ATTACHMENT 5
Housing Element

THE CITY OF PLEASANTON

Planning Commission Staff Report

December 10, 2014
Item 6.a.

SUBJECT: **P14-0440 and P14-1309**

APPLICANT: City of Pleasanton

PURPOSE: Public hearing to consider recommending approval to the City Council of: (1) an Addendum to the Housing Element and Climate Action Plan Supplemental Environmental Impact Report (SEIR); (2) General Plan Amendment to adopt the 2015-2023 General Plan Housing Element; and (3) a zone change for 5758 and 5794 W. Las Positas Boulevard (CM Capital 2 site) to maintain a PUD-MU (Planned Unit Development - Mixed-Use) zoning designation while changing the density from a minimum of 30 residential units per acre to a maximum of 12.5 units per acre.

EXHIBITS:

A. Final Draft Housing Element - Goals, Policies and Programs.
B. Final Draft Housing Element - Background Report.
C. Final Draft Appendix A (Review and Assessment of 2007 Housing Element).
D. Final Draft Appendix B (Housing Sites Inventory).
E. Senate Bill (SB) 244 Disadvantaged Communities Analysis.
F. Public Comments Received During HCD Review Period.
G. Growth Management Report dated October 15, 2013.
H. Revisions made in response to HCD comments.
I. State Department of Housing and Community Development (HCD) letter dated November 20, 2014.
J. Ordinance 2030 – Original CM Capital Zone Change Resolution.
K. Draft Addendum to the City of Pleasanton Housing Element Supplemental EIR.
L. Recommended City Council Zone Change Ordinance and Zoning Unit Map.
M. Notification Map.

BACKGROUND

Over the past twelve months, the City of Pleasanton has been preparing an updated Housing Element of the General Plan. 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. The policies contained in the Housing Element are an expression of the Statewide housing goal of "attaining decent housing and a suitable living environment for every California family," as well as a reflection of the unique concerns of the community. Periodic updates of the Housing Element, including certification by the State Department of Housing and Community Development (HCD), are required to ensure that City policies continue to reflect changing community needs, challenges, and opportunities in compliance with State law.

As part of the current Housing Element update, HCD continues to require each city to demonstrate capacity to meet its revised RHNA affordable housing obligations. Based on State law, the Housing Element is required to identify sites to accommodate the City's assigned housing obligation for the review period. The City is only required to demonstrate that it maintains the capacity to accommodate the assigned housing obligations, and is not required to construct the projects. In order to demonstrate sufficient housing capacity, the updated Housing Element includes an updated site inventory of parcels within the City that could be developed with housing to meet the assigned Regional Housing Need Needs Allocation (RHNA) goals for 2014-2022. Based on the current residential site inventory, the City does not have to rezone any properties to meet the City's housing needs during the current Housing Element Update.

CITY COUNCIL ACTION

On September 2, 2014, staff presented the Draft Housing Element to the City Council requesting authorization to submit the draft to HCD for review. At the conclusion of the hearing, the City Council recommended that the draft Appendix B be amended to include the potential rezoning of the CM Capital 2 site to a maximum density of 12.5 units per acre and to establish a building height limitation of 40 feet for the site. In addition, the City Council recommended amendments to reflect the recommendations of the Economic Vitality Committee and directed staff to clarify language regarding the East Pleasanton Specific Plan (originally Program 46.5, currently Program 47.5). With the proposed changes, City Council authorized staff to submit the draft to HCD.

On September 16, 2014, the City Council voted to accept payment of affordable housing in-lieu fees in exchange for 52 previously approved, rent-restricted units within the multi-family housing development (PUD-87) located at 3150 Bernal Avenue, formerly known as the Auf der Maur site. Staff made changes to the draft Housing Element to reflect the reduction in the City's total affordable housing supply.

Following comments received from interested parties, the Housing Commission, the Planning Commission and the City Council, a final draft Housing Element Update was prepared in compliance with State law. On September 23, 2014, staff submitted the draft Housing Element to HCD.

PROJECT DESCRIPTION

The Housing Element is a policy document that consists of goals, policies and programs to guide the City and private and non-profit developers in providing housing for existing and future residents, and to address the housing needs of all economic segments of the community. The complete Housing Element document contains Goals, Policies and Programs, the Background Report, Review and Assessment of the 2007 Housing Element (Appendix A) and the Housing Sites Inventory (Appendix B). The proposed zone change for the CM Capital 2 site to change the density from a minimum of 30 units per acre to a maximum of 12.5 units per acre is being considered concurrently with adoption of the updated Housing Element.

The previous Housing Element contained a comprehensive update that included reviewing all Goals, Policies and Programs which were proposed by the Housing Element Update Taskforce. With the comprehensive update completed in 2012, most of the programs included in the 2007-2014 Housing Element have been carried forward with minor adjustments and refinements where necessary. The updated Background Report describes City goals, policies, and programs for the planning period of 2015-2023, emphasizing capacity for providing adequate housing for persons of all economic segments, as well as policies and programs to address the housing needs of existing and future residents. An analysis was also conducted to identify any current or new disadvantaged communities consistent with Senate Bill (SB) 244; no disadvantaged communities were identified in the City or the sphere of influence (analysis included within Exhibit E. Staff believes that the Background Report and comprehensive housing analysis continue to meet the objectives required for certification by HCD, with only updates to the housing and population data needed. The only recommended change to the Housing Sites Inventory is the rezoning of the CM Capital 2 site to a maximum density of 12.5 units per acre and the establishment of a building height limitation of 40 feet for the site.

HCD REVIEW

On September 23, 2014, staff submitted the draft Housing Element to HCD for the 60 day public review period. During this review period, HCD received two comment letters: one from Citizens for a Caring Community, and one from Christine T. Steiner (included within Exhibit F). The City received preliminary HCD comments on October 16th and November 13th, 2014. Staff worked with HCD to provide additional background information, analysis and suggested amendments to the Goals, Policies and Programs to address HCD comments and concerns. HCD requested the following additional information:

- Responses to the comments from Citizens for a Caring Community and resident Christine Steiner.
- Additional information documenting housing need for extremely low income households and associated cost burdens for housing.
- Clarification of water and sewer capacity during the next planning period.

- Clarification of the timeline and progression of Program 6.3 relating to second unit incentives.
- Description of the Growth Management process and additional analysis related to potential constraints and revisions made to Growth Management controls per Program 30.2.

The most substantial change requested by HCD involved Program 30.2, regarding the City's Growth Management Ordinance. Within Program 30.2, the City committed to revisiting the Growth Management Ordinance, as directed by Council in October 2013 (included within Exhibit G). HCD requested that the program be revised to be more specific and to include examples of potential revisions. Staff's revisions include examples of allocation exemptions that other cities have utilized to ensure that their Growth Management Ordinances do not provide unreasonable constraints on the ability to meet RHNA requirements. The listed examples are not inclusive of all potential options and do not commit the City to a specific approach. Further options and analysis will be presented to the Council at a later date, prior to January 2016.

The revisions resulting from HCD comments to the Background Report and the Goals, Policies and Programs are provided in Exhibit H. Although HCD expressed concern with adequacy of the City's 163 unit surplus in the Very Low- and Low-income categories, HCD did not specifically request an increase in the capacity of the City's draft Housing Sites Inventory (Appendix B) which included the CM Capital 2 site with a tentative maximum density of 12.5 units per acre. On November 20, 2014 the City received the attached letter from HCD indicating approval of the draft Housing Element with submitted revisions included as Exhibit I.

DISCUSSION

RHNA Requirements

When analyzing whether the City has demonstrated adequate capacity to meet its assigned affordable housing obligation, HCD analyzed each of the City's RHNA income categories, with priority given to ensuring adequate inventory for housing for lower-income households. Per HCD guidelines, vacant/underutilized sites with a density of 30 units per acre or greater are considered inventory for the construction of very low- and low-income housing; permitted and approved sites with a density of 30 units per acre or greater are considered inventory for the construction of moderate-income housing; and lower density single-family residential sites are considered inventory for the above moderate-income category.

As recommended by Council, the Draft Housing Element submitted to HCD categorized the CM Capital 2 site within the inventory as comprising Above Moderate units with a maximum density of 12.5 units per acre. The estimated current site capacity reviewed by HCD and provided within the Final Draft is shown in Table 1.

Table 1: Estimated Current Capacity

Income Levels	**Very Low Income**	**Low Income**	**Moderate Income**	**Above Moderate Income**	**Total**
Estimated Capacity					
o Permitted and Approved Projects	279		1,527	174	1,980
o Vacant and Underutilized Land	991		-	272	1,263
Total	1,270		1,527	446	3,243
2014-2022 RHNA	1,107		407	553	2,067
RHNA Surplus/Shortfall	**+163**		**+1,120**	**-107**	**+1,176**

The City of Pleasanton is required to show capacity to build 1,107 units affordable to very low- and low-income households. The site inventory currently shows a capacity of 1,270 units (279 units approved through affordable housing agreements and 991 units on vacant/underutilized sites), 163 units above the required capacity. All remaining vacant or underutilized sites zoned for 30 units per acre or more are shown in Table 2.

Table 2: RHNA Low- and Very Low- Income Capacity (i.e. 30+ units/acre)

	Low- and Very Low-Income
Estimated Capacity	
Permitted and Approved Projects*	279*
Sheraton Site	99
Stoneridge Shopping Center Site	88
Kaiser Site	183
BART Site	249
Hacienda 3 (Roche) Site	372
Total	1,270
2014-2022 RHNA	1,107
RHNA Surplus	**+163**

* Restricted units through Affordable Housing Agreements

HCD has formally reviewed Staff's analysis of the estimated capacity and has found it to be in compliance with State law.

CM Capital Site

The CM Capital properties consisting of two parcels (5.9 acres and 6.7 acres) were zoned PUD-MU (Planned Unit Development - Mixed-Use) in 2012 as part of the previous Housing Element Update (see Aerial 1). The 5.9 acre property at 5850 W. Las Positas (CM Capital 1) has received approvals for Summer Hill Apartments to construct a new 177-unit apartment development. The remaining 6.7-acre CM Capital 2 site located at 5758 W. Las Positas, currently occupied by a commercial building, maintains the capacity to accommodate 200 residential units. The City Council directed that the draft Site Inventory (Appendix B) be amended to include the potential rezoning of the CM Capital 2 site to a maximum density of 12.5 units per acre and to establish a building height limitation of 40 feet for the site. At the conclusion of HCD's review, no specific comments or concerns were made regarding the proposed Draft Housing Site Inventory; therefore staff has included the reduction in density at the CM Capital 2 site within the proposed Final Housing Element Draft. In order to adopt the Final Housing Element Draft as written, a zone change to restrict the density to a maximum of 12.5 units per acre must be approved. If the zone change is not approved, the Final Draft Housing Element Site Inventory must be revised to the original form.

As noted above, the CM Capital 2 site currently maintains a zoning designation of PUD- MU. Specific densities within the PUD Mixed-Use zone are specified through individual Ordinances recorded on each property. The CM Capital 2 property was approved through Ordinance No. 2030, attached within Exhibit J, which permits multifamily residential development with a minimum density of 30 units per acre. Staff is recommending that the property continue to maintain a zoning designation of Mixed-Use but is requesting approval of a new ordinance which limits the maximum density of the site to 12.5 units per acre and establishes a building height limitation of 40 feet for the site. All other design and development standards will continue to be directed by the City's Housing Site Development Standards and Design Guidelines and the Hacienda Design Guidelines. Any future development on the property would be required to go through the Planned Unit Development process to obtain Planning Commission and City Council approvals.

The majority of adjacent residents across Arroyo Mocho within the Parkside Neighborhood, the property owner, and the Hacienda Business Park have stated their support for down-zoning the property.

Aerial 1 – CM Capital 2 Site

PUBLIC NOTICE

Notice of this item was published in The Valley Times. In addition the City sent notification to owners and tenants within 1,000 feet of the CM Capital 2 Site, as well as all interested parties who have provided contact information during the Housing Element Update process. Staff has provided the location and noticing maps as Exhibit M for the Commission's reference. At the time this report was prepared, staff has not received any comments or concerns.

ENVIRONMENTAL ASSESSMENT

On January 4, 2012, the City Council certified a Supplemental Environmental Impact Report (SEIR) and adopted the CEQA Findings and a Statement of Overriding Considerations for the 2007-2014 Housing Element and Climate Action Plan General Plan Amendment and Rezonings, which included the CM Capital 2 site. This SEIR was a supplement to the EIR prepared for the Pleasanton 2005-2025 General Plan, which was certified in July 2009.

Under CEQA, once an EIR has been prepared for a project, the lead agency (in this case, the City) may consider three potential options for meeting CEQA requirements: 1) prepare a Subsequent or Supplemental EIR; 2) prepare an Addendum; or 3) conclude that the current application fits within the parameters of the “project” analyzed in the Housing Element Update and Climate Action Plan Amendment and Rezonings SEIR.

In the case of the zone change, P14-1309, for the CM Capital 2 site, staff believes that the current application fits within the project parameters established in the previous SEIR, generating fewer vehicle trips and corresponding air pollutant and greenhouse gas emission reductions, and reduced noise levels; thus no further documentation is required.

For the Housing Element, P14-0440, CEQA states that a lead agency shall prepare an addendum to a previously certified EIR if some changes or additions are necessary, but no new or substantially greater impacts would result beyond those identified in the previous EIR. Because the Housing Element does not include additional residential zoning beyond that established in the previous Housing Element, it would not result in new impacts. Therefore, an addendum to the SEIR was prepared for the Housing Element portion of this project.

The previously prepared SEIR and Addendum to the SEIR (Exhibit K), taken together, are determined to be adequate to serve as the environmental documentation for this project and satisfy all the requirements of CEQA.

STAFF RECOMMENDATION

Staff recommends that the Planning Commission take the following actions:

1. Find that the previously prepared SEIR, including the adopted CEQA Findings and Statement of Overriding Considerations, and the Addendum to the SEIR are adequate to serve as the environmental documentation for this project and satisfy all the requirements of CEQA in Exhibit K;
2. Recommend approval to the City Council of the Draft Housing Element, as shown in Exhibits A, B, C and D.
3. Recommend approval to the City Council of the zone change shown in Exhibit L

Staff Planner: Jennifer Wallis, (925) 931-5607, jwallis@ci.pleasanton.ca.us

PMC®

ATTACHMENT 5

HOUSING ELEMENT
EXHIBIT E

MEMO

To: Jennifer Wallis, Associate Planner
City of Pleasanton

From: Courtney Wood and Jennifer Gastelum, PMC

Cc: Adam Weinstein

Date: August 28, 2014

Re: Sentate Bill (SB) 244 Disadvantaged Communities Analysis

Dear Ms. Wallis,

PMC has completed the following analysis to satisfy the City of Pleasanton's SB 244 analysis to identify disadvantaged communities.

INTRODUCTION

SB 244 (Wolk) was approved by Governor Brown in October 2011 and requires cities and counties to address the infrastructure needs of disadvantaged unincorporated communities (DUCs) in city and county general plans and Local Agency Formation Commission (LAFCo) Municipal Service Reviews (MSRs) and annexation decisions.

For cities and counties, Government Code Section 65302.10(a) requires that before the due date for adoption of the next housing element after January 1, 2012, the general plan land use element must be updated to identify and describe each DUC (Fringe Community and/or Island Community) that exists within the city's sphere of influence (SOI); analyze for each identified community the water, wastewater, stormwater drainage, and structural fire protection needs; and identify financial funding alternatives for the extension of services to identified communities. SB 244 defines a DUC as a place that meets the following criteria:

- Contains 10 or more dwelling units adjacent or in close proximity to one another where 12 or more registered voters reside (for the purpose of this analysis, close proximity is defined as a density greater than 1 unit per acre);
- Is either within a city SOI (also known as a Fringe Community), is an island within a city boundary (also known as an Island Community), or is geographically isolated and has existed for at least 50 years (also known as a Legacy Community) (Figure 1 graphically depicts these types of communities); and
- Has a median household income that is less than $49,120, which is 80 percent or less than the statewide median household income (according to the 2008–2012 American Community Survey, the median household income for California in 2014 [latest figures available] was $61,400).

Based on communication with the Governor's Office of Planning and Research (OPR) (Christopher Calfee, OPR Senior Counsel, 11/20/12), if a local jurisdiction completes the SB 244 analysis and does not identify any unincorporated disadvantaged communities, it can prepare a memo documenting these findings and present the findings in a public hearing before decision-makers so that the information is included in the public record. This process would result in the local jurisdiction meeting the intent of SB 244 and therefore not require an update to their general plan land use element.

ANALYSIS OF CITY OF PLEASANTON DISADVANTAGED UNINCORPORATED COMMUNITIES

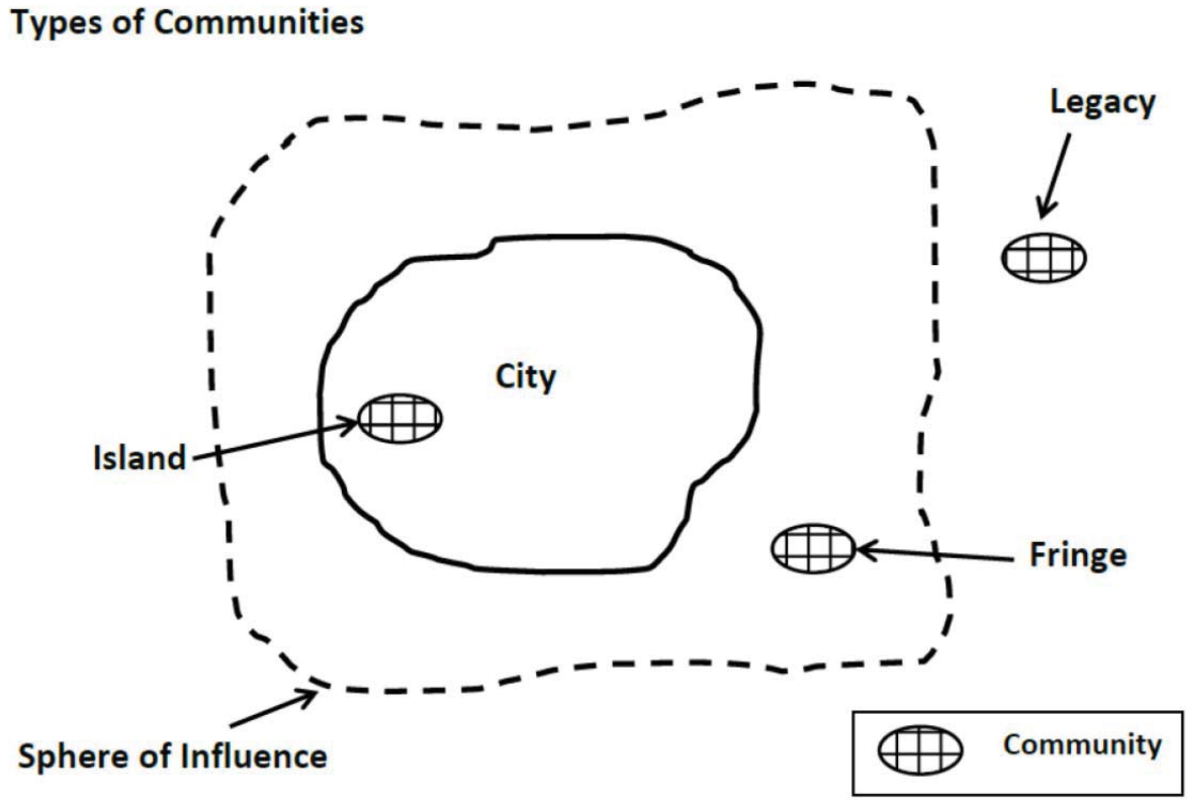
An analysis to identify DUCs within the City of Pleasanton (City) SOI was conducted in order to address the requirements of SB 244. The city is located in Alameda County, one of the nine Bay Area counties bordering the San Francisco Bay. In conducting the analysis, resources utilized included the SB 244 Technical Advisory (OPR, 2/15/2013), the City of Pleasanton's General Plan (adopted July 2009), and documentation from local jurisdictions, agencies, and special districts. Based on available resources, no areas in the immediate vicinity of the city were identified as earning 80 percent or less of the statewide median household income. Figure 2 depicts a map of the city and areas adjacent to the current city limits and SOI by median income.

DISADVANTAGED UNINCORPORATED COMMUNITIES (DUCS)

The City of Pleasanton was incorporated in 1894. As depicted on the City's General Plan Land Use Diagram, the city boundaries and SOI cover a 64.6-square mile area. The city boundaries cover a 22.4-square mile area over which Pleasanton exercises zoning control and police powers. The SOI consists of a 42.2-square mile area of unincorporated Alameda County and a small portion of Hayward. The city is bordered by Dublin in the north and Livermore on the east. To the south is the unincorporated community of Sunol and to the west lay the Main and Pleasanton Ridges.

The Alameda County East County Area Plan Land Use Map indicates that land uses along the western and southern boundaries of the city are designated with a mixture of Rural Density Residential, Medium Density Residential, Parklands, Water Management, and Major Commercial uses. Review of aerial photography indicates that residences exist outside of the city boundaries in the SOI. The majority of these residential units are large single-family units located in the hills above the City of Pleasanton. As shown in Figure 2, median incomes in areas within the city limits and SOI are well above the 80 percent of the statewide median income threshold.

FIGURE 1



Source: California Office of Planning and Research, 2013

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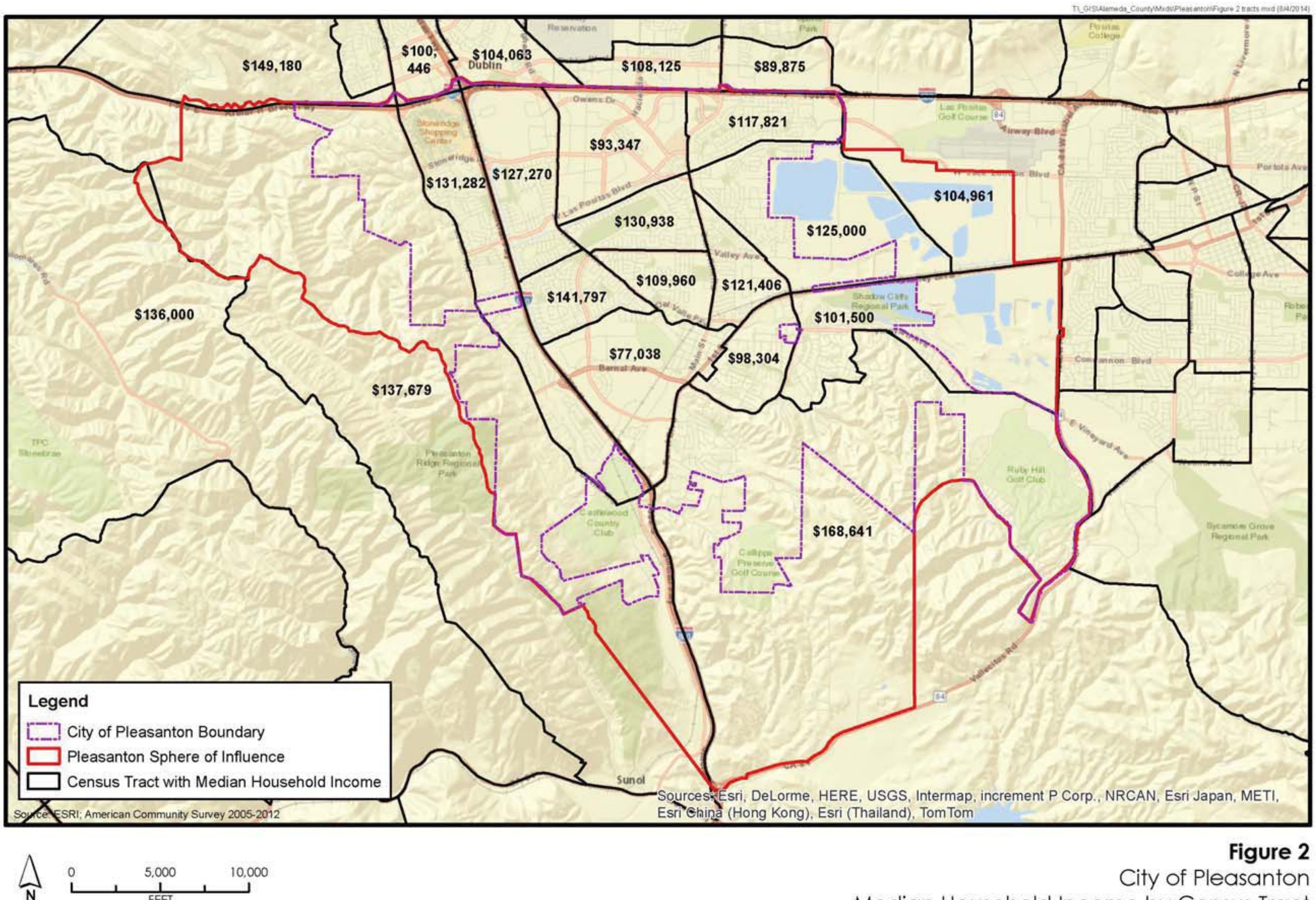

Figure 2
City of Pleasanton
Median Household Income by Census Tract
PMC

Source: US Census Bureau, 2006–2010 American Community Survey

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Based on review of the City and County General Plan Land Use Maps, aerial photography, and associated median household income levels, no DUCs exist within the City of Pleasanton's boundaries and SOI.

Future Annexations Considered

The City of Pleasanton Planning Department was consulted to determine whether or not the City or any local development companies were considering annexing territory within the city's SOI into the city limits. Based on discussions with City staff in August 2014, no future annexations have been analyzed.

Conclusion

Based on information contained in this analysis, extension of services is not required because no DUCs were identified. No additional analysis infrastructure or financing alternatives are necessary at this time.

LIST OF SOURCES

Alameda County. 2000. *Alameda County East County Area Plan.*

ESRI. 2014. Aerial photography.

Calfee, Christopher. Governor's Office of Planning and Research (OPR) Senior Counsel. Correspondence dated 11/20/12.

City of Pleasanton. 2009. *General Plan.*

———. 2014. Correspondence with Planning Department.

OPR (California Governor's Office of Planning and Research). 2013. *Technical Advisory.*

US Census Bureau. 2006–2010 American Community Survey.

Citizens for a Caring Community
P.O. Box 1781 , Pleasanton CA 94566 (925) 426-1525

HOUSING ELEMENT
EXHIBIT F

October 8, 2014

Mr. Jess Negrete
Department of Housing and Community Development
Division of Housing Policy Development
2020 West El Camino Avenue - Suite 500
Sacramento, CA 95833

Dear Mr. Negrete,

Below and attached please find our comments on Pleasanton's Draft Housing Element (DHE) for the 2015-2023 Planning Period. Citizens for a Caring Community (CCC) has actively participated in Pleasanton's Housing Element update process for the last ten years. As Pleasanton's most active advocates for affordable housing, we have observed and appreciated the City's high level of community outreach and citizen input. We also have, since 2011, tracked and documented Pleasanton's pursuit of the Housing Element's Goals through the implementation of its Policies and Programs. CCC has reviewed Pleasanton's DHE submitted, and have general areas of concern outlined below. You will find more detailed comments in Exhibit A and the Attachments that follow. We have done our best to organize the information and its supporting documentation to assist your review. However, please feel free to contact us if you need more information or have questions.

General areas of concern are:

1. Pleasanton's reliance on its legally defunct IZO has substantially reduced the percentage of affordable units in market rate High Density Residential (HDR) plans. The City briefly considered developing a new housing ordinance, but appears to have dropped the idea in favor of retaining the illegal and ineffective IZO "guidelines". Since 2011, the Very Low Income (VLI) and Low Income (LI) percentages approved by Council for HDR developments, on the sites zoned 30 units/acre to accommodate affordable housing for Pleasanton's RHNA, have trended ever downward to 0% in September 2014. We conclude **Pleasanton cannot achieve its RHNA assignment for ELI, VLI, and LI housing as long as the IZO remains part of the Housing Element, and a certified alternative to the adoption of plans to meet regional fair share housing requirements with nonprofit housing providers.**

2. The City Council declined to raise the housing in-lieu fees, even after completing a Nexus Study which found Pleasanton's fees inadequate to mitigate the demand for ELI, VLI and LI housing created by residential and commercial development. However, after declining to raise the Lower Income Housing Fee (LIHF), the Council initiated a practice of negotiating with an apartment developer for a much higher in-lieu fee (consistent with Nexus Study recommendations), and diverting the amount paid in excess of the "official" LIHF (about 2/3) into a separate account where the Council can spend it for purposes other than affordable housing. **The practice of diverting housing in-lieu payments from the Lower Income Housing Fund will severely limit Pleasanton's ability to fulfill its RHNA obligations, and should not be allowed to continue.**

3. Reports to CCC from affordable housing providers describing Pleasanton's HDR site availability suggest that some, if not all, of the "underutilized" sites identified in the DHE will not become available for residential development during the next planning period, if ever. Although owners have not objected to having their properties accept the additional residential zoning entitlement, only one (CM Capital) has approached the City with an HDR development plan. After considering the proposal, the Council responded by down-zoning the property to 12.5 units/acre, removing it from the DHE's "underutilized sites" inventory. **Before certifying the DHE, HCD should require Pleasanton to provide written statements from site owners of their schedule to complete development in time to bring housing on line before 2024. If site owners cannot commit to proceed on this schedule, the City should, in order to qualify Pleasanton's DHE for certification, zone additional HDR sites that will complete development within the 2015-2023 planning period.**

4. The availability of the "incentives" for nonprofit development in the DHE are the same ones that failed to attract any nonprofit proposals in the last planning period. HCD should not expect these same policies to yield any different result between now and 2023. Because this incentive program has proved so completely ineffective, the DHE should not qualify certification until the City adopts a better plan to facilitate nonprofit development.

   Ironically, City staff has an excellent track record securing VLI and LI housing for the community, as evidenced by Pleasanton's outstanding, (mostly for seniors), nonprofit housing. All required the City to issue RFPs to nonprofits for development of City-owned land. The City well understands the necessity of land acquisition for nonprofit housing if Pleasanton wants to meet RHNA affordability requirements.. The City could purchase the land it needs with in-lieu fees from the LIHF. The City could also accept land dedication facilitated with an enforceable housing ordinance and fee structure designed to provide incentives for these objectives. To assure that Pleasanton enters the next planning period with the policy tools needed to provide its fair share of regional housing, **we recommend withholding certification until the City adds Policies and Programs delineating a realistic program to acquire sufficient land for the nonprofit housing, and until the Council enacts enforceable ordinances that support this objective.**

5. For political, financial, and environmental reasons, prospects for the urban development of East Pleasanton range from uncertain to improbable. Therefore, any land acquisition plan for nonprofit housing that relies upon a significant financial or land contribution from the East Pleasanton Specific Plan (EPSP) area is highly speculative. If Pleasanton is serious about achieving RHNA, the City needs to work "in good faith" with property owners and developers throughout Pleasanton to acquire land for nonprofit family housing. **Limiting the "good faith" effort to the EPSP won't provide enough land to fulfill Pleasanton's regional housing responsibilities, and it may not provide any at all.**

It's been a disappointing few years for Pleasanton's housing advocates. By September 2014, the percentage of affordable units included in HDR plans had declined from 15% down to zero, with 95% of the housing approved since 2012 unaffordable for the 49.6% of employees that hold Pleasanton jobs paying at the Very Low Income level. Informed by Planning Staff that Pleasanton had surplus HDR sites (CCC disagrees. See Attachment 13), Council removed sites. They replaced an approved, 350 unit, 20% VLI apartment plan at BART with a 430,000 sq ft office complex, and down-zoned a Hacienda Business Park site, coincidentally the only "underutilized site" with an active housing plan, from 30 to 12.5 units/acre. All the development, both contemplated and approved, will increase both the City's large, unmet demand for ELI, VLI, and LI housing, and its contribution to greenhouse gas emissions. We believe that carrying forward most of the Policies and Programs that produced these now quantifiable impacts, requires Pleasanton to produce a Supplemental EIR for the DHE. (See Attachment 12.)

While housing advocates feel dismayed by these setbacks, the Council seems satisfied with what the City accomplished. Pleasanton was ranked fourth on Wall Street 24/7's "Best American Cities to Live In" list. Although the Council did have to approve an unprecedented number of new apartment complexes, thanks to Pleasanton's unenforceable IZO, they didn't include many affordable units. The City didn't lose any property tax revenue by using land for nonprofit housing. The Council made sure the LIHF will never accumulate sufficient money to assist enough nonprofit development to satisfy RHNA. Nonetheless, Council did figure out how to collect those "way too high" housing in-lieu fees recommended by their Nexus Study and use those millions for priorities they rank higher than RHNA. Clearly the City plans to run out the clock by acting "all thumbs" at the workforce housing thing, while using up Pleasanton's remaining land, sewer, and water resources for the commercial and high end residential development that keeps property tax revenue strong and residents happy.

Please feel free to contact me if you have any questions regarding the attached materials.

Very sincerely,

Becky Dennis

Becky Dennis
Co-Chair, Citizens for a Caring Community

EXHIBIT A: Notes on the Housing Element and Background
Attachments:
1-IZO Yield Trends
2- IZO Staff Report
3-Lower Income Housing Fee Staff Report
4-Council Says No to Higher Affordable Housing Fees
5-Council Votes to Take Cash
6-Workday Approval
7-CM Capital downzoning
8-Resolution 10-390
9- East Pleasanton Specific Plan, Notice of Preparation and CCC comments
10- Wastewater Export Capacity
11- Pleasanton Commute Trends
12- Letter to Council Requesting preparation of a Supplemental EIR for the Housing Element, September 2, 2014
13- Letter to Paul McDougall,, HCD, re:Pleasanton claims of a housing sites surplus

CC: Brian Dolan, Jennifer Wallis, City of Pleasanton

Exhibit A

4. HOUSING ELEMENT - annotated pages

September 2014 Draft

GOALS, POLICIES, AND PROGRAMS

Housing Variety, Type, and Density

Goal 1: **Attain a variety of housing sizes, types, densities, designs, and prices which meet the existing and projected needs of all economic segments of the community.**

Goal 2: **Provide residential densities capable of accommodating housing affordable to extremely low-, low- and very low-income households while taking into account the character and development pattern of the surrounding area.**

Policy 1: At a minimum, maintain the amount of high-density residential acreage currently designated on the General Plan Map and permitting high density housing.

