

Ordinance No. 5446

Ordinance of the Council of the City of Palo Alto Adopting the Provisions of an Initiative Measure Amending the Comprehensive Plan 2030 and Title 18 (Zoning) of the Palo Alto Municipal Code to Reduce the Maximum Allowable New Office and R&D Development Citywide from 1.7 Million Square Feet to 850,000 Square Feet, Subject to Specified Exemptions

RECITALS

- A. On May 22, 2018, the proponents of the initiative to reduce the citywide cumulative office/R&D development cap by fifty percent from 1.7 million square feet to 850,000 square feet submitted petition signatures to the Office of the City Clerk, which signatures the City Clerk transmitted to the County of Santa Clara Registrar of Voters for verification in accordance with Elections Code Section 9115.
- B. On June 3, 2018, the Registrar of Voters certified that the initiative petition qualified with the sufficient number of valid signatures with a total of 2,430 which is greater than 6% of the registered voters in the City of Palo Alto at the last general municipal election for the City.
- C. On June 11, 2018, the City Council accepted the Certificate of Sufficiency of the Initiative Petition issued by the Registrar of Voters and directed staff to provide a report on the potential effects of the initiative.
- D. On July 30, 2018, the City Council accepted the report.
- E. The Palo Alto City Charter, Article VI, Section 2 authorizes the City Council to adopt without alteration the proposed initiative ordinance to amend the Comprehensive Plan and Title 18 of the Palo Alto Municipal Code.

NOW, THEREFORE, the Council of the City of Palo Alto ORDAINS as follows:

SECTION 1. The text of the proposed initiative ordinance amending the Comprehensive Plan and Title 18 of the Palo Alto Municipal Code to reduce the cap on the maximum allowable new office/R&D development citywide by fifty percent from 1.7 million square feet to 850,000 square feet, subject to specified exemptions, is set forth in full in **Exhibit A** attached hereto and incorporated herein by this reference.

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SECTION 2. The Comprehensive Plan and Title 18 of the Palo Alto Municipal Code are hereby amended to read as set forth in full in **Exhibit A** attached hereto and incorporated herein by this reference.

PASSED AND ADOPTED: July 30, 2018

AYES: DUBOIS, FILSETH, HOLMAN, KOU, WOLBACH

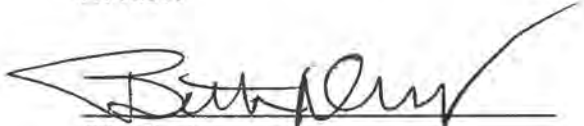
NOES: FINE, KNISS, SCHARFF, TANAKA

ABSENT:

ABSTENTIONS:

NOT PARTICIPATING:

ATTEST:



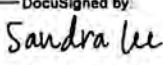
City Clerk



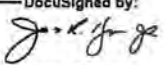
Mayor

APPROVED AS TO FORM:

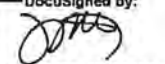
APPROVED:

DocuSigned by:


36CFB9D557AE4E3
Assistant City Attorney

DocuSigned by:


36F7288EB2064DB
City Manager

DocuSigned by:


293CF322E1294E8
Director of Planning & Community
Environment

Exhibit A

PALO ALTO REDUCED OFFICE/R&D DEVELOPMENT CAP INITIATIVE

The people of the City of Palo Alto do ordain as follows:

SECTION 1: PURPOSE, EFFECT, AND FINDINGS

- A. Purpose:** The purpose of the *Palo Alto Reduced Office/R&D Development Cap Initiative* ("Initiative") is to return office/R&D growth throughout the City to its long-term historical trend, by (1) reducing the current cap on new office and R&D (research and development) development by fifty percent, with specified exemptions, and (2) requiring voter approval to increase the Initiative's cap or to add further exemptions to the cap. The Initiative is essential to preserve livability, an innovative economy, and the quality of life in the City of Palo Alto.
- B. Effect:** This Initiative amends the City of Palo Alto Comprehensive Plan 2030 (the "2030 Comprehensive Plan") to reduce the citywide cap of 1.7 million new square feet of office/R&D development by fifty percent to 850,000 square feet. Medical office uses in the Stanford University Medical Center vicinity, and other medical, governmental, and institutional uses, continue to be exempted from the cap; no other exemptions are allowed. The cap does not apply to new housing in the City.
- This Initiative also amends the Palo Alto Municipal Code to include the same requirement of an 850,000 square-foot cap.
- The Charter of the City of Palo Alto provides that any ordinance adopted by the electors cannot be repealed or amended, except by a vote of the people, unless the ordinance provides otherwise. Consistent with the City Charter, this Initiative specifies that (1) through December 31, 2030, voter approval is required to increase the Initiative's cap or to add further exemptions to the cap, but (2) the City Council may reduce the Initiative's cap without a vote of the people.
- C. Findings:** The people of the City of Palo Alto find that this Initiative promotes and protects the health, safety, welfare, and quality of life of City residents, based on the following specific findings:

1. **Palo Alto's Current Cap on New Office/R&D Development Is Excessive:** From 1989 to 2014, Palo Alto added approximately 1.5 million square feet of non-residential development, as monitored by the City. The recently adopted 2030 Comprehensive Plan, which is the primary tool to guide future development in the City, would allow an additional 1.7 million square feet of office/R&D development. This Initiative reduces that amount by setting a new cumulative cap on new office/R&D development that could occur in the City. The Initiative's cumulative cap of 850,000 new square feet is in line with the average annual square feet of non-residential development that has occurred since the City's monitoring began. Importantly, the Initiative does not prevent the City from adopting or enforcing *annual* caps on new office/R&D development—provided that the *cumulative* total cap is not exceeded.
2. **Palo Alto Cannot Tolerate More Traffic:** According to the City's own study, there are already about three jobs in the City for every employed resident. As a result, the City has one of the highest commuter ratios in the nation for cities with populations of more than fifty thousand. Excessive new office/R&D development in Palo Alto—as the recently adopted 2030 Comprehensive Plan allows—will lead to even more jobs, and thus exacerbate traffic congestion and parking shortages in the City. Two-thirds of City residents cite these issues as major concerns.
3. **Housing Prices Are Already Too High:** Lack of affordable housing is another major concern for City residents. And one of the primary causes of rising home prices is rapid business expansion with the associated escalation of land prices. Palo Alto cannot stand to have its affordable housing crisis deepened by the rapid growth in office/R&D development and jobs that could occur under the recently adopted 2030 Comprehensive Plan.
4. **Economic Prosperity Could Be Threatened by Excessive Growth.** One marker of Palo Alto's success as a center of Silicon Valley's innovation economy has been the extraordinary mobility of its professional workers. The 2030 Comprehensive Plan recognizes that "employers, businesses and neighborhoods share many values and concerns, including traffic and parking issues and preserving Palo Alto's livability." Placing a moderate cumulative limit on office/R&D growth will support the City's unique mobility of local businesses and workers, while at the same time allowing a reasonable amount of growth over the period of the 2030 Comprehensive Plan.

SECTION 2: CITY OF PALO ALTO 2030 COMPREHENSIVE PLAN AMENDMENTS

This Initiative hereby amends the Land Use and Community Design Element of the 2030 Comprehensive Plan, as amended through April 20, 2018 ("Submittal Date"). Text to be inserted in the 2030 Comprehensive Plan is indicated in bold type, and text to be deleted is indicated in ~~strike through~~ type. Non-bolded text currently appears in the 2030 Comprehensive Plan. Except as expressly provided below, the language adopted and readopted in the following amendments may be repealed or amended (as by, for example, increasing the cap or by adding

additional exemptions) only by a vote of the people through December 31, 2030.

A. Policy L-1.10 on page 37, under the heading "GROWTH MANAGEMENT AND MONITORING," is hereby readopted with the following changes:

~~Maintain a citywide cap of 1.7 million~~ Cap new square feet of office/R&D development citywide at 850,000 square feet, exempting medical office uses in the Stanford University Medical Center (SUMC) vicinity. Use January 1, 2015 as the baseline and monitor development towards the cap on an annual basis. ~~Require annual monitoring to assess the effectiveness of development requirements and determine whether the cap and the development requirements should be adjusted.~~ Continue to exempt medical, governmental and institutional uses from the cap on office/R&D development; no other exemptions are allowed.

