



Item No. 16 Town of Atherton

CITY COUNCIL STAFF REPORT – REGULAR AGENDA

**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: MAY 18, 2022

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

RECOMMENDATION

Provide direction to staff on Housing Element Update strategies to achieve the regional housing needs allocation requirement.

BACKGROUND

All California cities and counties are required to accommodate their fair share of regional housing need in its General Plan. 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 [Final RHNA for the Bay Area \(https://abag.ca.gov/sites/default/files/documents/2021-12/Final_RHNA_Allocation_Report_2023-2031-approved_0.pdf\)](https://abag.ca.gov/sites/default/files/documents/2021-12/Final_RHNA_Allocation_Report_2023-2031-approved_0.pdf) was adopted by the Association of Bay Area Governments (ABAG) Executive Board on December 16, 2021. The Town's allocation for the period of 2023-2031 is as follows:

Income Level	Housing Units
Very Low (less than 50% of area median income)	94
Low (50% - 80% of area median income)	54
Moderate (80-120% of area median income)	56
Above Moderate (more than 120% of area median income)	144
Total	348

The City Council held a joint session with the Planning Commission on April 28, 2021 to discuss the Housing Element process and provide direction to staff on potential strategies to consider. The City Council, at its January 12, 2022, February 24, 2022 and March 16, 2022 meetings received update reports from Staff on the initial strategies and provided direction. The Town hosted a Community Open House on April 26, 2022 from 5:00 p.m. until 7:00 p.m. at the Holbrook Palmer Park Pavilion to discuss potential strategies with the community and receive input. This report provides an update on the community open house and discusses next steps.

ANALYSIS

The Town’s Housing Element is required to plan for the development of 348 new housing units over the next eight years. The Council discussed past and future housing production driven by accessory dwelling units, the potential for SB 9 related lot splits, existing vacant parcel development, a potential multi-family overlay zone, and school and facility site development. Staff incorporated feedback from the Council as well as historical production experience in the Town and future expectations. The production numbers in the table below reflect direction received from the City Council at its March 16, 2022 meeting and the inclusion of the overlay zone properties:

	Very Low	Low	Mod	Above Mod	Total
ADUs	84	84	84	28	280
Lot Splits (SB9)				80	80
Vacant Sites				10	10
Townhouse overlay			4	22	26
School & Facility sites	4	10	10	10	34
Total	88	94	98	150	430
RHNA	94	54	56	144	348
Amount above or below RHNA	-6	+40	+42	+6	+82

At the March 16, 2022 meeting, the Council refined consideration of the multi-family overlay zone to the following properties:

Address	Lot Size	Proposed density	Maximum Development Capacity
23 Oakwood	1.52	20 units/acre	30 units
264 Bay	0.91	10 units/acre	9 units
296 Bay	0.93	10 units/acre	9 units
318 Bay	0.94	10 units/acre	9 units
352 Bay	0.92	10 units/acre	9 units
999 Ringwood	0.9	10 units/acre	9 units
67 Marsh	0.79	10 units/acre	7 units
77 Marsh	1.0	10 units/acre	10 units

Housing Element Update Strategies Discussion

May 18, 2022

Page 3 of 5

85 Marsh	0.56	10 units/acre	5 units
91 Marsh	0.56	10 units/acre	5 units
99 Marsh	0.56	10 units/acre	5 units
		<i>total</i>	<i>107 units</i>

The development capacity noted above assumes that each lot ultimately builds out to the maximum allowable density. Staff mailed a letter to each property owner listed above and to property owners initially considered but rejected at the March 16, 2022 meeting.

Community Open House

The Town hosted a well-attended Community Open House on April 26, 2022 from 5:00 p.m. until 7:00 p.m. The event was advertised with a town-wide mailer to each property owner, an email invitation to housing advocates that requested notification, several electronic news flash announcements and social media postings; as well as the mailed notifications to the identified properties considered by the Council for an overlay.

The event was set-up in an open house format where information was provided on each of the Housing Element strategies and participants were asked to provide their comments. This included a table on ADUs, affirmatively furthering fair housing policies, and strategies to reach the Town’s housing allocation, including the multi-family overlay zone. To accommodate City Council and Planning Commissioner attendance, the open house was noticed as a Special Meeting. The Mayor provided welcoming comments and the Town Planner provided an overview of the event. Opportunities for public comments were provided. In addition to the Community Open House, Planning Staff provided information on the Housing Element programs at the Earth Day event at Holbrook Park that took place on Saturday, April 23, 2022.