Program 1.1: Discourage the redesignation of areas designated for High Density Residential development. The objective of this program is to ensure that adequate sites are available to accommodate the City's regional housing need for all income levels.

1.Pleasanton has failed to adhere to Policy 1 and Program 1.1.
In 2013 the City Council scrapped previously approved plan for 350 unit apartment complex (20% Very Low Income) at the West Pleasanton BART station and replaced it with a 430,000 sq.ft. office complex.
In September 2013 the City Council downzoned Site 21 (CM Capital, 6.69 acres, 200+ units) fron 30 units/acre to 12.5 units/acre at the request of a nearby, nonadjoining neighborhood.

Policy 2: Permit mobile homes and factory-built housing on appropriately located sites.

Policy 3: Encourage developments on sites designated for multiple-family residential uses which are adjacent to commercial districts to be designed at the maximum height allowed for multiple-family residential zoning districts, consistent with neighborhood character; however in the Downtown, multiple-family residential building height should be consistent with the design policies of the Downtown Specific Plan and the Downtown Design Guidelines.

Policy 4: Give favorable consideration for approval for proposed developments which provide extremely low-, very low- and low-income units that meet the requirements of the Inclusionary Zoning Ordinance, as long as all other City development standards are met.

Policy 5: Apply for Federal and State grants offered for mixed-use development near transit centers.

2. The Council did not apply for any grants to save mixed use affordable development at the West Pleasanton BART Station.

Policy 6: Actively promote the creation of second units on single-family residential lots and their maintenance as sources of housing affordable to moderate-, low-, and very low-income households.

Program 6.1: Continue monitoring second units to determine if they are being rented and, if so, determine their rent levels. Include conditions of approval for second unit Administrative Design Review approvals requiring a monitoring program.

Responsible Agency: Housing Division, Housing Commission, Planning Division
Time Period: Complete surveys annually beginning in May 2015
Funding Source: Housing Division, Planning Division Budgets

Program 6.2: Create incentives for homeowners to rent their second units to moderate-, low-, and very low-income households as well as those with disabilities (including developmental disabilities). The City's role would be to develop the program materials including information, criteria for qualifications, and incentives, and to monitor the success of the program. Incentives should include fee reductions or waivers and information/assistance to help homeowners be landlords. Such incentives should be made available to applicants of second units during the Administrative Design Review or Building permit process.

Responsible Agency: Housing Division, Housing Commission, Planning Division, Building Division, Planning Commission
Time Period: Complete by the end of 2016
Quantified Objective: Five units per year.
Funding Source: Housing Division, Planning Division, Building Division Budgets

needs including those with developmental disabilities, such as lifetime leases with rental caps for persons with disabilities, to the extent permitted by State law and denying conversion of apartment units to condominiums if the percentage of multiple-family units available for rent, city-wide, is below 50 percent.

Responsible Agency: City Council
Time Period: As needed when any applications for conversion are received.
Funding Source: Not Applicable

Program 8.2: Review the City's Condominium Conversion Ordinance to identify desirable changes, such as potentially requiring more housing units affordable to low- and very low-income households and longer tenant noticing requirements, if market conditions are resulting in the displacement of lower-income tenants.

Responsible Agency: City Council
Time Period: Complete the review by the end of 2016.
Funding Source: Housing Division Budget

Goal 4: Encourage the production of market-rate moderate-income ownership housing and assisted ownership housing affordable to low- and very low-income households.

Housing Affordability

Goal 5: Produce and retain a sufficient number of housing units affordable to extremely low-, low- and very low-income households to address the City's responsibility for meeting the needs of Pleasanton's workforce, families, and residents, including those with special needs.

Policy 9: Support the development of housing for persons with special needs.

3. The City Council's decision to retain its unenforceable IZO "requiring" new apartment developments to include only 15% lower income units, and currently yielding much less to none (see Attachment 1, page 1), is inconsistent with Goal 5.

4. In spite of declining percentages of affordable units offered in HDR development proposals, and an inability to attract the necessary nonprofit proposals, Program 11.1 retains same ineffective IZO and incentives offered in the previous planning period. Planning staff anticipated this will continue if the Council did not introduce new policies to replace the IZO, and suggested a six month timelime to develop measures to address the problem. (See Attachment 2, pages 1 and 3.)

Policy 11: Give greater priority to providing housing which is affordable to extremely low income households and to households at the low end of the low-income range (50 to 80 percent of median income).

Program 11.1: Continue to provide incentives such as reduced development fees, assistance in public improvements, priority in permit processing, increased density, altered site-development standards, mortgage revenue bonds, affordable-housing competition, and other creative incentives to encourage the development of housing affordable to moderate-, low-, extremely low-, and very low-income households and households with special needs. A priority will be placed on projects that provide the largest number of units at the greatest level of affordability. The availability of incentives will be incorporated in the City's Inclusionary Zoning Ordinance, to be consistent with State law and recent court decisions, but for specific projects, will also be promoted through the City's web site, in local newspapers, and through posting at public places subject to normal procedures. The objective of this program is to assure that incentives are made available and known to the development community.

Responsible Agency: City Council
Time Period: Ongoing and enhanced promotional efforts at least once by May 2017.
Funding Source: Lower-Income Housing Fund

Policy 12: Strive toward meeting Pleasanton's share of regional housing needs, as defined by the Regional Housing Needs Determination (RHND).

Program 12.1: Maintain zoning adequate to accommodate Pleasanton's share of the regional housing need for all income levels. Sites designated High Density Residential or Mixed Use shall be developed at a minimum density of 30 units per acre, and comport with the adopted Housing Site Development Standards and Design Guidelines for Multifamily Development.

5. RHNA defines housing need by income, not density. Only nonprofit development can provide the affordability required by RHNA. Pleasanton chooses to define the limits of its RHNA assignment in terms of density, and considers affordability of units to be out of the City's control due to market conditions. (See Attachment 2, page 3.)
As reflected in the other proposed HE policies, City Council intends to indefinitely postpone consideration of new programs to facilitate the nonprofit development needed to achieve Pleasanton's RHNA affordability requirements.

Program 12.2: Attempt to rehabilitate five ownership-housing units affordable to extremely low-, low- and very low-income households identified as having major building code violations each year between 2015 and 2023, and maintain their affordability. Attempt to rehabilitate at least one apartment complex by 2020. Single-family homes will be

Program 14.4: Provide rehabilitation funds or other incentives such as a density bonus where appropriate for apartment complexes in exchange for extended or perpetual assisted-housing time periods.

Responsible Agency: City Council
Time Period: Ongoing; dependent on specific proposals.
Funding Source: Lower-Income Housing Fund; CDBG Funds

Program 14.5: Issue bonds or provide other funding where appropriate to reduce apartment complex mortgage rates in exchange for extended or perpetual assisted-housing time periods.

Responsible Agency: City Council, Finance Department
Time Period: Ongoing; dependent on specific proposals.
Funding Source: Lower-Income Housing Fund; Tax-Exempt Bonds

City Government Actions

Goal 9: Process housing proposals affordable to extremely low-, low- and very low-income households and use available City programs and incentives so as to promote and facilitate housing affordability for low- and very low-income households.

Goal 10: Remove unnecessary governmental constraints to the provision of housing affordable to extremely low-, low- and very low-income households and associated public services and facilities.

Policy 15: Make appropriate modifications to the Land Use Element of the General Plan, Zoning Ordinance, and other City ordinances, programs, and policies to facilitate the provision of housing, especially housing for those with disabilities (including developmental disabilities), and housing affordable to moderate-, low-, and very low-income households.

Program 15.1: Identify funding mechanisms for infrastructure improvements contained in the General Plan to accommodate projected housing growth.

6. Council voted TWICE to ADD financial constraints to the City's ability to facilitate ELI, VLI, and LI housing.

The first vote (October 2013) retained the inadequate Lower Income Housing Fee (LIHF), against staff recommendation and Nexus Study findings. The second vote (September 2014) diverted two third's of an affordable housing in-lieu payment (an amount consistent with Nexus Study recommendations) from the LIHF into a separate account so the money could be available for non-housing purposes.
(See Attachments 3, 4, and 5.)

Program 15.2: Waive City fees for housing developments that provide a minimum of 15 percent affordable to extremely low-, low- and very low-income households.

Responsible Agency: City Council
Time Period: As applications are received for projects containing units for lower-income households.
Funding Source: Lower-Income Housing Fund

Program 15.3: Expedite the development review process for housing proposals that provide a minimum of 15 percent affordable to moderate-, low-, extremely low, and very low-income households.

Responsible Agency: Planning Division
Time Period: As applications are received for projects containing units for moderate- and lower-income households.
Funding Source: Planning Division Budget

Program 15.4: Support State legislative reform to improve the fair-share housing process and provide financial and other incentives to strengthen local jurisdictions' abilities to meet their fair-share responsibilities.

Responsible Agency: Housing Commission, City Council
Time Period: Ongoing.
Funding Source: General Fund

Program 15.5: Assess the level of effort to overcome infrastructure constraints to housing affordable to extremely low-, low- and very low-income households on a periodic basis.

Responsible Agency: Housing Division
Time Period: As needed or in conjunction with the next Housing Element update.
Funding Source: Housing Division Budget

Program 15.6: Assess future sewer infrastructure needs, including sewer infrastructure upgrades and facilities to accommodate future RHNA cycles in the region.

6.5. the City should provide HCD with an analysis of sewer capacity as it relates to Pleasanton's progress in achieving the RHNA levels of affordability.

Pleasanton's preference for approving for-profit apartments projects that yield less than 10% VLI and LI units, uses limited wastewater export capacity for nonessential 92% MI and AMI units. Unless required, the City has no policy or plans to reserve any existing export capacity for the unbuilt ELI, VLI, and LI units assigned by RHNA.

The anticipated increase in wastewater export capacity to 10.3 mgd (discussed in the background) requires unanimous approval by Pleasanton, Livermore, Dublin San Ramon Services District (DSRSD), with possible voter approval necessary in all three jurisdictions. (See Attachment 10.) Given the political challenge of providing affordable housing in Pleasanton, early action by HCD requiring reservation of pre-expansion wastewater capacity for RHNA's ELI, VLI, and LI housing requirements seems wise. Pleasanton residents will not vote to pay for additional sewer capacity if it's needed to serve lower income housing.

Responsible Agency: Operation Services Department, Housing Division, City Council

Time Period: 2014–2015.

Funding Source: Sewer Enterprise Fund

Program 15.7: Continue to work with non-profit and for-profit housing developers, service providers, Pleasanton employers, the Pleasanton Unified School District, and urban planning specialists to develop new programs and incentives for meeting the full range of Pleasanton's future affordable housing needs.

Responsible Agency: Housing Division

Time Period: Ongoing and meet annually with groups mentioned in the program.

Funding Source: Housing Division Budget

Program 15.8: As required by State law, the City will review the status of Housing Element programs by April of each year, beginning April 2012. The review will cover consistency with other General Plan programs and community goals, the status of implementing actions, accomplishments, and a review of housing sites identified in the Housing Element. In particular, the annual review will cover development assumptions and actual development activity on sites by assessing projected development potential compared to actual development approval and construction. This will also include residential units anticipated on mixed use zoned sites. The primary intent of the annual review is to maintain adequate sites during the Housing Element planning period. In addition, the annual review will evaluate the effectiveness of the City's inclusionary zoning requirements (see Programs 7.1 and 7.2) to determine if modifications are needed.

7. In 2013 the Housing Commission became concerned about declining VLI and LI units proposed for apartment developments on Pleasanton's HDR sites. The Commission found the IZO ineffective, and its unenforceability the primary cause of diminishing affordability. They began the process of developing a more effective ordinance. In April 2013 the Commission held workshop with stakeholders, and developed a number of IZO replacement alternatives. Council considered the Housing Commission's alternatives in May 2013. In their report to Council, Staff estimated that developing a replacement affordable housing ordinance would take 6 months or less- plenty of time to include the new measures in the DHE. Program 15.8 indicates the City's satisfaction with the status quo, including lower income housing availability well below RHNA requirements.(See Attachment 2, pages 1 and 8.)

Policy 16:	Educate the public regarding the community, environmental, and economic benefits of Pleasanton's affordable housing program.

Program 16.1: Continue housing education programs available on the City's website, at other public venues, through

City publications and mailings, and through partnerships with regional organizations.

Responsible Agency: Housing Division, Housing Commission
Time Period: Ongoing and update information annually or as needed.
Funding Source: Housing Division Budget; Housing Grants

Program 16.2: Continue to coordinate public information with surrounding communities to provide up-to-date listings of opportunities for regional affordable housing and programs for extremely low-, low- and very low-income households.

Responsible Agency: Housing Division
Time Period: Ongoing and update information annually or as needed.
Funding Source: Housing Division Budget

Program 16:3: Develop incentive/revitalization programs for neighborhoods to encourage support for affordable housing opportunities. Such incentives could include enhanced public amenities or other investment in areas where additional multifamily housing is planned.

Responsible Agency: Housing Division, Housing Commission, City Council
Time Period: As applications are received for projects containing affordable housing opportunities.
Funding Source: Housing Division Budget

Policy 17: Ensure compliance with the Inclusionary Zoning Ordinance by requiring each for-sale residential and non-residential development to which the Ordinance applies to include its pro-rata share of housing needs for low- and very low-income households or, if the Ordinance criteria are met, to contribute to the lower-income housing fund to facilitate the construction of housing affordable to extremely low-, low-, very low-, and moderate-income households. Review and modify policies for rental housing to conform with State law and recent court decisions. It is strongly encouraged that the Inclusionary Zoning Ordinance requirements be met by building housing affordable to extremely-low, low- and very low-income households.

8. Policy 17 conflicts with Goal 5 and Policy 12.

Goal 5 calls for Pleasanton to meet regional housing responsibilities. Policy 12 calls for the City to "Strive toward meeting Pleasanton's share of regional housing needs, as defined by the Regional Housing Needs Determination (RHND)."

Policy 17 requires the City to "Ensure compliance with Pleasanton's Inclusionary Zoning Ordinance" The IZO permits market rate HDR developments to include a minimum of 85% Moderate and Above Moderate income units. This makes it impossible for the City to achieve affordability as defined by RHNA.

8.5. Amendments have already proven warranted. (See Comment 7.)

Why wait until 2016 when staff said it would take 6 months? No change from the IZO will prevent Pleasanton from even coming close to fulfilling RHNA. It will continue the pattern wasting nonprofit apprpriate sites and limited infrastructure seen from 2011 to 2014.

Program 17.1: Review the City's Inclusionary Zoning Ordinance and amend:

-for consistency with the Housing Element and other City affordable housing programs;
-to identify incentives for non-profit housing developers and other housing developers to construct projects including three bedroom units for large households;
-to determine if it is appropriate to increase the percentage of affordability to support housing affordable to low- and very low-income households;
-to be consistent with recent court decisions regarding rental housing and State law;

Responsible Agency: Housing Division, Housing Commission, City Council
Time Period: January 2016, then annually.
Funding Source: Housing Division Budget

Program 17.2: Monitor the results of the Inclusionary Zoning Ordinance annually to determine consistency with State law and recent court decisions and to determine if developers are primarily building new housing units affordable to low- and very low-income households instead of paying in-lieu fees for new developments. If it is determined by the City Council, upon recommendation by the Housing Commission, that the Inclusionary Zoning Ordinance is not producing sufficient housing affordable to low- and very low-income households, consider modifying the Ordinance so that it can better achieve that objective. As part of the Inclusionary Ordinance review, conduct meetings with developers to identify specific changes that may be considered by the City.

9. In September 2014, against staff recommendation, the City Council changed Auf der Maur's approved HDR plan (345 units, 10 VLI, 17 LI units), allowing the project to build with NO affordable units. The developer will pay a $4.5 million in-lieu fee. However, Council voted to assign only $1 million to the LIHF, and voted to place $3.5 million into a separate account with no restrictions on how the money can be spent. Artificial turf and lighting for sports fields, or assistance for PUSD projects were among the suggestions. Obviously the City could use this higher in-lieu fee to support nonprofit workforce for families, per Resolution 10-390, but they have no plans to accomplish this objective. (Attachment 5)

Policy 18: Use the lower-income-housing fee to generate funds for the provision of housing affordable to extremely low-, low- and very low-income households. The low-income housing fund should be used primarily to leverage State and Federal funds in the development of housing affordable to low- and very low-income households and in-house loan programs, so that the fund may be used most efficiently and maintained over time. When considering allocation of these funds, priority will be given to non-profit housing developers with a project including three bedroom units affordable to large extremely low, low- and very low-income households.

Program 18.1: Review and modify the lower-income-housing fee annually in conformance with AB 1600, and consider changing the basis of the fee to reflect the true cost of providing housing.

10. The City completed a Nexus study which showed Pleasanton's Lower Income Housing Fee (LIHF) to be very inadequate to meet the existing and future demand for affordable housing generated by residential and commercial development. However, the City Council voted not adjust the LIHF to a more appropriate level as suggested in Program 18.1, citing their desire to spare corporations wanting to locate in Pleasanton the cost of mitigating housing demand created by their employees. (See Attachments 3 and 4.)

Program 18.2: Continue to exempt all housing units affordable to low- and very low-income households from the low-income housing fee.

Responsible Agency: Housing Commission, City Council
Time Period: Ongoing.
Funding Source: Lower-Income Housing Fund

Program 18.3: Use the Lower-Income Housing Fund to help build housing affordable to low- and very low-income households on City-owned land.

11. The City has recently acquired a small parcel of land to facilitate the construction of additional senior housing at Kottinger Place. However, the LIHF's current and prospective balance is too low to purchase sufficient land to meet Pleasanton's nonprofit housing needs for RHNA, due to the previous Council votes restricting LIHF revenue. (See notes 6, 9, 10, and Attachments 4 and 5.)

Program 18.4: Use the Lower-Income Housing Fund to extend rent restriction agreements, purchase land, write down mortgage costs, rehabilitate units, subsidize rents, issue tax-exempt bonds, post loan collateral, pay pre-development costs, and otherwise help produce housing units affordable to lower-income households. The objective of this 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.

Responsible Agency: City Council
Time Period: Explore ways to use the fund for the list of activities in the program annually and as needed.
Quantified Objective: 150 units
Funding Source: Lower-Income Housing Fund

Program 18.5: When considering how to utilize the City's Lower-Income Housing Fund, consider whether a proposal with a non-profit housing developer and a for-profit housing developer partnership should be a higher priority project due to its ability to potentially secure better funding and be developed.

12. Pleasanton's IZO contains insufficient incentives for property owners or support for nonprofit housing developers to foster such partnerships.

Policy 19: Encourage the use of density bonuses for housing which is affordable to extremely low-, moderate-, low-, and very low-income households.

Policy 20: Require owners of rental units who receive financial support from the City to accept Section 8 certificates/vouchers and/or Project Based Section 8 in their developments.

Policy 21: Work with the Alameda County Housing Authority and other agencies to maintain funding for Section 8 and other Federal subsidy programs.

Policy 22: Assist in the relocation of persons displaced by public projects.

Policy 23: Incentivize the development of housing units affordable to extremely low-, low- and very low-income households when rezoning non-residential properties to high-density residential.

Policy 24: Use the City's lower-income housing fund as seed money for Federal and State tax credits to promote the construction of housing affordable to extremely low-, low- and very low-income households.

Policy 25: Ensure that livability is considered when considering proposals for high-density residential developments, including open space, amenities, and facilities for the intended occupants.

13. Policy 23 has no implementing Programs. Furthermore, it appears the Policy 23 now works in reverse, with developers offering incentive payments to the City well above the housing fees specified in the IZO in exchange for the City dropping HE requirements to include affordable units in their projects.

City Priorities for Housing Developments

1. Non-Profit Housing Developers

Policy 26: Encourage non-profit and joint for-profit housing developments by offering incentives. Non-profit and joint for-profit housing developers of housing affordable to moderate-, low- , extremely low-, and very low-income households shall have the highest City priority for approval. Specific City incentives to encourage such housing developments are the following:

- Priority for the Growth Management affordable-housing sub allocation;
- Expedited permit processing;
- Fee waivers;
- Contributions from the lower-income housing fund;
- Use of available City-owned land;
- Density bonuses;
- City assistance in obtaining financing or funding;
- Assistance in providing public improvements;
- Consideration of reduced development standards, such as reducing the number of parking spaces

  (this consideration does not include reducing the number of required on-site parking spaces in the Downtown Specific Plan Area); and
- Consideration of mortgage revenue bonds.

Program 26.1: Actively assist owners of property zoned or designated High-Density-Residential in soliciting non-profit housing organizations for proposals to develop housing affordable to extremely low-, moderate-, low-, and very low-income households on available sites using lower-income-housing fees. 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 of available City housing programs within 6 months of Housing Element adoption.

14. Property owners and for-profit apartment developers are well aware of Pleasanton's affordable housing programs. However, they have no incentive to request the City's assistance in finding a nonprofit partner when they can build an almost 90% to 100% market rate project. Im addition, the City's housing ordinance and fee structure do not incent property owners or for-profit builders to dedicate the land necessary to acquire a nonprofit partner.

Program 26.2: Continue to actively support the activities of non-profit organizations that provide special needs housing as well as housing affordable to low- and very low-income households, through technical assistance or other means. 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.

Responsible Agency: City Council, Housing Commission, Housing Division
Time Period: Meet with nonprofit housing providers annually and ongoing.
Funding Source: Housing Division Budget

Program 26.3: When land becomes available to the City, consider reserving those sites for non-profit organizations to build housing affordable to moderate-, low-, extremely low, and very low-income households that include three bedroom units for large households.

14.5. Land will not magically become available for City ownership without a purchase or dedication plan. Pleasanton owns no land appropriate for nonprofit development. Council's actions in October 2013 and September 2014 to restrict contributions to the LIHF ensure the City cannot purchase land. Pleasanton has no ordinances or incentives to ensure land dedication for nonprofit housing development. No land, no money, no requirements, and no incentives virtually assure that land will never become available to the City so the Council can "consider" reserving sites for nonprofit development. However, they can "consider" using the land for more unnecessary moderate income housing.

2. For-Profit Housing Developers

15. Due to a lack of sufficient incentives and a weak affordable housing ordinance, Pleasanton has received no proposals for developments with this profile.

Policy 27: Housing developments with at least 25 percent of all units affordable to extremely low-, very low- and/or low-income households in perpetuity shall be considered to have the second highest priority in terms of City approval. Incentives shall include the following:

- Priority for the Growth Management affordable-housing sub-allocation for the affordable-housing component;
- Expedited permit processing;
- Fee waivers;
- Contributions from the lower-income housing fund;
- Density bonuses;
- Assistance in obtaining financing;
- Assistance in obtaining Federal and State tax credits through use of City resources as seed money when significant numbers of housing units affordable to low- and very low-income households are provided;
- Assistance in providing public improvements; and
- Consideration of reduced development standards, such as reducing the number of required parking spaces; and Mortgage revenue bonds.

3. Developers of Small Housing Units

Policy 28: Strongly encourage housing developers to build small single-family housing units, including detached second units. Single-family residential developments with units and/or second units less than 1,200 square feet in floor area, which provide housing affordable to moderate-income households, shall have the third highest priority for City approval. To the extent that these developments provide resale restrictions to retain the units as affordable to moderate-income households, they may qualify for incentives at the discretion of the City Council.

Growth Management

Goal 11: Manage residential growth in an orderly fashion while enabling Pleasanton to meet its housing needs.

Goal 12: Retain flexibility in the growth management process in order to accommodate housing affordability.

Policy 29: Retain flexibility in the growth management process in order to accommodate housing affordability.

Policy 30: Encourage substantial private development of housing affordable to extremely low-, low- and very low-income households through the Growth Management Program.

Program 30.1: Continue to use the Growth Management Report to monitor the numbers and types of units built at all income levels. Use this information to facilitate the issuance of sufficient numbers of permits to meet the regional housing need throughout the planning period.

Responsible Agency: Planning Division; City Council
Time Period: With annual preparation of growth management report.
Funding Source: Planning Division Budget

Program 30.2: Review and amend if necessary the Growth Management Program to reflect current housing and infrastructure conditions and current housing needs, and to ensure that the Growth Management Ordinance does not include constraints that would prevent the City from meeting its share of the regional housing need.

16. Pleasanton allocates Growth Management by the number of units proposed on a first come first served basis. Market rate units of all kinds may reserve Growth Management allocations, regardless of whether the City has met its RHNA requirements for affordability. Pleasanton does not allocate Growth management in a way that encourages market rate builders to support nonprofit development. Nor has the need for a Growth Management allocation ever, to our knowledge, resulted in a for-profit developer providing a "substantial" amount of ELI, VLI, or LI housing.

Goal 15: Adopt land use changes from non-residential to residential designations where appropriate.

Policy 37: Disperse high-density housing throughout the community, in areas near public transit, major thoroughfares, shopping, and employment centers.

Program 37.1: Provide and maintain existing sites zoned for multi-family housing, especially in locations near existing and planned transportation and other services, as needed to ensure that the City can meets its share of the regional housing need.

17. Despite Program 37.1, the City Council twice voted to change site use and density that will negatively affect Pleasanton's ability to address regional housing need.
In 2013 Council scrapped a previously approved plan for a 350 unit apartment complex (20% Very Low Income) at the West Pleasanton BART station and replaced it with a 430,000 sq.ft. office complex. (Attachment 6)
In September 2013 the City Council downzoned Site 21 in Hacienda Business Park (CM Capital, 6.69 acres, 200+ units) from 30 units/acre to 12.5 units/acre at the request of a nearby, nonadjoining neighborhood. (Attachment 7)

Policy 38: Strongly encourage residential infill in areas where public facilities are or can be made to be adequate to support such development.

Program 38.1: Maintain existing zoning of infill sites at densities compatible with infrastructure capacity and General Plan Map designations.

Responsible Agency: Planning Division, Planning Commission, City Council
Time Period: Ongoing.
Funding Source: Planning Division Budget

Program 38.2: Encourage the development of second units and shared housing in R-1 zoning districts to increase the number of housing units while preserving the visual character within existing neighborhoods of single-family detached homes.

Responsible Agency: Planning Division
Time Period: Ongoing.
Funding Source: Planning Division Budget

18. Incentives listed are only sufficient to encourage conversion from commercial use to market rate residential.

Program 38.3: For those properties designated for high density residential development with existing commercial uses, conduct outreach with property owners and businesses to identify specific incentives for business relocation and to encourage property owners to develop their properties with housing. Develop appropriate incentives that would facilitate relocating existing commercial/office/industrial uses in order to enable development with residential uses. Specific incentives may include the following:

- Transfer of development rights;
- A review of traffic requirements and evaluation measures to facilitate mixed use development;
- Development of transit alternatives;
- Use of development agreements;
- Flexibility of parking standards; and
- Expedited processing of development applications.

Responsible Agency: Housing Division and Planning Division to Identify Potential Options for Housing Commission, Planning Commission, City Council Review
Time Period: Annually.
Funding Source: Housing Division Budget

Policy 39: For phased residential developments, ensure that the majority of units affordable to low- and very low-income households are not postponed until the final stages of development.

Policy 40: Reserve suitable sites for subsidized housing affordable to low- and very low-income households.

Program 40.1: Acquire and/or assist in the development of one or more sites for housing affordable to low- and very low-income households.

Responsible Agency: Housing Division, City Council
Time Period: Convene City staff meeting annually to discuss potential opportunities and ongoing dependent on specific proposals and opportunities.
Funding Source: Lower-Income Housing Fund, Federal and State Housing Programs, Use of City-owned Land, if Available

19. The City has recently purchased land to facilitate Kottinger Place Redevelopment for low income seniors, but not for families in spite of the greater need for workforce housing. Unless The City quickly adopts an aggressive program to increase contributions to the LIHF (currently restricted), this program will not produce any nonprofit housing.

Program 40.2: Utilize tax-exempt bonds, and other financing mechanisms, to finance the construction of housing units affordable to extremely low-, low- and very low-income households, to purchase land for such a use, and to reduce mortgage rates.

Responsible Agency: City Council
Time Period: Ongoing; dependent on specific proposals and opportunities.
Funding Source: Tax-Exempt Bonds

Program 40.3: If the City acquires or obtains control of a potential housing site, in order to facilitate the provision of affordable housing and a mixed-income environment, the City may issue an RFP in conjunction or in partnership with non-profit or for-profit partnerships for development providing at least 20 percent of the units to very low-income households and 20 percent of the units to low-income households.

20. Pleasanton will have insufficient LIHF revenue to acquire land for this program. In the unlikely event that a market rate builder dedicates a portion of their project site to the in lieu of LIHF payment, the City should use all the land for nonprofit ELI, VLI, and LI housing. Pleasanton should not further reduce the potential of its HDR sites to meet RHNA requirements by using land dedicated to the City for market-rate development.

Policy 41: Increase housing in the commercial portion of the Downtown area by permitting three-story construction in the Downtown area pursuant to the Downtown Specific Plan, with one or two stories of residential over commercial in mixed-use buildings.

Housing Discrimination

Goal 16: Continue City policies eliminating discrimination in housing opportunities in Pleasanton.

Policy 42: Promote fair and equal access to housing for all persons regardless of race, color, religion, gender, disability, sexual orientation, age, national origin, or family status. The City will promote equal housing opportunities through printed housing brochures that are distributed at City Hall, the Senior Center, the Library, and other public places. The City will also maintain up-to-date information on housing opportunities affordable to low- and very low-income households and fair housing issues on its web site.

21. Policy 42 should include promoting housing opportunities for people of all income levels. However, it only commits to inform the public about existing housing available to Very Low and Low income households.

22. The ability of East Pleasanton Specific Plan developers to make any significant contribution to Pleasanton's affordable housing requirements is very tenuous, and will require voter approval for the industrial uses outside Pleasanton's Urban Growth Boundary. The large amount of development and the environmental impacts make voter approval unlikely. (See Attachment 9.)

Program 47.5 should call for the City to work in good faith with property owners and developers of sites throughout Pleasanton to acquire land for the nonprofit housing to meet RHNA affordable housing needs. That would show much more commitment to implementing Resolution 10-390 (see Attachment 8) and have a better chance of succeeding too!

Responsible Agency: Housing Division, City Council
Time Period: Schedule workshop by January 2016; other assistance dependent on specific proposals.
Funding Source: Housing Division Budget

Program 47.4: As part of the City's Consolidated Annual Performance Evaluation Report approval, or other time deemed appropriate by the City Manager, the City Manager will present a report regarding the City's efforts to fulfill Resolution 10-390, the success of the efforts and the plan and proposals to attract well-designed housing affordable to low- and very low-income households with children in the future.

Responsible Agency: Housing Division
Time Period: Annually, or Other Time as Deemed Appropriate by the City Manager
Funding Source: Housing Division Budget

Program 47.5: The City will is committed to work in good faith with non-profit and for-profit developers in the East Pleasanton Specific Plan area during the specific plan process to secure property, within Pleasanton and its current sphere of influence, for the development of well-designed affordable housing for families with children in Pleasanton. family housing affordable to low- and very low-income households.

Responsible Agency: Housing Division, Planning Division
Time Period: During preparation of the East Pleasanton Specific Plan.
Funding Source: Housing Division and Planning Division Budgets

Senate Bill (SB) 2

Goal 20: Satisfy the supportive housing, and transitional housing requirements of SB 2.

Policy 48: Revise the Zoning Title of the Pleasanton Municipal Code to address SB 2.

Program 48.1: Revise the Zoning Ordinance to permit transitional and supportive housing in all zones allowing residential uses and define transitional and supportive housing as residential uses allowed in the same way and subject to the same development regulations that apply to other dwellings of the same type in the same zone.

Responsible Agency: Housing Division, Housing Commission, Planning Division, Planning Commission, City Council
Time Period: Within One Year of the Adoption of the Housing Element
Funding Source: Housing Division and Planning Division Budgets

INDEX OF HOUSING ELEMENT NOTES

1. Pleasanton has failed to adhere to Policy 1 and Program 1.1.
   In 2013 the City Council scrapped previously approved plan for 350 unit apartment complex (20% Very Low Income) at the West Pleasanton BART station and replaced it with a 430,000 sq.ft. office complex.
   In September 2013 the City Council downzoned Site 21 (CM Capital, 6.69 acres, 200+ units) fron 30 units/acre to 12.5 units/acre at the request of a nearby, nonadjoining neighborhood.

2. The Council did not apply for any grants to save mixed use affordable development at the West Pleasanton BART Station. (Policy 5)

3. (Goal 5) The City Council's decision to retain its unenforceable IZO "requiring" new apartment developments to include only 15% lower income units, and currently yielding much less to none (see Attachment 1, page 1), is inconsistent with Goal 5.

4. In spite of declining percentages of affordable units offered in HDR development proposals, and an inability to attract the necessary nonprofit proposals, Program 11.1 retains same ineffective IZO and incentives offered in the previous planning period. Planning staff anticipated this will continue if the Council did not introduce new policies to replace the IZO, and suggested a six month timeline to develop measures to address the problem. (See Attachment 2, pages 1 and 3.)

