



City Council – Planning and Transportation Commission Joint Meeting

Adoption of
2023-31 Housing Element

May 8, 2023

www.paloaltohousingelement.com



Purpose

- Review HCD comments.
- Provide summary of proposed City response to HCD comments.
- Review Draft CEQA Addendum and provide comments.
- Consider adopting the 2023-31 Housing Element.



Meeting Process

- Presentation
- Questions
- Public Comment
- PTC Deliberation and Recommendation
 - Consider the Addendum
 - Recommendation on the Housing Element
- Council Deliberation and Action
 - Adopt a Resolution Approving the Addendum and Adopting the Housing Element



Recent Milestones

November 28, 2022 - Joint Council/PTC meeting

- Approved submittal with some revisions

December 23, 2022 – HCD Submittal

March 8, 2023 – 1st PTC meeting

- Recommended Adoption of the 2023-31 HE
- Considered the Draft CEQA Addendum

March 23, 2023 – HCD comments received



Public Comments Received

Organized into 10 themes:

1. Site Inventory
2. Environmental and infrastructure concerns
3. Programs should be objective and quantifiable
4. City's development standards create constraints
5. Application processing timeframes can create a constraint
6. Public participation should be fair and equitable to all
7. Strengthen the efforts to enhance housing affordability
8. Expand support for programs that combat homelessness
9. Accessory Dwelling Units assumptions are too aggressive
10. Tenant protection policies should be strengthened



HCD Comments

March 23, 2023 HCD Comment Letter

Comments focused on four areas:

- A. Review previous housing element to evaluate cumulative effectiveness of special needs housing goals and programs;
- B. Housing needs, resources, and constraints;
- C. Housing programs; and
- D. Quantified objectives

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GAVIN NEWSOM, Governor



March 23, 2023

Jonathon Lait, Planning Director
Department of Planning and Development
City of Palo Alto
250 Hamilton Avenue, Fifth Floor
City of Palo Alto, CA 94301

Dear Jonathon Lait:

RE: City of Palo Alto's 6th Cycle (2023-2031) Draft Housing Element

Thank you for submitting the City of Palo Alto's (City) draft housing element received for review on December 23, 2022. Pursuant to Government Code section 65585, subdivision (b), the California Department of Housing and Community Development (HCD) is reporting the results of its review. HCD considered comments from David Kellogg, Greenbelt Alliance; Stuart L. Klein, Ian Faucher, Rob Neilson, Scott O'Neil and Robert Chun, Palo Alto Moving Forward; Salim Damerdj, Sidharth Kapur, Steve Levy, Greg Schmid, Kelsey Banes, Emily Ramos, and the League of Women Voters; pursuant to Government Code section 65585, subdivision (c).

The draft element addresses many statutory requirements; however, revisions will be necessary to comply with State Housing Element Law (Article 10.6 of the Gov. Code). The enclosed Appendix describes the revisions needed to comply with State Housing Element Law.

As a reminder, the City's 6th cycle housing element was due January 31, 2023. As of today, the City has not completed the housing element process for the 6th cycle. The City's 5th cycle housing element no longer satisfies statutory requirements. HCD encourages the City to revise the element as described above, adopt, and submit to HCD to regain housing element compliance.

For your information, pursuant to Assembly Bill 1398 (Chapter 358, Statutes of 2021), if a local government fails to adopt a compliant housing element within 120 days of the statutory deadline (January 31, 2023), then any rezoning to make prior identified sites available or accommodate the regional housing needs allocation (RHNA) shall be completed no later than one year from the statutory deadline pursuant to Government Code sections 65583, subdivision (c) (1) and 65583.2, subdivision (c). Otherwise, the local government's housing element will no longer comply with State Housing Element



Common HCD Comments

- More analysis, including:
 - Cumulative Impacts
 - Trends and patterns
 - More quantifiable data
- More local knowledge
- More regional knowledge
- Expand discussions
- Submitted public comments

