



## Item No. 3 Town of Atherton

### **CITY COUNCIL STAFF REPORT – SPECIAL MEETING**

**TO: HONORABLE MAYOR AND CITY COUNCIL  
CHAIR AND MEMBERS OF THE PLANNING COMMISSION**

**THROUGH: GEORGE RODERICKS, CITY MANAGER**

**FROM: LISA COSTA SANDERS, TOWN PLANNER**

**DATE: APRIL 28, 2021**

**SUBJECT: DISCUSS THE HOUSING ELEMENT UPDATE PROCESS AND  
PROVIDE DIRECTION TO STAFF**

#### **RECOMMENDATION**

Provide direction to staff on the Housing Element Update process.

#### **BACKGROUND**

All California cities and counties are required to accommodate their fair share of regional housing need. The fair share assignment is determined through a Regional Housing Needs Allocation (RHNA) process. State Housing and Community Development (HCD) determines the share of the State's housing need for each regional and in turn, the Association of Bay Area Governments (ABAG) allocates to each jurisdiction its share of the regional housing need. The RHNA assignment for each jurisdiction is comprised of four income categories: very-low; low; moderate; and above moderate.

The Town of Atherton last updated its Housing Element and received certification from the State in March 2015. The next Housing Element cycle covers the period of 2023 through 2031 and is required to be certified by the State by January 1, 2023.

The Town of Atherton is working collaboratively with 21 Elements, comprised of all the cities and the county in San Mateo County on the Housing Element update process. The effort is managed by staff from the consulting firm of Baird + Driskell. Through the 21 Elements effort, Baird + Driskell had offered varies levels of technical assistance to jurisdictions at reduced cost and with funding support from the County. Staff will be working with Baird + Driskell staff over the next two years to prepare the Housing Element update and will provide the City Council with regular updates on the progress.

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The Town is also working with Renne Public Policy Group (RPPG) to assist with strategic legislative analysis and feedback. Before engaging in policy discussion around various strategies for the Housing Element Update, RPPG will be making a presentation on the state of the State Legislature with respect to housing and current legislative proposals pending.

### ANALYSIS

#### Current Housing Element progress:

The Town of Atherton last updated its Housing Element and received certification from the State in March 2015. The current Housing Element covers the period of 2015 – 2022. The Town has realized substantial production of accessory dwelling units which accounts for the moderate and lower-income production. The Town has historically faced challenges with above-moderate income housing production due to property owner desire to remove dwelling units and create larger open spaces.

	<b>RHNA Allocation</b>	<b>Units Produced</b>	<b>Allocation</b>
<b>Income Level</b>	<b>2015-2022</b>	<b>2015-2020</b>	<b>Remaining</b>
Very Low	35	54	0
Low	26	17	9
Moderate	29	12	17
Above Moderate	3	7	0
<b>Total</b>	<b>93</b>	<b>90</b>	<b>26</b>

#### Housing Needs Allocation (RHNA)

The Association of Bay Area Government (ABAG) Executive Board approved the Draft RHNA Housing allocation at its January 21, 2021 meeting and submitted the allocation to HCD. On April 12, 2021 HCD confirmed the ABAG RHNA Methodology furthers the RHNA objectives. In late Spring 2021 ABAG will adopt the Final RHNA Methodology and release the Draft allocations. Release of the Draft Allocations starts the period in which a local jurisdiction can submit an appeal to ABAG requesting a change to the allocation. In late 2021, ABAG Executive Board will adopt the Final Allocations.

#### **Atherton Draft RHNA Allocation for 2023-2031 compared to previous allocation:**

<b>Income Level</b>	<b>RHNA Allocation</b>	<b>RHNA Allocation</b>	<b>Increase</b>
	<b>2015-2022</b>	<b>2023-2031</b>	
Very Low	35	94	60
Low	26	54	28
Moderate	29	56	27
Above Moderate	3	144	141
<b>Total</b>	<b>93</b>	<b>348</b>	<b>255</b>

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As with past Housing Elements, jurisdictions are required to *plan* for the development of new housing (through General Plan and Zoning land use designations and reductions of any other governmental barriers), and the Town is not required to *construct* the housing units.

