



TOWN OF HILLSBOROUGH

San Mateo County
1600 Floribunda Avenue
Hillsborough, CA 94010

9

DISCUSSION
CITY COUNCIL MEETING
AUGUST 8, 2022

AGENDA STAFF REPORT

ITEM SUBJECT: DRAFT TOWN OF HILLSBOROUGH RHNA 6 HOUSING ELEMENT UPDATE

SUMMARY: Per State law, each jurisdiction's Housing Element (HE) must be updated every eight years to reflect the jurisdiction's Regional Housing Needs Allocation (RHNA) numbers and demonstrate how the jurisdiction has adequately planned to ensure that there will be enough capacity to meet the projected need. On December 16, 2021, the Association of Bay Area Governments (ABAG) Executive Board adopted the Final Regional Housing Needs Allocation Plan for the San Francisco Bay Area RHNA Cycle 6, known as "RHNA 6" (2023-2031) and the Town's RHNA 6 allocation is 554 net new housing units. Additionally, as recommended by the California Department of Housing and Community Development (HCD), a "no net loss buffer" has also been added to the Town's RHNA Cycle 6 allocation. The 20% buffer totals an additional 111 units, for a total of 665 net new housing units that the Town must plan for during the RHNA 6 period.

Beginning in 2020, The Town of Hillsborough conducted a robust public information and engagement campaign to build community consensus and ensure transparency throughout the Housing Element Update process. This included establishment in 2021 of a staff created and appointed 17-member Housing Element Advisory Committee (HEAC) made up of a diverse array of Hillsborough community members, representatives from the Town's public and private schools, and a representative from the Burlingame Country Club to provide input to staff as it worked to update the Town's housing element. The Committee has met six times throughout the course of the update process and has provided invaluable feedback to staff that was integral to the development of the Draft *Town of Hillsborough RHNA 6 Housing Element Update*.

The RHNA 6 Housing Element Update team has prepared a first draft of the Town's RHNA 6 Housing Element Update, which was presented to the HEAC at their August 2, 2022 meeting and released for a 45-day public review and comment period on August 4, 2022. The public comment period closes on September 19, 2022, after which the project team will, consistent with state law, take 10 business days to consider and incorporate any public comments and submit the draft document to the HCD. Per statute, HCD has 90-days to provide the Town with feedback on the draft, which must be adopted by January 31, 2023.

The update makes the following two key recommendations in order to achieve the Town's RHNA 6 allocation:

- **Accessory Dwelling Units:** The update is proposing the continuation of the Town's successful ADU Ombudsman program and the utilization of a "Safe Harbor" Methodology to project future ADU development trends, resulting in an estimate of **280 net new ADU units** to be developed during the RHNA 6 cycle.

- Modifications to Town Development Standards: The update proposes to modify and add to portions of the Town’s Zoning and Subdivision Ordinances, resulting in the following changes:
 - Renaming and making modest modifications to the Town’s existing single zoning district (RD-1), resulting in an estimate of 15 net new units.
 - Establishing a new zoning district for parcels larger than 10-acres in size (RD-2), resulting in an estimate of 171 net new units.
 - Establishing a unique zoning district for the Town Hall Campus site to allow for residential development in combination with Town administrative uses (RD-3), resulting in an estimate of 100 net new units.
 - Establishing an Affordable Housing Overlay district (O-AH), which relaxes certain development standards in the RD-2 district for projects that meet certain affordability requirements, resulting in an estimate of 100 net new units.

These proposed changes are estimated to accommodate **385 net new units** during the RHNA 6 Cycle.

The balance of this report provides a more detailed overview of the RHNA process, followed by a discussion on the two key components of the Draft Town of Hillsborough RHNA 6 Housing Element Update: *Proposed Approaches* and *Sites Inventory*.

BACKGROUND

What is a Housing Element?

A certified Housing Element is one of seven mandatory elements of the General Plan. The Housing Element is a chapter of the General Plan that outlines a community's housing plans and the policies the community has in place to ensure that they will achieve their plan's goals. While cities don't build housing themselves, they do create the rules that affect where housing can be built, how much, and how it gets approved. Per State law, each jurisdiction's housing element must be updated every eight years to reflect the jurisdiction's RHNA numbers and demonstrate how the jurisdiction has adequately planned to ensure that there will be enough capacity meet the projected need.

The community's housing need is determined through the statutorily mandated RHNA process, which assigns the number of housing units, by affordability level, that each jurisdiction must accommodate over the next eight years. As part of this process, HCD identifies the total housing need for the nine-county Bay Area for an eight-year period, also referred to as the Regional Housing Needs Determination (RHND).

ABAG is then responsible for creating a methodology for distributing the RHND across local jurisdictions, resulting in each jurisdiction's RHNA. Distribution of the RHND includes two key components:

1. Allocation of the total regional housing need across local jurisdictions; and
2. Allocation of those total shares by income categories (i.e., very-low-, low-, moderate-, and above moderate-income).

What is Hillsborough’s RHNA 6 Allocation?

On December 16, 2021, the ABAG Executive Board adopted the Final Regional Housing Needs Allocation Plan for the San Francisco Bay Area RHNA Cycle 6, known as “RHNA 6” (2023-2031). The Town’s RHNA 6 allocation is 554 net new housing units. Table 1 shows the Town’s final RHNA allocation by household income category for the 2023-2031 planning period:

TABLE 1: Town of Hillsborough RHNA 6 Unit Allocation

Income Level	RHNA 6 Allocation
Very Low Income (0-50% AMI)	155
Low Income (51-79% AMI)	89
Moderate Income (80-119% AMI)	87
Above Moderate Income (120% AMI+)	223
TOTAL:	554

What is a “No Net Loss” Buffer?

To expand the supply of housing, including affordable housing, and to ensure jurisdictions do not take actions to reduce the potential capacity for new development, the Legislature adopted the No Net Loss Law in 2002. The No Net Loss Law ensures that a jurisdiction maintains a sufficient supply of adequate sites in the Housing Element sites inventory throughout the RHNA planning period. This law was amended by Chapter 367, Statutes of 2017 (Senate Bill 166), which requires sufficient adequate sites to be always available to meet a jurisdiction’s remaining unmet housing needs for each income category. To comply with the No Net Loss Law, as jurisdictions make decisions regarding zoning and land use, or development occurs, jurisdictions must assess their ability to accommodate new housing on the remaining sites in their Housing Element site inventories. A jurisdiction must add adequate sites if land use decisions or development results in a shortfall of sufficient sites to accommodate its remaining housing need for each income category.

