

Palo Alto

Housing Element Update

2023 – 2031 Planning Period

May 10, 2021

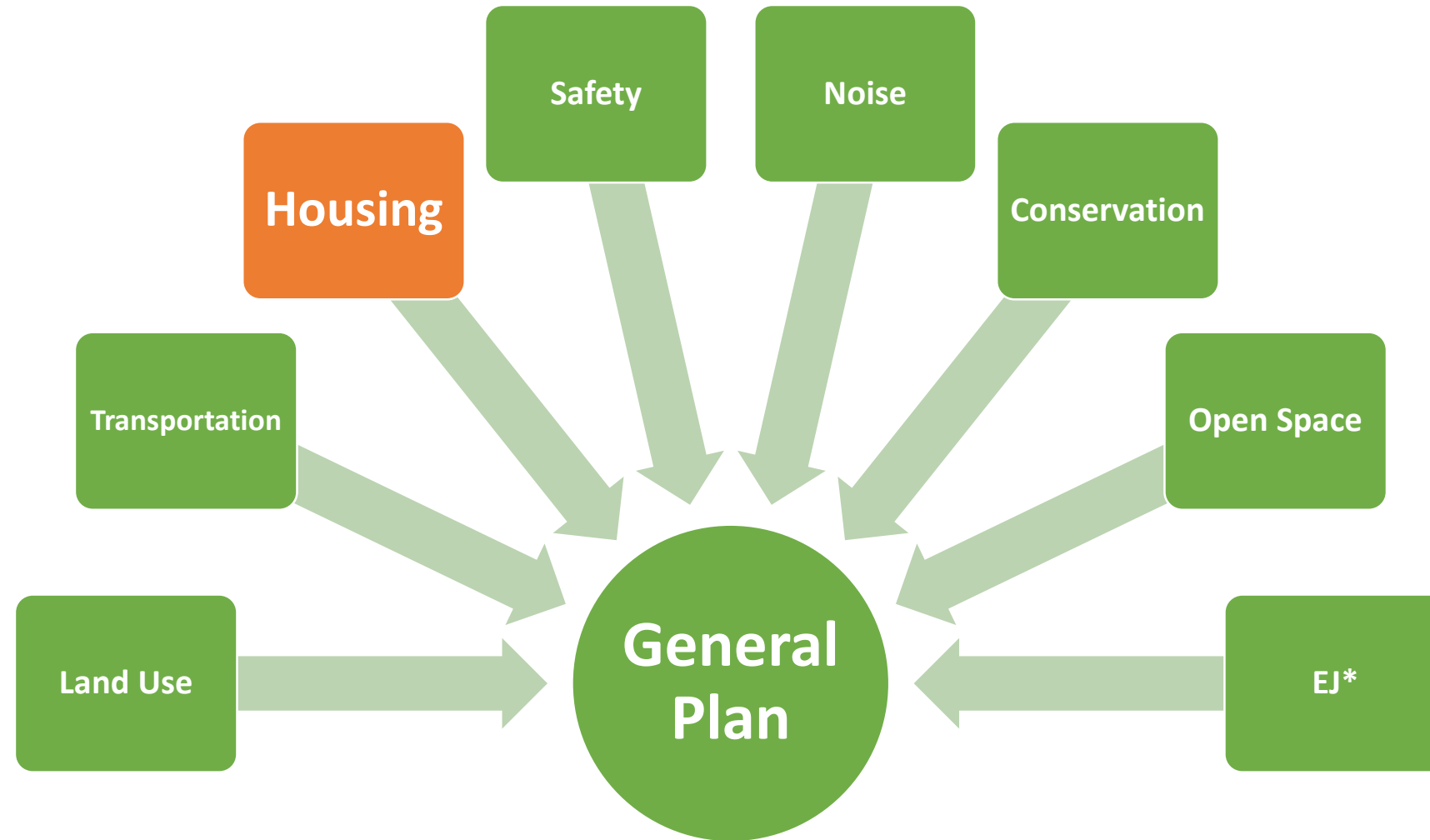
www.paloaltohousingelement.com



AGENDA

- **Housing Element Introduction**
 - What is the Housing Element?
 - What does the Housing Element include?
 - Why does the City need a Housing Element?
- What is the Regional Housing Needs Assessment (RHNA)?
- Adopted State legislation that impacts housing element updates
- Palo Alto Housing Element update schedule
- City Council and Planning and Transportation Commission's role

WHAT IS THE HOUSING ELEMENT?



