

**ECONOMIC DEVELOPMENT ELEMENT
AND ACTION PROGRAM
OF THE
EAST PALO ALTO GENERAL PLAN**

December 1986

CITY OF EAST PALO ALTO

City Council

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Approved

Planning Commission: November 10, 1986
City Council: December 15, 1986

RESOLUTION NO. 00360

**A RESOLUTION ADOPTING THE EAST PALO ALTO GENERAL PLAN
ECONOMIC DEVELOPMENT AND ACTION PROGRAM**

WHEREAS, the Economic Development Element of the East Palo Alto General Plan has been prepared, to reflect desired economic conditions and policies; and

WHEREAS, adoption of the Economic Development Element represents a key part of the completion of the East Palo Alto General Plan; and

WHEREAS, the Economic Development Element was reviewed at a Public Hearing and approved by the East Palo Alto Planning Commission on November 10, 1986; and

WHEREAS, the Economic Development Element was also the subject of a Public Hearing by the East Palo Alto City Council and was approved on December 15, 1986; and

WHEREAS, Negative Declaration #24-86, for this Element, was also approved at the above-reference hearings.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of East Palo Alto that the Economic Development Element and Action Program, attached hereto, is hereby adopted into the East Palo Alto General Plan.

PASSED AND ADOPTED by the City Council of the City of East Palo Alto this 15th day of December, 1986, by the following vote:

AYES: ABRICA, BLAKEY, BOSTIC, COATS, and MOUTON

NOES: NONE

ABSENT: NONE



Barbara A. Mouton
Mayor

ATTEST:



Frederic A. Howell
City Clerk

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INTRODUCTION

The Economic Development Element is provided in the General Plan as an optional element pursuant to the 1980 State of California General Plan Guidelines and Government Code 65302. The 1982 East Palo Alto Community Plan/EIR, adopted shortly before incorporation, did not contain provisions for controlling land uses for economic development. This deficiency is removed by including an Economic Development Element in the City's revised General Plan. The purpose of this Element is to promote land uses that accommodate the City's economic development goals.

The text begins with generally stated goals. General goals are made more detailed in briefly stated policy issues which identify economic needs and priorities. Specific economic development objectives are then derived from the more detailed goals statements.

Economic development priorities are set for land uses and projects. Specific economic development objectives are linked to key improvement sites by Specific Plan devices. Specific plans are effective devices for regulating land uses to achieve precise purposes.

Implementation of the specific plans will be accomplished through the redevelopment process. The Redevelopment Plan will incorporate and conform to the adopted General Plan elements. The combination of the Economic Development Element and the Redevelopment Plan provides the City the means to shape land uses and assemble, acquire, and make the improvements required to achieve the City's economic goals.

General Economic Development Goals

General Plan Guidelines define economic development as "the planned investment of the City's resources to induce private investments which advance specific community development goals". Priority shall be given to land improvements that have the potential for most effectively contributing to the goals of:

1. Increasing existing resident income;
2. Providing adequate basic neighborhood goods and services;
3. Generating sufficient revenues to support and increase City services;
4. Utilizing under-productive developable land resources; and
5. Enhancing natural amenities and the quality, safety, and function of the built environment in East Palo Alto.

POLICY ISSUES, GOALS, AND OBJECTIVES

Resident Income

Policy Issue: Most East Palo Alto residents have annual incomes below the level for moderate living in San Mateo County; 72% of East Palo Alto households are low-income households, having incomes below 80% of the County median. More than two-thirds of these households are classified as very low-income; their incomes are less than 50% of the County median. Aggregate annual household income is also too low. There is insufficient aggregate household income for an adequate neighborhood-scale, retail goods and services facility in East Palo Alto.

Goal Statement: To raise East Palo Alto's resident income to the level that allows for and supports moderate and efficient consumption of basic neighborhood goods and services.

Objective: To increase the aggregate annual household income in East Palo Alto by at least \$49,000,000 annually and the income of low- and moderate-income households by an average of \$10,400 per household per year. This primarily involves programs that provide employment and housing opportunities for these households.

Neighborhood Commercial Revitalization

Policy Issue: The East Palo Alto neighborhood retail trade area is inadequately served. Current estimates of consumer leakage exceed \$76,000,000 annually. Approximately \$60,000,000 of local consumption expenditures for neighborhood-type goods and services are made outside the trade area.

A standard neighborhood goods and services facility for a population the size of East Palo Alto has over 300,000 square feet of floor space. Viable retail space in East Palo Alto is estimated to be about 170,000 square feet. As much as 20,000 square feet of this space are currently vacant or under-utilized.

