



# Housing Commission Special Meeting Minutes

*[SUBJECT TO APPROVAL]*

---

**February 28, 2022 – 7:00 p.m.**

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

## **1. CALL TO ORDER**

Chair Galvin called a teleconference meeting of the Housing Commission to order at 7:01 p.m.

### Pledge of Allegiance

The Pledge of Allegiance to the flag was recited.

## **2. ROLL CALL**

Commissioners Present: Commissioners Karline Fischer, Neil Kripalani, Vivek Mohan, Tony Soby, and Chairperson Jay Galvin

Commissioners Absent: None.

Staff Present: Steve Hernandez, Housing Manager; Ellen Clark, Community Development Director; and Shweta Bonn, Senior Planner; (Transcribing by Edith Caponigro, Recording Secretary).

## **3. PUBLIC COMMENT**

None.

## **4. Review and provide a recommendation on housing policy topics including the Inclusionary Zoning Ordinance, Lower-Income Housing Fund, Workforce Housing, and Affordability by Design and other City housing programs as part of the 2023-2031 (6th Cycle) Housing Element Update**

Ms. Bonn advised that the topic for this meeting is related to Housing Element Updates, specifically those policies within the Housing Element, and the plan was to review existing policies that relate to the Lower Income Housing Fund (LIHF) and Inclusionary Zoning Ordinance (IZO) with Density Bonus Workforce, and Housing Affordability by Design. She noted that this meeting stems from discussions from both City Council and this commission during review of the Preliminary Report last fall.

Commissioners were advised by Ms. Bonn that the objective at the meeting is to provide City Council with a recommendation on whether these topics should be included as new or modified goals, policies, and programs of the Housing Element. She provided some background details on the Lower Income Housing Fund that provides the city with the ability to set fees on new development to offset demands a project generates for affordable housing.

Ms. Bonn advised that after AB1600 was adopted as a state law in the 1980's the city established

---

developmental impact fees to mitigate the impact of new housing and commercial development and an ordinance was adopted in 1990 codifying the Lower Income Housing Fund. Development fees were restructured in 1998 followed by an update in 2018 based on the General Plan and other planning documents. Commissioners were advised that AB1600 requires cities to justify the account for development fees and the justification or Nexus requires cities to identify the purpose of the fee, the use of project the fee will be applied, and relationship between the fees use, type of project on which the fee is imposed, and the reasonable relationship between the need for public improvements.

Further information included details about the Nexus Study being based on the premise that new developments pay for, or a pro rate share of, public improvement costs, and new residents and business employees will create the need and benefit from the public services and infrastructure improvements. Ms. Bonn noted that the LIHF is also charged to residential projects that are not subject to the IZO, and new commercial developments are also required to contribute to the LIHF on a square foot basis.

Ms. Bonn reviewed with commissioners a table outlining the new fee rates adopted by City Council in 2018 noting that the residential fee increase was substantial and based on square footage and number of bedrooms. Non-residential fees were also set by square footage. Ms. Bonn noted that Council had decided to establish fees at a level below the maximum to ensure remaining competitive for new businesses looking to locate within the region.

Commissioners were advised that fees are used as an incentive to encourage the construction of affordable housing providing financial support that ensures long-term stability and viability of existing affordable units, and the General Plan directs those projects comply with the IZO and LIHF. Ms. Bonn commented on housing affordability and LIHF support noting that since 1990 the city has collected approximately \$27M in fees from developments.

In transitioning to the IZO, Ms. Bonn advised that this was adopted as part of the city's Municipal Code that indicates 15+ residential units provide 15% of the units as affordable, and 15+ single residential units provide 20% affordable units, and non-residential projects either must pay the fee or provide affordable units. She noted rental projects typically provide the affordable units while for-sale projects pay the fee.

Ms. Bonn discussed the General Plan policies and programs for workforce housing that acknowledges the need to provide affordable housing and the General Plan's references to the city's Economic Development Strategic Plan. She noted this topic has been discussed but not yet defined and has included providing housing for those who work in the city doing jobs at various wage levels and households need to earn incomes at or above moderate levels.

