



CITY OF
**PALO
ALTO**

City Council Staff Report

From: City Manager

Report Type: CONSENT CALENDAR

Lead Department: Planning and Development Services

Meeting Date: May 5, 2025

Report #:2502-4182

TITLE

Approval of Amendment and Extension of Supplement Agreement No.1 to the Master Funding Agreement Between the City of Palo Alto and the Metropolitan Transportation Commission, to Prepare a Downtown Housing Plan for the City of Palo Alto. CEQA Status: Exempt Under CEQA Guidelines Sections 15061(b)(3) and 15262.

RECOMMENDATION

Staff recommends that the City Council approve and authorize the City Manager to execute the amendment and the extension of Supplement Agreement No.1 to the Master Funding Agreement between the City of Palo Alto and the Metropolitan Transportation Commission (MTC) (Attachment A) to prepare the Downtown Housing Plan.

BACKGROUND

On May 14, 2021, MTC awarded the City an \$800,000 grant for the preparation of a Housing Plan. The scope of the project was refined in collaboration with MTC prior to executing Supplement Agreement No. 1 of the Master Funding Agreement. The City Council accepted the grant and authorized the City Manager to execute the agreement with MTC for the \$800,000 to develop the Downtown Housing Plan.

This agreement set a three-year deadline for grant funding, requiring the City to adopt the Plan by April 30, 2025, to qualify for reimbursement. However, the project was delayed due to unforeseen circumstances and officially began in March 2024, after staff finalized consultant agreements with Wallace Roberts and Todd, LLC, and the Good City Company.¹

The Downtown Housing Plan focuses on housing production in the Downtown, identifying development standards, design standards, and the necessary public infrastructure

¹ [City Council Meeting: February 26, 2024](#)

improvements to accelerate housing production; realizing racial and economic equity by affirmatively furthering fair housing, as required by the grant.

ANALYSIS

The project team is currently working on the community assessment report, evaluating the development guidelines and the challenges to increasing housing production in the area. With the original deadline (April 30, 2025) to project completion fast approaching, the delay in project initiation requires extending the timeline of the project by another two years (April 30, 2027). Staff coordinated with MTC on the extension of the deadline and also requested amending the agreement for consistency with the contract scope of work that is currently being performed by the project consultants. MTC approved the request for extension on December 18, 2024, and reviewed the modified scope of work requested by staff.

Additionally, staff also requested reallocation of the assigned budget within tasks and existing scope of work mentioned in the Supplement Agreement No. 1 of the Master Funding Agreement that was authorized by the Council in April 2022. The reallocation would provide an additional \$50,000 for Task 1: Project Management and reduce the budget on Task 4: Downtown Housing Plan Preparation from \$150,000 to \$100,000. The reallocation however will not impact the expected deliverables.

POLICY IMPLICATIONS

The City's Comprehensive Plan Policies L-2.4, L-4.7, and L-4.8 and the Housing Element's Implementation Program 1.4: City-Owned Land Lots and Downtown Housing Plan are specific to the downtown area; guiding the development of the Housing Plan and its objectives. The adopted Downtown Housing Plan will be consistent with the Comprehensive Plan, specifically the Land Use and Housing Elements.

FISCAL/RESOURCE IMPACT

The extension of project timeline with MTC has no impact on the already approved project budget and requires no additional funding beyond what has already been allocated by the Council. However, if the extension is not approved then the project would not be completed by the April 30, 2025, deadline, and the City will not be able to claim reimbursement for incomplete tasks and may forfeit unclaimed grant money potentially burdening the general fund to complete the project.

STAKEHOLDER ENGAGEMENT

The project team understands that Community Engagement is the key to the success of the planning effort, in addition to the technical, design, and expertise provided by qualified consultants funded by the grant. There have been significant efforts from the project team to engage the resident community including a dedicated webpage, social media announcements, formation of the Community Advisory Group (CAG), a Technical Advisory Group (TAG),

conducting stakeholder interviews, Community Open House, survey, and pop-ups including tabling at City events and Farmers Markets.

The project team in the last year has:

- Organized a Community Open House on October 10, 2024, at the Community Meeting Room, City Hall, and pop-ups at various City events and at Farmers Markets. The Open House and the events were well attended by members of the community who provided the project team with insight into the key challenges and opportunities of the Downtown Area.
- Facilitated a community survey soliciting input from residents was live from November 18, 2024, through December 20, 2024. Approximately 406 responses were received, and the results are being consolidated by the project team. It will be included in the Community Assessment Report that the project team is working on.
- Convened the first CAG meeting on January 14, 2025, introducing the members of the CAG to one-another and the project team, defining the scope of the Plan, roles, and responsibilities as members of the CAG, and seeking feedback and assistance in engaging with the community.

ENVIRONMENTAL REVIEW

The actions recommended in this report are exempt from review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Sections 15061(b)(3) and 15262 because it can be seen with certainty that there is no possibility that amending a project timeline would have significant impact on the environment. The City will prepare an environmental analysis for the Downtown Housing Plan when more project specifics have been identified.

ATTACHMENTS

Attachment A: Revised Supplement Agreement No. 1

APPROVED BY:

Jonathan Lait, Planning and Development Services Director