



City Council Agenda Item Staff Report

CITY OF SAN BRUNO

DATE: January 25, 2022

TO: Honorable Mayor and Members of the City Council

FROM: Jovan Grogan, City Manager

PREPARED BY: Pamela Wu, Director

SUBJECT: Receive Report and Provide Direction Regarding the Preparation of the 2023-2031 Housing Element Update

BACKGROUND: The purpose of the study session is to provide City Council an update regarding the preparation of 2023-2031 Housing Element, to receive direction and confirmation on the proposed housing site locations that will satisfy the City's Regional Housing Needs Allocation (RHNA) requirement, and to outline public outreach efforts and the overall Housing Element preparation schedule.

The key components of the updated Housing Element include identification of potential housing sites that can feasibly be developed to satisfy the City's RHNA allocation of 3,165 units and identification of new housing policies and programs that support the development of housing for all members of the community. Prior to assembling a draft of the Housing Element, staff is seeking the City Council's affirmation and comments on the housing site inventory and affirmation or comments on specific housing policy. Staff's presentation will be divided into three sections with an opportunity to ask questions or provide comments. The three sections are:

- Section 1: Housing Site Inventory Discussion and Analysis
- Section 2: Housing Policies
- Section 3: Public Outreach and Schedule.

The City of San Bruno has started the process to update its Housing Element for the eight-year planning period from 2023-2031 (the Sixth Cycle) as directed by the State of California Department of Housing and Community Development (HCD). The City Council last adopted the Housing Element in 2014 which covered the planning period from 2015-2023 (fifth cycle).

A Housing Element must include the following components:

- Analysis of community characteristics and housing needs
- Evaluation of constraints to housing production
- Identification of sites to meet needs
- Housing plan with goals, policies, programs, and quantified objectives
- Special focus on fair housing and environmental justice

- Public engagement throughout the entire process

HCD has projected future population estimates for the nine Bay Area counties, including a specific housing target based upon a methodology adopted by the Association of Bay Area Government (ABAG) board that each city must satisfy during the next housing cycle. Each jurisdiction must ensure that there is enough land with appropriate zoning to accommodate its Regional Housing Needs Allocation (RHNA) in its Housing Element.

For the current RHNA cycle (2015-2023), San Bruno’s allocation was 1,155 units. The table below shows the City’s progress towards meeting its current allocation. Since the beginning of this cycle, building permits were issued for 203 new housing units, with a remaining obligation of 952 housing units. Although the City only achieved 18% of its RHNA allocation, it is worth noting, the City entitled over 65% of its RHNA allocation during this cycle but most projects aren’t reflected in the current RHNA progress because building permits have not been issued for the projects.

Table 1 – Current RHNA Progress

	Very Low	Low	Moderate	Market	Total
Total RHNA Allocation	358	87	158	349	1,155
Total RHNA Complete	0	74	47	82	203
Percentage Complete	0%	85%	30%	23%	18%

DISCUSSION: Housing Site Inventory Discussion and Analysis

San Bruno’s RHNA allocation for the sixth cycle is 3,165 housing units, a significant increase over the current RHNA cycle. Unconstructed housing units from the previous RHNA cycle do not get added to the current RHNA allocation. When planning for how to meet the RHNA requirement, HCD recommends an additional “buffer” of the housing allocation. HCD recommends an additional housing unit buffer to be included in the RHNA allocation. Table 2 includes an estimate of the total number of housing units with a buffer of 10 percent added to the RHNA allocation. This 10% buffer is an important component of housing planning in that it allows for case-by-case decision-making on individual projects that may include fewer housing units than anticipated and ensures that an adequate supply of sites is provided throughout the entire planning period (2023-2031), especially for satisfying lower-income RHNA numbers. The buffer is essential to ensure compliance with the “No Net Loss Law” (Government Code 65863) legislation that became effective in 2019 (SB 166). No net loss means that any site designated for housing by the City should be developed as housing or an alternative site should be designated for housing elsewhere at the time a site is developed for an alternative use. The No Net Loss Law implements the site inventory and zoning obligations placed on local government and strengthened the requirement for local

jurisdictions to maintain an inventory of sites to accommodate any unmet portion of the RHNA at all times throughout the planning period.

