

**CITY OF ALBANY  
CITY COUNCIL AGENDA  
STAFF REPORT**

Agenda Date: October 20, 2014  
Reviewed by: PL

**SUBJECT:** Authorization to Submit the “Working Draft” 2015-2023 Albany Housing Element to the California Department of Housing and Community Development (HCD) for Administrative Review

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**SUMMARY**

All cities and counties in the Bay Area are required by state law to adopt new Housing Elements by January 31, 2015. The Housing Element presents the City’s policies for housing production, conservation, and affordability, and demonstrates the City’s ability to accommodate its “fair share” of the region’s housing need. City staff is requesting authorization from the City Council to submit a Working Draft of the 2015-2023 Housing Element to HCD. HCD will provide feedback to the City by December 2014 indicating any revisions to the document that it deems necessary before they can issue a compliance determination. The City will incorporate these revisions as appropriate and bring the Housing Element back to the City Council for adoption.

**PLANNING & ZONING COMMISSION RECOMMENDATION**

On October 8, 2014, the Planning and Zoning Commission recommended that the Council approve submittal of the Working Draft Housing Element to HCD.

**STAFF RECOMMENDATION**

That the City Council authorize staff to submit the Housing Element to the State Department of Housing and Community Development for Administrative Review.

**BACKGROUND**

The Housing Element is one of the seven mandated elements of the Albany General Plan. It includes goals, policies, and action programs to conserve existing housing, produce new housing, provide housing for persons with special needs, and ensure equal access to housing by all residents. The contents of the Element are set by State law, and include a needs assessment, a

sites inventory, an evaluation of constraints, and an evaluation of progress on implementing the previous Element. The Housing Element is the only part of the General Plan subject to review and certification by a state agency. Cities and counties must periodically submit their Elements to the State Department of Housing and Community Development (HCD) for a compliance determination.

### **Regional Housing Needs Allocation**

The Housing Element must demonstrate Albany's ability to meet its "fair share" of the regions housing need. "Fair share" is calculated roughly every eight years by the Association of Bay Area Governments (ABAG) through a process called the Regional Housing Needs Allocation (RHNA). A RHNA assignment is given to each Bay Area city and county using a formula that considers population size, land area, vacant land, employment growth, proximity to public transit, environmental constraints, and similar factors. During the last planning period (2007-2014), the RHNA for Albany was 276 units. During the upcoming planning period (2015-2023), the RHNA is 335 units. The assignment has increased by 21 percent, in part to support California's efforts to reduce greenhouse gas emissions by concentrating growth in the core of the state's metropolitan areas. The allocation also has increased because the planning period has increased from seven years (2007 to 2014) to eight years (2015-2023).

The RHNA is further broken down into four income categories. Albany's assignment includes 145 above moderate-income units, 57 moderate-income units, 53 low-income units, and 80 very low-income units. Through its Housing Element, the City must show that it has a sufficient amount of land zoned to accommodate this assignment. State law does not require cities to build the housing. It does, however, require that the City adopt zoning regulations, permitting procedures, and other programs that facilitate housing construction for each income group by the private and non-profit sectors.

### **Summary of Planning Process**

The Draft Housing Element updates the 2007-2014 Albany Housing Element, which was adopted by the City Council on March 3, 2014 and certified by the state on June 3, 2014. Because the existing Element was recently prepared, much of the background data has been carried forward and many of the policies are the same. The focus of the update is on actions to be implemented during 2015-2023 and an evaluation of recent achievements.

The Housing Element update process has been structured as a continuation of the 2007-2014 process. It builds on the extensive input and many public meetings that took place during that process. Following certification of the 2007-2014 Element by the state, a "Town Meeting" on housing was convened on July 22, 2014. The Planning and Zoning Commission held study sessions on the new (2015-2023) Element on July 23, September 10, September 24, and October 8. On September 30, the City hosted an "Affordable Housing Symposium" including presentations by local housing professionals and a Q&A session with the roughly 35 attendees. City staff has also reached out to the community on housing issues through a variety informal forums.

The initial version of the Housing Element, released in September 2014, has been revised based on input from the Commission and the public. Members of the public asked for more committal and/or affirmative language on some of the action programs. The text has been edited to include such language, although not every requested change was made. In some instances, staff believes that directives to “consider” and “encourage” various strategies are more appropriate than directives such as “enact” or “require.” Other changes include the addition of several new or revised policies and programs to provide greater support for co-housing and shared housing, expanded community outreach and engagement, “matching” of persons with special needs with local shared housing opportunities, participation in EBHO’s annual Affordable Housing Week, the designation of a City “housing coordinator,” and stronger support for second units.

