

CITY OF MOUNTAIN VIEW

ENVIRONMENTAL PLANNING COMMISSION STAFF REPORT FEBRUARY 16, 2022

6. STUDY SESSION

6.1 Housing Element Update 2023-2031

RECOMMENDATION

That the Environmental Planning Commission (EPC) provide input to the City Council on the Draft Housing Element Sites Inventory, draft goals and policies, and Council's Strategic Roadmap action item of identifying and developing a response to R1 and R2 parcels that exceed allowed densities.

PUBLIC NOTIFICATION

The EPC agenda is advertised on Channel 26, and the agenda and this report appear on the City's website. A meeting reminder was emailed to all persons subscribed to the Housing Element mailing list (approximately 400 people).

OVERVIEW

This report includes:

- Summary of the Housing Element outreach;
- Presentation and analysis of the Housing Element Draft Sites Inventory, including potential future rezonings to address "no net loss" requirements;
- Draft Housing Element goals and policies;
- Analysis of Housing and Community Development's (HCD) Pro-Housing Designation Program; and
- Analysis supporting Council's Strategic Roadmap action item to identify and develop a response to parcels that exceed allowed densities.

At the next, and final, Study Sessions on the Housing Element in the spring, the EPC and Council will review the draft Housing Element, which includes all components, before it is submitted to HCD for a preliminary review in midsummer 2022. Final

adoption of the Housing Element by the City Council is expected in December 2022, after which it will be provided to HCD again for final approval.

BACKGROUND AND ANALYSIS

Environmental Planning Commission October 20, 2021 Study Session

On October 20, 2021, the EPC held a Study Session (Exhibit 1), supported staff's approach to identifying sites in the Sites Inventory, and recommended the following policy priorities to Council:

- Find partnerships to collaborate on funding or land for housing development;
- Ensure infrastructure and public services (e.g., parks, schools, health facilities) are built near housing;
- Consider other Precise Plan areas for sites to meet Regional Housing Needs Allocation (RHNA) or ensure the R3 Zoning Update considers neighborhood scale and transitions before including in the Sites Inventory;
- Preserve and improve existing naturally affordable housing stock rather than solely focus on redevelopment; and
- Evaluate data to determine process improvements to facilitate development or program implementation (i.e., streamlining review, staffing needs, etc.).

City Council November 16, 2021 Study Session

On November 16, 2021, the City Council held a Study Session (Exhibit 2) and unanimously supported staff's approach to identifying sites in the Sites Inventory and provided the following direction:

- Exclude any potential additional capacity from the R3 Zoning Update project from the Sites Inventory;
- Conduct more outreach (e.g., low-income people, people of color, renters, displaced residents, unhoused, local workers); and
- Prioritize funding and legislative advocacy.

Housing Element Public Outreach

The Housing Element process includes two main phases of community engagement. The first phase publicized and promoted resources for the Housing Element Update process and provided in-person and virtual opportunities to connect with the community to build awareness, answer questions, and take feedback. This has been in progress since spring 2021 and ended at the end of 2021. The outreach efforts so far have included:

- Creating a project-specific educational webpage¹ with video content, educational resources, and notification sign-ups and creating a new Housing Initiatives page on the City's website;²
- Hosting stakeholder interviews with business leaders, community leaders, and service providers;
- Hosting two virtual community workshops;
- Tabling at local events like Farmer's Markets, Monster Bash, and Tree Lighting Ceremony;
- Creating a community input survey; and
- Sending updates throughout the process, which includes updates on the sliding banner on the City's main landing page and the project website; sending notifications to subscribers to the Housing Element mailing list; posting flyers in Spanish, Chinese, and English at City locations and along Castro Street; and promoting events and input opportunities on social media, on *Mountain View Voice*, and in City publications, such as City Hall Connection and *The View*.

Among the 300-plus survey respondents, the many participants of stakeholder interviews, community workshops, and pop-ups, there is a total of more than 3,000 individual comments and ideas received thus far for the Housing Element update. Summaries for the workshops and stakeholder meetings were included in previous reports, and all public input is retained and used to inform all aspects of the development of the Housing Element and will be particularly informative to the specific programs and services as part of the Goals, Policies, and Programs section.

¹ Mountain View's Housing Element Update webpage is available at: www.MVHousingElement.org.

² Mountain View's Housing Initiatives webpage is available at: www.mountainview.gov/depts/comdev/housing/current_initiatives/default.asp

A summary of the survey is included in Exhibit 3, and the individual responses will be posted under Resources on the Housing Element website.