CITY OF PALO ALTO COMPREHENSIVE PLAN 2030



Our Palo Alto
2030



CITY OF
PALO ALTO

WHAT DOES THE HOUSING ELEMENT INCLUDE?



HOUSING ELEMENT OBJECTIVES



**Provide
housing to
all sectors.**

**Affordable
housing for
those who
need it
most.**

**Streamline
affordable
housing
permitting.**

**Equity of
housing
opportunit
ies.**



CITY OF
PALO ALTO

CERTIFIED HOUSING ELEMENT – CONSEQUENCES

Failure to Comply with State Law...

Triggers a shorter update
cycle (4 years) and potential
fines

Comprehensive Plan could be
deemed inadequate and
invalid

Makes City vulnerable to
lawsuits related to land use
decisions

Would cause a City to be
ineligible for federal and State
grants & funding programs

Housing
Community Development
Infrastructure

REGIONAL HOUSING NEEDS ASSESSMENT (RHNA)

- State housing production goal

Future housing
needs

All income
levels

Regionally
distributed

Updated
every cycle
(8 years)

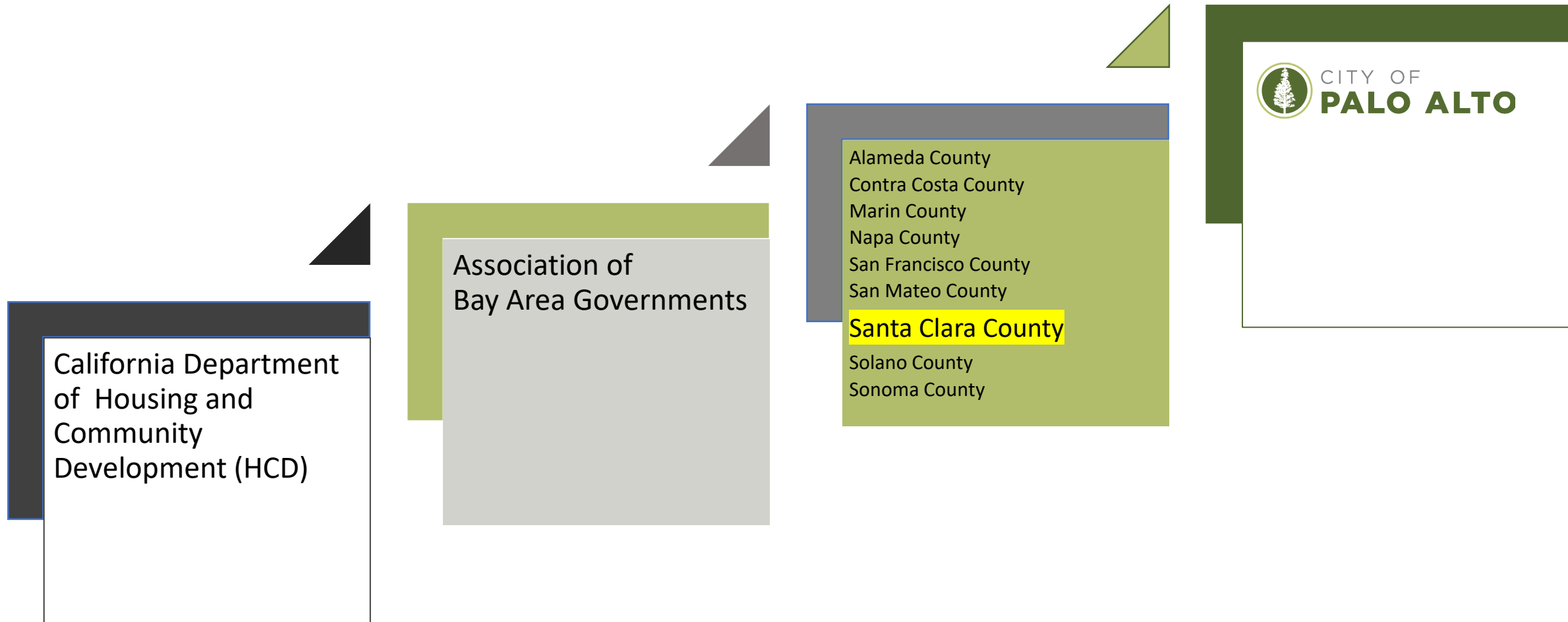


HOW IS RHNA DISTRIBUTED?



Association of
Bay Area
Governments
(ABAG)

HOW IS RHNA DISTRIBUTED?



Total Regional Housing Need
Determination (RHND) from HCD

441,176

STEP 1:
Group RHND
