



# Planning & Development Services

## Memorandum

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**To:** Housing Element Ad Hoc Committee

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

**Date:** April 21, 2022

**Re:** Meeting No. 7

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### **Purpose/Goal of Meeting**

Update the Housing Element Ad Hoc Committee with Working Group progress and receive feedback.

### **Discussion**

On February 1, 2021, the City Council approved the formation of the Housing Element Ad Hoc Committee (Ad Hoc Committee). The role of the Committee is to discuss the Housing Element Working Group's (Working Group) work products and provide input. The Ad Hoc Committee does not prepare a formal recommendation to the Planning and Transportation Commission (PTC) or City Council. The Ad Hoc Committee is intended to provide guidance that reflects the City Council's policy interests given statutory requirements and constraints, and support efforts to ensure the Housing Element meets requirements to enable its certification from HCD. The Ad Hoc Committee last met on February 22, 2022.<sup>1</sup>

### **Housing Element Goals, Policies, and Programs**

The Working Group has been discussing Housing Element Goals, Policies, and Programs ("Programs") since February. They are scheduled to finalize their recommendations to the Planning and Transportation Commission (PTC) at their May meeting. The PTC is scheduled to consider the Working Group Programs recommendations at its June 8, 2022 meeting.

### Overview of Housing Element Goals, Policies and Programs

There is a general structure and hierarchy of steps for effective housing implementation. In general, a jurisdiction sets forth a set of overarching goals for the community to 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.
- **Implementing Objectives:** The implementing 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.*

An example of a Goal, Policy, and Program from the current Housing Element is shown below in Figure 1.

<b>AFFORDABLE HOUSING</b>		
<b>H3</b>	<b>GOAL</b>	<b>MEET UNDERSERVED HOUSING NEEDS, AND PROVIDE COMMUNITY RESOURCES TO SUPPORT OUR NEIGHBORHOODS</b>
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><b>Eight-Year Objective:</b> Provide opportunities for four additional BMR units.</p> <p><b>Funding Source:</b> City funds</p> <p><b>Responsible Agency:</b> Planning &amp; Community Environment</p> <p><b>Time Frame:</b> Amend BMR Ordinance within three years of Housing Element adoption.</p>

**Figure 1: Goal H3 with Policy, Program and Program Objectives**

6<sup>th</sup> Cycle Draft Goals, Policies and Programs

Since the previous Working Group meeting, staff and consultants have drafted a preliminary list of policies and programs to be considered for the 6<sup>th</sup> Cycle Housing Element. For the new cycle, the City’s policies and programs will fall under six general categories:

1. Conservation and preservation of existing housing stock,

2. Assist in affordable housing development,
3. Provide adequate RHNA sites for a variety of housing types,
4. Removal of constraints,
5. Housing for persons with special needs, and
6. Fair housing.

The City's programs are designed to uphold the goals and policies of the Housing Element in a measurable and attainable manner. More importantly, the programs are created to provide support and opportunity for persons regardless of race, ethnicity, income level, and disability status.

### **Working Group Progress**

As mentioned, the Working Group has started to discuss Housing Element Policies and Programs (see [02/10/22 memo](#) for details). The State has added many more requirements for Housing Element programs. In the previous Ad Hoc memo, staff provided a table of all the new State requirements. That table has been included for reference as Attachment A.

At the beginning of the Programs review process, staff highlighted the responsibilities of the Working Group during this process, primarily to focus on the high-level concept of the program language instead of the more detailed implementing objectives. Using Figure 1 as an example, staff wanted the Working Group to focus on the language of the Program (i.e. amending the BMR ordinance) while staff, as part of the preparation of the draft Public Review Housing Element, would work in preparing the details for the Objective, Funding Source, Responsible Agency and Time Frame. The Working Group would have the opportunity to review and comment on the implementing objectives once the Public Review Housing Element draft was released. However, staff did provide some suggested objectives with each draft program for Working Group consideration.

### **March 3, 2022 Meeting**

At the March meeting, staff introduced a set of draft programs for the Working Group to review. To assist in their review, staff highlighted those programs that were mandated by the State, by the State Department of Housing and Community Development (HCD), and those programs that were City suggested. Although many of the draft programs were State mandated, staff used the meeting to describe, clarify, and respond to Working Group comments and questions about each program. This meeting was designed to orient the Working Group to the programs and to have an initial introduction; there was limited Working Group input at this meeting.

