



Housing Commission Agenda Report

December 12, 2022
Item 4

- SUBJECT:** P21-0751, 2023-2031 (6th Cycle) Housing Element Update
- APPLICANT:** City of Pleasanton
- PURPOSE:** Review of proposed modifications to the Draft 2023-2031 (6th Cycle) Housing Element Update and proposed rezoning sites
- EXHIBITS:**
- A. HCD Comment Letter
 - B. HCD Response Matrix
 - C. Suggested Program and Policy Modifications
 - D. Level of Service Assessment
 - E. Individual Rezone Site Profiles
 - F. Rezone Site Scoring
 - G. Public Comments

STAFF RECOMMENDATION

Staff recommends the Housing Commission review and provide feedback on the 6th Cycle (2023-2031) Draft Housing Element Update modifications and the proposed rezone site list for inclusion in the Housing Element

EXECUTIVE SUMMARY

The City's 6th Cycle (2023-2031) Housing Element update process has been underway since March 2021 and is nearing completion. The Draft Housing Element has been formed through a public participation process. Throughout the process, public comments, key input has been provided by the Housing Commission and Planning Commission, and City Council direction City Council, has been incorporated in the document. The California Department of Housing and Community Development (HCD) is required to review and "certify" the Housing Element as consistent with the statutory requirements of State housing element law, and as part of that process will review and provide comments on the Housing Element, which the City must satisfactorily address. The City submitted the draft Housing Element to HCD on August 16, 2022 and received HCD's comment letter on November 14, 2022. Staff has reviewed the comments and several revisions to the document are proposed in response, upon which staff is seeking input from the Housing Commission.

In addition to HCD's review, the City prepared a Draft Program Environmental Impact Report pursuant to the California Environmental Quality Act (CEQA) to analyze the potentially significant effects of implementing the Housing Element and development of

its various sites with housing. A traffic Level of Service (LOS) Assessment has also been completed evaluating the traffic impacts of the Housing Element, since LOS is not a topic analyzed under CEQA. Based on these additional inputs and several other criteria (i.e., the initial site rankings, school impacts, HCD review, owner interest, and public comments), staff suggests a narrowed site list that more closely aligns to the City's Regional Housing Needs Allocation (RHNA), and upon which the Commission's input is also sought.

BACKGROUND

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 updates of the Housing Element are required by state law. The City's current Housing Element, which was adopted in 2015, covers the 5th Cycle planning period from 2015 to 2022. The Draft Housing Element currently under review covers the 6th Cycle planning period from 2023-2031.

RHNA Process

A key component of the Housing Element is the RHNA, which is a planning target representing the City's "fair share" of the regional housing need, as determined by HCD and the regional Council of Government (in the Bay Area, ABAG). The City's RHNA is established at 5,965 units – this number was assigned to the City based on a methodology developed by ABAG in consultation with various stakeholders, through a multi-month process in 2020 and 2021. The City engaged closely throughout the RHNA process, including monitoring of the methodology's development, and submittal of an appeal of the Draft RHNA to ABAG. More broadly, statewide, the 6th Cycle RHNA process has been closely scrutinized and critiqued, leading to a recent audit and report by the State which raised several criticisms of HCD's technical process and made several recommendations for improvements to be undertaken by HCD going forward. Despite these criticisms, the Audit Report did not call for modification of any of the regional or local RHNA allocations, and therefore the City's Draft Housing Element continues to use the 5,965-unit target assigned by ABAG.

Certification by the State

HCD reviews each housing element prepared by individual jurisdictions across the State and determines its compliance with State law. If HCD issues a finding that the Housing Element is in substantial compliance with State law, it is referred to as "certification" of the Housing Element. At the direction of the City Council, the City submitted its draft Housing Element for review by HCD on August 16, 2022. HCD completed its review and provided a comment letter to the City on November 14, 2022. HCD's comment letter is included as Exhibit A. An updated Housing Element responding to HCD's comments will need to be resubmitted to HCD for final certification. It will be submitted upon adoption of the document by the City Council, anticipated by the end of January 2023.

Timeline and Public Consultation

The City formally initiated the Housing Element update process in March 2021 with hearings beginning in May 2021. At each step of the process, the City has engaged the community through social media, the local press, utility bill mailing, website development, an online survey, and other methods. There have been over 40 public meetings and outreach events which included, among others, an in-person booth at the Farmers Market, community workshops, Commission meetings, and Council meetings. Staff has engaged with various stakeholder groups and representatives from community-based organizations, as well as the development community, to seek input on opportunities, constraints, and challenges around housing in Pleasanton. The Housing Commission last discussed and reviewed the draft Housing Element on June 23, 2022. The Housing Element update process is reaching its conclusion and the City aims to adopt the updated Housing Element by January 31, 2023. This timeline was adjusted as described to the City Council on [November 15, 2022](#).

DISCUSSION

Modifications to Draft Housing Element

On November 14, 2022, the City received a letter from HCD with the results of their review. While the draft Housing Element meets many of the statutory requirements, HCD identified several revisions, including requests for additional information and analysis deemed necessary before the agency will certify the Housing Element, Exhibit A.

Additionally, prior to receipt of the formal comment letter, staff held two calls with HCD to discuss the agency's preliminary comments in greater detail and gain additional specificity and clarity. Staff suggests a series of modifications including bolstering details and data included in the Draft Housing Element in certain background sections of the report, adding several programs and policies to address specific concerns raised by HCD, and clarifying discrete timing for programs. Several of HCD's comments related to the adequacy of the sites inventory, including requesting additional justification as to how several of the non-vacant sites would in fact be likely to develop with housing in the 8-year housing element period.

