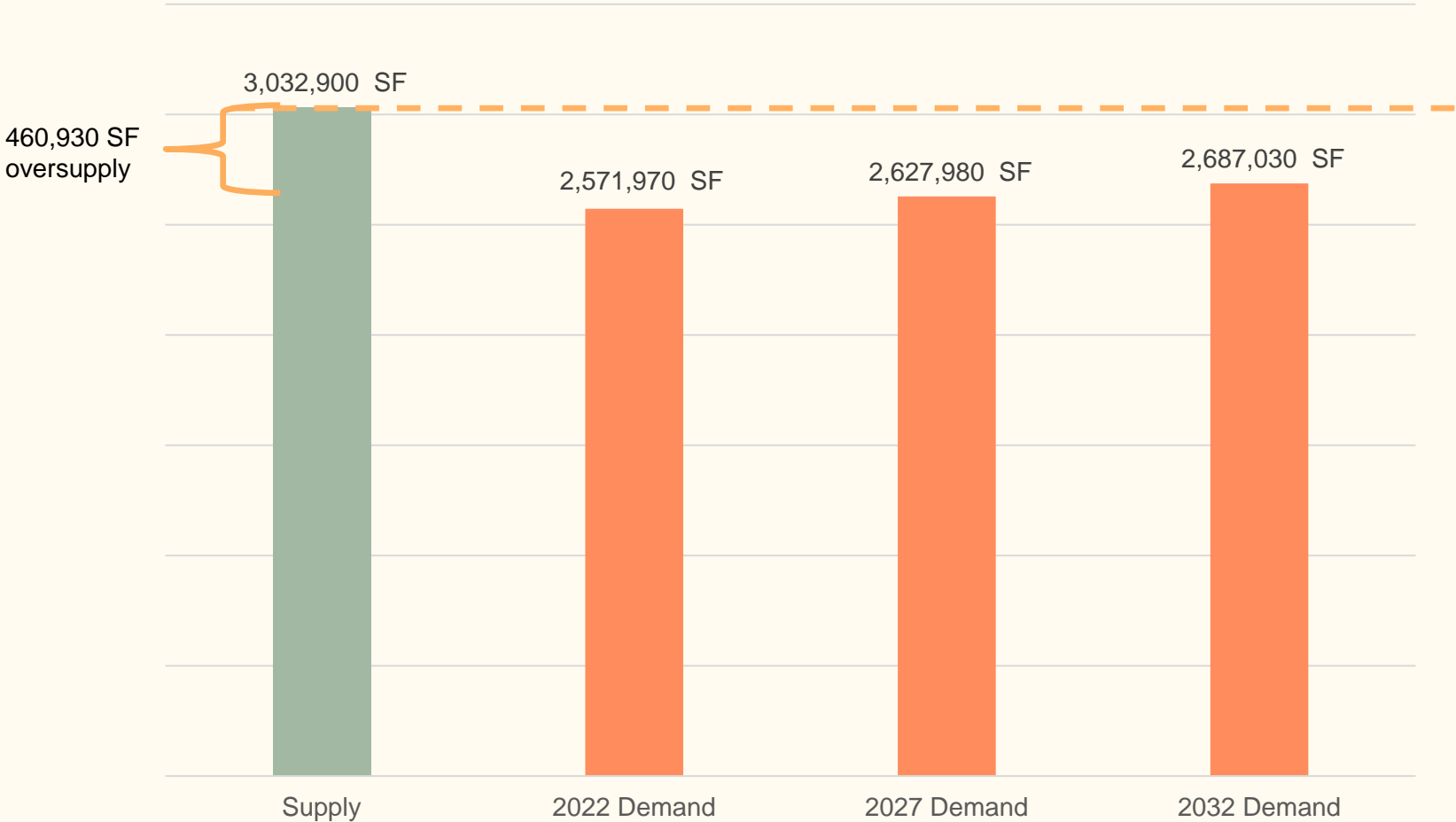
**2,571,970 SF**
Total retail demand in 2022

**2,627,980 SF**
Total retail demand in 2027

**2,687,030 SF**
Total retail demand in 2032

### TAKEAWAYS

- **Retail needs to be right-sized --** Retail demand will steadily increase however, without intervention, demand will not reach parity with the existing retail supply over the next 10 years

- **Oversupply > vacancy**, indicating that **vacancy will continue to rise** among lower quality or poorly positioned space

- Potential interventions to the retail ecosystem –
    - **Broadening the mix of uses to increase daytime customer base** with office and residential uses
    - **Supplementing with non-traditional retail** uses like entertainment, civic, and cultural uses to activate the ground plane

### Retail Supply and Demand Projections

3,032,900 SF

460,930 SF oversupply

2,571,970 SF

2,627,980 SF

2,687,030 SF

Supply        2022 Demand        2027 Demand        2032 Demand

Source: Michael Baker; Streetsense analysis 2022.

## 04
# BUSINESS ENVIRONMENT

→ **SALES TAX ANALYSIS**
→ **HOSPITALITY/ TOURISM ASSESSMENT**

# SALES TAX ANALYSIS

→ **NATIONAL AND LOCAL SALES TAX REVENUE TRENDS**
→ **FOCUS AREA SALES TAX REVENUES**
→ **COMPETING CITIES**
→ **KEY TAKEWAYS**

Business environment:

# LOCAL SALES TAX REVENUE TRENDS

Small, locally owned businesses were the hardest hit during the COVID-19 Pandemic, particularly restaurants, retailers and personal service providers.