### **April 7, 2022 Meeting**

From the March meeting, staff refined the programs and added suggested implementing objectives. The revised Goals, Policies, and Programs, as presented to the Working Group, are included as Attachment B. Per the Housing Element Update schedule, the Working Group was to complete their program review at the April meeting. However, the Working Group felt that it was not sufficient time to fully vet the programs and, therefore, an additional Working Group meeting has been added for May 5, 2022.

The Working Group provided a variety of comments and input for each of the draft programs and suggested implementing objectives. In addition, the group did an informal straw poll for each of the programs to measure their support. Generally, the Working Group was supportive of each category and program and the suggested implementing objectives. In addition, the Working Group also proposed additional areas to consider. The table below summarizes the Working Group’s comments by category:

**Table 1: Working Group comments by Category**

Category	Comments
Conservation and preservation of existing housing stock	<ul style="list-style-type: none"> <li>• Include an action for the preservation of naturally affordable housing.</li> </ul>
Assist in affordable housing development	<ul style="list-style-type: none"> <li>• Look into longer affordability terms for deed restricted affordable housing.</li> <li>• For the Affordable Housing Program, in order to be eligible for City Housing funds, instead of funding only 100% affordable projects, consider projects that have a certain percentage of affordable housing or is primarily affordable housing.</li> <li>• Do not increase the BMR percentage requirement, makes housing development more expensive.</li> <li>• Require BMR rental units to the highest extent feasible.</li> <li>• More requirements are counterproductive.</li> <li>• Look at an affordable rent based on square footage instead of bedroom size.</li> <li>• Expedite the City’s processing time, but not at the expense of delaying reviews of regular housing projects.</li> </ul>
Provide adequate RHNA sites for a variety of housing types	<ul style="list-style-type: none"> <li>• No additional comments.</li> </ul>
Removal of constraints	<ul style="list-style-type: none"> <li>• In mixed use zones, remove office space requirements and incentivize housing production.</li> <li>• Expedite affordable housing projects.</li> <li>• Consider amortization of non-residential uses in residential zones</li> </ul>
Housing for persons with special needs	<ul style="list-style-type: none"> <li>• No additional comments</li> </ul>
Fair housing	<ul style="list-style-type: none"> <li>• Tenant protections reduce investor opportunities.</li> <li>• “Fair” is a value judgement.</li> <li>• The measures need to be fair and balanced.</li> </ul>

The focus of the April meeting was to review the programs; the Working Group did not discuss draft goals and policies. Again, HCD is heavily focused on reviewing programs, especially with the

implementing objectives. The City's consultants have said that based on their experience, very few comments have been made on goals and policies. There will be time at the May meeting for the Working Group to complete the review of Goals and Policies.

### **Next Steps**

May 5, 2022	Next Ad Hoc meeting
May 25, 2022	PTC review of policies and programs
June 20, 2022	Council review of policies and programs

### **Attachments:**

Attachment A: Table of State Requirements

Attachment B: Draft Goals, Policies and Programs (April 7, 2022)

**ATTACHMENT A**  
**State Required and Potential New Programs**

<b>Focus Area</b>	<b>Suggested Program Outline</b>	<b>Explicitly Required by State Law</b>
<b>Housing Choice Vouchers</b>	Address the housing needs of extremely low-income households and special needs populations by partnering with and supporting the Santa Clara County Housing Authority to promote the Housing Choice Voucher program to landlords and tenants.	No
<b>Development Standards</b>	Amend the zoning ordinance to ensure compliance with state law and remove identified constraints. This may include reduced parking requirements, increasing height limits, and removing other barriers to development identified in the housing element update process.	Yes
<b>Development Standards</b>	Make all fees and standards made available on the City’s website.	Yes
<b>Density Bonus</b>	Evaluate current density bonus program and consider updating to meet or exceed current state law.	No
<b>Mixed-Use Development</b>	Amend the zoning ordinance to allow incentives for mixed-use development along transit corridors and other appropriate areas. This might include reduced parking requirements and/or shared parking, increased height limits, and reduced setbacks.	No
<b>Maintenance and Monitoring of Sites Inventory</b>	Monitor the City’s site inventory throughout the planning period to ensure that no net loss of residential capacity occurs, such that the City can accommodate the number of units remaining in the City’s share of the regional housing need. Create a mechanism to ensure that if residential capacity on a particular site is decreased by approval of a zoning change or approval of a development application that results in fewer units than specified in the inventory, additional sites or capacity are identified elsewhere within 180 days of the approval. Information about sites available for housing should be made available on the City’s website and disseminated to affordable housing developers.	Yes
<b>Provide for By-Right Housing</b>	Amend the zoning code to allow “by-right” approval of housing developments on sites identified in the City’s site inventory. By-right approvals mean that multifamily housing is allowed by a site’s land use and zoning designations, and no additional discretionary approval is required.	Yes
<b>Alternative Housing Program</b>	Modify the zoning code to allow and provide standards for alternative housing types and homeless service centers (i.e., group homes, supportive housing, transitional housing, residential care facilities, and low-barrier navigation centers), to comply with state law.	Yes

