



**City of East Palo Alto  
City Manager's Office  
2277 University Avenue  
East Palo Alto, CA 94303**

Telephone: 650-853-3118 Facsimile: 650-853-3115

RECEIVED

DEC 20 2005

DIV. OF HOUSING  
POLICY DEVELOPMENT HCD

December 19, 2005

Ms. Margaret Murphy  
Policy Analyst  
Dept. of Housing and Community Development  
Housing Policy Development Division  
1800 – 3<sup>rd</sup> Street, Room 430  
Sacramento, CA. 95814

RE: 2005 Annual Housing Element Update and the  
WFH Annual Progress Report

Dear Ms. Murphy:

Enclosed for your review and approval is a copy of East Palo Alto's 2005 Annual Housing Element Update and the Work Force Housing (WFH) Annual Progress Report

If you have any questions regarding the 2005 Annual Housing Element Update or the WFH Annual Progress Report, please contact Wilbert Lee, Housing Services Director at 650-853-3120 or 650-333-0293 cell phone.

Sincerely,

Alvin D. James  
City Manager

WL/

enclosures

**2005 Housing Element  
Status Report  
7/1/04 to 6/30/05**

**Increasing the Availability of Housing**

**Program/Goals 1.0:** *Build a sufficient number and variety of housing units needed to meet the State's mandate to replace affordable units/bedrooms demolished due to Redevelopment Agency action and to address the City's Regional Housing Needs Determination.*

**Goal/Action Steps:**

To work collaboratively with the East Palo Alto community, non-profit and for-profit developers, and community stakeholders to facilitate housing developments that meet the City's housing needs.

Accomplishments: July 1, 2004 to June 30, 2005

**Rental Units**

**Nugent Square** – a 9% tax credit project with 32 affordable rental units consisting of a total of 82 bedroom units; 14 – 2 bedroom and 18 – 3 bedroom units. The apartment was completed in December 2004 and ready for occupancy in January 2005. The developers, EPACANDO and Eden Housing, Inc held an Open House celebration in March 2005.

**Rental Units under Construction**

**Courtyard at Bay Road** - a 9% tax credit project with 77 affordable apartments

- A total of 173 bedroom units -12 – 1 bedrooms, 40 – 2 bedrooms,
- 19 –3 bedrooms, and 6 – 4 bedrooms

The construction is progressing according to schedule and completion is projected for December 2005. The apartment will be ready for occupancy in January 2006.

**Below Market Rate (BMR) Homes**

A total of five (5) BMR homes were sold during this reporting period.

**BMR Acquisition**

The City purchased a BMR home from a bank in April 2005 that had gone into foreclosure a year earlier as a result of the original owner defaulting on the loan. The home will be completely renovated and sold to a first-time homebuyer by March 2006.

**Homes for Sale**

**Acclaim Homes**, also known as – University Commons, a 30 unit condominium development with 24 market rate condos and 6 BMR condos. The construction phase is projected to be completed by December 2005. The condos will be ready for occupancy by January 2006.

**Housing Units under Construction**

**1060 Weeks LLC** – Consist of 29 single family homes including 6 BMR homes. The developer started construction on the first phase of 12 housing units in November 2004 and anticipate the homes will be available for purchase by October of this year. There are 17 housing units in the second phase which will include 6 BMR units. Construction of the second phase is projected to start by February 2006. The final 17 units including 6 BMR homes should be completed and ready for purchase by the October 2006.

**Action Steps:**

To make loans and/or grants to non-profit housing developers or for-profit developers.

The City of EPA's Housing Department staff is currently working with a developer who recently opened an escrow to acquire three (3) apartment buildings totaling 170 rental units. They have plans to renovate each apartment unit. All of the building units are currently under the jurisdiction of the rent stabilization program and will remain in the rent stabilization after the renovation is completed.

The City explored lending funds from Washington Mutual for the acquisition and rehabilitate the developer funds for the acquisition and rehabilitation.. However, it was determined by Washington Mutual staff that the repayment schedule was insufficient to meet their criterion.

**Action Steps:**

Provide additional support for securing land acquisition and predevelopment funds for affordable housing opportunities.

