

**PLANNING COMMISSION
MEETING MINUTES**

APPROVED

Wednesday, October 28, 2020

This meeting was conducted via teleconference in accordance with Governor Newsom's Executive Orders N-20-20 and N-35-20 and COVID-19 pandemic protocols.

CALL TO ORDER, PLEDGE OF ALLEGIANCE, AND ROLL CALL

The teleconference meeting of the Planning Commission of October 28, 2020 was called to order at 7:01 p.m. by Chair Ritter.

The Pledge of Allegiance was led by Chair Ritter.

Staff Members Present: Shweta Bonn, Senior Planner; Megan Campbell, Associate Planner; Ellen Clark, Community Development Director; Julie Harryman, Assistant City Attorney; Stefanie Ananthan, Recording Secretary; Michael Stella, Senior Civil Engineer

Commissioners Present: Commissioners Nancy Allen, Jack Balch, Justin Brown, Brandon Pace and Chair Herb Ritter

Commissioners Absent: Commissioner Greg O'Connor

AGENDA AMENDMENTS

There were no agenda amendments.

CONSENT CALENDAR - *Consent Calendar items are considered routine and will be enacted by one motion unless a request for removal for discussion or explanation is received from the Planning Commission or a member of the public by submitting a speaker card for that item.*

- 1. Actions of the City Council**
- 2. Actions of the Zoning Administrator**
- 3. Approve the meeting minutes of October 14, 2020**

**Commissioner Allen moved to approve the Consent Calendar.
Commissioner Pace seconded the motion.**

ROLL CALL VOTE:

AYES: Commissioners Allen, Balch, Brown, Pace, and Ritter
NOES: None
ABSENT: Commissioner O'Connor
ABSTAIN: None

The Actions of the City Council were approved, as submitted.

The Actions of the Zoning Administrator were approved, as submitted.

The Meeting Minutes of October 14, 2020 were approved, as submitted.

MEETING OPEN TO THE PUBLIC

4. Public Comment from the audience regarding items not listed on the agenda – *Speakers are encouraged to limit comments to 3 minutes.*

There were no members of the audience wishing to address the Commission.

PUBLIC HEARINGS AND OTHER MATTERS

5. P19-0128 and P19-0129, Public Storage, 3716 Stanley Boulevard – Applications for Design Review and Conditional Use Permit to modify an existing self-storage facility (Public Storage) as follows: (1) demolish seven existing storage buildings and office; (2) construct a 900-square-foot office; (3) construct a 9,750-square-foot one-story storage building; (4) construct a 197,410-square-foot three-story storage building; and (5) construct related site improvements. Zoning for the property is C-S (Service-Commercial) District.

Associate Planner Megan Campbell presented the specifics of the item in the Agenda Report.

Commissioner Pace asked for a summary of the meaningful changes to the project from what was presented during the August 12, 2020 Work Session. Ms. Campbell stated use of orange was reduced on the façade facing Stanley Boulevard, and the setback on the third level of the building along Nevada Street was modified.

Chair Ritter requested a summary of the changes in the conditions of approval from the August 12, 2020 Work Session to what was currently proposed. Ms. Campbell stated Conditions 39, 52, 88, 89, and 90 were changed. She explained the purpose of Condition 39 to ensure there were no businesses operating from the units such as an auto body shop or an office; Condition 88 had a grammatical fix; Condition 89 added the explicit amount for trail maintenance as \$14,000; Condition 90 was about building code and shade trees, required for new sections of paving but not necessarily old ones. Senior Civil Engineer Michael Stella explained Condition 52 addressed the storm drain leading to the Arroyo Del Valle open channel and the neighborhood served by the drain. He explained the applicant was concerned about the pipe's ability to handle a very large storm and potential need to raise the finished floor, which might necessitate other building changes to accommodate individuals with disabilities.

In response to Commissioner Allen, Ms. Campbell stated the units would not allow overnight habitation.

THE PUBLIC HEARING WAS OPENED

Project Applicant Bryan Miranda gave a brief presentation on the item outlining the three changes since the last hearing.

THE PUBLIC HEARING WAS CLOSED

Commissioner Allen thanked the applicant for making the Planning Commission's requested adjustments but stated she had received information regarding the project since the August 12, 2020 Work Session. She stated she was not previously aware of the General Plan policies discouraging and minimizing the use of franchise colors. She indicated staff had worked with the applicant to remove as much of the orange color from the building as they were willing, although she had since found examples of Public Storage buildings without any orange. She also mentioned she was struck by the new visuals, particularly Page 10 of the submitted plans, and the view from Stanley Boulevard toward the Irby Ranch development. She expressed concern with the visual impact of the orange, which did not fit with the General Plan intent and was not complimentary to the design of the Irby Ranch development. She requested the orange be removed except near the sales office and expressed concern about setting a precedent which would allow franchises to use bright colors.

Commissioner Brown asked about the General Plan language related to corporate branding. Commissioner Allen referenced multiple programs under Community Character Element Policy 15 and 16. Specifically, Community Character Element General Plan Policy 15 to encourage new commercial area development and redevelopment to incorporate attractive architectural and site design features; Program 15.3 includes, among a list of other features to be incorporated/encouraged in commercial buildings, "Attractive colors, minimizing bright franchise colors"; Policy 16 notes to discourage franchise and prototype architecture and signage; Program 16.1 calls for development applicants to modify formula design to more closely relate to and reinforce the special character of Pleasanton; and Program 16.2 encourages the use of higher quality graphic signage design and material. Community Development Director Ellen Clark provided a description of the related items in the Pleasanton Municipal Code (PMC) Design Review criteria. In response to Commissioner Brown, Ms. Clark confirmed those requirements covered the entire City, not just the Downtown. Commissioner Brown stated he was unaware of moving away from corporate colors. He stated he was hesitant to impose greater conditions, although he acknowledged its adjacency to a residential area.

Commissioner Pace asked if the Planning Commission could approve the project with additional contingent requirements on colors. Ms. Clark confirmed the Commission could determine the appropriate amount of orange. Commissioner Pace stated the applicant had done a great job applying feedback from the August 12, 2020 Work Session and the only remaining concern was color.

Commissioner Balch stated he researched the U-Haul location on Stanley Boulevard, and it had a lot of orange on the building. He stated the applicant had responded to the feedback and removed the color on the north side of building. He also mentioned he thought the one-story buildings provided a good buffer from the Irby Ranch development and the one-story buildings. He stated he could support the project as presented.

Chair Ritter stated the applicant had done a good job incorporating the Commission's feedback and they brought value to the location as a national brand with a good reputation. He reminded the Commission that they initially thought the Irby Ranch development was too plain. He stated he liked the trail and stated the proposal was better than previously proposed.

Commissioner Allen expressed support for the project but reiterated her concern about the band of orange around the building. She inquired whether the item could be divided into two different votes. Assistant City Attorney Julie Harryman clarified this was not possible, but that Commissioner Allen's comments and concerns could be reflected in the record. Commissioner Allen stated she had never voted against a project due to color, but she remained concerned due to the potential of setting a precedent.

Commissioner Balch pointed out the white cap across the orange band on the top of the one-story buildings on Page 8 of the submitted plans and suggested adding the same to the top of the second story building. Commissioner Allen stated she understood the tradeoff but discussed the visual impact on the future bicycle and pedestrian trail on Nevada Street.

Commissioner Brown asked if there was any orange visible from residential areas. Commissioner Balch clarified there was some orange visible from the Irby Ranch development, though Chair Ritter pointed out the existing storage buildings in between Irby Ranch and the three-story building provided a buffer. Commissioner Brown also noted that the existing storage buildings' doors are painted orange.

Commissioner Balch moved to approve Cases P19-0128 and P19-0129 subject to the revised draft Conditions of Approval, Exhibit A as modifications were provided in a staff memorandum, with an additional modification to conditions as referenced by the applicant regarding Condition 52.

Commissioner Pace seconded the motion.

Mr. Miranda stated he had been working with Commissioner Allen and staff in an effort to remove as much corporate branding as possible. He confirmed they would reluctantly remove the orange on the third story, although he was originally under the impression that leaving it on the office was acceptable as Stanley Boulevard was more of a commercial street. He apologized for any misconception when discussing the colors with Commissioner Allen. He stated there were exceptions to everything, including the orange on the building, but clarified many of the examples Commissioner Allen provided without orange on the buildings were in many cases 20 years old and had since been rebranded with large orange stripes on the top or they were acquisitions of buildings that may have been brick or another material. He discussed the need to utilize the corporate colors and reminded the Commission of the massive improvement from the existing condition.

Examples sent were Properties in many cases were 20 years old that had since been rebranded with huge orange stripes on top or they were acquisitions and they are what they are, they may have been brick or another material that were brick that are 20 years old

Commissioner Balch asked if the renderings on Page 8 of the submitted plans were accurate or if the applicant was willing to modify them to remove the orange band. Mr. Miranda stated they were willing to remove the orange band on the three story building.

Commissioner Balch withdrew his motion. Commissioner Pace withdrew his second.

Commissioner Allen asked if the applicant was willing to remove the orange band from the single-story portion of the building. Mr. Miranda requested it remain. Commissioner Allen confirmed if or whether the Commission agreed the orange band could remain on the sales office and single stories.

Commissioner Balch stated it was a significant compromise and agreed with keeping the orange band on the single-story buildings and the office as presented in the submitted plans. Commissioner Brown indicated approval of the white strip on the top and, with the applicant's concession, it went beyond his hesitations around the General Plan, which cemented his support.

**Commissioner Balch moved to approve Cases P19-0128 and P19-0129 subject to the revised draft Conditions of Approval, Exhibit A as modifications were provided in a staff memorandum, with an additional modification to conditions as referenced by the applicant regarding Condition 52 and the added condition to remove the orange-colored band on the three-story building.
Commissioner Pace seconded the motion.**

ROLL CALL VOTE:

AYES: Commissioners Balch, Brown, Pace, and Ritter
NOES: Commissioner Allen
ABSENT: Commissioner O'Connor
ABSTAIN: None

Resolution PC-2020-13 approving Cases P19-0128 and P19-0129 was adopted, as motioned.

- 6. P20-0412, Amendment to Title 18 of the Pleasanton Municipal Code – Consider amendments to Chapters 18.08, 18.28, 18.32, 18.36, 18.44, 18.46, 18.84, 18.88 and 18.106 of the Pleasanton Municipal Code to comply with state legislation for accessory dwelling units.**

Senior Planner Shweta Bonn presented the specifics of the item in the Agenda Report.

Commissioner Balch inquired about the process for existing deed restrictions. Ms. Harryman stated she would draft a termination of deed restrictions that would extinguish the restriction for the title. She explained the termination would be provided to property owners upon them contacting the City.

- Provide \$300,000 of funding to the City to construct a public trail which meets the design per the Trails Master Plan along the south side of Nevada Street, Exhibit E provides a rough location for the trail segment
- Provide funding to the City for trail maintenance (for the portion of the trail this project is funding) for five years
- Installation of photovoltaic panels on the roof of the building
- Inclusion of green building measures to meet a LEED (Leadership in Energy and Environmental Design) “Silver” rating
- Construct a public seating area (two decorative benches) on the south side of the property along the new public sidewalk for Nevada Street

Employee Density, Traffic, and Environmental Impacts

The use proposed will have no more than three employees on-shift at one time and will generate minimal traffic, compared to other uses that might occupy buildings of a similar size. The applicant provided a Trip Generation Traffic Analysis by Fehr and Peers which was reviewed and accepted by the City’s Traffic Division, Exhibit F. The Traffic Division concurs that the project will have very low daily and peak trip generation and concludes that the project is not expected to significantly impact the transportation system. An evaluation of the project was also completed pursuant to CEQA; which concludes that the project would not result in any significant environmental impacts.

CONSIDERATIONS FOR THE WORKSHOP

Staff seeks the Planning Commission’s direction and feedback on the proposed development, specifically the focus topics below. The Commission may also provide direction on topics not included in the below list.

Building Massing and Scale

The proposed buildings are a mix of sizes and heights including a new 30-foot by 30-foot single-story office (18-feet, 2-inches tall), 65-foot by 150-foot single-story storage building (13-feet, 6-inches tall), and approximately 493-foot by 139-foot three-story storage building (37-feet tall). Particularly, the three-story building will be substantially larger than the existing single-story storage buildings located on site; however, as noted, it would remain within the allowable height and setbacks for this zoning district.

The project site will have two frontages. One along Stanley Boulevard and the other on Nevada Street, once it is opened for through traffic. The office is sited close (i.e., 20-foot setback) to the property line at Stanley Boulevard near the location of the existing office that is being demolished (i.e., ~40-foot setback from Stanley Boulevard). The new three- and one-story storage buildings are set back a substantial distance from the front property line at Stanley Boulevard (i.e., ~360-feet to the three-story building and ~570-feet to the one-story building) and are separated from Stanley Boulevard by other buildings.

The two new storage buildings are sited closer to the Nevada Street frontage ranging from 12-feet to 52-feet from the new frontage at Nevada. The south building elevations facing Nevada Street incorporate articulation including insets and projections, color and material changes, architectural detailing, spandrel (faux) windows, and (for the three-story building) a 10-foot deep third-floor step back along a portion of the building. Additionally, a significant amount of planting (including trees and shrubs) is proposed in the area between the buildings and the street.

The site is surrounded by a variety of uses including residential to the west (Irby Ranch and Sunflower Hill). The houses at Irby vary from two- to three-stories with a maximum height of 39'-5". Based on the visual renderings provided by the applicant and installed story poles, the proposed buildings will be visible from the western residential sites. The proposed construction on the west side of the subject site is limited to the single-story storage building with the three-story building located behind the existing and proposed one-story storage buildings. This will reduce off-site impacts off the three-story building from the western viewpoint, and the three-story building will not overshadow or block sunlight to the residential homes. However, it will still be visible.

To the north and east of the subject property are commercial uses including auto repair, warehouse, and retail. The adjacent buildings are one- and two-story buildings (ranging from approximately 12-20-feet tall). The adjacent buildings to the east have their "back-of-house" facing the Public Storage property with main/public facing entrances on the opposite sides. The proposed three-story building abuts the east side of the property (setback 33-feet from the property line). The three-story building is a large-scale building both in terms of its mass (194,627 square-feet) and height (37-feet), particularly when viewed from the east. A small landscape strip is proposed along the eastern property line; however, it is likely not enough to soften the massing to any great degree. Upper-story step backs are provided along the east elevation on the third story to help reduce the perceived scale of the building.