by income

VERY LOW
114,442

LOW
65,892

MODERATE
72,712

ABOVE MODERATE
188,130

STEP 2: Factor
weight = units
allocated by
factor

Allocation Factors for Very Low-
and Low-Income Units

70% Access to High
Opportunity Areas
(AHOAs)

126,234

15% Job
Proximity – Auto
(JPA)

27,050

15% Job
Proximity – Transit
(JPT)

27,050

Allocation Factors for Moderate-
and Above Moderate-Income Units

40% Access to High
Opportunity Areas
(AHOAs)

104,337

60% Job
Proximity – Auto
(JPA)

156,505

Jurisdiction score
on **AHOAs** factor

Jurisdiction score
on **JPA** factor

Jurisdiction score
on **JPT** factor

Jurisdiction score
on **AHOAs** factor

Jurisdiction score
on **JPA** factor

JURISDICTION BASELINE ALLOCATION

Share of households in Year 2050 from Plan Bay Area 2050 Final Blueprint

Allocation of **VERY LOW**
and **LOW** Units

Allocation of **MODERATE** and
ABOVE MODERATE Units

Equity Adjustment redistributes lower-income units to ensure all 49 jurisdictions identified as exhibiting above average racial and economic exclusion receive an allocation of lower-income units that is at least proportional to its share of households in 2020

