

September 23, 2019

Supervisor S. Joseph Simitian, President
Supervisor Cindy Chavez
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San Jose, CA 95110

Dear President Simitian and Members of the Board of Supervisors,

Stanford University is honored to present our applications for a new General Use Permit and Development Agreement to the Board of Supervisors for your consideration.

We view the existing regulatory framework for addressing land use and development on the Stanford campus that was adopted by this Board in 2000 as positive and effective. Since 2000, Stanford has:

- Added academic facilities that have enriched lives locally and globally,
- Added 4,400 housing units and student beds to our campus, with most of these provided at rents that are considered affordable by the County in its General Plan Housing Element;
- Addressed the impacts of all new projects on campus, big and small, through comprehensive, effective solutions. Some highlights of our collective successes in mitigating impacts and promoting sustainability include:
 - Holding the number of peak hour commute trips flat since 2001;
 - Contributing to affordable housing projects in the community through payments of affordable housing fees that will total \$37 million by the time we complete our academic development;
 - Constructing 4 regional detention basins on campus to prevent any increase to potential flooding downstream;
 - Transforming Stanford's energy, heating and cooling systems so that, in 2021, Stanford will be operating on 100% renewable power and its Greenhouse Gas Emissions will be 80% lower than what they were in 2015; and
 - Reducing annual potable water use by 45%.

Our application for a new General Use Permit seeks to build upon these past successes by permitting new academic research facilities that house ground-breaking teaching and research, while also ensuring that thousands of student beds and workforce housing units are provided in parallel with our academic growth and mitigating impacts on our neighbors.

- Stanford is proposing to grow its academic facilities at the same moderate pace that has occurred over the past several decades - a growth rate of about 1% per year. The total growth will be 2,275,000 square feet - but spread out over the anticipated 20-year planning horizon, this amount equates to about 115,000 square feet per year.
- Stanford is proposing to add 2,600 student beds and 550 faculty/staff units. And, through a Development Agreement, Stanford is proposing to add even more housing.
- Stanford is committing to implement all mitigation measures identified in the County's December 2018 Final EIR for the new General Use Permit.

A new General Use Permit will enable us to ensure that our facilities keep up with academic needs as knowledge grows and academic disciplines evolve. We have exciting programs on the horizon, including these near-term examples:

- With a new General Use Permit, the School of Medicine could add a new cancer research facility to capitalize on powerful new technologies and therapies to improve patient care. Stanford is a leader in the fight against cancer, but continued progress requires new investments in research space, programs and scientists.
- The Department of Psychiatry and Behavioral Sciences is also expanding its work and local partnerships in Santa Clara County and San Mateo County in areas such as early psychosis intervention, early life stress, school mental health partnerships, support for HIV patients, mental health and addiction system of care, and many more.
- The School of Education would like to expand its facilities. Through our Center to Support Excellence in Teaching, Stanford will continue to provide K-12 teachers, including those from the Palo Alto Unified School District and many others, with professional development across a broad range of subjects.

We appreciate the support for our application that we've received from the County Administration and Planning Commission and we hope to gain this Board's support so that Stanford can continue to provide our shared community with educational opportunities and discoveries that change lives.

Our Development Agreement Application

Over the past few months, we have been asked why we have applied for a development agreement in addition to our General Use Permit application, given that we have not had such an agreement with the County in the past.

We would like to explain why **we have determined that, to accept a permit, we will need both a development agreement and a feasible and reasonable set of conditions of approval.**

We recognize that granting a permit, Development Agreement, or both, is within the County's discretion. We see a development agreement as critically important to provide predictability for all of us - the community, the County, and Stanford:

- Predictability that Stanford will deliver clearly defined community benefits on an agreed upon timeline.
- Predictability that Stanford will be able to complete the new housing that the County wants us to fund and build.
- Predictability that the Stanford will be able to continue to grow its teaching and research mission over the next two decades under consistent and predictable land use rules and regulations.

Two key factors led us to conclude that a development agreement is necessary at this time: our desire to respond to community requests for benefits outside the County's permitting jurisdiction; and our desire to reach agreement on County conditions requiring more housing than we applied for.

1. Community Requests for Benefits Outside the County's Permitting Authority

Since October, the County has conducted extensive public outreach to ask our neighbors which benefits they would like to achieve through a development agreement. Our neighbors responded with specific, detailed requests. We listened, and we brought forward a development agreement proposal that we believe to be responsive. Along with our offer to accelerate the construction of new housing, many of these benefits would be provided up front, long before we are able to complete our academic facilities. To deliver these significant benefits, we simply want the predictability that we will be able to undertake our project under a set of settled rules surrounding Stanford's land use obligations, which would be made possible by a development agreement, and a set of conditions that we know we can satisfy.

