

PLANNING COMMISSION REGULAR MEETING, TOWN OF PORTOLA VALLEY, APRIL 2, 2014,
SCHOOLHOUSE, TOWN CENTER, 765 PORTOLA ROAD, PORTOLA VALLEY, CA 94028

Chair Gilbert called the Planning Commission regular meeting to order at 7:30 p.m. Ms. Kristiansson called the roll.

Present: Commissioners Judith Hasko and Alexandra Von Feldt; Vice Chair Nicholas Targ; Chair Denise Gilbert

Absent: Commissioner Nate McKitterick

Staff Present: Tom Vlastic, Town Planner
Karen Kristiansson, Deputy Town Planner
Craig Hughes, Town Council liaison

ORAL COMMUNICATIONS

None.

REGULAR AGENDA

- (1) PUBLIC HEARING: Proposed Zoning Ordinance Amendment to add Section 18.17, State Density Bonus Law (SDBL)

Ms. Kristiansson, referencing Town Attorney Leigh Prince's presentation at the Planning Commission's meeting on March 5, 2014, said the proposed ordinance would bring Portola Valley into compliance with the SDBL but wouldn't create any additional incentives. It would set up application requirements related to processing requests to use the SDBL and enable the Town to take advantage of streamlined Housing Element review.

The draft ordinance in tonight's meeting packet incorporates two changes reflecting Commissioner requests: 1) It revises Section 18.17.050 to clarify language related to the Town retaining discretionary approval of projects, and 2) it adds Section 18.17.080 to address the timing of construction of affordable units vis-à-vis market-rate units.

In response to concerns about examples provided in the first draft, Ms. Kristiansson reiterated that those examples were illustrative only and pertained to the only four properties in Town where the SDBL could legally be utilized without rezoning, but no development has been proposed for any of the four properties and none is anticipated. She also emphasized that the Housing Element will not identify any other sites for rezoning, but rather proposes that the Town will meet its housing needs numbers primarily through a combination of second units and affiliated housing at the Priory.

Ms. Kristiansson said the Planning Commission could use the draft resolution attached to the staff report of March 26, 2014 to recommend adoption of the proposed ordinance by the Town Council. She confirmed that the Council would hold a public hearing prior to voting on the proposed ordinance.

In response to Commissioner Hasko, Ms. Kristiansson said the "maximum base density" mentioned in Section 18.17.040 is defined in state law.

With no further Commissioner questions or comments, Chair Gilbert opened the public hearing. No one came forward, so she closed the public hearing and brought the matter back to the Commission.

It was clarified that the Planning Commission would hold this one public hearing, but the Town Council would have two – one for the first reading of the ordinance and another for the second reading.

Vice Chair Targ complimented staff on both the presentation and the proposed ordinance, including incorporation of recommendations. He said it's unusual for additional rules to actually increase flexibility and make a process proceed more smoothly, but that's the case with this ordinance.

Commissioner Hasko agreed that the ordinance makes sense to give the Town a framework for implementation of the SDBL.

Vice Chair Targ moved to approve the resolution of the Planning Commission recommending the Town Council's adoption of the proposed SDBL implementation ordinance, which would add Chapter 18.17 (State Density Bonus Law) to Title 18 (Zoning) of the Portola Valley Municipal Code. Seconded by Councilmember Hasko, the motion carried 4-0.

(1) CONTINUED STUDY SESSION: Housing Element Update

Chair Gilbert proposed that the Commission deal one at a time with the two drafted sections of the Housing Element update included with Ms. Kristiansson staff report of March 26, 2014: first the "Population, Employment and Housing: Conditions and Trends" section, which focuses on demographics, and then the "Housing Element Programs."

Ms. Kristiansson explained that the material in the "Population, Employment and Housing: Conditions and Trends" section is structured the way it is because state law requires including most of this information, even though some items aren't significant issues in Portola Valley. She said data in the demographics section was updated largely by Planning Department intern Alvin Jen. Data collection was particularly difficult this year due to the elimination of the long form of the U.S. Census; Mr. Jen had to turn to various other sources, which were not always consistent. She said they tried to work around most of the inconsistencies and are confident about the accuracy of the overall trends presented in the current draft. Nonetheless, they will continue refining data as they work toward completing the Housing Element update.

