

**REPORT TO MAYOR AND CITY COUNCIL****TO THE HONORABLE MAYOR AND CITY COUNCIL:**

DATE: July 8, 2014

SUBJECT: ACCEPT DRAFT HOUSING ELEMENT UPDATE 2014-2022 (GENERAL PLAN AMENDMENT - PL14212-GP) AND AUTHORIZE SUBMITTAL TO THE STATE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Report in Brief

On June 4, 2014, the Planning Commission unanimously (4-0, Mercurio excused) recommended that the City Council accept the Draft Housing Element Update 2014-2022 and authorize its submittal to the State Department of Housing and Community Development (HCD) for the required 60-day review. The Housing Element Update will eventually be adopted as a General Plan Amendment (PL14212-GP) to the *Concord 2030 General Plan*.

The City Council is requested to review and accept the Draft Housing Element Update (Attachment 1) and authorize its submittal for review and comment by HCD. After HCD's review is completed with any needed revisions, staff will return the Housing Element Update for City Council consideration and adoption into the General Plan.

Background

The City's current Housing Element was adopted on November 16, 2010 and covers the planning period from July 1, 2007 through June 30, 2014. The Housing Element was deemed by HCD to be in compliance with State law on January 5, 2011. The current 2010 Housing Element is available on the City's website. As required by State law, progress toward implementation of the Housing Element is reported annually to the City Council, and was most recently provided to the City Council in the General Plan Annual Progress Report presented on March 25, 2014.

On September 10, 2013, the City Council approved a work program and schedule for the completion of the Housing Element Update (Update) for Cycle 5, and certification by HCD by January 31, 2015. Cycle 5 refers to the fifth Regional Housing Needs Allocation (RHNA) projection period that has been conducted through the State. The most recent Update will cover the next eight (8) year period of 2014 to 2022. The Update project team, led by Planning staff and the consulting firm of BAE Urban Economics, has utilized the new streamlined Housing Element review and update process, intended to simplify and shorten the process for both HCD and the City. At the same time, the goal of this project is to produce a high-quality document that serves as a resource guide for the community, staff, and prospective developers.

On April 8, 2014, staff held a joint study session on the draft Update with the City Council and Planning Commission to present the project team's initial findings regarding current housing data, the analysis of the sites inventory, and a review of the existing policies within the Housing Element. Staff discussed the City's ability to meet the most recent RHNA received from the Association of Bay Area Governments (ABAG) because there are already sufficient sites that are appropriately zoned available within the City. The project team also discussed a

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number of key policy questions intended to garner feedback from the Council and Planning Commission in order to shape the preparation of the Update prior to its required submittal to HCD for review and comment.

Discussion

A. Overview of Draft Housing Element Update 2014-2022

The State mandated objectives of the Update include:

- 1) Conduct broad-based, comprehensive community outreach and participation using a variety of techniques to engage and elicit input from the community;
- 2) Conform housing policies within the Update to community priorities;
- 3) Incorporate and reflect recent planning efforts; and
- 4) Provide appropriate land uses to accommodate the City's RHNA numbers.

The preparation of the Update included an emphasis on developing a clear, concise, and legally defensible Housing Element that meets the varied housing needs of the community. The Update includes a summary of the adequate sites analysis and the relationship to the RHNA numbers, a review of policies and programs, and an overview of current housing data, structured as follows:

Chapters 1 and 2 – Introduction and Current Housing Needs Analysis;
Chapter 3 – Regional Housing Needs Allocation and Special Needs;
Chapter 4 – Land Inventory;
Chapter 5 – Resources and Constraints;
Chapter 6 – Evaluation of Previous Housing Element; and
Chapter 7 – Housing Goals, Policies and Programs

The Update identifies housing development that has occurred since the previous adoption of the 2010 Housing Element as well as provisions from key recent projects including the City's Development Code, adopted in July 2012, that contained a variety of key provisions including: a) An increase in the maximum allowable size of secondary living units; b) A transit station overlay that was established for the Downtown BART station allowing additional development (residential and non-residential) density and intensity incentives within the overlay area; and c) An affordable housing incentive program that was established to promote affordable housing on land designated for multi-family residential development; and d) the new Downtown Concord Specific Plan. A discussion of Chapters 3, 4 and 7 are highlighted in a brief discussion below.

Chapter 3 - Regional Housing Needs Allocation and Special Needs

This Chapter discusses the purpose of the Update, which is to make adequate provisions for the existing and projected housing needs of all economic segments of the community and to determine how the City will meet its "fair share" of the regional housing needs. The RHNA is the State-mandated process to identify the number of housing units by affordability level that each jurisdiction must accommodate in the Housing Element of its General Plan. The "fair share" represents a distribution of housing development capacity that each city (and county) must provide, through appropriately zoned areas during a given planning period. Cities are expected to provide policies to provide an environment where such development is viable. It should be noted that the City is not required to achieve actual development of residential units, but the regulations and policies of the City should support the ability of the private and non-profit sector to achieve the housing goals. This approach is integral to the development of a Sustainable Community Strategy.

The City's RHNA has increased from 3,043 dwelling units to 3,478 dwelling units since the last planning period, based on the following affordability breakdown, shown in Table 1 below.