Exhibit B provides a matrix that summarizes the recommended changes in response to HCD comments, and Exhibit C includes redlines to the policies and programs. While many of the changes are to provide additional analysis or detail to background sections of the Housing Element, there are some more substantive revisions, reflected in programs, that relate to the City's existing development review process and residential development standards. These items are outlined below.

Planned Unit Development Process

In both HCD's formal letter to staff, as well as in the two calls with staff, HCD provided feedback related to and queried the Planned Unit Development (PUD) process, as a process that they are concerned may constrain housing production by introducing extra time, cost, or uncertainty into the review process for residential projects. One of the

requirements of the Housing Element is to analyze potential governmental constraints to housing production and reduce them wherever possible.

HCD's comments question the use of the PUD process generally as well as the means by which development standards are created and how various development standards imposed by the City may affect housing cost, supply approval and project certainty.

The City's current PUD process, as defined in the PMC, is discretionary (i.e., the City has significant latitude to approve or deny projects and to set site-specific development standards, development densities, etc.). The process requires both Planning Commission review and City Council approval. Through the PUD process, subject sites modify their respective zoning to a special PUD zone that allows for greater flexibility of standards tailored to the site's specific constraints and opportunities. Developers frequently opt to use the PUD process in conjunction with applications involving rezoning of a site, and/or to accommodate larger scale projects that need flexibility from the City's typical zoning standards. In turn, the City negotiates certain project amenities and typically the resulting projects include a high quality design, are compatible within their context, and achieve developer's goals.

Although the PUD process is beneficial in allowing developers flexibility, particularly for larger-scale developments, and has allowed the City to negotiate a wide range of community benefits in projects, the process has sometimes been criticized as lacking clarity, introducing uncertainty in the entitlement process, and adding processing time and costs to project approvals. PUDs on average are approved three-four months after the project is deemed complete, though the entire process, through completeness, may take closer to a year, or longer for complex projects, to complete.

The Housing Accountability Act (HAA) requires the City to facilitate housing development through a streamlined process that provides certainty in outcomes. Pursuant to the HAA, local jurisdictions may only rely on objective standards when making a determination to approve, deny or modify a project's density below the maximum allowed by the General Plan or zoning.

Given HCD's line of questioning surrounding the PUD process and based on experience with similar comments in other jurisdictions, to satisfy HCD's concern and achieve a certified Housing Element, the City's Professional Services Team (Lisa Wise Consulting) recommends including a program to modify the PUD process for the rezone housing sites, as outlined below.

First, consistent with the Housing Accountability Act, the City is developing a comprehensive set of Objective Design Standards for residential and mixed-use developments, including both the existing and new Housing Element sites, as well as residential and mixed-use zones that allow multi-family development. These standards will help streamline development approvals, provide clear, consistent, and objective guidance to applicants, and ensure quality and consistency throughout residential

projects, including infill projects within and adjacent to existing residential neighborhoods. This is outlined in Program 6.1.

Second, staff recommends adjusting the PUD process to create two paths. One path would be as it exists today, and would be applicable to projects seeking rezoning, and/or wishing (or needing to) deviate from established objective design standards. Another path, PUD conformance review, would be established for rezone sites identified for housing in the 6th Cycle Housing Element. Staff suggests the PUD process for these sites should be limited to a conformance analysis of proposed projects with the Objective Design Standards. This adjusted process would involve approval by the Planning Commission and the City will base its review, and related approval or denial of a project, on the applicable objective standards that have been adopted. All Planning Commission approvals are reported to the City Council who has authority to call decisions up for review if needed.

The draft program language that was added is as follows:

Program 4.8 The City will develop a modified Planned Unit Development (PUD) process that serves strictly as a conformance review. This PUD conformance review will evaluate housing sites against objective standards and will not require City Council approval.

Modifications to Residential Multi-Family (RM) Zoning Standards

In both HCD's formal letter to staff, as well as in the two calls with staff, HCD provided feedback and questions related to land use controls (e.g., height, parking standards, setbacks). Specifically, HCD questioned if existing land use controls impact projects' ability to achieve maximum densities without receiving any exceptions (e.g., Variances, Conditional Use Permits, or PUDs). Typically, single-family and commercial projects are able to build without requiring exceptions and submit Design Review applications complying with existing zoning districts. However, historically, typically multi-family residential projects, particularly on smaller, infill sites, pursue PUDs (though some have developed within existing zoning, without a PUD or any exceptions). Some of the potential constraints to accommodating the allowed densities within RM zones include the required setbacks, as well as required on-site parking, although it is noted and acknowledged that the City has emphasized residential projects being fully parked on site in order to avoid "overflow" impacts on to neighboring streets, especially within the downtown. It is further noted that the PMC allows for some flexibility in parking standards within downtown sites, specifically to reduce constraints to development on these sites.

Given HCD's line of questioning surrounding the land use controls, and based on experience with similar comments in other jurisdictions, to satisfy HCD's concern and achieve a certified Housing Element, the City's Professional Services Team (Lisa Wise Consulting) recommends including a program to review and update the Residential Multi-Family zoning standards, to create more standards that allow for assigned densities to be feasibly achieved, without the need to pursue a PUD, Variance, or other

exceptions. Although the exact standards in need of adjustment will be determined through study, they are likely to include setbacks, floor area ratio, and possibly modified parking minimums within RM zones that would scale parking requirements to unit size. Staff intends to work with the Professional Services Team working on the Objective Design Standards effort (Van Meter Williams Pollack), to identify and bring forward any needed revisions to specific standards, in accordance with the Housing Element program.

The draft program language that was added is as follows:

Program 4.6 The City allows for parking reductions in certain circumstances, and state law establishes no minimum parking requirement or highly reduced parking rates for qualifying projects (e.g., state density bonus law, SB 35, AB 2097, etc.). To further reduce the impacts of parking requirements on the production of housing, the City will assess and update multi-family parking standards citywide to establish lower rates for studios and one-bedroom units and reduce the covered parking requirement (i.e., not require covered parking for studio and one-bedroom units).”