As recommended by the HCD, a “no net loss” buffer has been added to the Town’s RHNA Cycle 6 allocation. This buffer provides coverage for the Town in the instance that one or more sites do not develop as forecasted. HCD recommends that this buffer equal 20% of the Town’s total RHNA 6 allocation and that it be distributed between income levels in the same percentages as the primary RHNA allocation. The 20% buffer totals an additional 111 units, the income level breakout of which is detailed in Table 2, below.

TABLE 2: Town of Hillsborough RHNA 6 Allocation + “No Net Loss Buffer” and Income Distribution

Income Level	RHNA 6 Allocation	20% “No Net Loss” Buffer by Income Level	RHNA 6 Allocation + “No Net Loss” Buffer
Very Low Income (0-50% AMI)	155	33	188
Low Income (51-79% AMI)	89	17	106

Moderate Income (80-119% AMI)	87	17	104
Above Moderate Income (120% AMI+)	223	44	267
TOTAL:	554	111	665

What Happens if the Town Decides Not to Follow State Statute?

The potential consequences for failing to adopt a compliant Housing Element are severe. Litigation may be brought by any interested party (Gov. Code 65587(b)) or the office of the Attorney General (Gov. Code 65585). Additionally, as part of the 2021-2022 state budget, HCD received additional funding to expand its enforcement capability. HCD has since established the Housing Accountability Unit (HAU), which will be responsible for holding jurisdictions accountable for their housing element commitments.

If a court finds that the jurisdiction’s HE is inadequate, it must include one or more of the following remedies in its order:

- Suspension of the jurisdiction’s authority to issue building permits or related permits prior to the issuance of such permits for housing projects;
- Suspension of the jurisdiction’s authority to grant zoning changes, variances, and map approvals;
- Mandated approval of residential housing projects.

In suits brought by the office of the Attorney General, a court is required to impose fines on jurisdictions that refuse to adopt a compliant Housing Element. These fines range from a minimum of \$10,000 per month up to \$600,000 per month. If a jurisdiction has not adopted a compliant Housing Element within 18 months following a court order, the court may appoint a receiver to take all governmental actions necessary to bring the jurisdiction’s Housing Element into compliance. (Gov. Code 65585). Additionally, certain State funding programs are tied to having a compliant Housing Element, including SB 1 (Sustainable Community Planning Grants) and SB 2 (Planning Grants and Permanent Local Housing Allocation, etc.). Funding related to these programs will be suspended until the jurisdiction becomes compliant. Finally, late submittal of an updated Housing Element can result in a jurisdiction being required to update on a four-year cycle as opposed to the current eight-year cycle.

Can We Work with our Neighboring Jurisdictions to Share our Allocation?

In general, the State does not allow municipalities to combine RHNA obligations. The only option for this possibility is through the establishment of a "subregion" where geographically contiguous jurisdictions in the region may partner to conduct an allocation process that parallels, but is separate from, the regional process. This "subregion" establishment must be completed a minimum of 28 months in advance of the region's housing element certification deadline. The ABAG region’s certification deadline is January 31, 2023, meaning formal establishment and approval of a subregion would have needed to be complete by September 2020.

Jurisdictions in Southern California are a year ahead of Bay Area Jurisdictions in the RHNA 6 process, giving Bay Area jurisdictions the opportunity to watch the RHNA 6 process roll out advance of the process beginning here. There was a substantial increase in RHNA 6 allocations

assigned to Southern California jurisdictions over RHNA 5 and given this change most Bay Area jurisdictions opted to forego the formation of a subregion amid so much uncertainty. One subregion was formed in Solano County; however, none of the Town's neighboring jurisdictions in San Mateo County expressed interest.

Once the deadline passes for subregion establishment, the option is no longer available, and each jurisdiction is responsible for accommodating their own allocation.

Who Has Contributed to the Development of the Town's Draft Housing Element?

A variety of entities have contributed to the development of the Town's Draft RHNA 6 Housing Element, as outlined below:

1) Consultants

- *Baird & Driskell (via 21 Elements)*: In October 2020, Council authorized the Town to enter into a cooperative agreement with the County of San Mateo for services related to the Housing Element Update. Much of the technical regional research and analysis required for the Update was conducted through this agreement, which also included the 20 other county jurisdictions and is staffed by the planning firm of Baird + Driskell through the 21 Elements project.
- *Houseal Lavigne Associates*: In March 2021, the Town issued a Request for Proposals (RFP) soliciting proposals from planning consultants who were qualified to assist the Town in undertaking the Housing Element Update. Proposals were evaluated based on firm experience, qualifications, approach to organization and project management, and positive professional references. The planning firm of Houseal Lavigne Associates was selected based on their previous experience with developing housing element updates for communities similar in size, land use, and make-up; their experience with targeted, community specific outreach; and their expertise with drafting ordinance amendments. They are supported by a bench of subconsultants who specialize in specific portions of the Housing Element, including safety, environmental and fair housing issues.

2) Technical Advisory Committee

In 2021, an internal technical advisory committee (TAC) was established, made up of a representative from each Town Department. The purpose of the TAC is to contribute department-specific insight into the Housing Element Update and to participate as content experts during the Housing Element Advisory Committee meetings.

3) City Council Subcommittee

At the September 13, 2021 City Council meeting, a non-legislative, ad-hoc Housing Element Update City Council Subcommittee was established to ensure that staff are supported in achieving the directive to protect the Town's unique character while simultaneously meeting the statutory timeline for Housing Element Update certification. Vice Mayor Krolik and Councilmember Cole make up the Council Housing Element Update Subcommittee.

4) Housing Element Advisory Committee

A 17-person ad-hoc advisory committee to the Director of Building and Planning was formed to advise staff on the development of the Housing Element update. The Housing Element Advisory Committee (HEAC) is comprised of Town residents with a broad range of perspectives, ages,

abilities, and backgrounds. HEAC members were selected through an application process that was widely advertised and open to all residents of Hillsborough.

The Committee has met six times throughout the course of the update process and has provided invaluable feedback to staff that was integral to the development of this document. One additional meeting is planned prior to the end of the year.

