City Council Agenda Item
Staff Report

CITY OF SAN BRUNO

DATE: March 14, 2023

TO: Honorable Mayor and Members of the City Council

FROM: Jovan D. Grogan, City Manager

PREPARED BY: Peter Gilli, Community and Economic Development Director

SUBJECT: Receive the 2022 Housing Element Annual Progress Report and Authorize Transmittal to the California Department of Housing and Community Development and Governor's Office of Planning and Research

BACKGROUND:
California Government Code Section 65400 requires all jurisdictions in California to prepare and submit an annual progress report ("APR") on the status and progress in implementing its Housing Element of the General Plan to Office of Planning and Research ("OPR") and Housing and Community Development ("HCD") by April 1st of each year. Cities and counties with a compliant housing element and up-to-date submissions of APRs remain eligible for SB 2 Building Homes and Jobs Act funds. The APR evaluates the status of the implementation programs and housing production for the time period between January 1 and December 31, 2022. Prior to submittal, the city is required to hold a public meeting to review the city's progress towards implementing its housing element programs and how the share of the Regional Housing Needs Allocation ("RHNA") is met. The RHNA is subdivided among four household income categories: very-low, low, moderate, and above moderate. Affordable housing income limits are determined by the U.S. Department of Housing and Urban Development ("HUD") and are adjusted for family size, as detailed in Table 1 below (effective April 18, 2022). Public comments received during the meeting will be forwarded to HCD as well. The 2022 Annual Housing Element Report which will be submitted to the state can be found in Attachment 1.

TABLE 1. SAN MATEO COUNTY INCOME LIMITS (2022)

	Number of Persons Per Household (Maximum Income)				
Income Category	**1**	**2**	**3**	**4**	**5**
Extremely Low	$39,150	$44,750	$50,350	$55,900	$60,400
Very Low	$65,250	$74,600	$83,900	$93,200	$100,700
Low-Income	$104,400	$119,300	$134,200	$149,100	$161,050
Median-Income	$116,200	$132,800	$149,400	$166,000	$179,300
Moderate-Income	$139,450	$159,350	$179,300	$199,200	$215,150

Source: HCD State Income Limits 2022

The Housing Element is updated every eight years. San Bruno's current Housing Element was adopted in 2015 and covers the planning period from 2015 to 2023. 2022 marks the end of the current (fifth) cycle and is referred to as "RHNA 5." On January 24, 2023, the City adopted its updated Housing Element for the sixth cycle which covers the planning period from 2023-2031.

Additional reporting requirements have been added to the APR form for the 2022 calendar year to address changes to state law pursuant to Assembly Bill 757, Senate Bill 9, and Senate Bill 290. Table F2 has been added for reporting of Above Moderate-Income Units converted to Moderate-Income pursuant to GC 65400.2. Units converted to deed restricted moderate-income housing can count toward up to 25% of the moderate income RHNA if certain conditions are met. Table I was added for reporting of units constructed pursuant to GC 65852.21 and applications for lot splits pursuant to GC 66411.7. Table J was added for reporting of student housing developments for low-income students that were granted a density bonus pursuant to GC 65915(b)(1)(F).

DISCUSSION:
The APR is a tool to assist the City in implementing its Housing Element and to monitor progress in addressing the City's housing programs and goals. HCD provides standard forms to report information required for the Housing Element APR, which includes the following sections summarized below:

- **Table A**: Tables A and A2 provide information on new residential development in various stages of the development process and affordability levels during 2021.
- **Table B**: This table provides information on the permitted housing units by affordability levels to document City's progress in meeting the City's Regional Housing Needs Allocation (RHNA).
- **Table C**: List sites identified or rezoned to accommodate shortfall housing need and No Net-Loss Law.
- **Table D**: This table provides the status and progress of how each identified Housing Element program and policy has been implemented.
- **Table E**: Lists projects that were approved for a commercial development bonus.
- **Table F:** This table provides information on units that were rehabilitated, preserved and acquired for alternative adequate sites.
- **Table F2 (new):** This table has been added for reporting of above moderate-income units converted to moderate-income units.
- **Table G:** This table provides information on locally owned lands Included in the Housing Element Sites Inventory that have been sold, leased, or otherwise disposed of.
- **Table H:** This table lists an inventory of locally owned surplus sites.
- **Table I (new):** This table captures units created as the result of a lot split.
- **Table J (new):** This table was added for reporting student housing developments for low-income students that were granted a density bonus.
- **LEAP Reporting**: This is a reporting mechanism for any Local Early Action Planning (LEAP) Grant funding that was received.

Housing Production

In the eighth year of the planning cycle (2022) the City issued building permits for 47 dwelling units, and a total of 332 dwelling units over the planning cycle. Table 2 below shows the City's current housing production against the RHNA allocation of 1,155 new units for the eight-year

period from 2015-2023. This leaves a remaining obligation of 823 housing units. The table details how many building permits were issued by each income level against the RHNA target.

All of the building permits issued by the City for housing in 2022 were for ADUs. Total building permits issued for ADUs decreased from 2021 when the City issued building permits for 68 ADUs. Although there was a dip in ADU production in 2022, overall, ADU production in the city is strong which highlights their importance in providing an additional housing type in the city. Staff estimates ADU construction will continue to be robust with a target of 240 ADUs throughout the sixth Housing Element cycle.

