



SAN RAFAEL CITY COUNCIL AGENDA REPORT

Department: Community Development

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City Manager Approval: _____

TOPIC: SAN RAFAEL 2023-2031 HOUSING ELEMENT

SUBJECT: PROGRESS REPORT ON THE 2023-2031 HOUSING ELEMENT

RECOMMENDATION:

Accept the Progress Report on the 2023-2031 Housing Element.

EXECUTIVE SUMMARY

All cities and counties in the Bay Area are required by State law to update the housing elements of their general plans by January 31, 2023. The housing element represents each city or county’s plan for conserving and maintaining its housing supply, removing regulatory barriers to housing production, and meeting the housing needs of all residents, including lower-income households and persons with special needs. Housing elements cover an eight-year time period. The [current San Rafael Housing Element](#), adopted in 2015, covers 2015-2023 and the new Housing Element will cover 2023-2031.

The City Council received an informational report on the Housing Element when the project started in August 2021. This update is intended as a “progress report” on the work completed so far and major upcoming tasks. Staff have completed several state-mandated tasks, including: Evaluation of the Prior Housing Element, the Housing Needs Assessment, and initial community engagement. The project team has also completed a first draft of the Housing Sites Inventory and is starting the Housing Constraints Analysis. Four meetings of the 13-member Housing Element Working Group have been convened. Staff will continue engaging the community during Spring and Summer through workshops, electronic media (website, survey, etc.), briefings to civic organizations, and Working Group meetings.

FOR CITY CLERK ONLY

File No.: _____

Council Meeting: _____

Disposition: _____

BACKGROUND:

Overview

Every city and county in California is required to adopt a housing element as part of its general plan. The housing element is the only part of the general plan that must be submitted to the State for certification, a process that is performed by the State Department of Housing and Community Development (HCD). HCD makes a formal determination that each housing element complies with Government Code requirements, including demonstration that each city and county is accommodating its fair share of the region's housing needs and is "affirmatively furthering fair housing."¹

San Rafael's current [Housing Element](#) was adopted on January 5, 2015 and was certified by the State on January 23, 2015. The planning period covered by that Housing Element was January 31, 2015 through January 31, 2023. The next Housing Element is due on January 31, 2023 and will cover the period from January 31, 2023 through January 31, 2031. The City initiated the update process in September 2021, immediately after adoption of General Plan 2040.

The contents of the housing element are specified by State law. HCD has developed guidelines for local governments that list the data to be collected and analyzed, research questions that must be answered, policies and programs that must be included, and the standards that must be met. The requirements have become more rigorous over time. Dozens of bills have been approved by the legislature in response to the statewide housing crisis since 2015, adding many new requirements for local housing elements. <https://www.hcd.ca.gov/community-development/housing-element/index.shtml>

Regional Housing Needs Allocation

Previous reports to the City Council described the Regional Housing Needs Allocation (RHNA) process and the housing assignments made to San Rafael and other Marin County cities for the 2023-2031 planning period. The RHNA represents each city or county's share of the region's housing needed in the upcoming eight years. Cities and counties must demonstrate in the housing element adequate zoning in place (or commitment to rezone) to meet their RHNA allocation. Local governments are not responsible for building housing directly, but they are responsible for adopting zoning regulations and policies that assist the private and non-profit sectors in doing so. Further, the RHNA is intended to be the minimum number of housing units needed for the coming eight years and not the maximum. In developing the Housing Element, community needs around housing and especially housing affordability for both the rental and for-sale markets are taken into consideration. Ultimately, housing needs in the community may surpass the RHNA and may require a broad range of actions to stimulate housing development, provide adequate protections, prevent displacement, and assist community members who have traditionally been left out of housing and homeownership.