Commissioners were advised that the overarching policy document of the General Plan provides lower income housing need guidance with an incentive for fees to be used to encourage construction of affordable housing and provide financial support and directs that projects comply with the IZO. Ms. Bonn advised that fees have principally been used to facilitate loans to provide individuals, developers, and corporations to develop affordable housing. She also noted that developing smaller units could make Pleasanton more attractive for smaller and younger households.

Ms. Bonn discussed the recent cost of housing in Pleasanton, the household income for a family of four, and the fact many individuals/families are not qualified to access government or nonprofit housing subsidies. She reviewed with commissioners two draft definitions for workforce housing, one being focused on local wages and another that uses Area Median Income (AMI). Ms. Bonn noted that public comment staff has received suggests option one; although, option two would be faster.

Commissioners reviewed with Ms. Bonn examples of alternative types of housing and areas they may be appropriate. She advised that staff was looking for input from the commission on policies regarding

the topics discussed as they relate to the LIHF, the scope and timing, and how this all relates to AB1600. Ms. Bonn commented on the time it took to complete the previous Nexus Study.

Ms. Bonn discussed with the commissioners options related to LIHF increases noting that the Planning Commission was generally supportive of increasing the fee to what is permitted by the Nexus Study with follow-up being conducted as needed. She commented that staff has noted the gap between current and maximum fee levels that vary widely particularly in non-residential uses and IZO options that refer to increasing percentage requirements to more than 20% which staff does not recommend based on the practices of other jurisdictions. Other points relate to aligning percentages of affordable units between multi- and single-family units to 20% and “flipping” so the 20% requirement applies to multi-family development and 15% to single-family instead.

Ms. Bonn further discussed the options being recommended by staff and those recommended by the Planning Commission, noting many policy questions need to be considered including suitable locations and tying in with the state density bonus, concession, and modification types. She indicated that the Housing Commission may wish to consider whether it recommends policies for affordable housing for ownership that is designed for the workforce earning more than 100% or 120% BMI, whether consideration should be provided for renting smaller units, and partnerships with local employers such as the school district. Ms. Bonn commented on integrating smaller multifamily developments into neighborhoods.

Commissioners were advised by Ms. Bonn that the Planning Commission was supportive of all recommendations except for number eight believing it would have an impact on neighboring residences. She noted that in terms of next steps City Council is expected to review these policies and provide direction at their March 15<sup>th</sup> meeting.

#### **Chairperson Galvin opened the meeting for public comment.**

Becky Dennis – commented on previous letters she has provided to the commission that suggested council focus on the nonprofit housing format to meet RHNA requirements. She discussed middle income housing and the lack of rental housing in Pleasanton. She questioned if, as an advisory body to City Council, the commission felt as she did that strategies such as the IZO suggested for the Housing Element have failed in the past and affordability by design are ideas that have been seen throughout the last three Housing Element Updates but have not produced housing.

Ms. Dennis discussed state-mandated housing and the wonderful nonprofit developments in Pleasanton with only one nonprofit project being for the workforce. She encouraged the commission to suggest that the city move in a direction that will take the Pleasanton to a place that the limited amount of land available can be used to produce housing that has been missing for many years. Ms. Dennis noted that council may not take the commission’s suggestion on fees, but the commission can certainly suggest they be raised. She noted that local employers will partner with the city to develop nonprofit housing since they collectively are employing about 60% of the employees being paid very low and extremely low salaries.

Ms. Dennis thanked the commission for the opportunity to speak with them and asked them to be bold in their recommendation and suggest things that will work.

Jeff Schroeder – commented that ADU and SB8 laws will provide significant amount of housing in Pleasanton. He stated that affordable rental housing was best produced at scale and larger projects are able to that by subsidizing such as part of an overall project and that deed restricted for sale housing is incredibly inefficient way to provide affordable housing, noting people able to buy homes don’t want deed restricted homes.

Mr. Schroeder noted that high density housing is very expensive to build, and people want less density and are moving away from cities to places where they can purchase something they can own. He felt

affordability by design was doable but there was a need to be bold and change development standards and requires looking at different product types that haven't been previously seen in Pleasanton.