We respectfully request that the Board engage in development agreement discussions to arrive at a contractual package of commitments that is responsive to community requests. Through the combination of benefits provided through the project itself, benefits provided through construction of the over 1,500 units of housing that we are proactively building now to help address the lack of housing in our community, and additional benefits that are outside the County's permitting authority, we have proposed a package of housing and transportation programs valued at **\$4.7 billion**. Our proposed package includes commitments to:

- increase overall housing supply by 2,172 workforce units and 2,600 student beds;
- front-load delivery of 575 deed-restricted affordable workforce housing units immediately, in the first phase of our development program;
- provide \$138 million in economic benefits that the Palo Alto Unified School District has asked us to pay to fully mitigate impacts to its facilities and programs; and

- provide \$30 million for bicycle, pedestrian and transit improvements that our neighboring communities have identified as most important to their quality of life.

The university anticipates that development agreement discussions would explore these and any other topics that county negotiators would like to discuss. We ask that those discussions commence so that we can, together, bring forward a project package that satisfies our mutual objectives.

2. County Conditions Requiring More Housing

In draft Conditions of Approval released last June, the County is proposing to require that Stanford provide 1,621 more housing units than the 550 workforce units and 2,600 student beds that we included in our application. In addition, Stanford is being asked to fund or provide far more below-market-rate units than the County required in its Affordable Housing Mitigation Fee Ordinance adopted in 2018

We respectfully request that discussions about housing supply and affordability occur in the context of a development agreement. We recognize that there is an urgent need for housing throughout the Bay Area; we want to provide more housing and we want to provide this housing now. We also want to do our part to make housing affordable. A development agreement is requested to ensure that, after making an extraordinary commitment to provide more housing than we sought in our application, the rules surrounding Stanford's land use obligations will not change. We view a development agreement as the way to gain predictability around how much housing will be built, as well as housing affordability, location and timing. In a nutshell, a development agreement can enable us to simply agree to comply with specified requirements without debating whether those requirements otherwise could have been imposed by law.

The housing items we anticipate discussing during development agreement negotiations are as follows:

- The number of below-market-rate workforce units that Stanford will fund or construct and the timing for providing these units. The number of below-market-rate units has been a moving target. Stanford has proposed to fund or construct all 575 below-market-rate workforce units that were required by the County's Stanford-specific affordable housing fee ordinance, and to do so immediately rather than over a 20-year period. The draft conditions of approval call for 933 below-market-rate workforce units over a 20-year period, which is in conflict with the adopted ordinance. We would like to discuss how we might come to agreement on this item.
- The number of unrestricted, market-rate housing units that Stanford will construct and the location for these units. The draft conditions of approval call for a total of 2,172 housing units, most of which would be unrestricted, market-rate units. Stanford has proposed to provide all 2,172 housing units with partial credit for increases in housing supply due to units that are currently under construction. We would like to discuss how we might come to agreement on this item.
- Repeal of the Stanford-specific housing ordinances. As noted above, Stanford has proposed to fund or construct all 575 below-market-rate workforce units that were required by the County's affordable housing fee ordinance. Stanford also has proposed to set aside 16% of all new unrestricted faculty/staff housing units on its campus as inclusionary units, consistent with the County's inclusionary housing ordinance. Stanford seeks rescission of the ordinances to gain

certainty about housing requirements that will apply to build-out of the development authorized by the General Use Permit and to resolve debates over the ordinances' legality. Rescission of the ordinances would not prevent the County from enacting similar ordinances after Stanford completes the development authorized by the new General Use Permit and the Development Agreement expires; however, Stanford is hopeful that, by that time, a countywide approach might be in place

Our General Use Permit Application

As noted at the outset, we appreciate the support that we have received from the County Administration and the County Planning Commission for our project application. We also want to reiterate that we agree with all mitigation measures identified in the County's 2018 Final EIR, and we seek no changes to those measures.

We have two categories of comments on the draft Conditions of Approval: we have identified key conditions that we consider to be infeasible as proposed; and we have provided clean-up suggestions for the remaining draft conditions and community plan amendments that we would like to discuss.

1. Conditions that Stanford Considers to be Infeasible as Proposed

We consider 4 out of the 114 draft Conditions of Approval to be infeasible as proposed. We believe that there are constructive ways that we can work together to modify these four conditions to achieve the County's policy objectives, while also ensuring that Stanford is able to build its new academic facilities and provide the housing that we all would like to see come to fruition. The four conditions are as follows:

- Condition F.2: Trip Standards and Penalties for Noncompliance
- Condition I.2: Parks Study
- Condition O.9: Municipal Services Study
- Condition O.10: Childcare Facility Review

A. Condition F.2: Trip Standards and Penalties for Noncompliance.

At the conclusion of its hearings, the Planning Commission agreed with Stanford that draft Condition F.2, establishing new trip standards and penalties for noncompliance, should be revisited and modified. **The Planning Commission did not recommend approval of the traffic conditions recommended by the County Administration.** Please see Attachment A for a memorandum prepared by expert traffic engineers at Fehr & Peers and ARUP explaining why **the trip standards in draft Condition F.2 are infeasible as proposed.** Please also see Attachment B for a memorandum by these same expert traffic engineers explaining why the **standards and penalties in draft Condition F. 2 are contrary to regional sustainability objectives.** The draft Condition will discourage and prevent intensification of jobs and housing at an infill site that is well-served by transit and that generates far fewer and shorter car trips than other sites in the region.

