

CITY OF MOUNTAIN VIEW

ENVIRONMENTAL PLANNING COMMISSION
STAFF REPORT
May 18, 2022

5. STUDY SESSION

5.1 Draft 2023-2031 Housing Element

RECOMMENDATION

That the Environmental Planning Commission review and provide input to the City Council on the Draft 2023-31 Housing Element.

PUBLIC NOTIFICATION

The Environmental Planning Commission (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). Notices regarding the Public Review Draft, this meeting, and the upcoming Council meeting were mailed to all addresses in the City and all owners of property in the City. Property owners of draft and other prospective Housing Element Sites Inventory sites were mailed letters regarding their status.

OVERVIEW

The Housing Element is one of the seven mandated General Plan elements and is the only element subject to mandatory review by a State agency, the California Department of Housing and Community Development (HCD). A major part of the Housing Element process is the identification of sites to meet the Regional Housing Needs Allocation (RHNA), which is the number of units that can be built during the eight-year cycle of the Housing Element. The Housing Element is also required to outline action items in the form of programs to ensure that the housing needs of the City, including as identified in State law, are addressed in the next eight years from 2023 through 2031.

The City's Draft Housing Element is an ambitious document that is focused on implementation. The State has set high housing development expectations for all jurisdictions across the State through RHNA. Additionally, the Association of Bay Area Governments' methodology in assigning RHNA (based on factors, such as existing and projected household growth, access to opportunity areas, and proximity to jobs) resulted in the City's RHNA being among the highest in the region. Furthermore, new State laws have added to an existing set of challenging requirements meant to encourage the most

housing on the most-buildable sites. In spite of these demanding parameters, the City has sought to not only meet but exceed these high expectations with the 2023-2031 Draft Housing Element. The following discussion outlines the key elements that comprise the Housing Element.

Due to the City's proactive and forward-looking approach over the last Cycle, the City has the ability to include a solid base of policies and sites with existing residential capacities to the Sixth-Cycle Housing Element, including:

- Major Precise Plans and rezoning applications, which have resulted in a housing pipeline that exceeds the City's above-moderate RHNA and meets more than half the City's lower-income RHNA for the Sixth Cycle.
- Opportunity sites in these major Precise Plans, which meet and exceed the required RHNA and provide additional buffers in the low- and moderate-income categories, which are typically very challenging to achieve.
- Programs such as the Below-Market-Rate Housing Program, Notice of Funding Availability (NOFA) Affordable Housing Program, Affordable Housing Impact Fee, homelessness prevention programs, Community Stabilization and Fair Rent Act (CSFRA), Tenant Relocation Assistance Ordinance (TRAO), and others set the stage to support housing needs of residents in the Sixth Cycle.

In addition, Council, EPC, and community input have resulted in building upon this base to increase opportunities for housing and programs to affirmatively further equity and fair housing and support existing and future residents, including:

- Proposed rezoning of sites in the highest-opportunity neighborhoods to create additional residential development.
- A "back-pocket" sites strategy¹ that prepares for potential no-net-loss scenarios.
- Programs to pursue partnerships with a broad range of agencies across sectors, such as employers, philanthropy, religious organizations, service agencies, and other nonprofits to help develop more affordable housing.
- Policies and programs identified in other plans and documents (e.g., Consolidated Plan, Federal Assessment of Fair Housing) that identify City goals, programs, and

¹ A Back-Pocket list is comprised of sites that could be used as Housing Element sites if designated Housing Element sites in the Sites Inventory develop with nonresidential uses or with housing at income levels different than those assumed.

policies to address housing needs in collaboration with providers, stakeholders, and bodies, such as the Human Relations Commission.

While the Housing Element is an important part of the City's work to address its housing needs, the City is also undertaking other significant housing efforts outside of the Housing Element to advance the City's priorities (as identified in the Council Strategic Work Plan by addressing a Community For All), such as developing a displacement response strategy, the R3 Update, and many other strategies and programs.

This report provides an overview of the components of the Draft Housing Element; the goals, policies, and programs that comprise the Housing Plan; the Sites Inventory to accommodate the City's (RHNA); and changes from the last Study Session that were incorporated into the Draft Housing Element. The feedback from EPC will be forwarded to the Council, who will direct staff on final refinements to the Draft Housing Element, before staff submits the Draft to HCD in July 2022 for its review.

BACKGROUND

Environmental Planning Commission Study Session

On February 16, 2022, the EPC reviewed the preliminary Sites Inventory and policy recommendations. EPC members generally supported the staff recommendations but also recommended a greater buffer of lower- and moderate-income units and were open to incorporating some "back-pocket" Rezoning Areas to achieve that buffer; evaluating and including religious institutions as potential rezoning sites to achieve more sites south of El Camino Real; and additional goals and/or policies addressing the jobs-housing balance and requested programs to support quality of life for nondisplaced residents during construction.

City Council Study Session

On March 8, 2022, City Council provided direction to staff to:

- Include shopping centers where the General Plan allows residential in the Sites Inventory and to explore and add sites to the Sites Inventory as appropriate.
- Include specific direction on amending preliminary Goals and Policies and general feedback on Housing Element programs.
- Confirm that Council was supportive of staff's recommendation to update the nonconforming section of the Zoning Code to preserve units in R1 and R2 Zones on sites that exceed zoned density, as outlined in the Council's Strategic Roadmap.

