



STAFF REPORT

City Council

Meeting Date:

8/27/2024

Staff Report Number:

24-151-CC

Study Session:

Review and provide feedback on the affordable housing on City-Owned Downtown Parking Lots Feasibility Study and guidance on the next steps to implement Housing Element program H4.G

Recommendation

Staff recommends that the City Council review and discuss the affordable housing on City-Owned Downtown Parking Lots Feasibility Study (Attachment A); provide feedback on the staff recommendation to prioritize Parking Plazas 1, 2, and 3 for affordable housing redevelopment; and give direction regarding the staff recommendation to pursue a Surplus Land Act (SLA) exemption to streamline disposition process while maintaining City control over future development parameters, and solicit developer interest beginning with a request for information (RFI).

Policy Issues

The potential redevelopment of City-owned downtown parking lots with affordable housing involves several related policy considerations that the City Council should consider:

1. Housing production and affordability: The General Plan Housing Element commits to meeting the City's assigned Regional Housing Needs Allocation (RHNA), with an emphasis on creating units affordable to households at the moderate and lower income levels. The downtown parking lots were identified in Housing Element program H4.G – Prioritize Affordable Housing on City-Owned Parking Lots Downtown as a significant opportunity to make progress toward these goals.
2. Equitable community development: Introducing affordable housing into the downtown area aligns with Housing Element goals to create mixed-income neighborhoods and provide housing opportunities for moderate and lower-income households in walkable high-resource areas near public transit.
3. Downtown vitality and parking: The existing public parking lots play a role in supporting downtown businesses and visitors. Any redevelopment should balance affordable housing needs and the creation of a new downtown residential base while maintaining an adequate supply of public parking to enhance economic vitality.
4. Regulatory compliance: The City must follow state laws, including the SLA, which govern the disposition of public lands and prioritize affordable housing development.

Background

The City's 2023-2031 Housing Element includes eight City-owned downtown parking lots as potential sites for affordable housing development. The lots are identified as sites #9/9a, #10, and #14 through #19 in the Housing Element, and are projected to provide capacity for at least 345 very low-income housing units and play a crucial role in meeting the City's RHNA obligations. The City owns all of the land for six of the parking plazas (1, 2, 3, 5, 7 and 8), and owns a majority of the land for Parking Plazas 4 and 6, with portions under private ownership. The Housing Element includes program H4.G, which outlines a process and timeline for prioritizing affordable housing development on these downtown parking lots.

Key milestones in program H4.G include:

- Conducting a feasibility study (2023)
- Issuing a request for proposals (RFP) or similar solicitation process (2024)
- Completing development entitlements (2025)
- Seeking to complete development of 345 or more affordable housing units (2027)

The program emphasizes adherence to state SLA procedures and prioritizes proposals that address difficult-to-achieve housing priorities, such as extremely low-income units or housing for people with special needs.

Initial research for the feasibility study began in late 2022 with the evaluation of the history and ownership of the parking lots. During 2023, City staff primarily focused on coordination with the California Department of Housing and Community Development (HCD) to receive Housing Element certification, and completion of zoning changes required by the Housing Element before statutory deadlines. Staff also continued to research details regarding the easements and other information provided in the parking lots title reports. Staff has evaluated this information and prepared a feasibility study for review by the City Council to consider declaring certain parking lots as surplus land. Staff will continue to seek any future efficiencies that could maintain an aggressive schedule for the project, as outlined in the Housing Element.

To initiate implementation of program H4.G, staff developed a comprehensive feasibility study to evaluate the physical attributes, easements, potential land use issues, and zoning considerations for each of the eight City-owned parking lots. The primary goal of the study was to identify which lots are most suitable for affordable housing development and provide recommendations to inform the City's next steps in the process.

Analysis

Feasibility study recommendations

The Affordable Housing on City-Owned Downtown Parking Lots Feasibility Study, included as Attachment A, provides an evaluation of each parking lot, considering factors such as lot size, shape, access, existing constraints, and alignment with the El Camino Real/Downtown Specific Plan (Specific Plan) recommendations. The analysis also takes into account the potential loss of existing public parking on the surface lots and explores options for replacement parking as part of any redevelopment effort. A map of the parking plazas is shown on Page 3 of Attachment A, with Parking Plazas 1, 2, and 3 located north of Santa Cruz Avenue, and Parking Plazas 4 through 8 located south of Santa Cruz Avenue.

Key findings and recommendations from the feasibility study include:

- The parking lots with the highest redevelopment potential are Parking Plazas 1, 2 and 3. These three lots, all located north of Santa Cruz Avenue, offer the best combination of size, access and minimal constraints (such as easements, utilities and potential title complications) for affordable housing development.
- The three recommended lots could accommodate approximately 483 units at the Specific Plan bonus level of development, and potentially more under the City's Affordable Housing Overlay (AHO) or state density bonus law. This total would exceed the 345-unit goal in Housing Element program H4.G, providing flexibility in meeting or surpassing the City's affordable housing targets at varying income levels.
- The study recommends a phased approach to development, focusing primarily on Parking Plazas 1, 2 and 3. This strategy would permit time for businesses and visitors to adapt to new parking locations and

circulation patterns in the downtown area. It would also preserve options for future affordable housing development on the remaining lots south of Santa Cruz Avenue. For a future phase, Parking Plazas 8 and then 5 (in order of greatest opportunity) have the highest feasibility for affordable housing because they do not have mixed ownership issues, leases with other parties, and/or other complicating factors that are more characteristic of Parking Plazas 4, 6 and 7.

- To balance affordable housing goals with downtown parking needs, the study recommends incorporating public parking in parking structures as part of redevelopment projects or constructing stand-alone parking structures. The exact number of spaces to be maintained should be determined based on current utilization data and projected future needs, potentially informed by a parking management study that was recently initiated. The cost of a structured parking space is based on variables unique to an individual parking structure, but in the Bay Area estimates from 2012 to 2022 have ranged from \$30,000 to over \$50,000 per space, and may potentially be higher in current dollar values.
- The feasibility study draws insights from conceptual proposals created by UC Berkeley students as part of a 2023 design studio and outlines several common elements that could shape future housing or mixed-use development on the downtown parking lot sites:
 - Phased development over several years;
 - A focus on affordable housing with some consideration of market-rate housing units;
 - Diverse unit types to serve different household compositions;
 - Focus on specific populations, such as a large families, seniors and veterans;
 - Provision of ancillary non-residential uses, especially at the ground level facing a street;
 - Incorporation of resident and public amenities;
 - Creation of public open spaces and pedestrian-friendly connections;
 - Improvements to downtown bicycle facilities and bicycle parking for enhanced safety and convenience;
 - Use of structured parking to replace lost surface spaces;
 - Utilization of density bonuses and streamlined approval processes;
 - Leveraging of multiple funding sources to address development costs; and
 - Partnerships with experienced affordable housing developers and community service providers.

Disposition process

The next step to implement Housing Element program H4.G is to solicit interest from qualified developers for the selected downtown parking lots. Because the lots are City-owned land, they are subject to the SLA, a state law that governs the disposition of surplus public property with a focus on prioritizing affordable housing. The SLA defines “disposition” to include both sales of public land and long-term leases of more than 15 years. Before the sale or lease of any City-owned parking lots, the City Council must find that the parking lots are no longer necessary for the City’s use and declare the parking lots as “surplus land” or “exempt surplus land” at a public meeting. Depending on the City Council’s declaration, two disposition paths are possible as described below.

Declaration of surplus land

A declaration of surplus land would mean that the City confirms that selected parking lots are not necessary for the City’s use and wishes to proceed with the state’s defined path for disposition under the SLA. Surplus land disposition is subject to the following steps:

1. Declaration of surplus land: The City Council must declare the downtown parking lots as surplus land at a regular public meeting.
2. Notice of availability (NOA): Before any solicitation of developer interest, the City must send a written NOA to HCD, local public agencies in whose jurisdiction the surplus land is located, and housing

sponsors who have notified HCD of their interest in surplus land. The City must allow 60 days for responses to the NOA.

3. Good faith negotiations: If any entity expresses interest within the 60-day period, the City must engage in good faith negotiations for at least 90 days. The City may negotiate with multiple interested parties concurrently.
4. Prioritization: Priority must be given to entities that agree to use the site for affordable housing that provides the greatest number of affordable units, or in the case of a tie in the number of units, the lowest average affordability. At a minimum, an entity must propose at least 25% of the units affordable to lower income households.
5. Disposition: After completing the NOA process and good faith negotiations, the City can proceed to work with a developer to construct housing on a selected lot. However, if good faith negotiations do not result in the selection of an entity to construct housing on a City-owned lot, a broader solicitation process can occur. If the NOA process ends without an agreement, the City must still record an affordability covenant against the surplus land stating that if 10 or more residential units are developed on the property, 15% or more of the units must be rented or sold as affordable housing.

Declaration of exempt surplus land

The state provides exemptions to the SLA that allow jurisdictions with surplus land to use alternate disposition processes. A declaration of exempt surplus land by the City Council, with written findings of support, would mean the City intends to use the land for affordable housing according to the state's exemption criteria. The exemption and findings would need to be sent to HCD for approval. Two exemptions that may be applicable for affordable housing on the City-owned downtown parking lots are described as exemptions A and B below.