5) Hillsborough Community

The Town developed a multifaceted outreach approach to ensure that the Hillsborough community was aware of and can contribute to the development of the Housing Element Update document. In addition to the establishment of the HEAC discussed above, between May 2020 through August 2022 the Town has:

- Hosted 40 meetings open to the public where the update was discussed (City Council, Board and Commission meetings, workshops, HEAC meetings, etc.).
- Hosted a comprehensive project website which includes a variety of surveys and questionnaires, an online mapping tool, recordings and materials from each meeting of the Housing Element Advisory Committee and each City Council, and City Board and Commission meeting where this project was discussed.
- Established a Housing Element Update email list
- Distributed project information via the Town’s “e-announcements” electronic newsletter
- Sent community-wide mailings
- Contributed articles to the Town’s paper newsletters which are mailed to all Hillsborough residents, the Hillsborough City School District’s newsletter, and Hillsborough Living.

Feedback received through these many avenues helped to form the foundation of the policies, programs, actions, and identification of the housing opportunity sites described in the Housing Element Update document. Specific outreach metrics are outlined below:

- *Electronic and Mailed Communications*
 - 76 e-announcements (electronic)
 - 4 Town Newsletter articles (paper; sent to all Hillsborough residents)
 - 1 Hillsborough Living article (paper and electronic)
 - 1 informational handout (paper; distributed at Light Up the Town, Celebrate May, and available at the public information counter at Town Hall and the Hillsborough Police Department)
 - 2 post cards (paper; sent to all Hillsborough residents)
 - 7 invitations to participate in the public review process sent Hillsborough City School District (HCSD) families (electronic; via the HCSD newsletter)
- *Virtual Engagement¹*
 - 2 community-wide questionnaires (online)
 - 7 Housing Element Advisory Committee meetings (one upcoming)
 - 15 City Council Subcommittee meetings
 - 11 City Council Meetings
 - 1 Architecture and Design Review Board (ADRB) Meeting
 - 3 Citizen Communications Advisory Committee (CCAC) Meetings

¹ As the RHNA 6 Housing Element Update process timeline coincided with the COVID-19 pandemic, much of the Housing Element Outreach occurred in a virtual setting.

- 1 community-wide virtual Visioning Workshop
- 1 community-wide virtual Open House (upcoming)
- *In-Person Engagement*
 - 2 in-person Open Houses (upcoming: August 18, 2022 and September 6, 2022)

Additionally, a 45-day public review and comment period opened on August 4, 2022, allowing the public to review the draft document and provide feedback on the Town’s proposed approach. While state law only requires a 30-day public review and comment period, the Town has opted to increase this to 45-days to increase the opportunity for community input.

6) Town Staff

In addition to the Technical Advisory Committee described above, Town staff from the Building and Planning Department and City Manager’s Office have provided project management support to the Housing Element update effort.

What is Required to be Included in the RHNA 6 Housing Element?

Per statute, the RHNA 6 Housing Element is required to include the following sections:

1. *Introduction*: Outlines the purpose of the housing element and history of the Town.
2. *Public Participation*: Summarizes the Town’s community engagement efforts to achieve diverse public participation of the community.
3. *Review and Revision of Past Performance*: Evaluates the housing programs and quantified objectives outlined in the past Housing Element and the Town’s efforts in meeting the program requirements and achieving the quantified objectives.
4. *General Plan Consistency*: Evaluates whether the Housing Element is consistent with the goals and policies set forth by the General Plan.
5. *Housing Needs Assessment*: An analysis of current demographic and housing trends and conditions.
6. *Housing Constraints*: Summarizes governmental and non-governmental constraints on production, maintenance, and affordability of housing.
7. *Housing Resources*: Summary of housing production, available land, and RHNA.
8. *Sites Inventory, Analysis, and Zoning*: Identifies candidate sites available for net-new housing development, by income category, to meet the town’s RHNA.
9. *Affirmatively Furthering Fair Housing (AFFH)*: Summary of findings from the Town’s Fair Housing Assessment and the Town’s fair housing action plan.
10. *Housing Plan*: Summarizes Housing Policies, Programs, and Actions.

DISCUSSION

In consideration of the background information provided above, the Town has developed an initial draft of the *Town of Hillsborough RHNA 6 Housing Element Update*. This document includes the statutorily required sections outlined above and outlines the approach that the Town proposes to take to accommodate its RHNA 6 allocation. Upon the closing of the public comment period on September 19, 2022, the project team will, consistent with state law, take 10 business days to consider and incorporate any public comments and submit the draft document to HCD. Per statute, HCD has 90-days to provide the Town with feedback on the draft, which must be adopted by January 31, 2023.

What Approaches are Proposed to Accommodate the Town’s RHNA 6 Allocation?

The Draft *Town of Hillsborough RHNA 6 Housing Element Update* proposes the utilization a multi-pronged approach to accommodating the RHNA 6 allocation of 665 units (RHNA 6 units + 20% “no net loss” buffer), as follows:

1. Further development of Accessory Dwelling Units (ADUs)
2. Amendments to the Town’s zoning and subdivision standards to provide increased residential development opportunities.

An overview of these approaches is discussed in the sections below. Additional detail on each of these approaches is included in the Sites Inventory Analysis section of the Draft *Town of Hillsborough RHNA 6 Housing Element Update* attached to this staff report.

Approach # 1: Promotion of Accessory Dwelling Units

Approach Overview

To accommodate a significant portion of its RHNA 6 allocation and related no net loss buffer, the update proposes to continue to promote ADU development via the Town’s existing ADU Ombudsman Program to provide increased residential development opportunities within Hillsborough.

ADU APPROACH & OUTCOME

The update is proposing the continuation of the Town’s successful ADU Ombudsman program and the utilization of a “Safe Harbor” Methodology to project future ADU development trends, resulting in an estimate of

280 net new ADUs to be developed during the RHNA 6 cycle.

The Town of Hillsborough has a strong track record of supporting and encouraging accessory dwelling unit (ADU) development. In response, the Town has seen a significant uptick in ADU development applications during RHNA Cycle 5. The Town’s ADU Permits Issued by year for the years between 2014-2022 (June) are outlined in Table 3, below.