Based on Council’s recommendations, Draft Housing Element goals and policies were revised to be more concrete and included the following changes: adding “active nodes and walkable neighborhoods with amenities and services” to Goal 1; adding “water and energy efficiency” to Policy 1.7; and adding “individuals with developmental and intellectual disabilities” to Policy 2.7.

A detailed discussion of additional direction on the Sites Inventory and Housing Plan programs and staff recommendations are provided later in the Staff Report within each topic area.

ANALYSIS

Housing Element (HE) Public Draft Overview

Since the previous planning period covering 2015 to 2023 (Fifth Cycle), there have been numerous changes in Housing Element law. Some of the most notable changes include the requirement to:

- Conduct an Assessment of Fair Housing as part of the Housing Element Needs Assessment process (see Appendix B, Assessment of Fair Housing, Page 69).
- Evaluate the new Housing Element Sites Inventory through the lens of affirmatively furthering fair housing (see Appendix E, Evaluation of Sites Inventory through the Lens of AFFH, Page 223) and include at least one program that affirmatively furthers fair housing (see Chapter 3, Program 2.5).

This Housing Element (Sixth Cycle) document has been developed to address those and other requirements and is written and organized to streamline the document for effective implementation.

The Draft Housing Element is formatted into four sections and includes seven appendices. The organization of the document is based on HCD guidance and intended to facilitate HCD review.

Section	Additional Details
Chapter 1, Introduction	Organization of Housing Element and public participation
Chapter 2, Review of Prior Housing Element	Progress in construction, rehabilitation, and conservation of units
Chapter 3, Housing Plan	Goals, policies, and programs
Chapter 4, Quantified Objectives	Realistic assessment of housing production

Section	Additional Details
Appendix A, Status of Fifth-Cycle Programs	Progress of Fifth-Cycle program implementation
Appendix B, Housing Needs Assessment	City, County, and region demographics analysis
Appendix C, Projected Housing Needs	RHNA requirement
Appendix D, Housing Constraints	Review of factors that may constrain production of housing
Appendix E, Housing Sites Inventory	Housing sites analysis and inventory
Appendix F, Public Input Summary	Summary of community input
Appendix G, Multi-Family Housing Violation Checklist	A copy of the Multi-Family Housing Violation Checklist
Appendix H, Economic Analysis of Governmental Requirements	Review of cost impacts of government factors on housing developments

Analysis in the Housing Element

The Housing Element includes several analyses required by State law (Housing Needs, Sites Inventory and Analysis, and Constraints). State law also requires that the Housing Element address issues identified in the analyses through policies, programs, or both.

The **Housing Needs Assessment** includes public input (Chapter 1 and Appendix F) as well as data on population and household characteristics; economic and employment characteristics; and housing stock, costs, and affordability (Appendix B). The feedback from the community showed high concern for overdevelopment of the City and also high concern that there is not enough housing for low- and middle-income households. Mountain View's needs point to a greater need for specifically targeted affordable housing policies that prioritize affordable units. Select findings of this analysis include:

- **More than one-half of Mountain View households rent** and almost one-fifth of the renter households are considered extremely low income (i.e., have **incomes less than 30% of Area Median Income (AMI)**). Renters are more susceptible to fluctuations in housing costs, and lower-income renters are more likely to experience the effects of rent increases more dramatically. Therefore, programs that aid renters by providing services and resources (Program 2.3) and prioritize strategies for antidisplacement are critical to addressing the large rental population in the City (Program 3.2), particularly for those in lower-income groups.
- **Housing cost burdens**, where more than 30% of household income is spent on housing costs, affect more than 80% of households that earn 30% or less of the AMI in Mountain View and more than 75% of households who earn between 31% to 50% of AMI (See Appendix B, Figure 15). There is a high need for housing to be affordable

to relieve the cost burden many low-income earners in the City are experiencing (Programs 4.2 through 4.5).

- Overall **home values** are much higher in Mountain View than in the County and in the Bay Area and have overall appreciated at a quicker rate in the last decade than in the prior decade. In Mountain View, about 70% of owner-occupied units are valued at more than \$1 million (See Appendix B, Figure 13). This indicates that the ownership housing inventory in Mountain View is skewed to primarily serve higher-earning households. The Housing Plan includes a program to develop an affordable housing funding strategy to support the diverse range of housing needs, including homeownership programs (Program 2.1) to address the gap in the ability to own a home in Mountain View.

State law also requires that Housing Elements include a **constraints analysis** which means identifying and analyzing the impact such constraints have on the supply and affordability of housing. This analysis is in Appendix D and covers governmental, nongovernmental, and environmental factors. One part of the analysis, included in Appendix H, primarily focused on the cost of governmental factors as a percentage of overall project development costs. Each factor fell into one of the following three categories: major (between 4% to 14%), moderate (below 3%), or minimal (less than 1%).

The identified major cost factors include affordable housing requirements and park land requirements, and the identified moderate factors include increased parking requirements, Transportation Demand Management and Transportation Management Association (TDM/TMA) requirements, and extended development schedule. Each factor above and the City's action to address the constraint are described in more detail in the Housing Programs section of this report below (A through D). Additionally, there are other governmental factors that have minimal impact on costs (less than 1%), such as school impact fees, parcel taxes, transit passes as a TDM measure, and provision of community benefit. Nonetheless, the City has a general program to conduct further review of standards and fees to address these constraints (Program 1.1).