Staff has raised concerns to the applicant regarding the massing, particularly the third story, through the course of the project. In response, the applicant has modified the plans to address the concerns to the extent they noted is feasible. Modifications to the plans include adding upper-story step backs, material and color changes (including substantial reduction in the amount of orange accent coloring on the building), adding score lines, adding faux windows, and other architectural detailing.

Additional step backs or a larger setback along the Nevada Street frontage may help reduce the overall prominence of the three story building, but may also result in a reduction in the total square footage of the project. According to the applicant, any substantial reduction in overall square footage would affect the financial viability of the project. However, it is possible that other adjustments be made, such as an increase in the floor plate of the single-story storage building, to address this concern. The Planning Commission could consider other design modifications such as further articulation of the upper-stories, modifications to building colors and materials (such as using darker colors to help the building recede), or addition of further architectural detailing.

Discussion Point #1

1. *Is the overall massing and scale of the proposed buildings acceptable?*
2. *Does the Planning Commission support the proposed third story?*

Amenities and Mitigations

As described above, the proposed FAR is approximately three times (i.e., 99-percent) the average density assumed (i.e., 35-percent) in the General Plan. Further, the proposed FAR is nearly at the 100-percent maximum allowed for the zoning district. As described above, the proposed use would have a low employee density (3 employees total) and would generate low levels of traffic relative to the total building size that would not significantly impact the City's transportation system.

To permit a FAR higher than the average density assumed, pursuant to General Plan Land Use Program 15.5, the project must provide sufficient amenities and mitigations. As described earlier, the project applicant has proposed: providing \$300,000 of funding to the City to construct a trail along the southside of Nevada Street; providing funding to the City for trail maintenance for five years; installing photovoltaic panels; constructing to LEED Silver standards; and constructing a seating area on the south side of the property along Nevada Street.

Discussion Point #2

3. *Are the amenities and mitigations provided acceptable to support the proposed FAR or are additional amenities and mitigations required?*

Other Questions

The plan set provided includes a site plan, floor plans, elevations, photo simulations, civil plans, and landscape plans. As noted above, story poles were installed in advance of the workshop. California Environmental Quality Act (CEQA) documentation will be provided with the formal review of the project – as noted, the study completed concluded that the project will not result in any significant environmental impacts

Discussion Point #3

4. *Is there additional information needed to assist the Commission in its decision on the proposal?*

PUBLIC NOTICE

Notice of this workshop was sent to property owners and tenants/occupants within 1,000-feet of the site as shown in Exhibit A. The story poles on the project site were erected on July 27, 2020. At the time of report publication, staff has not received any public comments. Public comments received after publication of this report will be forwarded to the Commission.

ENVIRONMENTAL ASSESSMENT

Since the Planning Commission will take no formal action on the project at the workshop, no environmental document accompanies this workshop report. Environmental documentation will be provided in conjunction with the Planning Commission’s formal review of the Design Review and Conditional Use Permit applications.

SUMMARY/CONCLUSION

Staff requests the Commission to review the proposal, hear all public testimony, and provide comments to staff and the applicant regarding the proposed applications.

Primary Author: Megan Campbell, Associate Planner 925-931-5610 or mcampbell@cityofpleasantonca.gov.

Reviewed/Approved By:

Steve Otto, Senior Planner
Melinda Denis, Planning and Permit Center Manager
Ellen Clark, Director of Community Development

CITY COUNCIL OF THE CITY OF PLEASANTON

ALAMEDA COUNTY, CALIFORNIA

RESOLUTION NO. 97-100

RESOLUTION APPROVING A REQUEST BY THE PEGASUS GROUP FOR A REDUCTION IN THE LOWER INCOME HOUSING FEE FOR AN APPROVED STORAGE FACILITY AT STANLEY BOULEVARD AND VALLEY AVENUE (PUD-97-6)

WHEREAS, the Pegasus Group received approval on July 1, 1997, to construct a 72,000 square foot self-storage facility to be located at Stanley Boulevard and Valley Avenue (PUD-97-6); and

WHEREAS, the developer has requested a reduction in the City's Lower Income Housing Fee from approximately \$32,500 to approximately \$8,000; and

WHEREAS, the Municipal Code Section 17.40.050 states that the City Council may reduce the required fee for a commercial, office, or industrial development project if it can be determined that the use will generate fewer workers than typical C/O/I uses and that the building design could not accommodate other use types without substantial renovation; and

WHEREAS, the approved self-storage facility meets the criteria stated in Section 17.40.050 of the Municipal Code; and

WHEREAS, the self-storage facility will pay all other appropriate City fees as required for the project; and

WHEREAS, at its meeting of August 5, 1997, the City Council reviewed the report of the Housing Division (SR 97:231) regarding the request by the Pegasus Group for a reduction in the Lower Income Housing Fee for the self-storage facility project (PUD-97-6);

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PLEASANTON RESOLVES AS FOLLOWS:

Section 1: Council approves a reduction of the Lower Income Housing Fee for the self-storage project. Specifically, the on-site manager's residence and office shall be subject to the normal fee of \$0.45 per square foot (or as otherwise in effect at the time building permits are obtained for the project). The remaining portion of the buildings devoted to storage uses shall be subject to a fee of \$0.10 per square foot. The total amount of payment of Lower Income Housing Fees for the project shall be approximately \$8,000.

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

I HEREBY CERTIFY THAT THE FOREGOING WAS DULY AND REGULARLY ADOPTED BY THE CITY COUNCIL OF THE CITY OF PLEASANTON, AT A MEETING HELD ON AUGUST 5, 1997 BY THE FOLLOWING VOTE:

AYES: Councilmembers - Ayala, Dennis, and Michelotti

NOES: Mayor Tarver

ABSENT: Councilmember Pico

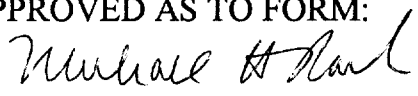
ABSTAIN: None

ATTEST:



Peggy L. Ezidro, City Clerk

APPROVED AS TO FORM:



Michael H. Roush, City Attorney



CITY COUNCIL OF THE CITY OF PLEASANTON

ALAMEDA COUNTY, CALIFORNIA

RESOLUTION NO. 02-009

**RESOLUTION APPROVING A REQUEST BY BAY AREA
SELF-STORAGE FOR A REDUCTION IN THE LOWER
INCOME HOUSING FEE FOR AN APPROVED STORAGE
FACILITY AT 3101 VALLEY AVENUE (CASE PUD-15)**

WHEREAS, Bay Area Self-Storage received approval on January 15, 2002, to construct a 139,928 square foot self-storage facility to be located at 3101 Valley Avenue; and

WHEREAS, Bay Area Self-Storage has requested a reduction in the City's Lower Income Housing Fee from approximately \$72,763 to approximately \$17,871; and

WHEREAS, the Pleasanton Municipal Code Section 17.40.050 states that the City Council may reduce the required fee for a commercial, office, or industrial development project if it can be determined that the use will generate fewer workers than typical C/O/I uses and that the building design could not accommodate other use types without substantial renovation; and

WHEREAS, the approved self-storage facility meets the criteria stated in Section 17.40.050 of the Pleasanton Municipal Code; and

WHEREAS, the self-storage facility will pay all other appropriate City fees as required for the project; and

WHEREAS, at its meeting of January 15, 2002, the City Council reviewed the report of the Planning Department (SR 02:005) regarding the request by Bay Area Self-Storage for a reduction in the Lower Income Housing Fee for the self-storage facility project (PUD-15).

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PLEASANTON RESOLVES AS FOLLOWS:

Section 1: Approves a reduction of the Lower Income Housing Fee for the self-storage project. Specifically, the on-site manager's residence and office shall be subject to the normal fee of \$0.52 per square foot (or as otherwise in effect at the time building permits are obtained for the project). The remaining portion of the buildings devoted to storage uses shall be subject to a fee of \$0.12 per square foot. The total amount of payment of Lower Income Housing Fees for the project shall be approximately \$17,871.

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

I HEREBY CERTIFY THAT THE FOREGOING WAS DULY AND REGULARLY ADOPTED BY THE CITY COUNCIL OF THE CITY OF PLEASANTON, AT A MEETING HELD ON JANUARY 15, 2002 BY THE FOLLOWING VOTE:

AYES: Councilmembers - Ayala, Campbell, Dennis, and Michelotti
NOES: Mayor Pico
ABSENT: None
ABSTAIN: None

ATTEST:



Peggy L. Ezidro, City Clerk

APPROVED AS TO FORM:


Michael H. Roush, City Attorney

November 11, 2020

[Sent via email]

Ellen M. Clark
Planning Manager
Community Development Department
City of Pleasanton
200 Old Bernal Avenue
Pleasanton, CA 94566

Mayor and City Council
City of Pleasanton
200 Old Bernal Avenue
Pleasanton, CA 94566

RE: P19-0128 and P19-0129 — 3716 Stanley Boulevard

Dear Ms. Clark, Mayor Thorne, and City Council:

Public Storage submitted applications for Design Review and a Conditional Use Permit to remove seven existing storage buildings and construct a new three-story storage building, a one-story storage building, a one-story office totaling 249,650 square feet at its existing facility at 3716 Stanley Boulevard (the “Project”). On October 1, 2019, representatives from Public Storage received a fee estimate for the proposed development estimating the Affordable Housing Fee at \$2,056,818.72 based on a net new storage space area of 162,723 square feet. On October 28, 2020 the Planning Commission approved the subject application. The project had been revised at the request of staff and the approved project now includes net new storage space of 165,756 square feet. On November 10, 2020, representatives from Public Storage received a revised fee estimate based on the approved development estimating the Affordable Housing Fee at \$2,158,143.12. Pursuant to Pleasanton Municipal Code § 17.40.050, Public Storage respectfully requests a reduction of the Affordable Housing Fee associated with the Project.

A. Background on the City’s Ordinance.

The City adopted the latest iteration of its Affordable Housing Fee on September 18, 2018. The Fee was developed in part based on the Nonresidential Development Housing Linage Fee Nexus Study prepared by Economic & Planning Systems, Inc. (2018) (“Nexus Study”).¹ In reaching its recommended values, the Nexus Study determined that “Office/Light Industrial/R&D” uses would require 1 employee for every 400 square feet of development, resulting in an increased demand for housing. Nexus Study at 14. Based on this projected demand, the Nexus Study concluded that the City could justify a fee ranging from \$8.50 to \$17.01 per square foot.

On September 18, 2018, the City Council raised the Affordable Housing Fee applicable to industrial and office uses from \$3.15 per square foot to \$12.64 per square foot. The current fee has been adjusted to \$13.02 per square foot.

B. Request for Reduction Pursuant to PMC § 17.40.050.

¹ Attachment 3 to Agenda Item #14 Staff Report on “Resolution Amending the Master Fee Schedule Effective January 1, 2019 to Include Changes to Capital Facility, Transportation and Affordable Housing Development Impact Fees” (Sept. 18, 2018).

Section 17.40.050 of the Pleasanton Municipal Code provides that the City Council may reduce the required Affordable Housing Fee for commercial, office, or industrial development projects when the developer can demonstrate: (1) that the proposed use will generate substantially fewer workers than the uses which have established the fee; and (2) that the building design is unable to house another use without substantial renovation. Section 17.40.050 specifically identifies “exclusives storage buildings” as one such use eligible for a reduction.

1. *The Project Will Result in Substantially Fewer Workers than the Uses Which Have Established the Fee.*

The Nexus Study estimated that “Office/Light Industrial/R&D” developments would typically require 1 employee for every 400 square feet of development. Applying this ratio to the Project would result in approximately 414 employees. However, self-storage uses such as those anticipated by the Project typically result in only three to five employees, or approximately 0.72% to 1.21% of the number of employees the Nexus Study projects.

2. *The Building Design Is Unable to House Another Use Without Substantial Renovation.*

The Project is designed to accommodate self-storage and cannot be converted to another use without substantial renovation. The design of the facility would not easily be converted to other types of employee-generating uses without extensive modifications. If the facility were to be modified at some point in the future to accommodate other types of uses, the Municipal Code requires the new use pay the full Affordable Housing Fee in effect at that time.

3. *A Reduction Pursuant to PMC § 17.40.050 Is Consistent with Precedent.*

The City has previously approved at least two reductions to the Affordable Housing Fee applicable to self-storage developments. In both cases, the City Council approved a 78% reduction of the then-applicable fee based on the significant variance between the number of employees in a self-storage use and the employee-generation anticipated when the Fee was established.

On January 15, 2002, the City Council granted a reduction pursuant to PMC § 17.40.050 to a 139,928 square foot self-storage facility located at 3101 Valley Avenue (Resolution No. 02-009). Much like this Project, the Valley Avenue project would generate far fewer jobs than the City typically anticipated for commercial/industrial uses. The staff explained that the three anticipated employees was “less than one-fifth that of a regular warehouse, on a sq. ft. basis, on which the fee was established.” SR:02:005 at 4 (emphasis added). Based on the ratio, the City concluded that a reduction to 22% of the applicable fee was appropriate. The City has also granted a similar reduction to 22% of the applicable fee for Central Self-Storage on Stanley Boulevard in 1997. Resolution No. 97-100.

These two actions on substantially similar projects demonstrate the propriety of a similar reduction for the Project. However, where the Valley Boulevard and Central Self-Storage projects would produce less than 20% of the anticipated employees, this Project will produce less than 2%.

Based on the foregoing and pursuant to PMC § 17.40.050, Public Storage respectfully requests that the City Council grant a reduction of the applicable Affordable Housing Fee commensurate with the anticipated

impacts of the Project. Based on the foregoing and assuming a maximum of five employees, such a fee would be approximately \$25,898.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bryan", with a long horizontal flourish extending to the right.

