

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

1800 Third Street, Suite 430
P. O. Box 952053
Sacramento, CA 94252-2053
(916) 323-3177 / FAX (916) 327-2643
www.hcd.ca.gov



October 14, 2011

Mr. Brian Dolan, Director
Community Development Department
City of Pleasanton
P.O. Box 520
Pleasanton, CA 94566-0802

Dear Mr. Dolan:

RE: Review of the City of Pleasanton's Draft Housing Element

Thank you for submitting Pleasanton's draft housing element received for review on August 16, 2011. The Department is required to review draft housing elements and report the findings to the locality pursuant to Government Code Section 65585(b). A telephone conversation on September 28, 2011 with you, Ms. Janice Stern, Planning Manager, and Mr. Jeffery C. Baird of Baird + Driskell, the City's consultant, facilitated the review. In addition, the Department considered comments from Citizens for a Caring Community and Public Advocates, pursuant to Government Code Section 65585(c).

The Department commends Pleasanton for its achievements and continuing efforts to provide affordable housing for lower-income individuals with developmental disabilities by funding local agencies, including Resources Education Activities Community and Housing (REACH) and Bay Area Community Services (BACS). The Department also recognizes the City's hard work and extensive outreach as part of evaluating candidate sites for rezoning to higher densities to accommodate the regional housing need. The draft element addresses many statutory requirements; however, revisions will be necessary to comply with State housing element law (Article 10.6 of the Government Code). In particular, the element must include complete analyses of adequate sites and potential governmental constraints. The enclosed Appendix describes these and other revisions needed to comply with State housing element law.

The Department is committed to assist Pleasanton in addressing all statutory requirements of housing element law. If you have any questions or need additional technical assistance, please contact Jess Negrete, of our staff, at (916) 323-3185.

Sincerely,

Glen A. Campora
Assistant Deputy Director

Enclosures

APPENDIX
CITY OF PLEASANTON

The following changes would bring Pleasanton's housing element into compliance with Article 10.6 of the Government Code. Accompanying each recommended change, we cite the supporting section of the Government Code.

Housing element technical assistance information is available on the Department's website at www.hcd.ca.gov/hpd. Refer to the Division of Housing Policy Development and the section pertaining to State Housing Planning. Among other resources, the Housing Element section contains the Department's latest technical assistance tool *Building Blocks for Effective Housing Elements (Building Blocks)* available at www.hcd.ca.gov/hpd/housing_element2/index.php and the Government Code addressing State housing element law and other resources.

A. Housing Needs, Resources, and Constraints

1. *Include an analysis of population and employment trends and documentation of projections and a quantification of the locality's existing and projected needs for all income levels, including extremely low-income households (Section 65583(a)(1)).*

The element indicates the total number of existing extremely low income (ELI) households. However, in accordance with Chapter 891, Statutes of 2006 (AB 2634), it must also include an analysis of their housing needs. The analysis of needs could consider tenure and rates of overpayment and overcrowding. This analysis will assist in formulating policies and programs for ELI households. Please see the enclosed data for your assistance. For more information and a sample analysis, see the *Building Blocks'* website at http://www.hcd.ca.gov/hpd/housing_element2/EHN_extremelylowincome.php.

2. *Include an analysis and documentation of household characteristics, including level of payment compared to ability to pay, housing characteristics, including overcrowding, and housing stock condition (Section 65583(a)(2)).*

The element must include an estimate of the number of lower-income households, by tenure, paying more than 30 percent of their income on housing. For your information, CHAS data indicates 1,416 lower-income renter households and 1,178 lower-income owner households paid more than 30 percent of their income on housing (approximately 71 percent of total lower-income households). This information should be incorporated into the element to facilitate policies and programs to assist in the development of housing affordable to lower-income households. For additional information, refer to the overpayment section of the *Building Blocks'* at http://www.hcd.ca.gov/hpd/housing_element2/EHN_Overpayment.php.

3. *Include an inventory of land suitable for residential development, including vacant sites and sites having the potential for redevelopment, and an analysis of the relationship of zoning and public facilities and services to these sites (Section 65583(a)(3)). The inventory of land suitable for residential development shall be used to identify sites that can be developed for housing within the planning period (Section 65583.2).*

Pleasanton has a regional housing need allocation (RHNA) of 3,277 housing units, of which 1,804 are for lower-income households. In addition, the element identifies an unaccommodated need of 871 units for lower-income households from the prior planning period. To address these needs, the element relies on constructed and approved units, vacant and underutilized sites, and candidate sites for rezoning to higher density residential uses. To demonstrate the adequacy of these sites and strategies to accommodate the City's RHNA and unaccommodated need, the element must include analyses as follows:

Addressing Unaccommodated Need from the Previous Planning Period: The element acknowledges rezoning was not completed to make adequate sites available during the previous planning period and indicates the unaccommodated need of 871 units for lower-income households (page 50). While the element references the Hacienda rezonings (Sites 22, 23 and 24), a complete analysis is needed to demonstrate whether adequate sites were rezoned to accommodate the unaccommodated regional housing need from the prior planning period. Specifically, the element must describe the availability of Sites 22, 23 and 24 to accommodate the unaccommodated need of 871 units for lower-income households from the prior planning period. For example, the element should describe the development status of Sites 22, 23 and 24 such as whether the sites had previously approved or pending projects or other conditions were known that would preclude these sites from being available to accommodate the entire unaccommodated need. This analysis is particularly important since, pursuant to Government Code Sections 65584.09 and 65583(c)(1) (AB 1233), the City must zone or rezone sites to accommodate the unaccommodated need within the first year of the 2009-2014 planning period. As this timeframe has lapsed, the Department cannot find the element in compliance until the required rezoning is complete and the element has been amended to reflect that rezoning.

Sites Inventory: The element aggregates various parcels into candidate sites for rezoning (Table III-2). However, the inventory must also list *each individual parcel* by size, zoning, General Plan designation, existing uses for any non-vacant sites, and include a calculation of realistic capacity (see *Building Blocks* at http://www.hcd.ca.gov/hpd/housing_element2/SIA_land.php).

Suitability of Non-Vacant Sites: The parcel listing (Table III-2) provides general descriptions of existing uses on non-vacant sites (e.g., shopping center, hotel) and the element includes a snapshot of each site based on criteria such as recommended action, key considerations and proximity to transit. While the approach to provide a snapshot of each site (pages 62 - 78) can be useful and adequate to address statutory requirements, the element still must include an analysis to demonstrate potential for redevelopment of non-vacant sites to residential use. The analysis must consider the extent to which existing uses may impede residential development on the identified sites, development trends, market conditions, and regulatory or other incentives or standards to encourage additional residential development. For example, one site's existing use is described as a hotel, while another site lists the existing use as a shopping center. The element could describe whether the use is operating, marginal or discontinued, the condition of the structure and any expressed interest in redevelopment of these sites. Also, if the existing use is anticipated to continue, the element should include an evaluation of the potential of adding residential units on these sites such as by describing whether there is interest in redevelopment or

what development trends have occurred on sites with similar circumstances. Refer to the sample analysis in the *Building Blocks*' at http://www.hcd.ca.gov/hpd/housing_element2/SIA_zoning.php#nonvacant.

Realistic Capacity: The element must include an estimate of the number of units that can be accommodated on each site in the inventory. The estimate may rely on minimum density standards or describe the methodology, including adjustments based on land-use controls and site improvement requirements. Based on discussion in the background portion of the element, it appears to rely on minimum density standards. However, Program 11.1 does not include a commitment to establish specific minimum densities. If Program 11.1 is revised to commit to minimum densities, the element may use those minimum densities to estimate residential capacity. Otherwise, the element must include a description of the methodology as described above. For more information, please see the *Building Blocks*' at http://www.hcd.ca.gov/hpd/housing_element2/SIA_zoning.php.

Sites with Zoning for a Variety of Housing Types:

Emergency Shelters: While the element indicates various zoning districts were considered to accommodate emergency shelters, such as the Service Commercial (C-S) zone (page 46), pursuant to Chapter 633, Statutes of 2007 (SB 2), it must demonstrate sufficient capacity in the proposed zone(s) to accommodate the need for emergency shelters. The element should also consider what other uses are permitted in the proposed zone(s) and whether the zone(s) is suitable and appropriate for emergency shelters. For example, an industrial zone with heavy manufacturing may have environmental conditions rendering it unsuitable for shelter uses. For more information, see the Department's SB 2 technical assistance memo at http://www.hcd.ca.gov/hpd/sb2_memo050708.pdf.

Employee Housing: The element indicates farm employee housing is an allowed use in the Agricultural (A) zone (page 42). However, Health and Safety (H&S) Code Section 17021.5 generally requires housing for six or fewer employees to be treated as a single-family home and permitted by-right. In addition, H&S Code Section 17021.6 generally requires employee housing to be permitted in *zones permitting agricultural uses* and not limited to agricultural zones. The element does not mention which zones in Pleasanton allow agricultural uses or whether zoning is consistent with Sections 17021.5 and 17021.06. The element must demonstrate consistency with these requirements and include programs to amend zoning as appropriate. For more information, see the *Building Blocks*' at http://www.hcd.ca.gov/hpd/housing_element2/SHN_farmworkers.php.

4. *Analyze potential and actual governmental constraints upon the maintenance, improvement, or development of housing for all income levels, including the types of housing identified in paragraph (1) of subdivision (c), and for persons with disabilities as identified in the analysis pursuant to paragraph (7), including land use controls, building codes and their enforcement, site improvements, fees and other exactions required of developers, and local processing and permit procedures. The analysis shall also demonstrate local efforts to remove governmental constraints that hinder the locality from meeting its share of the regional housing need in accordance with Section 65584 and from meeting the need for housing for persons with disabilities, supportive housing, transitional housing, and emergency shelters identified pursuant to paragraph (7) (Section 65583(a)(5)).*

Land-Use Controls: While the element identifies various residential development standards (page 84), it must include a cumulative analysis of their potential impacts on the cost and supply of housing and the ability to achieve maximum densities. For more information, see the *Building Blocks*' at http://www.hcd.ca.gov/hpd/housing_element2/CON_landuse.php.

Growth Management Ordinance (GMO): The element includes a general overview of the GMO and Urban Growth Boundary (UGB) (page 93). However, it must include a specific description and analyses of the GMO and UGB, their requirements and processes for impacts on cost, supply, timing and affordability of housing, including, but not limited to:

- The approval process of the City Council and any other approving or recommending bodies, including the Growth Management Subcommittee that could override the annual housing allocation limitations in order to meet the City's regional housing need and unaccommodated need.
- The apportionment of new residential categories of projects (e.g., affordable projects, major projects, and first-come, first-serve projects).
- The exemption process, if any, for projects with an affordable component, including its effectiveness to-date in accommodating lower- and moderate-income households.
- Whether the GMO allows or prohibits carryover of unused allocations. If there is a prohibition on carryover, the element must analyze the impact on the cost, supply and availability of sufficient allocations to accommodate the City's RHNA throughout the planning period.
- Any limit to the number of allocations which could be received by a project in a single year and the process for obtaining allocations for phased projects (multi-year development), and the effect on financing required for infrastructure.
- Length of time for approval of allocations and how the approval process relates to other entitlements, including evaluating cumulative impacts on timing and costs.
- The impacts of any scoring criteria on costs and timing of development.

- The GMO process, including the Growth Management Subcommittee, on the certainty and predictability of approval of housing development applications.
- The impacts of annual limits on the overall cost and supply of housing. For planning purposes, this analysis should consider the RHNA as the minimum amount of housing need. It does not represent a maximum need or building cap. The analysis should address potential impacts on overall housing supply in addition to accommodating the RHNA.

Please see the enclosed samples for your assistance.

Inclusionary Housing: While the element generally describes the framework of inclusionary requirements and available alternatives (page 94), it should also include a complete analysis of the cost impact of the inclusionary requirements on the cost and supply of housing. For example, the analysis could discuss the extent incentives or regulatory concessions mitigate any cost impacts of the inclusionary requirements. The element should also evaluate the impacts of the discretionary approval process for requesting alternatives and granting incentives, on development timing, predictability, and certainty.

Mid-point Density: The element briefly mentions (page 93) the mid-point density is a density for "...which project amenities are provided to compensate for the added density..." and has minimal impact on the High Density designation. However, the element should include a complete description of the requirement and an evaluation for its impacts on the cost and supply of housing. For example, the evaluation could address what types of amenities are required to exceed the mid-point, how the allowable density above the mid-point is determined and any outcomes of prior development applications.

Density Bonus: The City should also review its density bonus ordinance for compliance with recent statutory amendments (Chapter 1928, Statutes of 2004) to State density bonus law (Government Code Section 65915) and add or revise programs as appropriate. A copy of the current law is available on the Department's website at <http://www.leginfo.ca.gov/cgi-bin/displaycode?section=gov&group=65001-66000&file=65915-65918>.

Fees and Exaction: The element lists some impact fees and aggregates Building Permit and Building Plan Check fees (pages 87-88). However, the element should specifically list all applicable planning and processing fees for residential development. In addition, while the element indicates total impact and building permit and plan check fees, it should analyze the total effect or proportion of planning and impact fees and exactions on development costs for typical single- and multi-family housing developments. For more information, see the *Building Blocks*' website at http://www.hcd.ca.gov/hpd/housing_element2/CON_home.php.

Local Processing and Permit Procedures: While the element generally describes some processing and permit procedures and generally concludes they are not a constraint (page 90), it must specifically describe and analyze the City's permit processing and approval procedures by zone and housing type. For example, see the sample table in the *Building Blocks'* at http://www.hcd.ca.gov/hpd/housing_element2/CON_permits.php. Also, the element should list and evaluate decision-making criteria such as approval findings for impacts on housing cost and supply and approval certainty.

Planned Unit Development (PUD): The element generally describes the PUD process and indicates most housing developments are processed under the procedure (page 88). However, the element must include a complete analysis of the components of this requirement for impacts on housing cost and supply and approval certainty. Most notably, the element (page 85) states "The Zoning Ordinance does not specify any development standards for PUDs, instead creating standards on a case-by-case basis...". The element should evaluate the lack of specific development standards for the PUD regarding impacts on housing as described above. This analysis should also address the approval process, including approval bodies and decision-making criteria for city-initiated PUDs, or where existing sites have development standards under an approved PUD.

