



MEMORANDUM

DATE: April 19, 2022

TO: Housing Advisory Committee

FROM: Kevin Jackson, Planning & Building Director
Pierce Macdonald, Senior Planner

SUBJECT: Informational Report: Draft 6th Cycle Housing Element

AGENDA ITEM NUMBER 1

RECOMMENDATION:

This report is informational. The Housing Advisory Committee is tasked with providing feedback to staff and the City's consultants on the Draft 6th Cycle Piedmont Housing Element (Draft Housing Element). Additional time has been scheduled as part of this agenda item for feedback and comments on the Draft Housing Element from Committee Members and members of the public. Comments from Committee Members and the public are welcomed and encouraged.

EXECUTIVE SUMMARY:

Every 8 years, every city, town, and county in California must update the Housing Element of their General Plan and have it certified by the California Department of Housing and Community Development (HCD). This staff report is an introduction to the Draft 6th Cycle Piedmont Housing Element for years 2023-2031. The 6th Housing Element cycle under State of California law is for the time period of 2023 to 2031 (6th Cycle) in the San Francisco Bay Area region. This report provides background information on State of California requirements, as well as the year-long process that has guided City staff and the housing consultants team, led by LWC, to this point in the planning process. This report concludes with discussion points for the review of the Draft Housing Element by the Housing Advisory Committee and members of the public.

BACKGROUND:

In March 2021, the City launched the Fair Housing Community Survey and an online, interactive pinnable mapping tool, hosted on Social Pinpoint software. Response to the survey was robust, consisting of 877 survey participants and 90 visitors to the map. Also in March, the City launched a Piedmont fair housing website at <https://Piedmontishome.org>. Public engagement in 2021 also included enthusiastic community participation in stakeholder interviews in July, pop-up information tables at local events in September, and the first Community Workshop in December. This year, new public engagement tools included the second Community Workshop in March, installation of 30 banners on City streetlights, and the launch of the online Piedmont Housing Puzzle tool, hosted on Balancing Act software. Public engagement with Piedmont residents, property owners, business owners, and workers has encouraged participation in development of 6th Cycle Housing Element goals, policies, and programs. All public comments and ideas received by staff will be compiled and presented for Planning Commission and City Council review and consideration.

At its core, a Housing Element is an opportunity for a community conversation about how to address local housing challenges and find solutions. The Housing Element addresses a range of housing issues, such as affordability, design, housing types, density, and location, and establishes goals, policies, and programs to address existing and projected housing needs. The Housing Element must be internally consistent with other parts of the General Plan and is critical to having a legally adequate General Plan.

State law does not require that jurisdictions *build* or *finance* new housing, but they must *plan* for it. It is in the community's Housing Element that local governments make decisions about where safe, accessible, and diverse housing could be developed to offer a mix of housing opportunities for a variety of household incomes. The Housing Element must identify how – through the adoption of policies and programs – the City of Piedmont will meet its share of the region's housing need, called the Regional Housing Needs Allocation (RHNA).

The role of the Housing Advisory Committee is to provide feedback on the Draft 6th Cycle Piedmont Housing Element. The City Council chose the Housing Advisory Committee members on March 22, 2021, to serve as an advisory council to the City Council and City staff. As mandated by City Council, the Housing Advisory Committee provides feedback on draft documents, prepared throughout the Housing Element update, and provides guidance on, and on the conduct of, the Housing Element update. All Housing Advisory Committee meetings have been open to the public and recorded for the reference of all community members. The Committee meetings give the public further opportunities to learn about the Housing Element update process and to give their input and feedback.

ANALYSIS:

Penalties for Noncompliance

Jurisdictions face a number of consequences if they do not have a certified Housing Element by the May 2023 deadline. Under legislation enacted in recent years, if a city does not comply with State housing law, the city can be sued by individuals, developers, third parties, or the State Attorney General. In addition to facing significant fines, a court may limit local land use decision-making authority until the jurisdiction brings its Housing Element into compliance. Additionally, local governments may lose the right to deny certain projects.

Conversely, an HCD-certified Housing Element makes cities eligible for numerous sources of funding and grants, such as Local Housing Allocations, Affordable Housing and Sustainable Communities Grants, SB 1 Planning Grants, CalHOME Program Grants, Infill Infrastructure Grants, Pro-Housing Design funding, Local Housing Trust Funds, and Regional Transportation Funds (such as MTC's OneBayArea Grants).