Common economic influences/conditions include:
- Inflation and increasing costs of doing business
- Supply chain and manufacturing disruptions
- Employment/ labor shortages
- Shift to online shopping
- COVID-19 safety protocols and compliance
- Interest rates rising

Palo Alto's total FY 2021-22 sales tax revenues increased by 20% from FY 2020-21. FY 2021-22 revenues were still 6% below pre-pandemic sales tax in FY 2018-19. CPI-U for the San Francisco Area increased by 4.9% from the 12 months prior to December 2022.

**TAKEAWAYS**

While sales tax recovery is important, it's not a true reflection of recovery and profitability of small businesses. Sales Tax revenues are mostly back to pre-pandemic (FY 2018-19) numbers by the end of FY 2021-22, but many small, locally owned businesses are not back to pre-pandemic cash flow and required revenue margins.

### City of Palo Alto Sales Tax Revenue by Fiscal Year*
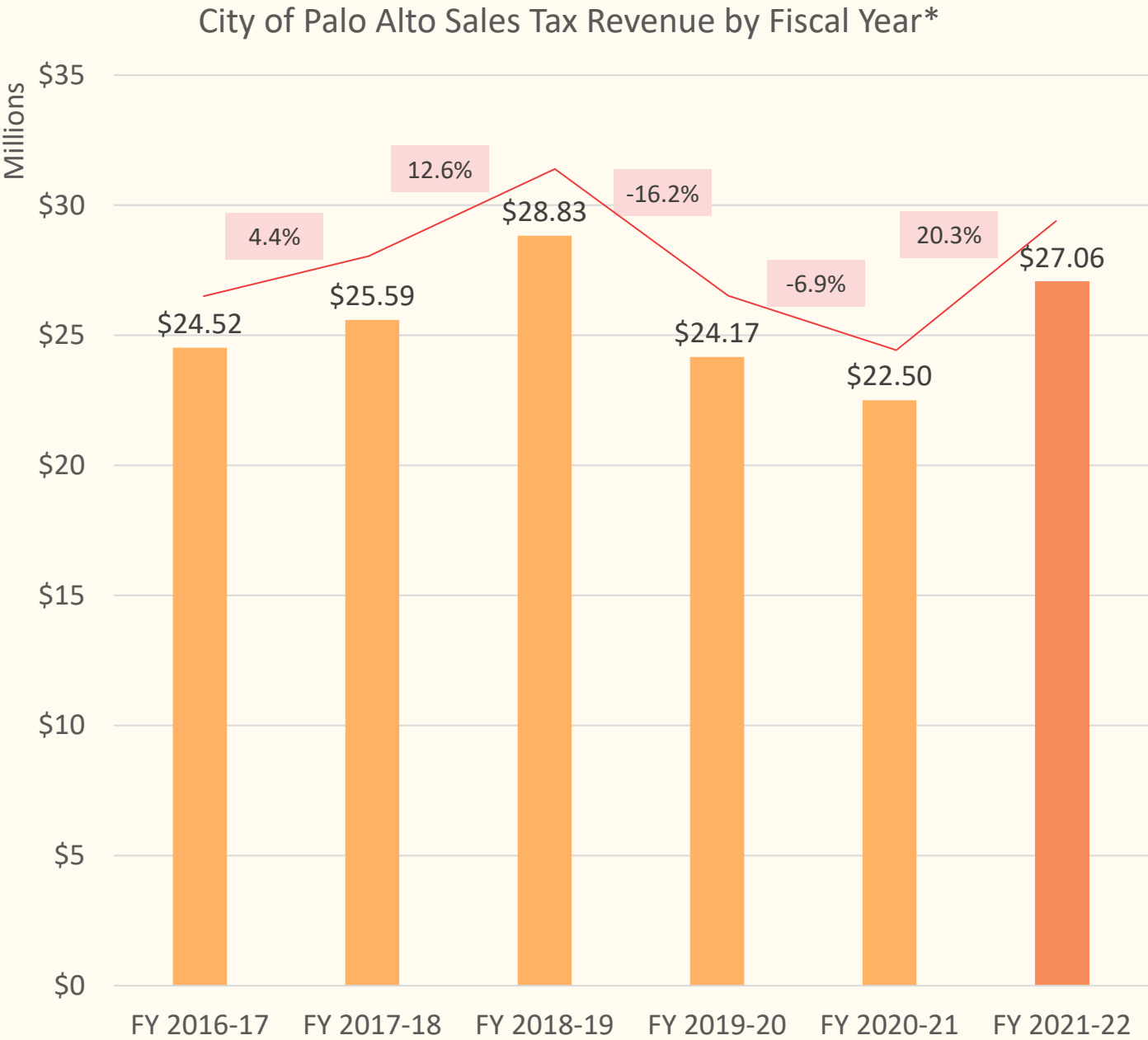


*The graphic above is representative of sales tax revenues by Fiscal Year for all sales tax producing businesses in Palo Alto. Sources: HdL Companies; bls.gov

Business environment:

# FOCUS AREA SALES TAX REVENUES BY FISCAL YEAR

Neighborhood focused areas produce a low amount of sales tax relative to the other shopping areas and there is a higher volume of essential stores like grocery stores, markets, pharmacies, etc. Combined, Charleston and Midtowns made up about 1% of the City's total sales tax revenue in FY 2021-22.