On/Off-Site Improvements: While the element generally describes required on/off-site improvement standards (page 90), it must identify specific subdivision level improvement, such as minimum street widths, and analyze their potential impact on the cost and supply of housing. For more information, see the *Building Blocks'* at http://www.hcd.ca.gov/hpd/housing_element2/CON_offsite.php.

Constraints on Persons with Disabilities: The element describes the various requirements and the processes for approving accessibility retrofits (page 92). To complete an analysis, it should also identify and describe the reasonable accommodation procedure for providing an exception in zoning and land-use for housing for persons with disabilities and include programs as appropriate. For more information, see a model ordinance on the *Building Blocks'* at http://www.hcd.ca.gov/hpd/housing_element2/PRO_mitigate.php.

Water Sewer Priority: For your information, Government Code Section 65589.7 requires local governments to immediately deliver the housing element to water and sewer providers. Also, when a city is the water and sewer provider, specific procedures must be established to grant priority water and sewer service to developments with units affordable to lower-income households. The housing element should demonstrate compliance with Government Code Section 65589.7. For more information, see the *Building Blocks'* at http://www.hcd.ca.gov/hpd/housing_element2/OR_water.php.

5. *Analyze any special housing needs, such as those of the handicapped, elderly, large families, farmworkers, families with female heads of households, families, person in need of emergency shelter, and persons with developmental disabilities. (Section 65583(a)(7) and e).*

For your information, Chapter 507, Statutes of 2010 (SB 812), amended State housing element law to require an analysis of the special housing needs of persons with developmental disabilities. The term developmental disability refers to a severe and chronic disability attributable to a mental or physical impairment, such as cerebral palsy, epilepsy, or autism, that begins before individuals reach adulthood (Welfare and Institutions Code, Section 4512). The analysis could include the following:

- a quantification of the total number of persons with developmental disabilities, including the number of households and tenure;
 - a description of the types of developmental disabilities;
 - a description of the housing need, including a description of the potential housing problems, and an assessment of unmet housing needs for persons with developmental disabilities; and
 - a discussion of resources, policies and programs including existing housing and services, for persons with developmental disabilities.
6. *Analyze existing assisted housing developments that are eligible to change to non-low-income housing uses during the next 10 years due to termination of subsidy contracts, mortgage prepayment, or expiration of use restrictions (Sections 65583(a)(8) through 65583(a)(9)(D)).*

While the element identified 40 units at-risk of converting to market-rate rents (page 47), it must also include the following information and analysis:

- Estimated total cost for producing, replacing and preserving the units at-risk.
- Identification of public and private non-profits known to the City to have the legal and managerial capacity to acquire and manage at-risk units. According to information provided to the Department, entities which may be interested within Pleasanton are indicated on a roster on the *Building Blocks'* website at <http://www.hcd.ca.gov/hpd/hrc/tech/presrv/hpd00-01.xls>. The element should reference this or other appropriate resources for this information.
- Identification and consideration of use of federal, State and local financing and subsidy programs.

Additional information and sample analyses are available in the *Building Blocks'* section on Identification and Analysis of Developments At-risk at http://www.hcd.ca.gov/hpd/housing_element2/EHN_atrisk.php. You may wish to contact the California Housing Partnership Corporation for assistance at <http://www.chpc.net>.

B. Quantified Objectives

Establish the number of housing units, by income level, that can be constructed, rehabilitated, and conserved over a five-year time frame (Section 65583(b)(1 & 2)).

While the element includes quantified objectives by income group for very low-, low-, moderate- and above moderate-income (page 4-5), it must also include objectives for ELI households pursuant to Chapter 891, Statutes of 2006 (AB 2634).

C. Housing Programs

1. *Include a program which sets forth a schedule of actions during the planning period, each with a timeline for implementation, which may recognize that certain programs are ongoing, such that there will be beneficial impacts of the programs within the planning period, that the local government is undertaking or intends to undertake to implement the policies and achieve the goals and objectives of the housing element through the administration of land use and development controls, the provision of regulatory concessions and incentives, and the utilization of appropriate federal and state financing and subsidy programs when available. The program shall include an identification of the agencies and officials responsible for the implementation of the various actions (Section 65583(c)).*

Programs should be revised for compliance with Government Code Section 65583 in order to ensure the beneficial impacts of the programs within the planning period. Specifically, some programs should include: (1) a description of the City's specific role in implementation; (2) definitive completion or implementation timelines; and (3) objectives, quantified where appropriate.

For example, Program 6.2 (Affordable Rental 2nd Units) proposes to develop incentives to create affordable second unit rental opportunities and has a timeline of "2011-2014." The Program should have a definite timeline for completion, such as "July 2012." Program 38.3 (RFP for Housing for Lower-Income Households) should include a quantified objective, such as "150 units during the planning period." Additional programs to be revised with definitive timelines and objectives include, but are not limited to the following:

1.1 (Discourage Redesignation of HDR Sites), 6.3 (2nd Unit Administrative Design Review), 9.1 (Review and Revise Growth Management Program), 9.3 (Preserve At-Risk Units), 9.4 (Funds for Lower Income Housing Development), 9.5 (Provide Incentives for Lower Income Housing Development), 11.4 (Encourage Innovative Design, Regulations and Construction), 11.5 (Employee Housing), 17.4 (Use of Lower-Income Housing Fund), 25.1 (Encourage Housing for Lower Income Households on HDR Sites), 25.2 (Support of Non-Profit Housing Providers), 36.1 (Rezone Infill Sites), 36.3 (Incentives and Design Guidelines for Mixed-Uses), 36.5 (Incentives for Relocating Non-Residential Uses), 38.3 (RFP for Housing for Lower Income Households), 41.1 (Special Needs Housing), 41.6 (Group Home Development), and 44.2 (Conservation Programs).

2. *Identify adequate sites which will be made available through appropriate zoning and development standards and with public services and facilities needed to facilitate and encourage the development of a variety of types of housing for all income levels, including rental housing, factory-built housing, mobilehomes, and emergency shelters and transitional housing. Where the inventory of sites, pursuant to paragraph (3) of subdivision (a), does not identify adequate sites to accommodate the need for groups of all household income levels pursuant to Section 65584, the program shall provide for sufficient sites with zoning that permits owner-occupied and rental multifamily residential use by right, including density and development standards that could accommodate and facilitate the feasibility of housing for very low- and low-income households (Section 65583(c)(1)).*

As noted in Finding A-3, the element does not include a complete site inventory or analysis and the adequacy of sites and zoning were not established. Based on the results of a complete sites inventory and analysis, the City may need to add or revise programs to address a shortfall of sites or zoning available to encourage a variety of housing types. In addition:

Unaccommodated Need and Shortfall of Sites: The element identifies an unaccommodated need of 871 units for lower-income households from the previous planning period (page 49), along with a current RHNA of 1,804 for lower-income households. To address the unaccommodated need and shortfall, the element identifies several candidate sites (Table III-2) and includes Program 11.1 (Rezone Sites). Pursuant to Government Code Sections 65583(c)(1), 65583.2(h) and (i), and 65584.09, Program 11.1 must commit to:

- permitting owner-occupied and rental multifamily uses by-right, without a conditional use permit (CUP), planned unit development or other discretionary review;
- ensuring at least 50 percent of the lower-income needs to be accommodated on sites designated for residential use only;
- clarifying the rezoned sites will require at least a minimum density of 20 units per acre and permit a minimum of 16 units per site; and
- selecting from the identified candidate sites (Table III-2) for rezoning.

Program 46.1: The Program proposes to amend the City's Municipal Code within one year of adoption of the housing element to permit emergency shelters consistent with SB 2. However, pursuant to SB 2, the program must identify the proposed zone(s) to permit the development of emergency shelters without a CUP or other discretionary approval, commit to establish development standards to encourage and facilitate the use, and only subject shelters to the same development and management standards that apply to other permitted uses within the proposed zone(s).

The Program should also clarify amending zoning to permit transitional housing and supportive housing as a residential use and only subject to those restrictions that apply to other residential uses of the same type in the same zone. See the Department's SB 2 technical assistance memo at http://www.hcd.ca.gov/hpd/sb2_memo050708.pdf.

Programs 14.6 (Assess Infrastructure Constraints), 14.7 (Assess Infrastructure Needs), and 29.2 (Review and Amend Growth Management Ordinance) should include a discrete timeline (e.g., biennially, every three years) for implementation or completion of the assessments and review, as well as describing specific actions to take once assessments and review are complete.

3. *The housing element shall contain programs which assist in the development of adequate housing to meet the needs of extremely low-, very low-, low- and moderate-income households (Section 65583(c)(2)).*

While the element includes some programs to assist in the development of low-, and moderate-income households, pursuant to AB 2634, existing programs should either be expanded or new programs added to specifically assist in the development of a variety of housing types to meet the housing needs of ELI households. To address this requirement, the element could revise programs, such as Programs 17.5 (Priority Funding), 41.3 (Special Needs Housing) and 41.4 (Housing for Persons with Disabilities), to prioritize some funding for the development of housing affordable to ELI households, and/or offer financial incentives or regulatory concessions to encourage the development of housing types, such as multifamily, and single-room occupancy (SRO) units, which address some of the needs of this income group.

4. *The housing element shall contain programs which address, and where appropriate and legally possible, remove governmental constraints to the maintenance, improvement, and development of housing (Section 65583(c)(3)).*

As noted in Finding A-4, the element requires a complete analysis of potential governmental constraints. Depending upon the results of that analysis, the City may need to revise or add programs to address and remove or mitigate any identified constraints. In addition:

Program 16.2 (Review of Inclusionary Zoning Ordinance) and Program 29.2 (Review of Growth Management Ordinance) should propose to review the ordinances as a potential constraints to housing and include specific actions (e.g., annual review and amendments as necessary) and discrete timelines (e.g., annually, biannually) to implement or complete the specific actions.

D. Consistency with General Plan

The housing element shall describe the means by which consistency will be achieved with other general plan elements and community goals (Section 65583(c)(7)).

The element must include a discussion of how consistency between the housing element and other General Plan and community goals will be achieved and maintained during the planning period. The program could also propose to conduct an internal consistency review as part of its annual General Plan implementation report required under Government Code Section 65400. This annual report can also assist future updates of the housing element.

The City should also note recent statutory changes to Government Code Section 65302 (Chapter 369, Statutes 207 [AB 162]) which requires amendment of the safety and conservation elements of the General Plan to include analysis and policies regarding flood hazard and management information upon the next revision of the housing element on, or after, January 1, 2009. For additional information, please refer to Department's website at http://www.hcd.ca.gov/hpd/hrc/plan/he/ab_162_stat07.pdf.



Housing Element Resources and Constraints

- Landscaping Policy, prior to issuance of a building permit.
- b) **Trash Enclosures:** All trash enclosures shall consist of visually solid fences and gates, six feet in height, in accordance with the adopted City of Gilroy standard trash enclosure design plan, or a similar design approved by the Planning Director. All trash enclosures shall be located in accordance with the approved site plan and the Uniform Fire Code.
 - c) **Exterior Lighting:** No unobstructed beam of exterior lighting shall be directed outward from the site toward any residential use of public right-of-way.
 - d) **Mechanical Appurtenances:** Mechanical equipment to be located on the roof of a building shall be screened by an architectural feature of the building such that it cannot be seen from ground level at the far side of the adjacent public right-of-way, whenever possible.
 - e) **Outdoor Storage:** All outdoor storage and loading areas must be screened from public view with a combination of landscaping, solid fencing and building design and orientation.

10. Residential Development Ordinance

In terms of housing production, the most significant procedure is the allocation of building permits through the Residential Development Ordinance (RDO). The RDO was first established in 1979 to monitor the amount of residential growth in the City. In past years, the City Council has reviewed and revised the RDO limits to reflect market changes and the City's vision.

The impact of the RDO allocation process and limits on affordable housing development has been the subject of many community debates in Gilroy. The City recognizes that subjecting affordable housing projects to the overall RDO limit is a constraint to providing the total number of allocations needed to meet Gilroy's determined regional needs. However, there is a consensus in the community that the RDO plays a very important role in managing growth and protecting the community's quality of life.

The City's most recent General Plan update focused on updating the RDO to address the concerns expressed by the members of the General Plan Update Committee. There was strong consensus that the RDO serves the City well as a growth management tool, although many expressed the need to revise its procedures, allocation numbers, and/or the evaluation criteria used to judge competing projects. Rather than remove the overall cap of the RDO by exempting affordable units, the General Plan update has focused on a number of strategies to reconfigure the RDO and the development environment in general in a manner that supports affordable housing goals and achieves other important community goals. These strategies include:

- Establish the General Plan as the guiding document on which the RDO is based;
- Continue to prioritize affordable housing projects;

Housing Element

Resources and Constraints



- Ensure a mix of housing types in areas of new residential development;
- Take a more proactive and aggressive role in supporting affordable housing;
- Create a specific geographic exemption area;
- Establish a more aggressive “accessory dwelling unit” program;
- Provide an exemption for mixed-use and live-work units;
- Promote the construction of assisted living units.

The RDO only applies to residential development. This application of the RDO is to ensure that residential growth is metered so that the City can provide and fund adequate services to support residents. These services include, but are not limited to, schools, parks, fire services and police services. In comparison, commercial and industrial developments do not require these services to the extent that residential developments need them. In addition, commercial and industrial developments support themselves by providing a tax base to fund services that serve both businesses and residents in the City. Commercial and industrial developments provide an important source of revenue for the City's economic development.

a. Exemptions

The Residential Development Ordinance applies to all residential development projects constructed within the City of Gilroy, except for those listed as exempt. The following types of residential projects are exempted from the provisions of the RDO:

- A Small Project Exemption may be granted to projects proposing twelve or fewer dwelling units. All projects submitted under this Small Project Exemption category shall require City Council review and approval. Tentative maps submitted with an application for this exemption must be accompanied by an architectural and site approval application, except projects proposing to create single-family lots for homes to be custom designed and built. Projects proposing more than twelve dwelling units submitted for a Small Project Exemption, may be considered by the City Council and granted exemption if the City Council determines that the project has all the following special circumstances:
 - The project meets the intent of the RDO Small Project Exemption;
 - The project needs only a few more than twelve units to completely build-out; and
 - The project will not create any remainder lots.
- Replacement dwellings are exempt provided that the number of exempted new dwelling units do not exceed more than four units, the number of dwelling units removed for such replacement on any parcel. Relocation of dwelling units existing within Gilroy to another site shall be exempt.