Staff is currently working with the 21 Elements consultant team to analyze site needs, discuss options, assess the current element and develop work plans. We recently conducted the first round of community engagement meetings and the next phase of work includes identifying preferred site strategies and preparing needs and constraints assessment. The final phase will be to initiate any rezoning efforts, refine the site inventory and prepare goals, policies and programs. There will be several opportunities for discussion and direction from the Planning Commission and City Council throughout the process as well as community meetings. The goal is to have the Town adopt the Housing Element by Fall of 2022 for HCD review.

### Potential Strategies for Housing Element Update:

As noted above, Atherton is required to plan for the development of 348 new housing units over the next eight years. Although the Town has experienced a positive trend in new accessory dwelling unit (ADU) production, staff anticipates HCD requiring additional opportunities for new housing development. Potential strategies for consideration include the following:

	<b>Description</b>	<b>Current Regulation</b>	<b>Proposed</b>
1.	Increase ADU production	One ADU and one JDU permitted per lot.	Allow two ADUs on lots with one acre or greater area
2.	Allow multi-family housing at private schools	PFS zone allows housing associated with non-residential use of property (teacher housing) with Conditional Use Permit.	Amend PFS zone to allow multi-family housing at density of 20 units per acre by right (not limited to teachers – available to general public). May need to amend setbacks and lot coverage regulations.
3.	Allow multi-family housing at Bear Gulch Reservoir, Menlo Circus Club and Holbrook Palmer Park	POS zone allows caretaker housing with a Conditional Use Permit	Amend POS zone to allow multi-family housing available to the general public at density of 20 units per acre by right.
4.	Allow 2 units per lot in R1-B zoning	R-1 B allows one unit per legally created lot and one unit per acre for new lot subdivisions (not including ADU and JDU)	Amend the R1-B zoning district to allow 2 dwelling units (condo map) by right. Will need to amend development regulations (FAR per unit, setbacks, etc.)
5.	Reduce lot size	Minimum one acre per lot with minimum 175' width and 200' depth.	Reduce lot size to 40,000 square feet and reduce lot width to 150' and depth to 175'. May result in more subdivisions with flag lots.
6.	New Planned Development (PD) Zoning Ordinance for individual projects	None	Create a PD zoning classification that could be applied to R1-A lots to allow new multi-family housing. Would be considered on a case-by-case basis and may not count

**Housing Element Update Process**

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			towards RHNA unless rezoned within 3 years of Element adoption
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21 Elements hosted several Community Meetings with jurisdiction-specific break-out rooms to initiate the Housing Element update process. Atherton’s Community Meeting was held on April 14, 2021 with five attendees (one resident, a staff member from HIP Housing and three housing advocates). Attendees provided the following suggestions for new housing opportunities in Atherton:

- Opportunity for more home sharing (HIP has only one participant in Atherton).
- Encourage residents to rent out their ADUs (HIP can also assist with renter placement).
- Provide incentive to rent A DU at affordable level.
- Consider rezoning area near the Menlo Park train station to allow residents to subdivide their home to create smaller home ownership opportunities.
- Consider more density along the El Camino corridor to allow duplex and triplexes.
- Would like to see opportunities for multi-family development to support persons that work in the community.

Based on discussion and direction from the Planning Commission and City Council, Staff and the consultant team will further research strategies for future consideration with the Housing Element update.

**POLICY ISSUES**

Staff is seeking policy direction from the City Council and Planning Commission on strategies to achieve compliance with the RHNA allocation and Housing Element update.

**FISCAL IMPACT**

None.

**PUBLIC NOTICE**

Public notification was achieved by posting the City Council agenda, with this agenda item being listed, at least 72 hours prior to the meeting in print and electronically. Information about the project is also disseminated via the Town’s electronic News Flash and Atherton Online. There are approximately 1,200 subscribers to the Town’s electronic News Flash publications. Subscribers include residents as well as stakeholders – to include, but not limited to, media outlets, school districts, Menlo Park Fire District, service providers (water, power and sewer), and regional elected officials.

