



Planning & Development Services

Memorandum

To: Housing Element Working Group

From: Tim Wong, Senior Planner - Housing
Clare Campbell, Manager of Long Range Planning

Date: January 13, 2022

Re: Working Group Meeting #11

Purpose/Goal of Meeting

The purpose of the January 13, 2022 Housing Element Working Group (Working Group) meeting is to finalize the site inventory selection process and begin the discussion of housing programs and policies and related legislation. The specific goals of the meeting are:

1. Receive formal approval from the Working Group on the remaining strategies in the site inventory.
2. Introduce Housing Programs and Policies.
3. Introduce Affirmatively Furthering Fair Housing (AFFH).

Recap from Previous Meeting

The previous Working Group (Working Group) meeting was held on December 2, 2021. The Working Group took the following actions:

- Approve a teleconferencing resolution to continue virtual meetings in January 2022. All approved.
- Formal Site Selection Recommendations. The Working Group commenced making formal recommendations to the Planning and Transportation Commission (PTC) regarding site selection strategies and their associated yields. Below is a summary of Working Group recommendations.
 - Formal approval on pipeline unit yields of 515 units to be included in the site inventory. All approved.
 - Formal approval on ADU yield of 512 units to be included in the site inventory. All approved.

- Formal approval on Strategy 1: Upzone sites and 1,640 units to be included in the site inventory. Working Group approval predicated on removal of the “Ventura site”. All approved.
- Formal approval on the re-introduction of the Palo Alto Transit Center site and 180 units to be included in the site inventory. Vote passed (9/4/2 abstentions).
- Formal approval on Strategy #2: Caltrain Stations and 798 units to be included in the site inventory. Vote passed (14/0/1 abstention).
- Formal approval on Strategy #4: Transit Corridor and 274 units to be included in the site inventory. All approved.
- Formal approval on Strategy #7: Faith-based Institutions and 148 units to be included in the site inventory. All approved.
- Formal vote on Strategy #9: City-owned parking lots. There was a motion to remove half the parking lot sites being removed from the list, to take the 2 largest Downtown sites and the largest Cal Ave. site, resulting in a yield unit of 115. Vote failed (8/7/0). Continued consideration at the next Working Group meeting.

The tasks given to the Working Group in preparation for the next meeting included:

- Review site inventory and prepare to formally vote on remaining site selection strategies and unit yields, including those associated with City-owned parking lots, GM/ROLM zoned sites, Stanford owned properties, 3300 El Camino Real, and additional staff suggested sites

The December 2 Working Group packet can be found [HERE](#).

Discussion

As mentioned, the Working Group made a number of formal recommendations. However, there are still a number of strategies the Working Group needs to consider.

For reference, below is the table that the Working Group based their recommendations. Those strategies listed in red have been completed by the Working Group.

Table 3: Revised Table Showing Proposed Reserve List and Staff Suggested Sites

	Working Group Approved List 11/18/21	Proposed Working Group List (Retain) 12/2/21	Proposed Reserve List 12/2/21	Notes
RHNA Allocation	6,086	6,086		
No Net Loss Buffer	+609	+609		
<i>Total Units Required</i>	6,695	6,695		
Unit Yields				
Pipeline Units (WG Action Completed)	405	515		Staff added another planning project with 110 units.
ADUs (WG Action Completed)	400	512		As of date, the City has permitted 87 ADU's. Per HCD methodology, this increases the City's 3 year average of ADU has increased to an average of 64 ADUs per year or 512 ADUs over the eight year planning cycle.
MFA (WG Action Completed)	702	461	241	This increased by including 141 units of Working Group suggested MFA sites. Original figure was 561 units. Of the 141 units, 75 units were retained and 66 were placed on the Reserve list.
#1 Upzone (WG Action Completed)	2,093	1,657	436	Slight decrease (-5 units) in unit yields due to minor cleanup. Original figure was 2,098 units.
#2 Caltrain (WG Action Completed)	1,354	798	556	11/18 list contained 5 sites that were removed (total of 61 units) since they were City Owned Parking Lots and not part of Strategy 9. Original figures was 1,415 units.
#4 Transit Corridor (WG Action Completed)	462	274	188	11/18 inventory included one of the Stanford Proposed sites (3128 ECR). It was removed to avoid