Housing Element Resources and Constraints

- A residential development project sponsored by a non-profit organization funded by federal, state, or local government is exempt, so long as such organization is one of the following:
 - An organization that receives annual operating grants in excess of \$100,000 from government sources; or
 - An organization that qualifies as a Community Housing Development Organization (CHDO)

Development projects receiving this exemption must be no more than 75 units and must be specifically approved for the exemption by the City Council. All requests under this exemption shall be processed through an *Affordable Housing Exemption from RDO application*. Public hearings before the Planning Commission and City Council will be held to consider this application.

- A project which meets the standards established by the "Policy Statement for Exempting Affordable Development Proposals from the RDO" is exempt if the project consists of 75 units or less and is specifically approved for exemption by the City Council.
- Large residential projects, which have received an approved Residential Development allocation of at least 100 units, may receive an allocation credit when specific portions of their project have been sold to a secondary builder or contractor.
- An Infill Exemption may be granted to projects four or fewer dwelling units which meet the following criteria:
 - All street improvements must be in place, including water, sewer and storm drains;
 - The project must be surrounded by developed property, except that the project may be adjacent to an undeveloped or underdeveloped property which itself would otherwise qualify under this exemption; and
 - The project shall not be located on the edge of a developed area of the City, so that it, if built, would create or extend development in any way into a previously undeveloped area of the City.
- A project proposing a single dwelling unit may qualify for a Non-discretionary Single Unit Exemption if it meets the following criteria:
 - When no discretionary approval from the City is required;
 - The project is located in either R1 or A1 zoning district; and
 - No other dwelling units exist on the property.
- A project proposing a single dwelling unit may qualify for a Discretionary Single Unit

Housing Element

Resources and Constraints



Exemption if it meets the following criteria:

- A discretionary approval from the City is required; and
 - No infrastructure is required as a prerequisite to the development of the property.
- Transitional housing units that meet the standards established by the City's adopted Transitional Housing Policy are exempt if specifically approved for exemption by the City Council.
 - Projects located within the City's Downtown Commercial area as defined in the General Plan are specifically approved for exemption by the City Council.

RDO Affordable Housing Exemption Procedures

In order to meet the current and future housing needs of all income segments of the community, the City of Gilroy provides exemption from the Residential Development Ordinance annual allocations. The City requires that 100 percent of the housing units granted an exemption must be sold and/or rented at prices that are affordable to Very Low-, Low- or Moderate-Income households. The procedure for this exemption is as follows:

- 1) The applicant applies for an RDO Affordable Housing Exemption, and submits all required fees at the time of application. Consideration for the approval of this application is made in accordance with the criteria for exempt categories as described above.
 - 2) The applicant must specify the number of units to be constructed and identify the number of units that will be affordable to households with Very Low-, Low- and Moderate-Incomes.
 - 3) Rental and/or sale prices of all units shall be reviewed and approved by the City.
 - 4) The applicant must receive approval of the RDO exemption prior to Tentative Map Approval. In situations where a Tentative Map is not required, the applicant must receive approval of the RDO exemption prior to Architectural and Site Review approval.
 - 5) After approval of the application, and prior to receiving Tentative Map approval (or Architectural and Site approval in situations where Tentative Maps are not required), the applicant must enter into a contract with the City agreeing to provide affordable housing as delineated in the RDO Affordable Housing Exemption policy.
 - 6) The applicant will advertise the existence and terms of the agreed upon policy to the general public and accept applications from prospective purchasers and tenants.
- b. Annual Numerical Limits



Housing Element Resources and Constraints

The City Council, after considering economic, public service, environmental, housing and other information deemed relevant to the residential development program of the City determines the maximum total number of dwelling units which should be built during a subsequent ten-year goal period. Each year of a ten-year goals period, the City Council holds a public hearing, which can be continued from time to time. Then Council adopts a resolution reaffirming, readjusting and resetting the Numerical Limits for each subsequent calendar year remaining in the ten-year goal period.

The Numerical Limit for a given calendar year is expressed as the total number of dwelling units, for projects not exempt from the RDO, for which building permits may be issued in that calendar year. The Numerical Limit for one year may not exceed 130 percent of the average of the Numerical Limits for the remaining years in the ten-year goal period, or 13 percent of the ten-year goal, whichever is less. There is no set formula for determining the number of exempt units. Historically, the City Council has reserved one quarter to one third of all units for exempt projects. Table 3-14 summarizes Gilroy's maximum allotted RDO growth numbers from 2004-2013. The total RDO allocation, including market rate units, exempt units and Downtown Gilroy Specific Plan units, within the planning period exceeds the City's unmet RHNA need. For the period 2007-2013 there are 1,499 market rate units, 679 exempt units (average of 97 units per year), and 1,576 Downtown Gilroy units available in the RDO allocation. At this time, the allocation for 2014 has not yet been determined. To ensure the RDO continues to provide capacity to meet the City's RHNA need, the City has included a policy program to monitor the RDO in this Housing Element update.

**Table 3-14
RDO Growth Numbers**

| Years | Market Rate Units | Exempt (Counted) Housing |
|--------------|-------------------|-----------------------------|
| 2004 | 294 | |
| 2005 | 398 | |
| 2006 | 289 | |
| 2007 | 166 | |
| 2008 | 202 | |
| 2009 | 252 | 970 |
| 2010 | 236 | |
| 2011 | 236 | |
| 2012 | 244 | |
| 2013 | 163 | |
| Total | 2,480 | 970 |

Source: City of Gilroy

In June 2010, the City Council adopted an amendment to the Residential Development

Housing Element

Resources and Constraints



Ordinance to provide a means by which allocations could be awarded to projects that are not currently exempt from the RDO competition. Specifically, the Council creates a new category of exemptions for infill projects that could develop in the near future when other projects that currently have RDO allocations are not being built.

In order to be eligible to build under the new exemption category, projects must be located on infill sites and must be able to complete construction within 36 months of approval of the exemption. Project sponsors must be able to demonstrate the ability to meet the 36-month deadline in order to receive the exemption. Initially, 200 units have been set aside for projects which meet these requirements. Additional units may be added at a later date by the City Council.

c. Application Procedures

All applications for Residential Development Review Projects are submitted to the City of Gilroy, Department of Planning. The Planning Commission then holds a public hearing and assigns a point score to each residential development project for which the application has been deemed complete in accordance with the City's Project Rating Scale. The Planning Commission competitively evaluates each residential development project and establishes a ranking for each based upon its assigned point score.

The Planning Commission recommends to the City Council a build-out schedule only for those projects for which building permits can be issued within the applicable Numerical Limits. If the Planning Commission finds that, due to environmental or other reasons, a given project is detrimental to the public health, safety and general welfare, the Commission may recommend to the City Council that the project not be granted a build-out schedule regardless of its score on the Project Rating Scale or whether or not the applicable Numerical Limits are fully allocated.

The City Council holds a public hearing and reviews the point scores, rankings and build-out schedules and may affirm or modify the recommendation of the Planning Commission. The allocation process takes approximately one year to complete and is awarded for a 3-5 year period beginning two years from the end of the allocation process. If allocated units are not constructed within the 3-5 year period, then the City Council may reallocate them, add them to the next RDO allocation, or eliminate them. To date, fewer than five projects have expired and all of the units have been reallocated in the current RDO cycle. To address the possible elimination of unused allocations, this Housing Element update includes a policy program action to review the RDO and revise the policy as appropriate. The City of Gilroy allows concurrent submittal of remaining entitlements (e.g., subdivision maps and site and architectural review) with the RDO allocation process. The RDO application and allocation process takes approximately one year to complete.

The following describes the RDO application procedures:



Housing Element Resources and Constraints

- 1) All applications for Residential Development Review of projects are submitted to the City of Gilroy's Planning Department
- 2) Each request for Residential Development Review contains information and fees requested on the Residential Development Review application forms. Only applications deemed complete by the Planning Director are considered.

The following describes the competitive evaluation procedures and assignment of build-out schedules:

- 1) The Planning Commission holds a public hearing and assigns a point score in accordance with the Project Rating Scale to each residential development project for which the application has been deemed complete by the Planning Director.
- 2) The Planning Commission competitively evaluates each residential development project and establishes a ranking for each residential project based upon its assigned point score.
- 3) The Planning Commission recommends to the City Council a build-out schedule only for those projects which the Planning Commission determines that building permits can be issued within the applicable Numerical Limits. If the Planning Commission finds that, due to environmental or other reasons, a given project is detrimental to the public health, safety, and general welfare, the Commission may recommend to the City Council that the project not be granted a build-out schedule regardless of its score on the Project Rating Scale or whether or not the applicable Numerical Limits are fully allocated.
- 4) The City Council holds a public hearing and reviews the point scores, rankings and build-out schedules recommended by the Planning Commission and may affirm or modify the recommendation. In making its decision, the Council shall give priority to accommodating subsequent phasing and build-out of previously approved projects for which substantial public infrastructure improvements have been constructed to serve such future phases.
- 5) The maximum Numerical Limit for any year does not have to be fully allocated. (Although the City Council has the authority to not fully allocate the available units, to date it has not happened and is unlikely to happen in the future.)
- 6) No individual project shall be assigned more than twenty-five percent of the ten-year housing goal, or fifty percent of the Numerical Limit for any year of the build-out schedule as established at the time the build-out schedule is assigned. The City Council may, however, grant an exception from this limitation to an approved Specific Plan or Master Plan development.
- 7) Build-out schedules may extend up to five years beyond the expiration of the ten-year

Housing Element

Resources and Constraints



goal period, provided that no single residential development project may be given a build-out schedule extending more than ten years.

- 8) No building permits may be issued for a residential development project pursuant to a build-out schedule granted under the Residential Development Ordinance unless the project is to be built on the same physical site as was originally evaluated. Build out schedules are not transferable independently of the project for which they are assigned.
- 9) When a building permit is requested for any residential development assigned a build-out schedule, the Planning Director reviews the project for conformance with the project as it was proposed when assigned a build-out schedule.

d. RDO Point System

The Planning Commission uses an established project rating scale to evaluate and rank projects. There are 200 possible points for each project under review. The following lists criteria used to evaluate projects for RDO Allocation:

- Locational factors
 - a. City Boundaries (0-16 points)
 - b. Public Facilities and Utilities (0-16 points)
 - c. Infilling (0-20 points)
 - d. Downtown Core (0-18 points)
- Housing Mix
 - a. Housing Type Variety (0-10 points)
 - b. Density Type Variety (0-6 points)
 - c. Housing Cost and Price Reduction (0-4 points)
 - d. Apartments, provides new rental units (0-14 points)
- Design
 - a. Preserving Site Features (0-4 points)
 - b. Circulation (0-10 points)
 - c. Resource Conservation (0-6 points)
 - d. Site Design Coordination (0-8 points)
 - e. Transit-Oriented Design (0-14 points)
 - f. Master Plan or Specific Plan (0-18 points)
 - g. Project Open Space (0-12 points)
- Community Benefit Factors*
 - a. Cultural and Recreational Benefits (0-2 points)
 - b. Capital Improvement Benefits (0-8 points)
 - c. Preservation and Dedication, Open Space (0-2 points)
 - d. Fire/EMS Features/Mitigation (0-12 points)

*Community Benefit Factors typically exceed standard requirements outlined in the City's Municipal Code. Examples of benefits include the following:



Housing Element Resources and Constraints

- Cultural and Recreational: trail dedication, additional parkland, public art
- Capital Improvements: infrastructure installed prior to demand, infrastructure that exceeds the projects "fair share"
- Open Space: dedication or preservation of undevelopable lands or sensitive habitats
- Fire/EMS: donation of fire apparatus

The City reviewed the most recent projects approved under the RDO process and they found that out of the 13 market-rate RDO projects that were or are approved, only three that received allocations had community benefit factors that are completed or are to be completed. None of the 50+ exempt projects that were approved under the RDO exemptions provided any community benefit type features. This indicates that the point criteria do not impact the ability of applicants to receive RDO allocations.

e. Downtown Specific Plan RDO Process

Under the City's adopted Downtown Specific Plan, 1,576 residential units are projected to be constructed within a 20-year period. These units are counted separately from the RDO's market rate and exempt units. A request for RDO allocation must be reviewed and approved for each individual project planned for the downtown. All residential and mixed-use projects within the City's Downtown Specific Plan require RDO allocation when requesting new units above the historical numbers. The City uses a Downtown Specific Plan Exemption (DSPE) application to review these requests. The application is first reviewed by the Planning Commission and then forwarded to the City Council for approval. This process gives the City Council the ability to monitor the total number of units allocated under the Downtown Specific Plan, as well as controlling the actual number of units for any specific project.

f. Amendment to RDO Exemption Category, Shovel-Ready Projects

In March 2010, the Gilroy City Council initiated an amendment to the Zoning ordinance to provide a means by which RDO allocation could be awarded to projects that are not currently exempt from RDO competition. Specifically, the Council directed a new category of exemptions be created for infill projects that could develop in the near future when other projects that currently have RDO allocations are not being built. The amendment would require that at least 10 percent of a project be under construction within 12 months of the award of the allocation. The provision is intended to encourage the development of "shovel-ready" projects. The proposed amendment to the Zoning Ordinance was approved in June 2010, along with an additional 200 allotments to the RDO Exempt category. This ordinance was rescinded in April 2011. In the future, the City will reevaluate the ordinance and provide a similar exception category if warranted.