## **DISCUSSION**

To streamline the HCD review process, the City has prepared two versions of its Housing Element. The first is a “track change” version of the adopted (March 3, 2014) document showing all additions and deletions in red. The second is a “clean” version in which all changes have been accepted. HCD offers “streamlined” review to cities submitting their documents in this format. The streamlined review focuses only on the changes between the prior document and the new document, and on issues such as community engagement and the adequacy of sites to meet regional housing needs.

### **Overview of Document and Key Changes**

The Housing Element is organized into six chapters. The text below provides an overview of each chapter and summarizes the major changes made between the March 2014 document and the current (2015-2023) Working Draft.

#### ***Chapter 1: Introduction and Framework.***

This chapter describes the requirements for the Housing Element and the process used to develop the document. Key changes include:

- The text has been updated to reflect the higher Regional Housing Needs Allocation for the next eight years (335 units vs. 276 units)
- A description of the HCD “streamlining” process for Housing Element review has been added
- The description of the community outreach program has been updated to reflect the work of the last year (and to delete the description of the 2007-2013 process)

#### ***Chapter 2: Review of Previous Housing Element.***

This chapter evaluates the effectiveness of the 2007-2014 Housing Element. Whereas the March 2014 Element described progress in implementing the 1992 Albany Housing Element, and addressed achievements between 1992 and 2013, the current Draft focuses on progress during 2007-2014, with a special focus on achievements since March 2014. Specific changes include:

- Data on the RHNA and housing production during the “prior” planning period has been updated to focus on 2007-2014 (rather than 1999-2006)
- The discussion of carry-over of unmet need has been eliminated since the City has a compliant Housing Element for the prior planning period
- The “review of prior Housing Element policies” in the March 2014 document has been deleted, and replaced with updated text that focuses on achievements between March and October 2014 (See Attachment 3). The appropriateness of each goal, policy, and action for the 2015-2023 period has been evaluated.

The following measures in the 2007-2014 Element have been carried forward for high priority implementation in 2015:

- Documentation of lot consolidation procedures to facilitate the assembly of small parcels into larger parcels that are easier to develop
- Adoption of an official fee reduction policy for affordable housing
- Designation of an affordable housing fund, including a determination of how the City will manage “boomerang” funds that would otherwise have gone to the Redevelopment Agency
- Continued public information and outreach remains through forums, tours, workshops, websites, publications, and similar tools.

### ***Chapter 3: Assessment of Housing Needs.***

This chapter includes an analysis of demographics, income, affordability, employment, special housing needs, housing stock characteristics, and energy conservation. This information is used to assess current and anticipated housing needs in the City. Most of this text is unchanged since March 2014. Minor edits have been made to keep the document factually correct, and to incorporate data released in the past year. Specific changes include:

- Data on persons with disabilities has been updated (the prior document used 2000 Census data, which is outdated. The new document uses 2008-2012 data from the American Community Survey).
- The description of Albany’s homeless needs has been updated to reference the 2013 Homeless Count (which had not been released when this chapter was written a year ago) and to reflect current conditions at the Albany Bulb
- Data on home prices and rents has been updated

### ***Chapter 4: Site Inventory and Analysis.***

This chapter describes the inventory of sites in Albany that could potentially support new housing during the planning period. It also includes an assessment of the potential for second units in the city. The text has been updated to add three new sites, increase the estimated number of second units that will be produced during the planning period, delete discussion of the availability of sites during the prior planning period, and update the discussion of units produced so far in the planning period. Specific changes include:

Because the RHNA is 334 units and the City has capacity to build at least 359 units, no further identification of housing sites is required to be identified. In recognition that the RHNA has increased by 58 units, the draft housing element includes three additional potential housing sites. The placement of a parcel on the Opportunity Site list has no impact on the site's development potential or zoning, nor does it obligate the owner to build housing. It is merely an acknowledgement that the site's zoning enables housing to be built, and that economic conditions are favorable for the site's reuse. The Working Draft 2015-2023 Housing Element identifies the capacity for 448 units, which exceeds the RHNA by 34 percent.