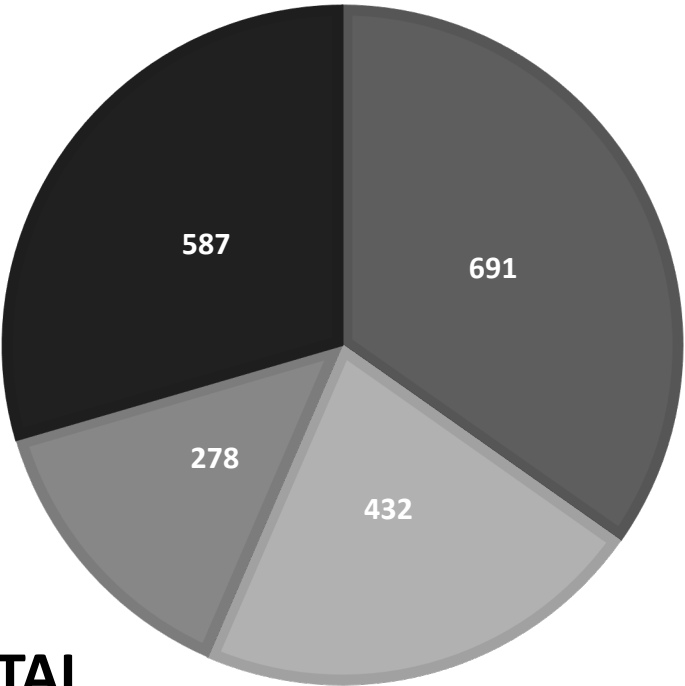
TOTAL
JURISDICTION
ALLOCATION



RHNA BY THE NUMBERS FOR PALO ALTO

5TH CYCLE RHNA ALLOCATION

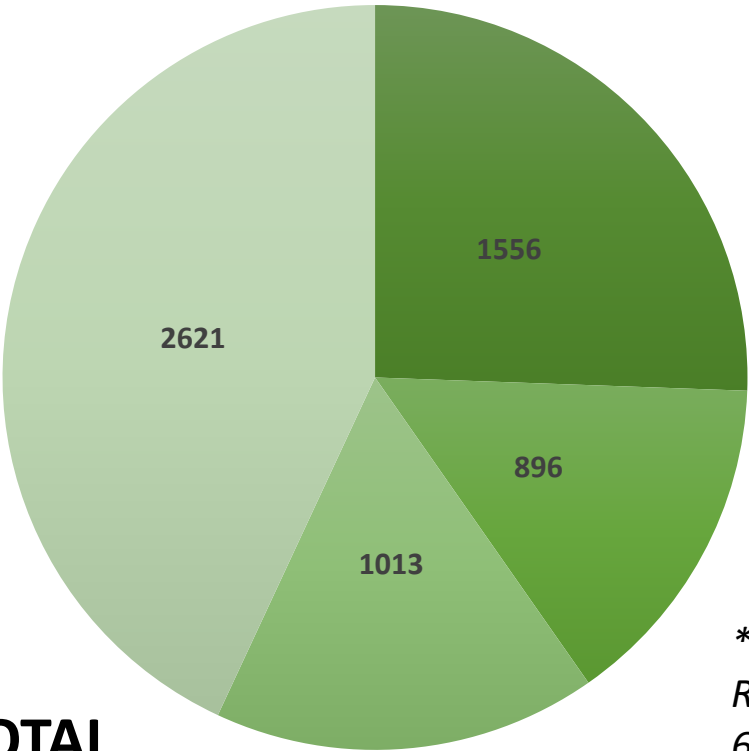
- Very Low Income
- Low Income
- Moderate Income
- Above Moderate Income



1,988 TOTAL

6TH CYCLE RHNA ALLOCATION*

- Very Low Income
- Low Income
- Moderate Income
- Above Moderate Income



6,086 TOTAL

**ABAG expects final RHNA numbers for 6th cycle allocations by Winter 2021.*

HOW WILL PALO ALTO MEET ITS RHNA ALLOCATION?

Meet RHNA Allocation...

Pending
Projects

Site selection

Identify high
density rezoning

Count
building
permits
issued

ADUs

Vacant Parcels

Underutilized
Parcels

Commercial
and Industrial

Multifamily



RECENTLY ADOPTED STATE HOUSING LEGISLATION

AB 744 – Density Bonus	AB 1771 – RHNA
AB 1934 – Development Bonus - Mixed Use	AB 686- Affirmatively Further Fair Housing
AB 2208 – Inventory of Land for Residential Development	AB 2162 – Supportive Housing
AB 2685 – Housing Element Adoption	AB 2372 – Floor Area Ratio Bonus
SB 35/SB 765 – Affordable Housing Streamlined Approval	AB 2797 – Density Bonuses
SB 166 – Residential Density and Affordability	AB 3194 – Housing Acct Act: Project Approval
SB 229 – Accessory Dwelling Units	SB 828 – RHNA
SB 540 – Workforce Housing Opportunity Zone	SB 1227 – Density Bonuses
AB 1505 – Zoning (Inclusionary Housing Ord.)	AB 587 – Separate Sale or Conveyance: ADU
AB 72 – Housing Element Compliance	AB 686 – Affirmatively Furthering Fair Housing
AB 678/SB 167 – Housing Accountability Act	AB 670 – ADU; Common Interest Dev.
AB 879 – Housing Development Fees	AB 1783 H-2A – Worker Housing
SB 330 – Housing Crisis Act of 2019	AB 725 - "Missing Middle Housing"

