

Housing Commission Agenda Report

September 16, 2021
Item 4

- SUBJECT:** P21-0751, 6th Cycle (2023-2031) Housing Element Update
- APPLICANT:** City of Pleasanton
- PURPOSE:** Review and provide comments on draft Preliminary Report sections for the 6th Cycle (2023-2031) Housing Element Update.
- EXHIBITS:**
- A. Draft Preliminary Report
 1. Housing Needs Assessment (Appendix A)
 2. Housing Constraints Analysis (Appendix C)
 3. Review of Existing Programs (Appendix D)
 4. Housing Resources (Appendix G)
 - B. Summary of Community Meeting on June 24, 2021
 - C. Summary of Stakeholder Meetings on August 10th, August 12th, and August 24, 2021
 - D. Summary of Communitywide Survey (to follow)

STAFF RECOMMENDATION

Staff recommends the Housing Commission review and provide comments on the attached draft Preliminary Report for the 6th Cycle (2023-2031) Housing Element Update and review the results of recent public outreach efforts.

SUMMARY

Work is proceeding on the 6th Cycle (2023-2031) Housing Element Update, which among other components, will include a comprehensive Preliminary Report (titled, *Background Report* in previous Housing Element cycles). The Preliminary Report includes many of the key Housing Element components required by state law. The project team has prepared four sections of the Preliminary Report for review and discussion by the Housing Commission, included in Exhibit A of this agenda report as follows:

- Housing Needs Assessment
- Housing Constraints Analysis
- Review of Existing Programs in the Housing Element
- Housing Resources

This agenda report provides a summary of each of these sections, which are intended to help analyze Pleasanton's housing trends, identify zoning and market constraints, and provide key background information that will help the City consider approaches to meeting housing needs across all income levels, including potential new policies to be brought back for consideration and discussion in the future. Staff is seeking the Housing Commission's input regarding

refinements or clarification to these sections of the Preliminary Report. Additional sections of the Preliminary Report and Housing Element will be brought back at future meetings and will include the draft Housing Sites Inventory and the Affirmatively Furthering Fair Housing (AFFH) Assessment. A critical future discussion item will be the evaluation of new or amended policies and programs for potential inclusion in the Housing Element, which staff expects to bring forward, in one or more meetings later this year and into early 2022.

In addition to the above, this report provides a summary of community outreach to date including a synopsis of: (1) responses submitted to the community-wide survey; (2) feedback provided at the date community meeting; and (3) comments shared by stakeholders. Next steps in the process are also provided.

BACKGROUND

Housing Element Overview

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

The City formally initiated the Housing Element update process in May 2021, and most recently held meetings with the Housing Commission, and with the Planning Commission in August, to discuss the draft housing sites selection criteria. The City Council will consider the sites selection criteria at its September 21, 2021 meeting.

An extensive outreach effort has also been launched to seek initial input on the Housing Element, including an initial community meeting, meetings with key stakeholders (such as housing developers and community services providers), and an online community survey. Complete summaries of these efforts and meetings can be found in Exhibits B, C, and D and discussed further in this report.

DISCUSSION

As noted in previous meetings, state law establishes a series of very specific requirements as to the scope, content, and process by which a housing element is updated and adopted, including review and approval (known as certification) by the California Department of Housing and Community Development (HCD). A very significant part of the Housing Element is the Preliminary Report. The Preliminary Report, specific sections of which will be reviewed in this report (sections in **bold**), will include all the following required sections once complete:

- Introduction
- **Appendix A - Housing Needs Assessment**: Examines demographic, employment and housing trends and conditions that affect the housing needs of the community.
- Appendix B - Sites Inventory and Methodology: Identifies locations of available sites for housing development or redevelopment to ensure that there is adequate capacity to address the Regional Housing Needs Assessment (RHNA). (Forthcoming)

- **Appendix C - Housing Constraints Analysis**: Analyzes and recommends remedies for existing and potential governmental and nongovernmental barriers to housing development.
- **Appendix D - Existing Programs Evaluation and Review**: Reviews the prior Housing Element to measure progress in implementing policies and programs.
- Appendix E - Public Participation Summaries: Summarizes all community outreach and engagement programs, with a particular focus on outreach to traditionally underrepresented groups. (Forthcoming, but will include information to be reviewed at this meeting, including outcomes of the community-wide survey and recently held stakeholder meetings.)
- Appendix F - Affirmatively Furthering Fair Housing: Analyzes the relationship of available sites to areas of high opportunity and includes actions to affirmatively advance fair housing. (Forthcoming)
- **Appendices G - Housing Resources**: Identifies local resources available to support the continued development, preservation, and rehabilitation of housing in Pleasanton.

