



Agenda Report

23-602

Agenda Date: 6/14/2023

REPORT TO PLANNING COMMISSION

SUBJECT

Amendment to the City of Santa Clara General Plan and Re-Adoption of the 2023-2031 Housing Element with Revisions

COUNCIL PILLAR

Promote and Enhance Economic, Housing and Transportation Development

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 Element every eight years and that the Housing Element be reviewed by the State Department of Housing and Community Development (HCD). Housing Elements are then certified by HCD if found to be in substantial compliance with State Housing law.

For Bay Area towns, cities, and counties, the statutory due date for submittal of an adopted Housing Element, covering the years 2023-2031 (6th housing cycle), was January 31, 2023. Consistent with this deadline, on January 31, 2023, the City Council adopted Santa Clara's 2023-2031 (6th Cycle) Housing Element and submitted it to HCD for their 60-day review. On March 28, 2023, the City received HCD's findings/comment letter (Attachment 1). HCD determined that the City's Adopted Housing Element addresses many statutory requirements but identified additional revisions that in their view were necessary for HCD to certify the City's Housing Element as fully compliant with State Housing Element law. Staff met with HCD on April 20, 2023 to discuss those comments and on June 2, 2023 to discuss staff's draft revisions to the adopted Housing Element to address those comments.

State leadership continues to identify efforts to address the State's housing crisis as a top priority for both legislative and administrative efforts. As a result, the State has significantly increased the requirements placed upon each jurisdiction as they update their local Housing Elements and added more stringent State oversight for the review and approval of each Housing Element.

As of June 1, 2023, only 21 jurisdictions in the 109 jurisdiction Association of Bay Area Governments (ABAG) region have an adopted 6th Cycle housing element that has been found by HCD to be in compliance with State Housing Element law (i.e., certified). In Santa Clara County, 10 of 16 jurisdictions, including Santa Clara, have submitted adopted housing elements to HCD. Of those adopted housing elements, four are under review by HCD (Gilroy, Los Altos, Los Altos Hills, Saratoga). For three others, HCD reviewed the elements and then requested additional revisions (Monte Sereno, Morgan Hill, Santa Clara). HCD found another three to be in compliance (Campbell, Milpitas, Mountain View).

Not having a certified Housing Element can negatively impact a local jurisdiction's discretion to regulate new housing development and reduce access to State funds for as long as the jurisdiction lacks certification.

City staff is diligently working with HCD and the City's consultant (MIG, Inc.) to complete revisions necessary to receive HCD's certification.

State (HCD) Review

On March 28, 2023, the City received HCD's findings/comment letter (Attachment 1) on the City's Adopted Housing Element. HCD identified revisions necessary to receive HCD's certification of compliance in the following areas:

- A. Housing Needs, Resources, and Constraints
- B. Housing Programs
- D. Quantified Objectives
- E. Public Participation
- F. Consistency with General Plan

DISCUSSION

Staff is now bringing forward a revised draft of the City's General Plan Housing Element for Planning Commission recommendation prior to City Council action. Planning Commission and City Council hearings are required for an Amendment to the City's General Plan. These hearings allow the Planning Commission and City Council to review the proposed changes to the Housing Element made in response to the HCD findings/comment letter.

To facilitate review of the revisions to the Adopted Housing Element to address HCD's comments, the Planning Commission, City Council, and HCD will be provided with a clean and redlined version of the Revised Housing Element (Attachments 2 and 3), a matrix showing each HCD comment and the City's responses/revisions (Attachment 4), as well as a summary of proposed amendments (Attachment 5) organized by Housing Element chapter/appendix with references to HCD's numbered comments.

Attachment 4 provides a detailed list of the City's responses/revisions to HCD's comments on the adopted Housing Element organized by the above topic areas. HCD's comments from their March 28, 2023 letter are listed in the left column and the City's response/revisions are summarized in the right column of the matrix. In cases where HCD's current comments reference their earlier comment letter, notes in brackets have been added with the date of the earlier comment letter and the referenced comment number (e.g., [11/18/22 B.1.c]).

The redlined version of the Revised Housing Element (Attachment 3) shows all proposed changes to the adopted Housing Element.

