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Los Altos, California 94022-3087

M E M O R A N D U M

DATE: January 9, 2023

TO: Los Altos City Council

FROM: Nick Zornes, Development Services Director

**SUBJECT: 6TH CYCLE HOUSING ELEMENT (2023-2031)
JANUARY 5, 2023 PLANNING COMMISSION RECOMMENDATION**

This memo shall serve as informational to provide clarification to the Los Altos City Council on information contained within the January 10, 2023, City Council Agenda Report and attachments therein.

On January 5, 2023, the Los Altos Planning Commission considered the City's Draft 6th Cycle Housing Element (2023-2031). During the Public Hearing a presentation was given, staff responded to questions of the commission, public testimony was received, followed by discussion of the commission where staff provided additional clarification.

During the Planning Commission Meeting Public Testimony provided comment regarding Program 1.H which commits the City of Los Altos to facilitate the development of housing on its City-owned sites, specifically Parking Plaza 7 and 8. Concern was raised by Anne Paulson of the Los Altos Affordable Housing Alliance, and Sue Russell of the League of Women Voters during oral public comments, and in writing prior to the January 5, 2023 Planning Commission Meeting.

In general, the concern raised by the two groups was regarding the number of affordable units that would be required of a Housing Developer in the future on city-owned sites. Both groups have advocated for the city-owned parking plazas to be built and used for 100% affordable projects with generous land lease terms. Furthermore, the League of Women Voters does not believe the City should be prioritizing housing for seniors, persons with disabilities and veterans without having completed a survey to determine the type of housing needed.

Draft Housing Element as Proposed

Program 1.H: Facilitate housing on City-owned sites.

The City will facilitate development of housing on City-owned sites through public-private partnerships during the planning period. City-owned Downtown Parking Plazas 7 and 8 were identified as opportunity sites that could accommodate new development, including affordable housing, in the Downtown Vision Plan. The City will offer a minimum of 20 years of a zero cost land lease to a housing development providing a minimum of 20 percent of all dwelling units to lower income households. The City will encourage the development of senior housing, housing for persons with disabilities, and veteran housing on the City-owned Parking Plazas 7 and 8. In the event the development includes market-rate housing, the City will waive all applicable permit fees. In the event the development is constructed as 100 percent affordable, the City will waive all applicable development impact fees. The City will comply with all Surplus Land Act requirements during these efforts. The City will provide a dedicated project planner to facilitate an expedited project review process.

Responsible Body: Development Services Department, Planning Commission, City Council

Funding Source: General Fund, State or federal grant funds (if available).

Time Frame: Release request for proposals by December 2023; complete entitlements within one (1) year of application if not sooner (by December 2026)

Objective: The City will enter into a public-private partnership for development of housing on at least one of the City's Downtown parking plazas.

Proposed Changes by League of Women Voters to Program 1.H

***Changes proposed by the League of Women Voters are notated in Red, Bold, Underlined, and strikethrough font below.**

The City will facilitate development of housing on City-owned sites through public-private partnerships during the planning period. City-owned Downtown Parking Plazas 7 and 8 were identified as opportunity sites that could accommodate new development, including affordable housing, ~~in the Downtown Vision Plan.~~ The first RFP issued by the City for housing on either Parking Plaza 7 or 8 will ~~be offer a minimum of 20 years of a zero cost land lease to affordable~~ housing and the City will commit to selecting the development proposal that maximizes public benefit providing a minimum of 20 percent of all dwelling units to lower income households. ~~Prior to the RFP issuance, T~~the City shall hire a third-party to analyze what the minimum financially feasible affordable housing production could be, based upon a minimum of 20 years of a zero-cost land lease and a commitment to provide a minimum 55-year lease. ~~will encourage the development of senior housing, housing for persons with disabilities, and veteran housing on the City-owned Parking Plazas 7 and 8. In the event the development includes market-rate housing, the City will waive all applicable permit fees.~~ In the event the development is ~~constructed as~~ **100% percent** affordable, the City will waive all applicable development impact fees per Program 2.C. The City will comply with all Surplus

Land Act requirements ~~during these efforts~~. The City will provide a dedicated project planner to facilitate an expedited project review process.

Proposed Changes by League of Women Voters to Program 2.C

Program 2.C: Assist in securing funding for affordable housing projects.

***Changes proposed by the League of Women Voters are notated in Red, Bold, Underlined, and strikethrough font below.**

To promote the development of affordable housing projects, and when requested by the project sponsor, the City will continue to assist in securing funding for low- and moderate-income housing developments through the following actions (all of the incentives below are currently in place except for providing funding for multi-jurisdictional housing finance programs):

- Apply for State and federal funding on behalf of a nonprofit, under a specific program to construct affordable housing including persons with physical disabilities or developmental disabilities.
- Provide financial incentive **such as** waiving City fees for 100 percent affordable housing projects ~~within the City of Los Altos~~.
- Provide a dedicated project planner for 100 percent affordable housing projects.
- Transfer the City's annual CDBG allocation to the County for projects that serve the Los Altos community.
- Allocate a portion of CDBG funds toward affordable housing development.
- Provide funding to participate in a multi-jurisdictional housing finance program (such as a Mortgage Revenue Bond or Mortgage Credit Certification Program). The City will continue to coordinate with Santa Clara County and other agencies on multi-jurisdictional housing finance programs.

Conclusion

Staff requests formal direction from the City Council to revise Program 1.H based on the Public Testimony received.