

Citizens for a Caring Community

P.O. Box 1781 , Pleasanton CA 94566

June 18, 2014

Pleasanton Housing Commission
City of Pleasanton
Pleasanton CA 95466

Re: **Update Regarding Status of the 2015-23 Housing Element (Agenda Item 8)**

Dear Chairwoman Welch and Housing Commissioners,

Citizens for a Caring Community (CCC) have been pleased to participate in the many meetings leading up to your Commission's review of this Housing Element draft update, and deeply appreciate the opportunity to provide input. Attached please find our comments which focus on 4 areas of concern.

1. The Housing Element (HE) contains internal conflicts between the Goal of meeting regional housing needs obligations (RHNA), the Goal of approving HDR developments in accordance with Pleasanton's IZO, and staff's assertion that the City has surplus affordable housing capacity for purposes of RHNA. The structure of the IZO (now reduced by the courts to a voluntary guideline) effectively limits affordable units per development to 15%, and excludes affordable units for households earning between 51 and 79% AMI and below 49% AMI.
2. We strongly disagree with staff findings that the City's legally unenforceable IZO does not constrain fulfillment of Pleasanton's regional housing obligations. Staff has based their conclusions on outdated information that fails to provide useful data on the relative effectiveness of IZO's generally compared to other regulatory tools used by cities and counties to achieve regional housing goals.
3. Staff failed to follow up on direction from the Housing Commission's April 2013 stakeholder workshop to develop IZO alternatives for inclusion in this Housing Element update. CCC would like to express our dismay with the staff proposal reflected in the HE update that Pleasanton enter the next planning period with an illegal IZO (essentially no ordinance) while continuing discussions of alternatives, apparently until 2023.
4. The Draft HE contains no new policies or programs that would induce landowners to collaborate with nonprofit developers as a condition of seeking City approval for significant up-zoning of their property. With a majority of Pleasanton's workforce earning at the Very Low and Low Income levels, nonprofit participation in the development of HDR sites designated to provide affordable housing is the only way the Pleasanton can address its current workforce housing needs which are, essentially, its regional housing obligations.

Our more detailed comments appear in Attachment 1 as notes within the Staff Report, the Housing Element Draft Goals, Policies, and Programs. Hopefully you will find this format easier to follow. However, I have also included an index of comments (Attachment 2) with page numbers for the Commission's convenience.

CCC applauds the Commission's past expressions of concern regarding the declining effectiveness of the IZO. In reviewing the HE draft, you may feel, as we do, that your priority concerns and requests have fallen on deaf ears. Notwithstanding this discouraging lack of response, we sincerely hope you will continue to recommend needed changes to the Housing Element for 2015-2023 to ensure the City has appropriate tools to address our community's most pressing housing needs. Policies and programs that deliver housing affordable to a majority of Pleasanton's workforce is key to the Pleasanton's long term sustainable economic growth, environmental quality, and quality of life.

On behalf of Citizens for a Caring Community, thank you for your consideration.

Very sincerely,


Becky Dennis

Citizens for a Caring Community
925-426-1525

Attachments: 2

CC: Scott Erickson, Janice Stern, Steve Bocian, Planning Commission, City Council, Paul McDougall

Attachment 1

Stabb Report page 5

Draft Appendix A (Review and Assessment of 2007 Housing Element):

State law requires the Housing Element include a comprehensive Review and Assessment of the 2007-2014 Housing Element. Section 65400 of the California Government Code requires the City to file an annual report addressing the status of the Housing Element and progress made toward implementing its goals and policies. Appendix A's comprehensive assessment incorporates all yearly reports that have been made since the Housing Element original adoption.

Staff is seeking the Housing Commission's input regarding other refinements or clarification to the Review and Assessment of the 2007-2014 Housing Element.

Draft Appendix B (Housing Sites Inventory):

As part of the required update, HCD requires each City to demonstrate capacity to meet their assigned affordable housing obligation, known as the "Regional Housing Needs Allocation" (RHNA). Based on State law, our Housing Element update is required to designate specific locations to accommodate our assigned housing obligation for the review period. In order to address this requirement, the updated Housing Element includes an updated site inventory list of parcels within the City that demonstrates the City's capacity to develop sufficient housing to meet our assigned RHNA goals for 2015 -2023.