As noted, the sections of the Preliminary Report included for this meeting contain a high-level summary of the key findings from the initial analysis conducted as a part of the City's Housing Element Update process. This early review will both provide valuable background and supporting information as the City engages with more substantive policy discussions with respect to Housing Element policies and programs and streamline future review of the Housing Element prior to its adoption.

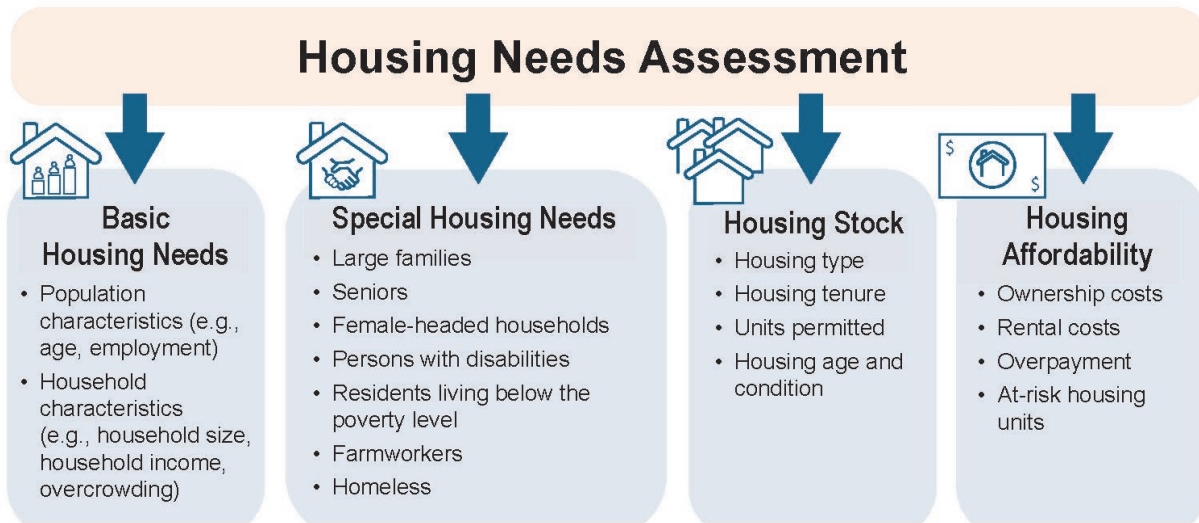
Staff notes that the final, comprehensive draft of the Preliminary Report, inclusive of all of the above-listed appendices and other required content, will be brought back to the Commission next summer as part of the overall review of the Draft 6th Cycle Housing Element in late 2022.

Appendix A - Housing Needs Assessment

The Housing Needs Assessment (Appendix A to the Preliminary Report) establishes the foundation for understanding Pleasanton's housing needs. It analyzes a range of demographic, economic, and housing-related variables to determine the extent and context of the city's housing-related need. Information in this section provides a basis from which to build housing goals, policies, and programs to address those needs.

As illustrated in Figure 1, below, from Appendix A the needs assessment includes an analysis of the city's population, special needs groups, employment, housing stock, and housing affordability.

Figure 1: Housing Needs Assessment Content



The primary source of data used in the Housing Needs Assessment is the American Community Survey 2015-2019, California Department of Finance, and HUD’s Comprehensive Housing Affordability Strategy (“CHAS”) data; this data set was provided to Bay Area jurisdictions by the Association of Bay Area Governments (ABAG) in the form of a package of information pre-certified by HCD¹.

The following summarizes key data from the housing needs assessment. The complete assessment is attached as Attachment 1 to Exhibit A.