The second phase is ongoing and will focus on maintaining and building awareness of the project and collecting community input regarding the Sites Inventory and policies. This input can still affect the content of the draft Housing Element and can also inform EPC and Council direction at future Study Sessions and public hearings. Key dates for 2022 are posted on the website, and additional notifications, such as flyers, and publications through City channels are in progress. Staff is also available to meet with and present to groups and organizations upon their request.

As of this date, we have received stakeholder feedback from the following community organizations: Direct English Learner Advisory Committee (DELAC), Community Action Team (CAT), Balanced MV, League of Women Voters of Los Altos-Mountain View, Mountain View Justice Coalition, and Mountain View Coalition for Sustainable Planning as well as other service providers to the community. We have met with the following groups at individual group meetings: Youth Advisory Committee, Spanish Leadership Academy, and Cafecito. Currently, staff is directly reaching out to representative organizations to provide education and resources to their membership. Among those organizations are Day Worker Center, Solidarity Fund, and DELAC.

ANALYSIS

Draft Sites Inventory

Background

State law requires that the City facilitate and encourage the development of a variety of housing for all income levels and identify adequate housing sites to satisfy the Regional Housing Needs Allocation (RHNA). These sites must have appropriate zoning and development standards and access to services and facilities. The Association of Bay Area Governments (ABAG) Executive Board adopted the Final Regional Housing Needs Allocation (RHNA) Plan: San Francisco Bay Area, 2021-2031³ on December 16, 2021, and the City's final RHNA remains the same as the draft RHNA of 11,135 units (see Table 1).

³ Final Regional Housing Needs Allocation (RHNA) Plan: San Francisco Bay Area, 2021-2031 is available at: <https://abag.ca.gov/tools-resources/digital-library/finalrhnaallocationreport2023-2031-approved0pdf>.

Table 1: City of Mountain View 2023-2031 RHNA

Income Group	Area Median Income %	Units	% of 2023-2031 Total
Very Low	0-50%	2,773	26%
Low	51-80%	1,597	15%
Moderate	81-120%	1,885	17%
Above Moderate	120%+	4,880	42%
Total		11,135	100%

To satisfy the RHNA requirement, sites must be identified and analyzed in a “sites inventory” which includes information for each site, such as the expected number of units, assumed affordability levels of units, and location within the City that furthers fair housing, among other criteria. Furthermore, the unit capacity must be maintained throughout the 2023-2031 planning period. Therefore, a buffer of at least 15% to 30% is generally recommended by HCD. If sites listed in the Sites Inventory are redeveloped with other uses or with residential with different income levels than what is identified, the difference can be made up with the buffer sites to ensure there is “no net loss” of RHNA capacity at each income level.

The Draft Sites Inventory is available to view on an interactive map at MVHousingElement.org.

Process and Approach

The Draft Sites Inventory was developed based on HCD requirements for locations and affordability levels as well as Council goals focusing on sites that have residential capacity under the current zoning and areas that have had undergone robust community engagement, such as Precise Plan areas, and to avoid sites that could cause high displacement. The Draft Sites Inventory is divided into the following three categories that highlight the approach:

1. **Pipeline Projects.** These are all projects where an application conforming with the current General Plan and Zoning has already been approved or a formal application or preliminary application is currently under review.

In total, 81.5% of sites in this category are located in Precise Plan areas, including East Whisman, North Bayshore, El Camino Real, and San Antonio.

The Pipeline Projects include the Google Master Plans for Middlefield Park (East Whisman Precise Plan) and North Bayshore. Both plans are multi-year

developments and will provide a combination of affordable and market-rate housing. Within the 2023-2031 planning period, the Google North Bayshore Master Plan is assumed to provide approximately half of land dedications for affordable units and start construction of approximately half of market-rate and inclusionary units, which yields a total of about 3,365 net new units, of which approximately 695 units are affordable. The Google Middlefield Park Master Plan is assumed to provide 100% of land dedications for affordable units and start construction of approximately 50% of market-rate units, which yields about 1,100 net new units, of which 380 units are affordable.

2. **Opportunity Sites.** This category includes sites zoned for residential use but for which no formal or preliminary application has been submitted. These sites have characteristics that support feasible residential development by 2031, as determined by existing standards, existing uses, and other factors. The category also includes reuse of sites identified in the Fifth-Cycle Housing Element that were rezoned under precise plans and have not been redeveloped. The total also includes a projection of 96 Accessory Dwelling Units (ADUs), based on recent permit trends, which are not associated with specific sites.