In addition to City constraints, the potential of **additional annual school assessments or taxes** was also evaluated in the analysis and determined to be a major factor to the overall cost of development at about 5% to 8%—approximately the same effect as the Parkland dedication requirement.

Although certain factors are quantitatively categorized as major or moderate constraints, it is important to highlight that the policy and programming recommendations described in the Housing Programs section below were informed holistically by how all factors (governmental, nongovernmental, and environmental) contribute to constraints on housing development and affect housing affordability.

Housing Programs

Housing Programs are actions the City must take to address housing issues identified in the analyses and are based on the Goals and Policies.² HCD will review the City's implementation of the programs over the course of the Sixth Cycle and will hold the City accountable for any programs not undertaken. For this reason, the Housing Element is only a small part of the City's housing strategy, which includes more studies and actions with less-certain outcomes. In addition to the proposed Housing Element programs, the City is undertaking various other actions that respond to City-wide priorities that are carried out through the City's Strategic Plan, the Consolidated Plan, and the Fair Housing Plan. The full Housing Plan is described in Chapter 3 of the Draft Housing Element.

Council Direction

Based on Council direction during the March 2022 Study Session, the following were added to the programs list:

- Reduce parking requirements for 100% affordable housing (Program 1.1);
- Explore funding for efficiency studios (Program 2.1);
- Explore innovative housing solutions, such as community land trusts (Program 2.1);
- Add affordable housing overlay on churches south of El Camino Real (Program 1.2); and
- Update the nonconforming section of the Zoning Code to preserve units in R1 and R2 Zones that are above the existing allowed density (Program 1.3).

In order to allow time for analysis and flexibility in the consideration of options, the following programs have not been included in the Draft Housing Element:

- Displacement Response strategy, including replacement of existing units requirements for new development and first right of return—this project is a priority in the Council Work Plan; and

² Council provided feedback on the Goals and Policies on March 8, 2022. The Draft Housing Element includes refined Goals and Policies based on that direction. These can be found on Pages 10 through 12 of the Draft Housing Element.

- Community Opportunity to Purchase/Tenant Opportunity to Purchase³—will be evaluated as part of the Breakthrough Grant.⁴

Both these programs are expected to be brought to Council Study Sessions in 2023.

Key Programs

Based on the analysis conducted as part of the Housing Needs Assessment and governmental constraints, the following programs are included in the Housing Plan:

- A. Below-Market-Rate (BMR) Program Review (1.11): Based on the cost analysis, the City's BMR program requirements were found to be a significant portion of housing development costs and imposes cost impacts to housing development projects; however, the BMR program is a necessary tool to attain and provide for the diverse range of affordable housing required to meet the City's housing needs and to create inclusive communities. In addition, feedback from stakeholder interviews with developers did not cite the program as a constraint, and the output of affordable units in the City's pipeline indicates that the cost is not unduly constraining development. Therefore, the program achieves the City's goals in attaining affordable units and is necessary to meet community needs. Local fees and regulations such as the BMR program do add cost to the overall cost of development but is necessary for the delivery of affordable, inclusionary housing. The BMR program includes periodic reviews to ensure program efficacy and the first review is scheduled to begin in 2022, followed by a five-year review anticipated in 2027.
- B. Park Land Ordinance Update (1.10): The City's Community Services Department (CSD) has plans to review and revise the park dedication requirements in coordination with the Parks and Recreation Strategic Plan, which could identify other funding sources, greater efficiencies, or other strategies to reduce constraints on residential development, while finding creative and collaborative ways to maintain and improve access and to find opportunities to increase the availability of parks for the public. Park land dedication requirements are among the most significant government constraints identified, and most parkland dedication requirements are satisfied through the fee, which is estimated to be about \$51,600 to \$74,400 per market-rate

³ Community Opportunity to Purchase Act (COPA)/Tenant Opportunity to Purchase Act (TOPA) are pieces of legislation that some cities have used to prevent displacement of residents due to sale of rental housing. COPAs give communities (i.e., qualified nonprofit) or tenants in the cases of TOPAs the ability to negotiate and collectively bargain the purchase of multi-family buildings from a landlord who is planning to sell.

⁴ The Breakthrough Grant is a program through the Partnership for the Bay's Future to advance affordable housing, equitable communities, and systems change. Grant recipients (i.e., government agencies including cities) and their community partners are awarded resources—including a two-year fellow, funding, and technical assistance—to support the work.

apartment unit in Mountain View for 2021 (see Appendix H). As a comparison, Sunnyvale is estimated to be \$62,700 per market-rate apartment unit and Santa Clara is estimated to be \$36,908 to \$39,454 (\$43,421 to \$46,416 per market-rate unit). Both Mountain View and Sunnyvale exempt affordable housing developments. Program 1.10, Park Land Ordinance Update, is included in the Housing Plan to review this requirement, and CSD aims to complete this by mid-2024.

