

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

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March 30, 2023

Nick Zornes, Director
Development Services Department
City of Los Altos
1 North San Antonio Rd
Los Altos, CA 94022

Dear Nick Zornes:

RE: City of Los Altos' 6th Cycle (2023-2031) Adopted Housing Element

Thank you for submitting the City of Los Altos' (City) housing element that was adopted January 24, 2023 and received for review on January 30, 2023. Pursuant to Government Code section 65585, subdivision (h), the California Department of Housing and Community Development (HCD) is reporting the results of its review. In addition, HCD considered comments from Karen Bricker, President LWV of Los Altos/Mountain View Area pursuant to Government Code section 65585, subdivision (c).

The adopted housing element addresses many statutory requirements described in HCD's November 10, 2022 review; however, additional revisions are necessary to substantially 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.

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) and 65583.2, subdivision (c). Otherwise, the local government's housing element will no longer comply with State Housing Element Law, and HCD may revoke its finding of substantial compliance pursuant to Government Code section 65585, subdivision (i). Please be aware, if the City fails to adopt a compliant housing element within one year from the statutory deadline, the element cannot be found in substantial compliance until these rezones are completed.

Public participation in the development, adoption and implementation of the housing element is essential to effective housing planning. During the housing element revision process, the City must continue to engage the community, including organizations that

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represent lower-income and special needs households, by making information regularly available while considering and incorporating comments where appropriate. Please be aware, any revisions to the element must be posted on the local government's website and to email a link to all individuals and organizations that have previously requested notices relating to the local government's housing element at least seven days before submitting to HCD.

Several federal, state, and regional funding programs consider housing element compliance as an eligibility or ranking criteria. For example, the CalTrans Senate Bill (SB) 1 Sustainable Communities grant; the Strategic Growth Council and HCD's Affordable Housing and Sustainable Communities programs; and HCD's Permanent Local Housing Allocation consider housing element compliance and/or annual reporting requirements pursuant to Government Code section 65400. With a compliant housing element, the City will meet housing element requirements for these and other funding sources.

For your information, some general plan element updates are triggered by housing element adoption. HCD reminds the City to consider timing provisions and welcomes the opportunity to provide assistance. For information, please see the Technical Advisories issued by the Governor's Office of Planning and Research at:

<https://www.opr.ca.gov/planning/general-plan/guidelines.html>.

HCD appreciates the dedication housing element team provided throughout the housing element update and review. We are committed to assisting the City in addressing all statutory requirements of State Housing Element Law. If you have any questions or need additional technical assistance, please contact Anthony Errichetto, of our staff, at Anthony.Errichetto@hcd.ca.gov.

Sincerely,



Paul McDougall
Senior Program Manager

Enclosure

APPENDIX CITY OF LOS ALTOS

The following changes are necessary to bring the City's housing element into compliance with Article 10.6 of the Government Code. Accompanying each recommended change, we cite the supporting section of the Government Code.

Housing element technical assistance information is available on HCD's website at <https://www.hcd.ca.gov/planning-and-community-development/hcd-memos>. Among other resources, the housing element section contains HCD's latest technical assistance tool, *Building Blocks for Effective Housing Elements (Building Blocks)*, available at <https://www.hcd.ca.gov/planning-and-community-development/housing-elements/building-blocks> and includes the Government Code addressing State Housing Element Law and other resources.

A. Housing Needs, Resources, and Constraints

1. *Affirmatively further[ing] fair housing in accordance with Chapter 15 (commencing with Section 8899.50) of Division 1 of Title 2...shall include an assessment of fair housing in the jurisdiction. (Gov. Code, § 65583, subd. (c)(10)(A).)*

Integration and Segregation: While the element was revised to include an analysis using local data and knowledge, including familial status, it should also compare conditions of integration and segregation in the City to the rest of the region.

Disparities in Access to Opportunity: The revised element included information regarding disparities in access to opportunities with local data and knowledge; however as stated in HCD's prior review, a complete analysis should also describe what contributes to environmental conditions at the local level.

Identified Sites and Affirmatively Furthering Fair Housing (AFFH): The revised element addresses many of the requirements for this finding based on HCD's prior review; however, a complete analysis must address the income categories of identified sites with respect to location, the number of sites and units by all income groups and how that affects the existing patterns for all components of the assessment of fair housing (e.g., segregation and integration, access to opportunity, disproportionate housing needs, etc.).