- A. The first exemption potentially relevant to the downtown parking lots applies if the following criteria are satisfied:
 - At least 80% of the land area will be developed for residential uses, and
 - At least 40% of the residential units developed on the land will be for households whose income is 60% of area median income (AMI) or less, with at least one-half of those units (20%) restricted to households whose income is 50% of AMI or less, and
 - The affordability restrictions must be included in a recorded agreement that will apply for the longest feasible time, but no less than 30 years.
- B. The second exemption potentially relevant to the downtown parking lots applies if the following criteria are satisfied:
 - The land is put out for open competitive bid with notice to all agencies on HCD's interest list, and either:
 - The land will be developed as housing, which could include ancillary commercial ground floor uses, where 100% of the units are affordable, with at least 75% of the units restricted to households whose income is 80% of AMI or less and the remainder restricted to households whose income is 120% of AMI or less, or
 - The land will be developed as a mixed-use development that is larger than 1 acre in size, will include at least 300 units, and will restrict at least 25% of the units for occupancy by households making 80% of AMI or less.

If the downtown parking lots are declared surplus land, or if they are declared exempt surplus land using exemption B above, the SLA provides a specific NOA or open competitive bid process that must be used. To provide more City control over the parameters of any future development on the parking lots, staff recommends pursuing exemption A, which would allow the City multiple options to solicit interest from developers, each with its own benefits and considerations. Table 1 highlights the potential advantages and

disadvantages of different methods, listed from least intensive to most intensive, with respect to exemption A.

Table 1: Developer solicitation methods comparison			
Method	Description	Advantages	Disadvantages
Request for Information (RFI)	Invites developers in the early stages of a project to express interest in a project/site and provide insight into the market.	<ul style="list-style-type: none"> • Can be a quick way to gauge market interest and capacity • Low barrier to entry for developers <ul style="list-style-type: none"> • Non-binding, low commitment level 	<ul style="list-style-type: none"> • Requires additional steps before having a ready-to-implement project <ul style="list-style-type: none"> • May result in limited information from developers without significant detail
Request for Qualifications (RFQ)	Asks developers to provide qualifications to construct a project based on preliminary specifications.	<ul style="list-style-type: none"> • Focuses on developer expertise and track record <ul style="list-style-type: none"> • Acts as a helpful screening tool to identify qualified and capable entities • Can be used to short-list candidates for a more streamlined RFP process 	<ul style="list-style-type: none"> • Requires additional steps before having a ready-to-implement project • May not result in information about specific project details or costs
Request for Proposals (RFP)	Solicits detailed proposals from developers, including project plans, timelines and costs.	<ul style="list-style-type: none"> • Provides detailed project information • Allows for comparison of specific proposals • Can result in a ready-to-implement plan 	<ul style="list-style-type: none"> • More time-consuming for City and developers to prepare and review • May limit creative projects and solutions if too prescriptive <ul style="list-style-type: none"> • Can be challenging for smaller developers to compete

It is not uncommon for projects to use a multi-step approach beginning with an RFI or RFQ. The outcomes of the RFI or RFQ process can then be used to tailor a specific RFP process that results in selection of a developer and project to be constructed. For the downtown parking lots, staff recommends beginning with an RFI to gauge market interest and capacity to provide affordable housing and some replacement parking as part of any development, along with other potential creative solutions for the City Council to consider.

Next steps

The Housing Element projects that the City-owned downtown parking lots could provide capacity for at least 345 very low-income housing units, which are important for meeting the City’s RHNA obligations through 2031. The feasibility study recommends that the City focus on constructing 100% affordable housing at the very low-income level with 345 or more units on Parking Plazas 1, 2 and 3. Moving forward with the intent to redevelop Parking Plazas 1, 2, and 3 would also allow the City to proceed with maintenance and resurfacing of Parking Plazas 7 (next to Trader Joe’s) and 8 (next to Walgreens), which are included in the City’s five-year capital improvement plan (CIP).

Considering the disposition options available for the City-owned parking lots, staff recommends that the City Council make a declaration of exempt surplus land using exemption A. This action would provide the most control over the type of development that could occur on the sites, and allow the City to seek development of units affordable at the very low-income level with replacement public parking. Other disposition options

have required selection processes that could result in the development of fewer affordable units and/or without replacement public parking. After making the declaration of exempt surplus land with findings, the City could initiate a multi-step process beginning with an RFI to gauge market interest and capacity at this early stage in the process. The results of the RFI could inform an RFQ and/or RFP, ultimately leading to the selection of a qualified developer to construct the affordable housing.

As previously stated, an alternative path of using a state-designated disposition process provides more certainty regarding the required steps, but also presents potential risks. For instance, under the NOA process, the City may be required to negotiate over proposals that provide as little as 25% affordable housing, thus providing less than the 345 affordable housing targeted in Housing Element program H4.G. Proposals through the NOA process could also lack desired components like replacement parking for existing spaces lost through redevelopment.

Unless feedback from the City Council indicates another approach would be desirable, staff proposes the following next steps:

- Return to the City Council with a focus on the disposition of Parking Plazas 1, 2 and 3, declaring that the land is exempt surplus land. The pertinent exemption criteria would be that at least 80% of the land area will be developed for residential uses, and at least 40% of the residential units developed on the land will be for households whose income is 60% of area median income (AMI) or less, with at least one-half of those units (20% of total units) restricted to households whose income is 50% of AMI or less. The exemption would be met based on the very low-income (30 to 50% of AMI) affordability target for the 345 or more units to be developed on the sites. A draft RFI would also be prepared and presented to City Council for guidance as part of this step.
- Issue an RFI seeking information from the development community to gauge market support and creative ideas to provide 100% affordable housing on the selected parking lots along with some amount of replacement public parking for downtown employees and visitors.
- Based on the RFI response, return to City Council with a summary of developer feedback and receive confirmation on the next steps in the disposition process.

Following the Aug. 27 study session, staff will consider all feedback received from the public and guidance received from City Council, and begin preparing the disposition resolution and associated documents for the selected City-owned parking lots, with the goal of returning to City Council in the fall for formal action.

Impact on City Resources

The feasibility study was completed using existing staff resources. As the project moves forward, staff resources would be needed to manage the developer solicitation process, including preparation and review of RFI/RFQ/RFP documents and coordination with community stakeholders. Additional consultant services may also be needed for specialized aspects of the project, such as financial analyses and technical studies. More information about financial impacts will be provided as the disposition process continues and specific development proposals are considered.

Environmental Review

The feasibility study and the recommended developer solicitation process are not considered projects under the California Environmental Quality Act (CEQA), and therefore do not require environmental review at this stage. However, any future development proposals that emerge from the process would be subject to appropriate environmental review as required by CEQA, and may also be wholly or partially covered by the Subsequent Environmental Impact Report (SEIR) prepared for the Housing Element Update project and

certified by the City Council Jan. 31, 2023 through Resolution No. 6808. The level of environmental review will be determined based on the specific nature and scope of any proposed developments.

Public Notice

Public notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting. Public notice was also provided through a mailed postcard sent to property owners and occupants of buildings in the downtown area (properties between Oak Grove Avenue and Menlo Avenue, and University Drive and El Camino Real) and through City social media.

Attachments

A. Affordable Housing on City-Owned Downtown Parking Lots Feasibility Study

Report prepared by:
Tom Smith, Principal Planner

Report reviewed by:
Mary Wagner, Assistant City Attorney
Deanna Chow, Community Development Director



AFFORDABLE HOUSING ON CITY-OWNED DOWNTOWN PARKING LOTS FEASIBILITY STUDY DRAFT

CITY OF MENLO PARK, CALIFORNIA

August 2024

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List of Abbreviations

AB	Assembly Bill
AHO	Affordable Housing Overlay
AHSC	Affordable Housing Sustainable Community
AMI	area median income
APN	assessor's parcel number
CC&Rs	covenants, conditions and restrictions
CIP	capital improvements plan
EV	electric vehicle
HCD	California Department of Housing and Community Development
HUD	U.S. Department of Housing and Urban Development
LIHTC	Low Income Housing Tax Credits
MHP	Multifamily Housing Program
MTC	Metropolitan Transportation Commission
RFP	request for proposals
RHNA	Regional Housing Needs Allocation
SB	Senate Bill
SLA	Surplus Land Act

Introduction and Scope of Study

The City of Menlo Park's certified 2023-2031 Housing Element includes a site inventory and goals, policies, and programs to help the City meet its RHNA of 2,946 new dwelling units and affirmatively further fair housing throughout the city, especially in City Council Districts 2 through 5. Among the 69 opportunity sites included in the Housing Element are eight City-owned parking lots located in downtown Menlo Park. The downtown parking lots are projected to provide capacity for at least 345 units affordable to households at the very low-income¹ level. The Housing Element includes program H4.G (Prioritize Affordable Housing on City-Owned Parking Lots Downtown), which prioritizes the use of the City-owned parking lots for affordable housing development by 2027. Program H4.G also specifies that the City will adhere to procedures consistent with the SLA to provide affordable housing developers a first right of refusal (AB 1486).

Housing Element program H4.G includes a timeline for development of the City-owned parking lots. Program milestones are shown in Table 1.

Year	Action
2023	Solicit proposals and conduct a feasibility analysis to assess which parking lots are most suitable for residential development.
2024	Issue request for proposals (RFP) for affordable housing on some or all of the parking lot sites, including information on City land write-down incentives.
2025	Complete development entitlements.
2027	Seek to complete development of 345 or more affordable housing units on a combination of parking lot sites consistent with the Housing Element site inventory.

The Housing Element also specifies that the City will prioritize any development proposals on the downtown parking lots that address difficult-to-achieve housing priorities including:

- A greater number of extremely low-, very low-, low-, and moderate-income units, and/or
- A percentage of units preferential for people with special needs who will benefit from coordinated on-site services, such as services for people living with disabilities, including developmental disabilities.

The focus of this study is to evaluate the physical attributes, easements, potential land use issues, and consistency with the 2012 El Camino Real/Downtown Specific Plan (Specific Plan) for the eight downtown parking lots and identify those most suitable for affordable housing development. Conceptual architectural designs, building layouts, and economic analyses are not included in this study. These considerations may be addressed through the RFP process (or a similar information/acquisition process selected by the City Council) that allows industry professionals to determine feasibility of development on the selected parking lots.