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**Table 1
Final Regional Housing Need Allocation Comparison**

| Planning Period | Very Low 0-50% | Low 51-80% | Moderate 81-120% | Above Moderate 120% | Total |
|------------------------|-----------------------|-------------------|-------------------------|----------------------------|--------------|
| 2007-2014 | 639 | 426 | 498 | 1,480 | 3,043 |
| 2014-2022 | 798 | 444 | 559 | 1,677 | 3,478 |

Source: Concord Housing Element, Nov. 2010
ABAG Memo to City Managers, dated June 3, 2013.

Special Needs Populations

Government Code Section 65583(a)(6) requires that several populations with special housing needs be addressed in the Housing Element including: persons with disabilities, people with developmental disabilities, female-headed households, large households, seniors and farmworker households, and people who are homeless. Chapter 3 discusses these groups, current facilities available to these groups, the current and future projected needs and potential resources. Chapter 4 - Land Inventory

Chapter 4 describes the inventory of vacant and underdeveloped land that was conducted to determine whether the City has adequate capacity to accommodate the City’s RHNA, including the amount of dwelling units assigned to each income category. The review of sites not only included those listed in the prior Housing Element (2010) to determine whether they should be carried forward, but also an analysis of other sites within the City which have since undergone zoning changes, making them appropriate and likely housing sites.

Table 2 within the Chapter outlines the breakdown of sites appropriate for residential development and totals 4,523 units. The methodology that was used to determine the dwelling unit yield estimate for each site is also included in Chapter 4. The City has removed from the land inventory those sites which do not have realistic development potential.

**Table 2
Characteristics of Concord’s Housing Opportunity Sites**

| Type of Site | # of Sites | Acres | Est. # of Units |
|--------------------------------|-------------------|--------------|------------------------|
| Committed Development Projects | 12 | 21.4 | 517 |
| Low Density Sites | 93 | 100.7 | 282 |
| High Density Sites | 75 | 94.2 | 3,551 |
| Sites with Live/Work Potential | 7 | 18.4 | 173 |
| Total | 187 | 234.7 | 4,523 |

Based upon these estimates, the City has adequate sites to meet its RHNA. Many of the sites identified in the 2007-2014 Housing Element were rezoned to incentivize residential use in 2012 when the City adopted the Development Code. As a result, no additional rezoning is needed to meet the next RHNA period, as the City has adequate capacity to accommodate the number of required dwelling units for each income category.

In terms of the low and very low income categories, a review of the City’s sites shows that not only is there capacity to accommodate lower income households, but the City also has capacity to accommodate these

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requirements on larger sites where affordable housing is most viable. Due to the high cost of land and construction in the Bay Area, the so-called “default density” for affordability in cities with more than 25,000 residents in the Bay Area is 30 units per acre, which is recognized as the minimum density with the greatest potential to accommodate very low and low income housing because it offers lower per unit construction costs.

Of the 75 identified sites that are zoned to accommodate 30 units/acre or higher, 25 sites are large enough to accommodate at least 40 units. The 40-dwelling unit threshold is important because most affordable housing developments in our region that use local, state and federal financial resources includes 40-80 dwelling units or more. Collectively, these 25 sites can accommodate 2,717 dwelling units, which is roughly double the City’s RHNA for low and very low income households. Under Government Code Section 65583.2, all of these units can be counted as potentially affordable, as they are on sites where the density is greater than 30 dwelling units/acre and they meet the minimum size requirement.

There are other sites in addition to those listed in Table 2 that could be developed during the planning period, but are still currently in the planning stages. However, as described earlier, the City has adequate capacity without relying upon them.

Concord Reuse Project. In 2012, the City adopted an Area Plan for the reuse of the site. Plans include over 12,200 dwelling units with a commitment of 25% affordability. The City has selected four firms from its initial qualification process to compete for the position of Phase 1 master developer to launch the implementation of the adopted Reuse Project Area Plan. Starting in December, all four firms will be asked to present their proposals at public meetings before the City Council. After a series of negotiations, one firm will be selected by the Council in 2015. The master developer will be responsible for conducting more detailed planning/design and engineering studies, and providing the infrastructure for the site, as well as the financing and successful phasing of the project over many years. Though the site is still owned by the Navy and is undergoing environmental studies and clean up, the City anticipates transfer of large portions of the site from the military to civilian entities during late 2015 or early 2016. Given the timeline for the remaining work, the first housing units could be constructed and occupied at some point during the last half of Cycle 5. Therefore, it is possible that some portion of the RHNA may be met through the Reuse Project Area during the planning period.

Coast Guard Housing. The Coast Guard manages a 26-acre site with 82 single-story units referred to as Quinault Village, adjacent to the south end of the parking lot for the North Concord/Martinez BART station. To the southeast of that site, the Coast Guard also manages Victory Village, approximately 34 acres, with existing tri-plexes at the site. Both properties have recently been designated as surplus and eligible for transfer and/or sale, offering a significant opportunity for new transit-oriented development. It is possible that all or a portion of these sites could be redeveloped prior to the end of the planning period in 2022. A General Plan Amendment and rezoning actions on these currently undesignated areas would be required as part of any development effort.

Chapter 7 - Housing Goals, Policies and Programs - New Policy Language

Chapter 7 includes housing goals, policies and programs that have been modified to reflect progress since the last Housing Element. In addition, new policy language has been incorporated into the Update, as summarized in Table 3 below. These new policies also reflect the feedback/concerns and direction from the Council and Planning Commission that were discussed regarding the key policy issues presented at the Joint Study Session on April 8.

