



Planning Commission Agenda Item Staff Report

CITY OF SAN BRUNO

DATE: February 15, 2022

TO: Planning Commission

FROM: Michael Laughlin, Planning & Housing Manager

PREPARED BY: Michael Smith, Senior Planner

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

BACKGROUND:

The Housing Element is a required element of a General Plan which identifies policies and programs to meet the housing needs of the city's current and future residents. State law (Government Code Sections 65580-65589.8) requires that every city and county in California adopt a Housing Element, approximately every eight years. In addition, the State Department of Housing and Community Development (HCD) reviews and certifies that each jurisdiction's Housing Element meets all the requirements of the law. San Bruno's current Housing Element was adopted in 2015 and the new document must be adopted by January 2023, but the approval process can take several months. Staff has started the process to update San Bruno's Housing Element for the eight-year planning period from 2023-2031. The purpose of this staff report is to provide the Planning Commission an update regarding the preparation of 2023-2031 Housing Element. Staff made a similar presentation to City Council at its January 25th meeting. No action is required at this time.

At its core, a Housing Element is an opportunity for a community conversation about how to address local housing challenges and find solutions. The Housing Element addresses a range of housing issues such as affordability, design, housing types, density and location, and establishes goals, policies and programs to address existing and projected housing needs. The Housing Element must be internally consistent with other parts of the General Plan and is critical to having a legally adequate General Plan.

This Housing Element update is expected to be more difficult than previous cycles for several reasons. San Bruno's Regional Housing Needs Allocation (RHNA) is significantly higher than the last cycle, 3,165 compared to 1,155. Also, because of changes in state law, it will be harder to identify sites that can count towards meeting the RHNA. There are also other new rules, such as Affirmatively Furthering Fair Housing (described below), which are in effect for the first time this cycle.

City staff is collaborating with staff in other jurisdictions in San Mateo County to complete our Housing Element through 21 Elements who is assisting staff in completing

the necessary tasks to achieve a certified Housing Element.

The Housing Element typically includes:

1. **Housing Needs Assessment:** Examine demographic, employment and housing trends and conditions and identify existing and projected housing needs of the community, with attention paid to special housing needs (e.g., large families, persons with disabilities).
2. **Evaluation of Past Performance:** Review the prior Housing Element to measure progress in implementing policies and programs.
3. **Housing Sites Inventory:** Identify locations of available sites for housing development or redevelopment to ensure there is enough land zoned for housing to meet the future need at all income levels.
4. **Community Engagement:** Implement a robust community engagement program, reaching out to all economic segments of the community plus traditionally underrepresented groups.
5. **Constraints Analysis:** Analyze and recommend remedies for existing and potential governmental and nongovernmental barriers to housing development.
6. **Policies and Programs:** Establish policies and programs to be carried out during the 2023-2031 planning period to fulfill the identified housing needs. With special focus on fair housing and environmental justice.

New Requirements for this Housing Element Update

Recent legislation resulted in the following key changes for this 6th cycle of RHNA and Housing Element updates:

- **Higher allocations** - There is a higher total regional housing need. HCD's identification of the region's total housing needs has changed to account for unmet existing need, rather than only projected housing need. HCD now must consider overcrowded households, cost burdened households (those paying more than 30% of their income for housing), and a target vacancy rate for a healthy housing market (with a minimum of 5%).
- **Affirmatively Furthering Fair Housing (AFFH)** - Local Housing Elements must affirmatively further fair housing. According to HCD, achieving this objective includes preventing segregation and poverty concentration as well as increasing access to areas of opportunity. HCD has mapped Opportunity Areas and has developed guidance for jurisdictions about how to address affirmatively furthering fair housing in Housing Elements.
- **Limits on Sites** - Identifying Housing Element sites for affordable units will be more challenging. There are new limits on the extent to which jurisdictions can reuse sites

included in previous Housing Elements and increased scrutiny of small, large, and non-vacant sites when these sites are proposed to accommodate units for very low- and low-income households.

- Safety and Environmental Justice Element - State law requires that the Safety Element of the General Plan be updated. The Safety Element must address new wildfire, evacuation routes, and climate adaptation and resilience requirements in an integrated manner. When two or more general plan elements are updated, jurisdictions with disadvantaged communities must address Environmental Justice, either in a stand-alone element or as a cross-cutting topic across multiple elements.

