

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

Agenda Date: February 2, 2015  
Reviewed by: PL

**SUBJECT:** Adoption of the 2015-2023 Albany Housing Element and Initial Study/  
Mitigated Negative Declaration (IS/MND)

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**SUMMARY**

All cities and counties in the Bay Area are required by state law to adopt a 2015-2023 Housing Element by January 31, 2015.<sup>1</sup> The Housing Element is part of the Albany General Plan and includes the City's policies for housing production, conservation, and affordability. On October 20, 2014, the City Council authorized submittal of a "Working Draft" of the 2015-2023 Housing Element to the State Department of Housing and Community Development (HCD) for review. On December 1, 2014, the City received a letter from HCD indicating the document would be deemed compliant with the Government Code and could be adopted as drafted. The City made additional edits during December to incorporate input from the Diverse Housing Working Group, a coalition of local housing advocates. The revised document and accompanying Initial Study/Mitigated Negative Declaration (IS/MND) are now before the City Council for adoption.

**PLANNING & ZONING COMMISSION RECOMMENDATION**

On January 7, 2015, the Planning and Zoning Commission adopted two resolutions recommending the following:

1. Resolution No. 2015-01 forwarding a recommendation to the City Council to adopt the Initial Study and Mitigated Negative Declaration for the 2015-2023 Housing Element. The Commission made a number of administrative edits to the IS/MND at its hearing.
2. Resolution No. 2015-02 forwarding a recommendation to adopt the 2015-2023 Housing Element itself.

**STAFF RECOMMENDATION**

1. Approve Resolution No. 2015-5 adopting the Initial Study and Mitigated Negative Declaration for the 2015-2023 Housing Element

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<sup>1</sup> Although the Council action is coming two calendar days after the January 31 deadline, staff has confirmed with the State Department of Housing and Community Development that a February 2, 2015 adoption date is acceptable.

2. Approve Resolution No. 2015-6 Amending the General Plan by Adopting the 2015-2023 Housing Element

**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.

One of the requirements for the Housing Element is that it shows that Albany is able to meet its “fair share” of the region’s housing need for the next eight years. The “fair share” is calculated 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 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
- 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. However, it does require that the City adopt zoning regulations, permitting procedures, and other programs which facilitate housing construction for each income group by the private and non-profit sectors.

The Draft Housing Element indicates that the City has capacity for at least 448 housing units, which exceeds the RHNA by 34 percent. This includes 175 units in the approved senior housing development at UC Village and another 273 units on scattered vacant and underutilized sites within the City. Most of these sites are located along San Pablo Avenue, with a few along Solano Avenue and in the R-3 zoning district. 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.

## **DISCUSSION**

### **Housing Element Update Process**

Albany adopted its previous 2007-2014 Housing Element March 3, 2014 and received State certification of that document on June 3, 2014. Thus, the 2015-2023 Housing Element update was carried out as a continuation of the 2007-2014 update process. Since the 2007-2014 Element is recent, much of that document was carried forward. Programs were updated to reflect the longer time horizon, the higher Regional Housing Needs Allocation, and additional community input. Key opportunities for community input included:

- A Town Meeting on July 22, 2014
- Affordable Housing Symposium on September 30, 2014
- An exhibit booth at the Solano Stroll on September 14, 2014
- Five Planning and Zoning Commission Study Sessions on July 23, 2014, September 10, 2014, September 24, 2014, October 8, 2014 and December 10, 2014
- A City Council Study Session on October 21, 2014
- A Planning and Zoning Commission public hearing on January 7, 2015

The State has created a two-step process for Housing Element certification. The first step is to submit a "working draft" of the Housing Element to HCD for administrative review. HCD provides feedback on the working draft, and the City has an opportunity to make edits in response. The second step is to adopt the Element, inclusive of these edits, and then resubmit it to HCD for their final determination.

In Albany's case, the City submitted its "Working Draft" on October 22, 2014. The State provided comments on November 13, and the City issued an Addendum on November 19. On December 1, the State issued a letter indicating the City's Draft Element (inclusive of the Addendum) would be found in compliance. The Planning and Zoning Commission held a study session on December 10 to review the state comments and take additional public comment. Extensive comment was provided by members of the Diverse Housing Working Group (DHWG), a housing advocacy group comprised of Albany residents. At the conclusion of the Study Session, the Commission directed staff to make appropriate changes to the document to respond to the public comments.

