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Staff Report for Review of the 2015-2023 Housing Element Update Working Draft

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 process calls for cities and counties to submit Working Drafts to the State Housing and Community Development Department (HCD) prior to adopting their Housing Elements so that the State can identify any deficiencies that must be corrected prior to adoption. Because the State requires up to 60 days for their review, staff seeks to submit the City's Working Draft to the State by October 10, 2014. Comments from the State will be received by December 10, and the document will be revised as needed. The final Draft Housing Element Update will be considered for adoption by the Planning Commission in December 2014 and City Council in January 2015.

Staff recommends that the City Council take public input on the Working Draft.

Staff will then forward the Working Draft to the State HCD by October 10, 2014 for its preliminary review and feedback to the City.

BACKGROUND AND ANALYSIS

Over the past few months a comprehensive outreach campaign has been underway to obtain public input on the State Mandated Housing Element Update. A Working Draft of the Housing Element Update (Working Draft) is being brought before the Council tonight for input. The Working Draft will be forwarded to the State for initial review and comment. Changes may be considered between the time the Working Draft is submitted to the State and January 2015 when the Housing Element Update is adopted, provided the changes do not impede the City from meeting its housing objectives.

Though not required by State law, this Working Draft item has been advertised as a public hearing,

and public input is being solicited.

Tonight's presentation will focus on Chapter 6 of the Housing Element as it is the most critical section. Chapter 6 outlines the goals, objectives, policies, and action programs for the next eight years. Chapters 1 - 5 primarily provide background information and data, while Chapter 7 serves as an executive and implementation summary.

Housing Element Overview

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.

Housing is one of the seven mandated elements of the general plan in California. The Housing Element contains each 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 Housing Element itself must be certified by the State Department of Housing and Community Development (HCD). The Housing Element must include:

- (1) An evaluation of implementation progress of 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 Housing Element adoption.

The key factor in determining if a Housing Element is compliant is the City's ability to provide its "fair share" of the region's housing needs over the next eight years. The Association of Bay Area Governments (ABAG) has determined that San Leandro's "fair share" is 2,287 units, including 774 that are affordable to low and very low income households. Cities are not required to construct the units. Rather, they must show that they have appropriately zoned land, development regulations, and programs to facilitate the construction of this quantity of housing by the private and non-profit sectors in the next eight years.

San Leandro last adopted a Housing Element in April 2010, which covered the period of 2007-2014. The State HCD certified the Housing Element in 2011. State certification is important to ensure legal adequacy of the City's General Plan. It also improves the City's eligibility for a variety of grants and external funding sources.

Streamlining and the 2015-2023 Housing Element

To expedite review and processing of Housing Elements, HCD has established "streamlining" provisions for the 2015-2023 Housing Element Update. These provisions recognize that much of the information in the Housing Element has not changed since the last Element was adopted. The streamlined state review only evaluates those parts of the Element that have been added or modified to comply with current housing law.

Cities eligible for streamlined review must have a previously certified Housing Element and meet

specific criteria related to State housing law. These include adoption of reasonable accommodation procedures for disabled persons, definitions of transitional and supportive housing which comply with State law, compliance with SB 2 (allowing homeless shelters), adoption of density bonus provisions that comply with State law, and completion of any rezoning needed to meet regional housing needs. San Leandro meets all of these criteria and is therefore using the streamlined approach.

Streamlining requires that the City submit a “clean” copy of the Housing Element and a “tracked change” copy indicating the changes (additions, deletions) to the existing Housing Element. A streamlining “template” also must be completed to indicate where changes to the previous document were made. The City must also provide a “completeness checklist” to facilitate HCD review.

One of the outcomes of the streamlining approach is that the City has used its existing Housing Element goals, policies, and actions as the foundation for its new 2015 - 2023 housing goals, policies, and actions. At the October 6 meeting, the presentation and discussion will focus on changes to existing policies and programs (including new programs) rather than a recap of policies and programs that are already adopted and not changing. The new policies and programs reflect feedback from the Planning Commission, other City commissions, housing professionals and advocates, and the community at large. Public input has been critical in shaping these edits.

Summary of Chapters

The Housing Element includes seven chapters. Highlights are provided below:

Chapter 1 - Introduction This chapter describes the relationship of the Housing Element to the rest of the General Plan, lays out the legal basis for the Housing Element, and explains the regional housing needs allocation (RHNA) process. It also summarizes the community participation process used to develop the Housing Element.

