



AGENDA REPORT SUMMARY

Meeting Date: April 25, 2023

Subject: Discussion with the Los Altos City Council on the status of the Sixth Cycle Housing Element 2023-2031, and report on March 30, 2023 findings letter from the Department of Housing and Community Development (HCD) post 60-day review, and response to required amendments to the draft Housing Element to obtain certification.

Prepared by: Nick Zornes, Development Services Director

Approved by: Gabe Engeland, City Manager

Attachment(s):

1. March 30, 2023, Findings Letter from HCD regarding City of Los Altos 6th Cycle Housing Element.

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".

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.



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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 which is 60 calendar days from date of receipt. City staff requested a preliminary call with HCD reviewers prior to receipt of the formal findings letter but was not granted this, and only received the letter on March 30, 2023. Following receipt of the letter from HCD the Development Services Director promptly requested a meeting to discuss outstanding revisions that were identified by the reviewers.

On April 5, 2023, the Development Services Director and the Housing Element consultant team met with the HCD reviewers virtually and discussed the outstanding revisions identified. During the meeting specific questions were answered which helped to identify prompt revisions to address the outstanding comments. In general, it was determined that many of the revisions necessary are minor in nature and only require additional details or explanation on findings provided by HCD reviewers. However, specific revisions that were included in the findings letter and discussed with HCD reviewers requires the City of Los Altos to provide additional certainty for future actions contained within the Housing Programs of the adopted Housing Element.

Analysis:

The HCD Findings Letter dated March 30, 2023, provided comments that were organized under the following topics: Housing Needs, Resources, and Constraints, and Housing Programs. A summary of HCD’s comments and discussion are provided below.

Housing Needs, Resources, and Constraints

1. *Affirmatively furthering 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(c)(10)(A).)*
 - HCD confirmed that the adopted housing element does address many of the requirements of AFFH, however additional information regarding regional data is required to be incorporated into the final HEU. After speaking with HCD reviewers the Housing Element Team is confident that with additional data points integrated into the final HEU this will substantially comply with Housing Element Law.



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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(a)(3).)*
 - Since the Los Altos Housing Element relies heavily on “pipeline projects” additional information is required to demonstrate that these sites are appropriate to account for the city’s progress towards RHNA. The Housing Element Team will provide specific information regarding the status of pipeline projects to further support the city’s reliance on these projects.
 - Previous public comments received regarding the suitability of nonvacant sites were considered heavily by HCD reviewers. The Housing Element Team has spoken with property owners regarding the redevelopment of nonvacant sites and will incorporate additional information to substantiate the reliance on these sites. Specifically, the Foothill Crossing shopping center does have interest in redevelopment during the planning period despite the public comments that asserted otherwise.
 - Zoning for Emergency Shelters was discussed with HCD reviewers, and this comment was satisfied during the discussion. Additional clarifying language will be incorporated into the Housing Element Update for easier reader understanding.
 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, building codes and their enforcement, site improvements, fees and other exactions required of developers, and local processing and permit procedures... (Gov. Code, § 65583(a)(5).)*
 - Land Use Controls. The adopted element provided details regarding the height increases guaranteed minimums it must further provide the analysis as to why those increases were selected. Additionally, the decision to modify any land use controls must provide further detail which supports the city’s decision to modify those specific controls.
 - Minimum Unit Sizes. This comment was essentially addressed during the call with HCD reviewers, as the Housing Element Team explained that the city does not have minimum unit sizes other than within the Loyola Corners Specific Plan. Additional clarifying language will be added to ensure that all readers understand this land use control.



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- **Parking Requirements.** Although the city does commit to modifying the current parking requirements in Los Altos, the program does not guarantee that it will be reduced where appropriate. In order to address this comment, the Housing Element Team will incorporate the parking requirements provided in Government Code Section 65915 as the base metrics for all parking standards in Los Altos. This change will result in an overall reduction in the parking requirements in all non-single family zoning districts.

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(c).)*
 - **PROGRAM 1.E:** As previously noted, the Loyola Corners Specific Plan does not contain any land use controls rather it acts as a vision document. The Housing Element team will remove options in program 1.E and include only the commitment to fully rescind the specific plan. Currently, rescinding the specific plan is one option within the existing program 1.E, removing other options and committing to rescinding the plan would be a firm commitment by the city. The alternative would be to provide language that removes all subjective standards in the Specific Plan. Including this as an option is no longer recommended given HCD comments.
 - **PROGRAM 1.I:** lot consolidation within the downtown area must commit to specific incentives and the metrics that will review these.
 - **PROGRAM 3.A:** Although the city does commit to modifying the current parking requirements in Los Altos, the program does not guarantee that it will be reduced where appropriate. In order to address this comment, the Housing Element Team will incorporate the parking requirements provided in Government Code Section 65915 as the base metrics for all parking standards in Los Altos. This change will result in an overall reduction in the parking requirements in all non-single family zoning districts.
 - **PROGRAM 3.B:** HCD provided a specific directive to include building heights for Main Street and State Street to be 36 feet and/or 3 stories.
 - **PROGRAM 3.H:** HCD comment has been resolved as the resolution was already approved by the City Council; the housing element will be updated to reflect this.



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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(c)(1).)*
 - PROGRAM 1.G: previous sites utilized in 5th cycle housing element must be up zoned for a minimum of 30 dwelling units per acre. This is a clarifying assertion within the draft housing element which was completed. The HCD reviewers did not understand the densities of the sites already exist, which will only need to be further clarified in the Housing Element to be satisfied.
 - PROGRAM 3.E: the City's 6th Cycle Housing Element is already consistent with State law and was amended earlier this year. This requirement was discussed with HCD reviewers and the city must only provide the annual timing it will review and update the Density Bonus ordinance in accordance with Government Code 65915.
 - PROGRAM 1.M: This requirement was discussed with HCD reviewers and the city must only provide the annual timing it will review and update the SB9 regulations.
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(c)(3).)*
 - HCD reviewers are requesting clarification in the element to assert that there are not governmental restraints in city land use controls. If there was additional information would be required.
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(c)(5).)*
 - Programs contained within the Housing Element must specifically speak to prioritization of AFFH for all persons, and increase the program metrics and outcomes.
 - PROGRAM 4.J: does address the previous HCD comment, however the Housing Element will be modified to reflect further the geographically target actions towards the unsafe and underdeveloped infrastructure.
 - PROGRAM 6.C: must include timeframe for when information will be posted on City's Website.



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Staff Recommendation

City Council discuss the HCD Findings Letter, and obtain any information from the Development Services Director on next steps regarding the revisions necessary to obtain certification.