Goal Statement: To revitalize neighborhood commercial activity in East Palo Alto to the scale, type, and quality required for efficient expenditure of disposable income by households in the East Palo Alto neighborhood trade area.

Objective: Initiate a 5-year program of neighborhood commercial revitalization which provides 150,000 square feet of additional neighborhood retail space. In the first three years of the program, upgrade at least 20,000 square feet of existing neighborhood retail space and develop at least 130,000 square feet of new neighborhood retail facilities.

Overall neighborhood commercial revitalization, including commercial beautification and preservation, should be achieved in 5 years.

Local Employment Development

Policy Issue: Although East Palo Alto's land area is primarily residential, employment-generating land uses in the City are relatively underproductive. For instance, there are approximately 1200 jobs in the City, representing less than one job per five households. By contrast, there are approximately 1.3 jobs per household within a 12-mile radius of East Palo Alto.

The proportion of jobs in East Palo Alto's boundaries held by City residents is also low compared to the proportion of jobs in San Mateo, for instance, held by residents of that City. East Palo Alto residents hold only 12% of local jobs, whereas San Mateo residents occupy more than 30% of the jobs in San Mateo.

Goal Statement: To promote land uses in East Palo Alto that generate employment at levels comparable to County-land job productivity; and, to achieve at least a 30% level of local resident employment to total locally-produced jobs.

Initiate land use regulations, development agreements, and incentives that create at least 900 jobs for local residents, particularly existing unemployed residents of East Palo Alto. A successful hire-local employment policy of 33% translates into approximately 2,600 new jobs from economic growth.

Economic Growth and Fiscal Solvency

Policy Issue: The goals of economic growth and fiscal solvency can conflict. Local hiring requirements could preclude revitalizing the neighborhood commercial sector and developing under-utilized industrial land unless incentives are provided that overcome the added development costs that might accompany these requirements. Lowering development and permit fees and emphasizing land use priorities that encourage uses requiring high public service levels could also worsen the revenue/expenditure situation.

Goal Statement: To manage economic growth in a manner which enhances fiscal solvency and achieves the economic goals of residents and the local business sector.

Objective: Initiate land use policies which promote the type of in-fill development that generates more revenues than public service costs and that causes average public service costs to decline and per capita revenues to rise. Develop at least 7 acres of improvements for neighborhood retail goods and services upon in-fill sites. Develop at least 35 acres of industrially-zoned land for light-industry/labor-intensive uses. Develop at least 120 acres of land available for residential development for medium-high density and high density residential uses.

Development Without Displacement

Population growth and housing development policy must resolve some serious conflicts and contradictions in the City's goals for economic, fiscal, and social viability. More jobs must be developed in East Palo Alto to hire unemployed residents and more revenues must be generated to pay for their public service needs. A larger moderate-income population would provide a stronger economic base for local business and would multiply revenues which could reduce the burden of public service provision to existing households. Yet unregulated population growth can displace or increase living costs to existing low-income residents.

Goal Statement: To achieve economic and physical growth, and social viability and security among existing East Palo Alto residents; to effect development without displacement.

Objective: Promote an economic and housing development policy to accommodate an optimum population base of 25,000 of whose median household income would equal the County's. A population base of this magnitude and income level can support a good quality neighborhood-scale retail goods and services facility. Promote the development of up to 2,270 additional housing units and ensure that at least 25% of them are made available to low- and moderate income households in East Palo Alto.

ECONOMIC DEVELOPMENT PRIORITIES

Land Use Priorities

Different land uses offer different economic benefits and involve different public service costs. Keeping an economic balance between public service costs and public revenues depends on the land use mix of projects.

The following land use priorities should effect an appropriate balance between costs and revenues:

Commercial Land Uses: Give priority to areas for neighborhood commercial uses.

Industrial Land Uses: Give priority areas for light and labor-intensive heavy industry uses.

Residential Uses: Give priority to areas for housing development that meet the housing needs of existing residents; that provide market support for neighborhood shopping centers; and, that can best reduce the overall burden of City services to residential areas.

Project Priorities

The project that offers the potential for producing the most jobs, the most local neighborhood retail business, and the most revenues per dollar of City expenditure should be assigned the highest priority ranking. The following projects have potential for creating the economic benefits set forth in the goals for economic development. They must all be implemented to create the desired level and type of economic benefits. Therefore, the priority ranking should be used only as a basis for allocating scarce resources and for establishing an appropriate development phasing scheme.