San Rafael's RHNA allocation for 2023-2031 is 3,220 units, which is a 220 percent increase over the allocation for 2015-2023 (1,007 units). While San Rafael's RHNA has increased dramatically, it represents 22 percent of the countywide total for the next eight years. In the 2015-2023 Housing

¹ California's [AB 686](#), signed into law in October 2018, states, "Affirmatively furthering fair housing (AFFH) means taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics." The law is explicitly tied to the 2015 HUD rules and requires all jurisdictions to administer their programs and activities relating to housing and community development in a manner that affirmatively furthers fair housing, and to not take any action that is materially inconsistent with this obligation. Every jurisdiction in the state is now required to integrate plans for ending discrimination and promoting integration into the Housing Element. <https://www.hcd.ca.gov/community-development/affh/index.shtml>

Element cycle, San Rafael's RHNA was 44 percent of the countywide total. In Marin County as a whole, including the County unincorporated areas plus its 11 cities, the RHNA has increased by 526 percent (from 2,298 units in 2015-2023 to 14,405 units in 2023-2031).

ABAG disaggregates the RHNA into four income categories. San Rafael's 3,220-unit allocation includes 857 very low income units, 492 low income units, 521 moderate income units, and 1,350 above moderate income units. As a benchmark, a household of four earning less than \$91,350 in Marin County is considered "very low income" and a household of four earning between \$91,350 and \$146,350 is considered "low" income. These income thresholds are used by the State to determine eligibility for various housing assistance programs. The income ranges follow a sliding scale based on the number of people in each household.

Affordable Housing Needs, Segregation, and the Need for Equity

Although the State considers a household earning \$91,350 to be "very low income," most very low-income households in Marin County earn significantly less than this. The State income benchmarks are based on average income earned in a region. The Marin County figure includes the Counties of San Mateo, San Francisco, and Marin, which includes higher than average proportions of high-income earning individuals and households. This upwardly skews the benchmarks for Marin County resulting in income bands that are inflated in comparison to other local areas. For instance, just on the other side of the Richmond Bridge in Contra Costa and Alameda Counties, the top end of "very low income" is \$68,500, which is \$22,850 less than the figure for Marin. This should not be taken to indicate that workers doing the same job in the East Bay and Marin earn radically different wages. Instead, this indicates that many lower wage earners working in Marin County most likely cannot find housing here and must commute into work from other areas. At the same time, the lower wage-earning households who are lucky enough to find housing in Marin County may struggle to pay the rent or opt to live in overcrowded conditions, or accept substandard conditions in order to be closer to work.

Although housing and affordability are important in both the rental and for sale markets, there is a greater need among renters. The census indicates that currently in San Rafael homeowners have a median annual income of \$141,212, while renters on average earn less than half of this with a median annual income of \$61,595. This suggests that a majority of San Rafael renters are most likely very low income earners. Further, information from the recent census, which may have undercounted the city's denser residential, predominantly renter occupied neighborhoods, indicates half of the population of San Rafael are renters. This means that at least one-quarter of San Rafael households, or half of the city's renter households, earn below \$61,595. It also suggests that a sizable portion of renter households most likely earn below \$91,350. There is a racial component to this and a need to address patterns of discrimination and segregation. Rental housing in San Rafael tends to be concentrated in specific neighborhoods with high concentrations of poverty and overcrowding. From the census information, a sizeable number of residents in rental neighborhoods identify as Latino and may speak English less than well. San Rafael has been identified as one of the most racially segregated cities in the Bay Area measured by segregation within its neighborhoods. <https://belonging.berkeley.edu/most-segregated-and-integrated-cities-sf-bay-area>

To address existing community needs, affordability goals should be based on what lower income residents and workers actually earn and not rely only on the State income benchmarks. The goals should intentionally target neighborhoods and residents with the greatest needs. For instance, there might be a greater need for very low and extremely low income housing in San Rafael than the number of units allotted through the RHNA. Also, there most likely is a greater need among current renters in San Rafael for programs providing assurances that the property where they live is clean, safe, and well maintained, and that rent increases are reasonable. Current city programs addressing these needs include the

[Housing Inspection Program](#), and [Mandatory Mediation](#) and [Cause for Eviction](#) Programs. The city also has [below market rate rental and homeownership programs](#) that could be better marketed and designed to support current renters to attain affordable housing and make the transition into homeownership. In total, these city programs begin to address current needs, while other programs improve housing production. As programs focus on creating new housing and affordable housing², other programs must focus on reducing the risk of families and neighbors being displaced, work to assure all residents have safe, stable housing, and create and support economic empowerment and equitable opportunities for all residents and families.

