

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

1800 Third Street, Suite 430
P. O. Box 952053
Sacramento, CA 94252-2053
(916) 323-3177
FAX (916) 327-2643



March 13, 2009

Ms. Elizabeth Cullinan, Director
Planning and Building Department
Town of Hillsborough
1600 Floribunda Avenue
Hillsborough, CA 94010-6418

Dear Ms. Cullinan:

RE: Review of the Town of Hillsborough's Draft Housing Element Update

Thank you for submitting the Town of Hillsborough's draft housing element update received for review on January 14, 2009 along with supplemental information received on March 10, 2009. The Department is required to review draft housing elements and report the findings to the locality pursuant to Government Code Section 65585(b). The review of the draft element was facilitated by a March 9, 2009 phone conversation with you and Mr. Naphtali Knox, the Town's consultant.

The Department recognizes Hillsborough's proactive efforts to address housing needs by encouraging and facilitating the development of second units and employee housing. While the element addresses many statutory requirements, revisions will be necessary to comply with State housing element law (Article 10.6 of the Government Code). In particular, the element must include a complete analysis of the Town's second unit strategy and potential governmental constraints. The enclosed Appendix describes these and other revisions needed to comply with State housing element law.

The Department is committed to assist Hillsborough in addressing all statutory requirements of housing element law. If you have any questions, or if the Department can provide technical assistance, please contact Melinda Coy, of our staff, at (916) 445-5307.

Sincerely,

Cathy E. Creswell
Deputy Director

APPENDIX

TOWN OF HILLSBOROUGH

The following changes would bring the Town of Hillsborough's housing element into compliance with Article 10.6 of the Government Code. The pertinent Government Code Section is cited for each recommended change.

Housing element technical assistance information is available on the Department's website at www.hcd.ca.gov. Refer to the Division of Housing Policy Development and the section pertaining to State Housing Planning. Among other resources, please refer to the Department's latest technical assistance tool *Building Blocks for Effective Housing Elements* (*Building Blocks*) at http://www.hcd.ca.gov/hpd/housing_element/index.html, the Government Code addressing State housing element law and other resources.

A. Housing Needs, Resources, and Constraints

1. *Include an analysis of population and employment trends and documentation of projections and a quantification of the locality's existing and projected needs for all income levels, including extremely low-income household (Section 65583(a)(1)).*

Extremely Low-Income (ELI): While the element quantifies the projected needs of extremely low-income households, it must still identify and analyze their existing housing needs. To assist the analysis, see the enclosed Comprehensive Housing Affordability Strategy (CHAS) data.

2. *Include an inventory of land suitable for residential development, including vacant sites and sites having the potential for redevelopment, and an analysis of the relationship of zoning and public facilities and services to these sites (Section 65583(a)(3)). The inventory of land suitable for residential development shall be used to identify sites that can be developed for housing within the planning period (Section 65583.2).*

Hillsborough has a regional housing need of 86 housing units, of which 34 units are designated to accommodate housing for lower-income households. Since 2007, 24 units have been constructed, including 18 secondary dwelling units. To address the remaining share of the regional housing need, the Town is relying on a combination of available vacant sites and development of second units.

The element estimates 70 second units are anticipated to be constructed within the planning period. Of these units, 60 are estimated to be affordable to lower-income households. To determine the affordability of second units constructed since 2007 and those projected to be constructed during the planning period, the element relies on the mid-point of affordability range estimates found within the "Affordability of Second Units in San Mateo County" report prepared October 24, 2008. However, the element must describe how this methodology adequately reflects the affordability of units within Hillsborough.

In addition, to demonstrate the suitability of the Town's second-unit strategy, the element should incorporate the information on page 2 of the March 10 memorandum regarding second-unit production estimates and development standards. The Town should also consider establishing a process to estimate affordability of second units, such as conducting an anonymous survey or asking for information voluntarily as part of the proposed questionnaire.