A second Addendum was published on December 19, 2014. At the same time, the City released an "Adoption Draft" Housing Element which incorporated both Addendum 1 and Addendum 2. The Planning and Zoning Commission held a public hearing on January 7, 2015 and recommended approval of the document by the City Council.

## **Overview of Document**

The Housing Element is organized into six chapters, summarized below.

- The first chapter (Introduction) describes the requirements for the Housing Element and the process used to develop the document.
- The second chapter (Review of Previous Housing Element) corresponds to a state requirement to evaluate the effectiveness of the previous Housing Element and identify the steps needed to address any deficiencies. This chapter includes a series of tables that describe the progress that has been made in carrying out the previous (2007-2014) Element.
- The third chapter (Needs Assessment) 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.
- The fourth chapter (Analysis of Housing Sites) 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. This chapter demonstrates the City's ability to accommodate Albany's "fair share" of the region's housing needs for 2014-2022, which is defined by ABAG as being 335 units.
- The fifth chapter (Analysis of Constraints to Housing Production) 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.
- The sixth chapter (Housing Goals, Policies, and Actions) presents the City's official housing policies along with a series of measurable targets for 2015-2023.

Policies and actions are organized under five broad goals which address:

1. Conservation of existing housing
2. Production of new housing
3. Special needs housing
4. Reducing housing constraints
5. Equal access and enforcement of fair housing laws

The October 20 City Council staff report provided detailed information on each of these goals, as well as changes to the policies and action programs.

## **ANALYSIS**

Because the City Council has already had a study session on the Housing Element itself, including a review of the major findings and the new policy and action programs, the analysis below focuses on the changes that have been made to the document since the Council reviewed it on October 20, 2014.

### **Modifications to Housing Element in Response to HCD Comments**

HCD's comments on the October Draft were minor and administrative in nature. The City's proposed edits to the document in response to these comments were issued on November 19 (see Attachment 3 to this staff report). The key changes were:

- The "Evaluation of the Prior Housing Element" (Programs 2.A, 2.D, 4.A, and 4.E) was updated to reflect the approval of the zoning text changes considered by the Planning and Zoning Commission in October and approved by the City Council in November.
- The text for Program 4.D was updated to reflect the fact that the City has not yet amended the SPC zoning regulations to allow ground floor residential uses (with a use permit) on San Pablo Avenue. This is "carried forward" as an action for 2015-2023.
- New Policy 5.7 (to avoid displacement of tenants) has been clarified to note that its primary focus is on indirect displacement (due to rising rents) rather than direct displacement (due to demolition).
- A definition of "affordable housing" has been added to the first page of Chapter 6
- New Program 1.G (shared housing) has been edited to provide a more affirmative statement of support for this housing type, and clarify the distinction between shared homes and homes with interior second units.
- New Program 2.B (nexus study) was expanded to indicate the City will take appropriate action following the completion of the study
- New Program 2.D (Affordable Housing Incentive Program) was clarified to note that this program will in no way conflict with the state density bonus program.

After reviewing the proposed November 19 Addendum, HCD indicated that the changes were acceptable. They issued a decision letter on December 1, 2014 stating that the City would remain in compliance with State Housing Element law upon adoption of the new Housing Element (see Attachment 4).

### **Changes in Response to Diverse Housing Working Group Comments**

A group of concerned Albany residents and housing advocates have organized the "Diverse Housing Working Group" (DHWG) to discuss housing-related issues affecting the community. The DHWG convened three public meetings in November focusing on Housing Element proposals. On December 9, the City received a comment letter from Alexa Hauser on behalf of the DHWG. Several other letters were received expressing support for the positions in the letter. A comment letter from Loni Gray also was received (See Attachment 11).

At the Planning and Zoning Commission meeting of December 10, 2014 the DHWG was given an opportunity to review its recommendations with the Planning and Zoning Commission and provide additional testimony on the October Draft. Testimony from seven other speakers was also received at the Commission meeting.

Addendum 2 (Attachment 5) identifies the changes proposed in response to the public comment and Commission direction. Seven of the changes requested by the DHWG were made as requested, ten of the changes were made with modifications, and four of the changes were not made. The modifications were necessary to reflect fiscal impacts, staff limitations, and competing priorities. The Planning and Zoning Commission reviewed Addendum 2 at its January 7, 2015 meeting and generally concurred with staff's interpretation of their feedback.

