



AGENDA REPORT SUMMARY

Meeting Date: August 22, 2023

Subject: Status of the Sixth Cycle Housing Element 2023-2031, and report on June 30, 2023 findings letter from the Department of Housing and Community Development (HCD) post 60-day review.

Prepared by: Nick Zornes, Development Services Director

Approved by: Gabe Engeland, City Manager

Attachment(s):

1. June 30, 2023, Findings Letter from HCD regarding City of Los Altos 6th Cycle Housing Element.
2. HCD Email Correspondence
3. Housing Element – Completed Revisions
4. League of Women Voters – Letter of Support – August 12, 2023
5. Los Altos Residents – Letter of Support – August 12, 2023

Environmental Review:

The action before the City Council is statutorily exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15262, Feasibility and Planning Studies. The direction is not a final action or approval in regard to the Housing Element Update and does not have a legally binding effect on any possible future discretionary action.

Background:

On January 24, 2023, the Los Altos City Council adopted the City's 6th Cycle Housing Element 2023-2031. Once a Housing Element is adopted it must be transmitted to the Department of Housing and Community Development (HCD) for final concurrence.

On January 30, 2023, the adopted Housing Element was sent to the Department of Housing and Community Development (HCD) which began the 60-day review period.

On March 30, 2023, the City of Los Altos received written correspondence from the Department of Housing and Community (HCD) that the adopted Housing Element was **not** approved and requires "additional revisions necessary to substantially comply with State Housing Element Law".



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On April 5, 2023, the City of Los Altos Development Services Director, and the Housing Element Team from Lisa Wise Consulting (LWC) met with the Department of Housing and Community Development (HCD) reviewers to discuss the status of the City's Housing Element, and the findings letter received.

On May 2, 2023, the City of Los Altos resubmitted the adopted Housing Element with revisions to the Department of Housing and Community Development (HCD) which began a 60-day review period.

On June 30, 2023, the City of Los Altos received written correspondence from the Department of Housing and Community (HCD) that the adopted Housing Element was **not** approved and requires "additional revisions necessary to substantially comply with State Housing Element Law".

On July 6, 2023, the City of Los Altos Development Services Director, and the Housing Element Team from Lisa Wise Consulting (LWC) met with the Department of Housing and Community Development (HCD) reviewers to discuss the status of the City's Housing Element, and the findings letter received.

On August 2, 2023, the City of Los Altos Development Services Director transmitted revisions to the Department of Housing and Community Development (HCD) reviewers for informal review of the requested modifications.

On August 8, 2023, the City of Los Altos Development Services Director, and the Housing Element Team from Lisa Wise Consulting (LWC) met with the Department of Housing and Community Development (HCD) reviewers to discussion via teleconference the status of the revisions and if they were acceptable.

On August 10, 2023, the City of Los Altos Development Services Director received email correspondence confirming approval of the revisions provided on August 2, 2023. (Attachment 2)

On August 10, 2023, the City of Los Altos published the revised Housing Element to the city's dedicate project website thus beginning the required seven (7) calendar day public comment period.

Discussion:

The City of Los Altos adopted its 6th Cycle Housing Element 2023-2031 before the statutory due date of January 31, 2023. Post adoption the City transmitted the Housing Element Update to the California Department of Housing and Community Development (HCD) for its second review



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which was 60 calendar days from date of receipt. On March 30, 2023, the City received a formal findings letter rejecting the adopted housing thus necessitating revisions to be made to the Housing Element. Revisions were made to the adopted Housing Element consistent with the comments made by the Department of Housing and Community Development (HCD) reviewers and resubmitted for review on May 2, 2023.

Again, on June 30, 2023, the City received a findings letter rejecting the adopted housing element with revisions and it was requested by HCD reviewers to make additional revisions that had not been previously requested. Since that time the City of Los Altos Development Services Director has met with HCD reviewers twice to obtain firm direction and understanding regarding the necessary changes to obtain housing element certification, and confirmation that those changes are acceptable. The city is in receipt of email correspondence with the dedicated HCD reviewer confirming that the revisions provided are acceptable.

Analysis:

The HCD Findings Letter dated June 30, 2023, provided comments that were organized under the following topics: Suitability of Nonvacant Sites, and Affirmatively Further Fair Housing. A summary of HCD's comments and discussion are provided below.

HCD Comment #1:

1. *An inventory of land suitable and available for residential development, including vacant sites and sites having realistic and demonstrated potential for redevelopment during the planning period to meet the locality's housing need for a designated income level, and an analysis of the relationship of zoning and public facilities and services to these sites. (Gov. Code, § 65583, subd. (a)(3).)*

Identify actions that will be taken to make sites available during the planning period with appropriate zoning and development standards and with services and facilities to accommodate that portion of the city's or county's share of the regional housing need for each income level. (Gov. Code, § 65583, subd. (c)(1).)