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**Table 3
Summary of New Policy Language**

| Key Policy Issues | Feedback/Concern | Program Added or Refined |
|---|--|---|
| 1. TOD Parking Overlay – Expand for residential units | Concern over further modifications until Dev. Code has been tested | H-1.9.5: Review residential parking requirements in 2018 |
| 2. Enhanced code enforcement and retail improvement program | Concern over potential additional costs | No policies included (note: Downtown SP includes Economic Vitality Strategies which will largely be grant funded). |
| 3. Increase feasibility of Secondary Living Units | Supported by Planning Commission and City Council | H-1.4.3: Review ordinance to increase flexibility of development standards and owner-occupancy requirements. H-1.4.4: Work with Contra Costa Water District to encourage reduction of fees for Secondary Living Units. |
| 4. Generate funding for affordable housing by increasing In-Lieu Fee | Concern about constraining new market rate unit feasibility | H-1.5.9: Initiate Nexus Study to examine in-lieu fee after residential construction activity has increased. H-1.5.10: Advocate for policies and legislation at State/Federal levels to support development & preservation of affordable housing. |
| 5. Displacement of existing tenants – direct displacement – indirect displacement | Community members concerned about rising rents and impacts of new market-rate development. | H-2.3.1: Establish a mechanism to identify displacement risk and programs to mitigate; also monitor local and regional displacement studies. H-2.1.3: Work to extend the terms of affordable housing properties that have regulatory agreements. H-4.1.1 and H-4.1.4: Continue to provide financial support for tenant/landlord and fair housing resources. |

Community Engagement Process

The community engagement process was designed to provide both targeted input and broad public participation through a series of public meetings including three roundtable sessions and the joint City Council/Planning Commission study session held on April 8, 2014. The roundtable events have included key stakeholders targeting: 1) the development and real estate community; 2) social service providers and affordable housing developers with two roundtables held in November 2013 and a third in January 2014. In addition, many of the general concerns that were heard regarding affordable housing during the Downtown Concord Specific Plan process have been channeled into the citywide Housing Element Update process for consideration.

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Web Page

Staff implemented a project specific webpage for the Housing Element Update 2014-2022. All of the documents associated with the Update project, including agendas and meeting minutes, can be found online at <http://www.cityofconcord.org/citygov/dept/planning/housingelement.asp>.

B. Planning Commission Review

On June 4, 2014, the Planning Commission held a public hearing to review the Draft Housing Element Update. The minutes from that meeting have been provided as Attachment 2 and the Planning Commission staff report has been included as Attachment 3 for the Council's reference. During the meeting, Planning staff provided a brief overview of the project, spending the majority of the time on new policy language, as summarized in Table 3 of this report, that was brought forward as a result of the joint City Council/Planning Commission study session held on April 8.

During the June 4th meeting, five members of the public spoke representing Eden Housing/East Bay Housing Organizations (EBHO), the Interfaith Council of Contra Costa County, the Social Justice Alliance, and Resources for Community Development/EBHO. The speakers noted the need for additional affordable housing, additional funding and support of regional and statewide efforts to develop new funding mechanisms, the need for additional support for the homeless and very low income households as well as transitional housing, the potential to reduce city and special district fees for secondary units, and the need for public/private partnerships.

During the follow up discussion, Commissioners provided verbal support of public/private partnerships and engaging in CCWD's facility reserve charge process, which sets pricing for service including secondary living units. Following further discussion of the Draft Housing Element Update, the Commission voted unanimously (4-0, excused absence Mercurio) to recommend that the City Council accept the Draft Housing Element Update 2014-2022 (Update) and authorize submittal to HCD for a 60-day review.

As a result of Planning Commission recommendations, the Update was revised to incorporate language regarding: 1) addition of Program H-1.5.11 – providing general support for public/private partnerships; 2) modification to H-1.4.4 – providing more direct guidance for the City to engage in CCWD's Facility Reserve Charge (FRC) update process as a means to pursue a reduction in fees for secondary living units; and 3) addition to Policy H-1.2.2 – to include the following underlined words inserted within an existing policy:

“Promote mixed use, transit-oriented development Downtown where housing is located in close proximity to urban services, shopping and/or public transportation.”

C. California Environmental Quality Act

Pursuant to the California Environmental Quality Act (CEQA) Guidelines Section 15378(b)(5), this report is not considered a “project” and no further environmental review is required. The preparation of an Initial Study for the Housing Element Update will get underway in August.

Fiscal Impact

The completion, approval and certification of the Housing Element Update 2014-22 will have a beneficial fiscal impact on the City by enabling the City to be eligible for future grants from State and regional agencies and will support future development by providing specific clear policies toward providing housing for a range of income levels. The City has been collecting a General Plan and Zoning Ordinance Reimbursement Fee of 0.25% of the building permit valuation for all building permits to support the advanced planning work in the City, including updates to the City's General Plan, Development Code and Housing Element.

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Public Contact

Notice of the item was published in the Contra Costa Times on June 24, 2014. Notice of this item was also posted at the Concord Civic Center at least 10 days prior to the meeting.

The public outreach and comment period for the Update project has been ongoing since November 2013, as discussed earlier in this report. Additional public outreach for the project has also been implemented through press releases and the creation of a dedicated page on the City's website (<http://www.cityofconcord.org/citygov/dept/planning/housingelement.asp>) to provide regular updates, maintain the schedule of meetings, and make available key reports, presentations, and copies of the draft Housing Element Update publically available.

