



CITY OF
**PALO
ALTO**

CITY COUNCIL STAFF REPORT

From: City Manager

Report Type: CONSENT CALENDAR

Lead Department: Planning and Development Services

Meeting Date: March 20, 2023

Report #: 2301-0818

TITLE

Authorize Transmittal of the 2022 Comprehensive Plan Annual Progress Report to the Office of Planning and Research and the 2022 Housing Element Annual Progress Report to the Department of Housing and Community Development.

RECOMMENDATION

The Planning and Transportation Commission and staff recommend Council review the following State-mandated Annual Progress Reports (APR) and direct staff to submit them to the appropriate State authorities by April 1, 2023:

1. 2022 Comprehensive Plan Annual Progress Report (Attachment A) to the Office of Planning and Research (OPR); and
2. 2022 Housing Element Annual Progress Report (Attachments B and C) to the Department of Housing and Community Development (HCD).

EXECUTIVE SUMMARY

In accordance with Government Code Section 65400¹ and Palo Alto's 2030 Comprehensive Plan (Comp Plan), the City is required to submit Annual Progress Reports (APRs) to the State by April 1, 2023 for the Comprehensive Plan and the Housing Element implementation. This staff report summarizes progress made in calendar year 2022 towards the programs set forth in Comprehensive Plan Implementation Plan Table² and the 2015-2023 Housing Element³.

¹Government Code Section 65400:

https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV§ionNum=65400

²Comprehensive Plan Implementation Table:

<https://www.cityofpaloalto.org/files/assets/public/planning-amp-development-services/3.-comprehensive-plan/comprehensive-plan/2030-comp-plan-9-implementation-june-21.pdf>

³Housing Element 2015-2023:

- The Palo Alto Comprehensive Plan APR is submitted to the State Office of Planning and Research (OPR). The APR summarizes the City's progress implementing the 410 programs identified in the Palo Alto Comprehensive Plan, including the 72 items in the Housing Element. Approximately 72% of the programs have been addressed so far, 8% are in-progress, and 20% have been paused or not yet initiated.
- The Housing Element APR is submitted to the State Department of Housing and Community Development (HCD). This APR describes the progress the City made in 2022 implementing the Housing Element programs and provides updated figures on the City's compliance with its Regional Housing Needs Allocation (RHNA). This is the last reporting year for the current Housing Element cycle and the City implemented 77% of the Housing Element programs; 22% are in progress and one program (1%) was not initiated.

BACKGROUND

This is the fifth year of annual reporting since the adoption of the 2030 Comprehensive Plan in 2017. The City Council reviewed the last update for 2021 on March 21, 2022 (Staff Report⁴). The following section provides the context for the annual reporting.

Comprehensive Plan Implementation Annual Progress Report

The Annual Comprehensive Plan Implementation Report is a State mandated report, required by Government Code (GC) Section 65400. This states that after a legislative body (City Council) adopts the Comprehensive Plan, an annual review must be submitted to the City Council, the Office of Planning and Research (OPR), and the Department of Housing and Community Development (HCD) Department on the status of the plan's progress and implementation.

Additionally, the Palo Alto Municipal Code (Section 19.04.030⁵) requires the Planning and Transportation Commission (PTC) to annually review the Implementation Plan table of the Comprehensive Plan. The code states that *"the planning commission shall annually review the general plan and recommend to the city council such extensions, changes or additions to the plan as the commission may consider necessary in the view of any change in conditions."*

2015-2023 Housing Element and the Annual Progress Report

The HCD Department requires an annual report addressing the City's progress implementing the Housing Element. The report includes data on housing production and accomplishments toward

https://www.cityofpaloalto.org/files/assets/public/planning-amp-development-services/3.-comprehensive-plan/comprehensive-plan/compplan_2017_13_housingelement_pdf_w_links.pdf

Council Staff Report 2021:

⁴<https://www.cityofpaloalto.org/files/assets/public/planning-amp-development-services/long-range-planning/council-staff-report-2021.pdf>

Palo Alto Municipal Code Section 19.04.030:

⁵https://codelibrary.amlegal.com/codes/paloalto/latest/paloalto_ca/0-0-0-82254#JD_19.04.030

the City's RHNA goals. The City adopted its current Housing Element⁶ for the period of 2015-2023. HCD mandates that the APR for the Housing Element focus on three topics:

1. Total number of net housing units produced or "permitted" by the City in a calendar year
2. Status on jurisdiction's progress in addressing its Regional Housing Needs Allocation (RHNA)
3. Status of the implementation of the 2015-2023 Housing Element's programs and goals

The previous Annual Progress Report for 2021 for this current Housing Element cycle can be found here⁷. AB 2653, adopted in September 2022, adds several additional reporting requirements, including the number of units demolished, the number of density bonus applications received and approved, the number of housing development applications received, and whether those applications were subject to a ministerial or discretionary process. HCD has confirmed that AB 2653 requirements are not applicable to the 2022 reporting period, but this additional information will likely be required for the 2023 reporting period.