Commissioners were informed by Mr. Schroeder that his company, Ponderosa Homes, has been building homes in Pleasanton for 40+ years and has a lot of experience working with architects and designers and mixing duets with single homes.

**Chairperson Galvin closed the meeting for public comment.**

Ms. Clark suggested comments on the different policy items and suggested Chairperson Galvin ask commissioners to prove their feedback.

Commissioner Soby indicated he was not comfortable raising the single-family residential housing fee indicating he hasn't seen any data that supports this but stated he could support some of the commercial items that seem low compared to other areas in the Tri-Valley and Bay Area. He discussed the possibility of building the LIHF by developer donations or talking with businesses to see if they have an incentive to put money into the LIHF but felt this was still not going to provide sufficient funds to do things the City wants to do with its LIHF.

Chairperson Galvin agreed with Commissioner Soby's comments and referenced information provided on Exhibit B pertaining to fees in other areas.

Commissioner Kripalani questioned why consideration was not being given to doubling the fee for single family homes and cutting the fee in half low-income rental housing. Ms. Clark commented on how fees work noting fees are based on a study that estimated the demand for services for new housing and calculates based on new employees from new businesses or new residences and the demand for the services produced. Calculations are then done on providing the services or housing needed to serve the populations that they generate. She noted that with the information provided the city can make policy decisions as to where fee levels should be set.

Ms. Clark noted that one thing to be aware of when talking about housing is that the State takes an interesting perspective on this, and fees that are set too high indicate that they pose a constraint to housing production in general. She suggested the commission consider this when talking about fees.

Commissioner Kripalani questioned if the intent was to discourage single family homes and encourage multi-family homes why single-family home fees were not increased dramatically. Ms. Clark indicated this was a suggestion with support from the Planning Commission but also to the extent of scaling fees to the size of homes. She discussed incentivizing smaller housing units on a per square foot basis which encourages smaller housing units. Commissioner Kripalani and Ms. Clark further discussed fees based on home sizes.

Chairperson Galvin commented on the increase in home sale prices and Nexus Study not being able keep up with this. Ms. Clark noted that the city does inflate fees based on the construction cost index. Commissioner Mohan questioned if the recommendations being reviewed would solve the affordable housing targets or numbers for the city. Ms. Clark advised that the goal is to make progress to address the affordable housing need particularly the lower income housing fee. She noted that millions, and perhaps billions, of dollars would be needed to solve the issue because so much subsidy is needed to support below market rate housing and not even state funds are close to solving the need, but the items being discussed can assist incrementally.

Commissioner Mohan discussed his concerns with tweaking the numbers and meaningless conversations and felt it was time for someone to raise their hand and indicate this was just "shuffling deck chairs like on the Titanic". He felt the numbers presented would not solve the problem, and something needed to be done at the Tri-Valley level or some new developments in unincorporated

areas or these types of conversations would continue.

Commissioner Mohan indicated he was struggling with some of the discussions and felt he had been given a bunch of constraints to consider, knowing he would be needing to discuss this again next year and felt it was important to begin listening to the ideas of nonprofits and developers who build homes. He felt they had a better understanding of the affordable housing needs in California, and that the state was losing its competitiveness to other states.

Commissioner Fischer asked about the \$27M number that had been mentioned by staff early in the presentation and questioned if that was an amount collected over the years since 1990, and then about fees nonprofit agencies received and had discussed at the last commission meeting. She questioned if the money the nonprofits receive comes from the fees currently being discussed. Mr. Hernandez confirmed for Commissioner Fischer that at the next Housing Commission meeting the commission will be allocating funds from the LIHF, the same fund that is also used for building homes. Commissioner Fischer commented on the different needs for which these funds are used.

Ms. Clark noted that the city doesn't collect sufficient money in the LIHF to fully fund the construction of a project and has tended to determine a program on an annual basis as well as provide low-income loans and matching funds for state and federal housing grants or tax credit programs. She confirmed that over the entire life of the program the city has collected \$27M that has been leveraged over the years to support different things.