- C. Zoning Ordinance Update (1.1): Although development standards and parking requirements do not appear to unduly constrain residential development, parking was considered a factor where the increased amount of parking lead to less land available for new housing units and increased cost per unit. Additionally, while other transportation measures such as TDM/TMA were identified as increasing annual operating costs, these transportation alternatives enhance access to transit opportunities and reduce travel by single-occupancy riders and, therefore, further transportation and climate action goals. The City will conduct a review on various standards, such as parking, particularly reduced parking standards for 100% affordable housing projects, and TDM/TMA regulations, to address these concerns.
- D. Development Streamlining and Processing Revisions (4.1): The extended City-approval processes were identified as moderate constraints since added time to project review added costs to land and predevelopment expenses. Although the City is consistently improving work flows to reduce inefficiencies, this program was identified as critical to housing development and highlights the need to streamline development processes by evaluating interdepartmental coordination and approval body levels and to acquire and integrate other tools and digital software to streamline the review process.

The following programs specifically aim to further affordable housing:

- E. Federal and State Policy Initiatives (4.2): In previous Study Sessions, the EPC and Council identified advocacy as an important part of the City's approach to addressing housing needs. This program provides the framework to advocate for, to monitor, and to propose legislation to further policies around affordable housing development, displacement prevention, and the removal of barriers to accessing housing. To support the City's legislative advocacy efforts, the City has engaged the services of Renne Public Policy Group (RPPG) to coordinate with staff to monitor and assess State legislation and serve as the City's legislative advocate.
- F. Financial Support for Subsidized Housing (4.3): Most affordable housing that falls in the extremely low-, very low-, and low-income unit type categories are developed by nonprofits in 100% affordable developments and rely heavily on a funding

contribution from different sources. The City will perform funding source evaluations and review opportunities to revise fees and prioritize funding to special-needs and low-income populations.

- G. Partnerships to Support Affordable Housing (4.4): Similarly to Program 4.3, the City will continue developing relationships with private-sector, philanthropy, and public agencies for additional funding and resources to support affordable housing opportunities in the City.
- H. Partnerships with Subsidized Housing Developers (4.5): Specifically, where possible, the City will make City-owned properties available for affordable housing development by partnering with subsidized housing developers on such properties.

Additionally, the following programs are in place to improve existing City programs and services:

- I. Inclusive and Equitable Affordable Housing Application Process (2.2): At several engagement events, community members shared their experience navigating the application progress with major issues around available resources, limited language competency, and limited technical expertise to successfully apply and benefit from the BMR program. This Housing Plan program will evaluate waitlist and interest list processes improvements and evaluate ways to be more inclusive and accessible to end-users by improving the application process.
- J. Displacement Prevention and Mitigation (3.2): As identified in the Housing Needs Assessment, a majority of households in the City rent their homes and many are at risk of displacement. The City will continue to focus on supporting renters through various regulations (e.g., Tenant Relocation Assistance, Community Stabilization and Fair Rent Act), and to continue to find ways to preserve affordable housing.

Lastly, the following programs are included to address specific HCD requirements:

- K. Zoning Ordinance Updates (1.1): Although not all sites are viable housing development sites at this time, this program will rezone all General Plan Village Centers to be consistent with the General Plan Land Use Designation to allow for multi-family housing on these sites, while maintaining their Village Center-designation uses (commercial and services). Rezoning is necessary for these sites to be included in the Sites Inventory and to satisfy RHNA requirements.
- L. Affirmatively Furthering Fair Housing (2.5): Assembly Bill (AB) 686 requires cities to identify programs that can achieve fair housing choice and access to opportunity. Consistent with the requirements of U.S. Department of Housing and Urban

Development and of State Housing Element Law, the City will continue to prepare and update the Assessment of Fair Housing (AFH) to remove barriers to fair housing choice based on an analysis of contributing factors. Furthermore, the goals and priorities identified in the Draft AFH include, but are not limited to, identifying, evaluating, and implementing programs that can affect systems change to respond to housing challenges caused by market-driven factors, implementing a Housing Help Center, and evaluating a framework for reviewing residential projects through a race, equity, and inclusion lens. Many of the other Housing Element programs also serve to affirmatively further fair housing by preventing displacement and facilitating the production and preservation of affordable housing and housing for those with special needs, as discussed on Page 172 of the Draft Housing Element.

- M. Accessory Dwelling Units and Junior Accessory Dwelling Units (1.4): AB 671 requires cities to incentivize and promote the creation of accessory dwelling units (ADU) that can be offered at affordable rent for very low-, low-, or moderate-income households and requires HCD to develop a list of funding resources to aid in this State-mandated local program. For this program, the City will develop a monitoring survey to collect data on ADU development in order to best evaluate the needs of homeowners and ensure funding and educational resources are readily available to the public online.

EPC Question No. 1: Does the EPC support the proposed programs in the Draft Housing Element? This is the EPC's opportunity to discuss programs and actions that came up during the March 2, 2022 meeting for the Housing Element and General Plan Annual Progress Reports.

Sites Inventory

Additional Outreach

As part of the outreach plan per Council direction, staff notified property owners with sites designated as a Housing Element site in the initial Sites Inventory. Since those sites were identified based on existing zoning, the letter indicated that there are no proposed changes to the sites but provided an opportunity for them to contact the City if they had questions about the designation. In addition to those letters, staff sent out letters to property owners in the General Plan Village Centers, El Camino Real Village Centers, and religious institutions in R Districts to inform them about the Housing Element process and to garner feedback on potential changes to their General Plan land use and/or zoning designations.