1. Development of a centralized neighborhood shopping district at the University and Bay Road sites.
2. Development of industrial lands that have the fewest development constraints adjacent to Bay Road.
3. Development of high-density residential sites within walking distance of the University Avenue and Bay Road intersection.
4. Cooley Landing
5. Related infrastructure and beautification projects.
(Please refer to attached map exhibits)

IMPLEMENTATION MEASURES

Zoning Instrument

The Specific Plan device is proposed as an instrument for regulating the development of projects on the key improvement sites. The Specific Plan (Government Code Section 6541) combines the City's zoning regulations into a single document tailored to the economic objectives set for each site. It contains the regulations, conditions, programs, and legislation necessary to implement all of the mandated elements of the General Plan.

The Specific Plan for each site must:

- Show existing and proposed land uses by parcel;
- Contain a development phasing plan;
- Include a master landscape plan;
- Contain grading plan;
- Show the location of and standards for land uses, buildings, and facilities;
- Show the location of and standards for streets, roads, and other transportation facilities;
- Have standards for population density and building intensity, and provisions for supporting services;
- Set standards for conservation, development, and use of natural resources;
- Have provisions for implementing the Open Space Element; and, other appropriate measures.

Development Incentives

The following development incentives will be included to complement the land use priorities and Specific Plan provisions:

Density Bonus Incentives for Affordable Housing (Government Code Sections 65915-65918)

To stimulate the production of affordable housing, the legislation cited above provides that if a developer of housing agrees to allocate at least 25% of the proposed units for persons of low and moderate income, the City shall enter into an agreement with the developer to either grant a density bonus or provide not less than two other bonus incentives for the project. A non-inclusive list of other potential bonus incentives provides an avenue for open negotiation between developers and the City.

Designation of Employment and Economic Incentive Areas:

The City will seek designation by the State of California as an Employment and Economic Incentive Area. The areas sought to be designated are indicated on Map Exhibit I. If these areas are so designated, the City will be eligible to offer certain incentives to businesses located within the Program Areas in return for hiring unemployed residents of the High Density Unemployment Area (HDUA). The primary goal of the program is to increase employment in communities with high unemployment rates and low incomes, by lowering costs for firms that hire community residents. The Act provides substantial credits and deductions against businesses State income liability for the fifteen-year period of designation. The City is expected to contribute additional incentives that lower costs for businesses, such as public financing of infrastructure, reimbursements for on-the-job training, small business loans, and targeted waivers or reductions of local development fees.

The Redevelopment Plan

The Redevelopment Agency will play a major role in implementing the Economic Development Element. California Redevelopment Law provides the authority and power for local legislative bodies to combine a number of essential ingredients to implement community economic development, including, but not limited to, the following:

1. The authority to define the local public interest in terms of California Health and Safety Code Standards;
2. The authority to declare the need for a local entity to achieve that public interest;
3. The authority to prepare a legal document - a Redevelopment Plan - that defines a redevelopment project area and site development standards, objectives, and covenants in a redevelopment area, and restrictions on specific parcels of real estate within the area;
4. The power to acquire, to assemble, and/or prepare and implement project plans, and/or permit private property owners to prepare and implement projects; and
5. The authority to finance the cost of planning and redevelopment administrative costs, and to provide project development financing.

The redevelopment process involves preparation, approval, and adoption of the Redevelopment Plan. A Plan Report must be prepared to document the process. Among other documentation, the Plan Report must show that the Plan is in conformance with the adopted General Plan. The Planning Commission must approve the Redevelopment Plan and the Project Development Plans.

RECOMMENDED ACTION PLAN FOR ECONOMIC AND PHYSICAL IMPROVEMENT

Official City policy and project decisions must be made and adopted to implement economic development in East Palo Alto. The Economic Development Element contains the land use requirements for economic development. It sets and links specific community economic development objectives to key physical improvement sites in the City. Each of these sites constitutes a potential project site which must be developed to produce specific physical and economic improvements. Collectively, these projects constitute the physical base for most of the economic development program. Improvement projects on these sites should be viewed as the official community economic development policy to which the City must commit itself over the entire implementation period.