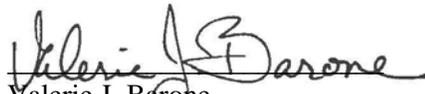
Recommendation for Action

Staff recommends that the City Council accept the Draft Housing Element Update 2014-2022 and authorize submission to the State Department of Housing and Community Development for the required 60-day review and comment period. Pursuant to CEQA Guidelines Section 15378(b)(5), this report is not considered a "project" and no further environmental review is required at this time. The Update will eventually be considered for adoption as a General Plan Amendment (PL14212-GP) to the *Concord 2030 General Plan* by the City Council, subsequent to the HCD review period.

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Reviewed by: Andrew J. Mogensen, AICP
Principal Planner
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Reviewed by: Victoria Walker
Director of Community &
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Valerie J. Barone
City Manager
valerie.barone@cityofconcord.org

Attachment 1 – Draft Housing Element Update, dated June 23, 2014 (available on the City of Concord website and in the City of Concord's Permit Center.)

Attachment 2 – Planning Commission meeting minutes from June 4, 2014

Attachment 3 – Planning Commission staff report, dated June 4, 2014 (w/out exhibits)

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MEMORANDUM

July 8, 2014

TO: All Interested Parties

FROM: Andrew J. Mogensen, Interim Planning Manager

SUBJECT: City Council Agenda Item 4.a - Attachment 1
Draft 2014 Housing Element Update

Anyone wishing to view a copy of the draft Housing Element Update (Attachment 1) may download a copy of the document online from the City's Housing Element Update website:

<http://www.cityofconcord.org/citygov/dept/planning/housingelement.asp>

In addition, a copy of the draft Housing Element Update is available for public viewing in the City of Concord's Permit Center located at 1950 Parkside Drive. Please contact the City of Concord's Planning Division at (925) 671-3152 for more information.

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REGULAR MEETING OF THE
CITY OF CONCORD PLANNING COMMISSION
COUNCIL CHAMBER, 1950 PARKSIDE DRIVE
CONCORD, CALIFORNIA
DRAFT MINUTES
Wednesday, June 4, 2014

A Study Session of the Planning Commission, City of Concord, was called to order by Chair Carlyn Obringer at 6:30 P.M., Wednesday, June 4, 2014, in the City of Council Chamber. All members were present.

STUDY SESSION
6:30 PM Council Chamber

I. STUDY SESSION ITEM

Board & Commissions Survey – Assistant City Manager Scott Johnson and City Clerk Mary Rae Lehman gave the results of the Boards and Commission survey to the Planning Commission.

Chair Obringer moved to recess at 7:05 pm.

REGULAR MEETING
Meeting reconvened at 7:15 pm - Council Chamber

A regular meeting of the Planning Commission, City of Concord, was called to order by Chair Obringer at 7:15 P.M., Wednesday, June 4, 2014, in the City Council Chamber.

I. ROLL CALL

COMMISSIONERS PRESENT: Chair Carlyn Obringer
Commissioner Ernie Avila
Commissioner Robert Hoag
Commissioner Tim McGallian

COMMISSIONER ABSENT: Vice Chair John Mercurio

STAFF PRESENT: Andrew Mogensen, Interim Planning Manager
Susanne Brown, Senior Assistant City Attorney
Joan Ryan, Senior Planner

II. PLEDGE TO THE FLAG

Commissioner Hoag led the pledge.

III. PUBLIC COMMENT PERIOD

No public comment was heard.

IV. ADDITIONS / CONTINUANCES / WITHDRAWALS

Staff reported there were no changes to the agenda.

V. CONSENT CALENDAR

APPROVAL OF MINUTES

Motion was made by Commissioner Avila, and seconded by Commissioner McGallian to approve the meeting minutes of May 21, 2014 with a modification to the Fast Auto Loan Appeal action. The clarification "Resolution 14-11PC modifying" replaced "the modification" in the minutes. The motion was passed by the following vote:

AYES: Avila, McGallian, Hoag, Obringer
NOES: None
ABSTAIN: None
ABSENT: Mercurio

VI. PUBLIC HEARINGS

The notice of this public hearing was published in the Contra Costa Times and posted in the City's posting cabinet on May 30, 2014.

No public hearings were heard.

VII. COMMISSON CONSIDERATIONS

Housing Element Update – The City of Concord proposes to review the draft Housing Element Update 2014-22 for Cycle 5. The Housing Element is a required element of the General Plan that includes goals, programs and policies to address the housing needs of the City. The City's existing Housing Element covers the current period of July 1, 2007 to June 30, 2014 and was adopted on November 16, 2010. A copy of the Concord 2010 Housing Element can be viewed on the City's website. The Housing Element Update, proposed to be submitted through this process, will cover the next eight (8) year period of 2014 to 2022. The draft Housing Element Update is scheduled to also be reviewed by the Council in July and then submitted to the State Department of Housing and Community Development (HCD) for a 60-day review and comment period.

Comments from HCD would be incorporated into the document during September to October 2014. Pursuant to the California Environmental Quality Act, a Mitigated Negative Declaration is anticipated to be prepared for this project (during Aug. and Sept. 2014) and will be considered concurrently with the review and adoption of the Housing Element Update in December 2014. **Project Planner: Joan Ryan @ (925) 671-3370.**

Project Planner Joan Ryan presented the staff report and Janet Smith-Heimer, Bay Area Economics consultant, presented a PowerPoint presentation. Barry Miller, a sub-consultant with Bay Area Economics (BAE), clarified the fee structure relating to secondary units and the Contra Costa Water District.

