



Legislation Details (With Text)

File #:	23-54	Name:	
Type:	Staff Report	Status:	Public Hearing
File created:	1/17/2023	In control:	City Council
On agenda:	1/25/2023	Final action:	
Title:	Report regarding determinations under CEQA for the proposed Housing Element of the General Plan for the period of 2023-2031 and adoption of the Housing Element in compliance with state Housing Element Law. (Tony Rozzi, Chief Planner)		
Sponsors:			
Indexes:			
Code sections:			
Attachments:	1. Att. 1a - 2910-2023 PC Reso - Housing Element 2023-2031 CEQA (P23-0001), 2. Att. 1b - 2911-2023 PC Reso - Housing Element 2023-2031 Recommendation (P23-0001), 3. Att. 2 - HE Comment Emails Received for PC Combined, 4. Att. 3 - Staff Presentation, 5. eComment - Item 16, 6. SB 343 Item 16 - Public Comments Submitted after CC Packet Publication_Redacted		

Date	Ver.	Action By	Action	Result
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Report regarding determinations under CEQA for the proposed Housing Element of the General Plan for the period of 2023-2031 and adoption of the Housing Element in compliance with state Housing Element Law. (Tony Rozzi, Chief Planner)

RECOMMENDATION

Staff recommends the following actions by the City Council:

- 1. Adopt a resolution determining that the proposed Housing Element Update is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines 15061(b)(3) and is also covered under prior environmental analysis prepared for the General Plan Update and there are no new impacts not previously analyzed; and**
- 2. Adopt a resolution amending the General Plan and adopting the Housing Element Update for the Period of 2023-2031.**

BACKGROUND AND OUTREACH PROCESS TO DATE

The Housing Element is one of the seven mandatory elements of the General Plan that describes how local jurisdictions plan to meet the housing needs allocated to their communities. Once adopted in substantial compliance with state housing element law, the 2023-2031 Housing Element will serve as the housing program and policy document governing the 2023-2031 planning period.

The City Council and Planning Commission held a joint study session on August 9, 2022 to discuss the draft Housing Element. The document includes obligations for zoning to produce housing and programs to support various equity, affordability, and access issues related to housing for the period of 2023-2031. A summary of process and actions is below:

- Per AB 215, this Draft Housing Element was posted online and made available to the public for comments starting on July 5, 2022. They were posted online for comments and staff evaluated/incorporated as appropriate. The online locations for public posting were at:
 1. General Plan 2040 Update - <https://shapessf.com/plan-feedback/> initially and now located here: <https://shapessf.com/the-housing-element/>
 2. 21 Elements Regional Consortium led Let's Talk Housing - <https://www.letstalkhousing.org/connect>
- Additionally, the City held a joint study session with the City Council and Planning Commission on August 9, 2022 to discuss the Draft Housing Element and this was an additional opportunity for any stakeholders to provide comments.
- Since the study session on August 9, 2022, the City provided at least 10 business days to consider and incorporate public comments received. In fact, the City engaged for an entire month to thoughtfully review and update its Draft Housing Element based on the outstanding community feedback. Appendix 1.3 of the Draft Housing Element details all public comments received and the City's response and alteration to the Housing Element, as applicable.
- Staff submitted the draft Housing Element to HCD on September 9, 2022 and received a comment letter within the 90 day timeline on December 7, 2022.
- HCD Comments were minor - they primarily consist of further analysis supporting the proposed housing programs, edits to timing for program deliverables, and clarification showing how the draft Housing Element complies with state law.
- The response to those comments and revised draft Housing Element was completed and shared with the City Council for a Study Session on January 11, 2023.
- The City Council provided some additional feedback including edits to Programs EQ-6.3, CRT-7.2, CRT-9.1 and requested new program CRT-8.3. The cumulative edits are now before the Planning Commission for consideration.
- The Planning Commission reviewed and recommended adoption at a public hearing on January 19, 2023.