TABLE 3: ADU Building Permits Issued by Year (RHNA Cycle 5)

Year	# of ADU Building Permits Issued
2014	16
2015	39
2016	10
2017	18
2018	16
2019	20
2020	25
2021	64
2022 (Jan-June)	28

To support this trend and facilitate further ADU development, in 2020 the Town established an ADU Ombudsman program staffed by an ADU Specialist specifically trained to guide people

through the Town’s ADU review and approval processes. Since the establishment of this program, on average, ADU development has more than doubled (January 2019-June 2022).

Approach Details

HCD and ABAG have provided general direction regarding a “safe harbor” methodology that jurisdictions may use to estimate how many ADUs are likely to be developed in the RHNA 6 cycle, and how to distribute those units among the various RHNA income categories. This “safe harbor” methodology is outlined in Table 4, below.

TABLE 4: ADU Safe Harbor Methodology – RHNA 6

Topic	“Safe Harbor” Assumptions
Number of ADUs	<ul style="list-style-type: none"> • Determine the average number of ADUs permitted in the last three years • Multiply that average by the eight years in the RHNA cycle for estimated 8-year total
Income Category Distribution²	<ul style="list-style-type: none"> • Very Low Income: 30% • Low Income: 30% • Moderate Income: 30% • Above Moderate Income: 10%

Utilizing this ADU approach, the Town can accommodate 280 units of its RHNA 6 allocation.

Approach Outcome

Table 5, below, summarizes the Town’s ADU income level breakdown, including the 20 percent “no net loss” buffer. The table also demonstrates the remaining delta of the RHNA 6 and no net loss allocations, after accounting for the “safe harbor” ADU projections.

TABLE 5: RHNA 6 ADU Approach

Income Level	RHNA 6 Allocation & 20% “No Net Loss” Buffer	Minus ADUs	Remaining Units to be Accommodated
Very Low Income (0-50% AMI)	188	84	104
Low Income (51-79% AMI)	106	84	22
Moderate Income (80-119% AMI)	104	84	20
Above Moderate Income (120% AMI+)	267	28	239
TOTAL:	665	280	385

² Methodology established by the Association of Bay Area Governments (ABAG)

Approach #2: Amendments to the Town’s Zoning and Subdivision Ordinances to Provide Increased Residential Development Opportunities

Approach Overview

To accommodate the remaining RHNA 6 allocation and related no net loss buffer, the update proposes to make amendments to the Town’s zoning and subdivision standards to provide increased residential development opportunities within the Hillsborough community.

ORDINANCE AMENDMENT APPROACH & OUTCOME

The update proposes to modify and rename its existing zoning district, establish two new zoning districts, establish an affordable housing overlay district, and update its subdivision ordinance, resulting in accommodation of **385 net new units** to be developed during the RHNA 6 Cycle

Approach Background: Current Development Standards

The Town of Hillsborough currently has one zoning district, Residential District (RD). This zone permits solely single-family residential development and related accessory structures, with permitted, non-residential uses including public and private schools, a country club, a racquet club, various public facilities, utility installations, and open space. The RD standards are detailed in Table 6, below.

TABLE 6: Hillsborough Residence District (RD) Standards

RD Residential District Bulk and Dimensional Standards	
Lot Standards (Minimum)	
Lot Area (acre)	0.5
Lot Width (ft)	150
Yard Setbacks (Minimum)	
Front (ft)	25
Street Side (ft)	25
Interior Side (ft)	20
Rear (ft)	20
Building Standards (Maximum)	
Building Height (ft)	22-32
Floor Area Ratio	0.25
Building and Impervious Surface Coverage	50%
Building Standards (Minimum)	
Landscape Coverage	50%
Dwelling Unit Size (sq ft)	2,500

The Town’s subdivision ordinance further defines allowable lot sizes and street frontage requirements upon subdivision, as detailed in Table 7, below.

TABLE 7: Hillsborough Subdivisions Standards

Subdivision Ordinance Dimensional Standards	
Lot Standards (Minimum)	
Lot Area (acre)	0.50
Lot Width (ft)	150 (75 at cul-de-sacs)

Approach Details: Proposed Modifications

Proposed modifications to these standards are described below:

a) Residential District 1 (RD-1)

The Town proposes to rename its existing Residence District (RD) to Residential District 1 (RD-1). The new RD-1 Zoning District is proposed to be applied to all parcels in Hillsborough that are less than 10 acres in area, excluding the Town Hall Campus. Certain Hillsborough neighborhoods currently conform to similar standards such as Hillsborough Oaksbridge. The housing types that are proposed to be allowed in the RD-1 district include single-unit detached dwellings and ADUs/JADUs. The proposed standards of the RD-1 are detailed in Table 8, below.

Table 8: Proposed RD-1 Development Standards

RD-1 Residential District Bulk and Dimensional Standards	
Lot Standards (Minimum)	
Lot Area (acre)	0.33
Lot Width (ft)	100
Yard Setbacks (Minimum)	
Front (ft)	25
Street Side (ft)	25
Interior Side (ft)	20
Rear (ft)	20
Building Standards (Maximum)	
Building Height (ft)	22-32
Floor Area Ratio	0.25
Building and Impervious Surface Coverage	70%
Building Standards (Minimum)	
Landscape Coverage	30%
Dwelling Unit Size (sqft)	n/a

Key proposed changes include:

- Lowering the lot area minimum from ½ acre to ⅓ acre
- Lowering the lot width minimum from 150 feet to 100 feet
- Increasing the maximum building and impervious surface coverage from 50 percent to 70 percent
- Lowering the minimum landscape coverage from 50 percent to 30 percent
- Lowering the minimum dwelling unit size from 2,500 to 800 square feet

The proposed standards of the new RD-1 zone will allow for more efficient use of land, be more aligned with fire safety best practices, and accommodate additional housing through increased opportunities for subdivision, resulting in 15 net new units.

b) Residential District 2 (RD-2)

The Town will establish a new Residential District 2 (RD-2), proposed to be applied to all parcels in Hillsborough which are 10+ acres in area. Housing types proposed to be allowed in the RD-2 zone include single-unit detached dwellings, ADUs/JADUs, duplexes, triplexes, quadplexes, and multiple unit housing (aka “cottage clusters”) restricted to residents 55 years of age or older. The proposed standards of the RD-2 zone are detailed in Table 9, below.