This Draft Sites Inventory was determined based on a process of elimination of sites with characteristics that would deter their development as a residential site within the time frame of the Housing Element. Some of these include:

- Whether allowed uses (i.e., commercial and industrial zones) or existing uses (e.g., historic sites, parks, utilities, transportation, schools, hospitals) limited their use as a housing site;
- Areas with little opportunity for net increases (e.g., R1 and R2 areas);
- Sites where displacement would be a concern (i.e., multi-family properties with three or more units); and
- Existing development on the site (based on age and intensity, etc.) that would deter the incentive to redevelop for housing.

Almost all of the sites are within the recently updated Precise Plans for East Whisman, North Bayshore, San Antonio, and El Camino Real. These Precise Plan areas are well distributed throughout the City and address fair-housing concerns by ensuring that sites have access to services, transit, high-quality schools, and good jobs.

Most sites are applied to the low- and moderate-income RHNA, which is standard practice for site inventories. In the City’s Draft Sites Inventory, the exceptions to this are very large sites that, if redeveloped with market-rate housing or other uses, would result in a particularly challenging no-net-loss scenario (greater than 300 units), which would require identifying other sites. The larger sites have allocated only 15% moderate- and lower-income units (based on the City’s BMR requirements). Because they are so large, they still have significant capacity for lower- and moderate-income units at this percentage.

3. **Rezone Projects.** These are projects where a formal application is under review, or has been directed by the City Council through the Gatekeeper or Strategic Roadmap process, but where residential is not currently allowed under the existing zoning or General Plan. Among this project type are affordable developments on East Evelyn Avenue, Montecito Avenue, Terra Bella Avenue, as well as a market-rate development on North Rengstorff Avenue.

Table 2 summarizes the unit capacity identified in the City’s Draft Sites Inventory by project type and income category and in context to meeting RHNA and RHNA buffer recommendations.

Table 2: Draft Sites Inventory Summary

Project Type	Income Units		Total Unit Capacity
	Low + Moderate	Above Moderate	
Pipeline Projects (A)	1,842	6,394	8,236
Opportunity Sites (B)	5,462	1,368	6,830
Rezone Projects (C)	531	106	637
Total Inventory (A+B+C)	7,835	7,868	15,703
Sixth-Cycle RHNA (D)	6,255	4,880	11,135
RHNA Buffer (A+B+C)-D	+ 1,580 (25%)	+ 2,988 (61%)	+ 4,568 (41%)

In addition to the Draft Sites Inventory, staff is engaged with several developers regarding imminent applications that are consistent with the current zoning. If these applications are submitted in the next year, they could add the following approximate amounts to “Pipeline Projects” (Row A) and provide for larger RHNA buffers:

- Approximately 300+ low- and moderate-income units, which would increase the buffer in that category to 30%;
- Approximately 1,000+ of above moderate-income units, which would increase the buffer in that category to 82%; and
- Approximately 1,300+ total units that would increase the overall buffer to 53%.

Next Steps

Staff is seeking EPC and Council feedback on the overall methodology and distribution of sites, but not the specific quantities in the Draft Sites Inventory. This is because the Draft Sites Inventory is subject to change over the next few months. For example, more information about the Google Master Plans or other Pipeline projects may change those inputs, or more information may arise about specific sites that disqualify them from the Sites Inventory. In addition, low- and moderate-income units are presented as a combined total for simplicity at this time, but once the Sites Inventory is finalized, income levels will be presented separately. The full Draft Sites Inventory, along with detailed rationales for each of the sites, will be included in the Draft Housing Element which will be presented to EPC and Council in early summer 2022 before submitting to HCD for draft review.

Staff Recommendation

Staff recommends the above approach as it aligns with Council’s goal to focus on areas and sites that have residential capacity under the current zoning and have had the benefit of robust community feedback, such as Precise Plan areas, and to eliminate sites that could yield high displacement (R3 and CSFRA sites) and, most importantly, meet HCD requirements for meeting RHNA income levels and site locations.

Question 1: Does the EPC support the proposed Draft Sites Inventory methodology?

“Back-Pocket” Rezoning Areas

The Draft Sites Inventory methodology, above, is based on discussions with HCD, published guidelines, and the experience of other cities that have been reviewed by the State. While the current Draft Sites Inventory provides a general buffer of about 40%, this may be inadequate based on the uncertainty inherent in HCD’s review of housing elements in this cycle. There are two potential scenarios in which the Draft Sites Inventory would be inadequate:

- During their review of the draft Housing Element over the summer, HCD may not support our inventory, in which case we would need to find additional areas to rezone before adoption in December. This is likely impossible given the requirement to analyze these rezonings in the Environmental Impact Report.
- Over the course of implementing the Housing Element, developments may remove sites from the Sites Inventory as stipulated under the No-Net-Loss regulations, exhausting the buffer. In this case, additional rezonings must be identified within 180 days after approval of the development.