Downtown Palo Alto, which makes up 12% of total sales tax revenue in the City, has been the slowest to recover from the Pandemic. Downtown FY 2021-22 sales tax revenues are 25% below pre-Pandemic FY 2016-17 sales.
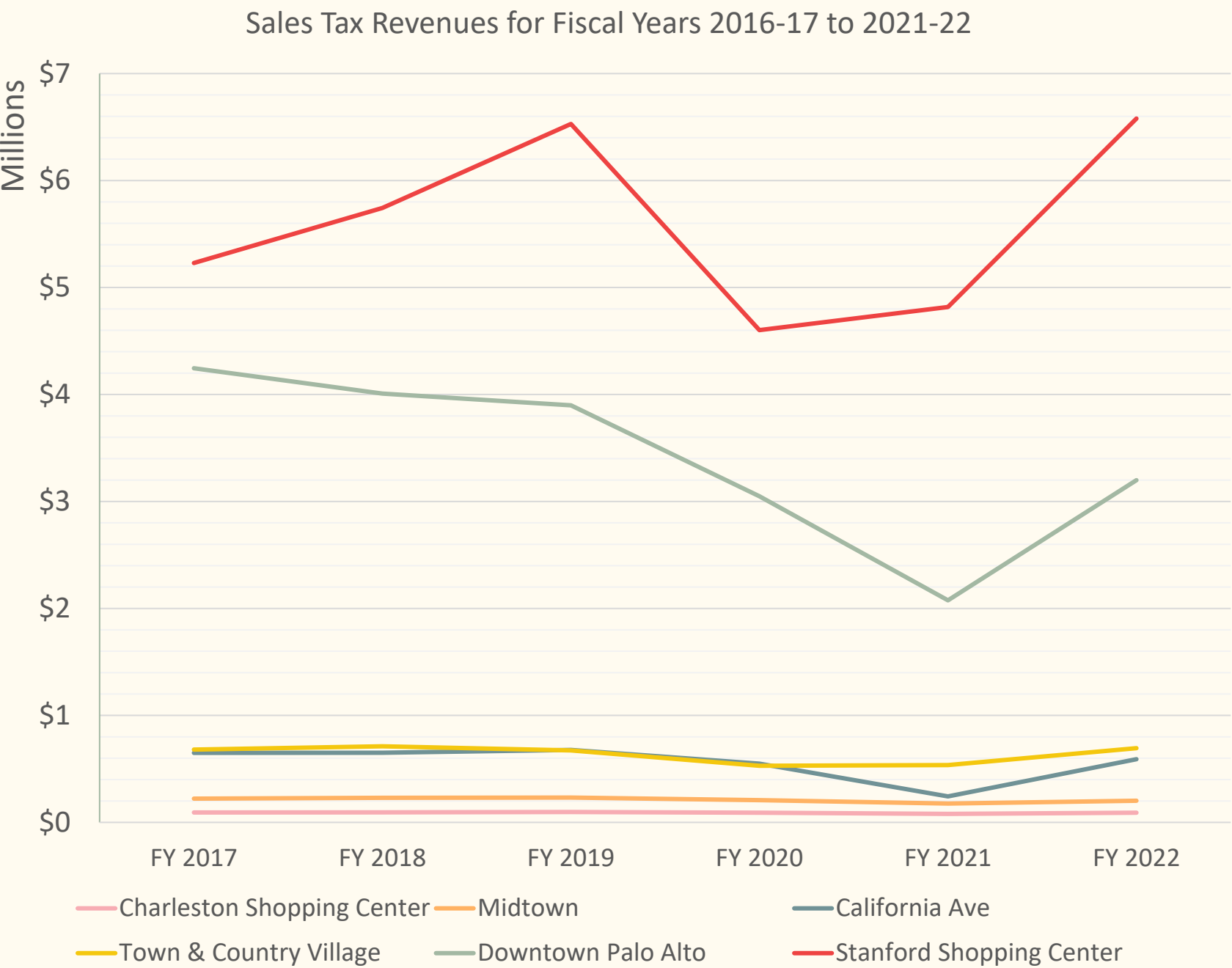
California Avenue makes up 2.2% of total sales tax in the City. Sales tax on California Avenue is 12.8% below pre-Pandemic sales in FY 2018-19, and 9% below FY 2016-17.

Town & Country Village experienced a 21% decrease in sales tax in FY 2019-20, though the shopping area is recovering from the Pandemic. Town & Country Village sales tax make up 3% of the total sales tax revenue in Palo Alto for FY 2021-22.

Stanford Shopping Center FY 2021-22 sales were 25% above pre-Pandemic FY 2016-17 sales tax revenues. Stanford Shopping Center makes up 25% of total sales tax revenue, mainly from retail sales.

## TAKEAWAYS

- Total sales tax revenues are bouncing back from the Pandemic, but recovery from the COVID-19 Pandemic is uneven across key tax generating districts and the local economy is not fully recovered.

- Sales tax revenues in the neighborhood shopping areas, Charleston Shopping Center and Midtown, were the least impacted during the Pandemic.

- Downtown sales tax has been in a decline since before the Pandemic, but the Pandemic exacerbated the situation.



Sales Tax Revenues for Fiscal Years 2016-17 to 2021-22

Legend: Charleston Shopping Center — Midtown — California Ave — Town & Country Village — Downtown Palo Alto — Stanford Shopping Center

**STREETSENSE**

Source: HdL Companies

Business environment:

# FOCUS AREA SALES TAX REVENUES BY RETAIL CATEGORY FISCAL YEAR 2021-22

## Neighborhood Goods & Services (NG&S)

NG&S makes up 4% of total sales tax revenue for the six focus districts (2% of total sales tax for the City of Palo Alto). Most NG&S businesses are not big sales tax producers (I.e., personal services, grocery stores, gyms). For example, Grocery Store taxable sales are roughly 25-30% of their total sales.

## Food & Beverage (F&B)

F&B makes up 27% of total sales tax revenue for the six focus districts (11.4% of total sales tax for the City).

