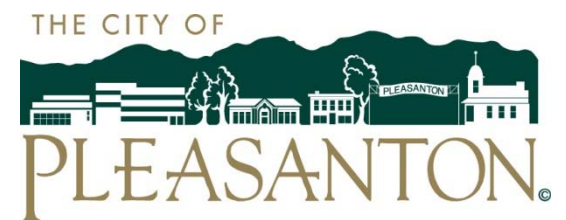




HOUSING IN PLEASANTON

A History of Growth and Housing



HOUSING IN PLEASANTON

February 2019

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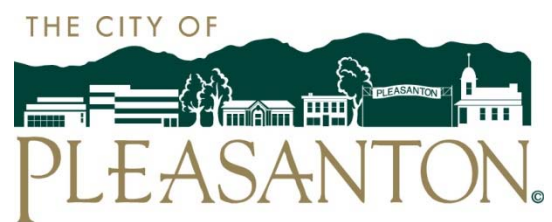


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I Executive Summary

The history of residential development in Pleasanton is unique and complex. The rate of growth has fluctuated for different reasons over the years since Pleasanton was incorporated on June 18, 1894. While the decades immediately following incorporation saw relatively little growth, factors such as infrastructure improvements, increased opportunities for employment in the Tri-Valley, and expansion of Pleasanton's boundaries have contributed to the growth in the city during the period following World War II. Several policy measures were put in place to meter growth following this rapid expansion of the city. While some of these measures are still in place, others were overturned as a result of litigation. The recent increase in housing units has been attributed to development occurring as infill or redevelopment of vacant or underutilized properties.

The intent of this document is to identify key factors that have contributed to growth in Pleasanton, clarify State mandates and legislation, and provide a perspective on the future of housing in Pleasanton.

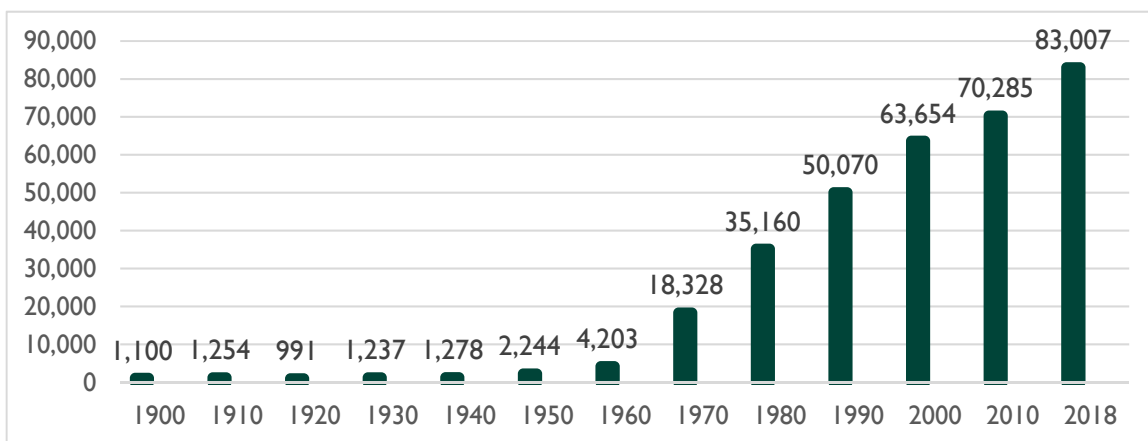
2 Background

2.1 OVERVIEW OF THE HISTORY OF AND GROWTH IN PLEASANTON

Although the area around Pleasanton was long inhabited by people before settlement by Europeans in 1769, the City’s population remained modest in the years following the City’s incorporation in 1894. By the late 1930s and early 1940s the population in Pleasanton was about 1,200 people. Growth triggered by World War II resulted in a doubling of the City’s population between the early 1940s and about 1950. In 1950, the federal government saw the opportunity to sponsor and develop what is now the Lawrence Livermore National Laboratory, which prompted additional growth to the Tri-Valley. The National Highway Act passed in 1956, which brought Interstates 580 and 680 to the region, resulted in another wave of new economic activity. During this time, increased automobile ownership allowed for easier travel for commuters into the Hayward and Oakland areas.