Staff has completed responses to each HCD comment and modified programs at the recommendation of HCD staff to better serve South San Francisco housing needs. Edits are red-lined throughout the document and the location of the edit is indicated in the attached HCD comment letter. By doing this, the modified document since its publication is clear for the public/advocate/HCD reviewer, as well as the City's decision makers. A final, clean version will be incorporated into the General Plan upon acceptance by HCD.

DISCUSSION

California requires each jurisdiction to prepare a Housing Element as part of its General Plan in order to ensure that all jurisdictions are planning for the projected housing demand throughout the State. A Housing Element is one of the seven State-mandated Elements of the General Plan. Unlike other elements of a General Plan, the

Housing Element must be updated by deadlines set by the State. The Housing Element is the blueprint for future housing development in the city and includes goals, policies, and programs that direct residential decision-making. The Housing Element is required by state law to identify how and where the housing needs of each community will be met.

The process begins with the State advising a region of their Regional Housing Needs Allocation (RHNA), which is the estimated number of housing units that will be needed over the planning period (usually eight years). This allocation is further subdivided among four household income categories: very-low, low, moderate and above moderate. The amount that residents can afford to spend on housing depends on their income. Specifically, federal guidelines suggest that people not spend more than 30 percent of their earnings on rent or mortgage, including utilities. Affordable housing income limits are determined by the U.S. Housing and Urban Development (HUD) and is adjusted for family size for San Mateo County for 2022 (latest available) are detailed in the table below:

FAMILY SIZE	EXTREMELY LOW BELOW 30%	VERY LOW BELOW 50%	LOW BELOW 80%	MEDIAN 100%	MODERATE BELOW 120%	ABOVE MODERATE
1	\$32,150	\$65,250	\$104,400	\$116,200	\$139,450	> \$139,450
2	\$44,750	\$74,600	\$119,300	\$132,800	\$159,350	> \$159,350
3	\$50,350	\$83,900	\$134,200	\$149,400	\$179,300	> \$179,300
4	\$55,900	\$93,200	\$149,100	\$166,000	\$199,200	> \$199,200
5	\$60,400	\$100,700	\$161,050	\$179,300	\$215,150	> \$215,150
6	\$64,850	\$108,150	\$173,000	\$192,550	\$231,050	> \$231,050

Based on the previous chart for the last cycle covering 2015-2023, the median income dataset for a family of four has increased over 60% from \$103,000 to \$166,000. This doesn't suggest that family incomes have necessarily grown by that much; rather the massive increase in wealth throughout San Mateo County has driven the median income up by 60% in eight years, which is a challenge for affordable housing at all income levels.

Regional Housing Needs Allocation (RHNA)

The Association of Bay Area Governments (ABAG) is responsible for the public process by which this regional allocation is apportioned to each jurisdiction within its boundaries. In addition to demonstrating how the allocated number of units can be produced, policies in a Housing Element must also:

1. Address the removal of governmental barriers to housing production;
2. Ensure the jurisdiction's housing stock is maintained, and
3. Ensure that housing is available to all types of persons on an equitable basis.

This housing cycle covers January 31, 2023 through January 31, 2031. The City of South San Francisco has a RHNA allocation of 3,956 units for this cycle, with units distributed based upon income group as shown in the table below. (Note, the City's RHNA allocation for the previous housing cycle (2015-2023) was 1,835 units, of which 1,175 units or about 65% have been constructed or entitled.) This percentage of development or entitlement has run consistently at 65% for the last two RHNA cycles, coincidentally, but perhaps represents a more realistic production number than the ABAG expectations.

Income Group	South San Francisco Units	San Mateo County Units	Bay Area Units	South San Francisco %	San Mateo County %	Bay Area %
Very-Low-Income (<50% of AMI)	871	12,196	114,442	22.0%	25.6%	25.9%
Low-Income (50%-80% of AMI)	502	7,023	65,892	12.7%	14.7%	14.9%
Moderate-Income (80%-120% of AMI)	720	7,937	72,712	18.2%	16.6%	16.5%
Above-Moderate-Income (>120% of AMI)	1,863	20,531	188,130	47.1%	43.1%	42.6%
Total	3,956	47,687	441,176	100.0%	100.0%	100.0%

Source: ABAG.