RECENTLY ADOPTED STATE HOUSING LEGISLATION

AB 744 – Density Bonus	AB 1771 – RHNA
AB 1934 – Development Bonus - Mixed Use	AB 686- Affirmatively Further Fair Housing
AB 2208 – Inventory of Land for Residential Development	AB 2162 – Supportive Housing
AB 2685 – Housing Element Adoption	AB 2372 – Floor Area Ratio Bonus
SB 35/SB 765 – Affordable Housing Streamlined Approval	AB 279
SB 166 – Residential Density and Affordability	AB 319
SB 229 – Accessory Dwelling Units	SB 828
SB 540 – Workforce Housing Opportunity Zone	SB 122
AB 1505 – Zoning (Inclusionary Housing Ord.)	AB 587
AB 72 – Housing Element Compliance	AB 686
AB 678/SB 167 – Housing Accountability Act	AB 670
AB 879 – Housing Development Fees	AB 178
SB 330 – Housing Crisis Act of 2019	

SB 1397

Requires the inventory of land to be available for residential development in addition to being suitable for residential development and to include vacant sites and sites that have realistic and demonstrated potential for redevelopment during the planning period to meet the locality's housing need for a designated income level.



RECENTLY ADOPTED STATE HOUSING LEGISLATION

SB 166

This law amends the No Net Loss Zoning provisions to require that local governments accommodate their remaining unmet housing needs throughout the housing element planning period for all levels of income.

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AB 1934 – Development Bonus - Mixed Use	AB 686- Affirmatively Further Fair Housing
AB 2208 – Inventory of Land for Residential Development	AB 2162 – Supportive Housing
	AB 2372 – Floor Area Ratio Bonus
	AB 2797 – Density Bonuses
	AB 3194 – Housing Acct Act: Project Approval
	SB 828 – RHNA
	SB 1227 – Density Bonuses
	AB 587 – Separate Sale or Conveyance: ADU
	AB 686 – Affirmatively Furthering Fair Hsg.
AB 678/SB 167 – Housing Accountability Act	AB 670 – ADU; Common Interest Dev.
AB 879 – Housing Development Fees	AB 1783 H-2A – Worker Housing
SB 330 – Housing Crisis Act of 2019	

RECENTLY ADOPTED STATE HOUSING LEGISLATION

AB 744 – Density Bonus	AB 1771 – RHNA
AB 1934 – Development Bonus - Mixed Use	AB 686- Affirmatively Further Fair Housing
AB 2208 – Inventory of Land for Residential Development	AB 2162 – Supportive Housing
	Ratio Bonus
	Uses
	Act Act: Project Approval
	Uses
	le or Conveyance: ADU
	Furthering Fair Hsg.
	on Interest Dev.
	er Housing
SB 330 – Housing Crisis Act of 2019	

AB 686 – Affirmatively Furthering Fair Housing

Defines “affirmatively furthering fair housing” as taking proactive and meaningful actions that “overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity”. Prohibits agencies from taking actions that are materially inconsistent with that obligation. As an addition to the Housing Element, local governments must identify policies, practices, or conditions that result in impediments to housing access and community development, and must identify meaningful goals to address resident displacement and the impacts of systemic issues such as racial segregation or inequitable employment opportunities.

RECENTLY ADOPTED STATE HOUSING LEGISLATION

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AB 1934 – Development Bonus - Mixed Use	AB 686- Affirmatively Further Fair Housing
AB 2208 – Inventory of Land for Residential Development	AB 2162 – Supportive Housing
AB 2685 – Housing Element Adoption	
SB 35/SB 765 – Affordable Housing Approval	
SB 166 – Residential Density and Allocation	
SB 229 – Accessory Dwelling Units	
SB 540 – Workforce Housing Opportunities	
AB 1505 – Zoning (Inclusionary Housing)	
AB 72 – Housing Element Compliance	
AB 678/SB 167 – Housing Accountability Act	
AB 879 – Housing Development Fee	
SB 330 – Housing Crisis Act of 2019	