City-owned parking lots overview

The eight downtown parking lots included in the Housing Element site inventory are listed in Table 2. Although each parking lot is assigned an estimated number of units in the site inventory

¹ In terms of a jurisdiction's RHNA, the very low-income category represents households making zero to 50 percent of the area median income (AMI). The 2024 median income for San Mateo County, as determined by HUD, HCD, and the County of San Mateo, is \$186,600 based on a household of four.

to meet state housing element requirements, program H4.G would allow affordable housing development on any combination of the parking lots that could support 345 or more units and meet all zoning regulations and associated requirements.

Parking Plaza Number	Location Description/Site Inventory Number	RHNA Allocation (Very-Low Income Units)
Parking Plaza 1	Lot between El Camino Real and Chestnut on west side of Santa Cruz (Site #14)	86
Parking Plaza 2	Lot off Oak Grove (Site #19)	21
Parking Plaza 3	Lot between University and Crane on west side of Santa Cruz (Site #15)	75
Parking Plaza 4	Lot next to Draeger's (Site #18)	23
Parking Plaza 5	Lot between Evelyn and Crane (Site #16)	38
Parking Plaza 6	Lot next to Wells Fargo, between Crane and Chestnut (Site #10)	38
Parking Plaza 7	Lot next to Trader Joe's, between Chestnut and Curtis (Site #9/9a)	26
Parking Plaza 8	Lot between Curtis and Doyle (Site #17)	38

The parking lots are located throughout the downtown area, providing a variety of opportunities for distributed affordable housing development in a high resource area of the community. The Site Inventory and Analysis chapter of the Housing Element (Chapter 7) notes that a feasibility study may be necessary to consider parking easements owned by neighboring businesses, as well as potential utility easements. There are various development possibilities for the City-owned downtown parking lots, including:

- Reserving one or more lots for redevelopment with a parking structure, and using the remaining parking lots for development of affordable housing as part of a 100 percent residential or mixed use development;
- Providing affordable housing and structured public parking on the same lot for one or more of the largest parking plazas;
- Retaining some lots for surface parking and using others for affordable housing (potentially with complementary mixed uses); and/or
- Developing portions of City-owned lots with affordable housing (potentially mixed use) and leaving surface parking on the remainder of the lots.

Background

This report references directions using the same geographic conventions as the Specific Plan and considers Santa Cruz Avenue as having an east-west orientation. Figure 1 shows the locations of the downtown parking lots, with parking plazas north of Santa Cruz Avenue numbered 1 through 3 (north to south), and parking plazas south of Santa Cruz Avenue numbered 4 through 8 (south to north).

Figure 1. Downtown Parking Lots²



Financing and development of the downtown parking lots

Between 1945 and 1964, the City formed assessment districts and issued bonds to finance the acquisition of land and construction of the downtown parking lots. The assessment district bonds were fully paid off in the 1980s, the assesseses are no longer paying assessment installations, and the assessed properties have received the long-term benefit of the financed improvements.

Previous studies and plans

A design charrette was conducted in 2005 to envision desired urban design concepts for downtown Menlo Park and the area of El Camino Real adjacent to downtown. Suggested elements deemed important for the downtown included:

² The City's 2023 "Streetaries" outdoor dining program and associated bicycle and pedestrian improvements modified the availability of on-street parking along portions of Santa Cruz Avenue, which may not be accurately reflected in this map.

- Developing community gathering spaces and enhancing pedestrian movements;
- Pursuing mixed-use development with more residential opportunities;
- Incorporating art/sculpture/water features; and
- Enhancing the effectiveness of public parking, while improving lighting and visibility to provide a safe and inviting environment.

Many of these elements were also discussed in the 2012 Specific Plan³ and later studies, as described in the topic areas below.

Parking

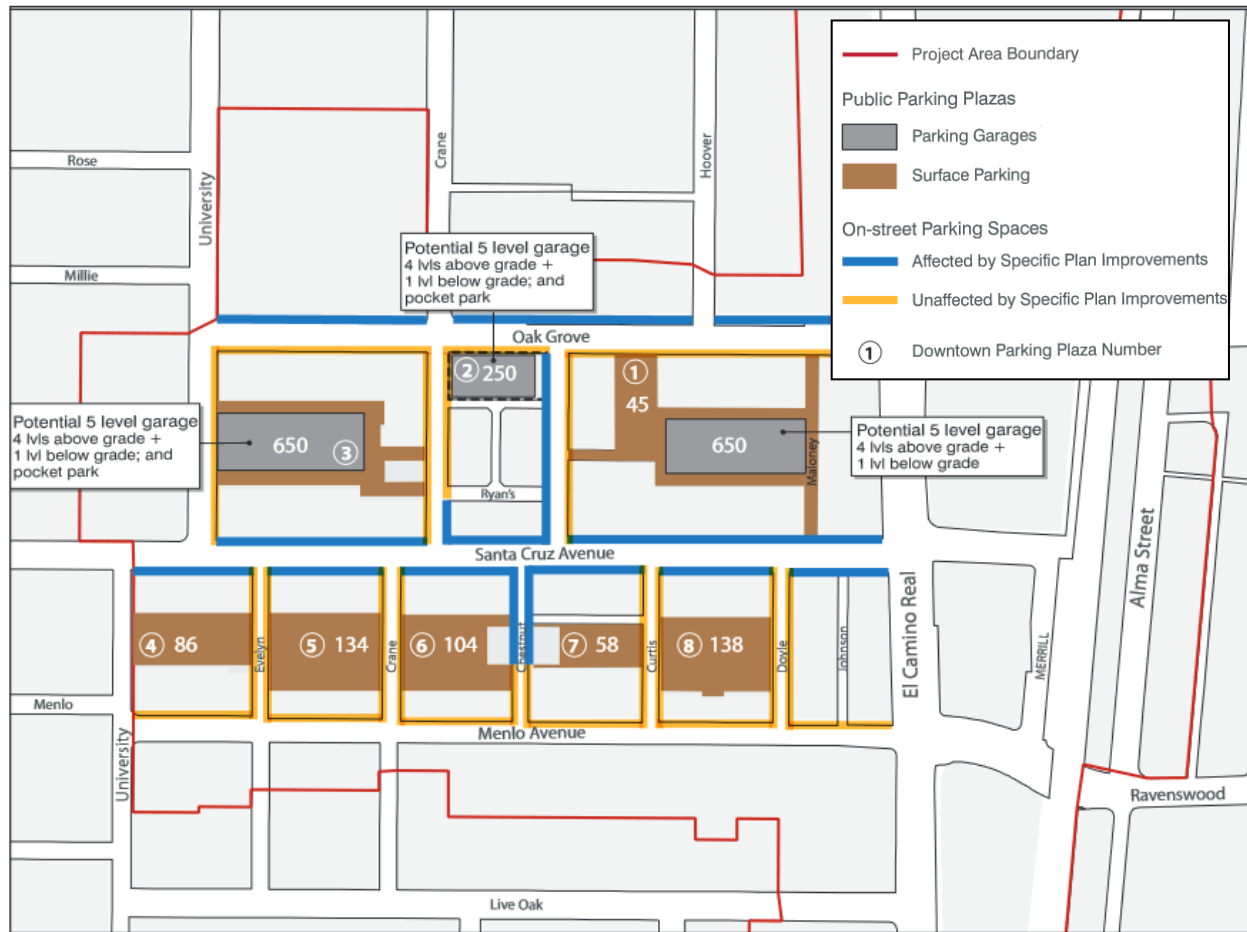
The Specific Plan advised the construction of up to two new parking structures on a combination of Parking Plazas 1, 2, and 3, and the relocation of parking spaces for public space improvements. For Parking Plaza 1, the Specific Plan proposed a five-level garage (one level below-grade and four above) with 650 publicly accessible spaces. For Parking Plaza 2, the Specific Plan allowed for a five-level garage (one level below-grade and four above) with 250 publicly accessible spaces. For Parking Plaza 3, the Specific Plan proposed a five-level garage (one level below-grade and four above) with 650 publicly accessible spaces. The Specific Plan provided flexibility on which two of the three potential garages to build in the future. Figure 2 depicts the future parking supply in downtown Menlo Park, as proposed in the Specific Plan.

The cost of a structured parking space is based on variables unique to an individual parking structure, but in the Bay Area estimates from 2012 to 2022 have ranged from \$30,000 to over \$50,000 per space, and may potentially be higher in current dollar values.⁴

³ The [Specific Plan](#), including amendments since its 2012 adoption, is available on the City's website.

⁴ Estimated cost range is based on a 2012 [Parking Structure Technical Report: Challenges, Opportunities, and Best Practices](#) report prepared for the Metropolitan Transportation Commission, and a 2023 [Comprehensive Parking Supply, Cost and Pricing Analysis](#) document by the Victoria Transport Policy Institute.

