



TOWN OF PORTOLA VALLEY
REGULAR PLANNING COMMISSION MEETING
765 Portola Road, Portola Valley, CA 94028
Wednesday, December 4, 2013 – 7:30 p.m.
Council Chambers (Historic Schoolhouse)

AGENDA

Call to Order, Roll Call

Commissioners McIntosh, McKitterick, Targ, Chairperson Von Feldt, and Vice-Chairperson Gilbert

Oral Communications

Persons wishing to address the Commission on any subject, not on the agenda, may do so now. Please note, however, the Commission is not able to undertake extended discussion or action tonight on items not on the agenda.

Regular Agenda

1. Study Session – 2014 Housing Element Update

Commission, Staff, Committee Reports and Recommendations

Adjournment:

ASSISTANCE FOR PERSONS WITH DISABILITIES

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Assistant Planner at 650-851-1700 ext. 211. Notification 48 hours prior to the meeting will enable the Town to make reasonable arrangements to ensure accessibility to this meeting.

AVAILABILITY OF INFORMATION

Any writing or documents provided to a majority of the Town Council or Commissions regarding any item on this agenda will be made available for public inspection at Town Hall located 765 Portola Road, Portola Valley, CA during normal business hours.

Copies of all agenda reports and supporting data are available for viewing and inspection at Town Hall and at the Portola Valley branch of the San Mateo County Library located at Town Center.

PUBLIC HEARINGS

Public Hearings provide the general public and interested parties an opportunity to provide testimony on these items. If you challenge a proposed action(s) in court, you may be limited to raising only those issues you or someone else raised at the Public

Hearing(s) described later in this agenda, or in written correspondence delivered to the Planning Commission at, or prior to, the Public Hearing(s).

This Notice is posted in compliance with the Government Code of the State of California.

Date: November 27, 2013

CheyAnne Brown
Planning Technician



MEMORANDUM

TOWN OF PORTOLA VALLEY

TO: Planning Commission

FROM: Karen Kristiansson, Deputy Town Planner

DATE: November 27, 2013

RE: Overview of Housing Element Requirements, Additional Information on Potential Changes to the Second Unit Program, and Revised Schedule

Overview of Housing Element Requirements

California law requires that each jurisdiction have a general plan which sets forth the overall vision for the community. Each general plan must include at least seven plan “elements” or topic areas, one of which is housing. The housing element is therefore like the other elements of the Town’s general plan, such as the land use element and the conservation element, in that it helps to describe the goals and policies the Town has for its future.

Unlike the other elements of the general plan, however, the housing element is unique in that it is the only element which is reviewed and certified by the State. State law contains a number of requirements for housing elements. These are spelled out in Government Code Section 65580 *et seq.* To summarize, the state specifies that every housing element needs to include at least the following:

1. A review and analysis of the jurisdiction’s previous housing element;
2. A housing needs assessment based on demographic data, including information about elderly households, people with disabilities, and female-headed households;
3. An analysis of constraints on housing, including governmental constraints, such as fees and local application review processes, and nongovernmental constraints, such as the cost of land;
4. An inventory of all sites available for housing in the jurisdiction, including the size of each parcel, the zoning, and the availability of infrastructure; and
5. Housing programs describing how the jurisdiction plans to provide for the jurisdiction’s share of the Regional Housing Needs Allocation (RHNA) with a quantified objective for each program.

The State also sets deadlines for housing element updates. For the Bay Area, all housing elements need to be revised, adopted and certified by the State by January 31, 2015. If a jurisdiction misses this deadline, the jurisdiction will need to update its housing element in only four years instead of eight years.

Portola Valley’s Regional Housing Needs Allocation (RHNA)

A big part of the housing element update is determining how best to plan for the Town’s share of the regional housing need, or RHNA. This is the amount of housing for each income category that the Town is expected to plan for over the next eight years (2014 – 2022) and is shown in the table below. Often, however, the State is willing to allow housing for a lower income category to count towards the amount required for a higher income category.

Income Category	RHNA
Extremely Low	11
Very Low	10
Low	15
Moderate	15
Above Moderate	13
Total	64

For reference, the table below shows the 2013 income limits for households with 1, 2 or 4 people in San Mateo County.

Income Category	Maximum Income		
	1 person	2 people	4 people
Extremely Low	\$23,750	\$27,150	\$33,950
Very Low	\$39,600	\$42,250	\$56,550
Low	\$63,350	\$72,400	\$90,500
Moderate	\$86,500	\$98,900	\$123,600

At this point, staff is working on the assumption that the Town will plan to meet its RHNA primarily through two programs: second units and affiliated housing. A number of other significant housing programs have been discussed, but these programs may either provide housing on a longer timeframe than this housing element cycle, or may provide housing of a type that cannot be counted towards the RHNA under State policies.

In the month of December, staff anticipates getting several pieces of information that will help with assessing these programs. First, the 21 Elements group is expected to have the second unit affordability study ready this month. Second, staff is scheduling meetings with representatives of the Sequoias, the Priory and Stanford to discuss the possibility of affiliated housing on each of these three properties in Town. In January, therefore, the Town should have a much better idea of how well the Town can meet its RHNA through these programs.

