

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT

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August 31, 2009

Ms. Susan Kalkin, Chief Planner
Economic and Community Development Department
City of South San Francisco
400 Grand Avenue
South San Francisco, CA 94080

Dear Ms. Kalkin:

RE: Review of the City of South San Francisco's Draft Housing Element

Thank you for submitting the City of South San Francisco's draft housing element received for review on July 2, 2009 along with additional revisions on August 27, 2009. The Department is required to review draft housing elements and report the findings to the locality pursuant to Government Code Section 65585(b). A site visit and communications with you, Mr. Gerry Beaudin, Senior Planner, Ms. Linda Ajello, Associate Planner, and your consultants, Messrs. Paul Peninger and Steve Murphy, of Bay Area Economics, facilitated the review.

The Department commends the City for establishing zoning and design guidelines to facilitate higher density, mixed-use development near transit, including the Transit Village Plan. The draft element addresses many statutory requirements; however, revisions will be necessary to comply with State housing element law (Article 10.6 of the Government Code). For example, the element must include analyses of potential governmental constraints. The enclosed Appendix describes these and other revisions needed to comply with State housing element law.

The Department appreciates the cooperation and assistance by you, Ms. Ajello, and Messrs. Beaudin and Murphy throughout the course of the review. We are committed to assist the City of South San Francisco in addressing all statutory requirements of housing element law. If you have any questions or need additional technical assistance, please contact Paul McDougall of our staff, at (916) 322-7995.

Sincerely,

Cathy E. Creswell
Deputy Director

Enclosure

APPENDIX

CITY OF SOUTH SAN FRANCISCO

The following changes would bring the City of South San Francisco's housing element into compliance with Article 10.6 of the Government Code. Accompanying each recommended change, we cite the supporting section of the Government Code.

Housing element technical assistance information is available on the Department's website at www.hcd.ca.gov/hpd. Refer to the Division of Housing Policy Development and the section pertaining to State Housing Planning. Among other resources, the Housing Element section contains the Department's latest technical assistance tool *Building Blocks for Effective Housing Elements (Building Blocks)* available at www.hcd.ca.gov/hpd/housing_element2/index.php, the Government Code addressing State housing element law and other resources.

A. Housing Needs, Resources, and Constraints

1. *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).*

South San Francisco has a regional housing need allocation (RHNA) of 1,635 housing units, of which 641 are for lower-income households. To address this need, the element relies on vacant and underutilized sites in the Transit Village, South El Camino Real and Downtown areas. However, to demonstrate the adequacy of these sites and strategies to accommodate the City's RHNA, the element must include analyses, as follows:

Progress in Meeting the RHNA: The element indicates 50 units affordable to very low-income and 64 units affordable to low-income households constructed since January 2007 (page 36). The City's RHNA may be reduced by the number of new units built or approved since January 1, 2007; however, the element must describe the City's methodology for assigning these units to the various income groups based on actual or anticipated sales price or rent level or other mechanisms ensuring their affordability (i.e., financing). For more information, see the *Building Blocks'* website at http://www.hcd.ca.gov/hpd/housing_element2/HN_PHN_regional.php.

Sites Inventory: The element must identify sites by unique reference, size, general plan designation and zoning and residential capacity. The inventory includes incomplete information for sites identified in the South El Camino Real and Downtown areas. For South El Camino Real area, the inventory should also list sites by existing zoning. For the Downtown area, the inventory should also list sites by general plan designation.

Sites with Zoning for a Variety of Housing Types (Emergency Shelters): While the August 27, 2009 revisions indicate 173 acres in the M-1 zone to accommodate the City's need for emergency shelters, it must also discuss the opportunity for development in this acreage. For example, the element should discuss whether acreage is vacant or if there is capacity available in existing structures. In addition, the element should also describe the suitability of the zone for emergency shelters. See the Department's SB 2 technical assistance memo at http://www.hcd.ca.gov/hpd/sb2_memo050708.pdf.

2. *Analyze potential and actual governmental constraints upon the maintenance, improvement, or development of housing for all income levels, including the types of housing identified in paragraph (1) of subdivision (c), and for persons with disabilities as identified in the analysis pursuant to paragraph (7), including land use controls, building codes and their enforcement, site improvements, fees and other exactions required of developers, and local processing and permit procedures. The analysis shall also demonstrate local efforts to remove governmental constraints that hinder the locality from meeting its share of the regional housing need in accordance with Section 65584 and from meeting the need for housing for persons with disabilities, supportive housing, transitional housing, and emergency shelters identified pursuant to paragraph (7) (Section 65583(a)(5)).*

Local Processing and Permit Procedures: While the element describes some general entitlements and typical timing (page 58), it must specifically describe and analyze the City's permit processing and approval procedures by zone and housing type. The element should discuss and analyze processing procedures for typical single- and multi-family projects, including type of permit, approval body and decision-making criteria such as approval findings for impacts on the costs and approval certainty. For more information, see the *Building Blocks'* website and sample analysis at http://www.hcd.ca.gov/hpd/housing_element2/CON_permits.php.

