

RESOLUTION NO. PC-2018-13

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF PLEASANTON RECOMMENDING APPROVAL OF THE APPLICATION OF THE CITY OF PLEASANTON TO AMEND CHAPTER 17.44 - INCLUSIONARY ZONING OF THE PLEASANTON MUNICIPAL CODE TO PROMOTE CITY GOALS AND POLICIES RELATED TO AFFORDABLE HOUSING BY REQUIRING THE CONSTRUCTION OF COMPACT UNITS WITHIN ALL SINGLE-FAMILY DEVELOPMENT PROJECTS OF 15 UNITS OR MORE, AS FILED UNDER CASE P17-0903

WHEREAS, the City of Pleasanton has filed an application to amend Chapter 17.44 - Inclusionary Zoning of the Pleasanton Municipal Code to promote City goals and policies related to affordable housing by requiring the construction of compact units within all single-family development projects of 15 units or more; and

WHEREAS, the Municipal Code amendment has been the subject of discussion at multiple meetings and at a workshop with the Planning and Housing Commissions on November 8, 2017; and

WHEREAS, at its duly noticed public hearing of June 27, 2018, the Planning Commission considered all public testimony, relevant exhibits, and recommendations of the City staff concerning this application; and

WHEREAS, the Planning Commission found that the proposed amendment to the Municipal Code is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15061(b)(3) "General Rule" of the CEQA Guidelines, as it has been determined that the Municipal Code Amendment will not cause a significant negative effect on the environment.

NOW, THEREFORE BE IT RESOLVED by the Planning Commission of the City of Pleasanton, based on the entire record of proceedings, including the oral and written staff reports and all public comment and testimony:

Section 1. Recommends approval of Case P17-0903, the application of the City of Pleasanton to amend Chapter 17.44 - Inclusionary Zoning of the Pleasanton Municipal Code to promote City goals and policies related to affordable housing by requiring the construction of compact units within all single-family development projects of 15 units or more, as shown in Attachment 1, attached hereto and made part of this case by reference.

Section 2. This resolution shall become effective immediately upon its passage and adoption.

PASSED, APPROVED AND ADOPTED by the Planning Commission of the City of Pleasanton at a regular meeting held on June 27, 2018 by the following vote:

AYES:
NOES:
ABSTAIN:
RECUSED:
ABSENT:

ATTEST:

Ellen Clark
Secretary, Planning Commission

David Nagler
Chair

APPROVED AS TO FORM:

Julie Harryman
Assistant City Attorney

Chapter 17.44 INCLUSIONARY ZONING

Article I. General Provisions

17.44.010 Title.

This chapter shall be called the “Inclusionary Zoning Ordinance of the City of Pleasanton.”

17.44.020 Purpose.

The purpose of this chapter is to enhance the public welfare and assure that further housing development attains the city’s affordable housing goals by increasing the production of residential units that are affordable by design, and affordable to households of very low, low, and moderate income, and by providing funds for the development of very low, low, and moderate income ownership and/or rental housing. In order to assure that the remaining developable land is utilized in a manner consistent with the city’s housing policies and needs, 15 percent of the total number of units of all new multiple-family residential projects containing 15 or more units, constructed within the city as it now exists and as may be altered by annexation, shall be affordable to very low and low income households. For all new single-family residential projects of 15 units or more, at least 20 percent of the project’s dwelling units shall be affordable to very low, low, and/or moderate income households, and shall meet the minimum prescribed requirements of this chapter to provide compact units that are affordable by design. These requirements shall apply to both ownership and rental projects.

17.44.030 Definitions.

For the purposes of this chapter, certain words and phrases shall be interpreted as set forth in this section unless it is apparent from the context that a different meaning is intended.

“Affordable by design.” A project designed so that it incorporates compact units.

“Affordable housing proposal.” A proposal submitted by the project owner as part of the city development application (e.g., design review, planned unit development, etc.) stating the method by which the requirements of this chapter are proposed to be met.

“Affordable rent.” A monthly rent (including utilities as determined by a schedule prepared by the city) which does not exceed one-twelfth of 30 percent of the maximum annual income for a household of the applicable income level.

“Affordable sales price.” A sales price which results in a monthly mortgage payment (including principal and interest) which does not exceed one-twelfth of 35 percent of the maximum annual income for a household of the applicable income level.

“Amenities.” Interior features which are not essential to the health and safety of the resident, but provide visual or aesthetic appeal, or are provided as conveniences rather than as necessities. Interior amenities may include, but are not limited to, fireplaces, garbage disposals, dishwashers, cabinet and storage space and bathrooms in excess of one. Amenities shall in no way include items required by city building codes or other ordinances that are necessary to ensure the safety of the building and its residents.

“Applicant.” Any person, firm, partnership, association, joint venture, corporation, or any entity or combination of entities which seeks city permits and approvals for a project.

“City.” The city of Pleasanton or its designee or any entity with which the city contracts to administer this chapter.

“Commercial, office, and industrial project.” For the purposes of this chapter, any new nonresidential (commercial, office, or industrial) development or redevelopment greater than 10 gross acres 250,000 square feet of gross building area, whichever is less.

“Compact unit.” A dwelling unit that is that is between 750 and 1,800 square feet, excluding townhomes, condominiums, or accessory dwelling units contained in chapter 18.106.

“Dwelling unit.” A dwelling designed for occupancy by one household.

“HUD.” The United States department of housing and urban development or its successor.

“Household.” One person living alone; or two or more persons sharing residency whose income is considered for housing payments.

“Household, low income.” A household whose annual income is more than 50 percent but does not exceed 80 percent of the annual median income for Alameda County, based upon the annual income figures provided by the U.S. department of housing and urban development (HUD), as adjusted for household size.

“Household, moderate income.” A household whose annual income is more than 80 percent but does not exceed 120 percent of the annual median income for Alameda County, based upon the annual income figures provided by HUD, as adjusted for household size.

“Household, very low income.” A household whose annual income does not exceed 50 percent of the annual median income for Alameda County, based upon the annual income figures provided by HUD, as adjusted for household size.

“Inclusionary unit.” A dwelling unit as required by this chapter which is rented or sold at affordable rents and/or affordable sales prices (as defined by this chapter) to very low, low, or moderate income households.

“Inclusionary unit credits.” Credits approved by the city council in the event a project exceeds the total number of inclusionary units required in this chapter. Inclusionary unit credits may be used by the project owner to meet the affordable housing requirements of another project subject to approval by the city council.

“Income.” The gross annual household income as defined by HUD.

“Life of the inclusionary unit.” The term during which the affordability provisions for inclusionary units shall remain applicable. The affordability provisions for inclusionary units shall apply in perpetuity from the date of occupancy, which shall be the date the city of Pleasanton performs final inspection for the building permit.

“Lower income housing fee.” A fee paid to the city by an applicant for a project in the city, in lieu of providing the inclusionary units required by this chapter.

“Median income for Alameda County.” The median gross annual income in Alameda County as determined by HUD, adjusted for household size.

“Off-site inclusionary units.” Inclusionary units constructed within the city of Pleasanton on a site other than the site where the applicant intends to construct market rate units.

“Ownership units.” Inclusionary units developed as part of a residential development which the applicant intends will be sold, or which are customarily offered for individual sale.

“Project.” A residential housing development at one location or site including all dwelling units for which permits have been applied for or approved.

“Project owner.” Any person, firm, partnership, association, joint venture, corporation, or any entity or combination of entities which holds fee title to the land on which the project is located.

“Property owner.” The owner of an inclusionary unit, excepting a “project owner.”

“Recapture mechanisms.” Legal programs and restrictions by which subsidies provided to inclusionary units will be controlled and repaid to the city and/or other entity upon resale, to ensure the ongoing preservation of affordability of inclusionary units or to ensure funds for inclusionary units remain within the city’s affordable housing program.

“Rental units”: Inclusionary units which the applicant intends will be rented or leased, or which are customarily offered for lease or rent.

“Resale restrictions.” Legal restrictions which restrict the price of inclusionary units to ensure that they remain affordable to very low, low, and moderate income households on resale.

“Residential project, multiple-family.” A residential project consisting of condominiums, apartments, and similar dwellings attached in groups of four or more units per structure and including multiple units located on a single parcel of land under common ownership.

“Residential project, single-family.” A residential project consisting of detached and attached single-family homes, including paired single-family, duets, duplexes, townhomes, and similar unit types where each unit is located on a separate parcel of land.

“Unit type.” Various dwelling units within a project which are distinguished by number of bedrooms and/or the type of construction (e.g., detached single-family, duets, townhomes, condominiums).

Article II. Zoning Requirements

17.44.040 General requirements/applicability.

- A. Residential Development.
 - 1. For all new multiple-family residential projects of 15 units or more, at least 15 percent of the project's dwelling units shall be inclusionary units.
 - 2. For all new single-family detached residential projects of 15 units or more:
 - a. At least 20 percent of the project's dwelling units shall be inclusionary units; and
 - b. At least 20 percent of the project's dwelling units shall be compact units.
 - 3. For all other new single-family residential projects of 15 units or more, at least 20 percent of the project's dwelling units shall be inclusionary units.
- B. Commercial, Office, and Industrial (COI) Development. In lieu of paying the lower income fee as set forth in Chapter 17.40 of this title, COI development may provide affordable housing consistent with this chapter. As a result, new COI developments are strongly encouraged to submit an affordable housing proposal as set forth in Section 17.44.100 of this chapter. Upon submittal of the affordable housing proposal, city staff will meet with the developer to discuss the potential for providing incentives to encourage on-site construction of affordable housing units and alternatives to constructing affordable units as set forth in this chapter. In the event a developer requests incentives or alternatives as a means of providing affordable housing in connection with a COI development, the affordable housing proposal will be reviewed as set forth in Section 17.44.100 of this chapter. COI development not pursuing the inclusion of affordable housing shall be subject to the lower income fees as set forth in Chapter 17.40 of this title.

