

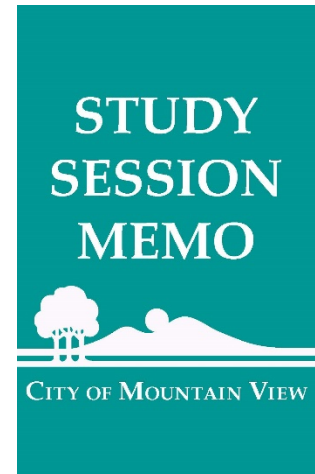
DATE: June 8, 2021

TO: Honorable Mayor and City Council

FROM: Edgar Maravilla, Senior Planner
Eric Anderson, Principal Planner
Stephanie Williams, Zoning Administrator

VIA: Kimbra McCarthy, City Manager

TITLE: **Downtown Precise Plan Update (Phase 1)**



PURPOSE

The purpose of this Study Session is for the City Council to discuss and provide input on key Downtown Precise Plan issues affecting Areas A, G, and H, including historic preservation, development character and design, and ground-floor uses.

BACKGROUND

Downtown Precise Plan Overview

The intent of the Downtown Precise Plan (DTPP or the Precise Plan) is to provide a coherent framework for downtown development and preservation and guide future development (see Attachment 1 – Downtown Precise Plan). The DTPP was first adopted in 1988, with several amendments over the years with the last minor amendment in 2019. The DTPP is composed of 10 areas (A through J), with each area differentiating in allowed uses, allowable building height, design requirements, and other development standards. The development objectives and land use policies for the DTPP revolve around qualities that contribute to downtown, including preserving historic resources and design elements, promoting an active and attractive pedestrian environment, encouraging economic diversification for retail tenants, preserving and enhancing adjacent residential neighborhoods, and encouraging high-quality development and public improvements.

City Council Meetings

At their [March 5, 2019 Study Session](#), the City Council provided initial feedback and direction on potential amendments to the DTPP (see Attachment 2 – March 5, 2019 Study Session Memo). On [May 21, 2019](#), Council approved a project to update the City's DTPP as part of the Council Major Goal to Promote Environmental Sustainability and the

Quality of Life for the Enjoyment of Current and Future Generations with a Focus on Measurable Outcomes (see Attachment 3 – Council Goal-Setting – May 21, 2019).

In 2018, the City engaged the Urban Land Institute to convene a Technical Assistance Panel (TAP) to receive strategic advice on the existing condition and future success of downtown. Following several months of preparation, stakeholder interviews, and panel deliberations, the [TAP proposed some key recommendations](#) about ensuring an appealing public realm, managing parking, and using opportunity sites while maintaining the downtown core (see Attachment 4 – Technical Assistance Panel – 2018). The Downtown Precise Plan update team utilized this TAP study and further analyzed the recommended strategies in the Precise Plan update process.

At the [June 25, 2019](#) meeting, the City Council further discussed the general scope and direction for this work (see Attachment 5 – Study Session Memorandum – June 25, 2019). Council endorsed a two-phased project approach. Phase 1 of the Precise Plan update would focus on the goals, policies, and/or development standards for Precise Plan Areas A, G, and H:

- Potential revisions to design guidelines, including consideration of form-based code standards;
- Feasibility of a historic district overlay; and
- Minimal ground-floor land use changes.

Phase 2 would include further discussion with the City Council about any desired additional amendments.

At the [December 3, 2019](#) meeting, the City Council further highlighted that the DTTP update is to be a two-phased approach. Phase 1 would review limited amendments to Areas A, G, and H (see Attachment 6 – December 3, 2019 Council Scope Report). Specifically, Council directed the Phase 1 scope to:

- Limit focus to only Areas A, G, and H;
- Analyze historic preservation opportunities with the intent to protect historic resources;

- Develop policies and standards to maintain the current look and feel of downtown; and
- Promote and maintain ground-floor pedestrian activation.

Phase 2 of the project would potentially include amendments to other areas and requirements that would affect the entire downtown, such as parking. A map of the focused areas is shown in Figure 1.