Regional Housing Needs Allocation (RHNA) Process

Every city in California receives a target number of homes to plan for at various income levels. This is called the Regional Housing Needs Allocation (RHNA).

RHNA starts with the Regional Housing Needs Determination (RHND) provided by HCD, which is the total number of housing units the San Francisco Bay Area needs over the eight-year period, by income group. The Association of Bay Area Governments (ABAG) is tasked with developing the methodology to allocate a portion of housing needs to each city, town, and county in the region.

After considering public comments, the ABAG Executive Board approved the draft RHNA methodology in January 2021. The State of California HCD reviewed the draft RHNA methodology to ensure it furthers State-required objectives, and ABAG adopted a final methodology and draft allocations for every local government in the Bay Area in May 2021.

The RHNA allocations for the City of Piedmont are outlined in Table SR-1, as follows:

Table SR-1

2023-2031 Draft RHNA Allocation	
City of Piedmont	
Income Level	
VERY LOW INCOME (<50% of Area Median Income)	163
LOW INCOME (50-80% of Area Median Income)	94
MODERATE INCOME (80-120% of Area Median Income)	92
ABOVE MODERATE INCOME (>120% of Area Median Income)	238
TOTAL ALLOCATION	587

On June 21, 2021, the City considered the option of filing an appeal of the RHNA at a public meeting of the City Council. The City Council chose not to appeal the RHNA.

New State Requirements for the 6th Cycle Housing Element Update

Recent legislation resulted in the following key changes for this 6th cycle of RHNA and Housing Element updates:

- **Higher allocations** - There is a higher total regional housing need. HCD's identification of the region's total housing needs has changed to account for unmet existing need, rather than only projected housing need. HCD now must consider overcrowded households, cost burdened households (those paying more than 30% of their income for housing), and a target vacancy rate for a healthy housing market (with a minimum of 5%). The RHNA for Piedmont for the 6th cycle is nine times more than the RHNA for the 5th cycle.
- **Affirmatively Furthering Fair Housing (AFFH)** - Local Housing Elements must affirmatively further fair housing. According to HCD, achieving this objective includes preventing segregation and poverty concentration, as well as increasing access to areas of opportunity. HCD has mapped Opportunity Areas and has developed guidance for jurisdictions about how to address affirmatively furthering fair housing in each Housing Element. The entire City of Piedmont is mapped as an area of highest resource for its low exposure to environmental hazards and access to very good schools and economic opportunities. AFFH was considered in relation to all sections of the Draft Housing Element. AFFH is addressed directly in the analysis in Appendix F, including supporting documentation and analysis from ABAG and the Urban Policy Lab of the University of California, Merced.
- **Limits on Sites** - Identifying Housing Element sites for affordable units is more challenging than in past years. There are new limits on the extent to which jurisdictions can reuse sites included in previous Housing Elements and increased scrutiny of small, large, and non-vacant

sites, when these sites are proposed to accommodate units for very low- and low-income households.

- **Safety and Environmental Justice Element** - State law requires that the Safety Element of the General Plan be updated concurrently with the Housing Element. The Safety Element must address new wildfire risk, evacuation routes, and climate adaptation and resilience requirements in an integrated manner.

There are four bills recently passed by the California State Legislature and approved by the Governor that require certain changes to an Environmental Hazards Element when a municipality undergoes an update to their Housing Element, as follows:

1. **Senate Bill 99. Residential Emergency Evacuation Routes.** Senate Bill 99 requires all cities and counties, upon the next revision of the housing element on or after January 1, 2020, to update the safety element to include information identifying residential developments in any hazard area identified in the safety element that do not have at least two emergency evacuation routes.
2. **Senate Bill 1035 General Plans.** Senate Bill 1035 requires cities and counties to update their safety element during a housing element or local hazard mitigation plan update cycle, but not less than once every eight years, if new information on flood hazards, fire hazards, or climate adaptation or resilience is available that was not available during the previous revision of the safety element.
3. **Senate Bill 1241. State Responsibility Areas and Very High Fire Severity Zones.** The bill requires review and update of the safety element, upon the next revision of the housing element on or after January 1, 2014, as necessary to address the risk of fire in state responsibility areas and very high fire hazard severity zones. The specific requirements are codified in GC § 65302(g)(3) and 65302.5(b) and included as an attachment to this memorandum.
4. **Assembly Bill 747. Evacuation Routes.** Assembly Bill 747 requires all cities and counties to identify evacuation routes in the safety elements of their general plans upon the next revision of their local hazard mitigation plan, beginning on or after January 1, 2022. The bill requires evaluation of evacuations route capacity, safety, and viability under a range of emergency scenarios.