City Response Matrix

HCD Comment	Response to Comment	Chapter	Section
A Review and Revision			
<p>Review the previous element to evaluate the appropriateness, effectiveness, and progress in implementation, and reflect the results of this review in the revised element. (Gov. Code, § 65588 (a) and (b).)</p> <p><u>Special Housing Needs:</u> The element must provide an evaluation of the cumulative effectiveness of past goals, policies, and related actions in meeting the housing needs of special needs populations (e.g., elderly, persons with disabilities, large households, female-headed households, farmworkers, and persons experiencing homelessness) and revise programs as appropriate. In addition to evaluating progress or effectiveness of programs to address special needs groups, the element can also discuss the results, success, or lack of, challenges and opportunities from outreach, coordination, application for funding, incentives or other activities and then discuss potential strategies set forth in the current element to meet the need.</p>	<p>Added a section dedicated to the discussion of the effectiveness in addressing special needs including a list of programs from the 5th Cycle that address special needs housing and a list of accomplishments.</p>	<p>Appendix A: Past Accomplishments</p>	<p>Appendix A: Past Accomplishments; A.3 Effectiveness in Addressing Special Needs, page A-24 (redlined version)</p>
B Housing Needs, Resources, Constraints			
<p>1. <i>Affirmatively further[ing] fair housing in accordance with Chapter 15 (commencing with Section 8639.50) of Division 1 of Title 2...shall include an assessment of fair housing in the jurisdiction. (Gov. Code, § 65583, subd. (c)(10)(A).)</i></p>			
<p><u>By-Right Permanent Supportive Housing (AB 2162):</u> Supportive housing shall be a use by-right in zones where multifamily and mixed uses are permitted, including nonresidential zones permitting multifamily uses pursuant to Government Code section 65651. The element must demonstrate compliance with these requirements and include programs as appropriate.</p>	<p>Added discussion on the contract with Project Sentinel for fair housing compliance (audits, outreach, information, etc.) City received 6 fair housing complaints with 1 resolved.</p>	<p>Appendix C: Assessment of Fair Housing</p>	<p>Appendix C: Assessment of Fair Housing; C.2 Fairhousing Enforcement and Outreach; Local Trends, page p. C-10 (redlined version)</p>
<p><u>Patterns and Trends:</u> While the element reports general information and data, it must analyze this data for trends over time, patterns across census tracts, and coincidence with other components of the assessment of fair housing. Moreover, the element must supplement existing data with local data and knowledge and other relevant factors were applicable. Lastly, the element provides an evaluation of fair housing data on a regional basis that is generally limited, comparing only a few fair housing topics within Santa Clara County, and providing no analysis to the surrounding South Bay region. Once complete, the assessment of fair housing must include appropriate programmatic responses to encourage housing mobility and promote new affordable housing opportunities throughout the City, regardless of the regional housing need allocation (RHNA).</p>	<p>Expanded the comparison of Santa Clara County to the Bay Area in each Regional Trend section.</p>	<p>Appendix C: Assessment of Fair Housing</p>	<p>Appendix C: Assessment of Fair Housing; C.3 Integration and Segregation; Race and Ethnicity Regional Trends, page C-17 & 18 (redlined version); Persons with Disabilities Regional Trends, page C-23; Familial Status Regional Trends, page C-26; Household Income Regional Trends, page C-23; C.4 Racially and Ethnically Concentrated Areas of Poverty; Regional Trends, page C-33; Racially/Ethnically Concentrated Areas of Affluence Regional Trends, page C-36; C.6 Disproportionate Housing Needs including Displacement Risk; Housing Cost Burden Regional Trends, page C-54; Substandard Housing Regional Trends, page C-57; Overcrowding Regional Trends Regional Trends page C-60</p>



Response to HCD Comments (Housing Needs)

Meeting RHNA

- Provided additional development information

Special Needs Housing

- Specific Actions to Increase Special Needs Housing

Affirmatively Furthering Fair Housing (AFFH)

- Added more regional and local knowledge
- Reduce Racially Concentrated Areas of Affluence (RCAA)
- Greater proactive housing measures



Response to HCD Comments (Housing Constraints)

Development Standards

- Physical modeling for feasibility

Processing Timelines

- City efforts to further reduce timelines

Ordinances

- Will revisit Tree Ordinance
- Fees
 - Parkland Dedication fee



Response to HCD Comments (Programs)

Many Programs revised

- Greater commitment language and detail

Program Implementation Timeline shortened

- Sooner than later

More Implementing Objectives Introduced

- Meet AFFH requirements

Recommended Programs for Removal

- Program 3.5 (PTOD)
- Program 6.3 (Workforce Housing)



Example of a Revised Program

HCD submitted draft program

PROGRAM 6.2: MULTI-FAMILY HOUSING AND LARGE UNITS

Due to the high cost of housing and scarcity of land, housing units large enough to accommodate large families are limited. Large families are defined as 5 or more persons living in the household. The City considers large families as a vulnerable population within the City and is committed to exploring additional opportunities for multi-family housing developments. Furthermore, the City will continue to advocate and promote the production of housing units of all types to accommodate all persons and family sizes. Large family units have three or more bedroom units.

Responsible Agency:
Funding Source(s):
Implementing Objectives:

Planning and Development Services
General Fund

- A. Explore incentives to encourage larger units, such as FAR exemptions for three or more bedroom units.
- B. Promote and encourage a mix of different bedroom units in each development.
- C. The City shall encourage housing designs that meet the needs of extended, multigenerational, and/or large families.
- D. Meet with housing stakeholders and conduct public hearings before the Planning and Transportation Commission to receive public and commissioner input on ways to achieve stated objective. Make recommendations to Council and follow up with an ordinance to effect a change in local zoning regulations as directed.