The preparation of an inventory of land suitably zoned to meet the City's housing need, and the rezoning that had to be undertaken by the City to meet our previous housing need was a large part of the effort for the last Housing Element update. All of the multifamily sites previously rezoned continue to remain available and can be included in the City's current inventory as either Vacant/Underutilized Residential Sites or Housing Sites with Planning Approval. Due to the existing residential site inventory within these two categories, the City does not anticipate having to rezone any properties to meet the City's housing needs during the current Housing Element Update.

Estimated Current Capacity Table

Income Levels	Very Low Income	Low Income	Moderate Income	Above Moderate Income	Total
2014-2022 RHNA	716	391	407	553	2,067
Estimated Capacity	1,482		1,515	362	3,359
RHNA surplus/shortfall	+375		+1,108	-191	+1,292

1. As mentioned in previous CCC's previous communications to the Commission, the surplus shown in this table is illusory because it counts potential units on unentitled HDR sites as 100% affordable. Development applications that comply with the Pleasanton's IZO automatically convert at least 85% of those units counted as "affordable" to market rate. Because compliance with the IZO is now voluntary, developers have negotiated their obligation to provide VLI and LI units down to less than 10%.

2. This surplus in Moderate Income units resulted when HDR projects received entitlements, consistent with the IZO, and units previously counted as affordable then converted to market rate (counted as Moderate).

4.0 HOUSING ELEMENT

Program 6.3: 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.

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

3. It looks like Policies 7 and 8 belong to Goal 3, and Goal 4 belongs elsewhere.

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.

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

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

4. Goal 4 re:home ownership is inconsistent with Policies 7 and 8 that support the accessibility of rental housing.

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.

4.0 HOUSING ELEMENT

Program 8.1: Regulate condominium, townhouse, and mobile home conversions and mitigate tenant displacement through the provisions of the City's Condominium Conversion Ordinance, and Government Code, Section 65863.7 (as to mobile homes). This includes requiring condominium converters to maintain rental units for households with special 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

5. No Policies or Programs address Goal 5. How will the City accomplish Goal 5?

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.

Goal 6: Promote the production of housing affordable to extremely low-, low- and very low-income households by actively working with and creating incentives for non-profit housing developers.

Policy 9: Support the development and rehabilitation of housing affordable to extremely low-, low- and very low-income households and review infrastructure needs.

4.0 HOUSING ELEMENT

Program 9.4: 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 is incorporated in the City's Inclusionary Zoning Ordinance, 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

6. Projects come forward one at a time, therefore the Council and Commissions can never compare affordability levels between proposals for a particular site.
Suggestion:
Modify the IZO and adopt a program of soliciting nonprofit proposals for HDR-zoned land to compare with market rate proposals. In addition to providing a basis of comparison by setting a baseline maximum, this might be a way to foster nonprofit/for profit partnerships and proposals.

Policy 10: 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).

Policy 11: Strive toward meeting Pleasanton's share of regional housing needs, as defined by the Regional Housing Needs Determination (RHND).

Program 11.1: 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.

7. Assuming compliance with City IZO at the time of development, as set out elsewhere in the HE, Pleasanton currently has inadequate sites for purposes of RHNA. Therefore, Program 11.1 is inconsistent with Policy 11, and numerous other HE Policies calling for development in compliance with the IZO.

4.0 HOUSING ELEMENT

8. Policy 12 needs an implementing Program. See comments on Program 9.4 and Policy 10

Policy 12: Give priority for housing opportunities to extremely low, low- and very low-income households with persons that live and work in Pleasanton.

At-Risk Housing - Affordable to Low- and Very Low-Income Households

Goal 7: Preserve and/or replace assisted rental apartment housing which is at risk of changing to market-rate housing.

Goal 8: Assist occupants of at-risk units by either retaining those units as affordable for their income category or by finding new housing for them that is affordable to low- and very low-income households.

Policy 13: Preserve for the longest term feasible, restricted units affordable to extremely low-, low- and very low-income households which are at risk of changing to market-rate housing.