Possible Changes to the Second Unit Program

Based on current information about second unit affordability and affiliated housing, staff expects that the Town may need to aim for approximately seven new second units per year. To do this, the Town will need to encourage more residents to build units. Over the last three years, the Town has permitted an average of 5.67 second units per year.

At its study session on November 20, the Planning Commission discussed a number of possible ways to do this and requested that staff return with follow-up information on several of these. Staff looked into the possibility of annexing land but determined that, given the Town's particular situation, this would not be likely to help the Town meet its RHNA. Information about the other programs discussed on November 20 is provided below.

Following the discussion at the December 4 study session, staff will review the ideas, do further research and analysis, and come back on December 18 with recommendations for priorities for changes to the second unit program based on those ideas that would be most feasible and that would fit best with both the Town's goals and the State's requirements.

Allowing larger second units

The Town currently allows second units to be a maximum of 750 sf in size. Larger second units may be more attractive to some homeowners, who may want to either provide the second units for parents or children, or move into the second unit themselves.

A larger second unit would probably rent at a higher rate but could potentially also accommodate a larger household that could afford a higher rent. In addition, most of the affordable second units in Portola Valley are provided at discounted rates to either relatives or employees of the property owners. This would likely continue even with larger second units.

If the Town wants to allow a larger second unit, the Ad Hoc Housing committee discussed the possibility of a 1,000 sf second unit. This would be enough of an increase from the current 750 sf to provide an incentive, and it is also more in line with the second unit sizes allowed in other similar jurisdictions (Woodside, Atherton, Hillsborough and Los Altos Hills all allow second units that are 1,000 sf or larger).

Floor area accounting for second units

One key question that was raised at the November 20 study session relates to how the floor area for a second unit is counted. Currently, all floor area in a second unit counts towards the overall floor area limit for the lot. The Town has a slight incentive for detached second units and other accessory structures because of its requirement that no more than 85% of the floor area for a parcel can be located in the main structure, unless certain findings are made. If some or all of the floor area in a second unit did not count towards the total floor area for the lot, however, that would be a stronger incentive for building a second unit.

A policy like this would increase the amount of development that would be allowed on parcels in Town in order to provide an incentive for more residents to build second units.

Ideally, therefore, the policy should be designed to provide a sufficient incentive for property owners while also minimizing the potential increase in allowed development.

One reasonable approach might be to allow half of the floor area in a second unit to be discounted so that it would not count towards the total allowable floor area for the lot, with a maximum discount of 250 sf. This would encourage development of second units that are at least 500 sf in size, which is large enough for a studio or a small one-bedroom unit, and would limit the overall amount of additional floor area to no more than 250 sf. With careful design, the impact of this increase would likely be minimal.

Second units in small lot areas

As was discussed at the November 20 study session, different approaches may be appropriate for different neighborhoods. Two of the key considerations are likely to be parking and lot coverage. To address these, the Town could craft special requirements for second units in small lot areas. For example, tandem parking could be not allowed in these areas, which would mean that parking for the second units would need to be provided in on-site, independent parking spaces. The Town could also establish a smaller size for second units in these areas, or could require that second units in these neighborhoods be attached to the main house.

The Portola Valley Ranch neighborhood is unique in that second units are prohibited by the Planned Unit Development permit (PUD) for the development and also by the Covenants, Codes and Restrictions (CC&Rs), rather than simply by the Town's zoning code. Since the CC&Rs are controlled by the Ranch Homeowners' Association (HOA), this means that the HOA would need to vote to change the CC&Rs in order for second units to be allowed there. Staff will provide information to the HOA for them to consider this, including information about the parking easements that exist on some streets and could potentially be used for second unit parking.

As is discussed below, staff has reached out to the HOAs in town, including the Ranch, to inform them of the Planning Commission's work on the housing element and discussion of the second unit program. Initial reactions from at least some of the HOAs may be available for the December 18 meeting and could help in considering this potential program change.

Two second units on larger properties

If the Town were to allow two second units on larger properties, impacts could be minimized by limiting parcels to no more than one detached second unit. This would allow these larger properties to have either two attached second units, or one attached second unit and one detached second unit. A requirement of this type could help to limit site disturbance while allowing two second units on larger lots.

Staff did a quick GIS analysis of the larger parcels in Town to get a sense of where these larger lots are located. That analysis showed that most parcels that are 5 acres or larger in size are located on the western hillsides. Most of the parcels that are between 2.5 acres and 5 acres are located in the Westridge neighborhood, with most of those being between 2.5 and 3 acres in size (around 75 parcels). There are about 25 parcels in the Westridge area between 3 acres and 3.5 acres in size, and approximately another 25 parcels in that area between 3.5 and 5 acres.

Based on these numbers, it seems that allowing two second units on parcels larger than 2.5 acres could have a noticeable impact on the Westridge neighborhood in particular. Instead, using 3 or 3.5 acres as the threshold would be more reasonable. A more careful analysis of the exact number and locations of these lots could be carried out if that would be helpful.

