



## Housing Commission Agenda Report

November 17, 2011

Item 8A

**SUBJECT:** PGPA-17, City of Pleasanton: Housing Element Update

**STAFF RECOMMENDATION:** Consider the Draft Housing Element and Comments from the Department of Housing and Community Development (HCD); recommend the Draft Housing Element with amendments as appropriate to the City Council

**ATTACHMENTS:**

1. Draft Housing Element as submitted to the California Department of Housing and Community Development, consisting of:
  - Draft Housing Element (Goals, Policies and Programs)
  - Background
  - Appendices, A through G
2. Letter dated October 14, 2011, from HCD
3. Letter dated September 16, 2011 from Pat Belding and Becky Dennis, Citizens for a Caring Community
4. Letter dated September 27, 2011, from Richard Marcantonio, Public Advocates, Inc.
5. Proposed additional text regarding Units At-Risk of converting to market rate

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### BACKGROUND

In October 2010, the City Council confirmed an 11-member Housing Element Task Force with the mission to oversee the update of the City's Housing Element. After nine Task Force meetings, four community workshops, input from housing experts, and extensive community input at Task Force and community meetings, the Task Force completed its work. A preliminary Draft Housing Element was considered by the Housing Commission, the Planning Commission and the City Council before it was submitted to the State Department of Housing

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and Community Development (HCD) for its 60-day review. The Draft Housing Element submitted to HCD is provided in Attachment 1.

HCD provided the City with comments on the Draft Housing Element in a letter dated October 14, 2011 (Attachment 2). In preparing the letter, HCD considered comments from Citizens for a Caring Community (Attachment 3) and Public Advocates (Attachment 4).

City staff is in the process of preparing responses to the comments made by HCD, including inserts to the Background report and amendments and additions to policies and programs where appropriate. The purpose of this Housing Commission item is to provide information to the Commission regarding the status of the HCD review and to seek input from the Commission regarding the City's response to HCD comments.

## **DISCUSSION**

HCD's letter and appendix of October 14, 2011, is an exhaustive analysis from the State's perspective of the adequacy of the City's Draft Housing Element. It is organized around the major requirements of Housing Element law, as follows:

- Housing Needs, Resources and Constraints;
- Quantified Objectives;
- Housing Programs; and
- Consistency with the General Plan

HCD's comments range from requests for additional information documenting housing need for extremely low income households and ability to pay for housing, to requests for additional analysis related to the constraints to housing imposed by land use controls, and the feasibility and capacity for residential development on some of the sites selected for rezoning.

Bearing in mind the Housing Commission's purview regarding the development and retention of affordable housing and its expertise in matters related to inclusionary zoning, assisted units, and the use of the Lower Income Housing Fund, staff is seeking the Commission's input on several specific areas addressed in the HCD letter. The following table summarizes several comments from the HCD Appendix and outlines staff's approach for addressing these items:

- Inclusionary Housing (p.5): provide a complete analysis of the cost impact of the inclusionary requirements on the cost and supply of housing.  
*Staff Response:* *The Background report (p. 94) includes a description of the inclusionary ordinance, compares it to requirements in other Bay Area cities, and describes in general the types of incentives that are provided to developers who include affordable units in development. Staff intends to supplement this with specific information regarding fee waivers, loans and land write-downs and other incentives provided to developers,*

*including the information that the City subsidy for inclusionary unit development since 1992 has averaged \$33,364 per affordable unit.*

- **Units at Risk of Converting to Market Rate Units (p.7):** provide additional information and analyses related to: total cost of producing, replacing and preserving the units at risk; identification of public and private non-profit entities that could acquire or manage these units; identification of financing and subsidy programs.

*Staff Response: Housing Division staff has prepared a response (see Attachment 5) which addresses the items identified in HCD's letter.*

- **Housing Programs (p.8):** provide a description of the City's specific role in implementation, definitive timelines, and quantified objectives where applicable. The housing programs discussed include:

<b>Housing Program:</b>	<b>Staff Response:</b>
6.2 Affordable rental second units	<i>The City's role would be to develop the program materials including information, criteria for qualification, and incentives, and to monitor the success of the program. Timeline: Initiate program by the end of 2012. Quantified objective: 5 units/year.</i>
9.1 Review and revise Growth Management Program	<i>The objective of this program is to assure that the City growth management program is consistent with State law and that there is a procedure for assuring that the construction of approved residential developments is consistent with available infrastructure. The program is scheduled to be completed by the end of 2012.</i>
9.4 Funds for lower income housing development	<i>The objective of this program is to secure available funding required to finance new affordable housing development. A timeline would be developed on a project by project basis as affordable development inquires/applications are submitted to the City.</i>
9.5 Provide incentives for lower income housing development	<i>The objective of this program is to assure the City has incentives appropriate to meet affordable housing needs and to assure that they are made available to the development community. The City will develop an</i>