Appendix H. RDCS Details

1. Number of Allocated and Un-allocated Units and BMRs 2006-2014

| Project/Competition Type | Total Units (inc. affordable units) | | | | | | | | | | Deed-restricted BMR's | | | | Other Affordable Units** | |
|---------------------------------------|-------------------------------------|------------|------------|------------|------------|------------|------------|------------|-------------|----------|-----------------------|-----|--------|-----|--------------------------|--|
| | FY 2006-07 | FY 2007-08 | FY 2008-09 | FY 2009-10 | FY 2010-11 | FY 2011-12 | FY 2012-13 | FY 2013-14 | Total Units | Ext. Low | Very Low | Low | Median | Low | Moderate | |
| Micro: (Exempt) | | | | | | | | | | | | | | | | |
| Del Monte-Giovani (MMC-04-05) | 6 | | | | | | | | 6 | | | | | | | |
| Ginger-Custom One (MMC-04-07) | 5 | | | | | | | | 5 | | | | | | | |
| E. Dunne - Kruse (MMC-04-10) | 3 | | | | | | | | 3 | | | | | | | |
| Taylor-Murray (MMC-04-09) | | 3 | | | | | | | 3 | | | | | | | |
| Myrtle-Latala (MMC-07-03) | | | | 3 | | | | | 3 | | | | | | | |
| McLaughlin-Malech (MMC-08-14) | | | | | 4 | | | | 4 | | | | | | | |
| Small: | | | | | | | | | | | | | | | | |
| Cochrane - Borello (MP-03-04) | 7 | | | | | | | | | | | | | | | |
| San Pedro - Alcini (MC-04-17) | | 4 | 8 | | | | | | 12 | | | | 1 | | | |
| Wright - Dividend (MC-04-27)* | 6 | 9 | | | | | | | 15 | | | 1 | | | | |
| W. Dunne-South Valley Dev (MC-08-24) | | | | | 8 | 6 | | | 14 | | | 1 | | | | |
| Clayton-O'Brien (MC-08-13) | | | | | 5 | 2 | | | 7 | | | | | | | |
| Open Market: | | | | | | | | | | | | | | | | |
| Tilton - Glenrock/Shea (MP-02-03) | 20 | 15 | 15 | | | | | | 50 | | | 2 | 2 | | | |
| Peet - Lupine Investors (MC-02-12) | 12 | | | | | | | | 12 | | | | | | | |
| Mission View - Miss. Ranch (MC-02-15) | 12 | | | | | | | | 12 | | | | | | | |
| Diana - Chan (MC-04-04) | | 5 | 13 | 14 | | | | | 32 | | | 2 | 1 | | | |
| E. Dunne - Dempsey/Delco (MC-04-12)* | 13 | 5 | 8 | 14 | 15 | | | | 55 | | | 2 | 0 | | | |
| Barrett - Odishoo (MC-04-13)* | 13 | 5 | 13 | | | | | | 31 | | | 2 | 2 | | | |

| Project/Competition Type | Total Units (inc. affordable units) | | | | | | | | | | Deed-restricted BMR's | | | | Other Affordable Units** | |
|--|-------------------------------------|------------|------------|------------|------------|------------|------------|------------|-------------|----------|-----------------------|-----|--------|-----|--------------------------|--|
| | FY 2006-07 | FY 2007-08 | FY 2008-09 | FY 2009-10 | FY 2010-11 | FY 2011-12 | FY 2012-13 | FY 2013-14 | Total Units | Ext. Low | Very Low | Low | Median | Low | Moderate | |
| Central - Hu (MC-04-14)* | 19 | 5 | 15 | | | | | | 39 | | | 1 | 2 | | | |
| Church - Alcini (MC-04-15) | 14 | | | | | | | | 14 | | | | 1 | | | |
| Cochrane-Coyote Ranch (MP-02-14) | 20 | | | | | | | | 20 | | | 1 | 2 | | | |
| E. Main Thrust (MC-04-19)* | 13 | 5 | 8 | 8 | | | | | 34 | | | 2 | 1 | | | |
| Barrett - Syncon Homes (MC-04-21) | | 13 | 5 | 14 | 15 | | | | 47 | | | 3 | 2 | | | |
| Jarvis - South Valley Dev (MC-04-22)* | 36 | 13 | 15 | 14 | 9 | | | | 87 | | | 4 | | | | |
| Peet - Lupine Investors (MC-04-25)* | 18 | 6 | 12 | | | | | | 36 | | | 2 | | | | |
| Mission View - Miss. Ranch (MC-04-26)* | 18 | 15 | 15 | 15 | 15 | | | | 78 | | | 4 | | | | |
| Diana-EAH (MC-05-08) | | | | 40 | | | | | 40 | | | | | | | |
| E. Central-Sheng (MC-08-17) | | | | | 17 | 15 | | | 32 | | | 3 | 1 | | | |
| Peet-Borello (MC-08-16) | | | | | 23 | | | | 23 | | | 2 | | | | |
| Murphy-Pan Cal (MC-08-22) | | | | | 24 | | | | 24 | | | 2 | 1 | | | |
| E. Dunne-South Valley Dev (MC-08-23) | | | | | 18 | | | | 18 | | | 2 | 1 | | | |
| Unallocated | | | | | | 154 | 160 | 160 | | | | 24 | 24 | | | |
| Vertical Mixed Use: (Exempt) | | | | | | | | | | | | | | | | |
| Monterey-Sherman House (MC-05-04) | | 7 | | | | | | | 7 | | | | | | | |
| Depot-The Granary (MC-05-12) | | | 12 | | | | | | 12 | | | | | | | |
| Monterey-Gunter (MC-05-03) | | 4 | 1 | 10 | | | | | 15 | | | | | | | |
| Affordable: | | | | | | | | | | | | | | | | |
| Jarvis-So County Housing (MC-05-02) | | 54 | 41 | 40 | | | | | 95 | | | 36 | 30 | | | |
| Diana-EAH (MC-05-08) | | | | 40 | | | | | 40 | | | 40 | | | | |
| E. Central-Urban Housing (MC-05-09) | | | 12 | 37 | | | | | 49 | 5 | 18 | 25 | | 1 | | |
| Unallocated | | | | | | 44 | 40 | 40 | | | | 47 | 46 | | | |
| Downtown Open Market: (Exempt) | | | | | | | | | | | | | | | | |
| Monterey-Alcini (MC-05-05) | | 30 | 43 | 6 | | | | | 30 | | | | | | 3 | |
| E. Main-Ahlin (MC-05-06) | | 50 | | | | | | | 99 | | | 99 | | | | |

| Project/Competition Type | Total Units (inc. affordable units) | | | | | | | | | | Deed-restricted BMR's | | | | Other Affordable Units** | |
|-----------------------------------|-------------------------------------|------------|------------|------------|------------|------------|------------|------------|-------------|----------|-----------------------|-----|--------|-----|--------------------------|--|
| | FY 2006-07 | FY 2007-08 | FY 2008-09 | FY 2009-10 | FY 2010-11 | FY 2011-12 | FY 2012-13 | FY 2013-14 | Total Units | Ext. Low | Very Low | Low | Median | Low | Moderate | |
| E. Third-Glenrock (MC-05-11) | | | 14 | 43 | | | | | 57 | | | | | 57 | | |
| Monterey-Sherman House (MF-07-01) | | | | 23 | | | | | 23 | | | | | 23 | | |
| Unallocated*** | | | | | | 50 | 75 | 75 | | | | | | 100 | 10 | |
| Multi-Family Rental: | | | | | | | | | | | | | | | | |
| Monterey-Dynasty (MC-08-18) | | | 68 | | | | | | 68 | 1 | | 5 | | 62 | | |
| Total Allocated | 235 | 245 | 321 | 281 | 153 | 23 | | | 1258 | 6 | 58 | 102 | 68 | 242 | 3 | |
| Total Un-allocated | | | | | | 248 | 275 | 275 | 798 | | | 71 | 46 | 100 | 10 | |
| Grand Total | 235 | 245 | 321 | 281 | 153 | 271 | 275 | 275 | 2,056 | 6 | 58 | 173 | 114 | 342 | 13 | |

* Projects eligible for BMR reduction program (calculated at 5% Low only, assuming projects will be underway by 9-30-10, thus eliminating 8% Median requirement)

** Includes non-deed restricted units in projects developing at 20+units/acre and non-restricted obligated median income units

*** Assumes 200 of 500 exempt units Downtown will be built by 2014 and 50% will be built at 20+units/acre

2. Additional RDCS Information

The City makes large amounts of material available to help the community and developers understand the RDCS system. Below is sample material from July 2009

RESIDENTIAL DEVELOPMENT CONTROL SYSTEM

1. OVERVIEW OF THE RESIDENTIAL DEVELOPMENT CONTROL SYSTEM

The current version of the Residential Development Control System (RDCS) was enacted by the citizens of Morgan Hill in March 2004 to regulate the rate of growth of major residential development in the community. The Measure applies to all residential development in the City including mobile homes. The only exception is the construction of a single-family dwelling or one dwelling unit addition on parcels of record and construction of residential dwellings within a 20-block area in and near the downtown. The Downtown Area exemption was approved by the voters in May 2009.

A limited number of building allotments are available in any single year. To determine which projects receive allotments, projects are evaluated according to a series of standards and criteria contained within 14 separate categories. Points are assigned depending on how well a project does in a particular category. Generally, those projects that receive the highest points are awarded a building allotment.

2. BUILDING ALLOCATION TIME LINE

Building allocations are awarded for a given fiscal year. A property owner or developer must physically commence construction under the building allotment by end of that fiscal year. The filing date under the RDCS process has been established to provide sufficient lead-time to receive all necessary approvals, financing, etc., prior to the required issuance of building permits. Projects' receiving an allocation will be able to construct dwelling units during the City's 2011-12 fiscal year (July 1, 2011 through June 30, 2012). Building permits under the FY 2011-12 allotment can be issued anytime prior to the start of the fiscal year of the building allotment provided that the dwelling units cannot be completed and occupied no early than July 1, 2011. See attached Early Start of Construction Policy.

To ensure that projects have the maximum time available for actual construction, a project tracking time line has been established to monitor the progress of a development through the approval process (see attached). This time line requires the property owner or developer to submit applications for various approvals by specific dates. The City is also required to take action on the various applications within the periods specified in the time line. Should a Project fail to comply with the time line, the City Council may choose

to rescind all or part of the project's development allotment and award that allotment to the next development on the list that has qualified for such allotment. Projects that comply fully with the time line will have the full 12 months of the fiscal year of the award in which to commence construction on the homes within the development

A. Definition of Physical Commencement:

According to Section 18.78.125(G) of the Measure C Ordinance, "dwelling units allocated for one fiscal year and not physically commenced according to an approved development schedule by the end of that fiscal year, shall lose their allocation." A project shall be deemed to have physically commenced development upon issuance of a building permit and completion of the following improvements:

Installation of on-site and off-site improvements including grading and certification of the building pad by the Building Division and completion of one or more of the following:

- a) Excavation of the footings and foundations for the dwelling unit
- b) Installation of water or sewer laterals to the relevant units

The above threshold must be achieved by June 29, 2012 to preserve the building allotment.

3. NUMBER AND TERM OF BUILDING ALLOTMENTS

On June 17, 2009, the City Council approved the Planning Commission's recommendation and authorized a one-year RDCS competition to be conducted in October 2009 to award 198 building allotments for Fiscal Year 2010/11. The following is the approved distribution by competition category:

| Competition Category | Allotment |
|------------------------------------|-----------|
| On-going Projects | 48 |
| Affordable Set-aside | 30 |
| Micro Projects | 6 |
| Small Projects | 9 |
| Multi-Family Rental | 30 |
| Open/Market | 30 |
| Senior Housing | 30 |
| Custom Lot Projects | 5 |
| CC-R and CL-R Zoning Area Projects | 10 |
| Total | 198 |

4. AMENDMENTS TO RESIDENTIAL DEVELOPMENT CONTROL SYSTEM

The orientation meeting will include an overview of the major changes to the Residential Development Control System evaluation criteria.

Under the Schools category, greater emphasis is placed on establishing safe walking routes to schools. Two additional points will be awarded for off-site pedestrian safety improvements. To off-set this two point adjustment, the two point criterion for providing a community room for after school programs has been eliminated. The cost of providing a community room was a concern. Also, due to fiscal constraints and liability issues, the School District will not use such facilities for off-campus after school programs.

Under the Orderly and Contiguous category, the criterion for evaluating the quality of a project master plan was amended to specify what the plan must provide to achieve the maximum two points. Under the Parks and Paths category, greater emphasis is placed on providing public neighborhood parks.

Under the Quality of Construction category, the latest version of the Build it Green (BIG) checklist will be used as part of the subsequent entitlement process. Points under this criterion would be based solely on the scoring commitment on the BIG checklist. Applicant will still need to complete the version of the checklist using the link in the project narrative under the Quality of Construction category.

5. AMENDMENTS TO MICRO PROJECT SCORING PROCEDURES

Micro Project is a separate RDCS competition that applies to projects at build-out that consists of six or fewer dwelling units. To address ways to streamline the processing of micro projects to lower costs, the City Council approved changes to the initial scoring categories. Only nine of the 14 categories are used to evaluate a micro project. Projects are awarded automatic points in the other categories. The changes eliminated the need for staff to evaluate each project according to the remaining evaluation categories in the event of a tie score. When a tie occurs, the Planning Commission will rank each project to determine which project(s) are eligible to receive the building allotment.

For this year's competition, the schools category was added back as one of the nine evaluation categories and the Natural and Environmental category was removed as one of micro project competition scoring categories.

6. PROJECT SUBMITTAL REQUIREMENTS

A limited number of application packets have been prepared for the Orientation Meeting that lists the submittal requirements for all RDCS projects. The application submittal typically includes a site utilization plan, site development plan, preliminary architectural plans including building elevations showing all sides of one typical model and front elevations of other buildings, preliminary grading plan and a landscape plan. The project submittal also includes a project narrative, which contains the applicant's responses to the evaluation criteria. A copy of the RDCS application and project narrative

questionnaire is available on CD or can be e-mailed to you upon request. A separate application packet is available for evaluation and scoring of Micro Projects.

Project Narrative

To assist City Staff and the Planning Commission in their review and evaluation of RDCS applications, a standard format for the RDCS Project Narrative has been prepared (see application packet). Each project shall provide three (3) full size (24" x 36") sets of plans and fourteen (14) reduced size (11" x 17") sets of plans to be included with the individual scoring categories as described in Section C of the Filing Requirements. All plans shall be stapled together along the left margin. Full size plan sets shall be folded into 1/8 sections or folded in such a manner that the size does not exceed 9" x 12" and the 11" x 17" sets shall be folded in half.