According to Ms. Kristiansson, the two key facts to take away from the demographic data are the same as those that were identified for the 2009 Housing Element:

- The population over age 65 is growing and is now more than one-fourth of the Town's population, which indicates a need for housing solutions for older residents
- Housing in Portola Valley is not affordable to most people who work in various Town institutions and businesses

Chair Gilbert said the inconsistencies in data sources made the draft difficult to read. Ms. Kristiansson explained that the data sources were identified because there were differences among them. For instance, the number of housing units in the California Department of Finance numbers isn't the same as in the American Community Surveys. She asked Commissioners to let her know if particular passages are difficult to understand, and staff can try to address them by either locating another source of data or re-writing those portions.

Commissioners began commenting on the Population, Employment and Housing: Conditions and Trends draft section by section.

Population Trends

2427 Chair Gilbert pointed out that this section excludes residents of The Sequoias from the population of those who live in group quarters, but elsewhere the data includes that population. She asked why. Ms. Kristiansson said we don't know exactly who was counted; the data is based on what individuals reported on their Census forms and so isn't always accurate or consistent. The interpretation is staff's best guess based on the numbers. For instance, about 300 people live at The Sequoias, and the number shown in group quarters in the U.S. Census for 2010 was 44. Ms. Kristiansson could not explain the drop in group quarters numbers from 70 in 2000 to 44 in 2010. She did note that the U.S. Census definition of "group quarters" does not fit either the Priory or The Sequoias very well, but those are the numbers the U.S. Census has reported.

An unidentified member of the audience asked whether housing at the Priory and The Sequoias is similar. Chair Gilbert said that it's staff and employees at the Priory and residents at the Sequoias. Ms. Kristiansson clarified that the Priory includes dormitories for students, as well as the small monastery and separate housing units on campus. Commissioner Hasko said that because this information is self-reported, there probably hasn't been a trend in the population recorded, but only how people identify where they live.

Chair Gilbert suggested that it could be helpful to include a statement about what the Town thinks has happened in group quarters.

Employment Trends

2428a Chair Gilbert, noting that the table suggests that 17% of Town residents worked in Portola Valley in 1990 and the percentage increased to 25% in 2010, asked whether the increase results primarily from people working out of their homes. Ms. Kristiansson said yes.

2428b There was some discussion about the total number of jobs in Town, and whether construction jobs were counted. Ms. Kristiansson noted that the Town doesn't have data on construction jobs.

2428d Chair Gilbert pointed out that having approximately 57% of those employed in Town earning incomes in the very low income category does not necessarily support the conclusion that "those who administer the Town's affairs, teach its children, and care for its elderly generally cannot afford to live in Town." She suggested that including low income as well as very low income numbers would make a better case for using the adverb "generally." Ms. Kristiansson said she'd check the numbers and revise the section. If the numbers do not make a sufficient difference, Chair Gilbert recommended omitting "generally" and saying instead that the majority of those indicated can't afford to live in Town.

Commissioner Von Feldt asked whether the statement that "about 4% of those employed in Town earned incomes that would be in the above moderate income category for a family of three" suggests that's the level of income necessary to be able to live in Portola Valley. Ms. Kristiansson said that's pretty much the case, with second units being the primary source of housing for those with moderate incomes and below.

Housing Characteristics

2429a Chair Gilbert asked that the "Department of Finance" be identified as the California Department of Finance when it is mentioned in the text, for clarity.

2429b Chair Gilbert asked whether the text, which indicates that the housing unit count "seems" to include the senior housing at The Sequoias and some housing at the Priory as multi-family units, also could include the actual numbers of residents in those locations. Ms. Kristiansson explained that this data comes from the California Department of Finance, and she cannot explain the increase from 260 people in multi-family units of 5+ in 2000 to 324 in 2013. She said that she believes they'll be able to get the real numbers to include without much difficulty.

Ms. Kristiansson also explained that the "New Units" count for 2010 shows the increase from 2009, although 2009 is not included in the table. She said she would revise the table to clarify it.

Commissioners had no comments on Tenure, Overcrowded Households, Housing Conditions, or Vacancy Rates

Housing Affordability

2430c Commissioner Hasko asked about the rental housing numbers from craigslist and Trulia. Ms. Kristiansson explained that the numbers are provided only as a snapshot to provide a sense of the rental housing available in Town.

Chair Gilbert said this section reads as if a comparison is being made between the numbers of rental units available in 2001 to those available in 2013, but she believes the intention was to highlight the increase in the range of monthly rents from in 2001 versus 2013.