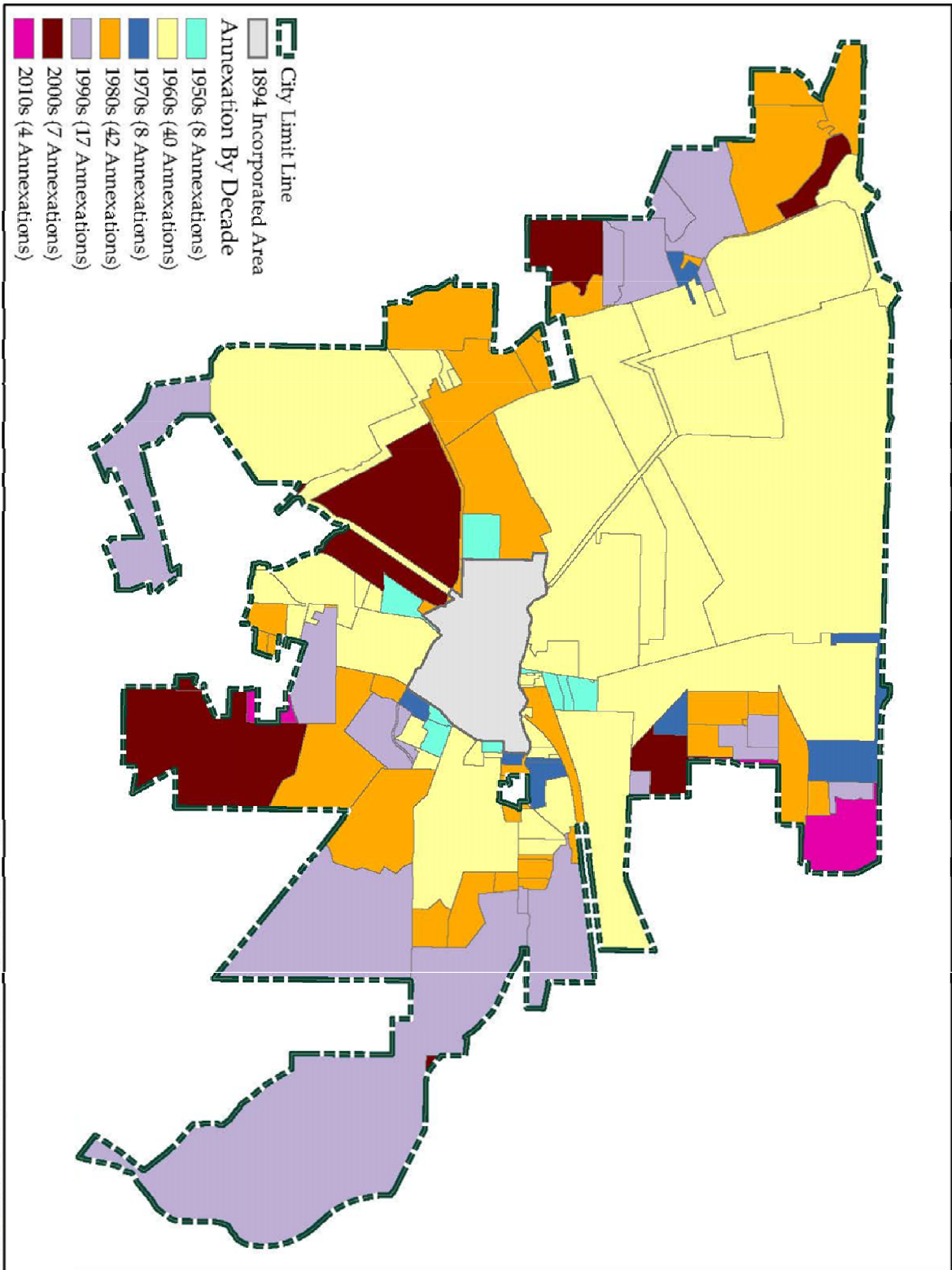
Figure 1 shows the population of Pleasanton by decade until the last [Census](#) in 2010, and then incorporates annual population estimates through January 1, 2018 by the [California State Department of Finance](#). By 1960 the City’s population was approximately 4,200 people. Several tract neighborhoods outside the immediate downtown area were developed during the post-war period through the mid-1970s. The significant increases in population during the 10 years between 1960 and 1970, and again between 1980 and 1990 coincide with expansions of City boundaries, as noted in Figure 2. Growth in Pleasanton was further supported with the construction of Stoneridge Shopping Center which opened in September 1980, and the construction of Hacienda Business Park (now known as [Hacienda](#)), which began in the early 1980s. In more recent years residential growth has been accommodated with relatively minor changes to City boundaries, with more development occurring as infill or redevelopment of vacant or underutilized properties within the existing City limits.

FIGURE I - PLEASANTON POPULATION BY DECADE



**Local population estimates provided by US Census Bureau every ten years; Data between census based on the American Community Survey. Other sources, notably the California Department of Finance, estimate Pleasanton’s 2018 population at 79,201 residents, somewhat lower than the U.S. Census Bureau figure from July 1, 2017.*

FIGURE 1 – ANNEXATIONS BY DECADE

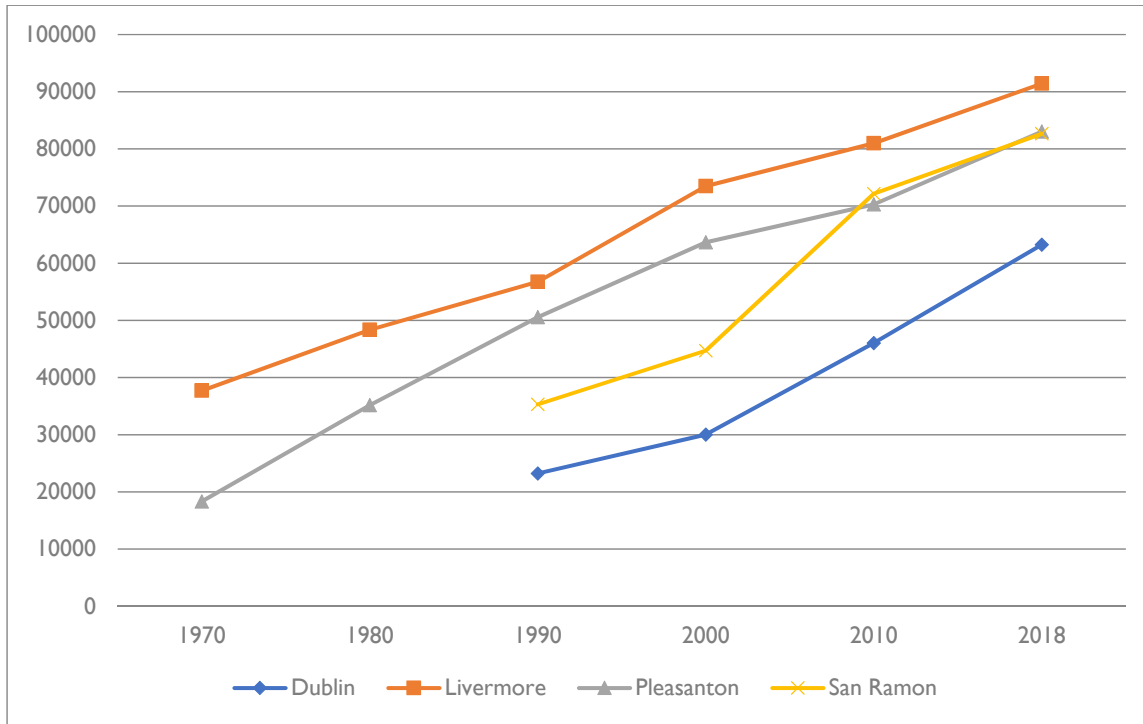


Source: City of Pleasanton

2.2 TRI-VALLEY POPULATIONS

Pleasanton’s population compared to other Tri-Valley communities since the year 1970 is shown in Figure 3 (note the communities of San Ramon and Dublin did not incorporate until the early 1980s and thus data for these is shown from year 1990 onwards). The most rapid rate of change for Pleasanton occurred between 1970 and 1980 (92%). The rate of change in population for Pleasanton is markedly less steep between years 2000 and 2010.