Program 4.7 The City will analyze and test standards in the RM zones to determine standards (e.g., setbacks, parking, etc.) that constrain developments and limit the ability to achieve maximum allowed density. Based on the analysis, the City will modify RM zones standards in the Zoning Ordinance to ensure maximum density can be achieved without exception (e.g., planned unit development, etc.).

Housing Commission Review

As noted, there are numerous other revisions and amendments throughout the Draft Housing Element in response to HCD’s comments, in addition to the two more substantive items noted above. Staff seeks the Housing Commission’s review and feedback on the proposed modifications to the Draft Housing Element.

Level of Service

LOS is a performance standard included in the City’s General Plan, which measures intersection congestion based on the average vehicle delay. This vehicle delay is then given a letter score which correlates to the delay, with LOS A reflecting the least amount of delay and LOS F the greatest delay. The General Plan specifies LOS D as the maximum acceptable delay (i.e., average vehicle delay not to exceed 55 seconds).

Although CEQA includes traffic impacts among the impacts to evaluate, changes in State law disallow the use of LOS as a measure of environmental impacts. However, given the existing General Plan policy and concern to ensure projects do not contribute unacceptable congestion within Pleasanton, the City conducted a separate Level of Service Assessment, which evaluated the effects of developing housing at prescribed densities, on 32 intersections throughout Pleasanton. The Housing Element Level of Service Assessment is included as Exhibit D. The Assessment used the Pleasanton Traffic Model to evaluate the impacts of the Project (i.e., the 25 housing sites) for the existing, near-term, and buildout timeframes. The existing timeframe, however, uses

2019 pre-pandemic traffic volumes instead of the 2022 volumes which are still at about 80 percent of pre-pandemic volumes.

The Assessment evaluates the change in delay with “all sites” as opposed to evaluating the impact of the 25 housing sites individually. Therefore, some interpretation is required to identify which housing sites contribute to an intersection’s increased delay. The Assessment shows that depending on the time frame analyzed, anywhere between four and nine intersections operate at an unacceptable level of service in the future, if all 25 sites were to be developed at their maximum density. It is important to note that many of these intersections operate at an unacceptable level of service even without the Housing Element update; in these locations it is important to evaluate the relative increase in delay caused by the housing development.

Of the nine intersections that fail the level of service threshold established in the General Plan, the four most impacted by the Housing Element include:

1. Santa Rita Road at Pimlico Drive / 580 Eastbound Ramps
2. Santa Rita Road at Stoneridge Drive
3. Santa Rita Road at Valley Avenue
4. Stoneridge Drive at Stoneridge Mall Road

The other five include:

1. Hopyard at Owens
2. Sunol at I-680
3. Stanley at Valley/Bernal
4. Hopyard at Stoneridge
5. Hopyard at I-580 EB ramps

These five have modifications identified in the TIF to return them to an acceptable level of service (though the Assessment evaluates level of service prior to any modifications).

The four intersections impacted by the Housing Element experience an increase of more than 10 seconds per vehicle with the Housing Element update. Some sites, while proximate to these intersections, actually result in a decrease in traffic, due to existing uses on the site that generate more traffic than a hypothetical housing project. Area 16 (Tri Valley Inn) and Area 18 (Valley Plaza) are both examples of sites where this phenomenon occurs.

The sites most directly associated with the increase in vehicle delay include:

- **Area 11 (Old Santa Rita):** this site was evaluated with a maximum of 1,311 units which adds 730 trips to the PM roadway network. These added trips increase delay to both Santa Rita Road at Pimlico Drive, and Santa Rita Road at Stoneridge Drive.
- **Area 20 (Boulder Court) and Area 21 (Kiewit):** these two sites have a combined count of 1,138 units which add 634 trips to the PM roadway network. These trips impact the intersection of Santa Rita Road and Valley Avenue. It should be noted, however, that the “East Pleasanton Specific Plan Assumptions”

as reflected in the Citywide Traffic Model were included in addition to these sites and reductions in those future assumptions (which include up to 530,000 square feet of future industrial development) would lessen the sites' impacts. Area 16 (Tri-Valley Inn) and Area 18 (Valley Plaza) are also both proximate and contribute traffic volumes at the Santa Rita Road at Valley Avenue intersection. however, their existing commercial development would be removed / reduced as part of the development of these housing sites and therefore the proposed development does not increase the number of trips on the roadway network.

- **Area 2 (Stoneridge Shopping Center):** this site was evaluated with 1,440 units which adds 806 trips to the PM roadway network. These trips increase delay to Stoneridge Drive at Stoneridge Mall. The model shows trips avoiding this intersection as well as avoiding Canyon Way, as drivers detour to avoid congestion. As a result, there is an increase in trips shown on Springdale Avenue. Deodar Way and Laurel Creek Way remain uncongested roadways both to and from Stoneridge Mall Road. Similar to East Pleasanton Specific Plan, the Stoneridge Mall impact could be lessened by a change in the development assumptions at the Stoneridge Mall. The traffic model assumes that both Nordstroms and Sears return to operation and that the mall expands in the future to include an additional 353,000 square feet of future retail. These retail assumptions also contribute to the future congestion. The City is currently undertaking the Stoneridge Mall Framework which will include an evaluation of existing and future commercial uses at the Mall, and could result in revised land use assumptions (and related amendments to the existing regulatory agreements related to the Mall) to reduce total commercial development, which could help offset the impact of the new housing development.

The Level of Service Assessment is being provided to the Housing Commission to provide detail that may be used to help narrow the rezone site list.

