



# Housing Commission Agenda Report

August 24, 2021  
Item 4

**SUBJECT:** P21-0751, 6<sup>th</sup> Cycle (2023-2031) Housing Element Update

**APPLICANT:** City of Pleasanton

**PURPOSE:** Review and provide a recommendation for the draft housing sites selection criteria for the 6<sup>th</sup> Cycle (2023-2031) Housing Element Update

**EXHIBITS:**

- A. Draft Sites Criteria for the 6<sup>th</sup> Cycle (2023-2031) Housing Element Update
- B. Sites Selection Criteria for the 4<sup>th</sup> Cycle (2007-2014) Housing Element

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## **STAFF RECOMMENDATION**

Staff recommends the Housing Commission review and provide comments on the criteria to be used in the initial ranking, scoring and selection of sites to be considered in the 6<sup>th</sup> Cycle (2023-2031) Housing Element Update.

## **SUMMARY**

Work is proceeding on the 6<sup>th</sup> Cycle (2023-2031) Housing Element Update, which among other components, will include an updated inventory of sites that can accommodate the City's Regional Housing Need Allocation (RHNA). Based on a preliminary evaluation of the capacity of existing sites that are zoned for residential development, there will be a need to identify additional locations for future re-zoning to allow for residential use, including sites suitable for both lower-income and market-rate housing. As an initial step in the sites inventory process, staff is seeking input from the Housing Commission on a list of criteria that can objectively be used to help evaluate and rank potential sites, with the goal of creating a refined list of sites that will be analyzed as part of the environmental review phase of the project. The sites criteria and overall sites selection process is proposed to follow a similar framework as was used in the 4<sup>th</sup> Cycle Housing Element, taking the criteria used in this previous cycle as a starting point, and updating and refining it as needed for the 6<sup>th</sup> Cycle process.

## **BACKGROUND**

### Housing Element Overview

The Housing Element is part of the City's General Plan and is a comprehensive statement by the community of its current and future housing needs and proposed actions to facilitate the provision of housing to meet those needs at all income levels. Periodic update of the Housing Element is required by state law; the element reflects the state's housing goal of "attaining decent housing and a suitable living environment for every California family," as well as incorporating the unique concerns of the community. The current Housing Element, which was adopted in 2015, covers the planning period from 2015 to 2022 (5<sup>th</sup> Cycle). The next Housing Element update (the 6<sup>th</sup> Cycle) must be adopted by January 2023, to address the planning period from 2023-2031.

The City formally initiated the Housing Element update process in May 2021, and held kick-off meetings with the Housing Commission, Planning Commission and City Council in May, and a community-wide introductory workshop on July 24. An extensive outreach effort has also been launched to seek initial input on the Housing Element, including an online survey that to-date has received over 600 responses, meetings with key stakeholders (such as housing developers and community services providers), and creation of a project website and project-specific email distribution list.

As was previously outlined in an introductory presentation to the Housing Commission on May 13, 2021, the City has been assigned a draft 6th Cycle RHNA of 5,965 housing units at various levels of affordability. As a key component of the updated Housing Element, the City must document, through a detailed, parcel-specific inventory, adequate land use capacity to accommodate the entirety of its RHNA.

### RHNA and Sites Inventory Process Overview

City staff and consultant team are in the process of evaluating the City's residential land inventory (i.e. sites zoned for residential use "today" with capacity to accommodate additional development, and eligible sites from the prior housing element); as well as the "pipeline" of residential projects already entitled or expected to be entitled in the coming one- to two- year period. Together, all of these sites constitute a baseline of properties that can potentially accommodate at least a portion of the City's RHNA<sup>1</sup>. The difference between this number, and the RHNA in each category, represents the "gap" that will need to be addressed through sites that will need to be re-zoned to allow for residential uses.

Although some work remains to finalize the baseline number of units, initial analysis indicates a minimum of approximately 1,500 lower-income units and 2,000 moderate and above-moderate income units (this number is subject to revision) for which additional sites will need to be identified. Identifying sites will involve a careful and public process of evaluation and vetting before the inventory is finalized by City Council, including the following steps:

- Identifying the criteria and scoring system by which new prospective housing sites are to be evaluated. This step is the subject of this meeting and is discussed in greater detail below.

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<sup>1</sup> The baseline inventory will also include or count a certain increment of projected residential units associated with construction of Accessory Dwelling Units (ADUs), following guidance provided by the State.