2. *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).)*

Progress in Meeting the Regional Housing Needs Allocation (RHNA): The element relies on pipeline projects to meet its RHNA, specifically, the element has identified 587

units that are either pending, approved, or under construction. While the revised element explains that infrastructure schedules and entitlement expirations do not present potential constraints, a complete analysis should also demonstrate the availability of pipeline projects during the planning period by analyzing past project completion rates and any known barriers to development in the planning period. Furthermore, while the revised element in Table B-3 lists some projects as “under review,” it should also clarify any remaining steps needed for each project to receive final entitlement and permit approvals.

In addition, while the revised element added Program 1.N to facilitate and monitor the development of pipeline projects, it must provide specific commitments to effectively facilitate the development of pipeline projects beyond simply coordinating with applicants. As well, Program 1.N should also specifically commit to rezone or identify additional sites as necessary beyond ensuring compliance with No Net Loss if applications are not approved.

Suitability of Nonvacant Sites: While the revised element describes the existing uses of nonvacant sites, Table B-7 should also relate trends as described in the suitability analysis to sites identified in the Table (e.g., building age, property condition, improvement-to-land-value ratio, etc. as stated on p. B-14). In addition, the analysis should address public comments related to the identified sites and their potential for redevelopment during the planning period and add or remove sites as appropriate based on analysis. Specifically, the element should address public comments regarding downtown sites and the Foothill Crossing shopping center.

In addition, for your information, the element relies on nonvacant sites to accommodate 50 percent or more of the housing needs for lower-income households, which triggers requirements to make findings based on substantial evidence that the existing use is not an impediment and will likely discontinue in the planning period. While the resolution of adoption includes findings, any changes to the analysis should be reflected in future re-adoption of the element, if necessary.

Environmental Constraints: The revised element describes how environmental constraints relate to identified sites; however, as stated in HCD’s prior review a complete analysis should also describe other known conditions that may impede or preclude development on identified sites in the planning period (e.g., parcel shape, easements, toxic contamination, etc.).

Electronic Sites Inventory: For your information, pursuant to Government Code section 65583.3, the City must submit an electronic sites inventory with its *adopted* housing element. The City must utilize standards, forms, and definitions adopted by HCD. Please see HCD’s housing element webpage at <https://www.hcd.ca.gov/planning-and-community-development/housing-elements> for a copy of the form and instructions. The City can reach out to HCD at sitesinventory@hcd.ca.gov for technical assistance.

Zoning for a Variety of Housing Types (Emergency Shelters): While the revised addresses many of HCD’s prior review findings, a complete analysis should describe

the development standards of the PUD/C zone or other zones that allow emergency shelters by-right, discuss emergency shelter proximity to transportation and services and any conditions inappropriate for human habitability, and clarify whether emergency shelters are permitted without discretionary action.

Please be aware Chapter 654, Statutes of 2022 (AB 2339), adds specificity on how cities and counties plan for emergency shelters and ensure sufficient and suitable capacity. Future submittals of the housing element may need to address these statutory requirements. For additional information and timing requirements, please see HCD's memo at <https://www.hcd.ca.gov/sites/default/files/docs/planning-and-community/ab2339-notice.pdf>.

3. *An analysis of potential and actual governmental constraints upon the maintenance, improvement, or development of housing for all income levels, including the types of housing identified in paragraph (1) of subdivision (c), and for persons with disabilities as identified in the analysis pursuant to paragraph (7), including land use controls... ..fees... (Gov. Code, § 65583, subd. (a)(5).)*

Land Use Controls: The element was not revised to address this finding. Specific commitments were added to Program 3.B regarding height limits; however, the element must still include a complete analysis to better formulate an appropriate programmatic response. In addition, Program 3.B must have clear outcomes and deliverables to revise standards. Please see HCD's prior review for additional information.

A complete potential constraints analysis of land use controls should include the 40 percent maximum lot coverage and height limits in the R3-3, R3-1.8, and R3-1 as many of these zones do not allow for 3 stories by right while also allowing for multifamily uses. As well, the element should analyze front and rear setback and heights for mixed-use projects. Furthermore, the element should clarify whether the Downtown Village Plan allows for housing, and if so, describe the development standards. The element mentions the existence of minimum unit sizes and therefore should explain what those standards are and analyze them as potential constraints. The element must add or revise program as necessary to sufficiently address identified constraints.

Minimum Unit Sizes: The element was not revised to address this finding. Please see HCD's prior review for additional information.