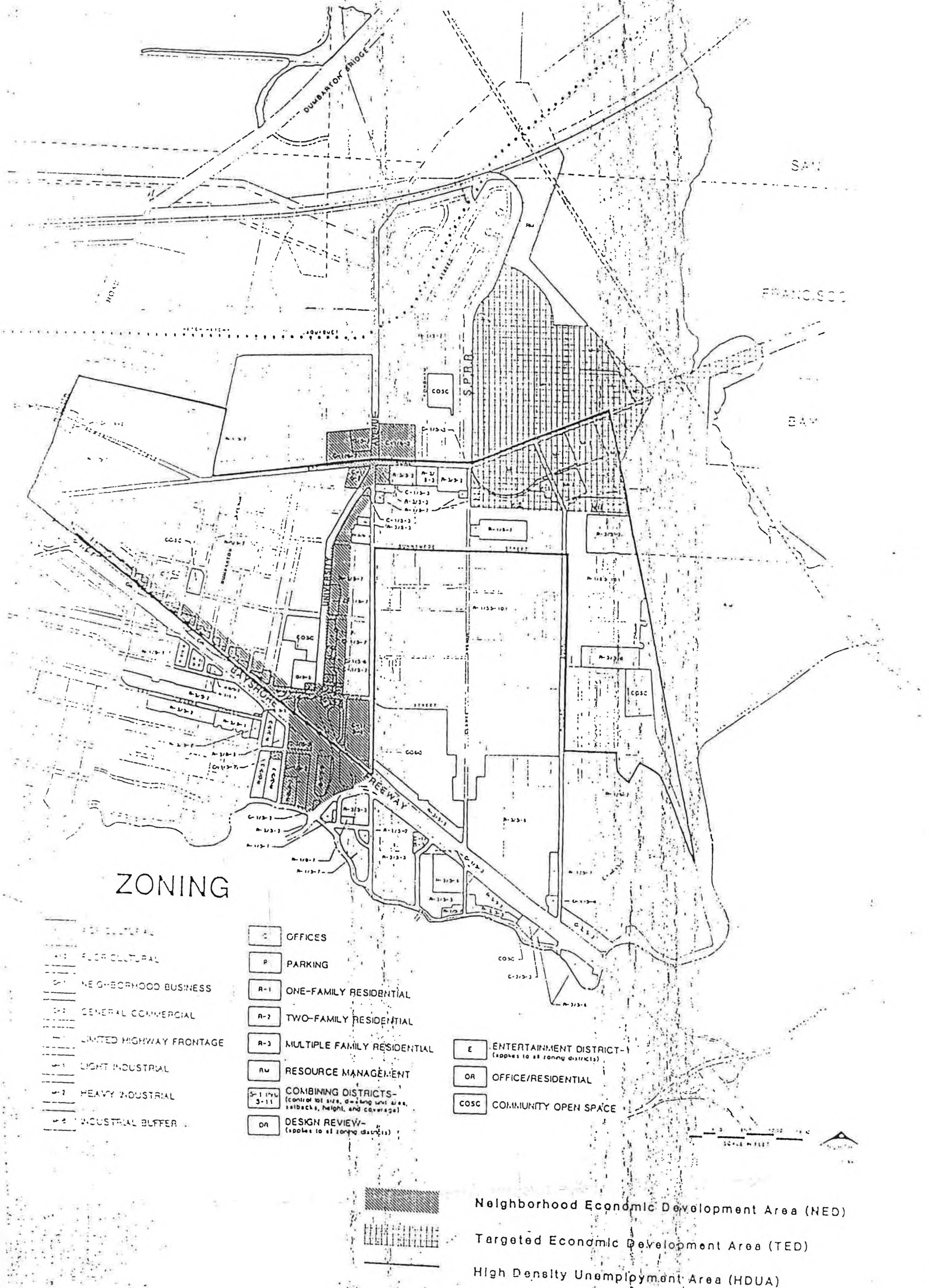
- * The City Council should assign highest priority to the development of a centralized neighborhood shopping center at the University Avenue and Bay Road site. Development priority for other undeveloped and underutilized lands in the City should include commercial uses that have highest potential for capturing the leakage of local disposable income; then residential development affordable to the low and moderate income household should be supported; job-creating industries which do not pollute or produce other negative neighborhood impacts should then be emphasized.
- * Certain parcels of vacant, surplus, or underutilized parcels should be designated as sites for new affordable housing developments. These parcels should be assembled in a manner which affords the variety of housing qualities and designs that can accommodate the variety of household types represented in East Palo Alto. These sites and the types of residential developments proposed in them should be set forth in the housing element of the revised General Plan.
- * Multi-family construction and mortgage revenue bonds should be issued to qualified housing developers whose project proposals are responsive to the housing needs of current residents.
- * Housing project areas should be delineated and adopted under the Redevelopment Plan and or Specific Plan provisions of State Law. Project Specific Plans should be prepared and adopted for each potential site for new housing development in the City as identified in the Housing Element.

