

Subject: Please Urge the Council to Keep the Downtown Commercial Cap

The City Council will vote this Monday night on whether to end a 33-year-old cap on Downtown commercial growth, potentially worsening Downtown's traffic and parking problems, intensifying the city's job/housing imbalance, and taking away much-needed opportunities to build housing. The cap is also one of the laws currently preventing the conversion of the President Hotel Apartments into a hotel. It's important that we email and show up at Monday's Council meeting to keep the cap in place.

Way back in 1986, many worried that adding more and more commercial buildings to Palo Alto's Downtown would compound traffic and parking problems. To provide a chance to evaluate and potentially halt harmful growth, the City Council back then enacted the Downtown Commercial Cap, which establishes a one-year moratorium on further Downtown non-residential expansion once 350,000 new square feet are approved. The moratorium was intended to give the public and City government time to craft new policies, such as a permanent limit on new commercial Downtown space.

City records show we are close to or have perhaps reached the 350,000 square foot trigger, thanks to a recent surge in Downtown office construction. City staff have not been counting the parking and common areas of many new buildings, although the Cap law does not say to exclude those. If such areas are included, we have reached the 350,000 square foot limit.

In January of 2017, a slim majority of Council members acted to eliminate the Downtown Commercial Cap and its protections from the city's Comprehensive Plan, with "slower growth" Councilmembers Filseth, Holman, Kou, and DuBois voting to retain it. The majority claimed that Downtown would still be protected by the city's 50,000 square foot annual cap on new office buildings, but that limit has loopholes and allows Downtown offices to grow far faster than they have on average over the last 33 years. The office cap also allows apartment buildings such as the President Hotel to convert to hotel or offices while the moratorium imposed by the Downtown Commercial Cap does not.

The 2017 Council vote affected only the City's Comprehensive Plan, which is a general policy document, but left the actual Downtown Commercial Cap in place. Last summer, after the proposed President Hotel conversion was announced, City staff began a push to remove the Cap itself. However, the Planning and Transportation Commission decisively sided in July with residents by voting 4-0, with one abstention and two absences, to recommend the Cap be retained.

This Monday night, the City Council will vote on the fate of the Cap. We urge you to attend the meeting at City Hall and support retaining it. Here are three important reasons why we should keep and strengthen it:

- 1) The Cap is an important protection for Downtown residents whose buildings might otherwise be converted to commercial space. One such building is the five-story Laning Chateau (aka Staller Court) near the Downtown Farmer's Market. Although the City Council is considering other ways to preserve residences, those efforts may fail upon legal challenge from developers.

- 2) The concerns back in 1986 about growth impacting traffic and parking have unfortunately proven prescient. Downtown rush hour traffic is creating enormous

problems for nearby neighborhoods. Parking has become a nightmare, thanks to numerous exemptions granted to developers and to soaring office rents, which encourages companies to pack more workers into existing buildings. The City currently issues permits to Downtown employees so they can park all day in front of residential homes many blocks away. Removing the Cap will enable further Downtown commercial growth and at a faster pace, yet the City has conducted no study of how those additional buildings will impact traffic and parking compared to the present levels.

3) In recent years Palo Alto has added 13.7 jobs for every new housing unit, thereby increasing commute times, rents, greenhouse gasses, and our jobs/housing imbalance. Every new square foot of Downtown commercial space takes away the opportunity to build housing there instead. Making the Downtown Commercial Cap permanent will benefit housing enormously by prioritizing residential development.

**For all these reasons, we feel the Downtown Commercial Cap benefits residents throughout Palo Alto and should remain. We encourage you to send an email in your own words to the City Council at [City.Council@CityofPaloAlto.org](mailto:City.Council@CityofPaloAlto.org). You can also attend Monday's Council meeting to speak or support others on this issue. As last summer's Planning Commission vote demonstrates, we residents can make a difference!**

Thank you,

The PAN (Palo Alto Neighborhoods) Code Enforcement, Development, and Zoning Committee  
Maggie Heath, co-chair  
Jeff Levinsky, co-chair  
Arthur Keller, member

Links:

City Staff Report Advocating Removing the Cap:  
<https://www.cityofpaloalto.org/civicax/filebank/documents/68782>

Agenda for Monday's Council Meeting:  
<https://www.cityofpaloalto.org/civicax/filebank/documents/68779>

Palo Alto Weekly Article Mentioning the Upcoming Council Vote on the Cap:  
<https://www.paloaltoonline.com/news/2019/02/06/president-hotel-owner-applies-for-hotel-conversion>

Palo Alto Weekly Article about the Planning Commission Vote to Retain the Cap:  
<https://www.paloaltoonline.com/news/2018/07/26/push-to-scrap-downtown-cap-meets-resistance>