

## AGENDA REPORT SUMMARY

**Meeting Date:** January 5, 2023

**Subject:** Planning Commission Recommendation to the Los Altos City Council regarding the 6<sup>th</sup> Cycle Housing Element 2023-2031 and Mitigated Negative Declaration (MND).

**Prepared by:** Nick Zornes, Development Services Director

**Attachment(s):** 1. 6<sup>th</sup> Cycle Housing Element 2023-2031, City of Los Altos  
2. November 10, 2022, HCD Findings Letter

**Initiated by:** City Council.

### **Fiscal Impact**

Associated fiscal impacts are anticipated for State mandated programs included within the 6<sup>th</sup> Cycle Housing Element 2023-2031. Some of the programs included within the Housing Element will require work to be completed by a third-party consultant, other programs will require the allocation of funds for additional full-time City staff such as a Housing Manager within the Development Services Department. The majority of programs will be funded by the General Fund as indicated within the Draft Housing Element. In future years the City may be eligible for grant opportunities which are generally reimbursement structured grants, which could help to offset the overall cost of housing programs included, however in no circumstance may a program be dependent upon the award of grant funding.

### **Environmental Review**

The “project” requires environmental review consistent with the California Environmental Quality Act (CEQA). The Housing Element is a policy-level document that does not create physical residential growth in and of itself, but only identifies adequate and available sites for residential development, and programs to be undertaken that facilitate the creation of housing during the 2023-2031 planning period.

Based on its independent analysis a Mitigated Negative Declaration (MND) was completed in compliance with the California Environmental Quality Act (CEQA); and finds that there is no substantial evidence that the project will have a significant effect of the environment; and that the MND reflects the City’s independent judgement and analysis; and approves the 2023-2031 Housing Element of the City’s General Plan; and Authorizing the Development Services Director to submit the Housing Element to the California Department of Housing and Community Development (HCD) for its consideration and certification.

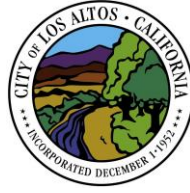
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**Prepared By:**

Development Services Director

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**Subject:** Planning Commission Recommendation to the Los Altos City Council regarding the 6<sup>th</sup> Cycle Housing Element 2023-2031 and Mitigated Negative Declaration (MND).

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A Notice of Intent (NOI) to adopt the Initial Study/Mitigated Negative Declaration was released on November 30, 2022, for a 30-day public review that concluded on December 30, 2022.

### **Staff Recommendation**

Adopt Planning Commission Resolution No. PC-2023-XX recommending adoption of City Council Resolution No. CC-2023-XX of the 6<sup>th</sup> Cycle Housing Element 2023-2031 and Mitigated Negative Declaration (MND) in compliance with State law.

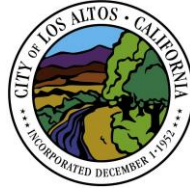
### **Summary and Key Considerations**

This is a public hearing to obtain the Planning Commission recommendation to the City Council regarding the 6<sup>th</sup> Cycle Housing Element 2023-2031. The Housing Element is required by State law to identify and analyze existing and projected housing needs to preserve, improve, and develop housing for all economic segments of the community, and demonstrate how the City of Los Altos will accommodate its fair share of regional housing needs. The City of Los Altos is updating the Housing Element consistent with the requirement of State law and guidance provided by the State of California, Housing and Community Development Department (HCD). The Planning Commission will be making a recommendation on the item to the City Council. The City Council will consider the item at a separately noticed public hearing on January 10, 2023, and January 24, 2023.

### **Background**

Every eight years the State requires that each jurisdiction update its Housing Element to address future housing needs. The Department of Housing and Community Development (HCD) is the agency responsible for tracking and determining compliance with the State Housing Law. The City must adopt the 6<sup>th</sup> Cycle Housing Element Update (2023-2031) by January 31, 2023.

There are consequences for the city if the Housing Element is adopted after January 31, 2023, or if the Housing Element is not found to be in substantial conformance with State law within 120-days after the statutory due date of January 31, 2023. If a Housing Element is not in substantial conformance with State law, the City will be vulnerable to litigation by the State Attorney General and other interested parties, be potentially ineligible for some state and regional funding, and other penalties as allowed by State law or as determined by a court.