Final EIR Conclusions and Mitigation: The Final EIR evaluated the project's contribution to traffic congestion during the morning peak hour and evening peak hour, when the effects on the local community would be the greatest. As occurs for most infill projects, the EIR identified significant intersection and roadway impacts. Adding only a small amount of traffic to already congested intersections results in significant impacts when applying a congestion-based standard. The EIR identified the following mitigation measures to reduce the project's significant effects on traffic congestion:

- Monitor satisfaction of the No Net New Commute Trips standard established by the Stanford Community Plan (no increase in vehicles entering campus in the morning peak hour and leaving in the evening peak hour);
- If Stanford exceeds the No Net New Commute Trips standard, Stanford must pay its fair share of the intersection improvements identified in the December 2018 Final EIR.
- Stanford must pay a one-time lump sum fee for its fair share of intersection improvements calculated to be needed to mitigate reverse commute direction trips.

Vehicle Miles Traveled. The Final EIR evaluated the project's transportation impacts using the Vehicle Miles Traveled metric - the standard that all cities and counties must use to assess transportation impacts on a statewide basis starting in July 2020. After that date, agencies cannot use a congestion-based level of service standard to address impacts under the California Environmental Quality Act. The EIR found, **based on the VMT metric, that the project will have no significant transportation impacts.**

Stanford has no objection to the traffic mitigation measures identified by the County's 2018 Final EIR.

Draft Condition F.2. In June, the County Administration published draft Condition of Approval F.2 that includes new congestion-based requirements that run counter to the Final EIR. **The new standards in Draft Condition F.2 are not needed to mitigate an impact identified by the County's December 2018 Final EIR.**

- **Commute direction peak period.** The Administration proposes a new requirement to extend the No Net New Commute trips peak hour standard to the three-hour morning and three-hour evening peak periods. The County's December 2018 Final EIR did not use a three-hour peak period to assess significant impacts. The Final EIR devotes a master response to explaining why traffic impacts are assessed only based on the peak hour - the highest impact at the time when the most people would be most affected. In addition, the master response presents 13 years of data showing that traffic patterns at Stanford have not shifted to the shoulder periods adjacent to the peak hours. (See Master Response 13, Topic 7, starting on page 4-69 of Part 2 of the Dec. 2018 Consolidated Final EIR.) **Per the EIR, the new peak period standard is not needed to mitigate a project impact.**
- **Reverse commute direction peak hour and peak period.** The Administration proposes two new requirements to avoid trip increases in the reverse commute direction - vehicles leaving the campus in the morning and entering at night. The County's Final EIR does not recommend this approach. A reverse commute direction metric would discourage new housing. The EIR instead

recommends payment of a one-time fixed fee to address reverse commute-direction trips, and Stanford has agreed to pay this fee up-front. **The new reverse direction standards are not needed to mitigate a project impact and they discourage the construction of housing.**

- **Average daily trips.** The Administration proposes a new requirement to limit trip increases on a 24-hour basis. This standard would make Stanford responsible for trips by others cutting through the campus, limit vehicle trips during the times of day when congestion is relatively light and discourage Stanford from opening its campus to new or expanded community-serving venues and events. The Final EIR did not find any impact related to all-day trips. **The new average-daily trips standard is not needed to mitigate a project impact, and it could necessitate cutbacks in community serving activities.**

Draft Condition F.2 also includes **a new consequence** for failing to achieve the No Net New Commute Trips standard or any of the four new standards: **a requirement to cease development of new academic buildings and housing** until the standards are achieved. Stanford is not able to accept a permit containing this condition because the university cannot guarantee that the trip standards will be achieved.

- Stanford retained three of the most highly regarded transportation engineering firms in the nation: Fehr & Peers, ARUP and Nelson Nygaard & Associates. All three agree that **it is not possible to achieve the four new trip standards proposed by the Administration.** Even with an expanded transportation demand management program estimated to cost more than **\$1.14 billion** over the life of the permit, these metrics cannot be met. Please see Attachment A to this letter.
- **In addition, it is not certain that the No Net New Commute Trips standard can be achieved at the levels of new faculty/staff housing that the County is asking Stanford to provide.** Pages 7-40 and 7-245 of the Final EIR explain that the Housing Alternatives would shift a substantial number of commute trips to residential trips. The EIR acknowledges that the No Net New Commute Trips standard may not be achieved under the two Housing Alternatives because transportation demand management measures *are not as effective in reducing residential trips, compared to commute trips.* The change in trip type makes the effectiveness of the program uncertain.