The format again this year's project is a series of Microsoft Excel Worksheets. Each of 14 evaluation categories is a separate worksheet and you navigate through the document using the tabs at the bottom of the view screen. You enter your written response in the left side column as in prior year competition; however unlike a Word document the space provided for your written response is a fixed size so it is important your responses be brief and concise. The Excel worksheet include build-in "write protected" formulas that will automatically total the point scores you enter at the bottom of each evaluation category and the grand total score sheet at the end of the narrative. If you need more space to provide a written response, you will need to attach the added text as an addendum to your narrative. We strongly recommend that you limit your written responses to the space provided in the project narrative questionnaire.

Project Narrative Requirements

Complete all sections of the Project Narrative Questionnaire – All information shall be completed including Housing Marketability and Price Distribution; and Schools and other Public Facilities. All areas must be completed. Missing sections could result in loss of points for that category. Provide the following Narrative information:

1. One CD containing:
 - An electronic file of the Project Narrative Questionnaire in Microsoft Excel format
 - An electronic file of all associated plans in a ".dwg " or ".dxf" format and in a ".pdf" format
 - Addendum (if provided) in Microsoft Word format
2. One bound copy of the completed Project Narrative Questionnaire.
3. One un-bound copy of the completed Project Narrative Questionnaire

4. One copy (8 ½ x 11 inch size) of each of the narrative's 14 completed scoring categories. Each scoring category copy shall also include a copy of the following sections of the narrative questionnaire and should be assembled in the following order:

- Narrative cover page
- Project description
- Price and marketing
- BMR information
- Part I scoring criteria
- Individual scoring category
- Any supporting documentation relevant to the individual scoring category (see filing requirements)

7. APPLICATION FILING DEADLINES

All Residential Development Control System project applications must be filed with the Community Development Department on or before Thursday, October 1, 2009. In order to allow sufficient time to receive each application, the City will require applicants to make an appointment for the day and time an application is to be filed. The Community Development Department will accept appointments for RDCS submittal beginning September 14, 2009.

3. Sample Quarterly Report

The City closely monitors RDCS developments. There are both quarterly and annual reports that summarize the progress of developments and provide an opportunity to identify needed changes.

Below is a recent quarterly report.

DATE OF MOST RECENT ACTION/ENTITLEMENT

| PROJECT & FILE # | ALLOCATION DATE | # OF UNITS | PERMITS ISSUED | UNITS FINALED | DATE OF MOST RECENT ACTION/ENTITLEMENT | NEXT STEP/DEADLINE |
|----------------------|-----------------|------------|----------------|---------------|--|-----------------------|
| Hill-Gera (MP-02-17) | 3/22/04 | 6 | 6 | 4 | 1Q/09 Finald 1 unit | Complete construction |
| TOTALS | | 6 | 6 | 4 | | |

RDCS PROJECTS - FISCAL YEAR 2005-06 ALLOTMENT

| PROJECT & FILE # | ALLOCATION DATE | # OF UNITS | PERMITS ISSUED | UNITS FINALED | DATE OF MOST RECENT ACTION/ENTITLEMENT | NEXT STEP/DEADLINE |
|---|-----------------|------------|----------------|---------------|--|---------------------------|
| Barrett-Ditri (MP-02-20) | 5/27/03 | 9 | 9 | 7 | 3Q/08 Finald 1 units | Complete construction |
| Hill-Gera (MP-02-17) | 4/13/04 | 3 | 3 | 0 | 3Q/06 pulled 3 permits | Complete construction |
| Native Dancer-Quail Meadows (MMP-03-01) | 4/22/03 | 4 | 2 | 2 | 1Q/09 Finald 1 unit | 6/30/10 BPC submittal due |
| TOTALS | | 16 | 14 | 9 | | |

RDCS PROJECTS - FISCAL YEAR 2006-07 ALLOTMENT

| PROJECT & FILE # | ALLOCATION DATE | # OF UNITS | PERMITS ISSUED | UNITS FINALED | DATE OF MOST RECENT ACTION/ENTITLEMENT | NEXT STEP/DEADLINE |
|---|-----------------|------------|----------------|---------------|---|---|
| Tilton-Glenrock (MP-02-03) | 5/27/03 | 20 | 0 | 0 | 1Q/09 DAA & DSA approved | BEHIND SCHEDULE 6/30/09 BPC submittal due; 10/30/09 obtain BP; 12/1/09 Commence Const. |
| Peet-Lupine Investors (MC-04-25) | 3/1/05 | 18 | 4 | 0 | 3Q/09 4 permits issued; DAA submitted | 11/30/09 Obtain remaining 14 BP; 12/30/09 commence const. |
| Wright-Dividend (MC-04-27) | 3/1/05 | 6 | 0 | 0 | 4Q/08 FM approved | 9/31/10 Obtain BP |
| E. Main-Thrust (MC-04-19) | 3/1/05 | 13 | 0 | 0 | 1Q/09 DAA & DSA approved | 3/30/10 Obtain BP |
| Jarvis-South Valley Developers (MC-04-22) | 3/1/05 | 36 | 18 | 12 | 3Q/09 finalized 6 units; DAA submitted | 12/31/09 commence const. |
| Church-Alcimi (MC-04-15) | 3/1/05 | 14 | 0 | 0 | 3Q/09 DAA & DSA approved | 10/30/10 Obtain BP |
| Del Monte-Giovanni (MMC-04-05) | 3/1/05 | 6 | 0 | 0 | 2Q/09 DAA & DSA approved | 3/30/10 obtain BP; 6/30/10 commence construction |
| San Pedro-Ahmadi (MMC-04-06) | 3/1/05 | 1 | 1 | 0 | 3Q/07-FM approved, pulled 1 permit | Complete construction |
| Ginger-Custom One (MMC-04-07) | 3/1/05 | 5 | 0 | 0 | 3Q/09 DAA & DSA approved | 6/30/10 obtain BP |
| E. Dunne-Kruse (MMC-04-10) | 3/1/05 | 3 | 0 | 0 | 2Q/07-ELBA approved; 3-yr extension granted | BEHIND SCHEDULE 7/1/09 BPC submittal due; 6/30/10 commence const. |
| Depot-The Granary (MC-05-12) | 2/14/06 | 6 | 0 | 0 | 2Q/09 ELBA approved | 6/30/11 commence construction |
| Monterey-Gunter (MC-05-03) | 2/14/06 | 4 | 0 | 0 | 2Q/09 DAA & DSA approved | 4/30/10 FM submittal due; 6/30/10 BPC submittal due |
| TOTALS | | 132 | 23 | 12 | | |

RDCS PROJECTS - FISCAL YEAR 2007-08 ALLOTMENT

| PROJECT & FILE # | ALLOCATION DATE | # OF UNITS | PERMITS ISSUED | UNITS FINALED | DATE OF MOST RECENT ACTION/ENTITLEMENT | NEXT STEP/DEADLINE |
|---|-----------------|------------|----------------|---------------|--|---|
| Cory-Habitat for Humanity (MP-91-06) | 3/24/92 | 6 | 0 | 0 | 3Q/09 Final Map approved | 3/30/10 obtain BP |
| San Pedro-Alcini (MC-04-17) | 3/1/05 | 4 | 0 | 0 | 1Q/09 DAA & DSA approved | 10/31/09 FM submittal due; 12/31/09 BPC submittal due |
| Wright-Dividend (MC-04-27) | 3/1/05 | 9 | 0 | 0 | 4Q/09 FM approved | 9/30/10 obtain BP |
| Tilton-Glenrock (MP-02-03) | 3/1/05 | 15 | 0 | 0 | 1Q/09 DSA & DAA approved | 1/30/10 BPC submittal due |
| Barrett-Odishoo-MC-04-13) | 3/1/05 | 5 | 0 | 0 | 4Q/09 DAA submitted | 1/30/10 commence const. |
| E. Main-Thrust (MC-04-19) | 3/1/05 | 5 | 0 | 0 | 1Q/09 DAA & DSA approved | 9/30/10 obtain BP |
| Jarvis-South Valley Developers (MC-04-22) | 3/1/05 | 13 | 0 | 0 | 3Q/09 DAA application submitted | 4/30/10 obtain BP |
| Peet-Lupine Investors (MC-04-25) | 3/1/05 | 6 | 0 | 0 | 3Q/09 DAA submitted | 1/30/10 - FM submittal due |
| Mission View-Mission Ranch (MC-04-26) | 3/1/05 | 17 | 0 | 0 | 3Q/09 DAA submitted | 10/30/09 obtain BP |
| Barrett-Syncon (MC-04-21) | 3/1/05 | 13 | 7 | 1 | 2Q/09 DSA approved | 10/30/10 obtain 6 remaining permits |
| Diana-Chan (MC-04-04) | 3/1/05 | 5 | 0 | 0 | 4Q/08 ZA, SD & DA approved | BEHIND SCHEDULE 4/30/09 SR application due; 10/31/09 FM due |
| Depot-Granary (MC-05-12) | 2/14/06 | 6 | 0 | 0 | 2Q/09 ELBA approved | 6/30/11 commence construction |
| Jarvis-South County Housing (MC-05-02) | 2/14/06 | 54 | 54 | 34 | 3Q/09 finalized 5 units; DAA submitted | Complete Construction |
| Monterey-Alcini (MC-05-05) | 2/14/06 | 27 | 0 | 0 | | 10/31/09 FM submittal due |
| E. Main-Ahlin (MC-05-06) | 2/14/06 | 50 | 14 | 0 | 3Q/09 14 permits issued | 2/28/10 BPC submittal due (34 units), 2/28/11 BPC submittal due 2 units |
| TOTALS | | 235 | 75 | 35 | | |

RDCS PROJECTS - FISCAL YEAR 2008-09 ALLOTMENT

| PROJECT & FILE # | ALLOCATION DATE | # OF UNITS | PERMITS ISSUED | UNITS FINALED | DATE OF MOST RECENT ACTION/ITEM | NEXT STEP/DEADLINE |
|---|-----------------|------------|----------------|---------------|---------------------------------|---|
| San Pedro-Alcini (MP-04-17) | 4/6/05 | 8 | 0 | 0 | 1Q/09 DAA & DSA approved | 10/31/09 FM submittal due; 12/31/09 BPC due |
| Tilton-Glenrock (MP-02-03) | 4/6/05 | 12 | 0 | 0 | 1Q/09 DAA & DSA approved | 1/30/10 BPC submittal due |
| E. Dunne-Dempsey/Delco (MC-04-12) | 4/6/05 | 7 | 0 | 0 | 4Q/07 Final Map Approved | 2/28/10 BPC submittal due |
| Barrett-Odishoo-MC-04-13) | 4/6/05 | 13 | 0 | 0 | 4Q/07 Final Map approved | 4/30/10 obtain BP |
| E. Main-Thrust (MC-04-19) | 4/6/05 | 8 | 0 | 0 | 2Q/07 DAA approved | 4/30/10 FM submittal due |
| Jarvis-South Valley Developers (MC-04-22) | 4/6/05 | 15 | 0 | 0 | 3Q/09 DAA application submitted | 6/30/10 Obtain BP |
| Peet-Lupine Investors (MC-04-25) | 4/6/05 | 12 | 0 | 0 | 3Q/09 DAA submitted | 1/30/10 - FM submittal due |
| Mission View-Mission Ranch (MC-04-26) | 4/6/05 | 18 | 0 | 0 | 4Q/09 DAA submitted | 3/15/10 - FM submittal due |
| Barrett-Syncon (MC-04-21) | 4/6/05 | 5 | 0 | 0 | 2Q/09 DSA & DAA approved | 4/30/11 obtain BP |
| Diana-Chan (MC-04-04) | 4/6/05 | 13 | 0 | 0 | 1Q/09 DA approved | 10/31/09 FM submittal due |
| Ginger (Taylor)-Murray (MMC-04-09) | 4/6/05 | 3 | 0 | 0 | 2Q/09 DAA & DSA approved | BEHIND SCHEDULE: 9/25/09 SR Approval due |
| Jarvis-South County Housing (MC-05-02) | 2/14/06 | 41 | 24 | 0 | 3Q/09 DAA submitted | BEHIND SCHEDULE: 9/30/09 obtain 17 remaining BP; 4/30/10 commence const. |
| E. Central-Urban Housing (MC-05-09) | 2/14/06 | 12 | 0 | 0 | 2Q/09 DSA and DAA approved | 4/30/10 obtain BP |
| Diana-EAH (MC-05-08) | 2/14/06 | 10 | 0 | 0 | 1Q/09 SR approved | BEHIND SCHEDULE 6/30/09 FM submittal due; 10/15/09 BPC submittal due |
| E. Main-Ahlin (MC-05-06) | 2/14/06 | 43 | 0 | 0 | 2Q/09 DSA & DAA approved | 2/28/11 BPC submittal due |
| E. Third-Glenrock (MC-05-11) | 2/14/06 | 12 | 0 | 0 | 2Q/09 ELBA approved | 6/30/11 commence construction |
| TOTALS | | 232 | 24 | 0 | | |

RDCS PROJECTS - FISCAL YEAR 2009-10 ALLOTMENT

| PROJECT & FILE # | ALLOCATION DATE | # OF UNITS | PERMITS ISSUED | UNITS FINALED | DATE OF MOST RECENT ACTION/TITLEMENT | NEXT STEP/DEADLINE |
|---|-----------------|------------|----------------|---------------|--------------------------------------|---|
| Monterey-Gunter (MC-05-03) | 3/1/06 | 11 | 0 | 0 | 2Q/09 DSA & DAA approved | BEHIND SCHEDULE: 7/31/09 SD & ZA app's due |
| E. Central-Urban Housing (MC-05-09) | 3/1/06 | 37 | 0 | 0 | 1Q/08 - DA approved | 9/30/09 - FM submittal due |
| Diana-EAH (MC-05-08) | 3/1/06 | 70 | 0 | 0 | 1Q/09 SR approved | BEHIND SCHEDULE 6/30/09 FM submittal due; 10/15/09 BPC submittal due |
| E. Main-Ahlin (MC-05-06) | 3/1/06 | 6 | 0 | 0 | 2Q/09 DSA & DAA approved | 1/30/11 FM submittal due; 2/28/11 BPC submittal due |
| E. Third-Glenrock (MC-05-11) | 3/1/06 | 43 | 0 | 0 | 2Q/09 ELBA approved | 6/30/11 commence construction |
| Diana-Chan (MC-04-04) | 7/26/06 | 14 | 0 | 0 | 1Q/09 DA approved | 10/31/10 FM submittal due |
| E. Dunne-Dempsey/Delco (MC-04-12) | 7/26/06 | 7 | 0 | 0 | 3Q/08 Final Map approved | 4/30/10 BPC submittal due |
| E. Main-Thrust (MC-04-19) | 7/26/06 | 8 | 0 | 0 | 4Q/08 DSA and DAA submitted | 4/30/10 FM submittal due |
| Barrett-Syncon Homes (MC-04-21) | 7/26/06 | 14 | 0 | 0 | 2Q/09 DSA & DAA approved | 1/30/11 FM submittal due |
| Jarvis-South Valley Developers (MC-04-22) | 7/26/06 | 14 | 0 | 0 | 3Q/09 DAA submitted | 1/31/11 obtain BP |
| Mission View-Mission Ranch (MC-04-26) | 7/26/06 | 15 | 0 | 0 | 1Q/09 DAA & DSA approved | 2/15/10 FM submittal due |
| Monterey-Sherman House (MC-05-04) | 2/14/06 | 7 | 0 | 0 | 2Q/09 ELBA approved | 9/2/10 SD, ZA & DA submittals due |
| Myrtle-Latala (MMC-07-03) | 2/26/08 | 3 | 0 | 0 | 3Q/08 DSA & DAA approved | 3/30/10 obtain BP |
| Monterey-Sherman House (MF-07-01) | 2/26/08 | 23 | 0 | 0 | 1Q/08 - 23 allotments awarded | 9/2/10 SD, ZA & DA submittals due |
| TOTALS | | 272 | 0 | 0 | | |

