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Staff Report for Adoption of the 2015-2023 City of San Leandro General Plan Housing Element

SUMMARY AND RECOMMENDATIONS

All cities and counties in the Bay Area are required by State law to adopt new Housing Elements by January 31, 2015. The City submitted a “Working Draft” of the Housing Element to the State on October 9, 2014 and has made minor administrative edits in response to State comments. The City received written confirmation from the State that if it adopts the Element as currently drafted, it will receive State certification. Because the City Council received a presentation on the Element itself in October 2014, the January presentation will focus on the differences between the “Adoption (or Final Draft)” document and the “Working Draft” reviewed in October.

On December 18, 2014, the Planning Commission recommended approval of both the Initial Study/Negative Declaration and final draft 2015-2023 Housing Element, for which the City Council is reviewing and opening a public hearing tonight.

Staff recommends that the City Council adopt an Initial Study/ Negative Declaration for the 2015-2023 Housing Element and adopt the 2015-2023 Housing Element itself.

BACKGROUND AND ANALYSIS

The Housing Element is one of the seven mandated elements of the San Leandro General Plan. It contains the City’s policies for new housing development, affordable housing, housing for people with special needs, housing conservation, and other housing-related issues. The content and organization of the Element are defined by the California Government Code, and the Element itself must be certified by the State Department of Housing and Community Development (HCD). San Leandro last adopted a Housing Element in April 2010, covering the period 2007-2014. The State certified the Housing Element in 2011.

All cities and counties in the Bay Area are statutorily required to adopt new Elements for 2015-2023 by January 31, 2015. Adopting the Element is a two-step process. The first step involves completing a "Working Draft" and submitting it to the State for preliminary review and comment. The City completed this step in October 2014. The second step involves incorporating any comments or changes recommended by the State, reissuing the document as an "Adoption Draft," and convening public hearings to adopt the document. The City is now concluding this step. On December 18, the Planning Commission recommended City Council approval of the Adoption Draft document. The City Council hearing of January 20, 2015 has been scheduled for that purpose.

Context for the Housing Element Update

The Housing Element Update is part of a 2½ year effort to update San Leandro's General Plan. Due to statutory requirements, the Housing Element is the first Element to be updated and is being adopted separately from the rest of the General Plan. Other parts of the General Plan are anticipated to be brought to the City Council in 2016, following extensive community input.

As required by State law, the Housing Element includes: (1) an evaluation of progress on implementing the previous Element; (2) a housing needs assessment; (3) a housing sites inventory; (4) an assessment of housing constraints; and (5) goals, objectives, policies, and actions indicating the specific steps the City will take following Plan adoption. The full text version of the Housing Element Update is attached as Exhibit A to tonight's related City Council resolution (Agenda Item No. 2015-003) to adopt the Element.

The key factor driving the Housing Element is the Regional Housing Needs Allocation (RHNA). The RHNA is a process established by the State in which each city is "assigned" a number of housing units that it must plan for during a defined period. Cities are not required to build the housing; however, cities must demonstrate to the State that the opportunity has been created for the private and non-profit sectors to build housing (based on zoning, etc.). The RHNA for each city in the San Francisco Bay Area is defined by the Association of Bay Area Governments (ABAG) using a computerized model that considers total population, employment, land area, projected growth, environmental constraints, proximity to transit, and similar factors. The total RHNA is further broken down by income category, with numbers identified for very low, low, moderate, and above moderate income households.

San Leandro's RHNA for 2015-2023 follows:

Very low income units	504
Moderate income units	352
Above moderate income units	<u>1,161</u>
Total units	2,287

Through the Housing Element, the City has demonstrated adequate capacity for at least 2,300 housing units in the next eight years.

Housing Element Update Process

The San Leandro Housing Element Update was initiated in March 2014. Because the prior Element was adopted less than four years earlier, a streamlined approach was taken. The presumption was that most of the policies and actions in the existing Element were still valid, but required updating to meet the new RHNA, respond to new State laws, and address current housing market issues and

conditions.