<b>Alternative Housing Program</b>	Make zoning code changes to facilitate reuse of commercial or industrial space for alternative housing.	No
<b>Conservation of At-Risk Housing Existing</b>	Modify existing programs to increase protections and assistance for tenants in developments with expiring affordability agreements and provide more technical assistance for property owners to apply for funds for rehabilitation and preservation of affordability.	Yes
<b>Affirmatively Furthering Fair Housing</b>	<p>Programs should be designed to address the findings of the Affirmatively Furthering Fair Housing analysis in the Housing Element. Those programs will be designed to:</p> <ul style="list-style-type: none"> <li>• Enhance mobility strategies and promoting inclusion for protected classes</li> <li>• Encourage development of new affordable housing in high-resource areas</li> <li>• Enhance community engagement and education, particularly for landlords and tenants around fair housing topics</li> <li>• Implement place-based strategies to encourage community revitalization, including preservation of existing affordable housing</li> <li>• Protect existing residents from displacement</li> </ul>	Yes

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### Housing Element Update - *Draft* Goals, Policies, and Programs

Working Group, April 7, 2022

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**GOAL 1: Preserve the existing housing stock and residential neighborhoods. Preserve affordable housing units in the community to maintain adequate housing opportunities for all residents.**

*Related to Program Category: Conservation and Preservation of Existing Housing Stock:*

#### Policies:

**Policy 1.1:** Promote the rehabilitation of deteriorating or substandard residential properties using sustainable and energy conserving approaches. (Existing Policy H1.1)

**Policy 1.2:** Work with property owners and nonprofit housing providers to preserve assisted multi-family units at risk of conversion to market rents and extend the affordability covenants in perpetuity whenever feasible.

**Policy 1.3:** Use existing and new funding sources to fund rehabilitation loan and grant programs to assist in the preservation of affordable housing units.

**Policy 1.4:** Ensure the replacement of existing lower-income units that are identified for potential redevelopment.

#### *Programs:*

1. **Neighborhood Preservation (Code Enforcement):** The City is committed to preserving its existing housing stock and neighborhoods. If a complaint about substandard housing is received by the City's Code Enforcement Program, staff will provide information to the resident or homeowner about the City's Rehabilitation Program.

Example Implementation Action:

- Educate property owners and tenants about City housing programs and resources.

2. **Rehabilitation Program:** The City is committed to maintaining quality housing conditions throughout the City. The City will continue to implement the Residential Rehabilitation Program through the City's Community Development Block Grant (CDBG) program, which offers financial assistance through grants and identifies new funding opportunities for loans to qualified low- and moderate-income households to repair and maintain their homes.

Example Implementation Action:

- Seek additional funding resources to supplement CDBG funding.

3. **Preservation of At-Risk Housing:** The City will continue to support the preservation of affordable housing projects that could potentially convert to market-rate units during the planning period. The City will monitor all units and assist property owners in maintaining

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the affordability of these units and provide relocation resources to tenants if preservation is unsuccessful.

Example Implementation Action:

- Educate property owners about new state noticing requirements where the landlord must notify all affected households about the termination of the affordability restrictions at three years, twelve and six months.

**GOAL 2: Assist in the provision of safe, attainable, and sustainable housing, especially affordable housing, to meet the needs of all economic segments of the community.**

*Related to Program Category: Assist in Affordable Housing Development:*

Policies:

**Policy 2.1:** Increase opportunities for affordable housing development through use of flexible development standards. (Adapted from existing Program Objective H3.1.5)

**Policy 2.2:** Enhance density bonuses that expand upon the density bonus and development standard concessions and incentives offered as tools to facilitate the development of more affordable housing, with a mix of affordability levels within mixed-income housing.