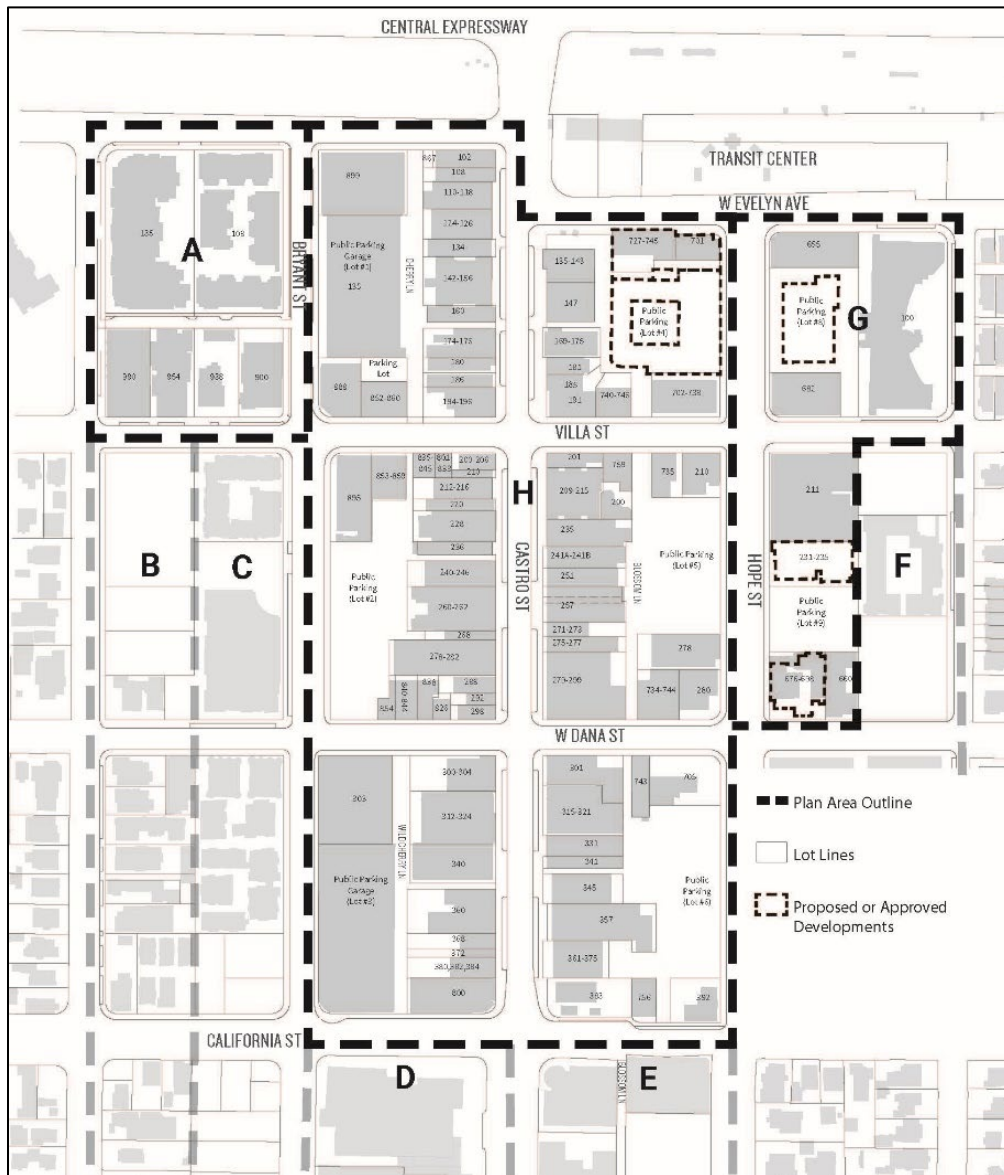


Figure 1: Downtown Precise Plan Areas A, G, and H

Environmental Planning Commission Meeting

At the [May 5, 2021 Study Session](#), the Environmental Planning Commission (EPC) discussed the issues in this report (see Attachment 7—May 5, 2021 EPC Study Session). The comments from EPC are summarized in this report and can be found after the recommendation section for each topic. There were six public speakers. Public letters and emails are included in Attachment 8—Public Comments.

Most of the questions regarding pedestrian orientation, streetscape, and tree planting would be addressed in Phase 2 of the DTPP and by way of the ongoing Castro Street Pedestrian Mall. Phase 1 of the DTPP has a limited scope focused on Areas A, G, and H and topics related to historic preservation, design, and ground-floor uses. Additionally, the request for information regarding Historic Resources will be addressed in the Historic Preservation Ordinance update, which is to begin in the latter part of the Council Work Plan for Fiscal Year 2021-2023.

Other Downtown Projects

The following City projects are also under way and may affect or otherwise overlap with this Precise Plan update. These projects are not within the scope of the Study Session and have been or will be considered as separately agendized items in the future:

- **Downtown Parking Strategy:** A parking policy has a significant effect on the feasibility of new office and residential development and new restaurant uses in existing buildings and is a comprehensive analysis of the supply, management, demand, and operations of downtown parking. A full set of strategies is tentatively expected for adoption by late fall 2021.
- **Transit Center Master Plan:** A plan for rebuilding the Downtown Transit Center with new development opportunities, circulation, and parking supply was adopted in May 2017. A joint City/Caltrain planning effort is needed to better identify land use and transportation operations, evaluate financial feasibility, and formally adopt a preferred plan for the development of Caltrain's property. This planning effort will be started once both the City and Caltrain are ready in terms of priorities and staffing capacity.
- **Castro Street Grade Separation and Transit Center Access Improvements:** This project, currently in design, includes reconfigurations at Castro Street and Central Expressway and improves pedestrian and bicycle crossings with the planned closure of Castro Street at the Caltrain railroad tracks. Construction is expected between 2024 and 2026.

- **Castro Street Pedestrian Mall:** An initiative to study public improvements on the 100 block of Castro Street to create more pedestrian areas and possibly remove vehicle access. The project key milestones include developing concept alternatives, public and business outreach and engagement, and presentation to the City Council. Tentative plans are to begin community and business outreach on concepts this summer with a report to the City Council by end of 2021.