AB 725 – "Missing Middle Housing"

AB 725 seeks to develop “missing middle housing.” Missing middle housing considers both the form of the housing and cost of renting and/or owning the housing. The form reflects moderate density and scale, aimed at middle income households. AB 725 requires that cities designate sites to meet at least 25% of a jurisdiction's share of the regional housing need for moderate-income housing, and at least 25% of a jurisdiction's share of the regional housing need for above moderate-income housing. For these sites, zoning that allows at least four units of housing, but not more than 100 units per acre of housing, is required.



RECENTLY ADOPTED STATE HOUSING LEGISLATION

AB 744 – Density Bonus	AB 1771 – RHNA
AB 1934 – Development B	SB 330 Prohibits an affected city or county from enacting a development policy or standard that would: <ul style="list-style-type: none"> • Reduce intensity of land use unless an equivalent increase in intensity is provided elsewhere • Impose design review standards that are not objective • Limit housing through moratoria, land use approvals or permits, or capping housing units Cities are prevented from enacting ordinances that would negatively effect housing developments that have already submitted a preliminary application. Projects shall have no net loss in residential units for affordable housing.
AB 2208 – Inventory of Land Development	
AB 2685 – Housing Element	
SB 35/SB 765 – Affordable Approval	
SB 166 – Residential Density	
SB 229 – Accessory Dwelling	
SB 540 – Workforce Housing	
AB 1505 – Zoning (Inclusionary)	
AB 72 – Housing Element C	
AB 678/SB 167 – Housing A	
AB 879 – Housing Develop	
SB 330 – Housing Crisis Act of 2019	



RECENTLY ADOPTED STATE HOUSING LEGISLATION

SB 229

This law makes numerous changes to ADU law, including defining parking requirements, zoning for single-family dwellings, sizing floor space, charging for utility services, and distinguishing ADU renting and selling.

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	AB 2797 – Density Bonuses
	AB 3194 – Housing Acct Act: Project Approval
	SB 828 – RHNA
	SB 1227 – Density Bonuses
	AB 587 – Separate Sale or Conveyance: ADU
	AB 686 – Affirmatively Furthering Fair Hsg.
AB 678/SB 167 – Housing Accountability Act	AB 670 – ADU; Common Interest Dev.
AB 879 – Housing Development Fees	AB 1783 H-2A – Worker Housing
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RECENTLY ADOPTED STATE HOUSING LEGISLATION