**Subject:** Planning Commission Recommendation to the Los Altos City Council regarding the 6<sup>th</sup> Cycle Housing Element 2023-2031 and Mitigated Negative Declaration (MND).

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Objectives of the Housing Element:

- An analysis of housing needs in Los Altos
- Policies that address the needs of the community
- Programs that will implement those policies
- Programs that are required to comply with State law

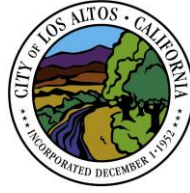
The Housing Element is part of the City's General Plan, which sets forth guiding policies for future development. The requirement for each city to adopt a General Plan is contained in State law which also lays out specific requirements for each element. The Housing Element provides an overarching statement of City policies and programs to maintain and improve existing housing and accommodate the City's fair share of population growth needs. The requirements in State law for Housing Elements include the following:

- Ensure adequate sites for new housing for persons of all income levels
- Encourage and facilitate the development of affordable housing
- Conserve and improve the existing affordable housing stock
- Analyze and remove government constraints on new housing development
- Promote equal housing opportunities
- Preserve assisted housing

What Are Housing Element Programs?

The City of Los Altos must identify specific programs in its housing element that will allow it to implement the stated policies and achieve the stated goals and objectives. Programs must include specific action steps the City will take to implement its policies and achieve its goals and objectives. Programs must also include a specific timeframe for implementation, identify the agencies or officials responsible for implementation, describe the city's specific role in implementation, and (whenever possible) identify specific, measurable outcomes.

The programs included within the Los Altos Sixth Cycle Housing Element 2023-2031 create the overarching framework and roadmap that will guide the city in meeting its housing needs within the community. Each program included will require additional work, public input, and development in the future. This means that programs listed within the Housing Element will be heard at future public hearings and workshops to develop the specific amendments to the



**Subject:** Planning Commission Recommendation to the Los Altos City Council regarding the 6<sup>th</sup> Cycle Housing Element 2023-2031 and Mitigated Negative Declaration (MND).

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City's Zoning Code, and other Land Use documents. This process also allows for specific refinement of each program when developing the implementing ordinances for the City.

Regional Housing Needs Allocation (RHNA):

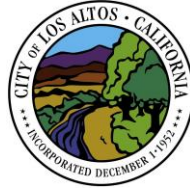
The City of Los Altos is within the Association of Bay Area Governments (ABAG) comprised of 109 jurisdictions, with a Housing Element Planning Period of 2023-2031. Before the Housing Element can be updated, ABAG produces the Regional Housing Needs Allocation (RHNA) in partnership with the California Department of Housing and Community Development (HCD). HCD starts the housing element revision process by determining how many additional housing units each region in California will need over the next housing element revision period. HCD considers the projected population increase to determine the anticipated household growth rate, household sizes, household formation, vacancy rates and jobs-housing balance to determine an allocation of housing need for each region. HCD determined that the Bay Area region must plan for 441,176 new housing units from 2023 to 2031, approximately 2.35 times more units than were included in the previous housing element cycle.

Next, ABAG assigns each jurisdiction within the region with its “fair share” of the RHNA for the housing element planning period, based on an allocation methodology developed as part of the process and approved by HCD. The assigned need is broken down by four income categories: very low, low, moderate, and above moderate. Draft allocations are issued, followed by an appeals period. After the appeal hearings, ABAG will issue final allocations by the end of 2021. ABAG's final distribution of housing needs numbers must account for the region's total RHNA.

City of Los Altos final allocation is 1,958 units which are distributed between the following four (4) income categories:

- Very Low Income (Less than 50% of Area Median Income): 501 units
- Low Income (50-80% of Area Median Income): 288 units
- Moderate Income (80-120% of Area Median Income): 326 units
- Above Moderate Income (More than 120% of Area Median Income): 843 units

The City's RHNA represents a planning target and is not a building quota. The Housing Element Update must show how Los Altos will accommodate the RHNA on sites that are



**Subject:** Planning Commission Recommendation to the Los Altos City Council regarding the 6<sup>th</sup> Cycle Housing Element 2023-2031 and Mitigated Negative Declaration (MND).

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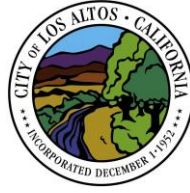
realistic for housing development within the eight-year housing element period (2023-2031) consistent with State law and guidance.