The following development projects were either recently under review, recently approved, or currently under review in Areas A, G, and H.

- Withdrawn in 2018:
 - 938-954 Villa Street (four-story mixed-use project with a ground-floor restaurant and office above), which would have replaced two historic buildings.
- Approved, Unbuilt:
 - 701-727 West Evelyn Avenue (four-story, mixed-use project with retail and office);
 - 231 Hope Street (four-story, nine-unit condominium residential project); and
 - 676 West Dana Street (four-story, mixed-use project with six residential units).
- Under review:
 - 756 California Street (three-story, mixed-use project with ground-floor commercial and office above); and
 - 747 West Dana Street (three-story, mixed-use project with ground-floor retail and office above).
 - 954 Villa Street (change of use to allow administrative office to replace the former Tied House restaurant, with minor exterior modifications).

DISCUSSION

This report is divided into four topic sections: Historic District Findings, Historic Preservation, Development Character and Design, and Ground-Floor Active Uses. Each

section discusses existing conditions, stakeholder meetings, policy options, and staff's and EPC's recommendations on how to approach the DTPP update to achieve Council and community goals. Public comment received during project outreach to the Downtown Committee, business and property owners, neighborhood groups, developers, and designers is summarized under each of the comment sections below.

Historic District Findings

TrenorHL, the historic consultant on the project team, conducted a historic survey of Areas A, G, and H to determine if broad protections could be applied to downtown as a "national or State recognized historic district." A national or State historic district would provide broad California Environmental Quality Act (CEQA) protections to the entire area, provide eligibility for certain tax provisions, and may protect the area from State preemption of local zoning (such as SB 50, which was proposed in 2018 but did not pass).

The historic survey found that downtown Mountain View has some historic structures at the local, State, and national level. But overall, there are relatively few qualifying buildings, and the historic integrity of many older structures has been compromised. As such, downtown Mountain View does not meet the criteria to create a downtown historic district (more information about this analysis is provided in Attachment 9—Historic District Memo).

Historic Preservation

Even though the historic survey did not find that downtown Mountain View could be designated a historic district, the existing historic resources in downtown have protections through the City's [Historic Preservation Ordinance](#) and CEQA.

The City's Historic Preservation Ordinance in Chapter 36 (Zoning) provides protection for historic resources and sets a process for modifications to historic resources and to add historic resources to the Mountain View Register. Historic resources can only be substantially modified or demolished with approval of a discretionary Historic Preservation Permit and CEQA review.

CEQA provides procedural protection for any structures deemed to be a historic resource at the local, State, or national level. Applications proposing demolition or a significant adverse change to a historic resource would be deemed to result in a significant impact under CEQA, which would require an Environmental Impact Report (EIR) and adoption of a Statement of Overriding Considerations prior to project approval. The City has discretion not to adopt a Statement of Overriding Considerations, which gives the City discretion to deny a project that would significantly impact a historic resource.

Conversely, the City may adopt a Statement of Overriding Considerations to approve a project despite the project's impact to historic resources; thus, the protections under CEQA are substantial, but not absolute, providing for the evaluation, disclosure, and due consideration of specific impacts prior to a City Council decision.

These CEQA protections would not have been affected by SB 50 (proposed in 2018 but not ultimately enacted)—which would have otherwise preempted local government control of zoning near public transit. Other recent preemption of local authority, such as SB 35, generally have a carve-out for and do not apply to historic properties.

Incentives for Preservation of Historic Resources

Council requested an evaluation of the economic feasibility of historic preservation requirements to incentivize property owners to maintain and preserve their buildings. More quantitative analysis will be provided at a later date, but the following is an overview of incentives already currently available to historic resources.

The Mountain View City Code, Chapter 36 (Zoning), Division 15, includes a broad range of available benefits and incentives for historic resources which protect and enhance the character-defining features or retention of the historic resource. The following is a list of available historic benefits and incentives:

1. Variances;
2. Exemptions from nonconforming uses and structures;
3. Exceptions from requirements of the Downtown Precise Plan;
4. Use of the State Historic Building Code;
5. Mills Act contracts;
6. Property Tax Rebate Program;
7. Exemption from planning, building, and historic preservation permit fees related to the historic resource, including, but limited to, the relocation, preservation, and rehabilitation of the historic resource;
8. Credit for below-market-rate (BMR) program requirements, including BMR units and in-lieu fees, where the historic resource is preserved or rehabilitated as part of a residential development;

9. Credit toward Park Land Dedication or fees in lieu thereof; and
10. Approval for condominium conversions of six residential units or less in a single historic resource.

The City Council also requested that staff look into additional incentives, such as Transfer of Development Rights (TDRs), which would allow historic property owners to sell unrealized development rights to another location within the City. The TDR value could be used for facade improvements or building renovations.