Objective Design Standards and Affordability Mix

Draft Housing Element Program 4.2 calls for the City to develop Objective Design Standards (ODS), and Program 2.1 states that the City will undertake various updates to the Inclusionary Zoning Ordinance (IZO), including adopting a target mix of both unit sizes and affordability. The City has been working to develop the ODS, and recommends they be adopted at the same time the Housing Element is adopted. A separate agenda item will be provided to the Planning Commission on December 14 and City Council on December 20, to present the draft ODS. In addition to development and design standards, the ODS includes a recommended unit size and affordability mix, as follows:

Bedroom Mix: Minimum of 10 percent of units to be 3 Bedroom; 45 percent of units to be 2-Bedroom, and the remainder 1 Bedroom or Studio, except that no more than 10 percent of units may be Studios.

This unit mix will help to secure more units suitable for larger households and families (typically the most difficult to secure), while still leaving close to half of units as smaller 1-BR and studio units for smaller households.

Affordability Mix: The IZO currently does not specify the desired affordable housing mix in terms of income levels, and past practice has been to negotiate this with developers through the Affordable Housing Agreement. With the new emphasis in State law on objective standards, the City has less ability to negotiate this. Since it will likely take some time to complete the updates to the IZO, staff recommends the Objective Design Standards for Housing Element sites include a target income mix for affordable rental units, as follows:

- A minimum of 25 percent of units at no more than 50% AMI (“Very Low Income Units)
- A minimum of 25 percent of units at no more than 60% AMI (Low-Income Units)
- No more than 50 percent of units at no more than 80 % AMI (reflecting the low end of the Moderate Income range (80-120% AMI)

For ownership units, staff recommends unit prices be set at no more than 120% AMI, which is a Moderate-Income range within which most households will be able to qualify for a first mortgage.

Staff believes this mix would secure more units in the hardest- to reach very low income categories, as well as allowing for a balance that will be economically viable for developers and allow for a proportion of units to meet moderate income “workforce” and middle-income housing goals. However, with the update of the IZO there will be the opportunity to study the appropriate affordability mix in more detail and amend it if needed; but, in the interim, ensure any projects that move forward are held to a high standard for affordability.

Site Selection

The City’s existing zoning (i.e., residential development capacity that exists currently within Pleasanton’s residential and mixed-use zoning districts) and “pipeline” of entitled projects is estimated to accommodate approximately 2,792 housing units; this number includes 93 ADUs that are assumed will be built during the Housing Element period. This estimated capacity reflects a shortfall of 3,173 units when compared to the total RHNA allocation (total of 5,965 units). Thus, a total of up to 24 additional sites have been identified which may be considered for future rezoning to allow housing. This list was initially longer, though has been reduced throughout the process. Area 3 (Donlon) was the most recent removal, though is still reflected in some of the analysis documents, including the CEQA Environmental Impact Report, due to the timing of when the decision was made to remove the site from the list.

As noted, currently, the sites inventory includes 24 sites (Exhibit E) which represents a surplus of units above the required RHNA, particularly in the very-low/low-income category (generally derived from sites identified for density above 30 dwelling

units/acre), and a smaller surplus of moderate- and above-moderate units. As additional analysis (i.e., CEQA and LOS) is now available and HCD has concluded their initial review of the Draft Housing Element, staff recommends narrowing the site list to closer reflect the required RHNA.

Staff evaluated the existing site list and considered the following factors: initial sites criteria ranking, CEQA analysis including VMT impacts, LOS impact, owner interest/feasibility to redevelop, school impacts, review by HCD, and public input. Staff provides a recommendation for consideration of a proposed site list, as described further below.

Initial Sites Criteria Ranking

Early in the Housing Element Update process, the City Council established “site selection criteria” developing a scoring system by which to rank the potential rezone sites. The sites criteria scoring is intended to provide a screening level evaluation of the sites, based to the extent possible on objectively measurable criteria. The criteria included Site Size and Infill Criteria, Proximity to Modes of Transportation, Proximity to Services and Amenities, Environmental Impacts/Hazards, Impact on Trees, Biological, or Historic Resources, Height and Mass Compatibility, and Interest in Site

The top ranked sites included: Area 7 (Hacienda Terrace), Area 15 (Rheem Drive Southwest), Area 16 (Tri-Valley Inn), Area 18 (Valley Plaza), Area 19 (Black Avenue), Area 24 (Sonoma Drive), Area 25 (PUSD District), and Area 29 (Oracle). Area 29 was the highest ranked site. The lowest -ranked sites included: Area 1 (Lester), Area 4 (Owens), Area 11 (Old Santa Rita), Area 12 (Pimlico North), and Area 22 (Merritt), with remaining sites falling in between. A summary of the initial scores is included as Exhibit F. To note, some of the sites that were previously ranked have been removed from the list (i.e., Area 3 Donlon, Area 10 ValleyCare, Area 13 Pimlico South Side, Area 17 Mission Plaza, and Area 28 Steelwave).

CEQA Analysis

Pursuant to the requirements of CEQA, the City prepared a Draft Program Environmental Impact Report (DEIR) for the Housing Element Update. The DEIR focuses on changes to land use designations to accommodate residential uses for sites identified in the Housing Element Update and evaluates the potential environmental impacts of those land use and zoning changes. It also focuses on the implementation of policies and programs included in the Housing Element Update.

Throughout the EIR, less than significant impacts are identified across several impact areas including Aesthetics, Energy, and Wildfire. Potentially significant impacts were identified for Air Quality, Biological Resources, Geology and Soils, Hazards and Hazardous Waste, and Noise. However, in each case, mitigation measures are specified that would reduce potential impacts to a less than significant level. While occasionally specific sites are called out (e.g., Area 22 is visible from the highway), none of the impacts are deemed significant and unavoidable; thus, staff does not find

that any sites should be considered more or less favorable based on the analysis of those impact areas.