17.44.050 Compact unit provisions, specifications, and alternatives.

- A. Provisions and specifications.
 - 1. The percentage of compact units required for a particular project shall be determined only once on a given project, at the time of tentative map approval, or, for projects not processing a map, prior to issuance of building permit. If the subdivision design changes, which results in a change in the number of unit types required, the number of compact units required shall be recalculated to coincide with the final approved project. In applying and calculating the 20 percent requirement, any decimal fraction less than or equal to 0.50 may be disregarded, and any decimal fraction greater than 0.50 shall be construed as one unit.
 - 2. The specific mix of compact units shall be subject to approval by the city.

3. Compact units shall be dispersed throughout the project unless otherwise approved by the city.
 4. Compact units shall be constructed with substantially similar and compatible exterior materials and an exterior architectural design that is consistent with the market rate units in the project.
 5. All compact units in a project shall be constructed concurrently within or prior to the construction of the project's non-compact units.
 6. Compact units may be either detached units or attached duplex/duet units.
- B. Alternatives to constructing inclusionary units on-site. The city acknowledges that it may not always be practical to require that every project satisfy its requirement to provide compact units through the construction of the specified units within the project itself. Therefore, the requirements of this chapter may be satisfied by alternative methods including providing additional community benefits. The city council may approve a mixture of unit types or alternate methods of compliance that meet the purpose of this chapter. Alternative methods shall be set forth in the affordable housing agreement for the project. The payment of additional Low Income Housing Fees would not be an acceptable alternative method. Some examples of alternate methods of compliance appear below.

1. Land Dedication. An applicant may dedicate land to the city or a local nonprofit housing developer in place of actual construction of compact units upon approval of the city council. The intent of allowing a land dedication option is to provide the city or a local nonprofit housing developer the free land needed to make a variety of housing types available, thus furthering the intent of this chapter.
2. Alternate Methods of Compliance. Applicants may propose creative concepts for meeting the requirements of this chapter, in order to bring down the cost of providing compact units, whether on- or off-site. The city council may approve alternate methods of compliance with this chapter if the applicant demonstrates that such alternate method meets the purpose of this chapter and help support the production of housing that would be more affordable to the market.

17.44.060 Inclusionary unit provisions and specifications.

- A. The percentage of inclusionary units required for a particular project shall be determined only once on a given project, at the time of tentative map approval, or, for projects not processing a map, prior to issuance of building permit. If the subdivision design changes, which results in a change in the number of unit types required, the number of inclusionary units required shall be recalculated

to coincide with the final approved project. In applying and calculating the percent requirement, any decimal fraction less than or equal to 0.50 may be disregarded, and any decimal fraction greater than 0.50 shall be construed as one unit.

- B. Inclusionary units shall be reserved for rent or purchase by eligible very low, low, and moderate income households, as applicable. Projects subject to these requirements include, but are not limited to, single-family detached dwellings, townhomes, apartments, condominiums, or cooperatives provided through new construction projects, and/or through conversion of rentals to ownership units.
- C. Special consideration will be given to projects in which a significant percentage of the inclusionary units are for very low and low income households.
- D. The specific mix of inclusionary units within the three affordability categories shall be subject to approval by the city.
- E. Inclusionary units shall be dispersed throughout the project unless otherwise approved by the city.
- F. Inclusionary units shall be constructed with identical exterior materials and an exterior architectural design that is consistent with the market rate units in the project.
- G. Inclusionary units may be of smaller size than the market units in the project. In addition, inclusionary units may have fewer interior amenities than the market rate units in the project. However, the city may require that the inclusionary units meet certain minimum standards. These standards shall be set forth in the affordable housing agreement for the project.
- H. Inclusionary units shall remain affordable in perpetuity through recordation of an affordable housing agreement as described in Section 17.44.090 of this chapter.
- I. All inclusionary units in a project shall be constructed concurrently within or prior to the construction of the project's market rate units.
- J. For purposes of calculating the affordable rent or affordable sales price of an inclusionary unit, the following household size assumptions shall be used for each applicable dwelling unit type:

Unit Size	HUD Income Category by Household Size
Studio unit	1 person
1 bedroom unit	2 persons

2 bedroom unit	3 persons
3 bedroom unit	4 persons
4 or more bedroom unit	5 or more persons

- K. The City’s adopted preference and priority system shall be used for determining eligibility among prospective beneficiaries for affordable housing units created through this inclusionary zoning ordinance.

17.44.070 Incentives to encourage on-site construction of inclusionary units.

The city shall consider making available to the applicant incentives to increase the feasibility of residential projects to provide inclusionary units. Incentives or financial assistance will be offered only to the extent resources for this purpose are available and approved for such use by the city council or city manager, as defined below, and to the extent that the project, with the use of incentives or financial assistance, assists in achieving the city’s housing goals. However, nothing in this chapter establishes, directly or through implication, a right of an applicant to receive any assistance or incentive from the city.

Any incentives provided by the city shall be set out in the affordable housing agreement pursuant to Section 17.44.090 of this chapter. The granting of the additional incentives shall require demonstration of exceptional circumstances that necessitate assistance from the city, as well as documentation of how such incentives increase the feasibility of providing affordable housing.

The following incentives may be approved for applicants who construct inclusionary units on-site:

- A. **Fee Waiver or Deferral.** The city council, by resolution, may waive or defer payment of city development impact fees and/or building permit fees applicable to the inclusionary units or the project of which they are a part. Fee waivers shall meet the criteria included in the city’s adopted policy for evaluating waivers of city fees for affordable housing projects. The affordable housing agreement shall include the terms of the fee waiver.
- B. **Design Modifications.** The granting of design modifications relative to the inclusionary requirement shall require the approval of the city council and shall meet all applicable zoning requirements of the city of Pleasanton. Modifications to typical design standards may include the following:
 - Reduced setbacks;
 - Reduction in infrastructure requirements;
 - Reduced open space requirements;

Reduced landscaping requirements;
Reduced interior or exterior amenities;
Reduction in parking requirements;
Height restriction waivers.

- C. **Second Mortgages.** The city may utilize available lower income housing funds for the purpose of providing second mortgages to prospective unit owners or to subsidize the cost of a unit to establish an affordable rent or an affordable sales price. Terms of the second mortgage or subsidy shall be stated in the affordable housing agreement. The utilization of these incentives shall not be the sole source of providing the inclusionary units and they are intended to augment the developer's proposal.
- D. **Priority Processing.** After receiving its discretionary approvals, a project that provides inclusionary units may be entitled to priority processing of building and engineering approvals subject to the approval of the city manager. A project eligible for priority processing shall be assigned to city engineering and/or building staff and processed in advance of all nonpriority items.

17.44.080 Alternatives to constructing inclusionary units on-site.

The primary emphasis of this inclusionary zoning ordinance is to achieve the inclusion of affordable housing units to be constructed in conjunction with market rate units within the same project in all new residential projects. However, the city acknowledges that it may not always be practical to require that every project satisfy its affordable housing requirement through the construction of affordable units within the project itself. Therefore, the requirements of this chapter may be satisfied by various methods other than the construction of inclusionary units on the project site. Some examples of alternate methods of compliance appear below. As housing market conditions change, the city may need to allow alternatives to provide options to applicants to further the intent of providing affordable housing with new development projects.

- A. **Off-Site Projects.** Inclusionary units required pursuant to this chapter may be permitted to be constructed at a location within the city other than the project site. Any off-site inclusionary units must meet the following criteria:
 - 1. The off-site inclusionary units must be determined to be consistent with the city's goal of creating, preserving, maintaining, and protecting housing for very low, low, and moderate income households.
 - 2. The off-site inclusionary units must not result in a significant concentration of inclusionary units in any one particular neighborhood.
 - 3. The off-site inclusionary units shall conform to the requirements of all applicable city ordinances and the provisions of this chapter.
 - 4. The occupancy and rents of the off-site inclusionary units shall be governed by the terms of a deed restriction, and if applicable, a declaration of

covenants, conditions and restrictions similar to that used for the on-site inclusionary units.

The affordable housing agreement shall stipulate the terms of the off-site inclusionary units. If the construction does not take place at the same time as project development, the agreement shall require the units to be produced within a specified time frame, but in no event longer than five years. A cash deposit or bond may be required by the city, refundable upon construction, as assurance that the units will be built.

- B. Land Dedication. An applicant may dedicate land to the city or a local nonprofit housing developer in place of actual construction of inclusionary units upon approval of the city council. The intent of allowing a land dedication option is to provide the city or a local nonprofit housing developer the free land needed to make an inclusionary unit development feasible, thus furthering the intent of this chapter.

The dedicated land must be appropriately zoned, buildable, free of toxic substances and contaminated soils, and large enough to accommodate the number of inclusionary units required for the project. The city's acceptance of land dedication shall require that the lots be fully improved, with infrastructure, adjacent utilities, grading, and fees paid.

- C. Credit Transfers. In the event a project exceeds the total number of inclusionary units required in this chapter, the project owner may request inclusionary unit credits which may be used to meet the affordable housing requirements of another project. Inclusionary unit credits are issued to and become the possession of the project owner and may not be transferred to another project owner without approval by the city council. The number of inclusionary unit credits awarded for any project is subject to approval by the city council.
- D. Alternate Methods of Compliance. Applicants may propose creative concepts for meeting the requirements of this chapter, in order to bring down the cost of providing inclusionary units, whether on- or off-site. The city council may approve alternate methods of compliance with this chapter if the applicant demonstrates that such alternate method meets the purpose of this chapter (as set forth in Section 17.44.020 of this chapter).
- E. Lower Income Housing Fee Option. In lieu of providing inclusionary units in a project, an applicant may pay the city's lower income housing fee as set forth in Chapter 17.40 of this title.