Parking Requirements: Program 3.A commits to assess and modify current parking requirements to address potential constraints does not substitute the required analysis as part of the housing element. The element must include the appropriate analysis and Program 3.A must have clear outcomes and deliverables to mitigate or remove all identified constraints. Program 3.A should specify the sliding scale parking standards to be revised as well as other standards such as guest parking, undergrounding requirements, design dimensions, etc., as mentioned in the element.

B. Housing Programs

1. *Include a program which sets forth a schedule of actions during the planning period, each with a timeline for implementation, which may recognize that certain programs are ongoing, such that there will be beneficial impacts of the programs within the planning period, that the local government is undertaking or intends to undertake to implement the policies and achieve the goals and objectives of the Housing Element... (Gov. Code, § 65583, subd. (c).)*

To address the program requirements of Government Code section 65583, subdivision (c)(1-6), and to facilitate implementation, programs should include: (1) a description of the City's specific role in implementation; (2) definitive implementation timelines; (3) objectives, quantified where appropriate; and (4) identification of responsible agencies and officials. Programs to be revised include the following:

- Program 1.E (*Update Specific Plan*): While the Program timing was revised to occur earlier in the planning period, it should specifically commit to removing subjective design standards (e.g., "landscape and beatification").
 - Program 2.C (*Affordable Housing Funding*): The Program should be revised to add specific timing to implement the reduction in impact fees as well as metrics to provide additional incentives based on objective and measurable outcomes, as necessary.
 - Program 1.I (*Downtown Lot Consolidation Incentive*): The Program should be revised to ensure meaningful and specific actions and objectives. In addition, Program 1.I should also include metrics to provide additional incentives based on objective and measurable outcomes, as necessary.
 - Program 3.A (*Prepare a Downtown parking plan and update citywide parking requirements*): As stated in finding B3 regarding parking requirements, Program 3.A should provide specific commitment to update parking requirements throughout the City to address all identified constraints.
 - Program 3.B (*Building Heights in Mixed-Use Zones*): Program 3.B should revise the height limits for Main Street and State Street to be 36 feet or 3 stories.
 - Program 3.H (*Design Review Process Update*): Program 3.H should add discrete timing to remove the independent architect review.
2. *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 that could not be accommodated on sites identified in the inventory. (Gov. Code, § 65583, subd. (c)(1).)*

As noted in Finding A2, the element does not include a complete site analysis, therefore, the adequacy of sites and zoning were not established. Based on the results of a complete sites inventory and analysis, the City may need to add or revise programs to address a shortfall of sites or zoning available to encourage a variety of housing types. In addition, the element should be revised as follows:

- *Prior Identified Sites*: The element was not revised to address this finding. As noted in HCD's prior review, Program 1.G (*Rezone Sites from Previous Housing Element*) should commit to rezone sites at appropriate densities (e.g., allow at least 30 units per acre).
 - *Density Bonus*: While Program 3.E (*Ensure that the density bonus ordinance remains consistent with State law*) was revised with specific commitments, it should also provide discrete timing for when the ordinance will be reviewed and updated as needed.
 - *SB9*: The revised element added Program 1.M (*SB-9 Implementation*) with specific commitments but should also provide discrete timing for program implementation.
3. *Address and, where appropriate and legally possible, remove governmental and nongovernmental constraints to the maintenance, improvement, and development of housing, including housing for all income levels and housing for persons with disabilities... (Gov. Code, § 65583, subd. (c)(3).)*

As noted in Finding A3, the element requires a complete analysis of potential governmental constraints. Depending upon the results of that analysis, the City may need to revise or add programs and address and remove or mitigate any identified constraints.

4. *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).)*

As noted in Finding A1, the element must include a complete analysis of AFFH and should add or modify programs based on the outcomes of a complete analysis. In addition, programs should be revised to add geographic targeting related to identified metrics. For example, because the City is predominantly the highest resource access to opportunity category and highest median income category, programs should prioritize enhancing housing mobility actions to focus implementation in areas throughout the City, including lower-density areas. In addition, programs should include place-based strategies for community revitalization, and displacement protection and should geographically target households and neighborhoods particularly at-risk. As well, program metrics and outcomes should be increased to target meaningful change.

In addition, the element should be revised as follows:

- *Program 4.J (Alternative Transportation Incentive)*: The element was not revised to address this finding. Please see HCD's prior review for additional information.
- *Program 6.C (Housing in Highest Resource Areas)*: While Program 6.C was revised with specific commitment, it should also add discrete timing to disseminate the webpage.