We submit that trip caps and metrics that limit infill development near transit would be counterproductive. Siting growth in areas where workers and residents can drive less is a key to reducing overall transportation impacts and furthering the State's greenhouse gas reduction goals. (See Attachment B.) The County previously recognized this principle when this Board approved the County's Civic Center Master Plan. Similar to the EIR for Stanford's project, the Civic Center EIR found that impacts would be significant when applying a congestion-based metric; however, impacts would be less-than-significant when applying a Vehicle Miles Traveled metric. In recommending that the Board approve the Civic Center project the County Administration pointed out the project would reduce per capita vehicle miles traveled, and the VMT standard would be the statewide metric at the time that the project comes to fruition.

The same reasoning that the County Administration used in that case holds true for Stanford's new General Use Permit. By encouraging intensification of employment and housing near transit, the project

will result in reductions in regional average vehicle miles traveled by workers and residents. This will result in significant benefits in terms of regional mobility.

We respectfully ask that the Board approve the mitigation measures recommended by the December 2018 Final EIR to address peak hour, commute direction trips that have the greatest effect on the local community and to require immediate payment of a fee to address peak hour reverse-commute direction traffic. We ask that the Board reject the changes to the EIR's traffic mitigation approach reflected in draft Condition F.2. We also would welcome the opportunity to work collaboratively to explore alternative transportation conditions.

B. Conditions I.2: Parks Study, O.9: Municipal Services Study, O.10: Childcare Facility Review

Draft Conditions I.2, O.9 and O.10 similarly are not identified by the County's 2019 Final EIR as measures that are needed to mitigate any adverse impacts. These three draft conditions create requirements for future studies, leading to unknown future requirements. **We are not able to accept a permit containing these types of open-ended, unknown requirements.** As explained above, Stanford is being asked to build a larger project than Stanford applied for, at increased costs to the university. To commit to a project of this magnitude, we need predictability as to the requirements that we must meet.

Condition 1.2: Parks Study. The Administration proposes to require Stanford to fund a study of future park improvements leading to new requirements to provide such improvements in association with any new residential development. The Final EIR evaluated impacts to onsite parks and recreation facilities and found **no significant project impacts.** Stanford routinely builds recreation facilities to serve new housing. Such facilities are designed based upon the specific site configuration and populations to be served. We respectfully ask that, rather than imposing this new open-ended condition, **we engage in discussions regarding alternative approaches to addressing the County Administration's concern.**

Conditions O.9: Municipal Services Study and O.10 Childcare Facility Review. The Administration proposes to require Stanford to fund studies of the adequacy of the municipal, social, health and childcare services that Stanford provides to its campus residents, employees and students, leading to new requirements to pay fees or augment such services. The draft Conditions do not specify any standards for determining "adequacy" and none are provided by County regulations. Rather, most of the listed services are privately provided employment and student benefits. In the case of true municipal services - police, fire, water, wastewater - the County's Final EIR recognizes that Stanford contracts with various public agencies to provide such services. The Final EIR found **no significant impacts related to municipal services.** In our comments submitted to the Planning Commission, we provided a summary of the robust set of services that Stanford provides for its campus population. (See Attachment C.) We have offered that, rather than imposing these new open-ended conditions, **we will provide \$1 million in funding to the County to augment Countywide municipal, social, health and childcare services.**

2. Clean-up items

On June 11 and June 21, 2019, we submitted comprehensive sets of proposed modifications to the draft conditions of approval and draft community plan amendments. Many of our proposals do not represent substantial differences in objectives as to matter of policy; rather, they are intended to clarify the terms of the conditions and ensure success in implementing them. In its packet for the June 27 Planning

Commission hearing, the County Administration provided revised draft conditions that addressed some of our proposals. We'd like to work collaboratively to discuss further possible revisions to the conditions and plan amendments that would carry out the County's objectives, while cleaning up ambiguity and addressing practical concerns about implementation. We are not wed to our initial proposals about how this can be achieved; however, we would like to engage in a process to work through each of the conditions and plan amendments to see whether we can reach agreement on these clean-up items.

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We appreciate the time and attention that each of you, your staffs, the County Administration, and the County Planning Office have devoted to this matter. We are available to address questions and to meet with you whenever you'd like to discuss these matters further, and we look forward to continuing to work with you as you consider our applications.

Sincerely,



Robert C. Reidy
Vice President

Cc:

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