	<i>enhanced promotional effort by June 2012.</i>
17.4 Use of Lower Income Housing Fund	<i>The objective of this program is to utilize the Lower Income Housing Fund in a manner consistent with City ordinance and to support affordable housing, particularly developments proposed by non-profit developers that include units for large families at very low incomes. This effort is ongoing with no specific timeline.</i>
25.1 Encourage housing for lower income households on HDR sites	<i>The objective of this program is to assure that owners of HDR properties are informed of City affordable housing programs. The City will notify all property owners of HDR sites being rezoned as part of the Housing Element Update of available City services within 180 days after the effective date of the rezoning.</i>
25.2 Support of non-profit housing providers	<i>The objective of this program is to assure that the City maintains a full range of incentives that are beneficial to assisting non-profit housing developers. This is an ongoing program with no specific timeline.</i>
38.3 RFP for housing for lower income households	<i>This objective of this program is to assure appropriate outreach to non-profit housing developers interested in developing affordable housing on a specific site. There is no specific timeline as this program would be implemented as sites become available.</i>

- Meeting the housing needs of extremely low-, very low-, low- and moderate-income households (p.9): revise housing programs 17.5, 41.3, and 41.4 to prioritize some funding for ELI households, and/or offer financial incentives or regulatory concessions to encourage development of multifamily and single room occupancy (SRO) units.  
*Staff Response: Staff recommends adding "and ELI individuals and households" to Policy 41 and Program 41.1., to address the special housing needs of this group.*
- Review of Inclusionary Zoning Ordinance (p.10) Program 16.2: review should address any constraints identified in the previously required analysis.  
*Staff Response: Staff will include "as a potential constraint to affordable housing" as a bullet point in this program, and will complete the review by the end of 2013.*

## **NEXT STEPS**

The Draft Housing Element supplemented by responses to the HCD comments will be considered by the Planning Commission and City Council in December, 2011, with adoption of the Housing Element anticipated in January 2012.

## **STAFF RECOMMENDATION**

The Housing Commission is being asked to provide input and to make a recommendation to the City Council regarding responses to HCD's letter of October 14, 2011.

A motion was made by Commissioner Hempill, seconded by Probert, to approve the minutes from the meeting of October 20, 2011 as amended. **The motion was approved unanimously.**

**5. CONSENT CALENDAR**

- A. Approval of the October 2011 Financial Reports for Ridge View Commons and Kottinger Place**
- B. Management Updates for Kottinger Place and Ridge View Commons**
- C. Miscellaneous Project Updates**

Commissioner Hempill had questions regarding the Ridge View Commons Financial report and the utilities variance versus actual numbers. Ms. Geiger advised that the budget had been based on solar use taking place earlier than it actually did.

A motion was made by Commissioner Hempill, seconded by Commissioner Casey, to approve the consent calendar. **The motion was approved unanimously.**

**6. MEETING OPEN TO THE PUBLIC**

There were none.

**7. MATTERS CONTINUED FOR DISCUSSION**

There were none.

**8. PUBLIC HEARINGS AND OTHER MATTERS**

- A. Recommendation to the City Council to Approve the Draft Housing Element**

Janice Stern, Planning Manager, provided some background information regarding the Housing Element requirements, advising that in October 2010, the City Council had confirmed an 11-member Housing Element Task Force to oversee the update of the City's Housing Element. After numerous meetings, community workshops, and input from housing experts, the Task Force completed its work, and a preliminary Draft Housing Element was considered by the Housing and Planning Commissions and City Council before it was submitted to the State Department of Housing and Community Development (HCD) for its 60-day review by the August 16 deadline.

In a letter dated October 14, 2011, HCD provided the City with comments on the Draft Housing Element, which also addressed the comments submitted by Citizens for a Caring Community and Public Advocates.

City staff is now preparing responses to the HCD comments, including inserts to the background report and amendments and additions to policies and programs where appropriate. Ms. Stern reviewed with the Commission a table summarizing comments from the HCD Appendix and an outline of staff's approach for addressing the items, which included:

- Inclusionary housing (p.5)
- Units at risk of converting to market rate (p.7)
- Housing programs (p.8)
  - a. Affordable rental second units
  - b. Review and revise the Growth Management Program
  - c. Funds for lower income housing development
  - d. Providing incentives for lower income housing development
  - e. Use of the Lower Income Housing Fund
  - f. Encouraging housing for lower income households on high density sites
  - g. Support of non-profit housing providers
  - h. RFP for housing for lower income households
- Meeting the housing needs of extremely low-, very low-, low-, and moderate income households (p.9), and
- Review of the Inclusionary Zoning Ordinance (p.10)

Mr. Bocian provided an update on the Housing Element and the initial review that had been completed by HCD.

The Commission was advised that staff had tried to answer all of HCD's questions and concerns and was now seeking comments from the Housing and Planning Commissions and City Council, with the goal of adopting the Housing Element in January 2012. Ms. Stern asked Commissioners to focus on specific issues relating to housing and provide their comments and feedback.