**Policy 2.3:** Achieve a balance of rental and homeownership opportunities, including apartments, townhomes, condominiums, single-family houses, and accessory dwelling units, micro-units and alternative housing options to accommodate the housing needs of all socioeconomic segments of the community, including large families.

Programs:

1. **Below Market Rate Program (BMR)\*:** The City is committed to providing more affordable housing opportunities through programs such as the City's BMR program. The purpose of the program is to create and retain a stock of affordable housing in Palo Alto for people of low and moderate income. When development of three or more residential units is built in the Palo Alto, the developer is required to contribute at least 15% of those units at below market rates for ownership units or pay a fee.

Example Implementation Action(s):

- Consider increasing BMR ownership percentage requirement.
  - Require rental developments to provide the highest feasible percentage of BMR units instead of paying a fee ("Palmer Fix").
2. **Affordable Housing Program:** The City is committed to increasing the supply of affordable housing. The City will continue to prioritize households at the extremely low-income level and seek new funding opportunities and partnerships to greater improve housing conditions amongst the vulnerable and lower-income communities. The City will work with developers to facilitate affordable housing development by providing gap financing as a local match to state, federal, and other public funding sources.

State Required - HCD Required - Suggested City Program (items with an asterisk\* are Council supported)

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Example Implementation Action(s):

- Expedite processing times for affordable housing projects.
- Explore reducing/waiving fees for affordable housing projects.

**GOAL 3: Support holistic and strategic housing development with a variety of housing types, prices, tenures, densities, and locations, to address the diverse needs of all current and future residents.**

*Related to Program Category: Provide Adequate Sites for a Variety of Housing Types:*

Policies:

**Policy 3.1:** Support the redevelopment of suitable lands for mixed uses containing housing to encourage compact, infill development. Optimize the use of existing urban services, and support transit use. (Existing Policy H2.2)

**Policy 3.2:** Rezone sites citywide to provide adequate sites, zoned at the appropriate densities and development standards to facilitate both affordable and market rate housing production.

**Policy 3.3:** Prioritize the acquisition of new housing sites near public transit and services, the acquisition and rehabilitation of existing housing, and the provision for housing-related services for affordable housing. (Adapted from Existing Program H3.4.1)

Programs:

1. **Adequate Sites Program:** Through Zoning and Comprehensive Plan designations, the City maintains a residential site inventory that is adequate to accommodate the City's remaining share of regional housing needs. The City's Regional Housing Needs Assessment (RHNA) is 6,086 units (1,556 units for very-low income, 896 units for low income, 1,013 units for moderate income, and 2,621 units for above moderate income).

Example Implementation Action(s):

- Implement rezone workplan to upzone Council-approved housing sites.
  - Implement the rezones within three years of HE adoption.
  - For lower income RHNA, rezoning of sites must allow at least 30 dwelling unit/acre and each site must be large enough to accommodate at least 16 units.
2. **Site Inventory Monitoring Program:** In 2017, Senate Bill 166 (SB 166), otherwise known as "no net loss," was passed to ensure that cities and counties "identify and make available" additional adequate sites if a housing project is approved at a lower density or with fewer units by income category than what is identified in the Housing Element. In conjunction with the Adequate Sites Program above, the City will further implement a monitoring program that evaluates the current capacity of housing sites for all income levels throughout the duration of the planning period. The City commits to internally tracking the City's available housing sites through its internal database to ensure the City remains on track towards satisfying its RHNA target.

State Required - HCD Required - Suggested City Program (items with an asterisk\* are Council supported)

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Example Implementation Action(s):

- Develop a procedure to monitor the development of vacant and nonvacant sites in the sites inventory and ensure that adequate sites are available to meet the remaining RHNA by income category.
- On an annual and ongoing basis, review the sites inventory and amend sites as necessary to accurately address the City's RHNA goals.
- Should an approval of development result in a shortfall of sites to accommodate the City's remaining RHNA requirements (for lower-, moderate-, or above moderate-income households), the City will identify and, if necessary, rezone sufficient sites within 180 days to accommodate the shortfall and ensure "no net loss" in capacity to accommodate the RHNA.

3. **Replacement Housing:** Development on nonvacant sites with existing residential units is subject to a replacement requirement, pursuant to Government Code Section 65583. The City will amend its code to require the replacement of units affordable to the same or lower income level as a condition of approval for any development on a nonvacant RHNA site consistent with those requirements set forth in California Density Bonus Law.