The previous (2007-2014) Housing Element indicated that the City had capacity for 359 housing units, including 175 in the approved senior housing development at UC Village and another 184 on scattered vacant and underutilized sites within the City. Most of these sites are located along San Pablo Avenue, with a few located along Solano Avenue and in the R-3 zoning district. As of October 2014, all of this capacity remains available, and the existing list of housing sites will be carried forward.

- The prior Element included a detailed discussion of housing units added from 2007-2013, since the City was “credited” for producing these units during the last RHNA period. This has been deleted and replaced with a discussion of housing units added or approved so far during this RHNA period, which started on January 1, 2014.
- Three housing sites have been added: The Goodwill (former Blockbuster) site at 501-505 San Pablo, the Mary and Joe's site at 911-913 San Pablo, and the Albany Town Centre site at 950 San Pablo. Collectively, these sites add 61 units of potential to the City's inventory (using a conservatively low-density assumption).
- The text on second units has been updated to reflect recent Code changes. The addition of 32 second units is assumed for the 2015-2023 planning period (four units per year).
- The discussion on site availability during 1999-2006 has been deleted since it is no longer required.

### ***Chapter 5: Analysis of Constraints to Housing Production.***

This chapter identifies possible governmental and non-governmental constraints to housing development in the city. Among the governmental constraints analyzed are the zoning ordinance, standards for special housing types, design review requirements, building code and permit processing requirements, local fees, and site improvement requirements. The non-governmental constraints that are analyzed include infrastructure, environmental hazards, land and construction costs, financing, and public opinion.

Most of this chapter is unchanged since March 2014. Updates have been made to reflect recent zoning code amendments, and several amendments that are pending and will be brought to the Planning and Zoning Commission in the coming months. The Chapter includes current information on second unit regulations, the status of parking studies, and pending changes to the SPC zoning regulations regarding ground floor residential and SROs. Fee information has been updated to FY 14-15.

### ***Chapter 6: Housing Goals, Policies, and Actions.***

This chapter presents the City’s official housing policies along with a series of measurable targets for 2007-2014. Policies and actions are organized under five broad goals that generally address: (a) conservation of existing housing; (b) production of new housing; (c) special needs housing; (d) reducing housing constraints; and (e) equal access and enforcement of fair housing laws. Policies and actions have been updated as follows: (this summary of changes does not include changes in the text to reflect competed programs and other editing changes)

*Goal 1: Housing Conservation*

- Policy 1.8 has been added to discourage the use of rental units, especially secondary units, for short-term “airbnb” stays. Program 1.F has been added to evaluate Municipal Code provisions for short-term rentals to determine if Code changes are needed to protect rental housing opportunities.
- Policy 1.9 has been added to encourage house sharing and co-housing in response to demographic shifts and increased housing prices. Program 1.G has been added to support remodels which enable house sharing and co-housing.
- Program 1.C has been updated to incorporate the City’s recent efforts to monitor inclusionary units

*Goal 2: Housing Conservation*

- Policy 2.12 has been added to support the concept of scattered site affordable housing
- Policy 2.13 has been added to consider additional housing sites at UC Village and on other public sites not committed to open space, park, or public facility use
- Policy 2.14 has been added to support low income housing tax credit projects
- Program 2.A (minimum densities in SPC and SC) has been deleted since it is underway and is presumed to be completed by the time the Element is adopted
- New Program 2.A has been added to conduct a nexus study for an affordable housing impact fee
- New Program 2.D has been added to consider an Affordable Housing Incentive Program (this program would offer specific zoning incentives to projects that incorporate affordable units)
- Program 2.E has been expanded to note additional community outreach ideas
- Program 2.I has been updated to reflect the recent adoption of a Second Unit Amnesty Program
- Program 2.J has been updated to note that the City recently did a survey of second unit rents, and will repeat that survey every three years
- Program 2.K incorporates the current status of the Affordable Housing Fund.

*Goal 3: Special Housing Needs*

- Policy 3.9 has been added to connect persons in need with homeowners with shared housing opportunities
- Program 3.A incorporates current data on persons with disabilities in Albany.
- Program 3.F has been updated to note the City’s compliance with SB 2 (emergency shelter) and to explore allowing such uses in the SC and R-3 zones with a conditional use permit.
- Program 3.H has been revised to incorporate the public’s suggestion that the City explore the feasibility of a homeless drop-in center (for meals, showers, counseling, etc.).