TABLE 9: Proposed RD-2 Development Standards

RD-2 Residential District Bulk and Dimensional Standards	
Lot Standards (Minimum)	
Lot Area (acre)	0.25
Lot Area per Dwelling Unit (acre)	0.125 (1)
Lot Width (ft)	75
Yard Setbacks (Minimum)	
Front (ft)	25
Street Side (ft)	25
Interior Side (ft)	10
Rear (ft)	20
Building Standards (Maximum)	
Building Height (ft)	45
Floor Area Ratio	n/a
Building and Impervious Surface Coverage	80%
Building Standards (Minimum)	
Landscape Coverage	20%
Dwelling Unit Size (sqft)	n/a
Notes	
<i>(1) Multiple unit housing restricted to residents 55 years of age and older shall have a minimum lot area per dwelling unit of 0.062 acres.</i>	

Key proposed changes include:

- Lowering the lot area minimum from ½ to ¼ acre
- Establishing minimum lot area per dwelling unit standards as follows:
 - 1/8 acre for multi-unit, non-age restricted housing
 - 1/16 acre for multi-unit, age restricted housing (55 years +)
- Lowering the lot width minimum from 150 feet to 75 feet
- Lowering the minimum interior side yard setback from 20 feet to 10 feet
- Increasing the maximum building height from 22-32 feet to a maximum of 45 feet
- Eliminating the floor area ratio maximum (currently 25%)
- Increasing the maximum building and impervious surface coverage from 50% to 80%
- Lowering the minimum landscape coverage from 50% to 20%

- Lowering the minimum dwelling unit size from 2,500 to 800 square feet

The proposed standards of the new RD-2 Residential District will allow for more efficient use of land, be more aligned with fire safety best practices, and accommodate additional housing by allowing for higher density housing types and by making the subdivision of large parcels in the community more market feasible, resulting in 171 net new units.

c) Residential District 3 (RD-3)

The Town will establish a new Residential District 3 (RD-3), which is proposed to be applied to the Town Hall Campus site. The allowed uses and standards of the RD-3 zone will be informed by the findings of the Town Hall Master Plan, resulting in 100 net new units.

d) Affordable Housing Overlay District (O-AH)

The Town of Hillsborough will establish a new Affordable Housing Overlay District (O-AH) which will be applied to all parcels in the new RD-2 Residential District detailed above. Housing types proposed to be allowed in the O-AH district include multi-unit housing which meet established affordability criteria. The proposed standards of the O-AH district are detailed in Table 10, below.

TABLE 10: Proposed O-AH Development Standards

O-AH Affordable Housing Overlay District Bulk and Dimensional Standards	
<i>Lot Standards (Minimum unless otherwise stated)</i>	
Lot Area (acre)	0.5
Lot Area, maximum (acre)	10
Lot Area per Dwelling Unit (acre)	0.05
Lot Area per Dwelling Unit, maximum (acre)	0.04
Lot Width (ft)	75
<i>Yard Setbacks (Minimum)</i>	
Front (ft)	20
Street Side (ft)	20
Interior Side (ft)	10
Rear (ft)	15
<i>Building Standards (Maximum)</i>	
Building Height (ft)	60
Floor Area Ratio	n/a
Building and Impervious Surface Coverage	85%
<i>Building Standards (Minimum)</i>	
Landscape Coverage	15%
Dwelling Unit Size (sqft)	n/a

The major proposed changes include:

- Establishing a maximum lot area of 10 acres

- For multi-family housing that meets established affordability criteria, establishing a minimum lot area per dwelling unit requirement of 1/20th acre for non-age restricted units and 1/24th acre for age-restricted (55+) units
- Lowering the lot width minimum from 150 feet to 75 feet
- Lowering the minimum front and street side yard setback from 25 feet to 20 feet
- Lowering the minimum interior side yard setback from 20 feet to 10 feet
- Lowering the minimum rear yard setback from 20 feet to 15 feet
- Increasing the maximum building height from 22-32 feet to a maximum of 60 feet
- Eliminating the floor area ratio maximum (currently 25%)
- Increasing the maximum building and impervious surface coverage from 50% to 85%
- Lowering the minimum landscape coverage from 50% to 15%
- Lowering the minimum dwelling unit size from 2,500 to 800 square feet

The proposed standards of the new O-AH District will allow for more efficient use of land, be more aligned with fire safety best practices, and accommodate affordable housing by allowing for higher density housing types and by making the subdivision of large parcels in the community more market feasible, resulting in 100 net new units.

Approach Outcome

Table 11, below, summarizes the Town’s income level breakdown of amendments to the Town’s Subdivision and Zoning Ordinances, including the 20% “no net loss” buffer and after accounting for the ADU projections discussed above.

TABLE 11: RHNA 6 Ordinance Amendment Approach + ADU Approach

Income Level	RHNA 6 Allocation & 20% “No Net Loss” Buffer Remaining After ADUs	Minus Units Achieved After Updates to Development Standards (RD-1, RD-2, RD-3, & O-AH)	Remaining Units to be Accommodated
Very Low Income (0-50% AMI)	104	106	2
Low Income (51-79% AMI)	22	20	(2)
Moderate Income (80-119% AMI)	20	20	0
Above Moderate (120% AMI+)	239	239	0
TOTAL:	385	385	0

Why Does the Housing Element Update Propose These Ordinance Changes?

The update proposes these ordinance changes for the following reasons:

- The Town must demonstrate to HCD that it has capacity to accommodate its RHNA 6 allocation within Town limits. When using the Town’s current standards, there are not enough feasible development opportunity sites to accommodate the RHNA assignment and the standards need to be updated.

- Updating of the existing RD Zone, the establishment of two additional zones (RD-2 and RD-3) and the establishment of an Affordable Housing Overlay will open opportunities for development of a variety of housing options not currently available in the Hillsborough community, allowing the Town to achieve its RHNA 6 allocation assignment.
- Amendments to the Town’s zoning and subdivision standards outlined above will further increase opportunities for the subdivision of parcels and allow for more lots to be established when a subdivision occurs, thereby facilitating the development of additional housing.
- While not the primarily preferred option, updates to the Town’s zoning and subdivision ordinances were positively received by Town’s HEAC.

Where Does the Update Expect these Units to be Developed?