Through December 31, 2030, this Policy L-1.10 may not be amended or repealed except by a vote of the people, provided, however, that the Palo Alto City Council may reduce the citywide cap of 850,000 new square feet of office/R&D development without a vote of the people.

B. Program L1.10.1 on page 37, following Policy L-1.10, is deleted in its entirety as follows:

~~Reevaluate the cumulative cap when the amount of new office/R&D square footage entitled since January 1, 2015 reaches 67 percent of the allowed square footage, or 1,139,000 square feet. Concurrently consider removal or potential changes to the cap and/or to the amount of additional development permitted by the City's zoning ordinance.~~

SECTION 3: 2030 COMPREHENSIVE PLAN CONFORMING AMENDMENTS

In light of the 2030 Comprehensive Plan amendments set forth above in Section 2 of this Initiative, the 2030 Comprehensive Plan is hereby further amended as set forth below in order to promote internal consistency among the various provisions of the 2030 Comprehensive Plan. Text to be inserted in the 2030 Comprehensive Plan is indicated in bold type, and text to be deleted is indicated in strikethrough type. Non-bolded text currently appears in the 2030 Comprehensive Plan and is not changed or readopted by this Initiative. The language adopted in the following amendments may be further amended as appropriate without a vote of the people, during the course of further updates and revisions to the 2030 Comprehensive Plan, provided that such amendments do not conflict with Policy L-1.10.

A. The text on page 20, under the heading "GROWTH MANAGEMENT," is amended as follows:

The pace of non-residential growth and development in Palo Alto has been moderated by a citywide cap on non-residential development first adopted by the City Council in 1989. ~~Based on the demonstrated and continuous strength of the city's economy, and recent changes in the approach to growth management throughout California,~~ **This Plan presents an updated cumulative growth management and monitoring system, as approved by the voters in the *Palo Alto Reduced Office/R&D Development Cap***

Initiative. This system moderates the overall amount of new office/R&D development and ~~monitors its impacts on~~ to enhance Palo Alto's livability.

This updated approach uses 2015 as the baseline from which to monitor new development and establishes a cumulative, citywide cap on office/R&D uses, including conversions of existing square footage to office/R&D space. ~~It also establishes clear guidance to address what the City should do as the cap is approached.~~

B. Program B1.1.1 on page 196 is amended as follows:

Implement and periodically amend an Economic Development Policy to guide business development in the City in a manner consistent with Policy L-1.10.

C. Program B7.2.1 on page 200 is amended as follows:

Review policies and regulations guiding development at Stanford Research Park and revise them as needed to allow improved responsiveness to changing market conditions in a manner consistent with Policy L-1.10.

D. The following rows of the Implementation Table on pages 214, 266, and 268 are amended as follows:

Program #	Program Text	Lead Department or Agency	Priority (S/M/L/IP/R) ^a	Anticipated Level of Effort (\$/\$/\$/\$)
L1.10.1	Reevaluate the cumulative cap when the amount of new office/R&D square footage entitled since January 1, 2015 reaches 67 percent of the allowed square footage, or 1,139,000 square feet. Concurrently consider removal or potential changes to the cap and/or to the amount of additional development permitted by the City's zoning ordinance.	Planning & Community Environment Department	M	\$
B.1.1	Implement and periodically amend an Economic Development Policy to guide business development in the City in a manner consistent with Policy L-1.10.	Office of Economic Development	R	\$

B7.2.1	Review policies and regulations guiding development at Stanford Research Park and revise them as needed to allow improved responsiveness to changing market conditions in a manner consistent with Policy L-1.10.	Planning & Community Environment Department	M	\$\$
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SECTION 4: PALO ALTO MUNICIPAL CODE AMENDMENTS

This Initiative hereby amends the Palo Alto Municipal Code ("Municipal Code"). Text to be inserted in the Municipal Code is indicated in bold type. Except as expressly provided below, the language adopted in the following amendments may be repealed or amended only by a vote of the people through December 31, 2030.