Content of the Housing Element

The August 16, 2021 City Council [staff report](#) provided a detailed description of the required contents of each housing element. In San Rafael, the Housing Element includes a policy document and a technical appendix. The policy document is similar to the other elements of the General Plan, and includes goals, policies, and action programs. The technical appendix provides the supporting data and analysis required by the Government Code, including:

- An evaluation of the previous (2015) Housing Element
- A needs assessment
- An opportunity sites analysis
- A constraints analysis
- A discussion of housing resources
- A description of public outreach to develop the element

The updated Housing Element will also include a detailed evaluation of segregation and fair housing issues in the city, referred to as the “AFFH” (Affirmatively Furthering Fair Housing) analysis. See previous footnote for an explanation of AFFH.

ANALYSIS:

Community Engagement to Date:

State law requires a robust community engagement program for housing element updates, with a focus on lower income and special needs populations. Engaging the public is an essential part of creating housing policies that respond to local needs, reflect local values, and make San Rafael a more inclusive city.

Engagement milestones completed so far are listed below:

- A project website (www.sanrafaelhousing.org) was developed in September 2021. The tagline “Let’s House San Rafael” has been used to brand the project.
- An [introductory workshop](#) was convened using Zoom in November 2021. Participants were invited to comment on housing issues. The workshop included simultaneous interpretation in Spanish and Vietnamese. About 35 people participated.
- A [survey](#) on housing issues, challenges, and opportunities has been developed and is now in circulation. The survey is available in English, Spanish, Chinese, and Vietnamese.
- The Housing Element Working Group has convened four meetings, including an orientation meeting in December 2021. The Working Group is a 13-member committee appointed by the City Council, including persons representing neighborhoods, environmental advocates, older adults, the business community, tenants, housing advocates, affordable housing developers, for-profit housing developers, fair housing advocates, the Latino community, and unhoused residents. A

² Housing costs are considered affordable when no more than 30 percent of a household’s monthly gross adjusted income is spent on rent.

representative of the Planning Commission also serves on the Working Group. The Working Group meets from 4 to 6 PM on the third Thursday of each month.

- The project team has made presentations to community groups and organizations, including the Federation of San Rafael Neighborhoods and the League of Women Voters. Additional presentations are planned.
- A progress report was provided to the Planning Commission on February 15, 2022.
- Housing is being addressed as a major theme and discussion topic in “community conversations” convened by the City in the Canal neighborhood, including meetings convened in Spanish. Additional listening sessions and conversations are planned.
- The City is organizing a developer forum to discuss housing obstacles and opportunities, in collaboration with the County of Marin.

Evaluation of the Prior Element:

The Government Code requires that every housing element include an evaluation of the community’s progress toward implementing its adopted housing policies and programs. This was completed in December 2021 and discussed by the Housing Element Working Group at its January 2022 meeting. The evaluation can be accessed [here](#).

The evaluation is formatted as a matrix. Column 1 indicates the goal, policy, or program number. Column 2 indicates the goal, policy, or program text, exactly as it appears in the adopted Housing Element. There are two goals, 19 policies, and 49 programs in the existing Element. Column 3 indicates staff’s evaluation of each goal, policy, or program, as well as information on the City’s progress and activities related to the topic. This includes guidance as to whether the goal, policy, or program should be retained, and where new goals, policies, and programs may be needed. A fourth column was provided in the matrix for comments from the public.

