

City of Brisbane Agenda Report

TO: Mayor and City Council

FROM: William Prince, Community Development Director

DATE: Meeting of June 15, 2009

SUBJECT: Continued hearing on the Housing Element Update

RECOMMENDATION:

Receive staff presentation on the update to the housing element. Review and discuss the alternatives to satisfy the RHNA, the other changes necessary to comply with state housing law, and the proposed changes to the goals, policies and programs (matrix chart) of the housing element as recommended by the Planning Commission and staff. Provide direction to staff on all these matters, in order to complete a draft update of the housing element.

BACKGROUND:

At your previous meeting on this item, staff provided an update on global warming and explained the relationship between global warming, greenhouse gases, vehicle miles traveled (VMT), and land use planning. Staff also explained the state legislative response to global warming (AB2 and SB375). The information provided by staff demonstrates that a continuation of the sprawl pattern of development, without housing in close proximity to other uses (employment, retail, etc.), will contribute significantly to further increases in VMT and the acceleration of global warming.

Before turning to the specifics of the housing element, it is useful to consider why we even need a housing element or, for that matter, government intervention in the housing market. The following quote from "Superclass" illustrates the point:

"Markets are marvels in many respects, and the growth produced by free-markets policies has benefited billions. But markets don't have consciences and would sooner leave behind the sick, the untrained, and the aging. Markets seek efficiency and this often means consolidation of resources and power, economies of scale and considerable human cost. Market mechanism does not deal sufficiently with the inefficiencies, weakness, and failings of markets at producing the kind of just society that is at least as important a goal as fostering prosperity (Rothkope, 2008)."

To put this into historical context, a recent presentation to the Planning Commission by Pedro Gonzales, Councilmember from South San Francisco, speaking on behalf of the organization, HOPE

(Housing Our People Effectively, Ending Homelessness in San Mateo County (Attachment A - HOPE power point presentation) included the following information:

“In the 1970’s there were 300,000 more affordable units in the nation than households that needed them. In 2005, there were 4.4 million households who needed affordable housing and unable to find it.”

To give this issue local context, Brisbane’s RHNA for last housing cycle (1999-2006) was 426 units. Actual building permits issued, during that period, include: 7 units of the 107 unit very low-income need, 0 units of the 43 low-income need, 3 units of the 112 unit moderate need and 64 of the 164 unit above moderate (market) need. In other words, only 74 units (10 affordable, 64 above moderate) of the total 426 unit need was achieved. It should be kept under consideration that one major component of a housing element update, is the review of the achievements of the past element.

While homelessness may not be a particular problem in Brisbane, it is useful to remember that somewhere between being homeless and being fortunate enough to afford market rate housing, stands affordable housing. There also should be concern for those with mental, physical or health, related disabilities, including substance abuse, that make it difficult for them to afford housing.

Unfortunately, with some people, affordable housing still conjures up the negative image of densely packed, poor quality housing characteristic of some of the poorly designed public housing in the 1950’s. This gave rise to the, so called “NIMBY” syndrome. Despite numerous studies that affordable housing does not negatively affect property values, this impression lingers on. However, the housing price escalation of the past decades has made housing less affordable to working class families and even middle class families, notwithstanding periodic down turns in the housing market. The lack of affordable housing can lead to overcrowding or homelessness, especially during recessions.

It should also be mentioned, that recent research and public surveys on housing demand show a substantial growth in the demand, especially by the baby boom generation, for smaller lot and multi-family type housing units close to retail and other services. The demand is anticipated to continue well into the future, while the demand for larger homes is dropping substantially. It appears the age of the Mc Mansion may be coming to an end.

STAFF COMMENTS:

Government intervention in the housing market at the local level can take a number of forms, including land use policy and financial support. It should be clear to anyone involved in running a business or making investments that uncertainty increases risk. This holds true for housing development, as well. There are also obvious limitations to the capacity of local government to subsidize housing. It would not be possible, based on past history, for Brisbane to substantiate that it could provide for all of its RHNA, by simply working with non-profits. However, Brisbane can encourage the production of affordable housing, by reducing the uncertainty for housing developers through the provision of “adequate sites,” designated and zoned for housing, in the general plan. In fact, it is a matter of state housing law that the analysis of the land inventory and identification of adequate sites (at minimum densities necessary to support affordable housing), be part of the housing element.