Figure 2. Specific Plan Proposed Downtown Parking Supply

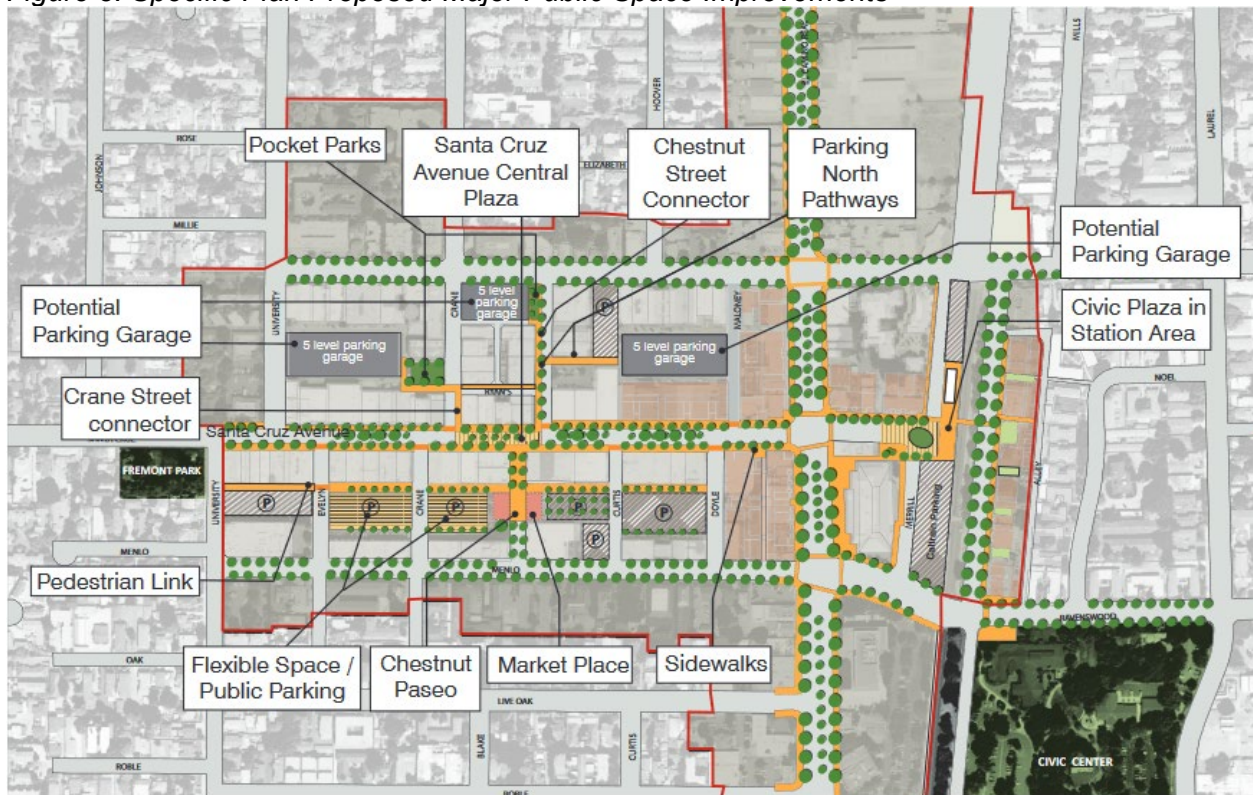


Public space improvements

The Specific Plan also included recommendations for major public space improvements, many in relation to the City-owned parking plazas, as shown in Figure 3. The recommended improvements included:

- A pocket park in a small area of Parking Plaza 2 adjacent to Chestnut Street, east of the potential parking structure;
- A pocket parking on a section of Parking Plaza 3 adjacent to Crane Street, east of the potential parking structure;
- A pedestrian link along the northern edge of Parking Plazas 4 through 8, connecting the rear of Santa Cruz Avenue businesses adjacent to the parking lots;
- Flexible space/public parking on Parking Plazas 5 and 6, serving as space for periodic events, festivals, and large public gatherings but otherwise available as public parking; and
- A market place on the edges of Parking Plazas 6 and 7 adjacent to Chestnut Street, to complement surrounding shops and provide permanent or temporary structures/stalls/tents for vendors and merchants.

Figure 3. Specific Plan Proposed Major Public Space Improvements



Mixed use development, affordable housing, and downtown vitality

Certain aspects of the Specific Plan were echoed in a 2022 Menlo Park Downtown Market Study⁵ developed by HdL ECONSolutions, which recommended considering the development of parking structures on City-owned/operated parking plazas in combination with mixed-use projects of affordable housing and retail at the street level.

During preparation of the Housing Element Update in 2023, the University of California Berkeley approached the City about studying potential affordable housing developments on the City-owned parking plazas as part of a multidisciplinary graduate level studio. In May 2023, three teams of students presented development scenarios⁶ for the downtown parking lots with varying densities, architectural designs, funding sources, timelines, and a mix of affordable and market-rate housing units. While this effort was independent from the City's Housing Element Update, the students' findings and reports provided examples of potential development patterns, constraints, and opportunities that may exist in the implementation of Housing Element program H4.G.

⁵ The 2022 [Menlo Park Downtown Market Study](#) is available on the City's website.

⁶ The three student-created development scenarios are [The Menlo Collaborative](#), [Menlo Crossing](#), and [The New Medium at Menlo](#).

Physical Attributes, Easements, and Potential Land Use Issues for Parking Lots

This section provides a detailed analysis of each of the eight City-owned downtown parking lots under consideration for affordable housing development. For each parking plaza, the analysis examines its physical characteristics, location, and relationship to surrounding properties. The section also reviews any easements, title issues, or potential land use constraints known at this time that could affect future development.⁷ The information presented is based on site visits; review of maps, property records, and title reports; and analysis of existing plans and studies.

⁷ Information regarding the locations of California Water Service water lines and underground Pacific Gas and Electric lines is not currently available and is not shown on maps in this study. However, City staff will continue coordination with outside agencies and/or consultants to determine exact locations of infrastructure and map them for future phases of the project.

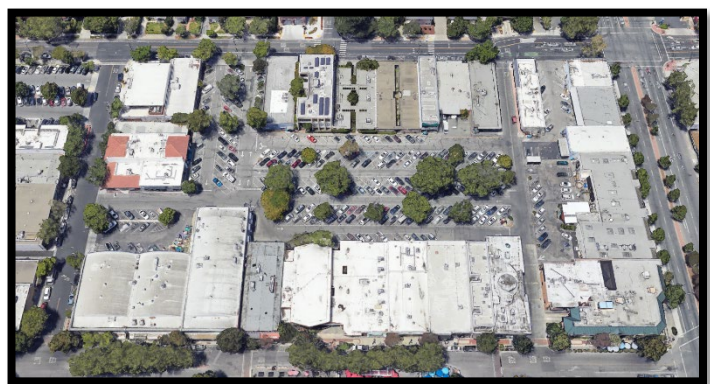
Parking Plaza 1

Map



General description

Parking Plaza 1 is in the northeastern quadrant of downtown Menlo Park, near the intersection of Oak Grove Avenue and El Camino Real. It is generally surrounded by buildings that front onto the adjacent streets and maintain back-of-house functions (garbage, utilities, private parking and circulation, etc.) next to the parking lot. The parking plaza is an irregularly shaped lot with driveways off Oak Grove Avenue to the north, Maloney Lane (which connects Oak Grove Avenue and Santa Cruz Avenue) to the east, and Chestnut Lane (which intersects with Chestnut Street) to the west. The lot includes City-owned pedestrian access paths from the parking plaza to Oak Grove Avenue between the buildings at 695 and 705 Oak Grove Avenue, and to Santa Cruz Avenue between the buildings at 642 and 650 Santa Cruz Avenue. Privately-owned pedestrian access paths between Oak Grove Avenue and the parking plaza are located



on the 671 Oak Grove Avenue and 681 Oak Grove Avenue parcels. A privately-owned pedestrian access path is also provided between Chestnut Street and the parking plaza on the 1164 Chestnut Street property. The lot features a small spur to the east that connects private parking lots behind the buildings at 1161, 1179, and 1189 El Camino Real to Maloney Lane. There are separate vehicular entrance and exit driveways off Maloney Lane that connect to a private parking lot for the businesses from 1137 to 1159 El Camino Real. Additionally, the post office at 655 Oak Grove Avenue includes an area of private parking and a loading zone for trucks at the rear, directly adjacent to the parking plaza. Parking Plaza 1 is the largest of the parking plazas with a total area of 2.28 acres, although the area is inclusive of Maloney Lane and the public pedestrian connections.

Site details

Table 3: Parking Plaza 1 Site Characteristics	
Characteristic type	Detail
Parcel size	2.28 acres (includes Maloney Lane ⁸ and 2 pedestrian passages)
Existing parking spaces	249
Zoning district	SP-ECR/D, Downtown
Housing Element projected units	86 very low-income units
Land ownership	City-owned
Number of parcels	1
Specific Plan recommendation(s)	Potential parking structure (650 spaces)
Utilities	Overhead lines along interior of lot (eastern side); underground utilities unknown at this time
Resurfacing/maintenance	Resurfaced 10+ years ago (exact date unavailable)
Trees	19 heritage; 25 total
Public business entrances on plaza	3 primary; 11 secondary (side/rear) entrances
Pedestrian connections	5 pedestrian passageways to surrounding streets

Easements and potential land use issues

Title report research on Parking Plaza 1 (Assessor's parcel number (APN): 071-102-400) identified the following key findings in relation to potential legal constraints, easements, and other encumbrances that could affect future development on the parking lot:

- Two utility easements, originating at Santa Cruz Avenue and running north along Maloney Lane approximately two-thirds of the way to Oak Grove Avenue
- CC&Rs requiring 16 parking spaces on the adjacent property at 610 Santa Cruz Avenue for the benefit of the City parking plaza
- Several waivers of claims for damages related to highway construction, dated 1939 (potentially removable from title)

⁸ Maloney Lane has an area of approximately .22 acres. Rights-of-way are typically deducted from total lot area to calculate the maximum density, gross floor area, and other development regulations for a site.

