



## City Council Agenda Item Staff Report

CITY OF SAN BRUNO

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**DATE:** May 23, 2023

**TO:** Honorable Mayor and Members of the City Council

**FROM:** Alex D. McIntyre, Interim City Manager

**PREPARED BY:** Peter Gilli, Community and Economic Development Director

**SUBJECT:** Consider Adoption of a Resolution

- Approving a Budget Amendment for the FY 2022-23 Operating Budget to Accept \$42,498 From a State Regional Early Action Planning Grant for the Housing Element and Appropriating the Funds to the Housing Element Updated Project, and,
- Authorizing the City Manager to Execute an Agreement Amendment With David J. Powers & Associates, Inc. for \$8,711.76 and an Agreement Amendment With Good City Company for \$33,786.24 to Complete the 2023 – 2031 Housing Element Update Project

### **BACKGROUND:**

Under California law, each jurisdiction in the State is required to update its Housing Element every eight years. The City Council adopted the 2023-2031 Housing Element on January 24, 2023, and the City forwarded the document to the California Housing and Community Development Department (HCD) for their review on January 31, 2023.

Due to numerous changes in State law as it relates to housing, the Statewide trend is that at least three rounds of HCD review are needed to get certification. The City received HCD's comments on March 29, 2023. Additional work is necessary to receive formal certification of the Housing Element from HCD. The City's next submittal will be HCD's third review.

Of the twenty-one jurisdictions in San Mateo County, one (Redwood City) has received HCD certification (4.8%). Of the 109 jurisdictions in the Association of Bay Area Governments (ABAG), 17 have received certification (15.6%).

### **Budget**

The Housing Element Update Project is a multi-year project, with funding provided in the FY 2021-22 and FY 2022-23 Operating Budget. Table 1 shows the approved budget for the project, with appropriations and expenditures:

**Table 1: Existing Housing Element Update Project Budget**

<b>Funding Source</b>	<b>Appropriation</b>	<b>Consultant/Lead Agency</b>	<b>Approved Expenditure</b>
General Fund	\$208,000	San Mateo County	\$54,500
General Plan Maintenance Fund	\$12,000	Good City Company (Planning)	\$75,000
LEAP Grant	\$80,000	David J. Powers (DJP) (CEQA)	\$138,850
		Water Study	\$25,000
		Misc Costs	\$6,650
<b>Total</b>	<b>\$300,000</b>	<b>Total</b>	<b>\$300,000</b>

**DISCUSSION:**

Three changes to the Housing Element budget are proposed to complete the work and receive HCD certification in a timely manner.

1. **Budget Amendment, Acceptance, and Appropriation for REAP Grant.** The City has been awarded a REAP (Regional Early Action Planning) grant for \$42,498 from the State that can be used to support housing-related work, including work to offset costs of the environmental analysis for the Housing Element. City Council acceptance of this grant, and appropriation of these funds to the Housing Element Update Project is recommended.
2. **DJP Agreement Amendment.** DJP completed the necessary work for the environmental analysis (CEQA) but exceeded its agreement by \$8,711.76. The overage was a result of the need for additional meetings and added preparation of drafts to complete the documents necessary for the City to submit the City Council adopted Housing Element by the State's January 31, 2023 deadline. Staff recommends City Council authorization to amend DJP's agreement to allow the additional \$8,711.76 in work that was essential to completing the environmental review.
3. **Good City Agreement Amendment.** Additional work for staff and Good City is necessary to respond to HCD comments to have the Housing Element formally certified by the State. Staff recommends City Council authorization to amend Good City's agreement to add \$33,786.24 for this work.

These three actions will allow staff to continue to receive consultant support to respond to HCD comments to get formal certification, and the proposed Housing Element budget is reflected in Table 2:

**Table 2: Proposed Housing Element Budget**

<b>Funding Source</b>	<b>Appropriation</b>	<b>Consultant/Lead Agency</b>	<b>Proposed Expenditure</b>
Total from Table 1	\$300,000	Total from Table 1	\$300,000
State REAP Grant	\$42,498	Authorize GCC Amendment	\$33,786.24
		Authorize DJP Amendment	\$8,711.76
<b>Proposed Total</b>	<b>\$342,498</b>	<b>Proposed Total</b>	<b>\$342,498</b>

**FISCAL IMPACT:**

The proposed cost of the agreement amendments will be fully offset with the revenue from the REAP grant, therefore there is no fiscal impact to this item.

**ENVIRONMENTAL IMPACT:**

The Resolution approving a consulting service agreement for preparation of Housing Element environmental review is not considered a "Project" by the California Environmental Quality Act (CEQA) and therefore no further environmental analysis is required.

**RECOMMENDATION:**

Adopt a Resolution: Approving a Budget Amendment for the FY 2022-23 Operating Budget to Accept \$42,498 from a State Regional Early Action Planning Grant for the Housing Element and Appropriating the Funds to the Housing Element Updated Project, and Authorizing the City Manager to Execute an Agreement Amendment with David J. Powers & Associates, Inc. for \$8,711.76 and an Agreement Amendment with Good City Company for \$33,786.24 to Complete the 2023 – 2031 Housing Element Update Project.

**ALTERNATIVES:**

1. The City Council could choose not to accept the grant, and direct staff to return with an appropriation of General Fund or General Plan Maintenance Fund dollars to fund the agreement amendments.
2. The City Council could choose not to authorize the agreement amendments, which would require staff to complete the necessary work to respond to HCD comments, which would significantly delay HCD's certification of the Housing Element.

**ATTACHMENTS:**

1. Resolution