Bryan Miranda
Regional Vice President

ATTACHMENTS

TAB	DOCUMENT NAME
1	Economic & Planning Systems, Inc., Nonresidential Development Housing Linkage Fee Nexus Study (Feb. 26, 2018) (Attachment 3 to Agenda Item #14 Staff Report on “Resolution Amending the Master Fee Schedule Effective January 1, 2019 to Include Changes to Capital Facility, Transportation and Affordable Housing Development Impact Fees” (Sept. 18, 2018)).
2	City of Pleasanton Resolution No. 02-009, Resolution Approving a Request by Bay Area Self-Storage for a Reduction in the Lower Income Housing Fee for an Approved Storage Facility at 3101 Valley Avenue (Jan. 15, 2002)
3	Agenda Item # 6A Staff Report on “Application for PUD Rezoning and Development Plan Approval for the Construction of 139,928 sq. ft. Self-Storage Facility” (Jan. 15, 2002)
4	City of Pleasanton Resolution No. 97-100, Resolution Approving a Request by Pegasus Group for a Reduction in the Lower Income Housing Fee for an Approved Storage Facility at Stanley Boulevard and Valley Boulevard (Aug. 5, 1997)

ATTACHMENTS

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1	Economic & Planning Systems, Inc., Nonresidential Development Housing Linkage Fee Nexus Study (Feb. 26, 2018) (Attachment 3 to Agenda Item #14 Staff Report on “Resolution Amending the Master Fee Schedule Effective January 1, 2019 to Include Changes to Capital Facility, Transportation and Affordable Housing Development Impact Fees” (Sept. 18, 2018)).
2	City of Pleasanton Resolution No. 02-009, Resolution Approving a Request by Bay Area Self-Storage for a Reduction in the Lower Income Housing Fee for an Approved Storage Facility at 3101 Valley Avenue (Jan. 15, 2002)
3	Agenda Item # 6A Staff Report on “Application for PUD Rezoning and Development Plan Approval for the Construction of 139,928 sq. ft. Self-Storage Facility” (Jan. 15, 2002)
4	City of Pleasanton Resolution No. 97-100, Resolution Approving a Request by Pegasus Group for a Reduction in the Lower Income Housing Fee for an Approved Storage Facility at Stanley Boulevard and Valley Boulevard (Aug. 5, 1997)

ATTACHMENT 1

Draft Report

**Nonresidential Development
Housing Linkage Fee
Nexus Study**

The Economics of Land Use



Prepared for:

City of Pleasanton

Prepared by:

Economic & Planning Systems, Inc.

February 26, 2018

EPS #151111

*Economic & Planning Systems, Inc.
One Kaiser Plaza, Suite 1410
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1. INTRODUCTION AND EXECUTIVE SUMMARY

Background

Incorporated in 1894, the City of Pleasanton (City) adopted its first low income housing fee in the late 1970s. The fee was amended in 1989 to apply to all residential and commercial development. Consistent with Assembly Bill (AB) 1600, the fee has been updated in 1998 and 2003 with the current schedule based on annual CPI adjustments made since the last adoption. While the nexus fee was updated in 2012 along with a new Housing Element, the City decided to update the fee simultaneously with other development impact fees. The current report is an update to the 2012 Nonresidential Development Housing Linkage Fee Nexus Study. It has been updated along with the Affordable Housing Impact Fee Reports for for-sale and rental housing as well as the Capital Facilities Development Impact Nexus Fee report, all produced under separate covers. The technical analysis presented in this report was completed in 2016 and is largely based on the 2015 numbers.

This report is designed to update and re-affirm an affordable housing impact fee for new nonresidential development in Pleasanton.

Purpose

Economic & Planning Systems, Inc. (EPS) was retained by the City of Pleasanton to conduct a nexus study that quantifies the relationship between the growth in nonresidential land uses and the demand for and cost of affordable housing for the local workforce. As a development impact fee, the nonresidential linkage fee (fee) can only be charged to new development and must be based on the impact of new development on the need for resources to subsidize the development of new affordable housing. The purpose of this report is to provide the nexus (or reasonable relationship) between new nonresidential development that occurs in the City and the need for additional affordable housing as a result of this new development.

The fee generated by this program will be deposited in the City's Lower Income Housing Fund, to provide assistance for production, acquisition of at-risk units, or rehabilitation of affordable housing.

Authority

This study serves as the basis for requiring development impact fees under AB 1600 legislation, as codified by the Mitigation Fee Act (California Government Code sections 66000 *et seq.*). This section of the Mitigation Fee Act sets forth the procedural requirements for establishing and collecting development impact fees. These procedures require that a reasonable relationship, or nexus, must exist between a governmental exaction and the purpose of the condition.

Required Nexus Findings

- Identify the purpose of the fee.
- Identify how the fee is to be used.
- Determine how a reasonable relationship exists between the fee's use and the type of development project on which the fee is imposed.
- Determine how a reasonable relationship exists between the demand for the affordable housing and the type of development project on which the fee is imposed.
- Demonstrate a reasonable relationship between the amount of the fee and the cost of the public benefit attributable to the development on which the fee is imposed.

In 1991, the Ninth Circuit U.S. Court of Appeals upheld the City of Sacramento's nonresidential linkage fee.¹ In that case, the court found that the City's fee program "substantially advanced a legitimate interest." EPS is using a similar methodology to the nexus study reviewed in that case to develop the City's fee program.

Summary

As new employment-generating development continues to occur in the City, additional affordable housing will be required to house a portion of the new lower wage workforce. The cost to construct new housing units is higher than can be supported by the rents that many workers will be able to pay. The difference between costs and affordable rent levels is considered an "affordability gap." The costs allocated to new nonresidential development through this fee reflect this affordability gap that would need to be filled in order to provide housing for additional workforce demanded by nonresidential development.

Table 1 summarizes the maximum justifiable fee by employment category and a recommended fee range for adoption. EPS recommends a fee that is less than the maximum justifiable fee and, therefore, presents fees that range from 10 percent to 20 percent of the maximum fee (plus a nominal administrative charge). The lower fee reflects the fact that affordable housing development is not the sole responsibility of nonresidential developers.

¹ *Commercial Builders of Northern California v. City of Sacramento*, 941 F2d 872 (1991).

Table 1 Summary of Maximum Allowable Fees and EPS Recommended Fee Levels

Land Use	Maximum Fee <i>per sq. ft.</i>	Previously Recommended Fee Range (1)		
		10% <i>per sq. ft.</i>	15% <i>per sq. ft.</i>	20% <i>per sq. ft.</i>
Hotels/Motel	\$49.69	\$5.12	\$7.68	\$10.24
Retail	\$211.08	\$21.74	\$32.61	\$43.48
Office/Light Industrial/R&D	\$82.56	\$8.50	\$12.76	\$17.01

(1) Includes stated share of 2016 maximum fee plus 3% administrative costs.

Source: EPS

Sources

To estimate the fee, EPS relied on numerous sources of data, including the following:

- U.S. Bureau of Labor Statistics (BLS) "July 2011 National Industry-Specific Occupational Employment and Wage Estimates".
- State Department of Housing and Community Development (HCD) annual income limits for 2013.
- U.S. Census Bureau American Community Survey (ACS) 2011 estimate.
- Input from City of Pleasanton's staff.

These and other data sources are identified on the tables provided throughout this report. In addition, EPS generated development and operating cost assumptions by reviewing pro forma materials provided for this and other EPS assignments by various affordable housing developers active in the Bay Area, as well as documents such as the City of Pleasanton's Housing Element.

Organization of Report

Following this **Introduction and Executive Summary**, this study includes the following chapters:

- **Chapter 2** presents the nexus findings based on the methodology.
- **Chapter 3** provides a general discussion of the City's development trends and employment composition.
- **Chapter 4** describes the methodology used to calculate the fee.

2. FINDINGS FOR FEE PROGRAM

Purpose of Fee

The fee program developed through this Nexus Study would fund the development and preservation of affordable housing projects in the City as required by the increase in local lower wage workers employed by new nonresidential construction projects. The businesses that occupy new nonresidential buildings will demand employees, many of whom will have difficulty finding suitable local housing they can afford.

Use of Fee

The fee will be deposited in the City's Lower Income Housing Fund. The funds are used to provide assistance for production, acquisition of at-risk units, or rehabilitation of affordable housing. The fee also will fund the studies and administration to support the fee program.

Relationship between Use of Fee and Type of Development

The development of new nonresidential land uses in the City will generate need for additional workers. The wages of a significant portion of the new employees will be inadequate to support sufficient rent prices to attract residential developers to provide housing opportunities without further subsidy. The fee will be used to help to fill the "affordability gap" for housing development and increase the number of homes available for the local workforce.

Relationship between Demand for Affordable Housing and Type of Project

The City and EPS have identified three employment categories for which a separate fee has been calculated. The proportion of lower wage workers and the number of square feet per employee for each employment category has been assessed to ensure a proper nexus has been established.

Relationship between Amount of Fee and Cost of Public Benefit Attributed to New Development

EPS estimated the gap between the cost of developing new rental housing and the achievable value of the new rental units based on different income levels. To estimate the maximum fee, this gap was then multiplied by the number of lower wage workers anticipated by the new development projects and the number of households of various income categories those workers are likely to form. As the fee is one of several mechanisms for generating resources for or reducing the cost of housing development, the EPS-recommended fee is 10 to 20 percent of the maximum calculated fee.

3. EMPLOYMENT AND HOUSING TRENDS

Recent Development Trends

Pleasanton is located in the Tri-Valley region of the San Francisco Bay Area at the crossing of two major freeways, I-680 and I-580. Its 2016 population was about 77,000 residents and roughly 63,000 jobs. The City's evolution into a regional hub for single-family ownership housing, office, and retail space has been driven by its strategic location, high quality of life, BART expansion, and effective land use policies.

Pleasanton experienced significant job growth during the 1980s with the creation of Hacienda and Bernal Corporate Park, among others, while maintaining an active downtown. Since 2000, the City's population grew by 18 percent, as shown in **Table 2**. Average annual population growth has been consistent at about 1.0 percent a year. The City's incomes, however, have continued to increase, partially due to continuous attraction of higher income households attracted to the area by its high quality of life. The vast majority of new housing construction in the City has remained as single-family development during the early 2000s, reinforcing the lower density orientation of Pleasanton's housing stock. However, as shown in **Table 3**, permitting data suggests a notable shift to higher density multifamily units in recent years.

Table 2 Pleasanton Demographic Factors (2000-2016)

Item	Year			Change					
	2000	2010	2016	2000-2010		2010-2016		2000-2016	
				Total	Avg Annual Rate	Total	Avg Annual Rate	Total	Avg Annual Rate
Population	63,654	70,285	75,916	6,631	1.0%	5,631	1.3%	12,262	1.1%
Median Household Income (\$2018)	\$90,859	\$115,188	\$130,170	\$24,329	2.4%	\$14,982	2.1%	\$39,311	2.3%

Sources: DOF, ACS, EPS

Table 3 Residential Permit Activity Trends in Pleasanton

Year	Single-Family	Multifamily	Total
2003	253	0	253
2004	237	108	345
2005	210	0	210
2006	136	41	177
2007	47	5	52
2008	32	3	35
2009	14	0	14
2010	42	0	42
2011	41	0	41
2012	89	293	382
2013	180	727	907
2014	78	255	333
2015	94	958	1052
2016	<u>72</u>	<u>259</u>	<u>331</u>
Total	1,525	2,649	4,174

Sources: SOCDS Database from the U.S. Department of Housing and Urban Development; EPS.

Employment and Income Composition

This report provides information regarding income categories as commonly defined by State and federal agencies that administer affordable housing programs. **Table 4** presents the income categories that are relevant for this fee program. EPS uses acronyms in several of the tables provided and those acronyms are also included in **Table 4** for reference.

Table 4 Alameda County Income Category Definitions (2015)

Affordability Category	Acronym	Percentage of County Median	Maximum Income Threshold 3-person household
Very Low Income [1]	VLI	0% - 50%	\$42,100
Low Income	LI - 60	51% - 60%	\$49,550
Low Income	LI - 80	61% - 80%	\$64,450
Median Income	Median	80% - 100%	\$84,150
Moderate Income	Moderate	101% - 120%	\$101,000

[1] The "Very Low Income" category also captures a combination of extremely low (0% to 30% of median incomes) and very low income (31% to 50% of median incomes) in Alameda County.

Source: California HCD and EPS.

Many of the jobs in Pleasanton generate higher-end incomes relative to the broader region. Kaiser Permanente is the largest employer in the City with nearly 3,300 jobs, followed by Safeway and Oracle (see **Table 5**). A large portion of Safeway jobs are office activities rather than retail stores because of its Pleasanton corporate headquarters location. The City has also recently attracted Workday to the City, which has been expanding its operation over the last few years. Even with many jobs for higher income workers, the City still has many jobs for more modest wages in its diverse employment base. According to the U.S. Census Bureau's "On The Map", about 36 percent of all jobs located in the City of Pleasanton in 2015 paid less than \$40,000 per year, which equates to the "very low income" level for the County.

Table 5 Pleasanton Top Employers (2017)

Rank	Employer	Employees	Year Established
1	Kaiser Permanente	3,271	1983
2	Safeway	2,600	1996
3	Oracle	1,650	2005
4	Workday Incorporated	1,456	2009
5	Pleasanton Unfired School District	1,290	na
6	Macy's	949	1980
7	Valley Care Medical Center	942	1991
8	Clorox Service Company	694	1973
9	State Fund - Compensation Insurance	650	2007
10	E M C Corporation	549	2004
11	Thoratec Corporation	510	1999
12	Roche Molecular Systems Inc.	510	1998
13	City of Pleasanton	460	na
14	Blackhawk Network	414	2005
15	Ellie Mae	385	2000
16	Wal-Mart	380	1995

Source: City of Pleasanton; EPS.

Pleasanton’s desirability can be attributed to a variety of community attributes, including good schools, low crime rate, recreational amenities, and an attractive, pedestrian-friendly Downtown. Pleasanton’s evolution as a higher-end community with a strong market orientation toward single-family, ownership, and in many cases “executive” housing, combined with its robust job market offering a diverse mix of professions and pay levels, contribute to high housing costs. In these types of communities, local workers compete for a limited housing supply with retirees who may have built substantial equity in their prior homes or higher income households who have more flexibility regarding where they choose to live. As a result of this type of demand on the City’s housing supply, it will be difficult for new lower wage workers to find suitable housing in the City without a program designed to bring the cost of housing down to an affordable range.