The Office of Planning and Research (OPR) published the *Fire Hazard Planning Technical Advisory* (November 2020 Draft) to assist cities and counties undergoing a general plan update on wildfire planning. It includes model policies; a detailed discussion on how to conduct a fire hazard and risk assessment; identifies example safety elements from jurisdictions throughout the State; and identifies stakeholders that should be engaged during the safety element update process to help update the City of Piedmont's Environmental Hazards Element.

Piedmont's housing consultant team has prepared analysis of Piedmont's current Environmental Hazards Element, including recommendations to expand and improve public engagement and planning for new wildfire risk, evacuation routes, and climate adaptation and resilience. These recommendations will guide the work of City staff and the housing consultant team as other elements of the Piedmont General Plan are amended to integrate the new 6th Cycle Piedmont

Housing Element goals, policies, and programs, as stated on page 18 of Section I, Introduction, of the Draft Housing Element.

Draft 6th Cycle Piedmont Housing Element (2023-2031)

Piedmont’s Draft 6th Cycle Piedmont Housing Element for years 2023-2031 (Draft Housing Element) was published for public review and comment on April 8, 2022. The Draft Housing Element begins with an executive summary, including Table ES-1, a summary of resulting housing units from recommended Housing Element programs, excerpted below. Table ES-1 compares the RHNA assignments to the recommended Housing Element housing sites inventory, projected increase in number of accessory dwelling units (ADUs), and pipeline projects (one). The result is a moderate surplus of 71 housing units, over and above the total RHNA of 587 housing units.

Table ES-1: Residential Development Potential and RHNA

	Extremely Low	Very Low	Low	Moderate	Above Moderate	Total
RHNA	See Very Low	163	94	92	238	587
ADUs	See Very Low	7	42	70	21	140
Approved/Entitled Projects	-	-	-	-	1	1
Site Inventory ^{1,2}	211 ³			81	225	517
Total Capacity	260			151	247	658
Surplus	3			59	9	71
<i>Source: City of Piedmont, LWC</i>						
1. See Table B-9 in Appendix B for the complete inventory						
2. See Section B.3.1 in Appendix B for information on the Specific Plan						
3. For calculation purposes, extremely low, very low, and low income totals were grouped.						

Key Components of a Housing Element

In compliance with State law, Piedmont’s Draft Housing Element includes four sections and six appendices that cover the following required topics:

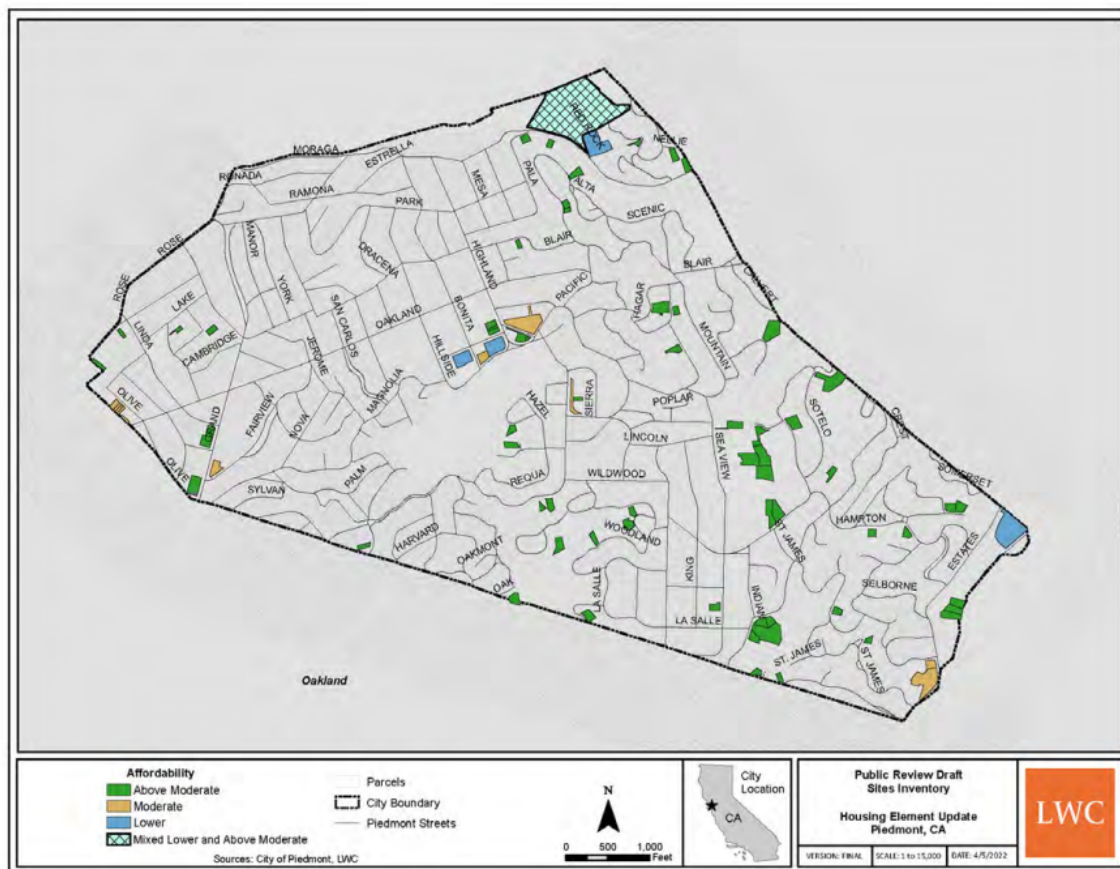
- Housing Needs Assessment:** Examine demographic, employment and housing trends and conditions and identify existing and projected housing needs of the community, with attention paid to special housing needs (e.g., large families, persons with disabilities, female-headed households, employee housing, and people of diverse social and economic backgrounds).
- Evaluation of Past Performance:** Review the prior Housing Element (2015 to 2023) to measure progress in implementing past policies and programs.
- Housing Sites Inventory:** Identify locations of available sites for housing development or redevelopment to ensure there is enough land zoned for housing to meet the future need at all income levels.
- Community Engagement:** Implement a robust community engagement program, reaching out to all economic segments of the community plus traditionally underrepresented groups.

5. **Constraints Analysis:** Analyze and recommend remedies for existing and potential governmental and nongovernmental barriers to housing development.
6. **Affirmatively Fostering Fair Housing:** Analysis of existing fair housing and segregation issues and plan to address any identified disparities in housing needs, displacement, or access to opportunity.
7. **Policies and Programs:** Establish policies and programs to be carried out during the 2023-2031 planning period to fulfill the identified housing needs.

Housing Sites Inventory

The Draft Housing Element includes a recommended housing sites inventory for the review and consideration of the Piedmont community. Figure B-2, the Draft Housing Element's Site Inventory map, is included on page B-15 and excerpted below.

Figure B-2: Draft 6th Cycle Housing Element Site Inventory by Income Category



Due to changes to State law that increase the scrutiny on sites identified for housing affordable to households with low incomes, as well as Piedmont's higher RHNA during this Housing Element cycle compared to previous cycles, the sites inventory in the Draft Housing Element was expanded to include opportunity sites in all zones, including City-owned properties. After careful review of all City-owned properties, the following were included in the Draft Housing Element for further review and consideration:

- Piedmont Public Works Corporation Yard
- City Hall and Veterans Memorial Building/Police Station
- Corey Reich Tennis Center
- Highland Avenue Grassy Strip (between Sierra Avenue and Sheridan Avenue)
- 801 Magnolia Avenue

These City-owned sites are suggested for the sites inventory for their proximity to arterial roadways and access to transit, fire and emergency services, schools, and a commercial district with multiple services. City parks, such as Linda Dog Park and Blair Park were not included in the sites inventory because these spaces are in use as active and passive parks and open space today and could not be replaced elsewhere, and parks are a very limited resource in Piedmont for future population growth.