Example Implementation Action(s):

- Amend the Zoning code to require sites identified for lower income RHNA and other applicable sites with affordable units, the one-to-one replacement of existing units that are either deed restricted or occupied by lower income tenants.

4. **Sites Used in Previous Housing Cycle:** The Housing Element may only count nonvacant sites included in one previous housing element inventory and vacant sites included in two previous housing elements providing the sites are subject to a program that allows affordable housing by right. The City will amend its code to address these requirements.

Some sites within this Housing Element were used in previous cycles and this program is included to address the by right approval requirement. Per Government Code Section 65583, the by right provision is limited to carry over sites used to meet lower-income RHNA where development includes at least 20% affordable units for lower income households.

Example Implementation Action(s):

- Revise the municipal code to include the by right approval requirement of projects that propose 20% lower income units on the carry over sites.

5. **ADU Facilitation Program:** This program aims to annually monitor provisions made to ADU legislation and amend the City's Zoning Ordinance as necessary to ensure compliance with state law. Furthermore, the City is committed to reducing barriers to alternative types of housing such as ADUs.

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In recent years, multiple bills have added requirements for local governments related to ADU ordinances. The 2016 and 2017 updates to State law included changes pertaining to the allowed size of ADUs, permitting ADUs by right in at least some areas of a jurisdiction, and parking requirements related to ADUs. More recent bills reduce the time to review and approve ADU applications to 60 days, remove lot size requirements and replacement parking space requirements and require local jurisdictions to permit junior ADUs. AB 68 allows an ADU and a junior ADU to be built on a single-family lot, if certain conditions are met. The State has also removed owner-occupancy requirements for ADUs, created a tiered fee structure that charges ADUs based on their size and location, prohibited fees on units of less than 750 square feet, and permitted ADUs at existing multi-family developments.

Example Implementation Action(s):

- Respond in a timely manner to update the City code to integrate changes in State ADU housing law.
- Maintain and update City Summary Guide to ADUs and JADU's to promote, educate, and assist homeowners with developing ADUs.
- ADU monitoring: add mid-term monitoring component to ensure affordability level is consistent with HE sites inventory assumptions.
- Explore potential options to reduce and waive fees for proposed affordable ADUs and JADUs under certain criteria.

6. **Mixed-Use Program:** Mixed-use development will add more residential units throughout the city. Such development is expected to enhance the market for businesses and provide significant opportunities for affordable housing development. Elderly, less-mobile residents, as well as employees of nearby businesses, will particularly benefit from such opportunities. Where appropriate, commercial centers and the General Manufacturing (GM) and Research, Office Limited Manufacturing (ROLM) districts should incorporate residential uses, with a focus on the production of lower-income units.

Example Implementation Action(s):

- Reevaluate the proportion of commercial to residential in mixed use buildings, with potential to amend regulations to incentivize increased residential.
- Study and evaluate options for regulations to incentivize conversion of office space to residential units where appropriate.
- On an ongoing basis, with annual review, continue to encourage mixed-use development at key nodes along commercial boulevards, especially those along El Camino Real and by the Caltrain stations. The City regularly meets with developers to discuss how to develop their properties, and encouraging housing is the best first way to influence projects.

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### GOAL 4: Provide for a government environment that facilitates housing development.

*Related to Program Category: Removal of Constraints*

#### Policies:

**Policy 4.1:** Exempt permanently affordable housing units from any infrastructure impact fees adopted by the City. (Existing Program H3.3.2)

**Policy 4.2:** Provide for streamlined, timely and coordinated processing of development projects and associated environmental clearances to minimize project-holding costs.

**Policy 4.3:** Allow reduced development standards for accessory dwelling units.

**Policy 4.4:** Encourage new high-quality rental and ownership housing through the implementation of objective design standards, and architectural and green building standards in alignment with the Comprehensive Plan.

**Policy 4.5:** Heighten community awareness and to receive community input regarding the social, economic and environmental values of maintaining economic diversity in the City by providing affordable and mixed income higher density housing along transit corridors and at other appropriate locations.

#### Programs:

1. **Zoning Ordinance Monitoring Program (Zoning Amendment Program):** The Palo Alto Zoning Code is continuously updated to address changes among a range of issues and State/Federal laws. The City will continue to monitor its policies, standards, and regulations to ensure they work to facilitate residential and mixed-use development in the community.