Planning and Transportation Commission Review

On November 16, 2022, the PTC reviewed the statuses (as of October 2022) of the Comprehensive Plan and the Housing Element implementation programs and did not recommend any changes. The PTC unanimously approved staff's recommendation to take the year-end statuses of programs to City Council in early Spring. The PTC raised a few follow-up questions that staff has summarized in Attachment D with responses. The minutes for the November 16th PTC meeting are available online⁸.

ANALYSIS

This section provides an overview of the 2022 Comprehensive Plan APR and the Housing Element APR and provides high-level summaries of the related data. See Attachments A, B, and C for individual Comprehensive Plan and Housing Element program details and the City's compliance with its Regional Housing Needs Allocation (RHNA).

2015-2023 Housing Element:

⁶<https://www.cityofpaloalto.org/files/assets/public/planning-amp-development-services/3.-comprehensive-plan/comprehensive-plan/certified-15-23-housing-element.pdf>

2021 Annual Progress Report:

⁷ https://www.cityofpaloalto.org/files/assets/public/planning-amp-development-services-1/housing-element/housingelement_2015_2023/submitted-hcd-paloalto-2021-apr_webposted.pdf

November 16, 2022 PTC Meeting Minutes:

⁸ <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/planning-and-transportation-commission/2022/ptc-11.16-draft-verbatim-minutes.pdf>

Comprehensive Plan Implementation Programs Annual Progress Report

The Implementation Plan Table⁹ of the Comprehensive Plan identified 410 programs the City wants to undertake to help achieve the goals in the Comprehensive Plan, to the extent that resources are available. These programs are attributed to approximately 15 different lead agencies or departments. The programs in the Implementation Table describe and prioritize actions to implement various aspects of the Comprehensive Plan goals and policies. Some programs are budgeted and ongoing, while the implementation of other programs will require identification of resources during future budget cycles.

In 2022, 29 programs changed status from the previous year. This covers a variety of programs on topics such as, but not limited to, design guidelines, childcare, housing, and parking. Most of these programs moved in a positive direction to reflect progress in implementation, mostly from pending to partially complete, complete, or ongoing. Only three programs shifted to a pending status, reflecting it was placed on hold. For details on the programs, please refer to Attachment A.

Table 1 below summarizes the year-end status for all the programs in 2022. Since the Comprehensive Plan was adopted in late 2017, the majority (70%) of the programs are in the “ongoing” status, meaning they are part of day-to-day business operations of the respective City departments. Some of these ongoing programs represent ones that have been “completed” and are now shifted into the ongoing category as they have related monitoring or similar requirements.

TABLE 1: 2022 STATUS OF PROGRAMS	
Program Status	Number of Programs
Complete Program implemented, tasks complete no follow-up needed.	7 (2%)
Ongoing Program activities on-going as standard business practice.	287 (70%)
Partially Complete Program implementation tasks in-progress.	33 (8%)
Pending Program implementation not started or paused.	83 (20%)
Total	410

Source: City of Palo Alto, Planning and Development Services, December 2022

Program Priorities

In the Implementation Plan Table, the programs are also categorized by priority in the following categories: In progress, Long-term, Medium-term, Routine, and Short-term. Table 2 below

Comprehensive Plan Implementation Table:

⁹ <https://www.cityofpaloalto.org/files/assets/public/planning-amp-development-services/3.-comprehensive-plan/comprehensive-plan/2030-comp-plan-9-implementation-june-21.pdf>

provides the 2022 status of the programs within each of the mentioned categories, reflecting the progress made by the City.