Parking Plaza 2

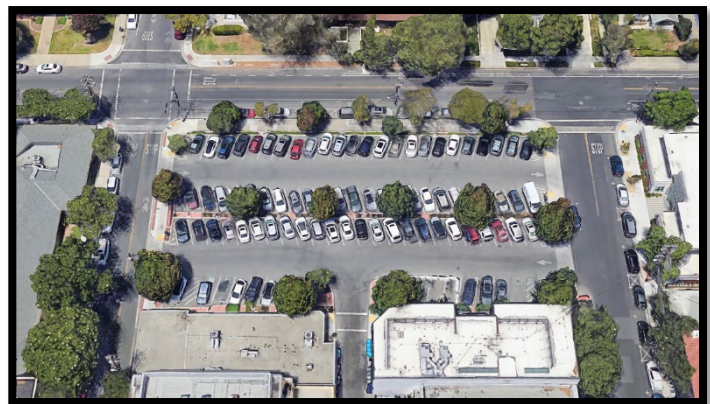
Map



Note: The blue dashed line indicates the approximate location of a 1968 plan line for the widening of Crane Street.

General description

Parking Plaza 2 is located at the northern edge of downtown and bounded by Oak Grove Avenue to the north, Chestnut Street to the east, buildings and an intersection with Escondido Lane to the south, and Crane Street to the west. It is a rectangular lot with driveways off Chestnut Street, Escondido Lane, and Crane Street. Although it is the smallest of the eight parking plazas with a total area of 0.56 acres, it has a regular shape and features strong accessibility with frontages on three streets and sidewalks on all four sides. The lot also includes four parking spaces with public EV chargers. One adjacent building has an entrance facing the lot, but none of the adjacent buildings back up to the parking lot or maintain back-of-house functions facing



the lot. As a result, there would likely be fewer conflicts between existing buildings and potential development on this site.

Site details

Table 4: Parking Plaza 2 Site Characteristics	
Characteristic type	Detail
Parcel size	0.56 acres
Existing parking spaces	95
Zoning district	SP-ECR/D, Downtown
Housing Element projected units	21 very low-income units
Land ownership	City-owned
Number of parcels	1
Specific Plan recommendation(s)	Potential parking structure (250 spaces) and pocket park
Utilities	No overhead lines crossing lot; underground utilities unknown at this time
Resurfacing/maintenance	Resurfaced 10+ years ago (2012)
Trees	0 heritage; 8 total
Public business entrances on plaza	0 primary; 1 secondary (side/rear) entrances
Pedestrian connections	Sidewalks bordering site

Easements and potential land use issues

Title report research on Parking Plaza 2 (APN: 071-094-180) identified the following key findings in relation to potential legal constraints, easements, and other encumbrances that could affect future development on the parking lot:

- City Council resolution from 1968 establishing plan lines for the widening of Crane Street by five feet on each side (must be followed or abandoned)

Parking Plaza 3

Map



General description

Parking Plaza 3 is in the northwestern quadrant of downtown, near the intersection of Oak Grove Avenue and University Drive. It is an irregularly shaped lot bounded by the rear of buildings that generally front onto Oak Grove Avenue to the north, Crane Street to the east, the rear of buildings that typically front onto Santa Cruz Avenue to the south, and University Drive to the west. Although the buildings that enclose the lot to the north and south typically feature businesses with primary entrances off Santa Cruz and Oak Grove Avenues, a few businesses have primary entrances facing the parking plaza, and a number of businesses have secondary entrances onto the parking plaza. Certain buildings also have private parking spaces at the rear directly off the parking plaza, including properties at 842, 860, 880, and 888 Santa Cruz Avenue. Most



businesses also have typical back-of-house functions located adjacent to the parking plaza. Vehicular access is provided by driveways off Crane Street and University Drive. The parking plaza is served by three privately-owned pedestrian connections from the parking plaza to Oak Grove Avenue through the properties at 825, 859, and 885 Oak Grove Avenue. Parking Plaza 3 is the second largest City-owned parking lot with 1.99 acres.

Site details

Characteristic type	Detail
Parcel size	1.99 acres
Existing parking spaces	212
Zoning district	SP-ECR/D, Downtown
Housing Element projected units	75 very low-income units
Land ownership	City-owned
Number of parcels	1
Specific Plan recommendation(s)	Potential parking structure (650 spaces) and pocket park
Utilities	Overhead lines along interior of lot (eastern side); underground utilities unknown at this time
Resurfacing/maintenance	Resurfaced 10+ years ago (exact date unavailable)
Trees	8 heritage; 23 total
Public business entrances on plaza	5 primary; 12 secondary (side/rear) entrances
Pedestrian connections	3 pedestrian passageways to surrounding streets

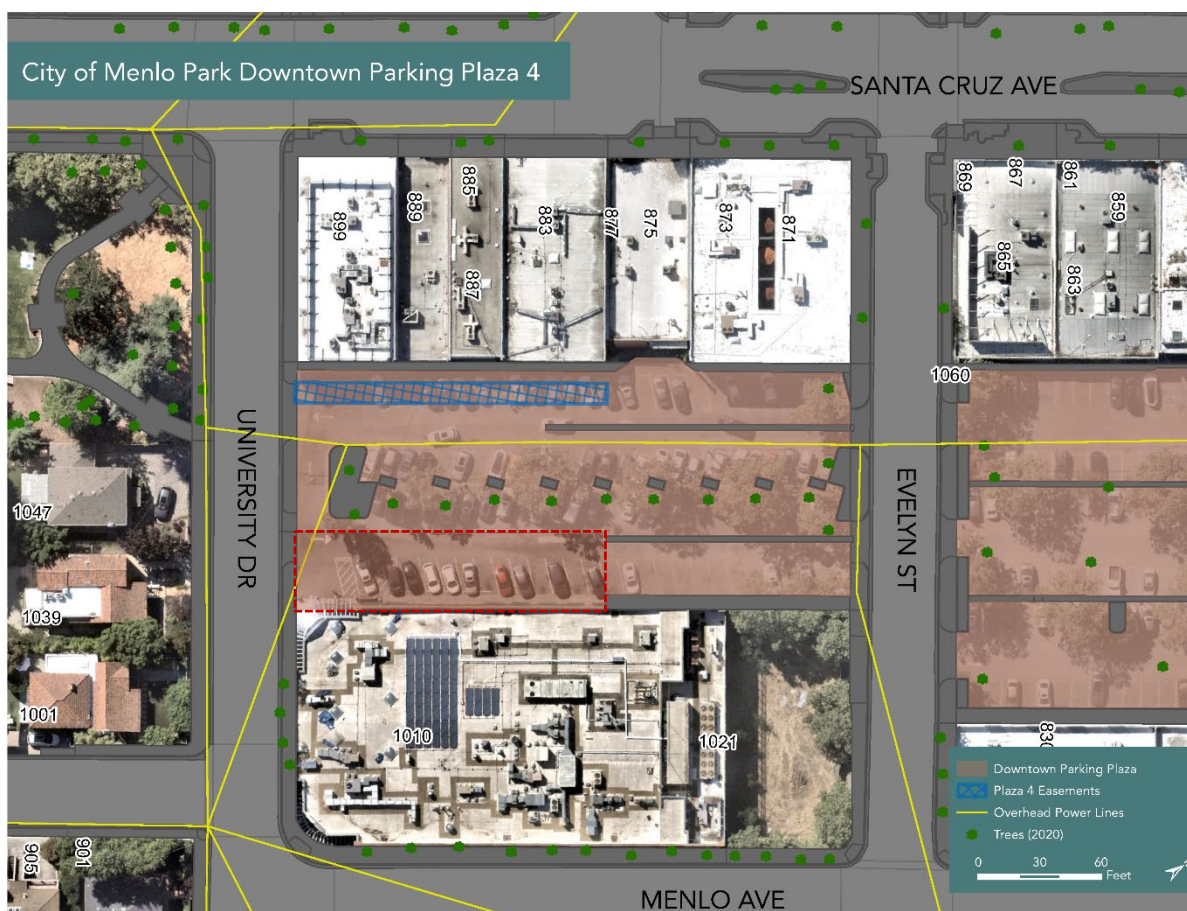
Easements and potential land use issues

Title report research on Parking Plaza 3 (APN: 071-092-290) identified the following key findings in relation to potential legal constraints, easements, and other encumbrances that could affect future development on the parking lot:

- No significant exceptions or constraints noted.

Parking Plaza 4

Map



Note: Area(s) bounded by a dashed red line indicate portions of the parking plaza under private ownership.

General description

Parking Plaza 4 is in the southwestern quadrant of downtown, bounded by the rear of buildings fronting onto Santa Cruz Avenue to the north, Evelyn Street to the east, Draeger's Market and a vacant lot to the south, and University Drive to the west. The buildings that surround the lot to the north and south have a mix of primary business entrances and substantial side/rear entrances facing the parking plaza. As with many of the parking plazas, adjacent businesses typically have back-of-house functions, such as garbage collection (typically in smaller Recology bins), directly next to the parking plaza. Vehicular access is provided from driveways off Evelyn Street and University Drive; however the one-way entrance drive off University Drive and approximately half an aisle of parking spaces directly adjacent to Draeger's Market are on the privately-owned



Draeger's parcel. The City has also allowed Draeger's to use portions of the City-owned parcel for loading activities associated with business operations, as needed. As a result, although the parking plaza appears and functions as a rectangular parking lot, it has mixed ownership and the City-owned portion of the lot is an irregular shape. Parking Plaza 4 is the second-smallest City-owned parking lot downtown with an area of 0.62 acres.