The following is a discussion of several key revisions between the adopted and draft revised Housing Element, including changes to the Sites to Meet the RHNA (Sites Inventory), revisions to policies to Affirmatively Further Fair Housing (AFFH), and revisions to the Housing Needs, Constraints, Housing Resources, and Housing Plan sections. Notably these sections include several new work program activities for the City to undertake as follow-up actions to the Housing Element certification.

Sites to Meet the RHNA (Sites Inventory)

HCD asked the City to respond to public comments received on the proposed Sites to meet the City's Regional Housing Needs Assessment (RHNA). The public comments focused on the likelihood of redevelopment for residential use of several properties located within the City's recently adopted Specific Plan areas within the timeframe of the current Housing Element cycle. The staff response includes additional information (e.g., communication with property owners to verify their willingness to redevelop for residential use) as well as the identification of additional possible sites that could be used to meet the City's RHNA. In some cases, the projected residential densities for specific parcels were recalculated based upon recent actual development data.

The two tables below show the sites identified to meet the City's RHNA as adopted and revised, with the proposed revisions listed below to address HCD comments regarding the sites inventory - progress in meeting the RHNA (A.3.a), realistic capacity (A.3.b), and suitability of nonvacant sites to accommodate lower income RHNA (A.3.d/e).

Sites to Meet the RHNA - As Adopted in the Housing Element (January 31, 2023)

Site/Credit Type	Units in Affordability Category				Total Capacity
	VLI	LI	Mod.	Above Mo	
RHNA	2,872	1,653	1,981	5,126	11,632
Pending & Approved Projects	389	361	857	10,339	11,946
<i>Tasman East SP</i>	-	-	531	3,919	4,459
<i>Patrick Henry Drive SP</i>	75	75	75	1,288	1,516
<i>Lawrence Station Area Plan</i>	-	5	57	635	697
<i>Freedom Circle Focus Area</i>	54	54	54	914	1,075
<i>Other</i>	261	228	141	3,569	4,199
ADU Projection	102	102	102	34	340
Available Specific Plan Sites	2,888	2,143	2,465	314	7,810
<i>Tasman East Focus Area SP</i>	214	156	458	295	1,123
<i>Patrick Henry Drive SP</i>	1,829	1,360	1,360	-	4,549
<i>Lawrence Station Area Plan</i>	845	627	647	19	2,138
				-	
Total	3,379	2,606	3,424	10,687	22,096
<i>Surplus Units</i>	507	953	1,443	5,561	10,464
<i>Surplus (% Above RHNA)</i>	18%	58%	73%	108%	73%

During the public review process, the City received a number of comments regarding the suitability of certain parcels in the Tasman East Specific Plan, Patrick Henry Drive Specific Plan, and Lawrence Station Area Plan. For some of these sites, the City is providing additional evidence in support of site suitability in the adoption resolution; for some other sites, the City has removed them from the revised sites inventory (see Chapter 6 Housing Resources, Realistic Capacity and Suitability of Non-Vacant Sites section). To address this reduction in the capacity of sites, to accommodate sufficient VLI units to meet the RHNA with an adequate buffer, other sites currently designated for residential development in the City's General Plan along the El Camino Real corridor were added to the sites

inventory. For these sites to qualify, they will be rezoned as part of the Zoning Code Update to facilitate development aligned with their current General Plan designations. Additionally, pursuant to the Housing Element statutes, any sites added to the inventory along El Camino Real that were listed in both of the last two housing elements will be required to provide a minimum of 20% of the dwelling units at affordable levels.

The changes described below are summarized in Attachment 5, captured in the revised Appendix B Sites Inventory and will be included in a revised Electronic Sites Inventory to be submitted to HCD as part of the re-adoption submittal.