Housing Department staff has reviewed a number of preliminary proposals from developers interested in developing housing in the City.

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July 1, 2004 to June 30, 2005  
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**Action Steps:**

To continue supporting the Housing Endowment and Trust (HEAT) efforts to raise \$100 million over the next ten (10) years for the development of affordable housing in San Mateo County.

Support efforts to implement HEAT. The focus of HEAT will be to provide financing for the development of affordable housing throughout San Mateo County

**Program/Goal 2.0:** *Secure below market rate funding to build more affordable housing.*

**Action Steps:**

Pursue available funding opportunities from the State of California and San Mateo County's Housing Department for the development of affordable housing in the City of East Palo Alto.

The City will submit a proposal to the State's California Housing Finance Agency when the Notice of Fund Availability (NOFA) is released this year. It is conceivable that the City will be able to provide lending assistance to a few of the housing development projects that meet their criteria.

**Program/Goal 3.0:** *Facilitate the development of affordable housing to fulfill the replacement housing obligations and Regional Housing Need Determination, especially in redevelopment project areas.*

**Action Steps:**

To require all residential developers to provide affordable housing as a major component of their development and/or pay the required housing-in-lieu fees per the City of East Palo Alto's Inclusionary Zoning Ordinance # 247.

Review and monitor the Regulatory Agreement on the BMR rental units at Woodland Creek Apartments.

**Accomplishments:**

The City's staff collected \$ 66,240 in housing-in-lieu fees from developers who were not required and elected not to develop any BMR Homes.

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**Action Steps:**

Provide information to the public and decision makers to facilitate informed decisions regarding housing development activities.

Continue to update the City of East Palo Alto's website regarding Housing Services Department activities.

Provide Plugged In and 1 East Palo Alto, two community-based non-profit organizations, with information regarding the Housing Services Department activities. Both of these organizations are quite effective at disseminating crucial and important information regarding housing opportunities and other relevant issues throughout the community.

**Accomplishments:**

Published 4 issues of *Common Ground Newsletter* during the fiscal year.

**Program/Goal 4.0:** *Fully implement the City's adopted policies, including the General Plan and all ordinances.*

Ensure that adequate residential sites are zoned at appropriate densities and available for development to provide an appropriate range of housing types and prices.

**Action Steps:**

The City of East Palo Alto Planning Department staff continues to review and administer local zoning ordinances for consistency with the General Plan, to decrease cost and reduce processing time for development applications.

Housing Department staff has maintained an inventory of developable vacant sites within the City limits.

The Development Review Committee meets every Tuesday afternoon to review development proposals from individual owners and developers interested in developing one or more parcels of land in the City. Approximately 7 housing development proposals have advanced through the entire review process to the Planning Commission for consideration and approval and ultimately for final approval by the City Council and/or Redevelopment Agency.

**Accomplishments:**

The US Environmental Protection Agency staff is continuing its Phase I environmental assessment of sites in the Bay-Clarke-Weeks-Pulgas neighborhoods.

**Action Steps:**

Facilitate the development and passage of updated zoning ordinances and maps to support residential development.

**Program/Goal 5.0:** *Address the housing needs of households with members who are elderly, physically disabled, HIV positive or are living with AIDS, homeless, at-risk youth leaving the foster care system, small and large families and female-headed households.*

**Action Steps:**

Encourage the development of housing units and alternative living arrangements for seniors, small and large families and persons with special needs. The developers, EPACANDO, Eden Housing and Habitat for Humanity are still negotiating with the owners to acquire the site in the Pulgas Panhandle project for a supportive housing complex with an overall economic development scheme for small mixed retail outlets.

EPACANDO, a local non-profit organization is currently planning to develop a transitional housing project for at-risk youth and post-foster care individuals.

**Mitigating the Costs of Housing**

**Program/Goal 6.0:** *Provide both financial and policy assistance to low-and-moderate-income households to ease housing costs burden and overcrowding.*

**Action Step:**

Stabilize rents in the City through the Rent Stabilization and Just Cause Eviction Ordinance.

The RS staff scheduled nineteen (19) Tenant Petition Hearings for rental adjustments and only seven (7) cases are pending resolution.