## General Merchandise, Apparel, Furniture & Other (GAFO)

GAFO makes up 58% of the total sales tax revenue for the six focus districts (24% of total sales tax for the City).

## Non-Retail

Non-retail sales tax revenue in the six focus areas include automotive sales, automotive rentals and repairs, business services, medical/biotech, and textile / furnishings. Non-retail makes up 11.4% of total sales tax revenue for the six focus districts (4.8% of total sales tax for the City).

| District | Number of Businesses* | NG&S | F&B | GAFO | Non Retail | Totals |
|---|---|---|---|---|---|---|
| Charleston Shopping Center | 10 | $36,161 | $23,525 | $30,590 | - | $90,276 |
| Midtown | 42 | $109,320 | $74,929 | $6,305 | $11,397 | $201,951 |
| California Ave | 99 | $56,322 | $437,306 | $38,449 | $58,149 | $590,226 |
| Town & Country Village | 59 | $87,101 | $328,968 | $274,874 | $3,237 | $694,180 |
| Downtown Palo Alto | 432 | $147,868 | $1,640,977 | $1,118,451 | $291,371 | $3,198,667 |
| Stanford Shopping Center | 151 | $5,980 | $574,954 | $5,063,008 | $934,975 | $6,578,917 |
| **District Total Sales by Category** | | **$442,752** | **$3,092,536** | **$6,531,677** | **$1,299,129** | **$11,354,217** |
| **Palo Alto Total Sales by Category** | | **$579,284** | **$4,036,817** | **$7,254,645** | **$15,190,166** | **$27,060,912** |

*Number of businesses is only representative of those that are sales tax producing. Non sales tax producing businesses not accounted for in this table may include offices, medical centers, certain business and personal services, and certain fitness centers or gyms.

### TAKEAWAYS

- Charleston Shopping Center and Midtown show the highest percentage of NG&S relative to the total sales tax revenue in those shopping districts (40% and 54%, respectively).
- Downtown Palo Alto produces the highest value of F&B sales tax revenue
- Stanford Shopping Center and Downtown combined make up 95% up GAFO sales tax for the six focus areas ($5.1M and $1.1M, respectively).

# COMPETING CITIES: RETAIL SALES DOLLAR PER CAPITA (SDPC) FISCAL YEAR 2021-22

## Neighborhood Goods & Services (NG&S)

Palo Alto has the lowest NG&S SDPC, even lower than Burlingame and Los Altos who bring in less NG&S sales tax revenue compared to Palo Alto. Menlo Park has the highest SDPC in the NG&S category even though Redwood City and Mountain View receive a significantly higher amount of NG&S sales tax revenue.

## Food & Beverage (F&B)

Palo Alto is doing better than most competing cities in bringing people to the City for F&B.

## General Merchandise, Apparel, Furniture & Other (GAFO)

Palo Alto has the highest SDPC in the GAFO category, largely due to the Stanford Shopping Center.

## Non-Retail

Burlingame has the highest SDPC in non-retail sales, which likely comes from the auto and transportation industry (new and used car sales, rentals, repairs, etc.).

### TAKEAWAYS

- Palo Alto residents are likely shopping for neighborhood goods and services in competing areas.
- Palo Alto is likely bringing consumers from outside the area to shop for non-retail sales tax producing goods and services, like auto and transportation, as well as from the Stanford Research Park.



FY 2021-22 Sales Dollar Per Capita Comparison
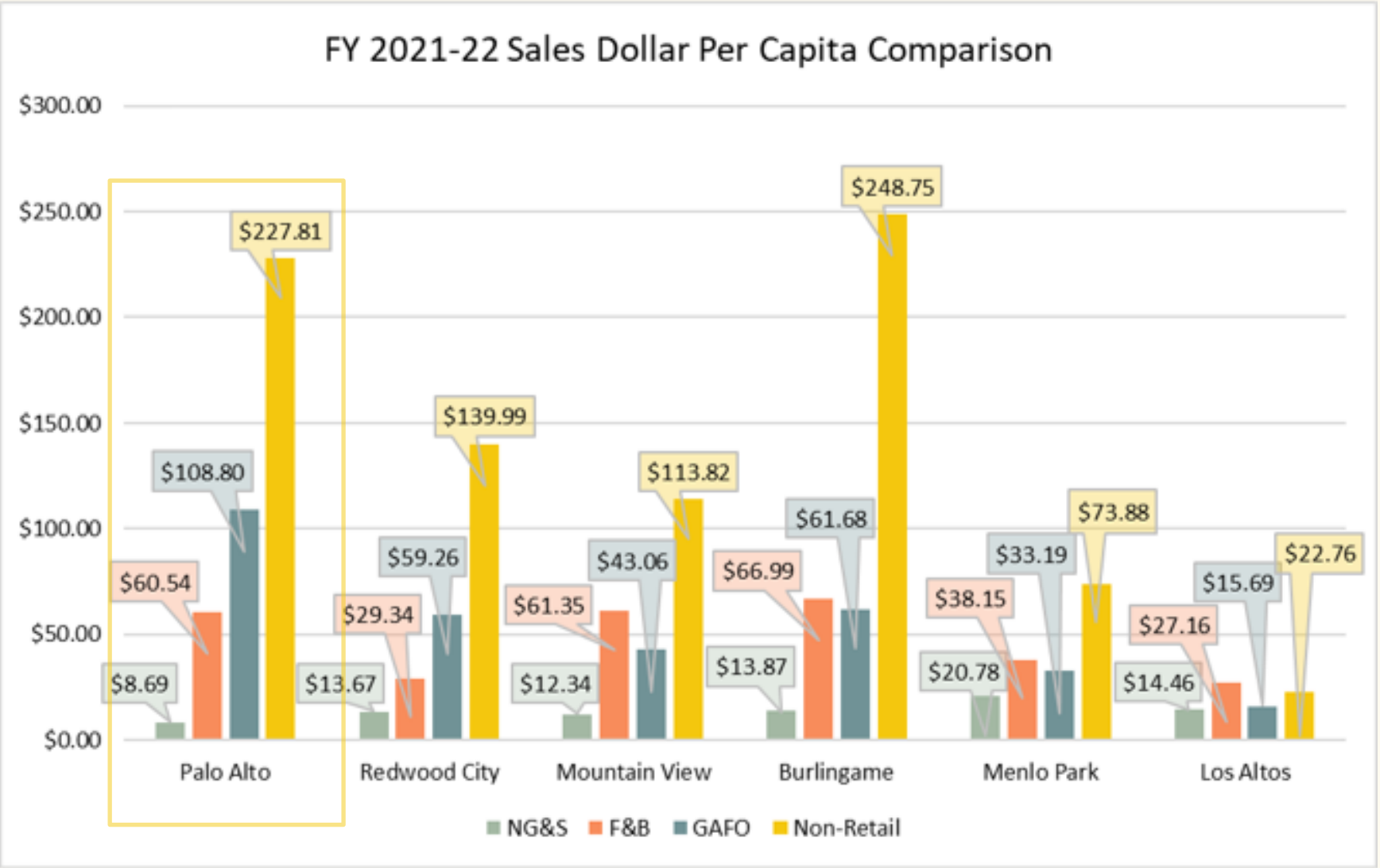
SDPC is a macro approach to identify possible trends within a city or region regarding to spending habits. Average SDPC is derived by multiplying out the 1% total point of sales tax dollars and then dividing them by the population size of their community.