5. (Policy 12) RHNA defines housing need by income, not density. Only nonprofit development can provide the provide the affordability required by RHNA. Pleasanton chooses to define the limits of its RHNA assignment in terms of density, and considers affordability of units to be out of the City's control due to market conditions. (See Attachment 2, page 3.)
   As reflected in the other proposed HE policies, City Council intends to indefinitely postpone consideration of new programs to facilitate the nonprofit development needed to achieve Pleasanton's RHNA affordability requirements.

6. (Goal 10) Council voted TWICE to ADD financial constraints to the City's ability to facilitate ELI, VLI, and LI housing.
   The first vote (October 2013) retained the inadequate Lower Income Housing Fee (LIHF), against staff recommendation and Nexus Study findings. The second vote (September 2014) diverted two third's of an affordable housing in-lieu payment (an amount consistent with Nexus Study recommendations) from the LIHF into a separate account so the money could be available for non-housing purposes.
   (See Attachments 3, 4, and 5.)

6.5. (Program 15.6) City should provide HCD with an analysis of sewer capacity as it relates to Pleasanton's progress in achieving the RHNA levels of affordability.
   Pleasanton's preference for approving for-profit apartments projects that yield less than 10% VLI and LI units, uses limited wastewater export capacity for nonessential 92% MI and AMI units. Unless required, the City has no policy or plans to reserve any existing export capacity for the unbuilt ELI, VLI, and LI units assigned by RHNA.
   The anticipated increase in wastewater export capacity to 10.3 mgd (discussed in the background) requires unanimous approval by Pleasanton, Livermore, Dublin San Ramon Services District (DSRSD), with possible voter approval nexessary in all three jurisdictions. (See Attachment 10.) Given the political challenge of providing affordable housing in Pleasanton, early action by HCD requiring reservation of pre-expansion wastewater capacity for RHNA's ELI, VLI, and LI housing requirements seems wise. Pleasanton residents will not vote to pay for additional sewer capacity if it's needed to serve lower income housing.

7. (Program 15.8) In 2013 the Housing Commission became concerned about declining VLI and LI units proposed for apartment developments on Pleasanton's HDR sites. The Commission found the IZO ineffective, and its unenforceability the primary cause of diminishing affordability. They began the process of developing a more effective ordinance. In April 2013 the Commission held workshop with stakeholders, and developed a number of IZO replacement alternatives. Council considered the Housing Commission's alternatives in May 2013. In their report to Council, Staff estimated that developing a replacement affordable housing ordinance would take 6 months or less- plenty of time to include the new measures in the DHE. Program 15.8 indicates the City's satisfaction with the status quo, including lower income housing availability well below RHNA requirements.(See Attachment 2, pages 1 and 8.)

8. Policy 17 conflicts with Goal 5 and Policy 12.
Goal 5 calls for Pleasanton to meet regional housing responsibilities. Policy 12 calls for the City to "Strive toward meeting Pleasanton's share of regional housing needs, as defined by the Regional Housing Needs Determination (RHND)."
Policy 17 requires the City to "Ensure compliance with Pleasanton's Inclusionary Zoning Ordinance" The IZO permits market rate HDR developments to include a minimum of 85% Moderate and Above Moderate income units. This makes it impossible for the City to achieve affordability as defined by RHNA.

8.5. (Program 17.1) Amendments have already proven warranted. (See Comment 7.)
Why wait until 2016 when staff said it would take 6 months? No change from the IZO will prevent Pleasanton from even coming close to fulfilling RHNA. It will continue the pattern wasting nonprofit apprpriate sites and limited infrastructure seen from 2011 to 2014.

9. (Program 17.2) In September 2014, against staff recommendation, the City Council changed Auf der Maur's approved HDR plan (345 units, 10 VLI, 17 LI units), allowing the project to build with NO affordable units. The developer will pay a $4.5 million in-lieu fee. However, Council to assign only $1 million to the LIHF, and voted to place $3.5 million into a separate account with no restrictions on how the Council could spend the money. Artificial turf and lighting for sports fields, or assistance for PUSD projects were among the suggestions. Obviously the City could use this higher in-lieu fee to support nonprofit workforce for families, per Resolution 10-390, but they have no plans to accomplish this objective. (Attachment 5)

10. (Program 18.1) The City completed a Nexus study which showed Pleasanton's Lower Income Housing Fee (LIHF) to be very inadequate to meet the existing and future demand for affordable housing generated by residential and commercial development. However, the City Council voted not adjust the LIHF to a more appropriate level as suggested in Program 18.1, citing their desire to spare corporations wanting to locate in Pleasanton the cost of mitigating housing demand created by their employees. (See Attachments 3 and 4.)

11. (Program 18.3) The City has recently acquired a small parcel of land to facilitate the construction of additional senior housing at Kottinger Place. However, the LIHF's current and prospective balance is too low to purchase sufficient land to meet Pleasanton's nonprofit housing needs for RHNA, due to the prev Council votes restricting LIHF revenue.
(See notes 6, 9, 10, and Attachments 4 and 5.)

12. (Program 18.5) Pleasanton's IZO contains insufficient incentives for property owners or support for nonprofit housing developers to foster such partnerships.

13. Policy 23 has no implementing Programs. Furthermore, it appears the Policy 23 now works in reverse, with developers offering incentive payments to the City well above the housing fees specified in the IZO in exchange for the City dropping HE requirements to include affordable units in their projects.

14. (Program 26.1) Property owners and for-profit apartment developers are well aware of Pleasanton's affordable housing programs. However, they have no incentive to request the City's assistance in finding a nonprofit partner when they can build an almost 90% to 100% market rate project. Im addition, the City's housing ordinance and fee structure do not incent property owners or for-profit builders to dedicate the land necessary to acquire a nonprofit partner.

14.5. (Program 26.3) Land will not magically become available for City ownership without a purchase or dedication plan. Pleasanton owns no land appropriate for nonprofit development. Council's actions in October 2013 and September 2014 to restrict contributions to the LIHF ensure the City cannot purchase land. Pleasanton has no ordinances or incentives to ensure land dedication for nonprofit housing development. No land, no money, no requirements, and no incentives virtually assure that land will never become available to the City so the Council can "consider" reserving them for nonprofit development. However, they can also "consider" using the land for more unnecessary moderate income housing.

15. (Policy 27) Due to a lack of sufficient incentives and a weak affordable housing ordinance, Pleasanton has received no proposals for developments with this profile.

16. (Policy 30, Program 30.1) Pleasanton allocates Growth Management by the number of units proposed on a first come first served basis. Market rate units of all kinds may reserve Growth Management allocations, regardless of whether the City has met its RHNA requirements for affordability. Pleasanton does not allocate Growth management in a way that encourages market rate builders to support nonprofit development. Nor has the need for a Growth Management allocation ever, to our knowledge, resulted in a for-profit developer providing a "substantial" amount of ELI, VLI, or LI housing.

17. (Program 37.1) Despite Program 37.1, the City Council twice voted to change site use and density that will negatively affect Pleasanton's ability to address regional housing need.
In 2013 Council scrapped previously approved plan for 350 unit apartment complex (20% Very Low Income) at the West Pleasanton BART station and replaced it with a 430,000 sq.ft. office complex. (Attachment 6)
In September 2013 the City Council downzoned Site 21 in Hacienda Business Park (CM Capital, 6.69 acres, 200+ units) from 30 units/acre to 12.5 units/acre at the request of a nearby, nonadjoining neighborhood. (Attachment 7)

18. (Program 38.3) Incentives listed are only sufficient to encourage conversion from commercial use to market rate residential.

19. (Program 40.1) The City has recently purchased land to facilitate Kottinger Place Redevelopment for low income seniors, but not for families in spite of the greater need for workforce housing. Unless The City quickly adopts an aggressive program to increase contributions to the LIHF (currently restricted), this program will not produce any nonprofit housing.

20. (Program 40.3) Pleasanton will have insufficient LIHF revenue to acquire land for this program. In the unlikely event that a market rate builder dedicates a portion of their project site to the in lieu of LIHF payment, the City should use all the land for nonprofit ELI, VLI, and LI housing. Pleasanton should not further reduce the potential of its HDR sites to meet RHNA requirements by using land dedicated to the City for market-rate development.

21. Policy 42 should include promoting housing opportunities for people of all income levels. However, it only commits to inform the public about existing housing available to Very Low and Low income households.

22. (Program 47.5) The ability of East Pleasanton Specific Plan developers to make any significant contribution to Pleasanton's affordable housing requirements is very tenuous, and will require voter approval for the industrial uses outside Pleasanton's Urban Growth Boundary. The large amount of development and the environmental impacts make voter approval unlikely. (See Attachment 9.)
    Program 47.5 should call for the City to work in good faith with property owners and developers of sites throughout Pleasanton to acquire land for the nonprofit housing to meet RHNA affordable housing needs. That would show much more commitment to implementing Resolution 10-390 (see Attachment 8) and have a better chance of succeeding too!

Housing Element

BACKGROUND



2015–2023 UPDATE

SEPTEMBER 2014 DRAFT

Section I

INTRODUCTION

A STATE LAW REQUIREMENTS FOR HOUSING ELEMENTS

State law requires each city and county to adopt a General Plan containing at least seven elements including a Housing Element. Regulations regarding Housing Elements are found in the California Government Code Sections 65580–65589. Although the Housing Element must follow state law, it is by nature a local document. The focus of the Pleasanton Housing Element is on the needs, desires, and vision of Pleasanton residents as it relates to housing in the community. Within these parameters, the intent of the element is also to comply with state law requirements.

Unlike the other mandatory General Plan elements, the Housing Element must be updated every four to eight years, and is subject to detailed statutory requirements and mandatory review by the California Department of Housing and Community Development (HCD). The City's current Housing Element planning period is eight years in length. According to state law, the Housing Element must:

- Provide goals, policies, quantified objectives, and scheduled programs to preserve, improve, and develop housing.
- Identify and analyze existing and projected housing needs for all economic segments of the community.
- Identify adequate sites that will be zoned and available (prior to Housing Element adoption) within the eight-year housing cycle to meet the city's fair share of regional housing needs at all income levels.
- Be internally consistent with other parts of the General Plan (and is critical to having a legally adequate General Plan).
- Be submitted to HCD to determine if the agency will certify the Housing Element as being in compliance with state law.

State law establishes detailed content requirements for Housing Elements and requires a regional "fair share" approach to distributing housing needs. State Housing Element law recognizes that in order for the private sector to address housing needs and demand, local governments must adopt land use plans and implementing regulations that provide opportunities for, and do not unduly constrain, housing development.

In accordance with state law, the Housing Element must be consistent and compatible with other General Plan elements. Additionally, the Housing Element should provide clear policy and direction for making decisions pertaining to zoning, subdivision approval, housing allocations, and capital improvements. The housing action program must also identify adequate residential sites available for a variety of housing types for all income levels; assist in developing adequate housing to meet the needs of low- and

1. If the City retains HE Policy 17 to ensure developers' compliance with the IZO, then the DHE has failed to identify adequate sites to "... meet the city's fair share of regional housing needs at all income levels. Policy 17 directs developers of HDR sites to include 15% VLI and LI units. This rule, prevents Pleasanton from meeting its "fair share of regional housing needs at all income levels" on the number of HDR sites the Draft HE identifies. Certification of Pleasanton's HE, with Policy 17 and the IZO standards included would seem to grant permission an inevitable failure to achieve RHNA,

Workforce Affordable Housing: Housing that is affordable to the workforce in the community. Workforce housing is housing for the occupations needed in every community, including teachers, nurses, police officers, firefighters, and many other critical workers. The families in need of workforce housing do not fall neatly into a single narrow income category. Employees in some industries (e.g., retail sales, food service, tourism) are likely to be in the lower income ranges. Seasoned workforce jobs with education or training requirements, such as teachers, police officers, or nurses, may fall into the middle income brackets but still find it difficult to afford homes in the community where they work.

C 2007–2014 HOUSING ELEMENT REVIEW

Summary of Key Accomplishments

State law (California Government Code Section 65588(a)) requires each jurisdiction to review its Housing Element as frequently as appropriate and evaluate:

- The appropriateness of the housing goals, objectives, and policies in contributing to the attainment of the state housing goal.
- The effectiveness of the Housing Element in attainment of the community's housing goals and objectives.
- The progress in implementation of the Housing Element.

The evaluation provides valuable information on the extent to which programs have been successful in achieving stated objectives and addressing local needs, and to which these programs continue to be relevant to addressing current and future housing needs in Pleasanton. The evaluation provides the basis for recommended modifications to policies and programs and the establishment of new objectives in the Housing Element.

2. Many Policies and Programs which the City should have changed or eliminated based on ineffectiveness in the last planning period remain in the HE Draft.

Housing Element, and compares the City's progress in fulfilling these objectives. A program-by-program review is contained in Appendix A. The City's 2007–2014 Housing Element has supported implementation of a number of programs providing affordable housing. One of the objectives of the Housing Element update is to build upon the City's successes. Below are some of the key accomplishments of the City:

The Pleasanton General Plan Housing Element was adopted on October 12, 2012, and certified by HCD on October 29, 2012.

BMR Apartments. Over 1,000 below-market rental (BMR) apartment units have been built in Pleasanton since the mid-1980s. The City has encouraged the construction of affordable rental housing by allowing special consideration for projects that provide units at BMR levels. Four of the largest apartment complexes in Pleasanton include some units in which rents are lower than market rents due to a regulatory agreement between the City and the apartment owner. As an example, three projects that occupy the City's former 14-acre corporation yard site (The Promenade, Ridge View Commons, and The Parkview) demonstrate a variety of housing types and also the City's willingness to contribute land and other assistance for affordable housing. Whereas the earliest BMR apartment projects had 15-year expiration terms, the most recent projects will remain affordable in perpetuity.

- Building permits were issued for 1,025 dwelling units between 2007–2014. Of these 173 units or 16.8 percent of the total units will be affordable to very low-, low-, and moderate-income househlds.
- Planning approvals were awarded to seven high density/mixed-use projects with a combined total of 1,711 rental apartments (two BRE projects in Hacienda, Carr America site, Pleasanton Gateway,

3. Promenade: 1997, family housing, 68 VLI and LI units, 78 market rate units.
Ridgeview Commons: 1989, senior housing, 200 VLI and LI units.
Parkview Senior Assisted Living: 2007, 31 VLI units, 74 market rate units.

Nearon site and half of the CM Capital site). Affordable housing agreements were negotiated and approved for all projects to provide for a total of 216 units at varying affordability levels.

- The City's Growth Management Program was amended to ensure that it does not prevent the City from meeting its share of the regional housing need.

- The City circulated a Request for Proposal and selected a consultant to conduct a comprehensive nexus study to review and potentially update the City's Lower Income Housing Fee. The consultant presented the Lower Income Housing Fee Study to the City Council and Housing Commission at a joint workshop in October 2013, at which the Council voted to maintain the current Lower Income Housing Fee.

- Multifamily Development Standards and Guidelines were adopted for high density housing. These standards and guidelines promote residential development at densities that support work force housing and are compatible with Pleasanton's existing high-quality neighborhoods.

- City Housing Programs. The City of Pleasanton operates a number of housing programs to support affordable housing, including the City's BMR Rental Program, temporary rental assistance (in coordination with the City of Livermore and Abode Services through the Tri-Valley Housing Scholarship Program), Section 8 vouchers in coordination with the Alameda County Housing Authority, the Pleasanton Homeownership Assistance Program (PHAP) for first-time homebuyers, the Down Payment Assistance (DPA) program, the Housing and Human Services Grant (HHSG) program (which uses Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), and local funds), the Housing Rehabilitation Program for low-income homeowners and mobile home owners, a Lower Income Housing Fund, and inclusionary zoning requirements for new development.

- Staff outreach in support of affordable housing included promotion of the City's affordable housing incentives, meetings with several nonprofit developers regarding potential projects, and preparation for a workshop for nonprofit developers held in February 2013. Additional outreach was hosted in February and March 2014.

- The City maintained active support for a wide range of nonprofit organizations and worked directly with MidPen Housing and Habitat for Humanity on project-specific activities.

4. MidPen collaboration was for senior, not family, housing. Habitat project is in Livermore.

- Homeownership Assistance. In addition to the PHAP, which makes available homes for sale at below-market prices, the City established the DPA program in 2004 using local funds combined with an allocation of state HELP (Housing Enabled by Local Partnership) funds from the California Housing Finance Agency (CalHFA). HELP funds were depleted in 2007, and since then the program has been funded 100 percent locally. The DPA program currently provides up to $20,000 in down payment assistance for low- and moderate-income buyers. Assistance is in the form of a low interest (3.5%) loan that is amortized over 20 years.

- Housing for Persons with Disabilities. Through programs such as HHSG, the City has assisted the development of specific housing units in Pleasanton that are reserved for persons with disabilities using federal and local funds. Rental opportunities in these developments are administered either by the on-site management or by a supporting agency. For example, the City worked with East Bay Innovations and HCD to reserve four BMR apartments at The Promenade for very low-income persons with developmental disabilities who are able to live independently. The City also provided deferred zero-interest loans to Tri-Valley REACH to acquire and rehabilitate several group homes for adults with developmental disabilities.

- Housing Data Collection and Preservation of At-Risk Affordable Housing. The City conducts an annual survey of rents and vacancy rates in order to monitor affordability in the local rental housing stock. The City has also worked to ensure the preservation of existing affordable housing, such as the

Population Trends

In 1990, Pleasanton's median age was lower than it was for California as a whole. As of 2000, Pleasanton's median age was 37 years compared to 33 for the state and 35 for the county. According to the 2010 US Census, Pleasanton's median age is now 41 years, which is a significant increase in just 10 years. The gradual increase of the median age from 26 years in 1970 to 41 years in 2010 indicates a significant aging of the population. This is occurring despite the increases in school enrollment, indicating that the aging of the existing population is more than compensating for the increase of school-age children. The 2010 median age in Pleasanton is higher than the median age for both the county (37 years) and the state (35 years).

The distribution of Pleasanton's population by age group is shown in **Table 9**. As individuals age, their lifestyles, household composition, living preferences, and income levels tend to change as well. For example, young adults (18–34) typically move more frequently and earn less than older adults. As a result, younger adults generally are not ready, or cannot afford, to purchase homes, and instead look for rental units to meet their housing needs. In contrast, middle-aged residents (35–54) typically have higher earning potential and higher homeownership rates. Residents approaching retirement age or recently retired (early 60s to mid-70s) tend to have the highest rates of homeownership. After individuals retire, many look for smaller homes on properties that are easier to maintain, or for residential communities that cater specifically to their lifestyles, needs, and preferences.

The age distribution of the City's population has shifted between 2000 and 2010. The number of residents between the ages of 55 and 64 increased by approximately 48 percent, while the number of residents 65 years and older increased by approximately 58 percent. The City experienced a simultaneous decline in residents less than 5 years old (10% decline), between 25 to 34 years old (21% decline), and 35 to 44 (18% decline). In general, shifts in age distribution likely reflect aging demographics within the community of Pleasanton.

Table 9: Population by Age, 2000–2010

Age (years)	2000		2010		Percent Change
	Persons	Percent	Persons	Percent	
< 5	4,359	7%	3,904	6%	-10%
5 to 14	10,807	17%	11,256	16%	4%
15 to 24	6,288	10%	8,242	12%	31%
25 to 34	7,988	13%	6,345	9%	-21%
35 to 44	13,251	21%	10,912	16%	-18%
45 to 54	10,487	16%	13,599	19%	30%
55 to 64	5,636	9%	8,366	12%	48%
65+	4,838	8%	7,661	11%	58%
Total	**63,654**	**100%**	**70,285**	**100%**	**10%**

Source: 2000 and 2010 U.S. Census (ABAG Data Profiles for Housing Elements 2013)

A more detailed comparison of age cohorts in Pleasanton in 2000 and 2010 is shown in the graph below. The graph shows the significant increase in the number of teens and adults under 25, seniors, and those nearing senior age in Pleasanton over the past 10 years. The most significant decline has been in the number of young adults in the 25 through 44 years of age cohorts. Some of this decline may be due to the availability of lower cost housing in the community, as young adults seek more affordable housing elsewhere.

5. The shrinking population of residents <5 and 25 to 44 years of age reflects the growing unmet demand for affordable workforce housing in Pleasanton

Normally people do not retire in high cost of living communities like Pleasanton. The increase of population over 55 years of age likely results from the City's support for and approval of senior only affordable and market rate housing.

- Residential projects with development entitlements with building occupancy to be issued post December 31, 2013.

- Vacant or underutilized land designated for residential development with no entitlements, including four of the original nine sites identified to accommodate the 2007–2014 RHNA needs.

Table 29 summarizes the residential unit potential from the above methods and provides a comparison with Pleasanton's 2014-2022 RHNA. The City is able to exceed RHNA needs for the 2014-2022 planning period with permits finalized and units approved since 2013, as well as vacant or underutilized land already designated for residential development. The City's land inventory identifies a capacity for 1,176 new units, including a capacity for 279 deed-restricted units for low and very low income categories.

Table 29: City's Housing Need and Capacity to Meet 2014-2022 RHNA

	Total	Extremely Low, Very Low, and Low Income	Moderate Income	Above Moderate Income
2014-2022 RHNA	2,067	1,107	407	553
Permitted and Approved Projects	1,980	276	1,527	174
Vacant and underutilized land	1,263	991	-	272
Total Capacity	3,243	1,297	1,527	446
Capacity Over and Above Housing Need	1,176	163	1,120	(-107)

Sites from the City's land inventory are shown in **Figure 7** and **Figure 8.** These sites provide capacity to meet the 2014-2022 RHNA. Approved residential projects with development entitlements issued post 2013 are shown in **Figure 7**, while **Figure 8** illustrates the location of vacant and underutilized land. **Appendix B** includes a detailed summary of these sites. Sites identified for rezones in programs from the previous Housing Element have been rezoned to allow residential development and are included in this land inventory. The land inventory is also described in greater detail in the following section.

6. This "surplus" Moderate Income housing is essentially wasted capacity that Pleasanton could have dedicated to nonprofit housing that would have met all of the City's Very Low and Low Income housing requirements until 2023!

were rezoned for high-density-residential use to accommodate RHNA as described in the "Meeting Projected Housing Needs" section below. In the 2007 Wastewater Master Plan, these sites were anticipated to be developed for office-commercial use, with a correspondingly lower wastewater flow than now anticipated (with high-density-residential use). The rezoned sites located east of Hopyard Road and north of Stanley Boulevard (BART, Nearon, California Center, and CM Capital Properties) require the construction of a new sewer pump station and pipelines. The pump station and appurtenant pipelines are not needed immediately, but will likely be necessary after the first major high-density-residential development in this area is occupied. The pump station is currently in the preliminary design phase, and anticipated to be operational by late 2015. Several other sites (Sheraton, Stoneridge Shopping Center, Kaiser, Auf der Maur/Rickenbach) will require new sewer pipelines as well as limited upsizing of some existing pipelines to accommodate new residential growth. The sewer pump station project is estimated to cost over $3 million dollars. The local sewer pipe upgrades are anticipated to cost between a few hundred thousand to several hundred thousand dollars. Replacement and improvement funds in the City's CIP are funding the first phases of the pump station project, and the City's CIP and/or new development, will fund the later phases. The cost to fund the new sewer facilities will be funded on a pro rata basis between existing users and future development.

Dublin-San Ramon Services District (DSRSD) provides Pleasanton's sewage treatment services. Under a contract with DSRSD, Pleasanton has treatment capacity entitlement to 8.5 million gallons daily (mgd) of average dry weather flow (ADWF). DSRSD owns the treatment plant's remaining treatment capacity of 8.5 mgd (for a total treatment capacity of 17 mgd).

As part of the 2007 Wastewater Master Plan, the City of Pleasanton performed a sewer flow monitoring capacity study. Results showed that in 2004 the ADWF from Pleasanton to DSRSD's regional sewage treatment plant was approximately 5.47 mgd. With the future growth projected in the 2009 General Plan, Pleasanton's flow is anticipated to increase to approximately 7.7 mgd. At the time the 2009 General Plan was adopted, Pleasanton's capacity entitlement at the treatment plant was deemed sufficient to accommodate growth; however, total flows at the treatment plant were expected to reach 17 mgd around 2015 due to growth in both Pleasanton's and DSRSD's sewer service area, and as a result, an expansion of the treatment plant was deemed warranted. DSRSD has not designed this expansion; but, it is anticipated that the final expansion will accommodate a total of 20.7 mgd. After the expansion is complete, Pleasanton's capacity entitlement at the plant will increase to 10.3 mgd. Pleasanton's existing and future capacity entitlements are anticipated to adequately accommodate increased flows as a result of the high-density-residential rezonings during the 2007–2014 Housing Element planning period. The total cost of the plant expansion is anticipated to be approximately $18 million dollars (in 2007 dollars). DSRSD's fees for new sewage connections are anticipated to increase in the future to pay for this expansion.

Disposal of treated effluent from DSRSD's plant to the San Francisco Bay is provided by means of disposal lines managed by LAVWMA (Livermore Amador Valley Water Management Agency), a Joint Powers Authority (JPA) between the City of Pleasanton, the City of Livermore, and DSRSD. LAVWMA's disposal capacity is 41.2 mgd peak wet weather flow (PWWF), of which Pleasanton has capacity entitlement to 14.4 mgd. The cost of the upgrade has not been estimated, but it is anticipated that it could be extremely expensive.

After the adoption of the 2007–2014 Housing Element, the City updated its 2007 Wastewater Master Plan to assess the full extent of the needed upgrades/expansions to accommodate (to the extent possible) future RHNA cycles. This assessment is consistent with programs 15.5 and 15.6 of the 2015–2023 Housing Element which state:

7. The City should provide HCD with an analysis of sewer capacity as it relates to Pleasanton's progress in achieving the RHNA levels of affordability.

Pleasanton's preference for approving for-profit apartments projects that yield less than 10% VLI and LI units, uses limited wastewater export capacity for nonessential 92% MI and AMI units. Unless required, the City has no policy or plans to reserve any existing export capacity for the unbuilt ELI, VLI, and LI units assigned by RHNA.

The anticipated increase in wastewater export capacity to 10.3 mgd requires unanimous approval by Pleasanton, Livermore, Dublin San Ramon Services District (DSRSD), with possible voter approval necessary in all three jurisdictions. (See Attachment 10.) Given the political challenge of providing affordable housing in Pleasanton, early action by HCD requiring reservation of pre-expansion wastewater capacity for RHNA's ELI, VLI, and LI housing requirements seems wise. Pleasanton residents will not vote to pay for additional sewer capacity if it's needed to serve lower income housing.

Program 15.5: Assess the level of effort to overcome infrastructure constraints to housing affordable to low- and very-low-income households on a periodic basis.

Responsible Agency:	Housing Division
Time Period:	As Needed or in Conjunction with the Housing Element Update
Funding Source:	Housing Division Budget

Program 15.6: Assess future sewer infrastructure needs, including sewer infrastructure upgrades and facilities to accommodate future RHNA cycles in the region.

8. The outcome of the assessment depends on how HCD requires Pleasanton to measure "meeting the regional housing need", by density or by affordability.

Responsible Agency:	Operation Services Department, Housing Division, City Council
Time Period:	2014-2015
Funding Source:	Sewer Enterprise Fund

The City also reviewed infrastructure conditions and the Growth Management Program between 2011 and 2014. In 2012 and 2013 the City revised the Growth Management Program, as directed by Program 9.1 and 29.2 of the 2007–2014 Housing Element. These recent revisions ensure that the program does not prevent the City from meeting its share of the regional housing need.

To reduce the use of potable water and impacts to sewer facilities, the JPA members of LAVWMA have agreed to use recycled wastewater for landscaping irrigation when feasible, and Program 6.1 of Pleasanton's General Plan Water Element states:

Program 6.1: Utilize wastewater reuse/reclamation methods to the fullest extent financially and environmentally feasible.

Water Supply and Infrastructure

Water supply is an issue at the forefront of long-term planning efforts in the City. Based on the 2010 Urban Water Management Plan, Zone 7 has sufficient water to accommodate planned growth through 2030, as accounted for in the General Plans of its member agencies. Zone 7 has concluded that a combination of water conservation and the development of new supplies and storage facilities will allow the agency to supply water to all planned growth within its service area, including housing-related growth in Pleasanton, even during multiple dry years (as is currently the case). The Urban Water Management Plan will be updated in 2015, and is expected to include a similar approach to accommodating growth as the 2010 plan, even in the midst of a severe drought.

However, continued drought conditions will require the City to adopt new methods to stretch its limited supply of water. In May 2014, the City declared a Local Drought Emergency and instituted a Stage 3 drought declaration intended to reduce water consumption by 25%. Between March and June 2014, the City Council approved amendments to Chapter 9.30 (Water Conservation Plan) of the Pleasanton Municipal Code, outlining further water reduction measures, including restrictions on outdoor irrigation and decorative water features to be implemented during droughts. In addition, after approval of the Recycled Water Feasibility Study in November 2013, the City is moving forward with implementation of a recycled water program. This recycled water program will reduce the demand for potable water within Zone 7 and assist in creating a more reliable water supply, since the recycled water would be generated

9. Pleasanton has structured its HE to support >93% growth in market rate housing stock and <7% growth in affordable workforce housing stock. Does infrastructure truly meet community needs?

and consumed locally. These measures will assist in ensuring the City's water supply meets the needs of the community in addition to planned growth as part of the 2015-2023 Housing Element planning period.

However, the City also possesses the flexibility to institute more stringent measures to reduce water demand in the event of a prolonged drought, pursuant to a 2009 Water Shortage Contingency Plan developed by the water retailers who purchase water from Zone 7 (including the cities of Pleasanton and Livermore, Dublin-San Ramon Services District, and California Water Service Company-Livermore District). The Water Shortage Contingency Plan identifies a series of water conservation measures that could be implemented by each of the water retailers at different drought declarations. At a Stage 3 or 4 drought declaration, the plan allows water retailers to refuse new or additional service requests for residential, commercial, industrial, and institutional projects comprising more than 500 dwelling units (or an equivalent square footage of commercial or industrial uses).

It is not anticipated that any of the sites which were rezoned to accommodate Pleasanton's RHNA for the 2007–2014 Housing Element planning period or the new RHNA for 2015- 2023 will require potable-water pumping, storage, or pipeline upgrades. Several housing sites zoned for low-density-residential development, such as sites west of Foothill Road, will need such improvements, but these sites are zoned for low-density-residential development, and will not address Pleasanton's RHNA for the 2015-2023 Housing Element planning period. The cost of the potable-water upgrades could exceed $1 million dollars for some of these low-density residential sites. While City's water infrastructure is sufficient for future development units, water sources in California are scarce. In response to scarcity of water sources, state of California in 2009 enacted SBX7-7 requiring water providers to reduce their water demand by 20 percent by calendar year 2020 (20-20 Program). In compliance with the California's 20-20 Program, City of Pleasanton has implemented public outreach and water conservation methods for its customers. These methods include indoor plumbing retrofit and outdoor landscape irrigation efficient upgrades. City Council approved Pleasanton's 2010 Urban Management Plan and directed staff to implement recommended water conservation programs and also establish programs for funding for water recycling in the City. Future development units will be designed utilizing the latest available water conserving technology for indoor plumbing fixtures and outdoor irrigation devices and also participate in recycled water program funding.

In November 2013 the City Council approved the Recycled Water Feasibility Study allowing the City to proceed forward with the environmental documentation necessary to move forward with implementation of the recycled water program. Upon implementation of this program will serve many of the developments in the Hacienda Park (BART, Nearon, California Center, and CM Capital Properties) will be able to utilize recycled water for landscaping purposes.

As required by Government Code Section 65589.7, in May 2008, the City of Pleasanton adopted an administrative policy to provide priority water and sewer service for housing developments serving lower income households.

10. This gives luxury market rate apartment projects with just a few affordable units priority for water. The City should adopt a minimum standard of 50% VLI and LI units before defining a development as "serving lower income households."

Second Units

As the City reaches build-out, second units increase in importance as a source of housing, particularly affordable housing. They have particular value as a source of housing for seniors who would otherwise have to sell their homes and leave their neighborhoods, for young adults who might otherwise have to double- or triple-up to afford housing, and for "au pairs" or other household workers who would otherwise have to find conventional housing or commute from other communities.

In the period 2007 through 2014, approximately 50 second units were built, or about six second units a year. This slowdown in the construction of second units tracks the general decline in residential construction.

Feasibility of Identified Mixed Use Development Sites

The availability of developable sites does not assure development; market conditions will in most cases dictate when any particular development will commence. An issue specific to the availability of mixed use sites for housing purposes is the question "what is it," i.e., precisely what mix of uses is likely to occur. Many mixed use zoning districts are permissive in this regard, as is the case in the City of Pleasanton. A mixed use site could be all retail mixed with office or housing or any combination of these uses consistent with other aspects of the zoning district.

While this opportunity leads to some uncertainty regarding housing production on these sites, from a market feasibility standpoint, and in practice, housing is increasingly part of mixed use development in California suburban settings such as Pleasanton. The reason is that housing has tended to generate considerably higher value per square foot of developed building than office or retail uses. Given the relatively high cost of land and construction of mixed use buildings, the housing component is often essential to achieve a financially feasible development. Even when not absolutely necessary, rent-seeking investors will tend to maximize value and a housing component can help achieve this objective.