- * Cooley Landing and portions of Bay Road improvements should be developed through the means and requirements of the State Coastal Conservancy. Preliminary analysis indicates that the type and intensity of project alternatives compatible with the Conservancy's criteria, guidelines, and conditions for financial and technical assistance are also consistent with the City's physical and economic development objectives.
- * The capital improvements which are integral to the success of the economic development projects should be included as integral components of the City's Capital Improvement Program.
- * The City Council/Redevelopment Agency should proceed with the preparation, review, and adoption of a Final Redevelopment Plan. Project Plans should be developed for each of the key improvement sites. Specific Plans should be prepared for these sites. The Final Redevelopment Plan should be adopted as the official community economic development plan for the City of East Palo Alto.
- * The City Council should appropriate funds for the administration and implementation of the Final Redevelopment Plan in accordance with the provisions of Article 33610 of California Redevelopment Law. The funds should be a loan to the Redevelopment Agency to be repaid from revenues generated by redevelopment of the key improvement sites. A minimum annual administrative fund of approximately \$50,000 is recommended.
- * The Redevelopment Agency should initiate the negotiation of Owner Participation Agreements with the owners of each of the key improvement sites to be designated as Redevelopment Project Areas and in the Final Redevelopment Plan in accordance with the provisions of California Redevelopment Law. When owners fail to or can not perform to the standards set by the Redevelopment Plan, the Agency should prepare and implement alternative plans as required by Community Redevelopment Law.
- * Development financing assistance should be tailored to the requirements and funding eligibilities of the various projects. Since tax-increment financing is the major substantial revenue claiming authority provided to redevelopment agencies in California, the City Council/ Redevelopment Agency should utilize the following: tax-increment financing to cover redevelopment costs; economic development and mortgage revenue bonds for redevelopment projects; Urban Development Action Grants and other federal and state

sources of funds should be sought for financing infrastructural and related improvements where available and appropriate; and, private sources of social investment including corporations and foundations.

- * The City and Redevelopment Agency should develop, as an integral component of all economic development activities, an aggressive program for expanding the base of local entrepreneurs.
- * Through the use of "First-Source" agreements and other techniques, the City and Redevelopment Agency should ensure that local resident employment goals are met.

A9: PROGRAM AREA/HDLA MAP



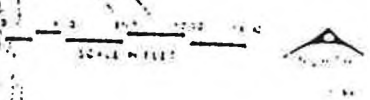
ZONING

- AG-1 AGRICULTURAL
- AG-2 FLOOR CULTURAL
- SB-1 NEIGHBORHOOD BUSINESS
- GC-1 GENERAL COMMERCIAL
- LHF LIMITED HIGHWAY FRONTAGE
- LI-1 LIGHT INDUSTRIAL
- LI-2 HEAVY INDUSTRIAL
- IB-1 INDUSTRIAL BUFFER

- C OFFICES
- P PARKING
- R-1 ONE-FAMILY RESIDENTIAL
- R-2 TWO-FAMILY RESIDENTIAL
- R-3 MULTIPLE FAMILY RESIDENTIAL
- RM RESOURCE MANAGEMENT
- CD-1, CD-2, CD-3 COMBINING DISTRICTS- (control lot size, dwelling unit area, setbacks, height, and coverage)
- DR DESIGN REVIEW- (applies to all zoning districts)

- E ENTERTAINMENT DISTRICT-1 (applies to all zoning districts)
- OR OFFICE/RESIDENTIAL
- COSC COMMUNITY OPEN SPACE

- Neighborhood Economic Development Area (NED)
- Targeted Economic Development Area (TED)
- High Density Unemployment Area (HDUA)



CITY OF EAST PALO ALTO

COMMUNITY DEVELOPMENT DEPARTMENT

NEGATIVE DECLARATION

A notice, pursuant to the California Environment Quality of 1970, as amended (Public Resources Code 21,000, et seq.) that the project for a Adoption of the (Optional) Economic Development Element of the East Palo Alto General Plan

when implemented will not have a significant impact on the environment.

PLANNING APPLICATION NO.:

OWNER: City of East Palo Alto

APPLICANT: City of East Palo Alto

ASSESSOR'S PARCEL NO.:

PROJECT DESCRIPTION AND LOCATION

Throughout the City of East Palo Alto. The "Project" is Adoption of the Economic Development Element of the General Plan for the City of East Palo Alto.