A project website was launched in April 2014. The website provided information on the project, including draft documents, and a link where web users could provide feedback on policy questions and housing issues. Planning Commission study sessions on the Housing Element were convened on May 8 and July 10, 2014 and a City Council study session was convened on June 16, 2014. In addition, the City convened a roundtable of housing advocates, developers, and service providers on July 1, 2014. The City convened a community meeting on housing on July 30, 2014. About 75 people attended, and the feedback and discussion were informative.

Data collection and analysis for the new Housing Element took place in May, June, and July. Policies and actions were developed in August. This enabled the production of a complete "Working Draft" in early September. The Planning Commission convened a public hearing on that Draft on September 11, 2014. Other City Commissions, including the Human Services Commission, the Board of Zoning Adjustments, and the Rent Review Board, also convened meetings on the Housing Element. A number of neighborhood meetings also were convened. Staff also created a Housing Element exhibit for the San Leandro Cherry Festival.

On October 6, 2014, the City Council convened a public hearing on the Working Draft Housing Element. At the conclusion of the hearing, the City Council unanimously approved a motion to forward the Working Draft to the State for preliminary review and comment. That submittal took place on October 9, 2014. On October 23, the City received a phone call from HCD indicating it had completed its review of the document and would communicate initial comments to the City via conference call. That call took place on October 28. HCD's comments were relatively minor and administrative in nature.

During the first week of November, staff and the consultant prepared an Addendum which responded to HCD comments. The Addendum (see Attachment 3) was submitted to the State on November 7. On November 18, HCD indicated it had reviewed the Addendum, and requested additional clarification on one item. A revised Addendum was submitted on November 19. On November 21, HCD issued its decision letter (see Attachment 4), indicating the Housing Element met all Government Code requirements, and that the City would be found in compliance if it adopted the Element as proposed.

During the HCD review process, the consultant team prepared a CEQA Initial Study and issued a Notice of Intent to adopt a Negative Declaration. The review period for the IS/ND started on November 17, 2014 and concluded on December 17, 2014.

On December 18, 2014, the Planning Commission approved resolutions 2014-07 (attached as Exhibit C to the City Council resolution adopting the Negative Declaration) and 2014-08 (attached as Exhibit B to the City Council resolution approving the 2015-2023 Housing Element Update) recommending City Council adoption of the Initial Study/Negative Declaration and the 2015-2023 Housing Element, respectively. Once the Council adopts the Housing Element, it will be resubmitted to the State for a formal compliance decision. A finding of compliance is important to ensure the legal adequacy of the City's General Plan. It also improves the City's eligibility for a variety of grants and external funding sources.

Highlights of the Draft Housing Element

The City Council previously convened a study session and a public hearing to discuss the changes between the previous (2007-2014) Housing Element and the proposed 2015-2023 Housing Element. A short summary of the changes reviewed at those meetings is provided below:

- The “Evaluation of the Prior Housing Element” in the prior Housing Element, which focused on achievements in 1999-2006, has been replaced with an evaluation of achievements during 2007-2014.
- The “Needs Assessment” in the prior Housing Element has been updated to include current Census data, current data on the housing market and housing conditions, updated information on special needs populations and at-risk housing, and new population projections for the city. The updated section also removes references to the Redevelopment Agency.
- The “Sites Inventory” in the prior Housing Element has been updated to remove sites that have been developed or committed to other uses and to add sites that have become available during the last 5 years. The discussion demonstrates adequate capacity to meet the RHNA.
- The “Constraints Analysis” in the prior Housing Element has been updated to reflect current information on zoning, fees, development processing requirements, and non-regulatory constraints such as the cost of land and construction.
- The “Goals, Actions, and Policies” in the prior Housing Element have been revised to incorporate the latest RHNA targets, eliminate actions that have been completed, and add new actions based on new State laws, current conditions, the findings of the first five chapters, and public input. The October 6, 2014 City Council staff report included a detailed list of the new or edited policies and actions (see Attachment 1). Notable changes to the “Goals, Actions, and Policies” in the updated Housing Element include:
 - Adding Bay Fair Transit Oriented Development (TOD) study and Shoreline Development Plan as current planning initiatives
 - Adding a nexus study to assess affordable housing impact fees and inclusionary housing regulations
 - Adding stronger support for new market rate housing including roundtables, tours, and developer forums
 - Reviewing feasibility of using future boomerang funds, former redevelopment dollars, for housing (currently 29% to Housing)
 - Seeking new public funding sources to restore programs (e.g., first time homebuyer loan program) cut after the elimination of redevelopment funding
 - Adding a “healthy homes” initiative
 - Adding public health as a neighborhood design consideration
 - Exploring the inclusion of third party utility charges as rent increase under the Rent Review Board Program
 - Monitoring displacement and risks to lower income tenants
 - Creating a homeless task force
 - Deleting certain provisions in 2010 Element relating to increasing zoning densities on E. 14th St. in the North Area
 - Deleting action in 2010 Element to allow SROs in more zones
 - Adding regulations for “micro” units
 - Adding study of zoning amendments for lot splits and additional homes on existing lots
 - Adding information on new State affordable housing funding sources
 - Encouraging short-term (Airbnb type) rentals in which an individual room in a home is rented

(to supplement income)

- Adding a program to assess the vulnerability of soft-story apartments and looking at ways to mitigate soft-story hazards
- Adding a program to monitor the balance between “market rate” and “affordable” housing production in the city

Changes Recommended by the State Department of Housing and Community Development

Attachment 2 summarizes the comments that were verbally communicated by HCD on October 28, and the way in which the document was edited to respond to the comments. Attachment 3 displays the Addendum that indicates the specific text changes made in response to each HCD comment. These changes have been incorporated into the Adoption Draft Housing Element that the Planning Commission reviewed and approved on December 18, 2014, and which City Council is reviewing tonight.

Previous Actions

- On March 3, 2014, the City Council approved a contractual services agreement (CSA) with Planning Center | DC&E (now PlaceWorks) to prepare the General Plan Update, Housing Element Update and related environmental impact report (EIR) required under the California Environmental Quality Act (CEQA).
- The San Leandro Planning Commission convened three study sessions (March 6, May 8, July 10) and two public hearings on the General Plan Update (September 11 and December 18). At the December 18 hearing, the Planning Commission passed two resolutions recommending Council approval of the Housing Element and related Initial Study/Negative Declaration.
- The Rent Review Board, Board of Zoning Adjustments, and Human Services Commission all convened study sessions on the Housing Element.
- The Council convened a study session on the Housing Element on June 16, 2014 and a public hearing on the Housing Element on October 6, 2014.

Applicable General Plan Policies/General Plan Conformance

The Housing Element is part of the San Leandro General Plan. Once adopted, the 2015-2023 Element will supersede the existing Element, which was adopted in 2010. The Housing Element is fully consistent with the other Elements of the San Leandro General Plan, and its goals, policies, and programs reinforce and support the goals, policies, and programs relating to land use, transportation, open space, conservation, safety, and other topics. The Housing Opportunity sites in the Housing Element have been selected in part on their General Plan designations.

Following adoption of the Housing Element, the City will proceed with an update of the other General Plan elements. In the event that new land use policies or map designations result from that process, the City will revise the Housing Element to reflect such modifications.