17.44.090 Affordable housing agreement.

An affordable housing agreement shall be entered into by the city and the project owner. The agreement shall record the method and terms by which a project owner shall comply with the inclusionary and compact unit requirements of this chapter. The approval and/or recordation of this agreement shall take place prior to final map approval or, where a map is not being processed, prior to the issuance of building permits for such lots or units.

For inclusionary units, the affordable housing agreement shall state the methodology for determining a unit's initial and ongoing rent or sales and resale price(s), any resale restrictions, occupancy requirements, eligibility requirements, city incentives including second mortgages, recapture mechanisms, the administrative process for monitoring unit management to assure ongoing affordability and other matters related to the development and retention of the inclusionary units.

In addition to the above, the affordable housing agreement shall set forth any waiver of the lower income housing fee. For projects which meet the inclusionary unit affordability threshold with very low and/or low income units, all units in the project shall be eligible for a waiver of the lower income housing fee. For single-family residential projects which meet the affordability threshold with moderate income units, or multiple-family residential projects which do not meet the affordability threshold, only the inclusionary units shall be eligible for a waiver of the lower income housing fee except as otherwise approved by the city council.

To assure affordability of inclusionary units over the life of the unit, the affordable housing agreement shall be recorded with the property deed or other method approved by the city attorney.

The community development director may waive the requirement for an affordable housing agreement for projects approved prior to the effective hereof and/or for projects that have their inclusionary affordable housing requirements and compact unit requirements included in a development agreement or other city document.

Article III. Miscellaneous

17.44.100 Administration.

An applicant of a project subject to this chapter shall submit an affordable housing proposal stating the method by which it will meet the requirements of this chapter. The affordable housing proposal shall be submitted as part of the applicant's city development application (e.g., design review, planned unit development, etc.) to the planning division in a form approved by the city manager. The community development director may waive the requirement for submittal of an affordable housing proposal for projects approved prior to the effective date hereof and/or for projects that have undergone considerable public review during which affordable housing issues were addressed.

The affordable housing proposal shall be reviewed by the city's housing commission at a properly noticed meeting open to the public. The housing commission shall make recommendations to the city council either accepting, rejecting or modifying the developer's proposal and the utilization of any incentives as outlined in this chapter. The housing commission may also make recommendations to the planning commission regarding the project as necessary to assure conformance with this chapter.

Acceptance of the applicant's affordable housing proposal is subject to approval by the city council, which may direct the city manager to execute an affordable housing agreement in a form approved by the city attorney. The city manager or his or her designee shall be responsible for monitoring the sale, occupancy and resale of inclusionary units.

17.44.110 Conflict of interest.

The following individuals are ineligible to purchase or rent an inclusionary unit: (a) city employees and officials (and their immediate family members) who have policymaking authority or influence regarding city housing programs; (b) the project applicant and its officers and employees (and their immediate family members); and (c) the project owner and its officers and employees (and their immediate family members).

17.44.120 Enforcement.

The city manager is designated as the enforcing authority. The city manager may suspend or revoke any building permit or approval upon finding a violation of any provision of this chapter. The provisions of this chapter shall apply to all agents, successors and assigns of an applicant. No building permit or final inspection shall be issued, nor any development approval be granted which does not meet the requirements of this chapter. In the event that it is determined that rents in excess of those allowed by operation of this chapter have been charged to a tenant residing in an inclusionary unit, the city may take appropriate legal action to recover, and the project owner shall be obligated to pay to the tenant, or to the city in the event the tenant cannot be located, any excess rents charged.

17.44.130 Appeals.

Any person aggrieved by any action or determination of the city manager under this chapter, may appeal such action or determination to the city council in the manner provided in Chapter 18.144 of this code.

Chapter 17.44 INCLUSIONARY ZONING

Article I. General Provisions

17.44.010 Title.

This chapter shall be called the "Inclusionary Zoning Ordinance of the City of Pleasanton."
(~~Ord. 1818 § 1, 2000~~)

17.44.020 Purpose.

The purpose of this chapter is to enhance the public welfare and assure that further housing development attains the city's affordable housing goals by increasing the production of residential units that are affordable by design, and affordable to households of very low, low, and moderate income, and by providing funds for the development of very low, low, and moderate income ownership and/or rental housing. In order to assure that the remaining developable land is utilized in a manner consistent with the city's housing policies and needs, 15 percent of the total number of units of all new multiple-family residential projects containing 15 or more units, constructed within the city as it now exists and as may be altered by annexation, shall be affordable to very low and low income households. For all new single-family residential projects of 15 units or more, at least 20 percent of the project's dwelling units shall be affordable to very low, low, and/or moderate income households, and shall meet the minimum prescribed requirements of this chapter to provide compact units that are affordable by design. These requirements shall apply to both ownership and rental projects. (~~Ord. 1818 § 1, 2000~~)

17.44.030 Definitions.

For the purposes of this chapter, certain words and phrases shall be interpreted as set forth in this section unless it is apparent from the context that a different meaning is intended.

"Affordable by design." A project designed so that it incorporates compact units.

"Affordable housing proposal." A proposal submitted by the project owner as part of the city development application (e.g., design review, planned unit development, etc.) stating the method by which the requirements of this chapter are proposed to be met.

"Affordable rent." A monthly rent (including utilities as determined by a schedule prepared by the city) which does not exceed one-twelfth of 30 percent of the maximum annual income for a household of the applicable income level.

"Affordable sales price." A sales price which results in a monthly mortgage payment (including principal and interest) which does not exceed one-twelfth of 35 percent of the maximum annual income for a household of the applicable income level.

"Amenities." Interior features which are not essential to the health and safety of the resident, but provide visual or aesthetic appeal, or are provided as conveniences rather than as necessities. Interior amenities may include, but are not limited to, fireplaces, garbage disposals, dishwashers, cabinet and storage space and bathrooms in excess of one. Amenities shall in no way include items required by city

building codes or other ordinances that are necessary to ensure the safety of the building and its residents.

“Applicant.” Any person, firm, partnership, association, joint venture, corporation, or any entity or combination of entities which seeks city permits and approvals for a project.

“City.” The city of Pleasanton or its designee or any entity with which the city contracts to administer this chapter.

“Commercial, office, and industrial project.” For the purposes of this chapter, any new nonresidential (commercial, office, or industrial) development or redevelopment greater than 10 gross acres 250,000 square feet of gross building area, whichever is less.

[“Compact unit.” A dwelling unit that is that is between 750 and 1,800 square feet, excluding townhomes, condominiums, or accessory dwelling units contained in chapter 18.106.](#)

“Dwelling unit.” A dwelling designed for occupancy by one household.

“HUD.” The United States department of housing and urban development or its successor.

“Household.” One person living alone; or two or more persons sharing residency whose income is considered for housing payments.

“Household, low income.” A household whose annual income is more than 50 percent but does not exceed 80 percent of the annual median income for Alameda County, based upon the annual income figures provided by the U.S. department of housing and urban development (HUD), as adjusted for household size.

“Household, moderate income.” A household whose annual income is more than 80 percent but does not exceed 120 percent of the annual median income for Alameda County, based upon the annual income figures provided by HUD, as adjusted for household size.

“Household, very low income.” A household whose annual income does not exceed 50 percent of the annual median income for Alameda County, based upon the annual income figures provided by HUD, as adjusted for household size.

“Inclusionary unit.” A dwelling unit as required by this chapter which is rented or sold at affordable rents and/or affordable sales prices (as defined by this chapter) to very low, low, or moderate income households.

“Inclusionary unit credits.” Credits approved by the city council in the event a project exceeds the total number of inclusionary units required in this chapter. Inclusionary unit credits may be used by the project owner to meet the affordable housing requirements of another project subject to approval by the city council.

“Income.” The gross annual household income as defined by HUD.

“Life of the inclusionary unit.” The term during which the affordability provisions for inclusionary units shall remain applicable. The affordability provisions for inclusionary

units shall apply in perpetuity from the date of occupancy, which shall be the date the city of Pleasanton performs final inspection for the building permit.

“Lower income housing fee.” A fee paid to the city by an applicant for a project in the city, in lieu of providing the inclusionary units required by this chapter.

“Median income for Alameda County.” The median gross annual income in Alameda County as determined by HUD, adjusted for household size.

“Off-site inclusionary units.” Inclusionary units constructed within the city of Pleasanton on a site other than the site where the applicant intends to construct market rate units.

“Ownership units.” Inclusionary units developed as part of a residential development which the applicant intends will be sold, or which are customarily offered for individual sale.

“Project.” A residential housing development at one location or site including all dwelling units for which permits have been applied for or approved.

“Project owner.” Any person, firm, partnership, association, joint venture, corporation, or any entity or combination of entities which holds fee title to the land on which the project is located.

“Property owner.” The owner of an inclusionary unit, excepting a “project owner.”

“Recapture mechanisms.” Legal programs and restrictions by which subsidies provided to inclusionary units will be controlled and repaid to the city and/or other entity upon resale, to ensure the ongoing preservation of affordability of inclusionary units or to ensure funds for inclusionary units remain within the city’s affordable housing program.

“Rental units”: Inclusionary units which the applicant intends will be rented or leased, or which are customarily offered for lease or rent.

“Resale restrictions.” Legal restrictions which restrict the price of inclusionary units to ensure that they remain affordable to very low, low, and moderate income households on resale.

