



City of Palo Alto

(ID # 5009)

Regional Housing Mandate Committee Staff Report

Report Type: Action

Meeting Date: 8/14/2014

Summary Title: Housing Element Work Plan Schedule

Title: Review of Housing Element Work Plan Schedule

From: City Manager

Lead Department: Planning and Community Environment

Recommendation

Staff recommends that Regional Housing Mandate Committee (RHMC) review the updated work plan schedule and discuss the status of the 2015-2023 Housing Element Update.

Executive Summary

On a monthly basis, the RHMC has asked to review the status of the work plan and schedule for the 2015-2023 Housing Element Update, which must be adopted and accepted by the State before the end of January 2015. Staff has made a number of adjustments to the work plan and schedule since the Committee's last meeting. The adjustments reflect the Committee's input, the input of the City's Housing Element Update consultant, and activities that have been completed in the past month.

Background

The City of Palo Alto is required to update its Housing Element on a regular basis per State Housing Element Law (Government Code Section 65580 et seq.). The State deadline to update the Housing Element for the time period from 2015-2023, is January 31, 2015. For this update cycle, the State legislature has enacted legislation that imposes a strict penalty if certification is not approved by the deadline (although there is a 120-day grace period). If the Department of Housing and Community Development's (HCD's) certification is not received on time, jurisdictions must update their Housing Element every four years instead of on an eight year cycle. In addition, any organization or individual may sue in court and the court may compel compliance with State housing laws, potentially requiring zoning changes and restricting building permit issuance.

For this 5th Housing Element cycle, HCD has instituted a Streamlined Update process. The streamlined process significantly reduces the HCD time for HE review. With the Council's approval of the density bonus ordinance and other Housing Element programs, the City has met the requirements to be eligible for HCD's 60-day Streamlined Update process. Eligibility for the

Streamlined Update is essential in meeting the January 31, 2015 deadline.

While State law prevents the City from considering school impacts in addressing its RHNA obligations, historically, the City has been extremely cautious when designating additional housing sites, due to increased demand on city services in general. It is important to note that Housing Element law only requires the City to provide residential zoning opportunities to accommodate its RHNA allocation. The law does not require the City to approve or construct housing.

Discussion

At the February 13 RHMC meeting, the RHMC was presented with a initial proposed Housing Element Update workplan schedule outlining a number of tasks and milestones that needed to be completed in order to meet the January 31, 2015 deadline. The Committee had a number of suggested changes, and the workplan schedule has been updated to reflect these as well as adjustments suggested by the consultant who is now under contract, and completed items. Since the February meeting, the workplan has been updated periodically.

Specifically, a number of tasks have been completed, including:

- Selection of a Housing Element Consultant –MIG, Inc.
- Formation of the Community Panel
- Community Workshops on the afternoon of April 3rd and the evening of April 8th.
- Release an online survey for additional community input
- Begin preparation of Nexus Study
- Circulation of Administrative Draft for Public review (May 22, 2014)
- Submittal of Draft for HCD review (July 7, 2014)
- Held initial conference call with HCD

The table below is the revised work schedule for the Housing Element Update. Staff will be available to describe changes since the February version, although additions have been highlighted.

2015-2023 Housing Element Update Schedule Revised July 25, 2014

<u>Date</u>	<u>Task</u>
1. December 2013 (Completed)	<ul style="list-style-type: none">• RHMC HE Work plan presentation• PTC Review of Zoning Update Package #1
2. January 2014	<ul style="list-style-type: none">• Council Consideration of Zoning Update Package #1 and

- Density Bonus Ordinance
- (Completed)

 - Release HE Consultant RFP

 - 3. February 2014
(Completed)

 - Feb 13 RHMC: Work Plan Status & Outreach Plan; Use of Existing Units

 - 4. March 2014
(Completed)

 - March 11: Convene Community Panel; intro to the Housing Element
 - March 13 RHMC: Work Plan Status, Demographics & Site Options
 - March 27 Community Panel: Sites Options
 - Other Community Input: Surveys by Consultant, launch HE website, identify potential focus groups
 - Start preparation of Nexus Study