- Program 3.I incorporates current data on the status of “boomerang” funds.

#### *Goal 4: Reducing Housing Constraints*

- Policy 4.7 has been added supporting innovative housing types
- Policy 4.8 has been added to encourage car-free living
- Policy 4.9 has been added to designate a staff person as the City’s “Housing Coordinator”
- New Program 4.A has been added to consider additional Zoning Code changes in the R-1 and R-3 districts
- Program 4.B has been rewritten to reflect the recent revisions to the second unit standards, and to suggest additional incentives for second units to be explored in the coming years
- Program 4.D has been updated to reflect anticipated Zoning Code changes for the SPC zone and to identify possible new changes that could be considered in the next eight years
- New Program 4.E has been updated to reflect the citywide parking study now underway
- Program 4.F has been updated to reflect the recommendations of the parking task force
- Program 4.G has been updated to reflect the anticipated completion of a fee reduction policy in the next six months
- Program 4.J has been added to evaluate potential obstacles for non-traditional housing types

#### *Goal 5: Fair Housing*

- Policy 5.7 has been added to avoid tenant displacement due to rising rents
- Program 5.D has been added to support free Fair Housing Training programs
- Program 5.E has been added to consider the feasibility of creating a Rent Review Board

#### *Objectives*

- The quantified objectives at the end of the chapter have been updated to reflect the higher RHNA

#### **Next Steps**

Following the Council’s recommendation, staff will submit the Working Draft Element to HCD. HCD is expected to provide comments to the City verbally (typically via a phone call) in about 30 days. Staff is then given an opportunity to propose revisions, which are communicated back to HCD in the form of an Addendum. If the changes are minor, the Addendum is typically done administratively by staff. If the requested changes raise substantive issues for the City, the Addendum would first be vetted with the Planning and Zoning Commission, and potentially with the City Council. In either case, a summary of HCD’s verbal comments and any proposed responses and revisions from staff will be posted to the City’s website and made available for public review.

HCD is required to issue a formal administrative review letter no more than 60 days after it receives the Working Draft (roughly December 20, 2014). The letter will indicate either that the draft document is ready for adoption, or still requires additional revisions. Staff will work with HCD on any additional revisions, and bring a revised version of the document to the Planning and Zoning Commission for their consideration in early January. The document will then come back to the City Council for adoption. The public may comment on the document at any time during this process, and the report will remain a “Draft” for at least three more months.

A CEQA Initial Study will be prepared before the document is brought back to the Planning and Zoning Commission. The Initial Study and accompanying Mitigated Negative Declaration will be available at least 20 days before the Planning and Zoning Commission takes action.

Once the Council adopts the Housing Element, staff will submit the document to HCD for a compliance determination. HCD has 90 days to make this determination and will notify the City of its decision in writing.

### **SUSTAINABILITY IMPACT**

The Housing Element supports and advances several of the polices contained in the City's Climate Action Plan, including:

- Providing public education to support high-quality multi-family housing (CAP Policy TL-3.1)
- Supporting transit-oriented development that can make housing more affordable as well as reduce vehicle trips (CAP Policy TL-4.1)
- Supporting exploration of changes to City residential parking policies to reduce vehicle miles traveled by Albany residents (CAP Policy TL-4.5)
- Increasing social equity, by creating more housing opportunities for lower income households and persons with special needs
- Engaging persons of all economic means in the planning process
- Encouraging the maintenance of the existing housing stock, thereby conserving resources and reducing the need to replace existing units
- Encouraging energy conservation and efficiency, reducing non-renewable resource consumption as well as making housing more affordable by reducing utility costs.

### **FINANCIAL IMPACT**

The Housing Element actions have both direct and indirect financial implications. The Element includes an action program to commit a portion of the former redevelopment agency's tax increment funds (swept by the state in 2012, but partially returned through the County) to housing programs benefiting lower income households. It further directs the City to create an Affordable Housing Fund, which would become a repository for such "boomerang" funds in the future, as well as in-lieu fees collected through Albany's inclusionary housing ordinance. The Element also directs the City to apply for grants and other funding sources that could benefit low and very low-income households. It also recommends a nexus study to consider an Affordable Housing Impact Fee.

### **Attachments**

1. Working Draft Housing Element (clean)
2. Working Draft Housing Element (tracked changes)
3. Review of Previous Housing Element