				double counting. Original figures was 499 units .
#7 Faith Based (WG Action Completed)	148	148	None	NO CHANGE
#9 Parking Lots	168	168	None	NO CHANGE
GM	1,160	654	335	Slight increase (+16) in unit yields due to minor cleanup. Original figure was 1,144 units . Then subtracted 171 units per previous GM zone discussion.
ROLM	1,439	902	296	Slight increase (+4) in unit yields due to minor cleanup. Original figure was 1,435 units . Subtract 241 units for the Google sites.
Stanford Proposed Sites	645	645	None	NO CHANGE
3300 ECR	92	92	None	NO CHANGE
Staff Suggested Sites (proposed)		127		
<i>Total Unit Yield</i>	9,067	6,953	2,052	
Difference (Unit Yield - Units Required)	2,372	258		

To remain on schedule, the Working Group needs to make recommendations on the following strategies:

1. City owned parking lots
2. GM zoned sites
3. ROLM zoned sites
4. Stanford University proposed sites
5. 3300 El Camino Real
6. Staff suggested sites

Introduction to Housing Programs and Legislation

The WG has spent the last several WG meetings identifying potential housing sites and refining the overall site inventory. Along with the site inventory, the WG is responsible for providing input on housing programs and policies that will help support and advance the City's overall housing goals for the sixth RHNA cycle. To help provide a broad framework and introduce the next phase of the Housing Element Update, Staff would like to briefly discuss the relationship

between programs and State law and provide a broad overview of what the programs and policies section will encompass.

Introduction to Housing Legislation

California's housing element law acknowledges that, in order for the private market to adequately address the housing needs and demand of Californians, local governments must adopt plans and regulatory systems that provide opportunities for (and do not unduly constrain), housing development. As a result, housing policy in California heavily relies on effective implementation of local general plans and in particular, local housing elements.

A jurisdiction must show ongoing compliance with housing legislation that has been passed since the adoption of the previous Housing Element. This is done through the development and implementation of various programs and objectives, along with an update in the City's Municipal Code in some cases. HCD plays the critical role of reviewing every local government's housing element to determine whether it complies with state law and then submits written findings back to each local government. HCD's approval is required before a local government can adopt its housing element as part of its overall General Plan.

Introduction to Housing Programs

Per California Government Code Section 65583(c), the Housing Element shall contain a schedule of actions (also known as "programs") the local government is undertaking or intends to undertake to implement the stated policies and achieve the goals and objectives of the housing element. Programs must include specific actions the locality will take to implement its policies and achieve its goals and objectives, and a specific timeframe for implementation. In addition, programs must identify the agencies or officials responsible for implementation, describe the jurisdiction's specific role in implementation, and (whenever possible) identify specific, measurable outcomes.

HCD has identified the following criteria as key components of an effective housing program:

- Definite time frames for implementation (e.g., annually during the planning period).
- Identification of agencies and officials responsible for implementation (e.g., planning department).
- Description of the local government's specific role in program implementation (e.g. a description of how the city will promote ADU construction).
- Description of the specific action steps to implement the program.
- Proposed measurable outcomes (e.g., initiation of a rezone program).
- Demonstration of a firm commitment to implement the program (e.g., Create a separate landing page on the city's website that provides information on ADUs and city requirements by April 2022).
- Identification of specific funding sources, where appropriate (e.g., Community Development Block Grant funds).

