TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER

DEPARTMENT: PLANNING AND COMMUNITY ENVIRONMENT

DATE: APRIL 1, 2002

SUBJECT: PROPOSED CRITERIA USED TO DEVELOP HOUSING SITES INVENTORY

RECOMMENDATION
Staff recommends that the Council review and approve the proposed site criteria and that the Council direct staff to re-evaluate the housing sites inventory, as well as other potential housing opportunity sites.

BACKGROUND
On February 19, 2002 the City Council held its third meeting on the draft Housing Element. After considerable discussion, the Council directed staff to send the draft to the State Department of Housing and Community Development (HCD) with the notation that the City Council would continue to discuss and possibly modify the element during the State review period. The Council requested that staff schedule another meeting for further discussion of the Housing Element policies, programs and inventory of sites. Staff submitted the draft Housing Element to HCD on March 4, 2002.

During the three meetings with the Council on the Housing Element, the housing sites inventory generated the most comment from both the public and City Council. In order to assist the Council in its next discussion of the Housing Element, staff has prepared a description of the criteria to be used by staff to complete the housing sites inventory.

DISCUSSION
The purpose of the housing sites inventory is to demonstrate that the City has reserved sufficient land to accommodate its regional housing need determination as assigned by the Association of Bay Area Governments (ABAG). Palo Alto’s “fair share” allocation is 1,397 units; 781 of those units have already been developed, including the City’s entire market-rate component. Therefore, Palo Alto’s unmet need is 616 units for moderate-, low- and very low-income households. It is staff’s opinion that the State will require the
Housing Element to identify sufficient land to accommodate at least 750 units. The draft
inventory, however, currently identifies sufficient sites to accommodate over 1,100 units.
Described below is the methodology utilized by staff in preparing the housing sites
inventory. Direction provided in both State Housing Element law and ABAG’s Blueprint
2001 was used as a framework for development of the housing sites inventory and is also
summarized below.

**Housing Sites Inventory Criteria**
Staff established the housing sites inventory by applying the following criteria to
individual sites:

- Supports the following existing land use and housing policies of Palo Alto’s
  Comprehensive Plan:
  - Utilize vacant and underutilized land for housing.
  - Use existing urban facilities and infrastructure efficiently.
  - Support transit use, walking and bicycling and reducing dependency on the
    automobile by encouraging transit-oriented and pedestrian-friendly
devvelopment.
  - Encourage infill development.
  - Encourage mixed-use development, particularly in city centers.
  - Encourage mixed-use development to provide housing.
  - Encourage the provision of diverse housing opportunities for lower-income
    households
  - Improve the jobs/housing imbalance.
  - Create opportunities for new mixed-use development.

- Vacant or underutilized.
- Single owner, parcel assembly not required.
- Already zoned or planned for housing or mixed uses that allows housing.
- Adequate public facilities and urban services available.
- Compatible with adjacent land uses, including single-family neighborhoods.
- Good pedestrian access, proximity to schools, parks, jobs, and libraries.
- Good likelihood of rezoning for housing prior to 2004, if necessary, in order to demonstrate to State that land is reserved for housing within the timeframe of the Housing Element.

- Allows reuse or redevelopment of already developed sites, particularly non-residential sites appropriate for housing.

- School capacity available based on Palo Alto Unified School District’s growth projections.

State Housing Site Criteria
The State’s criteria are broad and general and, thus, provide only limited guidance to cities regarding their housing sites inventory or residential land inventory. Here are some pertinent excerpts in italics used in developing the City’s inventory.

Identify an inventory of land suitable for residential development, including vacant sites and sites having potential for redevelopment, and an analysis of the relationship of zoning and public facilities and services to these sites.

This section specifically indicates that land that is suitable for residential development should be included in the housing sites inventory and that the sites should be zoned appropriately for housing. It also recognizes that the availability of public facilities and services is an important criterion.

Identify adequate sites which will be made available through appropriate zoning and development standards and with services and facilities, including sewage collection and treatment, domestic water supply, and septic tanks and wells, 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, emergency shelters, and transitional housing in order to meet the community’s housing goals.

The State is primarily concerned with provision of adequate basic infrastructure in determining whether a site is appropriate for housing. All the sites on Palo Alto’s proposed inventory are already provided with the basic public facilities and urban services necessary for development required under housing law, including police and fire services.