Program 13.1: Preserve for the longest term feasible, rent restricted assisted projects affordable to extremely low-, low- and very low-income households, and provide assistance to retain below-market rate rent restrictions.

Responsible Agency: Housing Division

Time Period: Ongoing and when units become at risk of converting to market rate.

Funding Source: Housing Division Budget

Program 13.2: Structure future rent-restriction contract agreements to allow the City the opportunity to purchase or subsidize assisted units at the conclusion of the rent-restriction period.

Responsible Agency: Housing Commission, City Council

Time Period: Ongoing and when units become at risk of converting to market rate.

Funding Source: General Fund

Program 13.3: Structure future rent-restriction contract agreements for all new assisted projects with limited or no time restrictions to minimize the displacement of tenants.

4.0 HOUSING ELEMENT

Responsible Agency: City Council

Time Period: Research currently available funding mechanisms annually.

Funding Source: Capital Improvement Budget; Developers

Program 14.2: Waive City fees for housing developments 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 14.3: Expedite the development review process for housing proposals 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

9. "Housing developments affordable to extremely low, very low, and low income households" are fundamentally different than "projects containing units for lower income households."

Fee waivers and expedited processing should apply only to nonprofit development or non-profit/for profit development partnerships. Market rate projects cannot supply enough units to warrant this assistance.

Suggestion:

Define "affordable development" as projects with 50% of the units affordable to households with incomes <80% AMI.

4.0 HOUSING ELEMENT

Program 14.6: 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 14.7: 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

Program 14.8: 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 14.9: 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 16.1 and 16.2) to determine if modifications are needed.

10. The Housing Commission already has recognized the IZO's inadequacy. In April 2013 the Commission convened stakeholders to discuss alternatives for a new ordinance. The Commission ultimately decided to allow staff to negotiate with developers for "the most affordability they could get" until a more effective ordinance could be developed and adopted as part of this Housing Element Update.

4.0 HOUSING ELEMENT

11. Policy 16 conflicts, and is inconsistent with Program 16.1, Goal 5, and Policy 11 which call for meeting RHNA obligations.

Policy 16:

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 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.

Program 16.1: Monitor the results of the Inclusionary Zoning Ordinance annually 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.

12. Program 16.1 and 16.2 - Evidence of the IZO's inadequacy has been accumulating since the time of the Housing Commission's first request for an alternative ordinance in 2013. A replacement ordinance was supposed to be part of this HE update.

Program 16.2: Review the City's Inclusionary Zoning Ordinance and amend if required:

- 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;
- as a potential constraint to housing

Responsible Agency: Housing Division, Housing Commission, City Council
Time Period: Annually/ongoing.
Funding Source: Housing Division Budget

4.0 HOUSING ELEMENT

Policy 23: 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 24: Ensure that livability is considered when considering proposals for high-density residential developments, including open space, amenities, and facilities for the intended occupants.

City Priorities for Housing Developments 1. Non-Profit Housing Developers

Policy 25: 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.

13. Need a program requirement for solicitation of nonprofit proposals for appropriately zoned land in order to prioritize other proposals. See comment 6 on page 10.

4.0 HOUSING ELEMENT

Program 25.1: 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. Change "actively assist" to "require".

Requiring landowners to solicit nonprofit proposals for affordable HDR development as part of their application for a significant property upzoning is reasonable, and does not require a 100% nonprofit development. However, it would allow the City to better evaluate its options, as well as fostering nonprofit market rate project partnerships.

Program 25.2: 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 25.3: 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.

Responsible Agency: City Council

Time Period: When land becomes available to the City.

Funding Source: Not Applicable

4.0 HOUSING ELEMENT

15. Add at least 1 Policy such as "Regularly assess the demand for affordable workforce housing generated by commercial and residential growth in Pleasanton using a variety of tools such as confidential employer surveys, Bureau of Labor Statistics and U.S Census data."

Add at least 1 Program to implement the Policy.

Housing Location

Goal 14: Provide adequate locations for housing of all types and in sufficient quantities to meet Pleasanton's housing needs.