4. METHODOLOGY AND FEE CALCULATION

Employment Categories

Employment categories utilized in this analysis are displayed in **Table 6** along with a description of the types of businesses that are included in each category. In general, each employment category is intended to be associated with a particular type of building or land use, to which the fees can be applied. EPS recommends consolidation of office, light industrial and R&D into one category, resulting in three employment categories. Consolidation of these land uses reflects the notion that their tenant types are generally interchangeable and might occupy the same general type of building space. For example, an R&D business may occupy office space or light industrial space, and a single “flex” commercial building may house businesses of each of these three types. Other employment categories are more discretely associated with a particular type of building, and thus the appropriate fees for such buildings are easier to determine when a building is proposed and constructed.

Occupational Category and Wage Distribution

EPS used U.S. Bureau of Labor Statistics (BLS) *National Industry-Specific Occupational Employment and Wage Estimates* for 2014 to estimate the wages earned by employees in industry sectors related to the employment categories. This BLS data set includes wage data at both the national and Metropolitan Division (MD). The Oakland-Fremont-Hayward MD is the geography of the East Bay. Wage data for the MD are provided for occupations for all industries in aggregate, while national-level wage data are provided by industry sector. To account for regional wage disparities, EPS calculated wage adjustment factors as displayed in **Table 7**. EPS applied these adjustment factors to the nationwide income level data by industry sector to estimate the wages for the East Bay.

EPS used BLS nationwide data regarding industries and occupation categories to estimate the proportion of occupations likely to be represented under each employment category. For example, EPS evaluated the occupation categories for the lodging industry to determine the proportional distribution of occupations for the employment category “Hotels/Lodging.” North American Industry Classification System (NAICS) sector 721000 (“Accommodation”) shows that nationwide 4.2 percent of the jobs in the lodging industry are taken by managers while 28.6 percent are in the category of buildings and grounds cleaning and maintenance (see **Table 8** and **B-1**). The occupational distribution for all designated employment categories are provided in **Appendix B**.

The wages of each occupation were multiplied by 1.67, the average number of workers per working household in the City according to Census Bureau’s American Community Survey data. The resulting figure is assumed to represent the annual household wage. Also according to the American Community Survey, the average household size in Pleasanton is 2.89 and the average family size is 3.25 people. Rounding these average household and family sizes, EPS compared

Table 6 Employment Category Descriptions

Employment Category	Description and Examples
Hotels/Motel	Temporary housing for non-residents. Examples include resorts, hotels, motels, and bed and breakfast inns.
Retail	Businesses selling merchandise, entertainment, or personal services to the general public. Examples include grocery stores, drug stores, clothing stores, general merchandise stores, restaurants and bars, beauty salons, movie theaters, auto sales and rentals, and gas stations.
Office/Light Industrial/R&D	Employers engaged in business activity with limited direct access from the general public, businesses focused on assembling, distributing, or repairing products, and businesses focused on the testing and invention of new materials, products, or processes. Examples include finance, insurance, real estate, law, engineering; and warehouses, auto repair, and self-storage facilities.

Table 7 Adjustment Factors for Converting National Wages to Oakland-Fremont-Hayward Metropolitan Division Wages

Occupation Category	US Average Wage	East Bay Metro Division Avg. Wage	East Bay as % of US Average
Management	\$112,490	\$131,090	116.5%
Business and Financial Operations	\$72,410	\$83,830	115.8%
Computer and Mathematical Science	\$83,970	\$100,990	120.3%
Architecture and Engineering	\$81,520	\$98,440	120.8%
Life, Physical, and Social Science	\$70,070	\$86,880	124.0%
Community and Social Services	\$45,310	\$55,180	121.8%
Legal Occupations	\$101,110	\$110,790	109.6%
Education, Training and Library	\$52,210	\$59,830	114.6%
Arts, Design, Entertainment, Sports, and Media	\$55,790	\$58,850	105.5%
Healthcare Practitioner and Technical	\$76,010	\$105,920	139.4%
Healthcare Support	\$28,820	\$39,090	135.6%
Protective Services	\$43,980	\$56,560	128.6%
Food Preparation and Serving	\$21,980	\$23,270	105.9%
Buildings and Grounds Cleaning and Maintenance	\$26,370	\$32,410	122.9%
Personal Care and Service	\$24,980	\$27,320	109.4%
Sales and Related Occupations	\$38,660	\$44,540	115.2%
Office and Administrative Support	\$35,530	\$43,490	122.4%
Farming, Fishing and Forestry	\$25,160	\$28,020	111.4%
Construction and Extraction	\$46,600	\$61,490	132.0%
Installation, Maintenance, and Repair	\$45,220	\$55,260	122.2%
Production	\$35,490	\$40,900	115.2%
Transportation and Material Moving	\$34,460	\$41,870	121.5%

Sources: BLS *National Industry-Specific Occupational Employment and Wage Estimates*, May 2014.

Table 8
Illustration of Employees' Household Income Calculation
Pleasanton Housing Impact Fee, EPS #151111

Item	Source	Example
Employment Category	City of Pleasanton and EPS	Hotels/Lodging
Industry	Bureau of Labor Statistics (BLS)	Accommodation (NAICS Code 721000)
Occupation Category	BLS	Buildings and Grounds Cleaning and Maintenance
Nationwide Median Income for Occupation	BLS (2014)	\$23,530
Regional Wage Adjustment Factor for Occupation	BLS and EPS	122.9%
Median Wage Estimate for East Bay Metro	BLS and EPS	\$28,920
Workers per Household	American Community Survey 2014 est.	1.67
Median Income per Household	Workers per HH Multiplied by Med. Annual Wage	\$48,180
Income Category for 3-person Family	Dept. of Housing and Community Development (HCD)	Low Income - (LI-60)

Source: EPS.

the estimated household wage with the income thresholds for a 3-person household to identify the income category into which each occupation would fall. An example of this calculation is illustrated in **Table 8**. Key assumptions and their sources are summarized in **Appendix A**.

Distribution of Workers by Land Use Type

After identifying income ranges for each occupation and employment category, EPS summed the percentages of occupations by income bracket. These proportions of anticipated household income brackets by employment category are presented in **Table 9**.

As shown, Retail and Hotels/Lodging are expected to generate significant numbers of households at the low- and very-low-income levels, while nearly all jobs in the Office/Light Industrial/R&D uses are expected to yield household incomes at or above Median income levels.

Employment Densities

Commercial operations have varying levels of employment requirements. Retail space, for example, does not require a significant number of employees but do require a significant amount of building square feet. Office space, on the other hand, may not require a significant amount of square footage, but often require a significant number of employees. The number of building square feet or acres of property anticipated for a certain number of employees is termed the "employment density" of each employment category.

Based on its prior assumptions generated with input from City staff for the Pleasanton General Plan Update Fiscal Impact Analysis study, EPS estimated the employment density for each of the employment categories as shown in **Table 10**. Using those employment density assumptions, EPS estimated the number of employees that would be demanded for a 100,000-square foot building.

Household Formation

EPS then estimated the number of households those employees would represent. First, EPS adjusted for the fact that younger workers may not be at the age to form their own households. Data from the Bureau of Labor Statistics indicate that young workers age 16 to 19 represent only about 3.2 percent of the overall workforce. However, the majority of these young workers are in the retail/restaurant industries, where they represent 10.1 percent of the overall industry employment. EPS has assumed that these young workers age 16 to 19 would not form their own households. Second, EPS has assumed that, on average, new households formed in response to growing employment opportunities would have 1.67 wage-earning workers. This assumption is based on the Census Bureau's American Community Survey 2014 data regarding the number of Pleasanton residents who are "workers" in households that have workers. The combination of these adjustments results in the assumption that nearly six households are formed for every ten new employees.

Table 9
Income Distribution of Worker Households by Employment Category [1]
Pleasanton Housing Impact Fee, EPS #151111

Employment Category	VLI	LI - 60	LI - 80	Median	Moderate	Above Mod
Hotels/Motel	0.0%	63.2%	22.1%	7.7%	2.3%	4.7%
Retail	36.1%	0.9%	54.5%	3.3%	0.2%	5.0%
Office/Light Industrial/R&D	0.4%	0.4%	5.5%	44.5%	5.9%	43.3%

[1] Designation of household income is based on a 3-person household and 1.67 workers per household, both based on American Community Survey data.

Source: BLS, HCD, EPS, and American Community Survey 2011.

Table 10
Household Generation Rates by Employment Category
Pleasanton Housing Impact Fee, EPS #151111

Employment Category	Sq.Ft. per Worker [1]	Total Workers per 100k Sq.Ft.	% of Workers		Total Households per 100k Sq.Ft. [3,4]	Households by Income Level [4]				
			Forming Households [2]	VL		LI - 60	LI - 80	Median	Moderate	Above Mod
Hotels/Motel	2,000	50	96.8%	0	29	18	6	2	1	1
Retail	440	227	89.9%	44	122	1	67	4	0	6
Office/Light Industrial/R&D	400	250	96.8%	1	145	1	8	65	9	63

[1] See Appendix Table A-1 for sources on employment densities in different land uses

[2] BLS data indicates that 3.2% of workers are age 16-19 in the U.S., however, the average is higher in the retail and restaurants industry. EPS assumes that 10.1% of workers are age 16-19 based on the National Retail Federation data. This age group is assumed to not form their own households due to a young age.

[3] Assumes 1.67 employees per household based on the Census data for Pleasanton.

[4] Figures are rounded to nearest whole number.

Sources: BLS, National Retail Federation, US Census, and EPS.

Housing Development Costs and Affordability Gap

EPS has assumed that the average type of housing for Pleasanton's lower-income workers would be a 2-bedroom apartment unit in a three-story walk-up building. This prototype was selected for several reasons. First, the average size of a Pleasanton household is roughly three people, and households of this size are appropriately housed in 2-bedroom units, according to State law (California Health and Safety Code Section 50025.5). Second, the density of walk-up apartments is typically around 30 units per acre, and Pleasanton staff indicated that this density would be generally appropriate and acceptable in the City. Third, this building prototype is also generally cost-effective to construct, as it makes efficient use of land and does not involve expensive construction materials or techniques. Finally, EPS assumed the units would be rented rather than for-sale because the financing gap for rental units is lower than for for-sale units.

Development Cost Assumptions

Affordable housing development costs include land costs, direct costs (e.g., labor and materials), and indirect or "soft" costs (e.g., architecture, entitlement, marketing, etc.). For rental projects, operating costs also must be incorporated into the analysis. Data from recent East Bay developments and recent Pleasanton land transactions have been combined with EPS's information from various market-rate and affordable housing developers to estimate appropriate development cost assumptions for use in Pleasanton. These assumptions are shown on **Table 11**.

Revenue Assumptions

To calculate the values of the affordable units, assumptions must be made regarding the applicable income level (moderate, median, and low) and the percentage of income spent on housing costs. In addition, translating these assumptions into unit prices and values requires estimates of operating expenses, capital reserves, and capitalization rates. The following assumptions were used in these calculations:

- *Income Levels*—This analysis estimates the subsidy required to produce units for households earning 50, 60, 80, 100, and 120 percent of Area Median Income for a three-person household. In 2015, AMI in Alameda County for these households was \$84,150, as shown in the California Department of Housing and Community Development's (HCD's) income limits chart.
- *Percentage of Gross Household Income Available for Housing Costs*—HCD standards on overpaying for rent indicate that households earning less than 80 percent of AMI should pay no more than 30 percent of their gross income on housing costs. For this analysis, EPS has assumed that all households shall spend 30 percent of their gross income on housing costs.
- *Operating Costs for Rental Units*—The analysis assumes that apartment operators incur annual operating costs of \$6,200 per unit, which include the cost of utilities, for units affordable at 80 percent of AMI or below. EPS has assumed the units for median income households and above would have similar operating costs but would be potentially operated by for-profit building managers and owners and thus also subject to property taxes.

Table 11
Housing Affordability Gap
Pleasanton Housing Impact Fee, EPS #151111

Item	2-Story Multifamily With Surface Parking				
	Very Low Income (50% AMI)	Low Income (60% AMI)	Low Income (80% AMI)	Median Income (100% AMI)	Moderate Income (120% AMI)
Development Program Assumptions					
Density/Acre	30	30	30	30	30
Average Gross Unit Size	1,100	1,100	1,100	1,100	1,100
Average Net Unit Size	950	950	950	950	950
Average Number of Bedrooms	2	2	2	2	2
Average Number of Persons per Household	3	3	3	3	3
Parking Spaces/Unit [1]	2.00	2.00	2.00	2.00	2.00
Cost Assumptions					
Land/Acre [2]	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Land/Unit	\$66,667	\$66,667	\$66,667	\$66,667	\$66,667
Direct Construction Costs/Gross SF [3]	\$215	\$215	\$215	\$215	\$215
Direct Construction Costs/Unit	\$236,500	\$236,500	\$236,500	\$236,500	\$236,500
Parking Construction Costs/Space	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Parking Construction Costs/Unit	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
Subtotal, Direct Costs/Unit	\$242,500	\$242,500	\$242,500	\$242,500	\$242,500
Indirect Costs as a % of Direct Costs [4]	35%	35%	35%	35%	35%
Indirect Costs/Unit	\$84,875	\$84,875	\$84,875	\$84,875	\$84,875
Total Cost/Unit (rounded)	\$394,000	\$394,000	\$394,000	\$394,000	\$394,000
Maximum Supported Unit Value					
Household Income [5]	\$42,100	\$49,550	\$64,450	\$84,150	\$101,000
Income Available for Housing Costs/Year [6]	\$12,630	\$14,865	\$19,335	\$25,245	\$30,300
Operating Expenses per Unit/Year [7]	\$6,200	\$6,200	\$6,200	\$10,700	\$10,700
Net Operating Income	\$6,430	\$8,665	\$13,135	\$14,545	\$19,600
Capitalization Rate	5.0%	5.0%	5.0%	5.0%	5.0%
Total Supportable Unit Value	\$128,600	\$173,300	\$262,700	\$290,900	\$392,000
Financing Gap	\$265,400	\$220,700	\$131,300	\$103,100	\$2,000

[1] Reflects an average as apartments with up to 2 bedrooms are required to provide a minimum of 2 spaces for the first 4 units and 1.5 spaces for each additional unit. In addition, visitor parking ratio of 1 space for each 7 units is also required

[2] The land costs rate based on recent residential land transactions in Pleasanton

[3] Direct construction costs based upon EPS findings in Pleasanton. Includes costs for labor and materials. Assumes Direct Construction Costs for rentals are \$10/SF less than for-sale developments.