The RS staff will continue to protect tenants by implementing the RS Ordinance. Staff will encourage voluntary landlord participation in the RS Program.

**Accomplishments:**

The East Palo Alto-Community Legal Services conducted (5) Tenant Informational Workshops on the Rent Stabilization and Just Cause Eviction Ordinance.

**Action Step:**

Monitor housing units developed as part of the City's BMR Ordinance.

Continue monitoring of BMR unit production and compliance on an ongoing basis.

Provide assistance to the East Palo Alto's Planning Commission and/or its Condo Conversion Subcommittee in the development of appropriate BMR recommendations for any of the proposed condo conversion projects.

**Accomplishments:**

Maintain a Housing Development Tracking Report with quarterly updates.

- Started construction on 55 units.
- Planning entitlement issued on 47 units.
- Proposed projects for 338 units

**Action Steps:**

Explore ways to use HEAT (land trust) to expand affordable housing opportunities in East Palo Alto.

**Minimizing Resident Displacement**

**Program/Goal 7.0:** *Establish new and/or participate in existing programs that utilize a variety of funding sources to provide first-time homebuyer assistance to income-qualified households, with a focus on assisting residents and workers in the City of East Palo Alto.*

**Action Step:**

Make first time homebuyer funds and mortgage enhancements available through as many sources as possible.

The City has access to San Mateo County's Down Payment Assistance funds, as well as mortgage credit certificates to assist first-time buyers for the BMR Program.

**Action Step:**

Work with lenders and housing service providers to provide homebuyer training and credit counseling for the citizens of East Palo Alto.

The Housing Services Department will host an Informational Housing Opportunity in August 2005. Staff will inform the community of upcoming housing and the qualifying criteria for the process.

**Program/Goal 8.0:** *Ensure existing residents and workers in the City have access to housing programs and just cause eviction protection that will allow them to remain residents of the City of East Palo.*

**Goal /Action Steps:**

Continue to implement code enforcement inspections to correct Housing, Health and Safety Code violations.

Continue to distribute information to educate the community about the Rent Stabilization Program.

Assist low and moderate-income families in making necessary repairs and improvements to extend the life of their dwelling units. Outreach efforts will continue.

San Mateo County's Office of Housing did not approve any housing rehabilitation loans in the City of East Palo Alto during this reporting period.

**Program/Goal 9.0:** *Ensure decent, safe living environments for City residents regardless of age, gender, race, color, ancestry, national origin, family status, marital status, sexual preference, religion, disability, or any other arbitrary factor.*

**Action Step:**

Support, publicize and make appropriate referrals to fair housing and legal assistance programs that provide information, counseling and investigation services concerning any alleged discrimination incidents.

These activities will continue on an ongoing basis.

**Action Step:**

Support local, regional, state, and federal initiatives in addressing predatory lending practices. Attend meetings sponsored by the California Reinvestment Committee to support fair lending practices in urban communities such as East Palo Alto.

The City Council will continue to support fair lending initiatives.

**Action Step:**

Support public and private efforts to ensure nondiscrimination in the rental or sale of housing.

Activities will continue on an ongoing basis.

**Implementing Administrative Remedies**

**Program/Goal 10.0:** *Ensure the implementation of all housing policies and promote broad participation in the programs.*

**Action Steps:**

Revise the Resale Restriction Agreement with Option to Purchase document as necessary to incorporate new requirements and best practices for Below Market Rate units.

Hold public meetings and study sessions as necessary to discuss various housing issues and policies in the City.

Prepare detailed progress reports on the Housing Element for review by City Council, stakeholders and the general public.

**Please note:**

The Housing Element Annual Progress Report covering the period from 7/1/05 thru 6/30/06 will be presented to the community during the month of August 2006.