“Residential project, multiple-family.” A residential project consisting of condominiums, apartments, and similar dwellings attached in groups of four or more units per structure and including multiple units located on a single parcel of land under common ownership.

“Residential project, single-family.” A residential project consisting of detached and attached single-family homes, including paired single-family, duets, duplexes, townhomes, and similar unit types where each unit is located on a separate parcel of land.

“Unit type.” Various dwelling units within a project which are distinguished by number of bedrooms and/or the type of construction (e.g., detached single-family, duets, townhomes, condominiums). ([Ord. 1818 § 1, 2000](#))

Article II. Zoning Requirements

17.44.040 General requirements/applicability.

A. Residential Development.

1. For all new multiple-family residential projects of 15 units or more, at least 15 percent of the project's dwelling units shall be ~~affordable to very low, and/or low income households. For all~~inclusionary units.
2. For all new single-family detached residential projects of 15 units or more:
 - a. At least 20 percent of the project's dwelling units shall be inclusionary units; and
 - b. At least 20 percent of the project's dwelling units shall be compact units.
3. For all other new single-family residential projects of 15 units or more, at least 20 percent of the project's dwelling units shall be ~~affordable to very low, low, and/or moderate income households. These dwelling units shall be referred to as "Inclusionary Units". Special consideration will be given to projects in which a significant percentage of the inclusionary units are for very low and low income households. The specific mix of units within the three affordability categories shall be subject to approval by the city.~~inclusionary units.

~~The inclusionary units shall be reserved for rent or purchase by eligible very low, low, and moderate income households, as applicable. Projects subject to these requirements include, but are not limited to, single-family detached dwellings, townhomes, apartments, condominiums, or cooperatives provided through new construction projects, and/or through conversion of rentals to ownership units.~~

Commented [JH1]: Moved to Section 17.44.060(C)

~~The percentage of inclusionary units required for a particular project shall be determined only once on a given project, at the time of tentative map approval, or, for projects not processing a map, prior to issuance of building permit. If the subdivision design changes, which results in a change in the number of unit types required, the number of inclusionary units required shall be recalculated to coincide with the final approved project. In applying and calculating the 15 percent requirement, any decimal fraction less than or equal to 0.50 may be disregarded, and any decimal fraction greater than 0.50 shall be construed as one unit.~~

Commented [JH2]: Moved to Section 17.44.060(B)

B. Commercial, Office, and Industrial (COI) Development. In lieu of paying the lower income fee as set forth in ~~city Ordinance No. 1488~~Chapter 17.40 of this

Commented [JH3]: Moved to Section 17.44.060(A)

[title](#), COI development may provide affordable housing consistent with this chapter. As a result, new COI developments are strongly encouraged to submit an affordable housing proposal as set forth in Section 17.44.~~090100~~ of this chapter. Upon submittal of the affordable housing proposal, city staff will meet with the developer to discuss the potential for providing incentives to encourage on-site construction of affordable housing units and alternatives to constructing affordable units as set forth in this chapter. In the event a developer requests incentives or alternatives as a means of providing affordable housing in connection with a COI development, the affordable housing proposal will be reviewed as set forth in Section 17.44.~~090100~~ of this chapter. COI development not pursuing the inclusion of affordable housing shall be subject to the lower income fees as set forth in [city ordinance 1488. \(Ord. 1818 § 1, 2000\)](#)[Chapter 17.40 of this title.](#)

17.44.050 Compact unit provisions, specifications, and alternatives.

A. Provisions and specifications.

1. The percentage of compact units required for a particular project shall be determined only once on a given project, at the time of tentative map approval, or, for projects not processing a map, prior to issuance of building permit. If the subdivision design changes, which results in a change in the number of unit types required, the number of compact units required shall be recalculated to coincide with the final approved project. In applying and calculating the 20 percent requirement, any decimal fraction less than or equal to 0.50 may be disregarded, and any decimal fraction greater than 0.50 shall be construed as one unit.
2. The specific mix of compact units shall be subject to approval by the city.
3. Compact units shall be dispersed throughout the project unless otherwise approved by the city.
4. Compact units shall be constructed with substantially similar and compatible exterior materials and an exterior architectural design that is consistent with the market rate units in the project.
5. All compact units in a project shall be constructed concurrently within or prior to the construction of the project's non-compact units.
6. Compact units may be either detached units or attached duplex/duet units.

B. Alternatives to constructing inclusionary units on-site. The city acknowledges that it may not always be practical to require that every project satisfy its requirement to provide compact units through the construction of the specified

units within the project itself. Therefore, the requirements of this chapter may be satisfied by alternative methods including providing additional community benefits. The city council may approve a mixture of unit types or alternate methods of compliance that meet the purpose of this chapter. Alternative methods shall be set forth in the affordable housing agreement for the project. The payment of additional Low Income Housing Fees would not be an acceptable alternative method. Some examples of alternate methods of compliance appear below.

1. Land Dedication. An applicant may dedicate land to the city or a local nonprofit housing developer in place of actual construction of compact units upon approval of the city council. The intent of allowing a land dedication option is to provide the city or a local nonprofit housing developer the free land needed to make a variety of housing types available, thus furthering the intent of this chapter.
2. Alternate Methods of Compliance. Applicants may propose creative concepts for meeting the requirements of this chapter, in order to bring down the cost of providing compact units, whether on- or off-site. The city council may approve alternate methods of compliance with this chapter if the applicant demonstrates that such alternate method meets the purpose of this chapter and help support the production of housing that would be more affordable to the market.

17.44.050-060 Inclusionary unit provisions and specifications.

- AA. The percentage of inclusionary units required for a particular project shall be determined only once on a given project, at the time of tentative map approval, or, for projects not processing a map, prior to issuance of building permit. If the subdivision design changes, which results in a change in the number of unit types required, the number of inclusionary units required shall be recalculated to coincide with the final approved project. In applying and calculating the percent requirement, any decimal fraction less than or equal to 0.50 may be disregarded, and any decimal fraction greater than 0.50 shall be construed as one unit.
- B. Inclusionary units shall be reserved for rent or purchase by eligible very low, low, and moderate income households, as applicable. Projects subject to these requirements include, but are not limited to, single-family detached dwellings, townhomes, apartments, condominiums, or cooperatives provided through new construction projects, and/or through conversion of rentals to ownership units.
- C. Special consideration will be given to projects in which a significant percentage of the inclusionary units are for very low and low income households.

D. The specific mix of inclusionary units within the three affordability categories shall be subject to approval by the city.

E. Inclusionary units shall be dispersed throughout the project unless otherwise approved by the city.

B

F. Inclusionary units shall be constructed with identical exterior materials and an exterior architectural design that is consistent with the market rate units in the project.

C

G. Inclusionary units may be of smaller size than the market units in the project. In addition, inclusionary units may have fewer interior amenities than the market rate units in the project. However, the city may require that the inclusionary units meet certain minimum standards. These standards shall be set forth in the affordable housing agreement for the project.

D

H. Inclusionary units shall remain affordable in perpetuity through recordation of an affordable housing agreement as described in Section 17.44.~~069090~~ of this chapter.

E

I. All inclusionary units in a project shall be constructed concurrently within or prior to the construction of the project's market rate units.

F

J. For purposes of calculating the affordable rent or affordable sales price of an inclusionary unit, the following household size assumptions shall be used for each applicable dwelling unit type:

Unit Size	HUD Income Category by Household Size
Studio unit	1 person
1 bedroom unit	2 persons
2 bedroom unit	3 persons
3 bedroom unit	4 persons
4 or more bedroom unit	5 or more persons

GK. The ~~city's~~City's adopted preference and priority system shall be used for determining eligibility among prospective beneficiaries for affordable housing units created through this inclusionary zoning ordinance. (~~Ord. 1818 § 1, 2000~~)

~~17.44.060 Affordable housing agreement.~~

Commented [JH4]: Moved to Section 17.44.090

~~An affordable housing agreement shall be entered into by the city and the project owner. The agreement shall record the method and terms by which a project owner shall comply with the requirements of this chapter. The approval and/or recordation of this agreement shall take place prior to final map approval or, where a map is not being processed, prior to the issuance of building permits for such lots or units.~~

~~The affordable housing agreement shall state the methodology for determining a unit's initial and ongoing rent or sales and resale price(s), any resale restrictions, occupancy requirements, eligibility requirements, city incentives including second mortgages, recapture mechanisms, the administrative process for monitoring unit management to assure ongoing affordability and other matters related to the development and retention of the inclusionary units.~~

~~In addition to the above, the affordable housing agreement shall set forth any waiver of the lower income housing fee. For projects which meet the affordability threshold with very low and/or low income units, all units in the project shall be eligible for a waiver of the lower income housing fee. For single-family residential projects which meet the affordability threshold with moderate income units, or multiple-family residential projects which do not meet the affordability threshold, only the inclusionary units shall be eligible for a waiver of the lower income housing fee except as otherwise approved by the city council.~~

~~To assure affordability over the life of the unit, the affordable housing agreement shall be recorded with the property deed or other method approved by the city attorney. In the event an inclusionary unit is affordable by design the affordable housing agreement shall stipulate the method for assuring that the units retain their affordability as the housing market changes.~~

~~The community development director may waive the requirement for an affordable housing agreement for projects approved prior to the effective hereof and/or for projects that have their affordable housing requirements included in a development agreement or other city document. (Ord. 2000-§ 1, 2009; Ord. 1818-§ 1, 2000)~~

alternative

17.44.070 Incentives to encourage on-site construction of inclusionary units.

The city shall consider making available to the applicant incentives to increase the feasibility of residential projects to provide inclusionary units. Incentives or financial assistance will be offered only to the extent resources for this purpose are available and approved for such use by the city council or city manager, as defined below, and to the extent that the project, with the use of incentives or financial assistance, assists in achieving the city's housing goals. However, nothing in this chapter establishes, directly or through implication, a right of an applicant to receive any assistance or incentive from the city.