Based on these scenarios, staff recommends that the EPC and Council review and provide direction on the following additional “back-pocket” rezoning areas in advance, which could streamline their inclusion in the Sites Inventory, if necessary. Furthermore, based on Council direction on these “back-pocket” rezonings, staff will include these areas to be included in the environmental evaluation as part of the Housing Element Environmental Impact Report (EIR) and will notify affected property owners to provide information on the potential for future action on the properties if they are needed to be included in the Sites Inventory, if any of the above events occur.

Under State law, sites that are identified in the Sites Inventory are required to be rezoned to be consistent with and reflect the allowed residential use and capacity, as identified in the Inventory within one to three years. Therefore, staff does not recommend including these sites in the Sites Inventory unless one of the events above occurs since it would obligate the City to rezone these areas more quickly than it may choose to.

The following is a list of specific “Back-Pocket” Rezoning Areas for EPC and Council feedback:

- **Transit Center Master Plan.** In 2017, the City adopted the Transit Center Master Plan, which included opportunities for joint development of the parking area with Caltrain, the property owner. This joint development could include residential, which is not currently allowed on that site under the Evelyn Avenue Precise Plan. By rezoning the site to residential, capacity for up to 100 to 200 units could be made available.

However, based on preliminary discussions with Caltrain, the priority use of the site is for transit services, including bus/shuttle circulation and loading areas, parking and drop-off areas, and convenient bike and pedestrian access to the platforms; therefore, a joint development cannot limit or constrain those services, either physically or financially. The next steps for the joint development project include an economic feasibility analysis that takes into account the transit operational needs and other site constraints, which will help determine the potential land uses that can be supported by both the City and Caltrain.

- **Village Center Overlay (El Camino Real).** The El Camino Real Precise Plan includes areas near major transit stops and cross streets where additional density and intensity up to 2.3 FAR can be built but only after requesting the FAR increase through a rezoning process called the “Village Center Overlay.” Because this requires a rezoning, the City cannot include it in the Sites Inventory. However, removing this process and allowing development up to 2.3 FAR without the rezoning could add capacity for up to 300 to 400 units.
- **Moffett Boulevard.** The City Council has expressed interest in a new Moffett Boulevard Precise Plan. If densities on the Moffett Boulevard corridor are increased consistent with the General Plan, as required by State Law, several developable sites could add capacity for about 100 additional units.
- **General Plan Village Centers.** The 2030 General Plan identified potential mixed-use village centers where residential could be added to existing neighborhood shopping centers to link residences to conveniently located goods and services, including the following:
 - Blossom Valley Shopping Center on Cuesta Drive and Miramonte Avenue;

- Grant Park Plaza on Grant Road just south of El Camino Real; and
- Parcels surrounding the intersection of Old Middlefield Way and North Rengstorff Avenue.

Additionally, although not identified in the Village Center Strategy, these sites could potentially be added into the Strategy as their site characteristics are similar to the sites listed above:

- Bailey Park, at the corner of Shoreline Boulevard and Montecito Avenue; and
- Monta Loma Plaza, at the corner of West Middlefield and Rengstorff Avenue.

The current zoning for these sites do not allow residential, and a new zoning district would need to be determined, but these areas could add capacity of up to 1,300 units (mostly at Grant Park Plaza).

Other areas that were considered by staff but are not recommended since they are not consistent with current General Plan vision and would need significant outreach and review, include the following:

- **Downtown Precise Plan Update, Phase 2.** While this may have the opportunity to include more housing, significant analysis and outreach will be required before they can be considered which will not meet the time frame of the Housing Element.
- **West Terra Bella.** This area may have some Opportunity Sites, but the Vision Plan was rejected by Council in 2019 in favor of a Precise Plan and/or a comprehensive Master Plan. Based on the lack of clear guidance for the area's density and intensity and the need for significant outreach, development of a plan and CEQA review, it would not meet the timeline for the Housing Element.

Staff Recommendation

Staff recommends that Council and the EPC provide feedback on the proposed "Back-Pocket" Rezoning Areas to protect the City against unforeseen changes to the Sites Inventory. As staff continues to review sites for compliance with all State laws,

have discussions with HCD, and move forward with the environmental analysis, staff can include these areas in the Sites Inventory if necessary.

Question 2: Does the EPC support the inclusion of any of the proposed “Back-Pocket” Rezoning Areas in case the Sites Inventory is reduced?