Experience with financial analysis of mixed use buildings has repeatedly demonstrated this point. A simple reference to the marketplace also underscores this point – a common prototypical vertical mixed use building, with hundreds of examples having been built recently in California, involves a retail/office ground-floor "podium" with two or more floors of residential flats located above. Alternative "side-by-side" projects also exist. Of course there will always be circumstances that lead site owners to variations in the mixed use prototype including single-use buildings and those involving no residential development, changing market dynamics, cost/risk factors, and business objectives. Prior to the adoption of the 2015-2023 Housing Element, the Pleasanton City Council rezoned nine sites (BART, Sheraton, Stoneridge Shopping Center, Kaiser, Pleasanton Gateway, Auf der Maur/Rickenbach, Nearon, CarrAmerica, and CM Capital Properties) to accommodate the City's RHNA allocation, Of these nine sites, five (BART, Sheraton, Stoneridge Shopping Center, Kaiser, and Carr America) allow for mixed use development. In large part, these sites were selected for mixed use because of their potential for housing development in the context of prior infill planning and City policies. Accordingly it is very likely that these mixed use rezonings will incorporate a high density housing component,

Meeting Projected Housing Needs

Prior to the adoption of the 2015-2023 Housing Element, the City completed the rezoning and General Plan Amendments necessary to accommodate the City's RHNA. The City has experienced tremendous development interest for these sites, as evidenced by entitlements on five sites for large-scale apartment and mixed-use developments, which are described in more detail in **Appendix B**). Table 30 summarizes all high density residential sites within the City that maintain density to accommodate development or 30 units/acre or greater. The pages immediately following the summary table include background information and development considerations for the five sites that remain vacant or underutilized. The five sites listed can accommodate a maximum capacity of approximately 991 units. These sites are also included in the Housing Sites Inventory (**Appendix B**) and described in further detail below. The following figures are numbered to correspond with their housing site number, as shown in **Appendix B**.

11. These are for-profit projects with a very small percentages of BMR units. Because these mixed use developments do not have a sufficient number of ELI, VLI, and LI units, which only nonprofit development can provide, both the 90% market rate housing and the retail commercial uses add a net increase to Pleasanton's unmet workforce housing demand, especially for VLI workforce housing.

Table 30: High Density Residential Sites Zoned to Accommodate 30 units per acre or Greater of Residential Development

Site	Current Use	New General Plan / Zoning	Potential Acreage for Multi-family Development	30 units/ac	Site Constraints
Vacant / Underutilized Sites					
Sheraton	Hotel	Mixed Use /PUD-MU	3.3	99	Not active.
Stoneridge Shopping Center[1]	Shopping Center	Mixed Use /PUD-MU	2.2	88	P
Kaiser	Vacant / parking lot	Mixed Use /PUD-MU	6.1	183	Not active
BART[1]	Parking lot	Mixed Use/Business Park /PUD-MU	8.3	249	S/P
Hacienda 3 (Roche)	Vacant	Mixed Use-Business Park/PUD-MU	12.40	372	S/P
TOTAL				**991**	
Sites with Planning Approval					
Hacienda Site 1 (Essex)	Vacant	Mixed Use-Business Park/PUD-MU	8.4	255	
Hacienda Site 2 (Essex)	Vacant	Mixed Use-Business Park/PUD-MU	8.2	251	
Auf der Maur	Vacant	HDR	11.5	345	
Carr America	Parking lot	Mixed Use/Business Park /PUD-HDR	8.4	305	
Pleasanton Gateway	Vacant	High Density Residential /PUD-HDR	7	210	
CM Capital 1	Office	Mixed Use/Business Park /PUD-MU	5.9	177	
Nearon Site	Vacant / parking lot	Mixed Use-Business Park /PUD-HDR	5.6	168	Under construction
TOTAL				**1,711**	

12. SITES - ARE THEY AVAILABLE?

STONERIDGE MALL: The Mall is currently adding a movie theatre, and Mall representatives have indicated to some Pleasanton officials that they have decided not to pursue residential development.

BART: When Pacific West Communities, an affordable housing developer, inquired about Site 20, a representative informed him that BART that had no interest in developing residential uses there.

HACIENDA 3: It has long been rumored that Roche would reserve this site for expansion of its corporate facilities. Should the site develop, the number of affordable units allowable is 15%VLI per Pleasanton's settlement agreement withUrban Habitat.

AUF DER MAUR: Has no VLI or LI units.

Rotary Commons on Palomino Drive. The City has been able to approve developments with higher overall densities, exceptions to the development standards and a greater number of affordable housing units through the PUD process than it would have been possible with conventional zoning.

The PUD process requires review at both the Planning Commission and City Council level. However, it allows great flexibility regarding the standards to be used and these standards can be tailored to specific sites, thus ensuring, for example, that sites near transit incorporate elements of Transit Oriented Development, and that a mix of land uses is allowed where appropriate. The City's adopted Housing Site Development Standards and Design Guidelines for Multifamily Development helps to ensure that the flexibility of the PUD process does not create uncertainty for potential developers.

The site development standards adopted for the Hacienda TOD (Sites 1, 2, and 25) and for the multi-family development sites (Sites 3, 4, 5, 6, 7, 9, 20, 26, and 37). are shown in Table 34 Site Development Standards, above. The adoption of the Housing Site Development Standards, and Pleasanton TOD Standards and Guidelines for the BART property establish requirements for setbacks, open space, height, parking, and internal street and alley standards. Minimum densities (ranging from 30 to 40 units per acre) for these sites were established by rezoning which was adopted in January 2012.

Affordable Housing Bonus

13. No developer has ever applied for a density bonus in Pleasanton. Developers generally have preferred to reduce density to improve profitability, marketability, and financial feasibility.

The City provides for the development of affordable housing for lower-income households through its affordable housing bonus program, in accordance with state density bonus law (Government Code Section 65915 et seq.). The City amended the Municipal Code to outline specific provisions of this density bonus program in September 2013 (see Section 17.38 of the Pleasanton Municipal Code). When utilizing the affordable housing bonus program, the allowable density is increased by up to 100 percent for senior housing and 35 percent for non-senior housing.

Building Code

Pleasanton uses the California Building Code (CBC) which sets minimum standards for residential development and all other structures. The standards may add material and labor costs, but are felt to be necessary minimums for the safety of those occupying the structures. Modification of the Code in order to reduce the cost of housing would not be appropriate if it affects safety or adversely impacts neighboring properties.

The Building Division enforces energy conservation standards enacted by the state and Chapter 17.50 of the Pleasanton Municipal Code, Green Building, which generally requires new residential projects and residential additions greater than 2,000 square feet in size to incorporate Leadership in Energy and Environmental Design (LEED) or GreenPoint Rated measures. The standards may increase initial construction costs, but over time will result in energy savings.

Pleasanton's Building Code enforcement practices are complaint-driven, as are those of 70 percent of the local governments surveyed by the HCD.

The Building Division has adopted special construction rules primarily for safety related reasons, and to further clarify the requirements of the CBC. Examples of this are the Code requirements regarding increased pool height fencing for life-safety reasons and additional rebar requirements in soils susceptible to failure during an earthquake. These standards may increase initial construction costs, but over time will improve the safety of residents.

Table 35: Building and Development Impact Fees

	Fee Type	Single-Family	For 30-Unit Single Family Project	Multi-Family Unit	For 170-Unit Project
1	Building Permit and Plan Check Fees[1]	$7,600	$228,800	Avg $1,700/unit	$289,033
2	Local Water Connection Fee	$3,000	$90,000	Avg $56/unit	$9,600
3	Local Water Meter Fee	$570	$17,100	Avg $5/unit	$910
4	Local Sewer Connection Fee	$500	$15,000	$330/unit	$56,100
5	Public Facilities Fee	$4,722	$141,660	$2,880/unit	$489,600
6	Low-Income Housing Fee	$10,880	$326,400	$2,696/unit[2]	$458,320
7	Local Traffic Impact Fee	$4,700	$141,000	$3,289/unit	$559,130
8	In-Lieu Park Dedication Fee	$9,707	$291,210	$7,969/unit	$1,354,730
9	GIS Mapping Fee, $0.002/sf site	$12	$360	Avg $3/unit	$488
10	Zone 7 Water Connection Fee	$24,030	$720,900	Varies -Avg $1,131/unit	$192,240
11	DSRSD Sewer Connection Fee	$14,385	$431,550	$9,479/unit	1,611,430
12	Tri-Valley Transportation Fee	$2,313	$69,390	$1,472/unit	$250,240
13	Zone 7 Drainage Fee, $1.00 / sf	$3,000	$90,000	$1.00/sf	$177,250
14	PUSD School Impact Fee	20,220	606,600	$3.04/sf	$538,840
Total per unit and per project Permit and Impact Fees		**$105,639**	**$3,169,170**	**$35,223[3]**	**$5,987,977**
15	PUD Application Fee	n/a	$2,000	n/a	$2,000
16	Subdivision Map Fee	n/a	$2,300	n/a	n/a
Total Processing, Permit and Impact Fees; and per unit		**$105,639**	**$3,173,470**	**$35,223[3]**	**$5,989,977**

14.

An examination of Pleasanton's Impact Fee Schedule reflects how the City has prioritized mitigation of the various impacts of new development. For instance:

Pleasanton is well known for it's abundance of public parks and recreational facilities. Pleasanton assesses multi-family development a Park In-Lieu Fee of $7,969/unit.

Pleasanton is also well known for having a significant and growing jobs/housing imbalace as a result of placing a high priority on attracting new businesses but a low priority on securing housing opportunities for the businesses' employees. This pursuit of commercial land uses has steadily increased Pleasanton's unmet workforce housing need. As a result, a growing number of retail/service employees commute from outside the Tri-Valley into Pleasanton and back to the closest housing they can afford. (See Attachment 11.)

In spite of high impacts on roadways, air quality, and carbon emissions generated by the employee in-commute which the City could mitigate with workforce housing, the housing in-lieu fee of $2,696/mf unit is Pleasanton's lowest impact fee, merely one third of what the City charges new development for its impact on community parks.

focusing new housing in areas which can be readily serviced and which avoid major environmental issues. The City's analysis of approved and potential new units shows that the City can meet its share of the regional housing needs within its Urban Growth Boundary.

East Pleasanton is the only area where the Urban Growth Boundary limits the extent of development in an area where development is feasible. In this area, approximately 100 acres of incorporated land lies outside the Urban Growth Boundary, approximately 75 acres of which is potentially developable as residential uses. (The other 25 acres is located within the Livermore Airport Protection Area which prohibits residential development.) However, the East Pleasanton Specific Plan area also includes approximately 100 acres of vacant land remediated from previous mining operations that are within the City limits and within the Urban Growth Boundary. As such, the boundary serves to discourage sprawl but still provides sufficient land within its borders to accommodate several decades of growth without impact to cost, supply, timing, and affordability of housing.

The City can also be pro-active in the attainment of housing affordability. Sending positive signals to nonprofit and for-profit developers interested in building affordable housing through incentives can attract such development to the City. Creating educational programs to inform the public what "affordable housing" developments can look like and that they are intended to house people who may already live and work in the community are positive steps which government can take to overcome perceptions and to facilitate housing to meet the community's needs.

15.Financial incentives and enforceable rules are known to work better than friendly vibes, happy thoughts, fairy dust, and "positive signals", which clearly don't work at all.

In 2000, the City's Housing Commission developed an Inclusionary Zoning Ordinance (IZO) which modified the City's requirements for the provision of affordable housing by the builders of new residential projects. With the increasing cost of housing in recent years and the diminishing availability of land, the Commission found it critical to increase the City's efforts to acquire affordable housing through new development. The IZO requires that any new single-family residential development of 15 units or more must provide at least 20 percent of its units at a below-market sales price (or at least 15 percent of the total units for multi-family developments). Developers must seek the approval of the City Council in order to utilize an alternative, such as payment of a fee in lieu of constructing the affordable housing.

In 1994, the California Coalition for Rural Housing (CCRH) conducted the first statewide survey on inclusionary housing and found that 12 percent of statewide jurisdictions had an inclusionary program. In 2003, CCRH and Non-Profit Housing Association of Northern California (NPH) collaboratively conducted a follow-up survey, which revealed that the number of jurisdictions with inclusionary housing had jumped to 20 percent. The 2003 survey generated interest in obtaining more precise production data on the types of housing built and the income levels served. In 2006, a new study was launched to determine the growth in inclusionary programs statewide, and provide a detailed snapshot of the housing that is being produced by these programs. Affordable Housing by Choice — Trends in California Inclusionary Programs (NPH 2007) is the most recent survey of inclusionary ordinances statewide. The study looked at housing produced through inclusionary programs from January 1999 through June 2006 and found that:

(1) Nearly one-third of California jurisdictions now have Inclusionary Programs.

(2) More than 80,000 Californians have housing through Inclusionary Programs.

(3) Most Inclusionary housing is integrated within market-rate developments.

(4) Inclusionary housing provides shelter for those most in need — nearly three-quarters of the housing produced through Inclusionary Programs is affordable to people with some of the lowest incomes. These findings shed new light on the popular perception that inclusionary policies create ownership units mostly for moderate-income families.

16. This is not true in Pleasanton, where the vast majority of restricted inclusionary units are affordable to households earning no less than 80% AMI. Nonprofit and public housing serves those earning less than 80% AMI, primarily lower income seniors.

(5) Lower-income households are best served through partnerships — When market-rate developers work with affordable housing developers to meet their inclusionary requirement, the units are more likely to serve lower-income households. Joint ventures play a particularly important role in developing units for households most in need. One-third of all the housing built through Inclusionary Programs resulted from such partnerships.

17. Pleasanton has only one such market rate/nonprofit partnership workforce housing development, The Promenade, built in 1997.

INDEX OF HOUSING ELEMENT BACKGROUND NOTES

1. (Page 1) If the City retains HE Policy 17 to ensure developers' compliance with the IZO, then the DHE has failed to identify adequate sites to "... meet the city's fair share of regional housing needs at all income levels. Policy 17 directs developers of HDR sites to include 15% VLI and LI units. This rule, prevents Pleasanton from meeting its "fair share of regional housing needs at all income levels" on the number of HDR sites the Draft HE identifies. Certification of Pleasanton's HE, with Policy 17 and the IZO standards included would seem to grant permission an inevitable failure to achieve RHNA,

2. (Page 5) Many Policies and Programs which the City should have changed or eliminated based on ineffectiveness in the last planning period remain in the HE Draft.

3. (Page 5) Promenade: 1997, family housing, 68 VLI and LI units, 78 market rate units.
   Ridgeview Commons: 1989, senior housing, 200 VLI and LI units.
   Parkview Senior Assisted Living: 2007, 31 VLI units, 74 market rate units.

4 .(Page 6) MidPen collaboration was for senior, not family, housing. Habitat project is in Livermore.

5. (Page 20) The shrinking population of residents <5 and 25 to 44 years of age reflects the growing unmet demand for affordable workforce housing in Pleasanton.
   Normally people do not retire in high cost of living communities like Pleasanton. The increase of population over 55 years of age likely results from the City's support for and approval of senior only affordable and market rate housing.

5. (Page 55) The shrinking population of residents <5 and 25 to 44 years of age reflects the growing unmet demand for affordable workforce housing in Pleasanton
   Normally people do not retire in high cost of living communities like Pleasanton. The increase of population over 55 years of age likely results from the City's support for and approval of senior only affordable and market rate housing.

7. (Page 62) The City should provide HCD with an analysis of sewer capacity as it relates to Pleasanton's progress in achieving the RHNA levels of affordability.
   Pleasanton's preference for approving for-profit apartments projects that yield less than 10% VLI and LI units, uses limited wastewater export capacity for nonessential 92% MI and AMI units. Unless required, the City has no policy or plans to reserve any existing export capacity for the unbuilt ELI, VLI, and LI units assigned by RHNA.
   The anticipated increase in wastewater export capacity to 10.3 mgd (discussed in the background) requires unanimous approval by Pleasanton, Livermore, Dublin San Ramon Services District (DSRSD), with possible voter approval necessary in all three jurisdictions. (See Attachment 10.) Given the political challenge of providing affordable housing in Pleasanton, early action by HCD requiring reservation of pre-expansion wastewater capacity for RHNA's ELI, VLI, and LI housing requirements seems wise. Pleasanton residents will not vote to pay for additional sewer capacity if it's needed to serve lower income housing.

8. (Page 63) The outcome of the assessment depends on how HCD requires Pleasanton to measure "meeting the regional housing need", by density or by affordability.

9. (Page 64) Pleasanton has structured its HE to support >93% growth in market rate housing stock and <7% growth in affordable workforce housing stock. Does infrastructure truly meet community needs?

10. (Page 64) This gives luxury market rate apartment projects with just a few affordable units priority for water. The City should adopt a minimum standard of 50% VLI and LI units before defining a development as "serving lower income households."

11. (Page 65) These are for-profit projects with a very small percentages of BMR units. Because these mixed use developments do not have a sufficient number of ELI, VLI, and LI units, which only nonprofit development can provide, both the 90% market rate housing and the retail commercial uses add a net increase to Pleasanton's unmet workforce housing demand, especially for VLI workforce housing.

12. (Page 66) SITES - ARE THEY AVAILABLE?
STONERIDGE MALL: The Mall is currently adding a movie theatre, and Mall representatives have indicated to some Pleasanton officials that they have decided not to pursue residential development.
BART: When Pacific West Communities, an affordable housing developer, inquired about Site 20, a representative informed him that BART that had no interest in developing residential uses there.
HACIENDA 3: It has long been rumored that Roche would reserve this site for expansion of its corporate facilities. Should the site develop, the number of affordable units allowable is 15%VLI per Pleasanton's settlement agreement withUrban Habitat.
AUF DER MAUR: Approved with has no VLI or LI units.

13. (Page 82) No developer has ever applied for a density bonus in Pleasanton. Developers generally have preferred to reduce density to improve profitability, marketability, and financial feasibility.

14. (Page 84)
An examination of Pleasanton's Impact Fee Schedule reflects how the City has prioritized mitigation of the various impacts of new development. For instance:
Pleasanton is well known for it's abundance of public parks and recreational facilities. Pleasanton assesses multi-family development a Park In-Lieu Fee of $7,969/unit.
Pleasanton is also well known for having a significant and growing jobs/housing imbalace as a result of placing a high priority on attracting new businesses but a low priority on securing housing opportunities for the businesses employees. This pursuit of commercial land uses has steadily increased Pleasanton's unmet workforce housing need. As a result, a growing number of retail/service employees commute from outside the Tri-Valley into Pleasanton and back to the closest housing they can afford. (See Attachment 11.)
In spite of high impacts on roadways, air quality, and carbon emissions generated by the employee in-commute which the City could mitigate with workforce housing, the housing in-lieu fee of $2,696/mf unit is Pleasanton's lowest impact fee, merely one third of what the City charges new development for its impact on community parks.

15. (Page 93) Financial incentives and enforceable rules are known to work better than friendly vibes, happy thoughts, fairy dust, and positive signals", which clearly don't work at all.

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17. (page 94) Pleasanton has only one such market rate/nonprofit partnership workforce housing development, The Promenade, built in 1997.

ATTACHMENT 1 page 1

LOSS OF AFFORDABLE UNITS IN 2014

Residential Projects With Development Entitlements As of 12/31/13

Entitled Sites	0-49%	50%	51-79%	80%	81-120%	>120%	TOTAL
Auf der Maur	0	10 (3%)	0	17 (5%)	318 (92%)	0	345
CA Center	0	8 (3%)	0	15 (5%)	282 (92%)	0	305
Pls Gateway (30du/acre)	0	16 (8%)	16 *(8%)	0	178 (82%)	97	307
St. Anton Hacienda	0	18 (14%)	0	18 (14%)	132 (64%)	0	168
Total Entitled Units	**0**	**52**	**16**	**50**	**910**	**97**	**1,125**
% BMR achieved	**0**	**5%**	**1%**	**4%**	**81%**	**9%**	**100%**

* 60% AMI

Residential Projects With Development Entitlements Without Building Permits Or Not Occupied As Of 9/30/2014

Entitled Sites	0-49%	50%	51-79%	80%	81-120%	>120%	TOTAL
Auf der Maur **	~~0~~	~~0~~	~~0~~	~~0~~	345 (100%)	0	345
CA Center	0	8 (3%)	0	15 (5%)	282 (92%)	0	305
Pls Gateway (30du/acre)	0	16 (8%)	16*(8%)	0	178 (82%)	97	307
St. Anton Hacienda	0	18 (14%)	0	18 (14%)	132 (64%)	0	168
Total Entitled Units	**0**	**42**	**16**	**33**	**937**	**97**	**1,125**
% BMR achieved	**0**	**4%**	**1%**	**3%**	**83%**	**9%**	**100%**

* 60% AMI

** In September 2014, City Council voted 3-2 to allow developer to pay the in-lieu fee rather than provide affordable 27 (9%) units. Staff recommended that Council require the developer to provide the affordable units, consistent with the original project approval and housing Element Policy 17

ATTACHMENT_1 page 2

LOSS OF AFFORDABLE UNIT POTENTIAL IN 2014

Probable Yield of BMR Units Using Pleasanton's IZO As of 12/31/13

On Vacant or Underutilized Land Designated for Residential Development
With No Entitlements Identified for 30 du/acre Zoning

Sites **AMI**	**0-49%**	**50%** (5% of Total Units)	**51-79%** (1% of Total Units)	**80%** (4% of Total Units)	**81-120%** (89% of Total Units)	**TOTAL**
Roche	0	19	4	15	334	372
BART	0	14	3	11	246	274
Sheraton	0	5	1	4	89	99
Stoneridge	0	4	1	4	79	88
Kaiser	0	9	2	7	165	183
CM Capital	0	10	2	8	180	200
TOTAL Probable BMR	**0**	**61**	**13**	**49**	**1093**	**1216**

Probable Yield of BMR Units Using Pleasanton's Current IZO 9/30/2014

On Vacant or Underutilized Land Designated for Residential Development
With No Entitlements Identified for 30 du/acre Zoning

Sites **AMI**	**0-49%**	**50%** (4% of Total Units)	**51-79%** (1% Total Units)	**80%** (3% of Total Units)	**81-120%** (92% of Total Units)	**TOTAL**
Roche	0	15	4	11	342	372
BART	0	11	3	8	252	274
Sheraton	0	4	1	3	91	99
Stoneridge	0	4	1	3	80	88
Kaiser	0	7	2	5	169	183
* ~~CM Capital*~~	~~0~~	~~10~~	~~0~~	~~12~~	~~178~~	~~200~~
TOTAL Probable BMR	**0**	**41**	**11**	**30**	**934**	**1016**

* Removed from HDR inventory 9-2-14. Downzoned to 12.5 units/acre

ATTACHMENT 2

THE CITY OF PLEASANTON.

CITY COUNCIL AGENDA REPORT

May 1, 2013
Assistant City Manager

TITLE: JOINT WORKSHOP WITH THE HOUSING COMMISSION TO DISCUSS CITY AFFORDABLE HOUSING POLICIES RELATED TO NEW MULTI-FAMILY RENTAL RESIDENTIAL DEVELOPMENT

SUMMARY

At your meeting of April 16, 2013, the City Council approved a joint workshop with the Housing Commission for the purpose of discussing Policy 16 of the City Housing Element that anticipates both a review and modification of the Inclusionary Zoning Ordinance (IZO) to assure conformance with City goals, state legislation, including the Costa-Hawkins Act, and recent court rulings including the *Palmer/Sixth Street Properties L.P. v. City of Los Angeles ("Palmer")* case. As such, this workshop is intended to review existing City policy related to affordable housing, the overall legal environment and a number of staff and Housing Commission concepts for amending the IZO. In addition, staff anticipates the City Council will provide direction regarding IZO amendment timelines and the most appropriate approach for continuing to process affordable housing agreements during the time that the IZO is undergoing the amendment process. Attachment 1 to this report is the April 16, 2013, agenda report concerning the purpose of this workshop which provides background information.

RECOMMENDATION

1. Identify one or more of the five IZO amendment option(s) as detailed in this report, or one that emerges from the workshop, that should be the focus of the IZO amendment process.

2. Indicate acceptance or modification to the project time line as outlined in this report for completing the IZO update process. Staff estimates the amended IZO and related material could be presented to the City Council in September/October.

3. Identify one of the interim negotiating options outlined in this report, or one that emerges from the workshop, for addressing developer requests to negotiate an affordable housing agreement. This interim approach would be in place until the City Council formally amends the IZO. Staff is recommending interim negotiation process #2 involving continued negotiations in an attempt to obtain satisfactory project affordability.

FINANCIAL STATEMENT

There is no direct financial impact to the City as a result of this action.

Staff estimates 6 months to develop an IZO replacement.

Attachment 2, page 2

BACKGROUND

The City's IZO was adopted to establish a clear and attainable plan for using the limited remaining developable land in a manner that is consistent with City housing policies. To that end, the IZO establishes that 15% of all units in a new residential multi-family rental development in excess of 15-units shall be rent-restricted to very low (50% of the Area Median Income or AMI; currently \$44,600 for a four person household) and low income households (80% of the AMI; currently \$71,350 for a four person household) and that 20% of all units in a new residential ownership development be made available to very low, low income households and/or moderate income (120% of the AMI; currently \$105,050 for a four person household) households. In addition while the IZO is clear in stating that its goal is to obtain affordable inclusionary units, it does recognize that this may not always be practical and as such, it lists alternatives including:

- Provide for inclusionary units at a location within the City other than the project site
- Dedication of land to a non-profit housing developer for development of affordable units
- Credit transfers that allow one unit with an excess in the number of affordable units to make them available to another development
- Other alternatives approved by the City

In addition to the above, upon City approval, an applicant may pay the City's Lower Income Housing Fee (LIHF) which is currently \$2,655/unit for rental developments and single family homes under 1,500 sf in lieu of providing affordable units. The fee for single family homes in excess of 1,500 sf is currently \$10,713/unit and the fee for commercial development is \$2.83 per sf. It should be noted that in accordance with long term practice, the fee option is considered only after all other options are determined to be impractical.

In addition to these alternatives, the IZO also outlines incentives the City may offer to assist with obtaining inclusionary units including, fee waivers, design modifications such as reduced setbacks and landscaping, second mortgages and other City financial assistance, and priority permit processing.

In addition to the IZO, in July 2010, the City Council adopted Resolution 10-390 which states in part, the City will act affirmatively to promote development of well designed affordable housing for families with children and the construction of affordable three bedroom units for large families (Attachment 3).

Current IZO Environment

In general, the most significant issue regarding the IZO is that there is currently a "disconnect" between the requirement that 15% of all units in a new residential multi-family rental development be rent-restricted and the *Palmer* case which held that local inclusionary requirements requiring rent restricted units violate the Costa-Hawkins Act that allows landlords to set the initial rent for a new unit and to adjust rents to market levels whenever a unit is vacated (so-called "vacancy decontrol").

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This disconnect is also evident between the City's *Housing Site Development Standards and Design Guidelines* which require compliance with the City's IZO and the "by right" aspect of high density rental housing.

Finally, the City is expected to implement a range of Housing Element programs that should, if appropriately applied, lead to meeting state mandated and RHNA housing and affordable housing targets. However, absent strict IZO requirements, it is doubtful that new affordable housing units will approach these targets. Regarding this matter, as evidenced in the table below, even in the best of situations, meeting RHNA targets is impractical within the current housing market. ...or through staff negotiations seeking developer compliance with an illegal ordinance!

SUMMARY OF CURRENT AND DRAFT RHNA

Income Levels	2007 – 2014 Adopted RHNA	2014 – 2022 Draft RHNA
Very Low (50% AMI)	1,076	713
Low (80% AMI)	728	389
Moderate (80% to 120% AMI)	720	405
Above Moderate (+120% AMI)	753	551
TOTAL UNITS	**3,277**	**2,058**

As an example, assuming that the California Center, St. Anton and Auf der Maur developments each met its affordability goals by providing all 15% of their inclusionary units at very low income, a total of 117 very low income units would be provided. Notwithstanding this situation, the City is obligated to carrying out its Housing Element that is designed to meet both RHNA goals and state housing policies requiring cities to demonstrate how they will meet existing and projected housing needs for all income categories.

Affordable Housing Rent Calculations

Prior to reviewing available options for amending the IZO, it's important to note that the generally accepted definition of affordability is to provide housing so that a household pays no more than 30 percent of its monthly income on housing (i.e., rent or mortgage). Families who pay more than 30 percent of their income for housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care. As a way of fine tuning the definition, HUD established various generally accepted income categories of very low, low, median and moderate which are used as identifiers for various income levels. Further, these general income levels are categorized by household size. (Attachment 3 details the recent HUD income figures.) As a result, providing affordable housing units includes establishing a rent structure that is no more than 30% percent of a household's income based on annual income and household size.

One common variation to the above standard is that while household size is always consistent when determining annual income qualification (that is a three person household must meet the income requirements for a three person household), the

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actual rent calculations are generally set on a negotiated preset household size regardless of the number of individuals residing in a unit. As an example, while a rent for a two bedroom unit may be based on a three person household, the unit could be leased to a two or four person household all of which would pay the same rent. A sample of the rent calculations are as follows:

Rent and Income Calculations

- 50% AMI with 2 Person Household: $35,700
- 50% AMI with 3 Person Household: $40,150

- Rent for a two-bedroom unit based on a two person household: $35,700 /12 months = $2,975 * 30% = $893/mo
- Rent for a two-bedroom units based on a three person household): $40,150 /12 months = $3,345 * 30% = $1,004/mo

As a result of the above, staff's affordability efforts regularly focus on setting not only income categories, but household sizes to determine rents. Also, while the IZO sets household size for each type of unit by bedroom size, staff has historically negotiated the household size/rent amount with developers as a means of obtaining the largest amount of affordability.

The table below lists a sampling of market rents as compared to standard affordable rent for a one bedroom apartment.

Survey of Market Versus Affordable Rents (1)

Complex	Estimated Monthly Rent
Stoneridge Apartments	$1,540 to $1,652
Kensington Apartments	$2,280 to $2,340
Archstone Hacienda	$1,755 to $1,985
Avalon Bay (Dublin)	$1,830
Affordable at 50% AMI	$893
Affordable at 80% AMI	$1,428
Affordable at Median (100%)	$1,784

1. Market rents obtained from phone survey on April 22, 2013

IZO Amendment Options

Staff's overall impression is that the IZO has been a useful tool for acquiring inclusionary affordable housing and as such, potential amendments are intended to address legal matters and City Council objectives without, most likely, a complete rewrite of the ordinance. However, as noted above, as it relates to rental unit requirements, it is in conflict with *Palmer*. Nevertheless, the concepts below are intended to be comprehensive and stand alone by themselves however; they can be combined or amended to meet objectives. All of the options below were discussed at the Housing Commission's April 9 workshop and it felt them appropriate for discussion at this joint workshop.

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1. Amend Section 17.44.040 by removing the very low and low income 15% affordability requirement and replace it with either or a combination of:
   a. A lower percentage of affordable units, such as 12%.

   b. Replace the requirement for a specific percentage of affordable units with a statement indicating that the developer and city will negotiate an appropriate level affordability with a City goal/<u>target</u> of 15% affordable to very low and low income households.

   c. Both (a) and (b) could be augmented so that for every one percent less than 15%, the project would pay the LIHF for 7% of the development's total units. As an example, if a development provided 10% affordable units in the low and very low income categories, it would also pay the LIHF on 35% of the total project's units (15 -10 = 5 X 7 = 35% of the total units required to pay the LIHF).

   d. Allowing up to a certain percentage of the affordable units (perhaps 35%) to be affordable to households at the median income. In addition, this option could be combined with requiring only a minimum number of very-low (3%) and low income (4%) units and an accompanying LIHF component for median units.

The effect of the above is that the City retains the basic structure of the IZO but sets standards and targets that are more easily attainable and more likely to be agreeable to developers. The downside of these alternatives is that both (a), (c), and (d) would continue to be in conflict with *Palmer* and thus a developer could potentially refuse to meet them or exercise their legal rights which would leave the City with few options for meeting affordability.

2. Explore the potential for providing housing for lower income households without implementing rent restrictions. With this option the property is required to provide evidence that a certain percentage of its units are occupied by very low income or low income households. In most cases, meeting this target results in a large percentage of the households paying more than 30% of their income for rent. However, in theory, it leads to "market" adjustments to assure that the affordability targets are met and it can open the door for lower income households obtaining rental units in Pleasanton. This option is currently in place at the Gatewood Apartments located on Stoneridge Drive.

While this option may lead to some reduced rents, there is little motivation to establish rents consistent with 30% of annual income. As such, it would most likely have minimal impact in addressing affordable housing needs. Further, developers may view this as veiled rent control and thus, raise legal objections. Finally, project monitoring would be difficult and its doubtful that this option would be considered as providing affordable units that could be counted toward meeting the City's RHNA as it requires rent restricted units.

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The developer of the Auf der Maur property (345 units) recently offered Pleasanton (and the Council accepted) a $4.5 million payment ($13,043 per apartment unit) in lieu of including the 27 affordable units required in their affordable housing agreement with the City. This is only slightly less per unit than the in-lieu fee justified for a 1 bedroom apartment recommended in Pleasanton's Nexus Study.

3. Shift attention from inclusionary units to maximizing affordable housing fee payments/revenue to purchase or construct unit affordability. As indicated, the LIHF nexus study that is underway (and scheduled for completion in August/September) will identify a supportable fee that is closer to offsetting the impact (i.e., based on mitigating the impact) of not providing affordable units and attempt to create a legally sustainable nexus and as such, it should provide revenue that could be leveraged to acquire affordable units.

For this option to be effective, the City Council would need to set the fee at an amount that is at or closer to the amount that will be recommended in the study rather than retaining the modest fees currently in place. Also, once the fees are paid, the City would need to identify opportunities to acquire property for developing a City driven project, partner with a developer that is willing to include inclusionary units in its development or provide a developer with financial incentives for enhancing project affordability. One issue with the latter option is that developers have recently been hesitant to accept financial contributions from the City since it may trigger State prevailing wage requirements. As such, the City's best effort would most likely be to pursue its own development, such as Ridge View Commons and the Promenade that involve partnering with a non-profit developer. This option also would allow the City to pursue the IZO's alternative approaches, such as land acquisition, off site housing, etc.