Any incentives provided by the city shall be set out in the affordable housing agreement pursuant to Section 17.44.060090 of this chapter. The granting of the additional incentives shall require demonstration of exceptional circumstances that necessitate assistance from the city, as well as documentation of how such incentives increase the feasibility of providing affordable housing.

The following incentives may be approved for applicants who construct inclusionary units on-site:

- A. Fee Waiver or Deferral. The city council, by resolution, may waive or defer payment of city development impact fees and/or building permit fees applicable to the inclusionary units or the project of which they are a part. Fee waivers shall meet the criteria included in the city's adopted policy for evaluating waivers of city fees for affordable housing projects. The affordable housing agreement shall include the terms of the fee waiver.
- B. Design Modifications. The granting of design modifications relative to the inclusionary requirement shall require the approval of the city council and shall meet all applicable zoning requirements of the city of Pleasanton. Modifications to typical design standards may include the following:
 - Reduced setbacks;
 - Reduction in infrastructure requirements;
 - Reduced open space requirements;
 - Reduced landscaping requirements;
 - Reduced interior or exterior amenities;
 - Reduction in parking requirements;
 - Height restriction waivers.
- C. Second Mortgages. The city may utilize available lower income housing funds for the purpose of providing second mortgages to prospective unit owners or to subsidize the cost of a unit to establish an affordable rent or an affordable sales price. Terms of the second mortgage or subsidy shall be stated in the affordable housing agreement. The utilization of these incentives shall not be the sole source of providing the inclusionary units and they are intended to augment the developer's proposal.
- D. Priority Processing. After receiving its discretionary approvals, a project that provides inclusionary units may be entitled to priority processing of building and engineering approvals subject to the approval of the city manager. A project eligible for priority processing shall be assigned to city engineering and/or building staff and processed in advance of all nonpriority items. (~~Ord. 1818 § 1, 2000~~)

17.44.080 Alternatives to constructing inclusionary units on-site.

The primary emphasis of this inclusionary zoning ordinance is to achieve the inclusion of affordable housing units to be constructed in conjunction with market rate units within the same project in all new residential projects. However, the city acknowledges that it may not always be practical to require that every project satisfy its affordable housing requirement through the construction of affordable units within the project itself. Therefore, the requirements of this chapter may be satisfied by various methods other than the construction of inclusionary units on the project site. Some examples of alternate methods of compliance appear below. As housing market conditions change, the city may need to allow alternatives to provide options to applicants to further the intent of providing affordable housing with new development projects.

- A. Off-Site Projects. Inclusionary units required pursuant to this chapter may be permitted to be constructed at a location within the city other than the project site. Any off-site inclusionary units must meet the following criteria:
 - 1. The off-site inclusionary units must be determined to be consistent with the city's goal of creating, preserving, maintaining, and protecting housing for very low, low, and moderate income households.
 - 2. The off-site inclusionary units must not result in a significant concentration of inclusionary units in any one particular neighborhood.
 - 3. The off-site inclusionary units shall conform to the requirements of all applicable city ordinances and the provisions of this chapter.
 - 4. The occupancy and rents of the off-site inclusionary units shall be governed by the terms of a deed restriction, and if applicable, a declaration of covenants, conditions and restrictions similar to that used for the on-site inclusionary units.

The affordable housing agreement shall stipulate the terms of the off-site inclusionary units. If the construction does not take place at the same time as project development, the agreement shall require the units to be produced within a specified time frame, but in no event longer than five years. A cash deposit or bond may be required by the city, refundable upon construction, as assurance that the units will be built.

- B. Land Dedication. An applicant may dedicate land to the city or a local nonprofit housing developer in place of actual construction of inclusionary units upon approval of the city council. The intent of allowing a land dedication option is to provide the city or a local nonprofit housing developer the free land needed to make an inclusionary unit development feasible, thus furthering the intent of this chapter.

The dedicated land must be appropriately zoned, buildable, free of toxic substances and contaminated soils, and large enough to accommodate the number of inclusionary units required for the project. The city's acceptance of land dedication shall require that the lots be fully improved, with infrastructure, adjacent utilities, grading, and fees paid.

- C. Credit Transfers. In the event a project exceeds the total number of inclusionary units required in this chapter, the project owner may request inclusionary unit credits which may be used to meet the affordable housing requirements of another project. Inclusionary unit credits are issued to and become the possession of the project owner and may not be transferred to another project owner without approval by the city council. The number of inclusionary unit credits awarded for any project is subject to approval by the city council.
- D. Alternate Methods of Compliance. Applicants may propose creative concepts for meeting the requirements of this chapter, in order to bring down the cost of providing inclusionary units, whether on- or off-site. The city council may approve alternate methods of compliance with this chapter if the applicant demonstrates that such alternate method meets the purpose of this chapter (as set forth in Section 17.44.020 of this chapter).
- E. Lower Income Housing Fee Option. In lieu of providing inclusionary units in a project, an applicant may pay the city's lower income housing fee as set forth in Chapter 17.40 of this title. (~~Ord. 1818 § 1, 2000~~)

17.44.090 Affordable housing agreement.

An affordable housing agreement shall be entered into by the city and the project owner. The agreement shall record the method and terms by which a project owner shall comply with the inclusionary and compact unit requirements of this chapter. The approval and/or recordation of this agreement shall take place prior to final map approval or, where a map is not being processed, prior to the issuance of building permits for such lots or units.

For inclusionary units, the affordable housing agreement shall state the methodology for determining a unit's initial and ongoing rent or sales and resale price(s), any resale restrictions, occupancy requirements, eligibility requirements, city incentives including second mortgages, recapture mechanisms, the administrative process for monitoring unit management to assure ongoing affordability and other matters related to the development and retention of the inclusionary units.

In addition to the above, the affordable housing agreement shall set forth any waiver of the lower income housing fee. For projects which meet the inclusionary unit affordability threshold with very low and/or low income units, all units in the project shall be eligible for a waiver of the lower income housing fee. For single-family residential projects which meet the affordability threshold with moderate income units, or multiple-family residential projects which do not meet the affordability threshold, only the inclusionary units shall be eligible for a waiver of the lower income housing fee except as otherwise approved by the city council.

To assure affordability of inclusionary units over the life of the unit, the affordable housing agreement shall be recorded with the property deed or other method approved by the city attorney.

The community development director may waive the requirement for an affordable housing agreement for projects approved prior to the effective hereof and/or for projects that have their inclusionary affordable housing requirements and compact unit requirements included in a development agreement or other city document.

Article III. Miscellaneous

17.44.090100 Administration.

An applicant of a project subject to this chapter shall submit an affordable housing proposal stating the method by which it will meet the requirements of this chapter. The affordable housing proposal shall be submitted as part of the applicant's city development application (e.g., design review, planned unit development, etc.) to the planning division in a form approved by the city manager. The community development director may waive the requirement for submittal of an affordable housing proposal for projects approved prior to the effective date hereof and/or for projects that have undergone considerable public review during which affordable housing issues were addressed.

The affordable housing proposal shall be reviewed by the city's housing commission at a properly noticed meeting open to the public. The housing commission shall make recommendations to the city council either accepting, rejecting or modifying the developer's proposal and the utilization of any incentives as outlined in this chapter. The housing commission may also make recommendations to the planning commission regarding the project as necessary to assure conformance with this chapter.

Acceptance of the applicant's affordable housing proposal is subject to approval by the city council, which may direct the city manager to execute an affordable housing agreement in a form approved by the city attorney. The city manager or his or her designee shall be responsible for monitoring the sale, occupancy and resale of inclusionary units. (~~Ord. 2000 § 1, 2009; Ord. 1818 § 1, 2000~~)

17.44.400110 Conflict of interest.

The following individuals are ineligible to purchase or rent an inclusionary unit: (a) city employees and officials (and their immediate family members) who have policymaking authority or influence regarding city housing programs; (b) the project applicant and its officers and employees (and their immediate family members); and (c) the project owner and its officers and employees (and their immediate family members). (~~Ord. 1818 § 1, 2000~~)

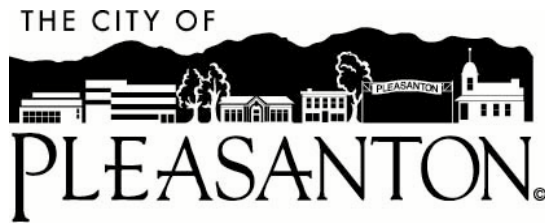
17.44.440120 Enforcement.

The city manager is designated as the enforcing authority. The city manager may suspend or revoke any building permit or approval upon finding a violation of any provision of this chapter. The provisions of this chapter shall apply to all agents, successors and assigns of an applicant. No building permit or final inspection shall be issued, nor any development approval be granted which does not meet the requirements of this chapter. In the event that it is determined that rents in excess of those allowed by operation of this

chapter have been charged to a tenant residing in an inclusionary unit, the city may take appropriate legal action to recover, and the project owner shall be obligated to pay to the tenant, or to the city in the event the tenant cannot be located, any excess rents charged. (~~Ord. 1818 § 1, 2000~~)

17.44.~~120~~130 Appeals.