Table 2 - City of San Bruno RHNA Allocation

Income Category	Very Low <i>Up to 50% of Area Median Income</i>	Low <i>51% to 80% of Area Median Income</i>	Moderate <i>81% to 120% of Area Median Income</i>	Above Moderate <i>Market Rate</i>	Total
Housing Allocation	704	405	573	1,483	3,165
Housing Allocation with a proposed 10% buffer	774	446	630	1,631	3,482

The City’s obligation is to present sufficient housing sites in the updated Housing Element that can be feasibly developed during the next eight-year period. Since a majority of the sites are privately owned and subject to private market forces, the City is not responsible for the ultimate development of the sites within eight years.

It should be noted that since the last Housing Element update, the City has adopted an inclusionary housing ordinance which requires that at least 15% of all units in multi-family residential units be affordable at various income levels which will help the City meet the Housing Element affordability requirements required by the state.

Based on the draft housing allocation, staff conducted a city-wide site inventory and review of existing land use densities and zoning regulations. A preliminary analysis indicates the City will need to rezone several sites to meet its RHNA allocation, with the proposed 10% buffer, for the Housing Element period of 2023-2031. Rezoning would include the allowance for proposed housing at Tanforan where housing is not currently a permitted use.

Attachment 1 to the staff report includes a detailed description of the potential housing sites that would satisfy the City’s RHNA with a 10% buffer. The following summary table describes the number of units that can be provided in each category:

Table 3 - City of San Bruno RHNA Allocation

Project Type	Est. Units (w/ 10% buffer)
Pipeline Projects	686
Transit Corridor Plan (TCP) Area Developments	594
Tanforan area	1000
Single-Family Area and Infill	442
Accessory Dwelling Units (ADU's)	345
Bayhill Specific Plan Area	415
Total	3,482

The sites preliminarily selected by staff satisfy the city's RHNA requirement plus what would be considered a minimum buffer of 10%. With a buffer, if a site that is designated as a housing site where another type of commercial, office or hotel development is proposed and desired instead of housing, then the number of units allocated to that site would need to be taken from the buffer. Or, alternatively, the city can designate an alternative replacement site if another feasible site is developed as an alternative use. HCD recommends a 15 – 30% buffer but staff chose a lower buffer because density for the sites on the inventory list were estimated conservatively and are likely to yield more housing units than estimated. Some sites that have had developer interest were removed from the list because of concern they might not be acceptable to HCD. Additionally, there is some flexibility with the Tanforan site if more housing units are needed. If a greater buffer is desired, then staff can add sites to the inventory. Some possible additions that could be made include:

1. Additional Transit Corridors Specific Plan (TCP) sites: Additional sites within the TCP area could be added. However, additional sites may be less feasible to develop into housing in the next eight years since they may be occupied by existing commercial uses and/or require multiple lot consolidations. Based on consultant feedback, sites that have significant constraints and do not require rezoning are often heavily scrutinized by HCD and rejected as viable housing sites.
2. City owned sites: The city currently owns eight parking lots downtown and the CityNet site on El Camino Real. If these sites are designated for housing, additional units can be included in the overall RHNA goal.
3. Tanforan area: Consistent with the "Envisioning Tanforan" information prepared by the City, staff has designated 1,000 units to make up the balance of the 3,482 housing units to satisfy RHNA plus the buffer. Additional units could be designated on the Tanforan site to increase the RHNA goal.

Sites inventory Discussion:

1. Does the City Council agree with staff's evaluation of the preliminarily designated housing sites and locations as described in Attachment 1?

2. Staff currently proposes to add a 10% buffer to the projected RHNA goal. This is below the minimum buffer (15%) recommended by HCD. Does City Council wish to maintain or increase this buffer?

3. Does the City Council have any comments or questions on the housing sites preliminarily identified by staff?

Section 2: Housing Policies

The majority of the next Housing Element update includes various goals, programs and policies to encourage the development of housing and ways to improve access to housing units. The next Housing Element update will review existing programs and consider additional measures along with a timetable to implement these policies. Programs and policies in the existing Housing Element are organized under six goals, and staff anticipates that many of the existing goals and policies will be carried through to the updated Housing Element. A summary table of all existing goals and policies can be found in Attachment 3 for reference. Staff will be working with 21 Elements in the weeks ahead to consider new goals and policies to bring forward to the City Council and the community in the draft Housing Element. Prior to drafting specific new goals and policies, staff wanted to make the Council aware of new requirements and also request direction on policies.