Fifth Cycle (Current) RHNA

HCD has projected future population estimates for the state and assigns the number of housing units needed to house the population to the state's regional governing bodies. The regional governing bodies are then responsible for assigning every city in California a target number of homes to plan for. The Association of Bay Area Government (ABAG), the regional governing body for the nine county Bay Area, then assigns the housing units to each Bay Area jurisdiction through a process called the Regional Housing Needs Allocation. Each jurisdiction must then ensure that there is enough land with appropriate zoning to accommodate its 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%

Sixth Cycle RHNA

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 unit “buffer” above the housing allocation. The buffer is not required but HCD strongly recommends an additional housing unit buffer to allow 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.

The City Council, at their meeting of January 25, 2022, reviewed a RHNA buffer of 10% and indicated that they wanted the buffer increased from 10% to 15%. Table 2 includes the RHNA allocation with a added 15% unit buffer.

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 Market Rate	Total
Housing Allocation	704	405	573	1,483	3,165
Housing Allocation with a proposed 15% buffer	810	466	659	1,705	3,640

DISCUSSION: One of the challenges this cycle will be identifying sufficient housing sites to meet San Bruno’s RHNA. This is in part due to the higher RHNA, but also because of new limits on what can be counted as sites. New requirements mean there will be increased scrutiny on small (0.5 acre or less), large (10 acre or more) and redevelopment sites. Additionally, sites used in previous Housing Elements have new requirements if they are to be included again in the sites inventory. ADUs can be counted based on recent trends, and pipeline projects can be used as well.

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.

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 site(s) to meet its RHNA allocation for the next Housing Element cycle. Rezoning would include the allowance for proposed housing at Tanforan and Towne Center where housing is not currently a permitted use.

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.

Attachment 1 to the staff report includes a detailed description of the potential housing sites that would satisfy the City's RHNA allocation with a 15% 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/ 15% buffer)
Pipeline Projects	686
Transit Corridor Plan (TCP) Area Developments	752
Tanforan area	1000
Single-Family Area and Infill	442
Accessory Dwelling Units (ADU's)	345
Bayhill Specific Plan Area	415
Total	3,640

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 broad 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, a consulting group assisting San Mateo County jurisdictions with their Housing Element updates, in the weeks ahead to consider new goals and policies to bring forward to the Planning Commission and the community in the draft Housing Element.

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 to 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 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

The Housing Element update will include new implementation policies 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.

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. Staff is assessing the possibility of using more direct outreach to engage stakeholders that do not have access to technology.

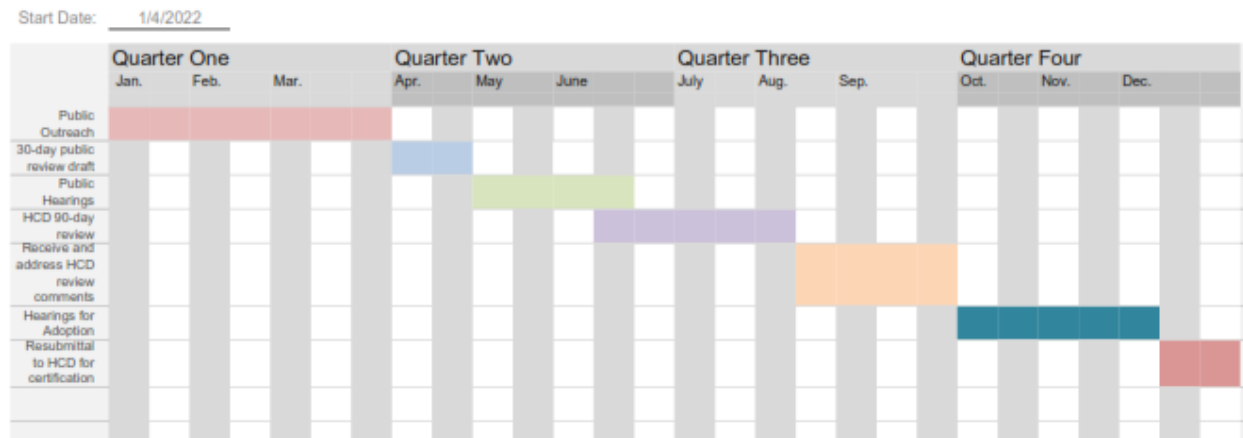
Process and Schedule

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 Planning Commission’s review
2. Consider HCD’s findings prior to Planning Commission’s review
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:



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 as outlined in the staff report.

ATTACHMENTS:

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