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AB 72 – Housing Element Compliance	AB 686 – Affirmative
AB 678/SB 167 – Housing Accountability Act	AB 670 – ADU; Com
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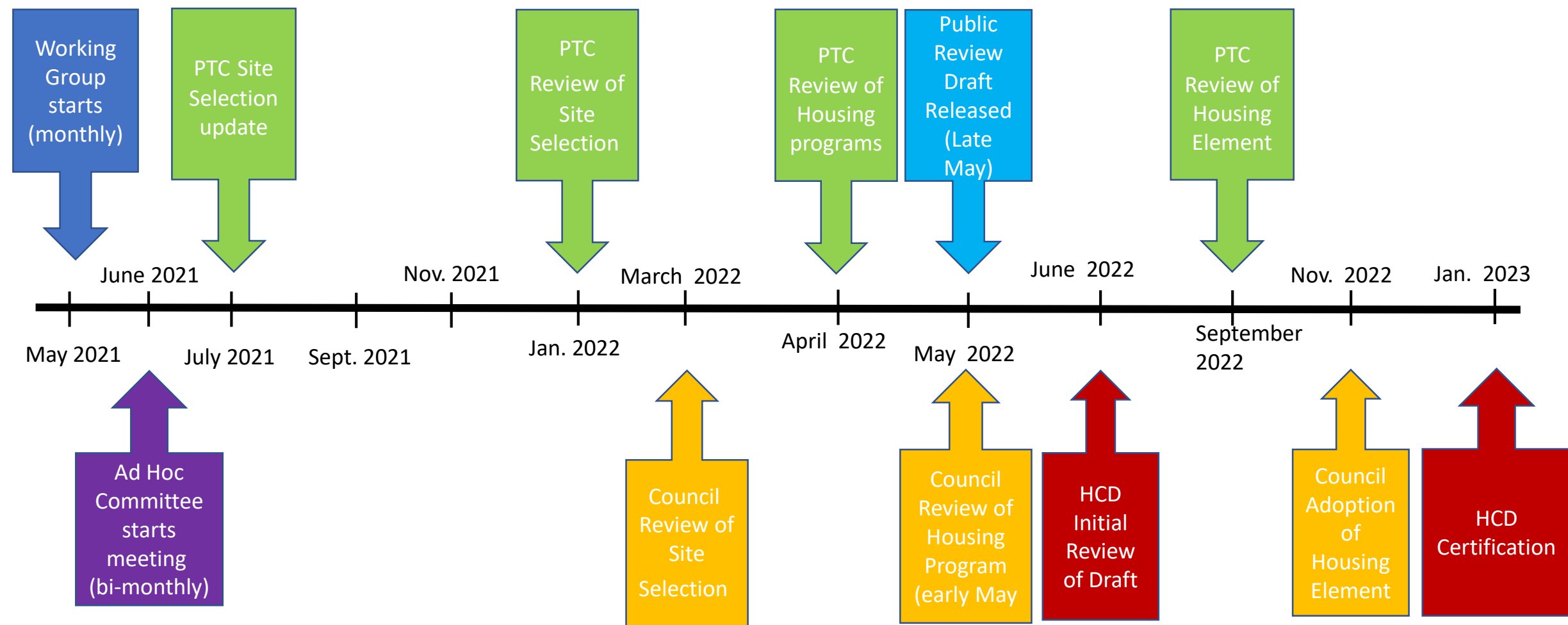
SB 35/SB 765

This law establishes a streamlined, ministerial review process for certain multi-family affordable housing projects proposed in local jurisdictions not meeting regional housing needs until 2026.

Developments must be infill, complies with zoning, having 10% of units for lower-income and projects over 10 units must use prevailing wage and skilled and trained labor.



Palo Alto Housing Element Update Timeline (not to scale)





RECOMMENDED MOTION

Approve the overall project schedule and approach, as well as the roles and responsibilities of the Housing Element Working Group, Council Ad Hoc Committee and PTC as documented in the staff report.



Questions,
comments,
suggestions?

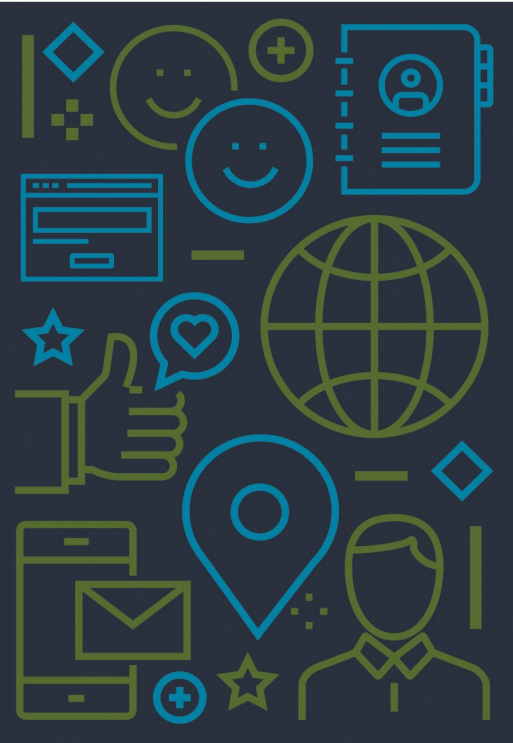
Thank you!



CITY OF
PALO ALTO



CONTACT US



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Project Web Page: www.paloaltohousingelement.org