Sites to Meet the RHNA - As Revised / Proposed for Adoption

Site/Credit Type	Units in Affordability Category				Total Capacity
	VLI	LI	Mod.	Above Mo	
RHNA	2,872	1,653	1,981	5,126	11,632
Pending & Approved Projects	668	746	512	10,218	12,144
<i>Tasman East SP</i>	<i>111</i>	<i>234</i>	<i>179</i>	<i>3,842</i>	<i>4,366</i>
<i>Patrick Henry Drive SP</i>	<i>76</i>	<i>75</i>	<i>75</i>	<i>1,294</i>	<i>1,520</i>
<i>Lawrence Station Area Plan</i>	<i>-</i>	<i>5</i>	<i>57</i>	<i>635</i>	<i>697</i>
<i>Freedom Circle Focus Area</i>	<i>54</i>	<i>54</i>	<i>54</i>	<i>913</i>	<i>1,075</i>
<i>Other</i>	<i>427</i>	<i>378</i>	<i>147</i>	<i>3,534</i>	<i>4,486</i>
ADU Projection	118	118	118	39	393
Available Specific Plan Sites	2,105	1,561	1,883	314	5,863
<i>Tasman East Focus Area SP</i>	<i>214</i>	<i>156</i>	<i>458</i>	<i>295</i>	<i>1,123</i>
<i>Patrick Henry Drive SP</i>	<i>1,747</i>	<i>1,299</i>	<i>1,299</i>	<i>-</i>	<i>4,345</i>
<i>Lawrence Station Area Plan</i>	<i>144</i>	<i>106</i>	<i>126</i>	<i>19</i>	<i>395</i>
El Camino Real Rezoning Sites	497	378	366	-	1,242
Total	3,388	2,803	2,879	10,571	19,642
<i>Surplus Units</i>	<i>516</i>	<i>1,150</i>	<i>898</i>	<i>5,445</i>	<i>8,010</i>
<i>Surplus (% Above RHNA)</i>	<i>18%</i>	<i>70%</i>	<i>45%</i>	<i>106%</i>	<i>69%</i>

The above table, which tabulates the total number of housing units in the City's Sites Inventory after making the changes summarized in Attachment 5, demonstrates that there is sufficient capacity to accommodate the City's RHNA with an adequate buffer (15-30% recommended) at all income levels.

Affirmatively Furthering Fair Housing (AFFH)

Chapter 3 AFFH includes substantial revisions and re-organization, summarized in Attachment 5, to address the identified HCD AFFH related comments. Generally, HCD was requesting that the City provide additional data if possible and analysis and conclusions related to the housing condition of various demographic groups within Santa Clara. This included information on Race/Ethnicity, Persons with Disabilities, Overcrowded Households and expanded geographic analysis of the location of lower income households throughout the City.

HCD also commented that the City should demonstrate how units are distributed based on the HCD/Tax Credit Allocation Committee (TCAC) Opportunity Map Areas (Highest, High, Moderate, Low Resource Areas). AFFH goals and best practices place housing units in areas of amenities and opportunity, such as High and Highest Resource Areas. A new section of the draft Housing Element includes AFFH analysis of the sites inventory. This analysis calls out that 82% of housing growth in Santa Clara will be in the City's Highest or High Resources Areas with 101% of the City's Very Low Income units (over 100% because the City has more units than Very Low Income required from the RHNA) in the High or Highest Resource Areas and 147% of Low Income units in High or Highest Resource areas.

Housing Needs

Chapter 4 Housing Needs was revised to include additional data and analysis to address the HCD housing needs related comments such as data on households experiencing a rent cost-burden, challenges facing special needs populations such as the elderly, and additional information about services available to the homeless.

Constraints

Chapter 5 was revised to include additional data, clarifications, and analysis to address the HCD constraints related comments, such as infrastructure limitations that could affect new housing development, zoning code sections that will be changed to streamline the development of emergency shelters and clarification of the City's land use entitlement procedures.

Housing Resources

Chapter 6, Housing Resources, was revised in response to the following HCD comments seeking verification of the City's pipeline housing production data and clarification of the City's methodology to calculate residential capacity.

Housing Plan

Chapter 2, Housing Plan, was revised to reflect the additional analysis of data and local knowledge and discussion added to other chapters (Chapter 3, AFFH, Chapter 4 Housing Needs, Chapter 5 Constraints, and Chapter 6 Housing Resources). Chapter 2 was also revised to address HCD's Housing Plan related comments. These revisions include the addition of several follow-up monitoring and data collection activities to be undertaken by the City, as well as planned changes to the Zoning Ordinance and other ongoing activities. For example, the City is being asked to create an inventory and track the condition of Naturally Occurring Affordable Housing (NOAH) housing units, which are units not covered by a legal agreement to restrict their affordability, but which are rented on the market at rates comparable to an affordable project because of the conditions of the property.