FIGURE 2 – TRI-VALLEY POPULATIONS



Source: US Census Bureau and California State Department of Finance

In Livermore, the rate of growth is most pronounced between years 1990 and 2000 (29%), whereas both in San Ramon (61%) and Dublin (53%) the years with the sharpest increase are between 2000 and 2010.

2.3 KEY MILESTONES

The timeline identified as Figure 4 illustrates the major developments and key milestones for Pleasanton since its incorporation in 1894, through the first residential subdivision (developed in 1940), to today. The purpose of the timeline is to highlight key events and milestones in Pleasanton that have influenced growth in the City. The following discussion focuses on principal policy measures that affect or have affected housing in Pleasanton.

2.3.1 RESIDENTIAL ALLOCATION PROGRAM AND GROWTH MANAGEMENT ORDINANCE

The City utilizes a comprehensive development review process, consistent with its General Plan, that incorporates considerable community and commission review to ensure that proposed development meets community and City Council expectations. One step of the process since 1978 has included implementing measures that provide guidelines for pacing the rate of residential development approval.

In 1978, after a period of rapid growth during the 1960s and 1970s, the City adopted its first growth management program, Ordinance 849, also known as the Residential Allocation Program (RAP). The RAP, the first of several programs that sought to meter residential growth, was a response to several growth-related impacts that included the designation of the area as a “critical air basin” that did not meet the air quality standards of the 1972 California Clean Air Act; and the inability of local facilities to meet sewage treatment discharge standards. This latter issue resulted in the City limiting local population growth to approximately 2 percent annually in order to be eligible for state and federal grants to remedy the deficient sewage treatment facilities.

Since much of the growth and development up to that point had been residential, the RAP did not restrict commercial or industrial development. In part, the RAP was seen as a means of influencing the jobs/housing balance by increasing local employment opportunities for Pleasanton residents and decreasing the extent of commuting to the Hayward-Oakland area for employment, a major source of local air pollution. A discussion of the jobs/housing balance and its relation to recent State efforts to coordinate regional planning and transportation investment can be found in Section 4.2.1.

The objectives of the RAP included: encouraging infill development; coordinating City planning and land regulation consistent with the General Plan; implementing the General Plan; providing incentives to developers to include subsidized housing (or in-lieu financial assistance for affordable housing) as part of development; encouraging development which promotes energy conservation and takes into consideration the physical characteristics of the land and adjacent developments; ensuring that necessary capital improvements required to serve development are provided; and, encouraging greater commercial/industrial development in order to provide greater in-valley employment opportunities for present and future residents.

Over time, the RAP became known as the [Growth Management Ordinance](#) (GMO). Through the 1980s and 1990s, City Council modified the GMO in order to better achieve evolving goals for the City, and to better coincide with the location and type of residential units desired by the community. The GMO was modified in 1986 and 1996 following comprehensive revisions to the General Plan. The 1996 General Plan called for assuring its citizens of a predictable growth rate, while providing housing to meet the needs of all economic segments of the community, regional housing needs, and employment growth. However, despite the controls established by past versions of the City’s growth management program, residential development fluctuated over time, resulting in a lack of predictability of the actual number of new building permits issued and development under

construction. In December 1997, City Council repealed the GMO as was outlined in the Pleasanton Municipal Code, and adopted a modified version. The principal goals of the revised program included: the regulation of the timing, location, and type of residential growth in accordance with the goals and policies of the General Plan, achievement of a predictable rate of growth consistent with the community's desire, creation of certainty for larger project developers, facilitation and implementation of the General Plan goals, including the goals of the Housing Element, and providing significant incentives to developers to provide subsidized housing. The GMO was modified several times after 1997.

Notably, in 2010, the City Council appointed a Growth Management Subcommittee for the purpose of recommending amendments to the City's GMO to address conditions resulting from the Urban Habitat Settlement Agreement concerning the City's housing cap and the City's Regional Housing Needs Allocation (RHNA) numbers generated as part of the state's Housing Element process (see Sections 3 and 4 for details on these topics). As an outcome of this review, in November 2012 the City Council adopted an amended GMO that addressed the most critical RHNA and settlement requirements. However, the subcommittee also indicated that it anticipated the Council would consider additional amendments to assure the GMO continues to meet City needs and State requirements. As part of the Housing Element approved in 2012, the City committed to review the GMO as it relates to accommodating affordable housing units.

To that end, on February 3, 2015, the City Council amended the Pleasanton Municipal Code to ensure that the GMO does not include constraints that would prevent the City from meeting its share of the regional housing need for all income levels during the Housing Element planning period per Housing Element Program 30.2. The new amendment included a provision that in the event that growth management unit allocations are unavailable during a particular year and the City has approved a project containing affordable units that is subject to an Affordable Housing Agreement, growth management unit allocations from previous and/or future years shall be approved in the number required to accommodate the affordable housing units. Accommodating such units may require borrowing from the next regional housing needs allocation period. The amendment also states the City's intention to have the City Manager regularly report on efforts to meet goals of the GMO.

The current annual housing unit allocation commencing July 1, 2014, through July 30, 2022, is 235 units per year, and is consistent with RHNA allocation requirements.