If a city does not comply with the State Department of Housing and Community Development (HCD) requirements for their Housing Element, there is a risk of Housing Element litigation, loss of local land use control, the RHNA numbers (allocation) becoming cumulative (per AB 1233), and ineligibility for qualifying for State Housing Funds and other infrastructure funds.

Opportunity Site Analysis

To show that the City has properly zoned land to meet the RHNA numbers, the City is required to complete an adequate site inventory, which is found in Chapter 5, Housing Resources in Our City, in the draft Housing Element.

The City of South San Francisco has an adequate number of sites to accommodate its share of the RHNA for this housing cycle. In fact, because the City is utilizing the land use designations adopted with the General Plan Update, there are an abundance of sites imagined for development under the twenty year vision. There is sufficient land to support the production of 3,956 new housing units that have been allocated to South San Francisco for this housing cycle.

Policies and Programs

The updated Housing Element carries over many of the goals, policies and programs from the previous Housing Element. Additionally, in response to comments received by the public and advocate groups, several new programs were introduced. These can be found in Chapter 7, Housing Plan - Goals and Policies, in the draft Housing Element.

ADOPTION SCHEDULE

To meet the state deadline of January 31, 2023, for local adoption of the draft Housing Element, this schedule is being followed:

1. City Council study session on January 11, 2023, for comments and edits - COMPLETE
2. Planning Commission consideration of the draft housing element - COMPLETE
3. City Council consideration of the draft housing element for adoption - TONIGHT
4. Submittal to HCD by 1/31/23

Staff, in coordination with the City Attorney, has provided a draft Housing Element in substantial compliance with state law governing housing elements for Planning Commission and Council consideration and adoption. A checklist detailing compliance is included as part of the companion resolution for the General Plan Amendment as Exhibit A. Local adoption of a Housing Element in substantial compliance with state law by January 31, 2023 will ensure that our jurisdiction is not subject to penalties or override of local decision-making related to new development.

ZONING CONSISTENCY

No new zoning changes affecting density, height, location, or other development standard are proposed with this Housing Element - all those elements were adopted with the General Plan Update's companion zoning, effective November 26, 2022 and now under enactment. Several new programs in the Housing Element propose to modify zoning and those will be evaluated at the time of consideration at a future public hearing.

GENERAL PLAN CONFORMITY

The Housing Element implements the goals and policies outlined and adopted by the City Council in October 2022 with the new General Plan Update. A focus on equity, access, and fair housing was highlighted in the General Plan community process and translates directly to the proposed Housing Element.

ENVIRONMENTAL REVIEW

Under California Environmental Quality Act (CEQA) Section 15061(b)(3), the Housing Element Update for the Period of 2023-2031 is exempt from CEQA since it does not implement any land use changes and is simply a policy document. Any zoning amendments would be evaluated separately at the time of consideration of a decision-making body. Furthermore, the Housing Element Update for the Period of 2023-2031 is covered by prior environmental analysis prepared for the Updated General Plan and there are no new impacts not previously analyzed. The General Plan Update Environmental Impact Report (EIR) with State Clearinghouse No. 2021020064 was certified by the City Council and filed on October 17, 2022 with San Mateo County and evaluated all land use and zoning changes discussed as part of the Housing Element Update.

AIRPORT LAND USE COMMISSION

The Airport Land Use Commission (ALUC) reviewed and accepted both the General Plan Update and the Draft Housing Element for the Period of 2023-2031 at their August 25, 2022 public hearing. No further review by the ALUC is required unless there are changes made to the adopted Housing Element.

PLANNING COMMISSION

In accordance with Government Code Section 65350 et seq., the Planning Commission took public comment and recommended adoption of the Draft Housing Element at a public hearing held on January 19, 2023. Approving resolutions are included as Attachment 1 to this staff report.