Overall, out of about 250 letters, 15 property owners reached out to the City. Staff received emails either in support of the potential changes to include residential development opportunities or had additional questions that staff responded to in email or over phone discussions. Additionally, staff met with representatives from the DMV, VTA, NASA, and El

Camino Hospital to discuss potential development of nonhistoric/underutilized government sites and properties along South Drive. The input of the property owners was used in determining the Sites Inventory in the Draft Housing Element.

Recommended Sites Inventory

The EPC previously reviewed the Sites Inventory on February 16, 2022, and Council reviewed it on March 8. Based on Council direction, the overall methodology has not changed and maintains the site selection process presented previously (for more information on this process, see Appendix E of the Draft, or the summary in the [March 8, 2022 Council report](#)), such as focusing primarily on sites with existing residential capacity that reflect the community vision in Precise Plans; eliminating sites that could result in displacement (e.g., R3 and CSFRA); and, most importantly, meets HCD requirements for meeting RHNA income levels and site locations. A map of the rezonings and the inventory sites can be found in Figure 1.

Staff recommends this approach to the Sites Inventory and maintains the previous key categories of sites (below) and made changes as directed by Council (discussed further below):

- Pipeline Projects are zoning-consistent projects that are under review (formal or informal) or approved. It also includes units that are otherwise reasonably expected, such as the site dedication for 1255 Pear Avenue and North Bayshore/Middlefield Park Master Plan units expected by 2031.
- Rezoning Pipeline Projects are affordable housing projects requiring rezoning that are under review (formal or informal) or owned by an affordable housing developer with the intent to develop. Staff notes that inclusion of these sites in the Sites Inventory would significantly curtail the City's legislative discretion to deny these projects, but staff recommends including them as they are integral to the Sites Inventory.
- Opportunity Sites are sites without proposed projects but contain characteristics that make residential development reasonable in the next eight years.

Since the last review by the City Council, the following updates have been made to the Sites Inventory:

- Rezone Opportunity Sites: The Sites Inventory now includes opportunity sites that require rezoning. These are areas where the current zoning does not allow residential, or more density could be added. These are not Pipeline Sites, so there are no known projects. While the rezonings would apply broadly across all areas, only a selection of the sites that meet the Opportunity Site methodology have been included

in the Sites Inventory. If supported by Council, staff anticipates that these rezonings could occur in conjunction with the adoption of the Housing Element in December. The Draft Opportunity Site rezonings include the following:

- General Plan Village Centers: These are sites in the General Plan Village Centers that Council directed staff to integrate into the Inventory. These sites allow residential in the General Plan, but that policy direction has not been implemented through the zoning. A proposed framework for an update to the Zoning Ordinance is provided in the “Rezoning Concurrent with Housing Element Update” section of this Staff Report (Page 19). These areas include:
 - 400 Moffett Boulevard;⁵
 - Shopping Center at Rengstorff Avenue and Central Expressway;
 - Blossom Valley Shopping Center;
 - Grant Park Plaza Shopping Center; and
 - Parcels near the corner of Old Middlefield Way and North Rengstorff Avenue.

This is projected to add 232 low-income units and 214 moderate-income units to the Sites Inventory.

- El Camino Real Village Centers: The Village Centers identified in the El Camino Real Precise Plan are parcels near major intersections with major transit stops that would be acceptable locations for additional floor area ratio (FAR) and density. Under the current Precise Plan regulations, additional FAR and respective density is permitted through a rezoning process called the “Village Center Overlay” which could increase the FAR from 1.85 to 2.3. Because this additional density requires a rezoning, the City cannot include it in the Sites Inventory. Previously, staff recommended removal of this overlay requirement to facilitate more units in the Sites Inventory. Council did not direct staff to act on this rezoning right away. However, staff recommends this action now because it addresses an inconsistency between the Precise Plan and the General Plan. This is projected to add 233 low-income units, 24 moderate-income units, and 121 above-moderate-income units to the Sites Inventory.

⁵ This one site in the Moffett Change Area does not currently allow residential under the zoning but does allow it through the General Plan. This makes it a higher priority to rezone than other parcels along Moffett Boulevard. A future Moffett Boulevard Precise Plan can integrate all Change Area parcels.

- Removal of Sites: Based on Council direction, the Target site on Showers Drive was removed from the Inventory. In addition, staff removed the 901 North Rengstorff Avenue site from the Inventory (a proposed rezoning) since it would obligate the City to approve the project and it is not necessary to meet our RHNA. This removed 343 low- or moderate-income units and 382 above-moderate-income units from the Inventory.
- Addition of New Pipeline Sites: Since February, several new applications have been submitted, proposed, or modified. These total 422 low- or moderate-income units and 192 above-moderate-income units. **In addition, staff anticipates several more large development applications to be submitted before the Housing Element is adopted, which will further increase the Sites Inventory and the buffer.**
- Calculation of Low- and Moderate-Income Units: In the previous analysis, low- and moderate-income units were combined into a single category. The current inventory separates out the income levels based on the following methodology:
 - Sites only supporting fewer than 50 units are 100% moderate-income;
 - Sites supporting 50 to 150 units are 100% low-income;
 - Sites supporting 150 units to 300 units are 150 low-income units and the remainder moderate-income; and
 - Sites supporting more than 300 units are 150 low-income, 150 moderate-income, and the remainder above-moderate-income.

This methodology is based on HCD guidance which requires additional justification for low-income projects less than 50 units or greater than 150 units. It also eliminates the risk that any one project will have a no-net-loss effect of more than 150 units on any one income level. This had the general effect of reducing the number of above-moderate units in the inventory and increasing the number of low- and moderate-income units.