- A. A new Section 18.40.200 (Growth Management) is added to Chapter 18.40 (General Standards) of Title 18 (Zoning) of the Municipal Code to read as follows:

18.40.200 Growth Management

This section 18.40.200 adopts the citywide cap on office/R&D development that appears in Policy L-1.10 of the City of Palo Alto Comprehensive Plan 2030 pursuant to the *Palo Alto Reduced Office/R&D Development Cap Initiative*:

Cap new square feet of office/R&D development citywide at 850,000 square feet, exempting medical office uses in the Stanford University Medical Center (SUMC) vicinity. Use January 1, 2015 as the baseline and monitor development towards the cap on an annual basis. Continue to exempt medical, governmental and institutional uses from the cap on office/R&D development; no other exemptions are allowed.

Notwithstanding anything in this Municipal Code or any other City ordinance or resolution to the contrary, the City shall not approve any non-exempt office/R&D development that would exceed this cap, or add further exemptions to the cap, except to the extent permitted by the *Palo Alto Reduced Office/R&D Development Cap Initiative*.

Through December 31, 2030, this Section 18.40.200 may not be amended or repealed except by a vote of the people, provided, however, that the Palo Alto City Council may reduce the citywide cap of 850,000 new square feet of office/R&D development without a vote of the people.

SECTION 5: EXEMPTIONS FOR CERTAIN PROJECTS

- A. This Initiative shall not apply to or prohibit any development project or ongoing activity that has obtained, as of the Effective Date of this Initiative, a vested right pursuant to State law.

- B.** The provisions of this Initiative shall not apply to the extent, but only to the extent, that they would violate the Constitution or laws of the United States or the State of California.
- C.** The City Council is authorized to grant exceptions to the voter approval requirements in Policy L-1.10 where necessary to comply with state or federal law governing the provision of housing, including but not limited to affordable housing requirements. This exception applies only if the City Council first makes each of the following findings based on substantial evidence in the record with respect to a proposed mixed-use housing project including office/R&D uses that are subject to the cap set by this Palo Alto Reduced Office/R&D Development Cap Initiative: (1) a specific provision of state or federal law requires the City to accommodate the housing that will be permitted by the exception; (2) the exception permits no more office/R&D development than that necessary to comply with the specific provision of state or federal law; and (3) it is not feasible for the City to require modifications to the office/R&D component of the proposed project in a way that would allow the City to satisfy the specific state or federal law without exceeding the cap set by this Palo Alto Reduced Office/R&D Development Cap Initiative.

SECTION 6: IMPLEMENTATION

- A.** **Effective Date:** "Effective Date" means the date that the *Palo Alto Reduced Office/R&D Development Cap Initiative* became effective. Upon the Effective Date of this Initiative, the provisions of Section 4 are hereby inserted in the City of Palo Alto Municipal Code as an amendment thereof, and the provisions of Sections 2 and 3 are hereby inserted in the City of Palo Alto Comprehensive Plan 2030, as an amendment thereof; except that if state or local law limits the number of Comprehensive Plan amendments in any given year and those amendments have already been utilized in the year in which the Initiative becomes effective, this 2030 Comprehensive Plan amendment shall be the first amendment inserted in the City of Palo Alto Comprehensive Plan 2030 on January 1 of the following year. Upon the Effective Date of this Initiative, any provisions of the City of Palo Alto Zoning Code or any other City of Palo Alto ordinance or resolution that are inconsistent with the 2030 Comprehensive Plan and Municipal Code amendments adopted by this Initiative shall not be enforced in a manner inconsistent with this Initiative.
- B.** **Interim Amendments:** The City of Palo Alto Comprehensive Plan 2030 in effect on the Submittal Date and the 2030 Comprehensive Plan as amended by this Initiative comprise an integrated, internally consistent, and compatible statement of policies for the City of Palo Alto. To ensure that nothing in this Initiative would prevent the 2030 Comprehensive Plan from being an integrated, internally consistent, and compatible statement of the policies of the City, and to ensure that the actions of the voters in enacting this Initiative are given effect, any amendment to the 2030 Comprehensive Plan that is adopted between the Submittal Date and the date that the 2030 Comprehensive Plan is amended by this Initiative shall, to the extent that such interim-enacted provision is inconsistent with the 2030 Comprehensive Plan provisions readopted and amended by this Initiative, be amended as soon as possible to ensure consistency between the

provisions readopted and amended by this Initiative and other provisions of the 2030 Comprehensive Plan. Likewise, any amendment to the Palo Alto Municipal Code that is adopted between the Submittal Date and the date that the Municipal Code is amended by this Initiative shall, to the extent that such interim-enacted provision is inconsistent with the Municipal Code provision adopted by this Initiative, be amended as soon as possible to ensure consistency between the provisions adopted by this Initiative and other provisions of the Municipal Code.