2.3.2 1996 GENERAL PLAN AND VOTER INITIATIVES

The 1996 General Plan included two growth management policies that were subsequently taken to the voters and approved: the Urban Growth Boundary (UGB) and the Residential Buildout Initiative, also known as the “housing cap.”

URBAN GROWTH BOUNDARY

The UGB is a line, adopted as a component of the General Plan, that delineates the outer edge of land planned for future development at General Plan buildout. The UGB is intended to be permanent and define the line beyond which urban development will not occur (with changes subject to review by City Council).

While the UGB is not a housing policy per se, it is a land use control that is relevant to the housing discussion. The line distinguishes areas generally suitable for urban development and the provision of urban facilities and services from areas considered more suitable for the long-term protection of natural and scenic resources (particularly ridgeline views) and open space uses such as large lot agriculture and grazing, and parks and recreation. The UGB also helps to define and create open space buffers between communities to maintain a distinct edge and separation between urbanized areas. The UGB continues to be in place today, as is shown on the [General Plan](#) Land Use Map.

RESIDENTIAL BUILDOUT INITIATIVE – THE “HOUSING CAP”

The 1996 voter initiative, incorporated as a policy and implementation program in the 1996 General Plan, established a 29,000-unit cap on residential development in the Pleasanton Planning Area. The 29,000 number was calculated to be the number of units at “buildout,” based on the General Plan’s mid-range residential densities and zoning in effect at the time of the vote. The housing cap was in place until the City was required to remove it from its policy documents as a result of litigation, discussed in more detail in Section 3.

IMPACT OF HOUSING CAP ON RESIDENTIAL DEVELOPMENT

The housing cap had an impact on limiting residential development, both single-family and multi-family. Table 1 identifies total housing units in Pleasanton since 1990 based on data from the US Census Bureau and the California State Department of Finance. In 1996 at the time voters passed the housing cap, Pleasanton had approximately 21,727 housing units, consisting of 16,338 single-family units and 5,389 multi-family units. While the numbers for the single-family and multi-family units generally increased in the Pleasanton since 1996 with fluctuations partially attributed to economic and market cycles, the most pronounced change can be seen for the 2018 data, when many of the multi-family units as a result of the Housing Element litigation and rezonings had been constructed, and the market responded to the elimination of the housing cap. In 2018, it is estimated that Pleasanton has a total of 28,054 housing units, consisting of 19,891 single-family units and 8,163 multi-family units, representing a 3.2% increase in the total number of units, and a 0.5% and 10.6% increase in single-family and multi-family units, respectively, when compared to 2017. Between 2018 and 2023 (2023 marks the beginning of the next Housing Element cycle), the City expects the pace of residential construction to diminish as the sites zoned for multi-family development are developed. The information in Table 1 also provides insight regarding the proportion of single-family units and multi-family units to the total number of units. In 1990, Pleasanton consisted of approximately 75% single-family units and 25% multi-family units. This categorization is estimated to be 71% single-family and 29% multi-family units as of 2018.

TABLE I – HOUSING UNITS IN PLEASANTON

Date	Total Units	Change in Total Housing Units	Percent Change in Total Housing Units	Single-Family Units	Change in Single-Family Units	Percent Change in Single-Family Units	Multi-Family Units	Change in Multi-Family Units	Percent Change in Multi-Family Units
4/1/1990	19,361			14,520			4,841		
1/1/1991	19,891	530	2.7%	14,741	221	1.5%	5,150	309	6.4%
1/1/1992	20,145	254	1.3%	14,977	236	1.6%	5,168	18	0.3%
1/1/1993	20,431	286	1.4%	15,178	201	1.3%	5,253	85	1.6%
1/1/1994	20,850	419	2.1%	15,566	388	2.6%	5,284	31	0.6%
1/1/1995	21,287	437	2.1%	15,964	398	2.6%	5,323	39	0.7%
1/1/1996	21,727	440	2.1%	16,338	374	2.3%	5,389	66	1.2%
1/1/1997	22,238	511	2.4%	16,824	486	3.0%	5,414	25	0.5%
1/1/1998	22,873	635	2.9%	17,402	578	3.4%	5,471	57	1.1%
1/1/1999	23,358	485	2.1%	17,869	467	2.7%	5,489	18	0.3%
1/1/2000	23,898	540	2.3%	18,267	398	2.2%	5,631	142	2.6%
1/1/2001	24,357	459	1.9%	18,446	179	1.0%	5,911	280	5.0%
1/1/2002	24,533	176	0.7%	18,552	106	0.6%	5,981	70	1.2%
1/1/2003	24,885	352	1.4%	18,721	169	0.9%	6,164	183	3.1%
1/1/2004	25,076	191	0.8%	18,842	121	0.6%	6,234	70	1.1%
1/1/2005	25,296	220	0.9%	18,994	152	0.8%	6,302	68	1.1%
1/1/2006	25,522	226	0.9%	19,151	157	0.8%	6,371	69	1.1%
1/1/2007	25,743	221	0.9%	19,271	120	0.6%	6,472	101	1.6%
1/1/2008	25,908	165	0.6%	19,363	92	0.5%	6,545	73	1.1%
1/1/2009	26,018	110	0.4%	19,402	39	0.2%	6,616	71	1.1%
1/1/2010	26,050	32	0.1%	19,365	-37	-0.2%	6,685	69	1.0%
1/1/2011	26,069	19	0.1%	19,365	0	0.0%	6,704	19	0.3%
1/1/2012	26,132	63	0.2%	19,402	37	0.2%	6,730	26	0.4%
1/1/2013	26,174	42	0.2%	19,444	42	0.2%	6,730	0	0.0%
1/1/2014	26,305	131	0.5%	19,577	133	0.7%	6,728	-2	0.0%
1/1/2015	26,732	427	1.6%	19,629	52	0.3%	7,103	375	5.6%
1/1/2016	26,980	248	0.9%	19,709	80	0.4%	7,271	168	2.4%
1/1/2017	27,176	196	0.7%	19,794	85	0.4%	7,382	111	1.5%
1/1/2018	28,054	878	3.2%	19,891	97	0.5%	8,163	781	10.6%

Source: US Census Bureau and the California State Department of Finance

2.3.3 EMPLOYMENT GROWTH

As noted, the RAP, the first residential growth management ordinance, was enacted at a time when the Pleasanton was predominantly a “bedroom community” – that is, it provided housing for people who worked elsewhere, mostly in the Hayward-Oakland area. In 1978, there were about 11,000 housing units, a population of about 35,000.