The DEIR identifies significant and unavoidable impacts in both Transportation and Utilities and Service Systems. In terms of Utilities and Service Systems, the significant and unavoidable impact relates to projected water supply, due to the recently-identified PFAS issues that have caused City wells to be taken off-line, and fact the City is yet to determine the most appropriate way to secure replacement water supply. The water supply is not site specific, as the RHNA unit requirements does not change regardless of which sites are included (i.e., the impact is driven by the number of units the City is required to zone for, to meet the RHNA).

However, regarding Transportation, the significant and unavoidable impact relates to VMTs. Many of the potential sites for rezoning are located in areas which are expected to generate a home-based VMT per resident above the relevant threshold of significance. While almost all sites are above the level of significance (for both project-level and cumulative), some sites have relatively better VMT per capita than others. For example, Area 2 (Stoneridge Mall), and several of the sites in Hacienda have VMT per capita only marginally above the threshold, whereas others are much more significantly above.

Since this impact would be significant and unavoidable, sites which have relatively lower VMTs are considered to be more favorable. Site by site projected VMT impacts are noted below in Table 1.

Table 1 Home-Based VMT per Resident for Potential Rezoning Sites [EIR Table 3.14-3]

Housing Element Sites Site Number-Name	Maximum Proposed Capacity (Units)	Home-Based VMT per Resident		HEU >85% of Alameda County Average?
		85% of 2040 No Project Alameda County Average	2040 Plus Project	
1–Lester	31	15.0	33.6	Yes
2–Stoneridge Shopping Center (Mall)	1,440	15.0	17.8	Yes
3–PUSD–Donlon	28	15.0	23.7	Yes
4–Owens (Motel 6 and Tommy T)	94	15.0	18.6	Yes
5–Laborer Council	54	15.0	17.3	Yes
6–Signature Center	440	15.0	19.6	Yes
7–Hacienda Terrace	80	15.0	19.2	Yes
8–Muslim Community Center	125	15.0	22.6	Yes
9–Metro 580	375	15.0	20.2	Yes
11–Old Santa Rita Area	1,311	15.0	14.9	No
12–Pimlico Area (north side)	85	15.0	24.7	Yes
14–St. Elizabeth Seton	51	15.0	22.3	Yes
15–Rheem Drive Area (southwest side)	137	15.0	22.3	Yes
16–Tri-Valley Inn	62	15.0	23.1	Yes
18–Valley Plaza	220	15.0	23.1	Yes
19–Black Avenue	65	15.0	24.0	Yes
20–Boulder Court	378	15.0	25.1	Yes
21a–Kiewit	200	15.0	25.1	Yes
21b–Kiewit	560	15.0	25.1	Yes
22–Merritt	91	15.0	31.6	Yes
23–Sunol Boulevard	956	15.0	26.7	Yes
24–Sonoma Drive Area	163	15.0	30.8	Yes
25–PUSD–District	163	15.0	24.5	Yes
26–St. Augustine	29	15.0	25.6	Yes
27–PUSD–Vineyard	25	15.0	39.9	Yes
29–Oracle	225	15.0	18.7	Yes

School Impacts

As described in the Draft EIR, which includes input from PUSD staff, elementary schools in the northern area of PUSD (Donlon and Fairlands) are currently impacted. As described in the EIR, added housing to those school boundaries, would require students to be assigned to another campus. Area 4 (Owens Drive), Area 5 (Laborer Council), Area 6 (Signature Center), Area 7 (Hacienda Terrace), Area 8 (Muslim Community Center), Area 9 (Metro 580), Area 11 (Old Santa Rita), Area 12 (Pimlico North), and Area 29 (Oracle) are all located within a boundary of an impacted school.

It is noted that PUSD is currently undertaking a boundary adjustment study, which will aim to adjust enrollment boundaries to better balance impacts to existing schools; City staff are participating in the Boundary Stakeholder Committee and are continuing to provide information and data to PUSD as it undertakes updates to its demographic and enrollment projection reports, in order to most effectively plan for new facilities. PUSD has stated that neither of the sites it proposed for potential rezoning to allow housing would be suitable sites to meet its school capacity needs, since their locations do not match where existing and projected student demand is greatest, and that its preference is instead to allow for an alternative use of these sites, and for the proceeds from development to be used to help support facilities in other locations, to meet student needs.

LOS Impact

As noted above, Area 2 (Stoneridge Shopping Center), Area 11 (Old Santa Rita), Area 20 (Boulder Court), and Area 21 (Kiewit) are anticipated to be directly associated with added vehicle delays and traffic at impacted intersections, although for both Area 2 and Area 21, and there are potential adjustments that may occur related to projected land use (i.e., at the Mall and within East Pleasanton), that could help to reduce the projected impacts as modelled.

Owner Interest

Many of the sites have some form of owner interest which includes active involvement/conversation with staff, applications, completing the survey to register affirmative interest, and/or submitting separate letters of interest. Some form of owner interest has been expressed for all sites except Area 4 (Owens Drive), Area 11 (Old Santa Rita), Area 12 (Pimlico North), Area 15 (Rheem Drive Southwest), Area 20 (Boulder Court), and Area 24 (Sonoma Drive).

Review by HCD

The adequacy of the sites inventory has been evaluated by HCD. While no formal comments were made by HCD to explicitly reject any sites from inclusion, staff held two calls with HCD wherein they inquired about the specific sites including likelihood of redevelopment/owner interest for: Area 4 (Owens Drive), Area 9 (Metro 580), Area 11 (Old Santa Rita), Area 12 (Pimlico North Side), Area 15 (Rheem Drive Southwest), Area 18 (Valley Plaza), Area 23 (Sunol Blvd), and Area 24 (Sonoma Drive). The formal comment letter similarly focuses on non-vacant sites where there are existing, ongoing uses and activities, which include the sites listed above. Several of these sites coincide with those for which there has not been any active owner interest expressed to date.