- Pleasanton’s population has a higher income when compared to that of other residents in Alameda County (county). Pleasanton’s 2019 median household income was \$156,400, 57% higher than the county (\$99,406). However, 7.6% of households in Pleasanton are extremely low-income, and almost one in five of Pleasanton households are low-income households (earn less than 80% of Area Median Income (AMI)).
- Home prices are higher in Pleasanton than in the county. Households must earn about \$226,080 (at least 180% of AMI) to be able to afford to buy a home in the city. A household must earn about \$125,600 (100% of AMI) to be able to afford market rent in Pleasanton.
- Almost 24% of Pleasanton homeowners are cost-burdened, meaning they spend 30% or more of gross income on housing costs, while almost 44% of renters are cost-burdened. Additionally, 21% of renters spend 50% or more of their income on housing, compared to about 10% of homeowners. Pleasanton has a lower proportion of cost-burdened households compared to the county.
- Renter households are more likely to be living in overcrowded conditions than owner-occupied households. Although Pleasanton has a lower rate of overcrowding compared to the region, about 7% of renter households live in overcrowded conditions.
- Half of Pleasanton’s population is White, 34.6% Asian, 9.5% Latinx, and 1.8% African American. People of color comprise a lower proportion of Pleasanton’s population

¹ As 2020 Census data is finalized and published, staff will review and incorporate as necessary into the final Preliminary Report.

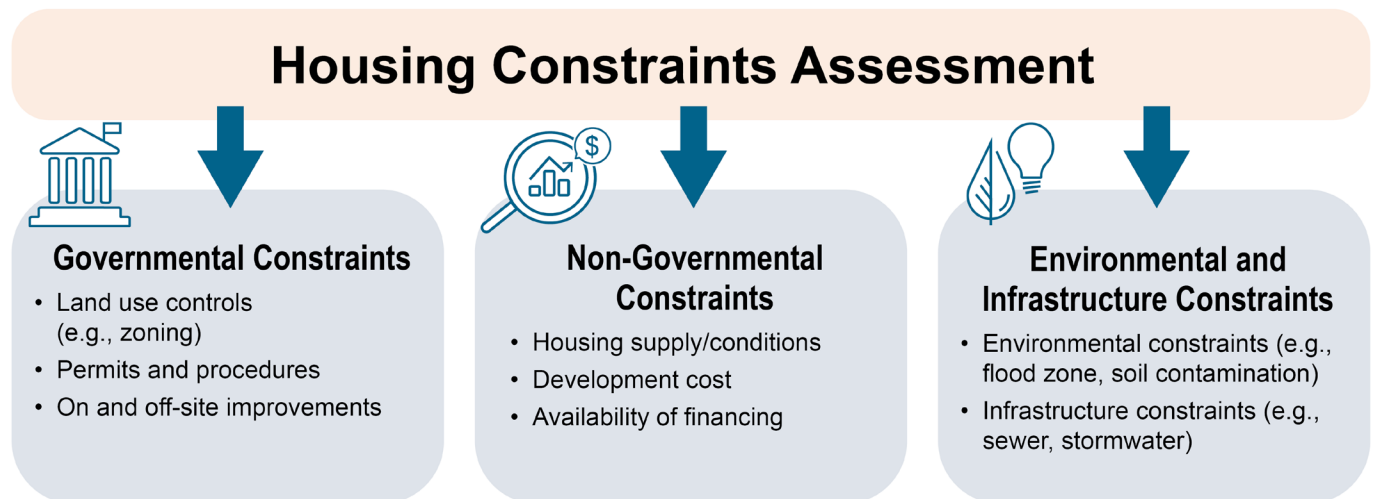
compared to the Bay Area. African American residents experience the highest rates of poverty in Pleasanton.

- Pleasanton’s median age is 41 years, higher than the county (38 years). Seniors (65 years and above) make up almost 15% of the population. Out of the total senior population, approximately one-third is cost-burdened. Seniors are a special needs group because they are more likely to be on a fixed income while requiring higher levels of care.
- Pleasanton’s special housing needs population includes persons with a disability that may require accessible housing (7.0% of residents) and female-headed households who are often at greater risk of housing insecurity (6.9% of households).
- Pleasanton has 2,291 large households (five or more people), which are generally served by three-bedroom or larger units. Pleasanton has 20,442 units that are three-bedroom or larger units, which is adequate to accommodate the number of larger families in the City.
- Pleasanton is a net importer of workers for jobs at all wage levels. Only 8% of people employed in Pleasanton also live in Pleasanton. The increase in daytime population participating in the labor force can impact traffic congestion in the city.
- Over 70% of Pleasanton’s housing stock is single-family (attached and detached); however, multi-family housing of five or more units has experienced the most growth over the last decade. A variety of housing types is important to meet the needs of all members of the community.
- The largest proportion of Pleasanton’s housing units was built between 1980 and 1999, and only about 6% were built before 1960. While this represents a newer housing stock compared to the county, aging housing units can reflect poorer living standards and higher repair costs.