Draft Goals and Policies

The Housing Element includes Goals, Policies, and Programs that together make up the Housing Plan for the City for the eight-year planning period. They are defined as:

- **Goal:** Main purpose of an effort that is general in nature and, often, abstract and immeasurable.
- **Policy:** Specific statement guiding action and implying clear commitment.
- **Program:** Specific details that carries out the policy. A program typically lists the responsible party for carrying out the action; an estimated time frame or deadline for completion of the action; funding sources; and objectives in carrying out the program.

At the last Housing Element Study Sessions in October and November, staff presented 16 policy topics and requested that the EPC and City Council identify their priority topics for refinement. Staff has further developed, analyzed, and consolidated the topics into the following draft goals. The following draft goals and policies build upon the goals and policies of the current Housing Element⁴ but are revised to reduce redundancy, increase usability for annual reporting, and to reflect housing priorities. Currently, the programming, which requires specific details on actions and tasks, reasonable timelines, and funding sources, is still under development; therefore, the examples of Programs is listed as reference to help define and refine the draft Goals and Policies. The input from this Study Session on the draft Goals and Policies will guide the development of the final programs that will be presented to the EPC and City Council at the last Study Sessions scheduled for May and June.

Staff is seeking guidance from the EPC on the following preliminary Housing Element goals and policies. The policies and example programs are numbered and alphabetized for easy reference during discussion and are listed in no particular

⁴ Mountain View’s 2015-2023 Housing Element is available at: <https://www.mountainview.gov/depts/comdev/planning/regulations/general.asp>

order, and staff welcomes feedback that will determine necessary revisions for the Draft Housing Element. Included below each draft goal are examples of related policy objectives and potential programs that would further the goals. For example, the EPC may identify additional priority policy topics that would fall within the five listed goals or determine that additional goal categories should be considered.

- **Goal 1:** A supply of housing that meets the needs of the City.

To achieve this goal, the City will address, remove, or mitigate constraints to housing production, produce new affordable units, and preserve existing affordable units.

Policies:

1. Ensure that adequate residential land is available to accommodate the City's RHNA, with special focus on Precise Plan areas near transit, employment centers, and services.
2. Strive to preserve naturally affordable (i.e., CSFRA) and deed-restricted units serving lower- and moderate-income households and preserve existing mobile home parks.
3. Encourage a mix of housing types, at a range of densities, that serves a diverse population, including rental and ownership units serving both young and mature families, singles, young professionals, single-parent households, seniors, and both first-time and move-up buyers, at a broad range of incomes.
4. Maintain or improve the character and quality of existing neighborhoods through upgrades to existing developments, sensitively designed new developments, improved streetscapes, and better access to schools, parks, goods, services, jobs, transportation, and other needs.
5. Maintain and improve housing to meet health, safety, fire, and other applicable codes and standards.
6. Review the City's development standards and review process and, if necessary, revise to facilitate quality housing for all income levels.

7. Provide incentives, such as reduced parking standards and/or reductions in other development standards and fees, to facilitate the development of housing that is affordable to lower- and moderate-income households.
8. Support environmentally sustainable practices in all aspects of residential development.
9. Pursue innovative housing options to better meet the need of the community, such as land trusts, middle-income housing, shared ownership models, innovative construction, and more.

Some example programming could include:

- a. Provide sustainability rebates and incentives for increased efficiency of new buildings and efficiency upgrades in existing buildings.
 - b. Institute strategies to prevent displacement or to mitigate the displacement impact on existing tenants that may result from redevelopment projects.
 - c. Establish no-net-loss provisions in context of preserving status of units while also generating new, affordable units.
- **Goal 2:** An inclusive and equitable community where housing assistance is available and accessible.

To achieve this goal, the City will facilitate the development and preservation of affordable housing and support fair and equal opportunities for all segments of the community.

Policies:

1. Assist extremely low-, very low-, low-, and moderate-income households in renting or purchasing a home in Mountain View.
2. Continue efforts to develop culturally competent outreach programs to connect residents to antidisplacement programs and affordable housing resources.
3. Give priority for subsidized housing to persons who live or work in Mountain View whenever legally feasible.

4. Continue efforts to communicate effectively on affordable housing efforts so that building an inclusive community is widely championed.
5. Support programs to address discrimination in the sale, rental, and development of housing.
6. Support mediation programs between housing providers and tenants.
7. Encourage and support the maintenance/preservation and development of subsidized housing that serves low-income households, seniors, disabled individuals, the homeless, larger households, historically underserved communities, and other special-needs populations.
8. Create housing solutions and resources for lower- and moderate-income residents displaced by development, rent increases, and other factors.