[4] Includes costs for architecture and engineering, entitlement and fees, project management, marketing, commissions, and general administration, financing and charges, insurance, and contingency

[5] Based on HCD 2015 income limits for Alameda County

[6] Assumes housing costs to be 30% of gross household income

[7] Operating expenses based upon previous findings in other Bay Area jurisdictions, and include costs of tenants' utilities. Units for median- and moderate-income households are assumed to be built as for-profit projects and thus subject to property tax; rounded

Sources: Alameda County housing developers, Department of Housing and Urban Development, Economic & Planning Systems, Inc.

Affordability Gap Results

Table 11 shows the subsidies for construction of for-rent apartments for households at various income levels. For all income categories, the cost of constructing the unit is higher than the value of the unit. This is considered the “affordability gap,” and serves as the basis for calculating the subsidies required to provide housing for the employees who will be working in new nonresidential development in Pleasanton. The funding gap for units affordable to median and moderate income households are lower, suggesting that a higher share of the new construct cost could be supported without subsidy.

Fee Calculation

Tables 12 through 14 provide the maximum nonresidential housing fee calculations for each of the three employment categories. Assuming a 100,000-square foot nonresidential building prototype for each employment category, the number of new households by income category is multiplied by the per-unit affordability gap to determine the level of subsidy required to provide housing for the new worker households. The adjusted affordability gap is then divided by the size of the assumed building or land to determine a maximum fee per building square foot.

While the City has the option of adopting fees up to the maximum levels calculated, EPS does not recommend the City adopt the entire maximum fee. There are several factors compounding the issue of housing affordability; insufficient wages relative to development costs constitutes just one factor. Market forces, land use regulations, construction costs, and entitlement costs also impact housing affordability. In addition, revenue generated through this fee program is just one source of potential subsidy funds to help finance affordable housing projects. Finally, adoption of the maximum fees for certain employment categories would represent a very large addition to the costs of development, and could hamper the City’s economic development objectives. EPS, therefore, recommends that the linkage fee adopted be 10 to 20 percent of the maximum calculated fee. Other California communities—including Sacramento, Rohnert Park, Walnut Creek, Sunnyvale, and the County of Sonoma, among others—have made similar reductions to the maximum allowable fee when adopting their fee program, for reasons such as those cited above.

Table 12
Fee Calculation - Hotels/Lodging
Pleasanton Housing Impact Fee, EPS #151111

Item	Worker Households per 100k sq. ft.	Affordability Gap per household	Total Gap
<i>Table references:</i>		<i>Table 10</i>	<i>Table 11</i>
Aggregate Financing Gap per 100K Sq. Ft			
Affordability Level			
VLI	0	\$265,400	\$0
LI - 60	18	\$220,700	\$3,972,600
LI - 80	6	\$131,300	\$787,800
Median	2	\$103,100	\$206,200
Moderate	1	\$2,000	\$2,000
Above Moderate	<u>1</u>	<u>\$0</u>	<u>\$0</u>
Total	28	n/a	\$4,968,600
Fee Calculation			
		<i>formula</i>	
Total Financing Gap		<i>a</i>	\$4,968,600
Total Building Sq. Ft.		<i>b</i>	100,000
Maximum Fee per Sq. Ft.		<i>c = a / b</i>	\$49.69
Potential Fee Range			
10% of Maximum		<i>d = c * 10%</i>	\$4.97
15% of Maximum		<i>e = c * 15%</i>	\$7.45
20% of Maximum		<i>f = c * 20%</i>	\$9.94
Fee Program Administration			
10% of Maximum		<i>g = d * 3%</i>	\$0.15
15% of Maximum		<i>h = e * 3%</i>	\$0.22
20% of Maximum		<i>i = f * 3%</i>	\$0.30
Potential Fee Range including Administrative Fee			
10% of Maximum		<i>j = d + g</i>	\$5.12
15% of Maximum		<i>k = e + h</i>	\$7.68
20% of Maximum		<i>l = f + i</i>	\$10.24

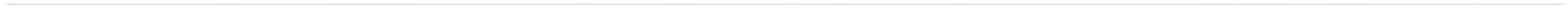
Table 13
Fee Calculation - Retail
Pleasanton Housing Impact Fee, EPS #151111

Item	Worker Households per 100k sq. ft.	Affordability Gap per household	Total Gap
<i>Table references:</i>	<i>Table 10</i>	<i>Table 11</i>	
Aggregate Financing Gap per 100K Sq. Ft			
Affordability Level			
VLI	44	\$265,400	\$11,677,600
LI - 60	1	\$220,700	\$220,700
LI - 80	67	\$131,300	\$8,797,100
Median	4	\$103,100	\$412,400
Moderate	0	\$2,000	\$0
Above Moderate	6	\$0	\$0
Total	122	n/a	\$21,107,800
<hr/>			
Fee Calculation		<i>formula</i>	
Total Financing Gap		<i>a</i>	\$21,107,800
Total Building Sq. Ft.		<i>b</i>	100,000
Maximum Fee per Sq. Ft.		$c = a / b$	\$211.08
Potential Fee Range			
10% of Maximum		$d = c * 10\%$	\$21.11
15% of Maximum		$e = c * 15\%$	\$31.66
20% of Maximum		$f = c * 20\%$	\$42.22
Fee Program Administration			
10% of Maximum		$g = d * 3\%$	\$0.63
15% of Maximum		$h = e * 3\%$	\$0.95
20% of Maximum		$i = f * 3\%$	\$1.27
<hr/>			
Potential Fee Range including Administrative Fee			
10% of Maximum		$j = d + g$	\$21.74
15% of Maximum		$k = e + h$	\$32.61
20% of Maximum		$l = f + i$	\$43.48

Table 14
Fee Calculation - Office/Light Industrial/R&D
Pleasanton Housing Impact Fee, EPS #151111

Item	Worker Households per 100k sq. ft.	Affordability Gap per household	Total Gap
<i>Table references:</i>		<i>Table 10</i>	<i>Table 11</i>
Aggregate Financing Gap per 100K Sq. Ft			
Affordability Level			
VLI	1	\$265,400	\$265,400
LI - 60	1	\$220,700	\$220,700
LI - 80	8	\$131,300	\$1,050,400
Median	65	\$103,100	\$6,701,500
Moderate	9	\$2,000	\$18,000
Above Moderate	<u>63</u>	<u>\$0</u>	<u>\$0</u>
Total	147	n/a	\$8,256,000
<hr/>			
Fee Calculation		<i>formula</i>	
Total Financing Gap		<i>a</i>	\$8,256,000
Total Building Sq. Ft.		<i>b</i>	100,000
Maximum Fee per Sq. Ft.		<i>c = a / b</i>	\$82.56
Potential Fee Range			
10% of Maximum		<i>d = c * 10%</i>	\$8.26
15% of Maximum		<i>e = c * 15%</i>	\$12.38
20% of Maximum		<i>f = c * 20%</i>	\$16.51
Fee Program Administration			
10% of Maximum		<i>g = d * 3%</i>	\$0.25
15% of Maximum		<i>h = e * 3%</i>	\$0.37
20% of Maximum		<i>i = f * 3%</i>	\$0.50
Potential Fee Range including Administrative Fee			
10% of Maximum		<i>j = d + g</i>	\$8.50
15% of Maximum		<i>k = e + h</i>	\$12.76
20% of Maximum		<i>l = f + i</i>	\$17.01

APPENDIX A:
Assumptions and Sources



**Table A-1
Assumptions and Sources
Pleasanton Housing Impact Fee, EPS #151111**

Item	Total	Unit	Source
Demographic Assumptions			
Workers per Household with Workers	1.67 persons		American Community Survey Estimate 2010-2014
Persons per Household	2.89 persons		American Community Survey Estimate 2014
Persons per Family	3.25 persons		American Community Survey Estimate 2014
Employment Density Assumptions			
Hotels/Motel	2,000 sq. ft. per employee		City of Pleasanton/EPS
Retail	440 sq. ft. per employee		City of Pleasanton/EPS
Office/Light Industrial/R&D [1]	400 sq. ft. per employee		City of Pleasanton/EPS

[1] Reflects an average of various employment densities with office uses likely to generate significantly higher employment densities than light industrial uses.

Sources: American Community Survey, City of Pleasanton, and EPS.

APPENDIX B:
Occupation Distribution by Employment

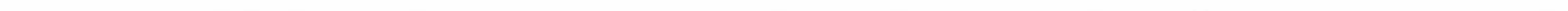


Table B-1
Occupation and Wage Distribution - Hotels/Lodging
Pleasanton Housing Impact Fee, EPS #151111

Hotels/Lodging

Occupation Category	US Total Jobs		US Avg. Wage by Occ. in Industry	Lodging [1]		HH Income at 1.67 workers/HH	Income Category
	by Occ. in Industry	East Bay Wage Est. [2]		% of Industry Jobs in Occ. Category			
Management	81,230	\$67,401	\$75,000	4.22%	\$145,610	Above Mod	
Business and Financial Operations	27,890	\$60,537	\$52,290	1.45%	\$100,854	Moderate	
Computer and Mathematical Science	2,820	\$70,153	\$58,330	0.15%	\$116,875	Above Mod	
Architecture and Engineering	400	\$78,334	\$64,870	0.02%	\$130,505	Above Mod	
Life, Physical, and Social Science	130	\$67,761	\$54,650	0.01%	\$112,889	Above Mod	
Community and Social Services	150	\$44,707	\$36,710	0.01%	\$74,481	Median	
Legal Occupations	100	\$112,160	\$102,360	0.01%	\$186,858	Above Mod	
Education, Training and Library	820	\$41,140	\$35,900	0.04%	\$68,539	Median	
Arts, Design, Entertainment, Sports, and Media	7,960	\$50,780	\$48,140	0.41%	\$84,600	Moderate	
Healthcare Practitioner and Technical	490	\$73,521	\$52,760	0.03%	\$122,486	Above Mod	
Healthcare Support	8,350	\$55,651	\$41,030	0.43%	\$92,715	Moderate	
Protective Services	44,340	\$37,694	\$29,310	2.30%	\$62,798	LI - 80	
Food Preparation and Serving	479,760	\$28,436	\$26,860	24.94%	\$47,375	LI - 60	
Buildings and Grounds Cleaning and Maintenance	549,730	\$28,920	\$23,530	28.58%	\$48,180	LI - 60	
Personal Care and Service	148,690	\$29,201	\$26,700	7.73%	\$48,649	LI - 60	
Sales and Related Occupations	52,700	\$42,109	\$36,550	2.74%	\$70,154	Median	
Office and Administrative Support	356,770	\$32,119	\$26,240	18.54%	\$53,510	LI - 80	
Farming, Fishing and Forestry	640	\$30,236	\$27,150	0.03%	\$50,374	LI - 80	
Construction and Extraction	3,840	\$62,783	\$47,580	0.20%	\$104,597	Above Mod	
Installation, Maintenance, and Repair	95,210	\$42,270	\$34,590	4.95%	\$70,422	Median	
Production	37,610	\$29,595	\$25,680	1.95%	\$49,305	LI - 60	
Transportation and Material Moving	24,180	\$30,562	\$25,170	1.26%	\$50,950	LI - 80	
Total or Weighted Average	1,923,810	\$33,970		100.00%	\$56,594		

[1] Includes NAICS Sector: 721000 - Accommodation.

[2] Adjusted using factors calculated in Table 7.

Source: BLS and EPS.

Table B-2
Occupation and Wage Distribution - Retail
Pleasanton Housing Impact Fee, EPS #151111

Retail

Occupation Category	RETAIL [1]					Income Category
	US Total Jobs by Occ. in Industry	US Avg. Wage by Occ. in Industry	East Bay Wage Est. [2]	% of Industry Jobs in Occ. Category	HH Income at 1.67 workers/HH	
Management	665,510	\$82,639	\$96,303	2.38%	\$160,441	Above Mod
Business and Financial Operations	185,220	\$60,223	\$69,721	0.66%	\$116,155	Above Mod
Computer and Mathematical Science	51,280	\$66,408	\$79,868	0.18%	\$133,061	Above Mod
Architecture and Engineering	3,870	\$67,655	\$81,697	0.01%	\$136,108	Above Mod
Life, Physical, and Social Science	690	\$62,102	\$77,000	0.00%	\$128,282	Above Mod
Community and Social Services	2,220	\$39,082	\$47,596	0.01%	\$79,284	Median
Legal Occupations	1,530	\$81,820	\$89,653	0.01%	\$149,362	Above Mod
Education, Training and Library	10,620	\$31,952	\$36,616	0.04%	\$61,002	LI - 80
Arts, Design, Entertainment, Sports, and Media	136,520	\$35,001	\$36,920	0.49%	\$61,509	LI - 80
Healthcare Practitioner and Technical	518,140	\$63,672	\$88,726	1.85%	\$147,818	Above Mod
Healthcare Support	83,770	\$31,905	\$43,275	0.30%	\$72,096	Median
Protective Services	93,170	\$28,786	\$37,021	0.33%	\$61,676	LI - 80
Food Preparation and Serving	10,111,730	\$21,419	\$22,676	36.12%	\$37,779	VLI
Buildings and Grounds Cleaning and Maintenance	219,700	\$23,673	\$29,095	0.78%	\$48,472	LI - 60
Personal Care and Service	723,410	\$27,412	\$29,980	2.58%	\$49,947	LI - 80
Sales and Related Occupations	9,240,780	\$26,717	\$30,780	33.01%	\$51,279	LI - 80
Office and Administrative Support	2,923,950	\$27,399	\$33,537	10.45%	\$55,873	LI - 80
Farming, Fishing and Forestry	19,990	\$24,248	\$27,005	0.07%	\$44,990	LI - 60
Construction and Extraction	42,530	\$41,155	\$54,305	0.15%	\$90,472	Moderate
Installation, Maintenance, and Repair	830,320	\$38,939	\$47,585	2.97%	\$78,276	Median
Production	635,610	\$27,606	\$31,815	2.27%	\$53,003	LI - 80
Transportation and Material Moving	1,491,680	\$24,968	\$30,337	5.33%	\$50,541	LI - 80
Total or Weighted Average	27,992,250		\$31,719	100.00%	\$52,844	

[1] Includes NAICS Sectors: 44 and 45 - Retail Trade; 532000 - Rental and Leasing Services; 722000 - Food Services and Drinking Places, and 812000 - Personal and Laundry Services
 [2] Adjusted using factors calculated in Table 7.