• **Affirmatively Furthering Fair Housing (AFFH)**

Aside from maintaining the existing policies, a new component of the Housing Element update will include significant implementation on how goals and policies can affirmatively further fair housing (AFFH) as articulated in AB 686. AB 686, passed in 2018, imposes new requirements for all housing elements. These requirements include an assessment of fair housing practices, an analysis of the relationship between available sites and areas of high or low resources, and concrete actions in the form of programs to affirmatively further fair housing.

Staff is currently working with 21 Elements, a consulting group assisting San Mateo County jurisdictions with their Housing Element updates, to create a focus group of individuals who represent groups which have had trouble accessing or keeping safe and affordable housing. 21 Elements has also contracted with a specialty consultant that is providing an analysis and survey for jurisdictions to include such findings in the city's Housing Element. This is particularly important for San Bruno since the area east of El Camino Real is mostly considered a community of concern area based on one or more factors that include income, housing access, exposure to environmental conditions and

access to public and private resources and services. The presence of the 101 freeway and SFO airport contribute to the exposure to environmental conditions.

The draft Housing Element, as mandated by AB 686, will include goals and programs that further AFFH policies. A full narrative in the draft Housing Element will be prepared and presented in the Housing Element update.

- ***Housing Trust Fund***

Staff will be including new implementation policies in the Housing Element update for the City's Housing Trust Fund. San Bruno currently has a balance of approximately \$3,900,000 in its housing trust fund (HTF) and is anticipating receiving another \$10.7M from the recently entitled YouTube project within the next year. This critical mass of funds represents an opportunity for the City to deploy the resources to assist the community. Planning staff will be issuing a Request for Proposals (RFP) to housing consultants in early 2022 to select a consultant who can assist staff with developing a program for the use of housing funds.

- ***Studies or Rezoning***

The City can include policies within the eight-year Housing Element timeframe to consider land use studies and possible changes to increase the number of housing units in the city. One possible study is increased heights and other development standards outside the Transit Corridors Plan area. Specifically, the portion of El Camino Real from San Mateo Avenue south to the Millbrae border and a portion of the Towne Center property along El Camino Real could be considered for housing.

Overall, Towne Center is a thriving commercial shopping center but staff has identified the uses and parking lots along El Camino Real as suitable for mixed-use development. The El Camino Real frontage of the shopping center could be developed without impacting the viability of the anchor stores within the shopping center.

In Spring 2021, the City implemented residential mixed-use zoning on El Camino Real, south of the TCP development area, roughly the El Camino Real corridor south of San Mateo Avenue Real to the Millbrae Border. However, density in this area is limited by the 50'-0" height limit and the limit to three stories. Additional units could be developed on El Camino Real if greater height and/or number of floors was permitted, which would require a vote of the people.

Housing Policy Discussion

1. *Does the City Council have any additional considerations for how to implement the City's Housing Trust Fund beyond what is recommended within the attached housing trust fund policy considerations?*

2. *Within the eight-year Housing Element timeframe, is the City Council interested in studying changes that would allow for greater height and density along South El Camino Real and to allow housing on El Camino Real north of highway 380?*

Section 3 - Housing Element Public Outreach, Process and Schedule

Housing Element Public Outreach

On April 8, 2021, San Bruno partnered with 21 Elements to hold a workshop that introduced the Housing Element process to the community. This meeting was followed by a meeting about the RHNA process on April 22, 2021. From October through December 2021, 21 Elements hosted the following webinars to educate the public on the importance of the Housing Element process.

- Why Affordability Matters
- Housing and Racial Equity
- Housing in a Climate of Change
- Putting it all Together

In addition, 21 Elements hosted a series of meetings to collect housing needs information from service providers and community members for staff to use in drafting the Housing Element, as well as gathering community comments on fair housing issues. In December of 2021, the City promoted a survey directed to individuals who have or have had challenges affording or maintaining housing.

Between September and November of 2021, 21 Elements hosted four Housing Element listening sessions between jurisdiction staff and stakeholder organizations focused on housing issues. Staff was able to listen and learn from fair housing organizations, housing advocacy organizations, housing developers, and service providers about some of the housing issues they are seeing in San Mateo County. The meetings introduced staff to organizations that are dealing firsthand with trying to house people.

21 Elements has also established a website for use by all jurisdictions in the County called "Let's Talk Housing." In addition, staff has established a webpage with housing resources and Housing Element update information that links to the "Let's Talk Housing" website.

Staff will be doing more public engagement activities over the next few months to supplement the outreach discussed above conducted by 21 Elements and get more input on the types of policies and programs the community needs to provide housing for all San Bruno residents. The outreach will primarily be conducted remotely using online surveys, mailed surveys, and virtual meetings. Staff is assessing the possibility of using more direct outreach to engage stakeholders that do not have access to technology.