FINDINGS AND BASIS FOR A NEGATIVE DECLARATION

The Community Development Department has reviewed the initial study for the project and, based upon substantial evidence in the record, finds that:

1. The project will not adversely affect water or air quality or increase noise levels substantially;
2. The project will not have adverse impacts on the flora or fauna of the area;
3. The project will not degrade the aesthetic quality of the area;
4. The project will not have adverse impacts on traffic or land use;
5. In addition, the project will not:
 - a. Create impacts which have the potential to degrade the quality of the environment.
 - b. Create impacts which achieve short-term to the disadvantage of long-term environmental goals.

- c. Create impacts for a project which are individually limited, but cumulatively considerable;
- d. Create environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly.

The City of East Palo Alto has, therefore, determined that the potential environmental impact of the project is insignificant.

NITIGATION MEASURES (if any) included in the project to avoid potentially significant effects.

RESPONSIBLE AGENCY CONSULTATION

INITIAL STUDY

The East Palo Alto Community Development Department has reviewed the Environmental Evaluation of this project and has found that the probable impacts are potentially insignificant. A copy of the initial study is attached.

REVIEW PERIOD: October 27 to November 10, 1986

All comments regarding the correctness, completeness, or adequacy of this Negative Declaration must be received by the City Community Development Department, 2415 University Avenue, East Palo Alto, no later than 5:00 p.m., November 10, 1986

CONTACT PERSON:

Virous Streets. Consulting Economic Development Specialist

EXPLANATION OF "YES" AND "MAYBE" RESPONSES IN THE ENVIRONMENTAL

EVALUATION CHECKLIST

1. (a) Adoption of the Economic Development Element will involve implementation of policies, goals and objectives for economic improvements of sites located in various parts of the City of East Palo Alto. One of these sites, Cooley Landing, is adjacent to marshes, salt flats and San Francisco Bay tidelands. Economic development policies set forth in this Element will effect these areas.
1. (g) The Economic Development Element contains policies which encourage the development of some agricultural lands.
3. (c) The Economic Development Element contains policies which affect lands currently protected under the Williamson Act.
3. (d) Please see explanation given in 1. (g).
6. (e) The Economic Development Element sets forth policies, goals, and objectives which promote the development of presently undeveloped areas and underdeveloped areas in a timely fashion.
6. (m) The Adoption of the Economic Development Element will require non-substantive amendments to the existing Community Plan/EIR.

MITIGATION MEASURES

1. (a) The policies, goals and objectives set forth in the Economic Development element will not significantly affect marshes, salt flats and San Francisco Bay tidelands adjacent to Cooley Landing. The development of Cooley Landing as a "visitor-serving recreational use" will not contribute to the loss of these resources.
1. (g) The eventual loss of agricultural land to development is a natural occurrence that is normally dictated by market forces and land use policies. Although the Economic Development Element contains policies that promote the development of agricultural lands, the adoption of the Element itself does not involve any land development. The pros and cons of any specific development project and their impacts can be assessed once specific project proposals are submitted to the City. If, at that time, project applications are deemed inappropriate, they will be denied.
3. (c) Although the Economic Development Element contains policies that encourage the development of lands currently under Williamson Act contracts, its adoption does not involve any land development. Prior to submitting a development application to the City which involves Williamson Act lands, the owner of the land and the City Council/Redevelopment

MITIGATION MEASURES - .ontinued)

3. (c) - continued

Agency must agree that the land should be removed from the contract. The pros and cons of each application can only be assessed once it is submitted to the City. If the Williamson Act removal application is approved, then the pros and cons of all future development applications must be weighed at the time of submittal to the City. Any land development application deemed to be inappropriate will be denied by the City.

3. (d) Please refer to explanation given in 1. (g).

6. (e) Although the Economic Development Element sets forth policies, goals and objectives which encourage the development of undeveloped and underdeveloped areas, the Element itself does not involve any specific land development project. Therefore, it will not cause any adverse impacts resulting from land development. However, all future land development projects which adhere to this Element must be reviewed by the City. Their potential adverse impacts must be assessed on a project-by-project basis. Project proposals found to be inappropriate will be denied.

MAP EXHIBIT II: KEY IMPROVEMENT SITES WITHIN MAJOR ENVIRONMENTAL IMPACT AREAS IN EAST PALO ALTO