Commissioner Fischer questions if LIHF could be used to provide tax credits to existing homeowners to build ADU's then able to provide lower rents to people. She questioned whether some of the ideas that had been presented really meet the mission and objectives of what is trying to be achieved. Ms. Clark indicated she agreed and discussed the programs and policies presented that provide a lot of flexibility.

Commissioner Soby commented on the fact there will never be sufficient funds in the LIHF, and funds used in the past to help with a senior housing project and the projects that can receive funds from LIHF such as the Goodness Village.

Chairperson Galvin indicated he was confused by the use of funds in the LIHF, and the allocation of in-lieu fees not being used for low-income housing which is something that has been brought up for discussion previously by the Housing Commission. Mr. Hernandez felt Chairperson Galvin and Commissioner Fischer had asked valid questions but noted they were unrelated to what was being discussed at this meeting but were issues that could be brought up at a future meeting. He advised that what Ms. Bonn and Ms. Clark were trying to determine at this meeting were recommendations from the commission pertaining to changes that could be made to the Lower Income Housing Fund.

Mr. Hernandez advised Commissioner Mohan that staff typically sets the agenda for commission meetings, but commissioners could make recommendations on any topic they would like to discuss at future meetings. Commissioner Mohan expressed his concern about not being able to discuss items that were not a part of the agenda. Chairperson Galvin commented on the need to follow the constraints of a meeting, the requirement for publishing an agenda, the need for the agenda to be followed, and this being a special meeting that was brought to the commission to review and comment on the housing policy topics. He also discussed the difficulty of having several new commissioners and only having two commissioners who have been members for more than 18 months.

Ms. Bonn asked commissioners to refer to page 18 of the agenda report which references the positions taken by the Planning Commission. Commissioner Fischer questioned if commissioners could pass on an option if they did not have an opinion. Ms. Clark indicated that staff would like to receive feedback from commissioners and suggested they may request an opportunity to have separate discussion on an item.

Commissioner Mohan indicated he would like to have an opportunity to hear from experts who know more than commissioners about how to solve some of the issues and felt this would allow members of the commission to be able to make better decisions.

In discussing the LIHF fees, Commissioner Kripalani indicated he would like to see consideration given to dramatically increasing the fees on larger sized single-family homes since he thought developers were incentivized to build larger square foot homes with the current fees. Chairperson Galvin questioned if a motion was needed on this, and Ms. Clark indicated it was not necessary to make a motion for every item, but rather staff would like to have a consensus from members of the commission.

Commissioner Soby confirmed that for now the commission was indicating that they were interested in looking at raising fees based on the current Nexus Study. He also felt it was valuable to know whether a limit was being imposed based on the fact things are changing on a fast basis and suggested looking at updates regularly perhaps every 5 or 10 years. Ms. Clark advised that the city has a Nexus Study Update recommendation for every 8 years and noted that the last study took three years to complete and is a big undertaking.

Commissioner Soby felt the 8-year cycle for the Nexus Study Update should be maintained and the inflationary adjustments should be continued

Ms. Bonn then discussed the IZO policy and noted that the Planning Commission recommended the percentage of affordable units between multi- and single-family units both be at 20% and recommended the percentage split between income levels be identified as opposed to leaving it to negotiation in the Affordable Housing Agreement.

Commissioner questioned if the commission was being asked to comment on how many units were needing to be built and indicated he agreed with the 20% amount for both multi- and single-family units.

Commissioner Kripalani indicated he would like to better understand the 15% and 20% and why other amounts were not being used. Ms. Clark stated she didn't know the basis of the original requirement and the logic that was applied, but if the number is too high it tends to suppress and stifle production. Commissioner Soby also noted that developers can negotiate the building of units or paying the fee, and Ms. Clark noted that the city has the discretion to allow for the payment of in-lieu fees and has flexibility of terms of alternative compliance.