- Various Minor Changes to Density Assumptions. Several areas had minor changes to their density assumptions modified to better respond to HCD requirements. For example, density assumptions must include an analysis of other uses that can be built in the zone. This slightly reduced the number of overall units in the Site Inventory.

The changes to the Sites Inventory above result in buffers of at least 30% (which is expected to grow with additional applications). Table 1 summarizes the City's Sites Inventory by income category.

Table 1: Sites Inventory Summary

Project Category Type	Lower-Income Capacity	Moderate-Income Capacity	Above-Moderate-Income Capacity	Realistic Capacity Total (Units)
Pipeline Projects (A)	2,300	457	6,480	9,237
Opportunity Sites (B)	3,370	2,250	243	5,863
Total Inventory (A+B)	5,670	2,707	6,723	15,100
Sixth-Cycle RHNA (C)	4,370	1,885	4,880	11,135
RHNA Buffer (A+B)-C	+1,300 (23%)	+842 (31%)	+1,843 (27%)	+3,985 (36%)
RHNA Buffer from February Draft Sites Inventory	+1,580 (25%)		+2,988 (61%)	+4,568 (41%)

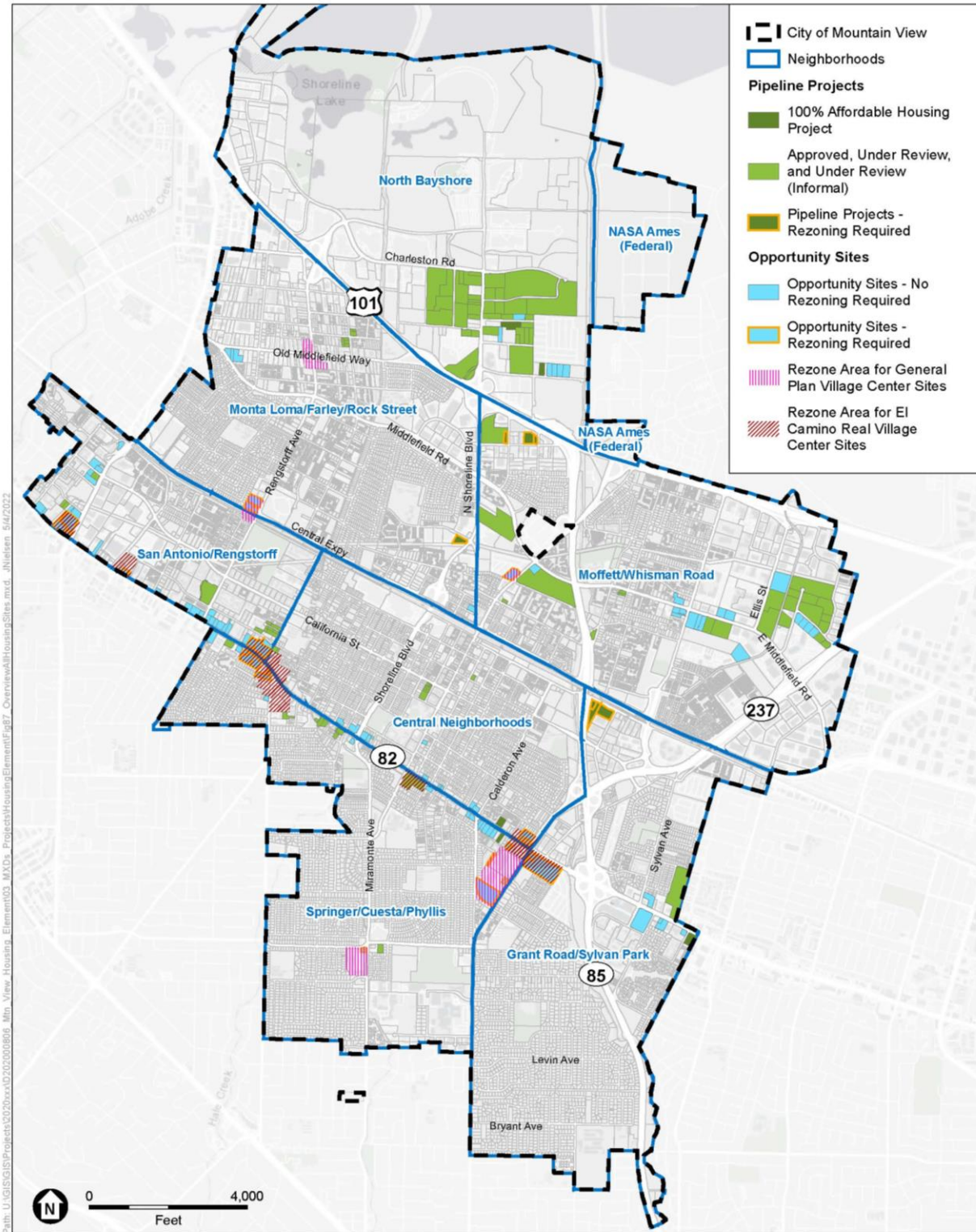


Figure 1: Sites Inventory Map

Recommended Back-Pocket Areas (Not in Draft Sites Inventory)

Since the last Study Session, based on Council direction, the following options were evaluated to determine whether they should be included in the Sites Inventory, remain as back-pocket sites, or as future study items. Staff recommends the Draft Sites Inventory with the General Plan Village Center and El Camino Real Precise Plan Village Center Rezonings included, but staff does not recommend including the following in the Sites Inventory. If included in the Sites Inventory now, the City would be required to rezone within the three-year timeline established by the State. The following are included in the “back-pocket” areas, as described in Program 1.6.