- **Below Average**: Suggests resident do some shopping outside of the area; lack of local supply by preferred retailer and restaurant concepts
- **Above Average**: Suggest consumers from outside the area are attracted to the local retail market; have preferred retailer and restaurant concepts.

Source: HdL Companies

05

# ADMINISTRATIVE ASSESSMENT

→ **REGULATORY ASSESSMENT**
→ **ORGANIZATIONAL CAPACITY & STEWARDSHIP**

# REGULATORY ASSESSMENT

STREETSENSE

Administrative Capacity:
## ZONING CODE BASICS

**Municipal codes are often an accumulation of general controls that were used to solve specific problems in specific places including:**

- Concerns over rising retail rents from use groups (i.e. office, chain stores, storage facilities, etc.) perceived as contributing to rent inflation for "more desirable" uses
- Rules that restrict uses with a low-income or transient customer base, like laundromats
- Concerns over "bad actors", like bars and dance clubs

| | |
|---|---|
| **GROWTH IN ON-LINE SHOPPING** | Retailers are using stores for local distribution, which may be restricted as "warehousing & distribution" |
| **TECHNOLOGICAL ADVANCES** | Breweries, specialty food manufacturing and maker spaces are restricted as "Manufacturing & Processing" |
| **DEMOGRAPHICS AND LIFESTYLE** | Wellness and medical services are restricted as "Medical Office" |

Administrative Capacity:
# OVERVIEW OF APPLICABLE ZONING CONTROLS GOVERNING USES

Each overlay delineates separate permitting and use requirements and can make it difficult for an applicant to determine what rules apply.

| DISTRICT | BASE DISTRICT | OVERLAY 1 | OVERLAY 2 | OVERLAY 3 | OVERLAY 4 | OVERLAY 5 |
|---|---|---|---|---|---|---|
| **CALIFORNIA AVE** | CC – Community Commercial | Retail Preservation | R – Retail Shopping | P – Pedestrian Shopping | PTOD – Cal Ave Pedestrian and Transit Oriented | Cal Ave Parking Assessment District |
| **MIDTOWN & CHARLESTON SHOPPING CENTER** | CN – Neighborhood Commercial | Retail Preservation | GF – Ground Floor | P – Pedestrian Shopping | Special Regulations governing proximity to Residential | |
| **DOWNTOWN (University Ave)** | CD – Downtown Commercial | Retail Preservation | GF – Ground Floor | P – Pedestrian Shopping | | |
| **DOWNTOWN (Lytton)** | CD – Downtown Commercial | Retail Preservation | P – Pedestrian Shopping | | | |
| **TOWN & COUNTRY VILLAGE** | CC – Community Commercial | Retail Preservation | | | | |
| **STANFORD SHOPPING CENTER** | CC – Community Commercial | Retail Preservation | | | | |

Highly Regulated Environments

Administrative Capacity:
# ZONING OVERVIEW: CALIFORNIA AVENUE

## C C ( 2 )( R )( P )

**Along California Avenue, many Retail and "Retail-Like" uses face regulatory barriers to entry, including businesses with 10 or more locations nationwide**

## CONDITIONAL USE PERMITS REQUIRED FOR:
- Beauty Salons exceeding 1,800 SF
- Nail Salons exceeding 1,800 SF
- Barber Shops exceeding 1,800 SF
- Fitness or Exercise exceeding 1,800 sf
- Learning Centers for Individual or Small Group Settings
- Laundry & Dry Cleaning
- Financial Services (Except Drive-In) on ground floor
- Medical Offices up to 5k *only when fronting Cal Ave.*
- Commercial Recreation Uses up to 5k *only when fronting Cal Ave*
- Formula retail (with more than 10 stores nationally)

## UNMENTIONED AND THEREFOR NOT ALLOWED
- Light Industrial as accessory uses (i.e., maker spaces)

## RESTRICTED GROUND FLOOR USE
- Residential



**Fitness – Restricted by Square Footage**



**Drybar – Restricted under both Salon and Formula Ordinance**



**Pottery Making – Restricted under Learning Centers and/or Industrial**



**Pediatrician – Restricted under Medical Office**

Administrative Capacity:
# CITY-WIDE RETAIL PRESERVATION ORDINANCE

In 2015, zoning protections were passed to restrict ground floor retail conversions to non-retail uses in the face of significant competition for space from higher paying office tenants.