The following individuals spoke regarding the update: Delores Loague, Reverend Will McGarvey, Woody Karp, Christina Mun, and Jordan Nunez.

After review, the Planning Commission recommended acceptance of the Draft Housing Element Update 2014-2022 by the City Council for submission to the State Department of Housing and Community Development for 60-day review and comment. Motion was made by Commissioner Avila and seconded by Commissioner McGallian. The motion passed by the following vote:

AYES: Avila, McGallian, Hoag, Obringer
 NOES: None
 ABSTAIN: None
 ABSENT: Mercurio

VIII. STAFF REPORTS / ANNOUNCEMENTS

Interim Planning Manager Andrew Mogensen announced that the June 18th Planning Commission meeting has been cancelled. Mogensen announced the next Planning Commission meeting would be held on July 2nd.

IX. COMMISSION REPORTS/ANNOUNCEMENTS

Chair Obringer mentioned on June 25th there will be a sustainability seminar in the City Council Chambers at 6:30 p.m.

X. FUTURE PUBLIC HEARING ITEMS

None were announced.

XI. ADJOURNMENT

Commissioner Hoag moved to adjourn at 8:46 P.M. Commissioner McGallian seconded the motion. Motion to adjourn was passed by unanimous vote of the Commissioners present.

APPROVED:

Andrew J. Mogensen, AICP
Planning Commission Secretary
Interim Planning Manager

Transcribed by Grant Spilman,
Administrative Coordinator

DRAFT

**REPORT TO PLANNING COMMISSION**

DATE: June 4, 2014

SUBJECT: DRAFT HOUSING ELEMENT UPDATE 2014-2022**Recommendation: Consider and recommend to the City Council acceptance of the Draft Housing Element 2014-2022 for submission to the State Department of Housing and Community Development for 60-day review and comment.****I. Introduction**

The Planning Commission is requested to review, accept and recommend to the City Council the Draft Housing Element Update 2014-2022 for submittal to the State Department of Housing and Community Development. The purpose of the City's Housing Element is to make adequate provisions for the existing and projected housing needs of all economic segments of the community and to determine how the City will meet its "fair share" of regional housing needs.

II. Background

The City's current Housing Element was adopted on November 16, 2010 and covers the planning period from July 1, 2007 through June 30, 2014. The Housing Element was reviewed by the State Department of Housing and Community Development (HCD), which they deemed to be in compliance with State law on January 5, 2011. A copy of the 2010 Housing Element is available for viewing on the City's website. Progress towards implementation of the Housing Element includes an ongoing review of the City's development projects for conformance. A status report of the City's progress implementing the Housing Element was recently provided to the Commission in their General Plan Annual Progress Report, presented on March 5, 2014.

On September 10, 2013, the City Council approved a work program and schedule for the completion of the Housing Element Update for Cycle 5, which is required to be certified by the HCD by January 31, 2015. Cycle 5 refers to the fifth Regional Housing Needs Allocation (RHNA) projection period that has been conducted to date through the State. The Housing Element Update, proposed to be submitted through this process, will cover the next eight (8) year period of 2014 to 2022. The project team, led by the consulting firm of BAE Urban Economics, has refined the scope and schedule of the project, updated housing data and reviewed its policies and programs. The City is eligible for and has utilized the new streamlined Housing Element review and update process, intended to simplify and shorten the process for both HCD and the City. At the same time, the goal of this project is to produce a high-quality document that serves as a resource guide for staff and prospective developers.

On April 8, 2014, staff held a joint study session on the Housing Element Update (Update) to present the project team's initial findings based on an analysis of the sites inventory conducted. Staff reviewed the document with the Planning Commission and City Council at that time, including the City's ability to meet the RHNA received from the Association of Bay Area Governments (ABAG).

The project team shared good news in that there are sufficient sites available that are appropriately zoned to meet the City's RHNA. The project team also presented current housing data and shared key policy questions for feedback necessary to move forward with the preparation of the Draft Update), prior to its submittal to HCD for review and comment, projected in July 2014.

III. Analysis and Discussion

The objectives of the Draft Housing Element Update (Update) include: 1) Conducting broad-based, comprehensive community outreach and participation using a variety of techniques to engage and elicit input from the community; 2) Conforming to community priorities; 3) Incorporating recent planning efforts; and 4) Providing appropriate land uses to accommodate the City's RHNA numbers.

The Update incorporates housing development that has occurred since the previous adoption of the 2010 Housing Element as well as provisions from key recent projects including: 1) The City's Development Code, adopted in July 2012, that contained a variety of key provisions including: a) An increase to the size of secondary living units; b) A transit station overlay that was established for the Downtown and North Concord BART stations allowing additional development density and intensity incentives within the overlay area; and c) An affordable housing incentive program that was established to promote affordable housing on land designated for multi-family residential; and 2) the Downtown Concord Specific Plan, recently reviewed by the Planning Commission on May 21, 2014 and recommended to the City Council for adoption with that date tentatively scheduled for June 24.