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

Policy 35: Disperse high-density housing throughout the community, in areas near public transit, major thoroughfares, shopping, and employment centers.

Program 35.1: 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 meet its share of the regional housing need.

Responsible Agency: Housing Element Task Force, Planning Division, Planning Commission, City Council
Time Period: Monitor as part of annual report to HCD and ongoing.
Funding Source: Planning Division Budget

Policy 36: Strongly encourage residential infill in areas where public facilities are or can be made to be adequate to support such development.

Program 36.1: 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 36.2: 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.

4.0 HOUSING ELEMENT

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

Program 36.3: 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.

16. Resolution 10-390 deals with measures to end housing discrimination against lower income families in Pleasanton. It does not mention housing dispersion or unit construction timing. See attached Resolution 10-390.

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Policy 37: Disperse housing units affordable to extremely-low-, low- and very low-income households throughout new residential developments consistent with City Resolution No. 10-390, a Resolution of the City Council of the City of Pleasanton Approving Enhancements to Existing Non-Discrimination Housing Policies. For phased 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 38: Reserve suitable sites for subsidized housing affordable to low- and very low-income households.

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.

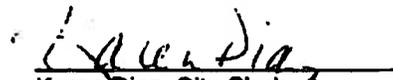
SECTION 3. As part of the Housing Element Update process, the City staff will conduct analysis and prepare information for review by the public and consideration of adoption by the City Council, related to Sections 1 and 2 above. This analysis will include identifying sites that may be most competitive 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 for Lower 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.

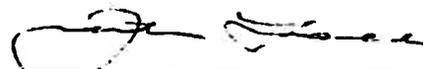
I, Karen Diaz, City Clerk of the City of Pleasanton, California, certify that the foregoing Resolution was adopted by the City Council at a regular meeting held on the 20th day of July, 2010, by the following vote:

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



Karen Diaz, City Clerk

APPROVED AS TO FORM:



Jonathan P. Lowell, City Attorney

4.0 HOUSING ELEMENT

17. This Program 38.1 needs a time line to accomplish objectives in order to be valid. Review and discussion is not a program.

Program 38.1: 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

Program 38.2: 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 38.3: 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.

Responsible Agency: Housing Division, Housing Commission, City Council

Time Period: As Appropriate (i.e., Based on Land Availability)

Quantified Objective: 150 units

Funding Source: Housing Division Budget

Policy 39: 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.

Working with For-Profit and Nonprofit Housing Developers

The key to the success of nonprofit developers lies in three areas: (1) their ability to draw upon a diversity of funding sources and mechanisms to make their developments work financially; (2) their commitment to working cooperatively and constructively with the local community; and, (3) their long-term commitment to ensuring excellence in design, construction and management of their developments, creating assets that are valued by the people who live in the developments as well as their neighbors and others. The City can work with nonprofit developers where there are opportunities.

There are a wide variety of resources provided through federal, state and local programs to support affordable housing development and related programs and services. Specific programs and sources of funding are summarized earlier in the Housing Element. Local government resources, which have historically played a less important role in supporting housing development, now play a fairly significant role by making local developments more competitive for federal and state financing. There is considerable competition for the program funds that are available, and any one development will need to draw upon multiple resources to be financially feasible. When developments are able to demonstrate a financial commitment and contribution from local sources — especially if coupled with regulatory support through policies such as fast-track processing, fee waivers, and/or density bonuses — they are better able to leverage funding from other 'outside' sources.

The City of Pleasanton already has a tradition of working with nonprofit developers on several successful affordable housing projects. Past projects involving nonprofit partnerships include The Parkview (BRIDGE Housing Corporation), The Promenade (Citizens Housing Corporation), and Ridge View Commons (Eden Housing). The City was working closely with Christian Church Homes on a concept to redevelop Kottinger Place and Pleasanton Gardens, two older complexes for very low income senior citizens.