3. *An analysis of opportunities for energy conservation with respect to residential development (Section 65583(a)(8)).*

The element includes a program for the pending green building ordinance. While the City will be considering incentives to facilitate compliance with the ordinance based on the August 26 conversation, Program 7-1B should be revised to reflect these efforts and commit to establish incentives as part of the green building ordinance. In addition, the element could add a program to implement Policy 7-3 and describe how the City will promote weatherization programs. For example, the program could distribute brochures for energy conservation programs available through the State and utility providers. Additional information on potential programs to address energy conservation objectives is available on the *Building Blocks'* website at http://www.hcd.ca.gov/hpd/housing_element2/SIA_conservation.php and the Department's *Green Building and Sustainability Resources* bibliography at http://www.hcd.ca.gov/hpd/green_build.pdf.

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 SROs and emergency shelters. 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 Finding A-1, the element does not include a complete site analysis and therefore, the adequacy of sites and zoning were not established. Based on the results of a complete sites inventory and analysis, the City may need to add or revise programs to address a shortfall of sites or zoning available to encourage a variety of housing types. Programs to address a shortfall of sites must meet requirements pursuant to Government Code Sections 65583(a)(3) and 65583.2 (h) and (i) to permit owner-occupied and rental multifamily uses by-right. Sites must be allowed without a conditional use permit (CUP), planned-unit development or other discretionary review or approval and allow a minimum of 16 units per site. Also, at least 50 percent of the remaining regional housing need for lower-income households must be accommodated on sites designated for residential use only.

Emergency Shelters: Pursuant to Chapter 633, Statutes of 2006 (SB 2), Program 1-5A should be revised to:

- identify the specific zone proposed to permit emergency shelters; and
 - commit to establish development standards that encourage and facilitate the use and only subject shelters to the same development and management standards that apply to other allowed uses within the identified zone.
2. *The housing element shall contain programs which "assist in the development of adequate housing to meet the needs of extremely low-, low- and moderate-income households (Section 65583(c)(2)).*

The element includes a program to assist with land acquisition and review the City's density bonus ordinance for consistency with State law, but these programs appear insufficient to address the range and level of housing needs in South San Francisco. The element should include additional actions to assist in the development of housing for lower-income households. For example, additional actions could include at least annual contact with nonprofit housing developers to identify development opportunities, establish procedures for priority processing, fee waivers or deferrals and assisting, supporting or pursuing funding applications. To assist the City with these efforts, the Department's *Financial Assistance Program Directory* is available at: http://www.hcd.ca.gov/fa/LG_program_directory.pdf.

3. *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 A-2, the element requires a complete analysis of potential governmental constraints. Depending upon the results of that analysis, the City may need to revise or add programs and address and remove or mitigate any identified constraints. In addition:

Program 1-5A (Parking): The element (page 52) notes parking is a constraint, but the Program does not commit to reduce standards or describe how the constraint will be mitigated. The Program should include specific action to reduce parking requirements, establish procedures for reducing parking requirements or other actions addressing the constraint.

4. *The housing program shall promote equal housing opportunities for all persons regardless of race, religion, sex, marital status, ancestry, national origin or color (Section 65583(c)(5)).*

In addition to referring fair housing complaints, the element should add or revise programs to disseminate fair housing information throughout the City in a variety of public locations.

5. *The housing program shall preserve for low-income households the assisted housing developments identified pursuant to paragraph (8) of subdivision (a). The program for preservation of the assisted housing developments shall utilize, to the extent necessary, all available federal, state, and local financing and subsidy programs identified in paragraph (8) of subdivision (a), except where a community has other urgent needs for which alternative funding sources are not available. The program may include strategies that involve local regulation and technical assistance (Section 65583(c)(6)).*

The element identifies 74 housing units at-risk of converting to market-rate in December 2010 (Fairway Apartments) but only contains Policy 3-10 toward preservation. The element must include specific actions to preserve at-risk units. For example, a program could ensure compliance with noticing requirements and include a tenant education component and consider pursuing funding or supporting funding applications. Additional information is available on the *Building Blocks'* website at http://www.hcd.ca.gov/hpd/housing_element2/PRO_atrisk.php.

C. Low and Moderate Income Housing Fund (LMIHF)

Describe the amount and uses of fund in the redevelopment agency's Low and Moderate Income Housing Fund (Section 65583(c)).

The element estimates the money expected to accrue in the LMIHF through 2014 (page 80). However, the City should describe the proposed uses of these funds (i.e., new construction, rehabilitation) relative to the programs described in the element. In addition, 33413(b)(4) requires a redevelopment implementation plan to be consistent with a community's housing element. The integration of applicable information from the redevelopment agency's current housing implementation plan into the housing element will assist in the development of an effective housing element. Additional information is available in the *Building Blocks'* website at http://www.hcd.ca.gov/hpd/housing_element2/OR_lowmod.php.

D. Other

For your information, Government Code Section 65302 requires cities and counties in California to amend the safety and conservation elements of their general plan to include analysis and policies regarding flood hazard and flood management information upon the next revision of the housing element on, or after, January 1, 2009. Government Code Section 65302 also requires cities and counties in California, effective January 1, 2008, to annually review the land-use element for those areas subject to flooding identified by flood plain prepared by the Federal Management Agency (FEMA) or the State Department of Water Resources (DWR).

Any amendments to the safety, conservation, and land-use elements, based on the requirements of Government Code Section 65302, will require a review of the housing element for internal consistency, which may in turn, require amendments to the housing element. Local jurisdictions should contact DWR's Department of Flood Management for assistance in obtaining the most current floodplain mapping information needed for the analysis. Contact information is available on DWR's website at <http://www.dwr.water.ca.gov/floodmgmt/lrafmo/fmb/>.