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| _____ CALENDAR      |
| Agenda Item # _____ |

**AGENDA REPORT SUMMARY**

**Meeting Date:** July 12, 2022

**Subject:** City Council discussion regarding current status of the Sixth Cycle Housing Element 2023-2031 Public Review Draft; direct staff to submit draft Housing Element to HCD following legally required comment period; find that the City Council’s action in providing such direction to staff is exempt from review under the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines Section 15061(b)(3).

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

**Reviewed by:** Jon Maginot, Assistant City Manager

**Approved by:** Gabriel Engeland, City Manager

**Attachment(s):**

1. 6<sup>th</sup> Cycle Housing Element 2023-2031, City of Los Altos

**Initiated by:**

City Council.

**Fiscal Impact:**

No direct fiscal impact is anticipated for release of the Sixth Cycle Housing Element 2023-2031 Public Review Draft.

**Environmental Review:**

Submission of the Draft Housing Element to HCD is exempt from review under the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines Section 15061(b)(3) because it can be seen with certainty that the project will not have a significant environmental effect or that any such effect is wholly speculative at this time in that: the project is required by state law; it involves policies, programs, and actions to meet the City’s RHNA allocation that either would not cause a significant effect on the environment or incorporates actions that have already been taken by the City; final adoption of the Housing Element and its implementation will require subsequent actions by the City, and environmental review of such actions is premature; and the environmental effects of any development projects that may be facilitated by the Housing Element are wholly speculative at this time in the absence of specific development proposals. Additionally, none of the circumstances stated in CEQA Guidelines Section 15300.2 applies. **Staff Recommendation:** Discuss Sixth Cycle Housing Element 2023-2031 Public Review Draft and receive Public Testimony and direct staff to submit the Draft Housing Element to HCD following the completion of the required 30-day public comment period and 10 business days to consider and incorporate public comments.

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**Reviewed By:**

City Manager

GE

City Attorney

JH

Finance Director

JE

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## **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.

### 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



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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 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.

## **Analysis**

### 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



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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 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



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planning period covered by the Housing Element Update. This means that Los Altos must 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 are able to 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, and ultimately a receiver may be appointed by the court to take control of City operations as necessary to bring the City into substantial compliance with the Housing Element Law.

Housing Element Progress:

In June 2021, the City selected Lisa Wise Consulting (LWC) as the consulting firm to prepare the City’s 2023-2031 Housing Element. 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. Over the past six months, staff has been working closely with the team at LWC and their outreach subconsultant, Plan to Place, to ensure that Los Altos residents, the local



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business community and its workforce, community and faith-based nonprofits, and other communities of interest, are engaged and informed about the Housing Element update.

Outreach:

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.

**Discussion**

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



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the April 26, 2022, Joint Session Planning Commission and City Council meeting, LWC and staff 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.

At the July 12, 2022 City Council meeting, City Council will accept Public Testimony regarding the of the Public Review Draft of the Sixth Cycle Housing Element 2023-2031, discuss 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.

Housing Element Update Timeline (Approximate Dates for reference only):

|   |                                     |
|---|-------------------------------------|
| Public Review Draft-Released for Comments   | 6-22-2022 (30 Calendar Day Minimum) |
| Planning Commission Meeting-Review Public Draft   | 7-7-2022                            |
| City Council Meeting-Review Public Draft  | 7/12/2022                           |
| Public Review Draft-Comment Period Closes   | 7-24-2022                           |
| Consider & Incorporate Public Comments Begins   | 7-25-2022 (10 Business Day Minimum) |
| Consider & Incorporate Public Comments Ends   | 8-5-2022                            |
| HCD Submittal-First Review*<br>(Earliest possible day to submit 8/8/22, however subject to change based on time to consider & incorporate comments.)  | Aug. 2022 (90 Calendar Day Maximum) |
| HCD Comment Letter Due to City  | Nov. 2022                           |
| City/Consultant to Revise Housing Element*<br>(Must address all comments and direction provided by HCD; additional revisions from public comment can also be incorporated to draft at this time.) |                                     |



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| Housing Element Adoption-Statutory Due Date  | 1-31-2023                 |
| HCD Submittal-Second Review*   | (60 Calendar Day Maximum) |
| Housing Element Certification<br>(The City’s Housing Element must be found in substantial compliance within 120 Days of the statutory due date.) |                           |

**\*Subject to change based on input provided by public, and comments received by HCD.**

The timeline presented above reflects the critical milestones (and approximate dates) that the City must adhere to in order to adopt and be found to be in substantial compliance by HCD. Dates that are provided above could potentially be shifted based on Public Comments Received and Formal Comments Provided by HCD. The City will continue to engage the community throughout the development of the Sixth Cycle Housing Element until it is found to be in substantial compliance with housing element law; meaning that the initial 30-day Public Comment period is not the only opportunity for the community to provide feedback on the Draft Housing Element.

**Recommendation**

Discuss Sixth Cycle Housing Element 2023-2031 Public Review Draft and receive Public Testimony and direct staff to submit the Draft Housing Element to HCD following the completion of the 30-day public comment period and 10 business days to consider and incorporate public comments.