For item 3 Density Bonus, Ms. Bonn commented on the relationship to aligning with State law and stated it was supported by the Planning Commission but with regard to item 4 Affordable Housing Zone Overlay (AHZO) they were not prepared to provide a favorable recommendation at this time. Chairperson Galvin noted that some members of the Planning Commission were supportive of exploring this in greater detail. Commissioner Soby questioned if the plan was to put these on hold at this time. Ms. Clark felt it was something not easy to explore at this time and needs dealing with additional housing zoning and residents wanting more constraints.

Commissioner Soby questioned if the city was required to update its Ordinance to align with State law. Ms. Clark discussed the Local Density Bonus Ordinance that is out of line with what the State law requires and hasn't been updated for 10+ years and felt this was something that needed to be committed to being done. After hearing Ms. Clark's comments Commissioner Soby felt this was something that should be done. Commissioner Kripalani agreed.

Moving onto item 5 Defining Workforce Housing, Ms. Bonn commented on the two draft definitions in the report and staff's recommendation.

Commissioner Fischer questioned where this would be used as a criteria that is important to define it. Ms. Clark advised that during earlier discussions with both the Planning and Housing Commissions

staff heard discussions about housing for employees who work in Pleasanton and earn a wage above what is not considered to be affordable and still have housing needs. She added that by having this definition the city could potentially develop programs or policies targeted towards this specific group.

Chairperson Galvin expressed his concerns on this and wondered why the focus was not on trying to come up with a number instead of on the area median income. Commissioner Kripalani agreed with these concerns. Ms. Clark agreed this was a good point and something that could be done; however, the staff option was chosen because of the tie into other kinds of programs, household sizes, and the number of wage earners in the household.

Chairperson Galvin indicated his concerns in the option that included details from other cities that were nowhere near as pricey as Pleasanton. Commissioner Kripalani also agreed and suggested specifying wage levels. He asked if data was readily available, and Ms. Clark advised information was reported periodically.

Commissioner Soby noted that information on page 10 of the report does not provide a demographic breakdown and only provides income levels by job description which he felt was nebulous. Commissioner Kripalani felt the focus of the Housing Commission should be for presence in housing. Commissioner Soby agreed and felt when the commission received RHNA numbers they should look at the different affordable levels to determine who they match up with the actual demographics of wage earners in the workforce.

Ms. Clark advised that data was available on different households and what typical household wages are in Pleasanton.

Commissioner Soby referred to a comment made in a letter from Jocelyn Combs indicating he agreed with the comment about adding Pleasanton information to the workforce data. Commissioner Kripalani suggested a sentence that read “housing intended for and affordable to Pleasanton employees and household earning Pleasanton lower wages”. Commissioner Soby agreed and stated this was in the letter that commissioners had received.

Ms. Clark confirmed that the commission was suggesting that “Pleasanton” be included to tie-in this being about local people and local wages.

Moving onto the next item, Ms. Bonn advised that the recommendation is for streamlining accessory dwelling units, advising that other jurisdictions have hired local designers or architects to provide pre-approved plans to the public, with another option being the city review and pre-approve plans approved by companies that specialize in this type of construction. She noted that the Planning Commission expressed support for streamlining but didn’t specify the option it supported but whatever would work best.

Chairperson Galvin questioned how many requests had been made in the past 12-months, and Ms. Clark advised it was about 11 or 12 by year end.

Commissioner Soby discussed the two options with Ms. Clark who noted that one allows for people not having to go to the expense of hiring their own architect and essentially provides an “off the shelf” design for free or low cost. Commissioner Soby indicated he was inclined to go with option two so people don’t need to pay for an architect. Commissioner Kripalani agreed noting that all plans would come from companies that specialize in ADU construction and have done this type of construction many times.

Ms. Clark noted that these companies when marketing their plans would be able to streamline plan check review because the City of Pleasanton will have already preapproved the design. Another option is for the city to hire somebody to prepare plans for the public at a very low or no cost.

Ms. Bonn noted that for this item staff is not asking for the commission to choose between the two options but whether the city should streamline at production and if the choice is option one or option two, a combination of both, and something else the Housing Element Update should encourage.

Chairperson Galvin and Commissioner Fischer agreed with Ms. Bonn's comments, and Commissioner Mohan confirmed that commissioners were not being asked to pick one option and were agreeing to streamlining the approval process.