Source: BLS and EPS.

Table B-3
Occupation and Wage Distribution - Office/Light Industrial/R&D
Pleasanton Housing Impact Fee, EPS #151111

Office/Light Industrial/R&D

Occupation Category	US Total Jobs		US Avg. Wage by Occ. in Industry	Office/Light Industrial/R&D (1)		HH Income at 1.67 workers/HH	Income Category
	by Occ. in Industry	East Bay Wage Est. (2)		% of Industry Jobs in Occ. Category			
Management	3,995,870	\$147,134	\$126,257	6.59%	\$245,125	Above Mod	
Business and Financial Operations	4,827,800	\$87,308	\$75,414	7.96%	\$145,455	Above Mod	
Computer and Mathematical Science	3,236,430	\$104,741	\$87,089	5.34%	\$174,499	Above Mod	
Architecture and Engineering	2,148,450	\$98,354	\$81,448	3.54%	\$163,857	Above Mod	
Life, Physical, and Social Science	695,620	\$92,704	\$74,767	1.15%	\$154,446	Above Mod	
Community and Social Services	50,470	\$56,483	\$46,380	0.08%	\$94,100	Moderate	
Legal Occupations	769,170	\$115,868	\$105,744	1.27%	\$193,036	Above Mod	
Education, Training and Library	108,450	\$43,343	\$49,669	0.18%	\$82,748	Median	
Arts, Design, Entertainment, Sports, and Media	1,048,550	\$64,300	\$50,956	1.73%	\$107,124	Above Mod	
Healthcare Practitioner and Technical	485,680	\$88,714	\$63,663	0.80%	\$147,797	Above Mod	
Healthcare Support	183,410	\$37,952	\$27,981	0.30%	\$63,229	LI - 80	
Protective Services	900,390	\$37,496	\$29,156	1.48%	\$62,469	LI - 80	
Food Preparation and Serving	221,920	\$24,933	\$23,551	0.37%	\$41,539	V/LI	
Buildings and Grounds Cleaning and Maintenance	2,188,210	\$32,159	\$26,166	3.61%	\$53,577	LI - 80	
Personal Care and Service	232,260	\$27,224	\$24,893	0.38%	\$45,356	LI - 60	
Sales and Related Occupations	4,746,920	\$69,993	\$60,753	7.83%	\$116,608	Above Mod	
Office and Administrative Support	12,242,040	\$37,306	\$37,306	20.19%	\$76,077	Median	
Farming, Fishing and Forestry	92,120	\$30,690	\$27,558	0.15%	\$51,130	LI - 80	
Construction and Extraction	4,339,630	\$61,158	\$46,348	7.16%	\$101,889	Above Mod	
Installation, Maintenance, and Repair Production	3,511,320	\$56,220	\$46,006	5.79%	\$93,662	Moderate	
Transportation and Material Moving	7,912,280	\$41,212	\$35,760	13.05%	\$68,659	Median	
	6,704,800	\$42,993	\$35,385	11.06%	\$71,627	Median	
Total or Weighted Average	60,641,790	\$64,746		100.00%	\$107,666		

(1) Includes NAICS Sectors: 51 - Information; 52 - Finance and Insurance; 53 - Real Estate and Rental and Leasing (excluding 532000 - Rental and Leasing Services); 54 - Professional, Scientific, and Technical Services (excluding 541700 - Scientific Research and Development Services); 55 - Management of Companies and Enterprises; 561000 - Admin. and Support Services; 22 - Construction; 23 - Utilities; 31, 32, and 33 - Manufacturing; 42 - Wholesale Trade; 48 and 49 - Transportation & Warehousing; 541700 - Scientific R&D Services; and 811000 - Repair and Maintenance.
(2) Adjusted using factors calculated in Table 7.

Source: BLS and EPS.

ATTACHMENT 2



CITY COUNCIL OF THE CITY OF PLEASANTON

ALAMEDA COUNTY, CALIFORNIA

RESOLUTION NO. 02-009

**RESOLUTION APPROVING A REQUEST BY BAY AREA
SELF-STORAGE FOR A REDUCTION IN THE LOWER
INCOME HOUSING FEE FOR AN APPROVED STORAGE
FACILITY AT 3101 VALLEY AVENUE (CASE PUD-15)**

WHEREAS, Bay Area Self-Storage received approval on January 15, 2002, to construct a 139,928 square foot self-storage facility to be located at 3101 Valley Avenue; and

WHEREAS, Bay Area Self-Storage has requested a reduction in the City's Lower Income Housing Fee from approximately \$72,763 to approximately \$17,871; and

WHEREAS, the Pleasanton Municipal Code Section 17.40.050 states that the City Council may reduce the required fee for a commercial, office, or industrial development project if it can be determined that the use will generate fewer workers than typical C/O/I uses and that the building design could not accommodate other use types without substantial renovation; and

WHEREAS, the approved self-storage facility meets the criteria stated in Section 17.40.050 of the Pleasanton Municipal Code; and

WHEREAS, the self-storage facility will pay all other appropriate City fees as required for the project; and

WHEREAS, at its meeting of January 15, 2002, the City Council reviewed the report of the Planning Department (SR 02:005) regarding the request by Bay Area Self-Storage for a reduction in the Lower Income Housing Fee for the self-storage facility project (PUD-15).

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PLEASANTON RESOLVES AS FOLLOWS:

Section 1: Approves a reduction of the Lower Income Housing Fee for the self-storage project. Specifically, the on-site manager's residence and office shall be subject to the normal fee of \$0.52 per square foot (or as otherwise in effect at the time building permits are obtained for the project). The remaining portion of the buildings devoted to storage uses shall be subject to a fee of \$0.12 per square foot. The total amount of payment of Lower Income Housing Fees for the project shall be approximately \$17,871.

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

I HEREBY CERTIFY THAT THE FOREGOING WAS DULY AND REGULARLY ADOPTED BY THE CITY COUNCIL OF THE CITY OF PLEASANTON, AT A MEETING HELD ON JANUARY 15, 2002 BY THE FOLLOWING VOTE:


AYES: Councilmembers - Ayala, Campbell, Dennis, and Michelotti
NOES: Mayor Pico
ABSENT: None
ABSTAIN: None

ATTEST:



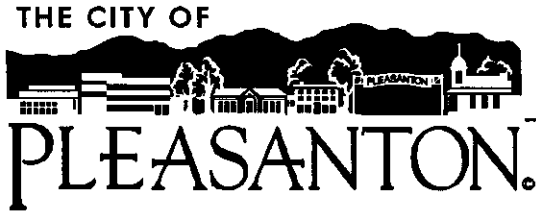
Peggy L. Ezidro, City Clerk

APPROVED AS TO FORM:



Michael H. Roush, City Attorney

ATTACHMENT 3



**City Council
Staff Report**

Januray 15, 2002
Planning Department

- SUBJECT:** PUD-15
- APPLICANT:** Bay Area Self-storage
- PROPERTY OWNERS:** Hunter Thornwood Properties
- PURPOSE:** Application for PUD rezoning and development plan approval for the construction of a 139,928 sq. ft. self-storage facility.
- LOCATION:** 3101 Valley Avenue (adjacent to the northeast corner of Valley Avenue/ Stanley Boulevard/ Bernal Avenue)
- GENERAL PLAN:** General and Limited Industrial
- ZONING:** PUD (Planned Unit Development) – I (Industrial) and S (Study) Districts
- PLANNING COMMISSION RECOMMENDATION:**
Recommend approval, subject to the conditions of approval in Exhibit B.
- STAFF RECOMMENDATION:**
Approve by taking the following actions:
- 1) Find that a Negative Declaration is appropriate for this project and adopt a resolution:
 - 2) Find that the PUD rezoning and development plan are consistent with the General Plan and the purposes of the PUD ordinance; and
 - 3) Introduce the attached draft ordinance approving the development plan for Case PUD-15, subject to the conditions listed in Exhibit

B; and

- 4) Approve a reduction in the Lower Income Housing Fee for the project by adopting the proposed draft resolution.

SUMMARY

This undeveloped parcel is a portion of the former Southern Pacific Railroad (SPRR) right-of-way and has limited access from Valley Avenue. The self-storage facility would be designed using architectural elements of historic railroad buildings, feature two public art murals on one of the storage buildings, and have photovoltaic panels sufficient to power the office and manager's apartment unit. The project proponents would install a portion of the Iron Horse trail/ sidewalk along the site's Valley Avenue frontage and dedicate right-of-way for the future extension of Boulder Street across the project site. In accordance with a provision in Section 17.050.040 of the Municipal Code, the project proponents are also requesting a reduction in the commercial/office/industrial (C/O/I) sq. ft. fee Low Income Housing Fee due to the lower number of employees on a sq. ft. basis generated by self-storage facilities in comparison to other C/O/I uses, such as office, retail, etc.

Honorable Mayor and Members of the City Council:

BACKGROUND

This parcel is a part of the former Southern Pacific Railroad (SPRR) right-of-way acquired by Union Pacific Railroad (UPRR) when the two companies merged. While the majority of the former SPRR rail corridor was acquired in the 1980s by Alameda County, the UPRR retained a small area close to the intersection of Stanley Boulevard/ Valley Avenue/ Bernal Avenue for operation of a rail spur for occasional transports to/from the concrete products manufacturers in the area. UPRR has stopped this service, removed the spur, and sold the property to the self-storage project proponents. This parcel has limited access to Valley Avenue due to the grade change along its Valley Avenue frontage. This parcel has no access to Stanley Boulevard and is separated from this roadway by the 200 ft. railroad-owned parcel with UPRR's active rail line.

PROJECT DESCRIPTION

The proposed 139,928 sq. ft. self-storage facility would include a two-story building containing the approximately 1,350 sq. ft. manager's apartment and 1,350 sq. ft. rental office, and six, single-story self-storage buildings, totaling 137,228 sq. ft. The facility has been designed to reflect the historic railroad use of the site with a craftsman-style architectural theme, similar to the style used for the design of the old railroad stations in Pleasanton and Danville. Public art, in the form of two wall murals would be commissioned for a portion of the building wall on storage building A. The developer has agreed to participate in the Green Building Council's LEED program and estimates the facility would be able to achieve a minimum "Certified" rating. Also, the project would include the installation of photovoltaic panels on the roof of one of the storage buildings sufficient to power the rental office and manager's apartment. An 8 ft.

wide separated, meandering concrete sidewalk/ trail, a portion of the Iron Horse Trail, would be constructed along the site's Valley Avenue frontage, consistent with the transportation corridor shown on the City's General Plan and in the City's Parks and Recreation Trails Master Plan along a portion of this site. The project proponents would also make an open offer of dedication for right-of-way necessary to extend Boulder Street across this site, if deemed desirable as an outcome of the current East Pleasanton Circulation Study.

For a more detailed description of the PUD development plan, please see the attached Planning Commission staff reports.

PLANNING COMMISSION ACTION

The project was reviewed by the Planning Commission at two meetings. At its meeting on October 10, 2001, while the general consensus of the Commission was that the facility was well-designed, additional information on the several broader planning issues, including use of the site for affordable housing, status of the transportation corridor, and a review of other projects in the immediate area, was requested by the Commission for its review at a subsequent hearing. Also, the Commission requested the applicant provide additional photomontage vantage points of the facility as it would appear from the intersection of Valley Avenue/ Bernal Avenue/ Stanley Boulevard and traveling on Stanley Boulevard.

At the second hearing on November 28, 2001, the Commission recommended approval (3-1 vote) of the project to the City Council. Commissioner Sullivan voted not to approve the project as he felt that although this appeared to be a good project, he did not want to approve any projects in this area until an East Pleasanton Specific Plan was undertaken. Commissioner Arkin, although voting to approve the project, also stated his concern that the Council should proceed with an East Pleasanton Specific Plan.

For a detailed description of the discussion at these meetings, please see the attached Planning Commission minutes.

DISCUSSION

Staff believes that the issues raised by the Commission at its first hearing on this project were both interesting and thoughtful "bigger picture" planning questions. As stated earlier in this report, the Commission generally liked the design of the self-storage facility, but it had reservations about its part in the large planning picture, particularly the focus on identifying potential sites for affordable housing, ways to extend BART service to Livermore, and addressing the energy needs of the community. The information provided in the November 28, 2001 supplemental Planning Commission staff report answered, to the majority of the Commission's satisfaction, those larger issues, or at least showed how the development of this proposal would fit into the future development of this area. In staff's opinion, it does, and, in many respects, such as the dedication of the right-of-way for Boulder Street, the construction of a

portion of the Iron Horse Trail, and the generation of its own power for its manager's unit, it would complement those goals.

As the City Council recalls, an East Pleasanton Specific Plan was not a priority project of the Council's. Rather, the City Council directed staff to conduct an East Pleasanton Circulation Study, which is on-going. In staff's view, this small project utilizing surplus railroad land at the edge of the study area and subject to numerous physical constraints for any other type of development does not negatively impact any future planning efforts in the East Pleasanton area.

A detailed analysis of the proposed PUD development plan and these large planning issues is included in the attached Planning Commission reports.

REQUEST FOR A REDUCTION IN THE LOWER INCOME HOUSING FEE

The current Lower Income Housing Fee for commercial, office, and industrial (C/O/I) development is \$0.52 per square foot. However, Section 17.40.050 of the Municipal Code states that the City Council may approve a reduction in the fee for projects which will generate fewer workers than typical C/O/I uses and projects in which the building design could not accommodate other uses without substantial renovation. The Code specifically lists "exclusive storage buildings" as an example of such a use.