As stated on page A-15 of Appendix A, according to the California Department of Finance, Piedmont had an average household size of 2.89 people in 2021, and approximately 52% of households contain three people or more. The goals, policies, and programs in the Draft Housing Element's housing plan (Section IV) will facilitate development of 587 housing units within the 6th housing cycle timeframe (2023 to 2031).

The Draft Housing Element's housing plan could result in a significant increase in population, including additional families with children, with associated recreation needs. Because of Piedmont's land-locked relationship to the surrounding City of Oakland, there are no opportunities for Piedmont to annex additional public lands for new or expanded parks and open spaces to serve Piedmont's growing population. The Draft Housing Element reserves parks like Linda Dog Park and Blair Park as crucial City resources. However, the Draft Housing Element identifies Blair Park as a potential alternate site for housing units planned for the Public Works Corporation Yard, described below.

Proposed Specific Plan

Page B-13, Appendix B, of the Draft Housing Element proposes to prepare a specific plan (Government Code §65450 et. seq) for the area of the Public Works Corporation Yard to accommodate new housing development, incorporate existing amenities, and modernize current city functions. The portion of the site utilized for park and recreational uses, such as Coaches Field and Kennelly Park, will remain as an amenity for the proposed specific plan area, with the existing vehicle parking reconfigured, as needed as part of the specific plan.

As proposed in the Draft Housing Element, the two largest proposed specific plan subareas, located and accessed from Moraga Avenue, provide the greatest potential for affordable multifamily development. Utilization of the State's Density Bonus Ordinance (Government Code section 65915, et seq.) can increase yield, reduce development constraints, and contribute to greater affordability options.

Proposed specific plan development north of Coaches Field, with its steeper topography, is anticipated to be lower density and yield units at above moderate income prices. Grading and access will be addressed during the specific plan process.

Program 1.L in Section IV of the Draft Housing Element clarifies how the City will phase the project, ensure affordable housing development, and produce at least 100 units of low income housing and 22 units of above moderate income housing.

The City's Draft Housing Element has identified Blair Park, which is located on the south side of Moraga Avenue, as a potential alternate site for housing if the proposed specific plan for the Public Works Corporation Yard fails to yield 122 housing units. Blair Park is a 3.55-acre site, with the potential for 210 units if developed at 60 units per acre. If Blair Park is selected as an alternate site, the City would follow a similar process to preserve existing open space functions and integrate them into a multifamily housing project.

Potential Constraints

The Draft Housing Element investigated potential obstacles to the development of housing accessible to households of all income levels. Potential obstacles to development include governmental constraints (fees, development standards, and other regulations) and non-governmental constraints (market conditions, limited land supply, environmental setting, and other limits). The Draft Housing Element includes programs to monitor and address potential governmental constraints due to the City Charter and zoning ordinance limits on allowable residential densities, as described below.

The Draft Housing Element notes that most of the land in Piedmont (772 acres) is zoned single-family residential, which allows detached single-family residences and ADUs by right at a maximum of 5 housing units per acre. Piedmont's City Charter could be considered a potential constraint to the development and redevelopment of land to different uses with greater numbers of housing units and housing affordability. While the City Charter does not prevent housing at greater densities within each zone (see proposed changes to Zones A through D, below), in practice the language of the City Charter could prove to be a hindrance to development.

Language in the City Charter allows for increased densities within existing zones but requires a ballot measure and a vote of the electorate for reclassification of land, which could prevent the City Council from considering a possible rezoning of land in Piedmont that is suited for higher density housing to a new zoning district (e.g. a change to Zone C, multifamily residential zone, or Zone D, commercial and mixed-use commercial/residential zone). Such a change in zones could be considered a reduction or enlargement of a zone, thus requiring a vote of the electorate under Section 9.02 of the City Charter. The proposed Draft Housing Element directs the City to continue to monitor the effects of the City Charter on the provision of housing at all income categories.

The Draft Housing Element notes that zoning ordinance changes to Zone C and Zone D, the multifamily and mixed-use zoning districts, in accordance with the 5th Cycle Housing Element goals, policies, and programs for the planning period of 2015 to 2023 did not result in a significant increase in development of multifamily housing in Piedmont.