- Staff's completion of existing land inventory and sites gap analysis (anticipated September 2021)
- Compile a list of prospective sites from various sources, including developer- and property owner- nominated sites, or sites that have known interest in housing development; sites that may have redevelopment capacity based on their characteristics (such as location, size, and existing utilization/underutilization) and other analysis. (September-October 2021)
- Apply the scoring system to the initial sites list to develop an initial draft ranking of sites for public, Commission and City Council review. This second step of review will also vet other considerations beyond the initial sites ranking – for example, assumptions about site density, affordability levels and whether any increment of sites beyond those exactly needed to meet the gap, would be identified. The City Council's direction regarding the initial list of sites will be carried forward into the required California Environmental Quality Act (CEQA) analysis for the project. (Public Meetings in November-December 2021)
- CEQA Analysis of Sites, including analysis of traffic impacts and any site-specific significant and unavoidable environmental impacts. (January-June 2022)
- Review and Refinement of Final Sites List for inclusion in the Housing Element, based on outcomes of CEQA process, and community, Commission, and City Council input). (August-December 2022)

## DISCUSSION

As noted, to meet the new RHNA, it will be necessary for the City to identify and ultimately rezone a number of parcels throughout the city. In past housing element cycles, the City's efforts have been focused on identifying sites for higher density housing to meet lower-income housing needs. In this cycle, however, it will be necessary to identify sites, beyond those that are already zoned, to accommodate moderate and above-moderate units as well.

To help screen and rank a potentially long list of sites that may be under consideration for inclusion in the Housing Element, staff proposes to use a set of criteria based on the criteria and scoring system developed in 2010-2011 for use in the 4<sup>th</sup> Cycle Housing Element<sup>2</sup>. Although there are some recommended updates and refinements to those criteria, outlined below, many aspects of those criteria remain important and valid.

The proposed draft criteria are included in Exhibit A. The prior sites selection criteria, as utilized in the 4<sup>th</sup> Cycle update, are included for reference as Exhibit B.

### Sites Selection Criteria: Guiding Principles

The Sites Selection Criteria continue to rely on the following guiding ideas or principles, as stated for the 4<sup>th</sup> Cycle criteria:

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<sup>2</sup> This process was the basis for selecting the sites for the 4<sup>th</sup> Cycle (2007-2014) Housing Element. The 4<sup>th</sup> Cycle Housing Element was also the subject of a legal challenge and subsequent settlement agreement. Because the following (5<sup>th</sup>) Housing Element Cycle (2014-2022) entailed a smaller RHNA, and the majority of 4<sup>th</sup> Cycle sites had yet to be developed by the time the 5<sup>th</sup> Cycle Housing Element was adopted, sites selected for the 4<sup>th</sup> Cycle were able to be carried forward to the 5<sup>th</sup> Cycle, and a sites selection process for the 5<sup>th</sup> Cycle was not necessary.

- 1) Conformance to City General Plan policies.
- 2) “Smart Growth” principles, such as placing housing near transit, promoting a compact urban form, supporting infill development etc.
- 3) Criteria important for California Tax Credit Allocations (TCAC) for affordable housing funding.<sup>3</sup>
- 4) Factors derived from state law and California Department of Housing and Community Development (HCD) guidance in evaluating sites for their readiness and suitability for higher density housing (e.g. site size, availability of infrastructure, absence of environmental and other constraints).

### Scoring Framework and Selection Methodology

As was the case with the prior Housing Element sites evaluation, the criteria are intended to be scored by answering “Yes” or “No” for each question. One point is awarded for each “Yes” answer, with the projects with the most points ranked highest. To minimize the complexity of the evaluation, responses are weighted equally, as a relatively simple metric for side-by-side comparison. It is important to reiterate that this process is intended to provide an initial screening evaluation of sites against each other, based on criteria that are as objective as possible.

As described, at least two additional rounds of review and selection will be conducted to determine the ultimate list of sites for inclusion in the Housing Element. Specifically, once all potential sites have been evaluated and scored using the initial criteria, the City Council, with input from the Planning Commission and Housing Commission, will have the opportunity in late 2021 to look at the ranked sites collectively and weigh their merits individually and on aggregate, considering aspects such as geographic location/distribution; any special considerations or concerns (e.g. site-specific constraints, impacts or community concerns; potential yield of units from each site, etc.). This list will be carried forward for technical evaluation through the CEQA review and be subject to preliminary review by HCD. Following this step, in mid- to late- 2022 the City Council will further refine and finalize the list prior to adoption of the Housing Element.