The preparation of the Update (Exhibit A) has included an emphasis on developing a clear, concise, and legally defensible Housing Element that meets the varied housing needs of the community. The Update includes a summary of the adequate sites analysis and the relationship to the RHNA numbers, a review of policies and programs, and an overview of current housing data. The Update includes: Chapter 1 – Introduction; Chapter 2 – Current Housing Needs Analysis; Chapter 3 – Regional Housing Needs Allocation and Special Needs; Chapter 4 – Land Inventory; Chapter 5 – Resources and Constraints; and Chapter 6 – Evaluation of Previous Housing Element; and Chapter 7 – Housing Goals, Policies and Programs, described as follows:

A. Introduction

Chapter 1 provides the background on Housing Element law, SB 375, Plan Bay Area, the long range integrated transportation and land use plan for the Bay Area, related ongoing planning efforts of the City's Planning Division and a description of the public outreach efforts.

B. Housing Needs Analysis

Chapter 2 provides further detail regarding current housing data and housing needs. The Update is geared toward re-assessing the community's current and projected housing needs and updating all sections of the City's Housing Element to incorporate housing, population, and employment projections to coincide with the 2010 U.S. Census and recent ABAG projections for Contra Costa County.

C. Regional Housing Needs Allocation and Special Needs

Chapter 3 discusses the purpose of the Update, which is to make adequate provisions for the existing and projected housing needs of all economic segments of the community and to determine how the City will meet its "fair share" of the regional housing needs. However, a community is not obligated to actually provide constructed housing in order to meet the identified need. Instead, the "fair share" represents a distribution of housing development capacity that each city (and county) must provide, through appropriately zoned areas during a given planning period. Cities are expected to provide policies to provide an environment where such development is viable. This approach is integral to the development of a Sustainable Community Strategy. The RHNA is the State-mandated process to identify the number of housing units by affordability level that each jurisdiction must accommodate in the Housing Element of its General Plan.

The City's RHNA has increased since the last planning period from 3,043 to 3,478, based on the following breakdown, shown in table 1 below.

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Special Needs

Government Code Section 65583(a)(6) requires that several populations with special housing needs be addressed including persons with disabilities, people with developmental disabilities, female-headed households, large households, seniors and farmworker households and people who are homeless. Chapter 3 discusses these groups, current facilities available to these groups, the current and future projected needs and potential resources.

D. Land Inventory

Chapter 4 describes the land inventory that was conducted to determine whether the City has adequate capacity available through appropriately zoned vacant and under-utilized parcels, in which to accommodate the City's RHNA, as determined by ABAG. This analysis not only includes demonstration of the capacity to accommodate the total number of housing units, but also the number of units assigned to each income category. The review of sites not only included those listed in the prior Housing Element (2010) to determine whether they should be carried forward, but also an analysis of other sites within the City which have since undergone zoning changes, making them appropriate and likely for housing sites. Table 2 outlines the breakdown of sites determined to be appropriate for residential development which includes an estimate of 4,529 units. Further detail and a description of the methodology in determining

the unit estimate for each site is also included in Chapter 4 of the Update. The City has removed from the inventory those sites which did not have realistic development potential.

Table 2
Characteristics of Concord’s Housing Opportunity Sites

| Type of Site | # of Sites | Acres | Est. # of Units |
|--------------------------------|------------|--------------|-----------------|
| Committed Development Projects | 12 | 21.4 | 523 |
| Low Density Sites | 93 | 100.7 | 282 |
| High Density Sites | 75 | 94.2 | 3,551 |
| Sites with Live/Work Potential | 7 | 18.4 | 173 |
| Total | 187 | 234.7 | 4,529 |

Based upon these numbers, the City does have adequate sites to meet its RHNA. Many of the sites identified in the 2007-2014 Housing Element were rezoned to incentivize residential use in 2012 when the City adopted its Development Code. As a result, no additional rezoning is needed to meet the next RHNA period which ends in 2022, as it was determined that the City has adequate capacity to accommodate the number of required units for each income category. Due to the high cost of land and construction in the Bay Area, the so-called “default density” for cities with more than 25,000 residents in the Bay Area is 30 units per acre, and is recognized as the minimum density with the greatest potential to accommodate very low and low income housing because it offers lower per unit construction costs. A review of the City’s sites shows that not only is there capacity to accommodate lower income households, but the City also has capacity to accommodate these requirements on larger sites where affordable housing is most viable.

Of the 75 identified sites zoned to accommodate 30 units/acre or higher, there are 25 sites large enough to accommodate at least 40 units. The 40-unit threshold is noted because most affordable housing in our region that uses local, state and federal financial resources includes 40-80 units or more. Collectively, these 25 sites can accommodate 2,717 units, which is roughly double the City’s RHNA for low and very low income households. Under Government Code Section 65583.2, all of these units can be counted as potentially affordable, as they are on sites where the density is greater than 30 dwelling units/acre and they meet the minimum size requirement.

Other potential sites

There are other sites in addition to those in Table 2 that could be developed during the planning period, but which are still currently in the planning stages. However, as described earlier, the City has adequate capacity without these:

Concord Reuse Project – In 2012, the City adopted an Area Plan for the reuse of the site. Plans include over 12,200 housing units with a commitment of 25% affordability. The

City is currently considering proposals from master developers to conduct more detailed design and infrastructure planning studies. Though the site is still owned by the Navy and is undergoing environmental studies and clean up, the City anticipates transfer of some portions of the site from the military during 2015. Given the timeline for the remaining work, the first units are not expected to come on line until the last half of Cycle 5. There is potential that some portion of the RHNA may be met through the Reuse Project Area during the planning period.