HCD's comment letter also stated the City should demonstrate that programs will have a beneficial impact within the Housing Element cycle. The Housing Plan actions and objectives were revised to strengthen the City's commitment to accomplishing those programs within more defined timelines.

ENVIRONMENTAL REVIEW

The City prepared an Addendum to the 2010-2035 General Plan Environmental Impact Report (Attachment 6) for the 6th Cycle (2023-2031) Housing Element, which concluded that there is no substantial change to the General Plan that would require major revisions to the previous EIR; that there is no substantial change in circumstances as a result of modifications to the General Plan that would cause new or substantially more severe significant impacts; and, that there is no new

information of substantial importance that identifies new or more intense significant impacts than those identified in the General Plan EIR.

At their public hearing on January 26, 2023, the Planning Commission adopted Resolution No. 23-004 recommending the City Council adopt the Addendum to the General Plan EIR, for adoption of the 6th Cycle Housing Element.

With the adoption of Resolution No. 23-9188 (Attachment 7) at a public hearing on January 31, 2023, the City Council approved the Addendum to the General Plan EIR for adoption of the 6th Cycle Housing Element. Although the proposed action is to make additional revisions to the Housing Element and General Plan, there are no new policies proposed that would generate new or substantially more significant environmental impacts; moreover, the revised inventory identifies slightly fewer sites than in the January element, and so any impacts are likely to be slightly reduced. As such, the General Plan EIR and Addendum remain sufficient for the environmental analysis of the proposed Housing Element.

FISCAL IMPACT

There is no fiscal impact associated with this report. On January 25, 2022, the City Council approved a consultant agreement with MIG, Inc. to update the City's Housing Element and accepted \$499,150 in reimbursable grant funding from the State's Local Early Action Planning (LEAP) grant program. Of this grant funding, \$289,868 will be used to fund MIG's work and the remaining \$209,282 will be used to fund City staff expenses. All grant funds must be expended on or before December 31, 2023.

Adoption of the Housing Element, as drafted, includes new and revised City programs to implement the Housing Element goals and policies in conformance with State requirements. The potential implementation of these programs will require future City Council review, including and analysis of their potential fiscal impacts.

COORDINATION

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

PUBLIC CONTACT

Public contact was made by posting the Commission 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 or at the public information desk at any City of Santa Clara public library.

On April 20, 2023, 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 take action 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 May 10, 2023, pursuant to Govern Code Sections 65353 and 65355, a notice of public hearing was published in *The Weekly*, a newspaper of general circulation, regarding the Planning

Commission and City Council public hearings.

On May 18, 2023, a GovDelivery bulletin was emailed to the City's 1,875 Housing Element Update topic subscribers to let them know of the continuance of the Planning Commission and City Council hearings from May 24, 2023 and June 6, 2023, respectively, with the updated hearing schedule (also posted on the Housing Element Update page).

On June 7, 2023, a GovDelivery bulletin was emailed to the City's 1,899 Housing Element Update topic subscribers to let them know the availability of the draft revisions to the Adopted Housing Element on the Housing Element Update page.

ALTERNATIVES

1. Adopt a Resolution to Recommend the City Council Amend the General Plan by Re-Adopting the 2023-2031 Housing Element with revisions incorporated to address HCD comments
2. Adopt a Resolution to Recommend the City Council Amend the General Plan by Re-Adopting the 2023-2031 Housing Element with revisions incorporated to address HCD comments, with additional revisions

RECOMMENDATION

Alternative: 1

1. Adopt a Resolution to Recommend the City Council Amend the General Plan by Re-Adopting the 2023-2031 Housing Element with revisions incorporated to address HCD comments

Reviewed by: Andrew Crabtree, Director, Community Development

Approved by: Jōvan D. Grogan, City Manager

ATTACHMENTS

1. HCD Findings/Comment Letter on Adopted Housing Element
2. Revisions to Adopted Housing Element (clean)
3. Revisions to Adopted Housing Element (redlined)
4. HCD Comments/Response Matrix
5. Summary of Proposed Amendments to the Housing Element
6. Addendum
7. City Council Addendum Resolution
8. Planning Commission Resolution