18. Should also mention Mid-Pen Housing.

D POTENTIAL GOVERNMENTAL CONSTRAINTS TO HOUSING

As with other cities, Pleasanton's development standards and requirements are intended to protect the long-term health, safety, and welfare of the community. The City of Pleasanton charges fees and has a number of procedures and regulations it requires any developer to follow. There are many locally imposed land use and building requirements that can affect the type, appearance, and cost of housing built in Pleasanton. These local requirements include zoning standards, development fees, parking requirements, subdivision design standards, and design review. Other building and design requirements imposed by Pleasanton follow state laws, the California Building Code, Subdivision Map Act, energy conservation requirements, etc.

The City's development standards are necessary to ensure the protection and preservation of the existing housing stock. By Bay Area standards, they are not unduly restrictive and, in general, Pleasanton's development standards and requirements are comparable to many other communities in the Bay Area.

Land Use Controls

The City exercises land use controls over residential development through its General Plan, Zoning Ordinance, building review and permit procedures, and Growth Management Program (GMP). The General Plan, primarily through the General Plan Land Use Map, regulates the general use and density of future developments in Pleasanton. The Zoning Ordinance regulates specific site requirements such as building height, setbacks, etc. Pleasanton makes extensive use of Planned Unit Development (PUD) zoning to provide residential builders with substantial flexibility in planning their projects. The City's Building and Safety Division reviews all buildings for conformance with the California Building Code and other codes to ensure the health and safety of its residents. Finally, the City allocates a range of housing units to be built per year through the GMP based on housing need and the City's ability to provide infrastructure and City services, as called for in General Plan policies.

BACKGROUND

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.
- (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.

19. Staff's evaluation relies upon outdated information no longer relevant to the Commission's request.

The surveys of IZO performance cited by staff were conducted before California courts held that inclusionary requirements were illegal and, therefore, unenforceable.

Even prior to the previous planning period, Pleasanton's IZO failed to produce enough affordable units to meet RHNA obligations, although it did produce a much higher percentage of affordable units than it does as today's "voluntary guideline".

According to the metric of Pleasanton's recent Nexus Study, all the HDR developments approved during the 2007-2017 planning period will generate a need for affordable workforce housing in excess of what they supply through voluntary compliance with the City's IZO.

Comparisons with IZOs of other communities is irrelevant to the question of how Pleasanton's IZO constrains development of affordable housing within the City.

Table 39: Comparison of Inclusionary Requirements

Jurisdiction	Minimum Project Size	Percent Required	Incentives
Pleasanton	15 units	15% (20% for single family projects)	Alternatives to construction of units on-site, fee waiver, design modifications. State Density Bonus, use of City funds, priority processing.
Livermore	11 units for construction. Smaller projects required to pay in-lieu fee.	15% (10% in Redevelopment Plan areas)	Alternatives to construction of units on-site, second units, State Density Bonus, fee waiver, design modifications, use of City funds, priority processing.
Dublin	20 units	13%	Alternatives to construction of units on-site, State Density Bonus, density flexibility, fee waiver, design modifications, use of City funds, priority processing.
Hayward	20 units	15%	Alternatives to construction of units on-site, State Density Bonus, fee waiver, design modifications, use of City funds, priority processing.
Fremont	7 units	15%	Alternatives to construction of units on-site, State Density Bonus, design modifications.
San Rafael	2 units	2-10 units: 10%, 11-20 units: 15%; 21+ units: 20%	Alternatives to construction of units on-site. State Density Bonus. design modifications, density bonus.
Napa	2 units	10%	Conversion to affordable housing, in-lieu fee, land dedication, off-site construction, State Density Bonus, fee waiver, design modifications, use of City funds, priority processing.
Foster City	Larger sites with Redevelopment Area	(15% requirement) but up to 30% because of the contributions and incentives provided by the City.	Redevelopment. Alternatives to construction of units on-site, State Density Bonus, density flexibility, fee waiver, design modifications, use of City funds, priority processing.
San Mateo	11 units	10%	Alternatives to construction of units on-site, State Density Bonus, density flexibility, fee waiver, design modifications, use of City funds, priority processing.

20. Comparisons with other cities should also include information on what levels of affordability are required, the amounts of lower income housing fees, and in lieu fees.