**ATTACHMENTS:**

1. Staff Presentation
2. RPPG Presentation



# Town of Atherton

## Housing Element Update Process

City Council and Planning Commission  
Study Session  
April 28, 2020

# Background

- All California cities are required to accommodate their fair share of regional housing needs as determined by the State and ABAG
- Town's current Housing Element was certified by the State in 2015 and covers the period of 2015-2022
- Next Housing Element update is due to State by January 2023 and covers the period of 2023-2031

# Housing Element Update Process

- Town working with the 21 Elements consultant team, Baird + Driskell on the Housing Element update.
- Town also retained Renne Public policy Group (RPPG) to assist with strategic legislation analysis and feedback.

# Current Housing Element progress

	RHNA Allocation	Units Produced	Allocation
Income Level	2015-2022	2015-2020	Remaining
Very Low	35	54	0
Low	26	17	9
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Total	93	90	26

# Housing Needs Allocation (RHNA)

Income Level	RHNA Allocation 2015-2022	RHNA Allocation 2023-2031	Increase
Very Low	35	94	60
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# Potential Strategies for Housing Element Update

1. Increase ADU Production
  - Current Regulation: One ADU and one JDU permitted per lot
  - Strategy: Allow two ADUs on lots with one acre or greater

# Potential Strategies for Housing Element Update

2. Allow multi-family housing at private schools
  - Current Regulation: PFS zone allows housing associated with non-residential use of property (teacher housing) with CUP
  - Strategy: amend PFS zone to allow multi-family housing at density of 20 units per acre by right (not limited to teachers). May need to amend setbacks and lot coverage regulations.

# Potential Strategies for Housing Element Update

3. Allow multi-family housing in POS zone
  - Current Regulation: POS zone allows caretaker housing with a CUP
  - Strategy: amend POS zone to allow multi-family housing at density of 20 units per acre by right.

# Potential Strategies for Housing Element Update

4. Allow two units per lot in R1-B zone
  - Current Regulation: R1-B allows one unit per lot (not including ADU and JDUs)
  - Strategy: amend R1-B zoning to allow two dwelling units by right. Will need to amend development regulations.

# Potential Strategies for Housing Element Update

## 5. Reduce lot size

- Current Regulation: minimum one acre lot size with minimum 175' width and 200' depth
- Strategy: reduce lot size to 40,000 square feet and reduce lot width to 150' and lot depth to 175'.

# Potential Strategies for Housing Element Update

6. Planned Development (PD) Zoning for individual projects

- Current Regulation: none
- Strategy: create a PD zoning classification that could be applied to R1-A lots to allow new multi-family housing. Would be considered on a case-by-case basis.

# Community meeting comments

- Opportunity for more home sharing
- Encourage residents to rent out their ADUs and provide incentives
- Rezoning area near the Menlo Park train station to allow residents to subdivide their home to create smaller home ownership opportunities.
- More density along the El Camino corridor to allow duplex and triplexes.
- Allow for multi-family housing development to support persons that work in the community.

# Next Steps

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Based on discussion and direction from the Planning Commission and City Council, Staff and the consultant team will further research strategies for future consideration with the Housing Element update.

Housing Element is targeted for completion by Fall of 2022 for State certification before January 1, 2023



# Town of Atherton Study Session: 2021 State Housing Legislation

*Dane Hutchings, Managing Director of Government Affairs, Renne Public Policy Group*

*Dan Carrigg, Senior Policy Advisor, Renne Public Policy Group*

*April 28, 2021*

# Agenda

- Atherton's RPPG Team
- Top Line Overview: State Housing Policy
  - Why State policies have shifted in recent years
  - Role of the Governor's new "Housing Accountability" Unit
  - What happens to Cities with a non-compliant housing element?
- Top Housing Legislation with Impacts to Atherton
- Discussion/Questions