Site details

Characteristic type	Detail
Parcel size	0.62 acres
Existing parking spaces	105
Zoning district	SP-ECR/D, Downtown
Housing Element projected units	23 very low-income units
Land ownership	Portions owned by City and Draeger's Markets
Number of parcels	2 (1 City-owned parcel, portion of Draeger's parcel)
Specific Plan recommendation(s)	Pedestrian link from plazas 4 through 8
Utilities	Overhead lines along interior of lot (central)
Resurfacing/maintenance	Resurfaced 20+ years ago
Trees	6 heritage; 14 total
Public business entrances on plaza	2 primary; 8 secondary (side/rear) entrances
Pedestrian connections	Sidewalks bordering plaza entrances

Easements and potential land use issues

Title report research on the City-owned parcel of Parking Plaza 4 (APN: 071-273-160) identified the following key findings in relation to potential legal constraints, easements, and other encumbrances that could affect future development on the parking lot:

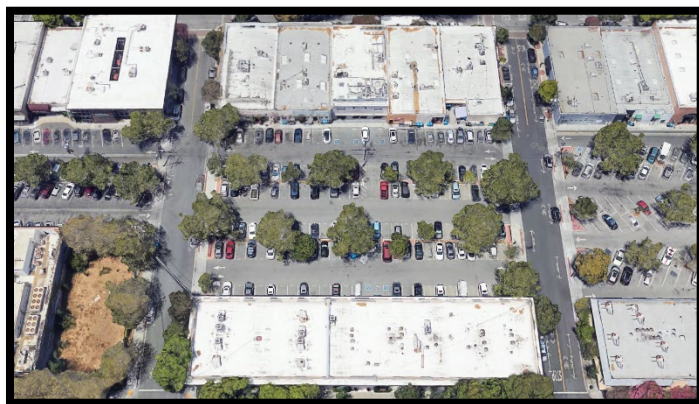
- Public utility easement (10 feet wide) near the northern edge of site, running east to west approximately halfway across the lot

Parking Plaza 5

Map



General description



Parking Plaza 5 is in the southeastern quadrant of downtown, bounded by the rear of buildings fronting onto Santa Cruz Avenue to the north, Crane Street to the east, buildings fronting onto Menlo Avenue to the south, and Evelyn Street to the west. The majority of buildings that surround the lot to the north have limited or no public entrances off the parking plaza and include a number of restaurants that face Santa Cruz Avenue. As a result, back-of-house functions along the northern side of the parking plaza are more intense, with dumpsters, storage areas, and utilities directly next to the parking plaza. Vehicular access is provided from driveways off Evelyn Street and Crane Street. Parking Plaza 5 has an area of one acre.

Parking Plaza 5 is in the southeastern quadrant of downtown, bounded by the rear of buildings fronting onto Santa Cruz Avenue to the north, Crane Street to the east, buildings fronting onto Menlo Avenue to the south, and Evelyn Street to the west. The majority of buildings that surround the lot to the north have limited or no public entrances off the parking plaza and include a number of restaurants that face Santa Cruz Avenue. As a result, back-of-house functions along the northern side of the parking plaza are

Site details

Table 7: Parking Plaza 5 Site Characteristics	
Characteristic type	Detail
Parcel size	1 acre
Existing parking spaces	150
Zoning district	SP-ECR/D, Downtown
Housing Element projected units	38 very low-income units
Land ownership	City-owned
Number of parcels	1
Specific Plan recommendation(s)	Pedestrian link; flex space/public parking
Utilities	Overhead lines along interior of lot (central)
Resurfacing/maintenance	Resurfaced 15+ years ago
Trees	8 heritage; 16 total
Public business entrances on plaza	1 primary; 6 secondary (side/rear) entrances
Pedestrian connections	Sidewalks bordering plaza entrances

Easements and potential land use issues

Title report research on Parking Plaza 5 (APN: 071-281-160) identified the following key findings in relation to potential legal constraints, easements, and other encumbrances that could affect future development on the parking lot:

- Public utility easements (10 feet wide) spanning northern edge of site, allowing removal of foliage/trees and right of ingress
- Old agreements of sale between previous owners from 1935 to 1943 (likely satisfied and removable)

Parking Plaza 6

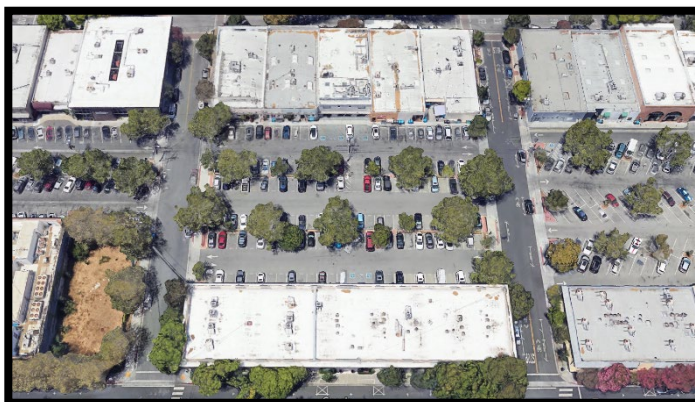
Map



Note: Area(s) bounded by a dashed red line indicate portions of the parking plaza under private ownership.

General description

Parking Plaza 6 is in a central location on the southern side of downtown, bounded by the rear of buildings fronting onto Santa Cruz Avenue to the north, Chestnut Street to the east, buildings fronting onto Menlo Avenue to the south, and Crane Street to the west. The lot is the location of a weekly farmers market held on Sunday mornings. Some buildings that surround the lot to the north and south have side/rear entrances facing the parking plaza. Adjacent businesses typically have back-of-house functions, such as garbage collection (typically in smaller Recology bins), directly next to the parking plaza. The commercial building that borders the parking plaza to the south at 750 Menlo Avenue has a partially below-grade parking level that exits onto the parking plaza. Vehicular access to public parking in the plaza is provided from multiple driveways off



Chestnut Street and Crane Street; however two one-way entrance and exit driveways off Chestnut Street and a portion of parking spaces in the plaza are privately-owned. Although the parking plaza appears and functions as a single, rectangular parking lot, it has mixed ownership. The City-owned portion of the lot is an irregular shape. Parking Plaza 6 has an area of 0.76 acres.

Site details

Characteristic type	Detail
Parcel size	0.76 acres
Existing parking spaces	136
Zoning district	SP-ECR/D, Downtown
Housing Element projected units	38 very low-income units
Land ownership	Portion owned by City and Wells Fargo
Number of parcels	2
Specific Plan recommendation(s)	Pedestrian link; flex space/public parking; market place
Utilities	Overhead lines along interior of lot (central)
Resurfacing/maintenance	Resurfaced 25+ years ago
Trees	10 heritage; 21 total
Public business entrances on plaza	0 primary; 7 secondary (side/rear) entrances
Pedestrian connections	Sidewalks bordering plaza entrances

Easements and potential land use issues

Title report research on the City-owned parcel of Parking Plaza 6 (APN: 071-283-140) identified the following key findings in relation to potential legal constraints, easements, and other encumbrances that could affect future development on the parking lot:

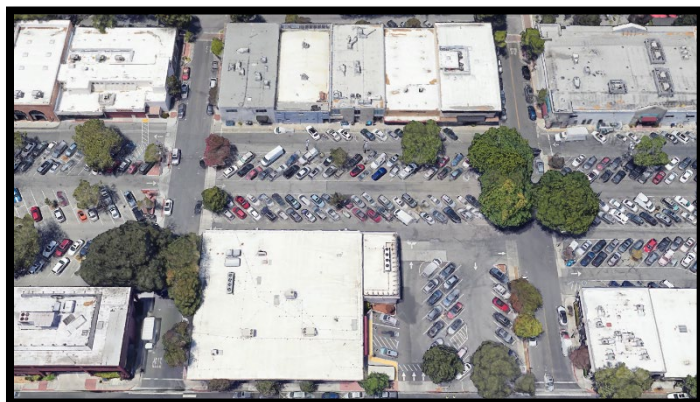
- Public utility easements (10 feet wide) spanning northern portion of site, allowing removal of foliage/trees and right of ingress

Parking Plaza 7

Map



General description



Parking Plaza 7 is in a central location on the southern side of downtown, bounded by the rear of buildings fronting onto Santa Cruz Avenue to the north, Curtis Street to the east, Trader Joe's grocery store and an associated private parking lot to the south, and Chestnut Street to the west. Some buildings that surround the lot to the north have side/rear entrances facing the parking plaza. Adjacent businesses to the north and south have some back-of-house functions, such as garbage collection (Recology bins and

dumpsters) and storage areas, directly next to the parking plaza. Vehicles can access the parking lot by driveways off Curtis Street and Chestnut Street, although the private parking lot associated with Trader Joe's is connected to the parking plaza and allows free circulation

between the City-owned and privately-owned parking lots. The City owns all of Parking Plaza 7 and it functions as one parking lot, but it is split between two parcels, with the driveway off Chestnut Street nearest to Trader Joe's and approximately one-sixth of the total parking spaces on the lot located in a separate parcel from the remainder of the parking plaza. Parking Plaza 7 has a total area of 0.69 acres (including both City-owned parcels). The resurfacing of this parking lot is also a funded CIP project.