**2015 MARKET CONDITIONS**
- At the time, Palo Alto was experiencing "record high commercial rental rates" (average $61.44 psf) and "low office vacancy rates" (2.83%)

**2021-2022 MARKET CONDITIONS**
- 2022 Q3 Silicon Valley Office Vacancy: 17.7% (Source: JLL); 2021 Palo Alto Office vacancy rates 13.64% (Source: CommercialCafe, 2021)
- 2021 office average asking rents: $93.75 (Class A Space); $37.04 (Class B Space)
- Office occupancy rates for San Jose metro are between 27.3% - 41.7%, the lowest of the top ten metro area measured by Kastle Systems nationwide.

**OPPORTUNITY**
Right-size the Retail Preservation Ordinance to focus on targeted areas of concentrated retail activity
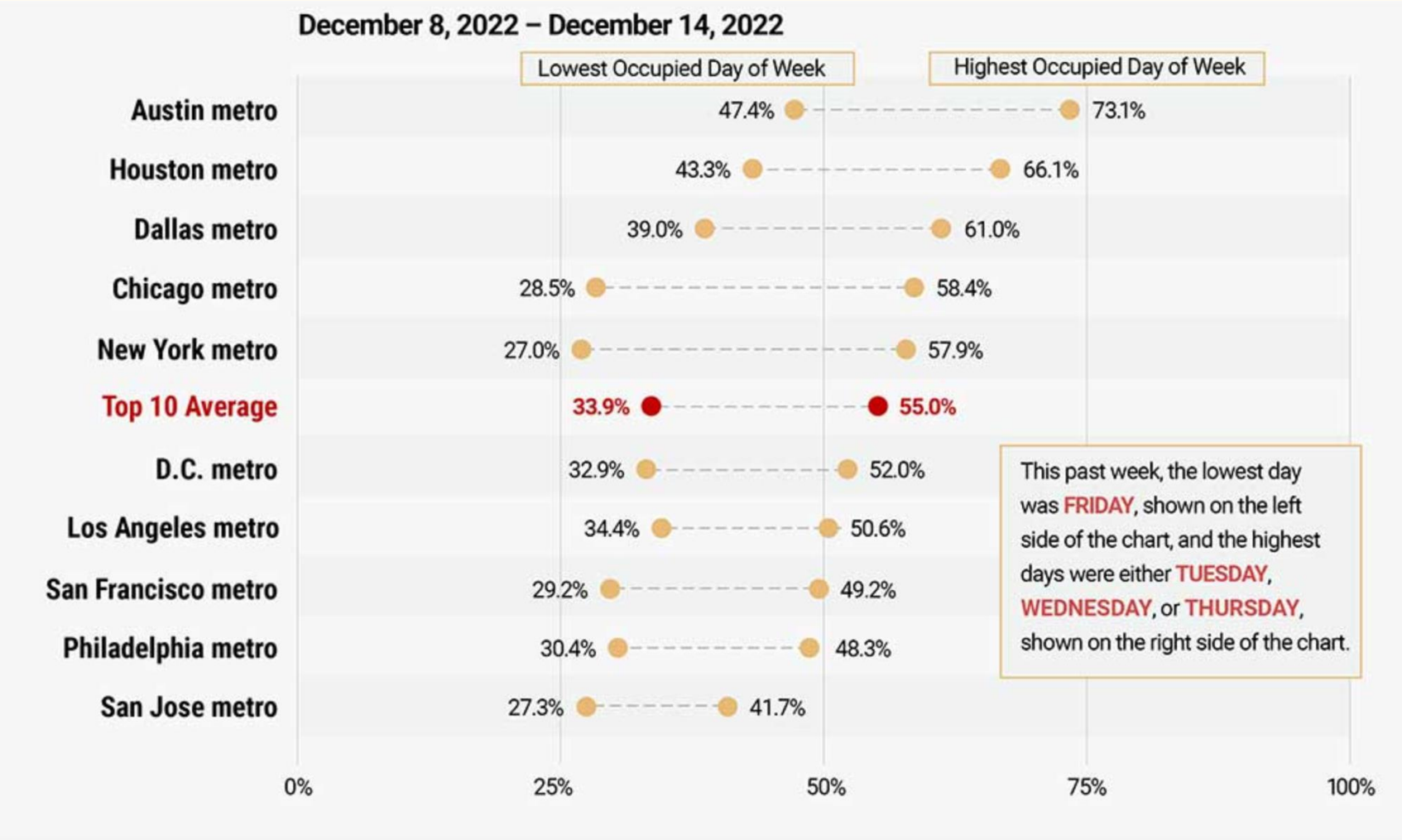