Some example programming could include:

- a. Maintain CSFRA program.
 - b. Build and leverage partnerships with other public agencies, the philanthropic community, and the business community to increase resources available for developing and preserving affordable housing.
 - c. Provide maintenance, rehabilitation, and upgrades incentive and benefit programs to extend the useful life of older and, typically, naturally affordable stock to improve quality of life.
 - d. Seek and allocate funding to assist the purchase of housing—such as down payment assistance, etc.
- **Goal 3:** A comprehensive suite of housing opportunities and services to prevent, respond to, and end homelessness.

To achieve this goal, the City will seek and allocate funding and partnerships to increase resources towards the prevention of homelessness and address the housing needs of people experiencing homelessness.

Policies:

1. Support a range of housing solutions and assistance, including congregate shelter, safe parking, interim housing, core housing programs, along with a pathway for individuals to get permanent housing.
2. Provide responsive assistance through outreach services, community resources, access, or case management, and basic services (food and other items).
3. Coordinate with the County, community-based organizations, nonprofits, faith, and intergovernmental partners to assist the homeless.
4. Prevent homelessness and permanent displacement through financial assistance and fair-housing services.

Some example programming could include:

- a. Develop a comprehensive Homelessness Response Strategy that includes housing, services, and an expenditure and funding plan, including the grant from Destination: Home.
 - b. Establish and maintain support and funding through County partnerships for housing and services (e.g., County cold-weather shelter, safe parking program, New Directions, CSA).
 - c. Establish and maintain support and funding through State and County partnerships for housing and services (e.g., LifeMoves Mountain View).
 - d. Provide multilingual outreach and multi-channel communications.
- **Goal 4:** A City that is an effective steward of housing solutions through funding and advocacy partnerships and community outreach and engagement.

To achieve this goal, the City will pursue local housing funding, work with partners to create additional housing opportunities, and otherwise support efforts that help implement the City's housing goals and policies.

Policies:

1. Advocate for additional State, regional, and private funding for affordable housing and affordable housing programs.
2. Promote and support State and local programs for energy conservation and renewable energy system installation in existing homes.
3. Solicit community and stakeholder feedback on housing issues and the effectiveness of Housing Element program implementation.
4. Build partnerships to increase the effectiveness of existing City resources in the production of housing and providing services.

Some example programming could include:

- a. Review Housing Element implementation, annually, and make reports available to decision-makers and the public.
- b. Develop partnerships, find new funding, and target capacity-building to increase available resources to help meet the need. This could also include legislative advocacy efforts to create the resources and systems needed to meet the affordable housing requirements.
- c. Find opportunities to improve efficiency and reduce uncertainty with targeted changes to the development review process, including the Notice of Funding Availability (NOFA) process.
- d. Educate and reach out to stakeholders, property owners, landlords, and renters on an ongoing basis to ensure programs and policies are effectively implemented and utilized.
- e. Acquire tools and software that will improve development review, monitoring of housing supply, management of funding, and other processes involved in housing development for staff and public use.

Question 3: Does the EPC support the initial list of draft Housing Element goals and policies? Are there other policy topics that should be included?

Pro-Housing Designation Program

The Pro-Housing Designation Program is meant to encourage housing development by rewarding jurisdictions who are designated as “pro-housing” with points or preferences in competitive State funding programs, including the following State funding programs:

- Affordable Housing and Sustainable Communities
- Infill Infrastructure Grant
- Transformative Climate Communities
- Transit and Intercity Rail Capital Program

The State Department of Housing and Community Development opened the program for applications in 2021 and recently posted an application packet (see Exhibit 4). To receive the designation, jurisdictions must earn a threshold number of points for policies they have that promote housing production. These policies include particular zoning codes, permitting timelines, fee reductions, and financial subsidies that streamline and incentivize housing development. Because the program is new, HCD anticipates making revisions in June 2022, but applications are currently being accepted on a rolling basis.

Staff has done a preliminary analysis of the application and anticipate submitting an application this spring based on existing and proposed policies. The application will require the adoption of a resolution by the City Council. Based on feedback on our application from HCD, staff will evaluate whether any additional pro-housing policies need to be adopted to qualify.

Over-Density R1 and R2 Properties (Council Strategic Roadmap)

The City Council’s 2021-2023 Strategic Roadmap includes the following action:

Housing Densities. Conduct a review of parcels with existing units that exceed the density currently allowed by the Zoning Ordinance/General Plan, and hold a Council Study Session to discuss a recommended approach.

