



## Agenda Report

25-436

Agenda Date: 4/16/2025

### REPORT TO PLANNING COMMISSION

#### **SUBJECT**

PUBLIC HEARING: Recommendation on a General Plan Text Amendment for the 2023-2031 Housing Element Sites Inventory List

#### **BACKGROUND**

The Housing Element, one of the required elements of the City's General Plan, includes policies and programs intended to help the City meet the housing needs of all current and future Santa Clara residents. State law requires that local jurisdictions update their Housing Elements every eight years and that the Housing Element be reviewed by the State Department of Housing and Community Development (HCD). HCD "certifies" housing elements that it determines to be in substantial compliance with State housing law. Since the Housing Element statutes were first enacted, six such cycles of adoption and certification have been completed. A certified Housing Element allows the City to pursue Federal and State grant funding for housing and infrastructure, such as One Bay Area Grants (OBAG) and retain local control.

At the conclusion of the three-year Housing Element Update process that began in early 2021, the City's sixth cycle Housing Element was adopted by the City Council on May 7, 2024 and certified by HCD on May 31, 2024.

One of the required components of the Housing Element is the development and maintenance of an inventory of specific sites that have been analyzed for their suitability to develop with residential uses within the eight-year planning period (2023-2031). The Sites Inventory must include sufficient capacity to meet the City's Regional Housing Needs Allocation (RHNA) in all affordability categories (i.e. Lower, Moderate, Above Moderate).

Staff is requesting an amendment to the Sites Inventory List to remove one of the sites from the list and add a recently approved project to the list as discussed below. Such action would implement the terms of a pending settlement agreement with Housing Action Coalition and would mitigate the risk of other potential challenges to the City's Housing Element. Any amendment to the General Plan, including the Housing Element, is a legislative action requiring a recommendation from the Planning Commission and action by the City Council in accordance with City Code Chapter 18.142.

#### **DISCUSSION**

The Housing Element Update process gives community members multiple opportunities to provide input and recommend revisions. During the adoption timeline of more than two years, a lobbying group known as the Housing Action Coalition (HAC) provided five separate comment letters on the City's Housing Element drafts. Many of their comments focused on the properties in the City's Sites Inventory; in order to be listed on the sites inventory, it must be reasonably foreseeable that properties will redevelop into residential uses during the planning period (2023-2031). In response,

the City conducted additional analysis, and in consultation with HCD, removed selected sites from the inventory that were unlikely to redevelop with residential uses within the 2023-2031 timeframe. The City also added additional sites to the inventory to offset the removed sites.

Nevertheless, the Housing Action Coalition continues to object to the inclusion of at least four sites that were retained in the adopted/certified Housing Element, especially the sites located within the Patrick Henry Drive Specific Plan area. The City continues to believe that it is reasonably foreseeable that most of the Patrick Henry Drive sites will redevelop during the planning period, due to the current underutilization of the properties, the age of the existing buildings, the participation of property owners during the Specific Plan process, and additional reasons stated in Housing Element Appendix C (the "Supplemental Sites Inventory Analysis"). However, the HAC maintains that these sites, due to their characteristics and multiple property ownerships, in their opinion, will not develop in the next housing cycle.

#### Settlement Proposal

In order to avoid the risks and costs of litigation, City staff has negotiated a proposed settlement agreement with the HAC, under which the City would agree to remove one site, 4701 Patrick Henry Drive, from the inventory, and in exchange the HAC would agree to not challenge the City's Housing Element in court. The removal of 4701 Patrick Henry Drive would still leave sufficient sites to achieve the City's Regional Housing Needs Allocation (RHNA) targets with a substantial buffer at all affordability levels, and therefore staff is proposing a General Plan Text Amendment to the 2023-2031 Housing Element Sites Inventory List to remove the site from the list. See Attachment 1, a comparison of the Sites to Meet the RHNA table from the adopted Housing Element and the proposed Housing Element Amendment.

HCD recommends all jurisdictions include a 15 to 30-percent buffer of units beyond the minimum required RHNA target numbers in all affordability categories (i.e. Lower, Moderate, and Above Moderate) to comply with the "no net loss" provisions of State Housing Element law, which requires jurisdictions to maintain a sufficient capacity to accommodate their RHNA throughout the planning period. The proposed removal of 4701 Patrick Henry Drive from the adopted Sites Inventory would decrease the recommended buffer in the lower-income category from 33-percent to 18-percent and in the moderate-income category from 31-percent to 17-percent. The buffer in the above moderate-income category would remain unchanged at 103-percent above the required RHNA. The City will still meet the overall RHNA of 11,632 units and a buffer. The removal of this site from the Inventory also does not change its current General Plan land use designation and Zoning (Village Residential), which allows conversion of all or part of the site from low-density industrial office to high-density residential uses, consistent with the Patrick Henry Drive Specific Plan.