Source: Kastle Systems Back to Work Barometer

# ORGANIZATIONAL CAPACITY & STEWARDSHIP

Administrative Capacity:
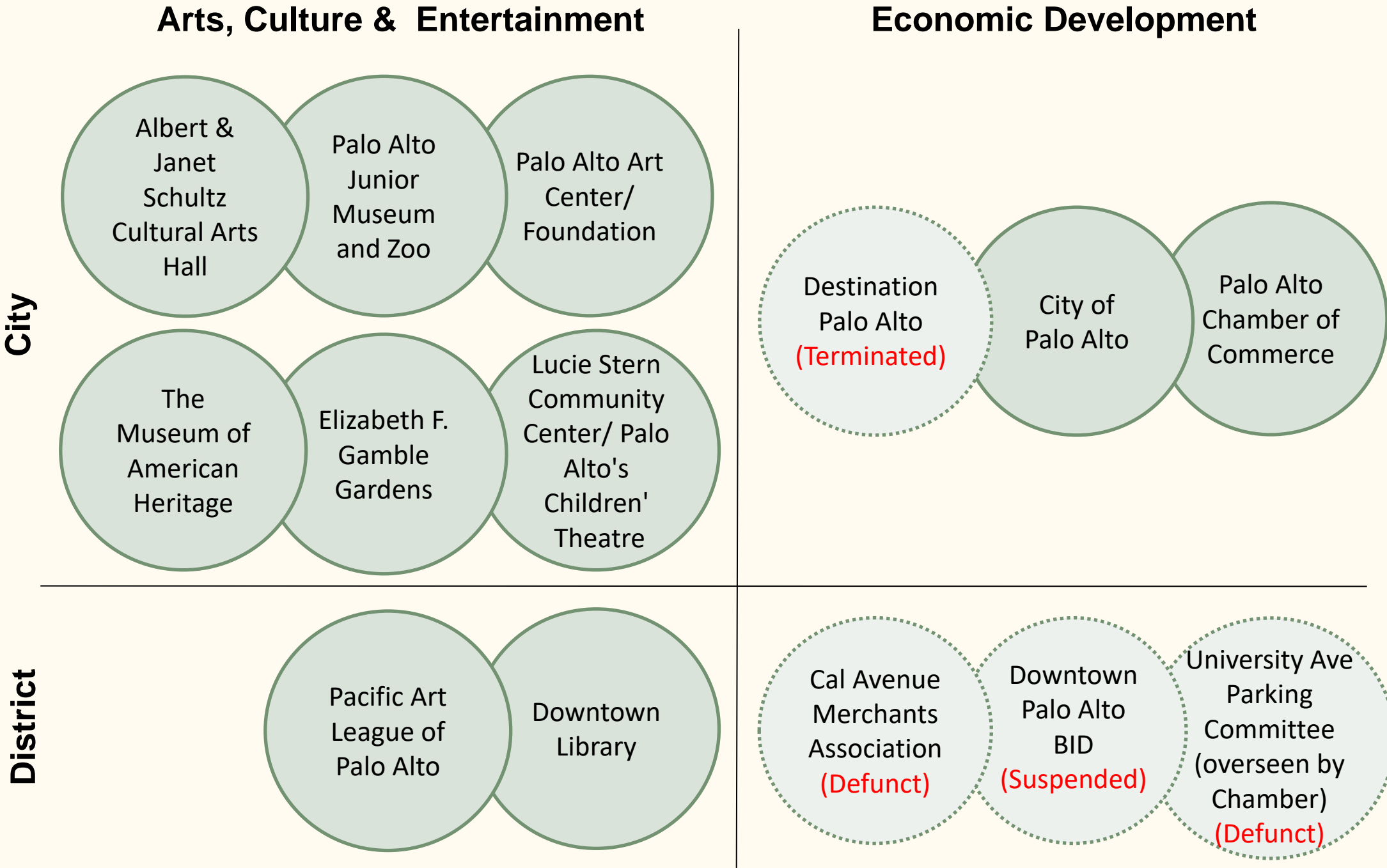# ORGANIZATIONAL LANDSCAPE

Palo Alto is well served by Arts, Culture & Entertainment at both the City and District Level.

Palo Alto's Economic Development service delivery mechanisms are limited to the City and the Palo Alto Chamber, which is a city-wide membership organization.

**At this time neither University Ave/Downtown nor California Avenue** have active stewards to lead marketing, promotion, event coordination, enhanced sanitation and security (above and beyond what a city provides).

## OPPORTUNITY
Reactivate and support improvements to stewardship along University and Cal Ave

## Arts, Culture & Entertainment

## Economic Development

**City**

- Albert & Janet Schultz Cultural Arts Hall
- Palo Alto Junior Museum and Zoo
- Palo Alto Art Center/ Foundation
- The Museum of American Heritage
- Elizabeth F. Gamble Gardens
- Lucie Stern Community Center/ Palo Alto's Children' Theatre

- Destination Palo Alto (Terminated)
- City of Palo Alto
- Palo Alto Chamber of Commerce

**District**

- Pacific Art League of Palo Alto
- Downtown Library

- Cal Avenue Merchants Association (Defunct)
- Downtown Palo Alto BID (Suspended)
- University Ave Parking Committee (overseen by Chamber) (Defunct)