RDCS PROJECTS - FISCAL YEAR 2010-11 ALLOTMENT

| PROJECT & FILE # | ALLOCATION DATE | # OF UNITS | PERMITS ISSUED | UNITS FINALED | DATE OF MOST RECENT ACTION/TITLEMENT | NEXT STEP/DEADLINE |
|---|-----------------|------------|----------------|---------------|--|---|
| Monterey-Dynasty (MC-08-18) | 2/24/09 | 68 | | | 3Q/09 SD, ZA and DA in process | SR and FM submittal due |
| W. Dunne-So. Valley Developers (MC-08-24) | 2/24/09 | 8 | | | 1Q/09 allotments awarded | BEHIND SCHEDULE 9/1/09 SD, ZA and DA due (hard deadline) |
| Clayton-O'Brien (MC-08-13) | 2/24/09 | 5 | | | SD, DA and DS in process | SR and FM submittal due |
| E. Central-Sheng (MC-08-17) | 2/24/09 | 17 | | | 3Q/09 SD, ZA and DA in process | SR and FM submittal due |
| Peet-Borello (MC-08-16) | 2/24/09 | 23 | | | 3Q/09 SD, ZA and DA in process | SR and FM submittal due |
| Murphy-Pan Cal (MC-08-22) | 2/24/09 | 24 | | | 3Q/09 SD, ZA, DA and SR in process | FM submittal due |
| E. Dunne-So. Valley Developers (MC-08-23) | 2/24/09 | 18 | | | 1Q/09 allotments awarded | BEHIND SCHEDULE 9/1/09 SD, ZA and DA due (hard deadline) |
| E. Dunne-Dempsey (MC-04-12) | 2/24/09 | 15 | | | 3Q/09 SD, ZA and DA in process | FM submittal due |
| Barrett-Syncon Homes (MC-04-21) | 2/24/09 | 15 | | | 2Q/09 DA approved | 1/30/11 FM submittal due |
| Jarvis-So. Valley Developers (MC-04-22) | 2/24/09 | 9 | | | 3Q/09 DAA and DSA in process | BEHIND SCHEDULE 9/1/09 FM submittal due |
| MissionView-Mission Ranch (MC-04-26) | 2/24/09 | 15 | | | 3Q/09 DAA in process | FM submittal due |
| McLaughlin-Matech (MMC-08-14) | 2/24/09 | 4 | | | 2Q/09 DS approved; ZA, DA, SD, SR in process | 4/30/10 SR approval due |
| TOTALS | | 221 | 0 | 0 | | |

RDCS PROJECTS - FISCAL YEAR 2011-12 ALLOTMENT

| PROJECT & FILE # | ALLOCATION DATE | # OF UNITS | PERMITS ISSUED | UNITS FINALED | DATE OF MOST RECENT ACTION/ENTITLEMENT | NEXT STEP/DEADLINE |
|---|-----------------|-------------|----------------|---------------|--|--|
| W. Dunne-So Valley Dev (MC-08-24) | | 6 | 0 | 0 | 2Q/09 allotments awarded | 9/1/10 SD, ZA and DA due (hard deadline) |
| Clayton-O'Brien | | 2 | 0 | 0 | 2Q/09 allotments awarded | 9/1/10 SD, ZA and DA due (hard deadline) |
| E. Central-Sheng | | 15 | 0 | 0 | 3Q/09 SD, ZA and DA in process | 9/1/10 SD, ZA and DA due (hard deadline) |
| TOTALS | | 23 | 0 | 0 | | |
| GRAND TOTALS FOR ALL RDCS PROJECTS (Through 2008-09) | | | | | | |
| | | 1137 | 142 | 60 | | |

Note: For calendar year 2009 YTD (including non-RDCS projects), permits for 22 dwelling units (2 were fire rebuilds) and 1 secondary dwelling unit have been issued; 45 units have been finalized; and 1 unit has been demolished.

4. RDCS Annual Review

Planning Commission role in the annual review and update of the RDCS standards and criteria.

Section 18.78.188(C) of the Residential Development Control System (RDCS) Ordinance requires the Planning Commission to review the standards and criteria following each year's competition, and to decide whether any changes or amendments are necessary for the next competition. A Subcommittee of the Planning Commission is appointed to evaluate the proposed changes to be recommended to the City Council for adoption. The Subcommittee is comprised of three Planning Commissioners and a Working Group consisting of local home builder representatives, nonprofit housing agency representative and on occasion, a local school district representative. City Staff involved in the evaluation process are also consulted and provided input to the Subcommittee.

This subcommittee review allows the community to pro-actively respond to changing annual conditions in the local housing market and make refinements to the RDCS criteria to ensure that the existing and future housing needs of Morgan Hill can be met. Some examples of the subcommittee's past refinements to the RDCS criteria include:

- The creation of a "sliding scale" for sales prices for BMR units that reflects both the housing type (i.e. Condominium, Townhouse, Small Lot Single-Family, Large Lot Single Family) and affordability level (i.e. low, median, moderate) commitments voluntarily provided by developers in each competition.
- Refinement of the RDCS Parks and Paths criteria to reflect developers' experiences providing site amenities (e.g. allowing pools as wells as other alternatives)
- Refinement of the RDCS housing categories to encourage more Secondary Dwelling Unit production in new developments
- Inclusion of Build-It-Green (BIG) and sustainable development standards in the RDCS criteria as a Smart Growth Strategy to use less resources, minimize Global Warming impacts, and respond new State requirements (AB32 and SB375)
- Refinements to lot frontage dimensions to address developer concerns about inefficient subdivision layouts
- Refinements to the RDCS standards to encourage production of rental and senior housing

The following are changes to the RDCS adopted by the City Council based on Planning Commission's review completed in June 2010.

Amend RDCS Standards and Criteria to implement the following General Plan Housing Element policies:

Policy 1d-3: **Annual RDCS Objectives.** Establish annual objectives under the RDCS allocation process for affordable housing based on past production and future needs. *Annual report was prepared for the June 8, 2010 Planning Commission meeting that include annual sales price data (collected in March of each year), number of affordable housing units produced for the reporting period, and identifying shortfalls in the 20 percent affordable competition set-aside numbers that will need to be made up in future RDCS competitions. The report also measures the City's progress toward meeting our Housing Element Regional Housing Needs (RHNA) Allotment.*

Policy 1d-7: **RDCS Refinement.** Consider developing varied RDCS standards for different types of developments. *The subcommittee recommends allowing swimming pools as a recreational amenity item under Section 18.78.250B.2 of the scoring criteria as a 4 point item for projects of 50 or more units zoned R-1 4,500, R-2, R-3, or higher density development. For projects between 20 and 40 units, 3 points will be awarded for providing a Jacuzzi and separate child wading pool.*

Policy 1g-2: **Housing Fees.** Allow small projects (fewer than 16 units) to voluntarily pay a housing fee when it is not feasible to provide affordable housing on site. Related item: Change "Standard Housing Mitigation Fee" under the Housing Needs section of the RDCS Standards and Criteria to "Housing Fee." The fee is voluntary, the word "mitigation" suggest otherwise. *RDCS criteria already allows small projects, fewer than 16 units, to receive additional points for payment of double housing fees computed at ten percent of the total projects (6 points). See Section 18.78.260B. No change to the criterion is recommended.*

Policy 1n-5: **RDCS Incentives for Secondary units.** Evaluate scoring criteria for the RDCS to identify greater incentives for secondary units. *Projects can receive 2 points under Section 18.78.260B.2 of the scoring criteria for a commitment to provide 15 percent of the total dwelling units as secondary (granny) units. It was the consensus of the subcommittee not to increase the point value for this commitment. Note: The criterion needs to be amended to make it clear that the secondary dwelling unit is not a buyer option and that the units must be completed with full kitchens, etc. See note added in attached ordinance.*

Policy 1w-2: **Creative Approaches to Mixing Housing Types.** Revise the RDCS process to allow developers the flexibility to develop creative approaches for mixing various housing types and affordability levels within the boundaries of an entire development in order to achieve their voluntary below market rate (BMR) set-aside commitments.

The subcommittee agreed this policy can best be implemented by incorporating the new R-1 (4,500), Single-family High zoning into the Housing Needs and Lot Layout & Orientation categories. The R-1 (4,500) will not be adopted into the Zoning Code until processing of four General Plan Amendment applications and the required environmental Initial Studies have been completed. Therefore, the following changes are not recommended for approval at this time but will be incorporated into the RDCS evaluation criteria at the same time the R-1 (4,500) Chapter is adopted into the Zoning Code. The proposed amendments are in the underline text.

18.78.270 Housing Types

Section 18.78.270B1a is amended to include the following as a defined housing type:

- Single-family attached (includes one and two unit condominium buildings) or units on R-1 (4,500) lots.

Section 18.78.270B1b is amended to read as follows:

b. Over and above the BMR units committed in this section, the project provides an additional ten percent detached units in an R-2 project or an additional ten percent attached units or and additional ten percent R-1(4,500) lots in an R-1 project or an additional ten percent ownership (e.g., townhouse units) in an R-3 project (two points maximum)

Section 18.78.270B3d is added as follows:

d. For R-1 (4,500) zone projects, the variation will be based on the number of bedrooms. A project which does not provide a variation in the number of bedrooms will receive one point. A project which provides a mix of units with two bedrooms and a den and three bedroom units will receive two points. A project which also provides four bedroom units or an additional five percent single-story units will receive four points.

18.78.290 Lot Layout and Orientation

Section 18.78.290B1a is amended to read as follows:

a. In context of overall project avoids excessively deep or narrow lots. The project also must provide side yards at least twenty percent in excess of the minimum required to avoid crowding and to enhance spatial relationships. For projects that are zoned R-1 (4,500) the project must provide one of the side yard setbacks at least 40 percent excess of the minimum setback for at least 40 percent of the depth of the unit.

Sections 18.78.290B3a and B3b are amended to read as follows:

a. A minimum five-foot front setback variation is provided between adjoining units for single-family dwellings and four-foot setback variation is provided between adjoining buildings for multi-family developments or a minimum four-foot setback variation is provided on one side between adjoining units in R-1 (4,500) zone projects.

b. A minimum five-foot rear yard setback variation for single-family dwellings and four-foot rear setback variation for multi-family dwellings is provided between adjoining units or a minimum four-foot rear yard variation is provided on one side between adjoining units in R-1 (4,500) zone projects.

Section 18.78.290B3d is amended to read follows:

d. *Uses garage placement to provide lot variation. At least 25 percent of Units have side-loading, detached, rear garages, or two car garages with tandem parking space to accommodate a third vehicle inside the garage. (one point, when 25 percent of the units have garage orientation as stated above; two points when 50 percent of the units have garage orientation as stated above). Multi-family developments may satisfy this criterion by locating garages, carports, and parking spaces at the side or rear of buildings at locations not visible from the public right-of-way. Projects zoned R-1(4.500) may satisfy this criterion by when a minimum of 50 percent of the units provide a garage door that is recessed a minimum of two feet beyond the front building footprint. (up to two points)*

Policy 1x-1: **Modification to Approved Projects.** Allow developers to propose changes to their approved but not built projects assuming that the modifications do not cause a net loss of RDCS points, promote affordability, and are in the best interest of the city.

It was the consensus of the subcommittee to allow modification to approved projects that generally maintain point scores within the existing evaluation categories but to allow exceptions on a case by case basis to make of the point loss in other evaluation categories. Point reductions within individual scoring categories will only be allowed upon findings by the Planning Commission that the integrity of scoring within the individual evaluation categories and that of the overall project scoring has been maintained.

This Housing Element policy will be implemented by adding the above text to the attached Planning Commission policy on the subject: "Changes to Approved Residential Development Control System Projects."

Changes Based on Market Condition

Based on authority delegated from the City Council pursuant to Section 18.78.030 9 (c), the Planning Commission annually may make changes in the RDCS allocation as it deems necessary to respond to changes in the housing market (i.e. change in the build-out rate for existing projects, lack of applications for a particular set-aside category, or increased demand for particular housing types, etc.). The distribution of allotment by housing type and number of dwelling units may be modified by the Planning Commission at the time of the award of the allotment based on demand for a particular unit type. For example, if multiple applications for affordable housing developments exceed the standard 20 percent allocation for any given completion, the Planning Commission has the ability to modify the distribution of all allotments based on the documented housing need in order to provide enough allocations to accommodate the affordable housing request received. This built-in flexibility in the RDCS implementation ensures that building allocations have a strong correlation to the housing needs of Morgan Hill and the ability to adapt over time based on market trends and changing community conditions.

The residential land use inventory, Appendix D, Table D-1 lists seven vacant sites in the RM district that are available for community care or emergency shelter facilities without discretionary review. As part of Programs 1.2.1 Comprehensive Update of Zoning Code, and Program 1.3.4 Emergency Shelters, in Chapter 5, the City will consider additional zoning districts where emergency shelters will be permitted without discretionary review, including those districts where shelters are currently permitted with a Conditional Use Permit (i.e. RG, NC, CB, CO, and CP).