Many of the cities listed have supported more non-profit developments of affordable workforce housing than Pleasanton. Some have also facilitated market rate/nonprofit workforce housing developments which include a much higher percentage than 15% of units affordable to families earning less than 80% AMI.

How did they do it? Request staff to review the ordinances and fee structures of cities that have come closer to building their RHNA obligations.

BACKGROUND

Pleasanton Inclusionary Requirements

21. The highlighted sentences conflict with each other, since Pleasanton has a policy of meeting RHNA obligations, but cannot do so on land specified in the Housing Element if developments adhere to the IZO and provide only 15-20% affordable units.

Pleasanton's inclusionary requirements help to achieve the City's affordable housing goals by increasing the production of residential units affordable to households of very low, low, and moderate income either through construction of units or by providing funds for affordable housing. Another purpose of the requirement is to ensure that the remaining developable land in Pleasanton is utilized in a manner consistent with the city's housing policies and needs. The City requires that 15 percent of the total number of units of all new multiple-family residential projects containing 15 or more units be affordable to very low- and low-income households. For all new single-family residential projects of 15 units or more, at least 20 percent of the project's dwelling units must be affordable to very low, low, and/or moderate income households. Commercial, office, and industrial development are also required either to construct units or pay an in-lieu fee.

Inclusionary units must: (1) be dispersed throughout the project unless otherwise approved by the City; and, (2) be constructed with identical exterior materials and an exterior architectural design that is consistent with the market rate units in the project. However, inclusionary units can be of smaller size than the market units in the project and they may have fewer interior amenities than the market rate units in the project. Other requirements are that the inclusionary units remain affordable in perpetuity through recordation of an affordable housing agreement, and that the inclusionary units in a project be constructed concurrently within or prior to the construction of the project's market rate units.

Although the City's ordinance requires rental development to provide affordable units, a recent court case does not permit this unless the developer agrees and receives either financial assistance or a regulatory incentive. The City is currently exploring alternatives regarding rental housing projects.

Pleasanton Inclusionary Flexibility and Incentives

22. The City has had ample time to develop an IZO alternative. A new ordinance should be part of this HE update.

The primary emphasis of the inclusionary zoning ordinance is to achieve the inclusion of affordable housing units to be constructed in conjunction with market rate units within the same project in all new residential projects. However, since this may not always be practical, the City allows alternative ways for a development to meet its inclusionary requirement. At the discretion of the City, alternatives include: construction of units off-site at a location within the city other than the project site; land dedication; credit transfers if a project exceeds the total number of inclusionary units required; alternate methods of compliance as approved by the City Council; and payment of a lower income housing fee.

The following incentives may be approved for applicants who construct inclusionary units on-site: (1) fee waiver or deferral; (2) design modifications (reduced setbacks; reduction in infrastructure requirements; reduced open space requirements; reduced landscaping requirements; reduced interior or exterior amenities; reduction in parking requirements; and height restriction waivers); (3) use of available lower income housing funds for the purpose of providing second mortgages to prospective unit owners or to subsidize the cost of a unit to establish an affordable rent or an affordable sales price; and (4) priority processing of building and engineering approvals.

Evaluation

23. All IZOs have proved a constraint to achieving RHNA goals. This is why the Governor vetoed legislation to legalize IZOs. Only cities with policies that favor nonprofit housing on appropriately zoned sites can meet RHNA obligations.

The City of Pleasanton's inclusionary requirements are similar to those of other jurisdictions in Alameda County and similar size communities in the Bay Area and are not a constraint to the production of housing. In general, inclusionary requirements in the Bay Area range from 10 percent up to 25 percent, with the majority of jurisdictions requiring 15-20 percent of the units in projects to be affordable to very low-, low-, and moderate-income households. Projects have been submitted recently that provide further evidence of the feasibility of developing units under the City's inclusionary requirements. Many communities offer a variety of concessions or incentives for construction of affordable units, including but not limited to, density bonuses or incentives of equal financial value, waiver or modification of development standards, provision of direct financial assistance, and deferral or reduction of payment of fees.

24. All Pleasanton's recently approved 30 unit/acre developments have failed to meet the City's IZO requirements for affordable units. In addition, analysis using the metrics of Pleasanton's recent Nexus Study show that these new "luxury apartment complexes" will generate increased demand for affordable housing well in excess of the very few units they provide.