Staff is recommending revisions to the goals and policies, so they are more responsive to local housing issues and do not repeat policies that appear elsewhere in the General Plan. The number of goals will likely be expanded, with greater attention given to equity and fair housing, and the overarching goals of housing production and preservation. Many of the housing programs will need to be updated. New programs will be needed to comply with State laws, and to reflect the findings of the Needs Assessment and the Constraints Analysis.

Needs Assessment:

The Housing Needs Assessment is based on an analysis of data from the US Census, the Department of Finance, ABAG/MTC, the Employment Development Department, the County of Marin, the City of San Rafael, other government sources, and various private industry sources. It includes an assessment of trends in population, age, race/ethnicity, language, household size, household composition, income, employment, tenure, percent of income spent on housing, and characteristics of the housing stock. It also addresses the special needs of seniors, persons with disabilities, unhoused residents, single parents, large families, extremely low income residents, and others with special needs. The Draft Needs Assessment can be accessed [here](#).

Some of the major findings of the Assessment are highlighted below:

- The city’s population was 61,271 based on the 2020 Census, an increase of 6.1% since 2010. San Rafael accounted for 36% of Marin County’s population growth between 2010 and 2020.
- The median age in San Rafael increased from 40.2 in 2010 to 41.1 in 2020. During that 10-year period, the number of residents over 65 increased by 2,179. There was also substantial growth in

the youth population. The number of school age children increased by nearly 1,892 over the decade. Population decreased in all other age cohorts. The greatest decrease was in the number of young adults (25-44), which dropped by 1,815 residents.

- San Rafael has become more racially and ethnically diverse in the last 10 years. Census data indicates that the population identifying as “White” declined from 70.6% in 2010 to 54.6% in 2020. The percentage identifying as “Other” increased from 14.8% to 20.8% and the percentage identifying as multi-racial increased from 5.1% to 12.4%.
- In 2020, roughly 2% of the city’s residents were African-American and 7% were Asian or Pacific Islander.
- Latino residents represented 30% of the city’s population in 2010 and 34.3% in 2020.
- About 25% of the city’s residents speak Spanish at home. Of this total, about half are bilingual and speak English “very well” and about half speak English “not well” or “not at all.”
- Nearly half of the city’s children (5-18) are bilingual, speaking English “well” or “very well” while also speaking a second language at home.
- Among the city’s foreign-born residents, 20% entered the US after 2010 and 29% entered between 2000 and 2009.
- Among San Rafael residents with limited English, 85% speak Spanish. Chinese is the second most common non-English language spoken, followed by Vietnamese.
- Marin County as a whole gained 23,200 jobs between 2010 and 2019 while adding just 1,300 housing units—a ratio of 18:1.
- There are 31,200 San Rafael residents in the labor force and about 39,000 jobs located in the city. The city is a regional employment center and is the location of 35% of all jobs in the county.
- Only 27% of those working in San Rafael also live in San Rafael. Prior to the COVID-19 pandemic, about 30% commuted in from elsewhere in Marin, 21% commuted in from other North Bay counties, and 14% commuted in from the East Bay, and 8% commuted in from San Francisco, San Mateo, and Santa Clara counties.
- One in every three San Rafael households is a single person living alone.
- About 29% of the city’s households have children under 18 living at home.
- 50% of the city’s households are homeowners and 50% are renters. The percentage of renters has been trending upward, from 46% in 2000 to 48% in 2010 and 50% today.
- Renters in San Rafael are more likely to be younger, non-White, and lower-income than the population at large. The home ownership rate in the city is 61% for White, Non-Hispanic households, 55% for Asian households, 14% for Latino households, and 13% percent for African-American households. The home ownership gap between White and non-White households is significantly larger in San Rafael than in the State as a whole.
- Among householders under 45 years old, only 24% are owners. Among householders over 54 years old, 66% are owners.
- San Rafael homeowners have a median annual income of \$141,212. The city’s renters have a median annual income of \$61,595.