Time Frame: Initiate in 2027 and conclude before December 31, 2029.

Quantified Objective: Support additional development of large housing units, with the goal of a housing stock where large units comprise 10% of all rental units.

Primary Associated Goals
and Policies:

Goals: 2, 5, 6
Policy: 2.3, 5.1, 6.3

Revised draft program

PROGRAM 6.2: ~~MULTI~~-FAMILY HOUSING AND LARGE UNITS

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Responsible Agency:
Funding Source(s):
Implementing Objectives:

Planning and Development Services
General Fund

A. Research and implement incentives to encourage larger units, such as FAR exemptions for three or more bedroom units, and creation of family-friendly design standards. Meet with housing stakeholders and conduct public hearings before the Planning and Transportation Commission to receive public and commissioner input on ways to achieve stated objective. Make recommendations to Council and follow up with an ordinance to effect a change in local zoning regulations as directed.

Time Frame: Initiate study of possible incentives by June 20254 and conclude adopt recommended actions by before December 31, June 2026.

Quantified Objective: Support additional development of large housing units through code amendments that incentive large family housing units and family-friendly designs, with the goal of a housing stock where large units comprise 10 percent of all new rental units. Promote and encourage a mix of different bedroom units in each development, as well as housing designs that meet the needs of extended, multigenerational, and/or large families.

The City shall encourage housing designs that meet the needs of extended, multigenerational, and/or large families.

Meet with housing stakeholders and conduct public hearings before the Planning and Transportation Commission to receive public and commissioner input on ways to achieve stated objective. Make recommendations to Council and follow up with an ordinance to effect a change in local zoning regulations as directed.

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Program Revisions

- Program 4.2 Housing and Neighborhood Preservation
 - Conduct housing inspections by Code Enforcement when substandard housing complaints are received.
- Program 6.1 Housing for Persons with Special Needs
 - Creates a much more formal process of providing preferences for persons with special needs.
- Program 6.3 Middle Housing Program
 - Leveraging SB 9, increase floor area limitation that result in creation of 3 or more units.
- Program 6.6
 - Greater fair housing outreach, specifically in targeted areas (A)
 - Provide expanded funding to Project Sentinel (H)
 - Adopt tenant protections including fair chance ordinance, establishing rent-registry (I)
 - Greater tenant relocation enforcement (O)



Other Revisions

- Stronger program commitment language (Implement, establish)
- Continuous Monitoring for constraints
 - Evaluate effectiveness of implementing objectives such as ADU production,
- Number of annual actions
 - Outreach to public, tenants and housing developers
 - Summaries and reports



CEQA Addendum



Environmental Review - Addendum

An Addendum to the 2017 Comprehensive Plan Update Environmental Impact Report was prepared.

Comp Plan EIR Background:

- EIR analyzed impacts of different development scenarios, including Scenario 6, with a buildout of 6,000 units.
- EIR determined significant impacts were Circulation and Air Quality.
- Council adopted Mitigation Measures to address impacts of all development scenarios.



Housing Element CEQA Analysis

- Analyzed impacts of upzones and implementation of programs reflected in HE.
- Determined HE “worse-case scenario” buildout of 6,665 units.
 - 665 units more than EIR Scenario 6 buildout of 6,000 units.
- Analyzed the impact of the additional 665 units.



CEQA Analysis - Conclusion

- Impacts of the HE were determined to be less than significant and generally the same as the impacts analyzed in the 2017 EIR.
- No new or substantially more severe significant impacts were identified beyond what was analyzed in the 2017 EIR.



NEXT STEPS

Timeline



May 2023

- May 8 – PTC/Council consider Housing Element adoption



June 2023

- June 8 - Deadline to submit adopted draft for HCD review.



August 2023

- Receive HCD Comments
- HCD response will be a letter of substantial compliance or there will be continued dialogue



Fall 2023

- TBD



Staff Recommendation

Staff recommends the following actions:

Planning and Transportation Commission:

1. Consider the Addendum (Attachment B) to the 2017 Comprehensive Plan Final Environmental Impact Report along with the 2017 Comprehensive Plan Final EIR;
2. Review the staff responses to the HCD Comment Letter, as incorporated in the Draft 2023-31 Housing Element (Attachment A) and recommend City Council adopt the Draft 2023-31 Housing Element.

City Council:

1. Consider and approve the Addendum the 2017 Comprehensive Plan Final Environmental Impact Report along with the 2017 Comprehensive Plan Final EIR;
2. Direct staff to make appropriate changes to the Draft 2023-31 Housing Element (Attachment A), including additional revisions recommended by staff in the staff report.
3. Adopt a Resolution (Attachment C) making the findings required under CEQA and Housing Element Law, and adopting the 2023-31 Housing Element, as revised, as an amendment to the City's Comprehensive Plan.

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