



Agenda Date: 09/09/2014

Agenda Item: 7.1

## STAFF REPORT

**Date:** Tuesday, September 9, 2014  
**To:** Bryan H. Montgomery, City Manager  
**From:** Joshua McMurray, Senior Planner  
**Subject:** **Work Session Regarding the State-Mandated Housing Element Update**

Approved and Forwarded to City Council:

  
Bryan H. Montgomery, City Manager

### Summary

The City has initiated a State Mandated Housing Element update required by Government Code Section 65583. The new Housing Element must be updated to comply with the 2014-2022 Regional Housing Needs Allocation (RHNA), as determined by the Bay Area Association of Governments (ABAG), and new statutory requirements. The final RHNA was adopted by ABAG on July 18, 2013. The Housing Element update will provide the capacity for the City's fair share of affordable housing for the next eight years. The City's Housing Element needs to be adopted by the City Council by January 31, 2015.

### Background

The City adopted the Oakley General Plan in 2002, and in 2006, the State Department of Housing and Community Development (HCD) certified Oakley's first Housing Element, and in 2009, HCD certified the current 2007-2014 Housing Element. In August of 2013 the City Council approved an agreement for consulting services with De Novo Planning to facilitate the Housing Element Update. Within the Housing Element, the City must demonstrate it has capacity or adequate sites to accommodate the projected RHNA need through the 2014-2022 planning period.

The Bay Area Association of Governments, the Council of Governments (COG) representing the region, in cooperation with local jurisdictions, is responsible for allocating the region's projected new housing demand in each jurisdiction. This process is known as the RHNA and the goals are referred to as the RHNA goals or the "regional share" goals for new housing construction. The allocation takes into account factors such as employment opportunities, market demand for housing, availability of suitable sites and public facilities, community patterns, types and tenure of housing needs and others. The allocation is divided into five income categories: In determining a jurisdiction's share of new housing needs by income category, the allocation is adjusted to avoid an over-concentration of lower-income households in one jurisdiction. The RHNA prepared by

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ABAG for the planning period of January 2015 through January 2023, identifies Oakley's projected regional share need as 1,168 new housing units.

To assist and provide recommendations to the City Council in the update process, a five member 2014-2022 Housing Element Update Citizen Advisory Committee (HECAC) was appointed in August of 2013. Since the committee was formed; a total of three meetings have been held in addition to one public workshop where the committee and community stakeholders were invited to share their thoughts on the housing element update. The last meeting held was on August 18, 2013 where the focus centered on the sites needed to accommodate the RHNA allocation.

### **Work Session Focus**

The City will have to accommodate sites to meet the RHNA need in all income categories. The City has sufficient entitled land through the East Cypress Corridor as well as other entitled residential projects throughout the City to accommodate the need for the Moderate and Above –Moderate units. The focus of this work session centers on the 489 Low, Very-Low, or Extremely-Low income units. The first table below (City of Oakley 2014-2022RHNA Allocations) shows the RHNA allocation to Oakley of 1,168 total units, with the breakdown of the 489 low income units. The table also shows the five income categories as well as the income ranges for each of the categories.

### **City of Oakley 2014-2022 RHNA Allocations**

<b>Income Category</b>	<b>Annual Income Range</b>	<b>Oakley Regional Share (units)</b>
<i>Extremely-Low<sup>1</sup></i>	<i>&lt;30% MFI</i>	<i>158</i>
Very-Low	0%- 50% MFI	157
Low	31%- 80% MFI	174
Moderate	81%- 120% MFI	175
Above-Moderate	>120% MFI	502
<b>Total</b>		<b>1,168</b>

<sup>1</sup> Regional share of extremely low-income units is assumed to be 50% of the very low-income units.

The second table (Adjusted RHNA Need) details Oakley's RHNA minus the units either under construction or that have been constructed since January 1, 2014, that can be used to count towards the RHNA total. Based on the RHNA assigned by ABAG, the total number of affordable units allocated to Oakley was 489. The Corporation for Better Housing site had 29 units under construction and there is additional capacity of 75 units on the CBH site. Those units can be used to reduce the 489 affordable units. There is a remaining need of approximately 386 affordable units (defined by either being Low, Very-

Low, or Extremely-Low income). This means the City will need to identify sites able to accommodate the need, not necessarily meaning those units will be constructed.

### Adjusted RHNA Need

Income Category	Dwelling Units			
	RHNA Allocation RHNA Need	Units Constructed	Units Under Construction	Remaining RHNA Need
Extremely-Low <sup>1</sup>	158	0	3 <sup>2</sup>	155
Very-Low	157	0	15 <sup>2</sup>	142
Low	174	0	11 <sup>2</sup>	163
Moderate	175	29	4	142
Above-Moderate	502	41	15	446
<b>Total</b>	<b>1,168</b>	<b>70</b>	<b>48</b>	<b>1,048</b>

<sup>1</sup> Regional share of extremely low-income units is assumed to be 50% of the Very Low-income Units.  
<sup>2</sup> CBH Project – Carol Lane

The City's Housing Consultant in conjunction with input and direction received by both the Housing Element Update Citizen Advisory Committee and Staff, have outlined a plan to satisfy the sites needed to accommodate the remaining RHNA need within the Preliminary Draft Housing Element as follows:

- Page 10.VI-1 of the Preliminary Draft Housing Element contains Policy Action 1.1. This action requires the City to identify sites used to accommodate the remaining adjusted RHNA allocation of 386 units. The proposal includes 6 parcels where the existing zoning is M-9 or M-12 (already a multi-family zone) and proposes to apply the Affordable Housing Overlay (AHO) on the parcels. The AHO is an overlay district already contained within Oakley Municipal Code section 9.1.410. This overlay brings the minimum density on these parcels to 24 dwelling units per acre, and with a State mandated Density Bonus applied, the effective density goes up to 32.4 dwelling units per acre. The proposal does not include a plan to rezone a parcel to change the underlying zone (which could mean taking a R-6 single family parcel allowing a maximum of 5.5 dwelling units per acre and rezoning the site to allow 30+ dwelling units per acre). Applying the AHO to these six sites would allow for up to 419 units, which slightly exceeds the 386 needed to comply with State requirements.

### Conclusion

Staff recommends the City Council review the information provided, through the Staff Report and Power Point presentation, and provide Staff with direction on determining where the remaining RHNA need can be accommodated. Thereafter, Staff and De Novo Planning will finalize a Draft Housing Element that will be submitted to HCD, and released

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for formal public review. It typically takes HCD sixty (60) days to respond to the City on the Draft Housing Element. Staff plans to bring a Final Housing Element back to the City Council, for adoption by resolution, by January 2015.