Coast Guard Housing – The Coast Guard manages a 26-acre site with 82 single-story units referred to as Quinault Village, adjacent to the south end of the parking lot for the North Concord/Martinez BART station. To the southeast of that site, the Coast Guard also manages Victory Village, approximately 34 acres, with existing tri-plexes at the site. Both properties have recently been designated as surplus and eligible for transfer and/or sale, offering a significant opportunity for new transit-oriented development. It is possible that all or a portion of these sites could be redeveloped prior to the end of the planning period in 2022. A General Plan Amendment and rezoning actions would be required as part of any development effort.

E. Resources and Constraints

Chapter 5 of the Update is included to update information regarding federal, State and local financing resources and reviews the government constraints on housing production. A new section discussing Market Constraints on Housing Development had been added, in particular reviewing land acquisition, construction costs, the availability of financing and the potential reasons cited by developers for the recent low levels of new development in Concord.

The Urban Land Institute Technical Advisory Panel recently addressed this lack of interest on the part of developers and discussed issues and challenges as well as opportunities, and provided direction on how to jump start development, particularly in the Downtown. The power point presentation and video of the panel are available on the City's Downtown Specific Plan webpage (<http://www.cityofconcord.org/downtownplan/>).

F. Evaluation of the Previous Housing Element

Chapter 6 includes a summary of the prior goals, policies and programs of the Housing Element (2010) and an evaluation of the progress made during the prior cycle, as reflected in Table 50. The progress on programs is shown in a table matrix structure, included as an appendix, addressing the prior policies and program implementation, similar to that previously reviewed during the General Plan Annual Progress Report, presented March 5, 2014.

G. Housing Goals, Policies and Programs

Based on the evaluation in Chapter 6, Chapter 7 provides modifications, deletions and additions to the prior goals, policies, and programs of the earlier Housing Element, based on recent progress of the City, updated information, City initiatives or reductions in funding. The

primary reduction in funding, since the last planning period, is the loss of Redevelopment funding, which was previously used toward housing projects and housing-related programs.

H. Joint Planning Commission/City Council Study Session

On April 8, 2014, a joint Planning Commission/City Council Study Session was held to provide an update on the status of the document and to obtain input on four key policy issues. The following are a discussion of those issues, with a summary of the discussion that took place at the meeting, followed by staff's recommended course of action, as included within the draft document:

Parking TOD Overlay – The City's Development Code includes a Transit Overlay District within a ½ mile radius of the BART stations that allows for reduced parking for commercial uses near BART, but the reduced parking requirements do not apply to residential development. Staff noted the Council may wish to discuss considering more flexibility for residential developments proximate to BART, in order to reduce the overall cost of housing projects.

Commission/Council Discussion: The discussion centered on concerns with further modifying the parking provisions to be more flexible than allowed within the 2012 Development Code, until such a time that there has been some evaluation of the reduced parking allowed for non-commercial uses within the Transit Overlay, based on built projects. It was noted that the City should review the short- and mid-term results of these provisions on adjacent neighborhoods.

Draft Housing Element: Program H-1.9.5 has been included within the Update, recognizing the issue and noting it for further review in 2018. Staff notes that there are provisions currently within the Development Code Section 122-386(g) which provide for adjustments to be made, due to special circumstances, such as proximity to transit or the nature of the use, where an applicant can prepare a parking study substantiating the need for reduced parking, up to 25 percent. Such reductions are subject to a Use Permit, but a Use Permit is currently required for Multi-Family projects.

Lack of Interest from Developers – A notable local challenge to meeting RHNA goals has been the recent lack of residential construction that has occurred in Concord since 2000. Reasons cited have included: 1) a gap between market rents or sale prices needed to support current development costs, compared to nearby communities; 2) a need for higher quality retail options, including aesthetic improvements to retail space along corridors; 3) the perception of crime; and 4) the lack of a strong reputation associated with the local public schools.

Commission/Council Discussion: The Commission/Council had concerns with where the funds would come from to be able to enhance code enforcement efforts and/or a rehab program to help retailers pay for upgrades, given the cessation of Redevelopment.

Draft Housing Element: No policies have been included in the Update at this time related to this issue; however, implementation strategies are included within the Downtown Specific Plan regarding economic vitality for immediate and short-term action within the Downtown.

Secondary Living Units – Some cities have used in-law units, granny units or, as defined in the City's Development Code, Secondary Living Units, as a strategy for meeting their RHNA numbers. The Development Code Update in 2012 updated the City's Secondary Living Unit ordinance to

provide for larger units (1,000 sq. ft.) on larger lots (greater than 12,000 sq. ft.). However, staff has heard from a variety of property owners that there are two governmental constraints that restrict the feasibility of building Secondary Living Units: 1) the current City requirement for a deed restriction that requires the owner to reside in one of the two units; and 2) the high cost for water service/hook-up and meter for the additional unit from the Contra Costa Water District (CCWD).

Commission/Council Discussion: This issue was met with the most favorable support and included discussion to provide greater flexibility in sizing, and the development standards associated with constructing new Secondary Living Units. This would include re-examining the deed restriction requirement, review and approval procedures and an examination of city and special district fees.

Draft Housing Element: The project team has included policies to encourage an Amendment to the Secondary Living Unit ordinance to provide for greater flexibility, as shown in Chapter 7, Program H-1.4.3 and H-1.4.4. In addition, staff will continue to provide support toward reducing procedural hurdles associated with the construction of secondary units. Similar strategies are also being employed within the Downtown Specific Plan for Council's review on June 24th.