Any person aggrieved by any action or determination of the city manager under this chapter, may appeal such action or determination to the city council in the manner provided in Chapter 18.144 of this code. (~~Ord. 1818 § 1, 2000~~)



Housing and Planning Commission Agenda Report

November 8, 2017

Item 1.a.(1)

SUBJECT:	P17-0903
APPLICANT:	City of Pleasanton
PURPOSE:	Joint meeting with the Housing and Planning Commissions to discuss an amendment to the Inclusionary Zoning Ordinance (IZO) of the Pleasanton Municipal Code to promote City goals and policies related to affordable housing.
LOCATION:	Citywide
GENERAL PLAN/ SPECIFIC PLAN/ ZONING:	Various
EXHIBITS:	A. Discussion Topics

STAFF RECOMMENDATION

Staff recommends that the Housing and Planning Commissions discuss an amendment to the Inclusionary Zoning Ordinance (IZO) of the Pleasanton Municipal Code to promote City goals and policies related to affordable housing as detailed in this report, take public comment, and provide direction to staff so the matter can be brought forward for formal action at a future meeting.

BACKGROUND

The City's IZO was adopted to allow for the development of affordable residential units as part of private development projects. The IZO requires that 15 percent of all units in a new multi-family residential rental development of 15 units or more be rent restricted to very low income households (i.e., households making 50 percent of the Area Annual Median Income for Alameda County or AMI¹) and low income households (i.e., households making 80 percent of the AMI). The IZO also requires that 20 percent of all units in a new single-family residential ownership development of 15 units or more be made available to very low, low, and/or moderate income households (i.e., households making 120 percent of the AMI). While the IZO is clear in stating that the goal is to require affordable units to be built as part of private development projects, it recognizes this may not always be practical and lists alternatives including:

¹ The current Annual Median Income for Alameda County is as follows by Persons in Household: 1=\$68,200; 2=\$77,900; 3=\$87,650; and 4=\$97,400

- Provide for inclusionary units at a location within the City other than the project site;
- Dedicate land to a non-profit housing developer for development of affordable units;
- Allow developments that have provided more inclusionary units than required by the IZO to receive inclusionary unit credits that can be used for another development; and
- Undertake another alternative approved by the City.

As a last alternative, the City allows private development applicants to pay the City's Lower Income Housing Fee (LIHF) instead of constructing affordable units. The LIHF is adjusted annually based on the Consumer Price Index, and is currently \$2,882/unit for rental developments and single-family homes under 1,500 square feet. The fee for single-family homes in excess of 1,500 square feet is currently \$11,627/unit, and the fee for commercial development is \$3.07 per square foot. It should be noted that in accordance with long term practice, the LIHF is the minimum payment and may be negotiated higher, and the option is considered only after all other options are determined to be impractical.

The City has generally been successful in obtaining inclusionary units within multi-family rental developments. However, developers of new single-family developments often opt out of constructing affordable units, indicating it is more costly to construct affordable units than it is to pay the LIHF, and that building affordable ownership units often raises equity issues.

DISCUSSION

The IZO has been successful in producing affordable housing within multi-family rental projects; however, developers have requested to pay the LIHF for all recent single-family home developments with no affordable units constructed within the current Housing Element cycle. Although no ownership units have been constructed, the City considers the payments into the LIHF important as they have helped to fund the construction of other affordable projects in the City such as Kottinger Gardens and the future Sunflower Hill community. They have also contributed to other City programs that promote housing affordability.

In the context of low rates of affordable ownership unit production, staff believes the creation of compact units such as smaller single-family ownership units and rental Accessory Dwelling Units (ADU's) will be a practical way to create additional units that are smaller and more affordable. The creation of smaller compact units and ADUs will help to implement the following goals, policies and programs in the City's General Plan Housing Element:

Policy 6: Actively promote the creation of second units on single-family residential lots and their maintenance as sources of housing affordable to moderate-, low-, and very low-income households.

Policy 28: Strongly encourage housing developers to build small single-family housing units, including detached second units. Single-family residential developments with units and/or second units less than 1,200 square feet in floor area, which provide housing affordable to moderate-income households, shall have the third highest priority for City approval. To the extent that these developments provide resale restrictions to retain the units as affordable to moderate-income households, they may qualify for incentives at the discretion of the City Council.

Program 38.2: Encourage the development of second units and shared housing in R-1 zoning districts to increase the number of housing units while preserving the visual character within existing neighborhoods of single-family detached homes.

Staff does not propose that the compact units and ADUs be income restricted. Even without rent restrictions however, the City is able to count ADUs as moderate income level units towards meeting our Regional Housing Needs Assessment (RHNA) goals. Due to their limited size, smaller units are often considered to be “affordable by design” and would diversify the City’s housing stock, providing more options for new homeowners or households wanting or needing to downsize. It should be noted that even small residential units in this very expensive housing market would not be considered “affordable” under conventional definitions, but are expected to be more affordable than larger units (other variables being equal).

To help facilitate the creation of compact units, staff is recommending that at least 20 percent of the total units in all detached single-family projects with 15 units or more be compact. This would be in addition to the requirement to provide inclusionary units or pay the LIHF. Compact units are proposed to be defined as a dwelling unit that is between 500 and 1,800 square feet. For sale single-family home compact units would be permitted up to 1,800 square feet and be located on a single lot. Attached and detached ADUs would be permitted up to 1,200 square feet and be located on a lot as an accessory use to the main single-family home. Staff has identified a minimum and maximum unit size to encourage units that are small, but still be able to accommodate a household of two or more persons. The proposed amendment is included in Exhibit A for reference.

As recommended by staff, the amended IZO would allow developers to choose between the construction of smaller ownership units or the construction of ADU’s on the same lot as a single-family home. A combination of smaller units and ADUs could also be developed as part of a project. For ADUs, one of the units could be renter occupied while the other unit on the lot would need to be owner occupied. Staff believes the proposed amendment provides flexibility to builders to determine which type of units would best complement their proposed project. The final make-up of the proposed compact units would then be finalized as part of an Affordable Housing Agreement for each project.

CONSIDERATIONS FOR THE MEETING

The following section provides potential discussion topics for the proposed amendments. This meeting will allow the Housing and Planning Commissions to provide direction to staff in order to further refine a recommendation so the matter can be brought forward for formal action at a future meeting. Although staff is recommending the IZO amendment detailed in this report, staff would like to hear all comments and alternative amendments that may be proposed by the Commissioners or public. A list of these discussion topics is attached to this report as Exhibit C for the Commission’s consideration and discussion.

Discussion Point #1 - Inclusionary Zoning Ordinance

1. Are the discussed amendments to the IZO, as proposed, acceptable?

If not:

- a. What types of housing units should be encouraged? Smaller single-family homes (ownership units), ADUs, or both?
- b. Is limiting compact homes to 1,800 square feet acceptable (attached and detached ADUs are limited to 1,200 square feet)?
- c. For all new single-family detached residential projects of 15 units or more, is requiring at least 20 percent to be compact units acceptable?

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Reviewed/Approved By:

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Dennis Corbett, Chief Building Official

Melinda Denis, Interim Planning Manager

Adam Weinstein, Planning Manager

Gerry Beaudin, Director of Community Development

Brian Dolan, Assistant City Manager

JOINT HOUSING COMMISSION/PLANNING COMMISSION WORKSHOP

a. P17-0903, IZO Update

(1) Discuss an amendment to the Inclusionary Zoning Ordinance (IZO) of the Pleasanton Municipal Code to promote City goals and policies related to affordable housing.

Director of Community Development Gerry Beaudin presented the Agenda Report.

Assistant City Manager Brian Dolan referred to the history of the existing in-lieu fee developers request to pay versus providing physical affordable units in their projects. He stated the fee was \$11,000 which was based some time ago upon a nexus study. A subsequent study has justified a higher fee and City staff has negotiated with developers to pay this increased in-lieu fee, and a more recent study is underway which will be coming forward to the City Council.

Commissioner O'Connor said a discussion point is limiting compact homes to 1,800 square feet as acceptable and he asked if staff would additionally encourage a lower number.

Mr. Beaudin explained that 1,800 square feet is an appropriate starting point and could be smaller, but they want to be sure to create "affordable by design" units at a size which is practical for a floor plan, comfort and functional for families.

Commissioner O'Connor commented that 1,800-square-foot homes are typically selling for over \$1 million.

Mr. Dolan remarked that this square footage was selected for a number of reasons and reiterated that when proposing lower square footages, the developer could propose ADUs or choose some units to be smaller units.

Commissioner Kizilolgu addressed rental rates of one-bedroom apartments versus developers paying a low in-lieu fee of \$11,000, stating developers would be enticed to pay in-lieu fees instead of building a unit which she felt did not make sense.

Mr. Dolan commented that developers spend a lot of money in creating the unit, and while there is some profit margin, they still incur significant costs.

Commissioner Kizilolgu stated she was not concerned with the profit margin for developers but rather the need for the city to provide affordable housing. She asked if the City has measured the success of the IZO, given people cannot find units for less than \$1,800.

Mr. Beaudin stated the units are being provided and success can be viewed in a number of ways for inclusionary zoning. The idea of collecting fees can be seen as a success because it allows the City to partner and leverage dollars for additional units that may otherwise not have been provided, such as senior and special needs projects which often need public assistance.

Mr. Dolan explained that per the ordinance, the City has approved or constructed over 1,500 apartment buildings over the last 5 years, and 15 percent of those are income restricted and affordable to people with lower incomes.

Commissioner Allen questioned if 15 percent of 1,500 actually got built versus the developer paying an in-lieu fee.

Mr. Dolan replied the Auf Der Maur property was the only project that the Council allowed to pay an in-lieu fee but all others provided the actual units.

Commissioner Allen asked what other cities have done something similar to what is being proposed tonight in terms of limiting size.

Mr. Beaudin replied that they polled other cities regarding this and most other cities have inclusionary zoning, but the compact development or ADU additional requirement would be unique to Pleasanton as far as the Bay Area.