Opportunities for public input and engagement will be provided at each of these steps. With respect to the next step for initial sites analysis and selection in late 2021, staff recommends conducting focused community outreach, including at least one community workshop be held in October/November to solicit public input on potential sites and the sites analysis, in addition to the Commission and City Council meetings.

The scoresheet for sites is organized into seven topical sections, discussed in more detail below. As noted, the proposed scoresheet includes the majority of the criteria from the prior

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<sup>3</sup> As part of the 2010 Settlement Agreement associated with the lawsuit over the 4<sup>th</sup> Cycle Housing Element, the City committed to complete an analysis of sites included in that update against TCAC criteria, in an effort to promote more affordable housing development. While this requirement does not apply to the current 6<sup>th</sup> Cycle Housing Element Update, the TCAC criteria nonetheless provide objective guidance for the consideration of suitable locations for housing, particularly with respect to access to transit and services, and is thus proposed to be included in the current criteria.

Housing Element update, with revisions focused on improving clarity and objectivity of criteria, along with the limited addition of new criteria to reflect changes in state law or other regulatory programs (such as CEQA). Some selected criteria are proposed to be deleted based on review and recommendation from the consultant team; an explanation of such changes is also provided below.

Staff notes that the ultimate sites inventory, as developed through the sites selection process, may include sites for both lower-income and market-rate housing. State law allows the City to count units on sites zoned for housing at more than 30 dwelling units per acre (DUA) as low- or very-low- income for the purposes of the Housing Element inventory. However, it does not preclude the City from assuming, in the inventory, that such sites will produce market-rate housing in addition to affordable units. A future policy discussion and decision will entail determining what affordability levels will be associated with all of the sites in the inventory, whether they are at a density of 30 DUA or a different density. Nonetheless, because HCD's review will scrutinize sites assumed to produce lower-income units more closely, and because higher density sites need to be carefully considered as to how they may integrate into existing neighborhoods, many of the criteria are focused on evaluating suitability for higher-density development.

### Draft Sites Selection Criteria

The following outlines the draft criteria for the current 6<sup>th</sup> Cycle Housing Element update within seven topic areas and highlights key changes to the criteria when compared to scoresheet from the 4<sup>th</sup> Cycle update:

#### *Section 1: Site Size and Infill Criteria*

The criteria in this section have been updated to incorporate new parameters assigned in state law for the suitability of sites for higher-density housing (minimum of 0.5 acres and maximum of 10 acres); to provide a more precise definition of "infill" development that is in alignment with state law; and to reflect the availability of both wet infrastructure (water and sewer) as well as dry infrastructure (electricity, telecommunications), which is also a requirement of state law.

#### *Section 2: Proximity to Modes of Transportation*

The criteria carry forward parameters included in the prior Housing Element, including proximity to BART or transit stops with frequent headways; proximity to bicycle facilities, and convenient freeway access. Note that, at this early stage, it is not possible to assess intersection-specific traffic impacts from development of the various sites, but this will be evaluated in parallel with the CEQA review, as part of the consultant scope of work.

#### *Section 3: Proximity to Services and Amenities*

The majority of criteria in this section have been carried over from the prior Housing Element; they reflect both the general planning principle that residential uses should be convenient to schools, parks, and other amenities, and also respond to criteria in the TCAC program that prioritize proximity to these sorts of community amenities in its scoring for affordable housing funding.

An additional criterion has been included to reference proximity to high schools; as well as another that responds to concerns raised by City officials and community members, to evaluate whether the site would contribute new demand to schools with existing or projected capacity issues.

*Section 4: Environmental Impacts/Hazards*

Criteria in this section reflect key categories of natural hazard, and of potential exposure to negative environmental elements such as noise, air pollution, or odors.<sup>4</sup>

*Section 5: Impacts on Sensitive Resources*

This section carries forward previously-included criteria, with some modified wording for clarity.

*Section 6: Height and Mass Compatibility*

Consistency and compatibility with neighboring residential uses is the focus of criteria in this section. A minor clarification is proposed to note that the comparison of a future project FAR with surrounding development would be based on the average allowable FAR of surrounding residential properties (since multiple zones may adjoin a site).