Attachment 6 summarizes how DHWG comments were handled.

### **Planning and Zoning Commission Changes**

The Planning and Zoning Commission approved a number of editorial changes to the CEQA Initial Study at their January 7, 2015 hearing. These included a slight rewording of the description of aesthetic impacts, the deletion of an obsolete reference on P. 26 regarding the location of the Emergency Operations Center, and a minor edit to the section on Noise Impacts (P. 34). These changes are listed in Attachment 7 and were included by reference in the Commission's Resolution.

The Commission heard testimony from several members of the Diverse Housing Working Group at their January 7 hearing but did not recommend changes to the Housing Element in response. The Commission identified a small number of corrections and typos in the Adoption Draft which are now listed in an errata sheet (Attachment 8). These edits will be flowed into the Housing Element following Council adoption, before the document is resubmitted to the state.

### **ENVIRONMENTAL IMPACT**

Because the Housing Element is considered a "project" under CEQA, an Initial Study was prepared to evaluate its potential impacts on the environment. The analysis considers the potential effects of adopting Housing Element policies and programs, and any mitigation measures that may be necessary to reduce potentially significant impacts. This potential is substantially reduced by the fact that no rezoning is proposed through the document. In addition, any development projects that may be proposed in the future would be subject to their own environmental review processes and studies.

A number of potentially significant impacts are identified, and mitigation measures are prescribed. These impacts include construction-related air emissions such as dust, air quality issues due to the proximity of some sites to major roadways, seismically-related dam safety issues associated with a water tank in the Kensington area, and the proximity of one site to the 100-year flood plain of Codornices Creek. Mitigation measures are prescribed to ensure that these impacts will be less than significant.

The Initial Study was circulated to agencies, cities, and interested parties. The comment period closed on December 30, 2014. A letter from EBMUD was received, outlining the process for obtaining new residential water and wastewater service connections along with the District's water conservation requirements. Following the deadline, the City also received a comment letter from the Alameda County Transportation Commission indicating that the project was exempt from their analysis requirements.

## **SUSTAINABILITY IMPACT**

The Housing Element supports and advances many sustainability principles, including:

- 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
- Increasing the housing supply in the center of the region, thereby reducing vehicle miles traveled and commute lengths for persons working in the Central Bay Area
- Supporting higher densities, as an alternative to sprawl on the perimeter of the region
- 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

The Element is consistent with the City's Climate Action Plan and Climate Action measures which aim to reduce greenhouse gas emissions associated with building and construction, and land use and transportation choices.

## **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 which could benefit low and very low income households. It also recommends a nexus study to consider an Affordable Housing Impact Fee.

The Element's indirect financial impact is primarily associated with the commitment of staff resources to implement programs which facilitate housing production in Albany. This includes staff time to conduct zoning ordinance amendments, community outreach, website improvements, and similar work tasks during 2015-2023.

## **Attachments**

1. City Council Resolution No. 2015-5 adopting the Initial Study and Mitigated Negative Declaration for the 2015-2023 Housing Element, including the draft Initial Study and Mitigated Negative Declaration as Exhibit A IS/MND and Planning and Zoning Commission proposed amendments as Exhibit B
2. City Council Resolution No. 2015-6 Amending the General Plan by Adopting the 2015-2023 Housing Element including the full version of the Adoption Draft 2015-2023 Housing Element Update as Exhibit A
3. November 19 Housing Element Addendum submitted to HCD
4. “Pre-Compliance” Letter from California Department of Housing and Community Development
5. December 17 Housing Element Second Addendum
6. Summary of Changes Made in Response to DHWG Comments
7. Addendum to Initial Study/Mitigated Negative Declaration
8. Housing Element Errata Sheet (to be incorporated into “Adoption Draft” following Council Action)
9. Planning & Zoning Commission Resolution 2015-01 forwarding a recommendation to the City Council to adopt the IS/MND for the Housing Element
10. Planning & Zoning Commission Resolution 2015-02 forwarding a recommendation to the City Council to adopt the 2015-2023 Housing Element
11. Correspondence received September 2014-January 2015
12. Planning & Zoning Commission meeting minutes September 2014-December 2014