Public Input

Throughout the Housing Element update process, staff has heard from several members of the community. Of the remaining sites on the potential rezone list, staff received concerns related to several sites including:

- **Area 1 Lester:** Concerns related to development in the hills

- **Area 2: Stoneridge Shopping Center:** Concerns with added congestion to an already busy area
- **Area 11 Old Santa Rita:** Concern due to loss of space for small, service commercial, and light industrial businesses (e.g., automotive repair)
- **Area 16 Tri Valley Inn:** Concern with compatibility (e.g., density and height) with adjacent neighborhoods and traffic
- **Area 18 Valley Plaza:** Concern with the removal of valuable neighborhood commercial uses and community services, and compatibility (e.g., density and height) with adjacent neighborhoods
- **Area 21 Kiewit:** Concern with increased GHG emissions
- **Area 23 Sunol:** Concern due to the large number of units proposed and potential traffic issues
- **Area 25 PUSD District:** Concerns related to traffic, proximity to historic downtown, and changes to character, density, and crime in surrounding area, among other concerns
- **Area 26 St. Augustine:** Concerns with increased density and compatibility with neighborhood

In addition to concerns noted above, staff has received general inquiries and comments related to several other sites (e.g., related to feasibility, leases, environmental remediation, etc.).

Recommendation

The existing site list includes a surplus of units and throughout the process it has been understood that the site list be reduced to a unit count that more accurately reflects Pleasanton's RHNA. Due to "no net loss" provisions of state law¹, staff recommends a modest 4 to 10-percent buffer above the City's RHNA be maintained. Additionally, it is worth highlighting that low and medium density sites have an assumed capacity derived from the average density range suggested for the site. For example, if a site has a minimum capacity of 15 units and maximum capacity of 25 units, the assumed capacity is 20 units. High density sites assume the minimum capacity. This approach represents the most realistic assumed capacity and one that will be accepted by HCD. It also provides an additional buffer for no net loss, in the event some sites are developed below the assumed capacity.

There are several combinations of the potential rezone site list that would achieve the required RHNA unit count and all sites on the potential list are suitable and could accommodate residential development. Below in Table 2, staff ranks the potential

¹ "No net loss" provisions are a component of the Housing Accountability Act, which, whenever a project is approved with few units, or less affordability than cited in the Housing Element, requires findings to be made that adequate zoning capacity remains in the inventory to accommodate the units not built, or for the City to rezone additional sites to accommodate that number of units.

rezone sites. Sites with white backgrounds (i.e., not “grayed out”), are recommended for inclusion in the 6th Cycle Housing Element. This ranking, while grounded in the aforementioned considerations (i.e., initial scoring criteria, VMT, school impacts, LOS, owner interest, HCD input, and public input), is somewhat subjective as some of the considerations cannot be quantitatively assessed. Staff attempted to balance competing community interests and account for a relatively even distribution of the sites throughout the City (as required by HCD), to avoid overconcentrating housing in one area of the city.

Table 2 Potential Rezone Site Rankings

Site Number	Site Name	Unit Count				
		Very low/Low	Moderate	Above Moderate	Max Capacity	Assumed Capacity
29	Oracle	135	0	0	225	135
16	Tri Valley Inn	0	0	50	62	50
19	Black Avenue	0	0	52	65	52
7	Hacienda Terrace	60	0	0	80	60
2	Stoneridge Shopping Center	620	0	280	1,440	900
14	St. Elizabeth Seton	0	0	43	51	43
6	Signature Center	330	0	0	440	330
5	Laborer Council	41	0	0	54	41
8	Muslim Community Center	0	100	0	125	100
9	Metro 580	225	0	0	375	225
25	PUSD District	0	0	122	163	122
18	Valley Plaza	134	11	21	218	166
27	PUSD Vineyard	0	0	28	35	28
21	Kiewit	150	0	440	760	590
23	Sunol Blvd	0	214	245	612	459
22	Merritt	0	0	90	90	90
1	Lester	0	0	31	31	31
26	St. Augustine	0	0	19	29	19
24	Sonoma Drive	0	0	133	163	133
15	Rheem Drive Southwest	0	0	107	137	107
4	Owens	71	0	0	94	71
20	Boulder Court	284	0	0	378	284
12	Pimlico North	64	0	0	85	64
11	Old Santa Rita	525	9	122	1309	656

Some sites, Areas 3 (Donlon), 10 (ValleyCare), 12 (Pimlico South), 17 (Mission Plaza), and 28 (Steelwave) were removed in earlier stages of the Housing Element Update and not evaluated in later stages of the project. These sites are not being considered at this stage; however, they are listed below for reference in Table 3.

Table 3- Previously Removed Sites

Site Number	Site Name	Unit Count				
		Very low/Low	Moderate	Above Moderate	Max Capacity	Assumed Capacity
3	PUSD Donlon	0	0	28	28	28
10	ValleyCare	108	0	0	108	108
12	Pimlico South	0	0	40	50	40
17	Mission Plaza	67	0	0	67	67
28	Steelwave	240	0	1,091	1,331	1,331

Sites Recommended for Removal

Staff recommends Areas 11 (Old Santa Rita), 12 (Pimlico North), 20 (Boulder Court), 4 (Owens), and 15 (Rheem Drive Southwest), Area 24 (Sonoma Drive), and Area 26 (St. Augustine) be excluded from the potential sites for rezoning. While all of these sites are potentially viable/acceptable sites and could be included in the Housing Element, staff suggests there are sites which better merit inclusion.