Characteristic type	Detail
Parcel size	0.69 acres
Existing parking spaces	94
Zoning district	SP-ECR/D, Downtown
Housing Element projected units	26 very low-income units
Land ownership	City-owned
Number of parcels	2
Specific Plan recommendation(s)	Pedestrian link; market place
Utilities	Overhead lines along interior of lot (central); part of underground utility district and eligible for Rule 20 funds to underground lines
Resurfacing/maintenance	Resurfaced 30+ years ago; in current CIP
Trees	6 heritage; 11 total
Public business entrances on plaza	0 primary; 6 secondary (side/rear) entrances
Pedestrian connections	Sidewalks bordering plaza entrances

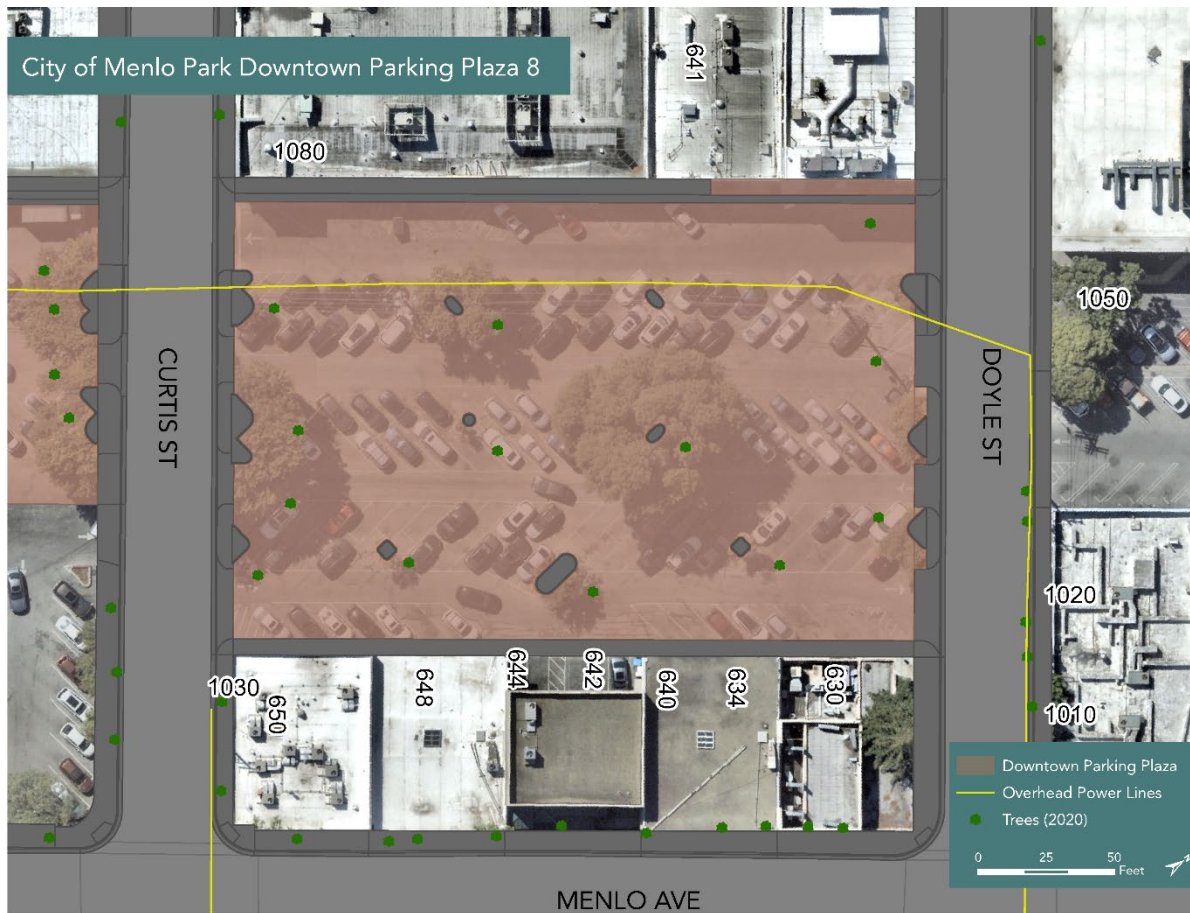
Easements and potential land use issues

Title report research on the largest parcel of Parking Plaza 7 (APN: 071-284-100) identified the following key findings in relation to potential legal constraints, easements, and other encumbrances that could affect future development on the parking lot:

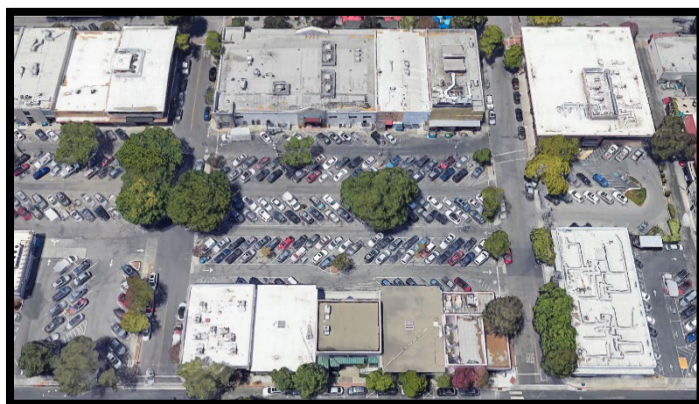
- CC&Rs providing 13 leased parking spots to adjacent market (may require termination or relocation if lot is to be used for housing development)
- Two deed covenants prohibiting sale of alcohol (likely not impactful for housing)

Parking Plaza 8

Map



General description



Parking Plaza 8 is in the southeastern quadrant of downtown, bounded by the rear of buildings fronting onto Santa Cruz Avenue to the north, Doyle Street to the east, buildings fronting onto Menlo Avenue to the south, and Curtis Street to the west. The buildings that surround the lot to the north and south have predominantly side/rear business entrances facing the parking plaza, with very few businesses having a primary or sole entrance off the parking plaza. A few of these buildings include

restaurants that face Santa Cruz Avenue and Doyle Street. Back-of-house functions adjacent to restaurants along the parking plaza are more intense, with dumpsters, storage areas, and utilities directly next to the parking plaza. Vehicular access is provided from driveways off Doyle Street and Curtis Street. The parcel at 644 Menlo Avenue also includes private surface parking

adjacent to the parking plaza that is accessible only via the parking plaza. Parking Plaza 8 has an area of one acre.

Site details

Table 10: Parking Plaza 8 Site Characteristics	
Characteristic type	Detail
Parcel size	1 acre
Existing parking spaces	145
Zoning district	SP-ECR/D, Downtown
Housing Element projected units	38 very low-income units
Land ownership	City-owned
Number of parcels	1
Specific Plan recommendation(s)	Pedestrian link
Utilities	Overhead lines along interior of lot (central); part of underground utility district and eligible for Rule 20 funds to underground lines
Resurfacing/maintenance	Resurfaced 30+ years ago; in current CIP
Trees	6 heritage; 13 total
Public business entrances on plaza	0 primary; 8 secondary (side/rear) entrances
Pedestrian connections	Sidewalks bordering plaza entrances

Easements and potential land use issues

Title report research on Parking Plaza 8 (APN: 071-285-160) identified the following key findings in relation to potential legal constraints, easements, and other encumbrances that could affect future development on the parking lot:

- Agreement from 1924 with building value and alcohol use restrictions (likely not impactful for housing development)
- Former parcel sale agreement, dated 1927 (likely satisfied and removable)

Zoning

All of the City-owned downtown parking lots are located in the Downtown (D) district of the Specific Plan area. In January 2024, as part of implementation of the 2023-2031 Housing Element, the City increased allowable densities and other development standards for all Specific Plan districts. Based on the updated development standards, residential development on the downtown parking lots could generally have the maximum attributes shown in Table 11.

Standard	Base Level Development Maximum	Bonus Level Development Maximum
Density	60 dwelling units per acre	100 dwelling units per acre
Maximum height	60-64 feet (likely 4-5 stories)	81-85 feet (likely 6-7 stories)
Facade height	40 feet (facing right of way/public open space)	40 feet (facing right of way/public open space)
Floor area ratio	2.75	3.75

The bonus level of development, achievable with the provision of a public benefit, allows for significantly taller buildings with higher density. The Specific Plan generally envisions mixed-use developments with ground floor retail/commercial uses and residential units on upper floors, but 100 percent residential development is also allowed in the applicable zoning district. Table 12 shows the approximate maximum number of units that could be constructed on each parking plaza at the base and bonus levels of affordability (without use of the AHO or any state bonuses).

Parking Plaza Number	Location Description/Site Inventory Number	Maximum Base Density Units	Maximum Bonus Density Units
Parking Plaza 1 ⁹	Lot between El Camino Real and Chestnut on west side of Santa Cruz (Site #14)	136	228
Parking Plaza 2	Lot off Oak Grove (Site #19)	33	56
Parking Plaza 3	Lot between University and Crane on west side of Santa Cruz (Site #15)	119	199
Parking Plaza 4	Lot behind Draeger's (Site #18)	37	62
Parking Plaza 5	Lot between Evelyn and Crane (Site #16)	60	100
Parking Plaza 6	Behind Wells Fargo, between Crane and Chestnut (Site #10)	45	76
Parking Plaza 7	Near Trader Joe's, between Chestnut and Curtis (Site #9/9a)	41	69
Parking Plaza 8	Lot between Curtis and Doyle (Site #17)	60	100

⁹ Parking Plaza 1 includes Maloney Lane, with an area of approximately 0.22 acres. Rights-of-way are typically deducted from total lot area to calculate the maximum density, gross floor area, and other development regulations for a site. The maximum units shown for Parking Plaza 1 may be reduced based on confirmation of the exact area through a survey and/or other documentation prepared during the disposition/development process.

Other key zoning factors applicable to development on the downtown parking lots include:

- 25-foot setbacks on all sides directly abutting private property (to provide services and fire ladder truck access), otherwise zero-foot setbacks;
- 45-degree building profile stepping the façade back above the maximum façade height; and
- Minimum 100 square feet of common open space or 80 square feet of private open space per unit.

Chapter E of the Specific Plan provides details about other development and design standards applicable to housing on the City-owned parking lots.

State legislation also allows greater flexibility for development within one-half of a mile of a major transit stop (in this case, the Menlo Park Caltrain station) including all eight City-owned parking lots. AB 1763 enhances the state's density bonus law to encourage development of 100-percent affordable housing. For 100-percent affordable housing within one-half mile of a major transit stop, there is no density limit and height can be increased by an additional three stories or 33 feet above what the local zoning would allow. Qualifying projects are also entitled to four incentives or regulatory concessions, which can include deviations from standard zoning requirements such as setbacks. In addition, eligible projects would not have any minimum parking requirements. Projects could also use any provisions of the City's AHO in combination with the flexibility afforded by state legislation to maximize development on the site. A summary of how AB 1763 could increase the maximum development potential on a downtown site is shown in Table 13 below.