**WFH Annual Progress Report  
On Implementation of the Housing Element  
General Plan Report requirement pursuant to  
Section 65400 of the Government Code**

Jurisdiction: City of East Palo Alto  
Address: 2415 University Avenue – East Palo Alto, CA. 94303  
Contact: Wilbert Lee Title: Housing Services Director  
Phone: 650-853-3120 phone Fax: 650-853-5928 fax

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Report Period: July 1, 2004 To: June 30, 2005

The following should be included in the report:

**A. Progress in meeting Regional Housing Need**

1. Total number of new housing permits issued
  - 55 single family homes permits
  - 6 second units permits
  - 1- multi-family permit for 28 units total
  
2. Describe the affordability, by income level, of new units including the number of deed restricted affordable housing units.
  - Rose Garden - 15 units for sale – 3 Below Market Rate deed restricted units with 1 units @ 60 % AMI, 2 units @ 80 % AMI, and 12 units above moderate income.
  - 453 East O'Keefe - West Palms Condominium – 28 units for sale – 6 Below Market Rate deed restricted units with 1 unit @ 50 % AMI, 4 units @ 60 % AMI, and 1 units @ 70 % AMI, and 22 units above moderate income.
  - 841 Donohoe – 7 town homes for sale – 1 Below Market Rate deed restricted unit @ 80 % AMI and 6 units above moderate income.
  - 872 Runnymede – 6 town homes units – 1 Below Market Rate deed restricted unit @ 80 % AMI and 5 units above moderate income.
  - Tea Court – 7 single-family homes for sale – 1 Below Market Rate deed restricted unit @ 80 % AMI and 6 units above moderate rate.
  - 1060 Weeks - 29 units for sale – 6 Below Market Rate deed restricted units with 2 units @ 60 % AMI, 4 units @ 80 % AMI, and 23 units above moderate income.

- University Commons Condominium – (formerly known as Acclaim Homes, a 30 unit rental housing development.) The developer filed the required documents to convert the housing project to a 30 unit for sale condominium development – 6 Below Market Rate deed restricted condos with 1 unit @ 50 % AMI, 3 units @ 60 % AMI, 2 units @ 70% AMI, and 24 market rate units above moderate income.
- Nugent Square – 32 units - tax credit project - 100% affordability with 16 units @ or below 45 % AMI and 16 units @ or below 50 % AMI.
- Courtyard at Bay Road – 77 units – tax credit project – 100 % affordability with 10 units @ or below 35 % AMI, 50 units @ or below 45 % AMI, and 17 units @ or below 60 % AMI.

3. Compare units added to regional housing need allocation by income category (very-low, low, moderate, and above moderate)

East Palo Alto’s Regional Housing Needs Determination Allocation

Units Allocated:	Built	Units Added	Target by 2006
• Very Low	358	57	1
• Low	148	155	12
• Moderate	349	15	7
• Above Moderate	<u>427</u>	<u>441</u>	<u>65</u>
	1,282	668	85
			300
			(+19)
			327
			(+79)
			627

**B. The effectiveness of the housing element in attainment of the community’s housing goals and objectives.**

1. Include a program-by-program status report relative to implementation schedule from each program in the housing element; describe actions taken to implement each program. (See attached 2005 annual Housing Element Status Report –7/1/04 to 6/30/05 – This report was presented to members of the East Palo Alto community at a Community Meeting on Wednesday, August 17, 2005.)
2. Assess effectiveness of actions and outcomes

As of this report, the City has achieved 59% of its housing requirements per the Regional Housing Needs Determination Allocation. Developers are seeking information on a weekly basis from the City’s Planning Division, as well as from the Development Review Committee regarding specific requirements for their proposed housing development projects. Many of these housing developments fall into the category of market-rate housing units, however, with the City’s Inclusionary Zoning Ordinance # 247 the developers will have to designate 20% of the housing units to the Below Market Rate (BMR) Housing Program. The

BMR Ordinance provides for “developers of residential housing units of less than 5 units and where the basic requirements is a fractional number may elect to pay an in-lieu fee rather than developing affordable unit.”

The Planning Department staff has received development applications from several developers interested in developing several parcels. The Housing Services Department has provided information about the City’s BMR Housing Program to developers referred by the City’s Redevelopment Agency. These developers are considering developing large housing development projects, i.e., 75 single family homes, 41 town homes and 11 live/work industrial condominiums, and 30 live/work residential town homes respectively. If these housing developments are developed they will provide much needed housing units in the City, as well as, 29 BMR units. The City will continue to explore ways to attract developers, both non-profit and for-profit, to develop affordable housing units for the very low and low income families.