2430 Vice Chair Targ asked whether the home prices (2430a) and rental rates (2430c) are presented in constant dollars. Ms. Kristiansson said she didn't believe they were. He said everything should refer to the same base year, perhaps using 2010 dollars.

2430g Chair Gilbert objected to the use of the word "overpaying" in the first sentence, saying that "overpaying" is a judgment call that suggests residents are being charged more than the housing is worth, when she believes the intent is that they're paying more than 30% of their income for housing. Ms. Kristiansson said that "overpaying" is a housing term which specifically refers to spending more than a certain percentage of income on housing. Vice Chair Targ said it should be defined. Ms. Kristiansson agreed.

Chair Gilbert also noted that no data source is cited.

Special Housing Needs

2431a Commissioner Von Feldt asked whether the data shows that half of the voting population is age 65 or older. Ms. Kristiansson pointed to the age breakdown on page two at the end of paragraph 2427a, which indicates that about one-third of the population age 20 and older is over age 65.

2431f In response to Chair Gilbert, Ms. Kristiansson said the data in this section was updated recently by The Sequoias.

Commissioners had no comments on People with Disabilities, Large Households, Single-Parent Households with Children, or Farm Workers

Extremely Low Income Households – Existing Needs

2431p In response to Chair Gilbert, Ms. Kristiansson confirmed the *CHAS Data Book* as the data source and said she would add a definition for "housing problems." She said it's a self-reported item, but she said she believes it reflects costs, overcrowding, substandard conditions, etc.

Extremely Low Income Households – Projected Needs

2431r Referring to the second sentence, "This results in a projected need for 10 housing units for ELI households," Chair Gilbert asked about adding the timeframe for that projection. Ms. Kristiansson said it's over the planning period for the Housing Element, 2014-2022. She added that the number is based on a state formula.

Homeless

2431t Vice Chair Targ suggested striking the last clause, so the sentence reads, "The Town believes that homelessness is a regional problem which needs to be addressed on a regional basis."

Commissioners had no comments on Rehabilitation and Replacement or Affordability for Assisted Housing Developments.

Regional Housing Needs Allocation

2434e Referring to "an estimated 35% of income as a guide to affordability" (in the fifth sentence), Chair Gilbert pointed out that according to an earlier section (2430e), the federal government defines affordable housing as housing that costs 30% or less of a household's income. Ms. Kristiansson said the percentages differ depending on the source; she's seen 30%, 33%, 35% and up to 42%. Chair Gilbert suggested that it might be worthwhile acknowledging the discrepancy.

Ms. Kristiansson said she'd adjust the housing cost figures in the referenced table (2434d) to reflect the 30% figure. The income limits, not the percentages, are the data on the table that comes from the *California Department of Housing and Community Development, income limits for San Mateo County*, she said. Vice Chair Targ emphasized the importance of clarifying that the housing costs were derived from the source cited, and of being consistent throughout the section.

Moving on to discuss the Housing Element Programs section, Chair Gilbert invited Ms. Kristiansson if she had any introductory comments. Ms. Kristiansson said the housing programs had been outlined and discussed at the March 19, 2014 Planning Commission meeting. The text covers seven programs, four of which are basically the same as they were in the 2009 Housing Element, she said. Of the other three:

- The Inclusionary Housing Program would be revised to require developers to build the below-market-rate (BMR) units rather than simply providing the land
- The Second-Unit Program would be revised to 1) allow second units up to 1,000 square feet on lots that have two or more acres and 2) allow two second units on lots that have more than 3.5 acres, 3) allow staff review and approval of second units up to 750 square feet when no site development permit is required, and to revisit the performance standards to ensure that they are up-to-date and provide sufficient guidance for increased staff review.
- A new program focuses on future housing needs and potential housing programs. Ms. Kristiansson said this is the "vision component" that has been discussed, and it would cover options such as allowing employee housing on commercial properties as well as longer-range potential uses of the housing in-lieu fund money.

Commissioners had no comments on Program 1: Inclusionary Housing or Program 2: Affiliated Housing.

Program 3: Second Units

2482c Commissioner Hasko asked at what point a proposal would go to the ASCC. Ms. Kristiansson confirmed that it would be in excess of 750 square feet unless there's a requirement for a site development permit. Commissioner Hasko suggested the wording be clarified.

Bev Lipman asked whether the Commission thought that administrative review is a good idea. Chair Gilbert said it was an effort to streamline the process to encourage more second-unit construction, but if a proposal is complex or staff is uncertain about it, they always have the option of forwarding a proposal to the ASCC. Ms. Kristiansson stressed that the program also involves reviewing and updating the second unit performance standards to ensure they provide sufficient guidance.