While a number of cities have moved to this option as a way of complying with *Palmer*, the sustainability of the fee is largely dependent of the quality of the LIHF nexus study and its overall acceptance in the development community. As such, fees are often approved well below the amount recommended in the nexus study which raises concern that the fee revenue will be adequate to develop any significant amount of affordable housing.

4. This Option involves establishing a new zoning designation for Nonprofit High Density Residential, Mixed Income (NHDRMI) requiring that all properties the City identified for high density residential development (30+units/acre) receive a NHDRMI zoning designation. Zoning requirements include the property owner designating a nonprofit provider that would control the site and develop at least 40% of the residential units. The nonprofit would also select the for profit developer that would develop the remainder of the site's units.

As outlined in the Citizens for a Caring Community correspondence dated April 8, 2013, (Attachment 4), which has recommended this option, it would focus on creating mixed income neighborhoods rather than mixed income households within buildings. Further, because there would most likely be a separation of buildings designating affordable and market, it could better qualify for tax credits and other funding options. In essence, it allows the market developer to focus on its expertise that is providing market rate housing, while allowing the nonprofit to focus on its expertise, which is providing affordable housing. Citizens for a Caring Community is careful to point out that this option would not necessarily lead to 100% affordable buildings, which has been a concern of the City Council, but could have some mixture of incomes in the nonprofit

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buildings. Nevertheless, to make the option feasible, there would be "affordable buildings" that would house the majority or all of the affordable households in the development.

Staff's review to date indicates significant legal issues with establishing zoning for a specific type of entity, e.g., requiring a non-profit specifically. The City Council may recall a similar dialogue regarding the Wal-Mart Neighborhood Market proposal in that cities cannot create zoning that would specifically ban Wal-Mart or similar corporations from developing or occupying a site where the proposed use is consistent with the zoning. Further, staff anticipates that this option would result in considerable financial contribution from the City since this is typically necessary to obtain the levels of affordability anticipated in this option.

While the City cannot legally zone a property to require a non-profit to develop part or all of a site, staff does see the value in promoting this type of nonprofit/for profit arrangement and would not hesitate adding it to the listing of alternatives to providing inclusionary units and to strongly encourage developers to work with nonprofits. Recently, the City of Dublin processed a development application that utilized this model whereby two developers, a nonprofit and a market developer, worked collaboratively to develop a single site.

5. Establish an affordable housing overlay zone designation that provides a density bonus, unique development standards or other benefit to accommodate a stand-alone affordable housing project or one that is combined with a market project. In general, this designation requires a high level of affordability concentrated in a specific building or portion of a site and, like option 4; its purpose is to have one portion of the development assume affordability for the entire development.

With this option, which has been adopted recently by Corte Madera and is being considered by Menlo Park, most of the development incentives included in the zoning overlay are included in our existing IZO and can be applied as needed to assist the project. (The exception is the option of a density bonus.) Further, staff has not received any feedback from developers indicating that the City's recently adopted development standards and design guidelines are creating impediments to providing affordable housing. As such, staff sees little advantage to pursuing it at this time.

Based on the above, staff recommendation includes the City Council identifying one or two of the above amendment options that staff would use during a public review process guided by the Housing Commission. In addition, during the workshop the City Council could identify additional or alternative options for staff review.

Housing Commission Processing Recommendations

As indicated above, at its April 9 workshop, the Housing Commission reviewed all of the above IZO amendment options but did not recommend specific ones in favor of having then considered as part of the workshop. However, in addition to the above options, the Housing Commission at its April 9 workshop outlined two process items for

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consideration. The first calls for creating a rating system to determine a project's overall benefit to lower income households (for example, relationship to transportation, percentage of inclusionary units, project amenities, units for disabled households). This system could be developed along the lines of the State's tax credit application evaluation system that looks at similar key factors as part of the tax credit awarding process. It should be noted that as part of the Housing Element update, staff did rate each high density site and determined its suitability for tax credits. As a result, while this process could provide benefit as a means of weighing a project's overall benefits, its application may be difficult in practice.

The second process change would be to require that all affordability proposals be presented to the Commission at two public meetings. The first meeting would include a project overview and a discussion on the affordability proposal/concepts to allow for public comment and for the Commission to provide feedback for staff and developer consideration early in the review process. The second meeting would be to review the affordable housing and final terms of affordability. The Commission sees this approach as being similar to the Planning Commission's utilization of workshops to conduct a preliminary review of a proposed development. In the past, staff has attempted to present projects on more than one occasion; however, developers have expressed dissatisfaction with this approach as it disrupts the project review timeline and is inconsistent with Palmer.

Finally, the Commission also urged staff to promote state legislation that can reverse the impacts of Palmer and establish new criteria for affordable housing. As an example, Assembly Bill-1229 would allow for cities to adopt ordinances regulating zoning that include inclusionary zoning as a condition of development approval.

As part of the workshop, the City Council may want to comment on these matters and direct that they be included as part of the IZO amendment process.

Timeline

Depending on the City Council direction provided at the workshop, staff anticipates it could provide a general report to the Housing Commission at its June/ July meeting and that there would be at least one additional public meeting to review final draft language. Staff also assumes that the final draft documents would also be forwarded to the Planning Commission and/or the Economic Vitality Commission for comment. As such, a final document may be available for City Council for its action in September/October.

Direction for Interim Affordable Housing Standards/Process

Due to concerns related to *Palmer*, staff has taken a cooperative approach with the St. Anton, California Center and the Auf der Maur projects in an attempt to both identify incentives that result in an agreement to provide affordable units and to generally stress the importance of affordable housing within the context of the City's Housing Element and the City's *Housing Site Development Standards and Design Guidelines*. As evidenced with the California Center project, this approach resulted in 15% rent restricted units that are at higher income limits than are currently allowed in the IZO.

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Discussions with the other two developers have included a range of concepts geared toward obtaining 15% rent restricted units.

In anticipation of St. Anton, Auf der Maur and the Gateway project's (the latter is just now in the preliminary application review process) continuing their application review process, staff has identified three interim negotiation approaches for addressing this situation:

1. Direct staff to adhere to the affordability standards as outlined in the IZO. (This retains legal exposure.)
2. Direct staff to continue to negotiate in an attempt to acquire as much affordability as possible, utilizing an incentive based approach, including financial contributions.
3. Direct staff to focus its work on completing the LIHF nexus study as compared to processing development applications.

Based on the current legal environment and the results of staff's approach to date, staff recommends a continuance of the current practice as outlined in interim Option 2.

Submitted by:

Steve Bocian
Assistant City Manager

Approved by:

Nelson Fialho
City Manager

Attachments
1. April 16, 2013, City Council Agenda Report
2. City Inclusionary Zoning Ordinance
3. City Resolution 10-390 concerning Non-Discrimination
4. HUD 2013 Income and Rent Limits
5. April 8, 2013 Letter from Citizens for a Caring Community
6. General Information on state of Inclusionary Housing
7. Legislative summary of AB -1229

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Citizens for a Caring Community

P.O. Box 1781 , Pleasanton CA 94566

April 9, 2013

Concept for providing affordable housing without implementing rent restrictions.

- Modify the current IZO offsite development and land dedication alternatives to create mixed income neighborhoods rather than mixed income buildings.
- Prohibit rent restricted units in market rate developments on property zoned 30 units+/acre.
- On property zoned 30+units/acre, restrict contributions from the Lower Income Housing Fund (LIHF) to qualified nonprofit housing providers in order to assure efficient and transparent use of these limited funds.

SUGGESTION FOR DISCUSSION:

Replace the IZO with a new zoning category:

Nonprofit/High Density Residential (NP/HDR)

All properties the City identifies as suitable for high density residential development (30+units/acre) in the Housing Element update process would receive NP/HDR zoning. In addition, other property owners not so identified could apply for this zoning on all or a portion of their property. This would be the only HDR zoning available in Pleasanton greater than 23 units/acre.

Requirements for developing with NP/HDR zoning would be:

- A qualified nonprofit housing provider, hired by the property owner and market rate developer to create a plan for the site.
- The nonprofit would provide at least 40% of the site's residential units as affordable to low, very low, and/or extremely low income households on land dedicated by the property owner.
- The non-profit lead would select a for-profit developer to build market rate units on the site. At least 40% of the market rate units would be built at the same or greater density than the nonprofit units.
- The market rate portion of the development will be exempt from paying the LIHF.
- Rents in the market rate portion of the development would have no restrictions.
- The LIHF would provide financial assistance to the nonprofit housing project lead as outlined in the current IZO, or additional assistance as recommended by the Housing Commission and approved by Council.
- The City would expect and facilitate the nonprofit and for-profit developer(s) to cooperate in the creation of an attractive, mixed income neighborhood including shared amenities for workforce families and singles consistent with the Housing Element Goals and Policies.

ATTACHMENT 3

THE CITY OF PLEASANTON.

CITY COUNCIL AGENDA REPORT

See page 10 and 11 for Staff recommendation

October 22, 2013
Assistant City Manager

TITLE: JOINT WORKSHOP WITH THE HOUSING COMMISSION TO DISCUSS THE LOWER INCOME HOUSING FEE STUDY

SUMMARY

At your meeting of November 20, 2012, the City Council approved an agreement with Economic & Planning Systems, Inc. (EPS) to prepare a Lower Income Housing Fee Study. The study includes both an analysis of a supportable City lower income housing fee and a development feasibility analysis concerning the impact a fee adjustment could have on local development. The draft reports are complete and EPS will provide an overview of its findings at this workshop. As presented, the overall study is separated in the following four documents hereinafter referred to as the "Report:"

- Nexus- Based Affordable Housing Fee Analysis for Rental Housing;
- Nexus- Based Affordable Housing Fee Analysis for For-Sale Housing;
- Nonresidential Development Housing Linkage Fee Nexus Study;
- Nexus-Housing Fee Survey and Development Feasibility Considerations.

In addition to reviewing the Report, staff is recommending the City Council and Housing Commission provide staff with direction regarding an appropriate lower income housing fee adjustment, if any. If the direction is to make a fee adjustment, staff will prepare the appropriate material and present it at a future City Council meeting. If the direction is no fee adjustment, staff will continue processing new development with the existing fee.

RECOMMENDATION

1. Accept the Report and its fee methodology.
2. Continue to apply the City's Lower Income Housing Fee in the categories of single family homes greater than 1,500 square feet, single family homes less than 1,500 square feet, multi-family homes and commercial.
3. Select one of the four fee options detailed in this report, or an alternative option. If either Option 3 or 4, or an alternative option, is selected that results in a fee adjustment, direct staff to prepare the appropriate information for review and approval at a future City Council meeting. If either Option 1 or 2 are selected, then no further action is required.

FINANCIAL STATEMENT

The potential financial impacts are outlined in this report.

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BACKGROUND

The City initially adopted a lower income housing fee (LIHF) for residential development as part of its growth management program in the late 1970s. In 1989, in cooperation with a community task force, the LIHF was amended to apply to all new residential and commercial properties. This effort also included the establishment of a methodology/model used to assure that the fee was consistent with California AB1600 which requires there be a nexus between the fee amount and the development's impact. At the same time, a provision was incorporated to annually adjust the fee amounts based on the Consumer Price Index (CPI). City staff conducted updates to the 1989 model in 1998 and 2003. Since 2003, the LIHF has been amended only to be consistent with CPI adjustments. The current lower income housing fee, effective January 1, 2013, is as follows:

Current City Lower Income Housing Fee

Single Family Residential (over 1,500 sf)	Single Family Residential (less than 1,500 sf)	Multi-Family Residential	Commercial/ Office/ Industrial (C/O/I)
\$10,713/ unit	\$2,655/ unit	\$2,655/ unit	\$2.83 per sf

The purpose of the LIHF is to provide an alternative to providing affordable units as part of new construction. When a fee is paid, funds are placed in the Lower Income Housing Fund (271900) to provide financial assistance for affordable housing projects or City efforts to promote affordable housing. The fund has a current overall balance of \$16.4 million.

The recently adopted General Plan Housing Element Amendment includes a number of specific programs and policies requiring further study. One of these, Program 17.1, states "review and modify the lower-income housing fee annually in conformance with AB1600, and consider changing the basis of the fee to reflect the true cost of providing housing." To address this and other Housing Element related matters, the Housing Commission reviewed the Housing Element implementation plan adopted on April 3, 2012, and identified a need to follow through with Program 17.1. This need mirrors staff's assessment that it is advisable to review LIHF methodology fully to identify any appropriate changes or adjustments required to be consistent with current nexus methodologies.

As indicated above, the current methodology used for determining the amount and applicability of the lower income housing fee has been in place since 1989. However, recent court decisions have resulted in cities reassessing their lower income housing fee to assure it is consistent with these decisions. As such, the scope of work for the study included:

- Developing a nexus between the need for affordable rental and ownership housing
- A non-residential nexus analysis that looks at commercial impacts and associated fees
- A LIHF feasibility analysis that assesses the impact of various fee amounts
- A survey of lower income housing fees in other jurisdictions

LIHF Methodology
In summary, the Report's LIHF methodology/nexus is based on quantifying the impacts that new market rate housing units and workspace development have on the local economy relative to the demands this new housing/workspace development creates for affordable housing. As indicated in the Report, the basic premise of the nexus argument for fees on new housing is that new households create a demand for goods and services which are met to a degree through jobs with wages that are below what is required to obtain market rate housing. As a result, a nexus fee is based on mitigating the impact that these new homes will have on demand for affordable housing. To that end, developing the nexus for fees on housing include three separate steps as follows:

Step 1. Estimate the typical subsidy required to construct units affordable to households at various income levels (the "affordability gap").

Step 2. Determine the market-rate households' demand for goods and services, the jobs created by that demand, and the affordable housing needs of workers in those jobs.

Step 3. Combine the affordability gap with the anticipated demand for affordable housing to compute a maximum LIHF.

Related to the above, some of the Report's key findings are:

- The per-unit subsidy required to construct affordable housing units in Pleasanton ranges from approximately $57,800 to $163,900 depending on the target affordable income level.
- Typically, larger sized market housing units create greater demand for affordable housing than smaller sized units.
- Approximately 57 public sector jobs are required to support each 1,000 units of market rate housing.
- Each 100 market rate units generates on an average a demand of six (6) housing units affordable to "very low income" households at 50% of the Area Median Income (AMI).

A similar approach was taken to update the fees on Commercial/Office/Industrial (C/O/I) development. The nexus study shows that new C/O/I development increases total employment in the City, and that some of the jobs do not pay well enough to provide for employees to afford market-rate housing, thus increasing demand for affordable housing in Pleasanton. Retail development has a particularly strong impact on affordable housing demand, as retail workers are among the lowest-paid occupations.

Based on the above, the Report identifies the maximum supportable LIHF which is as follows:

Maximum Supportable Lower Income Housing Fee

Unit/Fee Type	Amount
Rental Housing Per Unit:	
Studio Unit	$12,639
1 Bedroom Unit	$13,508
2 Bedroom Unit	$15,694
3 Bedroom Unit	$18, 936
Single Family Housing (Per Sq Ft):	
1,000 sq ft	$15,227
1,500 sq ft	$20,291
2,000 sq ft	$22,272
2,500 sq ft	$23,422
3,000 sq ft	$27,187
3,500 sq ft	$30,877
4,000 sq ft	$34,392
Commercial (Per Sq Ft):	
Hotels/Motel	$23.85
Retail	$108.24
Office/Light Industrial/R&D	$4.67

Because the overall analysis and findings related to the above maximum supportable fees are detailed in the Report, staff encourages the Council/Commission to review that document for detailed information supporting the above information as it is not discussed in this report. Nevertheless, highlighting a few of the differences between the Report's analysis and the current methodology may be helpful in evaluating the Report's results.

The City's current LIHF methodology, in a briefly summarized format, is based on the following principle components:

- It identifies the financial gap between monthly rental rates for a market rate rental housing unit and an affordable rental housing unit at 50% and 80% of the AMI and converts that into the amount of financial subsidy needed to fill that per-unit gap over a period of thirty years.
- It multiplies the required per-unit financial subsidy by the total number of units required to meet the City's long term affordable housing need to generate the long term subsidy needed to meet projected affordable housing needs.
- It makes a determination on the fee required from new projected market rate housing and C/O/I development to equal the required long term subsidy.

Attachment 3, page 5

As indicated, the EPS methodology is a departure from the existing methodology with the primary difference being that it focuses on affordable housing demand created by market rate housing and C/O/I employment and the financing gap required to provide affordable housing. While there are some benefits to the existing methodology, the EPS methodology has been generally accepted as being an appropriate way of demonstrating nexus requirements for lower income housing fees and therefore, regardless of City Council action on an adjusted fee amount, it should serve as the foundation for the LIHF in the future.

LIHF Development Feasibility
While the study identifies the maximum sustainable Lower Income Housing Fee, the feasibility portion of the study uses an EPS-developed financial pro forma to evaluate the financial impact that the LIHF would have on developer return on investment which is a primary indicator for determining the financial attractiveness/viability of new housing or commercial development. As such, this study looks to determine if a particular fee amount could be an impediment to new development.

A summary of the supportable fees as detailed in the Report is as follows:

Financially Supportable/Feasible LIHF

Type	Existing	Maximum	Feasible
Residential (1)			
Single Family Ownership >1,500 (2)	$10,713	$27,187	$27,187
Single-Family Ownership <1,500 (3)	$2,655	$18,265	$18,265
Multi-Family (4)	$2,655	$15,694	$2,655
Commercial (5)			
Retail Commercial	$2.83	$108.24	$4.67
Office Commercial	$2.83	$4.67	$4.67
R&D/ Light Industrial	$2.83	$4.67	$4.67
Hotel/Motel	$2.83	$23.85	$4.67

1. Per unit fees
2. Assumes 3,000 square foot unit, but actual maximum and feasible figures depend on unit size/price.
3. Assumes 1,200 square foot unit, but actual maximum and feasible figures depend on unit size/price.
4. Assumes 2 BR unit
5. Per square foot fees

As detailed in the Report's feasibility analysis, EPS used the same development value and cost assumptions in this report as it did for its East Pleasanton Specific Plan analysis. However, unlike that study; this EPS Report includes analysis for hotel/motel and R&D/ light industrial. Further, it's important to note that while the Report indicates that office, R&D/light industrial, and hotel development are financially challenged under near-term market conditions, the $4.67 fee may be considered "feasible" because it represents a small increment of cost (above the existing fee) relative to the overall costs of development when market conditions will support new construction.

Attachment 3, page 6

LIHF Category- Recommendations
While the primary purpose of the Report is to advise the Council regarding a supportable lower income housing fee, staff is also seeking City Council/ Commission direction regarding the following two areas that are somewhat separate from direction requested for a fee amount. These are as follows:

1. Accept the Report's Methodology – As indicated, the EPS methodology is generally accepted to be appropriate for developing a nexus between affordable housing fees and the impact of development and as such, it is more current and supportable than the City's existing methodology. Because of the concern regarding the current validity of the City's current fee methodology, staff has not updated the existing fee methodology to determine if it produces larger or lesser fee options. As a result, if the City Council reject's the EPS presented methodology, staff would pursue that process and report back to the City Council. Further, staff finds the report complete and consistent with project scope.

Staff Recommendation – Accept the Report and incorporate its methodology as the basis for establishing a maximum supportable Lower Income Housing Fee.

2. LIHF Categories – The City's LIHF currently includes four fee categories: single family home greater than 1,500 square feet, single family home less than 1,500 square feet, multi-family and commercial/office/industrial. As addressed below, there are a number of fee category options available that more closely relate to the various options reviewed in the Report and some of these are as follows:

Current Versus Potential Alternative Fee Categories

Current Fee Categories	**Potential Alternative Categories**
Single Family > 1,500 sq ft	Residential Square Footage – Fee per square foot regardless of type of housing
Single Family < 1,500 sq ft	Residential Zoning Density – Higher densities eligible for lower per unit fees
Multi-Family	Number of Bedrooms – Higher fee payment as number of bedrooms increase
Commercial/Office/Industrial	Nonresidential – Specific fee amounts for retail, office, hotel/motel, R&D/ light industrial to better reflect affordable housing impact

While there is justification for all of the above fee types, due to efficiency in administration and fee familiarity within the development community, staff supports retaining the current fee categories. However, for commercial in particular, this support assumes that the fee will be set at a level that is supportable and financially feasible for all of the commercial types. Should the Council determine that, based on the Report's findings, it's appropriate to have a higher fee for retail uses, then that fee would need to be placed in a separate fee category.

LIHF Analysis and Recommendation

Money collected from the Lower Income Housing Fee is placed in the City's Lower Income Housing Fund and utilized in accordance with PMC 17.40 (Attachment 2) that mandates the fees be used in support of the activities to implement the City's Housing Element including, but not limited to, land acquisition, construction, rehab, subsidization, counseling, and assistance to other agencies, business or individuals to expand housing opportunities to lower income households. In accordance with this, the City has used these funds for a range activities including:

- *Land acquisition including the recently acquired 4138 Vineyard Avenue site for the Kottinger Place Development project*
- *Housing Rehabilitation and Second Mortgage loans for lower income households*
- *Capital improvements for existing housing developments such as Pleasanton Gardens*
- *Loans and grants for special needs housing such as REACH / HOUSE, Inc.*
- *Professional services for studies and services related to affordable housing programs and services including assistance with the recently completed Housing Element update*
- *Loans and financial assistant for new affordable housing projects such as the recently approved Anton Hacienda development.*
- *Reimbursement of staffing costs, including those of the City's Housing Specialist and the Assistant City Manager, for affordable housing services*
- *Support to nonprofit agencies such as the Tri-Valley Housing Opportunity Center, ECHO Housing, and Community Resources for Independent Living (CRIL)*

Included as Attachment 3 is a February 13, 2013, agenda report that includes a listing of recent projects benefiting from the use of the Lower Income Housing Fund.

Of the Lower Income Housing Fund's overall balance, \$8 million is appropriated to the Kottinger Place development project and \$500K is appropriated to paying the In-Lieu Traffic Impact fee for the St. Anton Development resulting in a current balance of \$7.9 million. In addition, the City Council will soon review the option of accepting a payment of \$4.5 million from the Auf der Maur development in lieu of it including affordable housing units which if placed in this fund, would increase its balance.

In considering a LIHF adjustment, staff is presenting the following four options for City Council and Housing Commission consideration:

- *<u>Option 1</u> - Retain the current fee amounts with no adjustment.*

  The current fee schedule calls for the fees to be adjusted annually in an amount equal to the CPI and as a result, the current fee will continue to increase in an amount that is at least somewhat consistent with increased program costs. Further, based on the development feasibility analysis, multi-family, office and R&D/ light industrial development already face feasibility challenges and therefore, no upward adjustment may be appropriate for at least those use categories. Selecting this

Attachment 3, page 8

option would not alter existing or planned programming and will not alter City revenue projections.

- *Option 2 - Retain the current fee amounts for one year to allow the City to complete its review of other development impact and processing fees and to assess the economic recovery. At the completion of one year, the Council will reconsider a fee adjustment.*

  This option utilizes the same perspective as Option 1 but recognizes that with an improving economy it may be appropriate to review the fee when the economy stabilizes. Inherent in this option is recognition that there is justification for a fee increase in at least a few use categories. Selecting this option will not alter existing or planned programming and will not alter City revenue projections; however, it may result in increased LIHF revenue in the future.

- *Option 3 –Increase the fee for single family homes by 10% and 5% for multi-family and commercial. This option could also include a fee adjustment for single family only without any other adjustments.*

  Option 3 relies heavily on the fee analysis and financial feasibility document that reflects both nexus-based supportability for fee increases and the ability for the development community to absorb those increases. This option assumes an across the board increase for all categories including multi-family and commercial which show less tolerance for absorbing fee adjustments. As a result of that situation, these categories would have a smaller increase (5%). Further, while the Council has considerable latitude in identifying a LIHF for single family homes, the range for multi-family and commercial is more limited since the financial feasibility analysis shows negative returns for both office and R&D/light industrial uses under current market circumstances. Notwithstanding those negative returns, the Report does indicate that based on the relative minimal impact of a fee adjustment, an increase in commercial fees can be tolerated.

  In view of the above, should the Council select this option, staff recommends an adjustment such as 10% for all single family homes and 5% for multi-family and C/O/I. As indicated above, as a reflection of the Report's feasibility findings, this option could include an adjustment to only single family homes. Finally, while the proposed percentage increases are somewhat arbitrary, they seem to be appropriate for generating increased fee revenue and being implemented without any significant impact to new development.

- *Option 4 - Adjust the fee to the maximum supportable amount that is financially feasible.*

  This option assumes that the Council's goal is to adjust fees to their maximum supportable amount based on Report's findings. Selection of this option generally

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reflects a perspective focused on fully mitigating the impact that new development has on the creation of affordable housing within the context of the feasibility study.

A summary of the potential fee options is as follows:

LIHF Adjustment Per Unit Options

Fee Category	Current	Option 1	Option 2*	Option 3	Option 4
Single Family > 1,500 sq ft	$10,713	$10,713	TBD	$11,784	$27,187 (1)
Single Family < 1,500 sq ft	$2,655	$2,655	TBD	$2,920	$18,265 (2)
Multi-Family	$2,655	$2,655	TBD	$2,790	$15,694
Commercial/Office/Industrial	$2.83	$2.83	TBD	$3.00	$4.67

*Assumes a fee review and potential adjustment in one year.
(1) Assumes a 3,000 square foot home
(2) Assumes a 1,200 square foot townhome

Financial Impact
Staff has looked at three areas of financial impact regarding a fee adjustment; overall potential for increased fee revenue, development fees in neighboring communities and the survey data included in the report. Staff is relying on the Report's analysis regarding the potential for development to absorb a fee increase.

Estimating potential revenue increases from LIHF's is difficult since the City's focus has been for residential development to provide affordable units in lieu of paying a fee. As such there is not a direct correlation between planned/anticipated development and the amount of fees collected. However, for comparison purposes, the table below list LIHF revenue collected over the past three years.

LIHF Over The Past Three Years

Fee Type	FY2011	FY2012	FY2013	Total
Residential	$131,463	$158,858	$742,012	$1,032,333
Commercial	$17,018	$190,985	$68,305	$276,308
Total	$148,481	$349,843	$810,317	$1,308,641

Notwithstanding the issues of estimating LIHF revenue, as part of the City Capital Improvement Program (CIP), staff makes assumptions regarding new development and as such, applying these to the fee adjustment options listed above yields the following results. Note for impact purposes only, these assumptions do not include the CarMax and Workday developments which are currently under review and would impact the commercial amounts considerably.

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Estimated LIHF Revenue From The Four Adjustment Options

Fee Category	Option 1	Option 2*	Option 3	Option 4
Single Family > 1,500 sq ft (1)	$342,816	$342,816	$377,088	$891,872
Single Family < 1,500 sq ft	$0	$0	$0	$0
Multi-Family	$0	$0	$0	$0
Commercial/Office/Industrial (2)	$96,220	$96,220	$102,000	$158,780
TOTAL	$439,036	$439,036	$479,088	$1,050,652

(1) Assumes 32 units
(2) Assumes 34,000 square feet

Regarding the fees for neighboring communities, included as Attachment 4 is staff's review of fees in place for the surrounding communities of San Ramon, Dublin, and Livermore. The fee estimates are based on staff's best attempt to calculate fees. However, each community has its own process and the attached reflects a general amount rather than the actual. A summary of the fees are as follows:

Comparison of Estimated Typical Residential Development Fees

Development Type	Pleasanton	Livermore	Dublin	San Ramon
Single Family (2,000 sf)	$98,593	$86,086	$99,429	$86,299
Multi-Family (2BDR)	$65,688	$62,191	$69,292	$64,932

In addition to the pro forma based financial analysis, the Report includes a survey of regional affordable housing fees which, as indicated on page 4 and 5 of the feasibility document, ranges from a high of $53,392 (San Carlos) to low of $2,500 (San Ramon) for single family units and a high of $22.83/sq ft (San Francisco) to a low of $1.00/sq ft (San Ramon) for commercial. Regarding the survey data, as can be expected, different communities set their fees for various purposes within the context of their overall fee structure, and the survey data included in the Report should be viewed as a guideline rather than an absolute.

Staff Fee Recommendation
As indicated previously, the City's Lower Income Housing Fund has an estimated uncommitted balance of approximately $7.9 million available to support the City's affordable housing programs as set forth in the Housing Element, Council policy and the City Budget and as such, there is not an immediate shortfall of funding to meet City needs. Further, the City does not subsidize any portion of the planning or plan review process with General Fund revenues as is the case with the processing of development application, plan check and inspections. As a result of this situation, a case can be made for no fee adjustment regardless of the Report's justification for a fee adjustment.

Notwithstanding the above, the City' production of affordable housing and implementation of programs for households with limited incomes are both well below the targets set in the Housing Element, and this situation can be viewed as an indication of the need to be doing more, perhaps significantly more, in the area of affordable housing. Viewing new development as an example, the recent California Center, St. Anton, Auf der Maur, and Bernal Gateway developments were approved for 1,125 units

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of which 69 or (6%) of that total will be reserved for very low income households. However, the current RHNA includes a very low income unit target of 716 units representing 35% of the total 2,067 unit target. Considering that the recently approved developments included one tax credit project, it's unlikely that the City will be able to rely on market rate developers to meet the very low income targets and as such, the most probable course of action for increasing very low income units may be for the City to acquire property and pursue a non-profit partnership to construct a development that is focused on this income category. As can be imagined, considering that the Kottinger Place/Pleasanton Gardens development will require at least $8 million in City contributions with the land being provided at no cost, the current lower income housing fund balance of $7.9 million may be insufficient to meet this type of a project.

While the Report clearly outlines justification to adjust fees, staff is recommending either Option 1 or Option 3, with Option 3 being the preferred option. Overall, Option 1 can be recommended because, as indicated above, there is no immediate need for increased revenue and because staff expects that it will continue to pursue the provision of affordable units rather than the payment of fees for new development. Therefore, there may not be any significant revenue gains from residential development in connection with and adjusted fee. Further, programmatic needs are not driving the need for additional LIHF. Notwithstanding this, the Report states clearly that new market rate development is not mitigating need for affordable housing that it is creating and as such, a fee increase is justified. This is particularly true in the area of single family homes. Also, as noted above, the City is most likely well short of meeting its affordable housing goals as set forth in its Housing Element and opportunities to lower this gap will most likely require considerable funding from the City. Finally, the Report's development financial feasibility analysis indicates that development can reasonably absorb these increases and still meet financial expectations.

Housing Commission

The Housing Commission reviewed the draft fee report as an informational item, minus the development feasibility analysis, at its meeting of July 23, 2013. At that time, the Commission expressed interest in maintaining the current fee categories and requested that staff provide a survey of fees in other Tri-Valley communities. As indicated previously, the fee survey is included as Attachment 4.

Submitted by:

Steve Bocian
Assistant City Manager

Approved by:

Nelson Fialho
City Manager

ATTACHMENT 4

Pleasanton Says No to Higher Affordable Housing Fees

'Kicking can down the road,' Cook-Kallio says

by Jeb Bing / Pleasanton Weekly/October 29, 2013

With the local economy still recovering and competition increasing for large new retail and commercial investments, the Pleasanton City Council joined with the city's Housing Commission Tuesday to keep current low income housing fees that are charged to developers in place.

That came as good news to developers after a consulting firm hired to review Pleasanton's fee structure recommended raising fees by thousands of dollars.

Builders of homes over 1,500 square feet in floor space must now pay $10,713 into Pleasanton's lower income housing fund. Apartment developers must pay $2,655 for every unit in the planned complex and even developers of large and small businesses, both industrial and retail, must pay $2.83 per square feet.
Representatives of Economic & Planning Systems, Inc., the consulting firm, told council and Housing Commission members in a joint meeting that current fees are inadequate for providing low income housing to meet state guidelines. Instead of $10,713, EPS recommended charging $27,187. Fees for apartment builders would go from $2,655 to $15,694 per unit, and fees for retail and commercial developers would nearly double to $4.67.

"We're just coming out of a recession and vacancy rates in our office parks are going in the right direction," said Mayor Jerry Thorne. "We don't want to mess with that."

Although the EPS study showed nearby cities are charging higher fees, it was also reported Tuesday that some of these cities, including Dublin and Livermore, are waiving all fees for new commercial and retail developments.

The fees collected in Pleasanton go into a special fund that the city uses to help finance housing projects for those with low-to very-low incomes. In recent years, these funds have been used to acquire land for rebuilding Kottinger Place, housing rehabilitation and second mortgage loans for lower income households and loans and grants for special needs housing such as REACH.

The state requires updated information periodically on what cities are doing in terms of providing affordable housing. Pleasanton often allows developers to pay cash into the affordable housing fund instead of actually building affordable units, which are often dedicated as low-rent, subsidized housing in perpetuity.

Recent projects approved as part of a court-ordered rezoning in Pleasanton to allow more high density housing have mostly chosen to make the payments rather than tie up 15-20% of their apartment complexes with affordable units.

Steve Bocian, assistant city manager who has charge of the affordable housing program, said Pleasanton's fee structure was last evaluated in 2003. Prior to that, in 1989, a provision was incorporated to annually adjust the fee amounts based on the Consumer Price Index (CPI). That was done in 1998 and 2003, but there have been no changes since then.

Affordable housing advocates have complained numerous times when new developments are under consideration that there are too few homes and apartments that are affordable to Pleasanton's workforce.
But Bocian pointed out that by having developers pay into the city's special fund in lieu of building affordable units, the millions of dollars given allow the city to fund major projects, such as Ridge View Commons and the Promenade and Parkview. Those developments provide special housing for seniors, the disabled and individuals with dementia.
Today, Bocian pointed out, the affordable housing fund balance is $7.9 million, which may not be enough to finance the redevelopment of Kottinger Place and Pleasanton Gardens, where cost estimates are at least $8 million.