**C. Progress toward mitigating governmental constraints identified in the Housing Element.**

There have been no significant changes in the City’s land use controls provisions, with the exception of revisions made to the 2<sup>nd</sup> unit Ordinance adopted by the Planning Commission and subsequently approved by the City Council in the spring of 2004.

The City’s Planning Division established a Development Review Committee (DRC) that meets every Tuesday afternoon. The purpose of the DRC is to facilitate the review of development projects by providing timely and up-to-date information to owners and/or developers. The DRC consist of: Planning, Building, Engineering, Housing, Water Department, Public Works, Redevelopment Division, Community Services, Police Department, Menlo Park Fire Department, and the Sanitary District. Each member receives a DRC binding with written procedures, a development tracking table listing each project submitted to the Planning Division for review, the type of development project, the date of submittal and whether or not a reply is required by the department.

The overall expectation of each committee member is that the DRC will create better synergy and cooperation among the various departments, as well as, provide owners/developers with timely information regarding the City’s process and procedures for development(s) to occur.

Development projects which satisfy the requirements of the DRC are placed on the agenda for the Planning Commission for a scheduled and noticed public hearing. Items denied by the Planning Commission can be appealed to the City Council. Items approved by the City Council are processed by staff accordingly through the development and implementation.

The City Council is aware the Zoning Ordinance has not been updated for consistency with the City's General Plan that was adopted in 1998. No date has been set to undertake updating the City's Zoning Ordinance.

## Mardy Murphy

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**From:** Wilbert Lee [wlee@cityofepa.org]  
**Sent:** Monday, December 19, 2005 4:15 PM  
**To:** Mardy Murphy  
**Subject:** Annual HE Update for 2005 and WFH annual Progress Report

Mardy

Attached are copies of the 2005 Housing Element Update for 2005 and the WFH Annual Progress Report. A hard copy of each report is being sent to you via FedEx today under a cover letter from the City Manager. Here's hoping you have a wonderful holiday season.

Wilbert Lee  
Housing Services Director  
City of East Palo Alto  
2277 University Avenue  
East Palo alto, CA. 94303  
(650) 853-3120  
(650) 853-5928

**2005 Housing Element  
Status Report  
7/1/04 to 6/30/05**

**Increasing the Availability of Housing**

**Program/Goals 1.0:** *Build a sufficient number and variety of housing units needed to meet the State's mandate to replace affordable units/bedrooms demolished due to Redevelopment Agency action and to address the City's Regional Housing Needs Determination.*

**Goal/Action Steps:**

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Accomplishments: July 1, 2004 to June 30, 2005

**Rental Units**

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**Accomplishments:**

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**Action Step:**

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The RS staff will continue to protect tenants by implementing the RS Ordinance. Staff will encourage voluntary landlord participation in the RS Program.

**Accomplishments:**

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**Action Step:**

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**Action Steps:**

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Contact: Wilbert Lee Title: Housing Services Director  
Phone: 650-853-3120 phone Fax: 650-853-5928 fax

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  - 453 East O’Keefe - West Palms Condominium – 28 units for sale – 6 Below Market Rate deed restricted units with 1 unit @ 50 % AMI, 4 units @ 60 % AMI, and 1 units @ 70 % AMI, and 22 units above moderate income.
  - 841 Donohoe – 7 town homes for sale – 1 Below Market Rate deed restricted unit @ 80 % AMI and 6 units above moderate income.
  - 872 Runnymede – 6 town homes units – 1 Below Market Rate deed restricted unit @ 80 % AMI and 5 units above moderate income.
  - Tea Court – 7 single-family homes for sale – 1 Below Market Rate deed restricted unit @ 80 % AMI and 6 units above moderate rate.
  - 1060 Weeks - 29 units for sale – 6 Below Market Rate deed restricted units with 2 units @ 60 % AMI, 4 units @ 80 % AMI, and 23 units above moderate income.