Appendix C - Housing Constraints Analysis

The Housing Constraints Analysis covers local governmental, non-governmental, and environmental and infrastructure constraints to housing production in Pleasanton. Figure 2 illustrates these components, as addressed in Appendix C.

Figure 2: Housing Constraints Assessment Contents



City policies and regulations, such as the Zoning Ordinance, and other factors outside of the City's control, such as the cost of development, affect the quantity and type of residential development that occur in Pleasanton. The following summarizes key governmental and non-governmental constraints to housing development. For more detail, please see Exhibit A, Appendix C.

Governmental Constraints

- Pleasanton makes extensive use of Planned Unit Development (PUD) zoning to provide flexibility from conventional zoning standards, and/or in conjunction with requested property re-zonings. Although City Council approval is required, projects with higher overall densities, exceptions to standards, and a greater number of affordable units have been approved through the PUD process than would have been possible through conventional zoning standards.
- Subjective design guidelines and findings for approval, while not temporarily applicable to multi-family projects due to state law (SB 330), could result in uncertainty for developers and a longer permit review process in the future. The City is currently preparing objective design standards for residential and mixed-use projects.
- The report notes a number of existing zoning provisions that will need to be updated to comply with state law or otherwise reduce impediments to certain types of housing. These include PMC amendments to allow Low Barrier Navigation Centers where residential is allowed (AB 101), to allow qualifying supportive housing by-right where residential is allowed (AB 2162), increase density bonus up to 50% (AB 2345), etc.

Non-governmental Constraints

- Economic conditions in Pleasanton reflect a competitive housing market for both for-sale and rental housing.
- Pleasanton is generally built out so future housing development will be constrained by existing development or require the demolition of existing structures, improvements, and uses. The lack of available vacant land may constrain housing production due to the increased costs associated with redevelopment.

Appendix D - Existing Programs Evaluation and Review

The Existing Programs Evaluation and Review provides the implementation status of the current Housing Element programs. The main purpose is to evaluate which programs were successful and should be continued, and which programs were ineffective and should be eliminated or modified. As a related item, the Housing Element will include a comprehensive review of existing policies and programs to determine if there are any gaps to be addressed, or programs that could be considered for inclusion in the Housing Element to better meet community housing goals.

Many of the current Housing Element programs reflect ongoing City efforts, or represent projects or initiatives that have been successfully completed or implemented. These programs have facilitated affordable housing during the planning period, such as Kottinger Gardens (185 units for lower income elderly) and Sunflower Hill (31 units affordable to adults with developmental disabilities). The City has also removed governmental constraints through various municipal code amendments, including an updated Accessory Dwelling Unit (ADU) Ordinance, allowances for supportive and transitional housing, and modifications to the Growth Management Program. As a result, most programs are recommended to be continued,

although some are recommended to be updated to reflect changes since the last Housing Element adoption or merged with other programs to reduce overlap.

Recommended program modifications include integrating changes to reflect state law updates (e.g., no net loss (SB 166), Housing Crisis Act (SB 330), supportive housing, emergency shelters, etc.) and providing more specificity in terms of City actions. Modifications are also recommended based on the Housing Needs Assessment (Appendix A), Housing Constraints Analysis (Appendix C), and Affirmatively Furthering Fair Housing analysis (Appendix F). Programs that can be effectively addressed through other existing or modified programs are recommended to be deleted.

While the Existing Programs Evaluation identifies some recommended updates and refinements to existing policies and programs, this is not comprehensive of all recommended changes to be considered. As outlined later in the report, staff has identified an initial list of potential policy items for future, more detailed discussion based on items and issues that have been raised by Commission members, City Council, and the Community as items of interest or concern with respect to City housing policies. These discussions, as well as specific draft language for any policies proposed for update will be brought forward to City Commissions and to the City Council at a later date.