Pleasanton has experienced significant employment growth since 1978. High rents and high costs of doing business pushed businesses out of San Francisco, while the location of an educated and skilled labor pool attracted large businesses to suburban locations like Pleasanton. Construction began in Hacienda in the early 1980s, taking advantage of a period of rapid office growth in the Bay Area, with an expanding market along the I-680 and I-580 corridors. The original design of the 875-acre business park did not include residential development; however, a downturn in the office market provided an opportunity for apartment and townhome development starting in the late 1980s. By the late 1990s there were 1,530 residential units in Hacienda. Hacienda now includes more than 11 million square feet of development supporting approximately 19,600 jobs and 5,700 residents. The extension of BART to Dublin-Pleasanton in the mid 1990s further supported the trends established in the 1980s and 1990s, providing a convenient commuter connection between Pleasanton and other parts of the Bay Area.

The 1980s and 1990s also saw commercial, office and industrial space expand in other areas of Pleasanton. In 1990 the total commercial, office and industrial space in the city was 14.7 million square feet; in 2006 it was over 21 million square feet.

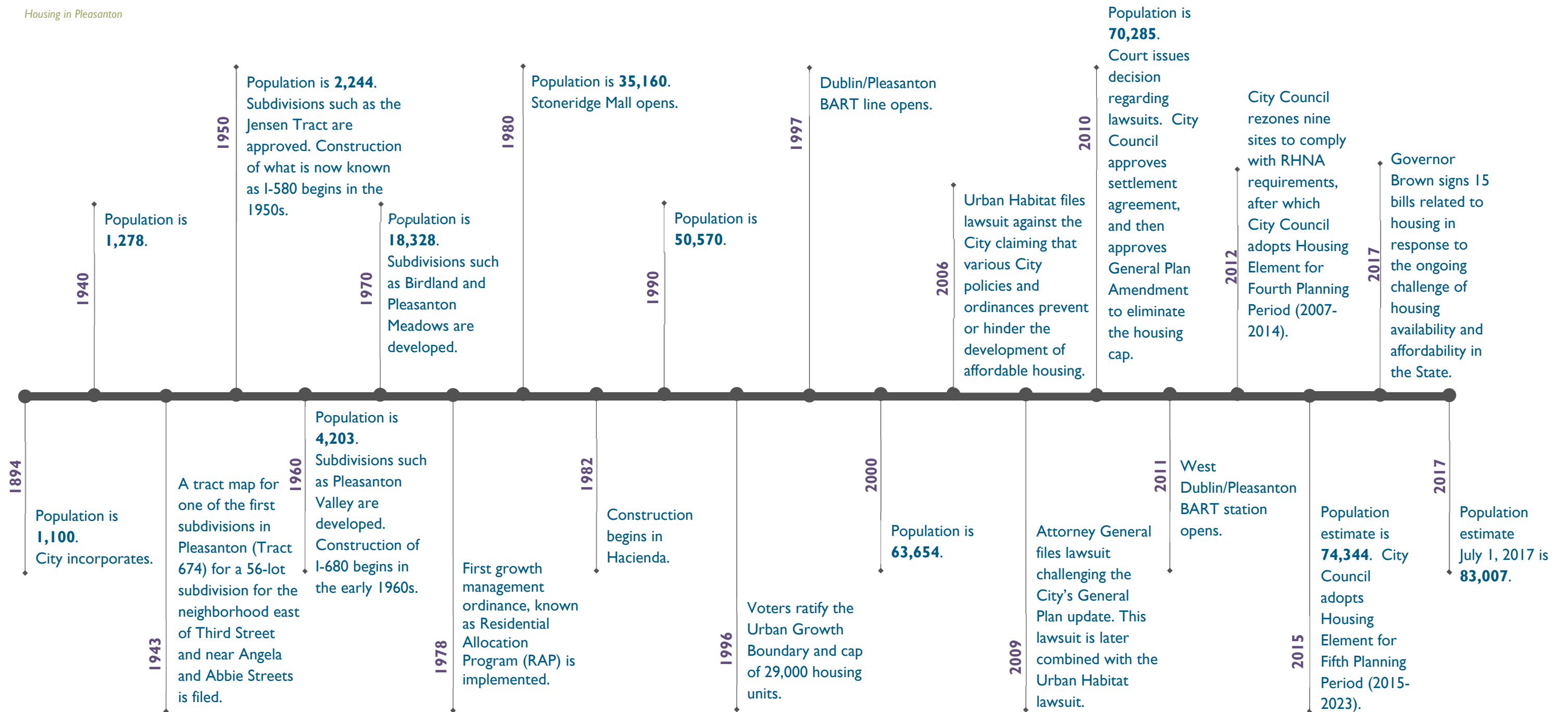


FIGURE 3 – TIMELINE AND INFORMATION OF KEY MILESTONES RELATED TO GROWTH IN PLEASANTON

3 Housing Element Legal Challenges

In 2006, Urban Habitat Program and Sandra De Gregorio filed a lawsuit against the City alleging, among other things, that the City had failed to complete the rezoning of certain sites for affordable housing and that the City’s 29,000-unit “housing cap” conflicted with State law (Urban Habitat Litigation). The State Attorney General intervened in the Urban Habitat Litigation and filed a separate lawsuit challenging the Environmental Impact Report that the City certified in 2009 pursuant to the California Environmental Quality Act (CEQA) when it adopted an updated General Plan (General Plan/CEQA Litigation). The Urban Habitat Litigation resulted in a court order that invalidated the housing cap in its entirety. It also directed the City to:

- “cease and desist” from enforcing, administering, and/or implementing the housing cap;
- remove references to the housing cap from its General Plan;
- implement “non-illusory” zoning changes sufficient to accommodate the “unmet” RHNA (521 units) for the 1999-2006 planning period; and
- cease issuing any non-residential building and related permits for construction or development until it brings its General Plan into compliance.