- University Commons Condominium – (formerly known as Acclaim Homes, a 30 unit rental housing development.) The developer filed the required documents to convert the housing project to a 30 unit for sale condominium development – 6 Below Market Rate deed restricted condos with 1 unit @ 50 % AMI, 3 units @ 60 % AMI, 2 units @ 70% AMI, and 24 market rate units above moderate income.
- Nugent Square – 32 units - tax credit project - 100% affordability with 16 units @ or below 45 % AMI and 16 units @ or below 50 % AMI.
- Courtyard at Bay Road – 77 units – tax credit project – 100 % affordability with 10 units @ or below 35 % AMI, 50 units @ or below 45 % AMI, and 17 units @ or below 60 % AMI.

3. Compare units added to regional housing need allocation by income category (very-low, low, moderate, and above moderate)

East Palo Alto’s Regional Housing Needs Determination Allocation

Units Allocated:	Built	Units Added	Target by 2006
• Very Low	358	57	1
• Low	148	155	12
• Moderate	349	15	7
• Above Moderate	<u>427</u>	<u>441</u>	<u>65</u>
	1,282	668	85
			<u>627</u>

**B. The effectiveness of the housing element in attainment of the community’s housing goals and objectives.**

1. Include a program-by-program status report relative to implementation schedule from each program in the housing element; describe actions taken to implement each program. (See attached 2005 annual Housing Element Status Report –7/1/04 to 6/30/05 – This report was presented to members of the East Palo Alto community at a Community Meeting on Wednesday, August 17, 2005.)
2. Assess effectiveness of actions and outcomes

As of this report, the City has achieved 59% of its housing requirements per the Regional Housing Needs Determination Allocation. Developers are seeking information on a weekly basis from the City’s Planning Division, as well as from the Development Review Committee regarding specific requirements for their proposed housing development projects. Many of these housing developments fall into the category of market-rate housing units, however, with the City’s Inclusionary Zoning Ordinance # 247 the developers will have to designate 20% of the housing units to the Below Market Rate (BMR) Housing Program. The

BMR Ordinance provides for “developers of residential housing units of less than 5 units and where the basic requirements is a fractional number may elect to pay an in-lieu fee rather than developing affordable unit.”

The Planning Department staff has received development applications from several developers interested in developing several parcels. The Housing Services Department has provided information about the City’s BMR Housing Program to developers referred by the City’s Redevelopment Agency. These developers are considering developing large housing development projects, i.e., 75 single family homes, 41 town homes and 11 live/work industrial condominiums, and 30 live/work residential town homes respectively. If these housing developments are developed they will provide much needed housing units in the City, as well as, 29 BMR units. The City will continue to explore ways to attract developers, both non-profit and for-profit, to develop affordable housing units for the very low and low income families.

**C. Progress toward mitigating governmental constraints identified in the Housing Element.**

There have been no significant changes in the City’s land use controls provisions, with the exception of revisions made to the 2<sup>nd</sup> unit Ordinance adopted by the Planning Commission and subsequently approved by the City Council in the spring of 2004.

The City’s Planning Division established a Development Review Committee (DRC) that meets every Tuesday afternoon. The purpose of the DRC is to facilitate the review of development projects by providing timely and up-to-date information to owners and/or developers. The DRC consist of: Planning, Building, Engineering, Housing, Water Department, Public Works, Redevelopment Division, Community Services, Police Department, Menlo Park Fire Department, and the Sanitary District. Each member receives a DRC binding with written procedures, a development tracking table listing each project submitted to the Planning Division for review, the type of development project, the date of submittal and whether or not a reply is required by the department.

The overall expectation of each committee member is that the DRC will create better synergy and cooperation among the various departments, as well as, provide owners/developers with timely information regarding the City’s process and procedures for development(s) to occur.

Development projects which satisfy the requirements of the DRC are placed on the agenda for the Planning Commission for a scheduled and noticed public hearing. Items denied by the Planning Commission can be appealed to the City Council. Items approved by the City Council are processed by staff accordingly through the development and implementation.

The City Council is aware the Zoning Ordinance has not been updated for consistency with the City's General Plan that was adopted in 1998. No date has been set to undertake updating the City's Zoning Ordinance.