Commissioner Soby asked for clarification on Page 3, the second paragraph which states, "To help facilitate the creation of compact units, staff is recommending that at least 20 percent of the total units in all detached single-family projects with 15 units or more be compact." He asked if this would be in addition to the requirement to provide inclusionary units.

Mr. Beaudin clarified that the city's base inclusionary zoning requirement is the percent of all new multi-family units in projects of 15 units or more and then 20 percent of all single family residential units of 15 units or more. Staff is showing on the slide how people typically approach alternatives to providing those units and this will remain. Staff is suggesting that in addition to this requirement that the 20 percent of the total units in detached single family projects with 15 percent or more be compact units, and this is in addition to the base requirement for 20 percent for the single family residential units.

Mr. Dolan further clarified that the practical way it is played out is that Lund Ranch started as a 50-unit project and it was approved at 40+, and the City allowed them to pay the in-lieu fee. When talking about executive homes, the city has not made a practice of making 20 percent of those eligible as income restricted to low and very low income families. In those cases, the City has taken the fee and used it to produce housing elsewhere. This is likely to happen because the City is only proposing to apply this new idea to single-family detached homes and then the new requirement which would say that 20 percent of those lots in Lund Ranch would either have had to have an 1,800-square-foot home on one of them instead of the 3,200-3,500-square-foot that was proposed and approved, or 20 percent of them would have to have an ADU that would be between 500 and 1,200 square feet.

Commissioner O'Connor asked and confirmed they would have to meet code.

Commissioner Soby asked if they would still pay the in-lieu fee.

Mr. Dolan said yes. He explained the new requirement is not about income restriction but about creating units that would be more affordable in the market, and staff totally acknowledges that on some level, if it is the 1,800-square-foot ownership home, it is not affordable when talking about it in a HUD or county definition. It is just providing a less expensive, smaller home that the market does not necessarily build at this time.

Commissioner Soby said something he did not see discussed was how duplexes fit into this, given there would still be an affordable issue with smaller homes which are non-income restricted.

Mr. Dolan said while an interesting point and something the City should think about, he questioned whether it is rental or ownership. He provided an example of a lot where a compact home is provided and it is really two 1,800-square-foot units, and possibly credit would be given for two compact homes on that one lot and make it a bit bigger. He said either they would have to 'condo' that and split it up or have one owner and one renter.

Commissioner Soby asked if the nexus study would feed into this.

Mr. Dolan said the nexus study will only deal with the income restriction currently in effect.

Commissioner Ritter asked and confirmed there was only one project that paid the in-lieu fee.

Mr. Dolan clarified there was only one multi-family apartment project that was not required to have a percentage of their units affordable.

Commissioner Ritter asked and confirmed that most people have been meeting the requirement of the IZO.

Mr. Dolan said yes, and technically they also met the requirement by using one of the alternative means that the City Council approved.

Commissioner Ritter asked if the \$11,000 per unit is defined by square footage.

Mr. Dolan replied there is a range. For a smaller unit it is less. One of the most recent examples is Valley Trails that paid \$25,000 or \$26,000 per unit which was negotiated and this was based on what the nexus study they did before the recession hit said they could justify for a house of that size.

Commissioner Ritter questioned whether the City has considered just basing in-lieu fees on square footage only and not percentage of units in a development.

Mr. Dolan said the fee fluctuates with the size of the home.

Commissioner Ritter asked if the nexus study does or does not include the income aspect.

Mr. Dolan explained the nexus study identifies what need for affordable housing is generated by the creation of new market rate housing. It goes into detail on family metrics, disposable income, and other complex methodology factors.

Commissioner Ritter asked and confirmed that most cities require this analysis be done for their nexus study.

Commissioner Gaidos asked if the requirement was to be adopted or codified somehow that it had to be an owner and a renter he asked how the City would enforce that. He questioned

whether it would be worth trying to do that or the goal to make the ADU to house more people regardless of whether they are paying rent for other family members.

Mr. Beaudin commented that it does pose challenges, as the current rule for the ADU is that one unit be owner-occupied to ensure they do not end up with rental housing situations in established neighborhoods. The challenge with the language is that someone might not be collecting rent from a family member so it is not the easiest thing to regulate and would be complaint-based. Staff has talked about “rental” to try and create additional supply, so the question is whether to use the word “rental” or just made the unit available for use in the community, and it is an enforcement challenge.

Commissioner Nagler prefaced his comments by stating that the subject is a tough conversation and will not be settled tonight, but he appreciates the fact that they are starting the conversation. He questioned what the average square footage is at Irby Ranch.

Mr. Beaudin said he thought it was somewhere around 2,000 square feet.

Commissioner Nagler said he asks because when the Planning Commission reviewed that project they were going to be “more affordable” than other typical developments in town.

Mr. Beaudin said he wants to say that the two-story units were about 1,800 square feet and the three-story units were about 2,500 to 2,600 square feet.

Commissioner Nagler said he thinks then it is possible to build a nice development that conforms with the community at about 1,800 square feet. From Mr. MacDonald’s analysis and economics, the math does not work out well and does not stimulate additional affordable housing, but whether right or wrong it begs the question that in proposing this particular idea, he would imagine staff has prepared a calculation on what the economic impact would be on a development to require both smaller units and either the in-lieu fee or affordable units. He asked if staff concluded after running the analysis that this is a reasonable approach and in the end would not discourage development they would otherwise like to have.

Mr. Beaudin stated staff did not run an economic analysis but they did look at recent residential housing applications and how they have moved forward. The fact they are including ADUs in the discussion means that for most developers there is an opportunity to build an ADU into an existing home or on larger lots, while there would be an additional cost in constructing the home, the outcome of having a unit smaller in square footage available for the life of that home is a significant addition.

He noted that the Spotorno application does have ADUs as part of the project because it is a way to house a caregiver, senior, or child care person, so he thinks ADUs provide a lot of flexibility and he did not think it would be a financial challenge based on the kind of housing market.

Mr. Dolan referred to Commissioner Nagler’s first question and stated staff has data going back to 2011. The City had issued permits for a total of 353 single-family homes and the average livable space was 3,167 square feet. He commented that Irby Ranch was a pretty unique piece of property in that it is flat, on a busy street and near downtown so it is not necessarily a universal example

Commissioner Nagler stated that if Lund Ranch were required to build a number of 1,800-square-foot units, it could substantially change the economics of that project. Therefore, he wonders what unintended consequences this proposal might create.

Mr. Dolan commented that the battle with Lund Ranch was the number of units and where they were going to exit.

Mr. Beaudin said he thinks this is the importance with the flexibility of the compact units and ADUs because they can be in the proposed home or detached in the rear yard and there is an opportunity to work with the development application. He would argue most of the homes that get over 3,000 or 4,000 square feet have ample opportunity to incorporate something like this into an existing floor plan fairly straight forward.

Commissioner Nagler asked if staff has considered alternatives to the recommendation put forward tonight and rejected them.

Mr. Dolan stated staff began thinking there was a connection between the income restriction and these units, but it got unwieldy.

Commissioner Brown said he did not see anywhere where the in-lieu fee was an option with this, and in doing backwards math, even if the in-lieu fee is \$28,000 to \$35,000 per unit, assuming Mr. MacDonald is correct, they would have to make at least \$35,000 more in revenue to want to choose one of these other options. Therefore, he asked what staff sees as success. The IZO currently is meeting the intent for rental but not for single-family detached, so staff wants to make changes to increase the flexibility to reduce the 100 percent in 5 years of developers choosing to pay in-lieu fees. He asked if half of the projects proposed would pick this as an alternative.

Mr. Beaudin stated it comes back to a two-tier system. The single family home developers may still continue to pay the in-lieu fee. What the City is not getting now is units built in these same projects, so they would pay their fee or build the units as required by the existing regulations. Then the new layer would mean an additional 20 percent would have to provide either a compact unit or an ADU. Staff would still be collecting the fee but they would actually be generating new, more affordable by design units.

Commissioner Brown asked if in-lieu fees were still available.

Mr. Beaudin said yes, the alternatives list still exists, whether it is being provided elsewhere in the community or allowing developments to provide more inclusionary units to receive credits, all exist. The last one is the alternative approved by the City which is in the in-lieu fee.

Commissioner Brown said his question relates to the single-family attached, noting that over the past 5 years, 100 percent have chosen the in-lieu fee.

Mr. Beaudin said the City has allowed this and negotiated a higher fee than what is in effect.

Commissioner Brown asked what staff believes would be the percentage with the higher in-lieu fees, and asked if the whole point is more units for single-family detached, he asked what staff thought they could get to with the proposed changes.

Mr. Dolan explained that the City is not proposing that they do anything about the opportunity to pay the in-lieu fee. There is no change to that and developers still have the same choices to meet their income restricted. This is a new layer of requirement that was generated in a recommendation by the Housing Commission and Planning Commission for the City Council to consider as a priority. He said somehow it addressed the fact that all the city gets in the single-family subdivisions are very large homes. He clarified also that they received new data on Irby Ranch, stating the three-story units were 2,100-2,500 square feet and two-story units were 2,350-2,450 square feet. Therefore, it is not an either/or regarding collecting money for the in-lieu fee, but 20 percent or some number that may be appropriate, include an ADU or have a smaller home for more variety in development.

Chair Welsh asked if staff has considered expanding the definition of compact unit to include the duet or townhomes.

Mr. Dolan stated they did not specifically but Commissioner Soby also raised that point and he felt it would be worth exploring. He believes there are some examples of this in town but not recently, and these exist all over the Bay Area.

Chair Welsh asked if the ADUs built under this provision would be deed restricted and the home remain owner occupied.