The City then entered into a settlement agreement with the other parties to resolve all remaining legal issues. The settlement agreement required, among other things, that the City:

- modify the General Plan to remove references to the housing cap;
- prepare and adopt a Climate Action Plan;
- establish core development standards for three sites in Hacienda; and
- prepare and submit a draft Housing Element to the [State Department of Housing and Community Development](#) (HCD).

In compliance with the settlement agreement, on February 13, 2012, the City Council adopted a Housing Element that included an inventory of sites sufficient to meet the City’s share of the regional housing need for the 2007-2014 planning period. Nine sites were rezoned to accommodate the requisite number of units. At this time, five high-density sites listed in the Housing Element for the current planning period (2015-2023) remain undeveloped with high-density housing. They include:

- East Dublin/Pleasanton BART parking lot (Owens Drive);
- Roche site (vacant property at 4300 Hacienda Drive);
- Kaiser site (vacant property at 5600 Stoneridge Mall Road);
- Sheraton/Marriott hotel site near West Dublin/Pleasanton BART station (5990 Stoneridge Mall Road); and
- Stoneridge Shopping Center.

4 Housing Element

4.1 PURPOSE OF THE HOUSING ELEMENT

The Housing Element is part of the City's General Plan and is a comprehensive statement by the community of its housing needs and proposed actions to facilitate the provision of housing to meet those needs at all income levels. The policies contained in the Housing Element are an expression of the Statewide housing goal of "attaining decent housing and a suitable living environment for every California family," as well as a reflection of the unique concerns of the community. Periodic updates of the Housing Element, including certification by the HCD, are required to ensure that City policies continue to reflect changing community needs, challenges, and opportunities in compliance with State law.

4.1.1 HOUSING ELEMENT ANNUAL PROGRESS REPORTS

California Government Code §65400 requires the City to file an annual report with HCD that addresses the status of the General Plan Housing Element and progress made toward implementing its goals and policies. HCD has specific reporting requirements for housing elements, including, the number of housing unit permits issued during the year, including the type of unit (e.g., single family, multi-family, etc.), and affordability categories (very low-, low-, moderate-, and above-moderate-income). The number of housing permits issued in 2017 was 115, which was significantly fewer permits than were issued in 2016 and 2015 where 387 and 891 permits were issued, respectively. While housing production, as regulated by the City's GMO, is expected to continue as a result of an improved economic climate, recent development activity, interest in sites rezoned for high-density development, and the City's efforts to encourage housing through implementation of the Housing Element's new policies and programs, housing permits are expected to decline in number since only one entitled large scale multi-family development (Rosewood Commons) is not yet under construction and market interest in other sites has not occurred to date. Another key factor in development of the remaining sites that are currently zoned for high-density housing is property owner interest.

4.2 REGIONAL HOUSING NEEDS ASSESSMENT AND LAND USE DECISION-MAKING

The eight-year cycle of Housing Elements requires that local governments made key land use decisions based on the RHNA. The following sections discuss regional planning, and what factors affect the RHNA allocation for a community.

4.2.1 REGIONAL HOUSING SUPPLY AND DEMAND

In 2008, the State passed Senate Bill 375 (SB 375), which requires each of the State's metropolitan planning area to formulate a strategy to accommodate future population growth and reduce greenhouse gas emissions from cars and light trucks. In response to SB 375, the Metropolitan

Transportation Commission (MTC) and the Association of Bay Area Governments (ABAG) have undertaken a regional planning effort and strategy known as “Plan Bay Area.” Plan Bay Area 2013, which was the first iteration of the document, was adopted on July 18, 2013.

Beginning in January 2015, ABAG and MTC started work to update Plan Bay Area, which is required every 4 years. The latest update was adopted by MTC/ABAG on July 26, 2017, and is referred to as Plan Bay Area 2040.

Plan Bay Area 2040 does not establish a new State-mandated RHNA. The next RHNA will coincide closely with the next 4-year update to Plan Bay Area, which will occur in 2021. However, the projections in Plan Bay Area 2040 may influence the upcoming RHNA.

MTC/ABAG forecasts an additional 1.3 million jobs and 2.4 million people in the Bay Area during the 30 years between 2010 and 2040, and estimates this will result in the need for approximately 820,000 new Bay Area housing units. Relative to Plan Bay Area 2013, this represents an increase of 15 percent in projected employment growth and a 25 percent increase in projected household growth. MTC/ABAG also indicates that on an overall basis, the Bay Area has added almost two jobs for every housing unit built since 1990, creating a deficit in housing particularly in high-income communities. Further, MTC/ABAG, projects a total of 69,640 jobs for Pleasanton by the year 2040, with a number of employed residents estimated to be 43,530, resulting in a ratio of jobs to employed residents of 1.60. For comparison, City records indicate that in 1990, Pleasanton had 27,686 jobs, with a number of resident workers estimated to be 30,926, resulting in a ratio of jobs to employed residents of 0.90.

Regional planning efforts such as Plan Bay Area aim to plan for a balance between housing and jobs in communities, with reducing traffic congestion as a key objective.