Chapter 2 - Evaluation of the 2010 Housing Element The chapter begins with a description of San Leandro and the administration of its housing programs. It describes housing production in San Leandro over the last seven years. The chapter then reviews each goal, policy, and action in the existing Housing Element and describes the progress that has been made in implementation. For each item, the text indicates whether the policy or program should be carried forward, revised, or deleted.

Chapter 3 - Needs Assessment Highlights from this chapter were covered at a June 2014 City Council meeting. This chapter provides the most up-to-date data available on the characteristics of San Leandro’s population, including age, household type, household size, language and ethnicity, tenure, income, percent of income spent on housing, employment, and overcrowding. It also profiles the special housing needs of seniors, persons with disabilities, large families, single parents, extremely low income households, and homeless persons. The chapter also provides a profile of the city’s housing stock and discusses energy conservation and the extent of units “at risk” of converting from subsidized to market rate rents. The chapter concludes with projections for the next eight years.

Chapter 4 - Analysis of Housing Sites The analysis documents the potential for 200 new very low income (affordable rental) units and 78 new moderate income (market rate rental) units in already approved projects. It further documents the potential for over 2,000 additional units on more than 100 vacant and underutilized sites around the city, demonstrating that the City has sufficient capacity to meet its RHNA. More than 80 percent of the City’s housing capacity is associated with higher

density development, with most of the sites located near the Downtown and Bay Fair BART stations and along East 14th Street in the South Area, consistent with the City's recognized Priority Development Areas (PDAs). As noted earlier, the designation of a parcel as a "Housing Opportunity Site" does not obligate the owner to build housing, nor does it affect the number of units that can be built. It merely acknowledges that these sites have the capacity for housing in the future, and have characteristics that are favorable to development.

Chapter 5 - Evaluation of Potential Constraints to Housing Construction This chapter provides an overview of zoning standards (including height, setbacks, floor area ratio, lot coverage, lot size) in each residential and commercial/mixed use zoning district. It also evaluates parking standards, use permit requirements, and standards for special housing types (such as emergency shelters and secondary units). The chapter also assesses the City's design review and site plan review processes, its building code, its fees and permitting process, and its site improvement process. Conclusions are similar to those in the existing Housing Element, although several potential constraints identified have been mitigated through zoning text changes. This chapter also identifies non-governmental constraints, such as school capacity, financing availability, and land costs.

Chapter 6 - Goals, Policies, and Action Programs This chapter identifies measurable targets for housing conservation and production for the next eight years. Major changes are highlighted in the next section of this staff report. Chapter 7 is a summary "roll up" of all the actions in Chapter 6, indicating the agency responsible for carrying them out, and a timeline for implementation.

Key Changes to Housing Goals, Actions, and Policies

Key changes to the housing goals, actions and policies are summarized in Attachment "A". Many of the changes are the direct result of input from the Planning Commission, other City commissions, and the public over the last five months.

Community Engagement and the Housing Element

State law requires cities to implement public outreach programs as part of their Housing Element updates. In San Leandro, public outreach took place as part of a larger community engagement strategy for the General Plan Update. Key components included:

- **Website.** A project website was launched in April 2014. Between April and September, the website included links to the prior Housing Element; meeting summaries, presentations and FAQs; and opportunities for community feedback.
- **Virtual City Hall.** One component of the website is a "Virtual City Hall" portal which enables residents to respond to policy questions and provide feedback on housing-related issues. The feedback has been tracked and is reflected in the draft policies and programs.
- **Community Meeting.** A large community meeting was held on July 30 at the Senior Community Center. The meeting was advertised through lead stories in the San Leandro Times and the South County Post. Information on the Housing Element was provided at the meeting, and a facilitated two hour discussion took place. Approximately 75 people attended.
- **Stakeholder Roundtable.** On July 1, 2014 staff convened a "roundtable" discussion of housing advocates, social service providers, developers, realtors, and others familiar with local housing conditions. Feedback on housing issues and potential policies was solicited.
- **City Council Briefing.** A City Council briefing on the Housing Element, including public

comment and questions from Council members, took place on June 16, 2014.