Mr. Beaudin stated the ADUs are put on the deed and one of the units must be owner occupied. A renter requirement for the other unit, while talking about the additional 20 percent, would create a challenge which he briefly described.

Chair Welsh commented the buyer would have to agree that they would never be able to rent one of the homes.

Mr. Beaudin said the disclosure packet would say they could not rent both and must live in one.

Chair Balch asked how the City would handle restricting the 1,800 square feet when homeowners want to expand.

Mr. Beaudin responded that they would have to limit or restrict the size of the home. The ADU of 1,800 square feet has a state law requirement, so the actual unit itself would have to be limited.

Mr. Dolan indicated this is how staff has been thinking about it but they are open.

Chair Balch felt that micro-units in terms of the duet conversation in the city might be one way to address the same issue.

Mr. Beaudin referred to the Augustine project across from City Hall which is entitled but not yet constructed. There are units in the 300 to 400 square foot range proposed on the second floor. While this is not the norm for Pleasanton, the idea behind setting a minimum size is that they are talking about single-family development projects and the city wants to be sure units can house two or more people comfortably and there is the opportunity to live in a single-family neighborhood.

Commissioner Kizilolgu questioned AB 1600.

Mr. Beaudin explained this is the legal term for the required nexus study to study fees that are applied to projects.

Commissioner Kizilolgu asked staff to provide the current nexus study. She asked and received an explanation from Mr. Beaudin regarding how developers work with the City with credits.

Commissioner Soby asked if compact homes count towards RHNA.

Mr. Beaudin replied no, only the ADUs. He responded that they would not qualify as affordable unless they are income-restricted.

THE PUBLIC HEARING WAS OPENED.

Carmen Hendrickson voiced concerns with the lack of accessibility for very low income units, said she worked hard with the city to have sidewalks get up to code and cited the need for the city to maintain basic and housing accessibility. She also stated rent controlled units have gone from \$800/month to \$1,800/month within two months, renters are being pushed out of their homes, and she asked that the city serve the community.

Lisa Vorderbrueggen, Director of Government Affairs, BIA of the Bay Area, thanked the Commissions for making the subject matter clear but felt that adding a new layer of requirements, particularly the compact options, could potentially cost more money. She cited issues of less profitability, requirements to build smaller homes and less returns on investments, and thought ADUs would be a better option but questioned whether there was a market for 20 percent ADUs in a project. Lastly, their membership would always rather see the incentive route rather than a mandate and she asked that whatever is approved be returned to determine how it is working.

THE PUBLIC HEARING WAS CLOSED.

Chair Balch suggested Commissions hold comment on discussion points as outlined in the staff report.

- 1. Are the discussed amendments to the IZO, as proposed, acceptable?*
- 2. What types of housing units should be encouraged?*
- 3. Is limiting compact homes to 1,800 square feet acceptable?*
- 4. For all new single-family detached residential projects of 15 units or more, is requiring at least 20 percent to be compact units acceptable?*

Commissioner Brown questioned what amendments would translate to dwelling units per acre.

Mr. Beaudin answered that the ADU does not count towards the density for the project and creating a smaller home could potentially increase the density in a project. The General Plan has ranges, so staff would be able to work with this in an existing development, but this is only if the compact home was on a smaller lot. There is always an opportunity to put the home on a similar lot and not change the density at all in the project.

Commissioner Brown said he did not see anything in the proposal that addresses the point made that the City wants to be sure homes are occupied and is providing housing for family members or non-family members, but suggested deferring receipt of an answer.

Commissioner Nagler stated California must build another 3.5 million housing units by 2025 and he spoke about issues relating to maintaining a nice community while integrating various types of housing, addressing RHNA requirements, and creating balance. He was opposed to requiring deed restrictions or obstacles and while he was not sure about sizes of units, he supported encouraging the creation of smaller units, ADUs, and a variety of housing stock for the City. Regarding asking that 20 percent of a development of 15 units or more choose to build or pay an in-lieu fee is something the City should do so as to allow the developer to make a profit, build a nice sized home, and provide housing needs.

Commissioner Gaidos commented that if the City wants to encourage the ADUs to be rented out, they should be detached. He supported Commissioner Soby's comments on duplex/duets and thought a mix of these in single-family neighborhoods was great.

Commissioner Ritter said he prefers an incentive-based approach or waiving fees for lower square foot units and charging higher on larger square footages. He encourages units where people can live and was not in favor of requiring/restricting they must be "rental" and thinks it should be market based.

Commissioner Soby stated he thinks they should be encouraged and any increase of a variety of housing stock should be encouraged. He did not know the right number for square footages for compact homes/ADUs, was inclined to prefer incentives over mandates to encourage building more units or a combination of both.

Commissioner Allen said she believes the City should promote smaller housing units in a way that strategically fits with RHNA so it is fully integrated. She also thinks focus should be on affordability and she worries that on compact units, although the intent is right, in fact it does not do this. An example would be Lunch Ranch where a 1,800-square-foot home would probably cost \$1.5 million instead of \$2.5 million. The Ponderosa Ironwood senior community homes are about 1,800 to 2,000 square feet and are selling now for about \$1.5 million.

She thinks the discussion is about improving affordability and in using these two examples she did not think the compact housing strategy does that and she thinks it may hurt the City with restricting developers. In terms of the two choices, she preferred ADUs versus compact units.

She agree with Commissioner Ritter's comments on incentives over restrictions, supports increasing the City's in-lieu fees, suggested talking about where to place affordable housing in the City and whether it was better to have more Irby Ranch type properties for duet housing, and to use the higher fees to create the ideal housing opportunities.

Commissioner Kizilolgu believed the City was not meeting affordable housing needs, thinks developers are making millions of dollars and thinks "affordable by design" will not work. She asked for real affordability, smaller homes, detached homes, and lower cost housing.

Chair Balch said he believes staff has come up with one proposal and he asked Commissioners to provide any suggestions to staff.

Mr. Dolan noted that staff is trying to meet the City Council's priorities and he noted there were boundaries to the conversation.

Commissioner Kizilolgu stated it seems like it is an incentive to developers because building smaller homes is less costly to the developer, yet they still sell for high prices.

Mr. Beaudin commented that if the compact units are not something the Commissions believe will not be viable, the ADU program is in place currently, and staff is really talking about offering options to the development community. The reason staff included the compact unit is because of General Plan policy, adopted Housing Element policy language they are trying to follow through on, and they will not address the housing affordability issue in Pleasanton with just this policy but through changes over time. Without additional supply they cannot address this issue. He suggested considering opportunities for "gentle infill" or "affordable by design" which put housing units into the community that has a much lower impact than other housing which requires the City to zone for it through the RHNA process and staff was seeking input through every effort to address this issue.

Commissioner O'Connor said he thinks the RHNA cycles will drive multi-family volumes and rental stock and did not think the ADUs were helping the city because there was not "affordable by design" stock homes for purchase. He did not think the city was providing something affordable to someone who needs it so he supported "affordable by design" and along with that, "zoning by design", smaller lots and smaller compact homes. He thinks limiting homes to 1,800 square feet was a good starting point, and referred to the Jenson homes which go up to about 1,600 square feet as something to be encouraged. He thinks the numbers are right at 20 percent and he thinks building an 1,800-square-foot home near a 2,500-square-foot home was appropriate, but not to build it next to something too much larger.

Commissioner Brown asked staff to provide information on needs in the community and shortages. He echoed concerns that this proposal is not necessarily addressing needs, and echoed comments that incentives are preferred over restrictions.

Chair Balch agreed with increasing the in-lieu fee, agreed with Commissioner Allen's comments on location of compact units, agreed with Commissioner Nagler's comment that a variety of housing types is most desirable. He said deed restrictions on ADUs might be more prohibitive to getting ADUs built than was intended. He suggested talking about a main and two 600 square feet ADUs in a duet or duplex style. He thinks there should be incentives for single-story units over two-story based on comments heard throughout the community for seniors and ADA occupants, suggested gaining tractions from existing housing infill on older developments and he asked not to limit to one housing type.

Chair Welsh thinks compact units should be encouraged as a means to diversifying housing stock, thinks ADUs could provide housing for a nanny, in-laws or students or caregivers, and while some might not be used, they may be used in the future. She supported increasing density by encouraging duets/duplexes within developments, adding density bonuses, and regarding limiting 1,800 square feet it is reasonable but not really compact. She questioned whether an 1,800 square foot home would be allowed to add a 1,200 square foot ADU. Lastly, requiring 20 percent, from an inclusionary standpoint it helps diversify the housing stock and she would like to see diversity and options.

Mr. Dolan provided rebuttal to Chair Welsh's comments, stating she brought up the density bonus at the Housing Commission pre-study session. One of the reasons it was not brought forward was because he believes it is within the parameters of Council's direction, but he knows of zero or few projects that have been developed at the maximum density allowed in Pleasanton.

Commissioner Nagler asked Mr. Dolan if it was possible for a developer to build two smaller detached units on a normal lot and whether they would get credit towards LIHF or in-lieu fee or a credit to carry to another development.

Mr. Dolan stated staff could look at this.

Commissioner Nagler said in response to comments, he hopes the Commission sees this issue in the way it has been brought forward; a larger macro housing issue and it is not about seniors, those with special needs, but it is a community issue than a particular constituency.

Commissioner Kizilolgu added that she was involved in the Tri-Valley Anti-Poverty Collaboration this week and learned of 31 students in Pleasanton Unified School District who are homeless, and she asked staff to promote affordable housing initiatives to the City Council.

Chair Balch closed the discussion and asked staff to provide metrics on the ADU to see how well that is moving along. Mr. Beaudin stated staff will be bringing back housing reports and share this information.