Staff does not recommend a TDR program for several reasons:

1. The City has adequate tools to require the preservation of historic resources and create financial incentives for their maintenance and preservation.
2. There is a range of financial incentives already available to applicants interested in historic preservation.
3. TDRs did not garnish support from stakeholders as it is too complicated for relatively little gain.
4. The amount of floor area transferred from any one property would be very small and may not attract buyers.
5. It is a one-time action, and maintenance is an ongoing financial need.

Public Comments on Historic Preservation

Public comments were provided at stakeholder meetings held with the Downtown Committee, business and property owners, neighborhood groups, developers, and designers. Historic preservation comments included the following:

- The look and feel of the existing buildings contribute to and support downtown vibrancy, character, and interest.
- Many of the building owners have been long-time owners. They might not have the desire to make substantial modifications to their buildings as it may not yield an investment return that will cover the expenses for renovation.

- An improvement incentive program, such as TDRs, would not substantially incentivize building upgrades.

Historic Preservation Staff Recommendation

Make no changes to the DTPP regarding historic preservation and rely on existing preservation authority under CEQA and the local Historic Preservation Ordinance.

Preservation of downtown character can be enhanced through updates to the DTPP standards and guidelines, though this would not have the effect of preserving individual nonhistoric buildings (see “Development Character and Design” section below).

EPC Comments

Most Commissioners expressly agreed with staff’s approach, while two Commissioners did not respond directly to the question, providing only comments instead, summarized below. Several Commissioners expressed interest in providing more economic support to affected property owners. Other comments included:

- Having historic buildings and buildings from a range of different time periods is a strength, and the City cannot rely on development standards for new buildings alone;
- Do not mimic historic buildings with new ones;
- Update the local Historic Preservation Ordinance to provide a clear process to designate historic districts and provide more economic incentives;
- Ensure property owners can occupy historic buildings with new tenant vacancies have spillover impacts;
- Ensure property owners are not incentivized to consolidate parcels, which would negatively affect downtown’s fine-grained character; and
- Provide transparency about existing historic resources in downtown.

While some items above are not part of the scope of the current project, the items suggested by the EPC would be addressed in the Historic Preservation Ordinance update mentioned earlier in the report.

Question 1: Does the City Council support the Historic Preservation staff recommendation to rely on existing preservation incentives and authority under CEQA and the City Code?

Development Character and Design

Development character and design is a broad topic that could include massing, bulk and site configuration standards, or design guidance, including composition, materials, colors, and ornamentation.

Compatibility with Downtown's Historic Character

Over the last several years, Council has expressed interest in a building's use of traditional materials and composition for renovations and new buildings so that they fit into the context of downtown. The purpose of this section is to discuss opportunities for updates to the DTPP standards and guidelines to address this issue. This would address the preservation of the downtown character, as recommended in the previous section. However, it should be noted that historic architecture professionals, including the historic consultant on this project, do not recommend "false historicism," or the constructing of something new that appears to be from a previous time period.

The strategy for new buildings in downtown will, therefore, be to prioritize compatibility with existing structures in terms of size, scale, uniformity of setbacks, and other standards, without requiring a specific style of architecture.

Existing DTPP Design Guidelines, Development Requirements, and Process

Downtown Mountain View contains buildings of numerous architectural styles and influences, though many follow similar design principles and share elements that tie the buildings together. Common elements include transparent building frontages, canopies, decorative roof elements (strong caps or cornices), recessed building entries, and other elements (see Attachment 10 – Existing Building Design Elements Proposed Illustration). The DTPP has existing design standards and guidelines to promote and preserve these elements to create congruent development.

Areas A, G, and H also have specific requirements that address ground-level facade and roof treatment, open space, windows, building materials, and site access and entrances and more (see Attachment 1 – Downtown Precise Plan, Pages 26 to 32 and Pages 65 to 95). The DTPP also requires that substantial exterior modifications and new construction

be reviewed by the Development Review Committee and that all new buildings require City Council review.

Design Standards and Guidelines

The Precise Plan standards, guidelines, and procedures provide a strong framework for the oversight of development in the area. However, the City can better communicate the intended character of the district by adopting additional design standards, clarifying the intent of existing design guidelines, reviewing where design guidelines can be promoted to the “Design Standards” section, and including more illustrative graphics. This will have the added benefit of creating objective standards since recent State laws limit the ability of jurisdictions to apply subjective standards to certain land uses, including mixed-use residential uses.

In order to keep the focus of change to Areas A, G, and H, changes to the Area H design guidelines, which are also referenced in other areas of the Precise Plan, should be avoided. The recommendations below can be carried out with this limitation, and staff will ensure any final proposed Precise Plan edits will affect only Areas A, G, and H. The design guidelines in Areas A and G have no such references, so they can be modified as needed.

Attachment 10 includes diagrams, guidelines, and illustrations directly reflecting the range of existing styles downtown. These diagrams will be used to identify and refine additional standards and guidelines for new construction and major remodels to reinforce downtown’s historic character.

Some existing design guidelines may also be promoted to development standards, providing more legislative authority for their compliance. Some examples of such new standards may include:

1. Upper-floor step-backs;
2. Fine-grained facade patterns at 25’ to 50’ increments;
3. Main entrances accessed directly from the sidewalk;
4. Transparent storefronts along primary ground-floor frontages;
5. Overhanging awnings; and
6. Creation of varied rooflines and parapets.