In order to meet the 6th Cycle RHNA target with Piedmont's limited available land, the Draft Housing Element's Goal 1, New Housing Construction, proposes to increase the allowed residential density for housing affiliated with religious institutions in Zone A (program 1.D, page 37) and increase allowed residential density in Zone B (program 1.F), Zone C (program 1.G), and Zone D (1.H), as follows:

Table S-R 2

Zoning District	Current Residential Density DU/ acre*	Proposed Residential Density DU/ acre*
Zone A	5	21
Zone B	5	60
Zone C	21	60
Zone D	20	80

*DU/acre means the dwelling units per acre ratio.

These proposed densities, outlined in the table above, permit the City's limited land resources to yield the required number of housing units mandated by the RHNA at all required levels of affordability.

How to Read and Review the Draft Housing Element

The Draft Housing Element enables construction to occur. It does not force property owners to build or otherwise change the way they use their property. The organization of the Draft Housing Element begins with an executive summary and then the following four sections:

- Introduction
- Projected Housing Need
- Housing Resources
- Housing Plan: Goals, Policies, and Programs

There are six technical appendices that provide analysis of housing law, demographics, and other issues in greater detail, including: Appendix B, an analysis of sites and capacity in Piedmont; Appendix E, the public engagement report; and Appendix F, an analysis of compliance with AB 686 and goals to affirmatively further fair housing in Piedmont.

Community members are encouraged to review the Draft Housing Element and provide comments to City decision-makers. Comments can be made using any of the following methods.

- Email: [**Piedmontishome@piedmont.ca.gov**](mailto:Piedmontishome@piedmont.ca.gov) *
- Use the Share Your Voice tool on the homepage at: [**https://Piedmontishome.org**](https://Piedmontishome.org) *
- Use the Piedmont Housing Puzzle at: [**https://Piedmont.abalancingact.com/housingsim**](https://Piedmont.abalancingact.com/housingsim)
- Mail to: Draft Housing Element, 120 Vista Avenue, Piedmont, CA 94611*
- Attend a public meeting: Housing Advisory Committee is April 19, 2022, and Planning Commission is May 12, 2022. Both meetings will start at 5:30 pm.

*Comments received by May 5, 2022, will be forwarded to the Planning Commission the weekend before the first public hearing. The Piedmont Housing Puzzle ends May 1, 2022.

Housing Advisory Committee Review

For the meeting on April 19, 2022, City staff recommends that the Housing Advisory Committee organize Committee Member comments by the following groupings of the four sections of the Draft Housing Element:

- A. Introduction, Section I; and Projected Housing Need, Section II;
- B. Elimination of Housing Constraints, Goal 4 of Section IV; and Appendix C - Constraints;
- C. Sites Inventory, Section III, Housing Resources; and Appendix B - Housing Capacity and Analysis and Methodology;
- D. Remaining Goals, Policies, and Programs, Section IV, Housing Plan;
- E. All other Draft Housing Element Appendices.

The slide presentation on April 19, 2022, will augment the information in this staff report and will help facilitate and focus the Housing Advisory Committee's discussion, as well as highlight important findings for the benefit of the public.

The comments, feedback, and suggestions, provided by Committee Members and members of the public will be compiled, reviewed, and provided to the Planning Commission at its scheduled special meeting on Thursday, May 12, 2022, and forwarded to the City Council at its meeting, tentatively scheduled for June 2022.

CONCLUSION:

The Draft 6th Cycle Piedmont Housing Element for 2023 to 2031, represents a significant investment of time and resources of the City government and the hundreds of community members who have participated in public meetings, community workshops, surveys, comment letters, and online planning tools, like the pinnable map and the Piedmont Housing Puzzle. This investment in a thoughtful, inclusive, and open planning process will result in the optimal housing plan for Piedmont. Thoughtful planning can reduce potential harm and transform growth into a benefit for the community, as a whole. City staff invites Piedmonters to comment on the Draft Housing Element, as the document continues to be refined and improved with public input and discussion.

ATTACHMENTS:

- A *Online* Draft 6th Cycle Piedmont Housing Element

https://www.piedmont.ca.gov/government/city_news_notifications/draft_housing_element_released