Staff recommends excluding the above-listed sites for several reasons.

- Several are non-vacant sites about which HCD had questions (Areas 11, 12, 4, 24 and 15)
- Some impact already impacted schools (Areas 11, 12, and 4)
- Some have relatively high VMT impacts (Areas 12, 20, 26 and 24) or LOS impacts (Areas 11 and 20).
- Some of the sites (Area 11, 12, 15 and 24) contain service commercial which have limited opportunities to relocate throughout town.
- Finally, owner interest has not been explicitly expressed for any of these sites except Area 26.

While most of these sites fall towards the bottom of the list for the various reasons noted above, Area 24 (Sonoma Drive) and Area 26 (St. Augustine) fall toward the middle tier of sites. However, they are not necessary to meet RHNA, nor do they have other compelling reasons to include them. As such, staff recommends they be omitted from the Housing Element.

Sites Recommended for Inclusion

Staff recommends including Areas 29 (Oracle), 16 (Tri-Valley Inn), 19 (Black Avenue), 7 (Hacienda Terrace), 2 (Stoneridge Shopping Center), 14 (St. Elizabeth Seton), 6 (Signature Center), 5 (Laborer Council), 8 (Muslim Community Center), and 9 (Metro 580). Staff also recommends including Area 25 (PUSD District), Area 18 (Valley Plaza), Area 27 (PUSD Vineyard), Area 21 (Kiewit), Area 23 (Sunol), Area 22 (Merritt), and Area 1 (Lester), and additional site-specific discussion is provided below for these sites.

Staff recommends including these sites for several reasons. Most of these sites have relatively good VMTs (Area 29, 16, 7, 2, 14, 6, 5, 8, 9, 25, and 18) and scored well with

the initial scoring criteria. Areas 29, 16, 19, 7, 14, 6, 8, 9, 25, 18, and 23 scored within the top two tiers. Many of the sites are located near infrastructure accommodating a variety of modes of transport (e.g., BART, ACE, bus stops, and/or bicycle facilities). The sites located in Hacienda are particularly proximate to a variety of infrastructure. Many are also proximate to services and amenities.

All have expressed some form of owner interest and represent very feasible housing sites. Some sites (Areas 29, 7, 22, 1) have specific areas of the parcels that are either vacant or have a dedicated area identified housing without the need to remove the existing uses and other sites include vacant buildings.

There was concern throughout the Housing Element Update process about loss of service commercial uses. Staff aimed to remove the majority of these sites, acknowledging limited relocation opportunities in town. Lastly, this mix of sites are relatively well distributed throughout the City and will not create Affirmatively Furthering Fair Housing issues which can result if all of the housing is concentrated in one area.

Collectively, these sites have more compelling factors than the sites recommended for removal. Below, staff highlights some of the sites recommended for inclusion and provides greater detail about each Area.

- Area 25 PUSD District: This site was ranked in the top tier of the initial scoring criteria, has relatively good VMTs, and does not negatively contribute to LOS deterioration or congestion. There is strong expressed owner interest and it is a highly feasible housing site, with PUSD having recently acquired a new property to house the district offices, making it no longer essential for this use. Its location proximate to services and amenities, represents a good location for housing. However, there have been several public comments and concerns related to its inclusion in the Housing Element. Some of the concerns have centered around the compatibility to neighboring residential neighborhoods. The adjacent residential includes predominately single-family lots, and the density proposed on this site ranges from 8-16 dwelling units per acre. Development would likely take shape as small lot single-family, townhomes, or low-rise multi-family units (such as garden apartments). There may also be an opportunity to work with PUSD to develop at least some of the units here as teacher or PUSD employee housing, which could help the District attract and retain top-tier teaching staff who may otherwise be priced out of the Pleasanton housing market.
- Area 18 Valley Plaza: This site was ranked in the top tier of the initial scoring criteria, has relatively good VMT, and does not negatively contribute to LOS deterioration or congestion. There is a strong expressed owner interest in this site, though HCD did have some questions related to redevelopment feasibility, which can likely be overcome based on owner interest. There have been several concerns related to its inclusion in the Housing Element. Many of the comments focused around removal of neighborhood commercial uses and compatibility to neighboring residential neighborhoods. This site currently contains several multi-tenant commercial buildings, two drive-thru restaurants, and one restaurant in a

standalone building. While these uses could likely relocate to other areas of town, this center offers a variety of uses and services walkable to the adjacent residential. The owners of the site are interested in, and have developed preliminary plans for a mixed use development on this site that could accommodate relocated commercial tenants. The adjacent residential includes a combination of apartments, townhomes, and single-family lots. The density proposed on this site is 30-40 dwelling units per acre which is high density and is likely to comprise of apartments or condominiums, possibly with some structured parking.