Lastly, several comments frequently come up in the review of downtown developments, including:

1. Use solid building walls punctuated by regular windows;
2. Create visual distinction of ground levels;
3. Provide additional ornamentation and detail (ground floor, cornice, windowsills and heads, entryways, etc.);
4. Use planters and other appropriate pedestrian-friendly landscaping, especially in areas where windows or active frontage cannot be provided, and
5. Locate blank walls, stairs/elevators, and service areas away from street facades.

New subjective design guidelines are unenforceable on residential development and mixed-use development containing residential use that comprise two-thirds of a project, so the project team will develop objective design standards that would affect both residential and office development. If there is additional subjective design guidance that would be important to include for nonresidential development, staff will propose that as well.

Based on Council direction, staff will further evaluate, develop, and refine the existing design guidelines and make some of them design standards. Staff will return to Council with draft Precise Plan Amendments for approval.

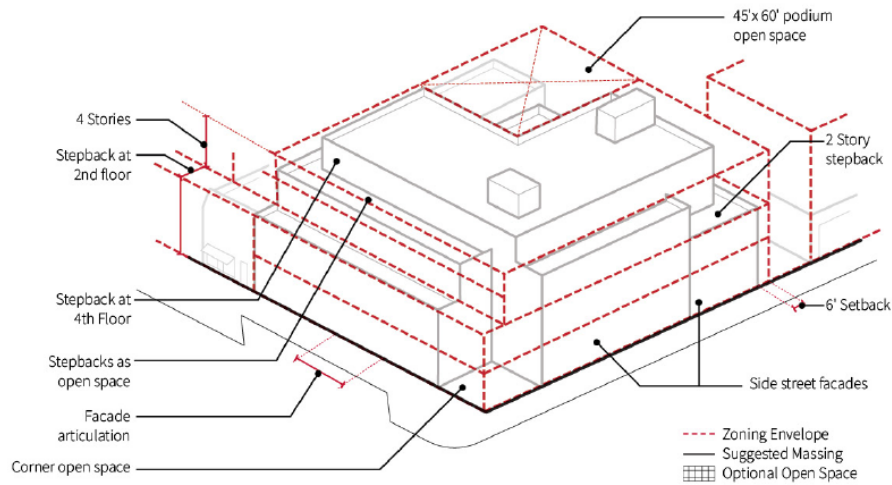
Massing Standards – Office

Area H is the only downtown area where building intensity is not controlled by the Floor Area Ratio (FAR). Instead, intensity is controlled by height, and staff recommended upper-floor step-backs. However, the lack of specific standards makes it especially challenging to address the design expectations for buildings and projects that require several design iterations. Staff is, therefore, recommending additional standards to provide clarity and streamline the development review process.

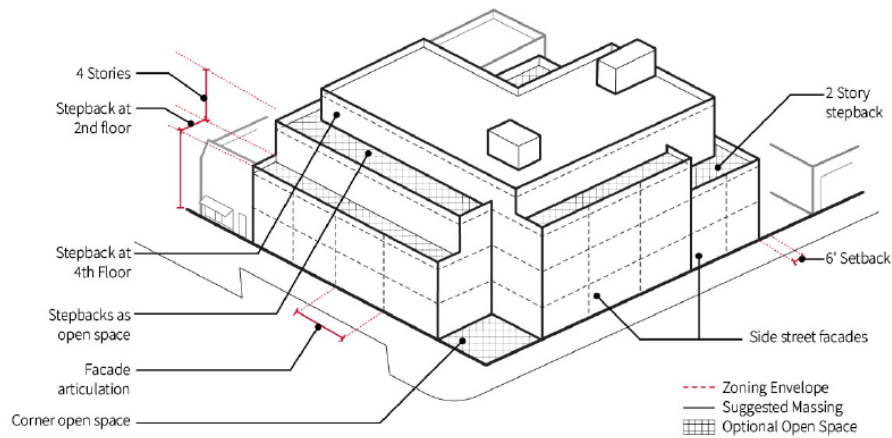
Additional controls on massing, such as increased step-backs, open area, and facade articulation, can help preserve the existing scale of downtown and reduce the visibility of taller portions of buildings (see Figure 2 below). In addition, new development near historic resources should not overwhelm the resource or hide defining features. Upper-floor step-backs and other reductions to building mass can help support that objective.

However, the City cannot add such general controls on massing for residential development (residential is a provisionally allowed use in Area H) under SB 330, and the City cannot adopt new standards that constrain the development of housing. However, staff proposes to study the massing controls illustrated in Figure 2 and identify other standards, including, but not limited to, FAR that would apply to nonresidential buildings only.

Based on Council direction, staff will return with proposed FARs and other standards, as necessary, that reflect these massing expectations after studying a range of parcel sizes and configurations. The proposed standards would be presented with the draft Precise Plan Amendments for approval.