 - 5. April 2014
(Completed)

 - April 1: Submit HCD Housing Element Annual Performance Report to HCD & OPR
 - April 10 RHMC: Site Options continued; Goals, Policies and Programs & Streamlined Update Checklist
 - April 21: Informational Report to Council
 - April 24: Community Panel: Site Options continued; Goals, Policies and Programs
 - April 28: Community Workshop #1 (North Palo Alto), Lucie Stern Community Ballroom, 3-5 pm
 - April 30: Community Workshop #2 (South Palo Alto), Palo Alto Elks Lodge, 6-8 pm
 - Other Community Input: Questionnaires by Consultant

 - 6. May 2014
(Completed)

 - Mid May: Consultant submittal of Administrative Draft
 - May 8 RHMC: Housing Sites and Goals, Policies and Programs continued
 - May 14: PTC discussion of Sites Inventory & Housing Element revisions
 - May 29: Community Panel: Review Admin Draft & Streamlined Update Checklist

 - 7. June 2014

 - June 2: City Council Study Session

- (Completed)
 - June 12 RHMC: Review Admin Draft & Streamlined Update Checklist
 - June 26: Community Panel: Admin Draft (cont.); HE Update
 - Initiate preparation of the environmental document (initial study)
 - End of June: HCD consultation with submittal of draft

- 8. July 2014
(Completed)
 - July 7: Submit HE draft to HCD
 - Continued consultation with HCD
 - Disseminate draft environmental document
 - July 31: Community Panel: Consideration of Additional Housing Programs

- 9. August 2014
 - August 14: RHMC: Review of Status & Proposed Programs
 - August 20: Start of CEQA Initial Study 30 day review.
 - August 28: Community Panel: Community Panel makes its recommendation (May be postponed if HCD comments have not been received)

- 10. September 2014
 - September 10: PTC begins review of draft Housing Element and CEQA review
 - September 11 RHMC: begins discussion of its recommendation to Council on Draft Update and CEQA document (Possible Consultation with HCD)
 - September 24: PTC completes review of draft and CEQA review and makes recommendation to Council
 - Completion of Nexus Study for use in updating impact fees (subsequent to Housing Element adoption)

- 11. October 2014
 - Oct. 9 RHMC: Makes its recommendation to Council on Draft Update and CEQA document

- 12. November 2014
 - Nov 10 Council Consideration of Draft Update and CEQA Document
 - Nov 24: Second Council Hearing Date (if needed)
 - Nov 25: Submit HE Update to HCD for 60 day review

13. December 2014 Break/HCD Q&A
14. January 31, 2015 HCD Certification Deadline*

- HCD does allow for a 120 day post deadline grace period under certain conditions

Resource Impact

The State and the region (ABAG/MTC) are continuing to place a greater importance on a certified housing elements and now require a certified housing element for agencies to be eligible for receiving funding. This year, the City received over \$4.0 million in competitive and non-competitive One Bay Area Grant (OBAG) transportation funds. The City would have been ineligible for these funds if the City did not have a certified Housing Element.

Substantial staff time will be necessary to update the Housing Element for the 2015-**2023** period. Activities associated with the update include assembling updated data about housing and housing needs in Palo Alto, conducting required public outreach meetings, and preparing draft and final documents for review and adoption. Staff expects to use a consultant to assist with the data collection and analysis, as well as public outreach efforts. The City attorney may also have costs associated with retaining outside legal counsel with specific expertise in Housing Element law.

Policy Implications

Cities and counties that do not meet the statutory deadline for their upcoming housing element update will be faced with the requirement to update their housing elements more frequently in the future. Also, without compliant housing elements, jurisdictions may be faced with costly legal challenges pursuant to housing element law and/or fair housing law. Also, if the City fails to identify or make available adequate sites to accommodate its RHNA assignment within a given planning cycle, the City may be required to carry those units over into the next planning cycle, thus increasing the number of sites to be identified in the upcoming cycle.