### Sites Inventory

The sites inventory (also called the available land inventory or sites map) is a crucial part of the Housing Element. In the sites inventory, a jurisdiction identifies where it has capacity to meet the housing production quotas assigned by the State through ABAG for all income categories (i.e., RHNA). It is typically in the form of a map and table listing features and characteristics of the properties. State law and guidance include certain requirements for sites to be sufficient for inclusion in the sites inventory (e.g., size of parcels identified for lower income, allowed density for lower income sites, etc.). Specifically, State law requires that the site inventory include:

- Adequacy of infrastructure to support the site
- Adequacy of the site size to accommodate housing for lower-income households as such projects typically require 50-150 units (a minimum site size of 0.5-acre is required for lower-income sites)
- The RHNA income category the site is expected to serve (if the site is later developed for a different income category the City must then identify a new site or sites for a similar amount of the targeted development type)
- A discussion of whether the site was included in previous inventories and, if so, why it has not yet been developed
- A description of how the sites affirmatively further fair housing (defined as taking meaningful actions that, collectively, address significant disparities in housing needs and in access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws.)
- For sites that are not vacant, an explanation of why it is reasonable to expect that the site will be redeveloped with housing before 2031 (e.g., underutilized property, condition/age of structure, not precluded by existing leases, development trends, market conditions, etc.)

Site Inventory Buffer. SB 166 enacted by the California Legislature and signed by the Governor in 2017 created a requirement for “no net loss” of housing capacity during the entire planning period covered by the Housing Element Update. This means that Los Altos must



**Subject:** Planning Commission Recommendation to the Los Altos City Council regarding the 6<sup>th</sup> Cycle Housing Element 2023-2031 and Mitigated Negative Declaration (MND).

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maintain adequate sites to accommodate its remaining unmet RHNA for each income category at all times throughout the entire eight-year planning period covered by the Housing Element Update (through 2031). This requirement is the source of the “buffer” as State law anticipates that not all the sites that are identified will develop at the planned income level. To meet the requirement to maintain adequate sites at all income levels, HCD is recommending that communities include excess housing unit capacity in their plans. While the excess capacity over RHNA is not required, HCD recommends that communities plan for a buffer of between 15 and 30% of their RHNA capacity to assist with compliance with the “no net loss” requirement. Communities can address this need for a buffer based on their specific circumstances. In Los Altos’ case, the buffer will be established as part of the site inventory identification process.

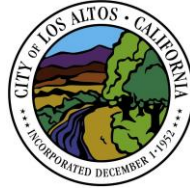
#### On-time Housing Element Importance

The City must adopt the Sixth Cycle Housing Element 2023-2031 by January 31, 2023. The City must be found to be in substantial compliance (meaning a letter from HCD affirming compliance with Housing Element Law) within 120-days of the statutory deadline of January 31, 2023. If the City is not found in substantial compliance within 120-days of the statutory deadline, all rezoning required within the housing element shall be completed within one year of the housing element due date (as opposed to three years) to maintain housing element compliance. Additionally, an approved Housing Element makes Los Altos eligible for a variety of State grants, including funds for affordable housing, parks, and infrastructure. If the City does not meet its deadline to adopt its updated Housing Element, it could face fines and lawsuits from the State. A court may limit local land use decision-making authority until the City brings its Housing Element into compliance.

#### Housing Element Development

In June 2021, the City selected Lisa Wise Consulting (LWC) as the consulting firm to prepare the City’s 2023-2031 Housing Element after conducting a competitive RFP and bidding process. 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 22<sup>nd</sup>, 2022, the role of the Committee was expanded to provide general feedback in the Housing Element update process. Staff has worked 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.





**Subject:** Planning Commission Recommendation to the Los Altos City Council regarding the 6<sup>th</sup> Cycle Housing Element 2023-2031 and Mitigated Negative Declaration (MND).

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### Outreach (Prior to HCD First Submittal)

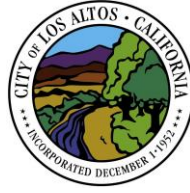
Phase One, Staff began the outreach process with a multi-faceted approach last November through 1) the establishment of a Housing Element page on the City's website, which is maintained by LWC and city staff, and is linked to the City's main webpage, through which the city has received input directly 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 presents information and answers 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, with the first attended by over fifty households, and the second on March 1st, attended by over 150 households; 7) an informational flier sent to every household in Los Altos; and multiple banners (8' by 3') posted on various City Buildings and street corners advertising the Housing Element Update website and opportunity for continued public input.