Appendix G - Housing Resources

The City has various local resources available to support the continued development, preservation, and rehabilitation of housing in Pleasanton. This section provides a detailed list of financial and administrative resources, as well as opportunities for energy conservation.

Some key resources include:

- Lower-Income Housing Fund (LIHF): The City's collects affordable housing fees from all residential and commercial office or industrial development projects unless exempt, and those fees are deposited into the LIHF. The LIHF must be used to implement the City's Housing Element.
- Down Payment Assistance (DPA) Program: The DPA program offers \$100,000 in down payment assistance for potential first-time homebuyers whose household income does not exceed 120% of AMI.
- Housing Rehabilitation Program: This City program provides loans up to \$150,000 and grants up to \$15,000 to lower income homeowners for repair and rehabilitation projects.

In addition to Pleasanton-specific resources, there are regional resources that can support the City's housing goals, including those offered through Alameda County and the Housing Authority of the County of Alameda (HACA). State and federal resources are also available. Availability of these resources is dependent on governmental priorities, legislation, and continued funding.

Summary of Community Outreach to Date

Part of the Preliminary Report includes Appendix E - Public Participation Summaries. This section of the Preliminary Report will include summaries of all community outreach and engagement programs undertaken by the City throughout the Housing Element update, with a particular focus on outreach to traditionally underrepresented groups. The information presented today reflects a summary of outreach completed to date; future updates and reports back to Commissions and City Council will be provided in conjunction with decisions and

actions to be taken on specific components of the Housing Element update as it moves forward. The final comprehensive summaries of public participation will be compiled and provided in Appendix E at the conclusion of the Housing Element process. Below are summaries of the main community outreach completed so far, with full summaries included in Exhibits B (Summary of Community Meeting on June 24, 2021), Exhibit C (Summary of Stakeholder Meetings on August 10th, August 12th, and August 24, 2021), and Exhibit D (Summary of Communitywide Survey) to this report.

Since initiating the Housing Element update process, staff has been coordinating community outreach in alignment with the Public Participation plan that was endorsed by the City Council at the outset of the process. This initial phase of outreach has included an education component regarding the Housing Element, soliciting initial feedback on the process, and engaging the community and key stakeholders on the general topic of housing in Pleasanton.

Community Meeting, June 24, 2021

An initial community meeting led by City staff was held on June 24th with the intent to introduce the Housing Element Update to the community, provide an opportunity for early input, and learn about initial concerns and ideas related to housing in Pleasanton. The meeting was held via Zoom and included several breakout rooms to gain direct feedback from the attendees in a smaller group setting. A complete meeting summary can be found in Exhibit B.

Stakeholder Meetings, August 10th, August 12th, and August 24, 2021

Stakeholder group meetings are intended to give the City greater insight into the highest priority considerations for the Housing Element Update from the perspective of various stakeholders, and to better understand local challenges and opportunities that may not be effectively gathered in a larger group setting. Two stakeholder group meetings, led by the professional services team, were conducted in August: one with housing developers and community and another with housing advocates. The purpose of the meetings was to introduce the Housing Element Update process and to solicit feedback on housing-related issues and opportunities that will inform and support the development of Housing Element policies and programs. The meeting was held via Zoom and included breakout rooms for the service provider group to allow for smaller group discussion. The developers group highlighted some of the aspects they felt added difficulty to the process of building in Pleasanton, including City review procedures (particularly the PUD process), City and other outside agency fees, and challenges securing labor, as well as the cost of materials. The service providers input focused on the significant needs of many of Pleasanton's populations, and specific housing needs of certain populations (like seniors, the homeless, and those with developmental disabilities).

Staff also attended and presented to local institutions and businesses at the Chamber of Commerce's Economic Development & Government Relations (EDGR) meeting on August 24th. The consensus of comments indicated that local businesses are having a difficult time recruiting employees and young professionals recently put of college or just entering their fields due to the lack of housing affordable to entry level workers. In addition, many members commented on the need to focus on workforce housing (such as smaller units) to meet the needs of local employees. A complete meeting summary can be found in Exhibit C.