- Other Shopping Centers (where General Plan does not allow for residential): Although not identified in the Village Center Strategy in the General Plan, there are additional sites that could be added to the Village Center Strategy. Among this group of sites are Bailey Park, Monta Loma Plaza, and sites on Leong Drive (within the Evandale Precise Plan). The property owner feedback ranged from support for added residential uses to interest in discussing details on incentives and financial support for housing development. However, because these areas were not studied for residential uses in the General Plan, their rezoning should include additional outreach and review.
- South Drive Area: Based on preliminary discussions with El Camino Hospital, there is limited potential for residential uses along South Drive. The properties are owned by multiple owners, occupied with multiple long-term practitioners, and have existing flooding hazard concerns. In addition, representatives of El Camino Hospital were concerned with compatibility and traffic issues.
- Other Nonresidential Sites South of El Camino Real: There are several other nonresidential sites south of El Camino Real that do not currently allow multi-family housing but which may be able to accommodate such development. They include:
 - Offices across Cuesta Drive and Miramonte Avenue from Blossom Valley Shopping Center, currently zoned CO (Commercial Office).
 - A rehabilitation center at 1949 Grant Road, currently zoned R1 (Single-Family).

Rezoning these sites would require additional outreach and analysis to determine their capacity and potential for housing.

- Moffett Boulevard: While the Council is interested in rezoning Moffett Boulevard with a Precise Plan, staff does not recommend including it in the Sites Inventory in order to maximize Council flexibility in that process. Opportunities to increase density are limited due to the small parcel sizes and the fact that a number of these sites are

either developed, have approved planning applications, or are currently under review under the existing General Plan and zoning designations.

- Downtown Transit Center: As discussed in the March 8, 2022 Council report, the Downtown Transit Center may have an opportunity for joint development. However, more analysis is needed on economic feasibility, transit operational needs, and other site constraints.

Not-Recommended Areas in Sites Inventory

- Nonhistoric Churches in R Districts: Staff did not receive any responses from the 28 letters sent to properties identified as nonhistoric churches in R Districts. Although these sites have partnered with the City on temporary housing solutions, particularly during the COVID-19 pandemic, and are organizations with community-serving missions, additional policy development and outreach are necessary to determine the site-by-site information needed (e.g., number of units, income level of units, etc.) to be included in the Sites Inventory.

Staff recommends not including these properties in the Sites Inventory. However, staff has included a program in the Housing Plan (1.2 Community Sites for Housing) to evaluate changes to the City Code to allow for affordable residential uses on these sites to respond to Council interest in reviewing such sites. The majority or 18 of these are located north of El Camino Real and 10 are located south of El Camino Real.

- Nonhistoric Government Sites: Staff met with representatives from the DMV, VTA, and NASA. The DMV expressed concerns about adding housing to the site on Showers Drive, including concerns about compatibility with existing uses and ongoing obligations in operations of the sites. NASA referred staff to Army documents studying potential future uses on vacant land near the Moffett Boulevard/U.S. 101 interchange. The Army has no interest in building residential in that area. The VTA was open to reimagining the bus yard on North Shoreline Boulevard to accommodate a mix of uses but did not see it as a viable project in the next eight years.

Staff recommends not including these three properties in the Sites Inventory as there is no property owner interest because of existing uses or there are constraints that would not result in housing development in the next eight years that could be counted toward the City's RHNA.

Alternatives to Draft Sites Inventory

1. Include any of the back-pocket areas or not-recommended areas in the Sites Inventory and prioritize for near-term rezoning.

2. Remove General Plan Village Centers or El Camino Real Village Centers from the Sites Inventory.
3. Add other areas to either the Sites Inventory or the back-pocket list.

EPC Question No. 2: Does the EPC support the recommended draft Sites Inventory, including proposed General Plan Village Center and El Camino Real Village Center Rezoning? Does the EPC recommend adding any alternatives to the Sites Inventory?

Rezoning Concurrent with Housing Element Update

If the EPC supports the inclusion of the General Plan Village Centers and El Camino Real Village Centers in the Sites Inventory, staff recommends that density-increasing zoning amendments be adopted along with the Housing Element in December. Staff recommends the following zoning amendments as they can be done quickly and would achieve most of the City's goals and would have limited effect on the standards for the existing uses. These changes are also necessary to be consistent with State law, to be consistent with the General Plan, and to provide objective standards to implement General Plan policy. These rezoning areas can be seen in Figure 1, hatched in pink and red.

In addition, one of the Pipeline Rezoning projects, 87 East Evelyn Avenue, may also be rezoned to streamline the proposed affordable housing. This site is located just east of State Route 85, at the corner of Pioneer Way.

Recommended Rezoning: General Plan Village Centers

The key goals of the Village Center zoning include the following:

- Require retail and similar neighborhood-serving uses along active and accessible street frontages;
- Allow housing consistent with the densities adopted in the General Plan;
- Prioritize sensitive transitions to surrounding neighborhoods; and
- Require public open space, such as a plaza.