Funding for Affordable Housing – A reduction in the City's in-lieu fee occurred in 2010 to spur development, with the fee reduced from \$17,660 to \$5,043 per unit. This fee has not been reviewed since then due to the slow bounce back of the housing market within the City. Given that little development is presently occurring, any increase in the fee could prove counter-productive to attracting development. Yet, only limited funding is being collected toward affordable housing, based upon these lower fees.

Commission/Council Discussion: There was no support to increase the City's in-lieu fee or to prepare a nexus fee to examine the inclusionary in-lieu fee at this time. But there was some discussion as to potentially setting a trigger point in the future at which time a nexus study would be prepared and based on the outcome, the Council could determine whether they wanted to move forward with an increase at that time. Both the Commission and Council raised the concern of adding additional fees at this point in time when the City is already having difficulties attracting development.

Draft Housing Element: The project team has included a future trigger point of 1,000 constructed units (completed after June 2014), as the point at which staff would initiate the preparation of a nexus study to re-examine the in-lieu fee. Program H-1.5.9 has been added. The conclusions of the study would be presented to the Council and an increase could be reviewed for consideration at that time. In addition, the Update also includes Program H-1.5.10 for the City to "Advocate for policies and legislation at the State and Federal level that increase the funding available to support the development or preservation of affordable housing."

I. Anti-Displacement Strategies

Affordable housing organizations and service providers have voiced concerns with the potential for existing residents to become displaced based either on properties redeveloping or as an indirect result of market rents increasing as the area becomes more desirable due to new development. For this reason, Program H-2.3.1 has been included to identify a mechanism to identify potential displacement risks within the City and further to establish programs to mitigate this risk.

Such programs include monitoring the pace and location of new development, monitoring the progress and outcome of local and regional studies regarding the anti-displacement issue, working to extend the terms of affordable housing properties that have regulatory agreements with the City prior to having affordable units expiring, and continuing to provide financial support for tenants/landlords and fair housing resources. More aggressive programs could also be considered including just cause eviction controls, requirements for relocation benefits to be provided by developers to residents displaced by demolition or redevelopment of existing residential units with first right of return.

J. Community Outreach

A community engagement process was designed to provide both targeted input and broad public participation through a series of public meetings including three earlier roundtable, and a joint Planning Commission/City Council study session during the element preparation process. The roundtable events have included key stakeholders targeting: 1) the development and real estate community; and 2) social service providers and affordable housing developers. Public input regarding housing issues has also taken place throughout the 18-month Downtown Specific Plan process.

Web page

Staff has implemented a project specific webpage for the *Housing Element Update 2014-2022*. All of the documents associated with the above tasks can be found on the webpage at <http://cityofconcord.org/citygov/dept/planning/housingelement.asp> In addition, meeting invites, presentations, agendas and meeting minutes for recent and upcoming meetings are updated to the site.

Remaining Schedule

Based on the feedback of the Commission and Council, the project team will modify the Draft Housing Element Update, prior to submitting the draft document to HCD in July 2014. HCD's response is anticipated to be received within 60 days or by September 2014. The environmental documentation would be prepared in August 2014 with circulation of the document planned for September 2014. Hearings with Planning Commission would take place in November. The Housing Element Update, with any appropriate changes or updates, based on HCD's review, would then be reviewed by the Planning Commission and then the City Council in early December 2014 or January 2015, as the deadline for certification is January 31, 2015.

G. CEQA¹ Status

Pursuant to CEQA Guidelines Section 15378(b)(5), this report is not considered a "project" and no further environmental review is required. The preparation of an Initial Study for the actual Housing Element Update will get underway in August.

IV. Fiscal Impact

¹ California Environmental Quality Act of 1970, Public Resources Code § 21000, et seq. and implementing State CEQA Guidelines, Title 14, Chapter 3 of the California Code of Regulations, all as amended.

The Housing Element Update 2014-2022 certification will have a beneficial fiscal impact on the City by enabling the City to be eligible for future grants from State and regional agencies and will streamline future development by providing specific policies and an implementation plan. The City has been collecting a General Plan and Zoning Ordinance Reimbursement Fee of 0.25% of the building permit valuation for all building permits to support the advanced planning work in the City, including updates to the City's General Plan, and Housing Element. A portion of these fees have been designated to fund the cost of the Housing Element Update.

V. Public Contact

This item has been published at least once in a newspaper of general circulation in the City of Concord and posted at the Civic Center at least 10 days prior to the public hearing.

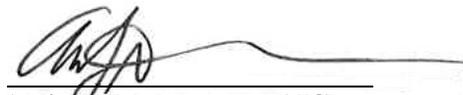
VI. Summary and Recommendation

The purpose of the City's Housing Element is to make adequate provision for the existing and projected housing needs of all economic segments of the community and to determine how the City will meet its "fair share" of the regional housing need. Staff recommends that the Planning Commission review, consider and recommend to the City Council acceptance of the Draft Housing Element 2014-2022 for submission to the State Department of Housing and Community Development for 60-day review and comment.

VII. Motion

I (Comm. _____) hereby move that the Planning Commission recommend acceptance of the Draft Housing Element Update 2014-2022 by the City Council for submission to the State Department of Housing and Community Development for 60-day review and comment. Pursuant to CEQA Guidelines Section 15378(b)(5), this report is not considered a "project" and no further environmental review is required. (Seconded by Comm. ____ .)

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