Development Envelope



New building with additional massing control on development

Figure 2: Additional Massing Controls on Office

Public Comments on Design and Character

Public comments were provided at stakeholder meetings held with the Downtown Committee, business and property owners, neighborhood groups, developers, and designers. The Design and Character comments included the following:

- They enjoy the unique and small-scale individual character of the various shops.

Design and Character Recommendation

Staff recommends updating the DTPP standards and/or guidelines for Areas A, G, and H based on Attachment 10 and the list of topics above and studying the inclusion of FAR and other objective standards, as needed, in Area H to help control massing.

EPC Comments

All Commissioners agreed on the staff recommendation, and a majority of the Commission encouraged additional focus on greenery, biodiversity, landscaping, tree canopy, and/or open spaces. The following additional comments were also provided:

- Ensure buildings and tenant spaces have narrow frontages;
- Use objective and consistently applied standards, such as limiting the number of different materials on a facade;
- Consider updating streetscapes in Phase 2;
- Consider feasibility of proposed standards and guidelines.

Staff intends to include the above items in the development of standards and guidelines.

Question 2: Does the City Council support the Development Character and Design staff recommendation to update the Area A, G, and H standards and/or guidelines and include objective standards (such as FAR) to clarify design expectations in Area H?

Active Ground-Floor Uses

Downtown has been and continues to be a popular destination for restaurants and cafés. Some other commercial uses, such as retail, food stores, personal services, medical, and fitness, also have some presence along Castro Street and cross streets.

The retail market is changing, reducing the viability of shopping in traditional main streets like downtown. As a result, retail and restaurant rents may not afford rents as high as other uses, such as administrative offices, which does not tend to provide the same activation and interest; however, there is a public good in preserving continuous activation and interest along Castro Street and cross streets. It supports the commercial uses that depend on pedestrian visibility, and it reinforces the area as the “functional and symbolic center” of the City, as stated in the Precise Plan. This section provides an analysis of uses that support ground-floor activation.

Currently Allowable Ground-Floor Uses

Ground-floor permitted and provisional uses in key parts of Areas A, G, and H are summarized in the chart below.

Area	Permitted Uses	Provisional Uses
Area A, Fronting Villa Street	<ul style="list-style-type: none"> • Retail • Offices, not including administrative offices • Art galleries • Personal and business services 	<ul style="list-style-type: none"> • Restaurants • Administrative offices, theaters, entertainment, and indoor recreation uses
Area G	<ul style="list-style-type: none"> • Retail • Offices, not including administrative offices • Art galleries • Personal and business services 	<ul style="list-style-type: none"> • Restaurants • Administrative offices • Theaters, entertainment, and indoor recreation uses • Residential, including senior housing and efficiency studios • Hotels • Child-care centers • Bars and nightclubs (Hope Street in the 100 block only)
Area H, Castro Street and Cross Streets	<ul style="list-style-type: none"> • Retail • Art galleries • Personal services 	<p><i>All uses must demonstrate pedestrian activity and interest</i></p> <ul style="list-style-type: none"> • Restaurants • Business services • Offices, including banks, financial institutions, and administrative offices • Medical services • Hotels • Theaters • Bars and nightclubs • Indoor recreation uses
Area H, Bryant Street and Hope Street	<ul style="list-style-type: none"> • All principal permitted uses for Castro Street and cross streets • Business services • Offices, not including administrative offices • Medical services • Banks 	<ul style="list-style-type: none"> • Restaurants • Administrative offices • Hotels • Indoor recreation use • Lodges, clubs, etc.

Chart 1: Allowed Ground-Level Uses in Areas A, G, and H
(Source: Mountain View City Code)

In addition to the listed uses, there is language pertaining to ground-level provisional uses on Castro Street and cross streets in Area H that requires uses to demonstrate that they will **generate pedestrian activity and streetside interest**. For example, a medical use with private rooms along the street would not be allowed, but an optometrist with glasses retail along the street would be allowed.

Ground-Floor Office

Office uses come in three primary varieties in the DTPP:

- *Office* refers to general business offices and local-serving offices, such as tax preparers, lawyers, architects, counseling, etc.
- *Administrative office* refers to business offices performing headquarters activity, and management and administration of firms and institutions. Technology development, R&D, and similar offices are included in this category.
- *Banks and financial office* refers to banks, lending and investment companies, and similar uses.

Administrative offices generally generate the highest rent of any of the uses in the table above. If they are allowed to do so, property owners would likely avoid marketing their spaces to other uses in favor of office tenants. This could gradually reduce the consistently active and interesting frontage that makes Castro Street a draw for the community, which could ultimately harm the remaining retail and restaurant businesses.

Administrative offices have the least ability or desire to provide transparency, pedestrian interest, and customer activity. In effect, this means administrative offices generally do not meet the pedestrian activity and interest standard for provisional uses on Castro Street and cross streets. Whenever the City has tried to require transparency from ground-floor offices, the tenant invariably puts up curtains or blinds because transparency is not an intrinsic characteristic of the use. This results in a dilemma – either prohibit the use altogether, or allow it knowing that any condition of approval requiring transparency and activity will be difficult to monitor and enforce over the long term.