Goals, Policies, and Programs

There is a general structure and hierarchy of steps for effective housing implementation. In general, a jurisdiction will set forth a set of goals for the community to overall strive for. For each goal, a set of policies are identified to help achieve the overarching goal. Under each policy are a set of programs that assist with implementation of each policy. Housing Element programs contain specific actions and quantifiable targets that help ensure equitable, effective, and timely implementation. The general order of effective housing implementation is as follows:

- **Goals:** Housing goals are articulated as general “end condition statements,” which describe a desired outcome or end state. Goals describe ideal future conditions for a topic and tend to be general and broad in nature.
- **Policies:** Policies are statements on the position the city takes to implement a goal. Policies contained in the Housing Element are important statements as they provide a clear and unambiguous statement that guides a specific course of action for decision-makers to achieve a desired goal.
- **Programs:** Housing programs define the specific actions the city will undertake to achieve the stated goals and policies.
 - **Program objectives:** The program objectives are specific action items that help implement the overall program. Objectives must be specific, measurable, and attainable. *Please note that HCD pays special attention to the program objectives in order to ensure the highest level of implementation for each program that is possible.*

AFFORDABLE HOUSING		
H3 GOAL	MEET UNDERSERVED HOUSING NEEDS, AND PROVIDE COMMUNITY RESOURCES TO SUPPORT OUR NEIGHBORHOODS	
H3.1	POLICY	<i>Encourage, foster, and preserve diverse housing opportunities for very low-, low-, and moderate income households.</i>
H3.1.1	PROGRAM	<p>Amend the City’s BMR ordinance to lower the BMR requirement threshold from projects of five or more units to three or more units, and to modify the BMR rental section to be consistent with case law related to inclusionary rental housing.</p> <p>Eight-Year Objective: Provide opportunities for four additional BMR units.</p> <p>Funding Source: City funds</p> <p>Responsible Agency: Planning & Community Environment</p> <p>Time Frame: Amend BMR Ordinance within three years of Housing Element adoption.</p>

Figure 1: Example of a Goal, Policy, and Program from the Existing Housing Element

Introduction to Affirmatively Furthering Fair Housing (AFFH)

AFFH Background

In 1968, the Fair Housing Act (FHA) was enacted to remedy significant and long-standing inequities borne by protected classes, particularly Black and Hispanic people. As amended in subsequent years, the FHA mandates broad protections, prohibiting housing discrimination based upon race, color, religion, sex, disability, familial status, or national origin. Past and present discriminatory policies and practices, including long-term disinvestment, have resulted in neighborhoods with concentrated poverty and poor housing stock, limited access to opportunity, unsafe environmental conditions, underfunded schools, dilapidated infrastructure, and other disproportionately experienced problems. To address these conditions, Assembly Bill 686 (AB 686), signed in 2018, establishes an independent state mandate that expands the duty of all California's public agencies to affirmatively further fair housing (AFFH).

Primary Components of AFFH

HCD defines AFFH as “taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics”. Under AB 686, the Housing Element must implement and illustrate four primary components:

- *Public Outreach:* A diligent effort must be made to equitably include all community stakeholders in the housing element public participation process.
- *Assessment of Fair Housing:* All housing elements must include an assessment of fair housing within the Housing Needs chapter. This assessment should include an analysis of existing segregation and inclusion trends and current fair housing practices.
- *Sites Analysis:* Jurisdictions must evaluate and address how particular sites available for development of housing will meet the needs of households at all income levels by replacing segregating living patterns and transforming racially and ethnically concentrate areas of poverty into areas of opportunity.
- *Priorities, Goals, and Actions:* Based on findings from the needs and the sites inventory, local jurisdictions must adopt policies with programs that remediate identified fair housing issues and/or further promote fair housing.

Next Steps

The next Working Group meeting will be held on February 3, 2022. Topics to be discussed at that Working Group meeting include:

- Local Programs and Progress Update
- Opportunities for New Programs
- Approval of Required Programs
- AFFH

Future Tasks

The following assignments for the February 3, 2022 Working Group meeting include:

- Review City's past programs from 2015-2023 Housing Element:
 - https://www.cityofpaloalto.org/files/assets/public/planning-amp-development-services/housing-element/housingelement_2015_2023/clean-admin-draft-complete-06-05-14.pdf

- Review City's 2018 Annual Progress Report (APR)
 - <https://www.cityofpaloalto.org/files/assets/public/planning-amp-development-services/housing-element/website-2018-hcd-04012019.pdf?t=68414.27>

Please send any questions or comments to heupdate@cityofpaloalto.org.