Standard	Base Level Development Maximum	Bonus Level Development Maximum
Density	Unlimited	Unlimited
Maximum height	93-97 feet (likely 7-8 stories)	114-118 feet (likely 9-10 stories)

Surplus Land Act Considerations

The Surplus Land Act (SLA) is a state law that governs the disposition of surplus public land, including land such as the City-owned downtown parking lots. The SLA requires local agencies to prioritize affordable housing development when disposing of surplus land. Before any disposition can occur, the City Council must find that the property is no longer necessary for the City's use and declare the parking lots as "surplus land" or "exempt surplus land" at a regular public meeting.

For non-exempt surplus land, the City must issue a Notice of Availability to housing sponsors and other specific entities, allowing them 60 days to express interest in the property. If interest is received, the City must engage in good faith negotiations for at least 90 days to determine mutually satisfactory sales terms. Under the NOA process, the City may be required to negotiate over proposals that provide as little as 25 percent affordable housing, achieving less than the 345 units affordable to very low-income households targeted in Housing Element program H4.G. Proposals through the NOA process could also lack specific desired components and/or amenities like any replacement parking for existing spaces lost to redevelopment.

Two potential exemptions may apply to the downtown parking lots. The first exemption is for land to be used for affordable housing where at least 80 percent is for residential use and at least 40 percent of units are affordable to lower income households. The second exemption is for land put out for competitive bid for 100 percent affordable housing or mixed-use developments with specific affordability requirements. The City could potentially use these exemptions to streamline the process for affordable housing development on the parking lots.

If an exemption is pursued, the City Council's declaration of exempt surplus land must be supported by written findings and sent to HCD at least 30 days before disposition of the land. The SLA process must be followed before the City can issue any RFP or enter into exclusive negotiations with a developer for the parking lots. The framework of the SLA will play a significant role in shaping any redevelopment efforts and should be considered alongside the physical attributes and zoning considerations of each parking lot.

Recommendations

Based on an analysis of each site's physical attributes, easements, potential land use issues, and zoning considerations, parking plazas with the highest potential for affordable housing redevelopment have been identified. Key factors include lot size, shape, accessibility, existing constraints, and alignment with the Specific Plan recommendations. Considerations for the loss of existing public parking and the potential replacement of parking spaces as part of the redevelopment were also considered. Finally, some potential redevelopment outcomes are explored, with an emphasis on common elements of the three UC Berkeley development plans prepared by student teams in 2023.

Parking plazas with highest redevelopment potential

Based on each site's unique physical attributes, easements, potential land use issues, and zoning considerations, Parking Plazas 1, 2, and 3 emerge as having the highest potential for affordable housing redevelopment. The three lots could be developed with at least 345 units affordable to households at the very low-income level and could meet or exceed the City's Housing Element goals for the downtown parking lots.

Parking Plaza 1 is the largest of all eight City-owned parking lots (2.28 acres) and offers significant development potential:

- Its substantial size allows for efficient building design and site planning, with up to 228 housing units at the bonus level of development, and potentially more utilizing state density bonus law, the AHO, and/or other development flexibility afforded by recent legislation;
- The site has strong access to the surrounding blocks, with multiple access points from Oak Grove Avenue, Maloney Lane, and Chestnut Lane, as well as five pedestrian connections to adjacent streets;
- Proximity to the Caltrain station would offer convenient access to transit and may reduce the need for residential parking as part of a development on the site; and
- No major title issues were identified, with two utility easements along Maloney Lane being unlikely to conflict with development. Existing utilities such as overhead lines and underground gas and water lines could be extended or moved as necessary to accommodate new development.

While there are some existing business entrances and back-of-house functions adjacent to the parking plaza, the size of the parking lot may allow for creative design and ample setbacks to manage compatibility between existing and new developments, with less overall disruption to the existing urban fabric.

Parking Plaza 2 has several characteristics that make it favorable for redevelopment:

- It has a regular rectangular shape with strong accessibility from three street frontages (Oak Grove Avenue, Chestnut Street, and Crane Street);
- There are no heritage trees or significant known utility conflicts;
- There are no major easements or title issues identified;
- Back-of-house functions adjacent to the lot are minimal; and
- The Specific Plan already envisioned the site for a potential parking structure and pocket park.

Although Parking Plaza 2 is the smallest of the parking plazas, it could provide up to 56 units at the bonus level of development, or potentially more utilizing state density bonus law. Its regular

shape and minimal constraints make it ideal for a compact, efficient affordable housing development.

Parking Plaza 3 is the second-largest City-owned parking lot with 1.99 acres, and has its own advantages:

- It has a large, contiguous area for efficient building design and site planning, which could allow up to 199 units at the bonus level of development, or potentially more under state density bonus law and/or the AHO;
- The site has good access to the surrounding blocks, with proximity to Oak Grove Avenue and University Drive and three pedestrian connections to surrounding streets;
- There were no significant easements or title issues identified; and
- The Specific Plan recommendation for a parking structure and pocket park could be integrated with affordable housing.

While there are some existing business entrances and back-of-house functions adjacent to Parking Plaza 3, the size of the lot may allow flexibility in design and the ability to create adequate setbacks to ensure compatibility between existing and new developments.

Together, the three parking plazas, all located north of Santa Cruz Avenue, offer the best combination of size, access, and minimal constraints for potential affordable housing development. Their redevelopment could also provide some alignment with Specific Plan recommendations for parking structures and public space improvements on the sites. Notably, focusing on redevelopment of the three parking plazas could accommodate up to approximately 483 units at the bonus level of development (or more using state density bonus law and/or the AHO), which would exceed the 345-unit goal included in Housing Element program H4.G.

Development on parking plazas south of Santa Cruz Avenue could remain an option for a future stage of affordable housing development. Parking Plazas 8 and 5 would have the highest redevelopment feasibility because of their one-acre size, rectangular shapes, and more limited land use constraints (such as ownership/title issues and easements). Parking Plaza 8 is also more conveniently located near the Caltrain station, which could reduce the need for resident parking associated with affordable housing development on the site.

Using a phased approach would provide the City with a supply of additional locations for future affordable housing and provide ample time for the construction of housing on Parking Plazas 1 through 3. A phased approach would also allow members of the public and businesses to adapt to new parking locations and circulation patterns in the downtown following redevelopment of Parking Plazas 1 through 3.

Replacement of existing surface parking

To balance the needs of existing downtown businesses with the desire to provide affordable housing opportunities on City-owned land, the City should consider maintaining a significant portion of existing public parking. This could be accomplished by requiring lost surface parking spaces to be incorporated as structured parking in any redevelopment project, or through stand-alone parking structures that would be funded through an assessment district, collection of parking fees, and/or other potential sources.

The exact number of spaces to maintain should be determined based on current utilization data and projected future needs. The City, in coordination with the Metropolitan Transportation Commission (MTC), is initiating a parking management study that will be completed over the

next 18 months. Data and early recommendations gathered during the early part of the study, tentatively planned for fall 2024, may provide a better understanding of downtown parking needs that could be factored into a final development plan. In addition, there may be opportunities to explore shared parking arrangements, where open spaces within new residential developments could be available for public parking during daytime business hours when residents may be more likely to be away from home, and vice versa. The City could explore robust transportation and/or parking management programs, continue to enhance bicycle and pedestrian facilities, and consider phasing development to minimize disruption to downtown businesses and visitors who rely on the existing parking supply.

Potential redevelopment outcomes

While the City has not yet identified developers or selected proposals for the redevelopment of the downtown parking lots, the proposals created by the UC Berkeley studio provide insight into potential development approaches. These proposals, while not formal or binding, offer creative solutions that address many of the challenges and opportunities present in the downtown area. The three proposals prepared by UC Berkeley teams share several common recommendations and solutions that may give a glimpse at how the sites could be redeveloped:

1. Phased development over several years. This would allow for a more gradual transition and could help mitigate impacts on public parking and area businesses.
2. Mix of affordable and market-rate housing. While focusing primarily on affordable housing, all proposals include some market-rate units to help cross-subsidize affordable units and create mixed-income communities.
3. Range of unit types and sizes. The proposals consistently recommend a mix of studio, 1-bedroom, 2-bedroom, and 3-bedroom units to serve diverse household sizes and types.
4. Focus on the needs of various populations. Common populations considered in the proposals include large families, seniors, veterans, and workforce housing.
5. Resident and/or community amenities. All proposals incorporate community spaces, childcare facilities, senior centers, and/or other similar services.
6. Public open space/greenways within and between development sites. A consistent theme of the proposals is to create pedestrian-friendly public spaces and greenways connecting the developments.
7. Structured parking. All proposals include at least one multi-level parking structure to help replace lost surface parking.
8. Density bonuses and streamlined approvals. The proposals consistently rely on density bonuses such as state density bonus law and/or the City's AHO to achieve higher densities, and streamlined approval processes like those offered through SB 330.
9. Multiple funding sources to address development costs. Common funding sources suggested include Low Income Housing Tax Credits (LIHTC), Multifamily Housing Program (MHP) loans and Affordable Housing Sustainable Community (AHSC) Program funds through HCD, county funds, and local sources.
10. Partnerships. All proposals mention partnering with experienced affordable housing developers, service providers, and in some cases market-rate developers.

Ultimately, actual redevelopment of the selected parking plazas will depend on proposals prepared by housing developers and selected by the City Council.