Although Tuesday night's joint meeting was considered a workshop with no formal action taken, the council and commission reached a consensus to keep fees as they are, but to ask city staff to review all the options in six months or so and report back.

Councilwoman Cheryl Cook-Kallio said the council has talked about affordable housing for the seven years she's been a member "and we still don't have a substantive plan for dealing with it.
"To some degree, we're kicking the can down the road again," she added.

ATTACHMENT 5

Council Votes to Take Cash

Developer Won't Have to Build Affordable Units

The Independent - Friday, September 26, 2014 12:00 am

The Pleasanton City Council voted last week to accept a $4.5 million payment in lieu of requiring a developer to build 52 affordable units.

The below market rate housing would have been built as part of a 345 multifamily development at the corner of Bernal Avenue and Stanley Boulevard. The city had negotiated a development agreement with E&S Ring that stipulated that the council would make the final decision as to whether the units were to be built or a cash payment would be asked.

The $4.5 million fee negotiated as part of the agreement is $3.5 million higher than the city's in lieu fee.

Staff presented the council with three options: option one would be to require that the units be built; option two would have the city take the money and place $1.04 million in the lower income housing fund and the remaining $3.5 million in a separate fund to be used for financial assistance for a specific future affordable housing project; the third option would accept the cash payment and allocate $1.04 million to the lower income housing fund and place the remaining cash in a special fund. The special fund could be used for a one time operating program or capital project. There would be no restriction on how the money could be spent.

During the public hearing. Pleasanton Chamber of Commerce CEO Scott Raty suggested that the money might be used to provide artificial surfaces and add lighting to sports fields. The artificial surfaces would help during the drought. He stated. "Option three provides the greatest flexibility for the council to determine where the money goes."
Staff recommended that the council require construction of the units.

There were several votes on the issue. Karla Brown made a motion to go with the third option, citing the desire for flexibility in determining how to use the money. The motion failed 2-3 with Cheryl Cook-Kallio, Jerry Pentin and Kathy Narum voting "no."

The final motion, made by Mayor Jerry Thorne, supported option 3. The caveat was added that staff would work with the school district to determine if there were a project that would help students that the city could help fund.

The vote was 3 to 2 with Cook-Kallio and Pentin opposed.

In making her motion, Brown argued there were sufficient numbers of affordable units coming on line as part of other developments. "This is an unusual negotiation and a bit of a windfall for the city. We could decide on the uses for the money in the future."

Pentin said he could have supported the motion if the money were split 50-50 into the low income housing fund and the special fund.

Cook-Kallio stated that she wanted the units built. She noted that the council continues to give lip service to providing affordable housing, but has done nothing to address the need. Now the decision is to take away 52 units when we desperately need entry level and workforce housing.

She added that if the rest of the council preferred taking the money, she would like to see the second option approved. She said that money earmarked to assist lower income residents could be used to make a difference now. She pointed out that the school district has talked about the need to provide services to students who may not have access to technology or places to study. "Some money could be provided to those kinds of services," she said.

Mayor Jerry Thorne said that he wanted to see all of the options on how the money might be spent before committing funds. He said that the special fund could help to provide housing for seniors or to help finance Sunflower Hill.

The goal of Sunflower Hill is to create a sustainable, special needs community for individuals and families seeking programming and residential options.

Narum, who at first supported option 2, wanted all of the funds targeted towards affordable housing. For example, she pointed out that the city has committed $10 million towards the development of the Kottinger Place senior affordable housing. However, the final numbers are not in; additional funds may be needed.

She was told that option 3 would allow that.

Cook-Kallio continued to argue for money to be set aside to assist students.

Pentin said that he hadn't come to the meeting with a list of items that he would like to see receive money. "If the school district comes to the city and says it has a need, we could support it. I just don't want to do it tonight."

ATTACHMENT 6: Workday

Workday to add 6-story building to Pleasanton complex

by Jeb Bing / Pleasanton Weekly/ March 6, 2014

Workday, a fast-growing software company with headquarters on Stoneridge Mall Road in Pleasanton, plans to build a six-story glass and steel building between its main campus and I-580.

When completed, it will be Pleasanton's second tallest building at 87-1/2 feet tall at the top of roof parapet and a height of 105 feet at the apex of a rooftop circular screen wall.

Only Safeway's corporate headquarters near the Workday complex is taller, but only by less than a foot.

The architecturally-striking 430,000-square-foot office building will be placed on a site that includes BART-owned property once designated for a 350-unit apartment house complex and retail center adjacent to the West Dublin-Pleasanton BART station. That site, once needed to satisfy Pleasanton's need for affordable housing, was never developed as planned. The office building will have a unique and striking three-sided shape featuring layered architecture creating a base, middle and top. The base will feature glass walls highlighted by the building entry features and a covered outdoor dining area. The middle layer will feature continuous ribbon windows separated by horizontal bands. The top layer begins with recessed sixth-floor walls continuing up to a deep eave soffit with a simple band at the parapet and finishes with horizontally-scored rooftop equipment screens.

The new building will accommodate a growing workforce. Founded by CEOs Dave Duffield and Aneel Bhusri in 2005, Workday now has more than 1,750 employees and 400 customers.

Employees have gradually been moving from its leased floors in an office building on Stoneridge Mall Road into buildings a few blocks away in Stoneridge Corporate Plaza, which is being acquired by NPC Holdings, LLC, a wholly-owned affiliate of Duffield. This was a strategic investment for Duffield and his venture, NPC, which is separate from Workday. NPC will continue to manage the space as a multi-tenant office, and Workday will occupy some of the space as an expansion of its corporate headquarters.

Plans for the new six-story Workday center were discussed last week at an informal workshop meeting of the city's Planning Commission. Two commissioners, Jennifer Pearce and Herb Ritter, voiced concerns over traffic on Stoneridge Mall Road, especially during the winter holidays.

"At Christmastime, the traffic is horrible in that area," Ritter said

.

Two five-story parking garages will also be built as part of the project, and the Workday developer is considering a walkway from the BART station to the new complex.

Workday will now formalize its plan into a final proposal to take to the Planning Commission and then to the City Council for ultimate approval.

Work on the new building is expected to start in 2015.

Attachment 6, page 2

EXHIBIT D

THE CITY OF
PLEASANTON.

MEMORANDUM

Date: April 17, 2014

To: Planning Commission

From: Janice Stern, Planning Manager

Subject: **Workday Project's Consistency with State Housing Law**

Approval of this proposal will require rezoning of the 6.9-acre BART site from PUD-HDR/C (Planned Unit Development – High Density Residential/Commercial) District to PUD-MU (Planned Unit Development – Mixed Use) District. According to State Housing Law (Sec. 65863), as this site was previously rezoned to accommodate a 350 unit multifamily residential project and this project was included in the City's Housing Site inventory for the 2007-2014 Housing Element of the General Plan, the City may not rezone this site to reduce (or eliminate) residential development unless it makes written findings for both the following:

a) The reduction is consistent with the adopted General Plan, including the Housing Element;
b) The remaining sites identified in the Housing Element are adequate to accommodate the jurisdiction's share of the regional housing need pursuant to Section 65584.

The staff report discussed the consistency of the proposed development with the General Plan Land Use Element. Regarding consistency with the Housing Element policies and programs, the following program is relevant to this proposal:

Program 1.1: Discourage the redesignation of areas designated for High Density Residential development. The objective of this program is to ensure that adequate sites are available to accommodate the City's regional housing need for all income levels.

The Workday proposal would result in the redesignation of a site designated for High Density Residential development. However, the objective of the program is to ensure that adequate housing sites are available. The table on the following page is from the Housing Element Background Report.

Not consistent with the HE's designation of sites located near transit as having a high priority for preservation.

Neither is it certain that Pleasanton has adequate sites remaining for HDR housing. In fact, recent inquiries by affordable housing developers have not shown owners of ANY of the sites in Pleasanton's inventory other than CM Capital in Hacienda to be viable.

Attachment 6, page 3

Table III-1
Showing Sufficient Appropriately-Zoned Land to meet the City's Housing Need

	Total	Very Low Income	Low Income	Moderate Income	Above Moderate Income
Remaining Need from 1999-2007	871	0	871	0	0
2007-2014 RHNA	3,277	1,076	728	720	753
Total RHNA	4,148	1,076	1,599	720	753
Minus Permits Finaled 2007 through 2010	319	0	5[1]	38[2]	276
Minus Units under construction	82	0	5[3]	39[4]	38
Minus Approved (zoned) projects with building permit not issued	1,321	~~102~~[5]	32[6]	312[7]	875
Remaining units to be accommodated	2,862	2,531		331	-436
Land designated for residential development with no entitlements (Appendix B)[4]	3,447	2,774[8]		474	199
Remainder: Capacity over and above housing need	500	~~243~~ 173		99[9]	594[10]

Notes:

1. Low income units from Birch Creek project.
2. Includes 2 units from Birch Creek, 31 second units, and 5 apartment units.
3. Low Income Civic Square Apartments
4. Includes 7 second units, 31 moderate income Civic Square Apartments, and 1 apartment.
5. Includes 32 units in the Continuing Life Communities Agreement, and 70 units in the Windstar Agreement.
6. 32 units affordable to Low Income Households in the Continuing Life Communities Agreement.
7. Includes 32 units affordable to Moderate Income Households in the Continuing Life Communities Agreement and the balance of the Windstar Apartments (280). Should be deleted from total.
8. Sites 24 through 33 in Appendix B, plus 76 units in the Affordable Housing Agreement for sites 22 and 23.
9. Balance of units from Sites 22 and 23, plus Site 5 in Appendix B
10. Sites in Appendix B not counted in Notes 8 and 9.

As noted in the last row of the above Table, there are a number of "remainder units," i.e. the City's inventory of available sites and previously approved development exceeded the City's RHNA need. There was an excess of 243 units in the Low and Very Low Income categories, and 99 units in the Moderate Income category. In addition, the California Center Project was approved with 305 multifamily units which exceeded the minimum density requirement by 11 units. These "excess" units add to 353 housing units, which would exceed the loss of units (350 units) as a result of the proposed rezoning. Therefore, the City can make the required State findings.

ATTACHMENT 7

THE PLEASANTON WEEKLY - Opinion - September 5, 2014

'The sky is falling'

Henny Penny, with her hysterical phrase that "the sky is falling," should have been at Tuesday night's City Council meeting to join the scores of protestors over the city's Housing Element that the council approved 4-1 after a three-hour-long debate. Many in the room, like Henny, had never been there, but speaking from strikingly similar notes told the lawmakers that enough's enough; they didn't want any more apartments in Pleasanton.

Councilwoman Karla Brown chimed in, speaking loudly and agreeing with the protestors to stop building high-density housing. "We should take a deep breath," she said before voting against the Housing Element document.

But there weren't any housing issues on the council's agenda, only a state-required Housing Element that the council must submit to housing authorities this fall for review. It is part of the city's General Plan required by all California cities to show that they are meeting the statewide housing goal of "attaining decent housing and a suitable living environment for every California family."

The plan covers land use and housing development during the next cycle of the state's Regional Housing Needs Allocation (RHNA), which starts next year and extends through 2023 and must be certified by the State Department of Housing and Community Development (HCD).

Certification is required to ensure that the city's General Plan, to be fully legal in meeting state requirements, includes policies that continue to reflect changing community needs, challenges and opportunities in compliance with state law.

In order to catch up to the 2007-2014 RHNA cycle -- which ends this year -- and after nearly two years and hundreds of hours of community meetings, public hearings and staff discussions, the City Council rezoned 70 acres for high-density residential development in 2012. In the end, those rezonings of nine separate sites in various parts of Pleasanton provided a surplus that some critics want stripped out of the plan before it goes to the state for new certification.

According to city data, the city provided entitlements for 508 units in 2012, 1,148 in 2013 and 247 this year. The majority of these approvals are apartment-style units to accommodate requirements in state housing laws.

The city's rush to rezone sufficient acreage for more high-density development came after Pleasanton lost a costly court battle over its 1996 housing cap, which was ruled illegal. Both the California Attorney General's Office (then headed by Jerry Brown) and an Oakland-based affordable housing coalition demanded the city meet its RHNA requirements. Of 20 sites considered for rezoning during a series of public hearings and community meetings, the council chose nine where high-density developments of 30 units per acre would be allowed.

Many of the speakers Tuesday, reading from iPads and hand-written and typed notes, took particular aim at housing under consideration by the East Pleasanton Task Force and on one of the approved high-density (30 units per acre) projects on property owned by C.M. Capital on West Las Positas Road.

The Housing Element has nothing to do with east Pleasanton, and the council -- with one exception -- had already agreed with the city's Planning Commission to reduce C.M. Capital's entitlement to only 12.5 units per acre and to chop the height of anything built there to two stories at the most. The exception was Councilwoman Cheryl Cook-Kallio, who wanted to keep the higher density formula.

Despite having all this explained by an exasperated Mayor Jerry Thorne, who pounded the gavel to stop the applause and cheering by placard-waving protestors, the speeches dragged on. Finally at 10:50 p.m., the approval vote was taken with the Housing Element document now in the hands of the state Housing Department ahead of this year's deadline.

ATTACHMENT 8

RESOLUTION NO. 10-390
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PLEASANTON, APPROVING ENHANCEMENTS TO EXISTING NON-DISCRIMINATION HOUSING POLICIES

WHEREAS, in 2003, the Pleasanton City Council adopted a Housing Element; and

WHEREAS, the City's Housing Element includes goals and programs that prohibits discrimination to housing opportunities in Pleasanton, including the goal of identifying and making special provisions for the community's special needs housing; and

WHEREAS, the City is. about to embark on an update to the existing Housing Element; and

WHEREAS, through adoption of this resolution, the City Council reaffirms its position on housing non-discrimination, and

WHEREAS, it is the intent of the City Council to update its Housing Element goals and programs through study and consideration of adoption of additional goals and programs related to eliminating discrimination in the areas of affordable housing for families with children and senior citizens as part of its Housing Element update process.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PLEASANTON CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. That the Council does hereby adopt the following Non-Discrimination Policy:
In recognition of State and Federal laws which prohibit municipalities from discriminating against developers of affordable housing, including non-profit developers of affordable housing, and from discriminating against families with children in need of affordable housing, it is the official policy of the City of Pleasanton, that the City staff and the City Council will act affirmatively to promote the development of well-designed affordable housing for families with children in Pleasanton. The City Manager will report regularly to the City Council on the City's efforts to fulfill this policy, the success of those efforts, and plans and proposals to attract well-designed affordable housing for families with children in the future.

SECTION 2. As part of its Housing Element update process the City will study and consider adoption of goals and programs promoting affordable non-profit housing development for families, as well as for other special needs households, including strengthening existing programs to promote construction of affordable three bedroom units for large families and including the goal of building affordable family units and affordable senior units in proportion to the need for each.

SECTION 3. As part of the Housing Element Update process, the City staff will conduct analysis and prepare information for review by the public and consideration of adoption by the City Council, related to Sections 1 and 2 above. This analysis will include identifying sites that may be most competitive for Low Income Housing Tax Credits based on the "site amenities" point criteria included as part of the California Tax Credit Allocation Committee Application. Following the public review process for the Housing Element, which will include discussion with non-profit affordable housing developers, and identification of the most competitive sites forLower Income Housing Tax Credits, the City Council will adopt and implement one or more programs to attract non-profit affordable housing development for families for the identified sites. Such program(s) shall not preclude non profit housing developments on sites other than the identified sites. The City will also study its existing Lower Income Housing Fee and Inclusionary Housing Ordinance to determine if it is appropriate to increase the amount of the fee or percentage of affordability to support affordable housing development.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Pleasanton at a regular meeting held on July 20, 2010.

I, Karen Diaz, City Clerk of the City of Pleasanton, California, certify that the foregoing Resolution was adopted by the City Council at a regular meeting held on the 20th day of July, 2010, by the following vote:

Ayes: Councilmembers Cook-Kallio, McGovern, Thorne, Mayor Hosterman
Noes: None
Absent: Couricilmember Sullivan
Karentiaz, City Clerk 3

APPROVED AS TO FORM:

Jothan P. Lowell, City Attorney

Attachment 9, page 1

Table 1: Specific Plan Alternatives Summary - Residential

Plan	Single-Family du/a			Multi-Family du/a		Residential Units	Percent Single Family/ Multi-Family
	4	8	11	23	30		
Preferred Plan	183	664	296	241	375	1,759	65/35
Alternative 1	500	—	—	195	305	1,000	50/50
Alternative 1A	500	—	—	195	305	1,000	50/50
Alternative 4	—	641	—	250	393	1,283	50/50
Alternative 5A	237	560	176	276	510	1,759	55/45
Alternative 5B	322	304	264	299	570	1,759	50/50
Alternative 6	112	278	932	383	574	2,279	58/42
Alternative 8	328	437	165	170	330	1,430	65/35

Note:
du/a = dwelling units per acre
Source: City of Pleasanton, 2013.

Table 2: Specific Plan Alternatives Summary – Non-Residential

Plan	Square feet			Acres			
	Retail	Office	Industrial	Destination Use	Public Park	Private Open Space	Public and Institutional
Preferred Plan	91,000	442,000	1,057,000	3	45	35	17
Alternative 1	91,000	442,000	1,442,000	3	45	34	—
Alternative 1A	91,000	442,000	1,442,000	3	45	34	17
Alternative 4	91,000	442,000	2,169,000	3	46	40	—
Alternative 5A	91,000	442,000	1,057,000	3	45	35	17
Alternative 5B	91,000	442,000	1,057,000	3	45	35	17
Alternative 6	91,000	442,000	1,057,000	3	45	35	17
Alternative 8	91,000	442,000	1,057,000	3	45	35	17

Source: City of Pleasanton, 2013.

East Pleasanton Specific Plan Alternative Descriptions

From the
"Notice of Preparation and Scoping Meeting for the Environmental Impact Report for the East Pleasanton Specific Plan"
October 24, 2013

EAST PLEASANTON SPECIFIC PLAN ALTERNATIVES - Comparison of Affordable Housing Demand Generated and Proposed

	DEMAND			EPSP Affordable Units Proposed vs. Demand Generated	
Plan Alternatives	Residential/Commercial			<50% - <80% AMI units proposed	81% - 120% AMI units proposed (8)
Residential/Commercial	<50% AMI	<60% AMI	<80% AMI	vs. Total Demand Generated (%)	vs. Demand Generated* (%)
Preferred Plan	134/487	85/160	64/411	56/1,341 (4%)	560/584 (96%)
Alternative 1 and 1A	81/643	52/210	39/517	46/1,542 (3%)	454/775 (59%)
Alternative 4	87/935	52/303	42/716	59/2,135 (3%)	584/1,134 (51%)
Alternative 5A	129/487	77/160	62/411	77/1,326 (6%)	709/584 (121%)
Alternative 5B	126/487	76/160	60/411	86/1,322 (7%)	783/584 (134%)
Alternative 6	153/487	86/160	72/411	86/1,369 (6%)	871/584 (149%)
Alternative 8	112/487	69/160	54/411	50/1,293 (4%)	450/584 (77%)

* Commercial demand only

Assumptions:

1) Generation of Residential and Commercial demand calculated using metric from the 2013 Pleasanton Nexus Studies for nonresidential development and residential developments.

2) Mix of housing sizes:
   4 du/acre for developments <200 units assumes 50% 4000sf, 50% 3500sf. For >200 units assumes 33.33% each 4000sf, 3500sf, and 3000sf.
   8 du/acre assumes 17% 1500sf, 33% 2000sf, 34% 2500sf, and 16% 3000sf.
   11 du/acre assumes for-sale, 50% 1000sf and 50% 1500sf.
   23 and 30 du/acre assumes rental with a mix of 17% studio, 35% 1BR, 43% 2BR, and 8% 3BR.

3) Below Market Rate (BMR) units are assumed to be 15% of 30 du/acre portions of each Alternative. This number was subtracted from the total before calculating the impact of of market rate 30 du/acre units.

4) Commercial demand was calculated using household formation rates of 89.9% for Retail and 96.8% for all other Commercial development.

5) Retail square footage was assumed to have 33% Food Service component. Housing demand was adjusted to account for lower earnings of food service workers.

6) AMI bands for Industrial use were assumed to be an average of Light Manufacturing, Office (Nexus study metrics), service commercial (such as retail leasing and delivery services), and wholesale warehouse use. Employee density was calculated as an average using information from the Land Use Element of Pleasanton's General Plan and the 2013 Nexus nonresidential nexus study.

7) Industrial AMI Bands averaging uses above: <50% =22%, <60% = 7%, <80% =15%, 80% to 120% =27%

8) All Market Rate rental units (23 and 30 du/ace) are assumed affordable to Moderate Income households.

Citizens for a Caring Community
P.O. Box 1781 , Pleasanton CA 94566

December 10, 2013

City of Pleasanton
Planning Division
P.O. Box 520
Pleasanton CA 94566
ATTN: Janice Stern, Planning Manager

Dear Ms. Stern

Thank you for the opportunity to comment on issues related to the Draft Environmental Impact Report for the East Pleasanton Specific Plan (EPSP). As affordable housing advocates we have been concerned for many years about Pleasanton's jobs/housing imbalance and the impacts of the City's lack of affordable workforce housing. Long commutes, rising fuel prices, and high housing costs most directly and negatively affect employees with income levels too low to access housing close to their workplace. However, the air pollution caused by long unwanted drives to work affect everyone in the form of reduced air quality and global warming caused by greenhouse gas emissions.

Because commute traffic and vehicle miles traveled are a primary generator of greenhouse gasses, it has become the responsibility of all California cities to reduce emissions through land use planning designed to shorten the distance between its businesses and their employees . This involves planning for and facilitating the development of housing affordable to the workforce. Therefore, the DEIR should quantify greenhouse gas emissions generated by the EPSP at build-out from automobile commuting by its residents and businesses. The DEIR should also consider the related impact of lower-income housing demand created by the market rate residential and commercial portions of the development.

According to the 2013 *"Pleasanton Economic Development Strategic Plan Background Report"* (PEDSP), 75.7% of the City's nonresident workforce commutes into Pleasanton from outside the Tri-Valley area. Of employed Pleasanton residents, 72.6% commute to jobs outside the Tri-Valley. The percentages of Pleasanton's in-commute and out-commute have increased inexorably since 1990.

In and Out Commuting - 1990 to 2010

Portion of Pleasanton jobs held by employees commuting in from beyond the Tri-Valley:
1990 Census - 36.6% 2000 Census: 47.1% 2010 Census: 75.7%

Portion of Pleasanton residents working in Pleasanton:
1990 Census - 27.3% 2000 Census - 19.8% 2010 Census - 15.4%

Sources: " Economic Development Strategic Plan Background Report" 2006, Bay Area Economics
"Pleasanton Economic Development Strategic Plan Background Report" 2013, Strategic Economics

Attachment 9, page 4

Applying the metrics of Pleasanton's recently completed *"Non-Residential Development Housing Linkage Fee Nexus Study"*, the *"Nexus-Based Affordable Housing Fee Analysis for For-Sale Housing"*, and the *"Nexus-Based Affordable Housing Fee Analysis for Rental Housing"*, all the alternatives proposed will generate demand for housing affordable to households with incomes below 80% and 50% AMI in excess of the amount of such housing provided. The EPSP assumes, optimistically, that plan will provide only 15% of the 30 du/acre portion of the development in apartments affordable to households earning less than 80% and/or 50% AMI. This is far less affordable housing than the need generated by the Plan's proposed market rate residential and commercial development. In addition, some of the Alternatives, including the Preferred Plan, fail to provide adequate (market rate) housing to accommodate the workforce demand generated by proposed nonresidential development. (See attached table).

The nexus study also notes that, "...According to the U.S. Census Bureau's 'On the Map', 49.6 percent of all jobs located in the City of Pleasanton in 2010 paid less than $40,000 per year, which equates to the 'very low income' level for the County." Although Pleasanton has recently experienced a dramatic increase in higher paying jobs in the Information industry sector, the PEDSP also indicates that "...Pleasanton comprises nearly 40 percent of the Tri-Valley's 13.4 million square feet of retail in Pleasanton, Dublin, and Livermore...(and) leads the Tri-Valley in total taxable retail sales..." Retail sales jobs are among the lowest paying and, from 1995 to 2009, increased as a portion of Pleasanton's total jobs from 9% to 11%. The industry sector of Administration, Support, Waste Management & Remediation, another area providing Very Low Income jobs, also increased as a portion of all jobs, from 5.4% to 6.9%. Additionally, this sector led all others in startups, with an average of 112 annually, in contrast to the Information sector's 19 startups. The lowest paying Accommodations and Food Services sector also grew from 2,520 to 3,658 jobs, though it fell as a portion of the whole from 6.1% to 5.4%.

Notwithstanding the lower wages paid by these industry sectors, Pleasanton encourages their growth, and reaps benefits from substantial sales tax revenue. However, the lower pay required to provide competitively priced goods and services currently precludes these sectors' employees from finding housing in Pleasanton, resulting in long commutes, and increasing greenhouse gas emissions. Given the rising percentage of employees commuting from beyond the Tri-Valley, the DEIR should identify, based on current Pleasanton employment for all industry sectors, (see Figure 19 of the "Pleasanton Economic Development Strategic Plan Background Report"), the amount of housing in the EPSP that will be affordable to employees currently holding jobs in Pleasanton.

Also, per the Pleasanton Nexus Studies, please analyze project impacts based on generation of unmet lower income housing demand. Review the commute pattern information provided in the PEDSP (Figures 9-13), and additional information from U.S. Census Longitudinal Employer-Household Dynamics, 2010. Also review housing prices within Pleasanton's commute shed to determine where the additional lower income employees will reside if the EPSP builds out with the very limited amount of affordable workforce housing currently proposed. Then determine the air quality impacts of the additional in-commute of lower income workers who will provide services to EPSP residents and businesses.

Attachment 9, page 5

Also, please estimate the air quality impacts of EPSP residents' out-commuting, based on income requirements to rent or purchase housing in the Plan area as well as the location and numbers of jobs that meet those income requirements. Determine whether build-out of the EPSP area will contribute to the continued decline in the percentage of employees that both live and work in Pleasanton.

Finally, analyze whether these impacts can feasibly be mitigated with a somewhat different mix of housing that utilizes nonprofit developers to deepen the level of affordability and increase the percentage of affordable units in order to create a plan that, at a minimum, mitigates its own housing impacts and, ideally, makes a net contribution to addressing Pleasanton's longstanding jobs/housing imbalance. If a self mitigating plan proves infeasible, and the Preferred Plan or an Alternative is developed, address where else in Pleasanton the additional housing demands created above and beyond the current RHNA requirements, could best be addressed. If no plan can result in self-mitigation, reconsider this land use.

Please feel free to contact me if you have any questions. Thank you for your consideration.

Sincerely,

Becky Dennis
Citizens for a Caring Community

ATTACHMENT 10

ANALYSIS - How near is the end of sewer capacity?

Using information from LAVWMA and the latest Pleasanton General Plan, we looked at the City's estimates of the growth in annual wastewater discharge in gallons per day (GPD) from 2005 (6,250,000 GPD) to 2025 (8,261,706 GPD). (**Exhibit G**)

Because Pleasanton had a Housing Cap in 2005, we recalculated the impact on export capacity of fulfilling the City's RHNA obligations of 4148 dwelling units (du), plus the additional Above Moderate Income housing approved (594 du), for a total of 4742 du. In calculating service need, LAVWMA has allotted 180 GPD per residential du. Therefore we conservatively estimate the impact of housing development during this planning period as requiring export service for an additional 853,560 GPD. This assumes no additional approvals for Above Moderate Income housing.

Adding this 853,560 GPD to the 2005 discharge rate of 6,250,000 GPD brings the total up to 7,103,560 GPD (excluding any uses other than residential). Subtract this amount from Pleasanton's capacity allotment in the LAVWMA pipeline of 10,300,000 GPD. This leaves Pleasanton with a remaining capacity of 3,196,440 GPD at the end of 2014. Again, this assumes no service requirements from other new uses.

Recall that the LAVWMA agreements require that, when an individual member agency reaches 75% of its allotted capacity, other member agencies must cooperate in implementing additional facilities to assist that agency in meeting its wastewater needs. Expanding export capacity requires unanimous approval of LAVWMA's member agencies, who are also permitted to take the question of expansion (and its cost) to their voters. Pleasanton will reach the 75% mark when it uses 7,725,000 GPD of its allotted capacity. Therefore, by the end of the planning period in 2014, Pleasanton will have a margin of only 621,440 GPD (realistically probably far less), before reaching 75% of its capacity. At that time, the ability and political will to assure export capacity for affordable housing could become an issue.

ATTACHMENT 11

Pleasanton Commute Trends 1990 to 2010

In and Out Commuting - 1990 to 2010

Portion of Pleasanton jobs held by employees commuting in from beyond the Tri-Valley:

1990 Census - 36.6% 2000 Census: 47.1% 2010 Census: 75.7%

Portion of Pleasanton residents working in Pleasanton:

1990 Census - 27.3% 2000 Census - 19.8% 2010 Census - 15.4%

Sources: " Economic Development Strategic Plan Background Report" 2006, Bay Area Economics
"Pleasanton Economic Development Strategic Plan Background Report" 2013, Strategic Economics

ATTACHMENT 12

Citizens for a Caring Community

P.O. Box 1781 , Pleasanton CA 94566

September 2, 2014

Mayor Jerry Thorne
Pleasanton City Council

Re: Housing Element Draft

Dear Mayor Thorne and City Councilmembers,

Citizens for a Caring Community has reviewed the staff report and the amended draft of the Housing Element. Because you have already received a significant amount of input from us on the Draft, these comments will focus on the new, but related, question of environmental impacts of implementing the Housing Element as proposed and the EIR Addendum prepared by PMC.

We do not believe their analysis is adequate, and that the City is required to prepare a supplemental EIR. Since the adoption of the Housing Element for 2007-2014, the City has new information regarding the probable impacts of implementing its Housing Element. The City acquired this information as a result of the Nexus Study it commissioned in 2012 regarding the housing need generated by various forms of commercial and residential development.

In addition, the City has learned how much affordable housing development on land zoned 30 units/acre will yield under the Pleasanton's unenforceable IZO, including various incentives available to market rate developers and property owners. Below see the number and percentages of affordable units produced under the current Housing Element goals and policies. This includes the Inclusionary Zoning Ordinance (IZO), which is not proposed for any changes although the lack of an enforceable ordinance has proved a severe impediment to fulfilling Pleasanton's regional housing responsibilities (RHNA). **Here is the number of affordable units out of the 1,534 HDR units approved as of September 2013.**

Very Low and Extremely Low Income (<50%AMI)	Low Income (51-80% AMI)
Units affordable at <49% AMI: 0 approved	Units affordable at 60% AMI:16 approved
Units affordable at 50% AMI: 147 approved	Units affordable at 80% AMI: 16 approved
1,076 needed for 0-50% per RHNA.	**1,599 needed per RHNA**.
14% of total need approved	**3.4% of total need approved**

Therefore, according to point 3 A and B on page 3.0-2 of the Environmental Analysis, a Supplemental EIR is required. The metrics of the Nexus Study show a net increase in affordable housing demand created by the very high percentage of market rate units allowed under the IZO.

The City could mitigate these impacts (a quantifiable increase in Pleasanton's unmet affordable workforce housing demand, increased commute traffic, and increased greenhouse gas emissions) with policies and programs to provide nonprofit housing on land zoned for RHNA at 30 units/acre. However, the City has chosen not to pursue a nonprofit development strategy on land it zones for affordable housing, and has declined to implement a funding strategy to support an adequate amount of nonprofit housing to meet the needs of Pleasanton's workforce. Therefore, 3D also applies, which covers the circumstance where "project proponents" (City of Pleasanton), decline to implement a mitigation measure.

Given the availability of new information, the recommendation not to change the core IZO regulation causing the impact, and the City's decision not to adequately fund mitigation of increased workforce housing demand and increased GHG emissions, the current EIR addendum is not appropriate.

Very sincerely,

Becky Dennis

Citizens for a Caring Community

ATTACHMENT 13, page 1

Citizens for a Caring Community
P.O. Box 1781, Pleasanton CA 94566

March 24, 2014

Mr. Paul McDougall – Manager
Department of Housing and Community Development
Division of Housing Policy Development
P.O. Box 952053
Sacramento CA 94252-2053

Dear Mr. McDougall,

We are writing on behalf of Citizens for a Caring Community (CCC) regarding the City of Pleasanton's Housing Element (HE) update for the 2014 to 2022 planning period. CCC's members have worked as Pleasanton's most active affordable housing advocates since the late 1990s. The 2014-2022 HE update marks our third cycle of participation in the update process, as well as our third opportunity to monitor HE implementation close up in our community. As Pleasanton's longest lived organization of affordable housing advocates, we have acquired historic and detailed knowledge of both the City's housing sites, as well as the effect of the City's HE policies that control their ultimate use.

CCC's reason for contacting you in advance of the 2014-2022 HE public comment period relates to Pleasanton's preliminary work on the HE update draft. We have particular concerns about recent staff representations to City Council and the public that Pleasanton has a surplus of sites zoned to meet RHNA requirements for Very Low and Low income housing. In response to Council member questions, staff has offered assurances of HCD's verbal (though not written) support for staff's finding of a surplus. We strongly disagree with Pleasanton staff's perspective for reasons outlined below.