Environmental Review

Adoption of the Housing Element is subject to the California Environmental Quality Act (CEQA). The City completed an Initial Study on the Housing Element update and determined that no significant impacts would result from adoption of the update. The Housing Element is a policy document. Its adoption will not authorize the development of a particular project or directly result in housing construction --- such projects would be subject to their own subsequent environmental review processes. Moreover, the Housing Element does not propose any General Plan Map changes or

Zoning Map changes. The other elements of the San Leandro General Plan include policies to self-mitigate impacts associated with the development facilitated by the Housing Element.

A Notice of Intent to Adopt a Negative Declaration was filed with the State Clearinghouse on November 17, 2014. This initiated a 30-day review period which closed on December 17. Copies of the IS/ND were distributed to various state agencies and interested parties, and an electronic copy of the document was posted on the City's website. The only comment received was from East Bay Municipal Utility District. EBMUD's letter simply notes that future developers should coordinate with EBMUD to determine water service requirements, and that EBMUD does not provide service to contaminated sites. It also encourages the City to adopt water-efficient landscaping standards.

Board/Commission Review and Actions

The San Leandro Planning Commission convened a public hearing on the Housing Element on December 18, 2014. There was one speaker. Attachment 5 contains the draft minutes to the December 18 Planning Commission meeting discussion on the Working Draft. The Commission voted 5-0 (with two commissioners absent) on two resolutions-one recommending Council adoption of the Initial Study/Negative Declaration and a second recommending Council adoption of the Housing Element.

While the Planning Commission was generally supportive of the Housing Element, several members expressed interest in including an action program to study the feasibility of a rental housing inspection program (RHIP). The Commission had previously endorsed such a program in September and it appeared in an earlier version of the Working Draft. However, the program was removed by the City Council in its October 6 public hearing, prior to submittal of the document to HCD. Although the Planning Commission did not formally vote to add the RHIP back into the document, they did request that the Council be apprised of their support for such a program.

Summary of Public Outreach Efforts

State law requires cities to implement public outreach programs as part of their Housing Element updates. As noted earlier in this report, public outreach for this process included Planning Commission Study Sessions, City Council Study Sessions, Planning Commission and City Council public hearings, briefings to several City boards and commissions, a Community Meeting, several neighborhood meetings, interviews with stakeholders and service providers, a Housing Roundtable, a Cherry Festival exhibit, an interested parties email distribution list (for meeting notification) with over 320 subscribers, and a project website with an interactive feedback link.

Notification of the January 20, 2015 City Council meeting included a legal ad in the *Daily Review* published on December 5, 2014 (as a dual notice with the related December 18 Planning Commission public hearing) and posting of the meeting at City Hall a minimum of 72 hours in advance of the meeting date. In addition, a courtesy notice was mailed to interested parties including State, regional, and local public agencies; and homeowners associations (HOAs). Also, persons/organizations on the General Plan Update email distribution list were typically notified at least twice prior to each public meeting.

Fiscal Impacts

The City Council approved a contractual services agreement with PlaceWorks (formerly Planning Center | DC & E) to lead and implement the General Plan and Housing Element Update planning process on March 3, 2014. The contract award is for an amount not to exceed \$690,668.

ATTACHMENTS

Attachments to Staff Report

- Attachment 1: October 6, 2014 City Council Staff Report (includes Attachments A & B summarizing key changes to “Goals, Policies, Action Programs”)
- Attachment 2: General Summary of State Housing and Community Development (HCD) Verbal Comments on October 28, 2014 and City Responses
- Attachment 3: November 19 Housing Element Addendum submitted to HCD
- Attachment 4: “Pre-Compliance” Letter from California Department of Housing and Community Development
- Attachment 5: Draft Minutes of Planning Commission Meeting of December 18, 2014

Attachments to Related Resolutions

- CEQA Initial Study/Negative Declaration (full text)
- EBMUD comment letter on Initial Study
- Adopted Planning Commission resolution 2014-07 for Initial Study/Negative Declaration
- Housing Element Update (full text of the Adoption Draft)
- Adopted Planning Commission resolution 2014-08 for the Housing Element Update Adoption Draft

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