Phase Two, provided information and allowed 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 that time, 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, the League of Women Voters, Los Altos Residents, Friends of Los Altos, nonprofit housing developers, community-based and faith-based nonprofits, veterans' groups, and 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.

### Critical Milestones

On April 26, 2022, at a Joint Session Planning Commission and City Council meeting, LWC presented five (5) policy options for the Council and Commission consideration and feedback. Discussion was held related to allowing residential uses in PCF and OA zoning districts, and whether to increase density and height in CR, CRS, and the Loyola Corners Specific Plan. After the April 26, 2022, Joint Session Planning Commission and City Council meeting, LWC and staff



**Subject:** Planning Commission Recommendation to the Los Altos City Council regarding the 6<sup>th</sup> Cycle Housing Element 2023-2031 and Mitigated Negative Declaration (MND).

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have reconciled comments received and incorporated as necessary required modifications to the Draft Sixth Cycle Housing Element.

On June 22, 2022, the City of Los Altos made available the Public Review Draft of the Sixth Cycle Housing Element 2023-2031, opening the required minimum 30-day public participation requirement. The Public Review Draft was posted on the dedicated housing element webpage at: [www.losaltoshousing.org](http://www.losaltoshousing.org) and shared in a Citywide Press Release in addition to an email/newsletter sent to all interested parties on the housing element update distribution list.

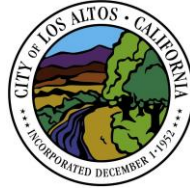
On July 7, 2022, the Public Review Draft was presented to the Planning Commission. The Planning Commission received an overview of the completed Public Review Draft, accepted Public testimony, discussed the item and recommended that the City Council submit the Public Review Draft of the Sixth Cycle Housing Element 2023-2031 to HCD following the required Public Participation period.

On July 12, 2022, City Council meeting, City Council accepted Public Testimony regarding the of the Public Review Draft of the Sixth Cycle Housing Element 2023-2031, discussed the draft, and direct staff to consider and incorporate appropriate public comments into the Draft Housing Element during the required 10 business days, and then transmit the document for HCD's formal first review.

The City formally submitted the first Draft of the Sixth Cycle Housing Element on August 12, 2022, to HCD. During HCD's 90-day review, the City received initial verbal comments from HCD (2-weeks) prior to receiving HCD's formal Findings Letter. On November 10, 2022, the City of Los Altos received its formal comment letter from HCD regarding the Draft Sixth Cycle Housing Element (Attachment #2). A comprehensive analysis and how the revised Housing Element addressed comments received is covered later in the report.

On November 29, 2022, City Council Study Session, City Council accepted Public Testimony regarding the status of the Sixth Cycle Housing Element 2023-2031, and report on initial findings letter from the Department of Housing and Community Development (HCD) post 90-day review, and proposed timeline and response to required amendments to the draft Housing Element to comply with State law. The timeline presented on November 29, 2022, reflected the critical milestones that the City must adhere to in order to adopt and be found to be in substantial compliance by HCD.





**Subject:** Planning Commission Recommendation to the Los Altos City Council regarding the 6<sup>th</sup> Cycle Housing Element 2023-2031 and Mitigated Negative Declaration (MND).

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On November 30, 2022, the City of Los Altos released a Notice of Intent (NOI) to adopt the Initial Study/Mitigated Negative Declaration, for a 30-day public review that concluded on December 30, 2022. At the time of publishing of this report (December 29, 2022) only one public comment had been received regarding the Initial Study/Mitigated Negative Declaration for the Sixth Cycle Housing Element.

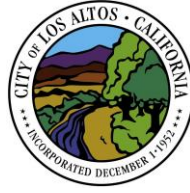
### **Outreach (Since receipt of HCD Findings Letter)**

On Friday, November 18, 2022, Director Zornes met with five members of the Los Altos Affordable Housing Alliance virtually for a 1-hour meeting which was extended to 2-hours to discuss HCD's Findings Letter, and potential solutions for the City to consider to be found in substantial compliance. Director Zornes took note of all comments provided by the Los Altos Affordable Housing Alliance and has incorporated all appropriate comments/solutions within the draft Housing Element that are consistent with the requirements of State law. A follow-up letter was received by Director Zornes which outlined the specific concerns and proposed revisions from the Los Altos Affordable Housing Alliance; these comments were addressed within the document or incorporated accordingly.