The Housing Element must include an inventory of specific sites or parcels that are suitable for residential development and available for use in the planning period to accommodate the RHNA 6 allocation. As such, the update has identified four key opportunity sites for future housing development. One is owned by the Town, one is vacant, and two are non-vacant but significantly underutilized sites that are primary candidates for future housing development.

Methodology

The Town completed a thorough analysis of all parcels in the community to identify housing opportunity sites throughout Hillsborough. The Housing Opportunity Sites were identified utilizing an ArcGIS Urban and ArcGIS Pro process that involved the below steps:

1) Identifying Site Suitability Factors

A series of site suitability factors were identified that either support housing development or minimize opportunities for housing development. The following site suitability factors were identified:

- *Proposed Zoning.* The proposed base and overlay zoning district designation of parcels was considered in order to inform the development potential of a site.
- *Existing Land Use.* The existing land use of parcels was considered in order to understand the likelihood of the use of parcels for housing.
- *Year Built.* The year that residences were built was considered in order to identify sites that would likely redevelop during the 8-year RHNA 6 Cycle.
- *Lot Acreage.* The total area of a parcel was considered to identify parcels between 0.5 acres and 10 acres in area, the lot area deemed most suitable for the development of affordable housing according to the California Department of Housing and Community Development.
- *Improvement Ratio.* The improvement ratio was calculated by comparing the value of the built features of the site versus the value of the land. This was considered to identify sites more likely to redevelop.
- *Vacancy.* Whether a site is currently vacant or nonvacant was considered to identify sites available for new development.
- *Residual Lot Coverage.* Residual lot coverage was calculated by comparing the total lot area with the footprint of buildings. This was considered to identify sites with land area available for subdivision or the development of ADUs.
- *Residual Height.* Residual height was calculated by comparing the height of existing buildings with the maximum building height allowed by the new zoning districts.

- *Proximity to Amenities.* Distance from amenities such as schools, retail areas, job opportunities, and transit was considered to identify highly resourced sites.
- *Fire Hazard.* Much of Hillsborough is located in a high fire hazard severity zone. This was considered to identify sites with minimal fire hazard.
- *Slope.* Hillsborough has a hilly topography and much of the community has a slope of 30 percent or more. This was considered to identify sites where slope would not be a barrier to the development of affordable housing due to the costs of grading.
- *Landslide / Liquefaction.* Hillsborough is impacted by landslide and liquefaction hazard. This was considered to identify sites where landslide / liquefaction would not be barrier to the development of affordable housing due to the costs of mitigation.

2) Site Suitability Factor Scoring

After the site suitability factors were identified, they were scored on a scale of 1-10, 1 being least suitable for housing and 10 being most suitable for housing. These scores informed the weighted suitability model that was used to evaluate multiple criteria influencing the likelihood of development on a parcel-by-parcel basis. Each property was assigned a total weighted score, where the higher the score the greater the likelihood of development. The table detailing the scores given to each site suitability factor is included on pages 97-98 of the *Town of Hillsborough RHNA 6 Housing Element Update* attached to this staff report.

Housing Opportunity Sites

As mentioned earlier in this section, a total of four housing opportunity sites were identified through the site suitability analysis, as follows:

- One non-vacant Town-owned site
- Two non-vacant, privately-owned sites, and
- One vacant, privately-owned site

Housing Opportunity Site 1: Town Hall Campus (Non-Vacant Town Owned Site)

- **Rezone to RD-3**
- **100 total units anticipated, 80 affordable (40 very-low income, 20 low-income, 20 moderate income)**

The Town of Hillsborough owns an approximately 2.5-acre site near the intersection of Floribunda Avenue and El Camino Real. The site is currently developed with several freestanding buildings housing Town offices and the Hillsborough Police Department (HPD), a small parklet, several parking lots, Town-owned right of way encumbered with underground infrastructure, and a single-family home. Additionally, the main Town Hall building serves as a community center and meeting space, hosting various activities and civic events along with Council, committee, and board meetings. The site's proximity to transit, daily shopping needs, job opportunities, and educational opportunities makes it an ideal location for mixed income housing—including affordable units.

In June 2022 the Town solicited professional planning and design services to assist in the development of a master plan, CEQA analysis, conceptual design documents (including preliminary cost estimate/budget, scope and schedule documents) and related community outreach plan to support future redevelopment of the Town Hall Campus site. The Town anticipates completion of this study in the Fall 2022. Taking into account the needs of the Town Hall and Police Station and other site encumbrances, preliminary study results demonstrate that a minimum of 100 housing units can be accommodated on the site. This preliminary analysis also

demonstrates that the following affordability breakdown could be feasible when Low Income Housing Tax Credits are considered in the development pro forma:

- Very Low Income: 40%
- Low Income: 20%
- Moderate Income: 20%
- Above Moderate Income: 20%

Since the Town is the owner of the site and is leading the redevelopment effort, the existing use is not deemed an impediment to additional residential development. There are no existing leases or other contracts that would prevent additional residential development. The Town has significant confidence in the feasibility of development of this site during the RHNA 6 Cycle for the following reasons:

- The Town solely owns the Town Hall Campus site, resulting in ability to control future uses and development.
- The site scored highly with the Town’s Housing Element Advisory Committee (HEAC) as a key opportunity site.
- The Town has received direction from City Council to proceed with the Town Hall Campus Study to analyze the site’s feasibility for use as a mixed-use, mixed-income property.
- General Fund monies have been assigned by Council in the 2022/23 Town budget to fund the analysis.
- The Town has issued an RFP and is currently under contract with a professional planning and design firm to assist in the development of a master plan, CEQA analysis, conceptual design documents and preliminary cost estimate/budget, scope and schedule documents for a mixed-use, mixed-income redevelopment of the site.
- The Town is receiving advice on best practices related to soliciting for and entering into public-private partnerships (P3s).

Additional detail is included on page 99 of the *Town of Hillsborough RHNA 6 Housing Element Update* attached to this staff report.

Housing Opportunity Site 2: De Guigne Estate (Non-Vacant, Privately Owned)

- **Rezone to RD-2 with O-AH Applied**
- **72 total units anticipated, 48 affordable (very-low income)**

The De Guigne Estate is a privately owned, nearly 50-acre parcel located between Crystal Springs Road and Parrot Drive along the southeastern border of the Town. The site is planned to be rezoned to the new RD-2 Residential District and have the O-AH Affordable Housing Overlay District applied to it.