Ms. Bonn moved on to the remaining topics noting that item 7 Complete Objective Design Standards she advised that this is for establishing specific standards for both larger scale multi-family developments and smaller scale infill developments. She noted the city is in the process of undertaking this effort, and in September 2021 the Planning Commission saw draft standards for larger scale multi-family development. Commissioners were advised this would be itemized as a policy in the Housing Element Update, and Ms. Clark indicated this was part of an effort that has already begun with planning and design standards for residential projects.

Chairperson Galvin suggested this was something that came under the jurisdiction of zoning and architectural and did not have much to do with the Housing Commission. Ms. Clark advised that the view of the State is having objective design standards as a streamlining measure benefits housing production making things simpler and clearer. She discussed the standards set by the city and keeping in context with the local community.

Ms. Bonn noted that item 8 Smaller Units, Multifamily Projects speaks to smaller units within multifamily projects that would make Pleasanton more attractive for workers and younger people. She noted that the Planning Commission expressed support for the concept, not necessarily it being in lieu of larger sized units, but a policy that indicates some sort of varied sized units.

Commissioner Soby indicated he remembered something about including affordable units throughout multifamily housing projects and making them unrecognizable. In other words, affordable housing within market rate projects and making multi-sized units within projects. Ms. Clark indicated that the intent of the policy is to encourage a mix of units with a skew towards studios and one bedroom with some two and three bedroom.

Chairperson Galvin confirmed with commissioners they agreed with this recommendation.

Moving onto item 9 Municipal Code Amendments for Small-scale Infill advised this policy could indicate studying further the municipal code or amendments and accompanying standards to facilitate a small-scale infill site. She noted that the Planning Commission was less supportive of this policy because infill has the potential for impacting existing neighboring residences.

Ms. Clark added that staff recognizes middle income housing is missing, and some adjustments are required around development standards, and the Planning Commission also recognizes this. Chairperson Galvin asked for a clarification on what is meant by infill. Ms. Clark indicated it was usually a parcel surrounded by urban uses.

Commissioner Soby asked about a State bill, which he thought was SB9 pertaining to single family residences being removed and quads, duplexes, etc. now being able to be built on the same lot. Ms. Clark advised this was not a possibility, but now a reality and in effect allows up to four units on parcels that were originally designated for a single residence. Commissioner Soby hoped that creativity would be used when such are put into existing neighborhoods.

To Commissioner Soby's comments, Chairperson Galvin felt this would be a good policy. Ms. Clark suggested if this was something the commission believed was worth exploring, they could report this to



City Council. Commissioner Soby agreed this should be considered as another tool.

Item 10 Consider Partnerships with Key Local Employers was then discussed by Ms. Bonn who noted that the Housing Element Update could indicate policy on partnerships such as those with organizations, businesses or the school district and would be to support workforce housing for their employees.

Commissioner Soby questioned if that meant these organizations would contribute to the cost of building housing for their employees. Ms. Clark advised that the idea was to establish such partnerships for both funding and land and many things could be included in a program such as this.

Chairperson Galvin discussed the Eden Housing building taking place in Livermore using county funds and whether that was something to be considered. Ms. Clark commented on three-way partnerships between the city, nonprofits, and developers, and other policies within the city's General Plan and Housing Element. She also commented on the possibility of the school district having an interest in assisting with some employee housing on one of their sites.

Chairperson Galvin expressed his concern that other cities have staff people who work on partnerships, and Pleasanton does not. Commissioner Soby suggested this might be something for City Council to consider, and Commissioner Kripalani discussed the possibility of action plans with timelines and accountability for who oversees things. Ms. Clark indicated there was a strong requirement within the Housing Element Update for an implementation plan for every plan put forward providing a timeline, funding source, and details on when and how things will be accomplished.

Ms. Clark thanked commissioners for their input on all the items, and commissioners were appreciative of the opportunity to discuss everything.

## **ADJOURNMENT**

The meeting adjourned at 9:15 p.m. by unanimous consent.