On November 30, 2022, Director Zornes met with Joanne Price who represents Dignity Moves and Life Moves, two non-profit organizations in Silicon Valley that work with those in the community facing homelessness. The two organizations have had significant success with the creation of housing for those facing homeless of projects for temporary and permanent supportive housing. The contact for Dignity Moves was provided by Councilmember Lee Eng the week prior. Much can be learned from the staff at Dignity Moves and Life Moves as we work to address homelessness in the development and implementation of many of our programs in the 6<sup>th</sup> Cycle Housing Element.

On December 7, 2022, Director Zornes presented to the Los Altos Chamber of Commerce regarding the status of the City's Sixth Cycle Housing Element. Director Zornes received overwhelming support from all in attendance at the Chamber of Commerce meeting where it was also expressed the hopefulness of the subsequent programs that will be developed and implemented within Los Altos.

On December 16, 2022, Director Zornes presented to the Los Altos Community Coalition regarding HCD's Findings Letter, and what is next for the Sixth Cycle Housing Element. Director Zornes received overwhelming support from all in attendance at Los Altos Community Coalition



**Subject:** Planning Commission Recommendation to the Los Altos City Council regarding the 6<sup>th</sup> Cycle Housing Element 2023-2031 and Mitigated Negative Declaration (MND).

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meeting where it was also expressed the hopefulness of the subsequent programs that will be developed and implemented within Los Altos.

On December 16, 2022, City Manager Engeland and Director Zornes met with the Los Altos Resident (LAR) group regarding HCD's Findings Letter, and what is next for the Sixth Cycle Housing Element. Director Zornes received a letter of appreciation for the work completed up until that point on the Housing Element and support for the Draft 6<sup>th</sup> Cycle Housing Element with the discussed revisions that have been included in the updated draft.

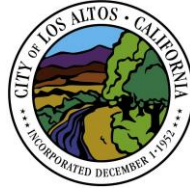
On December 16, 2022, Director Zornes met with the League of Women Voters to discuss an earlier received comment letter regarding the formal Findings Letter from HCD. Additionally, the League provided Director Zornes with a list of questions that helped to organize the conversation; the initial discussion was planned to last 1-hour, which extended to a 2-hour discussion to further understand the forthcoming revisions to the draft Housing Element. The meeting was productive and helped to provide insight on the needs and concerns of the League which has resulted in further improvements to the Los Altos Housing Element.

### **Revisions Post 90-day Review**

The HCD Findings Letter dated November 10, 2022, provided comments that were organized under the following topics: Housing Needs, Resources, and Constraints, Housing Programs and Public Participation. A summary of HCD's comments and discussion are provided below.

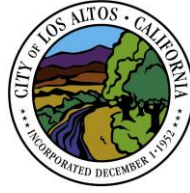
#### **Housing Needs, Resources, and Constraints**

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).)*
  - AFFH was first required with the adoption of AB 686 which was signed in 2018. Importantly AB 686 also created new housing element requirements applying to all housing elements due to be revised on or after January 1, 2021. This is the first housing element for the City of Los Altos where the specific requirement for Affirmatively Furthering fair Housing must be included within our analysis. The goal of Affirmatively Furthering Fair Housing (AFFH) is to combat housing discrimination, eliminate racial bias, undo historic patterns of segregation, and lift barriers that restrict access in order to foster inclusive communities and achieve racial equity, fair housing choice, and opportunity for all Californians.



**Subject:** Planning Commission Recommendation to the Los Altos City Council regarding the 6<sup>th</sup> Cycle Housing Element 2023-2031 and Mitigated Negative Declaration (MND).