Public comments received on the published Planning Commission packet for January 19, 2023 are included as Attachment 2 to the staff report. These comments primarily focused on one opportunity site, the Municipal Services Building, and a summary response shared with each commenter is included below as reference:

Thank you for your comment. The Planning Commission is considering the draft Housing Element for the Period 2023-2031 at its upcoming public hearing on Thursday, January 19, 2023, and not specifically, the future of the Municipal Services Building. The Housing Element is a policy level document only and does not obligate the City of South San Francisco (City) to build housing; however, it does require that the City adopt zoning and programs to support the construction, preservation, and maintenance of housing stock throughout South San Francisco, however.

The draft Housing Element identifies potential opportunity sites for residential or mixed-use development and must be approved by the California State Department of Housing and Community Development (HCD); otherwise, we may be subjected to "Builder's Remedy" by January 31, 2023. In a nutshell, Builder's Remedy is a housing development streamlining tool that provides developers the option to file an application for a housing development project with at least 20 percent affordable housing that is not in conformance to our City's zoning or General Plan. Our City would have very limited ability to deny such a qualifying housing development project if we do not have an HCD-

certified housing element.

Consideration and adoption of the draft Housing Element by the Planning Commission and the City Council is the first step required by HCD. Opportunity sites are clustered along S. Airport Boulevard, in the Lindenville Industrial District, and along El Camino Real. The current Municipal Services Building at 33 Arroyo Drive is included as a potential housing site because it is City-controlled, currently developed with a low-density building, and sits along a major transit corridor and near the SSF BART Station. Clustered with adjacent commercial properties, it represents an opportunity site for new housing consistent with State Law. Additionally, this location is currently an opportunity site in the existing Housing Element and has zoning in place to allow housing. So inclusion of this site in the Housing Element for the Period 2023-2031 does not represent a change from current zoning standards.

Note that adoption of the housing element is not a decision on how the Municipal Services Building may be utilized in the future. That decision will be a separate consideration by the council. Ultimately, the current Municipal Services Building could remain as-is, be repurposed for a new commercial or recreation use, or studied for new residential development. Importantly, the draft Housing Element does not obligate the City to develop any particular parcels over the eight-year time horizon of the draft Housing Element. When the current Municipal Services Building is vacated for the currently under-construction Library and Parks/Recreation facility, and new Fire Station, the City Council will evaluate options for the building and conduct a study session/public hearing for discussion.

FISCAL IMPACT

There is no immediate fiscal impact at this time.

RELATIONSHIP TO STRATEGIC PLAN

The Housing Element for 2023-2031 include goals, policies and actions that are related to each of the Strategic goals of Workforce Development, Quality of Life, Public Safety, Financial Stability, Economic Vitality and Community Connections.

CONCLUSION

The HCD comment letter, staff responses, and red-lined edits have been provided to show context for the three-year process for the General Plan Update, including the Housing Element Update. This process and the iterative community engagement has been ongoing and fruitful - the draft Housing Element Update represents an evolved strategy document for ensuring housing production and fair access. Given the constrained timeline for adoption of the Housing Element Update prior to January 31, 2023, staff recommends that the City Council adopt this document and authorize staff to make any necessary minor, non-substantive edits received from subsequent HCD review for state certification.

Staff recommends the following actions by the City Council:

1. Adopt a resolution determining that the proposed Housing Element Update is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines 15061(b)(3) and is also covered under prior environmental analysis prepared for the General Plan Update and there are no new impacts not previously analyzed; and
2. Adopt a resolution amending the General Plan and adopting the Housing Element Update for the Period of 2023-2031.

Attachments

1. Planning Commission Approving Resolutions
 - a. CEQA Resolution
 - b. GPA Resolution
2. Public Comment emails received for Planning Commission hearing on January 19, 2023

Associated Documents

1. CEQA Resolution Legistar File 23-55
2. Adopting General Plan Amendment Resolution Legistar File 23-56
 - a. 2022 Housing Element Statutory Provisions Checklist
 - b. HCD comment letter and staff responses
 - c. Draft Housing Element Red-lined with Appendices
 - d. Draft Housing Element Red-lined without Appendices