- **Planning Commission Meetings.** The Planning Commission held study sessions on the Housing Element on May 8, July 10, and a public hearing on September 11. Each of these sessions was publicly noticed and widely advertised to a General Plan Update email distribution list. The City received written public comment from the Rental Housing Association of Southern Alameda County opposing Action 56.1C in the Working Draft regarding consideration of a Rental Housing inspection program (see Attachment D).
- **Other Commission Study Sessions.** Staff made Housing Element presentations to the Board of Zoning Adjustments, the Rent Review Board, and the Human Services Commission. Feedback was provided at these sessions, and an opportunity for public comment was provided.
- **Neighborhood Meetings.** Staff announced its availability to attend neighborhood level meetings to discuss the Housing Element and respond to community inquiries on a more local level. Meetings were held with the Broadmoor Neighborhood Association and the Estudillo Estates Neighborhood Association, and with Congregations Organized for Renewal (COR). Meetings with other neighborhood groups may take place before the Element is adopted in January. The General Plan Update, including the Circulation and Housing elements, were included in the City's Transportation and Housing Town Hall meeting on September 22, 2014 at the Main Library.
- **Cherry Festival Exhibit.** Information on the Housing Element was made available at the San Leandro Cherry Festival. Visitors to the Community Development "booth" at the festival were invited to play an interactive computer "game" in which they selected the housing types they felt were most needed in the city.

It should be noted that the public outreach process for the Housing Element will continue for several more months. Adoption of the document is not expected until January 2015, and public comment will continue until that time.

Notification of the October 6, 2014 City Council meeting included a legal ad in the Daily Review 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 all city-wide homeowners associations (HOAs). Also, persons/organizations on the General Plan Update email distribution list were notified twice within two weeks of tonight's meeting.

Next Steps

The following milestones for the 2015-2023 Housing Element are envisioned:

- October 10 submittal to HCD. The Draft will be submitted to HCD in both "clean" and "redlined" format.
- December 10 (estimated): Comments received from HCD (and posted to website)
- December 15 (estimated): Public Review Draft released
- December/early January: Planning Commission hearing on Draft Element
- City Council hearing and adoption by January 31, 2015

Work on other elements of the General Plan will continue while the Housing Element is being reviewed by the state. Two "Town Hall" meetings on land use and transportation issues have been scheduled for October 23 (at the Senior Community Center) and October 28 (at the Marina

Community Center) to provide broader public participation. Work on land use, transportation, conservation, safety, and other plan “elements” will ramp up in October and November 2014.

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 has convened three study sessions and a public hearing on the General Plan Update. The March 6, May 8 and July 10 sessions and September 11 public hearing focused on the Housing Element. Additional study sessions are planned for later in 2014 and throughout 2015.
- The Council convened a study session on the Housing Element on June 16, 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

A CEQA Initial Study will be released concurrently with the Working Draft Housing Element. Since no re-designation of land is proposed, and since no specific development project is proposed, it is anticipated that a Negative Declaration or Mitigated Negative Declaration will be prepared. This will be provided when the Public Review Draft is released in December 2014.

Board/Commission Review and Actions

The San Leandro Planning Commission convened a public hearing on the Draft Housing Element on September 11, 2014. There were four speakers. The Commission spent approximately 90 minutes discussing the housing policies and action programs, and suggested a number of edits to the Working Draft. Attachment “B” includes those edits. Attachment C contains the full draft minutes to the September 11 Planning Commission meeting discussion on the Working Draft. The Commission voted 6-0 (with one commissioner absent) on a recommendation that the City Council forward the Working Draft to HCD, inclusive of the Attachment A edits.

In summary, the Commission requested the following changes:

- Provide clearer direction in the policy to “recognize the potential for private investment”
- Clarify if tenants in market rate apartments that are acquired and converted to “affordable housing” can move back into their units if their incomes exceed the allowable maximum
- Clarify requirements to “assist” persons who may be displaced due to expiring subsidies
- Add information on new State funding sources

- Clarify the capacity of the Town Hall Square housing opportunity site
- Encourage short-term (Air BNB type) rentals in which an individual room in a home is rented, as a way for lower income owners and seniors to generate additional income and reduce their housing costs
- Add a program to assess the vulnerability of soft-story apartments and look at ways to mitigate soft-story hazards
- Add a program to monitor the balance between “market rate” and “affordable” housing production in the city, and take steps to ensure that production does not focus entirely on one type or the other.

Summary of Public Outreach Efforts

See “Community Outreach and the Housing Element Update” section above.

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

- Attachment A: Summary of Changes to Housing Goals, Policies and Actions
- Attachment B: Addendum to Working Draft Housing Element to incorporate Planning Commission comments
- Attachment C: Excerpt of draft minutes from September 11 Planning Commission meeting regarding the Working Draft of the Housing Element Update
- Attachment D: Public comments received after September 11 Planning Commission meeting:
- Email dated September 17, 2014 from Rental Housing Association of Southern Alameda County
- Attachment E: Working Draft Housing Element

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