*Section 7: Interest in Site:*

Property owner interest in high-density housing, as reflected in this criterion, is considered a positive attribute for a site. Although, per HCD guidance, jurisdictions with a RHNA over 5,000 units are not required to provide evidence of property-owner agreement, it is beneficial to do so since sites (and particularly non-vacant sites) assigned to lower-income housing come under greater scrutiny from HCD.<sup>5</sup>

General Plan Conformance

Staff wishes to highlight a change proposed in this first round scoring, to delete the previously included criterion: “Potential Inconsistency with General Plan Themes.” This criterion referenced and cited a number of specific General Plan policies around sustainability and community character, including policies concerned with neighborhood compatibility, scenic views, and aesthetics; impingement of new development on open space and agricultural lands, and avoidance of hazards. Exhibit B includes a list of the General Plan policies previously referenced in the scoring criteria, for reference.

Analysis for conformance with the General Plan and the referenced policies will be an extremely important consideration for the overall sites evaluation. As currently written, however, a meaningful evaluation against this criterion at this early stage would involve a complex, and in many instances somewhat subjective, evaluation across a diverse range of policy topics. Staff believes the policy considerations important at this phase are well-addressed by criteria already included, and on an objective basis, to the extent possible. For example, the infill, transit proximity, and infrastructure criteria favor sites within the urbanized portion of the city, versus on greenfield sites; and the comparative height and FAR criteria explicitly address neighborhood compatibility.<sup>6</sup> As noted, the City Council will ultimately select sites for final inclusion in the inventory that meet the City’s assigned RHNA and the requirements of state law and are most consistent with Pleasanton’s General Plan goals and policies.

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<sup>4</sup> Criteria related to proximity to the 230 kV line and to wireless facilities have been removed, since other regulations would address any legitimate public health considerations around placement of residential uses in proximity to these facilities, and may be viewed as unduly restrictive by the State.

<sup>5</sup> A previous criteria for “Economic Interest” based on freeway proximity has been deleted. Assuming the intent of this criteria was to understand tradeoffs in converting freeway-adjacent commercial properties to housing, staff believes this aspect would be more effectively analyzed as a policy consideration at a later stage of review.

<sup>6</sup> Additional analysis in topic areas as views and aesthetics will be completed as part of the CEQA review, and will be brought forward for consideration in future evaluation phases.

## NEXT STEPS

As noted in the background, the creation of the sites criteria is an important initial step in the selection of housing sites. Staff will report the Housing Commission's comments to the Planning Commission and City Council, with the Planning Commission to make a recommendation to the City Council for its consideration. In the coming weeks, staff and the consultant team will continue to develop and refine the analysis of existing sites and solidify the estimated "gap" to be addressed with zoning of new sites. And, over the next three months, staff will compile the list of prospective sites to which the scoring criteria will be applied. Staff expects to return later this year to present the results of that initial evaluation, along with any additional information, analysis and options to support the final City Council recommendation on the list of sites to be carried forward into the next stage of review.

Staff also notes that, in addition to the discussion on sites selection, staff and the consultant team are continuing to advance other components of the Housing Element. These include:

- Conclusion and summary of input from the initial public input phase of the project that has been underway since July (via the on-line survey, community meeting, stakeholder meetings and other public outreach forums); and
- Completion of a draft Preliminary Report that will address many of the mandatory informational requirements and analyses supporting the Housing Element, including findings of the required housing needs assessment; analysis of constraints to housing; and evaluation of existing Housing Element policies and programs. This report is anticipated to be presented to the Housing Commission and Planning Commission in September, and City Council in October. In addition to providing critical background data and information, these meetings will be the starting point for a broader discussion of possible changes to City policies and programs for inclusion in the Housing Element.

## CONCLUSION

Staff is recommending that the Commission review and provide comments on the draft sites selection criteria for the 6<sup>th</sup> Cycle Housing Element, including any modifications, additions or deletions to the draft criteria as presented in Exhibit A.

## PUBLIC NOTICE

Notice of this item was provided in the Pleasanton Weekly, and an email notification was sent to all interested parties who have signed up on the Housing Element website: [pleasantonhousingelement.com](http://pleasantonhousingelement.com).

**Primary Author:** Ellen Clark, Director of Community Development, 925-931-5606, [eclark@cityofpleasantonca.gov](mailto:eclark@cityofpleasantonca.gov);

**Reviewed/Approved By:**  
Jennifer Hagen, Associate Planner  
Shweta Bonn, Senior Planner  
Brian Dolan, Assistant City Manager