The project proponents propose to pay the normal \$0.52 per square foot for the on-site manager's office and apartment (approximately 2,700 sq. ft., or \$1,404). However, the developer has requested a reduction in the fee for the remaining storage buildings, similar to the reduction granted to the Central Self-storage project on Stanley Boulevard when it was approved in August, 1997. The reduced fee paid by that project for its storage buildings was 22% of the \$0.45 fee per sq. ft. in effect at that time, or \$0.10 per sq. ft. This proposed self-storage facility would have three employees, less than one-fifth that of a regular warehouse, on a sq. ft. basis, on which the fee was established. Thus, staff believes that the previous 22% of the warehouse fee approved for the Central Self-storage project is still appropriate. Therefore, the developer would pay \$0.12 per sq. ft. for the 137,228 sq. ft. of storage buildings, totaling \$16,467. The total Low Income Housing fees collected for this project would total \$17,871. If the full rate of \$0.52 per square foot is paid for the entire project square footage, the developer would be required to pay \$72,763.

Staff believes the project meets the criteria established in Section 17.40.050 for the type of projects warranting a reduction in this fee for certain types of C/O/I projects. Specifically, the self-storage use would not generate workers at the rate of most types of C/O/I uses on which the fee was established. Additionally, the design of the facility would not easily be converted to other types of employee-generating uses without extensive modifications. If the facility were to be modified as some point in the future to accommodate other types of uses, the Municipal Code requires the new use pay the full Lower Income Housing Fee in effect at that time.

ENVIRONMENTAL ASSESSMENT

A negative declaration has been prepared for the proposed project. Staff believes that the project-related impacts are mitigated, with the mitigation measures incorporated in the project's design or referenced with conditions of approval, and that there would be no significant or unmitigated environmental impacts. Staff, therefore, believes that the Negative Declaration can be issued in conformance with the standards of the California Environmental Quality Act (CEQA). If the City Council concurs with this environmental assessment, it must make the finding that the Negative Declaration is appropriate prior to approving the project.

FISCAL IMPACT

The proposed development would have a negligible financial impact on the City. All increases in property and sales tax would be used to provide services, such as police, fire, etc., for the increased demand generated by the self-storage facility.

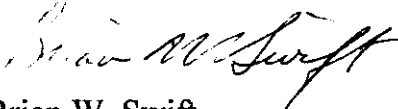
CONCLUSION

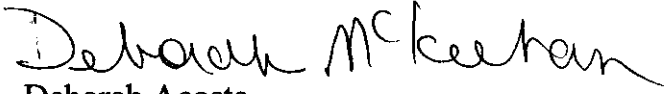
Staff believes that the proposed project is an appropriate land use for this site, with its irregular shape, limited access, and surrounding industrial uses and active rail line. In staff's opinion, the railroad architectural theme is unique and thoughtful. The developer has committed to working to obtain a "certified" rating of the Green Building Council's LEED program, as well as installing photovoltaics to provide power for the manager's unit/office building. The two wall murals would expand the variety of public art available in Pleasanton. Self-storage facilities are one of the lowest trip-generating land uses which satisfactorily addresses the site's limited vehicular access. Also, pedestrian access in this area would be expanded with the proposed construction of the 8 ft. wide sidewalk/ Iron Horse trail along the project's Valley Avenue frontage. Based on these attributes, staff believes that the proposed project would be appropriate for this location.

STAFF RECOMMENDATION

Staff recommends that the Council approve Case PUD-15 by taking the actions listed in the preceding summary section.

Respectfully Submitted,


Brian W. Swift
Director of Community Development


Deborah Acosta
City Manager

Attachments:

- 1) Draft Ordinance and Resolutions
- 2) Excerpts of the November 28, 2001 Planning Commission Hearing
- 3) Planning Commission Staff Report for November 28, 2001
- 4) Excerpts of the October 10, 2001 Planning Commission Hearing
- 5) Planning Commission Staff Report for October 10, 2001
- 6) Location Map
- 7) Negative Declaration
- 8) Narrative from Bay Area Self-storage Proponents
- 9) Letter and Plan Showing Parcel to be acquired at Project entrance
- 10) Exhibit "A" dated "Received September 28, 2001" including Narrative, Site Plan, Architectural Elevations and Manager's Apartment/Office Floorplan, Landscaping Plan, Tree Removal Plan, Preliminary Site Grading Plan, and Valley Avenue Median Modification Plan
- 11) Traffic Report
- 12) Aerial Photo showing General Plan and Zoning Designations, as well as Land Ownership and Project Descriptions in the Area Immediately Surrounding the Project Site
- 13) Photomontage of Project from Three Vantage Points
- 14) Color Renderings
- 15) Exhibit "B" – Conditions of Approval

ATTACHMENT 4

CITY COUNCIL OF THE CITY OF PLEASANTON

ALAMEDA COUNTY, CALIFORNIA

RESOLUTION NO. 97-100

RESOLUTION APPROVING A REQUEST BY THE PEGASUS GROUP FOR A REDUCTION IN THE LOWER INCOME HOUSING FEE FOR AN APPROVED STORAGE FACILITY AT STANLEY BOULEVARD AND VALLEY AVENUE (PUD-97-6)

WHEREAS, the Pegasus Group received approval on July 1, 1997, to construct a 72,000 square foot self-storage facility to be located at Stanley Boulevard and Valley Avenue (PUD-97-6); and

WHEREAS, the developer has requested a reduction in the City's Lower Income Housing Fee from approximately \$32,500 to approximately \$8,000; and

WHEREAS, the Municipal Code Section 17.40.050 states that the City Council may reduce the required fee for a commercial, office, or industrial development project if it can be determined that the use will generate fewer workers than typical C/O/I uses and that the building design could not accommodate other use types without substantial renovation; and

WHEREAS, the approved self-storage facility meets the criteria stated in Section 17.40.050 of the Municipal Code; and

WHEREAS, the self-storage facility will pay all other appropriate City fees as required for the project; and

WHEREAS, at its meeting of August 5, 1997, the City Council reviewed the report of the Housing Division (SR 97:231) regarding the request by the Pegasus Group for a reduction in the Lower Income Housing Fee for the self-storage facility project (PUD-97-6);

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PLEASANTON RESOLVES AS FOLLOWS:

Section 1: Council approves a reduction of the Lower Income Housing Fee for the self-storage project. Specifically, the on-site manager's residence and office shall be subject to the normal fee of \$0.45 per square foot (or as otherwise in effect at the time building permits are obtained for the project). The remaining portion of the buildings devoted to storage uses shall be subject to a fee of \$0.10 per square foot. The total amount of payment of Lower Income Housing Fees for the project shall be approximately \$8,000.

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

I HEREBY CERTIFY THAT THE FOREGOING WAS DULY AND REGULARLY ADOPTED BY THE CITY COUNCIL OF THE CITY OF PLEASANTON, AT A MEETING HELD ON AUGUST 5, 1997 BY THE FOLLOWING VOTE:

AYES: Councilmembers - Ayala, Dennis, and Michelotti

NOES: Mayor Tarver

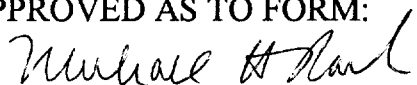
ABSENT: Councilmember Pico

ABSTAIN: None

ATTEST:


Peggy L. Ezidro, City Clerk

APPROVED AS TO FORM:



Michael H. Roush, City Attorney

Megan Campbell

Subject: P19-0128 and P19-0129 Public Storage, 3716 Stanley Boulevard

From: Laleh Brown
Sent: Tuesday, October 20, 2020 11:06 AM
To: Megan Campbell
Subject: Fwd: P19-0128 and P19-0129 Public Storage, 3716 Stanley Boulevard

Hello Ms. Campbell,

My name is Laleh Brown and I live in the California Reflections Development, adjacent to the current storage unit.

I am concerned about raising the buildings to three stories in an already unsightly area. The storage unit is unattractive as it is and to raise it even further would be an eyesore to say the least. This is not an improvement but a degradation of the area. Do these people even have enough business as it is to justify this increase?

Thanks for taking into account my concerns.

Sincerely,

Laleh Brown


Click [here](#) to report this email as spam.

Stefanie Ananthan

Subject:

FW: Public Storage - Item #5 on Tomorrow's Planning Commission Agenda

SUPPLEMENTAL MATERIAL

Provided to the Planning Commission
After Distribution of Packet

Date Distributed: 10/28/20 SA

From: Sharon Piekarski [REDACTED]

Sent: Tuesday, October 27, 2020 2:47 PM

To: Stefanie Ananthan <sananthan@cityofpleasantonca.gov>

Cc: Mike Tassano <MTassano@cityofpleasantonca.gov>; Matthew Nelson <manelson@cityofpleasantonca.gov>

Subject: Public Storage - Item #5 on Tomorrow's Planning Commission Agenda

Dear Commissioners,

When the Commission originally considered approval of the changes to the Public Storage facility on Stanley Blvd I had expressed my objections to using concessions gained for completion of a portion of trail along Nevada Street.

My primary objection was the lack of connectivity on either end of the portion of trail to be completed and I have spoken with several of you about this concern.

I have visited the site again and now understand it would connect to the improvements under construction along Irby Ranch between Stanley and the Humane Society and fills a gap between the Humane Society building and the fire station which is currently unimproved.

To solve a big issue with connectivity I would like the city to commit to adding a bicycle/pedestrian crossing of Bernal at the foot of Nevada Street. This would connect the facilities along Nevada street to trails in Shadow Cliffs and would make the trail improvements of benefit to the community at large, not just to a very limited number of households in Irby Ranch and Sunflower Hill. This crossing is currently included in the Trails Master Plan.

Thank you for your consideration.

These opinions are mine alone and not those of the Bicycle Pedestrian Trails Committee of which I am a member.

Sharon Piekarski

[REDACTED] Churchill Ct

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Megan Campbell

Subject: FW: Correspondence for Planning Commission - Public Storage

From: Stefanie Ananthan

Sent: Tuesday, October 27, 2020 3:38 PM

To: Ellen Clark; Melinda Denis; Steve Otto; Julie Harryman; Megan Campbell

Subject: FW: Correspondence for Planning Commission - Public Storage

Good Afternoon Commissioners and Staff,

As requested by Commissioner Allen, please see below email and images pertaining to Item 5 (Public Storage) on tomorrow night's agenda.

Kindly,
Stefanie

Stefanie Ananthan

Office Manager, Community Development Department

D: 925-931-5602

F: 925-931-5483

sananthan@cityofpleasantonca.gov

City of Pleasanton | P.O. Box 520, Pleasanton, CA 94566



From: Nancy Allen [REDACTED]

Sent: Tuesday, October 27, 2020 12:01 PM

To: Ellen Clark

Subject: updated request

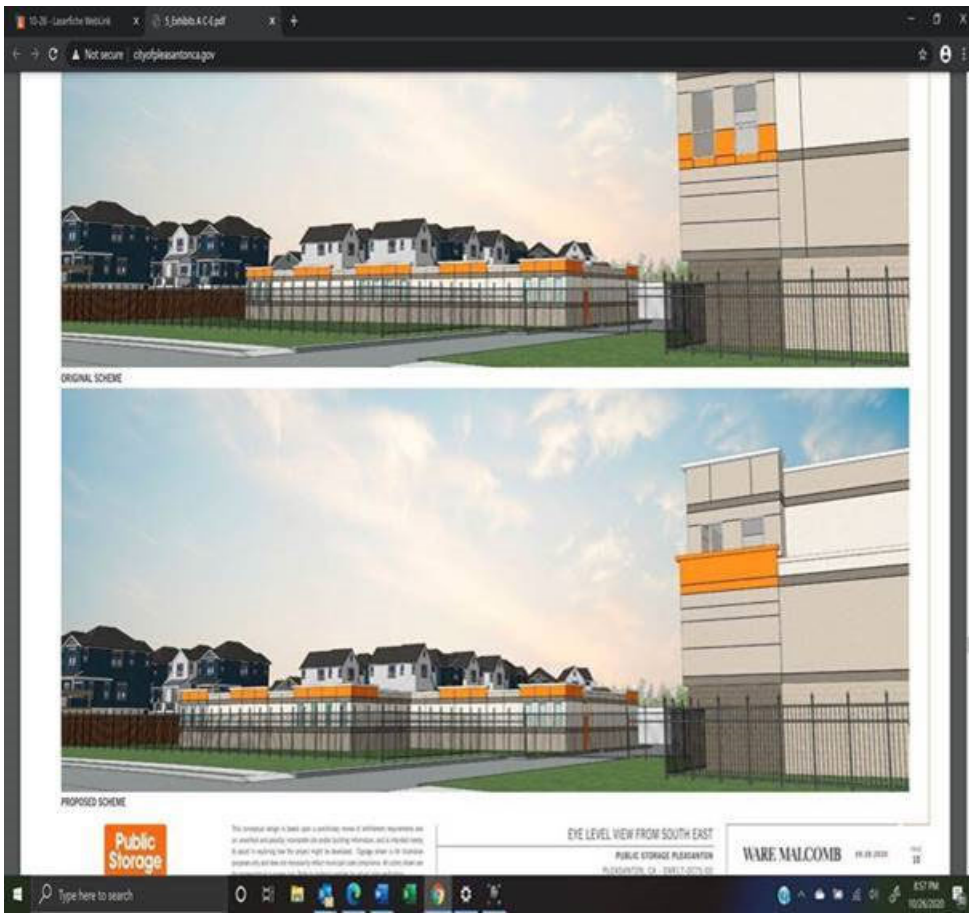
Hi Ellen,

I would appreciate if you could share this with the other commissioners and add to the public record.

At our workshop, I was led to believe that Public Storage requires their orange branding to be prominently displayed on the trim of their buildings (beyond their sales office). However, this is in conflict with many examples I am seeing. In some cases, these building are designed to look like a nice office building vs. an industrial building.

To the left is our rendering as viewed from Nevada Street (and possibly homes at Irby Ranch)

Nancy



Pleasanton
Diego

Dublin
San



Colorado

Walnut Creek



Dublin

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Stefanie Ananthan

Subject: FW: Public Storage Building

-----Original Message-----

From: Ellen Holt

Sent: Wednesday, October 28, 2020 3:01 PM

To: Stefanie Ananthan <sananthan@cityofpleasantonca.gov>

Subject: Public Storage Building

SUPPLEMENTAL MATERIAL
Provided to the Planning Commission
After Distribution of Packet

Date Distributed: 10/28/20 SA

Please forward to the planning commission.