- Area 27: PUSD Vineyard: PUSD has expressed strong interest in development of this 10-acre vacant site with housing, although has requested more of the site be designated for housing, to allow for more units to be developed, versus the currently designated 20 units. While a portion of the lot needs to remain open space per the Vineyard Avenue Specific Plan, it may be appropriate to reduce the open space area down from the current 5 acres, to closer to 2-3 acres, still providing a generous open space buffer and potential neighborhood park site and meeting the intent of the Specific Plan. If 7 acres of the site were developed at approximately 4 du/ac, between 28 and 35 units could be constructed. However, it is a policy decision as to whether to reduce the dedicated open space area and increase the assumed capacity.
- Area 21 Kiewit: The owner has expressed interest in this site and it is very feasible to redevelop. The biggest concerns with allowing housing on this site are the VMTs (this site has relatively high VMTs) and LOS impact (generating traffic at already impacted intersections). However, it is worth noting that this site will likely be redeveloped in the near future regardless of inclusion in the Housing Element. It is possible that the commercial and/or industrial uses that would be built in-lieu of residential will have similar or greater LOS impacts and the site will still be located in a high VMT area. Given the size of the site, it offers an opportunity to incorporate both high and low/medium density units, including a significant increment of affordable housing in a dedicated project, as well as park and open space area.
- Area 23 Sunol Blvd: This site was ranked in the upper-middle tier of the initial rankings. The site is comprised of five parcels. Owner interest has been received for some of the parcels (the northern two parcels and southern parcel). HCD did have some questions related to this site. As such, staff recommends removing the parcels from the overall site for which no owner interest has been received. This reduces the total assumed capacity from 719 units to 459 units. Additionally, the units were split between very low/low income (245 units) and moderate income (214 units). Staff suggests adjusting the assumptions so that the site now includes moderate (214 units) and above-moderate income units (246 units). This adjustment is recommended to ensure all RHNA income categories are met.
- Area 22 Merritt and Area 1 Lester: These sites both have strong owner interest and high feasibility. Both sites have residential General Plan land use designations and have been included on successive Council workplans, though

they are outside of City limits and will need to be annexed. Both sites are somewhat unique in having active development applications (a PUD application for Lester, and a Preliminary Review application for Merritt) already submitted to the City. The provisions of Housing Element law for sites subject to annexation will require the City and Alameda County to negotiate the transfer of a portion of Alameda County’s RHNA to the City, to account for incorporation of those parcels into the City of Pleasanton. This negotiation would occur following a future annexation – and while it is likely that the number of RHNA units transferred will in all likelihood be less than the unit counts noted in the sites analysis (since development in the County could not occur at a similar density without annexation and connection to City utilities), the above-moderate inventory should be sized to accommodate such a potential transfer. As proposed, there is a slight buffer to above moderate to account for this transfer. It is noted that, due to the need to annex the properties (a legislative action by the City), the City would retain a higher degree of discretion over the ultimate review and approval of housing projects on these sites, compared to others in the inventory.

Table 4, below, has been adjusted to reflect staff’s recommendation. As recommended, there is a slight buffer (approximately 4-percent) of the total assumed capacity above RHNA and a larger buffer (approximately 28- percent) of the total max capacity above RHNA (surplus of 1,643 units).

Table 4- [Appendix B, Table B-11, Residential Development Potential and RHNA-Adjusted]

	Extremely Low	Very Low	Low	Moderate	Above Moderate	Total
RHNA	See Very Low	1,750	1,008	894	2,313	5,965
ADUs	See Very Low	5	28	46	14	93
Approved/Entitled Projects	-	-	23	-	393	416
Remaining RHNA	See Very Low	1,745	957	848	1,906	5,456
Site Inventory	See Very Low/Low	1,090		552	641	2,283
Surplus / (Shortfall)	See Very Low/Low	(1,612)		(296)	(1,265)	(3,173)
Rezone Sites (Net New)	See Very Low/Low	1,696		325	1,402	3,422
Surplus With Rezone Sites (Assumed Capacity)	See Very Low/Low	83		29	129	241

Staff seeks the Housing Commission's review and feedback on the recommended rezone sites.

Alternatives

The City Council may ultimately elect to include any of the sites on the potential rezoning list including those which staff has currently excluded (Areas 11, 12, 20, 4, 15, 24, and 26). The Council may also remove any of the sites that staff is currently suggesting remain in the Draft Housing Element. When removing sites, however, the RHNA must still be met across all income categories. Thus, if sites are removed, other sites must be added in that cover the unit count removed, and caution must be taken to avoid, in particular, creating a shortfall of very-low and low-income capacity.

If the Council was interested removing additional sites without replacing with other sites identified to be removed already, for Area 23 (Sunol), the original set of parcels identified for this site can be added back into consideration. The assumed capacity would increase to 718 units and the max capacity would increase to 956 units. This option would increase the units on this site and allow the Council to remove other sites. However, it is more likely that this site will be acceptable to HCD if the two parcels without owner interest are not included as part of it.

In addition, the Council may increase the low end of density ranges for other sites which would increase site capacities. If the minimum densities are increased, additional sites could be removed.²

PUBLIC NOTICE AND COMMENTS

Notice of this item was published in The Valley Times and an email notification was sent to all interested parties who have signed up on the Housing Element website: pleasantonhousingelement.com. Additionally, courtesy notices were mailed to rezone property owners. Staff has received one public comments at time of agenda report publication, Exhibit G. Staff has also attached, public comments received since the last City Council meeting on July 19, 2023.

CONCLUSION

Staff recommends the Housing Commission:

- Review and provide feedback on the 6th Cycle (2023-2031) Draft Housing Element Update modifications
- Review and provide feedback on the proposed rezone site list for inclusion in the Housing Element

NEXT STEPS

Beyond this current round of review and comment, several critical steps remain in the Housing Element process, summarized below:

² Since the Environmental Impact Report analyzed density at the maximum end of the range, the City could raise minimum densities and remain within the amount of development analyzed in the EIR.

- **Revised Draft Housing Element and Sites (December 2022):** In addition to this meeting, the Planning Commission (December 14) will also provide feedback on the Housing Element revisions as well as the proposed rezone site list. Ultimately, the City Council (December 20) will provide direction.
- **Adoption Hearings (January 2023).** The Planning Commission and City Council will conduct public hearings to consider adoption of the Housing Element and Certification of the EIR.
- **Resubmittal of Housing Element to HCD (February-March 2023).** The adopted Housing Element must be re-submitted to HCD for certification, which has 30-60 days to review the document and issue a letter of substantial compliance.

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