Table 2. Housing Production from 2015 – 2022 (based on Building Permit issuance)

Income Level	RHNA	2015	2016	2017	2018	2019	2020	2021	2022	Total	Remaining
Very Low	358	0	0	0	0	0	0	20	14	34	**324**
Low	161	1	4	14	6	42	7	23	14	111	**50**
Moderate	205	1	41	0	0	5	0	21	14	82	**123**
Above Moderate	431	9	42	1	0	2	28	18	5	105	**326**
Total Units	**1,155**	**11**	**87**	**15**	**6**	**49**	**35**	**82**	**47**	**332**	**823**

Accessory Dwelling Unit affordability was determined based on an affordability analysis conducted by ABAG. The analysis concluded that in most jurisdictions, the following assumptions are generally applicable. Staff has chosen to use this methodology in lieu of conducting a city specific ADU affordability analysis. Below are the affordability assumptions:

Table 3. ADU Affordability Assumptions

Percent	Income Category
30%	Very low income
30%	Low income
30%	Moderate income
10%	Above moderate

The city did not meet its RHNA allocation for the fifth Housing Element cycle at any income category and will now begin working towards meeting its allocation of 3,165 housing units for the sixth Housing Element cycle. Housing units that receive their certificate of occupancy after June 30, 2022, will be counted towards the sixth Housing Element cycle RHNA allocation.

Because the City has not met its RHNA allocation for any income category for this year, it remains subject to the provisions of Senate Bill 35, which affords developers ministerial (staff level) review within a statutory timeframe for qualifying housing projects. The City will remain subject to these provisions until it has met its proportional pro-rated RHNA allocation sum for any given year by income category.

Housing Units Entitled

The city entitled many more housing units over the course of the planning cycle which are not counted towards housing production because HCD only counts building permit issuance towards the RHNA allocation. In 2022, the city entitled 163 dwelling units.

A summary of several development projects and their status are listed below:

Glenview Terrace – The City approved a residential subdivision of 29 single-family homes on a 3.28 acre development site.

732-740 El Camino Real – The City reviewed and approved a proposal to construct a six-story, multi-family building with 134 dwelling units, pursuant to Senate Bill 35.

Housing Units Finaled

The City finaled 57 housing units in 2022. The building permits for these housing units were issued in previous years and do not count towards housing production for 2022 but HCD tracks housing units through the permitting process. This total includes 27 ADUs and 30 multi-family housing units at Skyline College.

Housing Unit Entitlements Submitted

Entitlements for a total of 542 housing units were submitted in 2022 and are currently under review and pending entitlement. Below is a brief summary of each project currently under review. Housing projects which were submitted for entitlement in 2022 and already approved are not included here.

- **840 San Bruno Avenue** – The project proposes to construct two 10-story multi-family residential buildings, with a total of 341 total housing units.

- **111 San Bruno Avenue** – The proposal is to construct a five-story, mixed-use building with a total of 46 dwelling units.

- **300 Piedmont Drive (former Crestmoor High School site)** – The project proposes a residential subdivision of 155 single family homes and common open spaces.

Progress in Implementing Housing Programs

The 2015-2023 Housing Element identifies six goals and 51 programs. The six Housing Element goals are:

1. Protect the quality and stability of existing neighborhoods through the conservation, rehabilitation, and improvement of the existing housing supply.
2. Accommodate regional housing needs through a community-wide variety of residential uses by size, type, tenure, affordability, and location.
3. Expand the variety of construction and financing techniques available to achieve new affordable housing and maintain it over time.
4. Achieve energy and environmental conservation in residential design, particularly techniques that would also reduce noise impacts on housing, while maintaining the affordability of housing units.
5. Ensure the continued availability of affordable housing for very-low, low, and moderate-income households, seniors, persons with disabilities, single-parent households, large families, and other special needs groups.
6. Support the needs of those with extremely low incomes, including access to counseling, referrals, dispute resolution, supportive housing, and emergency shelter.

Table G of the Annual Progress Report tracks San Bruno's progress in implementing the 51 programs listed in the Housing Element. Below is a summary of the important program achievements accomplished in 2022.

- **Support identified housing opportunities.** In 2022, the city approved the Glenview Terrace residential subdivision project, site #3 in the inventory. Its approval satisfies Program 2-C of the Housing Element, to encourage redevelopment of the city's identified housing opportunity sites.

- **Infrastructure Upgrades.** The City continued its program of infrastructure upgrades in the Avenues in 2022.

- **Legalize Second Units (ADUs).** The City legalized three ADUs in 2022.

- **Small Lots.** In 2022, the City approved the Glenview Terrace project, a residential subdivision which utilizes small lots to maximize residential density. Other residential subdivisions that employ small lots were submitted in 2022 and are currently under review.

- **Reuse former school sites.** Program 2-D of the Housing Element encourages the redevelopment of former school sites in San Bruno. In 2022, the city received an application to redevelop the former Crestmoor High School site with a residential project containing 155 housing units. Crestmoor is also listed as a housing opportunity site in the fifth-cycle Housing Element.

- **Noise Insulation.** The City issued six noise insulation permits in 2022.

- **Support Home Sharing Programs.** The City continues to implement Program 6-C of the Housing Element by supporting the Housing Investment Partnership (HIP) program, which coordinates shared housing opportunities.

CONCLUSION:

The City's focus on housing production remains a high priority. Now that the fifth RHNA cycle has come to a close, the City will focus its efforts on implementation of the 2023 – 2031 Housing Element. The City goes into next cycle with strong pipeline of entitled housing units and several large housing projects pending entitlement. There is reason to believe that once the economy improves housing development in the city will be well positioned as developers have increased access to capital.

FISCAL IMPACT:

There is no fiscal impact but program implementation may have impacts to staffing resources and/or projects/priorities and will be considered as part of the City's annual budget process.

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 the Housing Element Annual Progress Report for 2022 and authorize transmittal to the California Department of Housing and Community Development (HCD) and Governor's Office of Planning and Research (OPR).

ALTERNATIVES:
Direct staff to make revisions to the annual report before submitting to HCD.

ATTACHMENTS:
1. 2022 San Bruno Housing Element Annual Progress Report