

DATE: June 4, 2024

TO: Downtown Committee

FROM: Amanda Rotella, Economic Development Strategist
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SUBJECT: **Minor Downtown Precise Plan Amendments**

PURPOSE

Introduce and update the Downtown Committee on select proposed amendments to the [Downtown P\(19\) Precise Plan](#) enabling greater Economic Vitality.

BACKGROUND

Originally adopted in 1988 with subsequent amendments in years 2000, 2001, 2004, 2015, 2018, and 2022, the Downtown Precise Plan (DTPP or Precise Plan) has served as a foundational framework for guiding both private development and public improvements within the City's core. This Precise Plan has been instrumental in shaping the evolution of downtown, characterized by a vibrant mix of civic functions, cultural events, thriving residential community, and historic commercial district.

Over the past 25 years, downtown has undergone significant transformations driven by shifts in economic markets and changing urban dynamics. Concurrently, the City's priorities and vision have evolved, necessitating a comprehensive reevaluation of the goals and policies outlined in the Precise Plan.

DTPP Update Phase 1—In 2019, the City Council endorsed a two-phased approach to updating the DTPP and added Phase 1 to the Council Fiscal Year 2020-22 Work Plan. The DTPP Update Phase 1 focused on limited topics related to the Precise Plan Areas A, G, and H regarding design guidelines and minimal ground-floor land use changes. Phase 1 updates were adopted in December 2022. At the adoption hearing, the City Council discussed reviewing land use, design, and parking standards in the entire DTPP Area as part of Phase 2 updates in the future.

DTPP Update Phase 2—The project is included in the City Council's [Fiscal Year 2023-25 Work Plan](#) outlining key projects aligned with their Strategic Priorities, including "Intentional Development and Housing Options." The update will include developing objective development standards, evaluating current design standards, land uses, parking, signage regulations, and other strategies.

On November 7, 2023, the City Council held a Study Session (see [City Council Study Session Memorandum](#)) to provide direction on the scope of work for the preparation of the DTPP Comprehensive Update and authorized a professional services agreement for the project on [May 28, 2024](#). Public outreach and the preparation of an existing conditions report will begin in Q3 2024. The comprehensive update is expected to take approximately 24 to 30 months and includes extensive community outreach and publicly noticed meetings.

Economic Vitality Strategy

On April 23, 2024, the Mountain View City Council unanimously approved the Economic Vitality Strategy (EV Strategy). The EV Strategy is a guiding document to achieve the City's vision to create a thriving community whereby small business, innovation, entrepreneurship, and diversity are encouraged to flourish and to be a global leader that balances a thriving economy with the health and well-being of our community and the environment.

Goal No. 2 of the Strategy is specifically focused on downtown Mountain View and includes five strategies around updating the Precise Plan: improving connections to downtown from major employment centers, expanding cultural and civic activities, improving parking, and creating an authentic and unique sense of place. Two action items focused specifically around engaging and supporting restaurants and pursuing more flexible zoning and incentives to encourage innovative sectors and businesses to locate to downtown have been identified for short-term implementation.

Downtown Vacancies

Addressing downtown vacant properties remains a top priority for the City. Along Castro Street, between Evelyn Avenue and El Camino Real, there are currently 18 ground-floor vacancies. Of these vacancies, eight spaces have tenants working through the permitting process, while six have been vacant for more than three years. In the greater downtown area, excluding Castro Street, there are an additional 10 ground-floor vacancies with two of these also in the permitting process.

To effectively tackle ongoing vacancies, a multi-faceted approach involving both private property owners and the City of Mountain View is necessary. Within the private sector's purview is proactive leasing and marketing, facilitating flexible lease terms in response to market demands, and maintaining and improving a property. Some of the opportunities for the City to address vacancies is by streamlining the permitting processing, facilitating zoning changes in response to market demands, developing incentive programs, and investing in public amenities and infrastructure.

ANALYSIS

With the recent adoption of the EV Strategy, significant shifts in retail market trends, changes in state law regarding parking requirements (AB 2097), and the City's prioritization of addressing downtown vacancies, staff is proposing strategic amendments in advance of the full DTPP update. The goals of these amendments are to:

- Position downtown Mountain View to be responsive to changing trends and create immediate opportunities for businesses that complement the existing retail mix.
- Reduce barriers and ensure consistency for key uses across all areas along Castro Street and side streets between Evelyn Avenue and El Camino Real.

With the anticipated three-year timeline for the comprehensive Precise Plan update, staff proposes advancing these minor adjustments to address immediate needs and capitalize on current opportunities. These adjustments aim to remove barriers to filling vacant storefronts and attract new businesses to downtown while preparing for future comprehensive updates. Delaying these amendments until the comprehensive DTPP update is complete could prolong challenges for downtown businesses, hinder economic growth, and miss the benefits of aligning with recent state legislation and market trends. Prioritizing the implementation of these strategic amendments will support existing and prospective businesses while preparing for future comprehensive updates.