- C. Other City Plan, Ordinances, and Policies:** The City of Palo Alto is hereby authorized and directed to amend the City of Palo Alto Comprehensive Plan 2030, all area plans, specific plans, the City of Palo Alto Zoning Code, Land Use Map, and Zoning Map, and other ordinances and policies affected by this Initiative as soon as possible as necessary to ensure consistency between the provisions adopted in this Initiative and other sections of the 2030 Comprehensive Plan, all area plans, specific plans, the Zoning Code, the Zoning Map, and other City ordinances and policies.
- D. Reorganization:** The 2030 Comprehensive Plan and the Municipal Code may be reorganized or readopted in different format, and individual provisions may be renumbered or reordered, in the course of ongoing updates of the 2030 Comprehensive Plan and the Municipal Code, provided that the provisions of Section 2 of this Initiative shall remain in the 2030 Comprehensive Plan and the provisions of Section 4 of this Initiative shall remain in the Municipal Code, unless earlier repealed or amended by the voters of the City.
- E. Implementing Ordinances:** The City Council is authorized, after a duly noticed public hearing, to adopt implementing ordinances, guidelines, rules, and/or regulations, as necessary, to further the purposes of this Initiative.
- F. Enforcement and Defense of Initiative:** The City Council shall take all steps reasonably necessary to enforce this Initiative and to defend it against any challenge to its validity.

SECTION 7: EFFECT OF COMPETING OR ALTERNATIVE MEASURE ON THE SAME BALLOT

This Initiative sets a citywide cap of 850,000 new square feet of office/R&D development using January 1, 2015 as the baseline, with specified exemptions, and requires voter approval to increase or repeal the cap or add further exemptions to the cap through December 31, 2030. By voting for this Initiative, the voters expressly declare their intent that any other measure that appears on the same ballot as this Initiative and addresses a citywide cap on office/R&D development, shall be deemed to conflict with this Initiative. Because of this conflict, if this Initiative and any such other City of Palo Alto measure receive a majority of votes by the voters voting thereon at the same election, then, to the extent allowed by state law and any legally valid provisions of the City's City Charter, the measure receiving the most votes in favor shall prevail and no provision of the other measure shall take effect. For the purposes of this Section 7, any other voter-sponsored measure that appears on the same ballot as this Initiative and purports to amend any provision of this Initiative shall be deemed to directly conflict with this entire Initiative.

SECTION 8: SEVERABILITY AND INTERPRETATION

This Initiative shall be broadly construed in order to achieve its purpose.

This Initiative shall be interpreted so as to be consistent with all applicable Federal, State, and City laws, rules, and regulations. If any section, subsection, paragraph, subparagraph, sentence, clause, phrase, part, or portion of this Initiative is held to be invalid or unconstitutional by a final judgment of a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Initiative. The voters hereby declare that this Initiative and each section, subsection, paragraph, subparagraph, sentence, clause, phrase, part, or portion thereof would have been adopted or passed even if one or more sections, subsections, paragraphs, subparagraphs, sentences, clauses, phrases, parts, or portions were declared invalid or unconstitutional. If any provision of this Initiative is held invalid as applied to any person or circumstance, such invalidity shall not affect any application of this Initiative that can be given effect without the invalid application.

Any singular term shall include the plural and any plural term shall include the singular. The title and captions of the various sections in this Initiative are for convenience and organization only, and are not intended to be referred to in construing the provisions of this Initiative.

SECTION 9: AMENDMENT OR REPEAL

Except as otherwise provided herein, this Initiative may be amended or repealed only by the voters of the City of Palo Alto.

Certificate Of Completion

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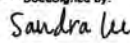
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Signer Events

Sandra Lee
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Assistant City Attorney
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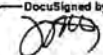
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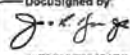
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