The analysis and recommendations below focus on parcels with existing units greater than the density allowed in R1 and R2. **Analysis and recommendations regarding R3 will be provided at a later date, and staff recommends Council**

discuss this issue as part of the R3 Zoning Update project. In addition, there are small residential sites within nonresidential zoning districts, such as MM and CS, as well as sites too small to allow housing in CRA. Staff does not recommend any actions on these cases at this time, as described under “Alternatives.”

Figure 1, below, shows all parcels in R1 with more than four units (reflective of SB 9 provisions) and all parcels in R2 with more than two units. Many of these sites were likely developed at a time when the existing density was allowed but later reduced, resulting in the existing density becoming nonconforming with zoning regulations. This was likely because of the prevalence of sites at lower densities or with different uses in the surrounding area, and a determination may have been made that the higher density residential uses being relatively uncommon for these areas, should not determine the future character of the area.

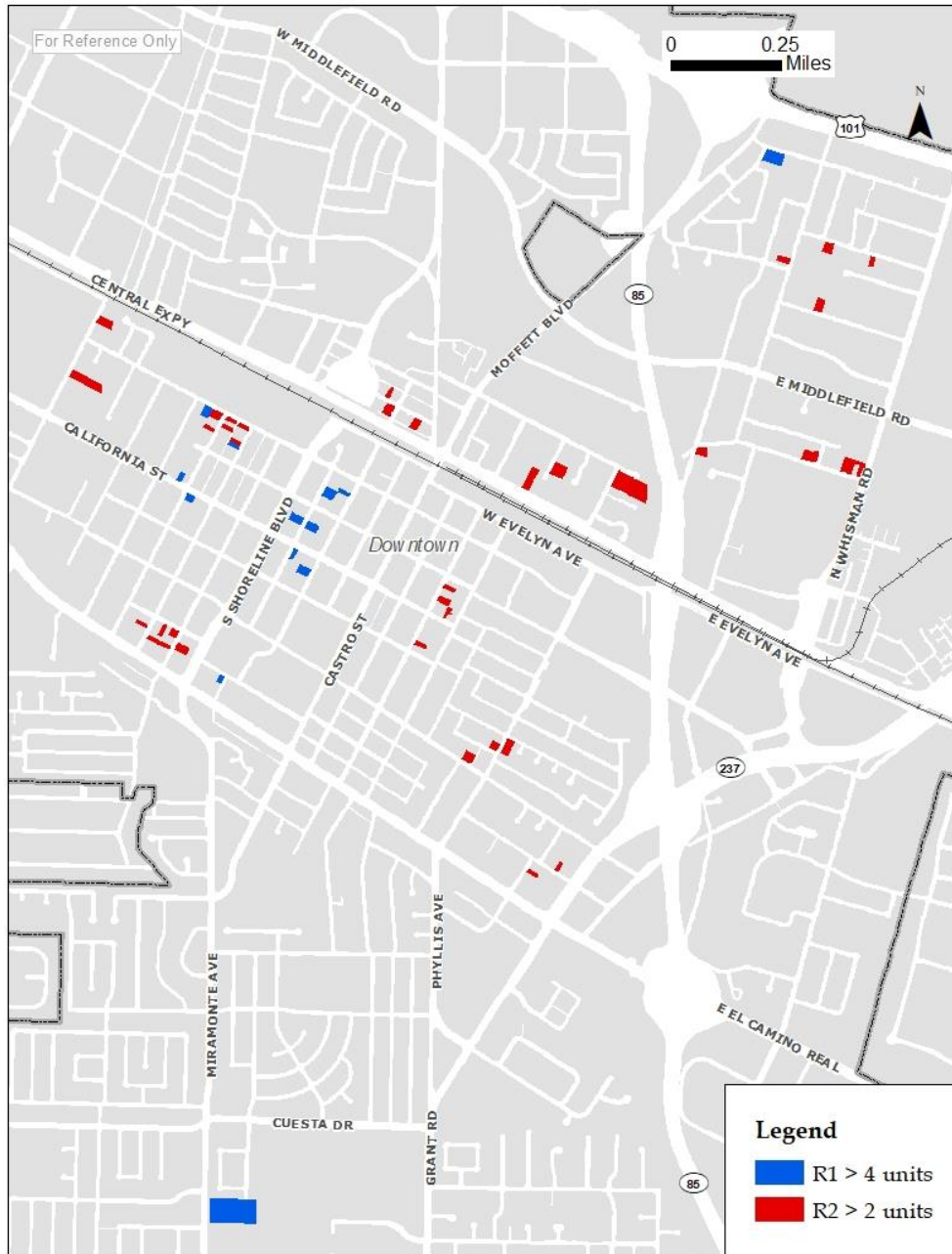


Figure 1: Map of Over-Density R1 and R2 Sites

Current Nonconforming Requirements

Nonconforming uses and structures are regulated under Section 36.06.60 of the Zoning Code, which includes standards affecting residential developments. **In**

general, nonconforming residential uses are allowed to continue for the structural life of the building.