Much of the site is impacted by steep slopes which limit access to the majority of the property to one point of entry and exit. Based on access requirements for affordable housing developments, the Update anticipates that a maximum of 24 units may be developed in areas only one point of ingress/egress. Additionally, due to the limited density achievable, all 24 units would be counted as above moderate income.

Another portion of the site can be accessed directly from Crystal Springs Road, and thus is not limited in density by statute as it can provide multiple access points. This area is anticipated to be

developed according to the standards of the O-AH Affordable Housing Overlay District, and the Update anticipates that a total of affordable 48 units could be built in this location.

Only vacant portions of the De Guigne Estate are identified to accommodate additional housing. The existing residence and accessory buildings and structures are proposed to remain. Therefore, the existing use is not deemed an impediment to additional residential development. There are no existing leases or other contracts that would prevent additional residential development.

While this site was identified as an opportunity site in RHNA Cycle 5, The Town has significant confidence in the feasibility of development of this site during RHNA Cycle 6 for the following reasons:

- The Town of Hillsborough currently only allows single-family detached housing development at a minimum density of 2 dwelling units per acre. The proposed zoning and subdivision ordinance amendments which are proposed for this site are expected to lead to additional housing units, as:
 - Allowing for smaller lots upon subdivision will generate more lots per site. This can result in significant revenue generation for owners of larger sites such as the De Guigne Estate and potentially encourage the division of such larger Hillsborough parcels;
 - Allowing for higher residential density on these newly-created, smaller lots will encourage additional housing development;
 - Higher density opportunities can create more opportunities for affordable projects to “pencil” for developers.

The detailed analysis and a conceptual land use plan for this site is included on page 100 of the *Town of Hillsborough RHNA 6 Housing Element Update* attached to this staff report.

Housing Opportunity Site 3: Strawberry Hill (Non-Vacant, Privately Owned)

- **Rezone to RD-2 with O-AH Applied**
- **187 total units anticipated, 52 affordable (very-low income)**

Strawberry Hill is a privately owned, 50-acre parcel bounded by Skyfarm Drive, Macadamia Drive, and Forest View Avenue in the northern area of Town. The site is planned to be rezoned to the new RD-2 Residential District and have the O-AH Affordable Housing Overlay District applied to it.

Two points of access are currently provided to the site along Redington Road and Macadamia Drive and therefore density is not limited by statute; however, much of the northern portion of the site is impacted by steep slopes thereby limiting the developable area. The Update anticipates that a portion of the lot would be developed with single-family detached homes which would provide a transition between the single-family detached homes to the southwest of Macadamia Drive and the proposed higher density housing planned for the remaining developable area of the lot. The Update anticipates that 15 single-family detached homes could be accommodated on this portion of the site and would be counted as above moderate income.

The Update then anticipates that the remaining developable area of the lot would be developed with 172 units of mixed-income, multi-family housing. Based on the required affordability levels of the new O-AH Affordable Housing Overlay District, 30 percent of these units (52 units) would be

reserved for very low-income households, while the remaining (120) are anticipated as above moderate income.

Only vacant portions of Strawberry Hill are identified to accommodate additional housing. The existing residence and accessory buildings and structures are proposed to remain. Therefore, the existing use is not deemed an impediment to additional residential development. There are no existing leases or other contracts that would prevent additional residential development.

While this site was identified as an opportunity site in RHNA Cycle 5, The Town has significant confidence in the feasibility of development of this site during RHNA Cycle 6 for the following reasons:

- The Town of Hillsborough currently only allows single-family detached housing development at a minimum density of 2 dwelling units per acre. The proposed zoning and subdivision ordinance amendments which are proposed for this site are expected to lead to additional housing units, as:
 - Allowing for smaller lots upon subdivision will generate more lots per site. This can result in significant revenue generation for owners of larger sites such as Strawberry Hill, and potentially encourage the division of such larger Hillsborough parcels;
 - Allowing for higher residential density on these newly-created, smaller lots will encourage additional housing development;
 - Higher density opportunities can create more opportunities for affordable projects to “pencil” for developers.

The detailed analysis and a conceptual land use plan for this site is included on page 101 of the *Town of Hillsborough RHNA 6 Housing Element Update* attached to this staff report.

Housing Opportunity Site 4: 50 Brooke Court (Vacant, Privately Owned)

- **Rezone to RD-2 with O-AH Applied**
- **12 total units anticipated, all above-moderate income**

50 Brooke Court is a privately owned, 10-acre parcel at the end of Brooke Court and adjacent to the College of San Mateo in the southern area of Town. The site is planned to be rezoned to the new RD-2 Residential District and have the O-AH Affordable Housing Overlay District applied to it.

Much of the site is impacted by steep slopes, limiting the feasibility of development on the site to an approximately 1.5 acre area in the northeastern portion of the site. Due to the cost associated with grading the site to provide access, the site is anticipated to be developed with townhomes. The Update anticipates that 12 townhome units could be accommodated at this site and are anticipated as above moderate income.

The detailed analysis and a conceptual land use plan for this site is included on page 102 of the *Town of Hillsborough RHNA 6 Housing Element Update* attached to this staff report.

- The proposed zoning and subdivision ordinance amendments which are proposed for this site are expected to lead to additional housing units, as:
 - Allowing for smaller lots upon subdivision will generate more lots per site. This can result in significant revenue generation for owners of larger sites such as 50 Brooke Court, and potentially encourage the division of such larger Hillsborough parcels;

- Allowing for higher residential density on these newly-created, smaller lots will encourage additional housing development;
- Higher density opportunities can create more opportunities for affordable projects to “pencil” for developers.

How does the Town Plan to Accomplish These Changes During the RHNA 6 Cycle?

Statute requires that communities include in their Housing Element Updates a program which outlines the policy objectives of the community, the goals that the community has set to achieve those objectives, and a quantifiable action plan. The Update includes this section, which is referred to as the “Policies and Programs” section of the draft Update document. The following is a high-level overview of the proposed RHNA 6 Policies and Programs (also referred to as Goals) included in the Draft *Town of Hillsborough RHNA 6 Housing Element Update*. The full narrative and quantifiable action plan may be found in the “Policies and Programs” section of the *Town of Hillsborough RHNA 6 Housing Element Update* attached to this staff report.