#### Example Implementation Action(s):

- Amend the Zoning Ordinance to address AB 101, AB 139, AB 2162, and AB 2345 requirements, as well as the Employee Housing Act (H&S Section 17021.5) and residential care facilities for seven or more persons.
2. **Flexibility in Development Standards:** The Planning and Development Services department, in its review of development applications, may recommend waiving or modifying certain development standards, or propose changes to the PAMC to encourage the development of low- and moderate-income housing. The City offers offsets to assist in the development of affordable housing citywide. Offsets include concessions or assistance including, but not limited to, direct financial assistance, density increases, standards modifications, or any other financial, land use, or regulatory concession that would result in an identifiable cost reduction.

#### Example Implementation Action(s):

- The City will conduct a study of multi-family development standards to expand opportunities for additional housing. Strategies may include, but not limited to:
  - Density increases
  - Height

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- Parking Requirements
  - Floor to Area Ratios (FAR)
  - Provide incentives and remove constraints for multifamily housing in the Downtown (CD-C), Cal Ave., (CC(2)/PTOD) and El Camino Real (CN and CS) districts.\*
  - Monitor application of Municipal Code standards for constraints to development of new housing and recommend changes that would minimize such constraints and enhance the feasibility of affordable housing
3. **Expedited Project Review:** The City continues to explore opportunities to improve the efficiency of the development review process. As a response to a housing shortage in the State of California, Senate Bill 330 (SB 330) was passed to restrict local rules that limit housing production. SB 330 helps strengthen the Permit Streamlining Act, by creating a more efficient two-step application process. The City has already made improvements towards expediting the development process for housing in the City by developing objective standards. Additionally, in conformance with Government Code Section 65940.1 (SB 1483), the City has all schedule of fees, application forms, Zoning Ordinance/Municipal Code, and other relevant information publicly accessible on the City's website. The City will continue to find ways to make the development process more efficient to uphold SB 330, by further streamlining the permit process and directly coordinating with developers to ensure a timely application and development process.

### Example Implementation Action(s):

- Identify opportunities to reduce administrative burdens during permitting, such as automating processes, creating reference guides, and streamlining review processes.
  - Consider revising the threshold for Architectural Review Board (ARB), Planning and Transportation Commission (PTC), and Council review for residential and commercially zoned projects to allow more projects to be administratively reviewed. This would reduce time delay and uncertainty for housing development projects.
  - Conduct an annual review and amend land use regulations, development standards, permitting procedures, and fees, as needed, and where feasible, to remove impediments to, and reduce the cost of, affordable residential development.
4. **Housing Incentive Program (HIP):** The HIP was enacted in 2019 and allows for additional floor area, and when 100% affordable, waivers of other development standards, including parking, to promote housing development. The HIP discretionary review is limited to specific areas within the City (see code language: 18.16.060(k), 18.18.060(l)) and is considered an alternative to the State Density Bonus law. The ordinance language is clear and concise, leading to greater developer certainty. Currently the HIP is limited to areas within the University Downtown, California Avenue, El Camino Real, and San Antonio Road.

### Example Implementation Action(s):

- Expand areas throughout the City to be eligible for HIP.

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**GOAL 5: Establish a variety of housing types and services to accommodate the diversity of persons and households with special needs.**

*Related to Program Category: Housing for Persons with Special Needs:*

### Policies:

**Policy 5.1:** Support the development and preservation of group homes and supported living facilities for persons with special housing needs by assisting local agencies and nonprofit organizations in the construction or rehabilitation of new facilities for this population. (Existing Program H3.3.4)

**Policy 5.2:** Provide housing that addresses the needs of persons with disabilities (including persons with developmental disabilities), the mentally ill, persons with substance problems, persons with HIV/AIDS, veterans and other groups needing transitional and supportive housing.

**Policy 5.3:** Support the provision of emergency shelter, transitional housing, and ancillary services to address homelessness. (Existing Policy H3.5)

**Policy 5.4:** Support housing that incorporates facilities and services to meet the health care, transit, and social service needs of households with special needs, including seniors and persons with disabilities. (Existing Policy H4.2)

**Policy 5.5:** Encourage universal design of housing products and environments, making them usable by a wide range of persons with different physical and mental abilities.

**Policy 5.6:** Coordinate with regional agencies providing services to the homeless, for needs assessment and resource allocation.