By extension, **structural alterations may not be allowed** if they prolong the structural life of the building, with the following exceptions:

- They may be reconstructed after a natural disaster or accident that affects up to 50% of the cost of construction of a comparable new building (if completed within one year).
- Reconstruction after a natural disaster or accident affecting more than 50% of the cost of construction of a comparable new building may include the number of units as before, if completed within one year, but it must follow the development standards associated with that number of units (i.e., three units and greater must follow R3).
- Modifications to nonconforming residential developments may be made as follows:
 - Alterations up to 400 square feet or 25% of the floor area (whichever is less) to increase the habitability of the unit.
 - Repairs and maintenance, including seismic retrofit of soft-story buildings.

In summary, there are mechanisms in the Zoning Code that allow these densities to continue, though there are limitations to how they can be modified.

Staff Recommendation

Staff can study targeted updates to the nonconforming uses and structures provisions of the Zoning Code that clarify and expand the rights of nonconforming residential developments to make structural alterations or rebuild the number of units existing on the lot under a broader set of circumstances. These may include:

- Structural Alterations—Allowing residentially zoned sites with existing units that exceed current zoning to make structural alterations to prolong the life of the building.

- Additions and Modifications—Allowing such sites to make additions and modifications either consistent with the zoning district or consistent with existing setbacks (FAR, etc.).
- Rebuild—Allowing such sites to rebuild the number of existing units even when no accident or disaster occurred.

If Council is interested in this or similar direction, staff will need to study the potential consequences of these changes and bring back specific recommendations and standards to Council. Potential positive consequences could include:

- More flexibility for property owners to upgrade, build additions, or rebuild existing units.
- Better consistency with SB 330, which does not allow net reduction of units.
- Retain units which would allow tenants to remain.

Potential negative consequences could include:

- Unanticipated additions to buildings that do not fit in with existing neighborhood character.
- Displacement of existing residents if units are rebuilt or improved.

Alternatives

Staff does not recommend upzoning the areas in the vicinity of these sites. Such an action would necessitate creation of new zoning districts, which could take significantly more analysis and outreach and would need to wait until other Council priorities are complete.

Staff does not recommend applying the above nonconforming allowances to nonresidential districts, such as MM and CS. That would likely encourage these existing units (most of which are single family homes) to reinvest in expanding the homes when a better use of the property may be for consolidation with surrounding properties or implementation of other uses.

Timing

If Council is supportive of this program, it would be included in the Housing Element as an implementation item to be completed within the planning period (2023-2031).

Question 4: Does the EPC support staff's recommendation to study targeted updates to the nonconforming section of the Zoning Code to expand the ability to maintain and preserve the number of residential units on lots that do not conform to allowed densities?

CONCLUSION

In conclusion, staff is seeking EPC input on the key questions presented in this report:

1. Does the EPC support the proposed Draft Sites Inventory methodology?
2. Does the EPC support the inclusion of any of the proposed "Back-Pocket" Rezoning Areas in case the Sites Inventory is reduced?
3. Does the EPC support the initial list of draft Housing Element goals and policies? Are there other policy topics that should be included?
4. Does the EPC support staff's recommendation to study targeted updates to the nonconforming section of the Zoning Code to expand the ability to maintain and preserve the number of residential units on lots that do not conform to allowed densities?

NEXT STEPS

Following this meeting, staff and the consultant team will present EPC input at a Study Session with the City Council, tentatively scheduled for March 8, 2020. Based on direction from the EPC and City Council, the project team will continue the second phase of community outreach, continue working on the RHNA Sites Inventory, policy program and the development of the draft Housing Element, and begin the required CEQA analysis, including a public scoping meeting scheduled for February 24, 2022. Staff will return for a final round of Study Sessions with the EPC and City Council with the draft Housing Element document in May and June.

In the summer, the draft EIR will be published and start the 45-day public review period. By late summer 2022, staff intends to submit the draft Housing Element to HCD for a 90-day review (per AB 215) and revise the document based on HCD comments for the Final Housing Element. The public hearings for the Final Housing Element and Final EIR will occur during fall 2022 and the City will submit to HCD for a 60-day review by the end of 2022 for final certification.

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- Exhibits:
1. EPC October 20, 2021 Staff Report
 2. City Council November 16, 2021 Staff Report
 3. Online Survey Summary
 4. Pro-Housing Designation Program Application Form