Because of the far reaching impacts of HCD concurrence with Pleasanton's assertion that it has more zoned land than RHNA requires, as well as the increasing number of Commission recommendations and pending land use decisions now reliant upon the assumption of this dubious surplus, we thought it prudent to let you know of our concerns now. There are some key City meetings scheduled in the near future which address future planning. Because of the number public of meetings where we have heard the mantra of Pleasanton's site surplus repeated, we have concern that Commissions will make recommendations and the City Council will make decisions based on the assumption of a housing site surplus when, in fact, none exists. We hope the information that follows allows HCD to address the issue with Pleasanton's planning staff, should you choose to do so, before they produce additional analysis, or for that matter, an entire HE draft based upon a premise which HCD may find unacceptable.

Pleasanton does not have a site surplus.

In their March 4 report (Attachment 1) staff asks Council for direction regarding whether the City should proceed with a draft EIR for the recently completed East Pleasanton Specific Plan (EPSP) in light of new calculations showing Pleasanton had surplus land zoned to accommodate lower income housing. The City originally viewed the EPSP area as the potential location for a significant amount of the 30 du/acre zoning needed for RHNA 2014-2022. However, when staff applied their understanding of HCD policy allowing cities to carry over unbuilt inventory and projects from previous planning periods, they counted 1,493 Very Low and Low Income units. Since the current RHNA requires only 1,107 units, staff reported to Council that Pleasanton had a 386 unit surplus of lower income housing capacity. (See Attachment 1: March 4 Staff Report, Tables 1-4). This conclusion is incorrect for several reasons.

 Attachment 13, page 2

Unfortunately, staff and Council failed to consider that units from three of the zoned sites, BRE (entitled) and Roche (not entitled) did not receive approvals as part of HCD's Housing Element update process. Rather, the City zoned these sites to settle Urban Habitat's 2006 lawsuit against Pleasanton's Housing Cap and the resulting failure to complete the zoning necessary to accommodate RHNA during the 1999-2006 planning period. (See Attachment 2) The Settlement Agreement (SA) also sets a threshold for both the number of affordable units required (15%), and their level of affordability (50% AMI). (Table A). Unless Urban Habitat and the Court approve, the City cannot use BRE's VLI units as a credit against Pleasanton's RHNA for 2014-2022. Nor can the City count potential units on the Roche site using Default Density (i.e. density presumed to be suitable to help support the development of both Very Low and Low Income affordable housing across the entire site).

Table A: Undeveloped Projects/Land Zoned 30 du/acre
On Sites Controlled by Court Ordered Settlement Agreement

Affordable @ % AMI [1]	0-49%	50%	51-79%	80%	81-120%	TOTAL
Zoned and Entitled BRE Hacienda (Sites 1 and 2)	0	75	0	0	423	498
Zoned, BMR units secured Roche Hacienda (Site 3)	0	56	0	0	316	372
Total BMR Units secured for the 1999 - 2006 Planning Period	**0**	**131**	**0**	**0**	**739**	**870**
% BMR units required per Settlement Agreement [2]	**0**	**15%**	**0%**	**0%**	**85%**	**100%**

1 Note that application of Pleasanton's IZO to market rate apartment developments effectively excludes, by agreement with the City, provision of units affordable to households with income 49% and below or between 51 and 79%.

2 Housing development on Hacienda Sites 1, 2, and 3 controlled by terms of the July 20, 2011 Settlement Agreement for a lawsuit, *Urban Habitat v City of Pleasanton*. Under the binding terms of the Agreement, the Very Low Income units approved for these sites were credited against Pleasanton's unfulfilled RHNA requirements for the 1999-2006 planning period.

 Attachment 13, page 3

Tables B, C, ad D (below) contain the corrected information for Very Low and Low Income housing found in the staff report.

Table B:
Vacant or Underutilized Land Without Entitlements

Sites	Units credited to RHNA@ 30/acre
BART[1]	249
Sheraton[1]	99
Stoneridge Mall[2]	88
Kaiser[1]	183
CM Capital[3]	200
TOTAL	**819**

1 Sites retained original zoning and/or use in addition to High Density Residential. It is important to note that property owners have not approached the City with any development application on these sites. In spite of receiving 30 unit/acre zoning, many may not wish to develop as residential for quite some time, if ever. Nor do we have any information that has the City has discussed or approached these property owners with any suggestions for nonprofit development opportunities.

2 A recent plan for Mall expansion reduced HDR development potential from on their site from 400 units to 88 units.

3 As mentioned in the Staff report, in response to resident concerns regarding HDR development on the adjacent site, the Council was asked to consider reversing the zoning on this property to Commercial/Office zoning.

Table C: Projects Zoned 30 du/acre In Process as of 3-4-2014
Actively Seeking Entitlement to Develop, 2014-2022

Affordable @ % AMI	0-50%	51-79%	80%	81-120%	TOTAL
Sites in Process					
Summerhill*	6 (@50% only)	0	12	159	177
Kottinger Redevelopment (Senior Housing, 100% VLI)	95 (@0-50%)	0	0	0	95
Total BMR Units (anticipated)	**101**	**0**	**12**	**159**	**272**
% BMR workforce units	**3%**	**0%**	**7%**	**90%**	**100%**
% BMR senior units	**100%**	**0%**	**0%**	**0%**	**100%**

* Per recommendation of the Housing Commission. The March 4 SR appears to have reduced the number of Very Low and Low Income units from 18 to 13.

Attachment 13

Table D: 2007-2014 Planning Period

Entitled Residential Projects Zoned 30 du/acre

Without Building Permits Or Not Occupied As Of 12-31-2013

Affordable @ % AMI	0-49%	50%	51-79	80%	81-120%	TOTAL
Entitled Sites*						
Auf der Maur	0	10 (3%)	0	17 (5%)	318 (92%)	345
CA Center	0	8 (3%)	0	15 (5%)	282 (92%)	305
Pleasanton Gateway	0	16 (8%)	0	16 (8%)	178 (82%)	210
St. Anton Hacienda	0	18 (14%)	0	18 (14%)	132 (64%)	168
Total Entitled Units	**0**	**52**	**0**	**66**	**910**	**1,028**
% BMR units achieved	**0**	**5%**	**0**	**6%**	**89%**	**100%**

* It seems questionable that any site that has pulled a building permit prior to the approval of the HE Update should be allowed to be counted toward the 2014-2022 RHNA.

Ironically, Pleasanton could have generated an actual surplus capacity by including nonprofit housing on a portion of the sites zoned for RHNA 2007-2013. Nonprofit participation would have produced many more units and much deeper affordability than the City's total reliance on market rate developers and and the legally deficient IZO which the Council voted to retain. Instead, while adhering to reporting and outreach requirements of the HE, the Council has consistently enacted decisions to make nonprofit development even more difficult. (See Attachment 3)

Furthermore, of the sites listed in Table B, and the Roche site in Table A, none have indicated an interest in bringing forward any development proposal, either affordable or market rate, consistent with their residential zoning. In fact, Stoneridge Mall chose to reduce their residential potential in favor of expanded retail space. Therefore, HCD may wish to have Pleasanton contact these property owners to verify their interest and timeline for development.

Some consequences of allowing Pleasanton to declare a site surplus.

As evidenced by their performance, the City has yet to adopt effective programs that will increase affordable housing availability in Pleasanton. If HCD concurs that Pleasanton has a surplus of sites for affordable housing, the Council may feel disinclined to change practices which have "worked so well." In addition, the finding of a surplus allows the City Council to take a number of actions which will further limit Pleasanton's supply of affordable housing.

1. The City will proceed with replacing approved transit oriented housing adjacent to BART, which includes 70 Very Low Income units, in favor of permitting a new office complex designed to accommodate 4,000 additional employees. (See Attachment 4) If HCD accepts Pleasanton's claims of surplus capacity, the City will not have to zone replacement acreage to ensure no net loss of housing capacity. Furthermore, given the recent settlement with the Building Industry Association regarding implementation of Plan Bay Area, this could prove an even more significant site loss for Pleasanton should job-rich suburban communities be required to make a greater contribution to providing workforce housing in the near future.

2. Pleasanton will proceed with planning development in East Pleasanton, re-configuring the plan to eliminate the politically troublesome 30 unit/acre areas of the plan (See Attachment 5). The huge amount of office, commercial, and industrial development in the 7 plan alternatives proposed for analysis in the DEIR will create a huge additional demand for workforce housing affordable below 80% AMI in the 2014-2022 planning period.

Attachment 13

Even retaining the 305 to 574 HDR units currently included in the EPSP will not mitigate this demand, especially since the EPSP assumes that only 15% of these units would serve lower income households. (See Attachment 6). In addition, the resulting commute patterns created by this added imbalance will significantly increase Pleasanton's responsibility for greenhouse gas emissions.

3. An HCD finding of "surplus capacity" endorses Pleasanton's current practice of entering into Affordable Housing Agreements with market rate developers to provide a very limited amount of affordable units ONLY to households with an income of 80% AMI or 50% AMI. Of the 1,028 units Pleasanton has entitled since HCD approved the last HE update, **the City has not secured a single affordable unit for workforce households earning between 51-79% AMI or below 50% AMI.** We have great concerns about Pleasanton's implementation of RHNA in a way that discriminates against a majority of employees working in Pleasanton*. For example, applying the City's current IZO methodology to the unentitled 819 units claimed as a 100% credit against RHNA 2014-2022 (Table B) yields just 89 units of the least possible affordability (Table E). This low yield will continue, or perhaps decline further, unless Pleasanton is persuaded to implement policies and programs capable of securing nonprofit development on land zoned for affordable workforce housing.

* "...According to the U.S. Census Bureau's 'On the Map', 49.6 percent of all jobs located in the City of Pleasanton in 2010 paid less than $40,000 per year, which equates to the 'very low income' level for the County." *"Non-Residential Development Housing Linkage Fee Nexus Study"*, Economic & Planning Systems, Inc., report prepared for the City of Pleasanton, March 8, 2013

Table E:
Vacant or Underutilized Land Without Entitlements
Zoned 30 du/acre per the 2007-2013 Housing Element
Probable Yield of BMR Units Using Pleasanton's Current IZO Methodology

Affordable @ AMI	0-49%	50%	51-79%	80%	81-120%	TOTAL
BART[1]	0	12	0	15	222	249
Sheraton[1]	0	5	0	6	88	99
Stoneridge Mall[2]	0	4	0	5	79	88
Kaiser[1]	0	9	0	11	163	183
CM Capital[3]	0	10	0	12	178	200
TOTAL Probable BMR	**0**	**40**	**0**	**49**	**730**	**819**
% BMR units	**0%**	**5%**	**0**	**6%**	**89%**	**100%**

[1,2,3] See notes on Table B

CCC has worked diligently to offer our support to staff and Council for implementing Pleasanton's Housing Element in a manner consistent with HCD's goals and standards. Nothing in this letter will come as a surprise to the City. CCC has consistently raised these issues with both Pleasanton and HCD during the last HE update, and regularly with the Pleasanton Council, the Housing and the Planning Commissions whenever RHNA implementation appeared on their

Attachment 13

meeting agendas. While we initially felt optimistic that Pleasanton would develop a plan to ensure nonprofit participation on at least half of the sites zoned to accommodate lower income workforce housing, instead the City moved strategically to block this possibility.

In response to housing advocates concern that proposals to develop land recently zoned for affordable housing contained the smallest percentage of affordable units in Pleasanton's history, City Council held a workshop in April 2013 to hear ideas for new policies that could produce a higher percentage of affordable units through nonprofit development. After presentations from housing advocates and market rate developers, the Council expressed regret over the negative effects of *Palmer* and *Patterson* on affordable housing. The Council then decided not to develop a replacement ordinance. Instead, they directed staff to negotiate with the developers of the market rate projects for the most affordable units they could get. The previous tables reflect the poor outcome of these negotiations.

The City then completed a nexus study to inform a better alignment of the Lower Income Housing Fee (LIHF) with the true cost of providing housing (HE Program 17.1). However, in spite of the study's conclusions showing a need for significant LIHF increases, on October 22, 2013 the Council decided not to raise the fee for fear of discouraging new retail and commercial development (See Attachment 7).

Acting to divest itself of any financial resources, policies, or programs necessary to provide affordable housing clearly shows the City's hostility to the idea that Pleasanton should, as a "jobs center", mitigate its ever growing impacts on the region's workforce housing needs and greenhouse gas emissions.

From the standpoint of Pleasanton's tax revenue, "RHNA fail" 2007-2013 had its rewards. The City zoned land for affordable housing, but entitled it for apartment complexes with 90% luxury units and the most limited affordability possible. Even better, they got a 100% lower income RHNA credit for the units on the unentitled sites of future luxury apartment complexes. Well played Pleasanton! If allowed to start the 2014-2022 season with a 386 unit credit, and under the same rules, the City has plans to entitle up to 3,000,000 square feet of new commercial development. They would have no responsibility (and probably no remaining land) to address the resulting impacts on regional workforce housing need and GHG emissions until 2023.

After witnessing Pleasanton's consistent refusal to take the steps needed to meet RHNA objectives, CCC can only conclude that our advocacy for affordable and nonprofit development in Pleasanton, while morally satisfying, has proved completely ineffective. We could only feel more discouraged if the City's willful lack of progress in providing its fair share of affordable workforce housing from 2007 to 2013 led HCD to support Pleasanton's claim of a site surplus for 2014-2022!

In conclusion, we encourage HCD to review the attached materials and our analysis of Pleasanton's performance before officially concurring that the City has surplus housing capacity. If we have misunderstood any HCD policies, please feel free to provide feedback so that we may comment appropriately on Pleasanton's updated HE after the City submits it to you. We appreciate your guidance.

Very sincerely,

Pat Belding and Becky Dennis
Co-Chairs Citizens for a Caring Community

cc: Brian Dolan, City of Pleasanton
Lisa Bates, Deputy Director, HCD
Glen Campora, Assistant Deputy Director, HCD

Attachments: 7

RECEIVED

NOV 18 2014

CITY OF PLEASANTON
PLANNING DIVISION

Jess Negrete
Department of Housing and Community Development
Division of Housing Policy Development 2020 West El
Camino Avenue, Ste. 100 Sacramento, CA 95833

November 17,2014

Dear Mr. Negrete,

I am writing to you as a concerned citizen, a long term city and county housing authority commissioner and a former member of the housing element task force. After reviewing recent comments made by HCD to several other Bay Area cities, I feel compelled to write to make sure that issues surrounding Pleasanton's Draft Housing Element, as previously outlined in Becky Dennis's letter of October 8, 2014, are given careful consideration by HCD. Given what I have seen by way of comments from HCD to other cities I would appreciate it if HCD would require Pleasanton to address its affordable housing obligations in a similar manner. I believe the City's draft Housing Element is deficient in several respects. Two points in particular deserve scrutiny: (1) Pleasanton has not clearly demonstrated that the policies in the draft Housing Element will in the least way support the affordable housing objectives required by the State, and (2) Pleasanton's inventory of sites is insufficient to address the needs allocated under the RHNA.

As has been addressed by others, the draft Housing Element is deficient in several areas. Sadly this has become evident in the disturbing trends seen in Pleasanton since the last approved Housing Element. These trends have significantly undermined good opportunities to produce affordable workforce housing and if they continue they will exacerbate the need for affordable housing during the upcoming planning period. Please consider that:

> Pleasanton recently elected to take a transit-oriented site that had previously been designated for and approved for a deeply affordable housing project (Windstar) and permitted the development of a significant office project that will help create the demand for the type of housing that was eliminated.
>
> In April of this year, Pleasanton embarked on an Economic Development Zone Program designed to proactively rezone approximately 35 acres of current industrial-type properties for other uses, predominately retail which provides valuable sales tax revenue to the city But, it is an established fact that retail creates a large percentage of lower income wage earners who need affordable housing. (For example, Costco has long been rumored to be interested in a store at this location).
>
> Pleasanton has actively pursued retail users at other locations including the Staples Ranch development area for CarMax and a 120,00 sq.ft , retail center all creating the same demand for affordable housing.

Pleasanton has been actively supporting the expansion of the Stoneridge Regional Shopping Mall to provide more shopping and entertainment opportunities. This is likely to be at the expense of the site identified as being desirable for affordable housing.

Pleasanton's proposed inventory of sites for affordable housing is full of locations with little or no likelihood of being developed in the next planning period; three (the Sheraton, Kaiser and Stoneridge Mall), in particular have existing improvements that show no sign of being changed or are actively being planned for non-residential uses.

Pleasanton recently negotiated an agreement with a residential developer to either build affordable units or pay a $4.5M fee. The city chose to accept the fee - which had been negotiated as part of the discussion around unit affordability - and placed the majority of the fee in the General Fund not the Housing Fund so that it could be used for purposes other than creating housing affordability.

In response to neighborhood pressure, Pleasanton signaled a willingness to downzone one of the sites in its inventory of affordable housing sites (CM Capital) reducing the density from 30 units per acre to 12.5 units per acre. In doing so the city effectively eliminated the site as an opportunity for affordable housing within a highly desirable business park location.

Given the above, it is all the more important that the Pleasanton Housing Element specifically detail how Its policies and inventory will be able to support the RHNA stipulated production of affordable housing during the upcoming planning period. I believe that this cannot be done with the proposed draft element and the city's willingness to change the use and density of proposed developments.

While I have expressed my deep concerns about the proposed draft it is important that you know that over many years the city has built three outstanding nonprofit affordable housing developments, one for families, one senior and an assisted living with a low income component - all built on city owned land. Currently the City is in the process of redeveloping two adjacent HUD senior projects with a nonprofit developer and has committed $10M from the City Low Income Housing Fund. As a result of this commitment the housing fund is sorely depleted.

There is no more city owned land to help defray the very land costs in the City. While the City had approved several for-profit multifamily developments with varying levels of support for lower income families the city has turned away from actively seeking nonprofit developers to build the badly needed family housing for the rapidly expanding workforce in the city.

As the City seeks and has sought to compete successfully for tax credit financing etc, the contributions of land and money from the housing fund and been and will continue to be a critical element to our success. As a member the task force working on the redevelopment of the senior housing I greatly appreciated the city's financial commitment from the housing fund.

But, the recent diversion of funds that could have been used to help write down the soaring land costs is distressing as is the City's apparent reluctance to again seek out nonprofit developers to provide badly needed family workforce housing complete with services.

As a Housing Authority of Alameda County commissioner for over 20 years I have watched as HUD has cut programs and reduced the availability of Section 8 Vouchers year by year. As rents continue to climb even those with a voucher are unable to locate housing and over the past 6 years participation in the City has declined as those opportunities have disappeared. Sadly, many of the residents of Pleasanton do not appreciate that our thriving business parks and regional shopping center have been a financial blessing affording us with many benefits but they are also sustained by many low paying jobs. As federal and state funds have diminished cities do face a challenge but I consider them opportunities and Pleasanton should not be allowed to squander them

I look forward to reading your response to the city's submittal.

Sincerely,

Christine T. Steiner

Christine T. Steiner
596 Hamilton Way Pleasanton, CA 94566
cc. Jennifer Wallis, City of Pleasanton Paul Mcdougall HCD

THE CITY OF PLEASANTON.

CITY COUNCIL AGENDA REPORT

October 15, 2013
Assistant City Manager

TITLE: DETERMINATION OF GROWTH MANAGEMENT PROGRAM ANNUAL UNIT ALLOCATION

SUMMARY

In October 2012, the City Council amended the City's Growth Management Ordinance (GMO) (PMC 17.36) implementing changes consistent with the City's Housing Element, state regulations and recommendations made by the City Council subcommittee comprised of then councilmembers Thorne and McGovern. The adopted ordinance includes a number of timelines and anticipated actions that are scheduled to occur after the Association of Bay Area of Governments (ABAG's) adoption of the Regional Needs Allocation Plan which sets forth the Regional Housing Needs Allocation (RHNA) housing numbers assigned to the City for the years beginning in January 1, 2014 and ending in October 31, 2022. One of the timelines stipulates that the City Manager provide the City Council with a report indicating 1) the new RHNA and 2) the annual growth management unit allocation number based on the RHNA that will to take effect on July 1, 2014. This report is intended to meet that requirement.

RECOMMENDATION

Approve the following actions related to the Growth Management Ordinance:

1. That the annual GMO unit allocation commencing July 1, 2014 through June 30, 2022 shall be 235 units subject to revision as determined with adoption of the revised Housing Element.

2. A decision regarding adoption of a process for allocating growth management approvals in the event the number of growth management applications exceed the number of annual growth management unit allocations available will be determined after January 31, 2015

FINANCIAL STATEMENT

There is no financial impact as a result of this action.

BACKGROUND

The City utilizes a comprehensive development review process, consistent with its General Plan that incorporates considerable community and commission review to assure that proposed development meets community and City Council expectations. Since 1978, one step of the process includes application of the Growth Management Ordinance that provides the guidelines for pacing the rate of construction for approved residential developments. This pacing is accomplished by establishing the number of residential building permits available in any given year. The number of available residential building permits available is referred to as the annual unit allocation. The GMO was last amended in October 2012 to include, in part, the following:

1. Requires the City Manager to provide a report indicating the annual unit allocation based on the ordinance's requirement that it be determined by dividing the number of RHNA housing units assigned to Pleasanton divided by the years in the current RHNA cycle. Prior to this amendment, the GMO allowed building permits for up to 350 residential units annually except when necessary to meet the City's RHNA numbers.

2. Removes reference to three categories/ suballocations including affordable housing, major project and first-come, first served. As a result, all growth management allocations are on a "first come" basis with the provision that the Council can "borrow" from future years to meet growth management needs as it determines appropriate.

3. Permits the trading and transfers of growth management allocations to reflect changes in project construction scheduling and the number of applications received. Approvals are at the discretion of the City Council and may not result in the total number of unit allocations exceeding the number of units assigned to the City for a specific RHNA cycle.

DISCUSSION

Regarding number 1 above, the GMO (Section 17.36.060) establishes that effective July 1, 2014, the annual growth management unit allocation shall be equal to the number of units required to meet the City's RHNA for the fifth cycle which runs from January 1, 2014 to October 31, 2022. Listed below are the approved RHNA numbers for the fifth RHNA cycle commencing January 1, 2014.

PLEASANTON'S REGIONAL HOUSING NEEDS ALLOCATION FOR THE 5th CYCLE

RHNA Cycle	Very Low (50% AMI)	Low (80% AMI)	Moderate (120% AMI)	Above Moderate	Total
RHNA for Fifth Cycle	716	391	407	553	2,067

Based on the above, in accordance with the GMO, <u>the annual GMO unit allocation commencing July 1, 2014 will be 235 units</u> (2,067 total RHNA units / 8.8 years in the fifth cycle = 235 units). While the current RHNA will run until October 31, 2022, for implementation/administration purposes, staff is recommending this annual allocation number remain in effect until June, 30, 2022 at which time the new RHNA numbers should be available for the sixth RHNA cycle.

Section 17.36.050 of the GMO outlines the contents of a staff generated growth management report which may be prepared "periodically" as determined by the City Council to outline the City's progress toward meeting general plan goals and policies, to provide a summary of building permit activity, and to provide an analysis of the city infrastructure's capability of meeting anticipated new residential development.

As the City Council recalls, as part of the upcoming RHNA, the City is required by January 31, 2015, to update its Housing Element which will involve a thorough review of housing matters including rezoning, development impacts, and affordable housing programs. Further, this process will involve an environmental review process which will look at infrastructure matters that may impact residential growth. As a result, staff perspective is that the Housing Element process will provide information regarding housing impacts to a level that will most likely exceed what would be provided in a growth management report and therefore, it will be completed in lieu of a growth management report. Additionally, staff recommends that any decision made regarding an adjustment to the 235 annual unit allocation number be done after completion of the Housing Element in January 2015.

Regarding number 3 above, when the Council reviewed recommended amendments to the GMO in October 2012, specifically those related to removing the then existing subcategories of growth management allocation, it did so with the understanding that there would be a future review of the GMO to identify a mechanism for allocating growth management approvals in the event that the number of applications for growth management exceeded the number of available unit allocations. While the actual methodology for this was not discussed specifically by the Council, the Subcommittee explored a number of concepts including a point system that takes into account infrastructure improvements, development design quality, amenities, impacts, green building, etc. that would be considered by the City Council as part of its decision making process. However, there are various options available, including retaining the current system of working with developers to adjust allocations to be consistent with their construction schedules and City Council expectations. Notwithstanding the potential need for this type of allocation process, there is benefit of completing the Housing Element update process prior to discussing the growth management process as it will provide important information that may play a part in determining an appropriate new allocation process, if any. As such, staff is recommending the allocation process discussion occur after adoption of the Housing Element update.

Submitted by:		Approved by:
Steven Bocian Assistant City Manager	Brian Dolan Director of Community Development	Nelson Fialho City Manager

Attachments:

1. City Growth Management Ordinance
2. Bay Area RHNA

Program 6.3: Conduct a review of the Second Unit Ordinance, including a survey of similar requirements in other Bay Area cities. Using this review, consider allowing second units without an Administrative Design Review process in new single-family developments, subject to performance standards, ~~and~~ consider reducing the existing Second Unit Ordinance requirements, such as the parking and height limit requirements, to encourage the development of second units, ~~and~~ consider other measures to promote the creation of second units, and adopt necessary changes as appropriate.~~.~~

Responsible Agency: Planning Division, Planning Commission, City Council
Time Period: May 2016
Quantified Objective: 5 percent of new single family homes include a second unit.
Funding Source: Planning Division Budget

Housing Tenure

Goal 3: Endeavor to provide and retain a sufficient number of rental housing units to serve Pleasanton residents who choose to rent or who cannot afford ownership housing.

Policy 7: Encourage at least 50 percent of multiple-family housing units to be rental apartments.

Program 7.1: Monitor new multiple-family residential development proposals with respect to housing tenure to ensure that sufficient numbers of rental units are provided to meet the above policy.

Responsible Agency: Housing Division
Time Period: As multiple-family residential development proposals are received.
Funding Source: Housing Division Budget

Policy 8: Minimize displacement of tenants in rental apartments and mobile homes and encourage ownership of lower-cost residential units by prior renters through the regulation of condominium conversions.

Program 30.2: Review and amend ~~if necessary~~ the Growth Management Program to reflect current housing and infrastructure conditions and current housing needs, and to ensure that the Growth Management Ordinance does not include constraints ~~that would prevent~~including preventing the City from meeting its share of the regional housing need for all income levels during the Housing Element planning period. Potential revisions include establishing a regional housing need allocation exemption for all lower income housing, incorporating all lower income regional housing need allocation requirements into the growth management allocation, and mandating the ability to "borrow" allocation units for lower income housing from future years to accommodate all levels of regional housing need allocation through the developer's development agreement, growth management agreement or other legislative act.

Responsible Agency: City Council
Time Period: January 2016 for review and amendments ~~if necessary~~ and continue annual review. The City shall notify HCD of implementation, utilizing the annual General Plan progress report required by Government Code Section 65400.
Funding Source: Planning Division Budget

Existing Housing Condition

Goal 13: Encourage the preservation and rehabilitation of the existing housing stock.

Policy 31: Provide incentives to encourage the maintenance of affordability in existing housing that is rehabilitated.

Policy 32: Encourage and support the formation of a Valley Housing Authority to administer the Section 8 Program for the entire Tri-Valley area and also to maintain the public housing units in each city.

Policy 33: Encourage the maintenance of safe, sound, and well-kept housing city-wide.

Policy 34: Encourage the preservation of historically and architecturally significant residential structures citywide including in the Downtown area, pursuant to the General Plan and the Downtown Specific Plan.

- Opposition to additional zoning for higher-density residential uses;
- Ensuring the Housing Element, including the wording of goals, policies, and programs, reflects community values and maintains community character;
- The desire for new development to pay for infrastructure, schools, and traffic mitigation;
- The ability of the City's limited water supply to accommodate new growth;
- Concerns about existing overcrowded schools and the ability of the City's school infrastructure to accommodate new growth;
- Support for incentivizing affordable housing, including the construction of second units, and clarifying the requirements/fees for the construction of such housing;
- The importance of workforce housing and the need to encourage partnerships with nonprofit developers to build such housing.

Public Comments Received during HCD Review Period

During the HCD public review period, staff received two comment letters: one dated October 8, 2014 from Becky Dennis, on behalf of Citizens for a Caring Community (CCC) and one dated November 17, 2014 from Christine T. Steiner. CCC's comments focused on the City's Inclusionary Zoning Ordinance (IZO), the City's Housing In-Lieu fees, the availability of underutilized sites, available incentives for nonprofit development, and future land acquisition within the City. Ms. Steiner's comments focused on the likelihood thatHousing Element policies wil result in the construction of new affordable housing, and the sufficiency of the Housing Sites Inventory.

CCC has concerns with the City's current use of the IZO to expand the City's supply of affordable units in light of recent court cases. Staff has acknowledged that changes to the IZO are needed and has incorporated Program 17.1, which states:

> Program 17.1: Review the City's Inclusionary Zoning Ordinance and amend:
>
> - for consistency with the Housing Element and other City affordable housing programs;
> - to identify incentives for non-profit housing developers and other housing developers to construct projects including three bedroom units for large households;
> - to determine if it is appropriate to increase the percentage of affordability to support housing affordable to low- and very low-income households;
> - to be consistent with recent court decisions regarding rental housing and State law;
>
> Responsible Agency: Housing Division, Housing Commission, City Council
> Time Period: January 2016, then annually.
> Funding Source: Housing Division Budget

Staff feels that the IZO has been successful in increasing the City's supply of affordable units in the past. With the incorporation of Program 17.1 as well as Program 17.2, which require annual monitoring of the

IZO, the IZO will continue to be a successful tool for providing future affordable units. The current IZO also has the flexibility to allow for developers to pay an in-lieu fee into the Low-income Housing Fund. The current lower income housing fee was reviewed by the City Council in 2013, which determined that based on economic conditions, no changes to the fee should be made at that time.

Both CCC and Ms. Steiner raised concerns regarding the availability of underutilized and other sites within the Housing Sites Inventory. All high density sites within the Site Inventory were reviewed and analyzed in 2012 and were evaluated based on the criteria developed by the Housing Element Update Task Force, with guidance and feedback from the community at community workshops, housing experts, and decision-makers. Staff has reviewed the previous analysis and has concluded that all of the City's high density sites (including the vacant and underutilized sites) continue to maintain the development potential as addressed and shown in Section III (B) of the Background report. The City believes that, taking into account site constraints, these sites could reasonably be developed with housing to meet its Regional Housing Needs Allocation (RHNA) requirements. Although the City continues to pursue a balanced approach to economic development, including the attraction and retention of new retail uses, it remains committed to facilitating the development of affordable housing, including workforce housing. While the City acknowledges that some of the high density sites may not be imminently planned for housing development, the Site Inventory fulfills the obligation to identify land that can reasonably be developed with housing in the near term.

CCC and Ms. Steiner also expressed concerns about the efficacy of the City's housing incentives and policies, including those for nonprofit developers. The City has reviewed and analyzed all of the programs and incentives within Appendix A, Review and Assessment of 2007 Housing Element, in the context of issued entitlements for housing projects. This analysis indicates that the City has been successful in using programs and incentives to develop market-rate housing projects with substantial affordable components, particularly at the high density sites. The City has processed entitlements of five large-scale apartment and mixed-use developments totaling 1,302 units (and one of these five entitled projects has begun construction). Many of these projects have utilized City incentives such as reduced fees in exchange for the provision of affordable units.

Furthermore, since the adoption of the previous Housing Element in 2012, the City has approved 279 affordable residential units. The City has also contributed additional funds to the City's Low Income Housing Fund which will help develop future low income housing.

The City believes that the currently proposed housing programs, many of which are carried over from the previous Housing Element, are effective at increasing the City's supply of affordable housing, and will continue to implement these programs to facilitate the development of housing for all income levels. The City also believes that, in the long-term, these programs will help nonprofit developers successfully build affordable housing because they address the basic economic impediments to housing construction that are faced by both for-profit and nonprofit developers.

Lastly, CCC has recommended that the City focus future land acquisition plans throughout the City rather than focusing on the East Pleasanton Specific Plan (EPSP) area to achieve RHNA requirements. The City has not included any properties within the EPSP as part of the current Site Inventory and is not dependent on any of the sites in the EPSP area to meet RHNA goals. The City believes that CCC's concerns are addressed through Program 40.1, which indicates that the City should acquire and/or assist in the development of one or more sites for housing affordable to low- and very low-income households. This program would apply to all properties throughout the City and not just the EPSP.

household earns less than $46,750 per year, while a low-income four-person household earns less than $67,600 per year.

Table 15 shows the distribution of extremely low-income households by tenure~~,~~ and overpayment for housing~~, and overcrowding~~ in Pleasanton according to the 2006–2010 CHAS database (based on ACS data). As shown, approximately 8,632 ~~8,617~~ households (36% of occupied housing units) in the City of Pleasanton experienced household cost burden, paying 30 percent or more of income for housing. Nearly 40 percent of households paying 30 percent or more for housing consisted of extremely low-, very low- and low-income households (3, 400~~385~~ households). Of the City's total occupied housing units, 3,929 owner-occupied units experienced 30 percent to 50 percent cost burden for housing (17% of total occupied housing units), while approximately 2, 284~~279~~ renter-occupied units experienced 30 percent to 50 percent cost burden (10% of total occupied housing units). ~~Although ABAG data does not analyze cost burden for extremely low-income households, approximately 1,485 very low-income households experienced greater than 50 percent cost burden for housing (680 owner-occupied units, and 805 renter-occupied units). Very~~ Extremeley low-income households paying greater than 50 percent of their income for housing constituted ~~6~~ 4 percent of the City's total occupied housing units.