Staff noted the following comments received at the outreach events:

- The Town should fight the new RHNA allocation and assess residents to pay the fine.
- The Town should fight SB 9.
- Concern with the location the chosen of multi-family properties.
- Concern that the selected multi-family properties may not realistically develop given recent property improvements (specifically the homes along Marsh Road).
- Several property owners expressed interest in having their property included in the multi-family overlay zone and asked more questions about potential development opportunities.
- Many residents supported allowing additional ADUs on properties and encouraging people to rent the units.
- Consider property tax incentives for renting ADUs at affordable rents.
- Allow ADUs to be built above garages.
- Concern with traffic from new multi-family housing, including potential development at or near school sites.
- The Town should be more inclusive, identifying sites for multi-family housing throughout the community and not just along the Town’s perimeter. Specific comments were provided for sites to consider in West Atherton and along Alameda de las Pulgas.

Housing Element Update Strategies Discussion

May 18, 2022

Page 4 of 5

- Consider a Housing Trust Fund with other jurisdictions (Woodside and Portola Valley).
- The Town should consider design standards for any multi-family development that is ultimately produced.

At the community meeting as well as following the meeting, staff spoke with a few additional persons that are interested in developing multifamily housing in Atherton. Specifically, PPG expressed interested in acquiring a 4-acre property at 170 Atherton Avenue and developing smaller scaled homes under a 10 unit per acre density scenario. The property owner, who also owns the properties on either side of the subject site, is supportive of this development concept. PPG noted interest from community members in scaling down their homes and remaining in Town. It is likely that 24 – 40 units could be built at this site.

While there are many other components to the completed Housing Element that staff is working that must be submitted to the State HCD, the housing strategy component is the most critical for Council input. For reference, a link to the prior cycle Housing Element is provided at the conclusion of this Staff Report. Many of the underlying policies and objectives will remain consistent.

Next Steps

The Council has several options to consider based on community feedback on the multi-family overlay zone:

- Include the 11 parcels (Oakwood, Marsh & Bay) in the Draft Housing Element at the density levels noted above or at lower/higher density levels.
- Include the Oakwood parcel and the Atherton Avenue parcel (170 Atherton Avenue) in the Draft Housing Element and remove the Marsh and Bay Road properties from consideration. Based on property owner/developer interest, staff anticipates the development of 56 housing units from these two parcels (26 units at 23 Oakwood and 32 units at 170 Atherton).
- Mail a letter to all property owners soliciting interest in being considered in the multi-family overlay zone. If the Council wishes to proceed with this option, staff recommends noting this solicitation in the submitted Housing Element and conducting this outreach concurrently with submission of the Draft Housing Element to HCD. Staff recommends including any additional properties in the revised Housing Element so as not to delay the HCD review process.

The Draft Housing Element is required to be available for public review and comment for 30-days prior to submission to HCD for its initial 90-day review period. Staff anticipates publishing the full Draft Housing Element for public review in May 2022. Staff will then revise the document based on comments received for consideration at a *Special Meeting* of the City Council in late June 2022 for final submission to HCD.

While HCD is conducting its initial review of the Housing Element, Staff will retain a consultant to assist the Town in developing the specific multi-family overlay zoning regulations. This will

include interviews with interested parties, a community meeting, and a Study Session with the City Council and Planning Commission. This work will occur in June-August for adoption concurrently with the Housing Element.

Staff will revise the Draft Housing Element to incorporate HCD comments for consideration by the Planning Commission and adoption by the City Council in November/December 2022. The Housing Element is required to be certified by HCD by January 15, 2023.

Failure to obtain a certified Housing Element by that deadline can result in penalties and an accelerated timeline for housing and land use compliance actions.

POLICY ISSUES

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

FISCAL IMPACT

None.

GOAL ALIGNMENT

This report and its contents are in alignment with the following Council Policy Goals:

- Goal B – Preserve Small Town Character and Quality of Life
- Goal F – Be Forward-Thinking, Well-Managed, and Well-Planned

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

- Current Housing Element Link:
 - https://www.ci.atherton.ca.us/DocumentCenter/View/1524/draft-housing-element_no-markup?bidId=
- Town Housing Website Link:
 - <https://www.ci.atherton.ca.us/575/Housing>
- Town Housing Element Update Website Link:
 - <https://www.ci.atherton.ca.us/627/Housing-Element-Update>