Where the inventory of sites does not identify adequate sites to accommodate the need for groups of all household income levels, the program shall provide for sufficient sites with zoning that permits owner-occupied and rental multifamily residential use by right, including density and development standards that could accommodate and facilitate the feasibility of housing for very low and low-income households.
Palo Alto clearly does not have enough appropriately zoned vacant or underutilized land to provide an adequate supply of affordable housing; therefore, the housing sites inventory identifies sites suitable for rezoning to multi-family housing. Staff’s assumption is that these sites would allow housing at a density that would provide an adequate supply of affordable housing. In order to meet this State criterion, the housing sites inventory focused on sites with appropriate zoning in place or sites that could feasibly be rezoned to higher density multi-family zoning districts. It is also the reason staff proposed that some minimum level of residential development be required for mixed-use sites so these sites could properly be included in the housing sites inventory.

**ABAG’s Blueprint 2001**

ABAG’s Blueprint 2001 outlines the state’s requirements for housing elements and sets forth the process for addressing those requirements. It identifies programs that can be translated into criteria for ensuring adequate sites for housing. These are divided into nine major categories. In preparing Palo Alto’s draft Housing Element inventory, staff used these categories, particularly where they reinforced Palo Alto’s existing Comprehensive Plan policies, such as supporting transit use.

- **Adaptive Reuse:** *Reuse of non-residential buildings for housing.* Staff strategy was primarily the reuse of non-residential sites rather than buildings for housing but the principle is the same.

- **Air Rights Development:** *Build housing above existing uses, such as parking lots, where land is in limited supply.* There are several sites listed in the inventory and its backup list that could accommodate this type of development. It would be best applied to City-owned or shopping center parking lots. Implementing this strategy within the timeframe of this Housing Element, however, is not considered likely.

- **Increased Densities:** *Basic technique for increasing the potential supply of housing which limits sprawl into agricultural, open space or other lands.* This strategy is identified in the existing Housing Element and is consistent with land use policies in the Comprehensive Plan. Using higher densities limits the amount of land needed to provide housing and utilizes existing services and facilities. Increasing densities on some lands may reduce development pressure on other open space lands in Palo Alto, such as the hillsides and other open space not in public ownership.

- **Infill Development:** *Encourage development on bypassed sites or sites that could be redeveloped to accommodate housing.* Infill development is already encouraged in Palo Alto’s Comprehensive Plan in order to more efficiently use existing urbanized land and also to encourage mixed uses where appropriate. Most of the sites on the inventory are infill sites.
• **Mixed-Use:** Combining residential uses with one or more other uses, usually retail commercial or office but can include appropriate industrial or civic uses. This is already encouraged in Palo Alto’s Comprehensive Plan. Several of the sites identified on the proposed inventory call for mixed-use development.

• **Rezoning Commercial and Industrial Land:** Where there is a shortage of land for residential use, ABAG suggests the conversion of commercial and industrial land particularly where such uses are underutilized. ABAG indicates that using these lands for housing, particularly away from existing neighborhoods, are less likely to raise concerns about infill development. This is an important strategy for increasing the housing supply in Palo Alto where land is limited and neighborhood concerns are great. By encouraging new higher density residential development in non-residential areas, the City improves its jobs/housing imbalance, reduces commutes by bringing housing closer to jobs, limits incursions into existing neighborhoods and helps to preserve community character.

• **Rezone Surplus Institutional Land:** Encourage the use of surplus government owned land or private institutional land, such as churches, for housing. Since there is a limited supply of land in Palo Alto, all appropriate sites should be considered for housing, including sites reserved for institutional uses. Joint development with churches, schools and other public or institutional facilities was explored in developing the inventory. Since there appears to be an interest on the part of the County in developing housing in conjunction with its existing mental health facility on Ash Street, staff considers this site appropriate to be added to the inventory.

• **Second Units:** Additional dwelling unit on a site with an existing primary dwelling unit. An effective way to increase the supply of affordable housing with very limited costs. This is not a housing sites inventory criterion but it is useful to point out that the policies proposed in the revised Housing Element that seek to encourage the provision of affordable second units would be supported by ABAG.

• **Transit-Oriented Development:** Development at a transit access point within easy walking distance incorporating housing and other uses. This type of development is supported by many of Palo Alto’s existing Comprehensive Plan policies. The housing sites inventory supports these policies by identifying sites close to transit facilities that have the best potential to be developed with mixed uses or high density housing meeting the City’s goals for supporting transit and more diverse uses in City Centers. Higher densities in these areas should help reduce housing costs and the costs associated with commuting and energy consumption.
**RESOURCE IMPACT**
No funding is required for adoption or implementation of the draft Housing Element.

**POLICY IMPLICATIONS**
The proposed Housing Element is consistent with existing City policy, especially the Comprehensive Plan.

**ENVIRONMENTAL REVIEW**
Appropriate environmental review will be completed prior to adoption of the draft Housing Element by the City Council.

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