To provide more clarity in the DTPP, it would be preferable and more straightforward to simply prohibit the use. If Castro Street and the cross streets prohibited ground-floor administrative office use, Figure 2 shows a map of the areas this would affect, while other areas would still require provisional use permits for the use.

Administrative office would still be allowed on upper floors, other streets in Area H, and in other areas throughout downtown. In addition, the broad range of other uses in the table above are consistent with uses allowed in other downtowns and provide a reasonable set of options for property owners to find tenants among.

There may be some existing administrative office use in this area. If Council is interested in prohibiting new administrative offices, staff would develop standards to allow the existing uses to remain, which may include the following:

- Nonconforming use language;
- Small refinements to the area affected; or
- Allowance for minimal lobby or entrance areas.

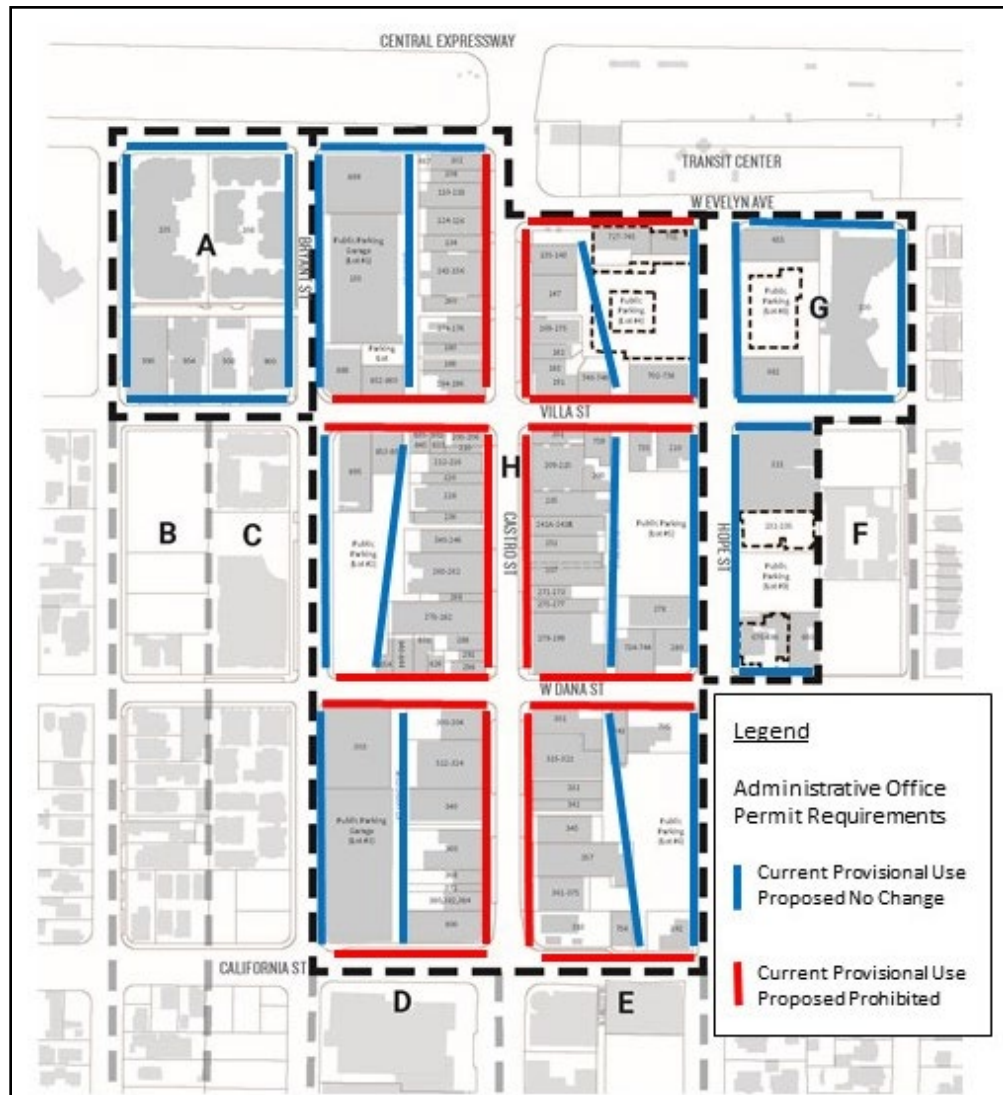


Figure 3: Areas Where Administrative and R&D Office Uses Would Be Disallowed
 (Source: Staff)

Additional Active Uses

Other activating commercial uses may be appropriate for these ground-level areas and may provide additional opportunities for property owners to fill spaces without viable tenants, especially off Castro Street. However, the listed uses in each area of the Precise Plan are interrelated – if a use is listed in one area but not another, it is presumed to not be allowed in the latter area. Therefore, to avoid affecting areas outside Areas A, G, and H, staff recommends updating and adding active uses to the Precise Plan in Phase 2.