TABLE 2. PROGRAM DISTRIBUTION BY PRIORITY AND 2022 STATUSES					
Priority of Program/Timing	Number of Programs	Status			
		Achieved/Done		Not Completed	
		Complete	Ongoing	Partially Complete	Pending
IP - "In progress" – programs that were already underway to complete a specific, defined work effort at the time of the Comprehensive Plan's adoption	46 (11%)	1	40	2	3
L - "Long-term" – programs that would be implemented or completed more than ten years after Comprehensive Plan adoption	11 (3%)	0	5	2	4
M - "Medium-term" – typically means programs that would be implemented or completed roughly within five to ten years after Comprehensive Plan adoption	90 (23%)	1	43	9	37
R - "Routine" activities that are part of the normal course of business for staff	163 (39%)	3	134	7	19
S - "Short-term" – programs planned for implementation within the first five years after Comprehensive Plan adoption	99 (24%)	2	65	13	19
S-M - "Short-term" to "Medium-term" projects	1 (0.24%)				1
TOTAL	410	7	287	33	83

Source: City of Palo Alto, Planning and Development Services, December 2022

Annual Progress Report and Regional Housing Needs Allocation

The 2015-2023 Housing Element contains 72 adopted programs for implementation during the period ending in 2023. The 5th Cycle Housing Element concluded in January 2023 and this is the final year of reporting on these programs. Table 3 below shows program status for 2022.

In 2022, while staff remained focused on tasks associated with the 6th Cycle Housing Element (HE) update process, progress was made implementing additional HE programs. The status of 16 programs have changed since 2021 reporting. Of note, the only program that is pending is Program H2.1.11 which considered implementing the Pedestrian and Transit Oriented

Development (PTOD) Overlay for the University Avenue Downtown district. Therefore, the City was able to make progress on 99% of the Housing Element programs. Attachment B provides more details on the HE programs' statuses.

TABLE 3: 2022 HOUSING ELEMENT STATUS OF PROGRAMS	
Program Status	Number of Programs
Complete Program implemented, tasks complete no follow-up needed.	24 (34%)
Ongoing Program activities on-going as standard business practice.	31 (43%)
Partially Complete Program implementation tasks in-progress.	16 (22%)
Pending Program implementation not started or paused.	1 (1%)
Total	72 (100%)

Source: City of Palo Alto, Planning and Development Services, December 2022

The State requires the APR to describe the City's progress in meeting its share of RHNA and efforts to preserve, rehabilitate, or produce housing. As part of the RHNA process overseen by the Association of Bay Area Governments (ABAG), the City of Palo Alto was assigned a quantified goal of 1,988 units. This number represents the City's "fair share" of projected housing need over the 5th Cycle 2015-2023 planning period. The projected need is distributed among the following income groups: extremely low and very low (691 units), low (432 units), moderate (278 units), and above moderate (587 units) income.

TABLE 4: 2015-2023 REGIONAL HOUSING NEEDS ALLOCATION			
Income Group	% of County AMI	RHNA	% of Units
Very Low	0-50%	691	35%
Low	51-81%	432	22%
Moderate	81-120%	278	14%
Above Moderate	120%+	587	29%
Total		1,988	100%

Source: City of Palo Alto, Planning and Development Services, December 2022

In 2022, Palo Alto made progress toward its RHNA requirement by adding one deed restricted moderate unit and 127 above moderate (market rate) units; see Attachment C for the 2022 APR details. Table 5 shows the RHNA breakdown by income group.

TABLE 5: SUMMARY OF RHNA PROGRESS			
Income Group	Palo Alto RHNA	Number of Units Permitted	% of RHNA Accomplished

Very Low	691	218	31.5%
Low	432	65	15.05%
Moderate	278	29	10.43%
Above Moderate	587	762	129.81%
Total	1,988	1074	54.02%

Source: City of Palo Alto, Planning and Development Services, December 2022

POLICY IMPLICATIONS

The City is required under Government Code Section 65400 to submit these two Annual Progress Reports in State specified format each year to the Office of Planning and Research and to the Department of Housing and Community Development by April 1st of each year.

FISCAL/RESOURCE IMPACT

There are no resource impacts. Staff time to prepare and submit reports was contemplated in the allocation of resources to the department.

STAKEHOLDER ENGAGEMENT

Members of the public had the opportunity to comment on these APR reports during the PTC hearing held on November 16, 2022; there were no public speakers for this item. Other than the required noticing for City Council and PTC meeting for public hearings in a local paper and public media, staff did not perform any specific community outreach.

ENVIRONMENTAL REVIEW

This report on the City's progress of the existing Implementation Chapter of the Comprehensive Plan and Housing Element is not a project requiring review under the California Environmental Quality Act (CEQA).

ATTACHMENTS

Attachment A: Comprehensive Plan Annual Progress Report, 2022

Attachment B: Housing Element Annual Progress Report, 2022

Attachment C: City's RHNA Progress, 2022

Attachment D: Staff Follow-up Items for Planning and Transportation Commission, 11/16/2022

APPROVED BY:

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