Suitability of Nonvacant Sites: While the revised element relates some trends (i.e., improvement to land value and building age) to the sites inventory, the element should be revised, as follows:



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- *Indicators of Redevelopment Potential: Currently, the element utilizes two indicators of redevelopment potential: improvement to land value ratio and age of building structure. **However, the element should at least utilize an additional indicator to demonstrate the potential for redevelopment.** Examples include existing versus allowable floor area, lack of improvements or structural condition, significant vacancy and frequent turnover of uses. Further, trends and assumptions utilized do not appear to match, including values in the sites inventory. For example, generally, trends for improvement to land value ratio are under a ratio of 0.6, yet a ratio of 1.0 is used and several properties appear to exceed a ratio of 1.0. The element should either explain these differences or remove sites, as appropriate. Finally, this analysis should apply to all sites being utilized toward the regional housing needs allocation (RHNA), including the RHNA for moderate and above moderate-income households.*
 - *Expressed Interest in Redevelopment: The element indicates several properties have expressed interest in residential redevelopment from property owners or potential developers. To better demonstrate the potential for redevelopment and the magnitude of interest, the element could denote the properties with expressed interest in redevelopment.*
 - *Extent Existing Uses Impede Additional Development: The element must analyze the extent that existing uses may impede additional residential development. For example, the element includes sites identified with a general description of existing uses but could further clarify the potential for redevelopment such as significant underutilization, current market demand for the existing use, absence of existing leases, contracts or conditions that would perpetuate the existing use and expressed interest in redevelopment.*

Staff's Response:

At the request of HCD staff worked diligently to provide a third indicator to further support the sites included in the site inventory. The third indicator was based upon review of all 150+ sites building permit history. The City of Los Altos electronic permit history is available dating back to 1994. From receipt of the June 30, 2023, findings letter, staff analyzed all issued permits between 1994 and 2023 to confirm the suitability of each site. The specific permit history was provided for all sites and is included in the revisions submitted to the Department of Housing and Community Development (HCD).

These revisions were found to be acceptable by HCD reviewers.



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HCD Comment #2:

The second and last comment provided was regarding a request for a new program “Housing Mobility”. This program was initially developed by the City of Diamond Bar, CA and has been requested of several jurisdictions since it was proposed to HCD reviewers. The new program is largely a melting pot of multiple programs all coming together to create the multi-prong approach of creating “Housing Mobility”. HCD reviewers provided the Development Services Director with a sample program created by another jurisdiction for our reference in the development of our own.

2. *Promote and affirmatively further fair housing opportunities and promote housing throughout the community or communities for all persons regardless of race, religion, sex, marital status, ancestry, national origin, color, familial status, or disability, and other characteristics... (Gov. Code, § 65583, subd. (c)(5).)*

The City is entirely the highest resource category in access to opportunity, wholly a concentrated area of affluence and consists of households with the highest median income category. These conditions and circumstances warrant significant and robust actions (not limited to the RHNA) to promote housing mobility and increasing housing choices and affordability throughout and beyond the City, including in lower-density neighborhoods. While the element includes some programs to promote housing mobility, these actions are largely limited to the RHNA and the element should consider additional actions that are significant and meaningful. Examples include creating more housing choices and affordability in single-family neighborhoods beyond complying with law (e.g., SB 9, accessory dwelling units), targeting funding, homesharing, more than one junior accessory dwelling unit per single family structure, enhancing capacity, affordability and housing choices on religious institutional sites beyond the RHNA and other alternative land use strategies. HCD will send sample programs under separate cover.

Staff Response:

Program 6.G Housing Mobility was created in line with the requested revisions identified in HCD’s comment #2. The new program will bring together multiple components of existing programs in the adopted housing element while also strengthening the City’s commitment to affirmatively furthering fair housing. Most significantly, the City of Los Altos has committed to allowing two (2) Junior Accessory Dwelling Units (JADU) on single family property and will allow housing on all religious institutional sites throughout the city. The additional allowance of a



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second JADU will help to create greater flexibility for the creation of additional housing units, while the allowance of housing on all religious sites in the city is in line with the provisions of SB4.

These revisions were found to be acceptable by HCD reviewers.

Next Steps:

City Council discuss the HCD Findings Letter and obtain any information from the Development Services Director on next steps regarding the review of the revised Housing Element.