# 06

# PHYSICAL ASSESSMENT

→ PUBLIC AND PRIVATE REALM ELEMENTS
→ ACCESSIBILITY & CONNECTIVITY
→ FOCUS AREA SWOT ANALYSIS

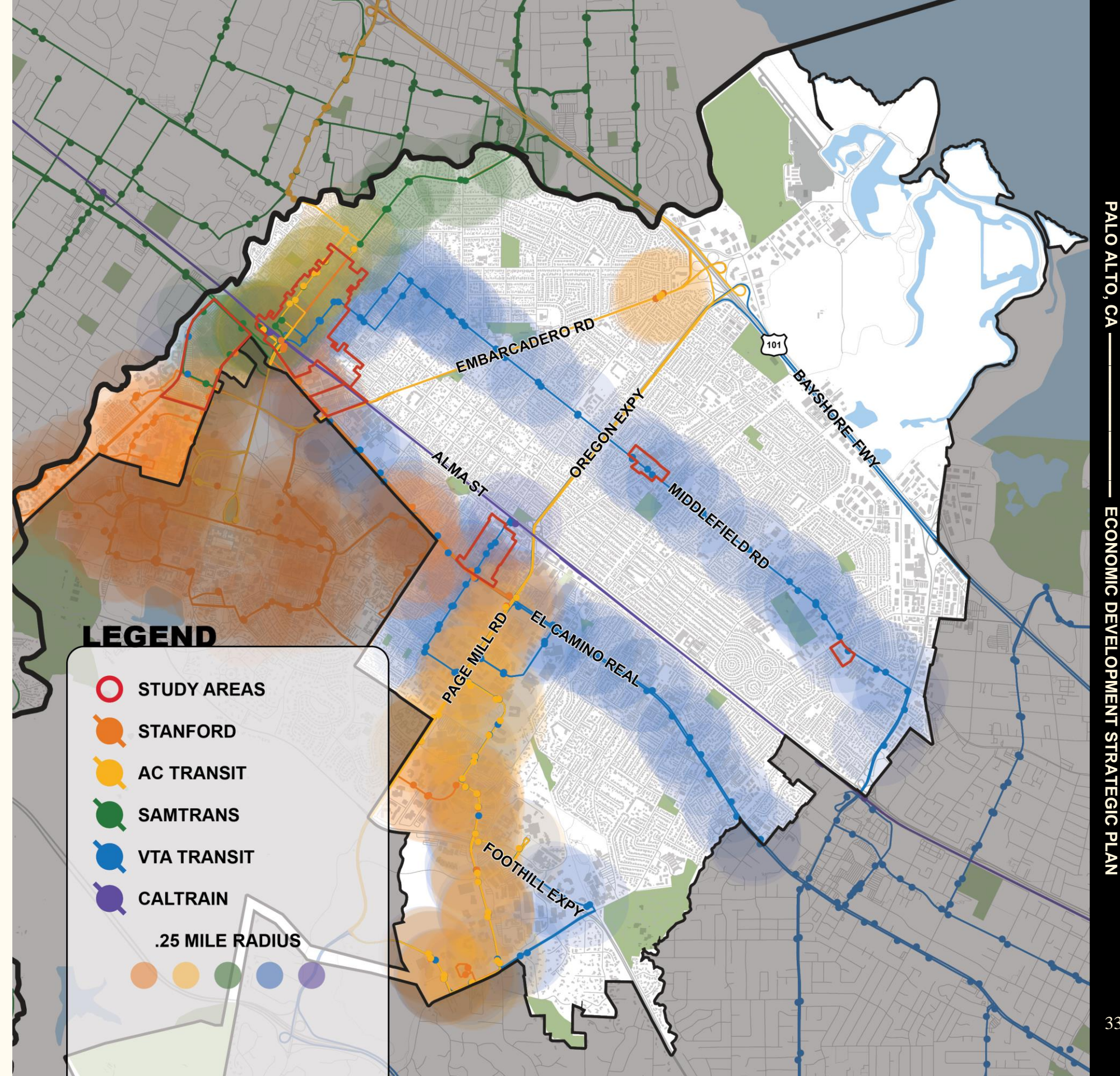Physical environment:
# KEY TAKEWAYS: ACCESS & CONNECTIVITY

Last-mile options are often first (and only) options for residents, workers, and students.

## TRANSIT NETWORK
- Most of Palo Alto, from a geographic standpoint, does not have access to transit within a ¼ mile walk, including areas with lower median income and higher existing and planned density.
- Future shuttles will provide last mile options in places with limited transit access.

## BICYCLE NETWORK
- Cycling infrastructure is robust with more planned connectivity (bike score of 97 to 100) but navigating by signage/markings is difficult as it is lacking in key locations.
- Currently no micromobility programs in place.



**LEGEND**

○ STUDY AREAS
● STANFORD
● AC TRANSIT
● SAMTRANS
● VTA TRANSIT
● CALTRAIN

.25 MILE RADIUS

Physical environment:

# KEY TAKEAWAYS: FOCUS AREAS

Districts with the most need for improvement and where city-led efforts have the most potential impact include:

01

**DOWNTOWN**



02

**CALIFORNIA AVENUE**



03

**NEIGHBORHOOD CENTERS**

07

# GUIDING PRINCIPLES

# GUIDING PRINCIPLES

| MARKET ASSESSMENT | ADMIN. CAPACITY | BUSINESS ENVIRONMENT | PHYSICAL ENVIRONMENT |
|---|---|---|---|

## REINFORCE HIERARCHY OF PLACE

- Stabilize and reinforce Downtown as a destination through improvements and stewardship
- Embrace California Avenue as a community and neighborhood serving place by increasing opportunities for new businesses and support for existing businesses

## IMPROVE ACCESSIBILITY

- Embrace walking and biking solutions by fixing broken links and reinforcing walkability to/from all of the City's commercial districts
- Address parking policies and systems that add complexity and cost burden on low-wage, part-time workers

## ADOPT POLICIES THAT REFLECT CHANGING MARKET CONDITIONS

- Ease the regulatory burden for businesses and revise outdated restrictions that create hurdles to tenancy
- Focus retail and retail-like uses in places where they are market-supported

# THANK YOU

STREETSENSE