4.2.2 CALCULATION OF RHNA

California Government Code §65580 requires each jurisdiction to plan for its share of the State’s housing need for people of all income levels. The RHNA is the process by which the State assigns a community’s share of the housing need for an eight-year period. Specifically, HCD determines the total housing need for each region, and subsequently, each region’s Council of Government (COG; MTC/ABAG is the COG for the San Francisco Bay Area) divides and distributes the need to local governments.

RHNA is divided into four income categories, and upon receipt of its RHNA, a local government is responsible for updating its General Plan to identify and itemize how it plans to meet its allocated housing needs. Generally, the RHNA allocation consists of determining a jurisdiction’s total RHNA and identifying the share of the jurisdiction’s share in each income category.

MTC/ABAG indicates that there are several components to determining a jurisdiction’s RHNA allocation:

- *Sustainability component* – Advances the goals of SB 375, with the overall objective of reducing greenhouse gas by directing growth to key infill locations and protecting agricultural and natural resources. Growth is distributed primarily to Priority Development Areas and secondly to non-Priority Development Areas.
- *Fair share component* – Allocates housing need to expand access to communities with good transit access and employment opportunities.
- *Sphere of influence adjustments* – A sphere of influence (SOI) is considered in the RHNA methodology if there is projected growth within a city’s SOI. The SOI boundary is designated by the Local Area Formation Commission. In Alameda and Contra Costa counties, the allocation of housing need generated by unincorporated SOI is assigned to the county (whereas in Napa, San Mateo, Santa Clara, Solano, and Sonoma counties, the allocation of housing need generated by the unincorporated SOI is assigned to the cities). This is based on the principle that each local jurisdiction with permitting authority over its SOI should plan for the housing need generated within that area, and distinguishes between whether a city or county has permitted authority within unincorporated SOIs.
- *Allocating units by income category* – The RHNA methodology divides the housing need among four income categories as defined by HCD.

As noted, the current RHNA cycle spans from January 31, 2015 to January 31, 2023. Based on population projections and economic and regional housing market uncertainty (including the Great Recession) from the California State Department of Finance, HCD established that the Bay Area must plan for 187,990 new housing units during between years 2014-2022. Pleasanton’s RHNA allocation during this period is identified in Table 2.

TABLE 2 – PLEASANTON’S 2014-2022 RHNA AND HOUSING PRODUCTION

Income Level	RHNA	Permitted and Approved Projects	Vacant and Underutilized Land	Total Capacity	Permits Issued by Affordability (as of December 31, 2018)
Extremely Low, Very Low, and Low Income	1,107	279	991	1,270	279
Moderate Income	407	1,527	-	1,527	25
Above Moderate Income	553	174	272	446	1,187
TOTAL	2,067	1,980	1,263	3,243	1,491

Source: MTC/ABAG and the City of Pleasanton

The current Housing Element plans to fulfill the City's RHNA allocation using a combination of methods including: (1) entitled residential projects with building occupancy to be issued after December 2013, within the 2014-2022 RHNA planning period ("permitted and approved projects" category); and (2) vacant or underutilized land designated for residential development with no entitlements, including sites identified to accommodate the 2007-2014 RHNA needs ("vacant and underutilized land" category). The last column in Table 2 consists of the number of permits issued by affordability level during the reporting period, as of December 31, 2018.

5 Future Development in the Near Term

5.1 2017-2018 CHANGES TO STATE LAW

Recent changes to State law seek to develop additional housing within communities across California, including the passage in 2017 of 15 legislative bills, with follow-on bills passed in 2018, that seek to reduce obstacles to housing production through “streamlining” approvals of eligible projects, establishing funding sources, and requiring increased accountability when projects are approved with less units or less affordability than has been identified in the Housing Element. The City has been closely monitoring this legislation, as well as bills being considered for future adoption. A presentation to City Council on the 2017 State legislation that was made at its February 20, 2018 meeting is available [online](#). Of the 2017 and 2018 legislative bills, of particular importance and outlined further below are: SB 35 (Streamlined Approvals), Assembly Bill (AB) 678/SB 167 and AB 1515 (Housing Accountability Act), SB 166 (No Net Loss), AB 1397 (Housing Element Requirements), and AB 2923 (BART TOD District).

5.1.1 STREAMLINED APPROVAL

SB 35 requires cities to “streamline” the approval process for housing developments if the jurisdiction has not issued enough building permits to satisfy its regional housing need by income category. Such projects would be eligible for ministerial approval if it complies with objective planning standards, and meets specifications such as a residential General Plan designation and not have contained housing occupied by tenants within 10 years. Additionally, projects must restrict at least 50 percent of its units to be affordable to households classified as having low income (i.e., less than 80 percent of the area median income).

5.1.2 HOUSING ACCOUNTABILITY ACT

The bills affecting the Housing Accountability Act apply to every housing development application, not just those with an affordable housing component. The legislation requires that local government provide developers with a list of any inconsistencies between a proposed project and all local plans, zoning, and standards within 30 to 60 days after the application is complete, or the project will be deemed complete with all local policies. Additionally, if a housing project complies with all “objective” general plan, zoning, and subdivision standards, it may not be denied or have its density reduced unless a city or county can find that the project would have a specific adverse impact on public health and safety. If a project includes affordable units, a local jurisdiction is responsible for making additional findings to deny the project, reduce its density, or add a condition making the project infeasible, even if the project does not comply with all “objective” standards.

5.1.3 NO NET LOSS

The existing “no net loss” provision in State law does not allow local jurisdictions to downzone sites or approve projects at less *density* than shown in their housing elements, unless enough sites remain to meet the regional housing need assigned to the jurisdiction. The 2017 modification to this provision requires a jurisdiction to make findings if sites are not developed for the *income* category shown in its housing element. Therefore, a jurisdiction will need to make “no net loss” findings if projects are approved on housing element sites with *either fewer units or in a different income category* than shown in the housing element.

5.1.4 HOUSING ELEMENT REQUIREMENTS

In addition to an enhanced analysis of sites identified for affordable housing development in housing elements, the 2017 legislation requires projects that restrict at least 20 percent of the units to lower income households to qualify for by-right approval, whereas previously the affordability requirement was not in place for a project to qualify for by-right approval.