### Programs:

1. **Housing for Persons with Special Needs:** The City's municipal code is periodically updated to address a wide range of issues and California and Federal law. The City will continue to monitor its policies, standards, and regulations to ensure that they comply with applicable law. The City will also facilitate the development of housing for persons with disabilities and other special needs through incentives for affordable housing development.

### Example Implementation Action(s):

- For extremely low income housing units, provide preferences to populations with special needs.
- On an ongoing basis, with annual review, contract with and financially support non-profit services providers that help meet the supportive services needs of the City's diverse community, especially those with extremely low incomes.
- In order to assist in the housing needs for special needs populations, the City will:
  - Engage with housing advocates on the identification of needs and new solutions,
  - Encourage housing developers, through the City's BMR requirements, to designate a portion of new affordable housing units for special needs populations, and
  - Partner with the County and other agencies to pursue funding sources designated for housing for special needs groups, including seniors and persons with disabilities.

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2. **Multi-family Housing and Large Family Units:** Certain groups have greater difficulty finding decent, affordable housing due to special circumstances. Due to the high cost of housing and scarcity of land, housing units large enough to accommodate large families are limited. The City considers large families as a vulnerable population within the City and is committed to exploring additional opportunities for multi-family housing developments. Furthermore, the City will continue to advocate and promote the production of housing units of all to accommodate all persons and family sizes. Large family units have three or more bedroom units.

### Example Implementation Action(s):

- Explore incentives to encourage larger units, such as FAR exemptions for three bedroom units.
- Promote and encourage a mix of different bedroom units in each development.
- The City shall encourage housing designs that meet the needs of extended, multigenerational, and/or large families.

3. **Homeless Prevention Program:** Santa Clara County adopted the Santa Clara Community Plan to End Homelessness, which is designed to address homelessness throughout Santa Clara County as a whole. The City's Homeless Prevention Program was created as a result of the County's Community Plan to End Homelessness. The Program is for Palo Alto households who are at risk of becoming homeless as defined by HUD and focuses on self-sufficiency and stabilization. And for those experiencing homelessness and waiting for more permanent housing, provide services that offer immediate support.

### Example Implementation Action(s):

- Expand areas of the City Safe Parking Program including case management.
- Create a social services directory and make it available to residents at public counters and on City website.
- Expand the City's homeless prevention program to include renter protections and financial assistance for rent, security deposits, and utilities.

4. **Transitional and Supportive Housing:** Assembly Bill 2162 (AB 2162), which was passed in 2018, requires that supportive housing be a use by right in zones where multi-family and mixed-use are permitted, including nonresidential zones permitting multifamily uses. Additionally, AB 2162 prohibits local governments from imposing any minimum parking requirements for units occupied by supportive housing residents if the development is located within ½ mile of a public transit stop. The City will amend its Zoning Ordinance to comply with the latest provisions under AB 2162 and will continue to seek new supportive housing opportunities through further analysis of the residential site inventory. The City is committed to expanding both supportive and transitional housing opportunities for vulnerable communities that rely on such services and will prioritize these housing developments near transit centers to provide easier access to City services for supportive and transitional housing residents.

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Example Implementation Action(s):

- Continue to pursue the Homekey (LATP) site for use as a temporary bridge housing facility to provide accommodations for individuals who are actively engaged in services leading to permanent housing.

5. **Alternative Housing:** Under this program, the City will continue to support alternative types of housing, such as multifamily units, single-room occupancy units, and managed living units or “micro-units,” to accommodate extremely-low-income households.

Example Implementation Action(s):

- Coordinate with the County shared housing program or HIP Housing to provide a shared housing arrangement facilitation.\*
- Encourage innovative housing structures, such as micro-unit housing and new shared and intergenerational housing models to help meet the housing needs of aging adults, students, and lower-income individuals citywide.\*
- Review and amend the Zoning Ordinance to review and amend definitions and allowances of uses for the definition of family, Employee Housing, Residential care facilities, Group Homes and/or Boardinghouses to review regulations to be consistent with California Law for six or fewer residents.

**GOAL 6: Promote equal opportunity in all City housing types (ownership and rental, market rate and affordable) for all residents to reside in the housing of their choice.**

*Related to Program Category: Fair Housing:*

Policies:

**Policy 6.1:** Support programs and agencies that seek to eliminate housing discrimination. (Existing Policy H4.1)

**Policy 6.4:** Conduct fair housing outreach and education for residents, property owners, and housing providers to ensure each understands their rights and responsibilities.