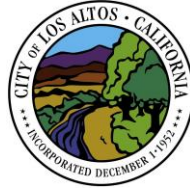
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- The Los Altos Housing Element Team has provided further clarification and explanation within Appendix F, Affirmatively Furthering Fair Housing (AFFH) based on the data available. It will be important for the City of Los Altos to further collect and analyze data in the coming years in order to ensure that the City is effectively Affirmatively Furthering Fair Housing within the jurisdiction.
  - Revisions to the Draft Housing Element have been incorporated throughout Appendix to address the comments provided by HCD.
2. *Include an analysis and documentation of household characteristics, including level of payment compared to ability to pay, housing characteristics, including overcrowding, and housing stock condition. (Gov. Code, § 65583(a)(2).)*
- Specific Data requested by HCD in the Findings Letter has been incorporated into Appendix A, Housing Needs Assessment.
  - Policies and programs that are included within the Draft Housing Element which are designed to provide more affordable housing options and help to reduce the level of overpayment experience in Los Altos are:
    - Program 2.A – Continue to implement and enhance inclusionary housing requirements.
    - Program 2.C – Assist in securing funding for affordable housing projects.
    - Program 2.D – Encourage and streamline Accessory Dwelling Units (ADUs).
    - Program 5.E – Help secure funding for housing rehabilitation and assistance programs.
    - Program 6.D – Promote Housing Choice (Section 8) rental assistance program.
3. *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).)*
- In general, HCD's Findings Letter articulates fundamentals for the site inventory analysis which is required of all housing elements. Progress towards meeting RHNA will require the City to provide additional analysis of "Pipeline" projects and the probability of those projects being constructed in the Planning Period (2023-2031). City staff is confident that the all-pipeline projects will be constructed within the Planning Period as the majority of those projects/units have submitted their construction documents to the city for Plan Check.
    - Of the 587 Total Net New Units:



**Subject:** Planning Commission Recommendation to the Los Altos City Council regarding the 6<sup>th</sup> Cycle Housing Element 2023-2031 and Mitigated Negative Declaration (MND).

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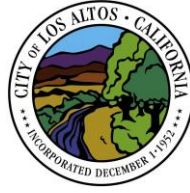
- 401 units have been entitled/approved in 2022; 135 of which are designated to very-low-, low- and moderate-income households.
  - 415 units are in Building Plan Check; 141 of which are designated to very-low-, low- and moderate-income households.
  - 63 units are currently under construction; 9 of which are designated to very-low-, low- and moderate-income households.
  - It is important to note that of the 587 “pipeline” projects or as detailed in Table B-3: Entitled and Proposed Developments in Appendix B, Sites Inventory & Methodology only 2 units are on a “vacant” site, all remaining units listed with Table B-3 are developed sites that are ripe for redevelopment. Additionally, Program 1.N – Facilitate and monitor pipeline housing projects, will be monitored closely by City staff to ensure that these projects are being reviewed accordingly.
- The draft housing element relies heavily on nonvacant sites; over 50% of sites identified. This is common in most jurisdictions that are close to buildout much like the City of Los Altos. The draft housing element must further demonstrate that the existing uses is not an impediment to additional residential development.
  - Site visits have been conducted to verify occupancy of several of the sites that are listed in Table B-3, where it has been confirmed that there are several vacancies present.
- Accessory Dwelling Unit ordinance shall comply with State law at all times. The City understands this requirement and has further added language to Program 2.D. The program clearly demonstrates compliance with the requirement as requested within the HCD Findings Letter.
  - Additional information was provided to City staff during a preliminary call with HCD. The City’s ADU Ordinance has been determined to be inconsistent with State law, and revisions will be necessary. HCD verbally and in writing has stated that the City will receive a letter regarding noncompliance issues under a separate cover which will require zoning code amendments. Director Zornes will promptly review the letter of noncompliance and with consultation of the City Attorney will draft amendments to the zoning code based on HCD’s noncompliance letter.
- The draft housing element must further demonstrate that Emergency Shelters are allowed within the City, and clearly show what zones they are allowed by-right.
  - Program 3.H has been amended to reflect that no discretionary action is required.
  - Program 3.M has been added to reflect that the City of Los Altos will ensure compliance with parking requirements for Emergency Shelters consistent with State law.



**Subject:** Planning Commission Recommendation to the Los Altos City Council regarding the 6<sup>th</sup> Cycle Housing Element 2023-2031 and Mitigated Negative Declaration (MND).