Multifamily housing: The element indicates multifamily uses are permitted on school and institutional properties (page 27). However, the element should clarify how an application would be processed for multifamily development and how development standards would be determined. The analysis should also include information on multifamily housing described in the March 10 memorandum. In addition, the element could also describe current interest in providing employee housing on school sites as referenced by Program 1-A3.

3. *Analyze potential and actual governmental constraints upon the maintenance, improvement, and development of housing for all income levels and persons with disabilities, including fees and other exactions required of developers (Section 65583(a)(4)).*

Housing for Persons with Disabilities: While the element includes a program to continue to implement the Town's reasonable accommodation procedure, it does not include an analysis of zoning, development standards and approval procedures for the development of housing for persons with disabilities as required by State housing element law. For example, among other things, the element should describe and analyze: (1) the provisions of the Town's reasonable accommodation procedure as it relates to the development of housing for persons with disabilities; (2) maximum concentration requirements for residential care facilities; (3) any site planning requirements that may constrain housing for persons with disabilities; and (4) any parking requirements for housing for persons with disabilities. Please refer to the Department's *Building Blocks for Effective Housing Elements*' section on Constraints for Persons with Disabilities at http://www.hcd.ca.gov/hpd/housing_element2/CON_disabilities.php and the Department's SB 520 memo and analysis tool at http://www.hcd.ca.gov/hpd/hrc/plan/he/sb520_hpd.pdf to assist in addressing this statutory requirement.

B. Housing Programs

1. *Identify adequate sites which will be made available through appropriate zoning and development standards and with public services and facilities needed to facilitate and encourage the development of a variety of types of housing for all income levels, including rental housing, factory-built housing, mobilehomes, and emergency shelters and transitional housing. Where the inventory of sites, pursuant to paragraph (3) of subdivision (a), does not identify adequate sites to accommodate the need for groups of all household income levels pursuant to Section 65584, the program shall provide for sufficient sites with zoning that permits owner-occupied and rental multifamily residential use by-right, including density and development standards that could accommodate and facilitate the feasibility of housing for very low- and low-income households (Section 65583(c)(1)).*

As noted in the finding A2, the element requires revision to demonstrate adequate sites, particularly for lower-income households. Based on the results of a complete sites inventory and analysis, the Town may need to add or revise programs to address a shortfall of sites and zoning for a variety of housing types. In addition:

Second Units: While the March 10 memorandum indicates the housing element proposes to relax second-unit standards by eliminating the prohibition against renting both the primary residence and the second-unit, this proposal is not currently included in the draft element. The element should include a program to implement the proposed modification.

Transitional and Supportive Housing: While Program 3-A2 indicates transitional and supportive housing will be allowed under the provisions of Section 17.16.010(d)(3) of the zoning code, the element should include a program to inform interested developers of the Town's policy regarding the permitting of transitional and supportive housing. To clarify the zoning code and promote certainty, the Department recommends the Town consider adding a program to amend the zoning code to explicitly allow transitional and supportive housing as a residential use, subject to those restrictions that apply to other residential uses of the same type in the same zone without undue special regulatory requirements.

Emergency Shelters: Program 3-A3 commits the Town to amend the zoning ordinance to allow emergency shelters as a permitted use and identifies the former fire station as a potential site for an emergency shelter to meet emergency shelter requirements pursuant to Chapter 633, Statutes of 2007 (SB 2). The Department understands the Town is proposing to implement this program through the adoption of an overlay on the former fire station site. However, the program does not describe the overlay or how it will be applied. Please be aware, because the proposed overlay will only be applied to one site, should that site be developed with another use, the Town will have to amend the zoning to continue compliance with SB2.

2. *The housing element shall contain programs which "address, and where appropriate and legally possible, remove governmental constraints to the maintenance, improvement, and development of housing" (Section 65583(c)(3)).*

As noted in finding A3, the element requires a more detailed analysis of potential governmental constraints. Depending upon the results of that analysis, the Town may need to revise or add programs and address and remove or mitigate any identified constraints.