ATTACHMENT 2

Index of Notes

SR page 5

1. As mentioned in previous CCC's previous communications to the Commission, the surplus shown in this table is illusory because it counts potential units on unentitled HDR sites as 100% affordable.
Development applications that comply with the Pleasanton's IZO automatically convert at least 85% of those units counted as "affordable" to market rate. Because compliance with the IZO is now voluntary, developers have negotiated their obligation to provide VLI and LI units down to less than 10%.
2. This surplus in Moderate Income units resulted when HDR projects received entitlements, consistent with the IZO, and units previously counted as affordable then converted to market rate (counted as Moderate).

HE page 7

3. It looks like Policies 7 and 8 belong to Goal 3, and Goal 4 belongs elsewhere.
4. Goal 4 re:home ownership is inconsistent with Policies 7 and 8 that support the accessibility of rental housing.

HE page 8

5. No Policies or Programs address Goal 5. How will the City accomplish Goal 5?

HE page 10

6. Projects come forward one at a time, therefore the Council and Commissions can never compare affordability levels between proposals for a particular site.
Suggestion:
Modify the IZO and adopt a program of soliciting nonprofit proposals for HDR-zoned land to compare with market rate proposals. In addition to providing a basis of comparison by setting a baseline maximum, this might be a way to foster nonprofit/for profit partnerships and proposals.
7. Assuming compliance with City IZO at the time of development, as set out elsewhere in the HE, Pleasanton currently has inadequate sites for purposes of RHNA. Therefore, Program 11.1 is inconsistent with Policy 11, and numerous other HE Policies calling for development in compliance with the IZO.

HE page 12

8. Policy 12 needs an implementing Program. See comments on Program 9.4 and Policy 10

HE page 14

9. "Housing developments affordable to extremely low, very low, and low income households" are fundamentally different than "projects containing units for lower income households."
Fee waivers and expedited processing should apply only to nonprofit development or non-profit/for profit development partnerships. Market rate projects cannot supply enough units to warrant this assistance.
Suggestion:
Define "affordable development" as projects with 50% of the units affordable to households with incomes <80% AMI.

HE page 15

10. The Housing Commission already has recognized the IZO's inadequacy. In April 2013 the Commission convened stakeholders to discuss alternatives for a new ordinance. The Commission ultimately decided to allow staff to negotiate with developers for "the most affordability they could get" until a more effective ordinance could be developed and adopted as part of this Housing Element Update.

Page 2 - Index of Notes

HE page 17

11. Policy 16 conflicts, and is inconsistent with Program 1.1, Goal 5, and Policy 11 which call for meeting RHNA obligations.
12. Program 16.1 and 16.2 - Evidence of the IZO's inadequacy has been accumulating since the time of the Housing Commission's first request for an alternative ordinance in 2013. A replacement ordinance was supposed to be part of this HE update.

HE page 20

13. Need a program requirement for solicitation of nonprofit proposals for appropriately zoned land in order to prioritize other proposals.
See comment 6 on page 10.

HE page 21

14. Change "actively assist" to "require".
Requiring landowners to solicit nonprofit proposals for affordable HDR development as part of their application for a significant property upzoning is reasonable, and does not require a 100% nonprofit development. However, it would allow the City to better evaluate its options, as well as fostering nonprofit market rate project partnerships.

HE page 25

15. Add at least 1 Policy such as "Regularly assess the demand for affordable workforce housing generated by commercial and residential growth in Pleasanton using a variety of tools such as confidential employer surveys, Bureau of Labor Statistics and U.S Census data."
Add at least 1 Program to implement the Policy.

HE page 26

16. Resolution 10-390 deals with measures to end housing discrimination against lower income families in Pleasanton. It does not mention housing dispersion or unit construction timing. See attached Resolution 10-390.

HE page 27

17. This Program 38.1 needs a time line to accomplish objectives in order to be valid. Review and discussion is not a program.

HEB page 76

18. Should also mention Mid-Pen Housing.

HEB page 93

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