Community-wide Survey

In order to gain additional feedback intended to help inform and plan for the future of housing in Pleasanton, and in order to reach a greater number and broadest cross-section of individuals, City staff administered the online survey via SurveyMonkey, a popular online platform. The survey was one of the first steps in the ongoing community engagement process associated with updating the City's Housing Element. The intent of the survey was to gather feedback from the community on their housing preferences, needs, and future housing opportunities. The feedback from the survey is intended to inform the City and the professional services team and complement the analysis and research on current housing trends, city constraints, and evaluate various approaches to meeting housing needs across income levels.

The survey was posted or "active" for 56 days, starting June 22, 2021 through August 16, 2021. The City provided links to the survey on the Housing Element Update website and the City website. Notice of the survey was also distributed via email to subscribers to the City's Housing Element Update opt-in email notification list on three occasions. Additionally, the survey was advertised in local newspapers, advertised in the City weekly e-newsletter, the City Progress newsletter, and advertised on various social media platforms. Posters were also posted at various City facilities and office with QR Codes to easily access the survey. Finally, City staff directly engaged with the public by hosting a booth at the weekly Farmers Market. Overall, the survey generated 622 responses from residents, property owners, business owners and visitors of Pleasanton. Exhibit D to this report is a summary of the responses provided for the survey.

POTENTIAL FUTURE POLICY DISCUSSION ITEMS

As noted in the background, staff has provided these initial sections of the Preliminary Report by way of background and supporting information as the City engages with the next phases of the Housing Element Update, and to provide an opportunity for questions and early input/discussion in order to streamline future review of the Housing Element prior to its adoption.

The Commission is also requested to provide input on the initial list of policy items identified below, including topics that it may wish to suggest should be studied or further evaluated as part of the Housing Element Update. These are areas or topics that have risen in interest or concern since the last Housing Element Update, or that have been mentioned in prior discussions with City Commissions and/or the City Council, for which consideration could be given in future policy discussions for new/modified goals, policies, or programs:

- Additional programs or strategic efforts to address homelessness in the community;
- Review of the Lower Income Housing Fee and other City fees to ensure development addresses the demands it may create for affordable housing;
- Policies or programs to address "affordability by design" and particularly to encourage more production of smaller, more affordable market rate units for the workforce and others;
- Consideration of innovative, smaller-scale "missing middle" housing types that can integrate and provide housing opportunities in scale and character with Pleasanton's existing residential areas;
- ADU streamlining, including pre-approved ADU Designs;

- New funding sources towards low income housing programs;
- Additional incentives or programs to encourage 100% affordable projects;
- Evaluation of unique financing programs, such as the California Debt Limit Allocation Committee (CDLAC) Qualified Residential Rental Program, which supports local jurisdiction’s acquisition and deed restriction of market-rate apartment projects; and
- Review/update of the City’s Inclusionary Zoning Ordinance (IZO) to ensure it appropriately delivers affordable housing in conjunction with new market-rate residential development.

Staff expects that more in-depth policy discussions and decisions, leading to draft goals, policies, and programs will be presented back to the Housing Commission, Planning Commission and City Council in Spring 2022.

Staff will report the Housing Commission’s comments to the Planning Commission on September 22nd, and the Planning Commission is anticipated to provide its feedback to the City Council for its consideration in October.

OTHER NEXT STEPS

Later this month, on September 21, staff will also be presenting the City Council with a final recommendation of the draft sites selection criteria which the Housing Commission reviewed on August 24th. Once the City Council makes a final recommendation on the sites selection criteria, staff and the consultant team will finalize the analysis of existing sites and solidify the estimated “gap” to be addressed with zoning of new sites. The Housing Commission will be presented with a draft of Appendix B - Sites Inventory and Methodology with a list of prospective sites to which the scoring criteria will be applied. Staff expects to return in October to present the results of that initial evaluation and list of prospective sites and then in November/December with a list of sites to be considered to be carried forward into the required California Environmental Quality Act (CEQA) analysis for the project.

CONCLUSION

Staff is recommending that the Commission review and provide comments on the select sections of the draft Preliminary Report for the 6th Cycle (2023-2031) Housing Element Update as presented in Exhibit A, including any refinements or clarifications. In addition, staff is seeking the Housing Commission’s input regarding other refinements or additions to the Housing Elements Goals, Policies and Programs list to be brought back at a later date for discussion, including items for more in-depth policy discussion. Lastly, staff is recommending that the Commission review the results of recent public outreach efforts.

PUBLIC NOTICE

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

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