Commissioner Casey confirmed with Ms. Stern this item would not be brought back to this Commission for additional review.

Commissioner Hempill asked about secondary units and whether the obstacle of permit costs had been considered. She also asked about monitoring of the program and determining whether or not secondary units are being used as rentals. Ms. Stern advised that secondary units have generally been found not to be used as rentals. Mr. Erickson provided additional related information on a survey that was done within the past couple of years that indicated secondary units were largely not being rented out.

Ms. Stern provided Commissioner Mermelstein with information about designated sites that have not yet gone through the approval process. Commissioner Probert asked about the recent approval of a skilled nursing facility on Site 20 at Sunol and Sycamore.

**Chairperson Lopez opened the meeting for public comment at 7:25 p.m.**

Dolores Bengtson, 568 Hamilton Way – had questions about: 1) the counting of new housing units in Hacienda Business Park; 2) the status of secondary units; and 3) the analysis in Attachment 5 that shows Pleasanton Gardens as being at risk.

Ms. Stern providing information on how Hacienda units had been counted according to State law. Mr. Erickson advised that Pleasanton Gardens had been considered at risk because of its mortgage payoff and the potential release of rent and income restrictions. He further noted that the analysis provided in the response to HCD was based specifically on direction provided by HCD.

**Chairperson Lopez closed the meeting for public comment at 7:30 p.m.**

Commissioner Hempill questioned whether an analysis of jobs had been done by the City. Ms. Stern advised that it had not been done for this Housing Element. Commissioner Hempill felt the work force should be analyzed and their needs addressed.

Commissioner Casey asked about Hacienda rezoning and how staff would respond to HCD. He was concerned that the numbers may not be what is required.

Mr. Bocian commented on additional rezoning that would help meet HCD requirements. He further noted that the City Council's process of identifying sites would likely identify additional acreage when the list is reviewed. Ms. Stern also advised that a couple of high density sites have been identified at the Stoneridge Mall.

Commissioner Hempill asked about comments made in Becky Dennis' email dated November 16, 2011. Mr. Bocian advised that some preliminary analysis has been done and needs are adequate for sometime in the future, but staff will address these in the Growth Management Program. Commissioner Casey confirmed that it would be another year before the Growth Management Program was amended and queried whether this would put certification of the Housing Element at risk.

Commissioner Hempill thought Policy 22 was vague and thought the word "encouraged" should be replaced with something stronger and that policy incentives should be provided. Ms. Stern agreed and advised that staff would revise the language accordingly.

Chairperson Lopez commented on HCD's highlights and wanted to be sure all of their items were being addressed. She felt that HCD was looking for stronger language on how the City intended to implement the various programs. Commissioner Probert agreed and also thought that HCD had strong opinions about inclusionary zoning.

Commissioner Casey was concerned about amending the Growth Management Program



by the end of 2012. Ms. Stern provided information about deadline dates that need to be met but indicated that staff would try to do complete things faster.

Chairperson Lopez suggested that specific percentages be included as targets for the provision of "extremely low income" housing units.

Commissioner Casey asked that staff identify the specific comments that have been made by this Commission. He commended staff and the Housing Element Task Force for their hard work. He felt that there were still some gaps and cautioned staff to proceed with caution when responding to HCD to ensure that everything is clear and no doors are left open for additional concerns.

A motion was made by Commissioner Casey, seconded by Commissioner Hempill, to approve the Draft Housing Element Update as amended with comments from the Housing Commission.

**ROLL CALL VOTE:**

AYES: Commissioners Casey, Hempill, Mermelstein, Probert, and Chairperson Lopez  
NOES: None  
ABSENT: None  
ABSTAIN: None

**B. ~~Approval of Affordable Housing Agreements for Two High-Density Residential Projects Proposed by BRE Properties, Inc., in Hacienda Business Park (PUD-81-30-85D, NWC Gibraltar Dr./Hacienda Dr., 251 units; PUD-85-08-12D, SEC Owens Dr./Willow Rd., 254 units)~~**

~~Mr. Bocian reviewed with the Commission a PowerPoint presentation for affordable housing agreements for two residential projects in Hacienda Business Park proposed by BRE Properties. He advised that City Council adopted the Hacienda Transit Oriented Development (TOD) Standards and Guidelines on March 1, 2011. The document provides standards and guidelines with regard to use, density, affordability, building mass and height, setbacks, open space, parking, access, and street character for three vacant sites in Hacienda Business Park.~~

~~Renderings and aerial views of the two sites were reviewed by Commissioners. They were advised that Site 1 was an approximately 8.4 acre site that will include eight residential buildings and two mixed-use buildings, 255 residential units (including six "live/work" units), and approximately 5,700 square feet of retail/commercial space. The living units will range from 595 to 771 square-feet for studios and 1,319 square-feet for three bedroom units. The "live/work" units will range from 1,630 to 1,730 square-feet. A total of 38 of the 255 units will be affordable to very low income households.~~