Table 15: Households Overpaying for Housing

Household Income Category	30% to 50% Cost Burden		50%+ Cost Burden		30%+ Cost Burden (Total Overpaying)	
	Units	Percentage of Occupied Units	Units	Percentage of Occupied Units	Units	Percentage of Occupied Units
Total Owner Occupied	**3,929**	**17%**	**2,~~279~~284**	**10%**	**6,~~208~~213**	**26%**
Extremeley Low Income (≤30% of AMI)	40	**0%**	320	**2%**	405	**2%**
Very Low Income (~~≤~~30%–50% of AMI)	~~160~~120	**1%**	~~680~~320	**1~~3~~%**	~~840~~440	**~~4~~2%**
Income (50–80%)	235	**1%**	425	**2%**	660	**3%**
Moderate (80–120%)	444	**2%**	580	**2%**	1024	**4%**
Above Moderate (120%+)	3,090	**13%**	594	**3%**	3684	**16%**
Total Renter Occupied	**1,369~~364~~**	**6%**	**1,~~045~~050**	**4%**	**~~2409~~2,419**	**10%**
Extremeley Low Income (≤30% of AMI)	75	**0%**	495	**2%**	570	**2%**
Very Low Income (30%~~≤~~–50% of AMI)	~~320~~250	**1%**	~~805~~315	**1~~3~~%**	~~1125~~565	**2~~5~~%**
Low Income (50– 80%)	520	**2%**	240	**1%**	760	**3%**
Moderate (80–120%)	450	**2%**	0	**0%**	450	**2%**
Above Moderate (120%+)	74	**0%**	0	**0%**	74	**0%**
Total Overpaying Occupied Units	**5,298~~293~~**	**22%**	**3,324**	**14%**	**8,~~617~~632**	**36%**
Total Occupied Units			**23,~~715~~720**			

Source: CHAS, based on 2006-2010 ACS 5-year estimates (ABAG Housing Element Data Profiles)

~~Note: ABAG Data Profiles for Housing Elements does not include extremely low income as a category for this topic.~~

- Residential projects with development entitlements with building occupancy to be issued post December 31, 2013, within the 2014-2022 RHNA planning period~~.~~

- Vacant or underutilized land designated for residential development with no entitlements, including four of the original nine sites identified to accommodate the 2007–2014 RHNA needs.

Table 29 summarizes the residential unit potential from the above methods and provides a comparison with Pleasanton's 2014-2022 RHNA. The City is able to exceed RHNA needs for the 2014-2022 planning period with all permits finalized and units approved during the 2014-2022 planning period, as well as vacant or underutilized land already designated for residential development. The City's land inventory identifies a capacity for 1,176 new units, including a capacity for 279 deed-restricted units for low and very low income categories.

Table 29: City's Housing Need and Capacity to Meet 2014-2022 RHNA

	Total	Extremely Low, Very Low, and Low Income	Moderate Income	Above Moderate Income
2014-2022 RHNA	2,067	1,107	407	553
Permitted and Approved Projects	1,980	279	1,527	174
Vacant and underutilized land	1,263	991	-	272
Total Capacity	3,243	1,270	1,527	446
Capacity Over and Above Housing Need	1,176	163	1,120	(-107)

Sites from the City's land inventory are shown in **Figure 7** and **Figure 8.** These sites provide capacity to meet the 2014-2022 RHNA. Approved residential projects with development entitlements issued post 2013 are shown in **Figure 7**, while **Figure 8** illustrates the location of vacant and underutilized land. **Appendix B** includes a detailed summary of these sites. Sites identified for rezones in programs from the previous Housing Element have been rezoned to allow residential development and are included in this land inventory. The land inventory is also described in greater detail in the following section.

were rezoned for high-density-residential use to accommodate RHNA as described in the "Meeting Projected Housing Needs" section below. In the 2007 Wastewater Master Plan, these sites were anticipated to be developed for office-commercial use, with a correspondingly lower wastewater flow than now anticipated (with high-density-residential use). The rezoned sites located east of Hopyard Road and north of Stanley Boulevard (BART, Nearon, California Center, and CM Capital Properties) require the construction of a new sewer pump station and pipelines. The pump station and appurtenant pipelines are not needed immediately, but will likely be necessary after the first major high-density-residential development in this area is occupied. The pump station is currently in the preliminary design phase, and anticipated to be operational by late 2015. Several other sites (Sheraton, Stoneridge Shopping Center, Kaiser, Auf der Maur/Rickenbach) will require new sewer pipelines as well as limited upsizing of some existing pipelines to accommodate new residential growth. The sewer pump station project is estimated to cost over $3 million dollars. The local sewer pipe upgrades are anticipated to cost between a few hundred thousand to several hundred thousand dollars. Replacement and improvement funds in the City's CIP are funding the first phases of the pump station project, and the City's CIP and/or new development, will fund the later phases. The cost to fund the new sewer facilities will be funded on a pro rata basis between existing users and future development.

Dublin-San Ramon Services District (DSRSD) provides Pleasanton's sewage treatment services. Under a contract with DSRSD, Pleasanton has treatment capacity entitlement to 8.5 million gallons daily (mgd) of average dry weather flow (ADWF). DSRSD owns the treatment plant's remaining treatment capacity of 8.5 mgd (for a total treatment capacity of 17 mgd).

As part of the 2007 Wastewater Master Plan, the City of Pleasanton performed a sewer flow monitoring capacity study. Results showed that in 2004 the ADWF from Pleasanton to DSRSD's regional sewage treatment plant was approximately 5.47 mgd. With the future growth projected in the 2009 General Plan, Pleasanton's flow is anticipated to increase to approximately 7.7 mgd. At the time the 2009 General Plan was adopted, Pleasanton's capacity entitlement at the treatment plant was deemed sufficient to accommodate growth; however, total flows at the treatment plant were expected to reach 17 mgd around 2015 due to growth in both Pleasanton's and DSRSD's sewer service area, and as a result, an expansion of the treatment plant was deemed warranted. DSRSD has not designed this expansion; but, it is anticipated that the final expansion will accommodate a total of 20.7 mgd. After the expansion is complete, Pleasanton's capacity entitlement at the plant will increase to 10.3 mgd. Pleasanton's existing and future capacity entitlements are anticipated to adequately accommodate increased flows as a result of the high-density-residential rezonings during the 2007–2014 Housing Element planning period. The total cost of the plant expansion is anticipated to be approximately $18 million dollars (in 2007 dollars). DSRSD's fees for new sewage connections are anticipated to increase in the future to pay for this expansion.

Disposal of treated effluent from DSRSD's plant to the San Francisco Bay is provided by means of disposal lines managed by LAVWMA (Livermore Amador Valley Water Management Agency), a Joint Powers Authority (JPA) between the City of Pleasanton, the City of Livermore, and DSRSD. LAVWMA's disposal capacity is 41.2 mgd peak wet weather flow (PWWF), of which Pleasanton has capacity entitlement to 14.4 mgd. The cost of the upgrade has not been estimated, but it is anticipated that it could be extremely expensive.

After the adoption of the 2007–2014 Housing Element, the City updated its 2007 Wastewater Master Plan to assess the full extent of the needed upgrades/expansions to accommodate (to the extent possible) future RHNA cycles. The 2014-2022 Housing Element does not require the City to rezone any additional residential sites beyond what was already plan for in the 2007-2014 Housing Element and therefore~~With no additional housing sites required for the 2014-2022 planning period,~~ the 2007 Wasterwater Master Plan will continue to cover all housing capacity in~~the~~ this RHNA period. This assessment is consistent with programs 15.5 and 15.6 of the 2015–2023 Housing Element which state:

Program 15.5: Assess the level of effort to overcome infrastructure constraints to housing affordable to low- and very-low-income households on a periodic basis.

Responsible Agency: Housing Division

Time Period: As Needed or in Conjunction with the Housing Element Update

Funding Source: Housing Division Budget

Program 15.6: Assess future sewer infrastructure needs, including sewer infrastructure upgrades and facilities to accommodate future RHNA cycles in the region.

Responsible Agency: Operation Services Department, Housing Division, City Council

Time Period: 2014-2015

Funding Source: Sewer Enterprise Fund

The City also reviewed infrastructure conditions and the Growth Management Program between 2011 and 2014. In 2012 and 2013 the City revised the Growth Management Program, as directed by Program 9.1 and 29.2 of the 2007–2014 Housing Element. These recent revisions ensure that the program does not prevent the City from meeting its share of the regional housing need.

To reduce the use of potable water and impacts to sewer facilities, the JPA members of LAVWMA have agreed to use recycled wastewater for landscaping irrigation when feasible, and Program 6.1 of Pleasanton's General Plan Water Element states:

Program 6.1: Utilize wastewater reuse/reclamation methods to the fullest extent financially and environmentally feasible.

Water Supply and Infrastructure

Water supply is an issue at the forefront of long-term planning efforts in the City. The City of Pleasanton's water is supplied by Zone 7. Based on the 2010 Urban Water Management Plan, Zone 7 has sufficient water to accommodate planned growth through 2030, as accounted for in the General Plans of its member agencies. The existing Urban Water Management Plan thus is designed to provide an adequate water supply to the City during the 2014-2022 RHNA planning period. –Zone 7 has concluded that a combination of water conservation and the development of new supplies and storage facilities will allow the agency to supply water to all planned growth within its service area, including housing-related growth in Pleasanton, even during multiple dry years (as is currently the case). The Urban Water Management Plan will be updated in 2015, and is expected to include a similar approach to accommodating growth as the 2010 plan, even in the midst of a severe drought.

However, continued drought conditions will require the City to adopt new methods to stretch its limited supply of water. In May 2014, the City declared a Local Drought Emergency and instituted a Stage 3 drought declaration intended to reduce water consumption by 25%. Between March and June 2014, the City Council approved amendments to Chapter 9.30 (Water Conservation Plan) of the Pleasanton Municipal Code, outlining further water reduction measures, including restrictions on outdoor irrigation and decorative water features to be implemented during droughts. In addition, after approval of the Recycled Water Feasibility Study in November 2013, the City is moving forward with implementation of a recycled water program. This recycled water program will reduce the demand for potable water within

Feasibility of Identified Mixed Use Development Sites

The availability of developable sites does not assure development; market conditions will in most cases dictate when any particular development will commence. An issue specific to the availability of mixed use sites for housing purposes is the question "what is it," i.e., precisely what mix of uses is likely to occur. Many mixed use zoning districts are permissive in this regard, as is the case in the City of Pleasanton. A mixed use site could be all retail mixed with office or housing or any combination of these uses consistent with other aspects of the zoning district.

While this opportunity leads to some uncertainty regarding housing production on these sites, from a market feasibility standpoint, and in practice, housing is increasingly part of mixed use development in California suburban settings such as Pleasanton. The reason is that housing has tended to generate considerably higher value per square foot of developed building than office or retail uses. Given the relatively high cost of land and construction of mixed use buildings, the housing component is often essential to achieve a financially feasible development. Even when not absolutely necessary, rent-seeking investors will tend to maximize value and a housing component can help achieve this objective.

Experience with financial analysis of mixed use buildings has repeatedly demonstrated this point. A simple reference to the marketplace also underscores this point – a common prototypical vertical mixed use building, with hundreds of examples having been built recently in California, involves a retail/office ground-floor "podium" with two or more floors of residential flats located above. Alternative "side-by-side" projects also exist. Of course there will always be circumstances that lead site owners to variations in the mixed use prototype including single-use buildings and those involving no residential development, changing market dynamics, cost/risk factors, and business objectives. Prior to the adoption of the 2015-2023 Housing Element, the Pleasanton City Council rezoned nine sites (BART, Sheraton, Stoneridge Shopping Center, Kaiser, Pleasanton Gateway, Auf der Maur/Rickenbach, Nearon, CarrAmerica, and CM Capital Properties) to accommodate the City's RHNA allocation, Of these nine sites, five (BART, Sheraton, Stoneridge Shopping Center, Kaiser, and Carr America) allow for mixed use development. In large part, these sites were selected for mixed use because of their potential for housing development in the context of prior infill planning and City policies. Accordingly it is very likely that these mixed use rezonings will incorporate a high density housing component,

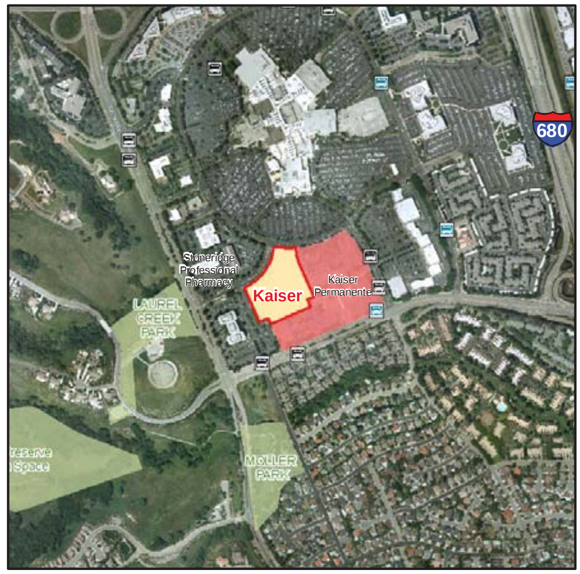
Meeting Projected Housing Needs

Prior to the adoption of the 2015-2023 Housing Element, the City completed the rezoning and General Plan Amendments necessary to accommodate the City's RHNA. The City has experienced tremendous development interest for these sites, as evidenced by entitlements on five sites for large-scale apartment and mixed-use developments, which are described in more detail in **Appendix B**~~)~~. Table 30 summarizes all high density residential sites within the City that maintain density to accommodate development of~~r~~ 30 units/acre or greater. The pages immediately following the summary table include background information and development considerations for the five sites that remain vacant or underutilized. The five sites listed can accommodate a minimum capacity of approximately 991 units. The environmental impacts that could result from development of these sites at the identified densities were analyzed in the certified Supplemental Environmental Impact Report (SEIR) for the previous Housing Element update. The sites and densities were determined by taking into account a variety of factors including: zoning, environmental constraints, Smart Growth principles, feasibility of development and criteria important for California Tax Credit Allocations for affordable housing funding, ensuring that existing infrastructure could accommodate new growth, protecting existing neighborhoods, and enhancing the City's quality of life. These sites are also included in the Housing Sites Inventory (**Appendix B**) and described in further detail below. The following figures are numbered to correspond with their housing site number, as shown in **Appendix B**.

SITE #26

Kaiser

Location: Southeast of Laurel Creek Way



General Plan Designation: Mixed Use

Site Zoning Accommodating High Density Residential Units: PUD-MU (High Density Residential 30+ du/ac—6.1 ac max.)

Estimated Potential Number of Housing Units per General Plan Designation and Zoning: 183+

Acreage for High-Density Residential Development: 6.1 acres

Background Description:

- Vacant site adjacent to an existing medical office complex.
- Within ½ mile of freeway on ramps and BART station.
- Tall, large buildings in area.
- Site is more than 5 acres in size allowing for design flexibility.

Key Considerations for Site Development:

- None

Feasibility for Site Development:

The 6.1 acre Kaiser site is currently vacant and avaible for development.

development. This concept acknowledges that development will occur both under and over the mid-point, while in general averaging towards the mid-point at build-out.

The Medium Density and Low Density Residential General Plan designations are discrete density ranges, and the mid-point, in addition to being used for holding capacity, indicates a density above which project amenities are provided to compensate for the added density of housing built. However, in the High Density Residential designation (8 or more units per acre), there is no upper density limit and there is no amenity requirement. Thus, the mid-point of the High Density Residential density range does not limit project density, nor does it constrain higher density, affordable-housing development.

Growth Management

The City adopted its first growth management ordinance in 1978, designed to regulate the location and rate of new residential growth in a period of sewage treatment constraints and air quality concerns. The following categories of residential units are exempt from the Growth Management ordinance:

- Second units approved in accordance with C~~c~~ity zoning regulations.
- Mobilehomes and/or living quarters located on school sites, public and institutional properties, and commercial/industrial properties used for security purposes or other purposes ancillary to the primary use, the use of which has been approved in accordance with C~~c~~ity zoning regulations, when such residential units do not exceed one dwelling per site.
- A condominium conversion or replacement unit of an existing unit demolished and/or destroyed. (Ord. 2054 § 2, 2012)

In 2010, the City amended its Growth Management ordinance to ensure that it did not prevent the City from approving residential development assigned to the City through the RHNA process. The City completed further revisions to the Growth Management Program in 2012 and 2013 to streamline the growth management process and ensure the RHNA goals are met. These revisions included the elimination of suballocation categories and the addition of a requirement that the City Manager provide a report to the City Council detailing annual unit allocations for each RHNA planning period within 90 days of the RHNA's adoption by ABAG. Based on this report, the City Council would adopt a new unit allocation for that planning period. A Growth Management Report was presented to the City Council on October 15, 2013, determining that the annual unit allocation commencing July 1, 2014~~,~~ through June 30, 2022 would be 235 units, consistent with RHNA allocation requirements.

To streamline the process, allocations are granted on a "first come" basis, with provisions that the City Council can "borrow" from future years to accommodate all levels of the RHNA. The program includes provisions for carrying over growth management allocations to subsequent years, borrowing allocations from succeeding years, and for use of unused allocations in each year. The City Council has the discretion to borrow growth allocations from future years~~-~~ as part of a development agreement, growth management agreement, or other legislative act. This discretionary process would ensure that applications to build affordable housing units would not be rejected simply because the growth management allocations for a particular year have been exhausted. In recent years, the Growth Management Ordinance has had minimal impact on housing production or cost, as the number of issued residential building permits has been, on a yearly basis, lower than the annual Growth Management ordinance unit allocation. The City Council also considered refining the allocation process in the event that growth management applications exceed the number of annual growth management unit allocations available. At that~~e~~ time City Council decided to defer refining the allocation process until the Housing Element update process is complete in order to ensure the allocation process reflects the City's final, adopted strategy for the provision of housing. Program 30.2 would require the City to review and amend, if necessary, the Growth Management Program to reflect current housing and infrastructure conditions and current housing needs, and to ensure that the Growth Management Ordinance does not include constraints that would prevent the City from meeting its share of the regional housing need. Potential revisions include establishing a regional housing need allocation exemption for all lower income housing, incorporating all lower income regional housing need allocation requirements into the growth management allocation, and mandating the ability to "borrow" allocation units for lower income housing from future years to accommodate all levels of regional housing need allocation through the developer's development agreement, growth management agreement or other legislative act. The time frame for completing this review is January 2016.

The impact of growth management on the cost of housing in Pleasanton over the life of the program is not clear. It is acknowledged that growth management may add a layer of processing to development review if the number of development applications requires decisions related to borrowing, reallocation and other growth management approval options. The added time to process a development adds cost to a project. However, the cost to complete a project is not likely to affect the price of homes, as the price of housing is based on what the market is willing to bear, and the added costs are more likely to reduce the profit for the land owner rather than increase the price of a housing unit on the market.

As shown in the graph below, the annual difference in the cost of housing in Pleasanton compared to the cost of housing in Alameda County has varied over the period of time the Growth Management Ordinance has been in effect. The difference in the cost of housing in Pleasanton and the County was greater in 2011 than when growth management was implemented in 1996. The gap widened notably during the boom years around 2005 and again around 2009 when values in Pleasanton did not drop as dramatically as the remainder of the County. It is not possible to say whether growth management was the cause of this difference in housing costs. Scarcity of developable land in the City, high scoring schools, abundant services and recreational opportunities, attractive appearance, easy accessibility to major employment centers, and desirable location have likely been the primary factors driving housing prices in Pleasanton. Ultimately, the cost of housing depends on what people are willing to pay for those attributes relative to the cost in other communities.

STATE OF CALIFORNIA - BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT
2020 W. El Camino Avenue, Suite 500
Sacramento, CA 95833
(916) 263-2911 / FAX (916) 263-7453
www.hcd.ca.gov

HOUSING ELEMENT
EXHIBIT I

November 20, 2014

Mr. Adam Weinstein, Planning Manager
Community Development Department
City of Pleasanton
P.O. Box 520
Pleasanton, CA 94566

Dear Mr. Weinstein:

RE: City of Pleasanton's 5th Cycle (2015-2023) Draft Housing Element

Thank you for submitting the City of Pleasanton's draft housing element update which was received for review on September 23, 2014, along with additional revisions received on October 31, November 13, 14, 15, 17, and 19, 2014. Pursuant to Government Code (GC) Section 65585(b), the Department is reporting the results of its review. Our review was facilitated by communications with you, Mr. Brian Dolan, Director, Ms. Jennifer Wallis, Associate Planner, and the consultants, Ms. Jennifer Gastelum and Ms. Courtney Wood, both with PMC. In addition, the Department considered comments from Citizens for a Caring Community and Ms. Christine T. Steiner pursuant to GC Section 65585(c).

The Department conducted a streamlined review of the draft housing element based on the City meeting all eligibility criteria detailed in the Department's Housing Element date Guidance. The City also utilized ABAG's pre-approved housing element data.

The draft housing element with revisions meets the statutory requirements of State housing element law. The draft housing element with revisions will comply with State housing element law (GC, Article 10.6) when they are adopted and submitted to the Department, in accordance with GC, Section 65585(g).

To remain on an eight year planning cycle, pursuant to Senate Bill 375 (Chapter 728, Statutes of 2008) the City must adopt its housing element within 120 calendar days from the statutory due date of January 31, 2014 for ABAG localities. If adopted after this date, GC Section 65588(e)(4) requires the housing element be revised every four years until adopting at least two consecutive revisions by the statutory deadline. For more information on housing element adoption requirements, please visit our Department's website at: http://www.hcd.ca.gov/hpd/hrc/plan/he/he_review_adoptionsteps110812.pdf.

Public participation in the development, adoption and implementation of the housing element is essential to effective housing planning. Throughout the housing element process, the City must continue to engage the community, including organizations that represent lower-income and special needs households, by making information regularly available and considering and incorporating comments where appropriate.

The Department appreciates your efforts and dedication, as well as those of Mr. Dolan and Ms. Wallis, in preparation of the housing element and looks forward to receiving Pleasanton's adopted housing element. If you have any questions or need additional technical assistance, please contact Jess Negrete, of our staff, at (916) 263-7437.

Sincerely,

Paul McDougall
Housing Policy Manager

HOUSING ELEMENT
EXHIBIT J

ORDINANCE NO. 2030

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PLEASANTON APPROVING THE CITY-INITIATED REZONING OF THE CM CAPITAL PROPERTIES SITE (5758 AND 5850 WEST LAS POSITAS BOULEVARD), AS FILED UNDER CASE P11-0923

WHEREAS, the City of Pleasanton has initiated the rezoning of the CM Capital Properties site (Site 13) located at 5758 and 5850 West Las Positas Boulevard (APN 941-2762-006-00 and APN 941-2762-011-01) from the Planned Unit Development – Industrial/Commercial-Office (PUD-I/C-O) District to the Planned Unit Development – Mixed Use (PUD-MU) District; and

WHEREAS, a Supplemental Environmental Impact Report was prepared for this project, and a resolution certifying the Environmental Impact Report as complete and adequate in compliance with the California Environmental Quality Act was adopted on January 4, 2012; and

WHEREAS, at its meeting of January 4, 2012, the City Council received the Planning Commission's positive recommendation for approval of the rezoning of the CM Capital Properties site; and

WHEREAS, a duly noticed public hearing was held on January 4, 2012; and

WHEREAS, after consideration of the staff report, review of the materials presented, and comment at the public hearing, the City Council determined that the proposed rezoning of the CM Capital Properties site is appropriate; and

WHEREAS, the rezoning of the CM Capital Properties site is consistent with the General Plan, adopted on July 21, 2009.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PLEASANTON DOES HEREBY ORDAIN AS FOLLOWS:

Section 1. The City Council finds that the rezoning of the CM Capital Properties site is consistent with the General Plan, adopted on July 21, 2009.

Section 2. Approves the rezoning of the CM Capital Properties site (Site 13) located at 5758 and 5850 West Las Positas Boulevard (APN 941-2762-006-00 and APN 941-2762-011-01) from the Planned Unit Development – Industrial/Commercial-Office (PUD-I/C-O) District to the Planned Unit Development – Mixed Use (PUD-MU) District.

Section 3. The uses allowed and development standards applicable to this site are those specified in the Hacienda PUD and Design Guidelines for Hacienda sites 18A and 19, and multifamily residential with a minimum density of 30 units per acre is authorized.

Section 4. Except as modified above, all present conditions of the approved Hacienda PUD development plans and design guidelines and City-approved major and minor modifications shall remain in full force and effect.

Section 5. The Zoning Map of the City of Pleasanton, dated April 18, 1960, on file with the City Clerk, designating and dividing the City into zoning districts, is hereby amended by Zoning Unit Map No. 487, attached hereto as Exhibit A, dated January 4, 2012, and incorporated herein by this reference.

Section 6. The full text of this ordinance shall be published once within fifteen (15) days after its adoption in "The Valley Times," a newspaper of general circulation within the City of Pleasanton.

Section 7. This ordinance shall be effective thirty (30) days after its passage and adoption.

The foregoing Ordinance was introduced at a regular meeting of the City Council of the City of Pleasanton on January 4, 2012 by the following vote:

Ayes: Councilmembers Cook-Kallio, McGovern, Sullivan, Thorne, Mayor Hosterman
Noes: None
Absent: None
Abstain: None

And adopted at a regular meeting of the City Council of the City of Pleasanton on January 10, 2012 by the following vote:

Ayes: Councilmembers McGovern, Sullivan, Thorne, Vice Mayor Cook-Kallio
Noes: None
Absent: Mayor Hosterman
Abstain: None

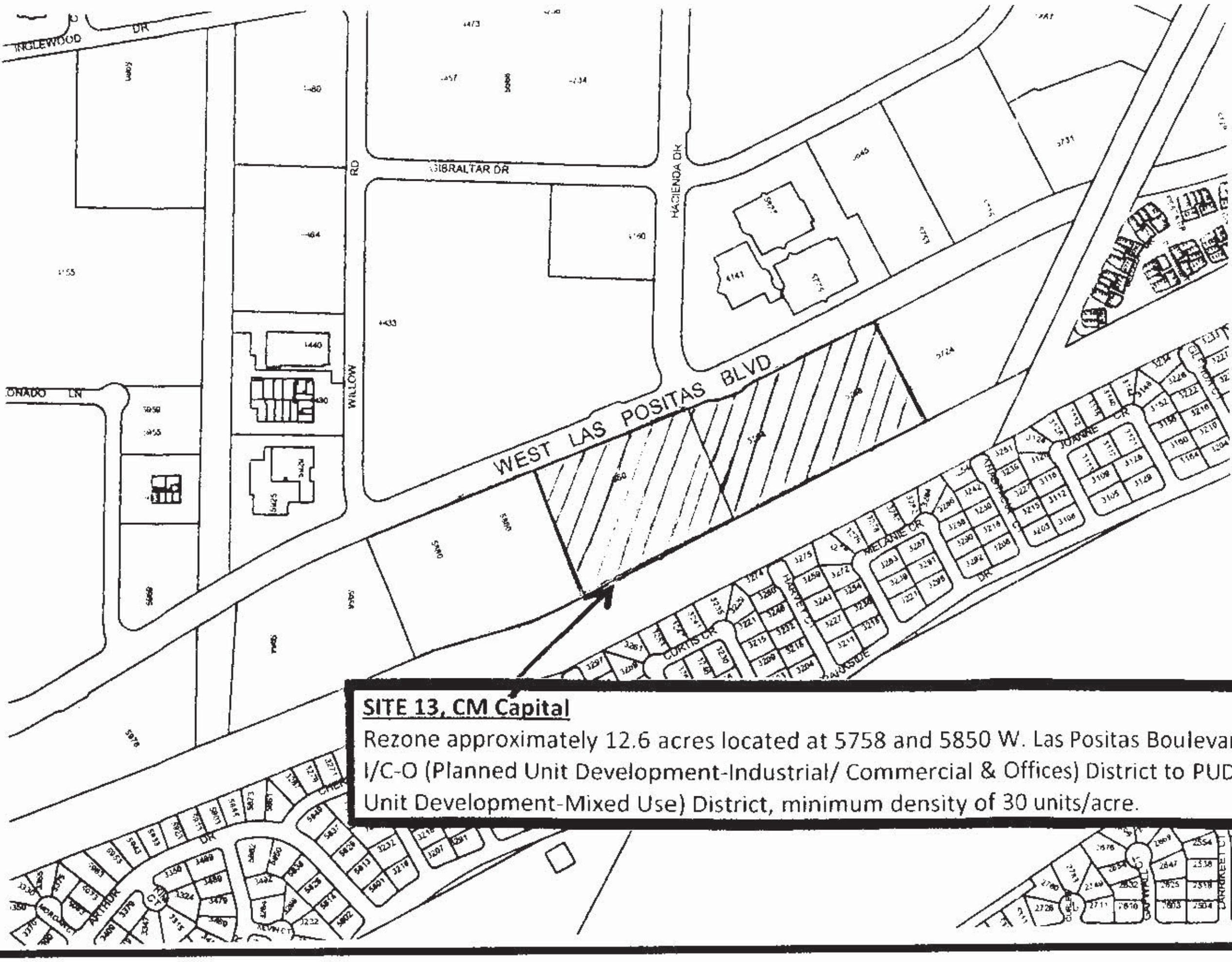
Jennifer Hosterman, Mayor

ATTEST:

Karen Diaz, City Clerk

APPROVED AS TO FORM:

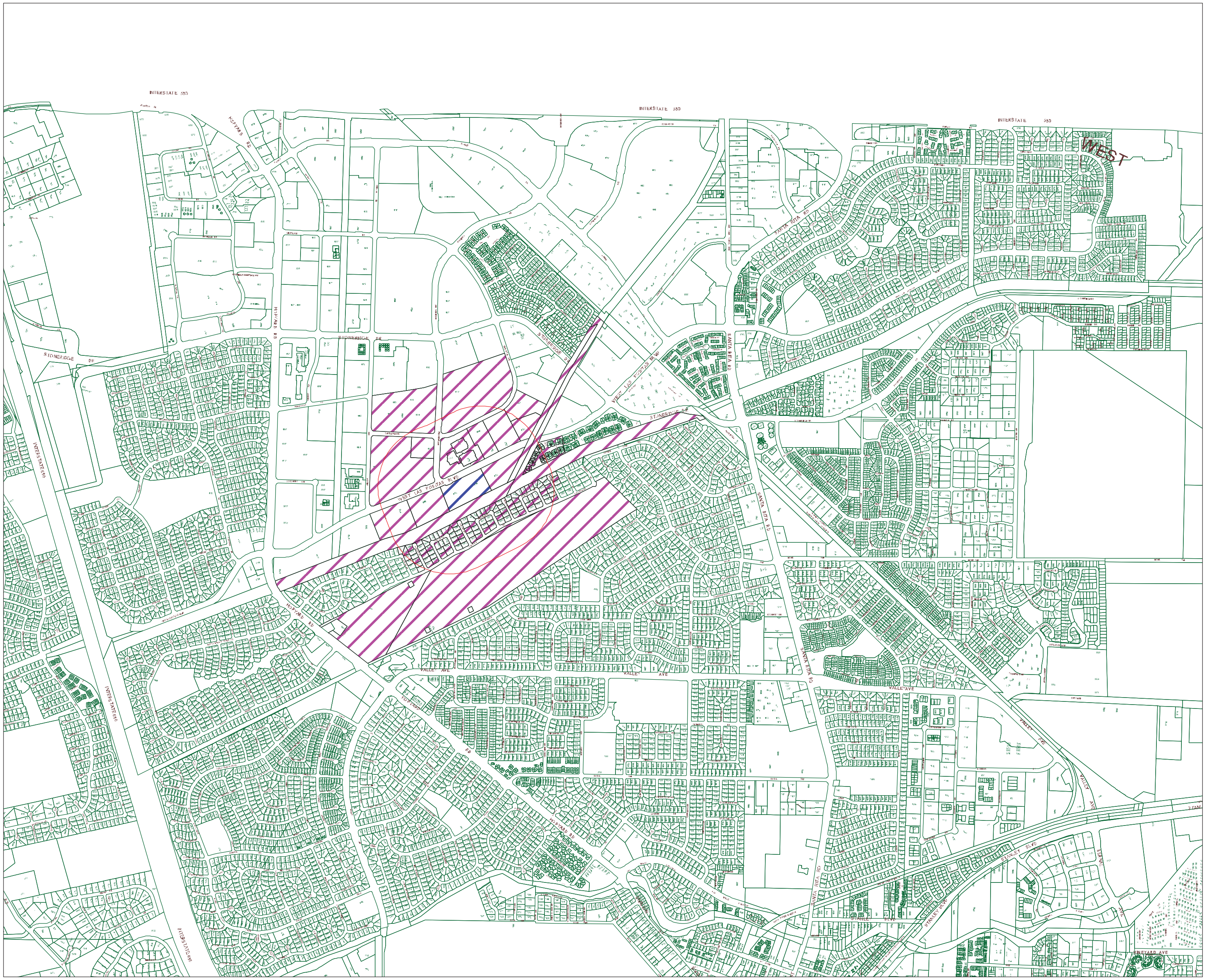
Jonathan P. Lowell, City Attorney



CITY OF PLEASANTON
PLANNING DIVISION

Ordinance No. 2030
Zoning Unit Map No. 487

DRAWN BY: T. Snyder	**APPROVED BY:**	**DATE:** January 4, 2012
SCALE: 1" = 300'	**DIRECTOR of COMMUNITY DEVELOPMENT**	**SEC. NO.:** P11-0923 (Rezone)

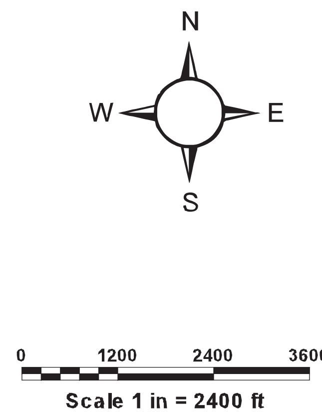


Notification Plot

City of Pleasanton

GIS

Department



THE CITY OF PLEASANTON

Printed 12/4/2014