The City's zoning regulations currently do not define Single Room Occupancy Units (SRO's) and Transitional and Supportive Housing, nor do they identify areas or zones where these uses are explicitly permitted. In order to fully comply with SB 2, Programs 1.2.1 and Program 1.3.4 contain specific objectives to a) more clearly define all of these uses—emergency shelters, SRO's, and Transitional and Supportive Housing—consistent with State descriptions; b) identify zones or additional areas where these uses can be explicitly permitted and, in the case of transitional and supportive housing, areas where these uses would be permitted subject to the same development standards as residentially permitted uses in the same zone; and c) ensure development standards and procedures do not preclude these uses from being developed.

GROWTH MANAGEMENT POLICIES AND PROGRAM

The purpose of growth management in Livermore is to ensure that public services and infrastructure are able to keep pace with residential development, while reducing the impacts of traffic congestion, air pollution, and urban sprawl that have adversely affected so many communities throughout California.¹⁶ The City first adopted growth management policies in the 1970s. At that time, these policies were required by the Federal Government as a condition of accepting funds to expand the City's wastewater treatment plant in order to mitigate worsening air quality in the region. The City initially adopted a residential growth rate of two percent to monitor the level of residential development activities in the City. Beginning in 1988, this rate was modified to a range between 1.5 percent and 3.5 percent. With adoption of the 2003 General Plan, this rate was further amended to a

¹⁶ City of Livermore, General Plan Amendment #00-21, Part III, Goals and Policies, Section B – Population-Economic Goals and Policies, Number 2 – Population Growth Policies.

yearly growth determination. This yearly growth determination must be within the range of 140 to 700 units.

Although the City's growth management program restrains open-ended residential development without an analysis of the availability of adequate infrastructure, individual policies of the program still ensure sufficient housing can be provided to meet the regional need. The City's growth management policies have always included specific factors that must be considered when establishing the growth determination such as:

1. The need to provide very low- and low-income housing consistent with ABAG's Regional Housing Needs Allocation (*P5(f), page 3-36*);
2. ABAG population growth estimates and the community's fair share of all types of housing;
3. City implemented housing programs to support the development and preservation of very low- and low-income housing consistent with the goals of the Housing Element (*P12(c) and (f), page 3-40*);
4. Proposed development must be in the best interest of the community, which includes providing more very-low and low-income housing (*P13, page 3-41*).

Growth management includes a number of exemptions as well as a variety of methods for allocating units to further mitigate potential negative impacts to housing development:

- ◆ Small projects of four or less units are exempt from growth management;
- ◆ Projects that reserve a minimum of 35% of the units for very-low income residents shall not be required to compete for allocations;
- ◆ Congregate care facilities, including mixed-use senior projects providing up to 30% of the units for independent living (residential), are exempt from growth management;
- ◆ Projects that incorporate affordable or other types of special housing and/or that utilize state, county, city incentive density bonus programs, may have the TDC requirement waived and/or the baseline density increased;
- ◆ The City may guarantee yearly housing allocations through approved specific plans to encourage and support residential development within designated specific plan areas, such as the Downtown;
- ◆ The City may also exempt specific plan or program areas from competing for allocations;

- ◆ Unused allocations may be reallocated within the growth determination cycle;
- ◆ Allocations can exceed, through borrowing from future years, the growth determination.

The City's Growth Management system utilizes a variety of tools and programs that work together to accomplish the City's housing goals, specifically: providing a diversity of housing types for different income levels facilitating affordable units for low- and very-low income households, providing housing for special needs groups through projects such as Valley Care, the Carmen Avenue Apartments, and Savannah Terrace, and encouraging smaller, affordable units to balance the City's housing stock.

- The Housing Implementation Program (HIP) provides incentives for the production of low- and moderate-income housing, which would not normally be provided by developers through traditional market mechanisms.
- The Urban Growth Boundary (UGB) is used as a tool to channel housing production to areas where existing infrastructure and services are already adequate and available.
- The Transferable Development Credits (TDC) Program was developed as a way to preserve agricultural land outside the City's UGB, curtail sprawl, and provide opportunities for higher density infill residential development near existing infrastructure and transportation services within the UGB.

The City has a history of utilizing its growth management tools to accomplish its housing goals and address its Regional Housing Needs Determination. As demonstrated through Livermore's previous Housing Element accomplishments discussed in Chapter 5, these tools have not significantly constrained housing production in the City.

Housing Implementation Program

The primary tool that implements the City's growth management policies is the annual competitive Housing Implementation Program (HIP). The HIP establishes guidelines for the allocation of housing units over a three-year period. The General Plan specifies that the Housing Element must be used as a guide to develop the three-year Plan. As defined in the General Plan, a yearly growth determination is established for a three-period. This annual growth determination must be within the range of 140 to 700 units. The allocation of units each year is a competitive process, and all residential developments of five or more units are subject to the HIP. Smaller projects with four units or less are exempt from

both the HIP and the adopted growth rate. If the number of housing allocations exceeds those requested by applicants, no competitive HIP is undertaken.

As a competitive program, the HIP establishes specific housing needs or criteria including but not limited to:

- The provision of very-low or low-income housing, and smaller units in projects
- Addressing environmental constraints
- Providing adequate infrastructure
- Architectural quality
- Preservation of open space
- Use of universal design features, energy efficiency and green building

Competing residential projects are evaluated and ranked for their ability to meet and/or exceed these criteria. Projects that do not meet the Community's housing needs or fail to effectively address environmental constraints and/or lack of public services typically will not rank as high as other projects. Projects with the highest ranking are awarded residential allocations to construct their projects.

The HIP can further influence the production of affordable housing through its ability to "target" or "emphasize" both geographic areas as well as specific types of units that will be given preference for permit allocation. For example, infill projects, projects providing affordable housing that meets the City's General Plan density incentives, as well as projects providing 80 percent of the project with smaller units (under 1,300 square feet) have been included in the emphasized category of the HIP and, therefore, were given higher priority than those that did not meet these criteria.

By targeting or emphasizing types of units and areas, the HIP provides incentives for the production of low and moderate-income housing, which would not normally be provided through traditional market mechanisms. The targeted or emphasized criteria can also provide incentives to produce affordable housing, even when there is no HIP competition. For example, the 2004 HIP awarded all of the residential allocations to projects providing very-low and low-income units. This enabled the Carmen Avenue Apartments to receive allocations to develop 30 units for special needs groups.

HIP Exemptions

In order to facilitate affordable housing and diverse housing choice for all income levels, General Plan policy also exempts specific types of units or geographic areas, such as Specific Plan areas, from competing in the HIP for allocations.

- TDC Allocations - General Plan policy sets aside 2000 housing allocations over a 13 year period (2004 through 2016) to projects that comply with the City's Transferable Development Credits (TDC) program. Although a certain number of allocations are distributed annually, projects can draw from the total number of allocations at any time during this 13-year period. TDC allocations are available to development on TDC receiver sites, and also for development on non-receiver sites through the purchase or provision of TDC credits by the developer.
- Downtown Specific Plan Allocations - To promote development and redevelopment in the Downtown, 2000 housing allocations (200 per year), from 2004 through 2013, were set aside for residential projects in the Downtown Specific Plan Area as well. As with the TDC allocations, projects can draw from the total number of allocations at any time during this 10-year timeframe.
- Very-Low Income Allocations - To further encourage development of very low-income housing, projects that include at least 35 percent of the total units for very low-income residents are exempt from the HIP.

The HIP affords the City a great deal of flexibility to accommodate residential growth. The program permits units to be borrowed from or transferred to future years depending on the opportunities or constraints in any year of the typical three-year program. In fact, all units for the three-year program may be allocated in just one year of the cycle. Alternately, fewer units may be allocated in one year and more in another to allow time for the City to address infrastructure and environmental constraints. Finally, all unallocated units or expired allocations return to the program for allocation in future years, in addition to the annual allocations. General Plan policy also provides flexibility to reallocate units to different programs areas to meet our regional need.

The 3-year HIP currently underway is for 2008 through 2010. The growth determination for the 2008-2010 HIP is 1,350 (450 per year). Of these 1,350 allocations, 200 per year are "reserved" for the Downtown Specific Plan area, 400 for the Transferable Developments Program (100 per year for the

first two years and 200 for the last). Of the remaining 350 allocations, 264 units have been committed to projects approved during the 2005-2007 HIP cycle.

The growth determination has not yet been established for the two upcoming 3-year HIP programs (2011 through 2013, and 2014 through 2016). Table 3-10, however, provides an estimate of potential available allocations to meet the City's 2007-2014 RHNA, using the minimum growth determination permitted and total established allocations for the TDC program and Downtown Area.

Table 3-10 Residential Allocations

| Program | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | Total |
|------------------------|---------------|-------------|--------------|------|--------------------|--------------------|--------------------|--------------|--------------|--------------|--------------|------|------|------------------------|
| DSP Used | 200 (-110) | 200 (-8) | 200 (-18) | | | | | | | | | | | |
| Remaining | 90 | 192 | 182 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 0 | 0 | 0 | 1864 |
| TDC | 100 | 100 | 100 | 100 | 100 | 100 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 2000 |
| HIP - | | | | | 150 | 150 | 50 | | | | | | | |
| Min. | | | | | (net 29)* | (net 29)* | (net 28)* | 140 | 140 | 140 | 140 | | | Min. 646 |
| Max. | | | | | | | | 700 | 700 | 700 | 700 | | | Max. 2886 |
| Total Units (Annually) | 190 | 292 | 282 | 300 | 450 (net. 329)* | 450 (net. 329)* | 450 (net. 428)* | 540- 1100 | 540- 1100 | 540- 1100 | 340- 1100 | 200 | 200 | Min. 4510 Min. 6750 |

* Net number accounts for the units committed in the 2004-2007 HIP (2008-2010 Housing Implementation Program).

The table shows that between 4,510 and 6,750 total allocations can be available to accommodate the City's RHNA of 3,394 units. However, to ensure available allocations, consistent with General Plan policy, an objective has been added to Program 2.1.1, Housing Implementation Program, that future HIP programs shall address the need to provide very low- and low-income housing units, and shall establish allocations sufficient to accommodate the Regional Housing Needs Assessment through 2014.

A comparison between the HIP allocation summary above and sites contained in the City's land inventory is provided in Chapter 4. Table 4-14 indicates that additional TDC allocations may be needed to accommodate development on inventory sites that would fit into the TDC allocation

category. The table shows a need for potentially 200± additional allocations in the TDC program area. As mentioned previously though, the HIP program allows flexibility to borrow from upcoming years, to reallocate unused allocations within the 3-year period, and to reprogram units from one program area to another as needed. To ensure that any program area shortfalls are addressed, the City has also added an objective to Program 2.1.1, stipulating that the City will reprogram allocations to different program areas as needed in order to meet the City's regional housing need.

Urban Growth Boundary

The intent of Livermore's UGB is to protect existing agricultural uses and natural resources outside the City from urban development while promoting infill development near available services. The UGB was completed in two phases. The *South Livermore Urban Growth Boundary Initiative* was passed by local voters in March 2000 and established the boundary along the southern edge of the City. The *North Livermore Urban Growth Boundary Initiative* was passed in December 2002 and completed the UGB around the northern edge of the City. The land use policies of both initiatives are referenced in the Land Use Element of the General Plan, and the exact language of each Initiative is contained in the Appendix of the General Plan.

While the UGB limits urban development to within City limits, the *North Livermore UGB Initiative* contains a "State Housing Requirement" provision that would permit the development of affordable housing outside the UGB to meet State housing requirements, so long as there is no land available within the City boundary to meet the requirement through new development, more intensive development, or redevelopment.

The City's Urban Growth Boundary is not considered a constraint to housing development as it does not affect the total number of units permitted in Livermore, only the location of units. The UGB is utilized as a way to ensure the protection of existing agricultural uses and natural resources outside the City from urban development.

Transferable Development Credits (TDC) Program Ordinance

The Transferable Development Credits (TDC) Program was developed as part of the North Livermore Urban Growth Boundary Initiative, adopted in December 2002, and is a way to preserve agricultural land outside the City's UGB, curtail sprawl, and provide opportunities for higher density infill residential development near existing infrastructure and transportation services within the UGB.

General Plan policy outlines the basic objectives and parameters of the program while the TDC Ordinance outlines the implementation details of the program. The program assigns development credits to properties within north Livermore that may be purchased by developers in order to achieve greater development potential on sites within the UGB that are appropriate for residential infill growth (receiver sites). Existing TDC receiver sites were established during the 2003 General Plan update. They were redesignated based on their suitability for higher density residential development and in most cases the developer and/or property owner requested the change.

Each receiver site is given a dual general plan designation. The baseline density is achievable without the need to comply with the City's TDC Ordinance. Applicants who wish to exceed the baseline density must comply with the City's TDC Ordinance by purchasing TDCs or paying an in-lieu fee. An example of a receiver site is the 29-acre Arroyo Vista Neighborhood Plan site, which has a base general plan land use designation of light industrial and an additional designation of Urban High – 3 Residential (which permits 14-18 du/acre). This site has an approved Neighborhood Plan and, as a TDC receiver site, can be developed with up to approximately 495 multi-family residential units. Under the TDC option, total development shall not exceed the maximum density allowed under the General Plan designation. Neighborhood plans are not typically required for the development of TDC receiver sites. These receiver sites are subject to the development standards of the corresponding, underlying zoning district, or they may utilize the Planned Development District for greater flexibility in achieving higher density. TDC units are allocated as part of the City's growth rate; however, they are not subject to the HIP (in other words they do not need to compete with other projects for housing allocations).

Participation in the program is voluntary and it does cost to purchase TDC's and achieve the higher density. However, the TDC In-Lieu Fee Ordinance does provide an alternative or provision to offset this cost. An important provision or exception to the program is the provision of affordable units or use of the State density bonus program or City density bonus incentives as outlined in Program 3.1.4. The Ordinance exempts from the TDC requirement housing units covered by an affordable housing agreement, provided through density bonus for affordable or senior housing consistent with the State law, and units provided consistent with the City's inclusionary housing requirements.