Proposed Amendments

In order to address the challenges, opportunities, and goals outlined above, staff is proposing minor targeted changes to Precise Plan land use tables. The Precise Plan Area is divided into 10 planning subareas (A through J) and includes specific development and design frameworks, characteristics, and development potential specific to each subarea (see Figure 1, Downtown Precise Plan Area Map). Changes are being proposed to the permitted land use sections of subareas along Castro Street frontage: D, E, H, I, and J (see Attachment 1, red-line draft of the DTPP Amendments). The Permitted Land Use amendments include:

1. **Restaurant Uses:** Allowing restaurant use to include serving alcoholic beverages clearly ancillary to food service in Areas E and H (ground floor only) as a principally permitted use and does not include drive-up or drive-in services; and
2. **Indoor Recreation and Fitness Center Uses:**
 - a. Introducing "Indoor recreation and fitness center" use with or without serving beer and wine clearly ancillary to recreation use in Areas D,E,H,I, and J as a principally permitted use; and
 - b. Introducing, "Indoor recreation and fitness centers; serving liquor clearly ancillary to recreation use" will be introduced as a provisional use in these subareas.

Additionally, the term “Business Services” identified in the land use tables for in Areas H, I, and J are being modified to “Business Support Services” to be consistent with the City’s Zoning Ordinance land use definitions.

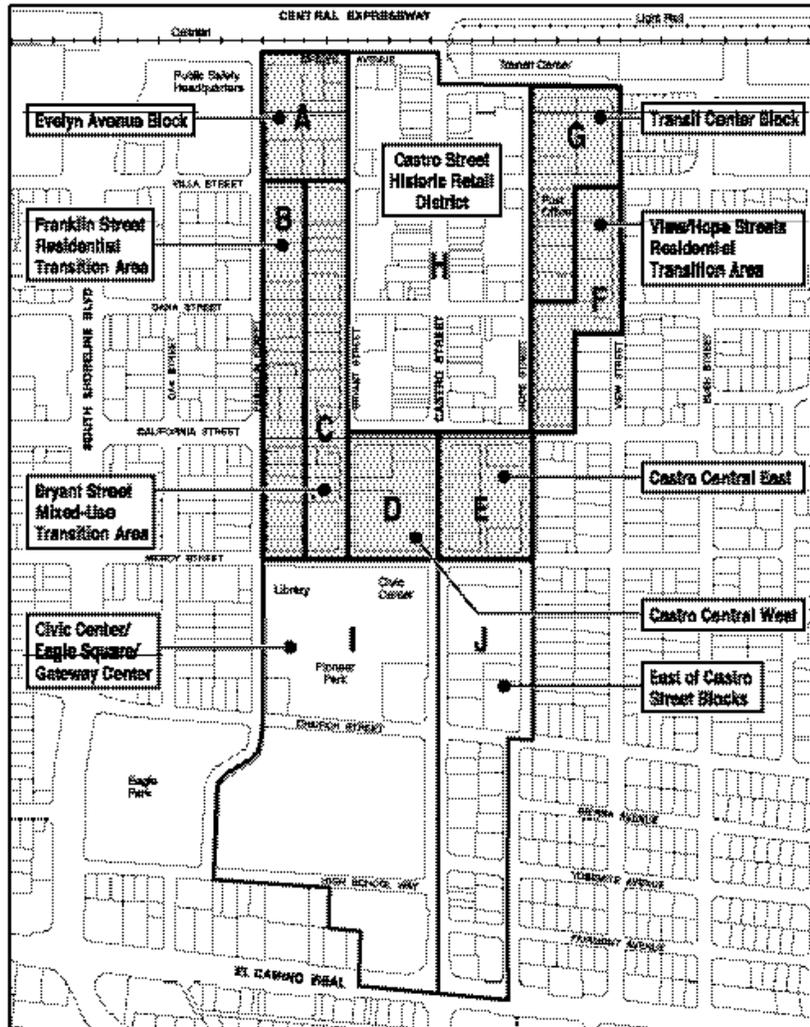


Figure 1: Downtown Precise Plan Area Map

1. **Restaurant Uses:**

Currently, certain subareas within the Precise Plan allow restaurant uses as principally permitted while others (D, I, and J) necessitate a Provisional Use Permit (PUP). In Areas H and E along Castro Street, a PUP is currently required to accommodate restaurant uses. Notably, there are discrepancies in permitted uses across different subareas of the DTPP with restaurants being permitted in Area D but requiring a PUP just across California Street in Area H.

To streamline the permitting process, address downtown vacancies, and align with EV Strategy goals and observed Best Practices in other cities, this proposed amendment suggests permitting restaurants, including those serving alcoholic beverages ancillary to food service, as principally permitted uses in Areas D, E, H, I, and J. This adjustment would eliminate the need for a PUP requirement for restaurant uses in these subareas.

