



AGENDA REPORT SUMMARY

Meeting Date: April 26, 2022

Subject: Joint Study Session with Planning Commission and City Council to allow LWC to present policy options for Council and Commission consideration and feedback related to allowing residential uses in PCF and OA zoning districts, and whether to increase density and height in CT, CRS, and the Loyola Corners Specific Plan zoning districts.

Prepared by: Laura Simpson, Interim Community Development Director

Reviewed by: Jon Maginot, Assistant City Manager

Approved by: Gabriel Engeland, City Manager

Initiated by:

Housing Element Subcommittee of City Council.

Fiscal Impact:

No direct fiscal impact is anticipated.

Summary:

On February 7, 2022, the Council Housing Element Subcommittee requested a staff update to the City Council on the status of community engagement and the housing element outreach process, as well as the next steps in the housing element preparation process, and a recommendation to expand the role of the Housing Element Subcommittee. The Committee also asked that five policy questions that impact the preliminary sites inventory be brought forward for Council input and direction. On March 22nd, the Housing Element Committee's expansion was approved and five policy questions presented. Preliminary sites maps were also presented, noting that community feedback has been and continues to be received and will inform revisions to the preliminary sites maps. Following the presentation, City Councilmembers asked questions and requested additional information regarding the methodology used for identification of preliminary sites be brought back in a future study session.

Staff Recommendation:

It is recommended that Council members and Commissioners provide feedback and direction on the five policy questions noted below and then allow LWC to complete the public draft of the Housing Element over the next seven weeks. At the City Council's March 22, 2022 meeting, Lisa Wise Consulting, Inc. gave a presentation that included a brief overview of the Housing Element and process, but focused primarily on approach, methodology, and assumptions for the sites

Reviewed By:

City Manager

City Attorney

Finance Director



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inventory analysis. LWC then described various policy considerations for preliminary zoning modification options. The presentation has been updated for the April 26th study session. The following questions are posed in the presentation:

1. Allow higher density in the Commercial Thoroughfare (CT) District?
2. Allow residential on certain Public and Community Facilities (PCF)-Zoned Parcels?
3. Allow residential in the Office Administrative (OA) District?
4. Establish a minimum density and allow 3 stories (or 100% residential uses) in the Commercial Retail Sales (CRS) District?
5. Remove the density cap and allow 3 stories (or 100% residential uses) in the Loyola Corners Specific Plan?

Each of these policies, if approved, would allow a certain increase in the number of units that might be counted toward the City's RHNA goals, allowing for some number of units beyond the 1,958 units in the allocation. Housing units that receive Certificates of Occupancy beginning July 1, 2022, may be counted toward the 2023-2031 Housing Element Cycle.

Discussion:

In June 2021, The City selected Lisa Wise Consulting (LWC) as the consulting firm to prepare the City's 2023-2031 Housing Element. LWC began working with staff to collect housing data in late summer and fall. In October 2021, the City Council Housing Element Committee was formed and the subcommittee provided direction to staff on a community engagement approach. On March 22nd, the role of the Committee was expanded to provide general feedback in the Housing Element update process. Over the past six months, staff has been working closely with the team at LWC and their outreach subconsultant, Plan to Place, to ensure that Los Altos residents, the local business community and its workforce, community and faith-based nonprofits, and other communities of interest, are engaged and informed about the Housing Element update. Translation services and materials have been made available in Mandarin and Spanish.

Outreach

Staff began the outreach process with a multi-faceted approach last November through 1) the establishment of a Housing Element page on the City's website, which is maintained by LWC and city staff, and is linked to the City's main webpage, through which the city has received input directly from residents and businesses; 2) six Housing Element pop-up tables at various events around the city; 3) ongoing small group virtual meetings on the Housing Element, ranging from 2 to 10 attendees of which 30 have been held to date, where staff present information and answer questions; 4) two double page ads in the Town Crier; 5) ongoing Housing Element newsletters and alerts for over 150 persons who have signed up on the interest list; 6) two Community Workshops,



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with the first attended by over fifty households, and the second on March 1st, attended by over 150 households; and 7) an information flier sent to every household in Los Altos.

The process has now moved from the first phase of education and outreach about the Housing Element to the second phase, which provides information and allows feedback on the potential housing element sites and potential rezoning sites in the City. Staff sent a postcard to all Los Altos residents, informing them of the community workshop on March 1st, requesting feedback on the potential sites and rezoning opportunities, and directing them to the Housing Element website for complete information. A map of potential sites and rezoning opportunities was posted on the Housing Element website prior to the March 1st, community workshop.

Since then, staff has met with the business community, residents, and many local organizations, including the Chamber of Commerce, Los Altos Village Association, Los Altos Property Owners Downtown, the Los Altos Advocates for Affordable Housing, and the League of Women Voters, Los Altos Residents, Friends of Los Altos, nonprofit housing developers, community-based and faith-based nonprofits, veterans groups businesses and their workforce. Staff has received and shared with the consultant many e-mails related to the sites analysis from all groups, developers, residents, and interested parties. Staff and the consultant also met with the Housing Element Committee of Council on April 13th, to review background information for the sites.

At the March 22nd, City Council meeting, LWC presented the preliminary sites analysis with the specific policy questions mentioned above, and the following public comments were received:

- If density isn't modified in the R-1 districts, changes will have to be made in other zoning districts.
- Being identified as a preliminary site does not mean that an existing building on the property will be torn down or that the existing use will be removed.
- Requests for additional information and a detailed list of preliminary sites.
- Concern that Rancho Shopping Center, Lucky's, State Street Market, City parking spaces, Packard Foundation garden, and St. Nicholas's parking lot are not going to redevelop as housing.
- The OA District has narrow lots and shouldn't be rezoned to allow residential.
- Concern about allowing residential in the OA District and insufficient parking.
- The outreach strategy should include banners, sandwich boards, etc.



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- Support for the need to upzone. The Housing Element should be a plan to build more housing, not just a plan to please HCD. We're not telling businesses to go away; office and retail can coexist with housing.
- Some zoning modifications should be implemented. This could be through wholesale changes to zoning or overlays to promote redevelopment of certain properties.
- Concern about limited access and safety/evacuation issues regarding the 2100 Woods Lane site.

Housing Element Next Steps

As displayed in presentations to City Council, and on the City Housing Element website, which is directly accessible through the main City webpage, the next steps for the Housing Element process include the following upcoming key dates including today's study session:

- April 26, 2022: Present to City Council/Planning Commission on potential housing sites and rezoning opportunities, with a request for Council/Commission direction to staff on five policies for adding or removing sites.
- Mid-May 2022: A full draft with Council and PC feedback incorporated will be provided to Los Altos staff for internal review.
- Mid-June 2022: The draft Public Housing Element will be released and posted for 30-day public comment period.
- Late June 2022: Community Workshop #3 to explain the Public Draft Housing Element
- July 7, 2022: Planning Commission study session on Public Draft Housing Element
- July 12, 2022: City Council study session on Public Draft Housing Element

LWC contract

The City contracted with LWC for the total amount of \$600,228 for Housing Element preparation. Approximately a third of the contract amount has been invoiced. Staff has taken on a significant amount of the outreach and staffing work in order to reduce overall costs on the project. It is anticipated that the project can remain on budget and on-time to deliver an adopted Housing Element by Spring 2022, within the State's allowed grace period, provided no additional meetings are requested. If additional meetings are required, additional funds will need to be allocated from the General Fund and the contract amended. The Housing Element is a project within the FY 2021-2022 CIP budget.