#### Kylli "Mission Point" Project

On November 19, 2024, the City Council approved the Kylli "Mission Point" Project (3005 Democracy Way), a 48-acre mixed-use Planned Development that has been entitled to allow up to a maximum of 2,600 new residential units with a minimum 15-percent affordability requirement. This project was not included on the Sites Inventory in the Housing Element adopted and certified in May 2024. As part of the negotiations with the HAC, staff proposed that when removing 4701 Patrick Henry Drive from the inventory, the City would simultaneously, and conservatively, include only a portion (820 units) of the maximum allowed units from the recently approved Mission Point Project. Taken together, these two changes would result in a decrease in the lower-income buffer from 33-percent to 18-percent, and a

decrease in the moderate-income buffer from 31-percent to 23-percent. In the above moderate-income category, the recommended buffer would increase from 103-percent to 116-percent. The HAC indicated that it would agree to the inclusion of Mission Point as part of the settlement.

Included in this report as Attachment 2 (clean) and Attachment 3 (redlined) are excerpts from the Housing Element (Chapter 3 - AFFH, Chapter 6 - Housing Resources, and Appendix C - Supplemental Sites Inventory Analysis) showing the revisions associated with the proposed amendment. Should this amendment be approved, a copy of the revisions, along with an updated Housing Element Appendix B - Electronic Sites Inventory (Excel workbook), will be submitted to HCD for their review to confirm the residential capacity in the City's Sites Inventory remains adequate to meet its RHNA.

### Recommendation

On balance, in the interest of addressing the HAC's ongoing concerns regarding the foreseeability of redevelopment of the City's Housing Element Sites Inventory, and because the proposed removal of 4701 Patrick Henry would not impact the City's ability to meet the required RHNA with a sufficient recommended buffer at all income levels, it is staff's recommendation that this site be removed from the inventory. In order to soften the impact on the buffer, staff recommends simultaneously adding the Mission Point project to the inventory.

### **ENVIRONMENTAL REVIEW**

On January 31, 2023, the City Council approved an Addendum to the 2010-2035 General Plan Environmental Impact Report (Attachment 4) for the sixth Cycle (2023-2031) Housing Element, which concluded that it did not constitute a substantial change to the General Plan that would require major revisions to the previous EIR; that there were no substantial changes in circumstances as a result of modifications to the General Plan that would cause new or substantially more severe impacts; and, that there was no new information of substantial importance that identified new or more intense significant impacts than those identified in the General Plan EIR. The removal of a single site from the adopted Housing Element Sites Inventory would not change these conclusions.

The potential environmental impacts of the Kylli "Mission Point" Project were analyzed in an Environmental Impact Report, approved and certified by the City Council on November 19, 2024. The EIR identified impacts in the areas of traffic, greenhouse gases, energy, biology, geology and soils, cultural resources, tribal cultural resources, utilities, water quality, and hazards and hazardous materials, which with the incorporation of mitigation measures would be reduced to less than significant. The EIR also identified air quality and noise as having significant unavoidable impacts with mitigation incorporated, and for those impacts the Council adopted a Statement of Overriding Considerations.

### **FISCAL IMPACT**

There is no fiscal impact associated with this report other than administrative staff time and expense.

### **COORDINATION**

This report was coordinated with the City Attorney's Office.

### **PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website

and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email [clerk@santaclaraca.gov](mailto:clerk@santaclaraca.gov) <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

On March 5, 2025, pursuant to Government Code Section 65353 and 65355, a notice of public hearing was published in The Santa Clara Weekly, a newspaper of general circulation, regarding the Planning Commission and City Council public hearings.

On March 7, 2025, pursuant to Government Code Section 65352(a), the City mailed referral letters to tribes and outside agencies advising them of the City's intent to act on a General Plan Amendment to adopt revisions to the 2023-2031 Housing Element. The referral letters also included notice of the proposed Planning Commission and City Council hearings.

On March 14, 2025 and April 11, 2025, a GovDelivery bulletin was emailed to the City's Housing Element Update topic subscribers (3,791 as of April 8, 2025), to let them know of the availability of the draft revisions to the Housing Element and the proposed Planning Commission and City Council public hearings.

### **ALTERNATIVES**

1. Adopt a Resolution to Recommend the City Council Amend the General Plan Housing Element with revisions associated with changes to the Housing Sites Inventory
2. Adopt a Resolution to Recommend the City Council Amend the General Plan Housing Element with revisions associated with changes to the Housing Sites Inventory, with additional revisions

### **RECOMMENDATION**

Alternative 1: Adopt a Resolution to Recommend the City Council Amend the General Plan Housing Element with revisions associated with changes to the Housing Sites Inventory

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Reviewed by: Alexander Abbe, Assistant City Attorney  
Afshan Hamid, Director, Community Development  
Approved by: Lesley Xavier, Planning Manager

### **ATTACHMENTS**

1. Comparison of Sites to Meet the RHNA Tables (adopted and proposed)
2. Excerpts showing revisions to Housing Element (clean)
3. Excerpts showing revisions to Housing Element (redlined)
4. Addendum
5. City Council Addendum Resolution No. 23-9188
6. Planning Commission Resolution