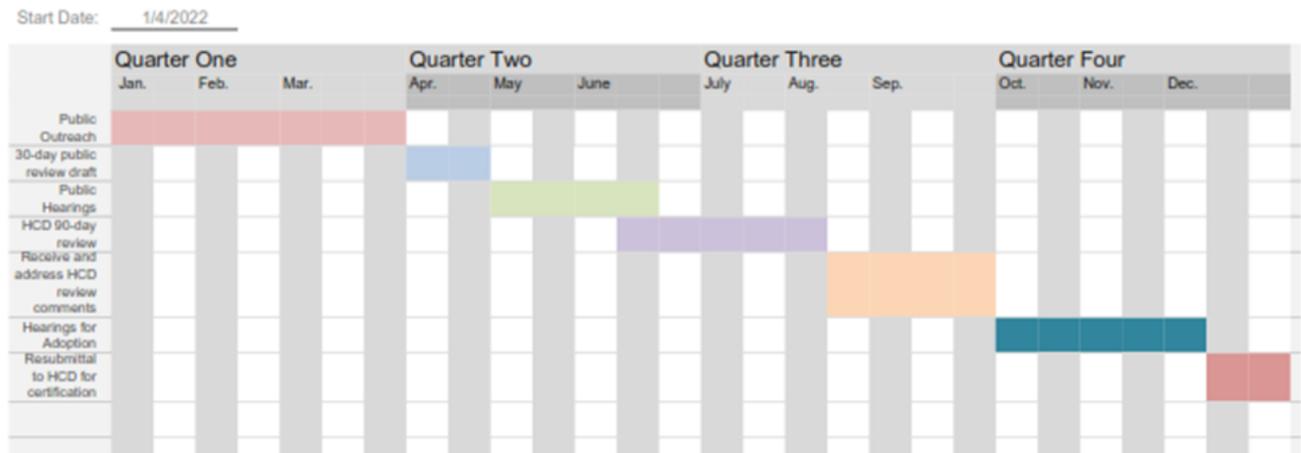
Process and Schedule

State law requires that each city within the nine County Bay Area region submit their updated Housing Element to HCD for review by January 31, 2023. Government Code Section 65585 prescribes the following steps jurisdictions are to take in adopting a Housing Element:

1. Submit a draft element to HCD prior to City Council’s adoption
2. Consider HCD’s findings prior to City Council’s adoption
3. Revise and adopt the element to comply with the statute or adopt the draft without changes and specify in the resolution the findings that explain the reasons the Housing Element complies with the statute; and
4. Promptly submit the adopted element to HCD by 1/31/2023

Local jurisdictions are required to adopt the housing element within 120 days of the January 31, 2023 statutory due date, but given the steps outlined above, a draft would need to be reviewed by Council and submitted for HCD review well in advance of that date.

The state recently passed Assembly Bill AB 215, which expanded HCD’s review time on the first submittal of the draft from 60 to 90 days, with 60 days for subsequent reviews on responses to comments. Given the process for adoption by the City and HCD certification, the following schedule is planned for 2022:



FISCAL IMPACT: Preparation of the Housing Element has been included and approved as part of the 2021-2022 fiscal year budget and will also be part of the 2022-2023 proposed budget. Total cost of the Housing Element update is estimated at \$288,000, which includes staff time (\$80,000), consultant work prepared by 21 Elements (\$55,000), consultant work prepared by Good City company (\$75,000), and consultant work prepared by David J Powers (\$78,000) for environmental analysis. The total costs

of the preparation of the Housing Element are offset by two state grants (\$42,498 from the Regional Early Action Planning / REAP Grants and \$80,000 from the Local Early Action Planning / LEAP Grants) in the total amount of \$122,498 with an approved budget allocation of \$88,000 for FY 2021-2022.

ENVIRONMENTAL IMPACT: The action is not a project subject to CEQA. City Council's action is not considered a "Project" per CEQA Guidelines and therefore no further environmental analysis is required.

RECOMMENDATION: Receive Report and Provide Direction Regarding the Preparation of the 2023-2031 Housing Element Update.

ALTERNATIVES: None. This item is for discussion only.

ATTACHMENTS:

1. Detailed Discussion of Housing Sites and Maps
2. Affordable Housing Fund Implementation Consideration Criteria
3. Existing Housing Element Policies