Planning Commission,

Please do not allow the proposed Public Storage building to paint its building with the bright orange band. This would be such an eye sore and seems inconsistent with other corporate entities in our community. Pleasanton seems to have adhered to a higher standard for more muted and pleasing color palettes throughout town. I encourage consistency in practice for this and future business proposals.

Thank you for your consideration,

Ellen Holt

Click https://www.mailcontrol.com/sr/bAVjasZh_6jGX2PQPOMvUmET9b5tVcUOtp-iDSG5sHXocrQSR1ElhN5Pa8Y5arOruft8Be_Hli6sCq9I-zBdpQ== to report this email as spam.

Stefanie Ananthan

Subject: FW: Public Storage Planning Commission Agenda Item - please forward to commission and staff

SUPPLEMENTAL MATERIAL
Provided to the Planning Commission
After Distribution of Packet

From: KAY AYALA [REDACTED]

Sent: Wednesday, October 28, 2020 4:09 PM

To: Stefanie Ananthan <sananthan@cityofpleasantonca.gov>

Date Distributed: 10/28/20 SA

Subject: Public Storage Planning Commission Agenda Item - please forward to commission and staff

Planning Commissioners,

I am concerned that "orange trim" on the Public Storage project will not compliment the 100+ housing unit on the Irby site next door. I would like to speak for these perspective residents and ask you to look to the General Plan that discourages franchise and prototype architecture, signage as well as minimizing bright franchise colors.

The neighbors can't be there since most units are not occupied. Please represent them and make this project "a good neighbor."

Thanks for your consideration and service to our community,

Kay Ayala
[REDACTED] Gatetree Circle
Pleasanton

Click [here](#) to report this email as spam.

Stefanie Ananthan

Subject: FW: Public Storage

SUPPLEMENTAL MATERIAL
Provided to the Planning Commission
After Distribution of Packet

Date Distributed: 10/28/20 SA

-----Original Message-----

From: KATHLEEN RUEGSEGGER
Sent: Wednesday, October 28, 2020 4:32 PM
To: Stefanie Ananthan <sananthan@cityofpleasantonca.gov>
Subject: Public Storage

Good afternoon,

I would like to register a protest regarding the newest Public Storage facility. Please DO NOT allow the garish orange on this structure (no matter how many stories you agree to). The neighbors do not realize what you have planned, and in fact, I only learned about it today. The neighbors were notified of the structure, but not that orange would be the color.

You have the right to limit the colors, even corporate colors. This company does have structures that are not orange. The orange worked over on First St. near Richert Lumber, but it does not work next to homes.

Please do not allow the orange.

Kathleen Ruegsegger
Vista Diablo Ct.
Pleasanton, CA 94566

Click

https://www.mailcontrol.com/sr/54Eo1zjz4vrGX2PQPOMvUh1RF3DQzt5fjLVqpakEeea7DdwDqJ6z5OyvC4B9VV2iuft8Be_Hli4bMAc-oOGgZg== to report this email as spam.

Holland & Knight

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Holland & Knight LLP | www.hklaw.com

Tamsen Plume
+1 415-743-6941
tamsen.plume@hklaw.com

Emily M. Lieban
+1 415-743-6946
Emily.Lieban@hklaw.com

November 30, 2020

Via E-mail (dsodergren@cityofpleasantonca.gov)

Daniel Sodergren
City Attorney
City of Pleasanton
PO Box 520
Pleasanton, CA 94566

Re: Agenda Item 16, City Council Meeting on December 1, 2020

Dear Mr. Sodergren:

Our client, Public Storage, submitted an application for a use permit to allow the renovation of a self-storage facility, on a 6.59-acre lot at 3716 Stanley Boulevard in Pleasanton, California (the “Project”). The Project involves the demolition of a portion of the existing facility and construction of a new three-story building resulting in the net addition of 165,756 square feet. On October 28, 2020, the Project came before the Planning Commission, which approved the Project, subject to specified conditions. On November 11, 2020, Public Storage submitted a formal request pursuant to Section 17.40.050 of the Pleasanton Municipal Code for a reduction of the Affordable Housing Fee.

As part of the Staff Report prepared for the December 1, 2020 hearing (“Staff Report”), the City staff provided five options for action, including no reduction, a reduction consistent with prior reductions, the applicant request, a hybrid approach, and a reduction based on a nexus study produced by the San Diego Association of Governments. In light of the extremely low number of employees (3-5) generated by the self-storage Project, Public Storage respectfully requests that the City adopt Option 3 consistent with the Mitigation Fee Act.

A. Background on Pleasanton Affordable Housing Linkage Fee and Mitigation Fee Act

The Mitigation Fee Act (Government Code § 66000 et seq.) provides the requirements for development impact fee programs, and, essentially, codifies the requirements the U.S. Supreme

Court established in its seminal decisions, *Nollan v. California Coastal Commission*, 483 U.S. 825 (1987) and *Dolan v. City of Tigard*, 512 U.S. 319 (1994). *Nolan* and *Dolan* established the requirements that land use exactions must substantially advance the same government interest that would furnish a valid ground for denial of the permit and that such exactions must also be “roughly proportional” both in nature and extent to the impact of the proposed development, the elements of any Mitigation Fee Act “nexus” analysis.

On November 6, 1990, the City adopted a commercial linkage fee for affordable housing, codified at Pleasanton Municipal Code (“PMC”) chapter 17.40 (“Ordinance”). Ordinance No. 1488 states in relevant part that the fee is necessary to “reduce the adverse impacts of new development” and that “the fee applicable to a particular development bears a fair and reasonable relationship to each such developer’s burden on, and benefit from, the City’s affordable housing to be funded by this Ordinance.”¹

On September 18, 2018, the City updated its commercial linkage fee. The staff report associated with the update specifically explained that the fees were subject to AB 1600 (Government Code § 66000 et seq.), the Mitigation Fee Act, which required the City to “[d]etermine how there is a reasonable relationship between the fee’s use and type of development project on which the fee is imposed.”² As the staff report explains, “the City established several development impact fees to mitigate the impact of new housing and commercial developments on the City’s facilities, infrastructure, and available affordable housing.”³ The staff report also distinguishes between the in lieu fees charged to residential developments that are required to comply with the Inclusionary Zoning Ordinance and the Affordable Housing Fee which is charged to non-residential projects.⁴

To support the fee, the City commissioned a “nexus” study from Economic & Planning Systems, Inc. that demonstrated that, to fully mitigate the impacts of new nonresidential projects on the need for affordable housing, an affordable housing impact fee ranging from \$49.69 to \$211.08 per square foot (depending on use type) would be required to mitigate needs created by new nonresidential development.⁵ The Nexus Study itself explains, “As a development impact fee, the nonresidential linkage fee (fee) can only be charged to new development and must be based on the impact of new development on the need for resources to subsidize the development of new affordable housing.”⁶

¹ Ordinance No. 1488.

² City Council, Staff Report, Consider Resolution Amending the Master Fee Schedule Effective January 1, 2019 to Include Changes to Capital Facility, Transportation and Affordable Housing Development Impact Fees (Sept. 18, 2018) (“Staff Report”), at 2.

³ *Id.*

⁴ *Id.*

⁵ Economics & Planning Systems, Inc., Draft Report, Nonresidential Development Housing Linkage Fee Nexus Study (February 2018) (“Nexus Study”), at 3.

⁶ *Id.* at 1.

We conclude that the above fee fits within the scope of the Mitigation Fee Act. It is a fee imposed to address the impacts of a development.⁷

While the courts have found that inclusionary housing requirements and in lieu fees for residential developments are exempt from the Mitigation Fee Act, fees charged to *nonresidential development* that are specifically designed to mitigate the impacts of those developments are plainly distinguishable. In *California Building Industry Association v. City of San Jose* (2015) 61 Cal. 4th 435, the Supreme Court found that when a municipality enacts a broad inclusionary housing ordinance to increase the amount of affordable housing in the community and to disperse new affordable housing in economically diverse projects throughout the community, the validity of the ordinance *does not* depend upon a showing that the restrictions are reasonably related to the impact of the particular development to which the ordinance applies.⁸ Instead, the restrictions must be reasonably related to the broad general welfare purpose for which they were enacted.⁹ The Supreme Court specifically distinguished this regime from the one at issue in *San Remo Hotel v. City and County of San Francisco* (2002) 27 Cal. 4th 643 in which the disputed ordinance “required a developer to pay a monetary fee [rather than] place a limit on the way a developer may use its property.”¹⁰ As the court explained in *616 Croft Ave., LLC v. City of West Hollywood* (2016) 3 Cal. App. 5th 621, affordable housing programs are only exempt when the fee is not “for the purpose of mitigating the adverse impact of new development, but rather to enhance the public welfare.”

By contrast—as illustrated in the City’s Ordinance No 1488 and in the Nexus Study—the goal of the nonresidential fee was to “reduce the adverse impacts of new development”¹¹ and “to mitigate the impact of new housing and commercial developments on the City’s facilities, infrastructure, and available affordable housing.”¹² The fee is, therefore, not an exercise of general police power to serve a broader goal of the kind in *CBIA*, but is instead intended to address the specific impacts of the project under review.¹³

B. Adjustment to Project Affordable Housing Linkage Fee

Section 17.40.050 of the Pleasanton Municipal Code provides:

The city council may reduce the required fee for a commercial, office or industrial development project when the project developer can demonstrate: (1) that the proposed

⁷ Gov. Code § 66001(a).

⁸ *CBIA v. City of San Jose* (2015) 61 Cal. 4th 435, 474.

⁹ *Id.*

¹⁰ *Id.* at 444.

¹¹ Ordinance No. 1488.

¹² Staff Report, at 2.

¹³ See also *616 Croft Ave., LLC v. City of West Hollywood* (2016) 3 Cal. App. 5th 621 (holding that “in lieu” fees voluntarily paid in place of inclusionary units is not an exaction under the Mitigation Fee Act because, *inter alia*, “the fee here is not to defray the cost of increased demand on public services resulting from [the] specific development project.”)

use will generate substantially fewer workers than the uses which have established the fee; and (2) that the building design is unable to house another use without substantial renovation. Examples of such uses are public utility facilities, exclusive storage buildings, etc.

Pursuant to this provision, Public Storage reiterates its request for an adjustment to the affordable housing linkage fee associated to reflect the appropriate nexus analysis for the Project.

1. Adjust the Affordable Housing Linkage Fee to Reflect Actual Employee per Square Foot Ratio of the Project.

The Nexus Study estimated that “Office/Light Industrial/R&D” developments would typically require 1 employee for every 400 square feet of development. Applying this ratio to the Project would result in approximately 414 employees. However, self-storage uses such as those anticipated by the Project typically result in only three to five employees, or approximately 0.72% to 1.21% of the number of employees the Nexus Study projects. The Project is designed to accommodate self-storage and cannot be converted to another use without substantial renovation. The design of the facility would not easily be converted to other types of employee-generating uses without extensive modifications. If the facility were to be modified at some point in the future to accommodate other types of uses, the Municipal Code requires the new use pay the full Affordable Housing Fee in effect at that time. Such a fee would be approximately \$26,064.53.

Public Storage hereby respectfully reiterates its request that the City modify the fee applied to the Project in order to better approximate the actual impacts the City seeks to mitigate, consistent with the constitutional principles codified in the Mitigation Fee Act.

2. Remaining Options in Staff Report Are Inconsistent with the Mitigation Fee Act.

The City Staff have presented four other options for the Council’s consideration including: Option 1 – No Fee Reduction, Option 2 – Fee Reduction at Prior Rates, Option 4 – Hybrid Approach, and Option 5 – “Typical” Methodology.

As discussed above, the current fees applied by the City have no relationship to the actual impacts of the Project. As such, Option 1 is inconsistent with the requirements of the Mitigation Fee Act.

Option 2 is based on two prior reductions to the Affordable Housing Fee applicable to self-storage developments. In both cases, the City Council approved a 78% reduction of the then-applicable fee based on the significant variance between the number of employees in a self-storage use and the employee-generation anticipated when the fee was established. For the self-storage project on Valley Avenue, the reduction was derived from the employment ratios associated with the projects. The staff explained that the three anticipated employees of the project was “less than one-fifth that of a regular warehouse, on a sq. ft. basis, on which the fee

was established.” SR:02:005 at 4. Based on the ratio, the City concluded that a reduction to 22% of the applicable fee was appropriate. The City has granted a similar reduction to 22% of the applicable fee for Central Self-Storage on Stanley Boulevard in 1997. Resolution No. 97-100.

These two actions on substantially similar projects demonstrate the propriety of a reduction for the Project. However, where the Valley Boulevard and Central Self-Storage projects would produce less than 20% of the anticipated employees, this Project will produce less than 2%. Option 2, adopting a reduction consistent with these past projects, would therefore be grossly out of proportion to the actual impacts of the Project.

Option 4 assumes a full fee to be charged for the 900 square feet of office, using the same rate of one employee per 400 sq. ft. This results in 2.25 assumed employees. Because the Project will have only a maximum of 5 employees, only 2.75 employees can be attributable to the warehouse, or 0.6% of the employment assumptions in the Nexus Study. In order to maintain proportionality, the fee for the self-storage area would need to be commensurately reduced to 99.4% of the fee.

Option 5 relies on a study from the San Diego Association of Governments which uses a ratio of one employee per 15,000 square feet. Using this assumption, the Project would be expected to have 11 employees on site. The Project will in fact have fewer than half the projected number of employees. Imposing a fee that is more than double the actual impact of the Project cannot be said to have even a rough proportionality to the Project itself. Option 5 is therefore also inconsistent with the Mitigation Fee Act.

C. Conclusion

Based on the foregoing, Public Storage respectfully requests that the City adopt Option 3 to reduce the affordable housing fee consistent with the Mitigation Fee Act and Section 17.40.050 of the Pleasanton Municipal Code.

Sincerely yours,

HOLLAND & KNIGHT LLP



Tamsen Plume
Emily M. Lieban



TP:mlm