The intention behind these changes is to foster a more conducive environment for restaurant businesses, potentially attracting increased investment and reducing administrative burdens. Moreover, this proposal aligns with the objectives outlined in the EV Strategy and reflects the successful practices observed in comparable urban settings.

Many neighboring cities have already identified restaurant development as a core component of their urban revitalization strategies (see Table 1). Allowing restaurants, including those that serve alcohol, without added layers of review has proven effective in promoting economic growth and fostering vibrant, appealing urban environments. Updating our plan to reflect this progressive approach will reduce barriers for new and growing businesses, align Mountain View with forward thinking regional jurisdictions, and further facilitate City goals for a thriving downtown.

Table 1: Regional Jurisdictions Permitting of Restaurants

City	Permitting of Restaurant Uses in Downtown
Burlingame	Permitted
Cupertino	Restaurants without separate bar facilities are permitted.
Fremont	Permitted
Los Altos	Permitted
Palo Alto	Permitted
Redwood City	Permitted
Santa Cruz	Permitted
Sunnyvale	Miscellaneous Plan Permit (MPP) for restaurants with beer; and Special Development Permit (SDP) for restaurants serving alcohol.
Walnut Creek	Permitted as long as business hours do not extend past midnight.

Changes in Parking Requirements

Historically, the permitted use designations in the downtown area were informed in part by parking requirements and limitations. However, with the enactment of AB 2097, which

prohibits public agencies from imposing or enforcing a minimum parking requirement on properties within one-half mile of public transit, there is an opportunity to rethink and optimize our downtown approach to restaurant development. Overall parking demand and supply in the downtown area will be addressed as part of the Precise Plan Comprehensive Update project and through implementation of the [Downtown Parking Strategy](#).

2. **Indoor Recreation and Fitness Center Uses:**

Indoor recreation and fitness centers are primarily indoor establishments providing amusement, entertainment, or physical fitness services for a fee or admission charge and include fitness centers, gymnasiums, indoor tennis, mini-golf, escape rooms, and other indoor sports activities. Currently, indoor recreation and fitness uses are provisionally permitted in Areas E, H, I, and J of the Precise Plan. There has been interest from indoor recreation businesses in establishing locations in downtown Mountain View, but these businesses have found the current Precise Plan land use tables prohibitive. As a result, indoor recreation and fitness center businesses make up less than 1% of current ground-floor space in downtown Mountain View.

In recent years, retail market trends have shifted significantly with a notable move towards experiential offerings that enhance consumer engagement and satisfaction. As traditional retail faces increased competition from e-commerce, cities across the country are reimagining their commercial landscapes to attract foot traffic and create vibrant, multi-functional urban spaces. Shoppers are increasingly seeking unique, memorable experiences, and this shift has led to the rise of experiential retail, where activities and entertainment play a central role in drawing customers to commercial areas—indoor recreation provides this opportunity.

Indoor recreation is also a complementary use to dining and food services. Restaurants and indoor recreational venues have been shown to thrive in proximity to one another as the combination of food and fun appeals to consumers seeking a complete evening out. Indoor recreation venues also attract visitors from outside the community, boost local spending, and serve as viable tenants for vacant retail spaces.

The proposed adjustments aim to be responsive to market shifts and create a pathway for experiential and entertainment by allowing indoor recreation as a permitted use in key DTPP Areas. To further enhance their appeal and economic viability, it is recommended that these establishments be allowed to serve beer and wine ancillary to their primary recreational use. This addition can make venues like escape rooms and mini-golf more attractive to adult patrons, encouraging longer visits and higher spending, benefiting both the recreation business and surrounding establishments. Similar establishments in other jurisdictions have shown that serving beer and wine in a controlled, ancillary manner is low risk and does not typically lead to increased police calls for service. These businesses

typically have structured environments with clear regulations and oversight, reducing the likelihood of disruptive behavior. Additionally, patrons who engage in indoor recreational activities tend to be focused on the entertainment aspect, leading to a more family-friendly and controlled atmosphere.

Therefore, the proposed amendments will include expanding the indoor recreational use category to “Indoor Recreation and Fitness Center”; introducing the “Indoor Recreation and Fitness Center” use with or without serving beer and wine clearly ancillary to recreation use in Areas D, E, H, I, and J as a principally permitted use; and introducing “Indoor recreation and fitness centers serving liquor clearly ancillary to recreation use” will be introduced as a provisional use in these subareas.

NEXT STEPS

The minor updates to the Downtown Precise Plan are tentatively scheduled for public hearings for the following months:

- Environmental Planning Commission Recommendation Hearing—June 26, 2024.
- City Council Adoption Hearing—September 2024.

AR-DP/1/CDD

818-06-04-24M-1

Attachment: 1. Red-Line Draft Precise Plan Amendments