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- The draft housing element must clearly demonstrate that Manufactured Housing is allowed within the City and does not require any additional review in order to be located within the City.
  - Program 3.J – Explicitly allow manufactured homes consistent with State law, has been amended to further include language that all Manufactured Homes are permitted in the same zones where single-family homes are allowed.
- 4. *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).)*
  - The Loyola Corner Specific Plan has a requirement for Minimum Unit Sizes, this requirement as well as other land use controls has not been enforceable since the adoption of the Housing Crisis Act.
    - Program 1.E – has been amended to clarify the City’s commitment to allowing housing within the Loyola Corners Specific Plan. The City will update or rescind in entirety and revert to underlying zoning to facilitate housing production. The City will eliminate the 20-unit density cap, the dwelling unit size requirement, and the story count and height limitation.
  - Citywide Parking Requirements and Downtown Parking Plan.
    - Program 3.A – Prepare a Downtown parking plan and update citywide parking requirements. The City has committed to expanding the program to be a comprehensive analysis of parking requirements in the City. An easy to navigate Parking Matrix will be the result of this program in addition to a Parking Management Plan for the Downtown Los Altos Area.
  - Fees and Exactions. The City will include a program that analyzes the Development Fee Schedule within Los Altos.
    - Program 3.D – Evaluate and adjust impact fees, has been amended to commit the City of Los Altos to conduct a Comprehensive Fee Study. At the completion of the fee study the City Council will adopt an updated fee schedule which reflects the appropriate cost of permitting and project review for development within the City.
  - Local Processing and Permit Procedures.
    - Program 3.H – Amend design review process and requirements, the program has been revised to specify the barriers that have been identified in Appendix C, Housing Constraints, and committed the City to the following:



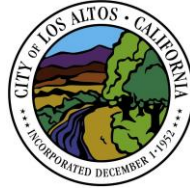
**Subject:** Planning Commission Recommendation to the Los Altos City Council regarding the 6<sup>th</sup> Cycle Housing Element 2023-2031 and Mitigated Negative Declaration (MND).

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- Consolidation of the Design Review Commission and Planning Commission into one body upon adoption of the Housing Element.
  - Formally resend the requirement of 3<sup>rd</sup> Party Independent Architect Review for all project types (this requirement was never formally adopted and was implemented by staff per council discussion, this requirement is not enforceable.)
  - Discretionary approvals for housing developments of five or fewer units will be approved by the Development Services Director.
  - Limit design review hearings to a maximum of three, regardless of the hearing body.
  - Develop standard conditions of approval that are based on codified requirements within the Los Altos Municipal Code. This is to provide applicants a level of certainty as well as ensure that regulations are being applied consistently on all projects and not negotiated during a Public Hearing.
  - Create a discretionary review matrix that clearly identifies the reviewing body for approvals and appeals. Redesignate the City Council to only serve as the decision-making authority for appeal of design review and other land use decisions, consistent with the majority of all jurisdictions in the County of Santa Clara.
  - Clarify that decisions on appeals of housing development must be based on objective standards consistent with State law. Furthermore, appeals shall be filed with the City of Los Altos within 10 calendar days.

### Housing Programs

- *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).)*
- The programs below have been amended to include the following specifics which are consistent with the comments received by HCD in the November 10, 2022 Findings Letter:
  - Program 1.B: CT Zone will increase the allowed height by a minimum of 10 feet, and one story. The program will be completed 1-year sooner than originally proposed.





**Subject:** Planning Commission Recommendation to the Los Altos City Council regarding the 6<sup>th</sup> Cycle Housing Element 2023-2031 and Mitigated Negative Declaration (MND).

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- Program 1.C: OA Zone will allow residential uses 1-year sooner than originally proposed.
  - Program 1.D: housing on church owned sites will be completed 1-year sooner than originally proposed.
  - Program 1.E: the Loyola Corners Specific Plan will be updated or rescinded and revert to underlying zoning in order to remove all barriers to the creation of housing within the area. The program will be completed 1-year sooner than originally proposed.
  - Program 1.H: The City will offer a minimum of a 20 years of a zero cost land lease to a housing development providing a minimum of 20 percent of all dwelling units to low income households. The City will encourage the development of senior, housing for persons with disabilities and veteran housing on City-owned Parking Plazas 7 and 8. The City will provide permit fee and development impact fee waivers depending on the level of affordability provided onsite. The program will be completed 1-year sooner than originally proposed and will process all approvals timely within one year.
  - Program 1.I: will provide a reduction in permit fees for the consolidation of lots and will remove any constraints to lot consolidation with adoption of municipal code amendments.
  - Program 2.A: the City will update its in-lieu housing ordinance and establish an in-lieu housing fee to help facilitate the development of both market-rate and affordable housing.
  - Program 2.C: the City has committed to further helping to obtain funding for the creation of additional affordable housing units whenever available.
  - Program 3.A: the City will complete a comprehensive parking evaluation that does not only look at parking in downtown, but citywide. The program will be completed 1-year sooner than originally proposed.
  - Program 3.B: building heights in mixed-use zones will be increased by 10-feet and one story minimum, this is consistent with the recommendations in the Downtown Vision Plan. The program will be completed 2-years sooner than originally proposed.
  - Program 4.C: Low Barrier Navigation Centers, is a program that was not completed within the last Planning Period which requires the City to complete the necessary zoning code amendments no later than December 2023; City staff will bring draft ordinances to the Planning Commission no later than May 2023 followed by City Council immediately thereafter.
  - Program 4.D: Transitional and Supportive Housing, is a program that was not completed within the last Planning Period which requires the City to complete the necessary zoning code amendments no later than December 2023; City staff will bring draft ordinances to the Planning Commission no later than May 2023 followed by City Council immediately thereafter.