An unidentified man in the audience recommended reading the April 2, 2014 *San Francisco Chronicle* article about what can be done if San Francisco's "side units" or "granny units" aren't up to code. Chair Gilbert explained that the Housing Element program itself can count only second units that are new, although an amnesty program for existing second units has been discussed in Portola Valley and may be addressed again outside the Housing Element.

Onnolee Trapp, the Sequoias, pointed out that limiting the amount of rent landlords may charge in San Francisco may discourage renting out second units and lead them to keep the units vacant.

Commissioners did not review the programs that remain essentially unchanged from the 2009 Housing Element: Program 4: Shared Housing, Program 5: Fair Housing and Program 6: Energy Conservation and Sustainability.

Program 7: Explore Future Housing Needs and Potential Housing Programs

2487b Ms. Kristiansson noted the two items specifically identified for further exploration:

1. The possibility of expanding the affiliated housing program to commercial sites, so that employers could provide employee housing on commercial properties
2. Potential uses of the money in the Town's in-lieu housing fund, including proceeds from the sale of the Blue Oaks BMR lots, to meet identified local affordable housing needs

Commissioner Von Feldt said it would be sufficient to cover those two items in the Housing Element, and other opportunities could be explored as well, without including them in the Housing Element.

Chair Gilbert closed the public hearing. Ms. Kristiansson said staff is currently planning to bring the final draft of the entire Housing Element back to the Planning Commission to consider at its meeting on either May 7 or May 21, 2014.

Vice Chair Targ commented that the Housing Element update process has been efficient and, by design, educational, and that addressing what the Town must do is the right tack to take. He noted that Program 7 set us up with a grace period for thinking about what we want for the next cycle.

Commissioner Von Feldt also complimented staff on the process, noting that having multiple meetings, starting with high-level, conceptual material, receiving feedback and proceeding into more detail was a good, smooth approach.

Commissioner Hasko said a summary or communication that outlines changes would help the public understand the programs as the process moves forward into the public hearings. Chair Gilbert suggested a staff report could serve that purpose. Others suggested that the staff report could also incorporate discussion of the SDBL and an indication of how the Housing Element draft reflects or departs from issues raised by the Ad Hoc Affordable Housing Committee.

Chair Gilbert suggested, too, that the Planning Commission revisit the Ad Hoc Affordable Housing Committee's report when work on developing the vision for housing in Portola Valley gets underway. In response to Vice Chair Targ, Ms. Kristiansson said she would specifically invite Committee members to attend the upcoming public hearings. She pointed out that she also sent emails to Committee members at the start of the update process.

COMMISSION, STAFF, COMMITTEE REPORTS AND RECOMMENDATIONS [8: 27 p.m.]

Ms. Kristiansson introduced Lisa Ring, the consultant who will help pull together the Housing Element, CEQA and various other projects.

She also provided an update on the Planning Department transition, explaining that Town Manager Nick Pegueros presented a plan for the next steps that the Town Council approved at its meeting on March 26, 2014. In summary, the plan calls for adding a fourth Planning Department employee, in the position of Planning Director, with she, Planning Technician CheyAnne Brown and Assistant Planner Carol Borck continuing in their current positions. Tom Vlasic expects to step down as Town Planner as of May 1, 2014, Ms. Kristiansson said, and she will fill in as Interim Town Planner until the new Planning Director comes on board. Mr. Vlasic will continue to be involved through the end of the calendar year, she added, gradually stepping back and providing more of a supporting role.

Chair Gilbert said a situation came up that prompts a refresher on what to do when applicants call individual Commissioners. She said the Town Attorney advises deferring conversations to the public discussion, but if Commissioners take such calls, she said they should listen without commenting or opining, and then disclose the gist of the applicant contact when the application is discussed. The risk of violating the Brown Act is a primary reason to avoid ex parte communications with applicants, she explained, because an applicant may pass along to one Commissioner what was exchanged in a conversation with another Commissioner.

APPROVAL OF MINUTES

Commissioner Hasko moved to approve the minutes of the March 19, 2014 Special Joint ASCC/Planning Commission Field Meeting and Regular Planning Commission meeting, as amended. Seconded by Vice Chair Targ, the motion carried 4-0.

ADJOURNMENT [8:32 p.m.]

Denise Gilbert, Chair

Karen Kristiansson, Deputy Town Planner