- Data from the US Department of Housing and Urban Development (HUD) indicates that 47% of San Rafael's households meet the definition of "lower income," as defined for Marin County. This includes more than 4,000 households earning less than 30% of the County median income, more than 3,000 households earning 30-50% of the County median income, and more than 3,500 households earning 50-80% of the County median income.
- The city added 575 households between 2010 and 2020.
- The mean number of persons per household in San Rafael was 2.55 in 2010. This compares to 2.44 in 2010, 2.42 in 2000, and 2.31 in 1990. Larger average household sizes are an indicator of a growing number of children in the city, as well as households doubling up and a larger number of adult children living at home.
- Households spending more than 30% of their incomes on housing are considered by the state to be "cost-burdened." In 2020, this applied to 32% of the city's homeowners and 55% of its renters.
- Households in San Rafael were more likely to be cost-burdened than in the Bay Area as a whole.
- Among racial/ethnic groups, cost burdens were highest for Latino households, with 60% experiencing a cost-burden. Census data indicates that nearly 40% of the city's Latino households spend more than half of their household incomes on housing costs.
- Overcrowding, which is defined by the Census as more than one person per room, has increased since 2010. In 2010, 6.1% of all households in the city lived in housing units meeting this definition. By 2020, this had increased to 10.9%. All of the increase over the decade was associated with rental units—the percentage of overcrowded owner-occupied units actually *declined* between 2010 and 2020.
- Census data indicates that 50.9% of all Latino households in San Rafael experience overcrowded conditions, compared to 1.3% among White, non-Latino households.
- San Rafael experienced a 61% increase in home value between 2015 and 2021 (based on the Zillow Home Value Index)—the largest percentage increase of any city in Marin County. The median home price was \$1,370,000 in December 2021.

Sites Inventory:

Every Housing Element must include an inventory of sites available to accommodate the jurisdiction's RHNA. These are referred to as "Housing Opportunity Sites." Cities must demonstrate that they have a sufficient number of opportunity sites to meet the RHNA by income category. Typical criteria used to identify housing sites include zoning and General Plan designations, availability of infrastructure, the size and shape of the site, existing activities on the property, the value of improvements on the site, the age and condition of structures, slope and erosion conditions, environmental and pollution conditions, access to transit and job centers, and site ownership.

The City has completed an initial screen of potential housing opportunity sites and determined that it has sufficient capacity to meet the RHNA. More than 100 potential housing sites, with a capacity of over 4,000 housing units, have been identified. The sites include:

- Projects that have been approved but not yet built (approximately 750 units)
- Sites listed in the 2015-2023 Housing Element that are still vacant or underutilized
- "Opportunity Sites" identified during the Downtown Precise Plan process in 2019
- Other vacant and/or underutilized sites with residential zoning

- Other vacant and/or underutilized sites with commercial/ mixed use zoning
- Underutilized public and tax-exempt land

In addition to these sites, the City anticipates that continued development of Accessory Dwelling Units (ADUs) and Junior ADUs will meet a portion of San Rafael's housing needs.

The Housing Element project team has not yet published the inventory of available sites so that each site can be more closely evaluated to ensure that it meets State HCD requirements. Staff also intends to notify the owners of all sites of the Opportunity Site designation. The designation does not obligate the owner to build housing, nor does it limit the use of a property to housing. It simply acknowledges that the site provides an opportunity for housing construction.

The City will publish its draft site inventory in April 2022. Because San Rafael recently completed its General Plan Update, the City does not anticipate the need to rezone property or amend the General Plan Map as part of this process. However, the Housing Element presents an important opportunity to revisit local development standards and modify those standards if they are found to be an obstacle to housing production. Staff is currently evaluating zoning standards to determine where changes may be needed.

The State has introduced new requirements for housing sites that may result in some sites on the preliminary list being dropped and new sites being added. For instance, HCD has determined that sites smaller than 0.5 acres and sites that are larger than 10 acres are generally unsuitable for lower income housing (due to the economics of building housing on such sites). HCD also requires that cities provide "substantial evidence" that any non-vacant sites on the list can realistically be developed in the next eight years. There is also a requirement to allow expedited ("by right") permitting for certain types of projects on sites that are being carried forward from the prior Housing Element. Finally, the State requires that sites be geographically distributed in a way that does not over-concentrate lower income housing in a single area.

