

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

651 Bannon Street
Sacramento, CA 95811
(916) 263-2911 / FAX (916) 263-7453
www.hcd.ca.gov



August 20, 2024

Jonathon Lait, Planning Director
City of Palo Alto
250 Hamilton Avenue, Fifth Floor,
City of Palo Alto, CA 94301

Dear Jonathon Lait:

RE: City of Palo Alto's 6th Cycle (2023-2031) Adopted Housing Element

Thank you for submitting the City of Palo Alto's (City) housing element that was adopted April 15, 2024 and received for review on July 26, 2024. All technical modifications were authorized by Resolution No. 10155 and were made available to the public for seven days prior to HCD's review. The City confirmed the technical modifications are consistent with the direction and authority granted by Resolution No. 10155. Pursuant to Government Code section 65585, the California Department of Housing and Community Development (HCD) is reporting the results of its review. HCD also considered comments from Rutan and Tucker, LLP, and City resident, Scott O'Neil, pursuant to Government Code section 65585, subdivision (c).

HCD is pleased to find the adopted housing element, including all technical modifications, in substantial compliance with State Housing Element Law (Gov. Code, § 65580 et seq) as of the date of this letter. The adopted element was found to be substantially the same as the revised draft element that HCD's July 9, 2024 review determined met statutory requirements.

Additionally, the City must continue timely and effective implementation of all programs including but not limited to the following:

- Program 1.1: (Adequate Sites Program)
- Program 1.4: (City-Owned Land Lots and Downtown Housing Plan)
- Program 2.1: (Affordable Housing Development)
- Program 3.1: (Fee Waivers and Adjustments)
- Program 3.4: (Housing Incentives Program)
- Program 3.6: (Expedite Project Review)
- Program 4.3: (Home Rehabilitation)
- Program 6.1: (Housing for Persons with Special Needs)
- Program 6.3: (Missing Middle Program)
- Program 6.5: (Alternative Housing)
- Program 6.6: (Fair Housing)

Lastly, and as mentioned by correspondence on August 12, 2024, HCD identified language in the City's SB9 ordinance may go beyond state law. The City should amend its current SB9 ordinance by January 1, 2025 and report its progress in implementing a compliant SB9 ordinance in a future APR. For additional information, please see the technical advisory issued by HCD at: [sb9factsheet.pdf \(ca.gov\)](https://www.hcd.ca.gov/sb9factsheet.pdf) or email Brandon Yung at brandon.yung@hcd.ca.gov.

The City must monitor and report on the results of these and other programs through the annual progress report, required pursuant to Government Code section 65400. Please be aware, Government Code section 65585, subdivision (i) grants HCD authority to review any action or failure to act by a local government that it determines is inconsistent with an adopted housing element or housing element law. This includes failure to implement program actions included in the housing element. HCD may revoke housing element compliance if the local government's actions do not comply with state law.

Several federal, state, and regional funding programs consider housing element compliance as an eligibility or ranking criteria. For example, the CalTrans Senate Bill (SB) 1 Sustainable Communities grant, Affordable Housing and Sustainable Communities programs, Permanent Local Housing Allocation, and the Prohousing Incentive Program consider housing element compliance and/or annual reporting requirements pursuant to Government Code section 65400. With a compliant housing element, the City now meets housing element requirements for these and other funding sources.

For your information, some general plan element updates are triggered by housing element adoption. HCD reminds the City to consider timing provisions and welcomes the opportunity to provide assistance. For information, please see the Technical Advisories issued by the Governor's Office of Planning and Research at: <https://www.opr.ca.gov/planning/general-plan/guidelines.html>.

HCD appreciates the cooperation and effort provided by the housing element update team throughout the housing element update and review. HCD wishes the City success in implementing its housing element and looks forward to following its progress through the General Plan annual progress reports pursuant to Government Code section 65400. If HCD can provide assistance in implementing the housing element, please contact Irvin Saldana, of our staff, at Irvin.Saldana@hcd.ca.gov.

Sincerely,

A handwritten signature in black ink, appearing to read 'Melinda Coy', with a long, sweeping horizontal stroke extending to the right.

Melinda Coy
Proactive Housing Accountability Chief