5.1.5 BART TOD DISTRICTS

This bill was passed in 2018 and established minimum local zoning requirements for BART-owned land that is located on contiguous parcels larger than 0.25 acres, within one-half mile of an existing or planned BART station entrance. All cities must adopt conforming standards within two years of BART adopting TOD standards (or by July 1, 2022) that include minimum height, density, parking, and floor area ratio requirements. In addition, all projects must include a minimum 20 percent of units for very low and low-income households. This bill is anticipated to help facilitate BART’s plan to build 20,000 units across its network.

5.1.6 ACCESSORY DWELLING UNITS

Effective January 1, 2017, State law pertaining to regulations for accessory dwelling units, or ADUs was modified. ADUs are secondary dwelling units, also known as “granny units,” with complete independent living facilities from the primary unit on a property. ADUs are generally encouraged as they can add to a community’s affordable rental housing stock. The changes to State law modified a jurisdiction’s ability to regulate ADUs, including limitations on requirements for parking, setbacks, and utility connection fees, with the objective of removing common barriers for home owners in constructing ADUs or converting a portion of their home to an ADU.

5.2 PROJECTED DEVELOPMENT AND GROWTH IN THE FUTURE

Growth and development can bring opportunities to a community, including, increased property tax revenue, improvements to existing schools or new school sites, and other community benefits. These benefits have to be carefully considered with the challenges that growth brings, including increased traffic and impacts to school enrollment as well as on the environment including air quality and a community’s carbon footprint. One of the key benefits in planning for future growth is the City’s

ability to appropriately position itself for the implications of the growth. As shown in Table 3, in 2013 MTC/ABAG predicted Pleasanton’s population and jobs in the year 2040 to be approximately 91,800 and 69,640, respectively. MTC/ABAG may adjust these projections in preparation for the next Housing Element planning period.

TABLE 3 – PROJECTED POPULATION AND JOBS FOR PLEASANTON

Pleasanton	2030	2040
Population	83,900	91,800
Jobs	65,620	69,640

Source: MTC/ABAG Data Profiles for Housing Elements 2013

Policy direction from City Council, local regulations and fees, changes to State law, and market conditions will continue to shape the pace of residential development in Pleasanton. Development in the future will be required to adhere to the provisions of the GMO, and the annual maximum will be recalculated after the RHNA calculation for the upcoming Housing Element cycle. Growth in Pleasanton will be affected by the overall growth in the Bay Area, but will be metered and carefully considered in conjunction with stated community objectives.

5.3 NEXT STEPS AND CONCLUDING THOUGHTS

The State is expected to continue to pass legislation pertaining to housing and housing production. Pleasanton recognizes the challenge of providing adequate and affordable housing opportunities in the region. Recent efforts at the regional level, through the Committee to House the Bay Area (CASA) and by State legislators have brought these challenges and the resultant policy implications for Pleasanton into sharper focus. In the future, there is a unique opportunity for the Pleasanton to work with the Tri-Valley Cities of Dublin, Livermore, Pleasanton, San Ramon, and the Town of Danville, to develop a collaborative response to influence legislative efforts at the State towards outcomes that address housing needs, while respecting community character and desire for local decision making. Knowing that scores of new housing bills are likely to be introduced by State legislators in 2019 and beyond, Pleasanton would like to take a proactive and nuanced approach to advocacy and engagement, working with our regional partners. In addition to educating stakeholders on these issues, the City will strive to influence the legislative process and create a shared Tri-Valley position on key topics, wherever possible.

Local jurisdictions should expect another round of significant housing legislation in 2019 and likely beyond. From this point forward, much of this legislation will likely be informed and influenced by the CASA Compact, which was released in December 2018. The Metropolitan Transportation Commission (MTC) formed CASA, or the Committee to House the Bay Area, to address the affordable housing crisis. CASA is a 21-member steering group comprised of major employers, for-profit and nonprofit housing developers, affordable housing advocates, transportation professionals, charitable foundations and elected officials from large cities. CASA’s work product is referred to as

the CASA Compact (Compact), an ambitious 10-point plan to remedy the Bay Area’s housing issues which will continue to be monitored by the City.

In planning for the next housing planning cycle between 2023-2031, the City will be looking at opportunity sites to discuss with the community. Factors to be considered in evaluating the opportunity sites include, but are not limited to: site location, infrastructure capacity, proximity to transit, site capacity, preservation of open space, and the ability of the development on the site to be compatible with the surrounding neighborhood. The City will also be required to implement the recently passed and any upcoming legislation for the next Housing Element cycle, and account for required changes to its approach (e.g., the City may not be able to count market rate multi-family development under the moderate income housing category). Further, the City may consider alternative approaches to minimize impacts from future developments, such as reducing traffic impacts by encouraging development near transit stations, or creating more opportunities for smaller-scale infill, such as ADUs or compact units. While the City will anticipate the next Housing Element cycle and proactively plan for new housing to comply with State mandates, it also looks forward to focusing on a constructive community conversation that ensures any future development is in keeping with Pleasanton’s character.

6 Sources Consulted

In addition to various City documents and sources, the following resources were consulted:

A History of the City of Pleasanton, by Herbert Hagemann, Jr., 1993

BART website: <https://www.bart.gov/about/history>

California State Department of Finance, Demographic Research Unit

Hacienda website: <https://www.hacienda.org/>

Images of America, Pleasanton, by Mary-Jo Wainwright and the Museum on Main, 2007

Plan Bay Area 2040, by MTC and ABAG

Recent Developments in California Housing Law, Summary of 2017 Housing Legislation, Goldfarb & Lipman LLP, 2017

Regional Housing Needs Plan, San Francisco Bay Area: 2014-2022, by ABAG

United States Census Bureau

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