The Housing Element Working Group convened a meeting on housing opportunity sites on March 17, 2022. The staff report for that meeting included a detailed discussion of the methodology and can be reviewed [here](#). The PowerPoint presentation delivered at that meeting can be reviewed [here](#).

Upcoming Tasks:

Upcoming tasks are highlighted below:

- **Constraints Analysis.** This includes an evaluation of governmental and non-governmental constraints to housing production in San Rafael. Governmental constraints include local zoning standards, restrictions on particular housing types, local fees and development review procedures, and similar factors that a City or County can control. Non-governmental constraints include the cost of construction, availability of infrastructure, interest rates and availability of tax credits, local opposition to development, and other factors that may be more difficult for the City to control. The constraints analysis will be completed in April.
- **Affirmatively Furthering Fair Housing (AFFH) Analysis.** This is a new Housing Element requirement. It evaluates patterns of segregation and economic disparity in the city using data from a variety of sources. The analysis provides the basis for new policies and programs to improve access to housing by lower income households, promote housing stability, avoid displacement, and eliminate housing discrimination.

- Policies and Programs. The City will be developing policies and programs for the 2015-2023 Housing Element in May. Existing policies and programs will be updated as needed and new policies and programs will be added.
- Assemble HCD Draft Housing Element. A “Working Draft” Housing Element will be prepared in June 2022. The document will be presented to the Planning Commission in June and the City Council in July, and then submitted to HCD for their review. The intent of the June/July hearings is simply to recommend submittal of the Working Draft to the State for their review and comment, not to adopt the new Element.

Remaining Schedule:

Once the Working Draft document is submitted to the State, staff will continue to do public outreach and engagement on the Draft Housing Element. This could include additional community conversations and workshops, potentially resulting in additional policies and programs. Environmental review of the Draft Housing Element (see next section) also will occur during this time period.

State comments will be received in October 2022. At that time, the City will revise the Element and address any requests for additional data, analysis, policies, or programs. An “Adoption Draft” will be published in November 2022. This will be considered at public hearings before the Planning Commission and City Council prior to the January 31, 2023 deadline. There is a 120-day “grace period” beyond January 31, 2023 during which the City can make additional changes to the Element in the event the State finds the adopted Element is not compliant.

ENVIRONMENTAL REVIEW:

As a General Plan amendment, the Housing Element update is subject to the California Environmental Quality Act (CEQA). Staff does not envision a full Environmental Impact Report (EIR) for the project, since the City recently certified the EIR for the General Plan 2040 and Downtown Precise Plan. That EIR evaluated the impacts of adding roughly 4,000 housing units in the city, in most cases located on the designated housing opportunity sites.

The appropriate form of CEQA review for the Housing Element 2023-2031 (HE2023-2031) is an Addendum to the General Plan EIR. The Addendum would determine if the findings identified in the General Plan EIR would be changed by the policies and programs in the new Housing Element, including any zoning changes that are recommended. As with the General Plan EIR, environmental review will still be required for individual projects proposed after HE2023-2031 is adopted.

COMMUNITY OUTREACH:

The April 4 City Council public hearing was advertised in the Marin Independent Journal and also publicized with a postcard notice to stakeholders, agencies, and special interest groups.

FISCAL IMPACT:

The Housing Element is a policy document and does not have a direct fiscal impact on the city. Future programs developed as a result of HE2023-2031 adoption could have fiscal impacts by identifying programs requiring funding. Other HE2023-2031 programs may have positive fiscal impacts by identifying new revenue sources or improving the City’s eligibility for grants and other funds. Conversely, the absence of a certified Housing Element would have adverse fiscal impacts, as the City would become ineligible for numerous state grants and funds.

RECOMMENDED ACTION:

1. Accept the informational report.