Thus, use of the TDC program is an alternative to achieving more intense residential development on sites, as well as a means of procuring residential allocations without competing in HIP, however, it does not preclude or constrain higher density residential development on receiver sites.

General Plan policy exempts 200 TDC units per year for a ten-year period (2004 to 2013). These TDC units are available at any time during the ten-year period, permitting the availability of up to 2,000 units during this RHND period (through 2014). Payment is due at final map filing for subdivisions and at building permit for site plan approvals. Since adoption of the Ordinance in 2004, one receiver site (Arroyo Crossings) has been developed and two more are in the process of developing. Arroyo Crossings on Arroyo Road has been developed with 155 residential units. Without participating in the TDC program, only seven units would have been permitted on this site.

Growth Management Impacts

The growth management program can increase the uncertainty associated with the development process, thus affecting the value of land and the developer's return on investment. It also can add time to the initial review process. The typical time for the competitive HIP process (from application to final allocation) has averaged approximately six months. In 2009, the Design Review Committee and Planning Commission were combined into one Commission to streamline the discretionary review process. This will reduce the HIP process to three to four months.

The initial time needed to conduct the HIP process, however, is also offset by the fact that overall processing time is reduced, since major substantive issues are resolved during the growth management process rather than at later stages when changes or alterations may substantially increase costs. Furthermore, the existing constraints are evaluated to ensure that adequate infrastructure, as well as public services and facilities are available. The criteria by which projects are evaluated is consistent with guidelines and standards that would be applied to projects during the regular development review process. Development issues can be addressed during the HIP process, but the process does not add or apply more stringent or different criteria that would increase design costs.

Studies of Livermore and other cities with growth management programs have revealed that growth management programs do little if anything to raise the cost of housing within a community or a region.¹⁷ The median home price in Livermore between June and July of 2008 was \$510,000, lower

¹⁷ John Landis, "What are the Actual Effects of Local Growth Controls in California? – Case Study." Department of City and Regional Planning, University of California, Berkeley. Additional data presented at "Evaluating Local and State Growth Management Programs: What Can We Learn from Experience?" A conference of the Lincoln Institute and UCLA Extension presented in Oakland on April 19, 1991.

than many other cities in eastern Alameda County that do not have growth management policies. In fact, Table 2-29 and Table 2-30 show that for every unit size and type the median price, average price, and price per square foot are all consistently lower in Livermore than in the Tri-Valley as a whole. The City's Growth Management policies and programs have not constrained housing development nor significantly raised costs in comparison to other cities in the Tri-Valley. They have ensured that housing is developed for all income groups and is adequately served by public services and infrastructure.

The HIP process works in conjunction with other City policies and regulations, such as mixed-income inclusionary provisions, to address the City's Housing goals. For example, projects that provide 35 percent of the units as affordable to very-low income units, which would exempt them from the HIP process, would not be required to provide additional inclusionary units. The affordable housing proposals are reviewed as part of the HIP application process and program, not separately.

The HIP process has not affected the City's ability to meet its Regional Housing Need Assessment over the last three housing element cycles. To ensure that the City's ability to meet future RHNA's is not constrained, the City has included additional provisions in Program 2.1.1.1, Housing Implementation Program (HIP), including objectives to address the need to provide very low- and low-income housing units to meet ABAG's housing needs determination in the future; and to establish allocations sufficient to accommodate any remaining RHNA through 2014.

HIP ALLOCATION AND RESIDENTIAL DEVELOPMENT PERMIT PROCEDURES

Development permit procedures are designed to facilitate orderly residential development to ensure public health, safety, and general welfare. The City can encourage the ongoing construction, maintenance, and improvement of housing by reducing, to the extent possible, the time and uncertainty involved in gaining approvals for various development permits. This section outlines the target time frames for planning entitlement review and approval of new residential projects.

Livermore provides various ways to process residential development projects of all sizes and types. Permit processing times are dependent on the number of units proposed, whether the proposed project needs Housing Implementation Program (HIP) allocations, whether a subdivision of land is proposed, and the number of new lots created. In 2008, the City combined its Design Review Committee with the Planning Commission. This will streamline the entitlement process by reducing the review and approval times by at least a month, both in the HIP allocation process as well as in the development

review process. Previously, new projects would be taken to the Design Review Committee for their recommendation to Planning Commission; projects now go directly to the Planning Commission.

Residential Allocation Process

The HIP program is the first step in the City's residential entitlement process. The HIP occurs once a year and is a competitive program. Residential projects proposing five or more units must compete to receive allocations for development.

If the total number of units for all applications is lower than the HIP allocation, then no competitive process is required, and all applications receive allocations and proceed to the entitlement process. If the total number of units exceeds the HIP allocation, then the applications will be reviewed for their consistency with City guidelines, regulations, and development standards, and how well they integrate and achieve other City objectives related to affordable housing, a variety of housing types, infill development, and energy efficiency and conservation.

To reduce uncertainty as to how the program is run, staff prepares a yearly HIP submittal pamphlet, which explicitly outlines the submittal information required, the proposed HIP schedule, and also relevant City standards and regulations that need to be addressed as part of the application. Staff also conducts pre-application meetings to answer questions and to assist with design issues related to projects. It is a goal of staff to guide applicants towards submitting projects that will be successful in receiving allocations and therefore provide an overall benefit to the community. Applicants who avail themselves of the pre-application meetings reduce the uncertainty related to the evaluation and review process. The HIP pamphlet also provides clear guidance on specific criteria by which participating projects will be evaluated and ranked by staff, Planning Commission, and City Council. Although projects are ranked, the process is objective. As noted above, projects are evaluated for consistency with existing City regulations and design guidelines and standards. They are also evaluated for their success in incorporating and achieving other City objectives previously mentioned including housing affordability, varied housing types, mixed income mixed-income projects, energy efficiency, water conservation, green building, emission reduction, and open space preservation. Characteristics or criteria that achieve these objectives are clearly outlined in the pamphlet.

Timeframe, Cost, and Predictability

In the past, the HIP process has taken up to approximately 6 months. Now that the Design Review Committee and Planning Commission have been combined, the HIP process will take approximately

three to four months. Even though it is an additional step in the entitlement process, the HIP program does not necessarily add additional time to the overall entitlement process, particularly now that the Design Review process has been folded into Planning Commission review. Figure 3-1 shows the revised estimated timeframe to conduct the HIP process. Since residential projects that receive allocations have already addressed substantial design issues and city regulations, they can expect the normal entitlement process to proceed expeditiously. The additional time factored for the HIP process along with the entitlement process could well be comparable to the review and entitlement timeframe for noncompeting residential projects as it is likely that noncompeting projects will still require project alterations to meet City standards and guidelines. Once projects have received allocations, they cannot be substantially changed, which also increases the predictability of the subsequent entitlement process. For projects that have received allocations, remaining review and entitlement would be limited to consistency with their original proposal and also review of any proposed subdivision of land.

Because of the competitive nature of the HIP process, there is a level of uncertainty involved. As noted above, however, staff provides explicit information on the process and requirements and is available ahead of time to provide technical assistance to help alleviate some of the uncertainty for applicants. The HIP process is flexible and allocations can be borrowed from future years to facilitate the award of allocations for notable projects.

The HIP process could potentially add to the holding costs of a project, although normally this cost is absorbed by the new land property owners since developers only pay a very small (and sometimes refundable) option payment until after HIP allocations are received.

Phased or Large-Scale Projects

General Plan policy and the HIP program also provides flexibility in various ways to award allocations to phased or large-scale projects to facilitate the residential approval and development:

- The allocation amount can vary, plus or minus, up to 10 units to allow flexibility. In order to exceed the established allocation, a project must receive a “good” or better rating in the HIP.
- Allocations can be borrowed from future years to accommodate larger projects or phased development.
- Yearly allocations can be awarded through specific plans to encourage and support residential development and allow phased or larger projects to move forward. Examples of successful implementation of this provision are the Downtown Specific Plan and also the

South Livermore Valley Specific Plan areas. Both of these areas have had a specific, significant number of allocations set-aside over a designated time period that can be or have been used at any time during the specified period. This provision provides predictability to developers by guaranteeing that allocations will be available to phased and/or large projects in these areas.

- To encourage the development of very-low income units, projects that reserve a minimum of 35 percent of the units for very-low income residents are not required to participate in the competitive HIP process. Additionally, congregate care, assisted living, and skilled nursing facilities are defined as health care facilities for growth management purposes and are not subject to growth management policies. These provisions allowed the Valley Care Senior Housing development to be constructed in two phases. Phase I is a 250-unit senior continuum care facility also known as Heritage Estates and Phase II consists of 130 senior apartments in a four-story building over sub-grade parking adjacent to Phase I.

The above measures allow flexibility and provide certainty to developers that larger scale or phased projects will have the allocations necessary to develop either immediately (with sufficient allocations) or over time without subsequent HIP approval.

Streamlined Development Review

In 2004, the City adopted an updated General Plan and new Downtown Specific Plan. To promote development and redevelopment in the Downtown, updated General Plan policy exempts 200 residential units per year in the Downtown Area from competing for HIP allocations. This exemption extends for a period ten years from 2004 to 2013. This exemption policy not only makes 2,000 residential allocations available for Downtown development, it also shortens the overall entitlement processing time for proposed projects in the Downtown by approximately three or four months. Additionally, the Design Review process established for the Downtown Area permits larger projects (up to and including 39 units) to be reviewed administratively by staff, provided they are not proposing a new parcel or tract map. This was also done to facilitate redevelopment in the Downtown. Table 3-11 and Table 3-12 summarize approximate timeframes for the various applicable approval processes—subdivision map, design and site plan review—that are required for project approval. Environmental analysis, including Environmental Impact Reports and Negative Declarations, are processed concurrently with other development applications.

Housing Problems Output for -All Households

| Name of Jurisdiction: Pleasanton city, California | Source of Data: CHAS Data Book | | | | Data Current as of: 2000 | | | | | | |
|---|---|----------------------------------|-------------------------------------|-----------------------------------|-----------------------------|---|----------------------------------|-------------------------------------|-----------------------------------|------------------------|----------------------------|
| | Renters | | | | Owners | | | | | | |
| | Elderly 1 & 2 member households (A) | Small Related (2 to 4) (B) | Large Related (5 or more) (C) | All Other Households (D) | Total Renters (E) | Elderly 1 & 2 member households (F) | Small Related (2 to 4) (G) | Large Related (5 or more) (H) | All Other Households (I) | Total Owners (J) | Total Households (L) |
| Household by Type, Income, & Housing Problem | | | | | | | | | | | |
| 1. Household Income <=50% MFI | 424 | 359 | 43 | 299 | 1,125 | 520 | 261 | 43 | 134 | 958 | 2,083 |
| 2. Household Income <=30% MFI | 243 | 160 | 25 | 134 | 562 | 205 | 143 | 39 | 59 | 446 | 1,008 |
| 3. % with any housing problems | 69.5 | 90.6 | 100 | 59 | 74.4 | 82.9 | 100 | 100 | 66.1 | 87.7 | 80.3 |
| 4. % Cost Burden >30% | 69.5 | 90.6 | 100 | 59 | 74.4 | 82.9 | 100 | 100 | 66.1 | 87.7 | 80.3 |
| 5. % Cost Burden >50% | 53.1 | 90.6 | 60 | 44 | 61.9 | 70.7 | 97.2 | 100 | 40.7 | 77.8 | 68.9 |
| 6. Household Income >30% to <=50% MFI | 181 | 199 | 18 | 165 | 563 | 315 | 118 | 4 | 75 | 512 | 1,075 |
| 7. % with any housing problems | 73.5 | 100 | 100 | 100 | 91.5 | 41.3 | 88.1 | 100 | 86.7 | 59.2 | 76.1 |
| 8. % Cost Burden >30% | 73.5 | 98 | 100 | 100 | 90.8 | 41.3 | 88.1 | 100 | 86.7 | 59.2 | 75.7 |
| 9. % Cost Burden >50% | 27.1 | 60.3 | 22.2 | 66.7 | 50.3 | 36.5 | 71.2 | 100 | 86.7 | 52.3 | 51.3 |
| 10. Household Income >50 to <=80% MFI | 59 | 320 | 64 | 245 | 688 | 379 | 310 | 48 | 140 | 877 | 1,565 |
| 11. % with any housing problems | 66.1 | 76.6 | 84.4 | 77.6 | 76.7 | 28.8 | 77.4 | 83.3 | 67.9 | 55.2 | 64.7 |
| 12. % Cost Burden >30% | 66.1 | 76.6 | 21.9 | 77.6 | 70.9 | 28.8 | 77.4 | 83.3 | 67.9 | 55.2 | 62.1 |
| 13. % Cost Burden >50% | 0 | 17.2 | 0 | 8.2 | 10.9 | 10.6 | 43.5 | 20.8 | 46.4 | 28.5 | 20.8 |
| 14. Household Income >80% MFI | 198 | 2,113 | 309 | 1,755 | 4,375 | 1,784 | 9,905 | 1,739 | 1,840 | 15,268 | 19,643 |
| 15. % with any housing problems | 14.1 | 21 | 35.3 | 17.4 | 20.2 | 17.6 | 21.8 | 29 | 37.5 | 24 | 23.2 |
| 16. % Cost Burden >30% | 14.1 | 11.7 | 9.4 | 15.4 | 13.1 | 17.6 | 21 | 24.7 | 37.5 | 23 | 20.8 |
| 17. % Cost Burden >50% | 0 | 0.2 | 0 | 1.4 | 0.7 | 4.1 | 3.5 | 4.3 | 6.8 | 4.1 | 3.3 |
| 18. Total Households | 681 | 2,792 | 416 | 2,299 | 6,188 | 2,683 | 10,476 | 1,830 | 2,114 | 17,103 | 23,291 |
| 19. % with any housing problems | 54.2 | 37 | 49.5 | 32.1 | 37.9 | 26.9 | 25.2 | 32.1 | 42.1 | 28.3 | 30.9 |
| 20. % Cost Burden >30 | 54.2 | 29.8 | 20.7 | 30.6 | 32.2 | 26.9 | 24.6 | 28 | 42.1 | 27.5 | 28.7 |
| 21. % Cost Burden >50 | 26.1 | 11.6 | 4.6 | 9.3 | 11.9 | 13.9 | 6.7 | 7 | 13.2 | 8.7 | 9.5 |