**Policy 6.5:** Identify mechanisms to increase production and access to housing.

**Policy 6.6:** Enforce notification and relocation assistance for low income households displaced due to demolition, condominium conversion, and persons displaced due to code enforcement activities of illegally converted or substandard residential dwellings.

**Policy 6.7:** Support and provide ways to empower community members to participate in community development.

*Programs:*

1. **Fair Housing Services:** The City of Palo Alto is committed to providing equitable opportunities to all residents of Palo Alto in order to expand access to housing and increase housing mobility. To achieve fair housing goals, the City will continue to partner and support Project Sentinel who provides a variety of fair housing services including but not limited to:

State Required - HCD Required - Suggested City Program (items with an asterisk\* are Council supported)

## ATTACHMENT B

tenant/landlord services, including mediation, information, investigation, counseling, and referral services. The City will take actions to overcome patterns of segregation, address disparities in housing needs and access to opportunity, and foster inclusive communities.

Example Program Implementation(s):

- Distribute educational materials to property owners, apartment managers, and tenants relative to fair housing requirements, regulations, and services.
- In an ongoing basis, continue to provide multi-lingual fair housing information to the public regularly as needed via the public counters, message boards, City website, neighborhood watch, and in response to telephone inquiries.
- Ongoing, continue to provide referral to Project Sentinel, State Fair Employment and Housing, HUD Fair Housing and Equal Opportunity division, and other legal services as appropriate.
- Allocate annual funding for fair housing services through the Action Plan process for the use of CDBG funds
- Work with Project Sentinel and renter organizations to educate tenants and landlords about fair housing requirements.

2. **Affirmatively Furthering Fair Housing:** To address the requirements of AB 686, the City participates in the 2020-2025 Santa Clara County Consolidated Plan (ConPlan). The County's ConPlan identifies eight housing goals for the County and each of its participating jurisdictions including Palo Alto. Additionally, the ConPlan identifies regional and local barriers to fair housing around the region, with heavy emphasis on racial and economic disparity, land use and zoning, and lack of assistance and resources. Methodologies were identified to reduce barriers in the City including adjusting zoning amendments to expand affordable and alternative housing opportunities, and increasing accessibility to information.

Example Program Implementation(s):

- Reduce barriers to housing, including but not limited to racial inequities, high housing costs, and public awareness of existing resources through use of the city's Inclusionary Housing Ordinance, Housing Trust Funds, development of city-owned properties, and use of grant funding for housing.
- Promote Housing Choice Vouchers to support housing mobility by educating landlords about income discrimination (i.e. Cannot post "NO Section 8" on applications)
- **Institute Tenant Protections to prevent anti-displacement including the following\*:**
  - Relocation Assistance
  - Eviction Reduction Program
  - Rental Survey Program
  - Security Deposit Limit
  - Rent Stabilization
  - Fair Chance Ordinance
  - Right to Counsel

## ATTACHMENT B

3. **Fair Housing Program:** AB 686 (2017) requires each city to administer its programs and activities related to housing in a manner that affirmatively furthers fair housing. Palo Alto will take actions to overcome patterns of segregation, address disparities in housing needs and access to opportunity, and foster inclusive communities.

### Example Implementation Action:

- Encourage mixed-income developments accessible to lower income residents citywide, especially in high opportunity and resource-rich areas through use of the City's Below Market Rate (BMR) requirements, Housing Trust Funds, development of city-owned properties, and use of grant funding for housing.
  - Reduce barriers to housing, including but not limited to racial inequities, high housing costs, and public awareness of existing resources through use of the City's Below Market Rate (BMR) requirements, Housing Trust Funds, development of city-owned properties, and use of grant funding for housing.
4. **Community Outreach Program:** Community outreach is a key component to developing a comprehensive and inclusive housing market in the city. It is critical to engage local community groups and stakeholders from all sectors of the community in order to educate and provide inclusive housing opportunities. The goal of this program is to provide underrepresented community groups, which are affected by restrictions to fair and equitable housing, greater opportunities for becoming informed and engaged in the City's housing and overall planning process.

### Example Implementation Action:

- Partner with Human Services for community outreach with a focus on traditionally underrepresented groups.
- The City shall continue to facilitate opportunities for all residents and stakeholders to provide meaningful and effective input on proposed planning activities early on and continuously throughout plan development and the public review process. Outreach efforts to disadvantaged communities will be a priority.