Public Comments on Active Uses

Public comments were provided at stakeholder meetings held with the Downtown Committee, business and property owners, neighborhood groups, developers, and designers. Active-use comments included the following:

- There is need for more diverse uses with higher-end stores, but not to create a luxury mall experience.
- Retail uses are viable options on Castro Street, but become less appealing and difficult to attract on side streets.
- There is limited to no desire for restaurant or retail uses off Castro Street.
- When lot size is small, mixed-use (e.g., retail on the ground floor and office on upper floors) is not efficient or feasible.
- The COVID-19 pandemic has affected the viability of retail uses. Many property owners are having a difficult time leasing vacant spaces.
- Concerns about COVID-19 and predicting trends after things start to reopen, further restricting office use, can be of substantial impact to businesses.
- There is a need for greater flexibility on allowed uses.
- Parking is often a deal breaker for the proposed tenant as the proposed tenant does not have the capital to pay the in-lieu fee.

Active Ground-Floor Uses – Staff Recommendations

Staff believes that the above comments can be addressed through the existing wide range of uses allowed in Area H and recommends prohibiting only administrative office use in Area H on the ground level fronting Castro Street and cross streets (see Figure 3). As the comments above note, retail uses are most viable on Castro Street and the side streets. As such, those tenant spaces should be preserved for active uses. Disallowing administrative office use on Castro Street and side street ground-floor frontage would ensure that retail and other active uses are not outbid by administrative offices, which pay the highest rent.

Area H currently allows administrative office use through a provisional use permit. However, staff frequently discourages administrative office use on the ground floor of Castro Street for the lack of activation. Disallowing administrative office use on the

ground floor of Castro Street would better support staff and make it clear that Castro Street and the side streets are intended for active uses. Furthermore, disallowing administrative offices in limited areas of downtown gives active uses an opportunity to exist.

Alternatively, if administrative office use remains in place as a provisional use, over time administrative offices may dominate the Castro Street storefronts, which may diminish the vision of downtown.

EPC Comments

A majority of the Commission disagreed with the staff recommendation to prohibit administrative office uses. Most Commissioners were more concerned about storefront vacancy than administrative office uses, stating that this is not the time to prohibit it and that there should be a way to allow the use if vacancy is a risk. Two Commissioners agreed with the staff recommendation, with one stating that the affected area should also include Evelyn Avenue, east of Hope Street (across the street from the Transit Center), and the other requesting future restrictions on other office uses. Additional comments included the following:

- Consider penalizing property owners of vacant tenant spaces that do not make an effort to attract tenants.
- Allow administrative office uses as they can contribute to downtown vibrancy and workers support other businesses and transit.
- Take a wait-and-see approach as there are multiple long-range plans taking place in downtown, and COVID-19 has disrupted businesses.
- Conduct further analysis why multiple vacancies exist in downtown.
- Consider a tiered or zonal system to provide more flexibility.
- Prevent gamesmanship of property owners (e.g., intentionally holding a property vacant just to get approval for the most valuable use).
- Support desired businesses with incentives.

Notably, **several of the above recommendations would be difficult to administer because of legal issues or the ability to monitor actions of every property owner.** Additionally, leases are often negotiated on a long-term basis, and the City would not

have the ability to remove uses that are already in place. Staff, therefore, believes that given the wide latitude in uses available to property owners in Area H, administrative offices should be disallowed.

Question 3: Does the City Council support the Active Ground-Floor Uses staff recommendation to prohibit administrative office uses along Castro Street and cross streets within one block thereof in Area H?

RECOMMENDATION

That the City Council discuss and provide input on key Downtown Precise Plan issues affecting Areas A, G, and H, including historic preservation, development character and design, and ground-floor uses, responding to the following questions:

1. Does the City Council support the Historic Preservation staff recommendation to rely on existing preservation incentives and authority under CEQA and the City Code?
2. Does the City Council support the Development, Character, and Design staff recommendation to update Areas A, G, and H standards and/or guidelines and include objective standards (such as FAR) to clarify design expectations in Area H?
3. Does the City Council support the Active Ground-Floor Uses staff recommendation to prohibit ground-floor administrative office uses along Castro Street and cross streets within one block thereof in Area H?

NEXT STEPS

Following the Study Session with the City Council, staff will develop the proposed Precise Plan Amendments and schedule a hearing with EPC and Council for approval in early 2022.

PUBLIC NOTICING

The City Council agenda is advertised on Channel 26, and the agenda and this report appear on the City's internet website. All property owners and apartments within a 750' radius and other interested stakeholders were notified of this meeting.

EM-EA-SW/1/CAM

808-06-08-21SS

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- Attachments:
1. Downtown Precise Plan
 2. [March 5, 2019](#) Study Session Memo, Agenda Item No. 3.1
 3. [May 21, 2019](#) Council Goal-Setting, Agenda Item No. 7.1
 4. 2018 [Technical Assistance Panel](#)
 5. [June 25, 2019](#) Study Session Memo, Agenda Item No. 8.1
 6. [December 3, 2019](#) Council Scope, Agenda Item No. 4.2
 7. [May 5, 2021](#) EPC Study Session
 8. Public Comments
 9. Historic District Memo
 10. Existing Design Elements – Proposed Illustrations