**Subject:** Planning Commission Recommendation to the Los Altos City Council regarding the 6<sup>th</sup> Cycle Housing Element 2023-2031 and Mitigated Negative Declaration (MND).

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- Program 4.E: Employee/Farmworker Housing, is a program that was not completed within the last Planning Period which requires the City to complete the necessary zoning code amendments no later than December 2023; City staff will bring draft ordinances to the Planning Commission no later than May 2023 followed by City Council immediately thereafter.
  - Program 4.F: Reasonable Accommodations, is a program that was not completed within the last Planning Period which requires the City to complete the necessary zoning code amendments no later than December 2023; City staff will bring draft ordinances to the Planning Commission no later than May 2023 followed by City Council immediately thereafter.
  - *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 completed pursuant to paragraph (3) of subdivision (a) without rezoning, and to comply with the requirements of Government Code section 65584.09. Sites shall be identified as needed to facilitate and encourage the development of a variety of types of housing for all income levels, including multifamily rental housing, factory-built housing, mobile homes, housing for agricultural employees, supportive housing, single-room occupancy units, emergency shelters, and transitional housing. (Gov. Code, § 65583(c)(1).)*
  - Program 1.G: previous sites utilized in 5<sup>th</sup> 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 articulates in the footnotes section of the program that the CT zones allows for 38 units per acre, thus meeting the minimum of 30 units per acre.
  - (New) Program 1.M: the City must include a New Program which commits the City implementing SB 9 regulations consistent with State law. Similarly to the comments received by HCD regarding ADU's the City of Los Altos must amend its ordinance at any time there is conflict with State law.
  - *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. The program shall remove constraints to, and provide reasonable accommodations for housing designed for, intended for occupancy by, or with supportive services for, persons with disabilities. (Gov. Code, § 65583(c)(3).)*
    - The draft housing element has been revised to discuss potential governmental and nongovernmental constraints further. After further analysis constraints within the



**Subject:** Planning Commission Recommendation to the Los Altos City Council regarding the 6<sup>th</sup> Cycle Housing Element 2023-2031 and Mitigated Negative Declaration (MND).

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R3 Zone has been identified and modifications are necessary; Program 3.N, Modify Standards in the R3 zoning districts has been included to capture this requirement.

- *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).)
  - HCD's Findings Letter overarchingly requires the City to clarify the commitments of AFFH. Programs 2.D, 4.J, 6.C, 6.D, and 6.E, has committed the City to providing targeted outreach, ensuring safe and adequate infrastructure to all segments of the community, provide information on the City's website, track and modify how Section 8 Vouchers are being used, and shorten the timeframe for when each program will be completed by.
    - Programs 2.D, 4.J, 6.C, 6.D, and 6.E has each been amended to achieve the requirements of AFFH in a combined effort.

### **Next Steps**

The Planning Commission's recommendation will be provided to the City Council for their consideration at a subsequent public hearing scheduled for January 10, 2023, followed by a second public hearing on January 24, 2022, in order to meet the State mandated timeline. The City must adopt the Sixth Cycle Housing Element 2023-2031 by January 31, 2023.

### **Recommendation**

Adopt Planning Commission Resolution No. PC-2023-XX recommending adoption of City Council Resolution No. CC-2023-XX of the 6<sup>th</sup> Cycle Housing Element 2023-2031 and Mitigated Negative Declaration (MND) in compliance with State law.