To achieve this with minimal effect on existing uses, staff proposes to add residential uses to the list of allowed uses in the CN and CS Zoning Districts and the Grant-Phyllis Precise Plan, but with the following stipulations:

- Residential uses are only allowed within “mixed-use” designations in the General Plan.
- Projects must maintain a minimum amount of retail or similar neighborhood-serving uses as determined by an analysis of typical amounts of such uses in the underlying zone.
- Street frontages shall be commercial.
- At least one public gathering/open space/plaza shall be provided, with a minimum area to be determined.
- Residential uses shall use the development standards of the R3 Zoning District, CRA Zoning District, or El Camino Real Precise Plan, depending on the allowed density in the General Plan. These zones include similar transitions standards where setbacks are no less than the height of the proposed wall along that property line.

Recommended Rezoning: El Camino Real Village Centers

This minor amendment would simply remove the Village Center Overlay requirement from the El Camino Real Precise Plan and the Zoning Ordinance, allowing projects to go up to 2.3 FAR without the additional legislative action. Some other minor amendments would also apply regarding community benefits. However, all other development standards would remain the same.

Recommended General Plan Amendment and Rezoning: 87 East Evelyn Avenue

This site is in the Rezoning Pipeline category in the Inventory. The City has entered into a ground lease with option to purchase with the Valley Transportation Authority to acquire the site for an affordable housing project. Before the project can be built, it must have a General Plan Amendment and Rezoning to allow residential uses.

Staff recommends a General Plan Amendment at the site to high-density residential and a rezoning to R4 concurrently with the Housing Element Update. This would facilitate the future development of affordable housing with potential streamlining opportunities. There is a small risk that the land use designation and or zoning district are not correct to meet the goals of the City and developer, in which case another rezoning may be necessary; however, that would be the case even if the City does not proactively rezone the site now.

Alternative Rezoning/General Plan Amendments

While staff does not recommend it at this time, Council can direct staff to bring back other rezonings or General Plan amendments concurrent with the Housing Element adoption. The major reason staff does not recommend these is because there will not be an opportunity to iterate on these amendments before adoption. Alternatively, staff can bring forward these amendments with development projects or as minor clean-up items after the Housing Element is adopted.

Alternative (not recommended) Rezoning and General Plan Amendment opportunities include:

- ***Other Pipeline Project Sites***—Some Rezoning Pipeline projects have not yet started their rezoning process, including 57 and 67 East Evelyn Avenue and 1010 Linda Vista Avenue. These are sites that affordable housing developers have acquired with the intent to develop. Rezoning these sites with the Housing Element could reduce processing time and effort, for example, by reducing the need to conduct environmental review. However, because the City does not have ownership control of these sites, staff does not recommend these rezonings and General Plan Amendments concurrent with the adoption of the Housing Element.
- ***Other Back-Pocket Sites***—If the City Council directs staff to include any of the Back-Pocket areas or Alternative Areas in the Sites Inventory, there may be an opportunity to adopt those amendments concurrently with the Housing Element Update. The other shopping centers and other nonresidential sites south of El Camino Real represent the best potential areas for this, based on the scope of the change and the template provided by the General Plan Village Center amendments above. However, staff does not recommend this, based on the outreach and analysis that may be needed to determine the appropriate densities, capacity, and form of development.

EPC Question No. 3: Does the EPC support the draft strategy for rezoning General Plan and El Camino Real Village Centers? Does the EPC recommend adopting other General Plan Amendments and Rezonings concurrent with the Housing Element Update?

CONCLUSION

In conclusion, staff is seeking EPC input on the Draft Housing Element with the questions presented in this report:

1. Does the EPC support the proposed programs in the Draft Housing Element?

2. Does the EPC support the recommended draft Sites Inventory, including proposed General Plan Village Center and El Camino Real Village Center Rezoning? Does the EPC wish to recommend adding any alternatives to the Sites Inventory?
3. Does the EPC support the draft strategy for rezoning General Plan and El Camino Real Village Centers? Does the EPC recommend adopting other General Plan Amendments and Rezoning concurrent with the Housing Element Update?

NEXT STEPS

Following this meeting, staff and the consultant team will present EPC input at the final Study Session with the City Council, tentatively scheduled for June 14, 2022. The project team will make necessary edits to the draft Housing Element based on EPC and Council feedback and will submit the draft to HCD for a required 90-day review. Once we receive comments from HCD, staff will revise the document and prepare the Final Housing Element.

The Draft Housing Element Environmental Impact Report (EIR) will be available for public review in July, and, although a Study Session on the EIR is not a requirement under the State law, the Draft Housing Element EIR will be presented at a special EPC public hearing, tentatively scheduled for August 3, 2022, prior to final Public Hearings at the EPC and Council.

The EPC and Council Public Hearings for the Final Housing Element and Final EIR will occur during November and December 2022. The City will submit the Housing Element to HCD in December 2022, before the final deadline of January 31, 2023 to adopt the Housing Element, for a required 60-day review for final certification. Based on this schedule, HCD comments will be received by the end of February 2023, and the City will have until May 31, 2023 (120 days from January 31, 2023) to amend and adopt the final Housing Element without a reduction from three years to one year to rezone sites consistent with the Sites Inventory.

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Exhibit: 1. Draft 2023-31 Housing Element