Because many of the parcels are located in the Westridge area, the Westridge HOA may wish to provide comments or suggestions about this idea.

Pre-approved green designs

Another possibility which was suggested would be to have the Town pre-approve certain green designs for second units. Property owners could build second units using these pre-approved designs without the need to go through ASCC review.

Both the City of Santa Cruz and San Luis Obispo County have pre-approved floor plans for second units which can be used in this way, although neither specifically focuses on green building and both involve floor plans rather than pre-fabricated units. This type of program is looked upon favorably by the State and was recommended to the Town during the 2009 housing element update process.

The main issue related to this type of program for the Town is that, given the lot configurations and hilly topography in the Town, a fair amount of site work would often be needed in order to accommodate a unit, which would then trigger Town review. However, the need for architectural review could potentially be significantly reduced or eliminated. A program of this type could also make the process of building a second unit simpler and therefore more attractive to property owners, especially since property owners do seem to view ASCC review as a deterrent.

If this were incorporated into the housing element, the program would likely set forth a number of steps to identify several pre-approved green designs in 2015, with the goal of obtaining Town approval of a small number of designs in 2016. The Town would then need to publicize the availability of the designs to property owners and track usage of the pre-approved designs.

Amnesty

Staff had follow-up conversations with Mark Moulton, the consultant for the 21 Elements program, and staff at the California Department of Housing and Community Development (HCD) on the question of whether units could be counted towards meeting the Town's RHNA if they were legalized. Paul McDougall from HCD responded that the Town "would need to demonstrate the units were not part of the RHNA baseline or the existing housing stock." We are continuing discussions with the State and have also asked the 21 Elements consultants to forward any information they have on amnesty programs in other jurisdictions and how they relate to the RHNA.

At this point, however, it appears that if the Town wants to adopt an amnesty program, it should do so for reasons other than to meet the Town's RHNA. In particular, most communities carry out amnesty programs in order to improve conditions and safety of second units that might have been built without a permit.

As was mentioned at the November 20 study session, the key question with amnesty programs is how much the Town is willing to reduce standards in order to legalize units. Staff looked briefly at Marin County's amnesty program and found an approach that could potentially be helpful. In that program, an illegal second unit can either conform to a reduced set of standards to be considered as a legal nonconforming unit, or conform fully to the County's standards to be considered a conforming unit. The main difference would be that if a nonconforming unit were destroyed, it could not be rebuilt as it was but would need to be replaced with a conforming unit.

If the Town opts to make changes to the size of second units that are allowed or the locations in which second units are allowed, a new amnesty program would make sense in order to legalize units at that size or in those areas. Any program would need to be carefully designed, with consideration given to which standards could and could not be relaxed.

Contacts with Homeowners' Associations

On November 26, staff called the six Homeowners' Associations (HOAs) in town to inform them about the Planning Commission's work on the housing element and particularly about discussions of second units. The six HOAs are: 1) Westridge; 2) Portola Valley Ranch; 3) Blue Oaks; 4) Oak Hills; 5) Hayfields; and 6) Portola Green Circle.

The Portola Green Circle HOA has a meeting scheduled for December 12. Staff will provide information from this staff report and key points from the discussion at the December 4 study session to the HOA for their consideration at that meeting.

Similarly, the Portola Valley Ranch HOA has a meeting scheduled for December 16, and staff will provide information from this staff report and the December 4 meeting, as well as the staff report for the December 18 Planning Commission study session to the Ranch HOA for their consideration at that meeting. The General Manager for the Ranch did say that the question of whether attached second units should be allowed at the Ranch had been discussed, and there seemed to be strong opinions on both sides at that time.

Staff left messages for all of the remaining HOAs, except for the Hayfields, and will report back to the Commission on December 4 concerning any follow-up communications. For the Hayfields, no voice mail was available; staff will continue trying to reach them.

Revised Schedule for Planning Commission Work

Based on the discussion at the November 20 study session, the schedule for the Planning Commission's work on the housing element has been revised as shown below.

When	Who	What
Nov. 13	PC & TC	Discuss overall schedule, work plan and process; provide initial direction

Nov. 20	PC	Discuss detailed schedule and begin consideration of options for strengthening the second units program
Dec. 4	PC	Continued study of second units program
Dec. 18	PC	Continued study of second units program
Jan. 15	PC	Study of affiliated housing program and any necessary continued discussion of second units; also discussion of state density bonus law
Feb. 5	PC	Study of inclusionary housing program and any continued discussion of affiliated housing, second units, and state density bonus law
Mar. 5	PC	Review of draft site inventory and finalize preferred housing programs
Apr. 2	PC	Review draft of background sections of housing element and draft text for housing programs
May 7	PC	Review of full draft of housing element and recommendation to Town Council
May 28	TC	Review of draft housing element and authorization for submittal to HCD

Dates shown in **bold** are meetings that would be more widely publicized.

Note: There are no study sessions scheduled for the February 19 and April 16 Planning Commission meetings because of Ski Week and Spring Break.

cc. Town Planner
Town Manager
Town Attorney
Mayor
ASCC