# RPPG: Team Snapshot



**Dane Hutchings**



**Sharon Gonsalves**



**Dan Carrigg**



**Itzel Becerra**

# Top Line Overview: State Housing Policy

## Why State policies have shifted in recent years...

- Housing production has not kept pace with population and job growth
- One Limitation: Affordable housing construction dollars have been reduced:
  - Federal investments have steadily declined since the 1980's
  - Elimination of Redevelopment in 2011
- Critique of Single-Family Neighborhoods: Narrative that Single family zoning is directly tied to “redlining” (e.g., the discriminatory practice of avoiding investment in communities with unfavorable or high-risk demographics)
- Policy expectations don't match realities (e.g., Lofty goals but challenges not recognized)
  - Water supply
  - Increased infrastructure needs
  - Labor availability
  - Lack of ongoing subsidies
  - Environmental policies
  - Market demands

# Top Line Overview: State Housing Policy

## What happens to Cities with a non-compliant housing element?

- Subject to litigation by the A.G. (has already been done)
- Fines ranging from 10K-100K per month Courts having some discretion to levy fines at six times the range. *[AB 101 Chapter 159, Statutes of 2019]*.
- No access to state housing and infrastructure funds

# Top Housing Legislation with Impacts to Atherton

## Two Big Bills with Impacts on Atherton:

**SB 9 (Atkins):** Requires “ministerial approval” (means no public hearings) of up to six units on an existing single-family parcel. Permits existing home to be split into a duplex that can be sold separately. Allows two more units to be built under (ADU) “accessory dwelling unit” law. Then allows 40 percent of the parcel to be split-off where two more units can be built and sold separately. Limits local parking and set-back requirements and avoids compliance with the California Environmental Quality Act (CEQA). Does not currently apply within homeowner associations, but that could always change.

**AB 1401 (Friedman):** Prohibits a local government from imposing a minimum parking requirement, or enforcing a minimum parking requirement, on residential, commercial, or other development if the development is located on a parcel that is within one-half mile walking distance of public transit and/or a high-quality transit corridor (The El Camino).

# Top Line Overview: State Housing Policy

## Other Housing Legislation with Impacts to Atherton:

**SB 8 (Skinner):** Extends the sunset date from January 1, 2025, to January 1, 2030, of the Housing Crisis Act of 2019, which limited local discretion and timelines associated with considering development applications, and essentially “froze” in place all local zoning and other requirements related to housing as of January 1, 2018, and prohibited the enactment of policies, standard or condition that would lessen the intensity of housing on a parcel where housing is a permitted use. SB 8, also expands on the definition of “housing development project” to include both discretionary and ministerial projects, as well as projects to construct single dwelling units, and states that SB the receipt of a density bonus is not a basis for finding a project out of compliance with local zoning rules.

**SB 478 (Weiner):** Prohibits a local agency, from imposing a floor-to-area ratio (ratio of building square footage to buildable area of lot) standard that is less than 1.0 on a multi-family housing development that consists of 3 to 7 units, or less than 1.25 on a housing development project that consists of 8 to 10 units. *(For example, a FAR of 1 would allow, a 1-story structure to cover the lot, a 2-story structure to cover 50% of lot, or a three-story structure on 25% of a lot).*

# Top Line Overview: State Housing Policy

## Other Housing Legislation with Potential Impacts to Atherton:

**AB 989 (Gabriel)** Establishes a Housing Accountability Committee at the Department of Housing and Community Development, to consider appeals for developers of multifamily projects, with at least 10 percent of units proposed for affordable housing, that have been denied or subject to (in the opinion of the developer) unreasonable conditions that make the project financially infeasible. Developers already have access to the Courts on these issues, but this measure will offer them a more favorable, and less neutral, forum.

**Note: There are nearly 150 individual pieces of legislation introduced that impacts housing this year alone.**

# Discussion/ Questions



**RPPG**  
Renne Public Policy Group  
*A Division of Renne Public Law Group®*

## Thank You!