-Policy 1: Reduce Barriers to Housing Development

- Goal 1.1: Allow for increased subdivision opportunities throughout the community.
- Goal 1.2: Streamline the project review process for housing-related applications.
- Goal 1.3: Assist Town residents in the resolution of land use conflicts to promote successful housing development projects.
- Goal 1.4: Amend the Town’s zoning regulations to comply with all recently adopted state legislation.

-Policy 2: Promote the Construction and Affordability of Accessory Dwelling Units (ADUs).

- Goal 2.1: Continue to support and fund a Town ADU Ombudsman to guide property owners through the Town’s ADU process.
- Goal 2.2: Allow one JADU and multiple ADUs on lots one acre and larger within the RD-1 zone.
- Goal 2.3: Create a program to encourage and expedite the conversion of pool houses, guest houses, and other accessory structures to recorded ADUs/JADUs.
- Goal 2.4: Require all future pool house, guest house, and similar development to be constructed to the standards of an ADU to accommodate future conversion.
- Goal 2.5: Create a retroactive permitting program for existing, unpermitted ADUs.
- Goal 2.6: Analyze the feasibility of requiring secondary ADUs (with the exception of JADUs) to be deed restricted at affordable rental rates.

-Policy 3: Facilitate Housing Development on Public, Commercial, Nonprofit, and Institutionally Owned Sites

- Goal 3.1: Redevelop the 2+ acre Town Hall Campus to incorporate mixed-income, multi-family residential development into the civic site.
- Goal 3.2: Monitor the disposition of all publicly owned land for potential future use for housing development.
- Goal 3.3: Encourage and support use of commercial, non-profit, and institutionally owned land for housing development.

-Policy 4: Plan for and Support the Development of “Missing Middle,” Multi-Family and Affordable Housing

- Goal 4.1: Update the Town's Zoning Ordinance to allow a variety of missing middle and multifamily housing types in the community.
- Goal 4.2: Modify fees and reduce costs for affordable housing projects.
- Goal 4.3: Establish an Affordable Housing Impact Fee Program.
- Goal 4.4: Ensure appropriate resource levels for timely review of housing development applications.
- Goal 4.5: Discourage redevelopment of sites with existing, smaller, single-family homes.

-Policy 5: Ensure Responsible Development in Wildland Urban Interface (WUI) Areas

- Goal 5.1: Continue to support the Central County Fire District (CCFD) WUI Home Inspection Program.
- Goal 5.2: Continue to support community participation in the National Firewise USA® Recognition Program of the National Fire Protection Association (NFPA).
- Goal 5.3: Establish and enforce safety standards for structures and landscaping in WUI areas.

-Policy 6: Establish and Strengthen Opportunities for Rental Tenancies

- Goal 6.1: Add a tenant/landlord information page to the Town website.
- Goal 6.2: Support the Human Investment Project (HIP Housing) Home Sharing, Self-Sufficiency, and Property programs.
- Goal 6.3: Establish and continue partnerships with local nonprofits for tenant outreach and counseling.
- Goal 6.4: Adopt an anti-harassment ordinance and a right-to-counsel policy.

-Policy 7: Actively Participate in Meeting the Housing Needs of the Community

- Goal 7.1: Continue participation in and support for the 21 Elements project.
- Goal 7.2: Provide financial support to local housing, homelessness, and mental health support programs.
- Goal 7.3: Report annually to City Council on the Town's progress in meeting the RHNA Cycle 6 housing allocation.
- Goal 7.4: Monitor the residential sites inventory and the Town's progress in meeting RHNA.

-Policy 8: Affirmatively Further Fair Housing Opportunities

- Goal 8.1: Eliminate discrimination in housing based on age, race, color, religion, sex, marital status, national origin, ancestry, or occupation.
- Goal 8.2: Proactively increase access to affordable housing options for historically marginalized and underrepresented groups.
- Goal 8.3: Encourage the inclusion of universal design standards in all multi-family development.

What is the Project Timeline & Next Steps?

The Housing Element must be updated and certified by HCD by January 31, 2023 for the RHNA 6 Cycle. The table below summarizes the key dates to ensure the Town receives HCD certification

by the January 2023 deadline.

Date	Step / Action
August 2, 2022	HEAC Meeting #5: Draft Element Shared with HEAC
August 4, 2022	Public Release of Draft Housing Element (45-day comment period begins)
August 8, 2022	Informational Update to Council on Draft Housing Element
August 18, 2022	Public Open House on Draft Housing Element #1
September 6, 2022	Public Open House on Draft Housing Element #2
September 12, 2022	City Council Study Session on Draft Housing Element
September 19, 2022	45-Day Comment Period Closes
October 4, 2022	Draft Housing Element sent to HCD for round 1 review (90-days)
Fall 2022	CEQA Review
Mid-November 2022	Receive preliminary HCD feedback
December 8, 2022	HEAC Meeting #6
December 2022	Receive formal HCD comment letter
January 2023	Review and Incorporate HCD feedback into Housing Element Document
January 31, 2023	Housing Element Certification Deadline
Spring 2023	City Council Adoption of Certified Housing Element

FISCAL IMPACT: At the September 13, 2021 City Council meeting, the Council authorized the City Manager to execute an agreement with Houseal Lavigne Associates for professional planning services to support the Housing Element Update. On February 14, 2022, the City Council approved an amendment to the contract to total \$475,000. A total of \$750,000 has been allocated for the General Plan Update project, which includes this work. The remaining funds should be sufficient to complete the balance of the General Plan update in FY 2023-24.

ENVIRONMENTAL ISSUES: Pursuant to the requirements of the California Environmental Quality Act (CEQA), the Town is in the process of preparing the necessary environmental review for the *Town of Hillsborough RHNA 6 Housing Element Update*. Prior to the time that the City Council is required to adopt the *Town of Hillsborough RHNA 6 Housing Element Update*, CEQA review will have been completed and will be available to the City Council for consideration prior to any discretionary action of the City Council to adopt the housing element.

ATTACHMENT: Draft *Town of Hillsborough RHNA 6 Housing Element Update*

PREPARED BY:

Liz Ruess, Senior Planner, Long-Range Planning and Special Projects
 Sarah A, Fleming, AICP, Director, Department of Building & Planning

RECOMMENDATION: Receive presentation and provide feedback.