Given the emphasis on sustainability as the framework for the update to general plan, the plan requires a degree of balance between environmental, economic, and social equity issues. The provision of

affordable housing, is a key social equity issue. It is also an economic and environmental issue. Thus, a general plan that is consistent with the goal of sustainability, must include a housing element that shows a reasonable commitment to affordable housing, especially given the current skew towards jobs over housing.

During the review of the land use element, Council reviewed several sites around the city that might be considered for residential development. At that time, the Council provided direction, by taking votes on each site (Attachment B – Council Minutes of February 4, 2008). A majority of the Council indicated a preference “to consider” three contiguous sites, recommended by the Planning Commission and staff, one being adjacent to the shopping center (California State Teacher’s Retirement System) and the other two along the south side of Park Place. Since state housing law requires that an adequate number of sites for affordable housing be identified and designated, at an appropriate density for affordable units (at least 20 units/acre), the current direction from Council does not allow this determination to be made, with respect to these parcels.

The packet for the previous meeting on the housing element contained several attachments that are important for this meeting (extras will be available). They included four large charts or tables (with an attached air photograph for each). While the tables look intimidating at first, they actually summarize a huge amount of information, in a succinct manner. Notice that all of the charts are organized with zoning categories on the left hand side (rows) and the potential additional housing units, from the using any one of the various options (abbreviated in the column headings). The potential number of units is shown in the body of the table. The **bolded** numbers show the total unit potential from using all of the options for that zone district (i.e. secondary housing units, density transfers, adoption of a minimum density standard) and the other numbers in parenthesis, below the bolded numbers, further break out what each of the options option would contribute, in terms of potential housing units. The columns for very low to low and moderate income units show how many of the potential units, from each option would qualify as affordable units to meet the defined need for that income category. All of the charts are divided into three main fields: Recent and Existing Potential (left side), Additional Potential (middle), and Grand Total (right side). There is also and short explanation of the constraints and opportunities from within each zoning area (far right). Recent and Existing Potential (left hand field) includes the building permits that have been issued, since this housing element cycle started (2007-2014), that the city is allowed to credit towards the RHNA.

The first chart (Table H City-wide Options Menu) summarizes all of the various options that could be combined to achieve the RHNA number, including, for example, amending the zoning code to specify a minimum density standard for the R-3 zone which, by itself, would allow the city to claim and additional 68 units of very-low to low income unit “potential.” Low hanging fruit?

The second, third and fourth charts describe three different alternative ways the RHNA number could be achieved. Each represents a different combination of the options, including changes to the zoning ordinance that up the number of units that would qualify as RHNA units, and a different blend of the density, from small projects (duplexes etc.) to rezoning parcels, along the edge of Crocker Park, or a combination of these options. Any one of the alternatives described would meet the RHNA requirements.

Note that all three of these options create a total potential larger than the 401 RHNA number (see bottom of Grand Total for each alternative). This was done to provide some flexibility in the combination the various options, including the parcels targeted for possible rezones, since the density combinations of various alternatives don’t always add up to 401. However, there is another, more

important reason to have a higher number than the RHNA. It provides flexibility should the Council decide to deny an affordable housing project. The reason for is that state law requires that when a city denies an affordable housing project, on a site designated for affordable housing, it must demonstrate that there is still sufficient capacity to accommodate the RHNA in its remaining land use inventory. The Council could select a different combination of options than those provided in the alternatives developed by staff. It could be difficult to assess those changes “on the fly” so a further continuance might be necessary.

Based on the comments received, at the last meeting, staff has developed an additional alternative (Attachment C – Alternative D) that reduces the total potential number of units below that of the other alternatives (491 units), but still provides a sufficient number of units above the RHNA number (401), to leave the Council the flexibility to deny an undesirable affordable housing project.

During the previous Council discussion, at least two Council members indicated their preference to identify either the Baylands or the Northwest Bayshore sub-area (Levinson & Peking Handicraft properties) for housing sites. The latter was discussed, at a previous meeting, February 4, 2008, on the land use element (attached minutes) and the former, at a number of previous meetings and workshops on the Baylands. At that previous meeting, several other sites were also considered for residential development. The only sites that had a simple majority vote included a possible hotel/condo project at Sierra Point (UPC) and that the Council “would consider” rezoning of three contiguous properties across from the community park, in Crocker Park. The Council should be aware that the state housing agency that reviews housing elements (HCD) will not accept intentions “will consider a rezoning” as meeting the criteria for an “adequate site.”

It should be noted, that one of the draft Baylands development alternatives does include housing and this alternative reflects input from members of the public, as well as recommendations from the City’s Commissions and Committees. Of the three alternatives, the alternative with housing did have a somewhat greater consensus than the other two, although there were aspects of the other two alternatives that also received considerable support, as well.

Also at the previous Council meetings, comments have been made regarding the existing general plan’s prohibition against housing on the Baylands. It should be emphasized that legally, and practically, no general plan lasts forever. If that were the case, the original general plan for the City (adopted in 1965) would still be the prevailing document. Repeated court decisions make it clear that general plans are meant to be amended, over time, in response to changing circumstances. The existing general plan, itself, indicates that it would need to be reviewed within ten years, thereby recognizing the potential that amendments might be needed. That is the purpose of the current update.

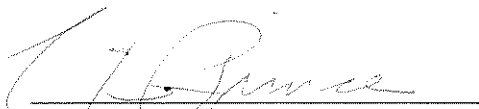
A concern has also been raised about the impact that the additional residential units might have on the downtown, especially the community park. Staff recommends that if any of three sites that Council has indicated it “would consider” for a rezone, were to be rezoned, by the City, any rezone should be conditioned on the preparation of a conceptual master plan for the eventual redevelopment of all three parcels, with a significant amount of public space (25%) included, in order to off-set any impact on existing public space. A compensating amount of density should be recognized as necessary to make any such plan financially feasible. In fact, a conceptual design, for such a plan, arose out of the PPS (Fred Kent) community workshops. Staff has prepared a couple of more simplified concepts to show that this could result in a significant enhancement to the public space in central Brisbane. We will include them in our presentation at the meeting.

Staff has already prepared most of the revisions to update the text of the existing housing element to reflect the changes (statistics), since it was adopted in 2002. The Planning Commission and staff have also recommended a number of revisions to the goals, policies and programs (large format matrix chart included in previous packet) that the Council will want to review and provide direction to staff. A list entitled "Potential General Plan and Zoning Ordinance and Map Changes was provided, in the previous Council packet. Because it might be easily overlooked (buried in the packet), staff has provided it again with the attachments to this report. The list describes the various changes to the zoning and general plan (options) that would be needed to provide an adequate number of potential units. This list provides more information on each of the options and what would be necessary (i.e. revise parking requirement for second dwelling units) to implement that option, if it is chosen.

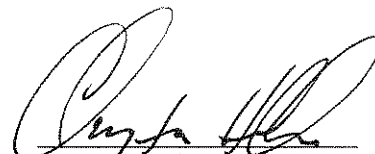
Finally, it should be noted that the staff has reviewed the four other draft housing elements produced, so far, from the 21 jurisdictions in the County. They include Burlingame, Hillsborough San Mateo and South San Francisco. The drafts reflect different strategies to meet the respective RHNA requirements depending on the unique circumstances (population characteristics, employment, constraints, etc.) in each of those communities. For example, Burlingame proposes to meet most of its need, by the conversion of existing office development sites (northern area of the city) that are seen as excess supply for office use.

The South San Francisco draft housing element (prepared by Bay Area Economics) declares that "compared with many jurisdictions across San Mateo County and the Bay area region as a whole, South San Francisco stands out as a leader in promoting housing development for all segments of the community. South San Francisco's current RHNA is 1635 units. They claim to have provided 98% of the housing need that was identified in their RHNA, for the last housing cycle.

At the other end of spectrum is Hillsborough with a RHNA of 86. Their housing element states that, "the town is providing a considerable portion of its housing for people who work outside of Hillsborough. Their statistics show that they have only been producing on average 5 single family dwelling units per year, since 2000. However, since their adoption of a Second Unit ordinance (2003) "the construction of second units has jumped from 1 per year to an average of 15.5 per year. The element goes on to note that a study done for San Mateo County (Baird and Driskell, Community Planning for 21 Elements) on the affordability of second units has determined that 55% are free and therefore affordable to extremely low income households. Another 10 % are affordable to very low-income households and another 20% to low-income households. It should be recognized, however, that the state housing agency looks at past construction activity to verify expectations about potential for any type of housing units. Obviously, Hillsborough is in a particularly good position to take advantage of second units (large lot residential community), at least in this particular cycle of their housing element.



William Prince
Community Development Director



Clay Holstine
City Manger

ATTACHMENTS:

- A. HOPE – Pedro Gonzales, Power point presentation to the Planning Commission April 9, 2009.
- B. City Council Meeting Minutes of February 4, 2008
- C. List of Potential General Plan and Zoning Ordinance and Map Changes
- D. Table H.D - New lower housing build out Alternative.
- E. Public Space Concepts 1 & 2